



ESAAMLG AT 25: CELEBRATING THE LEGACY OF FIGHTING FINANCIAL CRIMES AND PROGRESS (1999-2024)





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 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.

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

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Tel: +255 222221350/51

Email: executivesec@esaamlg.org

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ESAAMLG MISSION, VISION AND GOALS

Vision	<i>A strong and dynamic FATF Style Regional Body committed to eradicate money laundering and terrorist and proliferation financing in the Eastern and Southern Africa region.</i>
Mission	<i>To consolidate and sustain the combined efforts to combat money laundering and the financing of terrorism and proliferation of weapons of mass destructn in the Eastern and Southern Africa region through effective implementation of AML/CFT standards in all ESAAMLG member countries.</i>
Strategic Objectives	<ol style="list-style-type: none"><i>1. Conduct quality assessment of the ESAAMLG member countries' AML/CFT systems for compliance with the FATF Standards.</i><i>2. Conduct enhanced monitoring of ESAAMLG member countries for improved AML/CFT systems in compliance with the FATF Standards.</i><i>3. Promote the understanding of emerging ML/TF/PF risk in the ESAAMLG region through typologies studies.</i><i>4. Enhance the international profile of the ESAAMLG through visibility and participation in global AML/CFT initiatives.</i><i>5. Provide technical support to the ESAAMLG Member Countries for compliance with the FATF Standards, including by prioritising countries subject to the International Cooperation Review Group (ICRG) process of the FATF and consolidating targeted regional AML/CFT/CPF capacity building, training and awareness raising programmes.</i><i>6. Promote the implementation of risk-based AML/CFT/CPF measures in the ESAAMLG region which do not inhibit broader access to financial services, including financial inclusion initiatives.</i><i>7. Strengthen the operational capacity of the Secretariat for sustainable and efficient delivery of the mandate and vision of the ESAAMLG.</i>

ACRONYMS AND ABBREVIATIONS

AFI	Alliance for Financial Inclusion
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation
CDD	Customer Due Diligence
COMESA	Common Market for Eastern and Southern Africa
COSUNs	Cooperating Organisations and Supporting Nations
EAC	East African Community
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FUR	Follow up Report
FSRB	FATF Styled Regional Body
FT	Financing of Terrorism
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German International Cooperation for Development)
ICRG	International Cooperation Review Group
IFF	Illicit Financial Flows
IMF	International Monetary Fund
ME	Mutual Evaluation
MER	Mutual Evaluation Report
ML	Money Laundering
MOU	Memorandum of Understanding
NRA	National Risk Assessment
PPSD	Public-Private Sector Dialogue
RBA	Risk Based Approach
SADC	Southern African Development Community
TA&T	Technical Assistance and Training
UNCTED	United Nations Counter-Terrorism Executive Directorate
UNODC	United Nations Office on Drugs and Crime
VA	Virtual Asset
VASP	Virtual Asset Service Provider
WB	World Bank

FOREWORD BY THE PRESIDENT



It fills my heart with immense joy and pride to celebrate the 25th anniversary of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). The ESAAMLG has made remarkable milestone spanning the last 25 years in enhancing its capacity as a FATF-Style Regional Body (FSRB), dedicated to combating money laundering, terrorism financing, and proliferation financing. This report reflects on our journey in the last 25 years.

A significant milestone over the last 25 years is the sustained political commitment from by the Council of Ministers to ensure the successful implementation of the ESAAMLG's mandate. With lessons learnt over the years, the ESAAMLG has strengthened its measures in combating financial crimes in the region and enhanced its preparation for the future, starting with the upcoming 3rd Round Mutual Evaluation process. Notably, the commitment by member countries to address the deficiencies in the Mutual Evaluations Reports and to effectively implement their AML/CFT measures in both the 1st and 2nd round of ME is also laudable.

As we look to the future, we take pride in scaling the steps year by year since the inauguration of the ESAAMLG. We will also be taking into the future a renewed commitment to perfect our performance as an effective FSRB. In so doing, we will ensure that our priorities are focused on enhancing the implementation of effective AML/CFT regimes in our countries, drawing from the lessons that we have learnt in the last 25 years of our establishment. Additionally, we will aim on building the capacity of and supporting our member countries to strengthen their domestic systems with a special focus on those countries that may be under active ICRG monitoring to exit the process quickly. At the helm of our priorities will also be to strengthen our regional collaboration so as to align our practices for detecting and preventing ML/TF/PF activities with the global standards.

In conclusion, the ESAAMLG's progress over the past 25 years has been substantial, amidst some challenges. Our resilience and commitment has ensured that our mission of becoming a global brand in the fight against money laundering, terrorism financing and the financing of weapons of mass destruction remains our topmost priority. As we move into the future, we will continue to strengthen our efforts, collaborate with member countries, and adapt to emerging challenges.

Of course, none of the achievements mentioned here would have been possible without the political commitment from member countries, the exemplary leadership of the Council of Ministers and Taskforce of Senior Officials, the Secretariat team, our COSUNs and global partners. Thank you all and let's stay committed to ensure a secure and resilient financial system in our region.

Hon. John Mbadi, EGH
Cabinet Secretary, the National Treasury
Kenya

REMARKS BY THE INCOMING PRESIDENT



As the incoming president of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), it is my privilege to contribute to congratulate the entire ESAAMLG family for marking 25 years in combating money laundering, terrorist financing, and the proliferation of weapons of mass destruction in the region.

I have been well informed of the journey that the ESAAMLG has undergone, guided by our vision and the unwavering support of our partners and stakeholders. The turning point for this journey was the Council of Ministers' decision in 2004 to develop a coherent strategy that marked a turning point for ESAAMLG. Having achieved this feat, we have not relented on our efforts to achieve the highest level of effectiveness in implementing the FATF Standards. As I come in to lead the Council of Ministers for the next one year, the job under my country's Presidency is well cut out; to enhance the past efforts and to ensure that we sustain our commitment in the implementation of the FATF Standards.

I am full of pride about the milestones we achieved in the just concluded 2nd Round of Mutual Evaluations. Judging by the results of these evaluations, it is clear that we have improved a lot in addressing deficiencies and strengthening our AML/CFT frameworks. The Follow-Up Reports are indicative of these improvements.

I am also briefed of other equally important initiatives that have been undertaken by the ESAAMLG. For example, the various typologies that have been instrumental in deepening the region's understanding of ML/TF emerging trends and methods, the trainings and capacity building for various national authorities and the enhancement of the Secretariat's capacity to better support our membership. All these initiatives have achieved the desired impact in making our FSRB a global brand. We must sustain and build up on the yields from these initiatives. I assure you that my Presidency's leadership will be to scale up and strengthen the current successes.

On behalf of the Federal Democratic Republic of Ethiopia, I congratulate the ESAAMLG Council of Ministers, the Taskforce of Senior Officials, and all member countries for achieving this momentous year in ESAAMLG's existence. I also extend my deepest gratitude to the dedicated experts at the Secretariat and our partners, COSUNs, Observers, and stakeholders for their invaluable support over the past 25 years. Together, we have made significant strides, and together, we will achieve even greater success in the years to come.

May the years ahead even be more impactful.

Sincerely,

His Excellency Teklewold Atenafu
Finance Affairs Advisory Minister to the Prime Minister
The Federal Republic of Ethiopia

PREFACE BY THE EXECUTIVE SECRETARY



As we mark the 25th anniversary of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), it is both a privilege and a pleasure to present this comprehensive report reflecting on our remarkable journey. Celebrating a silver jubilee is not merely a moment to look back but also an opportunity to reaffirm our commitment to combating financial crimes and to highlight the significant strides we have made over the past quarter-century.

When ESAAMLG was established in 1999, we began with just nine founding members, united by a shared vision of strengthening regional cooperation to combat money laundering and the financing of terrorism. Today, we proudly encompass 21 member states, each contributing to a more robust and comprehensive regional effort against financial crimes including proliferation financing. This expansion not only reflects our collective success but also underscores the growing recognition of the importance of our mission.

One of our most notable achievements has been the successful completion of the first and second rounds of mutual assessments of our 19 member jurisdictions. These rigorous evaluations have provided critical insights into the effectiveness of national AML/CFT frameworks and have driven significant improvements in compliance and enforcement across the region. Through these assessments, we have not only identified areas for enhancement but have also celebrated the progress made by our member states in fortifying their financial systems.

In addition to our assessment efforts, ESAAMLG has completed twelve typologies studies that have significantly advanced our understanding of the trends, methods, and patterns of financial crimes prevalent in our region. These studies have been instrumental in identifying emerging threats and adapting our strategies to address the evolving landscape of financial crime. By examining real-world cases and analyzing financial crime trends, we have been able to provide actionable insights and recommendations to our member jurisdictions.

Another cornerstone of our success has been our commitment to providing technical assistance and capacity-building support to our member states. Through strategic partnerships with various international organizations and stakeholders, ESAAMLG has delivered targeted assistance and training designed to enhance the operational capabilities of our member jurisdictions. This collaborative approach has not only strengthened national frameworks but has also fostered a spirit of mutual support and shared learning.

As we celebrate this milestone, we must also acknowledge the evolving landscape shaped by new and emerging technologies. These advancements offer both unprecedented opportunities and significant challenges in our fight against financial crimes. Technologies such as artificial intelligence, blockchain, and advanced data analytics have the potential to greatly enhance our ability to detect and prevent financial crimes. They provide powerful tools for analyzing complex financial



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transactions and identifying suspicious patterns with greater accuracy and efficiency.

However, these technological advancements also introduce new risks and challenges. The anonymity and cross-border nature of many emerging technologies can complicate efforts to track illicit activities and enforce compliance. Cybersecurity threats, the rapid pace of technological change, and the need for robust regulatory frameworks are critical issues that we must address to stay ahead in the fight against financial crime.

As we navigate these opportunities and challenges, ESAAMLG remains committed to embracing innovation while safeguarding our principles and goals. We will continue to leverage technology to enhance our capabilities, adapt our strategies, and collaborate with stakeholders to address the evolving threats in the financial crime landscape.

Thank you for your unwavering support and commitment over the past 25 years. Here's to continuing our shared mission and achieving even greater successes in the years ahead.

Fikile P. Zitha (She/her)

Executive Secretary

Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)

OUR IMPACT

OVER THE PAST 25 YEARS

21

countries as ESAAMLG members.

34

Cooperating and Supporting Nations and Organizations (COSUNs)

35

MERS (In the 1st and 2nd Round MEs)

12

Typology Studies

41

FURs with RR

48

Task Force Meetings

24

Council of Ministers Meetings

50+

Training, Seminar and Workshops

7

Public Private Sector Dialogue meetings

INTRODUCTION

Background

The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) was established in 1999 as a critical regional body dedicated to combating money laundering, terrorist financing, and the proliferation of weapons of mass destruction. Over the past 25 years, ESAAMLG has grown from a coalition of nine founding countries into a robust organisation of 21 member states, reflecting the region's collective commitment to protecting the integrity of its financial systems. The creation of ESAAMLG was a direct response to the increasing threats posed by financial crimes, which have far-reaching implications for economic stability, security, and development across Eastern and Southern Africa.

As an FATF Style Regional Body (FSRB), ESAAMLG plays a vital role in the global effort to combat financial crimes by promoting the implementation of international standards, particularly those set by the Financial Action Task Force (FATF). This report commemorates ESAAMLG's 25th anniversary, highlighting its evolution, achievements, and the ongoing challenges it faces in the fight against financial crimes. It also outlines the governance structure that has enabled ESAAMLG to function effectively and the strides made in implementing FATF standards across its member countries.

Historical Context and the Need for AML/CFT/CPF in the ESAAMLG Region

Money Laundering and Terrorist Financing

The Eastern and Southern Africa region has historically faced a variety of challenges that have made it vulnerable to money laundering and terrorist financing. The region's diverse economies, ranging from some of the most advanced on the continent to some of the least developed, create a complex environment for financial regulation and enforcement.

In the late 20th century, the global rise in organized crime, corruption, and illicit financial flows highlighted the vulnerabilities of financial systems worldwide, including those in Eastern and Southern Africa. The end of the Cold War and the liberalization of economies in the region also led to increased cross-border financial activities, some of which were illicit in nature. These developments underscored the need for robust financial oversight mechanisms to prevent and detect money laundering and the financing of terrorism.

Additionally, the region's strategic location, with several countries serving as major hubs for trade and finance, further heightened the risk of these activities. Countries in the region were increasingly being used as transit points for illicit funds flowing from and to other parts of the world, including Europe, the Middle East, and Asia. This situation was exacerbated by weak legal and institutional frameworks, limited enforcement capacity, and, in some cases, political instability and corruption, which provided fertile ground for money laundering and terrorist financing activities.

The 1990s also saw a growing recognition of the impact of money laundering on economic development. Illicit financial flows were identified as a significant drain on resources, undermining economic growth, distorting markets, and exacerbating inequality. The financing of terrorism, on the

other hand, was increasingly seen as a direct threat to regional security, contributing to instability and violence in various parts of the region.

In this context, the need for a coordinated regional response to AML/CFT became clear. While individual countries in the region had begun to take steps to address these issues, it was evident that a collective approach was necessary to effectively combat the transnational nature of money laundering and terrorist financing. ESAAMLG was thus established to fill this gap, providing a platform for regional cooperation, capacity building, and the development of harmonized AML/CFT standards.

Proliferation Financing

As the Eastern and Southern Africa region grapples with the challenges of money laundering and terrorist financing, an additional and equally pressing concern has emerged: the threat of proliferation financing. Proliferation financing involves the provision of funds or financial services that are used to support the development, acquisition, or distribution of weapons of mass destruction (WMDs) and their delivery systems. This issue has gained prominence in recent years, driven by the increasing global focus on non-proliferation efforts and the recognition of the risks posed by WMDs to international peace and security.

The region's strategic location, combined with its diverse and often under-regulated financial systems, makes it a potential target for actors involved in the proliferation of WMDs. Several countries within the ESAAMLG region serve as key transit points for global trade, and the extensive cross-border movement of goods and capital presents opportunities for proliferation networks to exploit weak points in the region's financial and regulatory frameworks. Moreover, the existence of informal and unregulated financial sectors in many countries, alongside limited enforcement capabilities, further exacerbates the risk of proliferation financing.

Proliferation financing not only poses a direct threat to global security but also has serious implications for the region's economic and political stability. The involvement of regional financial systems in proliferation-related activities can result in international sanctions, reputational damage, and increased scrutiny from global financial institutions. Such consequences can disrupt trade and investment flows, with negative impacts on economic growth and development. Furthermore, the potential for proliferation activities to contribute to regional arms races or conflict highlights the critical need for effective preventative measures.

Given these challenges, it is imperative that the ESAAMLG region adopts a comprehensive approach to combat proliferation financing. This involves strengthening national and regional legal frameworks, enhancing the capacity of financial institutions and regulatory bodies to detect and prevent such activities, and fostering greater cooperation and information-sharing among member states. International partnerships, particularly with organizations like the Financial Action Task Force (FATF), the United Nations, and other global non-proliferation entities, are also essential for aligning regional efforts with broader international standards and strategies.

In conclusion, addressing the threat of proliferation financing is an essential component of the region's broader AML/CFT agenda. As ESAAMLG continues to support its member states in building

robust financial oversight mechanisms, the integration of strategies to combat proliferation financing will be crucial for safeguarding regional and global security. Through coordinated efforts and a strong commitment to upholding international norms, the ESAAMLG Region can play a vital role in the global fight against the proliferation of WMDs.

Purpose and Scope of the Report

The purpose of this report is to commemorate and critically assess 25 years of ESAAMLG's operations, highlighting the organization's achievements, challenges, and impact on the Eastern and Southern African region. The report serves as a comprehensive reflection on the progress made in combating money laundering and terrorist financing, as well as an evaluation of the effectiveness of ESAAMLG's strategies and interventions.

This report is intended to provide an in-depth analysis of ESAAMLG's role in shaping the AML/CFT landscape in the region. It aims to document the historical evolution of the organization, from its inception to its current standing as a key player in the global AML/CFT architecture. The report will also assess the impact of ESAAMLG's activities on member states, examining how the implementation of AML/CFT measures has influenced financial integrity, governance, and regional security.

Furthermore, this report seeks to identify the challenges that ESAAMLG has faced over the past 25 years, including the difficulties in strengthening AML/CFT/CPF frameworks across diverse legal systems, resource constraints, and the evolving nature of financial crime. By analyzing these challenges, the report aims to draw lessons that can inform future strategies and policies.

The scope of the report encompasses a broad range of topics, including:

- **Institutional Development:** The growth and evolution of ESAAMLG as an organization, including its governance structure, membership, and partnerships with other regional and international bodies.
- **Achievements and Impact:** An examination of ESAAMLG's key achievements, including the development of AML/CFT standards, the implementation of mutual evaluation processes, and the capacity-building initiatives that have been undertaken.
- **Challenges and Lessons Learned:** A critical analysis of the challenges faced by ESAAMLG and its member states in implementing effective AML/CFT measures, and the lessons learned from these experiences.
- **Future Directions:** A forward-looking perspective on the future of AML/CFT efforts in the region, including emerging threats, strategic priorities, and the role of ESAAMLG in addressing these challenges.

In addition to serving as a historical record, this report is intended to be a strategic document that will guide ESAAMLG's future activities. It is hoped that the insights and recommendations contained in this report will be valuable not only to ESAAMLG and its member states but also to other stakeholders, including policymakers, international organizations, and the private sector, who are involved in the global fight against money laundering and terrorist financing.



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By reflecting on the past 25 years and looking ahead to the future, this report aims to contribute to the ongoing dialogue on how best to strengthen the AML/CFT/CPF framework in the Eastern and Southern African region, ensuring that it remains robust, responsive, and effective in the face of evolving challenges.

Methodology and Approach

The development of this report involved a comprehensive review of ESAAMLG's historical documents, mutual evaluation reports, technical assistance records, and other relevant sources collected from member.

The report is structured to provide a logical progression from the historical background of ESAAMLG to its current activities and future outlook. Each section is supported by data and analysis to ensure a thorough understanding of the organisation's impact over the past 25 years.

OVERVIEW OF THE ESAAMLG

ESAAMLG's Evolution Over 25 Years

The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) has undergone significant evolution since its inception in 1999. Over the past 25 years, the organization has grown from its early formation into a vital player in the global fight against money laundering and the financing of terrorism and proliferation (AML/CFT/CPF). This section details the stages of ESAAMLG's development, highlighting the key milestones and strategic shifts that have shaped its role in the region and beyond.

Initial Formation and Early Years (1999-2005)

The Eastern and Southern Africa Anti-Money Laundering (ESAAMLG) was launched on 27th August 1999 at a meeting of eastern and southern African ministers held in Arusha, Tanzania. The meeting was attended by delegates from nine member countries in the region namely, Botswana, Kenya, Mauritius, Mozambique, South Africa, Tanzania, Uganda, Zambia and Zimbabwe.

The 1999 meeting deliberated on the threats of money laundering facing the region and the need to address this threat in a comprehensive manner. This was a culmination of consultations that had taken place since 1995 on the need to develop a regional mechanism to co-operate in the implementation of AML programmes.



The first ESAAMLG Meeting in Arusha, Tanzania, 1999

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The ESAAMLG initiatives were supported by the FATF, the Commonwealth Secretariat, the UK and US Governments and the United Nations Office on Drugs and Crimes (UNODC). Other prior consultations had also taken place in various meetings, including those of Commonwealth Heads of Government, and Law and Finance Ministers, to adopt and implement the 40 Recommendations of the FATF for combating money laundering.

It was agreed at the 1999 meeting that given the threat of cross border crime and money laundering facing the region, there was a need to cooperate with other States in combating money laundering by implementing anti-money laundering international instruments. The meeting therefore adopted a Memorandum of Understanding (MOU) as an instrument that would enable them to forge the process of cooperation for implementing the FATF recommendations. The launch meeting further agreed that each of the 14 initial member countries would have to sign the MOU establishing the Group and the Group would become operational when seven of the fourteen initial members sign the MOU. By April 2000, seven out of the fourteen countries had signed the MOU and the Group began its work by holding the first meeting of the Task Force of Senior Officials in Dar-es-Salaam, Tanzania. Tanzania as the host country for the Secretariat chaired the meeting. The 2000 meeting was followed by the second meeting of the Task Force of Senior Officials and the first meeting of the Council of Ministers held in Windhoek, Namibia in August 2001. The Presidency of the Group was then passed on from Tanzania to Namibia for the year 2001-02.

It was also resolved at the 1999 and 2000 meetings that the Group would be guided by a Council of Ministers composed of Ministers of Finance, Law and Law Enforcement of each of the member countries. The detailed work of the Group would be conducted through a Task Force of Senior Officials from the three sectors: finance, law and law enforcement. This work would be supported by a secretariat. At national level, it was agreed that member countries would form National Multi-Disciplinary Committees drawn from the above mentioned three sectors. Since then, the Presidency has been held as follows: Swaziland (2002-03), Uganda (2003-04), Mauritius (2004-05) and Zambia (2005- 06) within this period.

Following the terrorist attacks on the US in September 2001, the FATF extended its work to cover the combating of financing of terrorism and urged countries across the world to develop programmes for combating the financing of terrorism. The ESAAMLG deliberated on these developments and it was agreed that combating of financing of terrorism should also be included in the Work Programme for the Group at its Council of Ministers meetings in Eswatini in August 2002. In view of these developments, the 1999 MoU was also amended for the first time at the Council of Ministers Meetings held in Livingstone, Zambia in 2005.

In 2004, it was also realized that ESAAMLG needed to develop a coherent strategy with clearly set objectives on what it intended to achieve in order to function as an effective FSRB. The Council of Ministers, therefore, mandated the Secretariat to develop a three-year Strategic Plan which sets out the strategic objectives of the organisation and how they would be realised. The First Strategic Plan was approved by the Council of Ministers at its meeting in Livingstone, Zambia in August 2005.

The period from 1999 to August 2005 can be described as formative years for the organisation. Apart from developing modalities for undertaking work in this area and building the culture of consultations, the organisation undertook a number of core activities of an FSRB. Awareness raising

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on issues of money laundering and terrorist financing was one of the key activities undertaken by the Group and within member countries themselves. A number of training events for key stakeholders such as prosecutors, investigators and financial sector experts were held. The organisation was also popularised in member countries whenever Task Force meetings were held.

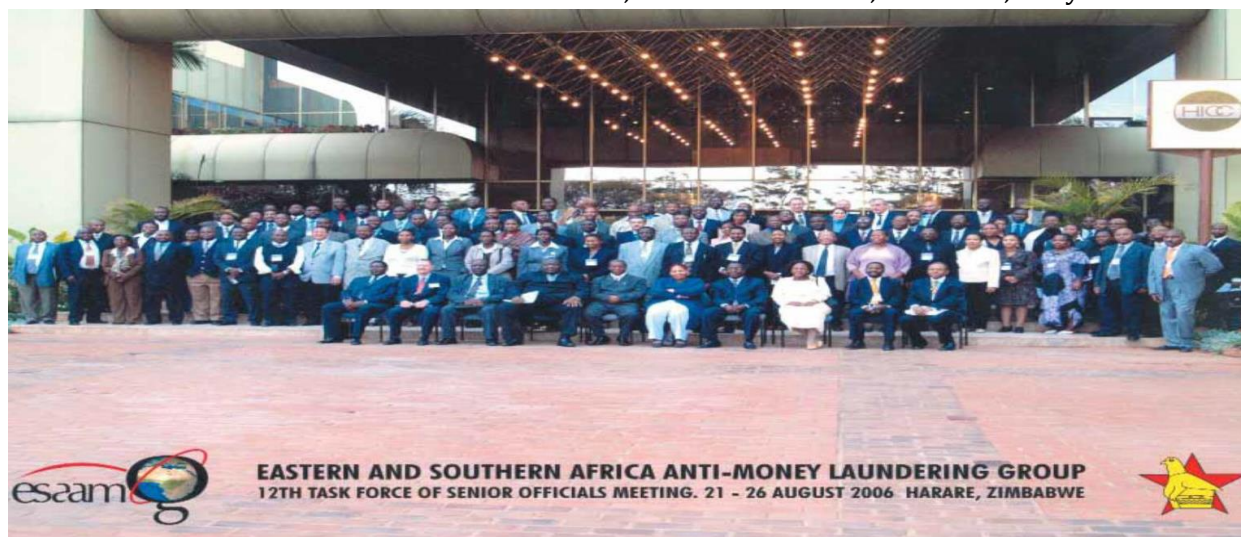
ESAAMLG had to quickly embark on developing capacity to implement the core functions of the Group that is, undertaking evaluations of member countries AML / CFT systems and researching on money laundering typologies. A number of regional experts were trained to undertake mutual evaluation exercises using the 2004 FATF Methodologies. Mutual evaluation reports of Namibia, Malawi and Lesotho were adopted at the Eswatini extra-ordinary Council of Ministers meeting in October 2005. The first ESAAMLG Mutual Evaluation Procedures were also agreed at that meeting.

One of the major challenges during this initial phase was the lack of awareness and understanding of AML/CFT issues among member states. Many countries in the region had limited experience with financial regulation/supervision, FIU matters and faced significant capacity constraints in terms of resources, skill and understanding of the FATF and its works, which made the implementation of AML/CFT measures difficult. Additionally, the diverse legal and regulatory environments across the member states presented challenges in complying with AML/CFT standards.

Despite these challenges, the early years of ESAAMLG laid the groundwork for future progress. The organization successfully established itself as the regional body responsible for coordinating AML/CFT efforts, and it began to build the necessary relationships with international organizations, such as the FATF, UN and other regional and international bodies.

Geographic Reach and Beginning of ICRG (2006-2010)

Between 2006 and 2010, ESAAMLG experienced significant growth in terms of mainly its influence in the region. During this period, ESAAMLG was under the presidency of Zimbabwe (2006-07), Botswana (2007-08), Kenya (2008-09), Lesotho (2009-10) and Malawi (2010-11). ESAAMLG also adopted its second Strategic Plan (2009-2012) in Maseru, Lesotho in August 2009. During this period, the ESAAMLG MoU was amended twice in Harare, Zimbabwe in 2006, Mombasa, Kenya in 2008.



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After the August 2006 Council of Ministers meeting in Harare, Zimbabwe, the Council agreed that ESAAMLG would apply for FATF Associate Membership. ESAAMLG's associate membership status was approved at the FATF June 2010 Plenary held in Amsterdam, Netherlands.¹



FATF June 2010 Plenary, Amsterdam, Netherlands²

This was the period when the FATF was also continually identifying and reviewing jurisdictions including from the ESAAMLG region with strategic AML/CFT deficiencies through its International Co-operation Review Group (ICRG) process³ that began in 2007 and enhanced in 2009 and some of the ESAAMLG countries started entering into the process in 2010.

A key focus during this period was the strengthening of legal and regulatory frameworks across member states. Recognizing the need for ongoing capacity building, ESAAMLG expanded its training and technical assistance programs during this period. Workshops and seminars were held across the region, focusing on key areas such as financial investigations, the detection of suspicious transactions, and the prosecution of money laundering cases. These efforts were aimed at enhancing the skills and knowledge of law enforcement agencies, financial regulators, and other stakeholders involved in the fight against financial crime. This involved not only drafting new laws but also establishing the necessary institutional structures, such as Financial Intelligence Units (FIUs), to ensure effective enforcement.

¹ <https://www.fatf-gafi.org/en/publications/Fatfgeneral/Outcomesofthefatfplenarymeetingamsterdam23-25june2010.html>.

² FATF (2019), Financial Action Task Force – 30 years, FATF, Paris, www.fatf-gafi.org/publications/fatfgeneraldocuments/FATF-30.html

³ In the ICRG process, the FATF reviews jurisdictions based on threats, vulnerabilities, or particular risks arising from the jurisdiction.

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The organization also intensified its mutual evaluation process, conducting assessments of member states to identify gaps in their AML/CFT regimes. These evaluations played a crucial role in driving reforms, as they highlighted areas where countries needed to improve their compliance with international standards.



Strategic Shifts and more Global Integration (2011-2015)

Alignment with Global Standards

The period between 2011 and 2015 marked a strategic shift for ESAAMLG as the organization sought to align more closely with global AML/CFT standards. This was driven in part by the revision of the FATF Recommendations in 2012 and Methodology in 2013, which introduced new and expanded requirements for member states including on effectiveness in addition to technical compliance. The FATF further responded to the threat of illicit proliferation of weapons of mass destruction by updating its standards to include measures on the implementation of targeted financial sanctions related to proliferation financing in 2012. ESAAMLG responded to these developments by updating its own processes and guidelines to ensure that its member states were meeting these enhanced standards. For example, the MoU was further amended for a fourth time in Grand Bay, Mauritius in 2011. The third ESAAMLG Strategic Plan (2013-2015) was approved in Swakopmund, Namibia in September 2013. The ESAAMLG also approved and started implementing its Procedure for the Second Round ME and Follow Up Process. ESAAMLG also completed its first round of ME in 2013. The second efficiency scrutiny exercise of ESAAMLG was conducted during this period.

During this period, ESAAMLG also strengthened its relationship with the FATF, participating more actively in global discussions and contributing to the development of international AML/CFT policy. This increased level of engagement helped to raise the profile of ESAAMLG and its member states within the global AML/CFT community.

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Malawi (right) handing over ESAAMLG presidency to Mauritius (central) in September 2011

Focus on Risk-Based Approaches

Another significant development during this period was the shift towards a risk-based approach to AML/CFT. This approach, which was promoted by the FATF, involves tailoring AML/CFT measures based on the specific risks faced by a country or institution. ESAAMLG provided guidance and support to its member states in implementing risk-based approaches, helping them to identify and prioritize their most significant AML/CFT risks.



Task Force of Senior Officials meeting, April 2013

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This shift also involved the introduction of national, sectoral, institutional and other types of risk assessments across the region. These assessments were designed to help countries better understand their exposure to money laundering and terrorist financing risks and to develop targeted strategies to mitigate those risks. Most jurisdictions also started adopting AML/CFT policies and strategies during this time. Although most jurisdictions were having the AML/CFT strategies and policies even before 2012, they were not informed by the risks identified.

Strengthening Regional Cooperation and Public-Private Partnership

ESAAMLG also worked to strengthen regional cooperation during this period, recognizing that financial crimes often cross borders and require a coordinated response. The organization facilitated the sharing of information and best practices among its member states, and it promoted greater collaboration with other regional bodies, such as the East African Community (EAC) and the Southern African Development Community (SADC) by signing MoUs with the two institutions in 2011 and 2013 respectively. The organization also worked to foster greater public-private collaboration, recognizing the critical role that financial institutions and other private sector entities play in detecting and preventing money laundering and terrorist financing.

ESAAMLG, in collaboration with the US and UK governments, launched its first Sub-Saharan Africa Public-Private Sector Dialogue (PPSD) in Swakopmund, Namibia in September 2013. After learning good lessons from the first dialogue, ESAAMLG continued holding the second PPPD in Luanda, Angola in August 2014.



FATF President (Vladimir Nechaev) addressing to the Sub-Saharan Africa Public-Private Sector Dialogue on AML/CFT, Swakopmund, Namibia, 6 September 2013

The ESAAMLG completed its efficiency scrutiny exercise during this period in 2015. The undertaking of the Efficiency Scrutiny exercise necessitated the extension of the period for the 2012/15 Strategic Plan for a further year to enable the results and the recommendations of the exercise to be incorporated in the fourth three years strategic plan developed by the Secretariat in consultation

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with the Efficiency Scrutiny Working Group (ESWG) following the adoption and approval of the recommendations of the ESWG by the Council of Ministers in August 2015.



Deputy Governor Hon. Natu E. Mwamba, Economic and Financial Policies, Bank of Tanzania opening the Task Force Meeting in Arusha, March 2015



ESAAMLG Council of Ministers Meeting, Johannesburg, August 2015

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Consolidation and Strengthening of Frameworks (2016-2023)

Between 2016 and 2023, ESAAMLG focused on consolidating the progress made in previous years and strengthening the AML/CFT/CPF frameworks of its member states. A major emphasis was placed on enhancing the mutual evaluation process, with a second round of evaluations being conducted

under the revised 2013 FATF methodology as revised from time to time by the FATF with the last revision made in June 2023. This is also a period when ESAAMLG started discussing in detail about the challenges faced during the Second Round of assessment. During this period, the ESAAMLG MoU was amended three times in Victoria Falls, Zimbabwe in 2016, Mahé, Seychelles in 2018 and in 2021 during the COVID pandemic. ESAAMLG successfully conducted its mutual evaluations and reviewed the progress of assessed countries by holding virtual and hybrid meetings between 2020 and 2022 despite the COVID situation. The results of the second-round evaluations provided valuable insights into the strengths and weaknesses of member states' AML/CFT/CPF regimes. ESAAMLG used these findings to provide targeted support and technical assistance, helping countries to address identified deficiencies and improve their compliance with international standards.



Mr. Amollo, Passing a vote of thanks to the Tanzanian Government at the Arusha Meeting in 2016

ESAAMLG also commemorated its 20th Year in 2019. Further, the fourth (2017-2020) and fifth (2020-2023) ESAAMLG Strategic Plans were approved during in Victoria Falls, Zimbabwe in 2016 and virtually in 2020 respectively.

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25
Years
Eswatini Silver Jubilee



ESAAMLG celebrating its 20th Year anniversary in Mbabane, Eswatini, September 2019 inaugurated by H. M. Mswati III, King of Eswatini

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Increased Focus on Terrorist Financing

During this period, there was also an increased focus on countering the financing of terrorism (CFT). The rise of global terrorism, including the threat posed by terrorist groups operating the Region, highlighted the need for more robust CFT measures in the region. ESAAMLG worked with its member states to develop and implement strategies for detecting and disrupting terrorist financing, including the use of financial intelligence and targeted sanctions. It also developed the first two CFT Regional Operation Plans during this period. The Operational Plans were approved by the Council at its meetings in September 2018 and December 2020. Since the adoption of the plans, the ESAAMLG Task Force and Council of Ministers meetings have standalone agenda items where TF issues are discussed at the two plenaries.



The Council approving the first ESAAMLG Regional CFT Operational Plan in Mahe, Seychelles in September 2018 under the presidency of Hon. Ambassador Maurice J. L Loustau -Lalanne

Capacity Building and Technological Advancements

ESAAMLG continued to prioritize capacity building, with a particular focus on leveraging technology to enhance AML/CFT efforts. This included the promotion of digital tools and platforms for monitoring and analyzing financial transactions, as well as the use of data analytics to identify suspicious activity. The organization, on its own or in collaboration with its partners, also provided

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training on emerging trends and technologies, such as virtual currencies and fintech, which were increasingly being used in financial crime during this period.

Partnerships and Collaboration

ESAAMLG further strengthened its partnerships with international organizations, donor agencies, and the private sector. These collaborations were essential for providing the resources and expertise needed to support member states in implementing effective AML/CFT measures.



Representatives from some Cooperating Organizations and Supporting Nations following the proceedings in Windhoek, Namibia, September 2013 and in Arusha, April 2017



Ms. Fikile P. Zitha, Executive Secretary of ESAAMLG discussing with Ms. Olga Ametistova of GIZ IFF Programme during the margins of the Task Force meeting in April 2023

During this period, the PPSD meetings on different topics continued with the third, fourth, fifth and sixth meetings taking place in Victoria Falls, Zimbabwe in September 2016, in Mahe, Seychelles in September 2018, in Livingstone, Zambia in September 2022 and in Kasane, Botswana in September 2023 respectively.

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Recent Developments and Current Standing

Adapting to Emerging Challenges

The period from 2022 to 2024 has been marked by rapid changes in the global financial landscape, including the rise of digital currencies, increased cybercrime, and the ongoing impact of the COVID-19 pandemic. ESAAMLG has had to adapt to these emerging challenges, developing new strategies and tools to address the evolving risks faced by its member states.

One of the key focuses during this period has been the regulation of virtual assets and the prevention of their misuse for money laundering and terrorist financing. ESAAMLG is working closely with its member states and partners to develop and implement regulatory frameworks for virtual assets, in line with the FATF's updated standards.

Resilience in the Face of Global Crises

The COVID-19 pandemic presented significant challenges for AML/CFT/CPF efforts, as criminals sought to exploit the crisis for financial gain. ESAAMLG responded by providing guidance to its member states on how to identify and address the ML/TF risks associated with the pandemic, including the increased use of digital financial services and the potential for fraud and corruption related to government relief programs.

Despite these challenges, ESAAMLG has continued to make progress in strengthening the AML/CFT/CPF frameworks and effectiveness of its member states. The organization has remained committed to its mission of promoting financial integrity and security in the region, even in the face of unprecedented global crises.



Dr. Eliawony J. Kisanga, the former Executive Secretary, making his last speech in Livingstone, Zambia in September 2022

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Current Standing and Future Outlook

The organization also worked to foster greater public-private collaboration, recognizing the critical role that financial institutions and other private sector entities play in detecting and preventing money laundering and terrorist financing.

ESAAMLG stands as a growing regional body with a proven track record in combating money laundering and terrorist financing. The organization has successfully integrated itself into the global AML/CFT/CPF framework, and it continues to play a critical role in shaping regional and international policy.



Hon. Peggy Serame, Minister of Finance and Economic Development of Botswana congratulating Ms. Fikile P. Zitha for taking the ESAAMLG Executive Secretary position in September 2022

Looking ahead, ESAAMLG is focused on addressing the emerging threats posed by new technologies and the evolving nature of financial crime. The organization is also committed to further strengthening regional cooperation and ensuring that its member states are well-equipped to respond to future challenges.

In conclusion, ESAAMLG's evolution over the past 25 years reflects the organization's ability to adapt and respond to the changing AML/CFT/CPF landscape. From its early years of establishment to its current standing as a key player in the global fight against financial crime, ESAAMLG has made significant contributions to enhancing financial integrity and security in Eastern and Southern Africa in particular and in the AML/CFT/CPF global arena in general.

During this year, ESAAMLG is celebrating its 25th anniversary, marking a quarter-century of dedicated efforts to combat money laundering, terrorist financing, and the proliferation of weapons

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of mass destruction. The Silver Jubilee coincided with the 24th Council of Ministers and 48th ESAAMLG Task Force of Senior Officials Meeting, reflecting on the organisation's achievements and the challenges it has overcome.

The adoption of the Sixth Strategic Plan (2024/2025-2027/2028) at the Kasane, Botswana meeting in September 2023 represents ESAAMLG's commitment to aligning its efforts with global expectations and enhancing its role in the global AML/CFT/CPF network. This plan outlines the organisation's strategic objectives for the coming years, including conducting quality assessments of member countries' AML/CFT systems, enhancing monitoring mechanisms, promoting the understanding of emerging risks, and strengthening the operational capacity of the Secretariat.



The strategic plan was produced to enable ESAAMLG to focus on developing itself as a fully-fledged FSRB embarking on the third round ME. The Strategic Plans of the ESAAMLG are result-oriented and were developed by taking into account regional and international developments as described above. They envisage developing “A strong and dynamic FATF Style Regional Body committed to eradicate money laundering and terrorist financing in the Eastern and Southern African region.” This vision will be realised through consolidating and sustaining the combined efforts to combat money laundering and terrorist and proliferation financing in the Eastern and Southern African region through effective implementation of AML/CFT standards in all ESAAMLG member countries. The current Strategic Plan (2024-2027) has seven key strategic objectives:

- *Effective post evaluation implementation of AML/CFT measures in member countries;*
- *Conduct quality assessment of the ESAAMLG member countries' AML/CFT systems for compliance with the FATF Standards.*
- *Conduct enhanced monitoring of ESAAMLG member countries for improved AML/CFT systems in compliance with the FATF Standards.*

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- *Promote the understanding of emerging ML/TF/PF risk in the ESAAMLG region through typologies studies.*
- *Enhance the international profile of the ESAAMLG through visibility and participation in global AML/CFT initiatives.*
- *Provide technical support to the ESAAMLG Member Countries for compliance with the FATF Standards, including by prioritising countries subject to the International Cooperation Review Group (ICRG) process of the FATF and consolidating targeted regional AML/CFT/CPF capacity building, training and awareness raising programmes.*
- *Promote the implementation of risk-based AML/CFT/CPF measures in the ESAAMLG region which do not inhibit broader access to financial services, including financial inclusion initiatives.*

One of the major expected outcomes of the implementation of the sixth Strategic Plans is to deal with focused AML/CFT/CPF works including the third round MEs and ICRG. This was in order to help shape ESAAMLG meetings enabling the Task Force and Council of Ministers to concentrate on strategic issues and decisions that will push forward the process of AML/CFT/CPF at national and regional levels. These expected outcomes have been successfully achieved to a large extent in the last 25 years and going forward, the future Strategic Plans aim at consolidating this approach.

Since the launch of ESAAMLG, a lot of progress has been made by the organisation in developing a work programme that has enabled it to undertake the core functions of a FATF Style Regional Body (FSRB). The ESAAMLG operates in a global context in which other regional groups like itself collaborate with the FATF. ESAAMLG therefore, like the FATF, monitors the implementation of the FATF 40 Recommendations in the region and undertakes research on money laundering and terrorist financing threats.

OBJECTIVES AND STRUCTURE OF ESAAMLG

The main objectives of ESAAMLG are to: (a) adopt and implement the FATF and other international Standards; (b) apply anti-money laundering measures to all serious crimes; (c) implement measures to combat the financing of terrorism and proliferation and (d) implement any other measures contained in the multilateral agreements and initiatives relevant to prevention and control of laundering of proceeds of all serious crimes and the financing of terrorism and proliferation.

The **Council of Ministers** is the key decision-making body of the ESAAMLG and consists of at least one ministerial representative from each member country. The Council is ultimately responsible for setting the strategic direction of the Group, including approving work programmes. It is headed by a President who holds office for a period of one year. The Presidency of the Council rotates among the member countries, currently on the basis of alphabetical order. In terms of the ESAAMLG Memorandum of Understanding, the Council of Ministers meeting shall be held at least once every year. The main purpose of the Council meeting is to discuss the strategic direction of the Group and its work programme.



Tanzania Finance Minister, Hon. Philip Mpango handing over the presidency to Hon. Ambassador Maurice J. L. Loustau -Lalanne (2018-2019) at the September 2018 meeting.



H.E. President Hakainde Hichilema, Zambia, making welcoming remarks during the Council of Ministers meeting in September 2022

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The Council's role is crucial in ensuring that the organization's initiatives align with the broader economic and security goals of the region. It also decides on matters related to membership, including admitting new members and observers and approval of the publication of MERs on ESAAMLG's website. The ESAAMLG had held 23 Council meetings between 1999 and September 2023. The Council of Ministers' meeting and the corresponding Task Force of Senior Officials meetings are usually held in the country holding the Presidency.

The table below indicates the presidency by country and date since 1999:

YEAR	ESAAMLG PRESIDENT	COUNTRY
1999-2000	Hon. Daniel Yona (M.P.)	Tanzania
2000-2001	Hon. Basil Mramba (M.P.)	Tanzania
2001-2002	Hon. Nangolo Mbumba (M.P.)	Namibia
2002-2003	Hon. Majozi Sithole	Eswatini
2003-2004	Hon. Gerald M. Sendaula (M.P.)	Uganda
2004-2005	Hon. Sushil K.C. Khushiram (M.P.)	Mauritius
2005-2006	Hon. Ng'andu R. Magande	Zambia
2006-2007	Hon. Dr. Herbert Murerwa & Hon. Dr. Samuel Mumbengegwi	Zimbabwe
2007-2008	Hon. Baledzi Gaolathe	Botswana
2008-2009	Hon. Uhuru Kenyatta, E.G.H. (M.P.)	Kenya
2009-2010	Hon. Timothy Thahane	Lesotho
2010-2011	Hon. Ken Kandodo	Malawi
2011-2012	Hon. Charles Gaëtan Xavier Luc Duval G.C.S.K F.C. A (M.P.)	Mauritius
2012-2013	Hon. Manuel Chang (M.P.)	Mozambique
2013-2014	Hon. Saara Kuugongelwa Amadhila (M.P.)	Namibia
2014-2015	Hon. Armando Manuel	Angola
2015-2016	Hon. Nhlanhla Musa Nene (M.P.)	South Africa
2016-2017	Hon. Patrick A. Chinamasa	Zimbabwe
2017-2018	Hon. Dr. Philip Isdor Mpango (M.P.)	Tanzania
2018-2019	Hon. Ambassador Maurice J.L. Loustau Lalanne	Seychelles
2019-2020	<i>Hon. Neal Rijkenberg (MP)</i>	Eswatini
2020-2022	<i>Hon. Matia Kasaija</i>	Uganda
2022-2023	<i>Hon. Peggy Serame</i>	Botswana
2023-2024	<i>Hon. Professor Njuguna Ndung'u and Hon. John Mbadi, EGH</i>	Kenya
2024-2025	<i>H. E. Teklewold Atenafu</i>	Ethiopia ⁴

⁴ Ethiopia is scheduled to assume the Presidency from Kenya at the August 2024 meeting.



ESAAMLG Council of Ministers Meeting in Mbabane, Eswatini, September 2019



ESAAMLG Council of Ministers Meeting in Kasane, Botswana, September 2023

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The **ESAAMLG Task Force** consists of senior government officials from legal, financial and law enforcement agencies in the ESAAMLG region responsible for AML/CFT matters. It is headed by a Chair person, who is drawn from the country holding the presidency. The Task Force of Senior Officials meets twice a year (March/April and August/September). The meetings provide an opportunity for delegates to discuss a number of issues relevant to the FATF Standards, mutual evaluation reports, typology studies report, technical assistance and training, financial inclusion, progress reports as well as attending special technical workshops/seminars on emerging money laundering and terrorist financing trends. During the period 1999- April 2024, ESAAMLG has held 47 Task Force meetings.



Arusha International Conference Centre



Participants at a meeting of the Task Force of Senior Officials, Arusha, Tanzania, April 2019

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The Task Force is responsible for all technical matters and makes recommendations to the Council for approval. Currently, the Task Force has permanent working groups, the Evaluation and Compliance Group (ECG); Risk, Trends and Methods Group (RTMG); Working Group on Risk, Compliance and Financial Inclusion (WG-RCFI); Technical Assistance and Training Coordination Forum (TA&T); FIU Forum; and the Budget, Finance and Audit Sub-Committee, which handle various assignments on behalf of the Task Force.



Delegates attending the Task Force of Senior Officials Meeting at Arusha International Conference Centre (From left to right: April 2013 and April 2017)



Task Force Meeting in Arusha in April 2013 during Mozambique's presidency (from left to right: Dr. Eliawony J. Kisanga, former ESAAMLG Executive Secretary, Mr. Armino Ubisso, former head of the FIU Mozambique and Hon. Sadaa Mkuya Salum, Deputy Minister of Finance, Tanzania).

South Sudan authorities attending the 47th Task Force meeting in Lubango, Angola, April 2024

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The **Secretariat** is the hub of ESAAMLG and provides support to the Council of Ministers and the Task Force of Senior Officials. Among other things, it prepares policy and technical papers, organises Task Force and Council meetings, mutual evaluations, coordinates technical assistance and training, prepares annual budgets, annual work plans, financial statements and reports on all ESAAMLG activities.



Executive Secretary during the Task Force Meeting in Arusha, April 2023



Part of the Secretariat team in Arusha, Tanzania, April 2023

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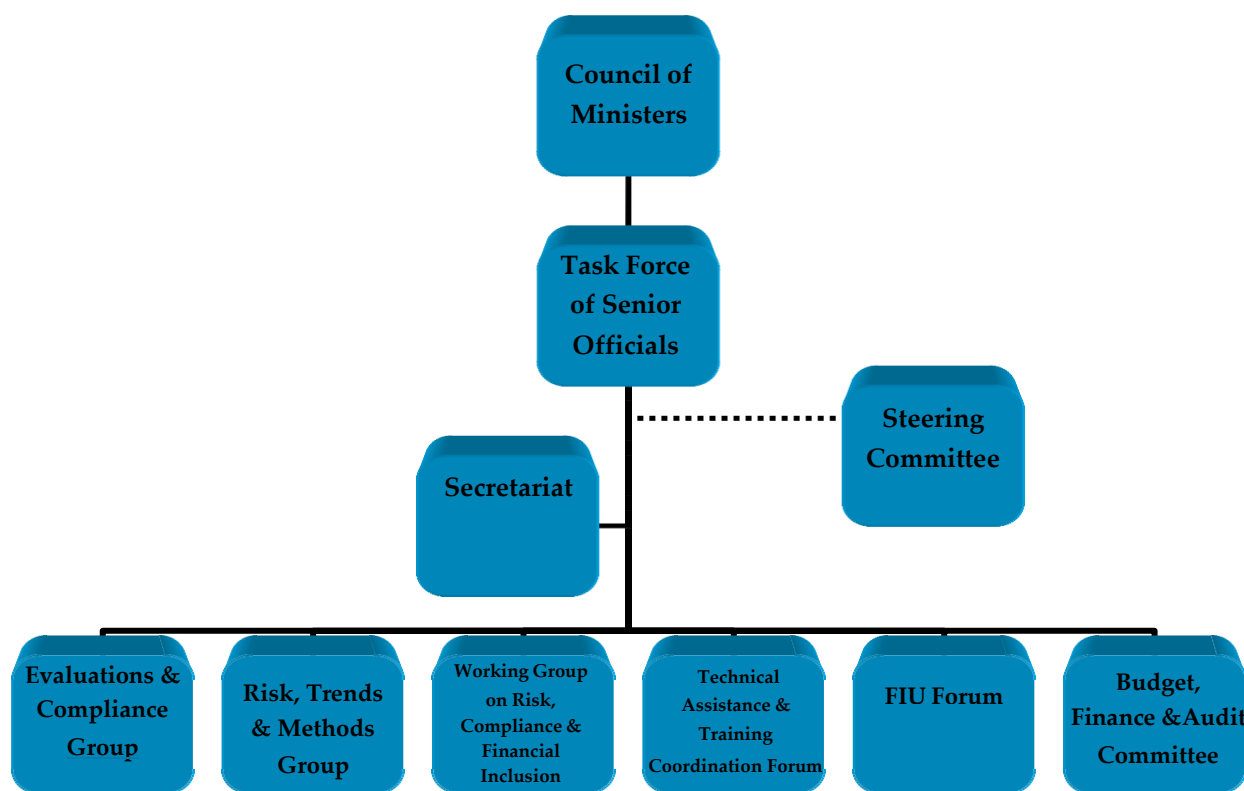
The **Steering Committee** is an advisory committee on a variety of policy matters. It is chaired by the Chairperson of the Task Force. Its members for the financial year 2024/2025 are constituted from countries, namely, Ethiopia (Chair), Kenya, Rwanda, South Africa, Madagascar, Lesotho, Eritrea and the Secretariat.



Steering Committee Meeting in Seychelles, September 2018

The following diagram provides the basic governance structure of the ESAAMLG which has been put in place to ensure smooth operations:

ESAAMLG Structure & Current Working Groups



MEMBERS AND OBSERVER MEMBERS

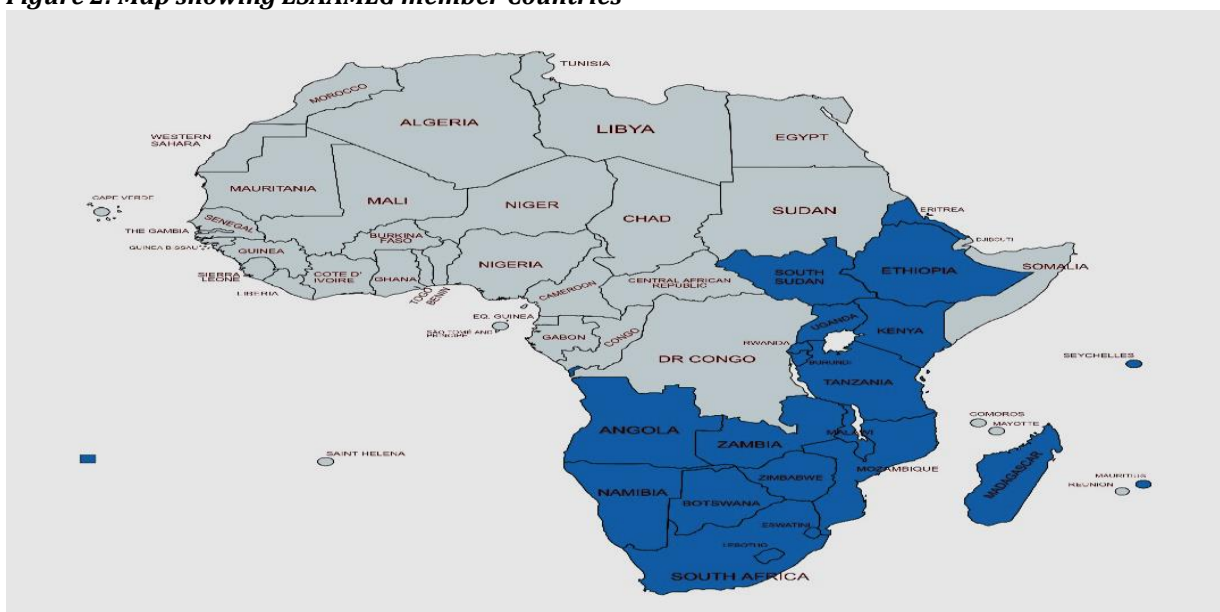
Membership of ESAAMLG is based on Article II of the Memorandum of Understanding (MoU) which stipulates that members are:

- Countries which subscribed to the MoU by signing it on 27 August 1999 or within six months thereafter, or
- Any country within the region whose application for membership has been approved by the Council.

Among other things, countries seeking membership must recognize the need to take action to combat money laundering and terrorist financing; commit themselves to establish and implement AML/CFT legislation, financial intelligence units, national AML/CFT Committee; the need to cooperate with other states in this area.

As at the date of this Report, ESAAMLG membership comprises of 21 countries, namely, Angola, Botswana, Burundi, Eritrea, Eswatini, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, South Africa, South Sudan, Tanzania, Uganda, Zambia and Zimbabwe. The Map below shows the member countries of ESAAMLG.

Figure 2: Map showing ESAAMLG member Countries



It also includes 34 regional and international observers⁵. The United Kingdom and United States of America have been cooperating and supporting nations of the organization since it was established in 1999. This expansion demonstrated the increasing recognition of ESAAMLG's importance in the

⁵ DRC, Portugal, UK, USA, AfDB, Alliance for Financial Inclusion-AFI, APG, ARINSA, CFATF, Charity Commission - UK, COMESA, COMSEC, DFID, EAAACA, EAC, EGMONT, EAG, FATF, GABAC, GAFILAT, GIABA, GIZ, IMF, INTERPOL-HARARE, INTERPOL-NAIROBI, MENAFATF, MONEYVAL, RECSA, SADC, UN 1267, UN-CTED, UNODC, World Bank - WB and World Customs Organization.

region and its effectiveness in addressing financial crimes.

ESAAMLG relationship with Regional and International Organizations

ESAAMLG recognizes that money laundering and terrorist and proliferation financing are both national and transnational problems and therefore international collaboration and cooperation of member countries and agencies is of critical importance. It plays a crucial role in ensuring that its member states implement and comply with international standards set by the FATF. It is for this purpose that from its inception, ESAAMLG has been working very closely with the FATF and other FATF-Style Regional Bodies (FSRBs) in various areas such as development of the FATF Standards and coordination of training workshops, typology studies etc. To effectively combat ML/TF/PF, ESAAMLG must maintain strong relationships with other members of the global AML/CFT network, including the FATF, other FSRBs, international organisations, and partner countries. ESAAMLG's relationship with other global AML/CFT entities is fundamental for several reasons:

- **Consistency in Standards:** Coordination ensures that AML/CFT/CPF standards are consistently applied across regions, reducing vulnerabilities that arise from discrepancies.
- **Capacity Building and Technical Assistance:** Collaboration enables ESAAMLG members to benefit from the technical expertise and resources of international partners.
- **Information Sharing:** Effective relationships facilitate the sharing of intelligence and best practices, crucial for staying ahead of evolving ML/TF threats.
- **Joint Evaluations and Mutual Assessments:** Coordinated efforts in mutual evaluations help ensure that global AML/CFT standards are maintained and deficiencies are addressed uniformly.
- **Strategic Influence:** By engaging with the FATF and other global bodies, ESAAMLG can influence the development of global AML/CFT policies to reflect the realities of the Eastern and Southern Africa region.

Key Relationships and Collaborations

a) Relationship with the FATF

The FATF is the global standard-setter for AML/CFT. As mentioned before, ESAAMLG became associate member of FATF in June 2010. Since only one ESAAMLG member country (South Africa) is an FATF member, Associate membership status provides better opportunities for ESAAMLG and ESAAMLG member jurisdictions to participate in FATF activities including active participation in developing new AML / CFT standards and having access to plenary meetings, conference, training and participation in consultation processes with the FATF and take an active role in the process of AML/CFT global policy making.

In order to continue as an Associate Member of the FATF, ESAAMLG would, *inter alia*, have in place mechanisms to ensure actual and effective implementation of the FATF standards within the body's membership. This is mostly achieved through the mutual evaluation exercise and close monitoring of the follow up actions. At Group level, 16 out of the 19 member countries (including the former member Union of Comoros) were assessed under the 2004 FATF Methodology; while 8 out of the 18 member countries have been assessed based on the 2012 FATF Methodology. ESAAMLG and FATF are involved in the joint evaluations of their common members.

In addition, to continue as an Associate Member, one of the core functions of the ESAAMLG must

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include conducting regional level research and analysis of ML / TF methods and trends, in particular typologies exercises. To meet this requirement, the Risk, Trends and Methods Group (formerly known as ‘Typologies Working Group’) was established and the Group has continued undertaking a number of typologies studies. So far, 12 typologies work were completed. Further typologies work will be undertaken by the ESAAMLG during the period of implementing the 2024- 2027 Strategic Plan. To achieve this and other purposes, the ESAAMLG, in collaboration with the supporting nations and organisations, had also organised training for investigators, prosecutors and law enforcement agents in the region. In short, ESAAMLG’s relationship with the FATF is pivotal for:

- **Policy Alignment:** Ensuring that ESAAMLG’s strategies and priorities are aligned with FATF recommendations.
- **Participation in FATF Meetings:** ESAAMLG actively participates in FATF meetings, contributing regional perspectives to global discussions.
- **Support for Mutual Evaluations:** The FATF provides support for ESAAMLG’s mutual evaluation process, ensuring that assessments are rigorous and in line with global standards.
- **Technical Assistance:** The FATF assists ESAAMLG in building the capacity of its member states through training and resources.



Joint Assessors Training of ESAAMLG and FATF in Arusha, Tanzania, April 2023

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b) Collaboration with Other FSRBs

ESAAMLG collaborates with other FSRBs to:

- **Enhance Regional Cooperation:** FSRBs share information on emerging threats, trends, and methods used in ML/FT across regions.
- **Joint Training Programmes:** FSRBs often collaborate on joint training and technical assistance programmes, leveraging resources to build capacity.
- **Peer Learning:** Member states benefit from learning about the experiences and best practices of other FSRBs, which can inform their own AML/CFT/CPF strategies. For example, ESAAMLG undertook different benchmarks to the CFATF, APG and recently GAFILAT to take lessons from the FSRBs on technical and administrative issues.



ESAAMLG benchmark visit to APG in Sydney, Australia, April 2015



ESAAMLG benchmark visit to GAFILAT in Buenos Aires, Argentina, April 2024

c) Engagement with other COSUNs

Apart from the FSRBs, ESAAMLG also works closely with other jurisdictions and organisations which have keen interest in ML/TF/PF matters. ESAAMLG engages with various regional and international organisations, such as the World Bank, International Monetary Fund (IMF), United Nations Office on Drugs and Crime (UNODC), and the Egmont Group, to:

- **Access Resources and Expertise:** These organisations provide financial, technical, and analytical support to ESAAMLG's member states.
- **Global Advocacy:** Through these relationships, ESAAMLG can advocate for the specific needs and concerns of its member states in the global arena.
- **Receive Financial Support:** Donor countries and institutions including UK HM Treasury, GIZ, AfDB and COMESA contribute financially to ESAAMLG's programmes and activities.
- **Offer Technical Assistance:** ESAAMLG COSUNs provide experts and resources to assist ESAAMLG in enhancing the AML/CFT frameworks of its member states.
- **Foster Bilateral Relationships:** These partnerships often lead to stronger bilateral AML/CFT/CPF cooperation between ESAAMLG member states and COSUNs.



Representatives of CoSUNs during the April 2024 Task Force meeting in Lubango, Angola

ESAAMLG, as a specialized organisation in AML/CFT matters, is also keen to cooperate with regional bodies which have an interest in AML/CFT matters. In this regard, ESAAMLG signed Memoranda of Understanding (MoUs) with UK HM Treasury, the East Africa Community (EAC) Secretariat in 2011, the Southern African Development Community (SADC) Secretariat in 2012, COMESA Secretariat in 2016, Attorney General Alliance Africa Programme in 2017, German Development Cooperation Illicit Financial Flows Programme (GIZ-IFF) in 2018, CIVIPOL in 2022, Basel Institute on Governance

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in 2023 and Global Centre for Cooperative Security in 2024. It also signed MoUs with the United for Wild Life and AFI. The MoUs provide an excellent opportunity to promote ESAAMLG's work and also form a platform for collaboration, cooperation, exchange of information and technical assistance. The ultimate outcome of this working relationship will be an improved implementation of international standards on anti-money laundering and combating terrorist and proliferation financing by member countries which are also members to either COMESA, SADC or EAC.



Eliwony J. Kisanga, the former ESAAMLG Executive Secretary and Sindiso Ngwenya, the former Secretary General of COMESA Secretariat signing a MoU to deepen collaboration in combating money laundering & terrorist financing

The Secretariat has continued working with the GIZ IFF, COMESA and SADC. In collaboration with the organizations, the ESAAMLG has facilitated different AML/CFT training workshops. In addition, consultations had been held with the Peace and Security Department of the EAC Secretariat to develop joint programmes to address terrorism and in particular the financing of terrorism. Consultations had also taken place with the Deputy Secretary General responsible for the Monetary Union Project to explore areas where cooperation can be developed in the implementation of AML/CFT programmes.

ACHIEVEMENTS OF ESAAMLG

AN EFFICIENT AND SUSTAINABLE SECRETARIAT

Since the adoption of its First Strategic Plan in 2005, ESAAMLG has made significant progress towards achieving its mission to combat ML/TF/PF in the Eastern and Southern African region. In March 2008, the Group conducted a review of the implementation of its Strategic plan which indicated that a number of initiatives have been undertaken by the Group at a regional level and by individual member countries at national level to build up a framework for mutual support in the fight against money laundering and terrorist financing. The Secretariat has also made steady progress to secure its sustainability.

One of the major outcomes of implementation of the Strategic Plans of ESAAMLG was to have the ESAAMLG focused as fast as possible in engaging in substantive discussion of development AML/CFT/CPF in the meetings of the Task Force of Senior Officials and Council of Ministers and development of regional priorities in the implementation of the AML/CFT/CPF systems. It was also the intention of the strategies that the Council of Ministers meetings should concentrate on strategic issues and decisions that will drive forward the process of AML / CFT/CPF at national level.

To achieve the foregoing as a first step it was necessary to develop an efficient and sustainable Secretariat as early as possible. The main responsibilities of the Secretariat are as follows:

- Organise and conduct the Task Force of Senior Officials and Council of Ministers' meetings;
- Provide technical and administrative support to the Council of Ministers, Task Force of Senior Officials and Working Groups;
- Prepare and implement annual budgets, strategic plans and work programmes;
- Coordinate and participate in mutual evaluations;
- Identify training and technical assistance needs of member countries, and facilitate provision thereof;
- Establish and maintain working relationships with relevant regional and international organisations;
- Act as a liaison between ESAAMLG and third party countries and organisations involved in countering money laundering and terrorist and proliferation financing;
- Provide expertise to member countries to build capacity to combat money laundering and terrorist and proliferation financing;
- Arrange and conduct outreach missions to potential members.

The ESAAMLG Secretariat is based in Dar es Salaam, United Republic of Tanzania and is hosted by the Tanzanian Government through the Ministry of Finance. The Secretariat is headed by the Executive Secretary. The Secretariat currently has nine full time experts, three onsite secondees and one offsite secondee who serve in the capacities of Principal Expert, Law Enforcement Experts, Financial Sector Experts, Legal Experts and Technical Advisor. In addition, the Secretariat has got an Administrator, Accountant, two support staff and one IT Expert.



The Secretariat Staff during the August 2024 meeting in Diani, Kenya

One of the key activities that was immediately undertaken in order to address objective 7 of the Strategy plans i.e. developing “a sustainable and efficient ESAAMLG Secretariat” was to undertake an “*Efficiency Scrutiny*” of the Secretariat and to determine the minimum resources and staff complement that would enable the Secretariat to undertake the critical tasks that an FSRB is meant to carry out. The recommendations of the report of the scrutiny are currently being implemented and most of them have been addressed.

MUTUAL EVALUATIONS

Introduction

Mutual evaluations form part of the core activities undertaken by the ESAAMLG. Under this process, the ESAAMLG monitors the implementation of the FATF 40+9 recommendations under the first round and the 40 FATF recommendations under the second round in its member jurisdictions and assesses the overall effectiveness of AML/CFT/CPF systems.

The FATF and the International AML/CFT standards

The Financial Action Task Force (the FATF) is an inter-governmental policy-making body which currently comprises 37 member jurisdictions and 2 regional organisations (the European Commission and the Gulf Co-operation Council). It was established in 1989 by the Group of Seven (G-7) Summit in Paris and has currently a mandate to set international standards on combatting money laundering and countering the financing of terrorism and proliferation financing.

The FATF builds standards upon a number of United Nations (UN) conventions and resolutions that promote international cooperation in preventing and containing drug trafficking, domestic and cross border organised crime, corruption, money laundering and the financing of terrorism and proliferation. It also takes account of all the financial supervisory standards namely, the Basel Core Principles on Banking Supervision; the Objectives and Principles for Securities Regulation of the International Organisation of Securities Commissions (IOSCO) and the Insurance Supervisory Principles issued by the International Association of Insurance Supervisors (IAIS). These contain fundamental principles pertaining to know your customer (KYC) rules; record keeping procedures, risk management procedures and other due diligence requirements that sustain an effective AML / CFT framework.

In brief, to put in place an effective AML / CFT system, the current FATF 40 Recommendations require an adequate legal and institutional framework which should include:

- risk assessment and mitigation as well as enhance domestic coordination and cooperation,
- establish legal framework that create money laundering and terrorist financing offences and provide for the targeted financial sanctions, freezing, seizing and confiscation of proceeds;
- Requirements for the financial sector of the economy to undertake customer identification, due diligence measures and to keep and maintain records;
- The requirement to monitor transactions and report suspicious activities;
- Risk Based Supervision and regulation of financial institutions (banking and non-banking) and designated non-financial businesses and professions (casinos, dealers in precious metals and stones, real estate agents lawyers and accountants and trust and company service providers) to ensure compliance with AML/CFT requirements;
- Establish independent and autonomous FIUs; and
- Gateways for international cooperation.

The FATF standards have been widely recognised and endorsed by the UN⁶, the International Monetary Fund and the World Bank as well as by over 180 jurisdictions around the world. International and regional organisations that are involved in combating money laundering and terrorist and proliferation financing collaborate with the FATF in the fight against these crimes. The major partners of the FATF are the FATF-style regional bodies (FSRBs), including the ESAAMLG, which play a central role in their respective region by bringing together jurisdictions that are committed to implement the FATF standards and participate in the mutual evaluation process.

ESAAMLG members formally adopted the FATF 40 recommendations through the MOU. They also agreed to participate in mutual evaluations (Art. XIV, ESAAMLG MOU) and are being currently assessed under the second round in turn in accordance with the ESAAMLG Mutual Evaluation Schedule which was approved by the Council of Ministers in 2014 and amended from time to time. The ESAAMLG will commence its third round ME in 2026 with Burundi, Ethiopia and Madagascar the first countries to be assessed.



Mutual Evaluation Process

The scope and purpose of mutual evaluations are to assess the AML/CFT/CPF legal frameworks to determine whether the necessary laws, regulations or other measures required under the FATF standards have been adopted and implemented and at the same time ensure that the overall system and mechanism in place to combat money laundering and terrorist and proliferation financing are effective. While the first round of mutual evaluations were conducted as per the 2008 ESAAMLG ME Procedures (as amended in Maseru, Lesotho in 2009) and the 2004 FATF Methodology, the Second

⁶ See the United Nations Security Council Resolutions 1617 (2005), 2083 (2013), 2129(2013), 2195(2014), 2199(2015), 2253(2015), 2255(2015), 2322(2016), 2462(2019) on threats to international peace and security caused by terrorist acts, and the unanimously adopted United Nations General Assembly resolution 60/288 (2006).

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Round of Mutual evaluations are conducted in accordance with the 2014 Mutual Evaluation Procedures (as amended in 2016 and 2017) and are based on the FATF 40 recommendations (as amended from time to time). The third round procedure for ME and Follow up Process will be tabled for discussion at the August 2024 meeting.



From left to right: ESAAMLG Assessors during the onsite visits in the United Republic of Tanzania January-06 February 2009 under the first round ME and 01-11 July 2019 under the Second Round

The mutual evaluation process, which consists of two major parts- an onsite visit and the discussion and adoption of the mutual evaluation report takes at least nine months to complete. The onsite visit is usually conducted by a team of five to seven experts in the legal, financial and law enforcement sectors from other member governments or from ESAAMLG supporting nations as well as observer organisations and two to three members of the ESAAMLG Secretariat. In the process, the team undertakes an onsite visit to the country and prepares a draft report which provides an assessment of the extent to which the evaluated country has implemented an effective AML / CFT system, identifies deficiencies and makes recommendations on how to improve the system. Mutual evaluation reports are discussed at the ESAAMLG Task Force of Senior Officials and adopted by the Council of Ministers.

The First Round of Mutual Evaluation Under the FATF 2004 Methodology

ESAAMLG started its first round of mutual evaluations under the FATF 2004 Methodology with the assessment of Uganda in February 2005 and completed this round of assessment with Rwanda in August 2014. It concentrated on assessing the technical compliance of member states with the FATF's 40+9 Recommendations. These Recommendations include the original 40 aimed at anti-money laundering (AML) and an additional 9 Special Recommendations focused on combating terrorist financing (CFT).

The Table below shows the ESAAMLG's assessment calendar under the first round ME. Under this round of evaluations, ESAAMLG member countries have been assessed by ESAAMLG and in some cases by the World Bank or the IMF under the Financial Sector Assessment Programme (FSAP). A joint evaluation with the FATF was also undertaken. All MERs under the first round were published on the ESAAMLG's website following their adoption⁷.

⁷ https://www.esaamlg.org/index.php/Mutual_Evaluations_First.

Table 2: ESAAMLG's Assessment Calendar under the First Round

No.	Member country	Undertaken by	Date of onsite visit	Adoption of MER	Type of Progress Report (Regular/Biannual)
1	Angola	World Bank	November 2007	August 2012	Regular
2	Botswana	World Bank	February 2007	August 2007	Biannual
3	Comoros	IMF	May 2009	August 2010	Biannual
4	Eswatini	ESAAMLG	November / December 2009	August 2010	Biannual
5	Kenya	ESAAMLG	April 2010	August 2011	Regular
6	Lesotho	ESAAMLG	November 2010	August 2011	Biannual
7	Malawi	World Bank	February/March 2008	August 2008	Biannual
8	Mauritius	IMF	September 2007	August 2008	Regular
9	Mozambique	ESAAMLG	September 2009	August 2010	Biannual
10	Namibia	World Bank	July 2005	August 2007	Regular
11	Rwanda	IMF	June 2012	August 2014	Biannual
12	Seychelles	ESAAMLG	November 2006	August 2008	Regular
13	South Africa	Joint ESAAMLG / FATF	August 2008	August 2009	Biannual
14	Tanzania	ESAAMLG	January / February 2009	August 2009	Regular
15	Uganda	World Bank	February 2005	August 2007	Biannual
16	Zambia	ESAAMLG	November 2007	August 2008	Biannual
17	Zimbabwe	ESAAMLG	May 2006	August 2007	Biannual

In terms of the First Round ME Procedures, ESAAMLG members were supposed to submit an annual/biannual report to the ESAAMLG in the year following the adoption of their report (see the Table above). The annual/ Biannual report must indicate the progress made since the evaluation and in particular must underscore developments which have taken place in areas where the evaluation recommended that the AML / CFT system need to be improved. Botswana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe exited the process once the onsite visits to the countries were started under the ESAAMLG Second Round ME. The Union of Comoros is not under the ESAAMLG's follow up process as the country withdrew its membership since 2017. There is no country currently under the first round follow up process except Lesotho though the follow up process on the country is not to a full extent.⁸

The first round of mutual evaluations conducted by ESAAMLG from 2005 to 2014 was instrumental in assessing the technical compliance of member states with the FATF's 40+9 Recommendations⁹.

⁸ Lesotho is currently under the follow up process on its High-Level Mission Reports in terms of addressing one action item under its public statement since 2020 though it was assessed under the Second Round ME in 2023.

⁹ In recognition of the problems faced by developing nations under the first round ME, the FATF issued in February 2008 "Guidance on Capacity Building for Mutual Evaluations and Implementation of the FATF

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This process led to significant achievements, including the adoption of comprehensive AML/CFT frameworks, the establishment of key institutions, and enhanced regional cooperation. However, challenges such as inconsistent implementation, resource constraints, and slow progress made by some countries highlight the need for ongoing efforts and targeted support.

ESAAMLG's response to slow progress in certain member states, including conducting eight high-level missions, demonstrates the organisation's commitment to addressing identified deficiencies and securing political will. Additionally, the participation of ESAAMLG member states in the FATF ICRG process, and their subsequent exit from it, showcases the positive impact of international collaboration in driving reforms. The lessons learned from this evaluation round provide valuable guidance for ESAAMLG and its member states as they continue to strengthen their AML/CFT frameworks and contribute to global efforts against financial crimes.

The box below shows a summary of the key achievements and challenges observed under the ESAAMLG first round ME and Follow up Process.

Box 1- Key Achievements, Challenges and Lessons Learnt under the First Round ME

Adoption of FATF's 40+9 Recommendations: Member states undertook significant efforts to align their national laws and regulations with the FATF's 40+9 Recommendations. This included the criminalisation of money laundering, the implementation of customer due diligence (CDD) procedures, and the establishment of Financial Intelligence Units (FIUs). The mutual evaluation process spurred the establishment and strengthening of institutions necessary for AML/CFT compliance. Several countries operationalised their FIUs, enhancing their capacity to analyse financial information related to money laundering and terrorist financing. Under the first round follow up process, Angola (in April 2018), Namibia (in September 2017), Seychelles (in April 2017) and South Africa (in September 2018) exited the follow up process as it was determined that they had made sufficient progress on the deficiencies highlighted under their respective MER. While many member states successfully adopted the FATF's 40+9 Recommendations into their legal frameworks, implementation was inconsistent. Some countries faced challenges in fully operationalising FIUs or enforcing customer due diligence and reporting obligations, leading to gaps in compliance. Resource constraints significantly impacted the ability of several ESAAMLG member states to implement and sustain AML/CFT measures. This was particularly challenging for smaller or less developed economies, where financial and human resources were limited. This highlighted the need for enhanced post-evaluation monitoring. By implementing more rigorous follow-up mechanisms, ESAAMLG can ensure that member states not only adopt the required legal frameworks but also effectively enforce and sustain them over time.

Standards within Low Capacity Countries". The Guidance identifies a number of principles and specific mechanisms and procedures that may be used to ensure effective prioritisation and implementation of the FATF AML standards taking into account a country's specific structural peculiarities and vulnerabilities. The FATF identified core and key recommendations that represent priority areas for building up national AML / CFT frameworks in a phased manner. The "core" FATF recommendations include criminalisation of money laundering and terrorist financing (R.1 and SR.II), customer due diligence and record keeping (R.5 and R.10); and suspicious transaction reporting (R.13 and SR.IV) while the "key" recommendations are provisional measures and confiscation (R.3), financial institution secrecy laws (R.4), the FIU (R. 26), supervision and regulation of financial institutions (R.23), international cooperation (R.35, SR.V), mutual legal assistance (R.36), other forms of cooperation (R.40), and ratification and implementation of UN Instruments (SRI).

Enhancing Regional Cooperation and Addressing Slow Progress through Escalated Measures:

ESAAMLG facilitated improved cooperation among member states, particularly in cross-border investigations and intelligence sharing, which is essential for combating transnational financial crimes. Under the first round follow up process, ESAAMLG also undertook eight (8) High Level Missions to Botswana (2013), Eswatini (2016), Lesotho (2017), Malawi (2017), Mozambique (2017), Rwanda (2019), Uganda (2014)¹⁰ and Zambia (in 2016). These missions, conducted as per the first round mutual evaluation procedures, were aimed at securing political commitment at the highest levels and expediting reforms in these jurisdictions. In addition to high-level missions, ESAAMLG implemented various measures for countries showing slow progress in addressing their AML/CFT deficiencies. These included increased monitoring, the requirement for more frequent reporting, and direct engagement with senior government officials to ensure that necessary reforms were prioritised. The high-level missions and other escalated measures often resulted in renewed political commitment and accelerated implementation of reforms. Countries that had initially lagged behind began to make noticeable progress in aligning their frameworks with the FATF Recommendations.

Participation in the FATF ICRG Process: Angola, Ethiopia, Kenya, Namibia, Tanzania, Uganda and Zimbabwe were placed under the FATF International Co-operation Review Group (ICRG) reviewing process. The ICRG process identified countries that required further improvements to their systems to address AML/CFT risks. All of them were able to address their strategic deficiencies and removed from the process. The successful exit of these countries from the ICRG process was attributed to their concerted efforts to strengthen their AML/CFT frameworks, supported by both ESAAMLG and international partners. This demonstrated the effectiveness of the ICRG process in driving necessary reforms in jurisdictions with identified deficiencies.

Training and Technical Support: ESAAMLG, in collaboration with international partners, provided extensive technical assistance and training to its member states. These efforts were crucial in helping countries build the expertise needed to implement the FATF's 40+9 Recommendations effectively. Ongoing capacity building is essential for maintaining and enhancing AML/CFT frameworks across the region. Tailored training programs that address specific technical and operational needs can help ensure that all stakeholders, from regulators to financial institutions, are equipped to meet the demands of the FATF requirements. In this regard, expanding international partnerships can provide additional technical assistance and financial resources, particularly for member states facing significant capacity constraints. This support could be vital in bridging gaps in technical compliance and ensuring the long-term sustainability of AML/CFT efforts. The continuance of engaging the private sector more deeply in AML/CFT efforts also offers substantial potential for improvement. ESAAMLG can play a key role in facilitating more PPSD, particularly in areas such as customer due diligence including on BO, enhancing the diversity, quantity and quality of suspicious transaction reporting, and overall compliance culture on a risk sensitive basis.

The Second round of mutual evaluation under the FATF 2013 Methodology

The FATF has adopted complementary approaches for assessing technical compliance with the FATF Recommendations, and for assessing whether and how the AML/CFT system is effective. Therefore,

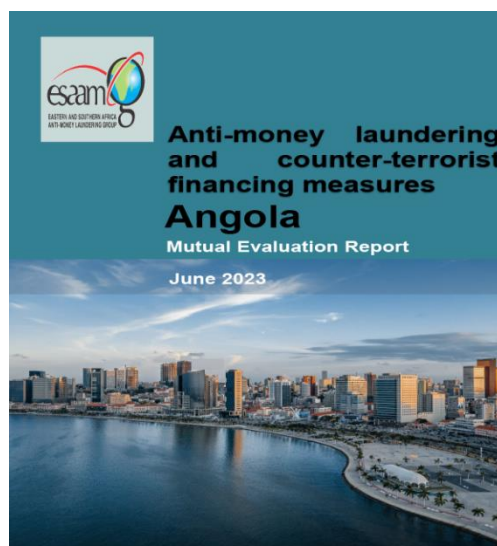
¹⁰ ESAAMLG issued a public statement on Uganda in 2013 due to its slow progress and was removed from the public statement list in 2015. This improvement reflected Uganda's enhanced compliance with the FATF Recommendations.

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the 2013 Methodology comprises two components:

1. *"The **technical compliance assessment** addresses the specific requirements of the FATF Recommendations, principally as they relate to the relevant legal and institutional framework of the country, and the powers and procedures of the competent authorities. These represent the fundamental building blocks of an AML/CFT system.*
2. *The **effectiveness assessment** differs fundamentally from the assessment of technical compliance. It seeks to assess the adequacy of the implementation of the FATF Recommendations, and identifies the extent to which a country achieves a defined set of outcomes that are central to a robust AML/CFT system. The focus of the effectiveness assessment is therefore on the extent to which the legal and institutional framework is producing the expected results."*

Together, the assessments of both technical compliance and effectiveness will present an integrated analysis of the extent to which the country is compliant with the FATF Standards and how successful it is in maintaining a strong AML/CFT system, as required by the FATF Recommendations.¹¹



ESAAMLG started its second round of mutual evaluations under the FATF 2013 Methodology with the assessment of Ethiopia by the World Bank in October 2014. Since then, 18 (Ethiopia, Uganda, Zimbabwe, Botswana, Madagascar, Mauritius, Seychelles, Zambia, Malawi, South Africa, Tanzania, Mozambique, Eswatini, Namibia, Kenya, Angola, Lesotho and Rwanda) out of the 21 member countries have been evaluated while all the reports have been discussed and adopted and published on the ESAAMLG's website. Eritrea is the last country being evaluated in this round with its MER to be discussed at the March 2025 meeting. Burundi and South Sudan will be assessed in the third round. ESAAMLG is expected to commence its third round of assessment by 2025. Under this round of evaluations, most of the member countries were assessed by ESAAMLG. Ethiopia was assessed by the World Bank and ESAAMLG in 2015; while the IMF, FATF and ESAAMLG jointly assessed South Africa in 2019.

¹¹ See FATF Methodology, page 5.

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The Table below shows the ESAAMLG's assessment calendar under the Second Round ME.



Assessors during the Discussion of the MER of Zimbabwe at the Task Force plenary in Victoria Falls in August 2016.

Under the Second Round ESAAMLG procedures, ESAAMLG members under regular follow up must submit an annual report and countries under enhanced follow up twice a year to the ESAAMLG in the year or six months respectively following the adoption of their report. The annual report must indicate the progress made since the evaluation and in particular must underscore developments which have taken place in areas where the evaluation recommended that the AML / CFT/ CPF system need to be improved. All countries assessed under the second round ME are under enhanced follow up and most of the assessed countries requested for TC rerating and their Follow Up Reports accordingly were adopted and published on ESAAMLG's website after passing Global Quality and Consistency Process.

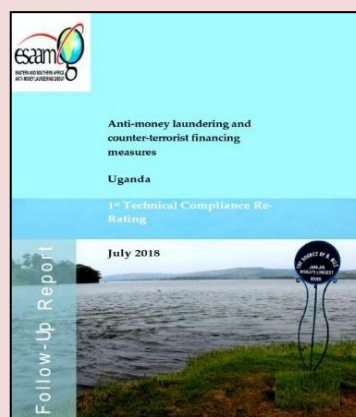
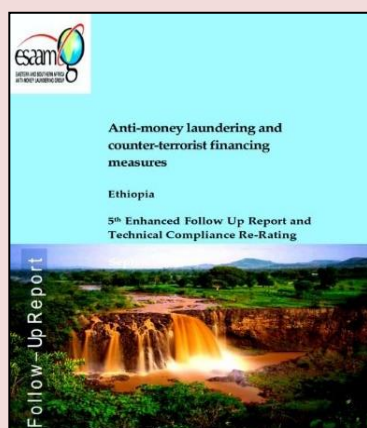


Table 4: ESAAMLG Schedule of mutual evaluations under the second round

No.	Member Country	Undertaken by	Dates of onsite	Dates of MER approval
1	Angola	ESAAMLG	November/December 2021	May 2023
2	Botswana	ESAAMLG	June 2016	May 2017
3	Eritrea	ESAAMLG	July 2024	May 2025
4	Eswatini	ESAAMLG	June 2020	May 2021
5	Ethiopia	ESAAMLG	November 2017	May 2015
6	Kenya	ESAAMLG	November 2020	September 2022
7	Lesotho	ESAAMLG	June 2022	September 2023
8	Madagascar	World Bank	February 2017	July 2018
9	Malawi	ESAAMLG	November 2018	September 2019
10	Mauritius	ESAAMLG	June 2017	July 2018
11	Mozambique	ESAAMLG	December 2019	May 2021
12	Namibia	ESAAMLG	June 2020	September 2022
13	Rwanda	ESAAMLG	July 2023	April 2024
14	Seychelles	ESAAMLG	November 2017	September 2018
15	South Africa	IMF/FATF/ESAAMLG	October/November 2019	June 2019
16	Tanzania	ESAAMLG	June 2019	May 2021
17	Uganda	ESAAMLG	June 2015	April 2016
18	Zambia	ESAAMLG	June 2018	April 2019
19	Zimbabwe	ESAAMLG	July 2015	August 2016

Performance of Assessed ESAAMLG Countries Under the Second Round MEs and Lessons Learnt

The mutual evaluations conducted under the first and second round provided valuable insight into the difficulties faced by ESAAMLG members in implementing the AML / CFT standards. Obtaining and sustaining political will among ESAAMLG members was the major underlying factor that impedes the implementation of the AML /CFT/CPF legal and institutional framework. Some of the ESAAMLG members still had to enact or amend their respective AML/CFT/CPF legislations. The assessments had further shown that insufficient material and human resources have negatively affected the effective implementation of the AML / CFT standards. Other challenges included inadequate technological support and scarce resources for establishing key institutions. ESAAMLG focused on promoting post evaluation implementation of the FATF standards. To this end, the ESAAMLG has its own Mutual Evaluation Procedures and follow up process under the First and Second Round to adopt a more comprehensive and result-oriented approach that endeavours to support member countries in enhancing compliance with the FATF standards. Despite what has been achieved so far, a substantial amount of work is still required in the region to ensure that the FATF recommendations are effectively implemented by all member countries. The following is the overview of the Tc and effectiveness performance of the 18 assessed countries in the Second Round ME and FUP.

Technical Compliance

The technical compliance ratings of 18 ESAAMLG countries against the FATF 40 Recommendations was assessed based on the FATF's 2013 methodology. The ratings across various FATF Recommendations (R.1 to R.40 in Tables A-G below) reflect the extent to which these countries have implemented the technical requirements necessary to combat money laundering (ML), terrorist financing (TF) and Proliferation Financing (PF). Mauritius emerges as one of the strongest performers, consistently achieving ratings of 'Compliant' (C) or 'Largely Compliant' (LC) across the 40 FATF Recommendations. Countries like South Africa, Ethiopia, and Botswana also demonstrate relatively strong compliance, with a higher proportion of 'C' and 'LC' ratings. On the other hand, some countries are exhibiting weaker technical compliance, with several ratings of 'Partially Compliant' (PC) and 'Non-Compliant' (NC) across critical Recommendations. Though these assessed countries have shown progress on TC compared with the first round ME, there are still TC related deficiencies against the most important FATF Recommendations including R.5-8, 24-25, R. 26, R.28, R.31-32, etc. To achieve higher compliance levels in their follow up reviewing process or third round of assessments, there must be a concerted effort to address the identified deficiencies against the outstanding recommendations.

A – AML/CFT POLICIES AND COORDINATION

Country	R.1	R.2
Angola	LC	PC
Botswana	LC	PC
Eswatini	PC	PC
Ethiopia	C	LC
Kenya	PC	NC
Lesotho	PC	C
Madagascar	C	PC
Malawi	LC	PC
Mauritius	C	C
Mozambique	LC	PC
Namibia	LC	LC
Rwanda	LC	PC
Seychelles	C	LC
South Africa	PC	PC
Tanzania	PC	PC
Uganda	LC	LC
Zambia	LC	LC
Zimbabwe	LC	PC

B – MONEY LAUNDERING AND CONFISCATION

Country	R.3	R.4
Angola	PC	LC
Botswana	C	LC
Eswatini	LC	LC
Ethiopia	LC	LC
Kenya	C	PC
Lesotho	PC	PC
Madagascar	LC	LC
Malawi	PC	C
Mauritius	C	C
Mozambique	PC	C
Namibia	LC	LC
Rwanda	LC	LC
Seychelles	LC	PC
South Africa	LC	LC
Tanzania	C	LC
Uganda	C	LC
Zambia	C	C
Zimbabwe	C	C

C – TERRORIST FINANCING AND FINANCING OF PROLIFERATION

Country	R.5	R.6	R.7	R.8
Angola	PC	PC	PC	NC
Botswana	C	LC	LC	PC
Eswatini	PC	NC	NC	NC
Ethiopia	LC	LC	LC	LC
Kenya	PC	NC	NC	NC
Lesotho	C	PC	NC	NC
Madagascar	PC	NC	NC	PC
Malawi	PC	LC	PC	NC
Mauritius	C	C	C	LC
Mozambique	PC	PC	PC	NC
Namibia	PC	PC	PC	NC
Rwanda	PC	PC	PC	NC
Seychelles	LC	PC	PC	NC
South Africa	PC	NC	PC	NC
Tanzania	LC	PC	NC	NC
Uganda	C	C	PC	PC
Zambia	PC	PC	PC	PC
Zimbabwe	LC	C	PC	PC

E – TRANSPARENCY AND BENEFICIAL OWNERSHIP OF LEGAL PERSONS AND ARRANGEMENTS

Country	R.24	R.25
Angola	NC	NC
Botswana	PC	LC
Eswatini	NC	PC
Ethiopia	LC	N/A
Kenya	PC	PC
Lesotho	PC	NC
Madagascar	PC	NC
Malawi	PC	PC
Mauritius	LC	LC
Mozambique	NC	NC
Namibia	PC	PC
Rwanda	PC	PC
Seychelles	LC	LC
South Africa	PC	PC
Tanzania	PC	NC
Uganda	PC	NC
Zambia	PC	PC
Zimbabwe	LC	LC

D – PREVENTIVE MEASURES

Country	R.9	R.10	R.11	R.12	R.13	R.14	R.15	R.16	R.17	R.18	R.19	R.20	R.21	R.22	R.23
Angola	LC	LC	C	C	LC	C	PC	PC	LC	LC	C	PC	LC	PC	PC
Botswana	C	LC	LC	LC	LC	NC	PC	LC	N/A	LC	LC	C	LC	LC	LC
Eswatini	LC	PC	LC	PC	LC	PC	NC	NC	PC	PC	NC	C	LC	PC	PC
Ethiopia	C	LC	C	C	C	C	PC	C	C	LC	LC	C	LC	LC	LC
Kenya	PC	PC	PC	PC	PC	NC	NC	NC	PC	PC	PC	NC	PC	NC	NC
Lesotho	LC	LC	LC	LC	C	LC	NC	LC	PC	C	NC	PC	LC	LC	PC
Madagascar	C	PC	PC	PC	C	PC	NC	PC	PC	LC	LC	LC	C	NC	NC
Malawi	C	LC	C	C	C	C	PC	PC	C	C	C	LC	C	LC	LC
Mauritius	C	C	LC	C	C	C	LC	C	C	C	C	C	C	C	C
Mozambique	C	PC	LC	LC	LC	PC	PC	PC	C	LC	PC	C	C	PC	PC
Namibia	C	LC	LC	NC	PC	LC	NC	LC	LC	PC	PC	PC	C	PC	PC
Rwanda	C	LC	LC	PC	LC	PC	PC	LC	LC	LC	LC	C	C	PC	LC
Seychelles	C	LC	C	LC	C	C	NC	LC	LC	C	C	C	C	LC	LC
South Africa	LC	PC	LC	NC	LC	PC	NC	LC	NC	PC	LC	LC	C	PC	PC
Tanzania	LC	LC	LC	PC	C	LC	PC	PC	PC	C	C	LC	C	PC	PC
Uganda	C	LC	C	C	C	LC	PC	C	C	C	PC	C	C	LC	LC
Zambia	C	LC	LC	LC	C	LC	PC	C	LC	LC	LC	C	C	LC	LC
Zimbabwe	C	C	C	C	LC	C	PC	C	LC	C	C	C	C	C	C

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F – POWERS AND RESPONSIBILITIES OF COMPETENT AUTHORITIES AND OTHER INSTITUTIONAL MEASURES

Country	R.26	R.27	R.28	R.29	R.30	R.31	R.32	R.33	R.34	R.35
Angola	C	C	LC	LC	LC	LC	LC	PC	C	PC
Botswana	LC	C	PC	LC	LC	LC	LC	LC	LC	PC
Eswatini	PC	C	PC	LC	C	LC	PC	PC	PC	LC
Ethiopia	LC	C	LC	LC	LC	LC	PC	LC	LC	LC
Kenya	PC	NC	PC	PC	PC	PC	PC	PC	PC	PC
Lesotho	PC	C	PC	LC	PC	PC	PC	PC	LC	LC
Madagascar	PC	LC	NC	LC	C	C	LC	PC	PC	NC
Malawi	C	C	C	C	C	LC	LC	PC	PC	LC
Mauritius	LC	C	LC	C	C	C	LC	C	LC	C
Mozambique	PC	PC	PC	LC	PC	PC	PC	PC	PC	PC
Namibia	LC	C	LC	PC	C	PC	LC	PC	LC	LC
Rwanda	PC	LC	PC	LC	C	PC	C	PC	PC	PC
Seychelles	LC	LC	LC	LC	C	C	LC	PC	LC	LC
South Africa	PC	PC	PC	LC	C	C	PC	LC	LC	LC
Tanzania	PC	LC	NC	LC	C	PC	PC	PC	PC	PC
Uganda	NC	C	NC	C	PC	LC	C	NC	PC	LC
Zambia	PC	C	PC	C	LC	LC	C	C	C	PC
Zimbabwe	LC	LC	LC	LC	C	LC	LC	C	LC	LC

G – INTERNATIONAL COOPERATION

Country	R.36	R.37	R.38	R.39	R.40
Angola	PC	PC	LC	LC	LC
Botswana	C	LC	C	LC	LC
Eswatini	LC	PC	LC	PC	PC
Ethiopia	C	LC	LC	LC	PC
Kenya	PC	LC	C	PC	PC
Lesotho	C	C	PC	LC	PC
Madagascar	PC	LC	LC	LC	PC
Malawi	C	LC	C	LC	LC
Mauritius	LC	LC	LC	LC	LC
Mozambique	PC	PC	PC	LC	LC
Namibia	C	LC	LC	PC	PC
Rwanda	PC	PC	LC	PC	PC
Seychelles	C	LC	LC	LC	LC
South Africa	LC	LC	LC	LC	LC
Tanzania	LC	LC	LC	C	LC
Uganda	C	PC	PC	NC	PC
Zambia	LC	LC	LC	LC	LC
Zimbabwe	C	C	LC	C	LC

Effectiveness

The effectiveness ratings assess how well countries are implementing measures to combat money laundering (ML) and terrorist financing (TF) and Proliferation Financing (PF). The Table below on effectiveness ratings of the 18 assessed ESAAMLG Countries show prevalence of Low Effectiveness (LE) Ratings across the countries.

Country	I01	I02	I03	I04	I05	I06	I07	I08	I09	I010	I011
Angola	LE	LE	LE	LE	LE	ME	LE	ME	ME	LE	LE
Botswana	LE	ME	LE	LE	LE	ME	LE	LE	LE	LE	LE
Eswatini	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Ethiopia	LE	ME	LE	LE	ME	LE	LE	LE	LE	LE	LE
Kenya	LE	ME	LE	LE	LE	LE	LE	ME	LE	LE	LE
Lesotho	LE	LE	ME	ME	LE	LE	LE	LE	LE	LE	LE
Madagascar	LE	LE	LE	LE	LE	ME	LE	LE	LE	LE	LE
Malawi	ME	ME	ME	ME	LE	ME	ME	ME	LE	LE	LE
Mauritius	LE	ME	LE	ME	LE	ME	ME	LE	LE	LE	LE
Mozambique	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Namibia	ME	ME	LE	ME	LE	ME	ME	ME	LE	LE	LE
Rwanda	LE	LE	LE	LE	LE	ME	LE	LE	LE	LE	LE
Seychelles	LE	LE	LE	ME	LE	LE	LE	LE	LE	LE	LE
South Africa	ME	ME	ME	ME	LE	ME	ME	ME	LE	LE	ME
Tanzania	LE	ME	LE	LE	LE	LE	LE	ME	LE	LE	LE
Uganda	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Zambia	ME	ME	ME	ME	LE	ME	ME	ME	ME	ME	LE
Zimbabwe	LE	LE	LE	LE	LE	LE	LE	LE	ME	ME	LE

The above table shows that while many countries have achieved technical compliance with the FATF Recommendations, translating these into effective practices remains a challenge. As per the Mer results, a few countries, notably South Africa, Zambia, and Malawi, have shown relatively better performance with multiple Moderate Effectiveness (ME) ratings across different areas although all the areas still require improvement. There are countries exhibit consistent LE ratings across all categories, indicating significant challenges in effectively implementing their AML/CFT/CPF frameworks. Some countries display a mix of LE and ME ratings, showing that while there are strengths in certain areas to some extent, there remain notable weaknesses in others. ¹²Limited resources, both financial and human, contribute significantly to the low effectiveness ratings.

Many countries struggle with implementing a risk-based approach effectively. The assessments suggest that many countries do not have a comprehensive understanding of their ML/TF risks, which undermines the effective application of a risk-based approach. This lack of understanding leads to suboptimal allocation of resources and insufficient focus on high-risk areas, contributing to LE and ME effectiveness ratings. Countries with weaker performance often lack comprehensive NRAs, which are crucial for understanding and addressing specific ML/TF

¹² However, there is no effectiveness rerating and the extent to which the countries have addressed the identified deficiencies in the MERs will be determined in the third round of assessment.

risks. The ME and LE ratings in many countries reflect difficulties in international cooperation, particularly in sharing information and coordinating efforts to tackle cross-border ML/TF activities on a risk sensitive basis. There is a notable disparity in effectiveness ratings across the region, with some countries performing relatively better than others. This inconsistency hampers collective regional efforts to combat ML/TF. The absence of effective case management and prioritization mechanisms has hindered countries' ability to provide and proactively seek international cooperation. This is particularly problematic in cases involving cross-border ML/TF activities, where timely information exchange is critical.

Many countries face challenges in achieving effectiveness in law enforcement and judicial processes related to AML/CFT. This includes difficulties in conducting parallel financial investigations and applying special investigation techniques such as undercover operations and surveillance, securing convictions and effectively confiscating assets. Financial intelligence is not being effectively utilised by law enforcement agencies, which limits their ability to identify and pursue ML/TF cases. This challenge is exacerbated by the lack of quality and diversified Suspicious Transaction Reports (STRs) that align with the risk profile of each jurisdiction.

There is a widespread challenge in effectively prosecuting terrorist financing (TF) activities and implementing financial sanctions related to proliferation financing (PF). Many countries struggle to build strong cases and secure convictions for TF, as well as to apply targeted financial sanctions against those involved in PF. Additionally, the lack of proper oversight of non-profit organisations (NPOs) on a risk-sensitive basis further exacerbates these challenges, particularly given the vulnerability of NPOs to misuse for TF purposes. The absence of parallel financial investigations and the limited use of special investigation techniques, have resulted in missed opportunities to effectively dismantle ML/TF networks. This is particularly evident in the low effectiveness ratings for ML and TF investigations and prosecutions.

Many countries have not developed or implemented alternative measures to disrupt ML/TF activities, such as administrative sanctions, asset freezes, and other non-judicial measures. This lack of flexibility in the approach to ML/TF threats is reflected in the low ratings for outcomes related to prosecution and confiscation.

The effectiveness in preventing the misuse of legal persons and arrangements for ML/TF purposes remains low, with only one country achieving an ME rating. This reflects widespread challenges in ensuring transparency of beneficial ownership and effective regulation of legal entities.

In several countries, the non bank financial institutions and DNFBP's oversight and the implementation of AML/CFT measures are at embryonic stage, as indicated by consistent ME and LE ratings. The Moderate Effectiveness (ME) ratings on Immediate Outcome 4 for some countries are largely attributed to the performance of large financial institutions. These institutions have shown a better understanding of their institutional ML/TF risks and have effectively understood and implemented their AML/CFT obligations. This has resulted in a more robust application of preventive measures such as customer due diligence, record-keeping, and transaction monitoring aligned with identified risks.

The absence of comprehensive and reliable AML/CFT statistics and data hampers the ability of countries to assess the effectiveness of their measures and identify emerging risks. This lack of data

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is a significant barrier to implementing evidence-based policies and improvements.

In short, the AML/CFT effectiveness ratings for the 18 ESAAMLG countries reveal a region with significant challenges in implementing effective AML/CFT/CPF measures. The deficiencies identified highlight the need for continued capacity building and stronger domestic and international cooperation to improve AML/CFT/CPF outcomes. To improve effectiveness in future assessments (See Table 5 below for the third round assessments), ESAAMLG and its member countries must address these deficiencies by enhancing risk understanding, improving data collection, increasing training and resources, and strengthening international cooperation. Additionally, the oversight of NPOs on a risk-sensitive basis needs to be strengthened to prevent their misuse for terrorist financing, ensuring a balanced approach that safeguards both security and legitimate charitable activities.

Table 5: ESAAMLG's Assessment Calendar under the Third Round

Country	Assessment body	Last evaluation	Possible onsite visit	Possible Plenary discussion
Angola	ESAAMLG	August 2023	January/February 2032	August/September 2032
Botswana	ESAAMLG	April 2017	June/July 2027	March/April 2028
Burundi	ESAAMLG	-	January/February 2026	August/September 2026
Eritrea	ESAAMLG	April 2025	January/February 2031	August/September 2031
Eswatini	ESAAMLG	September 2021	January/February 2030	August/September 2030
Ethiopia	ESAAMLG	April 2015	June/July 2026	March/April 2027
Kenya	ESAAMLG	September 2022	June/July 2031	March/April 2032
Lesotho	ESAAMLG	September 2023	June/July 2029	March/April 2030
Madagascar	ESAAMLG	April 2018	June/July 2026	March/April 2027
Malawi	ESAAMLG	September 2019	January/February 2029	August/September 2029
Mauritius	ESAAMLG	July 2018	January/February 2028	August/September 2028
Mozambique	ESAAMLG	April 2021	June/July 2030	March/April 2031
Namibia	ESAAMLG	September 2022	January/February 2031	August/September 2031
Rwanda	ESAAMLG	April 2024	June/July 2029	March/April 2030
Seychelles	ESAAMLG	September 2018	June/July 2027	March/April 2028
South Africa	FATF/ESAAMLG	June 2021	April 2027	October 2027
South Sudan	ESAAMLG	-	January/February 2029	August/September 2029
Tanzania	ESAAMLG	April 2021	January/February 2030	August/September 2030
Uganda	ESAAMLG	April 2019	June/July 2028	March/April 2029
Zambia	ESAAMLG	September 2016	June/July 2028	March/April 2029
Zimbabwe	ESAAMLG	August 2016	January/February 2027	August/September 2027

ECG: Fulcrum of the Mutual Evaluation and Progress Assessment Process



The Evaluation and Compliance Group (ECG) of the East and Southern African Anti-Money Laundering Group (ESAAMLG) is, arguably, the pivotal decision maker when it comes to mutual evaluation and country progress reports on jurisdictions' compliance with the Financial Action Task Force (FATF) recommendations for anti-money laundering and combating the financing of terrorism and proliferation of weapons of mass destruction (AML/CFT/PTF). Hierarchically, both the Council of Ministers and the Task Force of Senior Officials outrank the ECG, however, in practice, it is rare for

the Council of Ministers to oppose or disapprove of the proposals of the Task Force Plenary, and in turn, owing to the fact that the Plenary is composed of the exact same members of the ECG, once a resolution is made in the ECG, there are minimal chances for it to be overturned during the Task Force plenary that follows, which is not to say that the Task Force is a rubber stamp, but that the arguments are usually the same and rarely do delegations from members change their minds overnight on crucial matters.

Indeed, the ECG handles only the critical or crucial matters, as in FATF and FSRB (FATF-Style Regional Body) procedural parlance, the ECG debates and resolutions are based on the Key Issues Document (KID), ideally embodying the five (5) most important issues for resolution in the opinion of the assessed jurisdiction and the assessors. To understand the gravity of this, one should have in mind the fact that jurisdiction's delegations come to these meetings and discussions with a warrior-patriots mentality to defend of the dignity of their countries (*more on this later*). Out of hundreds of spiky issues, both country and the assessors and reviewers make concessions, and thereafter both parties zero in on the critical issues they are not willing to compromise on. A couple of examples come to mind: a jurisdiction that rejected the categorisation of what they deemed bandits and common criminals as a terrorist organisation, and another that rejected the notion that forging a contract to steal public funds was corruption, insisting that it was forgery! Yet another argued that it didn't matter if substantive law did not have certain provisions, if it was provided for in subsidiary law. "You cannot have a sub-lease without a lease", I politely explained, as Chairperson of the ECG.

I became the Chairperson of the ECG (*Co-Chair with Zambia's Joseph M, actually, but Chairperson sounds so much better!*) rather fortuitously in 2019, when then co-Chair, Sydney Asubo, former Uganda Financial Intelligence Authority (FIA) Executive Director was elevated to the position of President of the Task Force and nominated me as his replacement. It appeared a very daunting task, but I decided to take it up, remarking to him that every difficult decision would be referred to the Plenary (Task Force). His response was chilling; I had it all wrong. If I was to be successful as an ECG Chair,

then my own evaluation depended on how few matters would need escalation to the Plenary, *"after all, the membership is the same"*. That piece of heavy baggage is what came to characterize my tenure as ECG Chair, every issue that was not resolved at ECG level felt like a personal failure, and I tried my best to avoid this. The statistics are available, but this is not an assessment, so we shall stick to the fond memories.

In evaluation of a jurisdiction, the standards to be implemented (FATF) and what a country/jurisdiction has put in place (laws/institutions/etc.) to fulfil them are matters of fact. How well they framework of a jurisdiction meets the standards' requirements is what is assessed. And that's where the fights start. When I was first introduced to ESAAMLG and its operations, the explanation was that this was a group of peer jurisdictions working together to strengthen their financial systems and ensure that they are not used to facilitate laundering, financing terrorism or proliferation of weapons of mass destruction (*this one always seemed incomprehensible to many members; if famine, civil war, perennial and debilitating national debt, corruption, etc. are coursing through a country, does the leader have the time and resources to go looking to buy refined uranium?*). Suffice to say the reality was quite different; every country (and the reviewers/assessors) seemed to treat the exercise as their turn in the dock, only that the Judge, Jury, Prosecution and Executioner were the other jurisdictions. When I first attended a Task Force Meeting (Arusha), there was nothing 'peer' about the proceedings; I looked around for the stake at which we would be burned (*this was long before the dignity of chairing the ECG*). As chair of the ECG, one of my guiding principles became a desire to move the debate away from this adversarial outlook to a more peerage way of conducting business, which to a degree, succeeded.

In my view, the best exhibition of this evolution from adversarial to peerage transition can be embodied in the facts surrounding the mutual evaluation of Mauritius. The results were not only contested, but rejected by the country, but when confirmed despite its opposition, meant they found themselves in the ICRG process. By 2022, during my last attendance of the Task Force Meeting as Chair of the ECG, there had been a full about-turn and Mauritius championed a project to help other members exit the 'Grey List'. Identification of deficiencies and how to address them has come to be viewed as an attempt to aid peers to have more robust systems, and not as gloating criticism of their frameworks, which naturally triggers a defensive response. This transition was or is particularly pleasing to me because it demonstrates how far we have come as a group, seeing as my guidance of deliberations of the ECG were once equated to treasonous utterances against a Republic (*the Task Force Plenary later vindicated me*). It is now highly unlikely that such charged declarations can be made.

There is greater and better understanding of the risks posed by ML/TF/PF and the interventions required to address those risks. There is less acrimony when a peer jurisdiction points out how better a neighbour could police their borders or financial institutions. There is a better understanding of the consequences of national belligerence, which in turn has led to the embrace of adequate measures and

a higher level of tolerance of the frustratingly ever-changing requirements of a robust AML/CFT/PE framework. We have stopped looking at peers that identify deficiencies in our jurisdictions as enemies of our states.

The remarkable success stories of Technical Compliance turnarounds by Botswana, Mauritius, Zimbabwe, to name a few, demonstrate the great strides the region has taken in implementation of the TC requirements, though we still have challenges as a region in demonstrating effectiveness, mainly because of inadequate records and statistics, as opposed to lack of or inaction.

The region continues to address its issues with innovation, the latest being the steps taken to help countries on the Grey List to exit, but the resilience and innovation were also seen during the pandemic, where I am meant to understand that ESAAMLG was the first FSRB to successfully conduct and approve a mutual evaluation report online (Tanzania), which I had the unique pleasure to preside over.

Finally, it is my considered view, from my interactions as Chairperson of the ECG, various High Level Delegations I headed or participated in (Burundi, Eritrea, Rwanda, South Sudan) and MERS I participated in, together with reviewing progress reports both for ESAAMLG and ICRG purposes, that these exercises are no longer viewed as box-ticking exercises by the countries (to be delegated to the FIU to ensure compliance). The actual political, social and economic consequences of non-compliance have been felt in many jurisdictions, leaving the powers that be with no option, but to address the deficiencies identified.

I dare say that the compliance has come because of the high level of real political commitment in jurisdictions, not just lip service. The success achieved in addressing deficiencies by, say, Botswana, Mauritius and Zimbabwe in record times demonstrates this commitment, and I am glad to say that I believe this state of affairs is here to stay.

My tenure as ECG Chair ended in 2023 when I was replaced as a member of the National AML/CFT Task Force of Uganda, which membership was underpinning that role I learnt a lot, and met many brilliant leaders, mentors and scholars, with whom I stay in regular contact. As we embark on ESAAMLG's third round of evaluations, I am confident that the jurisdictions are much more prepared and knowledgeable than they were at the start of the second round, and the compliance demonstration shall be so much easier for this fact. It warms my heart to believe that I made a humble contribution to this success as the Chairperson of the ECG, 2019 – 2023.

Simon Ogwal Kajura
Head of Asset Recovery, Inspectorate of Government
Republic of Uganda
Former Chair of ECG (2019-2022)

ESAAMLG TYPOLOGIES

Introduction

Money laundering and terrorist financing typologies keep on changing as new counter-measures are put in place by government authorities and private sector stakeholders. A typologies study looks at methods, techniques and trends used by either criminals to launder proceeds of crime or terrorists to fund terrorist activities or terrorists. Typologies can be carried out in a particular economic sector, region or worldwide. Typologies exercise is therefore one of the most important pillars of detecting and combating money laundering, terrorist financing and other financial crimes.

The FATF has produced a number of typologies studies since its formation. The findings of the reports are used by the FATF policy-makers to improve effectiveness of the AML / CFT standards, shared amongst members and globally with other jurisdictions and FSRBs including ESAAMLG, including other international organisations with interest in AML / CFT work. The advent of FSRBs in various regions of the world necessitated a similar approach of studying ML / TF typologies at regional level, for use by member countries and other interested parties to develop and implement effective AML / CFT programmes.

Over the past 25 years, the landscape of money laundering (ML) and terrorist financing (TF) has continually evolved, necessitating adaptive countermeasures by governments and private sector stakeholders. This section of the Twenty-Five Year Report highlights typologies achievements of ESAAMLG since establishment in 1999. The section covers the rationale for conducting typologies studies, ESAAMLG Typologies Working Group, completed and current typologies studies, and concludes with a way forward on future typologies.

Importance of Typologies

Typologies studies in the ESAAMLG region have significantly advanced over the past two decades, becoming a cornerstone of the group's efforts to combat money laundering and terrorist financing. These studies have had a profound impact on both regional and national AML/CFT frameworks, serving as a critical tool for understanding and addressing ML/TF risks specific to the region. The FATF requires all its FSRBs to have capacity to undertake regional existing and emerging ML / TF vulnerabilities and share such typologies reports amongst its membership and globally. The ESAAMLG Strategic Plans put typologies as one of the core components of the work of the Group in combating money laundering and terrorist financing.

The Plans commit the organisation to ***“Undertake research and analysis exercises to better understand money laundering and terrorist and proliferation financing risks and vulnerabilities in the region and effectively contribute to regional and international AML/CFT/CPF policy formulation”***.

The importance and impact of these typologies reports can be summarized as follows:

- **Enhancing Risk Awareness:** Typologies reports provide member countries with a deep understanding of the specific methods and trends in ML/TF within the region. This heightened awareness allows countries to anticipate and address risks more effectively.

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- **Informed Policymaking:** The findings from these reports equip member countries with the necessary knowledge to formulate and refine national AML/CFT/CPF policies. This ensures that policies are not only compliant with international standards but also tailored to address the unique challenges faced by the region.
- **Capacity Building:** By involving experts from member countries in the development of these reports, ESAAMLG fosters a culture of collaboration and capacity building. This enhances the skills and expertise of national officials, enabling them to better combat ML/TF/PF and other finance related illegal activities.
- **International Contributions:** The insights gained from ESAAMLG's typologies studies contribute to the global understanding of ML/TF trends. This enables the region to influence global AML/CFT standards, ensuring that international policies take into account the specific needs and challenges of ESAAMLG member countries by equipping the ESAAAMLG Secretariat to make informed contributions to the FATF and other international AML / CFT standard-setting institutions to take into account peculiar implementation challenges facing the region.
- **Operational Effectiveness:** The actionable recommendations provided in typologies reports help member countries enhance their operational effectiveness in combating ML/TF. This includes improving detection mechanisms, strengthening regulatory frameworks, and enhancing cooperation among relevant agencies.

ESAAMLG fully recognizes the particular significance of identifying specific ML / TF risks in order to provide the necessary guidance to member countries to consider when developing and implementing their own national AML / CFT programmes.

Risk, Trends and Methods Group (the former 'Typologies Working Group')

ESAAMLG typologies initiatives started as far back as in 2004 with a series of typologies seminar workshops such as those held in Kenya, Mauritius, and Tanzania. At the 2005 Meetings in Harare, Zimbabwe ESAAMLG Council of Ministers approved a decision of the Task Force of Senior Officials to set up Typologies Working Group (TWG) to organise and manage typologies work of the Group. The Working Group's name was changed to Risk, Trends and Methods Group (RTMG) after the adoption of the report of the Efficiency Scrutiny Working Group by the Council of Ministers at its meeting in Johannesburg, South Africa in August 2015.¹³

¹³ Before the formation of the RTMG, the meeting of Senior Officials of Task Force held in Arusha, Tanzania, ESAAMLG identified a broad range of ML / TF vulnerabilities and threats from lists submitted by member countries from which future ML / TF typologies can be conducted. In no particular order of risk level, the following were identified as possible future ML / TF typologies: Alternative remittance systems, Corruption, Cross-border cash couriers, Cross-border stock theft and cattle rustling, Exchange control violations and bureaux de change, Financial fraud schemes, Minerals and precious stones, Motor vehicles dealing and motor vehicle smuggling, Non Profit Organisations, Small arms smuggling, Stock markets, Trafficking in humans and drugs, Transfer pricing (over-and under-pricing).

ESAAMLG RTMG comprises expert officials from member countries, led by a chairperson elected from among member countries for a period of two years. Officials from Observer Organisations and Supporting Nations can also be members of the RTMG. The RTMG organises ESAAMLG typologies activities, identifies and submits typologies study proposals for consideration and approval by ESAAMLG Plenary.

Once a typologies study is approved, the RTMG establishes a Project Team comprising not more than five expert officials chosen from member countries. The Project Team is led by a chairperson, who becomes a facilitator between the Project Team and ESAAMLG Secretariat. The Secretariat monitors progress made, provides expert advice and logistical support to the Project Team and the RTMG.



RTMG Cochair presenting the Report of RTMG to the Task Force Plenary in Kasane, Botswana in September 2023



Cochairs presenting the Report of RTMG to the Task Force Plenary in Lubango, Angola in April 2024

The normal working arrangement is for the Project Team to interact electronically and meet in the margins of ESAAMLG meetings every year. When required, the Project Team can meet at any time convenient for completion of typologies study. The chairpersons of RTMG and Project Team together present work progress of Project Team to ESAAMLG Plenary on a regular basis. On average, a typologies study project takes about 18 months from the period of approval to completion. The Project Team is responsible for the actual analysis of information to identify existing and emerging regional ML / TF typologies and produce final typologies report for approval by Council of Ministers. The box below narrates the process of carrying out typology projects at ESAAMLG level.

Box 2-ESAAMLG's Process of Producing and Communicating Typology Findings

The process of developing typologies reports within ESAAMLG is a structured and collaborative effort that involves multiple stakeholders, including member countries, expert officials, and the ESAAMLG Secretariat. The process is as follows:

1. **Proposal Submission:** The process begins with the identification of potential typology study topics. These topics are proposed by member countries, observer organizations, or the ESAAMLG Secretariat based on emerging risks and vulnerabilities identified within the region.
2. **Approval by the Plenary:** The Risk, Trends, and Methods Group (RTMG) reviews the proposed topics and submits them for consideration and approval by the ESAAMLG Task Force Plenary. The Plenary, comprising representatives from all member countries, deliberates on the relevance and urgency of the proposed studies before giving its approval.
3. **Formation of the Project Team:** Once a study is approved, the RTMG establishes a Project Team. This team is composed of expert officials from member countries who possess relevant expertise in the subject matter. A chairperson is appointed to lead the team and act as a liaison between the Project Team and the ESAAMLG Secretariat.
4. **Data Collection and Analysis:** The Project Team undertakes the collection and analysis of data from member countries. This includes gathering case studies, examining current practices, and assessing emerging trends. The team uses both qualitative and quantitative methods to ensure a comprehensive understanding of the subject.
5. **Drafting the Report:** Based on the data collected, the Project Team drafts the typology report. This report typically includes a description of the identified risks and trends, an analysis of the underlying factors, and a set of actionable recommendations for member countries.
6. **Review and Feedback:** The draft report is reviewed by the RTMG and the ESAAMLG Secretariat. Member countries are also invited to provide feedback to ensure the report accurately reflects the regional context and addresses the identified issues effectively.
7. **Final Approval:** After incorporating feedback, the final report is presented to the ESAAMLG Plenary for approval. Once approved, the report is published and disseminated to all member countries and relevant stakeholders.

Role of the ESAAMLG Secretariat during Typology Works

The ESAAMLG Secretariat plays a significant role throughout the entire typologies process. Its responsibilities include:

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- **Coordination and Facilitation:** The Secretariat coordinates the activities of the RTMG and the Project Teams, ensuring that typologies studies progress smoothly from inception to completion. This includes organizing meetings, facilitating communication among members, and providing logistical support.
- **Expert Guidance:** The Secretariat provides expert advice to the Project Teams, drawing on its extensive knowledge of AML/CFT issues in the region. This guidance ensures that the studies are conducted with a high degree of professionalism and that the findings are robust and credible.
- **Monitoring and Reporting:** The Secretariat monitors the progress of typologies studies and reports regularly to the RTMG and the Plenary. This oversight ensures that studies are completed on time and that any challenges are addressed promptly.
- **Dissemination and Implementation Support:** Once a report is approved, the Secretariat is responsible for disseminating the findings to all member countries. It also assists countries in implementing the recommendations, offering support and training where needed to ensure the effective integration of the findings into national AML/CFT frameworks.
- **International Liaison:** The Secretariat acts as a bridge between ESAAMLG and international bodies such as the FATF. It ensures that the region's typologies findings are shared globally and that ESAAMLG's work aligns with broader international AML/CFT efforts.

Completed Typologies Studies

ESAAMLG has so far produced twelve typologies studies and all the studies are available on ESAAMLG's website (See Table 6 below)¹⁴. They contain a description of key existing and emerging regional ML / TF risks, trends and methods; findings and conclusions for each of the completed typologies studies and make recommendations on actions to remedy identified weaknesses. The typologies reports contain sanitised case examples to protect true identities of individuals involved and so as not jeopardize cases where investigations and prosecutions have not been concluded. The case examples under each typologies report were submitted by member countries to Project Teams for analysis.

¹⁴ https://www.esaamlg.org/index.php/methods_trends

Table 6: Completed Typologies Projects¹⁵

No.	Topic	Approval date	Link to published version
1.	Illicit Dealings in Gold, Diamond, Rubies and Associated Money Laundering and Terrorist Financing	September 2022	ILLICIT DEALING SEPT 2022.pdf (esaamlg.org)
2.	Procurement Corruption in the Public Sector and Associated Money Laundering in the ESAAMLG Region	September 2019	https://www.esaamlg.org/reports/Report_procurement.pdf
3.	Report on Smuggling of Cigarettes and Associated Money Laundering in the ESAAMLG Region	September 2018	https://www.esaamlg.org/reports/Smuggling%20of%20Cigarettes%20and%20Associated%20Money%20Laundering%20in%20the%20ESAAMLG%20Region.pdf
4.	A Special Typologies Project Report on Poaching and Illegal Trade in Wildlife and Wildlife Products and Associated Money Laundering in the ESAAMLG Region	June 2016	https://www.esaamlg.org/reports/TYPOLOGIES-REPORT-ON-THE-WILDLIFE-CRIMES-AND-RELATED-ML.pdf
5.	Typology Report on the Study on Money Laundering through the Securities Market in the ESAAMLG Region	September 2015	https://www.esaamlg.org/reports/Report%20on%20ML%20&%20TF%20through%20the%20Securities%20Market%20Industry%20in%20the%20ESAAMLG%20Region.pdf
6.	Typologies Report on Money Laundering and Terrorist Financing through the Money Remittance and Currency Exchange Sector in the ESAAMLG Region	September 2014	https://www.esaamlg.org/reports/Typologies_Report_mvts.pdf
7.	Typologies Report on Money Laundering through The Real Estate Sector in the ESAAMLG Region	September 2013	https://www.esaamlg.org/reports/TYPOLOGIES-REPORT-ON-ML-THROUGH-THE-REAL-ESTATE-SECTOR.pdf
8.	Typologies Report on Money Laundering related to Illicit Dealings in and Smuggling of Motor Vehicles in the ESAAMLG Region	August 2012	https://www.esaamlg.org/reports/Illicit%20Dealings%20in%20and%20Smuggling%20of%20Motor%20Vehicles%20Report.pdf
9.	Typologies Project Report on Money Laundering related to Trafficking in Persons in the ESAAMLG Region	September 2011	http://esaamlg.org/reports/HUMAN-TRAFFICKING-Report-Mauritius-2011..pdf
10.	Laundering the Proceeds of Illicit Trafficking in Narcotic Drugs and Psychotropic Substances (ESAAMLG REGION)	September 2011	http://esaamlg.org/reports/DRUG-TRAFFICKING-REPORT..pdf
11.	An Assessment of the Links between Corruption and the Implementation of Anti-Money Laundering Strategies and Measures in the ESAAMLG Region	May 2009	http://esaamlg.org/reports/Corruption_and_AML_Systems..pdf
12.	Report on Cash Courier-Based Money Laundering (ESAAMLG)	August 2008	https://www.esaamlg.org/reports/Cash_Courier_Report.pdf

In addition to the above completed typologies projects, ESAAMLG is currently undertaking a new typologies study on “*Illicit Cross Border Movement of Cash in the ESAAMLG Region*” expected to be completed in 2025. The main objective of the project is to examine the

¹⁵ ESAAMLG, represented by Botswana and the Secretariat, also participated in the FATF Typology on “[Money Laundering and the Illegal Wildlife Trade](#)”.

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magnitude of illicit cash movement in the ESAAMLG region and identify linkages with ML/TF as well as actual activities that are being funded by proceeds of the predicate offence.

ESAAMLG's typologies exercises have attracted a large number of specialized officials in the area of organised crime, money laundering and terrorist financing from member countries, Observer Organisations and Supporting Nations.



During the reporting period, a review on the implementation of the recommendations of Typologies studies by member countries in developing AML/CFT policies and managing risks was undertaken. This exercise of reviewing the implementation of the recommendations will continue during subsequent meetings with the support of the Secretariat.

Conclusion

Typologies studies are invaluable in understanding existing and emerging ML / TF/PF risks and putting in place effective AML / CFT/CPF programmes. The challenge for member countries is to take into account the findings and recommendations of typologies studies when developing and implementing national AML / CFT measures. In consolidating its typologies programme, ESAAMLG will continue partnering with the FATF and other FSRBs to carry out joint typologies studies for the benefit of the region.

INSIGHTS FROM THE RISKS, TRENDS, AND METHODS GROUP (RTMG) COCHAIR



While the ESAAMLG's sphere of focus is broad, I am inclined to confine my focus to the RTMG, an area I have been privileged to traverse, and have acquired a good measure of knowledge. Let me preface my brief discussion with the disclaimer that while the knowledge shared herein is a product of the fruitful interactions I have had with colleagues in the organisation while chairing the RTMG and the myriad resource materials I have read, any omission or misstatements that might be noted solely exude my limitations. I will thus beg your indulgence.

Turning to the subject of my reflection, it is imperative to state, at the outset, that since its establishment, ESAAMLG has made the study of risks, trends, and methods associated with money laundering (ML) and terrorism financing (TF) -referred to as "Typologies" - a cornerstone of its mission. To effectively attain this, the ESAAMLG has established a Working Group on 'Typology Studies' referred to as RTMG. This group mainly focus on studies relating to new types of money laundering and/or terrorist financing methods, patterns and emerging trends.

The RTMG has, during ESAAMLG's existence, produced and published twelve (12) typology reports, providing in-depth examinations of diverse thematic and sectoral areas susceptible to ML and TF.

The findings and recommendations derived from these typology studies have been instrumental in shaping policy and legislative frameworks across member countries. They have enhanced regulatory and supervisory mechanisms, improved investigative and asset tracing techniques for law enforcement agencies (LEAs), and provided valuable training and educational resources for both the public and private sectors. Furthermore, the work of the RTMG has led to the development of both generic and specific ML/TF indicators, which are now utilised by financial institutions, other intermediaries, LEAs, and investigative authorities.

It is important to note that FATF examines ML/TF techniques and trends through typology studies conducted by various FSRBs to identify current and emerging threats to the global financial system. I am confident that the FATF and other FSRBs have also been consulting our Reports as a valuable resource in refining their own typology-focused initiatives.

Notwithstanding the positive milestones scored by the RTMG in conducting typology studies, this has not been without challenges. The most significant challenge has been the delayed completion of new typologies, often due to the late or non-submission of information by member countries. These delays hinder the initiation of new studies, impacting the RTMG's ability to stay ahead of emerging threats. I therefore urge all member countries to devise in-country strategies and measures that will facilitate

timely responses to requests from the ESAAMLG Secretariat whenever information to support new projects is sought.

Given the dynamic nature of risks and trends, it follows that typologies studies are consistently undertaken so as to necessitate the re-assessment of the typologies to reflect changes in the financial and trade systems that criminals and terrorists may exploit. Further, the continuous typology studies enable the understanding of the evolution of the techniques that criminals may develop over time to subvert control mechanisms.

The study of ML/TF trends, patterns and methods in an accurate and systematic manner is becoming ever more essential than never before because of new technologies. Innovative skills, methods and processes as well as the adoption of technology-based solutions are crucial to the RTMG's work. Technology can help authorities collect, analyze, and act on data faster and more effectively to combat money laundering and terrorist financing risks with greater precision and in near real-time. The adoption of advanced digital solutions, powered by Artificial Intelligence (AI) and its specialised disciplines, such as machine learning and natural language processing, holds immense potential to revolutionise AML/CFT efforts by enabling more effective risk detection, and uncovering sophisticated techniques used by criminals to launder money and finance terrorism.

I therefore urge member countries to invest more in new technologies as this will shape the work of the RTMG going forward. As for the ESAAMLG, there is need to keep abreast of innovative technologies and business models and ensuring that the work of the RTMG remain relevant and effective in an environment of accelerating digital transformation, and an intricate and complex criminal web.

Let me conclude by extending my sincere and deepest gratitude to the ESAAMLG Secretariat for their continued support and for facilitating the implementation of the RTMG's work in collaboration with member countries and other stakeholders. To all our cooperating partners and supporting nations, your invaluable financial and technical contributions to the RTMG's work are deeply appreciated.

Long Live ESAAMLG, congratulation on this Silver Jubilee.

Diphat Tembo-CAMS

***Director-Compliance and Prevention Department, Financial Intelligence Centre-Zambia
Current Chairperson of the RTMG***

TRAINING AND CAPACITY BUILDING

Training remains one of the key activities that would enable ESAAMLG member countries to incrementally develop capacities to implement viable and comprehensive AML/CFT systems. The continuous delivery of Technical Assistance and Training Programmes is of critical importance towards strengthening the national and regional capacity to address deficiencies in the AML/CFT regimes as identified in the Mutual Evaluation and Follow-Up Reports or to comply with new international AML/CFT Standards and UN Conventions or UN Special Council Resolutions. In order to facilitate this, ESAAMLG established a Technical Assistance and Training Coordination Forum, which among other things, brings together member countries that need technical assistance, and cooperating and supporting nations and organisations that provide technical assistance. This Forum provides a useful gateway for the two sides to engage each other with respect to the delivery of appropriate technical assistance and training- both country specific and regional training programmes.

Technical Assistance and Training Coordination Forum

To facilitate the provision of technical assistance and training, ESAAMLG established the *Technical Assistance and Training Coordination Forum*. This forum plays a critical role in connecting member countries in need of technical assistance with cooperating and supporting nations and organizations that provide such assistance. It serves as a gateway for bilateral and regional engagements on the delivery of tailored technical assistance and training programmes. The Secretariat in collaboration with member countries and donors continued to look at areas which require technical assistance and training to ESAAMLG member countries. The Secretariat also prepares summaries of Technical Assistance and Training needs submitted by member countries to facilitate bilateral discussions between TA providers and the countries which are submitting their training needs.

Over the past 25 years, ESAAMLG has prioritized the continuous delivery of Technical Assistance and Training Programmes to strengthen national and regional capacities. In September 2013, the Council approved seven common areas of training, including:

1. Implementation of revised FATF Standards
2. National Risk Assessment (NRA)
3. Effective Implementation of UNSCRs
4. Supervisory Capacity
5. Financial Investigations including Asset Forfeiture
6. Judiciary and FIU Analytical Capacity
7. Risk-Based Approach in Developing AML/CFT Strategies

These areas have been periodically updated to address emerging needs and challenges and currently, the areas identified include modalities of assisting member countries to carry out ML/TF National Risk Assessments and apply Risk Based Approach in developing AML/CFT Strategies. In recent years, ESAAMLG has observed a significant increase in the number of Technical Assistance (TA) requests from its member countries, including those in the International Cooperation Review Group (ICRG) process. This growing demand underscores the critical need for continued capacity-building efforts to address the evolving challenges in AML/CFT. The increased requests highlight the importance of the Technical Assistance and Training Coordination Forum in ensuring that member countries receive the support they need to meet international standards and improve their AML/CFT

frameworks.

Training Initiatives and Achievements

As a FATF-Style Regional Body (FSRB), ESAAMLG plays a critical role in coordinating AML/CFT efforts across the Eastern and Southern Africa region. ESAAMLG facilitates collaboration among member countries, fosters regional cooperation, and ensures that member states are aligned with international AML/CFT standards. By providing a platform for the exchange of best practices, ESAAMLG enhances the region's capacity to combat ML/TF threats effectively.

The Secretariat is responsible for organizing and coordinating training programs, technical assistance, and capacity-building initiatives. It identifies the training needs of member countries, engages with international donors and technical assistance providers, and ensures that training is delivered effectively. The Secretariat also monitors the implementation of AML/CFT measures in member countries and provides guidance on compliance with international standards. The Secretariat has also seen a significant increase in Technical Assistance (TA) requests, particularly from countries in the International Cooperation Review Group (ICRG) process, further emphasizing the need for ongoing capacity-building efforts. As mentioned before, the Secretariat has managed to organize different training and workshops by considering the aforementioned prioritized areas on its own or in collaboration with its regional and international partners.

The Secretariat has also continued liaising with technical assistance providers in delivering training on the priority areas. A total of more than 2400 officials from the FIUs, law enforcement, prosecution, judiciary and regulation/supervision were capacitated by ESAAMLG on its own or in collaboration with its partners within the last 25 years on the above priority areas using different platforms. The box below shows some of the events organised by ESAAMLG jointly with its partners.

Box 3- Examples of ESAAMLG's TA and T related activities

- **October 2018- Training Workshop on Financial Crimes Investigation in Kenya:** ESAAMLG and GIZ organized a workshop in Mombasa to train 25 law enforcement and FIU officers on investigating financial crimes linked to environmental offences. The training focused on profiling individuals and entities, identifying assets, and gathering financial evidence for money laundering and related prosecutions.
- **November 2018-Training on Risk-Based Supervisory Frameworks in Mauritius:** The ESAAMLG Secretariat and the Financial Services Commission of Mauritius, with facilitation from CENFRI and Compliance & Risk Resources, held a workshop in Mauritius. Sixty participants from various ESAAMLG countries were trained to enhance their supervisory authorities' capacity for targeted risk assessments and developing risk-based supervisory frameworks.
- **December 2018 FATF Standards Training Course in Zambia:** ESAAMLG and FATF TREIN conducted a 5-day training course in Livingstone, Zambia, for 36 participants from ESAAMLG member countries and Somalia, Sudan, and South Sudan. The course provided practical insights into FATF Recommendations, targeting AML/CFT practitioners with advanced knowledge.
- **May 2019 Workshop on Risk-Based Supervision for Digital Financial Services in Seychelles:** ESAAMLG and the Central Bank of Seychelles organized a four-day workshop in Seychelles for 58 participants from ESAAMLG countries. The training focused on understanding emerging risks in digital financial services and money remittances, and implementing risk-based supervision and assessments.
- **February and October 2023 Regional Training on Financial Analysis and Risk Assessment:** The EU AML/CFT ESCAY Project, in collaboration with ESAAMLG and other partners, held advanced training sessions in February and October 2023. Over 120 FIU analysts and law enforcement officials from ESAAMLG countries were trained in financial analysis, STR risk assessment, and intelligence techniques.



RBS Regional Workshop, Mauritius, November 2018



From left to right: Prosecution Training Workshop – Bagamoyo, Tanzania -April 2007 and Assessors Training under the Second Round in Arusha, Tanzania, April 2019

The above figure should be much higher if the events organised by ESAAMLG partners and countries on their own are added. Technical assistance providers, including international organizations and bilateral donors such as the FATF, UK HM Treasury, GIZ, COMESA, AfDB, the United Nations, play a crucial role in supporting ESAAMLG's training and capacity-building efforts. These providers offer expertise, funding, and resources necessary for the development and delivery of targeted training programs. Their collaboration with ESAAMLG and its member countries ensures that technical assistance is aligned with regional needs and global best practices.

The Secretariat also continued to facilitate discussions on the challenges of undertaking National Risk Assessments (NRAs) in order to comply with the requirements of FATF Recommendations 1 and 2. It has used the TA & T Co-ordination Forum to facilitate countries to seek technical assistance in developing their capacities to undertake risk assessment. The majority of ESAAMLG member countries completed their NRA projects while others namely, Burundi, Eritrea and South Sudan started their projects and are now at various stages. Countries which had completed their NRA are using the results to inform their AML/CFT policies and strategies.

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Assessment and Pre-assessment Trainings

AML/CFT Evaluations and Assessments Training are designed to equip future assessors from the ESAAMLG membership with the tools and knowledge to conduct an AML/CFT assessment. The ESAAMLG secretariat has, in collaboration with the World Bank, organised, managed and delivered three mutual evaluations training under the FATF 2004 Methodology.

The Financial Action Task Force (FATF), based on lessons learnt from previously conducted AML/CFT mutual evaluations by the FATF Styled Regional Bodies (FSRBs) which includes ESAAMLG and International Financial Institutions (IFIs), decided to revise and improve the old standards. The FATF came up with a revised set of standards which combined the 40 Recommendations on ML and 9 Special Recommendations on TF into 40 Recommendations which were issued in February 2012. The changes to the Recommendations also necessitated revision of the 2004 FATF Methodology. In February 2013, the FATF issued the new Methodology for Assessing Technical Compliance with the FATF Recommendations and Effectiveness of AML/CFT Systems. Furthermore, following the revision of the Standards and the Methodology, the FATF came up with revised mutual evaluation procedures. The adoption of the revised FATF Standards, the new Methodology and revised mutual evaluation procedures have necessitated training of assessors and countries to take into account the new requirements.

The Secretariat started its training under the FATF 2012 Methodology in 2014 and so far, 15 assessors' trainings (including in country) were conducted among which four of them were provided in collaboration with the FATF Secretariat. As a result of these trainings, ESAAMLG was having a pool of over 115 (under the first round ME) and has now around 600 (under the second round ME) trained evaluators from the region to enable it to successfully conduct and sustain its mutual evaluation programme. These are events which involved ESAAMLG directly and they were intended to address deficiencies identified in Mutual Evaluation and Follow-Up Reports and ensure compliance with the international AML/CFT Standards and best practices.



In country assessors training sponsored by COMESA in Asmara, Eritrea in May 2024



Joint Assessors Training by ESAAMLG and FATF, Arusha, Tanzania, April 2023



In country Assessors Training (from left to right), Mahe, Seychelles, January 2024 and Antananarivo, Madagascar, June 2024



In country Assessors Training, Kampala, Uganda, July 2024



FATF Standards Course in Cape Town, South Africa in January/February, 2024

Pre-evaluation seminars

The ESAAMLG Secretariat also organises pre-mutual evaluation trainings for the benefit of member countries that will undergo AML / CFT assessments. The objectives of these trainings are to ensure that:

- member countries familiarise themselves with the mutual evaluation process, including key deadlines, practical/ logistical issues and the fundamental role of a coordinator in ensuring an efficient evaluation;
- member countries understand the need for a detailed and comprehensive mutual evaluation questionnaire that will pave the way to a fruitful and constructive evaluation process; and
- prepare a draft plan for the mutual evaluation exercise, including identifying relevant public agency stakeholders and agencies responsible for completing the mutual evaluation questionnaire.



Participants at the Pre-Evaluation Seminar for the Republic of Mozambique 10-12 June 2009, Maputo, Mozambique

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The AML/CFT Evaluations and Assessments Trainings and pre-evaluation trainings together Standard Training Courses have consolidated ESAAMLG's efforts to propagate a better understanding of the international A ML / CFT standards in the ESA A ML G region. In addition to the preassessment workshops, ESAAMLG also organizes refreshment workshops for authorities of the countries in mutual evaluation process.

Impact and Future Directions

As a FATF Style Regional Body (FSRB), ESAAMLG is making efforts in providing training and technical assistance (TA) to its member countries, aiming to enhance their capacities in implementing effective AML/CFT/CPF regimes.

ESAAMLG's training and capacity-building efforts have improved the ability of member countries to comply with international AML/CFT standards and address ML/TF threats. The establishment of a training framework has led to enhanced national frameworks, increased capacity of law enforcement, FIUs and regulatory bodies, and better cross-border cooperation among member states. Through technical assistance, ESAAMLG has helped to improve AML/CFT/CPF practices across its member countries, promoting a consistent approach to implementing FATF standards. This has facilitated smoother cooperation and information sharing within the region. The training and TA provided by ESAAMLG have also led to the enactment and amendment of AML/CFT laws and regulations in many member countries. This has included the introduction of risk-based approaches, strengthening of beneficial ownership transparency, and enhancement of international cooperation mechanisms.

ESAAMLG's TA&T initiatives have also fostered greater collaboration among member countries, enabling more effective regional responses to ML/TF. Joint training programs have led to improved understanding and trust among member states, facilitating better coordination in cross-border investigations and asset recovery efforts. These training programmes have contributed to the strengthening of national financial intelligence units (FIUs), law enforcement agencies, and regulatory bodies. The capacity of these institutions to detect, analyse, and respond to ML/TF threats has improved, as evidenced by increased compliance with FATF Recommendations across member states.

ESAAMLG has further played a critical role in helping member countries adapt to emerging ML/TF risks, including those posed by new technologies and virtual assets. Some training programs have included modules on cybercrime, virtual asset regulation, and the use of financial technologies for both legitimate and illicit purposes. The technical assistance provided has enhanced the capacity of regulatory bodies to supervise financial institutions and enforce AML/CFT measures effectively. This has led to a noticeable increase in the number of ML prosecutions and convictions in some member states. This alignment has been crucial for member countries in maintaining their international financial standing and minimising the possibility of subjecting them to ICRG Process or with minimal action items if they entered into ICRG.

Despite the efforts, there are challenges faced by ESAAMLG. The effectiveness of ESAAMLG's TA and T programmes has been constrained by limited financial resources. This has affected the frequency, scope, and reach of these initiatives, particularly in resource-strapped member countries. The

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availability of skilled trainers and experts has been a challenge, with a reliance on external consultants by member countries sometimes leading to inconsistency in training quality and delivery. Not all member countries have also demonstrated the same level of commitment to AML/CFT/CPF efforts, leading to uneven implementation of ESAAMLG's recommendations and TA advice. This has resulted in varying levels of compliance and effectiveness across the region.

In some member countries, political instability and bureaucratic inefficiencies have hindered the implementation of training outcomes and the adoption of necessary legal reforms. The disparity in technological infrastructure among member countries has posed challenges in delivering effective training, particularly on topics requiring advanced technological tools and knowledge, such as virtual assets regulation. Many member countries lack access to comprehensive data and analytical tools necessary for effective AML/CFT enforcement, limiting the impact of ESAAMLG's technical assistance.

As a way forward, ESAAMLG is exploring more partnerships with international donors, development banks, and private sector stakeholders to secure additional funding for its training and TA programs. A focus on long-term, sustainable financing will be crucial. Investing in the training and development of in-house experts within ESAAMLG will also improve the consistency and relevance of TA and training programmes. ESAAMLG is further considering to develop more tailored support programs that address the specific needs and challenges of individual member countries, thereby fostering greater commitment and ownership of AML/CFT/CPF initiatives. Strengthening engagement with political leaders and senior government officials in member countries can help overcome bureaucratic hurdles and ensure that AML/CFT remains a priority on national agendas.

ESAAMLG is also in the process of exploring the possibility of establishing a regional training academy. The Academy's Concept Note and ToR was adopted at the April 2024 Task Force meeting. It is believed that establishing the academy within the ESAAMLG framework could serve as hubs for specialised training and TA, promoting best practices and fostering deeper collaboration among member countries. As part of this initiative, ESAAMLG is intending to support member countries in upgrading their technological infrastructure to bridge the digital divide. This includes facilitating access to digital tools and platforms for AML/CFT training and supervision. Promoting the use of data analytics and artificial intelligence in AML/CFT/CPF efforts can enhance the effectiveness of ESAAMLG's TA and T programs. Providing member countries with the tools and training to utilise these technologies will be essential. Collaborating more closely with other FSRBs, FATF, and international organisations will help ESAAMLG to stay ahead of emerging threats and align its initiatives with global best practices.

Since the 20th Year of ESAAMLG's existence, the Secretariat organised pre-assessment trainings for Kenya, Namibia, Angola, Rwanda's and Eritrea. These trainings have been fruitful to prepare the member countries for their assessments. In addition to the pre-assessment workshops, ESAAMLG successfully organized refresher workshops for authorities of the countries in mutual evaluation process for all its member countries in the 2nd Round ME. The takeaway of these workshops, moving to the 3rd of MEs is that ESAAMLG's efforts to propagate a better understanding of the international AML/CFT standards in the ESAAMLG region has been enhanced, thus making it easier to implement and assess countries against the requirement of the FATF in the future.

THE ESAAMLG REGIONAL COUNTER-TERRORIST FINANCING(CFT) OPERATIONAL PLAN

Background

Combating terrorist financing is one of the top priorities of the FATF and the international community, and based on this, the FATF, in 2018 developed and circulated “*The New FATF Counter-Terrorist Financing Operational Plan*” and urged FATF Style Regional Bodies to use the Plan as a basis to develop their own CFT strategies. In view of this development and the need to implement the FATF CFT Plan, the ESAAMLG plays a critical role in enhancing the region's capacity to combat terrorist financing (TF).

During the February 2019 FATF Plenary meeting in Paris, it was noted that significant vulnerabilities remain in countries CFT regimes. In particular, while most countries were still not taking effective action to investigate and prosecute TF, others were not effective in relation to TFS. In order to assist member countries, address some of these deficiencies and under the US Presidency initiative, the FATF and MONEYVAL organised a *Joint Experts’ Meeting and TF Prosecution Workshop* hosted by Israel in Tel Aviv from 25-27 March 2019 to improve countries’ capacity to investigate and prosecute TF in addition to ensuring that the criminal offence of TF is being aggressively pursued by all jurisdictions. The workshop was also attended by participants from some ESAAMLG member countries, in particular, Botswana, Kenya, Rwanda, South Africa and Zimbabwe.

Further, taking note of the changing nature of the threats posed by terrorist organizations and their affiliates, the FATF finalised a guidance on TF Risk Assessments published on its website in June 2019.¹⁶ The guidance is helping jurisdictions better identify and understand the nature of the risks that are affecting them, and how they are developing over time. ESAAMLG dedicated a discussion at the September 2019 Task Force Plenary on how countries can use the guidance to further strengthen their capacity to identify and understand the risks affecting them.

The fight against terrorism and its financing is indeed an ongoing fight, as terrorists and those who finance them, continue to seek out loopholes or new methods to raise, move and use funds, and it is clear that jurisdictions in a number of regions face severe challenge as described above. Given the transnational nature of terrorism and TF, a coordinated regional approach is essential to effectively mitigate TF risks. The Regional CFT Operational Plan, first introduced in 2018 and revised in 2020, represents a strategic framework for member states to align their efforts, improve legal and regulatory frameworks, and enhance cooperation to combat TF.

This section provides an overview of the development, implementation, and outcomes of the ESAAMLG’s CFT Operational Plans, covering the period from 2018 to 2023. It summarises key achievements, challenges encountered, and the way forward for the region.

The Importance of a Regional CFT Operational Plan

The Regional CFT Operational Plan is vital for several reasons: by facilitating the sharing of

¹⁶ <http://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-Financing-Risk-Assessment-Guidance.pdf>. See also the UNODC’s work on “Guidance manual for Member States on terrorist financing risk assessments”, 2018:

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information among member states, the Plan helps to deepen the collective understanding of TF risks at sectoral, national, and regional levels. This shared knowledge is crucial for developing effective strategies to combat TF. ESAAMLG member countries have somehow varied legal frameworks for combating TF. A regional approach also ensures consistency in the application of laws across the region, promoting a unified and effective response to TF threats. The Plan supports the collective mobilisation of resources for training law enforcement officials and other stakeholders. This coordinated effort enhances the capabilities of member states to detect, prevent, and respond to TF activities. The Plan is further instrumental in promoting both domestic and international cooperation among member states, facilitating the sharing of information, best practices, and operational strategies essential for disrupting and prosecuting TF offences.

The First CFT Operational Plan (2018-2020)

In July 2018, ESAAMLG, in collaboration with the South African Financial Intelligence Centre (FIC) and the United Nations Office of Counter-Terrorism (UNOCT), organised a regional consultation workshop in Pretoria, South Africa. The workshop aimed to assist ESAAMLG in developing its first CFT Regional Operational Plan. The resulting Plan was approved at the ESAAMLG Council of Ministers meeting in September 2018, held in Seychelles. It outlined five key priority areas:

- **Improving TF Risk Understanding:** *Focusing on enhancing awareness of TF risks at different levels within member states.*
- **Strengthening TF Legal Frameworks:** *Ensuring effective implementation of TF laws across the region.*
- **Enhancing Cooperation and Information Sharing:** *Promoting collaboration among member states and with international partners.*
- **Strengthening Controls on Emerging Technologies:** *Addressing TF risks associated with new technologies.*
- **Promoting Risk-Based Regulation:** *Ensuring sectors vulnerable to TF, such as NPOs, are effectively regulated.*

Following the approval, various workshops and capacity-building activities were organised to implement the Plan:

- **Mitigating NPO Sector Risk in Mauritius:** *In February 2019, a workshop was conducted by the United Nations Counter-Terrorism Centre (UNCT) focusing on mitigating the risk of terrorist abuse of the NPO sector in Mauritius. This workshop targeted relevant sectors and was part of the broader effort to address TF vulnerabilities in NPOs.*
- **Country-Specific Workshops:** *ESAAMLG organised targeted workshops, such as one in Zimbabwe on the implementation of UN Security Council Resolutions (UNSCRs) 1267/1540, facilitated by UN Experts, and another in Madagascar on targeted financial sanctions (TFS) in February 2019, conducted by the UNSC Analytical Support and Sanctions Monitoring Team.*
- **Ethiopia Workshop on TFS:** *A workshop was also held for Ethiopia, conducted by the Global Centre on Cooperative Security, focusing on implementing TFS, further demonstrating the targeted approach of the Plan.*

The workshops clearly demonstrated that most countries are still lagging behind in the application of risk-based supervision and that national ML/TF risk assessments undertaken to date do not provide comprehensive analysis of the TF risk. This may be attributed to the limited nature of the

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risk assessment tools currently being used and the availability of TF related data. In terms of legal frameworks, some countries are yet to put in place adequate legal measures for TF and TFS.

In addition to the regional, sub-regional and national workshops done to date, it was agreed at the April 2019 Task Force meeting that the Secretariat and member countries should consider conducting a horizontal study on member countries that will determine the extent to which key elements of TF are addressed at country level taking into account the challenges outlined above and how countries can comprehensively address them. This would also assist countries on their TA & T needs relating to CTF. However, the review is not yet conducted due to resource constraint.

The Second CFT Operational Plan (2020-2023)

The Second Regional CFT Operational Plan was approved during a virtual Council of Ministers meeting on 7th December 2020. This Plan, running from 2020 to 2023, focused on three key priority areas:

- **Improving Regional TF Risk Understanding:** *Continued emphasis on enhancing knowledge and awareness of TF risks across the region.*
- **Enhancing Cooperation and Information Sharing:** *Strengthening mechanisms for domestic and international collaboration.*
- **Strengthening TF Legal Frameworks:** *Ensuring member states maintain and implement robust legal structures to combat TF.*

The 2020-2023 Operational Plan saw some achievements. The Plan significantly raised awareness among member countries about the importance of prioritising TF risk management, even in jurisdictions without active terrorist threats. It also guided ESAAMLG member states in conducting comprehensive national risk assessments, identifying sectors vulnerable to TF abuse. These assessments have led to the development and implementation of strategies that mitigate TF risks, thereby reducing the region's overall TF vulnerability. The Plan further facilitated the alignment of national CFT strategies with FATF standards, improving member countries' compliance with global benchmarks.

Despite these successes, the implementation of the 2020-2023 Plan faced challenges. The ESAAMLG Secretariat struggled with insufficient funding, which hindered the achievement of some of the Plan's objectives. The Secretariat has been largely reliant on external partners like the UNOCT/UNCCT and the EU Global Facility to finance its activities. The COVID-19 pandemic in 2021 disrupted many scheduled activities, leading to delays and the suspension of some initiatives. The pandemic's impact made it difficult to recover lost time, affecting the overall implementation timeline.

Nonetheless, the Secretariat managed to adjust some scheduled activities and by the end of 2021, the Secretariat did hold some workshops virtually. Among the scheduled activities that the ESAAMLG Secretariat managed to conclude in the 2020-2023 CFT Operational Plan includes Conducting training workshop for LEAs, Regional Dialogues or Consultative Forums on Information Sharing Strategies, (this was divided into four sub regions) and Conducting Two CFT Regional Training Workshops for the NPO Regulators. The activities relating to *Conducting training workshop for regulatory/ supervisory authorities* and *Conducting a Regional NPO Private Sector Consultative Forum*

have not been done at the time of this report while the activities relating to *Continuation of Regular Follow-Up Reviews of TF gaps identified in the MERs using existing ESAAMLG structures* and the other one relating to *Conducting Regional TF risk assessment* are currently ongoing with the TF regional assessment scheduled to be discussed at the August 2024 Taskforce and Council of Ministers' meeting.

As of the end of the 2020-2023 Plan period, one of the statuses of key activities was that the ongoing regional TF risk assessment, which began in April 2022, remains ongoing and is scheduled for discussion at the March 2025 Taskforce and Council of Ministers meeting. Training workshops for law enforcement agencies, regional dialogues on information sharing, and two CFT regional training workshops for NPO regulators were completed. Certain activities, such as training workshops for regulatory/supervisory authorities and the NPO Private Sector Consultative Forum, are still pending.

As the 2020-2023 CFT Operational Plan concludes, ESAAMLG is poised to revise its approach based on the outcomes of the ongoing regional TF risk assessment, expected to be finalised by March 2025. Moving forward, the focus will be on:

- ***Incorporating Risk Assessment Findings:*** *The third CFT Operational Plan will integrate recommendations from the regional TF risk assessment to address identified vulnerabilities more effectively.*
- ***Enhancing Resource Mobilisation:*** *To overcome funding challenges, ESAAMLG will need to explore additional partnerships and diversify its funding sources, ensuring that future operational plans are adequately resourced.*
- ***Strengthening Implementation and Monitoring:*** *Continued emphasis on monitoring the implementation of TF legal frameworks and ensuring consistency across member states will be crucial. Regular reviews and adjustments based on emerging threats and changing circumstances will be necessary.*
- ***Expanding Cooperation Efforts:*** *Building on the achievements of previous plans, further enhancing both domestic and international cooperation will remain a priority. This includes fostering closer ties with international bodies and ensuring that member states are aligned with global best practices in combating TF.*

The ESAAMLG's CFT Operational Plans have been instrumental in guiding the region's efforts to combat terrorist financing over the past several years. While significant progress has been made, challenges such as funding constraints and disruptions caused by the COVID-19 pandemic have impacted the full realisation of these plans. It is also clear from the mutual evaluations undertaken so far that the region has not yet comprehensively assessed risks and weaknesses in the NPO sector in line with the FATF Standards, in particular, Rec 8 and IO.10. Undertaking comprehensive risk-based approach workshops in the NPO sectors would be a good start in the effective monitoring of the sector. As the region moves forward, a continued focus on improving risk understanding, enhancing legal frameworks, and strengthening cooperation will be essential to maintaining and building upon the gains achieved thus far.

PROMOTING THE IMPLEMENTATION OF AML/CFT MEASURES AND FINANCIAL INCLUSION

ESAAMLG strongly believes that implementation of AML/CFT measures and promotion of financial inclusion is complementary. For this purpose, ESAAMLG resolved to play a pivotal role in assisting member countries on how best to implement AML/CFT measures without undermining policies on promotion of financial inclusion. In view of this, the organisation has developed a robust framework that not only aligns with the Financial Action Task Force (FATF) standards but also integrates the concept of financial inclusion as a fundamental component of its strategy especially over the past 13 years. This report highlights ESAAMLG's achievements in fostering financial inclusion while simultaneously enforcing AML/CFT measures, examining key initiatives, challenges, and impacts.

Overview of the Working Group on Risk, Compliance and Financial Inclusion

Financial inclusion has evolved into a critical element of the global financial system, particularly within the FATF framework. Recognising that financial exclusion can exacerbate money laundering (ML) and terrorism financing (TF) risks, ESAAMLG has taken proactive steps to ensure that financial inclusion is embedded in its AML/CFT strategies.

Initial Steps (1999-2010): ESAAMLG's early efforts focused on the adoption and adaptation of FATF Recommendations across member states. During this period, the emphasis was primarily on establishing the legal and regulatory foundations necessary for AML/CFT compliance, with less direct focus on financial inclusion. However, it was increasingly recognised that without access to formal financial services, significant portions of the population would remain vulnerable to exploitation by criminal entities. This recognition led to the incorporation of financial inclusion into ESAAMLG's agenda.

Strategic Shift (2011-2023): A significant turning point was in 2011, when the Council of Ministers approved a three-year work programme specifically targeting the promotion of financial inclusion alongside the implementation of FATF standards in Mauritius. ESAAMLG initiated capacity-building programmes and workshops aimed at understanding and addressing the unique challenges of financial inclusion in the context of AML/CFT. These initiatives laid the groundwork for member states to develop policies that would ensure access to financial services without compromising AML/CFT integrity. The Council also approved the setting up of an Ad-Hoc Working Group to address the challenges of balancing financial integrity and financial inclusion within the ESAAMLG Region.

In 2012, ESAAMLG in conjunction with Alliance for Financial Inclusion conducted public and private sector surveys to gauge the level of current policies, laws and practices relating to implementation of AML/CFT Standards and financial inclusion policies in the member countries. The report was presented and adopted by the Council of Ministers in September 2013 at its meeting in Swakopmund, Namibia.

The report sets out the key findings from the surveys and recommendations on how to address some of the challenges raised by the respondents. Some of the key findings are as follows:

- Countries reported that both financial inclusion and financial integrity were important policy objectives.
- Most countries surveyed had adopted AML/CFT laws and were developing policy and

regulatory frameworks regarding financial inclusion. However, none¹ of them had adopted risk-based AML/CFT legal frameworks thereby not taking advantage of the flexibility permitted in the FATF Standards.

- It was further noted that all participating countries had financial inclusion initiatives and most countries had some policy elements in place but few countries had formal and comprehensive policy frameworks on financial inclusion. In addition, it was observed that countries were at different stages of developing their policies.

The Working Group on Financial Inclusion's mandate was expanded by the Task Force during its meeting in Johannesburg in August 2015 to also cover risk and compliance areas in order to promote a reasonable balance between implementation of the FATF Standards and promotion of access to financial services. In view of this, the Task Force agreed to make the Ad-hoc Group a permanent structure of the ESAAMLG under the name "Working Group on Risk, Compliance and Financial Inclusion". The Council approved the recommendation and authorized the Task Force to finalize the new terms of reference of the proposed Working Group and Work Programme at its April 2016 meeting. During its April 2016 meeting in Arusha, the Task Force considered and approved the new Terms of Reference and the three-year Work Programme of the Working Group.

In line with the objectives of the Working Group on Capacity Building Programmes on Risk Based AML/CFT Supervision as per the approved three year work programme (2016/2018), the Task Force, during its meeting in April 2016, approved the Working Group to facilitate three regional capacity building workshops on the implementation of the risk-based approach and proportionality for AML/CFT supervisors responsible for the financial sub-sectors namely: Insurance and Securities sectors; Money Value Transfer Service Providers and Bureau De Change; and Mobile Money Service Providers. Two workshops were held in November 2018 and May 2019 in Mauritius and Seychelles respectively. In order to ensure that the Working Group and its different workshops cover issues which are of benefit to all members, the Task Force approved the proposal to undertake a stock-taking exercise with a view to identify issues relating to AML/CFT supervision, risk and compliance which should be addressed by the Working Group. These workshops significantly enhanced the capacity of member states to develop AML/CFT frameworks that do not inadvertently stifle financial inclusion. The focus on RBA allowed for simplified measures in low-risk scenarios, making financial services more accessible to vulnerable populations. The work programme of the Group was revised regularly with the current one running from 2024-2027.

ESAAMLG Public Private Sector Dialogue (PPSD)

ESAAMLG, in collaboration with the US and UK governments, launched its first Sub-Saharan Africa Public-Private Sector Dialogue (PPSD) in Swakopmund, Namibia in September 2013. In view of the positive feedback from participants, the ESAAMLG continued holding PPSD on various topics as shown on the table below. The PPSDs offered a unique opportunity to engage with key policy officials and business stakeholders in emerging African markets. The PPSDs raised awareness about, and importance of, robust AML/CFT regimes as a necessary foundation for sustainable economic growth in Africa, and provided an opportunity for experts to exchange technical knowledge and assistance on implementation of effective AML/CFT regimes.

Summary of Public-Private Sector Dialogues (2013-2024):

Table 7: Public-Private Sector Dialogues-2013-2024

Year	Host Country	Topics
September 2013	Swakomund, Namibia	G8 Sub-Saharan Africa Public-Private Sector Dialogue on AML/CFT
September 2014	Luanda, Angola	G8 Sub-Saharan Africa AML/CFT Public Private Sector Dialogue- To facilitate the implementation of effective AML/CFT controls based on the revised international standards promulgated by FATF
September 2016	Victoria Falls, Zimbabwe	De-risking in the ESAAMLG Region, financial inclusion data indicators and measurements, digital financial services, and illicit financial flows.
September 2018	Mahe, Seychelles	De-Risking Solutions, Promoting Implementation of FATF Standards On New Technology And Fighting Illicit Financial Flows From Environmental Crimes
September 2022	Livingstone, Zambia	Virtual Assets and the Implementation of the AML/CFT Programmes in the ESAAMLG Region
September, 2023	Kasane, Botswana	Detecting and Preventing Illicit Financial Flows Associated with Illegal Wildlife Trade
September, 2024	Diani, Kenya	Strengthening Counter-Terrorism Financing (CFT) efforts in the ESAAMLG Region through Enhanced Collaboration



ESAAMLG Member Nation Representatives posing for a group photo in Luanda, September 2014



The 3rd PSD in progress in Victoria Falls, Zimbabwe in September 2016, Mr. Robert Norfolk- Whittaker (HM Treasury) making a presentation on de-risking while Dr. K. Mlambo, Deputy Governor, Reserve Bank of Zimbabwe (3rd from right) is mode



Public and Private sector representatives from ESAAMLG member countries searching for a solution to de-risking (Seychelles, September 2018)

ESAAMLG De-risking Project (2016-present)

De-risking has adversely affected the majority of countries in the ESAAMLG region resulting in closure of operations, reduced scale of operations or diminished financial performance. Only a small portion of the de-risked population has been incorporated back into the formal financial sector. De-risking has the unintended effect of excluding the majority of low income groups who are forced into the informal financial system at a time when a number of jurisdictions are preaching financial inclusion. Certainly, most people that were de-risked are now in the informal sector.

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In view of its adverse consequences and pursuant to the August 2016 Public Private Dialogue outcomes, the Council approved that a survey on de-risking focusing on ESAAMLG member countries be conducted in line with the approved Work Programme. The survey, intended to target all financial sector authorities and players including banking, insurance, securities, co-operative societies, MVTs and forex bureaus, had as its main objective, to examine the existence, extent, drivers and effects of de-risking within ESAAMLG member countries and to assess its impact on financial inclusion. The Survey was completed and adopted at the September 2017 meeting. ESAAMLG's De-Risking Project aimed to understand the impact of de-risking on financial inclusion and develop strategies to mitigate its adverse effects.

In addition to adoption of the report, it was resolved that there should be a regular monitoring of the de-risking situation in the region and in order to materialize this, the Secretariat in consultation with member countries has developed a monitoring template. The template captures key statistics and updates on implementation of the recommendations of both the Survey Report and the outcomes of the 4th ESAAMLG PPSD. Countries were required to submit the statistics bi-annually, preferably, in March and August to allow the Secretariat to compile the statistics into a single report to be discussed in the Working Group at each plenary starting from the September 2019 meeting.



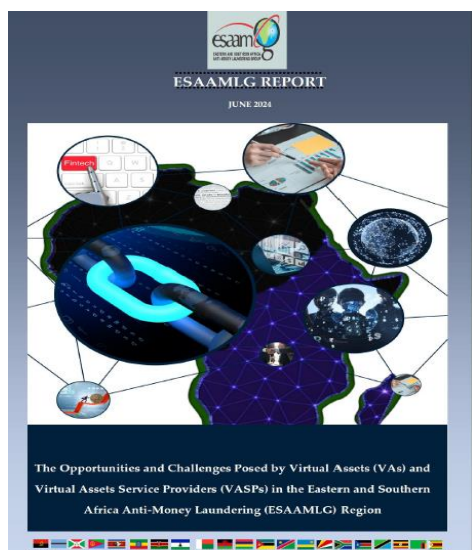
ESAAMLG has produced 3 follow up reports on the derisking situation in the region. The findings of the De-risking reports revealed that de-risking not only limited access to financial services but also pushed vulnerable communities towards informal financial channels, thereby increasing ML/TF risks. ESAAMLG developed a monitoring template and initiated regular follow-up reports to track progress in addressing de-risking challenges. These reports have guided member states in implementing strategies that balance AML/CFT compliance with the need to maintain financial inclusion. The ongoing monitoring and reporting mechanism have helped member states mitigate the negative effects of de-risking, ensuring that financial inclusion remains a priority without compromising AML/CFT objectives.

Opportunities and Challenges posed by Fintech Products

At the August/September 2022 meeting, a proposal to undertake a “*Survey on the Opportunities and Challenges posed by Fintech Products in particular, Virtual Assets and their Resultant Effect on Inclusive*”

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Financial Integrity in the ESAAMLG Region” was approved. The Project Team and the Secretariat developed a Concept Note on the Survey Project which was approved at the August/September 2022 meetings. The Survey was adopted at the April 2024 meeting and published on ESAAMLG’s website in August 2024¹⁷.



The ESAAMLG, in its effort to continuously monitor fintech developments in the ESAAMLG region, is revising the Fintech questionnaire and creating a new template for consideration at the August 2024 meeting. This template will be used to oversee the implementation of key recommendations from the report and help countries comply with Recommendation 15. The tracking template will be distributed to all 21 ESAAMLG member countries, specifically targeting financial sector supervisors and regulators.

¹⁷ https://www.esaamlg.org/reports/FINTECH_REPORT-JUNE%202024.pdf

FIU DEVELOPMENTS IN THE ESAAMLG REGION: A 25-YEAR RETROSPECTIVE

Over the past 25 years, ESAAMLG has been instrumental in the establishment and development of Financial Intelligence Units (FIUs) across its member states. These FIUs are central to the implementation of AML/CFT measures, serving as national centres for receiving, analysing, and disseminating financial intelligence. FIUs have long been recognised as a vital component of the AML/CFT regime, particularly in the early, pre-investigative stages of combating ML, TF, and associated predicate offences. FIUs act as an interface between the private sector and law enforcement agencies, facilitating the flow of relevant financial information. The primary responsibilities of FIUs include:

- **Preventing, Deterring, and Disrupting ML/TF:** FIUs and other law enforcement agencies are tasked with not only preventing and deterring ML/TF but also disrupting these activities by depriving criminals and terrorists of their illicit proceeds and resources.
- **Operational and Strategic Analysis:** FIUs play a critical role in conducting both operational and strategic analysis of financial data. This function is essential for understanding ML/TF trends, identifying risks, and developing effective AML/CFT policies.
- **Domestic and International Cooperation:** Close and timely cooperation is essential in the fight against ML/TF. FIUs contribute significantly to this process through the exchange of information and by coordinating the implementation of national AML/CFT policies.

Formation of the FIU Forum:

In recognition of the need for enhanced cooperation among FIUs, ESAAMLG member countries established the FIU Forum during the Task Force of Senior Officials meeting held in Zanzibar in April 2011. The Forum was designed to serve as a platform for:

- **Promoting Cooperation:** The Forum facilitates cooperation and information exchange among FIUs of ESAAMLG member countries.
- **Addressing Challenges:** It also provides a space to discuss challenges faced by FIUs, including those related to implementing the FATF standards and achieving operational effectiveness.

Strategic Initiatives and Capacity Building

Despite significant progress in establishing FIUs across the ESAAMLG region, challenges remain. The ESAAMLG Mutual Evaluation Reports (MERs) have highlighted issues that while ESAAMLG countries have made strides in implementing FIU-related FATF standards, the effectiveness of these implementations varies. This variability is often due to differences in resources, technical expertise, and legal frameworks. One of the most pressing needs identified across the region has been training in operational and strategic analysis for FIU analysts. Addressing this need has been prioritised under ESAAMLG's capacity-building programmes.

In response to these challenges, ESAAMLG has encouraged member countries to:

- **Join the Egmont Group:** Membership in the Egmont Group is crucial for enhancing international cooperation and access to global financial intelligence networks.
- **Exchange Expertise:** ESAAMLG also promoted the exchange of expertise in FIU analysis among member states and encouraged bilateral arrangements for secondment of analysts.
- **Explore Assistance Modalities:** The FIU Forum was tasked with exploring how experienced

FIUs can assist other member countries in operational and strategic analysis. The Secretariat has been directed to source funds to support capacity building in these areas.

Progress in Egmont Group Membership

Egmont Group membership is a significant milestone for FIUs, providing access to a global network of financial intelligence units and facilitating international cooperation. As of the Silver Jubilee anniversary, the FIUs of Angola, Botswana, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Namibia, Seychelles, South Africa, Tanzania, Uganda, Zambia and Zimbabwe are full members of the Egmont Group. The remaining 7 FIUs are at various stages of the application process. FIUs that are already members of the Egmont Group have been instrumental in assisting others with their membership applications, providing guidance on how to expedite the process.

Recent Initiatives and Implementation Issues

Under the 2012 FATF standards, countries are required to designate authorities or establish mechanisms for coordinating and cooperating on AML/CFT/CPF policies. In response, many ESAAMLG FIUs have entered into Memoranda of Understanding (MoUs) with central banks, non-bank regulators, police, anti-corruption agencies, and regulators of non-profit organisations (NPOs). At regional and international level, ESAAMLG FIUs have signed MoUs with each other and with FIUs outside the region. The Johannesburg Declaration on Commitment of Exchange of Information and United for Wild Life's Statement of Principles for a Multilateral Approach to Combating Illegal Wildlife Trade, signed by all member FIUs in 2015 and 2024 respectively, exemplifies this commitment to cooperation.



Signing of MoUs between ESAAMLG FIUs from left to right: FIUs of Kenya and Tanzania; Eswatini and Ethiopia; and Malawi and Zambia

Though ESAAMLG countries have made relative progress towards the implementation of the FIU related FATF Standards, they are still to achieve full effectiveness and efforts to achieve this, are at various levels and on-going. The recent findings of ESAAMLG Mutual Evaluation Reports include challenges being faced by the FIUs in conducting their analysis work. The ESAAMLG Secretariat had also looked at the bilateral needs of the member countries, summarized them and made proposals on possible options to build capacity in the requested areas. One of the cross-cutting needs requested by almost all the ESAAMLG countries was training in operational and strategic analysis for FIU analysts. Training for analysts is prioritised as one of the areas requiring technical assistance and training under the ESAAMLG capacity building needs.

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Other challenges such as maintaining the confidentiality of information, delays in accessing information, and lack of requisite technology have been identified. In response, FIUs in the ESAAMLG Region are working to increase stakeholder awareness, formulate and adopt information security policies, develop standard operating procedures, upgrade technology, continue efforts for all FIUs to join the Egmont Group. The ESAAMLG is also encouraging member countries to: join EGMONT Group, exchange expertise in the area of FIU analysis amongst themselves; consider entering into specific bilateral arrangements which would promote secondment of analysts to each other's FIUs; and directing the FIU Forum to explore and workout modalities on how experienced FIUs can assist other member countries in this area. Whilst the FIU Forum was instructed by the Task Force to explore ways in which FIUs with experienced analysts could assist other member countries' FIUs in the areas of operational and strategic analysis, the same Task Force also directed the Secretariat to continue sourcing for funds to support capacity building in these areas in the ESAAMLG.

As one of ESAAMLG's efforts in fulfilling TA & T needs of ESAAMLG FIUs on analysis, the Egmont ECOFEL and the Secretariat jointly organized a Strategic Analysis Course (SAC) in Windhoek, Namibia in July, 2018. The course was attended by 25 participants from FIUs in the region. Other training on analysis attended by around 55 officials in Nairobi, Kenya in December 2022 and by 66 officials in Mahe, Seychelles in October 2023 were also conducted. While trainers from the Egmont ECOFEL covered the practical and/or operational part of the course, the Secretariat made three presentations on the role of domestic coordination and cooperation, international cooperation and the respective Immediate Outcomes (IO1, IO2 and IO6) under the FATF Standards.



A Workshop on Tactical Analysis in Kenya in July 2011

In 2015, ESAAMLG also approved guidelines on protecting and safeguarding FIU information to address the risks of information leaks, which can compromise investigations and erode trust in the AML/CFT regime. In 2018, it also approved the FIU Analysts Placement Programme. These guidelines were crucial in ensuring the confidentiality and integrity of FIU information, which is vital for maintaining trust in the AML/CFT regime. During the reporting period, ESAAMLG completed two key projects on producing "Guidance Notes on Best Mechanisms and Practices of Producing Quality Intelligence Reports" and "Manual for FIUs on Producing Quality Financial Intelligence". ESAAMLG is also conducting a regional strategic analysis on "Uncovering Money Laundering and Terrorist Financing Risks Linked to Front Companies in The ESAAMLG Region" expected to be completed before

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March 2025.



Organisers and facilitators of the Training Workshop on Enhancing Cooperation between FIUs and LEAs, October 2023



FIUs delegates after signing the Statement of Principles for a Multilateral Approach to Combating Illegal Wildlife Trade in Lubango, Angola, April 2024

The role of FIUs in countering proliferation financing and mitigating risks from virtual assets will also be continued as key topics of discussion at future FIU Forum meetings. These discussions will shape the ongoing development of FIU capabilities in the region. The strategic decisions made by ESAAMLG, especially through the FIU Forum, have been critical in advancing these objectives. Continued focus on capacity building, international cooperation, and addressing emerging risks will be vital as ESAAMLG FIUs strive to fully realise the FATF standards and safeguard the integrity of their financial systems.

PRIORITIES DURING THE THIRD DECADE AHEAD

The future activities will be guided by the ESAAMLG sixth Three Years Strategic Plan (April 2024 – March 2027) and other future Strategic Plans. The Work Programmes will build on and is intended to sustain the achievements that ESAAMLG has made in the implementation of the Group's Three Years Strategic Plans. Normally, the Work Programme will form the operating framework for next years which will include the following key tasks:

Governance/ Meetings

- The Council of Ministers and Task Force of Senior Officials as well as more PPSD meetings are expected to be held.

Outreach Missions for Observers Expansion

- The Group will also continue engaging other countries on the list of its outreach Programme focusing on supporting nations and organisations.

Technical Assistance and Training

- ESAAMLG will continue organizing and/or facilitating trainings and workshops on various AML/CFT issues taking into consideration the TA & T needs of the region including in accordance with the ESAAMLG CFT Operational Plan.

Mutual Evaluation

- ESAAMLG will continue its Second Round of Mutual Evaluations for Eritrea as per its assessment calendar.
- It will be undergoing the third round of Mutual Evaluations as per its assessment calendar.

Post Evaluation Monitoring of Compliance with FATF Standards

- ESAAMLG will continue implementing the post evaluation monitoring of its members, including analysis of progress, in accordance with the Mutual Evaluation Procedures.
- It will commence the third round follow up assessments of assessed countries in consultation with the FATF and global network.

Typologies Research and Surveys

- Finalizing the Typologies project on “*Illicit Cross Border Movement of Cash in the ESAAMLG Region* and consideration of new typologies projects”;
- Finalising the FIU Forum projects on “*Uncovering Money Laundering and Terrorist Financing Risks Linked to Front Companies in the ESAAMLG Region*” and commence new projects.

The FATF ICRG Process

- Providing assistance to all members who are currently undergoing FATF ICRG review. For this reason, ESAAMLG would like to undertake a number of TA&T initiatives to ensure that concerned member countries receive guidance on the ICRG process, assisting them to develop their action plans, responding to the ICRG requirements, and accessing assistance and needed training.

ESAAMLG OVER THE YEARS MY EYES AND IN MY HEAD



As ESAAMLG reaches the milestone of 25 years, I am glad to share my experiences, insights and fond memories of the organization over 22 of the 25 years from 2001 to 2023 in a more personal, and to a certain extent, lighthearted account.

I have attended all the August/September meetings and all but two or three of the March/April meetings. I will attempt share my memory of a selection of the meetings and for some reason almost exclusively the August/September meetings which stand out. I recall that originally the August/September meetings were held in the third week of August. This later slid into September with the first

week of September now becoming the norm. I remember taking the floor at one time during the discussion on the schedule of meetings to point out that it was difficult to always avoid national holidays because of the many jurisdictions in the Group.

In the early days, the meetings were so small that I recall that in the 2002 meetings in Swaziland one bus was used to transport all the delegates on the excursion. The stark contrast in numbers was realized 17 years later during the 2019 meetings in Eswatini when the room that hosted the plenary meetings in 2002 could only host a WG meeting in 2019. The growth has not been just because of an increase in the number of member countries but also a growth in the size of delegations.

March/April meetings

I recall what I think was the first meeting in Zanzibar. Some delegates were staying at a hotel which was full board and only paying something like US\$60 or so per night (I must confess that I am not certain of the exact figure, but it was low for what was on offer). Apart from breakfast, lunch and supper (the buffet was top shelf with wonderful seafood included) unlimited drinks at the bar up to midnight was part of the fare. I do not believe that there has ever been such a mass movement of delegates.

In the early days the Secretariat used to provide transport for the delegates from all hotels to and from the meetings during the March/April meetings. In addition, there was always an excursion on one of the days. Member States are now offering to host the March/April meetings which is a welcome intervention to cut down the burden on the Secretariat.

2001 – Windhoek Namibia

My first encounter with the organization in 2001 was somewhat fortuitous. I was the Legal Advisor in the Ministry of Finance and I guess by default I found myself on the delegation to Windhoek, Namibia, for the Task Force (TF) and Council of Ministers (COM) meetings.

2002 – Ezulwini, Swaziland

A significant step in the development of ESAAMLG was taken in these meetings in that it was at this meeting that the Group selected its own funded Executive Secretary. I was part of the search committee which interviewed the prospective candidates. The discussion of the recruitment was somewhat long, lasting well into the night, with some delegations wanting to continue with the funding of the position by a COSUN while others felt the time was ripe for ESAAMLG to foot the bill for this position. I recall telling a delegate who took the floor to support the former position that his country was represented in the search committee and as such he could not deviate from the recommendation of the search committee much to the amusement of the plenary. In the end, history will recall that the latter position won the day.

It was also at this meeting that the Legal Working Group was established and Swaziland selected as the Chair of this working group. I could be wrong, but it might very well be the first working group of the ESAAMLG.

I recall that the delegates were taken on the now traditional excursion. I think this practice has been a good one in that it gives delegates the opportunity to form an opinion of each jurisdiction outside of the summary of MERS.

At some point towards the end of these meetings I found myself chairing the plenary. I was literally thrown into the deep end. We came to the end of the agenda and there was no one at the table to guide me so I simply declared the meeting over. As the delegates disbursed a frantic official asked me what had happened and was utterly shocked at what had transpired. What followed was me running helter skelter to get the delegates to return whilst apologizing profusely for my error.

2003 – Kampala, Uganda

This meeting marked the first meeting and report of the Legal Working Group. I do not recall specifically the issues that the WG discussed but I would hazard to guess that it was around the development of the ESAAMLG MOU which was an issue which would preoccupy the LWG for years to come and form its primary activity. In those days the host country would provide work stations for the meeting to compile the various reports etc. The volunteers responsible for compiling the report disappeared on me and the computer they were using was devoid of a usable report so I had to don a second cap and prepare the report. The report was not ready for its slot in the agenda so it had to be deferred.

2004 – Port Louis, Mauritius

I recall the executive secretary being quite alone and isolated when facing the COM with the budget of ESAAMLG. I recall feeling equally isolated when called upon to explain a proposed amendment to the MOU which was recommended by a working group during a session of the TF Plenary whilst I was

otherwise busy preparing the report of the LWG. A plea to plenary for assistance in unpacking the rationale was met with poignant silence. The chairperson of the working group which made the recommendation to amend the MOU was stopped from taking the floor by her delegation and not even my own delegation was moved to assist. I was rescued by the effervescent one delegate by name of Dorcas from Kenya. I recall the proposed amendment was rejected by the COM anyway.

2005 – Livingstone, Zambia

Sanctions against Zimbabwe saw the jurisdiction being excluded from training and technical assistance initiative in the ESAAMLG space. This became a highly emotive issue during these meetings. A decision was taken that there should be no such initiatives which discriminate between jurisdictions.

The COSUNS did not make its statement in this meeting which ostensibly was a response to the discussions around the exclusion of certain countries from technical assistance and training by COSUNS. I recall that an application by the Republic of China on Taiwan for Observer status was rejected in this meeting.

2006 – Harare, Zimbabwe

This meeting was perhaps the most efficient in terms of catering for meeting and social events. The Chairperson at the TF was very results oriented with the words “Agreed. Agreed.” being the “anthem” of the meetings. The excursion gave us two or three (I have the feeling that there were three but I cannot recall what the third was) options. I recall the options to visit farms or to visit Great Zimbabwe. I chose the latter. For some reason the excursion was recorded. I slipped and fell at Great Zimbabwe while climbing the steps and the cameras were on me as I received treatment. I have always wondered whether I made the news in Zimbabwe. On the last night of the COM, I recall leaving my hotel in a bus provided by the Zimbabwe authorities and returning much later in a taxi with very little collection of what happened in between with a pick up to the airport in 2 hours.

2008 -Mombassa, Kenya

This meeting was held in the beautiful Mombasa. It was at this meeting that I requested relief in the duties of the LWG by suggesting rotation of the Chair. This led to an agreement to create terms of reference for the working groups. The intention was for rotation of responsibilities but this has not happened.

2009 – Maseru, Lesotho

The mountain Kingdom did not disappoint as delegations witnessed an unexpected phenomenon in Africa: snow, albeit post the actual snowfall in the mountains. This meeting marked the 10th Anniversary of Lesotho and delegates planted pine trees in Maseru to commemorate this milestone. As

no meeting has been held in Lesotho since then, perhaps the Lesotho delegation could be called upon to give an update on our trees.

2010 – Lilongwe, Malawi

This was the meeting where the Chair of the Legal Working Group moved from Swaziland to Malawi. I recall that the only time the meeting of the COM meeting was delayed was during these meetings where the COM meeting was moved from Friday to Monday. I became the obvious “victim” as I was left behind by my delegation to attend the COM meeting with the Honourable Minister of Finance.

2011 – Port Louis, Mauritius

If memory serves me correctly the inaugural meeting of the FIU Forum was held at these meetings. The issue of who could attend these meetings was discussed with the initial feeling that it was meant exclusively for ESAAMLG FIUs. Eventually, COSUNs were also given access on the basis of reciprocity.

2015 – Johannesburg, South Africa

The trip to Vilakazi street in Soweto was memorable in and of itself. I was really impressed with the coordination of the trip to and from in that even highway traffic was halted (an amazing feat in the context of South Africa's high traffic volumes) to allow the convoy of buses to pass. Impressive!

The Swazi delegation was rescued by the intervention of Zimbabwe which volunteered to host the next meetings which should have been held in Swaziland,

2019 – Ezulwini, Eswatini

I was given the honour of being the Chairman of the Task Force. I guess with the passing of time nobody in Eswatini remembered the mishap of 2002. This was a much-awaited meeting for delegates as finally they got to see the Umhlanga Reed Dance. Alas, I would not go Scot-free as I learnt the hard way during the discussion of the mutual evaluation of Malawi not to get too fancy with the couching the question the delegates must answer on a key issue (Never ask the question in the negative). This meeting would also be the last physical meeting for a couple years as the COVID-19 pandemic brought travel and physical meetings to a standstill.

2022 – Livingstone, Zambia

The second time around. This time the central issue was the recruitment of a new ES. Again, as in 2002, I was part of the search committee.

2023 – Kasane, Botswana

I doubt there have been any meetings where the delegates were so tortured albeit not in a bad way. There we were on the banks of the Kobe river having to endure the sight of people on the river taking a break from the heat while engrossed in the work of the group. I have it on good authority that many delegates simply snuck out to enjoy the said boat rides.

Conclusion

ESAAMLG has come a long way. I am in awe of the great work done by the working groups and the project teams. The staff at the Secretariat has worked above and beyond with what has for a long time been a “skeleton” staff complement. With more member states volunteering additional funds and staff, I am confident that the ESAAMLG will continue to work efficiently.

I am particularly proud of the results of the mutual evaluation process and the ability of ESAAMLG to not only stick to the agreed schedule, but also to produce reports which meet the international quality and consistency requirements. I recall that during FATF meetings (I cannot recall whether it was the October 2019 or the February 2020 meetings) when the schedule of mutual evaluations was discussed being particularly proud that ESAAMLG stood out amongst FSRBs as being on target to conclude its round of mutual evaluations.

I would recommend that the Legal Working Group be reconstituted and given a mandate to track legislative issues which crop up from the MERs especially legal issues around the implementation of the UN Security Council Recommendations as well as any legislative provisions over and above institutional arrangements which might help with remedying the deficiencies often related to IOG.

My vision of the future is that ESAAMLG will no longer be FSRBs (FATF Style Regional Bodies) but RAMBs (Regional Anti Money Laundering Bodies). The FATF Recommendations will become the International AML/CFT Recommendations. The latter change would help jurisdictions to achieve buy in from politicians as every time there is a new Parliament the question of “why do we have to adhere to the FATF Recommendations” and “who is this FATF” crops up. “International AML/CFT Recommendations” is an easier sell.

Congratulations to the Group on reaching this milestone with a great track record to point back to.

Fitzgerald A. Graham -Eswatini

Former Head of the Eswatini Financial Intelligence Unit and Chairman of the ESAAMLG Task Force of Senior Officials

IMPLEMENTATION OF AML / CFT IN MEMBER COUNTRIES: COUNTRY REPORTS

REPUBLIC OF ANGOLA

***General background about the country including its economy, political and judicial structure, and legal system***

Angola, officially the Republic of Angola, is a country located on the western coast of Southern Africa, whose territory is bordered to the north by the Republic of the Congo, to the northeast by the Democratic Republic of the Congo, to the east by Zambia, to the west by the Atlantic Ocean. The country is divided into 18 provinces. The official language is Portuguese.

Angola has an estimated population of 33 million with 33% of the population working and living in the rural area. Angola's economy is overwhelmingly driven by its oil sector. Angola is the largest oil producer in Sub-Saharan Africa since May 2022. Oil production and its supporting activities contribute about 50 % of GDP, more than 70 % of government revenue, and more than a 90% of the country's exports. The second most important economic activity in Angola is the diamond mining industry. Diamonds represent 5 % of exports is an important source of income for local communities in mining areas.

Angola is a civil law jurisdiction, where legislation is modelled on the Roman- German law. The highest courts in Angola's national judicial system consist of a Constitutional Court, a Supreme Court, an Audit Court, and a Supreme Military Court. According to the 2010 Constitution, the President nominates, and the National Assembly formally elects, all Justices of the Constitutional Court, Supreme Court, and Audit Court. Courts, in terms of the Constitution, function as independent sovereign bodies, whose main objective is to ensure compliance with the Constitution, laws, decrees and other legal directives. The Constitution is the supreme law of the land.

Overview of financial and DNFBP Sectors

The Angola financial system consists of twenty-six (26) commercial banks, among which six (6) are foreign majority-owned and twenty (20) locally owned. The banking sector is the most significant sector. The banking industry in Angola accounts for 90% of the total market share of the financial sector, with the remainder in insurance companies and securities firms. Financial and insurance activities contribute to around 5% of the country's GDP.

The Designated Non-Financial Businesses and Professions (DNFBPs) which operate in Angola are casinos, dealers in precious stones and metals, real estate agents, lawyers, accountants and car dealers, and are subject to AML/CFT supervision and monitoring as prescribed under the Law No.5/2020.

Overview of ML/TF Risks

Angola has a sophisticated financial system co-existing with significant use of cash and presence of informal economy. Angola has a significant exposure to potential foreign proceeds largely because of its sophisticated financial sector with global reach.

The predicate crimes identified as high proceed-generating in Angola are: embezzlement, corruption; fraud and tax evasion; drug trafficking; illegal dealing in precious metals and stones, environmental crimes including wildlife trafficking, human trafficking and illicit trafficking in stolen oil.

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Embezzlement and Corruption pose the highest ML risks. Regarding ML risk in the sectors, banks, MVTS and real estate followed by the casinos, and precious stones and metals dealers were considered to pose high ML risk- channels through which most of the proceeds of crime are laundered.

The extent to which Angola is exposed to the risk of TF is determined in a sense that there are no records of acts of terrorism in Angolan territory. The main threat of TF has been identified to come from immigrants and settlers from jurisdictions deemed to pose a high risk of terrorist and terrorist financing activities, such as the Middle East countries, neighboring countries, and the horn of Africa.

AML/CFT Policies, Strategy and Coordination

Angola has its National Strategy and General Guidelines of the Action Plan for the 2023-2027 four-year period aims to strengthen the National System for Preventing and Combating Money Laundering/Financing of Terrorism/Financing of the Proliferation of Weapons of Mass Destruction (PC-BC/FT/FP) to protect the stability and integrity of the Financial System, the Country's internal security and to promote sustainable economic development, within the scope of the Executive's strategic priorities, in line with the standards and the global framework of recommendations of the International Financial Action Group (GAFI). The National Strategy and General Guidelines of the 2023-2027 Action Plan focuses on five priority pillars, previously defined by the Angolan Executive, as a starting point for a strategic orientation, namely:

Pillar I: Institutional Coordination and Cooperation; Pillar II: Regulation and Supervision; Pillar III: Capacity building and Awareness; Pillar IV: Transparency; Pillar V: Investigation, Judicial Proceedings and Asset Recovery. This document also considers, similarly, the 2nd Mutual Evaluation Report (RAM) and the respective preliminary result about the level of technical compliance, the level of effectiveness of the National PC-BC/FT/FP System and the recommendations contained therein on how the National System can be strengthened.

Overview of AML/CFT Compliance and Supervision

The financial sector in Angola comprises: (i) banks; (ii) exchange bureau; (iii) financial companies (e.g., brokers), (iii) insurers; (iv) pension funds; and (v) capital markets institutions. The AML/CFT supervisors of FIs are BNA, ARSEG and CMC, and each DNFBP is under a separate supervisor, with UIF supervising any sector which does not have a specific supervisor.

Overview of AML/CFT Legal and Institutional Frameworks and their implementation

Angola has taken measures to adapt the legal and institutional AML/CFT system, in accordance with the FATF Recommendations. Currently, the Angolan system presents a legal framework for AML/CFT, essentially composed of the following Laws: Law N. 5/20 of 27 January, AML/CFT Law, Law N. 1/12, of January 12, Law on the Designation and Execution of International Legal Acts, which establishes the authority for the designation of Persons, Groups and entities, as well as the mechanism for applying restrictive measures specific to them, in order to combat terrorism, comply with any international act relating to the maintenance of peace and security, Regulation N. 214/13, of 13 December, which aims to designate the competent authorities for the purposes of implementing Law no. 1/12, January 12th, Law No. 19/17, of 25 August, TF Law, Law No. 13/15, of 19 June, Law on International Judicial Cooperation in Criminal Matters, which regulates forms of international judicial cooperation in criminal matters, Law no. 38/20, of 11 November, Law that approves the Angolan Penal Code.

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Regarding institutions, Angola's AML/CFT institutional framework has at its center the Supervision Committee which is led by the Minister of State for Economic Coordination who delegated the power to facilitate the coordination of AML/CFT activities to the FIU. Mainly, with the institutions involved in the implementation of AML/CFT, namely:

- a) The Ministry of Finance, responsible for the preparation, execution, monitoring and control of the budget, administration of State assets, treasury management and guarantee the country's internal and external financial stability.
- b) The Ministry of Justice: responsible for providing political advice regarding the implementation of the legislation; the Attorney General: responsible for ordering and conducting investigations in ML and FT cases.
- c) The Ministry of Foreign Affairs: responsible for issues of mutual legal assistance, international cooperation, treaty agreements and reception of the UNSC. Facilitates the processing of incoming and outgoing mutual legal assistance and extradition requests. It is the guardian of all international conventions to which Angola is a party.
- d) The Ministry of the Interior: responsible for internal security issues (National Police) and police bodies specializing in financial crimes and terrorism. It also manages the Intelligence Services.

The institutional framework also includes other bodies, the following entities:

LEA's, Internal services, National and External Intelligence and Security Services (SINSE and SIE) , Central Bank of Angola (BNA) The Angolan Insurance Regulation and Supervision Agency (ARSEG), The Capital Market Commission (CMC): is responsible for licensing and supervising capital market entities in matters of AML/CFT, The Gaming Supervision Institute (ISJ) , Angolan Bar Association (OAA) , Association of Accountants (OCPCA), Notaries, National Housing Institute (INH), National Authority for Economic Inspection and Food Safety - (ANIESA), MASFAMU is responsible for supervising non-profit entities.

Challenges and Future Plan:

Angola's implementation of a preventive system for money laundering and terrorist financing began in the 2000s. There is a need to increase the limited understanding of AML/CFT concepts among Competent Authorities and improve the knowledge of agencies responsible for TF investigation and prosecution. Additionally, there are insufficient resources.

Efforts are being made to enhance reporting entities understanding of TF risks and to improve awareness programs. Increasing human resources within institutions is essential to mitigate the deficiencies in investigations. Angola has investigated and prosecuted ML cases to a lesser extent, consistent with the country's risk profile.

The understanding of TF risks by reporting entities is largely limited to screening for UN-designated terrorist persons and entities and recognizing high-risk jurisdictions. There is also a lack of an effective case management system, statistics, and prioritization mechanisms that enable effective monitoring of cases and facilitate proactive international cooperation based on the risk profile of the jurisdiction.

Investing in comprehensive training programs will significantly enhance our national capabilities, underscoring Angola's unwavering commitment to aligning with global standards in the fight against

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financial crimes. These initiatives will position Angola as a leading example of progress and cooperation on the international stage, demonstrating our dedication to fostering a secure and transparent financial environment. By prioritizing education and capacity building, Angola aims to strengthen its role as a proactive and reliable partner in the global effort to combat money laundering and terrorist financing.

Conclusion

Angola is steadfastly advancing its alignment with international commitments to prevent and combat money laundering, terrorist financing, and the proliferation of weapons of mass destruction. The implementation of new laws marks a significant milestone in demonstrating substantial progress and a comprehensive understanding of money laundering risks at national, sectoral, and institutional levels.

Our commitment to applying sanctions will be more robust and effective, underpinned by an enhanced understanding of AML/CFT obligations and a heightened awareness of terrorist financing risks. Angola is dedicated to playing a pivotal role in global financial security and ensuring that our efforts resonate on the international stage.



REPUBLIC OF BOTSWANA

General background about the country including its economy, political and judicial structure and legal system

Botswana is a landlocked country located in the southern part of Africa with an area of 581,730 square kilometres. About 70 percent of the land consist of the Kalahari Desert, and one of the world's largest natural inland deltas, the Okavango Delta. The main borders of Botswana are shared with South Africa, Namibia and Zimbabwe, and a small portion of a few hundred metres with Zambia. With respect to demographics, the 2022 Population and Housing Census indicates that Botswana's total population is 2,359,609.

The political environment in Botswana is stable. There are safeguards entrenched in the three arms of government, which greatly minimise the possibility for politicians and other influential people to interfere with judgments. The safeguards extend to a judicial officer who finds him or herself dealing with money laundering cases. There has not been any reported incidences or charges levelled against judges for breaching integrity and professional standards. The Bertelsmann Transformation Index (BTI) 2022 Country Report states that Botswana is ranked 43 out of 128 countries in the 2020 World Justice Rule of Law Index.

Overview of financial and DNFBP Sectors

The financial sector comprises different types of institutions which include banks and non-bank financial institutions, most of which are supervised by the Central Bank and the Non-Bank Financial Institutions Regulatory Authority (NBFIRA). The DNFBPs in Botswana cover the following businesses and professions; real estate agents, lawyers, accountants, auditors, casinos, dealers in precious metals and stones, trust and company service providers. These businesses are licensed and are defined as reporting entities under the FI Act, 2022 and are therefore required to comply with KYC/CDD requirements, recordkeeping and suspicious transaction reporting. According to the National Risk Assessment (NRA) 2023, most of the DNFBPs supervisory authorities lack dedicated AML/CFP/CPF units within their operations. Based on the NRA 2023 report, the DNFBPs sector received an overall average risk rating of **medium**. The three (3) top DNFBPs (Lawyers, Precious Stones, and Casinos) pose the highest vulnerabilities considering their AML/CFT/CPF regimes, and regulatory set up present challenges for the supervisory authorities, due to limited capacity and resourcing (staffing, budget and tools) for effective supervision and oversight.

Overview of ML/TF/PF Risks

The NRA 2023 has concluded that the national money laundering (ML) threat was **medium high**, while the ML vulnerability was rated **medium**, and the overall ML risk was rated **medium high**.

Threat was posed, to a large extent, by drug trafficking, tax crimes, fraud, poaching and theft of motor vehicles.

AML/CFT Policies, Strategy and Coordination

The AML/CFT/CPF Policy function is with the Ministry of Finance, which is responsible for the formulation/review of legislations, policies and strategies relating to AML. Botswana adopted its national AML/CFT/CPF Policy and Strategy in October 2019, and is currently implementing the action plan, which was developed in line with the Policy and Strategy recommendations. The AML/CFT/CPF Strategy sets out the necessary actions to mitigate the higher risk areas identified by the NRA and Mutual evaluation reports. The national coordination is also done by the Ministry of Finance.

Overview of AML/CFT/ CPF Compliance and Supervision

The supervisory authorities in Botswana have adopted a risk-based approach in undertaking their mandates. In this case, sectors with high risk are required to have an independent and well capacitated compliance function. There are also requirements for more frequent reporting, mainly on quarterly basis. In some instances, a model AML/CFT/CPF guidance notes are issued by the regulatory authorities to assist and provide direction to the reporting entities.

Overview of AML/CFT/CPF Legal and Institutional Frameworks and their implementation

Botswana has law enforcement and investigative agencies that oversee the detection and investigation of financial offences. These include, among others: Financial Intelligence Agency (FIA), Botswana Police Services (BPS), Directorate of Intelligence and Security (DIS) and Directorate on Corruption & Economic Crime (DCEC). Botswana has embarked on a rigorous process of amending, re-enacting and enacting new laws. This followed the results of the 2017 MER which identified strategic deficiencies in the AML/CFT/CPF system. In 2018, a total of 25 enactments were made and 16 enactments in 2022. The legislations currently under review are: Financial Intelligence Act, Virtual Assets Act, Data Protection act, Societies Act, Companies Act, Counter Terrorism Act, Trust Property Control Act, and Non-Bank Financial Institutions Regulatory Authority Act.

Challenges and Future Plan

The NRA 2023 has revealed low quality of intelligence reports disseminated by FIA to Law Enforcement Agencies (LEAs), and the FIA has since committed to improve the standard of those reports. There is lack of a comprehensive national AML/CFT/CPF training plan to address national skills gaps. The Ministry of Finance is working towards bridging this gap. Some sectoral risk assessments have been completed and others will be undertaken following the conclusion of NRA. Emergence of new technologies such as virtual assets pose regulatory challenges as NBFIRA lacks commensurate human and technical resources to supervise Virtual Assets/ Virtual Assets Service



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Providers (VA/VASPs) activities and operations. The regulator is working on acquiring sufficient resources, including information technology tools such as commercially available VA forensic, database and transaction monitoring tools.

Conclusion

Currently, a total of seven (7) FAFT recommendations remain Non-Compliant (NC) and Partially Complaint (PC) and will be addressed by submission of request for re-rating in January 2025. The ICRG Action Plan has been satisfactorily completed with only minor deficiencies outstanding. These minor deficiencies are being monitored continuously through the Post Grey List Action Plan. Botswana reports annually to ESAAMLG, the latest being the March 2024 Report which was submitted in January 2024. The current national AML/CFT/CPF strategy is being reviewed to develop the new 2024-2029 strategy, informed by the risks identified in the just ended NRA exercise.

REPUBLIC OF BURUNDI



General Context

Geography and Population - A member of the East African Community (EAC) since June 18, 2007, Burundi is a landlocked country located in the Great Lakes region, bordered by the Democratic Republic of the Congo to the West, Rwanda to the North, and Tanzania to the East and South. It has an area of 27,834 km². The political capital has been Gitega since 2018, while Bujumbura, the economic capital, is the largest and most populous city with an estimated population of over 1,200,000 in 2024, roughly 10% of the total population. With 13.2 million inhabitants (2023), of which 50.6% are women and 41.5% are young people under 15, Burundi has one of the highest population densities with a ratio of 442 inhabitants per km².¹⁸

Politics and Institutions - Burundi, a republic with a new constitution adopted in 2018, elected President Evariste NDAYISHIMIYE from the National Council for the Defense of Democracy-Forces for the Defense of Democracy (CNDD-FDD) in June 2020 for a seven-year term. The two chambers of Parliament, the National Assembly and the Senate, have a five-year mandate, with the next legislative elections scheduled for 2025.

Burundi is in the process of reconstruction, enjoying political stability since 2005 under the leadership of the CNDD-FDD party. However, 2015 was marked by an attempted coup against the late President Pierre NKURUNZIZA over an alleged illegal third term, which was quickly brought under control, allowing the country to resume its path. The current government has set a vision: "2040 Burundi Emerging Country and 2060 Burundi Developed Country."

Economy - Burundi is a developing country with underutilized natural resources and an industrial sector that requires development. The economy is predominantly agricultural, with more than 90% of the population dependent on subsistence farming. The country's main exports, tea and coffee, account for a significant portion of its foreign exchange earnings.

Overview of the Financial Sector

Burundi's financial sector is developing and has experienced significant growth in recent years, following the adoption and implementation of a "*National Strategy*" and an "*Action Plan for the Development of the Financial Sector 2011-2017*" since April 7, 2011.¹⁹ The banking penetration rate, measured by the possession of an account in a Credit Institution or Microfinance Institution,

¹⁸ World Bank demographic projection made in 2020

¹⁹ The operational objectives, detailed according to two cross-cutting themes—access to financial services and the legal and judicial framework—aim to address the weaknesses identified in the various components of the financial sector.

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increased from 16.0% in 2021 to 16.8% by the end of 2022. Meanwhile, the number of commercial agents providing digital financial services for banks rose from 10,409 at the end of 2021 to 18,015 at the end of 2022, a 73% increase, which boosted the level of financial inclusion to 47.8% by the end of 2022.

Financial Institutions: The banking sector is the main component of the financial sector in terms of deposits and credits. The presence of institutions remains highly concentrated in the economic capital, Bujumbura. The banking sector in Burundi comprises fifteen (15) banks, including fourteen (14) credit institutions and one (1) specialized financial institution. Product offerings include demand deposits, checking accounts, passbook savings, term deposits, and the ability to check account balances online.

Insurance Companies: The insurance sector contributes to the country's socio-economic life, but its weight in the national economy remains low, with a coverage rate not exceeding 1%. The annual per capita expenditure on insurance products is 6,800 BIF (slightly over USD 2).²⁰

Microfinance Structures: This sector plays a significant economic and social role in Burundi's financial landscape by facilitating access to credit and specific financial products and services for low-income individuals.

Manual Money Changers: This sector is characterized by the coexistence of an expanding formal sector and a vulnerable informal sector, due to the country's porous borders and the movement of cash in an environment of currency shortages.

Financial Markets: No Burundian economic operator is active in the financial markets of other EAC member states, as Burundi has yet to establish a stock exchange.

Overview of the Designated Non-Financial Businesses and Professions (DNFBPs) Sector

The AML/CFT law of February 4, 2008, targets all individuals and entities subject to its provisions in Article 3. This article specifies that the law applies to auditors, lawyers, notaries, and other independent legal professionals and accountants, when they prepare or conduct transactions for their clients in the following activities:

- Purchase and sale of real estate;
- Management of capital, securities, or other assets of the client;
- Management of bank, savings, or securities accounts;
- Organization of contributions for the creation, operation, or management of companies;
- Creation, operation, or management of legal persons or legal arrangements, and purchase and sale of business entities.

²⁰ Annual Report of the Insurance Sector, Fiscal Year 2022

It covers auditors, lawyers, notaries, and other independent legal professionals and accountants when they prepare or conduct transactions for their clients in the specified activities, as well as casinos and gambling establishments, dealers in high-value goods, real estate agencies, and the postal service.

Real Estate Agents: The real estate sector is not organized in Burundi, with few regularly established real estate agencies, and most transactions conducted by numerous informally operating agencies.

Overview of ML/FT Risks

Money Laundering: Burundi faces a high risk of money laundering²¹. The country lacks precise and regularly collected statistical data on criminal activity. However, it is noted that the criminal environment in Burundi is marked by corruption and embezzlement of public funds. Drug trafficking, smuggling, and arms trafficking are other offenses generating illicit proceeds. A significant portion of the money from these illicit activities is injected into the real economy through the real estate sector and the creation of private companies, with significant gaps in the identification of beneficial owners.

Terrorist Financing: The Red Tabara group, designated as a "terrorist group" by Burundi, has posed a real threat to the country, having already carried out terrorist attacks. Additionally, Burundi's military engagement in African Union peacekeeping missions increases the risk of retaliation.

16. Given Burundi's location in the Great Lakes region, where most states have experienced political instability and face structural economic challenges, the country's situation regarding AML/CFT should also be analysed in the context of illegal goods transiting through its neighbouring countries.

AML/CFT Policies, Strategy, and Coordination

National AML/CFT Strategy: Burundi has not yet defined a national AML/CFT strategy. This strategy, resulting from the conclusions of the ongoing National Risk Assessment (NRA), will be developed based on these findings.

Coordination in AML/CFT: The coordination role is recognized for the Financial Intelligence Unit (FIU Burundi), composed of multi-sectoral members. However, the draft law under review proposes a "Coordination Committee" at the national level.

Overview of AML/CFT Compliance and Supervision

The compliance and supervision function are ensured respectively by the control and supervision authorities and the FIU Burundi. It has been noted that the existing framework has gaps arising from the AML/CFT law, which has led to the process of its revision to meet the requirements of the

²¹ According to the preliminary findings of the ongoing NRA (National Risk Assessment)

Financial Action Task Force (FATF).

Overview of AML/CFT Legal and Institutional Frameworks and their Implementation

Since 2006, Burundi has undertaken numerous reforms to comply with various international conventions to which it adheres. Burundi is a member of the African Union Convention on Preventing and Combating Corruption, the United Nations Convention against Corruption (Merida Convention 2003), and has signed the United Nations Conventions against Transnational Organized Crime and Terrorist Financing.

Burundi's efforts to combat money laundering and terrorist financing are materialized by the adoption of the 2008 AML/CFT law, which establishes the National Financial Intelligence Unit. This unit was established in 2020 and has the primary missions of collecting suspicious transaction reports, analysing them, and disseminating them to the Public Prosecutor's Office.

Challenges and Future Plan

The main challenges are related to the legal framework and the recent establishment of AML/CFT institutions, particularly the FIU, which is fortunately in the process of becoming fully operational. The country is implementing the action plan proposed by the High-Level Mission (HLM).

Conclusion

In recent years, Burundi has shown a willingness to join other nations in the fight against Transnational Financial Crime (TFC), which includes technical, institutional, and legal compliance. It has signed several international conventions to combat these global scourges. In this context, Burundi has made considerable efforts to strengthen its legal and institutional framework to align with international best practices, including adopting the 2008 AML/CFT law (currently under revision to meet FATF requirements) and establishing the FIU (currently being fully operationalized). Burundi has been a member of ESAAMLG since September 2023 and is implementing the recommendations of the HLM in anticipation of a mutual evaluation.

STATE OF ERITREA



Background

New Laws

Since its membership process, Eritrea has not legislated new laws as well as designated new competent authority or made significant reallocation of responsibility between competent authorities.

The Principal Laws relevant to AML/CFT are:

- Proclamation No. 175/2014: The Anti-Money Laundering & Combating Financing of Terrorism Proclamation. *(Attached Document No. 1)*
- Proclamation No. 181/2018: Proclamation to amend the Proclamation No. 175/2014. *(Attached Document No. 2)*
- Legal Notice No. 130/2018: Regulations Issued to determine the Duties of FIs, DNNFBPs in prevention of ML and TF and other serious offences. *(Attached Document No. 2)*
- Directive No. 1/2018: Directive Issued to determine the Composition, Organization, Operation and Resources of the FIU. *(Attached Document No. 2)*
- Proclamation No. 93-1997: Bank of Eritrea Proclamation. *(Attached Document No. 3)*
- Proclamation No. 94-1997: (Attachment No. 4)- Financial Institutions Proclamation *(Attached Document No. 4)*
- Proclamation No. 112-2000: The Customs Proclamation. *(Attached Document No. 5)*
- Proclamation No. 124-2002: The Business Information Register Proclamation. *(Attached Document No. 6)*
- Proclamation No. 145-2005: A Proclamation to Determine the Administration of Non-governmental Organizations. *(Attached Document No. 7)*
- Proclamation No. 173-2013: A Proclamation Pertaining to The Opening of Foreign Currency Deposit Accounts, Domestic Commercial Transactions And/or Contracts, Currency Remittance And Exchange And The Declaration Of Currency Of Travelers Arriving into and Departing from Eritrea. *(Attached Document No. 8)*
- Eritrean Transitional Penal Code. *(Attached Document No. 9)*
- Eritrean Transitional Criminal Procedure Code. *(Attached Document No. 10)*

Competent Authorities responsible for AML/CFT Policy and Operation

- Ministry of Finance and National Development.
- Bank of Eritrea
- Financial Intelligence Unit
- Inland Revenue Department
- Customs Department
- National Security Services
- National Police Forces
- Immigration and Nationality Department

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The Ministry of Finance & National Development and the Bank of Eritrea lead the fight against Money Laundering & Terrorism Financing on the national policy level. As for the rest Proclamation No. 175/2014 has only a broader definition of Law Enforcement Agencies/Competent Authorities and no definite definition, the above-mentioned institutions are the 'Law Enforcement and Investigative Agencies' which are granted authority to investigate ML/TF as well as predicate offences by virtue of the provisions Article 14 (1)(b) and 14A of Proclamation No. 175/2014 and Legal Notice 130/2018. Although all the agencies have investigative mandates to pursue ML/TF cases, generally the Eritrean Police Force has general mandate to handle the aforementioned cases as per the Transitional Criminal Procedure Code of the State of Eritrea. And as such all other mentioned agencies forward such cases to EPF as standard operating procedure.

Country Profile and General Context

Possessing a rich history, blend of beautiful cultures, and vibrant diversity, the State of Eritrea is one of the world's youngest countries, having achieved its independence in 1991 which was subsequently ratified internationally by a referendum in 1993. It is located in the Horn of Africa and strategically situated on the western shore of the Red Sea. The country's total land area is approximately 124,320 km², with a coastline spanning 3,150 km including its 350 islands. Mainly arid and semi-arid, with little and erratic rainfall, Eritrea has six main political administrative regions, which vary substantially in terms of their respective size, population, biodiversity, geography, and socio-economic conditions.

The total population of the State of Eritrea was estimated to be about 3.475 million in 2019, comprising nine ethno linguistic groups and nearly split evenly between two main faiths, specifically Islam and Christianity. Almost 40 percent of Eritreans are under the age of 15 years, indicating a young overall population and presenting significant potential for a demographic dividend in the future. About two-thirds of the country's population lives in rural areas, while population density in the country stands at approximately 35 people per km² of land area, which is less than the global and Sub-Saharan Africa averages. Urbanization is increasing, a transition that offers great opportunities but also poses significant challenges.

In the years since achieving its independence, the State of Eritrea has underpinned its long-term development strategy on the principle of self-reliance to achieve rapid, balanced, home-grown and sustainable economic growth. The State of Eritrea is classified as a low-income, developing country. While economic growth has been characterized by dramatic swings, there is a positive outlook for the near future. Modest growth is projected moving forward, driven by several different factors. An important part of the country's economy is rain fed agriculture and pastoralism. Farming, animal herding, and fishing are the mainstay of livelihoods for approximately 65-70 percent of the population. With the country's significant agricultural potential remaining untapped, further development through critical interventions can help to unlock a wealth of positive outcomes. While still in its early stages of development, the manufacturing sector holds great promise and potential to facilitate industrialization, attract investment, promote diversification and drive sustainable growth, and create employment opportunities.

In recent years, mining has emerged as an increasingly significant sector. It now accounts for the vast majority of exports and foreign direct investment (FDI). The Government has established favorable terms and a highly sophisticated regulatory framework, broadly consistent with global best practices.

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There is growing foreign interest and investment, with engagement by multinational companies on exploration and mining. Given the country's large natural resource endowment, vigilance against corruption, and attractive regulatory regime, there is abundant potential for further growth and expansion. Notably, Eritrea's long, pristine shoreline on the Red Sea holds significant potential for the establishment of a thriving blue economy, while its geo-strategic location, positioned along one of the world's most important international maritime shipping routes, offers boundless opportunities to become a major transshipment and logistics hub. Furthermore, the country's rich biodiversity, abundance of unique socio-cultural and historical sites, untouched islands, and favorable climate, combined with Eritrea's peace and security and the general warm hospitality of its people, present fantastic possibilities for a thriving tourism sector.

Notably, in July 2018, the State of Eritrea signed a historic and much-celebrated peace agreement with Ethiopia, bringing an end to decades of devastating war and tensions. Not long after, in September 2018, the two countries, this time joined by Somalia, inked a tripartite cooperation agreement, while in November 2018, the United Nations Security Council (UNSC) unanimously agreed to lift a nearly decade-long international sanctions regime on Eritrea. These dramatic developments offer the State significant opportunities to reallocate public resources to socio-economic development, update development strategies and frameworks, create jobs for youth, and expand regional and international cooperation.

Risk and Context

The State of Eritrea is yet to carry out a National Risk Assessment, and is in the process of carrying out preparations to conduct one while seeking collaborative institutions that will be critical to the task. That being said, the crimes that generate proceeds in the country based on investigations carried out and open sources include theft fraud, robbery, public corruption and tax crimes. Money laundering and Terrorism financing offences are relatively new even by legislation point of view, and institutional measures are just being introduced towards separating these crimes to a category of their own with the aim of developing a more refined and precision-oriented AML/CFT policy.

On the subject of materiality, the State of Eritrea as previously stated is a relatively young country which has gained its independence only recently after enduring a long history of colonial occupation. These being: Italian Colonia rule from 1880-1941, the British administration from 1941-1950, and lastly the federation with Ethiopia and subsequent annexation from 1950-1991 that brought about the War for Independence that lasted for 30 years. In the post-independence years while the country was trying to recover from the ravages of the previous war, it only enjoyed a few years of peace and security mainly until 1998 when the country came under threat of invasion from its neighbor Ethiopia and again was embroiled in war unfairly.

Over the years, external aggression, conflict, and illegal sanctions have posed a considerable obstacle to Eritrea's general development. Long running conflict and external aggression have led to severe destruction and a range of profound consequences, required the diversion of critical human and fiscal resources to national defense and security, and greatly delayed peace and the normalization of relationships among countries of the region. Furthermore, Eritrea has been saddled with illegal, unjust sanctions, as well as a spate of additional hostile restrictions and coercive measures, which collectively have: severely inhibited trade, credit and loans, and investment; considerably complicated or even prevented attempts to obtain critical materials and much-needed resources,

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thus hampering reconstruction and efforts to promote sustainable development; caused substantial economic, commercial, and financial damages; and resulted in innumerable lost or forfeited opportunities.

Considering this background, it can be said that the State of Eritrea is not a well-developed/matured and diversified financial center with large influx of capital movements and has only just began to engage with the international community recently due to suffering from above stated unjust UN sanctions that date back to 2009, and which were unanimously repealed recently in 2018.

Therefore, the risk of ML is not significant other than posed by contraband consumer goods and their proceeds. Also, the Eritrean Financial Sector is highly regulated and with the Government playing a significant role, thereby enabling the State to institute timely measures to curtail new risk trends that crop up from time to time. On the matter of TF, there are currently no terrorist groups active in the country and no terrorist act has been carried out in many years since the country's independence. However, the threat posed on the subject from the region the country is located in is significant and has received a proportional attention to date from the government.

Lastly, Financial Inclusion has been a priority of the State being part and parcel of the new policy of 2015, as well as revamping of the Financial Sector aimed towards reducing the size of the parallel market and stabilizing the economy. This is mainly, the existing Financial Policy Enforcement instituted in 2015 after the currency conversion that is being carried out by the Banks as well as a strict monitoring and documentation of fixed assets (movable/immovable) sales being carried out to this date. It can be concluded that these measures have produced a significant result towards achieving the above stated policy goal across the country.

KINGDOM OF ESWATINI



Background

The Kingdom of Eswatini (Eswatini) got its independence from Britain on September 6th, 1968. It is a small landlocked country in southern Africa, which is bordered on the north, west and south by South Africa and on the east by Mozambique. The total land mass of Eswatini is 17,360 square kilometers with lower-middle income economy and close economic linkages to the Republic of South Africa. Under the CMA, the Eswatini Lilangeni (the domestic currency) is pegged at par to the South African rand, which is also legal tender in the country.

The primary AML/CFT legislation in force is the Money Laundering and Financing of Terrorism (Prevention) Act, 2011 (MLFPA). The Act was amended in 2016 to introduce a risk-based approach in the fight against money laundering and terrorist financing as well as the issuance of the Anti-Money Laundering (United Nations Security Council Resolutions (UNSCR)) Regulations, 2016 under UNSCR 1267 and UNSCR 1373 and their successor resolutions. There are other pieces of legislation that support the fight against money laundering, terrorist financing and related activities and relevant to the criminalization of predicate offences in Eswatini. This legislation includes; The Criminal Matters (Mutual Assistance) Act, 2001; The Extradition Act, 1968; The Suppression of Terrorism Act, 2008; The Prevention of Corruption Act, 2006; People Trafficking and People Smuggling (Prohibition) (Act of 2009); Electronic Records (Evidence) Act 2009; The Prevention of Organized Crime Act 2018; Witness Protection Act 2018; and Sexual Offences and Domestic Violence Act 2018.

Eswatini is a common law jurisdiction. The structure of the judiciary system consists of the Supreme Court which is the highest court in the country, the High Court, Magistrate Courts and other specialized courts, such as Commercial Courts, Industrial Courts and Swazi Courts.

Overview of financial and DNFBP Sectors

The financial sector in Eswatini is small but relatively well diversified and developing. Financial institutions in Eswatini provide a wide range of financial services including acceptance of deposits, lending, micro-financing, foreign exchange, capital markets activities, underwriting, asset management, securities trading, financial advisory services, insurance services and mobile money services.

Table 1.1. Overview of the Financial Sector (as of 30 June 2023)

Type of Institution	Number of Entities	Total Assets (USD Billion)
Central Bank of Eswatini (CBE) – AML/ CFT Supervisor		
Commercial Banks and Building Society	5	2.2
MVTS	3	0.38
Bureau De Changes	3	0.163
Financial Services Regulatory Authority (FSRA) – AML/ CFT Supervisor		
Capital Markets	28	1.97
Insurance (Long and Short term)	17	0.31
Credit & Savings Institutions	190	0.63
Eswatini Financial Intelligence Unit (EFIU) – AML /CFT Supervisor		
Casinos	3	-
Real Estate	99	-
Legal Practitioners	808	-
Accountants and Auditors	527	-
Dealers in Precious Metals and stones dealers	6	-
Dealers in Motor Vehicles	98	-

Overview of ML/TF Risks

According to the country's 2023 AML/CFT National Risk Assessment, the country is rated medium risk on ML/TF. The prevalent predicate offenses in Eswatini include fraud, drug possession, tax evasion and corruption. This was reflected by the high number of these predicate offenses investigated by the country's Law Enforcement Agencies and the Suspicious Transaction Reports filed with the EFIU by accountable institutions. In terms TF assessment, Eswatini is mostly exposed to internal TF risks. The country for the first time experienced high levels of internal attacks in 2021/22 where properties were destroyed, and lives were lost. The country does not yet have a legal framework for regulating the NPO sector.

AML/CFT Policies, Strategy and Coordination

Eswatini has an approved AML Strategy (2023-2028) and AML policy that was developed in 2023. The AML strategy plan is designed to consolidate the successes achieved, broaden the inherited interventions and address gaps in compliance supervision that will assist Eswatini in the implementation of some of the AML requirements. The AML policy sets out policy measures that shall guide strategies and programs in the AML/CFT/PF regulatory framework for Eswatini.

The key structural elements needed for an effective AML/CFT regime are present in Eswatini. It is a politically and institutionally stable country, based on accountability, transparency, rule of law and independent judiciary. The National Task Force on AML/CFT is the main AML/CFT policy making body in Eswatini established under s.38 of the MLFPA. It comprises the Council and the Technical Committee. The Council advises the Minister on all AML/CFT policy issues and comprises the Attorney General, Chief Executive Officer of FSRA, Commissioner General ERS, Commissioner Anti-Corruption, National Commissioner of Police, EFIU Director, DPP, CBE Governor and Principal Secretary Ministry of Finance. It is chaired by the Governor of CBE. The Technical Committee is the

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operational organ of the Task Force which develops and implements the AML/CFT policies and strategies including coordinating all AML/CFT activities in Eswatini. Members of the Technical Committee include representatives from all the Council agencies and from Ministry of Foreign Affairs, Bankers Association, President of the Law Society, Registrar of Companies, Ministry of Natural Resources, Ministry of Housing, Registrar of the Supreme Court, Institute of Accountants, Eswatini Environmental Authority, Ministry of Tourism and three representatives from accountable institutions appointed by the Minister.

Overview of AML/CFT Compliance and Supervision

The National Task Force of Eswatini has put in place an Intergovernmental Agency Framework to foster coordination, collaboration, and information sharing amongst its members on AML/CFT and asset recovery matters. The Intergovernmental Agency Framework establishes a Supervisors' Subcommittee to coordinate matters relating to the supervision of the implementation of legislation on AML/CFT matters. The financial services supervisors, the CBE, EFIU, and the FSRA have established a Technical Working Group on AML, prevention of terrorist financing and related matters. The mandate of the Working Group is to address joint concerns on the supervision of accountable institutions and implement any AML/CFT/FCP legislation and ancillary laws issued by the supervisors to the accountable institutions amongst others.

The Intergovernmental Agency Framework further establishes the Law Enforcement and Asset Recovery (LEAR) Committee that comprises of the Royal Eswatini Police Service, Anti-Corruption Commission, Eswatini Revenue Service and Director of Public Prosecution. The LEAR Committee is tasked with joint investigations and pursuing the recovery of tainted assets. The success of this committee includes developing two Standards of Operating Procedures in intercepting cash and negotiable bearer instruments at points of entry and exit in the country as well as conducting financial investigations. Its success includes the 2 money laundering cases that the country has recorded since 2022.

Overview of AML/CFT Legal and Institutional Frameworks

The MLFTP Act is the primary legislation that broadly criminalizes ML in line with the Palermo and Vienna Conventions and further seeks to criminalize TF/TF. The Act was amended in 2016 and Eswatini has also taken major steps in strengthening both its legal and institutional framework on AML/CFT over the years. This includes passing the following laws and regulations: AML UNSCR Regulations, 2016; Medicines and Related Substances Control Act, 2016; Prevention of Organized Crime Act, 2018; Police Service Act, 2018; Witness Protection Act, 2018; Suppression of Terrorism (Amendment) Act No. 11 of 2017 and Sexual Offences and Domestic Violence Act 2018. The country has also issued several Guidelines and circulars. It further strengthened the institutional frameworks of several agencies which constitute the following Ministries: Finance, Justice, home affairs, foreign and international cooperation, natural resources and energy, trade, industry and commerce.

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Eswatini does not have regulatory frameworks for VA, VASPs, and NPOs. All these sectors were not supervised for AML/CFT purposes. The country is currently developing its VA/VASPs Regulatory Framework and its Non-Profit Organization Bill. The country has embarked on a journey to amend its ML laws and other related laws to align with AML/CFT standards. The EFIU is rolling out the AML/CFT supervision of DNFBP sectors.

Conclusion

Eswatini has undertaken several proactive legal, institutional and operational measures to prevent ML/TF risks. The country's AML/CFT stakeholders have improved domestic cooperation and collaboration to combat financial crime. The country's MLFPA, as well as related pieces of legislation are undergoing legislative in the current year to reflect the evolving nature of the ML/TF threats domestically, regionally and internationally, as well as to address international obligations relating to the implementation of an effective AML/CFT architecture and regime.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA



General Background

The Federal Democratic Republic of Ethiopia is Africa's oldest and never colonized country located in East Africa with a total land area of 1,104,300 square kilometers (km²) and a total population of



120 million (2023 national estimate). Ethiopia shares borders with Djibouti, Eritrea, Sudan, South Sudan, Kenya, and Somalia. The capital city of Ethiopia is Addis Ababa, which is a seat for the headquarters of major international organizations, such as the African Union and the United Nations Economic Commission for Africa. Ethiopia is the cradle of

mankind; Lucy was discovered in 1974 and has been proven to be about 3.2 million years old. The country has its own calendar, and alphabet and is home to more than 80 ethnic groups having their language, culture, and traditions. The major religions are Christianity and Islam. Ethiopia is the Federal Republic and parliamentary form of government made up of twelve regional states and two chartered cities. The parliament is bicameral having the House of Federation which is the upper chamber and the House of People's Representatives which is the lower chamber. Members of both the upper and the lower chamber are elected and serve five-year terms. The House of People's Representatives has legislative power and The House of Federation interprets the constitution. The latest Constitution of the Federal Democratic Republic of Ethiopia entered into force in August 1995. The Prime Minister of the country serves as the Head of Government and the President serves as the head of state.

Overview of Financial Institutions and DNFBP Sectors

Financial Institutions (FIs) operating in Ethiopia include banks, insurance companies, Micro Finance Institutions (MFIs), postal savings, money transfer institutions, financial savings, and credit cooperatives as determined by the National Bank of Ethiopia. The financial inclusion products are mobile banking, Tele birr, M-pesa, agent banking, micro-insurance, and postal money transmission. Commercial banks and MFIs operating in Ethiopia provide financial inclusion products. Under the Prevention and Suppression of Money Laundering and Financing of Terrorism Proclamation No.780/2013 (the AML/CFT Proclamation), Designated Non-Financial Businesses and Professions (DNFBPs) including real estate agents and brokers, dealers in precious metals and stones, auditors and accountants, lawyers, and notaries. Car dealers are designated as DNFBPs based on Ethiopian Financial Intelligence Service Directive 934/2022.

Overview of ML/TF Risks

Ethiopia completed the first National Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment (NRA) in 2016 and the second NRA in 2021 using the World Bank tool. The NRA was undertaken by nine groups representing various government and private sector institutions. The national risk of ML and TF is medium and Medium-high respectively. The NRA identified high-threat predicate crimes: corruption, tax fraud/evasion, fraud, human trafficking, migrant smuggling, Illegal-hawala, and Contraband including hard currency smuggling. Ethiopia also completed a Sectorial risk assessment on transparency of legal persons, tax crimes, and VA and VASP using the World Bank tool.

AML/CFT Policies, Strategy and Coordination

Ethiopian Financial Intelligence Service, under Article 6(2) of the Financial Intelligence Service Re-establishment Council of Ministers Regulation 490/2022, has the power to organize national committees that are established by the government and establish forums that include the federal and regional stakeholders. Also, follow up on the implementation and coordinate AML/CFT actions of other governmental institutions according to Article 13/9 of the AML/CFT Proclamation 780/2013.

The National AML/CFT Committee has been reestablished by the Prime Minister with a responsibility to develop and coordinate national AML/CFT Policy, ensure domestic coordination and cooperation in place also international compliance.

The national AML/CFT Committee consists of EFIS, the Ministry of Justice, the Ministry of Mining, the Ministry of Foreign Affairs, the Ministry of Transport and Logistics, the Ministry of Urban Development and Construction, the Ministry of Labor and skill, Ministry of Trade, Ministry of Finance, Ministry of Revenue, Federal Police, Authority for Civil Societies Organization, the Information Network Security Administration, National Bank of Ethiopia, Ethiopian Capital Market Authority, Ethiopian Custom Commission, National Intelligence and Security Service, National ID Service, Immigration and Citizenship Service, Anti-Corruption Commission, Document Authentication and Registration Service, and refugees and returnees service.

The National Committee has established a technical committee composed of each member institution and initiates the revision of legal and institutional frameworks and identification of gaps in domestic and international compliances.



Overview of AML/CFT Compliance and Supervision

Financial Institutions have an obligation to enter into business operation when and only authorized by the National Bank of Ethiopia. To ensure compliance requirements, the AML/CFT Proclamation 780/2013 Article 13/8 and Financial Intelligence Service re-establishment Council of Ministers regulation 490/2022 Art 6/10 gives EFIS the power to supervise FIs, DNFBPs, and civil society organizations, independently or in collaboration with the regulatory bodies. To that end, EFIS has developed Risk-based approach manuals and guidance, and accordingly, has so far conducted AML/CFT supervisions at reporting entities and NPOs. Based on the result of the supervision, feedback has been given to the reporting entities to ensure their compliance, and sanctions have also been imposed by the regulatory authorities on reporting entities that failed to comply with the AML/CFT requirement.

Overview of AML/CFT Legal and Institutional Frameworks

Ethiopia has been undertaking various measures to combat Money Laundering and Financing of Terrorism. Ethiopia adopted the AML/CFT/CPF Proclamation, regulations, and the necessary directives. The country also approved the Procedure for the Freezing of Terrorist Assets Council of Ministers Regulation No. 306/2014. Furthermore, the EFIS issued Financial Institutions' AML/CFT Compliance Directive No.780/2021 and DNFBPs' AML/CFT Compliance Directive No.779/2021, Directive No 934/2022 Designation of Motor Vehicle Dealers as a Designated Non-Financial Business and Professions. The issues regarding Mutual Legal Assistance (MLA) and extradition requirements are covered properly by the AML/CFT Proclamation. In addition to this, the Ministry of Justice produced an International cooperation manual which has a clear explanation of the process.

Challenges and Future Plan

Although the country has conducted several awareness creation programs, lack of awareness coupled with a cash-based economy is still a major challenge for the AML/CFT regime; therefore, it needs further efforts. In addition, the lack of sufficient and appropriate human power and skill at competent authorities undermine the AML/CFT regime.

Conclusion

Ethiopia made a high-level political commitment to work with the FATF and ESAAMLG to strengthen the effectiveness of its AML/CFT regime. Furthermore, Ethiopia has made a lot of key reforms:- Implementing the results of its national risk assessment, Integrating designated non-financial businesses and professions into its AML/CFT regime, Confiscating the proceeds and instrumentalities of crime, Joined the Egmont Group in July 2019 sponsored by South Africa, after meeting the basic requirements. The Government of Ethiopia re-establishes EFIS and approves a new EFIS structure that enables the EFIS to properly coordinate the AML/CFT efforts of the country in a better position.

Case study: The public prosecutor V. Respondents

Criminal charge

The public prosecutor charged the respondents for the violation of Article 411 of the criminal code for the act of Maladministration whereby the respondents injure the public interests which was their duty to protect. The offense is punishable with rigorous imprisonment not exceeding ten years and a fine not exceeding fifty thousand Birr.

They are also charged with the crime of Money laundering in which the respondents disguised the true origin of ill-gotten money or property into seemingly legitimate money or property as per Article 29 of Proclamation for the Prevention and Suppression of Money Laundering and Financing of Terrorism Proclamation No. 780 of 2013.

Judgment

Among the respondents, 4 of them respondents found guilty and convicted of the crime of corruption and money laundering as per Article 411 of the criminal code and as per Article 29 of Proclamation for the Prevention and Suppression of Money Laundering and Financing of Terrorism No. 780 of 2013.

Besides as per article 35 of Proclamation for the Prevention and Suppression of Money Laundering and Financing of Terrorism Proclamation No. 780 of 2013 following conviction of money laundering and predicate offence the court issued a confiscation order on property constituting the proceeds of crime.

REPUBLIC OF KENYA



General background about the country including its economy, political and judicial structure and legal system

Kenya is located in East Africa covering an area of 582,646 sq km and has a population of 53.7 m (as at 2020). It shares borders with South Sudan to the Northwest, Ethiopia to the North, Somalia to the East, Uganda to the West, Tanzania to the South, and the Indian Ocean to the Southeast. The capital city of Kenya is Nairobi. Kenya serves as a regional trade, communications and financial centre for Eastern, Central, and Southern Africa. Kenya adopted a new political and economic governance system with the introduction of a new constitution in 2010, which introduced a bicameral legislature, devolved county governments and an independent Judiciary. There is one national government and 47 county governments. Kenya is a presidential democracy, in which elected officials represent the people and the President is the Head of State and Government. The judiciary is composed of the Supreme Court, Court of Appeal, the High Court and the Subordinate Courts composed of the Magistrates Courts and Kadhis Court.

Overview of financial and DNFBP Sectors

Kenya's financial sector is vibrant, well developed and diversified and has the highest financial inclusion in the region and globally. Kenya is a financial hub, facilitating huge volumes of financial transactions across the region and globally. Kenya's financial sector is vibrant and complex. It comprises mainly of the banking sector, insurance sector and capital markets sector. The pensions sector and sacco sector occupy a relatively small portion of the larger financial sector. The banking sector is the largest sector. As at December 31, 2023, the Kenyan banking sector comprised of 38 commercial banks, 1 mortgage finance company, 1 mortgage refinance company, 10 representative offices of foreign banks, 14 microfinance banks (MFBs), 3 credit reference bureaus (CRBs), 24 money remittance providers (MRPs), 32 Digital Credit Providers (DCPs) and 73 foreign exchange (forex) bureaus.

Insurance companies that offer life insurance or undertake investment related business are subject to the AML/CFT regime. As at 2023, there were 20 life insurance companies, 32 general insurance companies, 3 composite insurance companies and 5 reinsurance companies. There were also 180 insurance brokers, 31 reinsurance brokers, 42 medical insurance providers 23 bancassurance intermediaries and 11, 560 insurance agents. As of the year 2023, the main players in the capital markets industry include 1 Securities Exchange (NSE) , 1 Central Securities Depository (CDSC), 9 Stockbrokers, 42 Fund Managers, 16

Investment Banks, 17 Investment Advisers, 9 Non-Dealing Online Foreign Exchange Brokers, 2 Money Managers and 21 Authorized Depositories (Custodians).

Overview of the DNFBPs Sector

The DNFBPs include accountants whose supervisor is the Institute of Certified Public Accountants of Kenya (ICPAK); lawyers supervised by the Law Society of Kenya (LSK); casinos supervised by the Betting Control and Licensing Board of Kenya (BCLB); trusts and company service providers supervised by the Institute of Certified Secretaries (ICS); real estate agencies supervised by the Estate Agents Registration Board (EARB) and, dealers in precious metals and stones supervised by the Ministry of Mining. The Centre remains the overall designated AML/CFT/CPF supervisor for all reporting Institutions that is, financial institutions and Designated Nonfinancial Businesses and Professions.

Overview of AML/CFT Legal and Institutional Frameworks and their implementation.

Kenya's law relating to anti-money laundering, the countering of the financing of terrorism and proliferation financing (AML/CFT/CPF) is largely set out in the following two principal legislations: *The Proceeds of Crime and Anti Money Laundering Act, 2009 (POCAMLA)*. This Act criminalises money laundering, sets out the obligations of reporting institutions and establishes key institutions in the fight against money laundering and terrorism financing namely, the Financial Reporting Centre (FRC), the Assets Recovery Agency (ARA) and the Anti-Money Laundering Advisory Board (AMLAB). *The Prevention of Terrorism Act, 2012 (POTA)*; The Act criminalises terrorism, terrorism financing and proliferation financing. In addition, it provides for mechanism for co-ordinating counter-terrorism measures. It also establishes the Counter Financing of Terrorism Inter-Ministerial Committee whose main function is to implement United Nations Security Council Resolution 1267, 1373, 1718 and 1988.

Overview of ML/TF Risks in Kenya

Kenya conducted its first National Risk Assessment (NRA) on Money Laundering (ML) and Funding for Terrorism (TF) in 2021. The NRA aimed to enhance the country's risk-based approach to AML/CFT and ensure long-term effectiveness through regular monitoring and updating. To enhance the understanding of ML/TF risks, Kenya updated its NRA through sectoral risk assessments (SRAs) for TF, virtual asset service providers, legal persons and legal arrangements in 2023. The outcome of money laundering risk assessments in Kenya indicates that the laundered proceeds are mainly generated through fraud, corruption & economic crimes, tax-related crimes, bribery, trafficking drugs as well as human beings, wildlife and environmental crimes, trade-based ML, theft, among others.

Regarding sectoral breakdown, the banking sector was assessed to bear the highest ML threat in the

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country. Other channels include the abuse of legal entities), the abuse of power of attorney, nominees (i.e., *directorships to hide the UBO of a legal structures*), trust and company service providers. The main foreign predicate crimes which have been identified as presenting ML threats to Kenya are money-laundering (*both self, third-party & standalone*), fraud, corruption, drug trafficking, bribery, theft, tax-related crimes, human trafficking & smuggling of persons, wildlife & environmental crimes as well as cybercrime.

The TF risk for Kenya is considered to be *Medium*, that is both TF threat and vulnerability at the national level are assessed as *Medium*. The vulnerabilities that can be exploited for TF stems from the country's circumstantial and structural elements directly related to the CFT system in the country, contextual factors, legislative and institutional frameworks, categories of reporting entities, and other relevant corporate/legal entities.

AML/CFT Policies, Strategy and Coordination

For AML policies, the Cabinet Secretary, National Treasury and Economic Planning is in charge of the overall policy formulation and such policies are implemented by the Financial Reporting Centre (FRC), which is the National AML/CFT/CPF National Coordinator. The Cabinet Secretary is supported by the National Task Force on Combating Money Laundering, Terrorism and Proliferation Financing (NTF) and the Anti Money Laundering Advisory Board (AMLAB). On CFT/CPF policies, the prevention of Terrorism Act, 2009, empowers the Counter Financing of Terrorism Inter-Ministerial Committee (CFTIMC) to formulate and supervise the implementation of the National Strategy and Action Plan on Counter Financing of Terrorism.

Kenya updated its National AML/CFT/CPF strategy (2021-2026) following the National Risk Assessment on Terrorism Financing. Kenya is now implementing a standalone CFT Strategy (National CFT Strategy 2023-2026) that provides among others; consistent legal and institutional review aligned with emerging TF trends, international standards and best practices, prioritization of parallel TF investigations and utilization of inter-agency coordination to enhance operational effectiveness in countering Terrorism Financing. The nexus between the coordination of AML and CFT is met by the dual membership of the Cabinet Secretary of National Treasury as a policy holder on AML and as a member of CFTIMC, an arrangement which provides an effective mechanism for coordination of national AML/CFT policies. The FRC as the National Coordinator for AML/CFT/CPF and is the secretariat for the AMLAB, NTF, CFITMC and the LECG respectively.

Overview of AML/CFT Compliance and Supervision

Kenya has a robust framework for AML/CFT supervision of financial institutions and DNFBPs. This has been made possible courtesy of an enabling AML/CFT legal and regulatory framework and adoption of risk-based supervision by supervisors of financial institutions and DNFBPs. AML/CFT/CPF supervision of reporting institutions is undertaken by the supervisors through risk

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profiling, offsite and onsite inspections of reporting institutions in their respective sectors. All supervisors have adopted and are implementing risk-based supervision. This is done largely through collection of relevant data from reporting institutions on four ML/TF risk factors. The supervisors undertake institutional risk assessments. The outcomes of these risk assessments inform risk profiling and risk rating of the reporting institutions based on their respective level of risks. To improve understanding of financial institutions and DNFBPs on ML/TF risks and their AML/CFT obligations, supervisors have embarked on outreach and awareness activities in these two sectors.

Challenges and Future Plan

Certain key determinates affect the pace of implementation of AML/CFT/CPF standards. Among challenges faced include changing risks, global and regional integration, rapidly changing financial landscape, resource limitations, technological challenges, informal regulated sectors and cost of compliance. To address the above challenges, Kenya is effectively and fully implementing the FATF AML/CFT/CPF requirements. In addition, Kenya is implementing the National Strategy on AML/CFT/CPF and action plan that details measures to strengthen the AML/CFT/CPF implement by addressing the following objectives: To enhance AML/CFT legal, regulatory and policy framework in Kenya; To strengthen AML/CFT preventive measures; To strengthen monitoring and supervision of reporting institutions; To strengthen investigation and prosecution on AML/CFT by LEAs; To enhance outreach and awareness; To enhance capacity of competent authorities and, to establish and implement a robust CPF legal and regulatory framework.

Conclusion

Kenya continues to improve its AML/CFT regime through continuous review and improvement of its legal and institutional frameworks. It is also undertaking continuous risk assessments both at national and sectorial levels and Leveraging on advancement on technology to improve the speed, quality, or efficiency and cost of some AML/CFT measures. It is also strengthening public-private partnerships to combat financial crime more effectively. Kenya will continue to play its role regionally and internationally to safeguard the integrity of both its domestic financial system as well as the global financial system.

KINGDOM OF LESOTHO



General background

The Kingdom of Lesotho is situated in Southern Africa. It is landlocked and surrounded by the Republic of South Africa (SA). It gained independence from the British Protectorate in 1966. Its capital is Maseru. It is a member of the AU, CMA, Commonwealth, ESAAMLG, SACU, SADC, and UN, among others. Lesotho is a constitutional monarchy. The King is the Head of State while the Prime Minister is the Head of Government and Cabinet. The Constitution is the supreme law of the country. Parliament provides the legislative arm of government. Elections are held in five-year cycles to elect members of parliament by direct universal suffrage. The Parliament comprises the National Assembly and the Senate. National Assembly has 120 members, 80 of which are elected by constituencies and 40 is proportional representation. The Senate has 33 members composed of 22 principal chiefs and 11 members nominated by the King acting on the advice of the Council of State.

Lesotho has a total land area of 30 355 square kilometres and is divided into 10 administrative districts. Nine districts border South Africa particularly the three provinces of SA, namely, Free State, KwaZulu-Natal, and Eastern Cape. The Kingdom of Lesotho has a population of around 2 million people (2016 census) and has an urban population of about 31.7%. The official languages are Sesotho and English. Lesotho legal system is Roman Dutch Common law. The judicial system comprises of the Court of Appeal, the High Court, and the Subordinate Courts which comprise different classes ranging from resident magistrates, second- and first-class magistrate courts in that order. The High and Appeals Courts are created by the Constitution while the Subordinate Courts are created by Statute. Judicial decisions are authoritative and constitute legal precedents. This means the decisions of the Court of Appeals are binding on the lower courts.

In 2021, the GDP of Lesotho stood at USD 2.5 billion, with a GDP per capita of USD1,094.1. Lesotho's economy is strongly linked to South Africa, and it is estimated that 80% of her imports originates from it. The main export products are mohair, wool and diamonds. The local currency is called Maloti. The main sectors contributing to the GDP are agriculture (4,78%) industry (35.1%) and services sector (49.1%). Within the services sector, remittances constitute an important contributor to the country's economy.

Overview of the financial and DNFBP Sectors

The financial sector in Lesotho consists of the – 1) banking sector made of 4 banks out of which 3 are foreign majority owned and 1 is locally majority owned with combined total assets amounting to USD 1.22 billion which represents 70.81 percent of the total financial sector assets; 2) Money Value Transfer Services (MVTs) providers which provide domestic and cross-border remittances services through TEBA (for Basotho working in RSA) and for the rest of Lesotho citizens, through Shoprite,

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and Mukuru; 3) 131 microfinance institutions that lend money to people in formal employment; 4) 6 life insurance companies; and 5) Pension Funds which manage institutional funds for the benefit of employees. Lesotho does not have a legal and institutional framework to allow VAs and VASPs activities to be carried out.

The DNFBPs sector is composed of 4 Casinos, 146 Real Estate Agents that bring together people who have properties for rent or sale and people seeking properties to rent or purchase, 25 Precious Metals & Stones Dealers, 226 Lawyers who specialize in the creation of legal persons and trusts; selling and buying of real property; management of funds, management of clients' bank, savings and securities accounts, 4 Notaries, and 752 Accountants that incorporate legal persons on behalf of clients and provide company secretarial services.

Overview of ML/TF Risks

Lesotho faces a range of significant ML threats. The major proceeds-generating crimes are corruption, fraud and forgery, tax evasion, stock theft, drug offences and diamonds offences, car theft and human trafficking. Stock theft has the highest number of cases investigated and the highest amount of proceeds confiscated. However, proportionately, corruption has a higher amount of proceeds generation and confiscation. Proceeds generated from these crimes are laundered through the banking, lawyers, and real estate sectors. There have not been any terror attacks in the country, though there are potential TF threats linked to Lesotho from both Basotho and foreigners.

AML/CFT Policies, Strategy and Coordination

Lesotho has AML/CFT Strategy approved in November 2022 to assist the authorities to implement the AML/CFT/CPF requirements. Lesotho also has a Counter Terrorism Policy adopted in 2018. Lesotho further adopted the Assets Forfeiture and Management Policy in August 2022. The National Coordination Committee (NCC) is the highest AML/CFT/CPF policymaking and coordination body in Lesotho. It comprises of all key agencies/institutions. It is chaired by Principal Secretary in the Ministry of Finance and the FIU acts as the Secretariat. The NCC is supported by the National Task Force for operationalizing the NCC decisions.

Overview of AML/CFT Compliance and Supervision

The Central Bank of Lesotho (CBL) is responsible for licensing and supervision of banks and other financial institutions including insurance, capital markets and retirement benefits schemes. The Casino Board is responsible for regulation and supervision of the casinos. The Department of Cooperatives is responsible for licencing, regulation and supervision of cooperatives. The Law Society of Lesotho is responsible for regulating legal practitioners. The Lesotho Institute of Accountants is responsible for the registration of accountants and accounting firms, as well as regulating the activities carried out by the practice of certified accountants. The Mining Board is

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responsible for regulating and supervising the precious metals and stones. The Ministry of Trade is responsible for supervising real estate agents and the Motor Vehicle Dealers. The Registrar of Companies is responsible for registering and de registering legal persons. The Registrar General is responsible for registration, regulation and supervision of NPOs. The banking sector adequately complies with AML/CTF obligations. However, there is low level of compliance as regards other FIs and the DFNBP.

Overview of AML/CTF Legal and Institutional Frameworks and their implementation

Lesotho has criminalized the offences of ML and TF. The main pieces of legislation are the Money Laundering and Proceeds of Crime Act No. 4 of 2008 as amended in 2016 (MLPCA) and the Prevention and Suppression of Terrorism Act No. 3 of 2018. The MLPCA established the Financial Intelligence Unit (FIU) which has already joined the Egmont Group of FIUs. The MLPCA further designated competent authorities for investigations of ML/TF cases in the form of the Directorate on Corruption and Economic Offence (DCEO), Lesotho Mounted Police Services (LMPS), and Revenue Services Lesotho (RSL). The DCEO, FIU, LMPS, and RSL, in collaboration with counterparts, cooperate and exchange information to support joint investigations of complex cases. The Director of Public Prosecutions prosecutes ML and TF cases though there had not been investigations and prosecutions on TF cases. There had been convictions for ML offences and non-conviction-based forfeiture of proceeds of crime.

In a case involving sums of money more than M50 million/\$2, 751, 000 which was stolen from the Ministry of Finance in 2021, joint investigation between the FIU, LMPS and DCEO revealed that the accused persons transferred funds to accounts and bought buildings and vehicles in both Lesotho and South Africa (SA). Preservation orders were obtained in Lesotho to prevent dissipation of the properties and funds. The funds worth M18 610 000/\$1, 023, 922.22 laundered in SA were transferred back to Lesotho with the assistance of the SA Financial Intelligence Centre (FIC) in collaboration with the South African Police Service. Furthermore, an immovable property worth M6.1 million was forfeited and the funds repatriated upon the sale the property (Refer to pictures below). The other property worth M2, 400, 000 (\$132, 048.00) was recovered in Lesotho.

Challenges and Future Plan

Lesotho has not updated its National Risk Assessment since its adoption in 2018. Absence of adequate and reliable databases derails access to and timeous sharing of information. The Government institutions relevant in AML/CFT system are under resourced. There are plans to improve the legislative framework for regulating – activities on Virtual Assets and Virtual Assets Service-Providers, proliferation of weapons of mass destruction, and trusts and other legal arrangements. Operationalisation of the National Assets Recovery and Management Unit is also a key consideration.

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Conclusion

The Kingdom of Lesotho remains committed to fully implement the international standards against money laundering, terrorist financing, and proliferation financing of weapons of mass destruction. The Kingdom of Lesotho will continue to liaise and cooperate with the entire ESAAMLG family who have consistently assisted her towards the development of the Lesotho's legal and institutional frameworks.



Ministry of Finance and Development Planning receiving part of 50 million Maloti recovered from Republic of South Africa in Maseru on 03 June 2023.

DCEO receiving 5 million Maloti (part of 50 million) from Republic of South Africa in Bloemfontein on 03 November 2023



Part of the property recovered in Bloemfontein, Republic of South Africa

REPUBLIC OF MADAGASCAR



General information about the country, including its economy, political and judicial structure, and legal system

Madagascar is a large island of 587,000 km² situated 400km southeast of the continent of Africa. The number of inhabitants is estimated at 29 million in 2021 with a growth rate of 2.4%. The 2010 Constitution states that Madagascar, also known as "The Republic of Madagascar", is a unitary and secular republican state. Democracy and the rule of law are the foundations of the Republic. The civil law system has been taken over by the legal system of Madagascar. The Constitution is the supreme law.

The organization of the State is based on 3 institutions and follows the principle of the separation of powers:

- The executive power is entrusted to the President of the Republic (elected for 5 years by direct universal suffrage) and the government (the Prime Minister, head of government, is appointed by the President in accordance with the proposal of the majority of the National Assembly and the ministers are appointed by the President after consultation with the Prime Minister),
- The legislative power is ensured by a bicameral parliament: the National Assembly and the Senate.
- The judiciary is constituted by the High Constitutional Court on the one hand, and the Supreme Court, the appeal courts and the courts attached to them on the other hand. In 2018, the Anti-Corruption Poles (Pôles Anti-Corruption) were created to prosecute and judge corruption and related offenses, as well as money laundering and terrorist financing.

From an economic point of view, the country is world-renowned for its rich biodiversity and its numerous natural assets. Poverty affects approximately 75% of the population in 2022. With a GDP per capita of approximately \$470 in 2022, Madagascar is a relatively small economy. The economic growth rate reached 4.2% in 2022. In terms of international trade, 45% of the export basket is made up of agricultural and fishery products. The primary sector accounts for the majority of employment but the tertiary sector is the main source of added value, contributing 52% to GDP in 2022.

Overview of financial institutions and DNFBPs in Madagascar and their supervision

The Malagasy financial sector is dominated by banks whose assets represent 25% of GDP. Commercial banks hold 84% of all financial assets, but they only provide their savings and credit products to a small portion of their customers. Only 8.5% of adults (aged 15 and over) have access to a transaction account, including for electronic money, and 5.73% of them have an account with a financial institution, including microfinance institutions. Madagascar has 13 banks, 16 microfinance institutions, 5 licensed insurance or reinsurance companies and 23 licensed bureaux de change.

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These financial institutions are supervised by the Banking and Financial Supervision Commission. The supervision of these entities still remains at the prudential level. It is not yet based on ML/FT risks.

The designated non-financial businesses and professions (DNFBPs) subject to supervision are made up of the accounting and legal professions (lawyers, chartered accounting and financial experts, notaries, bailiffs), casinos and gaming houses, real estate agents, car dealers, dealers in precious stones and jewelers, cash couriers and virtual asset service providers and trustees. In the absence of supervisory authorities defined by law, SAMIFIN has taken the initiative to ensure the supervision of real estate agents, car dealers, dealers in precious metals and stones and jewelers since this year (2024). For other entities, self-regulatory bodies can provide AML/CFT supervision. However, this supervision is not yet effective. SAMIFIN and some law enforcement agencies are in the process of implementing risk-based AML/CFT supervision.

Overview of money laundering and terrorist financing risks

An update of the NRA was initiated in 2022 and finalized in 2023. The overall ML risk is assessed at a high level, due to the high overall threat level and the moderate high level of national vulnerability. Tax and customs fraud and violations of the Exchange Code, corruption and trafficking (wildlife, drugs, precious stones and metals) have been identified as the main sources of illicit products. Among DNFBPs, the legal profession, car dealers, the real estate sector, cash couriers, dealers in precious stones and metals, and casinos are the most vulnerable to ML. As for financial institutions, microfinance institutions and insurance companies are the most exposed to ML risks.

The risk linked to TF is assessed at a medium level; resulting from the combination of medium threat level and medium high vulnerability level. No convictions for financing terrorism have been recorded to date. Particular attention deserves to be paid to the resurgence of transnational organized crime. The country's geographical proximity to countries with active terrorist groups and its potential exposure to forms of violent extremism and radicalization are also potential threats.

The porous borders easing all forms of transnational organized crime, the poverty of the population making it vulnerable to malicious financial incentives, the widespread corruption as well as the lack of coordination and synergy of action between the entities concerned all contribute to the country's vulnerability. The fluid interaction with neighboring countries is hampered by language barriers, as Madagascar is a French-speaking country surrounded by predominantly English-speaking countries.

AML/CFT policies, strategy and coordination

A first National Strategy to combat money laundering and terrorist financing (SNLBC/TF/PF) was adopted in June 2022 based on the results of the first national ML/TF risk assessment (NRA), carried out from 2017 to 2020. Following the update of the NRA in 2023, the above-mentioned strategy is currently being updated in relation to changes in the country's risks and context.

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The legal and institutional framework for AML/CFT/CPF having been consolidated by the recent adoption of new laws and regulations, the planned strategic actions aim at the effective implementation of the AML/CFT/CPF system. The objective is to implement the measures required to act responsibly against ML/TF/PF in line with the requirements of international standards.

The public-private partnership has been developed to ensure consistency of actions between the two parties. Capacity building and best practice sharing programs are implemented to promote the application of the risk-based approach.

Overview of technical compliance and effectiveness of the national AML/CFT/CPF system

Madagascar's legal and institutional framework underwent a first evaluation by the ESAAMLG in 2018. According to the results of this evaluation, in terms of technical compliance with the 40 FATF recommendations, Madagascar was rated compliant with 4, mostly compliant with 8, partially compliant with 14 and non-compliant with 13. As for the effectiveness, Madagascar's level of effectiveness was rated low for 10 immediate outcomes out of the 11 and moderate for one immediate outcome (IO 6). Since then, Madagascar has submitted 3 requests for re-rating on technical compliance. Madagascar is currently compliant with 9 out of the 40 recommendations and largely compliant with 14. It remains non-compliant with 7 recommendations and partially compliant with 10 recommendations.

Overview of the legal and institutional framework of AML/CFT and their implementation

The main law governing AML/CFT/CPF in Madagascar is Law No. 2018-043 of February 13, 2019 amended and supplemented by Law No. 2023-026 of February 1, 2024 on the Fight against Money Laundering, the financing of terrorism and financing of the proliferation of weapons of mass destruction (AML/CFT/CPF law).

Other laws and regulations complement the AML/CFT framework such as the law on terrorism and transnational organized crime, the law on Anti-Corruption Poles, the law on international cooperation in criminal matters, the Decree on the creation, organization and operation of the financial intelligence unit, the Decree on the organization and operation of the coordination and orientation committee for the fight against money laundering and the financing of terrorism (CNOC), and the instructions of the Banking and Financial Supervision Commission.

“SAMIFIN”, the Financial Intelligence Unit leads the AML/CFT/CPF in Madagascar.

The national strategy to combat money laundering and the financing of terrorism is adopted by the coordination and orientation committee for the fight against money laundering and the financing of terrorism (CNOC), which oversees its implementation and facilitates cooperation between the different stakeholders in the fight.

Challenges and Perspectives

Madagascar is committed to fighting ML/TF/PF, but many challenges still remain. These challenges include among others the compliance with international standards, the low rate of prosecutions and convictions in relation to ML/TF/PF, the deficiencies in the collection and maintenance of statistical data and the supervision of DNFBPs and coordination between entities. To overcome these challenges, the following perspectives are considered:

- Strengthening the legal and institutional framework, and setting up effective enforcement measures.
- Capacity building for investigative and prosecuting authorities.
- Reinforcement of investigation and mutual legal assistance mechanisms to cover the transnational dimension of AML/CFT/CPF.
- Establishment of an effective collaboration framework and strengthening of communication between stakeholders.
- Establishment of an adequate and effective data management system and strengthening of the capacity of competent authorities to collect and update AML/CFT statistics.
- Deployment of risk-based supervision to ensure proactive risk management.
- Establishment of the beneficial owners register.
- Setting up and operationalizing the FIU training center.

Conclusion

Madagascar has made progress in the fight against ML/TF/PF, but significant efforts are still needed to improve the effectiveness of the national system to mitigate the high risks of money laundering and terrorist financing. The country is resolutely committed to complying with international standards and has put in place a number of measures to combat ML/TF/PF. However, there is still some way to go for the national system to be fully effective.

REPUBLIC OF MALAWI



General Background

The Republic of Malawi is located in Southern Africa and borders Tanzania to the East and North-East, Zambia to the North-West, and Mozambique to the South, South-East and South-West. It has a territory of about 118, 484km², with an estimated population of 20 million people.

Agriculture is the main determinant of economic performance in Malawi, contributing around 22 percent to Malawi's Gross Domestic Product (GDP). The estimated GDP for the country was US\$14.08-billion in 2023. Further, agriculture drives growth in the other economic sectors like manufacturing, mining, tourism, fisheries and transport. To steer growth and development, the current public policies have targeted five key priority areas, which are; agriculture and climate change management; education and skills development; energy and industrial development; transport and ICT infrastructure development; and health and population management.

Malawi became an independent state on 6th July 1964. The country was under one party rule until May 1994 when it transformed to multiparty democracy. The system of governance is presidential where the country's state president serves as both the head of state and head of government. Previously, the President's election was through popular ballot for a five-year term in a first-past-the-post electoral system in which the candidate who gets majority of the votes takes up the office. From February 2023, the Elections Act was amended and provided for absolute majority system for one to be elected as President. The Government has three branches, namely; Executive, Legislature and Judiciary and these are clearly provided for in the country's Constitution. Malawi is a unitary State with a unicameral legislature. The 193-member parliament has a role to represent the electorate, make laws and play check and balances to the Executive. The members are elected on a five-year term in single-seat constituencies. The Malawi Constitution clearly provides for separation of powers of the Executive, the Legislature and the Judiciary. Administratively, the country is divided into northern, central, southern and eastern regions, which are further divided into 28 districts. The country's capital is Lilongwe.

Legal and Judicial System

The Malawi Legal System is based on the English Law, which has been modified since 1969. The Judiciary interprets and applies the laws of Malawi and provides for a mechanism for conflict resolution. The Judiciary is composed of Magistrate Courts, High Court, and Supreme Court of Appeal. The Supreme Court of Appeal, made up of the Chief Justice and nine other justices, is the highest court of justice in the country. The High Court handles any civil or criminal case and has a general division which hears appeals from the subordinate courts such as the Industrial Relations Court on employment related issues, Commercial Division on commercial or business cases, Financial Crimes Court launched in May 2024 established to expedite corruption and other financial crime cases, and magistrate courts as they handle both civil and criminal cases except for most serious offences of treason, murder or manslaughter. A single judge, with no jury, hears most High Court cases. Three

judges hear cases that concern the question of constitutionality.

Overview of Financial and DNFBP Sectors

Malawi's financial sector comprises the Reserve Bank of Malawi (RBM) which is the overall supervisory authority for the sector. The RBM supervises 8 commercial banks; 7 Pension service companies; 20 standalone pension funds; 9 unrestricted pension funds; 4 pension funds under umbrella; 9 corporate trustees for pension fund; 4 pension brokers; 3 stockbrokers; 23 foreign exchange bureaus; 8 portfolio managers; 6 life insurance companies; 8 general insurance companies; 1 re-insurance firm; 1 re-insurance broker; 24 insurance brokers; and 15 microfinance service providers and 93 Savings and Credit Cooperatives (SACCOs). The banking sector is the largest financial sub-sector with an estimated asset value of USD 3.52 billion as of June 2022.

Malawi had 4 casinos, 49 individuals registered real estate agents and valuers; 216 mineral license holders; 507 licensed lawyers (excluding those employed in government) and 185 licensed law firms; and 57 fully qualified practicing members of Institute of Chartered Accountants in Malawi (ICAM) with 30 licensed accountancy and auditing firms as of June 2023.

Overview of ML/TF Risks

Malawi conducted its National Risk Assessment (NRA) on ML/TF in 2013 and this was updated in 2018 using the World Bank Tool. Another NRA update was in progress in 2024. According to the 2018 NRA findings and the cases handled by Law Enforcement Agencies over the years, the most proceeds-generating predicate offences were corruption, fraud, tax crimes, smuggling, wildlife offences, and illegal externalisation of foreign exchange. There is a considerable number of cases investigated and prosecuted, and some resulting in convictions particularly for corruption, theft, fraud, wildlife, tax crimes and ML. Based on previous assessments, the overall threat to TF in Malawi is Low and the threat is primarily from the external environment. Malawi has never experienced any incidents of terrorism. Further, the country was finalising risk assessments of NPOs and VASPs in 2024.

AML/CFT Policies, Strategy and Coordination

The Country has a National AML/CFT/CFP Policy approved by the Government in February 2023. It drives the implementation of AML/CFT measures in the Country. The Country has in place a National AML/CFT Committee established administratively and co-chaired by the Secretary to the Treasury and FIA. There is also a National AML/CFT Task Force, which handles technical assignments considered by the National AML/CFT Committee. Further, the Country has a National Counter-Terrorism Panel with the mandate to spearhead implementation of United Nations Security Council Resolutions 1267 and 1373 and successor resolutions. In October 2023, the Country launched a National Strategy on Countering Terrorism and Violent Extremism. The Strategy is for the period from 2023 to 2028. The Country's coordination extends to joint investigations and prosecution by the law enforcement, joint inspections of financial institutions and DNFBPs by supervisory authorities, and joint inspections of DNFBPs by the FIA and self-regulatory bodies. Further, the Country signed a multi-agency Law Enforcement Coordination Strategy in 2021 that guides

coordination among LEAs and other agencies that keep vital information relevant for investigations and asset tracing. Compliance with AML/CFT obligations is implemented to a greater extent by financial institutions than the DNFBPs. Supervision of reporting institutions, particularly financial institutions, is risk-based. The responsible authorities are the Reserve Bank of Malawi and FIA.

Overview of AML/CFT Legal and Institutional Frameworks and their implementation

The Financial Crimes Act 2017 is the primary legislation governing the country's AML/CFT regime. This law repealed the 2006 Money Laundering, Proceeds of Serious Crime and Terrorist Financing Act. In addition, there are other pieces of legislation aligned to the operations of specific law enforcement agencies; supervisory authorities and self-regulatory bodies, which help position the country's AML/CFT regime. The Malawi Police Service, Anti-Corruption Bureau, FIA, Malawi Revenue Authority and the Department of National Parks and Wildlife carry out ML investigations. The task of investigating TF and terrorism falls under the Malawi Police Service. The National Intelligence Service coordinates responses to TF and terrorism threats facing the country.

The FIA's continued membership with the Egmont Group of FIUs has helped in swift sharing of information with other FIUs across the globe. To complement this, the FIA has 26 MoUs with other FIUs, 15 of which are from the ESAAMLG region. Owing to the good working relationship among various domestic AML/CFT stakeholders, Malawi has since 2013 secured over 30 convictions on ML. Malawi has about 50 officers trained as assessors with over 34 officers trained by the ESAAMLG Secretariat during an in-country training program held in February 2018.

Challenges and Future Plan

Development of legislation takes a lot of time but Malawi has ensured that the key pieces of legislation are in place. This has helped the Country to implement AML/CFT measures based on a sound legal framework. Moving forward, the Country will enact additional laws and amend some to align them with the ever changing demand on combating ML, TF, PF and other financial crimes and address the deficiencies highlighted in the 2019 Mutual Evaluation Report. Further, the Country will also continue to utilise capacity building programs facilitated by the ESAAMLG Secretariat and other supporting partners such as the EU, IMF, FCDO, USAID, Basel Institute on Governance, AGA-Africa, COMESA Secretariat and SADC Secretariat, among others.

Conclusion

Malawi is committed to continue enhancing its AML/CFT regime aimed at protecting the integrity and stability of its financial system.



MoU signing by FIA and Office of the Director of Public Officers' Declarations in 2017 (choose any photos)



Malawi in-country Assessors Training, Linongwe, Malawi, February 2018

REPUBLIC OF MAURITIUS**General Background about the Country**

Mauritius is an island nation of 2040 square kilometres off the southeast coast of the African Continent in the southwest Indian Ocean. It has a population of about 1.2 million and is a melting pot of cultures, influenced by African, European, Chinese and Indian tradition. The official language is English. The other written and spoken languages are French and Mauritian Creole. Since its independence in 1968, Mauritius has developed from a low-income, agriculturally based economy to an upper-middle-income diversified economy with growing industrial, tourism and financial sectors. The economy is also expanding into fish processing, information and communication technology, and hospitality and property development.

As a jurisdiction of substance and repute, Mauritius adheres to all international best practices in terms of its regulatory and legal framework. It is 'compliant' or 'largely compliant' with all the 40 FATF Recommendations and it has no harmful tax practices as assessed by the OECD. As regards its legal system, the highest Court of appeal in Mauritius is the Privy Council. This judicial structure ensures stability, predictability and certainty to investors and stakeholders.

Overview of Mauritius International Financial Centre

Mauritius stands as a major International Financial Centre in the heart of the Indian Ocean, with a well-established and diverse financial sector playing a pivotal role in shaping the nation's economic landscape. This sector, a cornerstone of the Mauritian economy, contributed 13.5% in 2022 to the country's GDP. The financial sector is broadly categorised into the following sub-sectors: banking, securities, insurance, trust and company service providers, and comprises other financial institutions, such as non-bank deposit taking institutions, cash dealers and leasing activities.

Overview of the Designated Non-Financial Businesses and Profession Sectors

The Designated Non-Financial Businesses and Professions (DNFBPs) in Mauritius comprise law firms, barristers, attorneys, notaries, accountants, casinos, dealers in precious metals and stones, company service providers and real estate agents.

Overview of ML/TF Risks

The key findings of the 2019 National Risk Assessment (NRA) of Mauritius indicated that the overall Money Laundering (ML) risk for Mauritius was Medium-High with a ML threat and a ML vulnerability rating of Medium-High.

According to the NRA findings, the domestic ML threat emanated from the following main proceeds-generating crimes: drug trafficking, fraud, illegal bookmaking, high value larcenies and tax crimes. Mauritius is also exposed to external ML threats by virtue of its strategic geographical location in the

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African-Asian financial corridor and as an International Financial Centre. The threat mainly emanates from proceeds of crime derived from predicate offenses, namely fraud (including tax fraud) and corruption committed outside of Mauritius. Funds are moved through the financial services sector in Mauritius as a transit destination either by the criminals themselves or through the use of professional money launderers.

The overall national ML vulnerability rating was Medium-High due to an overall national combatting ability being rated as Medium-Low as a result of the absence of a formal risk based AML/CFT policies. It must be highlighted that although a formal policy had not been adopted, numerous actions had been undertaken to combat ML, namely, with respect to drug trafficking which was the topmost proceeds generating offence. The overall national ML vulnerability rating was also influenced by a High vulnerability rating in the Gambling, Real Estate and Jewelry sectors, and a Medium-High vulnerability rating in Trust and Company Service Providers, Securities, Legal Professions and Non-Bank Financial Services (under supervisory purview of FSC) sectors.

The 2019 NRA showed that the Terrorism Financing (TF) threat in Mauritius was Medium-Low for various reasons. There has been no reported terrorist attack in the country and no known cases of funds raised in Mauritius for use in the financing of terrorism related activities within the country. There are no known cases of domestic based terrorists or terrorist organisations targeting home or foreign jurisdictions, and no known cases of terrorists or terrorist organisations on a global scale targeting Mauritius. However, the authorities have detected a few cases of terrorist fighters of Mauritian origin who travelled to Syria. The authorities are aware that, as an international financial services centre, Mauritius could be vulnerable to terrorism financing abuse and, therefore, remain vigilant in this respect.

It should be highlighted that Mauritius also assessed the risks of misuse of legal persons for ML in 2019 and the TF Risks associated with Non-Profit Organisations in 2020. In 2021, Mauritius conducted a ML/TF Risk Assessment of Virtual Assets/Virtual Asset Service Providers. Mauritius is currently conducting its second ML/TF National Risk Assessment as well as the ML/TF Risk Assessment of Legal Persons and Legal Arrangements.

AML/CFT Policies, Strategy and Coordination

Mauritius 2019-2022 National Strategy has been formulated based on the 2019 NRA and the gaps identified in the AML/CFT Mutual Evaluation Report of Mauritius published in September 2018. In addition, a National Action Plan, supported by agency-level action plans, was also developed. A revised AML/CFT National Strategy will be adopted by Mauritius based on the findings of the different risk assessments which are currently underway.

Key AML/CFT Committees include the Inter-Ministerial Committee led by the Prime Minister, the Core Group for AML/CFT chaired by the Financial Secretary and the National Committee on AML/CFT chaired by the Permanent Secretary of the Ministry of Financial Services and Good Governance. The coordination of AML/CFT matters falls under the purview of the Ministry of Financial Services and

Good Governance. The Ministry does not only oversee the implementation of AML/CFT activities but also plays a central role in coordinating national AML/CFT legislative, administrative, and policy reforms.

Overview of AML/CFT Compliance and Supervision

The AML/CFT supervisory function in the financial sector and DNFBPs is spread amongst the following agencies:

(a) Financial Sector Competent Authorities

- Bank of Mauritius
- Financial Services Commission
- Registrar of Cooperative Societies

(b) DNFBP Competent Authorities

- Gambling Regulatory Authority
- Financial Intelligence Unit
- Registrar of Companies
- Mauritius Institute of Professional Accountants

Overview of AML/CFT Legal and Institutional Frameworks and their Implementation

Mauritius has established various agencies which administer and oversee various areas of the AML/CFT regime. In addition to the AML/CFT Supervisors listed above, the main authorities involved in AML/CFT matters are the relevant Ministries, Criminal Justice and Operational Agencies, Legal Persons and Arrangements and Non-Profit Organizations Competent Authorities and Other Relevant Authorities such as National Sanctions Secretariat and the Prime Minister's Office.

Challenges and Future Plan

The evolving nature of ML/TF risks, stemming for instance from the rapid advancement in technology and the emergence of new financial products and services, requires continuous attention as well as a coordinated and multi-faceted approach from competent authorities. As part of its future strategies to continuously sustain its AML/CFT measures and address its challenges, amongst others, Mauritius will be embarking on several initiatives such as updating its TF risk assessment for Non-Profit Organizations (NPOs), conducting the proliferation financing risk assessment and introducing of an AML/CFT legislation to address remaining minor technical deficiencies and revisions pertaining to the FATF Recommendations, as well as any legislative gaps identified during the Risk Assessment exercises.

Conclusion

In a nutshell, being 'Compliant' or 'Largely Compliant' to all 40 FATF Recommendations demonstrates the unwavering commitment of the Government of Mauritius in the fight against money laundering and terrorism financing. The continuous and evolving nature of efforts in

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implementing and sustaining AML/CFT measures as well as addressing new and existing challenges bear testimony to further safeguard the financial eco-system and contribute to greater global security and stability.



A regional workshop was organised in November 2021, in collaboration with the EU AML/CFT Global Facility, on “*Compliance with international and EU Requirements concerning the FATF Recommendation 8*” in Mauritius.



The Ministry of Financial Services and Good Governance, in collaboration with the EU AML/CFT Global Facility, hosted a study visit in Mauritius on the best practices in Risk-Based Supervision of Non-Profit Organisations for Jordan, Turkiye and Zambia from 18 to 20 July 2022.



A workshop on “*Tax Good Governance, Anti-Money Laundering and Countering the Financing of Terrorism*” was co-organised by the Secretariat of the Organisation of African, Caribbean and Pacific States and the Ministry of Financial Services and Good Governance from 26 to 30 January 2023.

REPUBLIC OF MOZAMBIQUE



General Overview

Mozambique is located in the southern part of the African continent. It is part of the Southern Region, with a total area of 801,590 km², with a population of 28,861,000, according to statistics for 2017. To the north it borders Tanzania, the West with Zambia, Malawi, Zimbabwe and South Africa, the Southwest and South with South Africa and the Kingdom of Eswatini, and the East with the Indian Ocean. It is administratively divided into 11 provinces, namely Niassa, Cabo Delgado, Nampula, Zambezia, Tete, Manica, Sofala, Inhambane, Gaza, Maputo and Maputo City (province status), and in 154 districts and 53 municipalities.

Regarding the Legal System, the Republic of Mozambique has adopted the Roman-Dutch system, also known as "Civil Law", being governed by a Constitution that establishes a rule of Law and a Democratic State. It has three organs of power, namely the Executive (President of the Republic and the Cabinet or Council of Ministers), the Legislative (Parliament) and the Judiciary, which comprises the organs of Administration of Justice.

General Overview of ML/TF RISKS

Mozambique conducted its National Risk Assessment (NRA) on ML/TF in March 2022 and this was updated in December 2023 using the World Bank Tool. This exercise was participated by the public sector, private sector and civil society. Mozambique's vulnerability to ML/FT is Medium High. The proceeds-generating predicate offences are commonly corruption, drug trafficking, fraud and tax crimes, Kidnapping, smuggling, wildlife offences. As part of the update of the National Assessment of FT Risks, Mozambique approved a National Strategy to Combat FT, through Resolution No 56/2023, of 29 December.

Mozambique has completed the sectoral risk assessment on the NPOs sector and has identified NPOs that fall within the FATF definition of NPOs that are more likely to be at risk of TF abuse by virtue of their activities or characteristics.

AML-CFT COORDINATION MECHANISM

Mozambique has established a mechanism for effective coordination and communication between relevant authorities. The National Risk Assessment (NRA) and the National Strategy for Preventing and Combating Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction are the main guidance instruments under the ML/TF regime in Mozambique. mechanism comprises all the relevant authorities part of the ML/TF regime in Mozambique, as described below.

The High-Level Coordination Committee is chaired by the Prime Minister. High-Level Coordination Committee reports to the Council of Ministers to act as the deliberative and decision-making body at ministerial level for the entire national policy to tackle ML and TF, the National Risk Assessment and monitors the activities of the Executive Coordination Committee.

The Executive Coordination Committee is chaired by the Minister of Economy and Finance and is responsible for liaising with all the relevant Authorities involved in the implementation of the National Strategy. The ECC is also responsible for drawing up strategies for the prevention of money laundering and terrorist financing and coordinates the measures to contain related risks and is also responsible for drafting and adopting the ML/TF National Risk Assessment on Money Laundering and Terrorism financing and the correlated strategies to address such kind of risks and it is also in charge of the coordination of the national AML/CFT policies. The ECC also coordinates anti-money laundering and anti-terrorist financing policies and represents Mozambique in international forums, both at ESAAMLG, FATF and other international bodies.

LEGAL FRAMEWORK FOR ANTI-MONEY LAUNDERING AND FINANCING OF TERRORISM

Regarding the measures to prevent and combat money laundering and fight against the financing of terrorism, Mozambique ratified the Vienna Convention and the Palermo Convention. Mozambique is also a signatory of the United Nations conventions against Corruption (Merida Convention) and adopted by the African Union. In November 2019, Mozambique underwent a process of Mutual Evaluation carried out by (ESAAMLG). As a way of addressing the deficiencies identified in the Mutual evaluation report, the government of Mozambique came up with a five years action plan, Post Mutual Evaluation Report and also approved a National Strategy to Prevent and Combat Money Laundering and Terrorism Financing.

ANTI-CORRUPTION BUREAU

The Anti-Corruption Unit is responsible for coordinating actions to prevent and combat corruption offences. Therefore, this presupposes that the task of preventing and combating corruption lies not only with the Anti-Corruption Unit, but also with other public and private entities, as well as society in general. As far as public bodies are concerned, it is defined that each public institution must take measures to prevent and combat corruption.

BANK OF MOZAMBIQUE AML/CFT INITIATIVES FOR THE FINANCIAL SECTOR

The financial services sector is regulated and supervised by two independent institutions - namely the Bank of Mozambique, and the Mozambique Insurance Supervision Institutes. The banking sector is very active and mature, with fifteen commercial banks, all characterized by varying degrees of foreign ownership. The two largest banks are owned by Portuguese banks. To address the challenges imposed by new technologies, BOM has enacted the new legal framework to allow the registration of Virtual Asset Service Providers.

MOZAMBIQUE FINANCIAL INTELLIGENCE UNIT (GIFiM)

The government of Mozambique has established the *Gabinete de Informação Financeira de Moçambique*, abbreviated as GIFiM, the Mozambican Financial Intelligence Unit, as an administrative FIU. It is a state agency with national representation and it has administrative and technical autonomy, functioning under the auspicious of the Council of Ministers.

NATIONAL CRIMINAL INVESTIGATION SERVICE (SERNIC)

SERNIC was created by Law 2/2017 of January 9, replacing the extinct Criminal Investigation Police Unit. SERNIC is a public service of paramilitary nature, auxiliary of the administration of justice endowed with administrative, technical and tactical autonomy without prejudice to the guardianship exercised by the Minister who oversees the area of order, security and public safety, in matters that do not affect its autonomy, in accordance with Article 3 (1).

THE ANTI-CORRUPTION UNIT

- Law No. 16/2012, of August 14 (Law on Public Probity): this Law is intended to establish the basis for safeguarding public morality and respect for public property and regulates various aspects such as ethical duties and principles, prohibitions to civil servants, declaration of assets by certain categories of servants and conflict of interest. Regarding the issue of prevention and combat of conflict of interest the law established the Central Commission of Public Ethics and provides that in each public institution there should be a public ethics committee.

Cooperation between the Anti-Corruption Unit (GCCC) with other entities in dealing with investigation of crimes of corruption

The Anti-Corruption Unit has signed a Memorandum of Understanding with the Ministry of Interior, which focuses on preventive and repressive activity in the Immigration Services; due to the fact that several acts of corruption are committed by agents connected to these Services (extortion and illegal charges against foreign citizens, illegal entry of foreigners through bribes, fraudulent issuance of Passports, Documents for Foreign Resident in the country and other documents through bribes, etc.

Challenges and Future Plan

The key pieces of legislation are in place. This has helped the country to implement AML/CFT measures based on a sound legal framework. Moving forward, the country will enact additional laws and amend some to align them with the ever changing demand on combating ML, TF, proliferation of weapons of mass destruction and other financial crimes. Mozambique will also enhance risk-based supervision of reporting institutions and DNFBPs; capacitate law enforcement, supervisory

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authorities and other relevant government ministries and agencies with requisite resources and skills, and commence imposing administrative monetary penalties on non-compliant reporting institutions.

Conclusion

Mozambique continues to make remarkable strides in fighting money laundering, terrorist financing and other financial crimes aimed at protecting the integrity and stability of its financial system, and in turn financial integrity of the world.

REPUBLIC OF NAMIBIA



General background about the country including its economy, political and judicial structure and legal system

Namibia is a large country in Southern Africa bordering Angola to the north, Botswana to the east, Zambia to the northeast and South Africa to the south, with Windhoek as its capital city. The country has a small population of 3 million people and is divided into 14 regions: Zambezi, Erongo, Hardap, Karas, Khomas, Kunene, Ohangwena, Kavango East, Kavango West, Omaheke, Omusati, Oshana, Oshikoto, and Otjozondjupa. Namibia is classified as an upper-middle income country and the Namibian currency is the Namibia Dollar (NAD or N\$). In the last three decades, the average economic growth rate and unemployment rate were 3.09 percent and 23.3 percent, respectively.

Namibia has an uncodified legal system, meaning that there is no single primary source where the law originates. The Constitution is the supreme law, meaning that all law or conduct inconsistent with it is unlawful and invalid. Previous judicial decisions are also authoritative and therefore constitute legal precedent.

Overview of Financial and Designated Non-Financial Businesses and Professions (DNFBP) Sectors

The financial sector in Namibia comprises of Commercial Banks, Non-Banking Financial Institutions (NBFIs), Money Value Transfer Services (MVTs) and Authorised Dealers with Limited Authority (ADLAs). Banks, MVTs and ADLAs are regulated by the Bank of Namibia (BoN) for prudential purposes while the Financial Intelligence Centre (FIC) is the AML/CFT²² supervisor of these institutions. NBFIs (consisting of Unit Trust Managers, Stockbrokers, Investment Managers, Linked Investment Service Providers, Long term Insurance service providers, Unlisted Investment Managers and Special Purpose Vehicles, Micro-lending institutions and Friendly societies) are regulated by the Namibia Financial Institutions Supervisory Authority (NAMFISA) for both prudential and AML/CFT purposes and have more asset value than commercial banks.

Namibia covers the full scope of DNFBPs as required by the FATF Standards. In addition, Namibia designated auctioneers, customs and forwarding clearing agents and motor vehicle dealers (MVDs) as DNFBPs for purposes of AML/CFT²³. All DNFBPs have prudential regulators, with the FIC as AML/CFT supervisor. The greatest ML risk exposure are real estate agents and legal practitioners due to the provision of trust and company services and conveyancing services. The TF risk is negligible in the DNFBP sector.

²² Anti-Money Laundering and Combating the Financing of Terrorism.

²³ Designation was done as a result of country risk context.

Overview of ML/TF Risks

Namibia was amongst the first countries to have conducted a national risk assessment (NRA) risk assessment in 2012, which was updated during the period 2016 to 2018 and fully revised in 2020/2021. The revised NRA was updated in 2023 and had a focused scope to review risks related to TF²⁴, Virtual Assets Service Providers (VASPs) as well as legal persons and - arrangements. It includes a chapter on VASPs, legal persons and – arrangements and Non-Profit Organisations (NPOs). The updated NRA has translated into risk-based supervision strategies to ensure that the FIC and law enforcement agencies align their priorities to the identified risks.

The major proceeds-generating crimes remained largely the same over the years. Tax related offences, corruption/bribery and fraud appear to be the consistent proceed-generating crimes. The most vulnerable sectors are banks and ADLAs, while other NBFIs and DNFBPs are largely within the medium to lower risk levels. Real Estate Agents, Legal Practitioners and Asset Management (and such similar investment services) are within the Medium-to-Medium Low risk range while typical insurance and casino services are in the lower risk range. The overall national ML risk is well supported at Medium-High.

Enhanced vulnerabilities in the TF combatting framework increased the overall TF risk level of the country to a Medium rating. The few identified potential TF incidences indicated that threats are most likely to occur through the remittance of funds to high-risk jurisdictions, via banks and ADLAs. A common trend noted amongst persons suspected of advancing TF is radicalisation.

Namibia's national PF risk level was rated Medium-Low in the 2021 NRA, primarily due to potential threats and vulnerabilities observed in the earlier part of the five years leading up to the 2021 NRA. Over the last 8 years, no such proliferation or PF related threats were observed.

AML/CFT Policies, Strategy and Coordination

Since 2012, the country produced corresponding AML/CFT strategies to address risks identified in the National Risk Assessment (NRA). With every release of the findings of the NRA updates since 2012, Namibia produced corresponding AML/CFT strategies to address the identified risks.

Namibia revised its AML/CFT strategy to consider the results of the 2021 NRA. The Strategy and the NRA combined provide monitoring and evaluation of implementation framework with each agency/institution required to provide regular progress to the Anti-Money Laundering and Countering Financing of Terrorism and Proliferation Council (AML/CFT/CPF Council) as the national policy coordinating body and Government's main AML/CFT policy advisor.

Overview of AML/CFT Compliance and Supervision

The FIC and NAMFISA are the only two statutory bodies designated under the FIA for AML/CFT

²⁴ Terrorist Financing

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supervision in Namibia.. For all DNFBPs and entities prudentially regulated BoN, the licensing and registration requirements are set out in different legislations and applied by a range of regulatory bodies including BoN, Public Accountants and Auditors Board, Casino Board, Ministry of Mining, Law Society of Namibia and Namibia Estate Agents Board. The FIC has powers in terms of the FIA to enforce compliance with the AML/CFT/CPF obligations, while the respective prudential regulators enforce compliance with market entry requirements.

Both the FIC and NAMFISA adopted a risk-based approach and prioritizes supervisory activities guided by risk understanding gained through institutional, sectoral and national risk assessment. Through supervision, these supervisory bodies ensure that financial institutions (FIs) and DNFBPs under their purview develop risk understanding and apply preventative measures to the extent commensurate with the risks identified.

Overview of AML/CFT Legal and Institutional Frameworks and their implementation

From the time of the adoption of its first MER in 2007, Namibia has been taking steps to address the identified legal and institutional deficiencies. The enactment of POCA²⁵, FIA²⁶ and PACOTPA²⁷ improved the criminalisation of ML, TF & PF offences, provided for identification and verification of Beneficial Ownership and broadened the scope of sanctions, among other requirements. The FIA created and expanded the operations of the Financial Intelligence Unit (FIU) and established a National AML/CFT/CPF Council; the ICCMA²⁸ provides for international cooperation and the PACOTPA provides for implementation of UN Security Council Resolutions on TF and PF.

Several institutions make up the AML/CFT institutional framework of Namibia. At the centre of the institutions is the Ministry of Finance, with the FIC responsible for directing and coordinating the AML/CFT activities. Namibia has key structural elements for adoption and implementation of an effective AML/CFT system. These include political and public administration stability, rule of law, independent judiciary and respect for private property. The AML/CFT/CPF Council coordinates national policy formulation while the Technical Committee to the Council facilitates coordination at operational level.

Challenges and Future Plan

Major challenges that hamper effective implementation can be lumped under the following 3 categories, as also identified in Namibia's mutual evaluation report that is: lack of resources, domestic coordination and the use and integration of financial intelligence in investigations. To address these deficiencies, the Namibian Government requested all relevant stakeholders to do a resource needs analysis and such needs were submitted to the Minister of Finance for action. Most stakeholders already started to increase human resources by filling vacant positions. Competent Authorities institutionalised domestic cooperation and the use of financial intelligence by incorporating

²⁵ Prevention of Organised Crime Act, 2004 (Act No. 29 of 2004), as amended.

²⁶ Financial Intelligence Act, 2012 (Act No. 13 of 2012), as amended.

²⁷ Prevention and Combating of Terrorist and Proliferation Activities Act, 2014 (Act No. 4 of 2014), as amended.

²⁸ International Co-operation in Criminal Matters Act, 2000 (Act No. 9 of 2000), as amended

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measures into their Strategic and Training Plans. The Authorities also successfully engaged reputable technical assistance providers for capacitation purposes across the board.

Conclusion

The Government of Namibia accorded the highest level of political commitment to enhancement of the national AML/CFT framework to not only address FATF action items, but more so to put in place long term sustainable solutions to safeguard the Namibian financial system and to effectively combat crime, including ML, TF and PF.

REPUBLIC OF RWANDA



General background

Rwanda is a landlocked country situated in the central Africa. Also known as '**The Land of a Thousand Hills**', Rwanda has five volcanoes, 23 lakes and numerous rivers, some forming the source of the River Nile. The country lies 75 miles south of the equator in the Tropic of Capricorn, 880 miles 'as the crow flies' west of the Indian Ocean and 1,250 miles east of the Atlantic Ocean - literally in the heart of Africa. Rwanda is bordered by Uganda to the north, Tanzania to the east, Burundi to the south and the Democratic Republic of Congo to the west²⁹. Rwanda population has reached 13.6 million people living on 26,338 square kilometers³⁰. The official languages are Kinyarwanda, French, English and Swahili and its capital City is Kigali.

In 2023, GDP at current market prices was estimated at Frw 16,355 billion, the services sector accounted for 44% of the GDP, the agriculture sector contributed 27%, and the industry sector contributed 22% while Net indirect taxes accounted for 7%. Rwanda is a constitutional democracy with the President as the Head of State. In terms of the Constitution, the Parliament of Rwanda consists of two chambers, the Chamber of Deputies and the Senate of Rwanda. The Judiciary of Rwanda is composed of Ordinary and Specialized Courts and is entrusted with the mission of protecting rights and freedom. Governed by the High Council of the Judiciary.

Rwanda's legal system is a blend of influences from both civil law and common law traditions. Originally based on the Belgian civil law system, Rwanda has undergone legal reforms since 2002. After joining the Commonwealth in 2009, the country's legal system evolved into a hybrid, incorporating elements from both civil law and common law.

Overview of financial and DNFBP sectors

The Rwandan financial sector comprises banks and microfinance, insurance, securities, pensions, foreign exchange bureaux, money remittances, and payment services providers. Except securities that are regulated and supervised by the Capital Market Authority; other financial services are supervised and regulated by the National Bank of Rwanda. The Banking sector dominates other financial sectors.

Designated Non-Financial Business and Professions sector is comprised of advocates; notaries and other independent legal professionals; auditors; accountants and tax advisors; real estate agents; dealers in precious metals and in precious stones; natural persons, institutions, or companies involved in the business of distributing money; casinos and national lotteries gaming halls; trust, or

²⁹ [Government of Rwanda: About the government of Rwanda \(www.gov.rw\)](http://www.gov.rw)

³⁰ See the latest report of the National Institute of Statistics of Rwanda: [GDP Calendar year publications | National Institute of Statistics Rwanda](#)

company service providers.

Overview of ML/TF risks

Recommendation 1 of FATF requires all countries to conduct the National Risk Assessment to identify, assess and understand their risks in order to apply the risk-based approach in mitigating ML/TF risks. Rwanda conducted its first National Money Laundering and Terrorist Financing Risk Assessment from July 2017 to December 2018; the report was approved in May 2019. The assessment revealed that, ML Risk in Rwanda was Medium while the TF risk was Medium Low. In bid to understand the current ML/TF Risks, Rwanda conducted a desk review in 2023 covering the period from 2018 to 2022 (the last five years). According to findings of the desk review the overall ML Risk has decreased from Medium-to-Medium Low while the overall risk TF remains Medium Low.

AML/CFT Policies, Strategy and Coordination

In 2023, Rwanda developed an Anti-Money Laundering, Countering Financing of Terrorism and Countering Financing of Proliferation of Weapons of Mass Destruction (AML/CFT/CFP) policy to prevent these financial crimes and to set guidance for compliance with AML/CFT/CFP standards. The policy contains strategic objectives which aim at strengthening the AML/CFT/CFP legal and regulatory framework and the capacity of stakeholders to implement the AML/CFT/CFP requirements; promoting regional and international cooperation on AML/CFT/CFP matters; enhancing national coordination efforts and cooperation on AML/CFT/CFP matters and investigation, prosecution, and adjudication of ML/TF/FP matters; implementing targeted financial sanctions related to terrorist financing and financing of proliferation and ensuring sufficient compliance with the FATF Standards.

The coordination at the national level is ensured through the Coordination Council responsible for preventing and fighting money laundering, financing of terrorism and financing of proliferation of weapons of mass destruction and the National Counter-terrorism Committee responsible for inter alia developing strategies for counter terrorism, publishing the domestic list, and identifying persons that meet the listing criteria for designation on the United Nations Sanctions List.

All reporting persons are obliged to comply with AML/CFT legal obligations. The implementation of AML/CFT& CFP Legal obligation by reporting persons is monitored by supervisory authorities; non-compliance with those legal obligations leads to the application of sanctions. The supervision for AML/CFT/CFP is ensured by a range of authorities. AML/CFT Compliance is ensured through supervisory activities including inspections, awareness and capacity building activities.

Overview of AML/CFT legal and institutional frameworks and their implementation

Rwanda has put in place a robust legal framework in order to mitigate the ML/TF risks. Since 2014, Rwanda has taken comprehensive steps to strengthen its AML/CFT legal system and the new specific Law n° 028/2023 of 19/05/2023 on the prevention and punishment of money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction was adopted. The Law clearly sets out obligations for reporting persons, responsibilities and powers of supervisory

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authorities, responsibilities, and powers of authorities in charge of investigation and prosecution; it provides also for specific requirements on non-profit organizations, and international cooperation provisions.

Rwanda has different competent authorities³¹ and supervisory authority³² which contribute to the effective implementation of AML/CFT/CFP requirements; these include: (a) The National Bank of Rwanda (BNR); (b) The Capital Markets Authority (CMA); (c) Rwanda Revenue Authority (RRA); (d) Rwanda Mines, Petroleum & Gas Board (RMB); (e) Ministry of Trade and Industry (MINICOM); (f) Ministry of Justice (MINIJUST); (g) Rwanda Bar Association (RBA); (h) The Institute of Certified Public Accountants of Rwanda (ICPAR); (i) Ministry of Foreign Affairs and International Cooperation; (j) Rwanda Development Board (RDB); (k) Rwanda Governance Board (RGB); (l) National Cyber Security Authority (NCSA); (m) Rwanda National Police (RNP); (n) National Intelligence and Security Service (NISS); (o) Rwanda Investigation Bureau (RIB); (p) National Public Prosecutors Authority (NPPA).

Rwanda has also established an independent Financial Intelligence Centre with the mission of conducting financial intelligence in order to prevent and to counter money laundering, terrorism financing and financing of proliferation of weapons of mass destruction and related crimes. There is a strong collaboration between those institutions ensuring an effective implementation of AML/CFT national program.

Challenges and future plan

The challenges that have been identified by the National Risk Assessment Report of 2019 include amongst others inadequate capacity in financial crime investigation and prosecution where required skills are needed in investigating and prosecuting ML/FT and other related crimes; the low level of understanding of AML/CFT obligations for some reporting persons. The Country has put in place mechanisms to address those challenges; capacity building program for LEAs and reporting persons was developed and the risk-based approach has been promoted in all aspects of AML/CFT program.

Conclusion

The Government of Rwanda is highly committed to preventing, detecting, and prosecuting money laundering, terrorist financing and financing proliferation to protect the financial system integrity and the stability of the country's economy in particular and the global financial system in general.

³¹ includes all public authorities with designated responsibilities for combating money laundering, terrorist financing and financing proliferation of weapon of mass destruction.

³² means the authority that regulates, supervises, controls, and monitors the functioning of reporting persons.

REPUBLIC OF SEYCHELLES



General background about the country including its economy, political and judicial structure, and legal system.

Seychelles is a small island nation consisting of 115 islands with its exclusive economic zone spanning over approximately 1.37 million square kilometers of ocean, with a current population of approximately 120, 581. The economy is mostly driven by tourism, with fisheries and offshore financial services as the other two vital sectors. The Seychelles GDP at current market value in 2023 stood at 29,094.1(R million).

The Seychelles has a hybrid legal system, where its civil law is imported from the French law and its criminal and commercial laws are imported from the British law. The Constitution of Seychelles is the supreme law. Seychelles is a dualist State. The legislative power of Seychelles is vested in the National Assembly under Article 85, the executive authority of the Republic is vested in the President under Article 66, and the Judicial power of Seychelles is vested in the Judiciary under Article 119. Each of these three organs operates as check and balance on one another. The judicial system consists of magistrates' courts, the Supreme Court, and a Court of Appeal.

Overview of financial and DNFBP Sectors

The Banking Sector

There is a total of 32 regulated entities that falls under the purview of the Central Bank of Seychelles (CBS). 21 are Bureaux De Change (BDC), one Credit Union (CU), one Payment Service Provider (PSP), two Non-Bank Credit granting Institutions (1 Development Bank and 1 Housing Finance Company).) and seven commercial banks.

Non-Banking Sector

The Financial Services Authority (FSA) is an independent body responsible for the licensing, supervision and development of the non-banking sectors covering insurance (domestic and non-domestic), the securities and investment (funds, securities exchange, clearing agencies, market participants) and fiduciary services (International Corporate Service Providers (ICSPs) Trustee Service Providers (TSPs), and Foundation Service Providers (FSPs)). The primary function of the ICSPs is to provide international financial sector clients with formation, management and administration of IBCs in Seychelles licensed under the IBC Act. They further act as registered agents, director, and nominee shareholder on specified entities., Trustee Service Providers (TSPs), and Foundation Service Providers (FSPs). The FSA is also the Registrar for International Business Companies (IBCs), Trusts, Foundations and Limited Partnerships (LPs).

DNFBP Sectors

The DNFBP sector in Seychelles comprises of the Trust and Company Service Providers (TCSPs) (mentioned above), the Gambling sector, Accountants and Auditors, Real Estate Agents, Precious Metals and Precious Stone dealers, Motor Vehicles Dealers (MVDs) and Legal Practitioners. There are 11 entities in the gambling sector, 4 casinos and 7 slot machines being regulated by the FSA, including AML/CFT supervision.

Accountants and Auditors are licensed by the Seychelles Licensing Authority (SLA) which exercises fit and proper market entry controls in collaboration with the AML/CFT supervisor for Accountants and Auditors- the FIU. 77 Accountants and Auditors are reporting entities to the FIU for AML/CFT purposes.

As per the Seychelles Estate Agents Register, there are 11 registered Real Estate Agents licensed by the Seychelles Licensing Authority (SLA). The 11 Real Estate Agents are reporting entities to the Financial Intelligence for AML/CFT purposes. Seychelles has designated MVDs as a high value dealer. 23 MVDs are reporting entities to the Financial Intelligence for AML/CFT purposes. The Registrar of the Supreme Court is responsible for the issuing of licences as required under the Legal Practitioner's Act.

Overview of ML/TF Risks

Seychelles concluded its second national risk assessment (NRA) ³³ in 2023, it used the National Money Laundering and Terrorism Financing Risk Assessment Tool developed by the World Bank. The assessment covered the period of January 2017 to June 2022 and addressed 10 separate themes more specifically National ML Threats, National ML Vulnerabilities, Banking Sector, DNFBPs, Securities Sector, Insurance Sector, Other Financials Sector, Environment and Natural Crimes Sector, Legal Persons and Terrorist Financing.

According to the NRA the national ML **threat** was determined to be **Medium-High** whilst the national ML **vulnerability** was determined to be **Medium**, culminating into the overall ML risk for Seychelles as being **Medium-High**. The NRA findings indicated that the main proceeds generating crimes in Seychelles are drug trafficking, cybercrimes, specifically related to virtual assets (VA) and virtual asset service providers (VASP), and environmental crimes. Corruption, fraud, and tax crimes were also identified as predicate crimes that generate proceeds, posing additional ML risk to the Seychelles. Seychelles' vulnerability was rated as medium because of the capacity constraints identified amongst competent authorities, and considerable gaps and vulnerabilities identified in managing cross border activities.

³³ The NRA is a process of identifying and evaluating the money laundering and terrorist financing risks in a particular jurisdiction and analyzing the main sources and drivers of the risks in order to develop effective and risk-based policies and actions, and allocate the available, resources in the most efficient way to eliminate, control and mitigate the identified risks to Seychelles.

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In 2022, Seychelles also completed a National Risk Assessment for Virtual Assets and Virtual Assets Service Providers which concluded that the overall exposure of Seychelles to ML and TF risks arising from VAs and VASPs is **very high**. The data and findings from that risk assessment is currently being refreshed to ensure that anticipated policy and legislative reforms will adequately address risks identified. In 2023, Seychelles concluded its Terrorist Financing Risk Assessment for the Non Profit Organisations Sector in Seychelles which assessed the overall inherent risk of terrorist financing to NPOs in Seychelles as **low**.

AML/CFT Policies, Strategy and Coordination

The latest Seychelles National AML/CFT Strategy which is being finalised, is informed by the latest NRA concluded in September 2023. It contains appropriate strategies and actions to address identified deficiencies in the country's AML/CFT framework and mitigate money laundering and terrorism financing risks.

The National AML/CFT Committee which brings together high-ranking officials from the relevant law enforcement, regulatory and supervisory authorities will oversee the implementation of the National AML/CFT strategy. The different competent authorities will also be taking the lead on specific actions in collaboration and coordination with other stakeholders.

Overview of AML/CFT Compliance and Supervision

Section 58 of the AML/CFT Act requires every supervisory authority to monitor reporting entities under its control on risk-sensitive basis and take necessary measures for the purpose of ensuring compliance by those reporting entities with the provisions of the Act.

The new Beneficial Ownership Act, 2020 (BO Act) requires for every legal person and legal arrangement in Seychelles to identify and verify its beneficial owners (BO) and to also keep at its resident agent in Seychelles, a Register of Beneficial Owners (BO register). This Act further strengthens the Seychelles AML/CFT regime by providing competent, regulatory and law enforcement authorities insight into the natural persons controlling the legal persons and arrangements.

Challenges and Future Plan

Regulatory and Legislative Gaps, Technological Advancements, Capacity and Resources, and Beneficial Ownership where despite the enactment of the BO Act and Regulations 2020 the country still faces challenges to effectively administer the Act.

Conclusion

Seychelles is a small island nation that since its last mutual evaluation has made significant strides in improving its AML/CFT regime. The necessary was done to close the legislative gaps identified as well as putting in place the necessary mechanisms/institutional arrangements to support an effective AML/CFT regime. This included establishment of National and Technical AML/CFT Committees, a Supervisory Committee, risk-based approach to supervision and developing its BO framework. Seychelles has continuously monitored its risks and according to the last ML/TF NRA which was concluded in 2023 Seychelles recognizes that the main proceeds generating crimes in Seychelles are drug trafficking, cybercrimes, specifically related to virtual assets (VA) and virtual asset service providers (VASP). With the introduction of the threat posed by VA/VASP, a finding that was also reported in the separate VA/VASP risk assessment first conducted in 2022 and refreshed in 2023/2024 Seychelles is in the process of finalizing a VA/VASP Bill. In conclusion Seychelles is consistently evaluating its risks and continuously responding to the findings.

REPUBLIC OF SOUTH AFRICA



Background Information

The Republic of South Africa is a developing country situated at the southernmost part of the African continent. It shares borders with Botswana, Eswatini, Mozambique, Namibia, and Zimbabwe while Lesotho is completely enclosed within South Africa. The country has a 1 219 million kilometers surface area. In 2024 the South African population was reported to have exceeded 63 million, with a migrant population way above 4 million as South Africa continues to be a destination for migrants from various countries.

South Africa's held its first democratic elections in 1994, following years of economic sanctions that excluded it from the global economy. As a newly formed constitutional democracy, South Africa adopted a three-tier system of government and an independent judiciary. The national, provincial, and local levels of government all have legislative and executive authority in their own spheres. Parliament is the legislative authority of South Africa and has the power to make laws for the country, in accordance with the Constitution. The Cabinet is the executive authority headed by the President. The judicial authority in South Africa is vested in the courts, which are independent and subject only to the Constitution and the law. The Constitution provides for the following courts: Constitutional Court; Supreme Court of Appeal; High Courts; Magistrates' Courts; and any other court established or recognised in terms of an Act of Parliament, including any court of a status similar to either high courts or magistrates' courts.

Overview of Financial and DNFBP Sectors

The financial services sector is highly sophisticated and well-developed, with a number of both domestic and foreign institutions providing a full range of services including commercial, retail and merchant banking, mortgage lending, insurance and investment. This sector is backed by a sound regulatory and legal framework. The sector assets make up three times GDP and this ratio exceeds most emerging market economies. Non-banks account for about two thirds of financial assets which is also unusually large for an emerging market.

As far as DNFBPs are concerned, South Africa has a mixed and developed DNFBP sector. Most of these industries have supervisory bodies whose main function had been to monitor the conduct of their members to ensure that business is undertaken with integrity. The DNFBPs that are supervised cover most of the professional bodies as identified by FATF and those that are not, the government is currently undertaking necessary schedule amendments to ensure that the scope is FATF compliant. Following the 2019 mutual evaluation and its findings, South Africa took a decision to assign supervision of some of the DNFBPs to the Financial Intelligence Centre (FIC) to ensure effective supervision and to mitigate the risk of the abuse of poorly supervised DNFBPs.

Overview of ML/TF Risks

South Africa's position as the financial center of the continent due to its sophisticated banking and financial sector means that there are high volume of transactions that are dealt with on a daily basis. Parallel to this is the existence of a large cash-based market especially to the region. These two factors make South Africa a target for transnational and domestic crime syndicates. The Financial Intelligence Centre (FIC), South Africa's FIU, works closely with other government agencies on AML/CTF enforcement.

Corruption, fraud, and organized crime constitute the largest sources of laundered funds, while narcotics and wildlife trafficking also contribute substantial proceeds. South Africa also presents a market for illicit drugs in sub-Saharan Africa and a transshipment point for cocaine and heroin. It is also a major source and transit country for wildlife crime. Other sources include business email compromises, theft, racketeering, currency speculation, credit card skimming, precious metals and minerals theft, human trafficking, stolen cars, and smuggling. South Africa's primary international terrorism-related concerns are of an indirect nature, including the possibility that the losses sustained by the Islamic State in Iraq and the Syrian Arab Republic might lead to the return or relocation of foreign terrorist fighters (FTFs) to Africa. There is an acknowledgement that even though Southern Africa had not been as affected by terrorism as other regions of the world, it is not immune to the terrorist threat.

AML/CFT Policies, Strategy and Coordination

The South African framework for anti-money laundering and counter terrorist financing is provided for in the Prevention of Organised Crime Act, 1998 (POCA), the Protection of Constitutional Democracy against Terrorism and Related Activities Act, 2004 (POCDATARA), and the Financial Intelligence Centre Act, 2001, (FICA), which was amended in 2022 to bring South Africa in line with international standards.

The FICA compels institutions to use a risk-based approach toward AML/CFT deterrence. While the FIC plays the lead role in the implementation of FICA, relevant stakeholders are engaged on a continuous basis to give effect to the objectives of the Act. To this end an inter-departmental committee (IDC) of Heads of the relevant Departments and Agencies serves as a platform for formal engagement and oversight of matters related to the implementation of the FATF recommendations and combating ML/TF activities.

Overview of AML/CFT Compliance and Supervision

FICA compels financial institutions and other designated businesses to monitor financial flows and report suspicious transactions. South Africa, through the Financial Sector Regulation (FSR) Act

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adopted the Twin Peaks model for financial sector regulation. This model gives the South African Reserve Bank (SARB) an explicit mandate to maintain and enhance financial stability. It also creates a prudential regulator, known as the Prudential Authority (PA) and a market conduct regulator, known as the Financial Sector Conduct Authority (FSCA). The PA is responsible for prudential regulation of banks, insurers, cooperative financial institutions, financial conglomerates, and certain market infrastructures, while the FSCA regulates market conduct with the aim of enhancing and supporting the efficiency and integrity of financial markets and protecting financial customers. Over and above the aforementioned supervision, the FIC also carries out a supervisory function as it relates to other reporting institutions.

Overview of AML/CFT Legal and Institutional Frameworks and their Implementation

South Africa criminalised money laundering activities in three separate provisions of the POCA in a manner that is largely consistent with the 1988 United Nations (UN) Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Vienna Convention) and the 2000 UN Convention against Transnational Organised Crime (Palermo Convention). South Africa adopts an “all crimes” approach to the determination of predicate offences. There is also a broad range of ancillary offences to the money laundering offences. Liability for money laundering extends to both natural and legal persons, and proof of knowledge can be derived from objective factual circumstances.

The criminalisation of terrorist financing is through Section 4 of the POCDATARA. This provision is comprehensive and criminalises the collection or provision of property with the intention that it be used for the purpose of committing a terrorist act, or by a terrorist organisation or individual terrorist for any purpose. In addition POCA provides for both criminal and civil forfeiture and this regime has been effectively implemented resulting to a high value of confiscated proceeds. This function rest with the Asset Forfeiture Unit of the National Prosecuting Authority. On the other hand the POCDATARA provides for the freezing of assets pursuant to the United Nations Council Resolutions 1267 (1999) and 1373 (2001).

In 2001 the FIC was established through the FICA. The FIC is an administrative FIU and is under the Ministry of Finance. Over the years the South Africa has managed to develop and staff the FIC to enable it to effectively carry out its functions in line with the FATF recommendations. As previously indicated in 2003 the FIC became a member of the Egmont Group.

Challenges and Future Plan

South Africa was assessed in 2019 and due to COVID-19, the final report was adopted in June 2021. The assessment by FATF, IMF and ESAAMLG identified numerous deficiencies in the South African AML/CFT Framework. It should be noted that the outcomes of the report and the recommendations have shaped South Africa’s activities in improving its AML/CFT framework.

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The plans put in place by South Africa are to ensure that South Africa's effectiveness is of acceptable global standards. However that being the case it is important to note that improving effective implementation of a risk based approach (RBA), skills availability and increased awareness related to terrorist financing have been cited as some of the areas that will require immediate attention by all agencies involved in combating ML/TF.

Conclusion

South Africa remains committed to honouring its FATF obligations, not least of which by participating actively in the organisation and being part of the international dialogue on AML/CFT. In addition to its global commitment South Africa remains an active member of the ESAAMLG and therefore will continue to play a critical role in the development of regional AML/CFT frameworks. Notwithstanding its, regional and global engagements, the South African government realises that to honour its obligations it has to have a well-developed domestic framework that lives up to international standards. In this regard South Africa has taken necessary legislative amendments to ensure that its legislative framework is in line with international standards. Noting that the FATF Recommendations continue to evolve to address new challenges and threats to the global financial system, there is further unwavering commitment by South Africa to undertake any future legislative amendments necessary to align its legislative with the FATF recommendations and enable it to effectively implement the FATF recommendations. It is important that there has been notable increased efforts that are aimed increasing coordination, strategic planning, and implementation of adopted strategies dealing with combating ML/TF, through the formation of the national Interdepartmental Committee (IDC). The IDC brings together all related government department and agencies involved in the implementation of FATF standards and combating AML/CFT. The IDC monitors implementation, global changes and recommends to the executive policy direction that government should take to ensure its effectiveness.

THE REPUBLIC OF SOUTH SUDAN**General Background**

The Republic of South Sudan became the world's youngest nation and Africa's 54th country on July 9, 2011. South Sudan is a land-locked country located in Eastern and Central Africa. The country covers an area of 644,329 square kilometers and has a tropical climate with temperatures ranging from 20°C to 40°C. South Sudan is divided into ten (10) states and three administrative areas. The capital of South Sudan is Juba. South Sudan population is currently estimated at 12 million people. The official languages are English and Arabic.

Economy

South Sudan's economy is largely reliant on oil production, which accounts for nearly 98% of government revenue. In 2023, the gross domestic product (GDP) of South Sudan was United States Dollars (USD) 7.3 billion. The main industries are oil sector, financial services, livestock, mining, and agriculture. South Sudan has adopted the South Sudanese Pounds (SSP) as its currency.

Political System

Politically, the country follows a presidential political system. The government is divided into executive, legislative and judicial branches. The President is both the head of state and government. The legislative branch is bicameral National Legislature that consists of an Upper House (Council of States), and a Lower House (National Legislative Assembly), which were both established in line with the 2018 Revitalized Agreement on the Resolution of the Conflict in South Sudan (R-ARCSS).

Judiciary and Legal System

The judiciary in South Sudan is made up of the Supreme Court, Court of Appeal, High Courts and County Courts. The basis of the legal system is customary law, mostly existing in the rural spectrum and the statutory law, influenced by the common law system. The Constitution of South Sudan is the highest law in the land, and is the basis for enacting other laws.

Overview of Financial and DNFBP Sectors**Financial Sector**

As of June 2024, there are 30 licensed banks operating in South Sudan. Seven (7) are large global banks, which are headquartered overseas and have a presence in South Sudan, eleven (11) joined ventures, and twelve (12) national banks. There are sixty eight (68) insurance companies operating in South Sudan. All sixty eight companies offer life insurance, property damage/casualty insurance and health insurance. The market for money remittance and foreign exchange is dominated by the Banks and Forexes. As of June 2024 there are 64 registered and licensed forexes operating in South Sudan.

DNFBPs

In South Sudan, DNFBPs include real estate agents, dealers in precious metals and stones, lawyers, notaries, other independent legal professionals, and accountants. The sector is still under developed, efforts are underway to research the sector and to fully grasp its landscape.

Overview of ML/TF Risks

At domestic level, the most proceed-generating predicate offences are: (i) Corruption (including embezzlement, diversion of public funds, bribery, causing financial loss etc.), (ii) Fraud (mostly obtaining money by false pretences, procurement related fraud), (iii) Tax crimes (tax evasion and tax fraud), (iv) Counterfeiting of currency and related Fraud.

At external/trans-national level, the most proceed generating predicate offences are: (i) Forest and Wildlife offences, smuggling, drug trafficking and human trafficking respectively. The external threat is aggravated by porous borders with Uganda, Kenya, Democratic Republic of Congo (DRC), which render South Sudan a soft target for laundering or transit of laundered funds.

AML/CFT Policies, Strategy, and Coordination

Responsibility for AML/CFT measures is distributed across several government institutions. The Ministry of Finance is responsible for overseeing the Anti-Money Laundering and Counter-Terrorist Financing regime in accordance with AML/CFT Act 2012. The Ministry of Interior is responsible for investigating all offences pursuant to the Penal Code, The Ministry of Justice handles criminal prosecutions, The Ministry of Foreign Affairs is responsible for handling requests for international cooperation.

The Financial Intelligence Unit is the exclusive body that is responsible for receiving, analyzing and disseminating of Financial Intelligence. South Sudan has a national coordination body known as the National Multi-Disciplinary Committee on AML/CFT which is responsible for policy formulation, advisory and national coordination.

Overview of AML/CFT Compliance and Supervision

South Sudan's AML/CFT compliance and supervision framework is gradually evolving to meet international standards. The country has established foundational legislation, such as the Anti-Money Laundering and Countering the Financing of Terrorism Act 2012, to address these issues. AML/CFT Supervision is primarily overseen by the Financial Intelligence Unit, which monitors both financial institutions and designated non-financial businesses and professions (DNFBPs). The country is in an advance stage of developing a Risk-Based supervision framework informed by the results of the South Sudan National Risk Assessment (SSNRA).

Overview of AML/CFT Legal and Institutional Frameworks and their Implementation

A host of legislations have been put in place by South Sudan to fight money laundering and terrorism financing, with the Anti-Money Laundering and Countering Financing of Terrorism Act, 2012, currently under review to be amended. The Bank of South Sudan, as the primary regulatory authority, supervises financial institutions and ensures adherence to AML/CFT regulations. The FIU efficiently identifies ML/TF activities. FIU also offers technical assistance and training programs and enhances collaboration between the agencies to present an integrated perspective when combating crimes of finances.

Challenges and Future Plans

These prudential reforms of AML/CFT have a number of difficulties in South Sudan, such as limited resources due to internal and external factors (e.g. the war in Sudan). However, the government is keen on overcoming these challenges through capacity-building programs, enhanced international cooperation, and an ongoing assessment process to update the legal and regulatory framework.

Future plans include the full operationalization of the Financial Intelligence Unit (FIU), strengthening the judiciary's capacity to handle ML/TF cases, and increasing public awareness about the importance of AML/CFT measures.

Conclusion

South Sudan has made great efforts to strengthen its AML/CFT framework despite the significant challenges. The government's commitment to enhancing coordination, compliance, and supervision, together with ongoing reforms and international cooperation, is vital in tackling risks from ML/TF. Further efforts in this direction will prove imperative for the integrity and stability of the financial system in the country and the global effort related to AML/CFT.

UNITED REPUBLIC OF TANZANIA

Geographical Location and Demographic Factors

Tanzania, officially the United Republic of Tanzania, is a country in East Africa within the African Great Lakes region. It is bordered by Uganda to the northwest; Kenya to the northeast; the Indian Ocean to the east; Mozambique and Malawi to the south; Zambia to the southwest; and Rwanda, Burundi, and the Democratic Republic of the Congo to the west. Mount Kilimanjaro, Africa's highest mountain, is in northeastern Tanzania. Tanzania serves as the major exit route for its landlocked neighboring countries.

On the 9th of December 1961 the mainland of Tanzania (then called Tanganyika) became a sovereign state headed by Queen Elizabeth II, until exactly a year later after which it became a republic. Following the ratification on 26 April 1964 of Articles of Union, Tanganyika and the islands of Unguja and Pemba amalgamated/united their territories and named the ensuing one country the United Republic of Tanzania.

According to the most recent population and Housing Census (PHC) conducted in 2022, the current population is 65,497,760 as of 2022 making it the most populous country located entirely south of the equator. Tanzania is a unitary presidential democratic republic, where the President is both head of state and head of government. The country is a multi-party nation. Executive power is exercised by the government. Legislative power is vested in Parliament. The Judiciary is independent of the executive and the legislature.

Overview of Financial and DNFBP Sectors

Sector	AML/CFT Supervisor (+ acronym)	Number of obliged entities
Remittance service providers	Bank of Tanzania (BOT)	8
Banks		44
Foreign exchange bureaus		14- (HQ) 90 -Branches)
Mobile money operators		6
Hawala		N/A
Insurance Company	Tanzania Insurance Regulatory Authority (TIRA)	37
Insurance brokers		108
Insurance Agents		922
Bancassurance Agents		28
Local Reinsurance		3
Takaful Companies		06
Surveyors and loss adjusters		01
Actuarial firms		51
Private investigators		05

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Assessors		05
Accredited Reinsurance Companies		22
Accredited Reinsurance brokers		36
Insurance digital Platforms		05
Brokers	Capital markets and Securities Authority (CMSA)	18
Dealers		18
Collective investment schemes		4
Fund managers		14

The Financial Sector in Tanzania comprises the Banking sector, the Insurance and the Capital market. The overall FI structure is as shown in the table below:

The DNFBPs

In Tanzania all FATF recognized DNFBPs are designated as “reporting persons” for the purposes of implementing AML/CFT/CFP preventive measures under both the Anti-Money Laundering Act (Cap. 423) and the Anti-Money Laundering and Proceeds of Crime Act 2009 of Zanzibar. Pursuant to the said legislations, DNFBPs as identified by FATF and so designated as reporting persons include the Casino and other gaming operators, Real Estate Agents, Lawyers and legal professionals, Accountants and Auditors and Trusts and Company service providers. All the DNFBPs are under supervisions of the specific regulator that are also designated as such under the anti-money laundering laws. It should be noted that in trusts and company services are conducted through lawyers, accountants and tax advisers who are designated under the anti-money laundering laws.

Overview of ML/TF Risks

The overall URT money laundering according to the NRA 2016 as revised in June 2022 is predicated on Corruption, tax evasion, drugs trafficking, smuggling of minerals and natural resources. There is generally Low to Medium Low residual ML/TF Risk in capital markets, Insurance and NPO sectors. There is Medium to Medium Risk in the precious metals and stones and the gaming sector. The major vulnerability across all the sectors is the use of cash and informal cross border transactions or informal dealings. Generally, the sector risk assessment has indicated existence of adequate control factors that have across all the sectors.

In terms of TF, the overall the Risk is Medium to Medium High. The TF Risk Assessment conducted in 2023 found that domestically, the TF risks is low on account of there being no active terrorism acts or known individuals, groups or organizations operating within URT.

AML/CFT Policies, Strategy and Coordination

The AML policies and Strategy

URT has quality AML Policies and an AML/CFT/CFP National Strategy 2022/2023- 2026/2027

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Strategy. The policies include principal and subsidiary legislations that provide for AML preventive and control measures. These includes Anti-Money Laundering Act, Cap. 423(AMLA) and Anti-Money Laundering and Proceeds of Crime Act, No.10 of 2009 (AMLPOCA). The AMLA and AMLPOCA have comprehensive Administrative sanction framework for AML noncompliance. The AMLA and AMLPOCA also have comprehensive Criminal Sanctions. URT has a comprehensive five-year AML/CFT/CFP National Strategy 2022/23 to 2026/2027.

CFT Policy and Strategy

URT has quality CFT Policy and Strategy. In June 2023 URT developed and put in place the National Counter Terrorist Financing Strategy 2023/2024 to 2027/2028 that aims at fostering cooperation and coordination of efforts to effectively combat terrorist financing in URT. The strategy covers a wide scope of matters including adoption of risk-based approach to facilitate effective TF mitigation controls. This strategy is now being reviewed to align it with the TRFA conducted in 2023. The Strategy spells out a roadmap for implementation by identifying strategies, targets, assigning responsible parties and setting timelines for implementation.

AML/CFT/CFP Coordination

The Ministries of finance on both sides of Union are the main policy coordinating organs. The Ministers of Finance are advised by the National Anti-Money Laundering Multi-Disciplinary Committee that comprises 22 members from AML/CFT/CFP stakeholders institutions. The National Committee is charged with the responsibility under the Anti-Money Laundering Act to, among others, formulate, assess, regularly review and improve the effectiveness of the policies and measures to combat money laundering and associated predicate offences, terrorist financing and proliferation financing. At operational level the anti-money laundering legislation on both sides of the Union has charged the AML/CFT/CFP coordination responsibility to the FIU and regulator with the responsibility to supervise reporting persons.

Overview of AML/CFT Compliance and Supervision

Supervision for AML/CFT/CFP compliance is a matter that is shared by the FIU and the sector specific regulators in accordance with section 6(1)(c) and section 23A of the AMLA.

In terms of compliance, before 2024, only FI particularly the banks were consistently supervised and most of the were in compliance. By May, 2024, all supervisory authorities had put in place the Risk Based Supervision and Enforcement Manuals.

Overall, there is satisfactory compliance with AML/CFT/CFP measure within the FI particularly the banking sector which overtime has been complying with the requirements of having effective compliance program, STR submission and implementation of TFS. In terms of DNFBPs, compliance

is at its infancy and is expected to improve over time with the effective monitoring and supervision and imposition of sanctions for noncompliance.

Overview of AML/CFT Legal and Institutional Frameworks and their Implementation

Various institutional framework is in place to ensure the implementation of the AML/CFT/CFP measures. These institutions include The Ministries of Finance on both sides of the union, The Ministries responsible for legal affairs in terms of matters of Mutual legal Assistance and Extradition; the Ministry of Home Affairs in terms of designations of domestic sanction individuals and implementation of TFS and prevention of terrorism; the National Multi-Disciplinary Committee for policy coordination, development and advise to the government, FIU in terms of STR receipts, analysis and dissemination of intelligence, Various supervisory authorities (BOT, CMSA, TIRA, NBAA, TLS and ZLS, Gaming Board of Tanzania, Real Estate Directors, the Mining Commission) that are mandated to supervise and monitor compliance of reporting persons with AML/CFT/CFP measures.

Challenges and Future Plan

Most AML/CFT challenges stem from the complexity and scale of the ML/TF transactions due to continued evolving regulatory landscape due improvements of standards and evolving nature of ML/TF crimes. Another challenge is adapting frequent regulatory changes can overwhelm compliance teams, create compliance gaps, and increase compliance costs although the increasing sophistication of money laundering/TF necessitates frequent changes and updates to AML compliance regulations as well as standards. URT has plans to eliminate manual data paper documentation in essential regulatory processes like KYC and CDD and maintaining of records in order to mitigate the risk of human error, fast-track compliance, and allow for a more scalable compliance model.

Conclusion

URT has the basic AML/CFT/CFP legislations, regulations, policies and strategies. Since its inclusion in the FATF Increased Monitoring in October 2022 URT has made major improvement in the effectiveness of its regime including rolling out the risk-based approach with the necessary supervision manuals and designation of the specific authorities to monitor compliance based on the risks and conducting onsite inspection with a view to ensuring compliance with the AML/CFT/CFP. URT has also shown with relevant cases and statistics how ML/TF have been pursued by the relevant LEAs and has been able to conduct sectoral risk assessments of DNFBPs.

REPUBLIC OF UGANDA



General Background on Uganda

Uganda is a landlocked country in East Africa, bordered by Kenya, South Sudan, the Democratic Republic of the Congo, Rwanda, and Tanzania. The capital city is Kampala. Uganda has a diverse population with various ethnic groups, the largest being the Baganda. English and Swahili are the official languages, with Luganda widely spoken. Uganda's population is approximately 45.9 million. Uganda is a republic with a presidential system. Uganda's legal system is based on English common law and customary law. The constitution is the supreme law of the land.

Uganda is a largely cash based economy. Agriculture is the backbone of Uganda's economy, employing about 70% of the workforce. Key products include coffee, tea, cotton, and tobacco. Financial services, tourism, and telecommunications are significant contributors to the economy. Uganda has significant natural resources, including fertile soils, regular rainfall, and mineral deposits like oil and gas. The size of Uganda's GDP is now estimated at Shs 202 trillion (USD 53.3 billion) with a GDP per capita of USD 1,146 according to the World Bank and the GDP real growth rate stands at about 4.6%.

Overview of ML/TF Risks

The overall money laundering (ML) risk level for Uganda was rated as Medium-High based on the overall ML threat which was rated as Medium High and the overall ML vulnerability which was rated as Medium. The overall terrorism financing (TF) risk was rated Medium based on the overall TF threat which was rated Medium and the overall TF vulnerability which was rated Low. The National ML threat at domestic level was assessed to be High. Corruption, obtaining money by false pretenses, cyber-crime, tax crimes including smuggling, and illicit drug trafficking were found to be the most-proceeds generating crimes with a threat rating level of High.

Overall ML/TF risk in Uganda NRA 2023 Report.

Overall Threat	National ML/TF Risk					
	High	M	M	MH	H	H
	Medium-High	M	M	ML	MH	H
	Medium	TF	M	M	MH	MH
	Medium-Low	ML	ML	M	M	M
	Low	L	ML	ML	M	M
		Low	Medium-Low	Medium	Medium-High	High
Overall Vulnerability						

AML/CFT Policies, Strategy and Coordination

The Uganda Anti-Money Laundering/Combating Financing of Terrorism and Proliferation Financing (UAML/CFT Taskforce) was established by the Minister of Finance, Planning & Economic Development to act as the national taskforce for coordinating national efforts to prevent money laundering, terrorism financing and proliferation financing matters. It is comprised of representatives from relevant Government Ministries, Departments and Agencies involved in the fight against ML, TF and PF. The UAML/CFT Taskforce developed a 5-year AML/CFT national strategy to guide the coordination of efforts to enhance Uganda's AML/CFT regime. The National Strategy (FY 2020/21-2024/25) is due to expire in June 2025 and the process to renew it has already begun.

OVERVIEW of the Financial & DNFBP Sectors

The Financial Sector in Uganda includes 22 commercial banks and non-Bank Financial Institutions comprising of credit institutions, micro-finance deposit taking institutions, forex bureaus, money remitters, among others. The Securities sector is composed of two stock exchanges, brokerage firms and investment/fund managers. There are 17 companies listed on Uganda's Stock Exchange. The Insurance Sector is comprised of a total of 133 licensed companies. The commercial bank sector of Uganda is the biggest in terms of asset size compared to the rest of the financial sector players.

Designated Non-Financial Businesses and Professions (DNFBPs) in Uganda include casinos, Real Estate Agents, Dealers in Precious Metals and Stones, Accountants and Lawyers. This sector so far has three regulators namely Lotteries and Gaming Regulatory Board for Casinos, Ministry of Energy and Mineral Development for Dealers in Precious Stones and Metals and the Institute of Certified Public Accountants of Uganda (ICPAU) for Accountants while others are supervised by the Financial Intelligence Authority.

Overview of AML/CFT Compliance and Supervision

The Anti-Money Laundering (Amendment) Act, 2017 confers the Financial Intelligence Authority and other supervisory bodies with powers to supervise accountable persons to ensure compliance with the provisions of the Anti-money Laundering Act and Regulations. Section 21A provides that enforcement of compliance with the provisions of the Act by an accountable person shall be the responsibility of the supervisory body of the accountable persons and where the accountable person has no supervisory body, it is the responsibility of the FIA to ensure compliance with the provisions of the Act. The other supervisors include Bank of Uganda, Insurance Regulatory Authority and Capital Markets Authority, National Bureau for NGOs among others.

Overview of AML/CFT Legal and Institutional Frameworks and their Implementation

The main AML/CFT/CPF legislation in Uganda is the Anti-Money Laundering Act, 2013 and its subsequent amendments (2017 and 2022), the Anti-Money Laundering Regulations 2015 and its

subsequent amendments (2022 and 2023), and the Anti-Terrorism Act, 2002 and its subsequent amendments (2015, 2016, 2017, 2022), and the Anti-Terrorism Regulations 2023. The Anti-money Laundering Act 2013 criminalizes money laundering and the Anti-Terrorism Act 2002 (as amended) criminalizes terrorism financing and proliferation financing. Uganda takes a multi-agency approach to the implementation of the AML/CFT/CPF regime. The key entities and stakeholders involved in the implementation of this regime include; Ministry of Finance, Planning & Economic Development, Ministry of Lands, Housing & Urban Development, Ministry of Justice & Constitutional Affairs, Bank of Uganda, Capital Markets Authority, Insurance Regulatory Authority, Uganda Police, Office of the Director Public Prosecutions, the Inspectorate of Government, Uganda Revenue Authority, among others. This is further backed by continuous engagement and involvement of the private sector some of whom are members of the UAML/CFT Taskforce such as the Uganda Bankers Association, Uganda Insurance Association.

Uganda's Major Achievements

i. Improved Legal Framework

As noted previously, a number of laws have been enacted or amended to ensure compliance with the FATF standards. The laws included; the Anti-Money Laundering (Amendment) Act, 2017, Anti-Money Laundering Regulations 2015, Anti-Terrorism (Amendment) Acts of 2015, 2016, 2017, and the Anti-Terrorism Regulations, 2016. The FIA has also issued several Directives, Guidance Notes, Notices, and Policies. All this has helped to enhance the implementation of AML/CFT standards.

ii. Improved Domestic Coordination & Cooperation

To achieve this, the Uganda AML/CFT Taskforce was established with a core mandate of fostering national cooperation and coordination of domestic institutions with regards to the development and implementation of policies and activities to combat ML/FT. To further augment domestic cooperation, the Financial Intelligence Authority has signed a number of Memoranda of Understanding (MoUs) with key AML/CFT stakeholders in Uganda.

iii. Enhanced International Collaboration

In order to foster international cooperation in the fight against money laundering and terrorism financing, Uganda joined the Egmont Group of Financial Intelligence Units on July 3, 2019. In addition, the Financial Intelligence Authority has signed over 20 Memoranda of Understanding (MoUs) with other Financial Intelligence Units to facilitate more efficient exchange of information especially with FIUs which are not members of the Egmont Group.

iv. Removal from the FATF grey list

Uganda was placed on the FATF grey list in 2014 due to inadequate progress in addressing 2005 mutual evaluation deficiencies. Uganda, under the guidance of the National AML/CFT Task Force,

successfully completed addressing all the identified deficiencies, and was subsequently removed from the FATF grey list in 2017. Unfortunately, the country slipped back on the grey list in February 2020, due to inadequate progress in addressing 2016 mutual evaluation deficiencies. Uganda successfully addressed all the identified strategic deficiencies and in February 2024 was removed from the grey list. Therefore, Uganda is no longer subject to the FATF's increased monitoring process.

v. Conviction of Money Launderers and financiers of Terrorism

The country has so far secured five money laundering convictions, the first one having been in May 2017. In all the three cases, the conspirators were convicted and sentenced to varying prison terms between five (5) to twelve (12) years, and the recovered properties were confiscated. In addition, Uganda has now secured two terrorism financing cases all concluded in 2023.

Challenges

The above successes notwithstanding, Uganda still faces a number of challenges in combating money laundering and terrorist financing including Dominance of the informal sector and cash-based economy, Inadequate financial resources to address ML/TF issues, Inadequate institutional capacity in investigating ML and TF within the law enforcement, Lack of financial investigative skills and prosecution among others.

Conclusion and Way Forward

Uganda has made significant progress over the past years to address its AML/CFT deficiencies identified in its previous two Mutual Evaluation Reports, and continues efforts to sustain its AML/CFT reforms. There is high-level political commitment to implement and continue improving Uganda's AML/CFT/CPF framework. The successes that have been achieved are clear demonstration of the Government of Uganda's commitment to build a safe and secure economy free from the threats of Money laundering and terrorism financing.

Uganda wish to commend the private sector for embracing various AML/CFT measures, including developing appropriate measures to mitigate identified risks. The ESAAMLG and several of our international partners for the continued support to Uganda in our effort to build an effective AML/CFT regime.

REPUBLIC OF ZAMBIA***Introduction to the Republic of Zambia***

The Republic of Zambia, a landlocked nation located in Southern Africa, encompasses an area of approximately 750,000 square kilometers. It shares borders with the Democratic Republic of Congo to the north, Tanzania to the northeast, Malawi to the east, Mozambique, Zimbabwe, Botswana, and Namibia to the south, and Angola to the west. The capital city, Lusaka, is situated in the south-central region of the country.

As of May 30, 2024, the estimated population was approximately 21,079,759, with the majority residing in Lusaka and Copper belt Provinces. Zambia's Gross Domestic Product (GDP) was USD 29.16 billion as of December 2022, driven primarily by the agriculture and mining industries. Zambia operates as a multi-party democracy, with a legal system based on statute law, English Law, and Zambian Customary Law. The government consists of three independent arms: the Executive, Legislature, and Judiciary.

Overview of Financial and DNFBP Sectors

Zambia's financial sector, as is the case with several other lower income countries in sub-Saharan Africa, is relatively small and dominated by the banking sector which accounts for 65 percent of the total financial asset size (2022). Foreign-owned banks dominated the banking sector and accounted for 83 percent of total assets in 2022. The non-bank financial institutions (NBFI) sector was dominated by pension funds (72 percent) followed by Insurance companies. Other NBFIs include two building societies, one government-owned savings and credit bank, seven leasing and financing companies, 74 foreign exchange bureau in 2022,¹² and 94 savings and credit cooperatives.

Zambia, like other countries in the region, has seen an increase in formal domestic money remittances due to high mobile money usage and other independent money or value service providers. As at May 2018, there were 42 MVTS with cumulative total remittances of 108 million transactions, of which 99 percent were domestic transactions. All Designated Non-Financial Businesses and Professions (DNFBPs) operate in Zambia, required to comply with AML/CFT obligations when providing financial services.

Overview of Money Laundering/Terrorism/Financing/Proliferation Financing Risks

In 2016, Zambia took a significant step in strengthening its anti-money laundering and counter-terrorism financing (AML/CFT) regime by conducting its inaugural National Risk Assessment (NRA) and in June 2018, the National Risk Assessment (NRA) report was updated and enhanced. The five highest proceed generating predicate offences are corruption, tax evasion, theft, fraud, and drug

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trafficking were identified as the most prevalent predicate offences generating proceeds in Zambia. The NRA also assessed the overall money laundering risk as medium-high and terrorism financing risk as medium-low. However, proliferation financing was not assessed in 2016. The DNFBPs sector emerged as the highest risk area for ML/TF.

Building on the findings of the inaugural NRA, Zambia launched its second ML/TF/PF NRA in the first quarter of 2024 and is expected to conclude in December, 2024 with the support of the World Bank and COMESA. The second NRA expands its scope to cover environmental crimes (e.g. Wildlife Trade and Mining), Virtual Assets (VAs), and Virtual Assets Service Providers (VASPs), as well as proliferation financing and legal persons and legal arrangements. This comprehensive approach demonstrates Zambia's commitment to staying ahead of emerging risks in the AML/CFT landscape.

AML/CFT Policies, Strategies and Coordination

In 2022, the Government of Zambia developed a comprehensive AML/CFT National Policy, which was approved by Cabinet and chaired by His Excellency the President of the Republic of Zambia on the 22nd November, 2022. The Policy outlines a roadmap for combating ML/TF/PF and other financial crimes in Zambia, emphasising inter-agency cooperation and collaboration. One of the objectives of the Policy is to “create effective mechanisms for inter-agency cooperation and collaboration.” Accordingly, Zambia has established a robust framework for Inter-Agency Coordination, aimed at enhancing the investigation and prosecution of financial and economic crimes, with a particular emphasis on asset recovery. This framework facilitates collaboration and information sharing among relevant authorities, enabling them to effectively tackle these crimes and secure the forfeiture of proceeds and benefits derived from illicit activities.

Overview of AML/CFT Compliance and Supervision

The primary legislation governing AML/CFT compliance and supervision in Zambia is the Financial Intelligence Centre Act Number 46 of 2010 (FIC Act) (as amended). To ensure adherence to the Financial Intelligence Centre (FIC) Act, Regulations, directives, determinations, notices, and circulars, designated supervisory authorities conduct comprehensive supervision, encompassing on-site and offsite inspections and monitoring, to guarantee compliance by reporting entities and accountable institutions. The assessment reveals that the financial sector, particularly the banking sector, exhibits the highest levels of technical compliance with Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) requirements, surpassing the levels observed in the Designated Non-Financial Businesses and Professions (DNFBPs). Meanwhile, the Virtual Asset Service Providers (VASPs) sector is still in its nascent stages, and Zambia is currently developing a robust regulatory and supervisory framework to govern this emerging sector.

Overview of AML/CFTP Legal and Institutional Frameworks and their implementation

Zambia's AML/CFT legal and institutional framework is robust and operational, comprising key Acts which include the Financial Intelligence Centre Act, the Prohibition and Prevention of Money Laundering Act, the Anti-Terrorism and Non-Proliferation Act, the Forfeiture of Proceeds of Crime Act, and the Financial Crimes (Division of Court) Order, 2022 (as amended), which establishes a fast-track court for economic and financial crimes, ensuring efficient and effective determination of related matters.

Challenges and Future Plan

Despite the evolving nature of crime, the primary challenge persists in the form of limited capacity among Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) stakeholders to effectively address crimes related to virtual assets and Illicit Financial Flows (IFFs). However, the Government of the Republic of Zambia has demonstrated resolute political will to develop and implement a robust framework that tackles past, present, and emerging financial and economic crimes, including those associated with virtual assets and IFFs.

Conclusion

Zambia recognizes the significance of combating Money Laundering, Terrorism Financing, and Proliferation Financing, as well as other financial and economic crimes. The country fully supports international instruments and standards on AML/CFT and, as a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), remains committed and resolute in supporting the ESAAMLG's agenda to prevent the abuse of the international financial system by perpetrators of financial and economic crimes.

REPUBLIC OF ZIMBABWE



General background about the country including its economy, political and judicial structure and legal system

The Republic of Zimbabwe is a landlocked country with a total area of 390,580 sq km. According to the latest census held in 2022 Zimbabwe's population stood at **15,178,979**. Just over 60% of the population lives in the rural and farming areas while the rest live in cities and towns.

Harare is the country's capital and largest city, while Bulawayo is the second largest city. Zimbabwe's economy is primarily driven by agriculture and mining, with an estimated GDP of US\$35.2 billion as at December 2023. The GDP is expected to grow by 3,5% in 2024 according to the National Budget (2024).

Zimbabwe is a Presidential Republic, which attained independence from British colonial rule on 18 April 1980, following years of armed struggle. Executive power vests in the President and Cabinet. Zimbabwe has a bi-cameral Parliament, consisting of the House of Assembly (the lower house) and the Senate (upper house), together exercising legislative power. The Judiciary is the third arm of government and is led by the Chief Justice, presiding over a hierarchy of courts.

AML/CFT Legal and Institutional Framework

Zimbabwe has put in place a robust AML/CFT legal framework, consisting of the following key pieces of legislation;

- Money Laundering and Proceeds of Crime Act [Chapter 9:24], being the main piece of legislation.
- Suppression of Foreign and International Terrorism Act, Chapter 11:21.
- Statutory Instrument 110 of 2021 on Proliferation Financing.
- Statutory Instrument 76 of 2014 on Terrorism Financing.

In 2015, Zimbabwe was assessed under the ESAAMLG 2nd Round of Mutual Evaluations. The report was adopted in September 2016. Under **Technical Compliance**, Zimbabwe was rated Compliant or Largely Compliant in 20 of the FATF 40 Recommendations and Partially Compliant or Non-Compliant in the remaining 20. Under **Effectiveness**, Zimbabwe was rated Moderate in 2 Immediate Outcomes and Low in 9 immediate outcomes.

Overview of ML/TF Risks

Zimbabwe conducted its first ML/TF National Risk Assessment (NRA) in 2014/2015, followed by the second NRA in 2019/2020. The country commenced its 3rd ML NRA in October 2023, due to be completed in 2024.

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According to the NRA report of 2020, the overall money laundering risk was rated **Medium**. The main proceeds-generating crimes were: (i) fraud, (ii) smuggling, (iii) illegal dealing in gold, (iv) corruption and (v) tax evasion. The assessed value of threat proceeds for the period under review; (2014-2018) was estimated at US\$900 million dollars per year, down from US\$1.8 billion from the previous NRA.

The country undertook a stand-alone TF risk assessment in 2022/23. The report was adopted in September 2023. The overall TF risk was rated **Medium**, attributed to transit terrorist financing risk due to terrorist activities occurring in some parts of the region.



The 3rd NRA launch was officially opened by the Deputy Minister of Finance, Economic Development and Investment Promotion, Hon. K. D. Mnangagwa (seated 2nd from right)

The 3rd ML NRA will cover emerging areas of global money laundering risk, including: • Tax evasion • Environmental crimes • Illegal trade in wildlife products • Money laundering risks posed by use of virtual assets and • Beneficial ownership of legal persons and legal arrangements. The FIU is coordinating over 80 stakeholder institutions in undertaking the various risk assessments, evidencing commitment to enhanced national cooperation and stakeholder engagement in combating money laundering and related financial crime.

Overview of Financial and DNFBP Sectors

The Money Laundering and Proceeds of Crime Act [Chapter 9:23] designates all categories of financial institutions and designated non-financial businesses and professions as required under the FATF Standards. The Financial Intelligence Unit has the overall AML/CFT supervisory responsibilities, working in cooperation with supervisory authorities and self-regulatory bodies. The supervisory authorities and the FIU collaborate and coordinate under the Supervision and Compliance Sub-Committee of the National Task Force on AML/CFT in undertaking various risk-based supervisory activities including off-site monitoring, onsite inspections, ML/TF sector risk assessments and outreach and training.

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AML/CFT Policies, Strategy and Coordination

There is in place a National Anti-Money Laundering Advisory Committee (NAMLAC) which is responsible for national AML/CFT policy coordination and guidance. Members of NAMLAC are appointed by the Minister Ministry of Finance, Economic Development and Investment Promotion.

The committee includes a Chief Director in the Ministry of Finance, Economic Development and Investment Promotion (current Chair) and heads or senior officials of key agencies, namely Zimbabwe Revenue Authority, Securities and Exchange Commission of Zimbabwe, Insurance and Pensions Commission, Reserve Bank of Zimbabwe, Department of Immigration and President's Department.

AML/CFT operational issues and implementation are coordinated by the National Task Force on AML/CFT, which is chaired by the Director General of the FIU. The National Task Force reports to NAMLAC, which in turn reports to and advises the Minister.

Implementation of AML/CFT measures is guided by the National AML/CFT Strategy, which was crafted post the 2019/20 NRA.

Other key AML/CFT developments

Following Zimbabwe's placement on the FATF grey list in 2019, the country made significant progress in strengthening its AML/CFT regime, culminating in the country's removal from the list in March 2022.

Zimbabwe has over the years significantly improved its technical compliance ratings while making huge strides in achieving effectiveness. As of April 2024, Zimbabwe was rated Compliant or Largely Compliant in 37 of the FATF 40 Recommendations. In July 2023, the Zimbabwe FIU was admitted to the Egmont Group of FIUs.

In 2022 the FIU launched what has become an annual Public Private Sector Dialogue (PPSD) on AML/CFT and Financial Crime, modelled on the ESAAMLG annual PSD. Both the 2022 and 2023 PSD brought together more than 250 participants from the public and private sectors, academia, the media as well as regional and international experts on AML/CFT and financial crime.

The theme for the 2023 PSD was: *"The Use of Artificial Intelligence and Modern Technologies to Combat Financial Crimes"*.



Public-Private Sector Dialogue Conference 2023

Looking ahead

The country anticipates to complete its 3rd ML NRA before end of 2024, after which a new 5 year AML/CFT National Strategy will be adopted.

The authorities target to have addressed deficiencies under the 3 Recommendations (Rec 7, 8 and 15) that are still rated PC, before end of 2025.

The country, through the various stakeholder institutions, continues to forge ahead with robust AML/CFT implementation and coordination in order to continuously improve effectiveness of the AML/CFT regime, in readiness for the ESAAMLG Third Round of Mutual Evaluation in 2026.



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