



# Anti-money laundering and counter-terrorist financing measures

# Namibia

3<sup>rd</sup> Enhanced Follow-up Report &

2<sup>nd</sup> Technical Compliance Re-Rating

April 2025

Follow-Up Report





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**This report was approved through a written process by the ESAAMLG Task Force of Senior Officials in April 2025.**

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# NAMIBIA: 3<sup>rd</sup> ENHANCED FOLLOW-UP REPORT & 2<sup>nd</sup> REQUEST FOR TC RE-RATING

## I. INTRODUCTION

1. The Mutual Evaluation Report (MER) of Namibia was adopted by the Task Force and approved by the Council of Ministers in September 2022<sup>1</sup>. According to the MER, Namibia was Compliant (C) on 5 Recommendations, Largely Compliant (LC) on 16 Recommendations, Partially Compliant (PC) on 16 Recommendations and Non-Compliant (NC) on 3 Recommendations. Out of the 11 Immediate Outcomes (IOs), Namibia was rated Moderate Level of Effectiveness on 6 IOs and Low Level of Effectiveness on 5 IOs. Details of the MER ratings are provided in the Table 2.1 below. This follow-up report assesses the progress made by Namibia in addressing the technical compliance deficiencies identified in its MER, relating to Recommendations 23 and 33. Re-ratings are given where sufficient progress has been made.
2. Overall, countries are expected to have addressed most, if not all, technical compliance deficiencies by the end of the third year. This report does not cover the progress made by Namibia in improving its effectiveness.
3. The following experts (assisted by Mofokeng Ramakhala and Tom Malikebu, from the Secretariat) assessed Namibia's request for TC re-ratings and prepared its follow-up report:
  - Ms Nyaradzo Chiwewe (Zimbabwe);
  - Mr Evans Siziba (Zimbabwe);
  - Mr. Toka Mashoai (Lesotho);
  - Ms. Motšeng Tšolo (Lesotho);
  - Paulo Munguambe (Mozambique);
  - Ms Julia Tloubatla (South Africa);
  - Ms Nokwazi Mtshali (South Africa);
  - Ms Cynthia Ngwane (South Africa).
4. Section III of this report summarises the progress made by Namibia on technical compliance. Section IV sets out conclusions and contains a table of Recommendations for which a new rating has been given.

## II. KEY FINDINGS OF THE MUTUAL EVALUATION REPORT

5. The MER<sup>2</sup> rated the Republic of Namibia's technical compliance as set out in Table 2.1 below. In light of these results, Namibia was placed in the enhanced follow-up process<sup>3</sup>.

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<sup>1</sup> [MER of Namibia-September 2022.pdf \(esaamlg.org\)](https://www.esaamlg.org/reports/Namibia%20MER.pdf)

<sup>2</sup> Mutual Evaluation Report of Namibia- <https://www.esaamlg.org/reports/Namibia%20MER.pdf>

<sup>3</sup> Enhanced follow-up is based on the traditional ESAAMLG policy for members with significant shortcomings (in technical compliance or effectiveness) in their AML/CFT/CPF systems and involves a more intense follow-up process.

Table 2.1. Technical compliance ratings<sup>4</sup> September 2022

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

### III. OVERVIEW OF NAMIBIA'S PROGRESS

#### 3.1. Progress to address technical compliance deficiencies as at the end of April 2024

6. Since the adoption of its MER in September 2022, Namibia took all necessary and critical actions to address the deficiencies identified in the September 2022 MER. Some of the actions include passing 9 amendments and 4 new laws which supported re-ratings on Recommendations 5, 12 and 20 to Compliant (C) while Recommendations 6, 7, 8, 13, 15, 18, 19, 22, 25, 29 and 39 were re-rated largely compliant (LC). Table 2.2 contains details of the outcome of re-ratings in April 2024. ESAAMLG commends Namibia for the steps it has taken to improve its technical compliance deficiencies.

Table 2.2: Technical Compliance after Re-rating Request - April 2024

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

#### 3.2. Progress to address TC deficiencies for consideration under the 3<sup>rd</sup> FUR

7. Namibia has made further progress and has applied for re-rating of Recommendations 23 and 33. This progress has been assessed in the following paragraphs.

<sup>4</sup> There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC) and non-compliant (NC).

### 3.2.1 Recommendation 23 – DNFBPs: Other Measures (Originally rated PC – re-rated LC)

	Year	Rating
MER	2022	PC
FUR 1	2023	PC (not re-assessed)
FUR 2	2024	PC (not re-assessed)
FUR 3	2025	↑LC

8. **Criterion 23.1(a) (Met)**- Namibia did not fully meet the requirement of this sub-criterion at the time of the MER due to a deficiency related to Recommendation 20. Based on s33(1) of the Financial Intelligence Act (FIA), the MER noted that obligations to file a suspicious transaction report (STR) to the FIC applied equally to DNFBPs. However, reporting entities were allowed up to 15 days after forming a suspicion that a transaction may be related to criminal conduct, including an offence of ML or TF, before submitting an STR. The period of 15 days was considered not to be consistent with the principle of ‘prompt’ as required under c.20.1. Hence, the sub-criterion was rated partly met.
9. Subsequent to the MER and FUR 2, it was noted that Namibia amended s.33(1) of FIA which now requires a reporting entity to submit an STR to the FIC promptly after establishing the suspicion. Section 33 (4A) of FIA defines ‘promptly’ as without delay and no later than 3 days after forming suspicion. In view of this, R.20 was re-rated to Compliant under FUR 2 which was published in August 2024. On this basis, Reviewers have concluded that Namibia has complied with requirements of c.23.1(a) since the section also applies to DNFBPs. **Hence, c.23(1)(a) is re-rated Met.**
10. **Criterion 23.1(b)-(Met)**-The 2022 MER rated c.23.1(b) as Partly met. Namibia did not fully meet the requirement of this sub-criterion at the time of the MER because there was a deficiency in relation to R 20. The analysis under c.23.1(a) above also applies to Dealers in Precious Metals and Stones since they are also defined as reporting institutions under Section 1 as read together with Schedule 3 of the FIA. **Hence, c.23.1(b) is re-rated Met.**
11. **Criterion 23.1(c)-(Met)**-The 2022 MER rated c.23.1(c) as Partly met. Namibia did not fully meet the requirement of this sub-criterion at the time of the MER because there was a deficiency in relation to R 20. As indicated under c.23.1(a), Section 33 (4A) of FIA also applies to Trust and Company service providers since they are also defined as reporting institutions under Section 1 as read together with Schedule 1 of the FIA. **Hence, c.23.1(c) is Met.**
12. **Based on the above analysis, all sub-criteria are Met. Hence, the overall re-rating of C.23.1 is Met.**
13. **Criterion 23.2-(Mostly Met)**-The 2022 MER found that deficiencies highlighted in R. 18 regarding information sharing and confidentiality of information exchanged, as well as lack of additional ML/TF risk management requirements were relevant to DNFBPs. In particular, there was no provision for financial groups to implement group-wide programs against ML/TF risks to all branches and subsidiaries of the financial group. In addition, DNFBPs were not required to ensure that their foreign branches and majority-owned subsidiaries apply AML/CFT measures which are consistent with the home country requirements, where the host country requirements are less strict. Hence, R.18 was rated PC in the MER.

14. Subsequent to the MER, Namibia addressed the shortcomings through amendment of sections 39 and 20A of FIA and applied for re-rating through FUR 2. The assessment of FUR 2 found that Section 39(2) of FIA requires accountable institutions to ensure that their foreign branches and subsidiaries have policies and procedures for information sharing within the group for purposes of CDD and risk management. In addition, branches and subsidiaries are required to have information on customers, accounts, and transactions, including information on transactions and activities which appear unusual from branches and subsidiaries for AML/CFT purposes.
15. The remaining shortcoming, however, is that such information is not required to be provided at the group-level function and shared with branches and subsidiaries, taking into account sensitivity and relevance to risk management. Furthermore, the FUR 2 noted that there was no specific legal/regulatory provision obliging financial groups to have adequate safeguards on confidentiality and use of information exchanged within the group in order to prevent tipping-off. However, the deficiencies were considered as minor, taking into account the fact that Namibia does not have foreign based subsidiaries and branches. In view of this, R.18 was rated LC under FUR 2 which was published in August 2024.
16. The deficiencies noted under R. 18 also apply to DNFBPs since they are designated as accountable institutions. Similar to FIs, DNFBPs in Namibia do not have foreign based subsidiaries and branches. In view on this, Reviewers have determined that the deficiencies have less weight on the overall rating of c.23.2. **Hence, c.23.2 is re-rated Mostly met.**
17. **Criterion 23.3-(Mostly Met)**-This criterion assesses application of requirements of R.19 on DNFBPs. Therefore, deficiencies highlighted in the 2022 MER under R. 19 were also relevant to DNFBPs since they have the same obligations as FIs in relation to R.19- business relationships and transactions with or linked to high-risk countries. In relation to FIs, the 2022 MER determined that Namibia had met c.19.2 and c.19.3. However, there was no obligation for reporting entities to apply enhanced due diligence, proportionate to the risks, to business relationships and transactions with natural and legal persons, including FIs, from countries for which this is called for by the FATF (c.19.1). Hence, c.19.1 was not met and the overall rating for R.19 was PC.
18. Subsequent to the 2022 MER, Namibia applied for re-rating of R.19 after having amended the FIA and introduced section 24(2)(b) to address the outstanding deficiencies. On the basis of the new provisions, FUR 2 found that Namibia complied with c.19.1 and rated it Met (see FUR published in August 2024 for details).
19. In relation to c.19.2 which was rated Met in the 2022 MER based on s.9(2)(e) of FIA, the FUR 2 noted that the section was later amended and replaced by section 24(2)(b) of FIA Amendment Act. This section provides that accountable institutions are required to take enhanced due diligence measures proportionate to the risk associated with business relations or transactions from high-risk countries identified through individual risk assessment, national risk assessment or identified by FATF. On the basis of this section, c.19.2 was re-rated Mostly met and the overall rating of R. 19 was LC (see FUR 2 which was published in August 2024).
20. Under this FUR, Reviewers considered section 24(2)(b) of FIA and noted that the provision refers to application of enhanced due diligence measures (as cited above) whereas the application of counter-measures in line with c19.2 are not provided for by law. Reviewers

are of the strong view that there is a fundamental distinction between enhanced due diligence measures and counter-measures. Hence, Reviewers have concluded that Namibia has not adequately addressed the requirements of c.19.2, as there is no legal basis or existence of procedures for Namibia to apply counter-measures proportional to the risks when called to do so by the FATF or on its own volition.

21. However, in the context of DNFBPs in Namibia, the deficiency does not have significant weight on the overall rating. **Hence, c.23.3 is re-rated Mostly met.**
22. **Criterion 23.4-(Met)**-The 2022 MER rated this criterion met on the basis of Sections 33 and 46 of FIA. Subsequently, in 2023 Namibia amended section 33(3) by deleting sub-paragraph (c) of this section. In addition, Namibia also amended Section 33(4) by deleting sub-paragraph (c). However, these amendments do not affect the country's compliance with R.21. **Hence, c.23.4 remains Met.**

### *Overall Conclusion and Weighting*

23. Since the MER, Namibia has made progress in addressing most of its deficiencies regarding DNFBPs, including new requirements for DNFBPs to report STRs within 3 days and apply group wide internal controls. However, there is no specific requirement for financial groups to provide information on customer, account, and transaction from branches and subsidiaries for purposes of group level compliance, audit and/or AML/CFT functions, when necessary for AML/CFT purposes. In addition, Namibia has not adequately addressed c.19.2 which requires application of counter-measures proportional to the risks when called to do so by the FATF or on its own volition. This deficiency is also relevant to DNFBPs. However, in the context of DNFBPs in Namibia, the deficiency does not have significant weight on the overall rating. **In view of the minor shortcomings, this Recommendation is re-rated Largely Compliant.**

#### **3.2.2 Recommendation 33 –Statistics (Originally rated PC– re-rated LC)**

	<b>Year</b>	<b>Rating</b>
<b>MER</b>	<b>2022</b>	PC
<b>FUR 1</b>	<b>2023</b>	PC (not re-assessed)
<b>FUR 2</b>	<b>2024</b>	PC (not re-assessed)
<b>FUR 3</b>	<b>2025</b>	↑LC

24. **Criterion 33.1(a)-(Met)**-At the time of the MER, Namibia did not fully meet this sub-criterion. The MER noted that FIC maintains statistics under section 9(1)(e)(i) of the FIA on the STRs received and disseminated. However, assessors observed that it was difficult to determine the level of effectiveness due to the submission of inconsistent information.
25. In order to comply with the requirements of R 33, the FIC developed a National Statistical Tool (NST) which is the central database for capturing AML/CFT related statistics. It consists of a dedicated application for each of the stakeholders accommodated. The system currently accommodates the following six stakeholders:
  - The Financial Intelligence Centre (FIC);

- The Namibian Police Force (NamPol);
  - The Anti-Corruption Commission (ACC);
  - The Namibia Revenue Agency (NamRA);
  - The Ministry of Justice: Directorate of Legal Services; and
  - The Office of the Prosecutor General (OPG).
26. Namibia has demonstrated that the NST captures and maintains comprehensive statistics on STRs received from reporting institutions and financial intelligence reports disseminated to competent authorities. **Based on this information, this sub-criterion is Met.**
  27. *Criterion 33.1(b)-(Met)*- The 2022 MER rated this sub-criterion Partly Met as Namibia did not fully meet the requirements of this sub-criterion at the time of the MER. While assessors noted that CID maintains statistics on TF investigations, prosecutions, and convictions, they did not find the statistics comprehensive enough to assist in assessing the effectiveness of the agency in combating ML/TF crimes.
  28. As explained above (see details under c.33.1(a), Namibia has developed a statistical tool which keeps comprehensive information on ML and TF investigations, prosecutions and convictions, including the status of the case. Namibia has provided satisfactory evidence of progress on this. **Hence, this sub-criterion is Met.**
  29. *Criterion 33.1(c)-(Met)*- The 2022 MER rated this sub-criterion Partly Met as Namibia did not fully meet the requirements of this criterion. While assessors noted that the Office of the Prosecutor General maintained statistics on property frozen, seized and confiscated and recovered through forfeiture, they concluded that the statistics were not comprehensive enough to assist in assessing the effectiveness of the agency in combating ML/TF crimes.
  30. As explained above (see details under c.33.1(a), Namibia has developed a statistical tool which captures a range of statistics which includes property frozen, seized and confiscated. The country provided Annexure 3, Figure 10.2 which contains detailed information on assets seized/ restrained, date of seizure, estimated value, outcome of the case, date of confiscation and date of sale, amount realized. This is considered to be satisfactory for purposes of this sub-criterion. **Hence, this sub-criterion is re-rated Met.**
  31. *Criterion 33.1(d)-(Mostly Met)*- The 2022 MER rated this sub-criterion partly met because Namibia did not fully meet the requirements. Assessors noted that Ministry of Justice maintains statistics on mutual legal assistance (MLA) requests made and received. In addition, the MER also noted that FIC, NAMPOL and NAMFISA maintain statistics on incoming and outgoing requests for other forms of international cooperation. However, the assessors determined that the statistics were not comprehensive enough to assist in assessing the effectiveness of the agency in combating ML/TF crimes.
  32. As highlighted under c.33.1(a) above, subsequent to the MER, Namibia developed a National Statistical Tool which captures and maintains information on incoming and outgoing requests in relation to MLA and Extradition. Some of the details kept include offence type(s) investigated, natural and legal person(s) involved as well as all incoming and outgoing transmissions/communications regarding the request. In relation to other international requests for cooperation made and received, Namibia has provided Annexure 3, Figures 10.3-10.7 which show exchange of information by the FIC, Namibia Police, Namibia Revenue Authority and the Anti-Corruption Commission. The system contains information such as the date of request, name of the requesting agency and name of the



recipient of the agency (requested agency). However, the other agencies such as Bank of Namibia and NAMFISA have not provided statistics relevant to exchange of information concerning licensing and registration of banks and financial institutions. Considering that Reviewers are not aware of any specific situations whereby exchange of information by these authorities was necessary, this deficiency is considered to be minor. **Hence, this sub-criterion is rated Mostly met.**

*Overall Conclusion and Weighting*

33. Namibia has taken significant steps to address the deficiencies identified in its 2022 MER in relation to R.33. It has developed a national statistical tool to facilitate collection and retention of comprehensive statistics on STRs, Disseminations, ML/TF investigations, prosecutions and convictions, property frozen, seized, confiscated, mutual legal assistance and other international cooperation made and received. However, in relation to other forms of international cooperation, the other agencies such as Bank of Namibia and NAMFISA have not provided statistics which would be useful in the assessment of effectiveness such as Core Issue 3.1 of Immediate Outcome 3. **In view of this minor shortcoming, this Recommendation is re-rated Largely Compliant.**

**IV. CONCLUSION**

34. Namibia has made progress in addressing some of the technical compliance deficiencies identified in its MER. Reviewers considered information provided in support of the request for re-rating of Recommendations 23 and 33 which were previously rated PC. Based on the progress made, both Recommendations have been upgraded to LC.
35. Considering the overall progress made by Namibia since the adoption of its MER, its technical compliance with the FATF Recommendations has been revised as shown in Table 4.1 below.

**Table 4.1: Technical Compliance Re-rating, April 2025**

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