



Anti -money laundering and Counter -terrorist financing measures

ZAMBIA

6th Enhanced Follow-up Report and
3rd Technical Compliance Re-Rating

September 2024

Follow-Up Report





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This report was approved by the ESAAMLG Task Force of Senior Officials at the September 2024 meeting in Diani, Kenya.

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Secretariat, P. O. Box 9923, Dar es Salaam-United Republic of Tanzania Tel: +255 22 2667895/7679

Fax No: +255 22 2668745

Email: executivesec@esaamlg.org

ZAMBIA'S 6th ENHANCED FOLLOW-UP REPORT & 3rd REQUEST FOR RE-RATING

I. INTRODUCTION

1. The Mutual Evaluation Report (MER) of Zambia was adopted by the Task Force and approved by the Council of Ministers in June 2019¹. According to the MER, Zambia was Compliant (C) on 11 Recommendations, Largely Compliant (LC) on 17 Recommendations, Partially Compliant (PC) on 11 Recommendations and Non-Compliant (NC) on one Recommendation. Out of the 11 Immediate Outcomes (IOs), Zambia was rated Moderate Level of Effectiveness on 9 IOs and Low Level of Effectiveness on 2 IOs. Details of the MER ratings are provided in the Table 2.1 below. This follow-up report assesses the progress made by Zambia to resolve the technical compliance shortcomings identified in its MER.
2. The assessment of Zambia's request for technical compliance re-ratings and the preparation of this report was undertaken by the following experts (Supported by ESAAMLG Secretariat: Mofokeng Ramakhala and Tom Malikebu): 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) and Ms Cynthia Ngwane (South Africa).
3. Section III of this report summarises the progress made by Zambia 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

4. The MER rated Zambia's technical compliance ratings as set out in Table 2.1 below. In the light of these results, Zambia was placed in the enhanced follow-up process.

Table 2.1. Technical compliance ratings² April 2019

R.1	R.2	R.3	R.4	R.5	R.6	R.7	R.8	R.9	R.10
LC	LC	C	C	LC	PC	NC	PC	C	PC
R.11	R.12	R.13	R.14	R.15	R.16	R.17	R.18	R.19	R.20
LC	LC	C	PC	PC	PC	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	PC	LC	PC	PC	PC	C	PC	C	LC
R.31	R.32	R.33	R.34	R.35	R.36	R.37	R.38	R.39	R.40
LC	C	C	C	PC	LC	LC	LC	LC	LC

III. OVERVIEW OF PROGRESS IN TECHNICAL COMPLIANCE

¹ <https://www.esaamlg.org/reports/MER%20Zambia-June%202019.pdf>

² There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC) and non-compliant (NC).

3.1 Progress in addressing the technical compliance deficiencies identified in the MER/FUR

5. Since the adoption of its MER in April 2019, Zambia has taken measures aimed at addressing the technical compliance deficiencies identified in its MER. This section of the report summarises progress made by Zambia to improve its technical compliance by addressing the TC deficiencies identified in its MER.
6. ESAAMLG welcomes the steps that Zambia has taken to improve its technical compliance deficiencies. However, due to remaining deficiencies under R. 5, the rating of PC has been maintained for this Recommendation.

Recommendation 5: Terrorist Financing Offence

.	Year	Rating
MER	2019	LC
FUR.1	2022	PC (downgraded)
FUR.2	2024	PC (no re-rating requested)
FUR.3	2024	PC (not re-rated)

7. **Criterion 5.1 –(Partly Met)** The MER of Zambia and the 1st FUR of Zambia concluded that the Zambian legal framework met the requirements of criterion 5.1. Zambia subsequently amended its Anti-Terrorism and Non-Proliferation Act, No. 6 of 2018 to further address criminalisation of terrorist financing. This FUR reviews compliance with the requirements of the Recommendation based on the new provisions of the law. The Glossary (FATF Methodology) defines “terrorist financing” as the financing of terrorist acts, and of terrorists and terrorist organisations.
8. S.2(1) of the Anti-Terrorism and Non Proliferation Act, 2018, as amended in 2023 (the Act) defines terrorism as follows, “*an act or omission in or outside Zambia that is intended, or by its nature and context, may reasonably be regarded as being intended to intimidate or threaten the public or a section of the public or compel a government or an international organisation to do, or refrain from doing, any act, and is made for the purpose of advancing a political, ideological or religious cause and which—* (a) **constitutes an offence within the scope of a counter-terrorism convention listed in the Second Schedule;** (b) *causes or is intended to cause death or serious bodily harm to a person;* (c) *causes or is intended to cause serious damage to private or public property;* (d) *endangers a person’s life;* (e) *creates a serious risk to the health or safety of the public or a section of the public;* (f) *involves the use of firearms or explosives;* (g) *involves the release into the environment or any part thereof or distributing or exposing the public or any part thereof to any dangerous, hazardous, radioactive, harmful substance, toxic chemical, microbial or other biological agent or toxin;* (h) *is designed or intended to disrupt any computer system or the provision of services directly related to communications, infrastructure, banking or financial services, utilities, transportation or other essential infrastructure or services;* (i) *is designed or intended to disrupt the provision of essential*

emergency services such as police, civil defence or medical services; (j) causes serious risk to national security; (k) causes damage to a vessel or is likely to endanger the safe navigation of any vessel on inland or international waters; and (l) causes damage to any aircraft or airport, is intended or likely to cause damage to any air navigation facilities or endanger the safety and lives of persons and property, affect the operations of air services or undermine the confidence of the public in the safety of civil aviation **and “terrorist act” shall be construed accordingly.**

9. Reviewers note that, in 2022, [see Anti-Terrorism and Non-Proliferation (Amendment) Act No.6 of 2023], a further amendment was made in section 2(1) of the Act that introduced a definition of a “terrorist act” to mean: “(a) any criminal act that may endanger the life, physical integrity or freedom of, or cause serious injury or death to, any person, group of persons, or causes or may cause damage to public or private property, natural resources, environmental or cultural heritage and is calculated or intended to— (i) intimidate, put in fear, force, coerce or induce the Government, a body, an institution, the general public or any segment thereof, to do or abstain from doing any act, or to adopt or abandon a particular view, or to act according to certain principles; (ii) disrupt any public service, the delivery of an essential service to the public, or to create a public emergency; or (iii) create general insurrection in the Republic; and (b) any promotion, sponsoring, contribution to, command, aid, incitement, encouragement, attempt, threat, conspiracy, organising, or procurement of any person, with the intent to commit any act referred to in paragraph (a) (i) to (iii)”.
10. In addition, ‘Terrorism financing’ in s.2(1) of the Act has been defined as “an act by any person who, irrespective of whether a terrorist act occurs, by any means, directly or indirectly, wilfully provides or collects funds or attempts to do so with the intention that the funds should be used or knowing that the funds are to be used in full or in part— (i) to carry out a terrorist act; (ii) by a terrorist; (iii) by a terrorist organisation; or (iv) for the travel of a person to a State other than the person’s State of residence or nationality for the purpose of perpetration, planning or preparation of, or participation in, terrorist act or the providing or receiving of terrorist training.”. The specific terrorist acts in paragraph (a) to the definition of the “terrorist act” under the FATF Recommendations’ Glossary and also envisaged in Article 2(1)(a) of the TF Convention were already covered under the definition of “Terrorism” in Sec 2 of the Anti-Terrorism and Non-Proliferation Act 2018. However, the definition of “Terrorism Financing’ does not include ‘terrorism’. Whereas the definition includes ‘terrorist act’, it is noted that the definition of ‘terrorist act’ is narrower compared to the definition of *terrorism* in the 2018 Act as it does not include offences specified in the Annexes to the UN TF Convention. In addition, the legal framework does not criminalise ‘terrorism’ as defined under the 2018 Act. In view of this, offences covered under Article 2(1)(a) of the UN TF Convention do not fall within the scope of the offence of TF in Zambia.
11. In terms of offences under Article 2(1)(b) of the UN TF Convention, these are covered by the definition of ‘terrorism financing’ as read together with the definition of ‘terrorist act’ (reproduced above). The definition of ‘terrorist act’ mirrors Article 2(1)(b) of the UN TF Convention.

12. Based on the foregoing findings, Reviewers concluded that Zambia criminalises TF in accordance with Article 2(1)(b). However, the scope of criminalization does not cover elements of Article 2 (1) (a) of the UN Convention. **Therefore, the criterion is Partly Met.**
13. **Criterion 5.2 –(Met)** The 2nd FUR of Zambia had concluded that section 20 of the Act criminalizing TF only covered terrorist acts and left out critical elements of terrorist organisations and individual terrorists. Zambia subsequently repealed and replaced section 20 that criminalises financing of terrorism as defined in section 2(1) of the Act, which definitions incorporates “terrorist act”, “a terrorist” and “a terrorist organisation”. Therefore, TF offences extend to any person who wilfully provides or collects funds or other assets by any means, directly or indirectly, with the unlawful intention that they should be used, or in the knowledge that they are to be used, in full or in part, to carry out a terrorist act, (b) by a terrorist organisation or by (c) an individual terrorist.
14. **Criterion 5.2^{bis} - (Met)** The MER and the 2nd FUR of Zambia had concluded that there was no legal provision addressing the requirements of this criterion. Zambia subsequently repealed and introduced new section 20(1) of the Act, which is read with section 2(1) of the Act, that enables criminalisation of TF to include financing the travel of individuals who travel to a State other than their States of residence or nationality for the purpose of the perpetration, planning, or preparation of, or participation in, **terrorist acts** or the providing or receiving of terrorist training [section 20(1) r/w section 2(1) of the Anti-Terrorism and Non-Proliferation Act, No. 6 of 2018].
15. **Criterion 5.3 –(Met)-** TF offences extend to any funds or other assets whether from a legitimate or illegitimate source [section 20(1) r/w section 2(1) of the Anti-Terrorism and Non-Proliferation Act, No. 6 of 2018, as amended]. **Hence, c.5.3 is rated Met.**
16. **Criterion 5.4 –(Met)-** The 2nd FUR of Zambia had concluded that there was no substantive provision that addressed the requirements of criterion 5.4. Zambia introduced a new section in the Act. In Section 20(4) of the Anti-Terrorism and Non-Proliferation Act No. 6 of 2018, as amended, a person is considered to have committed an offence of TF whether or not the funds or other assets, belonging to that person, were used to commit a terrorist act ...or, were linked to a specific terrorist act. **Hence, c.5.4 is rated Met.**
17. **Criterion 5.5 – (Met)-** The 2019 MER found that this criterion was Met based on the cases which were provided to prove that intent is a key ingredient of the offence of TF. The legal framework remains as set out in the MER 2019 and the 2nd FUR 2019. **Hence, c.5.5 is still rated Met.**
18. **Criterion 5.6 – (Met)-** The 2019 MER rated this criterion as Met based on Section 20 (2) (b) of the Anti-Terrorism Act, 2007. Zambia has since come up with a new law which provides for the same sanctions as in the old legislation. In terms of section 20 (5) of the the Anti-Terrorism and Non-Proliferation Act No. 6 of 2018, as amended, natural persons convicted of TF are liable to life imprisonment. Thus, the criminal sanctions

have not changed since the MER and the 2nd FUR of Zambia. **Hence, c.5.6 is still rated Met.**

19. **Criterion 5.7 – (Mostly Met)**- The 2nd FUR of Zambia noted that courts can and have held legal persons criminally liable (see 2019 MER). As per the MER analysis, assessors concluded that the law did not provide for civil or administrative sanctions where criminal liability is not possible and the legal provisions cited did not provide an option of a fine to a legal person. Under this current FUR, Reviewers noted that Zambia statute law defines a person to include natural or juristic person. As a result, the criminal liability of a legal person is covered under Section 74 of the Anti-Terrorism and Non-Proliferation Act, No. 6 of 2018, as amended in 2023 which provides that a legal person who commits a TF offence is liable, on conviction to a fine of one million penalty units (equivalent to ZMW 400,000 or about USD 15,385). **Hence, c.5.7 is rated Met.**
20. **Criterion 5.8 – (Met)**- The 2019 MER rated this criterion as Met based on S.20 (1) and (4) of the ATA, 2007, and S.21 and 22 of the Penal Code Act. The ATA was replaced by Anti-Terrorism and Non-Proliferation Act, No. 6 of 2018. Ancillary offences to the TF offence are covered under Sections 31(1) and (2) of the Anti-Terrorism and Non-Proliferation Act, No. 6 of 2018 as amended. **Hence, c.5.8 is still rated Met.**
21. **Criterion 5.9 – (Met)**- The 2019 MER rated this criterion as Met based on s.20 of the ATA, 2007 which noted that Zambia adopted an “all crimes approach”, and therefore the criminalization of terrorist financing under S.20 of the ATA, 2007, renders it a money laundering predicate offence. The ATA, 2007 was replaced by the Anti-Terrorism and Non-Proliferation Act, No. 6 of 2018. Section 20 of the Anti-Terrorism and Non-Proliferation Act, No. 6 of 2018 (as amended by the Anti-Terrorism and Non-Proliferation Act No .6 of 2023) renders TF a predicate offence of money laundering. **Hence, this criterion remains Met.**
22. **Criteria 5.10 – (Met)**- The 2019 MER rated this criterion as Met based on Section 3 (2) (c) of the ATA, 2007 and S. 6 of the Penal Code Act. Zambia introduced a new law. In terms of Section 3(2) of the Anti-Terrorism and Non-Proliferation Act, No. 6 of 2018, as amended, a person who commits an offence outside Zambia which, if wholly done within Zambia, would be an offence against this Act, may be tried and punished under this Act in the same manner as if that act had been wholly done within Zambia. **Hence, c.5.10 is still rated Met.**

Weighting and conclusion

23. Since its 1st FUR with re-rating, in April 2022, Zambia has amended its Anti-Terrorism and Non-Proliferation Act, No. 6 of 2018 to address some of the outstanding deficiencies. Zambia introduced new section 20(1) and (3) of the Act and amended section 2(1) of the parent Act to cater for a terrorist act and terrorism financing definitions which were not in the parent Act. The definitions cater for the elements of Article (2)(1)(b) of the UN TF Convention. While the definition of ‘terrorism’ includes elements of Article 2(1)(a) of the Convention, there is no link with the definition of TF

or ‘terrorist act’, and ‘terrorism’ is not criminalized. The shortcomings are considered to be moderate. **Hence, Recommendation 5 remains Partially Compliant.**

Recommendation 6: Targeted Financial Sanctions Related to Terrorism and Terrorist Financing

	Year	Rating
MER	2019	PC
FUR 1	2022	PC no re-rating request
FUR 2	2023	PC no rerating request
FUR 3	2024	PC (Not re-rated)

24. Under its MER 2019 Zambia was rated PC on R.6. The main deficiency was lack of measures to implement targeted financial sanctions without delay. Zambia amended the Anti-Terrorism and Proliferation Finance 2018, (the Act) and promulgated the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations, (Statutory Instrument No. 1 of 2024) to introduce measures intended to address identified deficiencies.
25. **Criterion 6.1 –(Mostly Met)**-The 2019 MER rated c.6.1 Not Met. The 2018 Act and Regulations of 2024 address the identified deficiencies. In relation to designations pursuant to UNSCR 1267/1989 and 1988 sanctions regimes, the instruments have been assessed as follows:
- (a) **-(Met)**- The Minister is designated as a competent authority to propose persons or entities to the relevant UNSCRs Committees for designation [section 43 of the Act.
 - (b) **-(Met)**- Zambia has mechanisms for identifying targets for designations, based on the designation criteria set out in the relevant United Nations Security Council Resolutions (see Regulation 3 of the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations, Statutory Instrument No. 1 of 2024). After satisfying itself that the criteria are met, the Centre makes a recommendation to the Minister who subsequently proposes persons or entities to the relevant United Nations Security Council Committee for designation. This may be wide enough to cover proposing names to the 1989 or 1988 Sanction Committees [section 43(2) r/w (1) of the Act].
 - (c) **-(Mostly Met)**- Zambia applies an evidentiary standard of proof of reasonable grounds to believe when deciding whether or not to make a proposal for designation to the relevant UNSC Sanction Committee [Regulations 3(b) of Statutory Instrument No. 1 of 2024]. However, there is no explicit provision stating that the proposals for designations are not conditional

upon the existence of a criminal proceeding. Regulation 4 applies in instances where there has been a foreign request.

(d) **-(Met)-** Zambia is able to follow the standard forms and procedures when making proposals for designations to the relevant UNSC Sanctions Committees [Regulation 7(1) of Statutory Instrument No. 1 of 2024].

(e) **-(Met)-** Zambia is able to provide as much relevant information as possible on the proposed name as well as to provide a statement of case which forms the basis for proposing designation and that upon submitting the proposal the Minister can indicate whether or not Zambia status as a designating state may be made known [Reg 7(1) of Statutory Instrument No. 1 of 2024].

26. **Criterion 6.2 – (Mostly Met-)** The 2019 MER rated c.6.2 as Mostly Met based on Regulation 4 of Anti-Terrorism (United Nations Resolutions Implementation) Regulations, 2017]. The assessors found that the only deficiency was that there was no provision in the Regulation that enables Zambia to request another state to give effect to the actions initiated under the freezing mechanisms. Subsequent to this, Zambia introduced a new Act and Regulations as indicated below in relation to designations pursuant to 1373:

(a) **-(Met)-** It is noted that in terms of section 43(1) of the Anti-Terrorism and Non-Proliferation Act, No. 6 of 2018, as amended, the Minister has the responsibility to designate persons or entities that meet designation under UNSCR 1373. A foreign State may make a request to the Attorney General for the national listing of a person, group or entity based on the procedure in Regulation 4 of the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations, Statutory Instrument No. 1 of 2024.

(b) **-(Met)-** The criteria for identifying targets for designation in Regulation 3 of the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024 is wide enough to accommodate designation criteria envisaged in Res 1373.

(c) **-(Met)-** When receiving a request Zambia ensures that the request is supported by reasonable grounds to recommend a national listing [regulation 4 (5) and (6) of Statutory Instrument No. 1 of 2024]. Furthermore, in terms of Regulation 3(b), the criteria for national listing includes ‘reasonable grounds to believe.....’

(d) **-(Mostly Met)-** Zambia applies an evidentiary standard of proof of reasonable grounds to believe when deciding whether or not to make a proposal for designation [Regulation 3(1)(b) of the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations, 2024]. Furthermore, in relation to designations at the request of a foreign country, such designations are not conditional upon the existence of a criminal proceeding [Regulation 4(9) of the Anti-Terrorism and Non-

Proliferation (United Nations Security Council Resolutions Implementation) Regulations, 2024]. However, there is no similar express provision in relation to national designations.

(e) *-(Met)-* Regulation 5 of the Statutory Instrument No. 1 of 2024 enables Zambia to request another state to give effect to the actions initiated under freezing mechanisms and to provide as much identifying information, and specific information supporting the designation, as possible.

27. **Criteria 6.3 – (Met)-** The 2019 MER rated c.6.3 as Partly Met. Subsequent to the MER, Zambia introduced new laws as discussed below.

(a) *-(Met)-* Zambia’s competent authority, the Centre, has the legal authority and procedures that meet the requirements of c.6.3(a) [section 6(2) of the Act and Reg 3 of the Statutory Instrument No 1 of 2024].

(b) *-(Met)-* Although Section 43 of the Act and Regulation 3 of the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024 do not expressly provide or empower the Minister or the Centre to operate *ex parte* against a person or entity who has been identified for designation or whose designation is being considered, it appears that Zambia is implicitly permitted to operate *ex parte* against a person or entity who has been identified and whose designation is being considered as the Centre is not required to call or consult the person of interest during the designation process.

28. **Criteria 6.4 – (Partly Met)-** The 2019 MER rated c.6.4 as Partly Met. The relevant laws have since been amended. Based on these laws, Zambia implements targeted financial sanctions as assessed below:

(a) In relation to TFS under 1988 and 1989 Zambia has introduced To address this Zambia has introduced section 43A of the Anti-Terrorism and Non-Proliferation Act 2018, as amended in 2023 which states that the Centre shall, on receipt of the relevant United Nations sanctions list or the national list from the Minister— (a) direct all persons, groups or entities, without delay and without prior notice, to— (i) freeze all funds or other assets suspected or belonging to a nationally listed person, group or entity, or designated person or entity including funds derived from property owned or controlled directly or indirectly— (a) by that nationally listed person, group or entity, or designated person or entity. However, the Act is silent on the time it takes the Minister to receive the list and the time it takes to disseminate the list to the Centre. In the absence of information on how the Minister receives the designation, and how long the Minister takes to send the list to the Centre, it is difficult to conclude that the whole process from the UN to the reporting entities is carried out within 24 hours. In addition, Regulation 10(1) of Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024 provides that, “A reporting entity, supervisory authority, State institution,

person or entity shall, where a sanctions list from the relevant Sanctions Committee has been circulated, without delay and prior notice, identify and freeze funds or other assets of a designated person, group or entity that are...". Without delay is defined in the Act as "within twenty-four hours". When the provisions in the Act and Regulation are considered together, it means that the Centre has a maximum period of 24 hours and the rest of entities mentioned in Regulation 10 have another maximum of 24 hours. These provisions leave a room for the period between the designation by the UNSCR and the receipt (by reporting institutions) of the requirement to freeze the funds or other assets to exceed 24 hours. Thus, targeted financial sanctions (from UNSC) may not always be implemented without delay upon a designation of a person or entity being made by the UNSC. **Hence, c.6.4 is partly met.**

(b) In respect of national listing (Resolution 1373), Regulation 3(1) of the Statutory Instrument No. 1 of 2024 requires that the Centre, based on information received, should have reasonable grounds to believe (but falls short of not to suspect) among others, that, a person, group or entity is engaged in terrorism, terrorism financing, after which it shall recommend to the Minister to nationally list a person or entity. The Minister is expected to issue a national listing of a person, group or entity upon receipt of the recommendation from the Centre [Regulation 3(3) of the Statutory Instrument No. 1 of 2024]. Thus, targeted financial sanctions can be implemented immediately where this calls for measures under resolution 1373.

29. **Criteria 6.5 –(Mostly Met)** - The 2019 MER rated c.6.5 as Partly Met. Based on the new laws, this criterion is assessed as follows.

(a) **-(Met)-** Zambia requires natural and legal persons to freeze without delay and without prior notice the funds or other assets of designated persons or entities. [Section 43A of the Act as amended in 2023 and Regulation 10(1) of the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024].

(b) **-(Met)-** Zambia meets the requirements of c.6.5(b) in terms of regulation 10(1) of Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024.

(c) **-(Partly Met)-** Zambia prohibits any person, whether its national or any person or entity within the country from making funds or financial services available, directly or indirectly, to or for the benefit of a designated or nationally listed person or terrorist organisation or proliferation related entity if that person or entity knows, or reasonably suspects, that the person is making the funds or financial services so available for the purposes of terrorism or proliferation (sections 45 and 46 of the Anti-Terrorism and Non-Proliferation Act). The term 'person' is interpreted to include a natural or legal person and therefore the scope of the sections includes a natural or legal person. person or

entity' as required by the sub-criterion. However, the application of this requirement is conditional upon the knowledge or reasonable suspicion that the funds or financial resources shall be used for purposes of terrorism or proliferation. This is not consistent with the spirit of c.6.5(c). Reviewers are of the view that the requirement of the criterion must be implemented without a condition. In addition, these legal provisions do not capture all other elements of this sub-criterion. For instance, the requirement is limited to 'funds' and does not include 'other assets. There is also no explicit legal provision which prohibits making available funds or other assets to entities owned or controlled, directly or indirectly, by designated persons or entities; and persons and entities acting on behalf of, or at the direction of, designated persons or entities. **Hence, c.6.5(c) is partly met.**

(d) **-(Met)-** Section 43(3) of the Anti-Terrorism and Non-Proliferation Act enables Zambia to communicate a designation to the FIs and DNFBPs immediately. Furthermore, Section 43A (1) provides guidance by specifically directing FIs and DNFBPs to freeze funds or other assets of designated persons and ensure that no funds or other assets are made available to them.

(e) **-(Met)-** Section 43A (2) of the Anti-Terrorism and Non-Proliferation Act and Regulation 9(1)(b) of the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024 require a FI or DNFBP to report to the Centre any funds or assets frozen or action taken in compliance with the freezing obligations under UNSCT 1267 and 1373.

(f) **-(Met)-** Regulation 17(7) of the Anti-Terrorism and Non Proliferation (Implementation of United Nations Security Council Resolutions) Regulations, 2024 of the Regulations, provides that there shall not lie or be instituted any criminal or civil proceedings against a reporting entity, supervisory authority, State institution and any other person or entity for any action relating to the freezing of funds or other assets that is based on same or similar names, wrong entries on the national list or as a result of an error, in the absence of bad faith, gross negligence or malice. Thus, the rights of *bona fide* third parties acting in good faith when implementing the freezing obligations are protected.

30. **Criterion 6.6** **-(Met)-** The 2019 MER rated c.6.6 as Partly Met. Since then, Zambia introduced new laws which are assessed below in relation to the requirements of this criterion.

(a) **-(Met)-** In terms of Regulation 13 (4) of the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations the Minister shall, where a person, group or entity appears on the designation list of the relevant Sanctions Committee in accordance with Regulation 6, submit a copy of the de-listing notice and any additional information to the relevant Sanctions Committee for the purposes of facilitating the removal of a person, group or entity from the designation list.

(b) *-(Met)-* Regulation 12(1) of the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024 provides for de-listing under Res 1373 while Regulation 13(1) of Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024 enables unfreezing of funds or other assets of delisted person or entity.

(c) *-(Met)-* Regulation 27 of the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024 allows a designated person who is aggrieved with the designation to appeal to the High Court. There is no procedure specifically for this but the aggrieved party may follow the ordinary proceedings as laid in the High Court Rules for lodging Appeals.

(d) *-(Met)-* Regulation 14 enables a designated person or entity to submit a petition for delisting to the Focal Point established under UNSCR 1730.

(e) *-(Met)-* Regulation 14 enables a designated person or entity to submit a petition for delisting to the Ombudsperson.

(f) *-(Met)-* Section 43B (3) enables the Centre to direct unfreezing of the funds of and inadvertently designated person or entity. Similarly, reg 17(1) Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024 addresses the requirements of c.6.6(f).

(g) *-(Met)-* Regulations 13 and 15 provide that the Centre shall communicate the de-listing list and direct FIs and DNFBPs to unfreeze any funds or assets. In addition to this, they are directed to submit a report to the Centre on action taken.

31. **Criterion 6.7** *-(Met)* The 2019 MER rated c.6.7 as Mostly Met. On the basis of the new laws, Reviewers have determined that Zambia has a legal basis to authorise access to funds or other assets, if freezing measures are applied to persons and entities designated at national level pursuant to UNSCR 1373 in terms of section 52(6) of the Anti-Terrorism and Non-Proliferation Act No. 6 of 2018 as amended.

Weighting and Conclusion

32. Zambia amended the Anti-Terrorism and Non-Proliferation Act 2018 and promulgated the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations, Statutory Instrument No. 1 of 2024 which legal instruments seek to address outstanding deficiencies in implementing the targeted financial sanctions on terrorist financing. The current legal framework enables Zambia to propose designation to the UN Sanctions committees on Resolutions 1989 and 1988. The legal provisions on implementation of TFS without delay have some gaps which render it difficult to conclude that TFS are implemented without delay. Furthermore, the provisions which prohibit a person from making funds available to or for the benefit of a designated person has shortcomings as other elements of the sub-criterion are not

covered. As a result, the shortcomings in c.6.4 and 6.5(c) have been weighted heavily. In view of these moderate shortcomings, **R.6 remains rated partially compliant.**

Recommendation 7: Targeted Financial Sanctions Related to PF

.	Year	Rating
MER	2019	NC
FUR 1	2022	Re-rated to PC
FUR 2	2023	PC (No re-rating request made)
FUR 3	2024	PC (Not re-rated)

33. **Criterion 7.1 – (Partly Met)**- The 2019 MER rated c.7.1 as Not Met. The 2018 Act as amended and Regulations of 2024 address the identified deficiencies to some extent. S.43A provides that the Centre shall, on receipt of the relevant United Nations sanctions list or the national list from the Minister— (a) direct all persons, groups or entities, without delay and without prior notice, to— (i) freeze all funds or other assets suspected or belonging to a nationally listed person, group or entity, or designated person or entity including funds derived from property owned or controlled directly or indirectly— (a) by that nationally listed person, group or entity, or designated person or entity. However, the Act is silent on the time it takes the Minister to receive the list and the time it takes to disseminate the list to the Centre. In the absence of information on how the Minister receives the designation, and how long the Minister takes to send the list to the Centre, it is difficult to conclude that the whole process from the UN to the reporting entities is carried out within 24 hours. In addition, Regulation 10(1) of Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024 provides that, “A reporting entity, supervisory authority, State institution, person or entity shall, where a sanctions list from the relevant Sanctions Committee has been circulated, without delay and prior notice, identify and freeze funds or other assets of a designated person, group or entity that are...” When the provisions in the Act and Regulation are put together, it means that the Centre has a maximum period of 24 hours and the rest of entities mentioned in Regulation 10 have another maximum of 24 hours. These provisions leave a room for the period between the designation by the UNSCR and the receipt (by reporting institutions) of the requirement to freeze the funds or other assets to exceed 24 hours. Thus, targeted financial sanctions (from UNSC) may not always be implemented without delay upon a designation of a person or entity being made by the UNSC.
34. **Criterion 7.2 – (Mostly Met)** – The 2019 MER rated c.7.2 as Partly Met mainly because the provisions did not apply to TFS relating to PF. Zambia has since introduced a law and Regulations as explained below.

- (a) **-(Met)-** Zambia requires natural and legal persons to freeze without delay and without prior notice the funds or other assets of designated persons or entities. [reg10(1) of the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024].
- (b) **-(Met)-** Zambia meets the requirements of c.7.2(b) based on Regulation 10(1) of Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024.
- (c) **-(Partly Met)-** Zambia prohibits its nationals or any entities within the country from making available funds or financial services to or for the benefit of designated persons or entities a designated or nationally listed person or terrorist organisation or proliferation related entity if that person or entity knows, or reasonably suspects, that the person is making the funds or financial services so available for the purposes of terrorism or proliferation (sections 45 and 46 of the Anti-Terrorism and Non-Proliferation Act). However, the application of this requirement is conditional upon the knowledge or reasonable suspicion that the funds or financial resources shall be used for purposes of terrorism or proliferation. This is not consistent with the spirit of c.7.2(c). **Hence, Reviewers concluded that this sub-criterion is partly met.**
- (d) **-(Met)-** Section 43(3) of the Anti-Terrorism and Non-Proliferation Act enables Zambia to communicate designations to the FIs and DNFBPs immediately. Furthermore, Section 43A (1) specifically directs FIs and DNFBPs to freeze funds or other assets of designated persons and ensure that no funds or other assets are made available to them.
- (e) **-(Met)-** Section 43A (2) of the Anti-Terrorism and Non-Proliferation Act and Regulation 9(1)(b) of the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024 require a FI or DNFBP to report to the Centre any funds or assets frozen or action taken in compliance with the freezing obligations.
- (f) **-(Met)-** Regulation 17(7) The Anti-Terrorism and Non Proliferation (Implementation of United Nations Security Council Resolutions) Regulations, 2024 of the Regulations, provide that there shall not lie or be instituted any criminal or civil proceedings against a reporting entity, supervisory authority, State institution and any other person or entity for any action relating to the freezing of funds or other assets that is based on same or similar names, wrong entries on the national list or as a result of an error, in the absence of bad faith, gross negligence or malice. Thus, the rights of *bona fide* third parties acting in good faith when implementing the freezing obligations are protected.

35. **Criterion 7.3 - (Met)-** The 2019 MER rated c.7.3 as Not Met mainly because the provisions did not apply to TFS relating to PF. Zambia has since introduced a law and Regulations. Section 12(1) Section 12 of the Anti-Terrorism and Non-Proliferation Act No. 6 of 2018, as amended, enables the Centre to ensure compliance with the obligations

that pertain to R.7 and the Centre is empowered to impose administrative sanctions where a failure to comply does not attract criminal sanctions. This is in terms of section 72A (1) of this Act.

36. **Criterion 7.4 –(Met)-** The 2019 MER rated c.7.4 as Not Met mainly because the provisions did not apply to TFS relating to PF. Zambia has since introduced a law and Regulations as explained below.

(a) **-(Met)-** Regulation 14(1) of the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations enables persons and entities to petition a request for delisting at the Focal Point.

(b) **-(Met)-** Section 43B (3) enables the Centre to direct unfreezing of the funds of and inadvertently designated person or entity. Similarly, reg 17(1) Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024 addresses the requirements of c.7.4(b).

(c) **-(Met)-** Section 52(6)(e) of the Anti-Terrorism and Proliferation Finance 2018, as amended addresses requirements of 7.4(c).

(d) **-(Met)-** Regulations 13 and 15 of the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024 provide that the Centre shall communicate the de-listing list and direct FI and DNFBPs to unfreeze any funds or assets. In addition to this, they are directed to submit a report to the Centre on action taken.

37. **Criterion 7.5 – (Met)-** The 2019 MER rated c.7.5 as Not Met mainly because the provisions did not apply to TFS relating to PF. Zambia has since introduced a law and Regulations. Section 52(1)(a) and (b) of the Anti-Terrorism and Non-Proliferation Act No. 6 of 2018 and Regulation 19(2) of Statutory Instrument No. 1 of 2024 address the requirements of c.7.5(a).

Weighting and Conclusion

38. Zambia has addressed some of the requirements of Recommendation 7. However, the Act and Regulations are silent on the time it takes the Minister to send the UN list to the Centre- they only cover the period from receipt of the UN list by the Center and circulation to reporting entities and other relevant agencies. In addition, when the Act and Regulations are read together, it means that the Centre has a maximum period of 24 hours to circulate the UN list and the rest of entities mentioned in Regulation 10 also have another maximum of 24 hours to implement the requirements. Hence, Reviewers could not conclude that implementation of TFS can be carried out without delay upon a designation of a person or entity being made by the UNSC. Furthermore, the provision which prohibit a person from making funds available to or for the benefit of a designated person has shortcomings. As a result, the shortcomings in c.7.1 and c.7.2(c) have been weighted heavily. In view of these moderate shortcomings **R.7 remains rated partially compliant.**

Recommendation 25 Transparency and Beneficial Ownership of Legal Arrangements

	Year	Rating
MER	2019	PC
FUR 1	2022	PC (No re-rating request made)
FUR 2	2023	PC (No re-rating request made)
FUR 3	2024	PC (Not re-rated)

39. **Criterion 25.1 -(Mostly Met)**-The 2019 MER rated c.25.1 as Partly Met. The assessors had established that the Lands (Perpetual Succession) Act which the authorities cited as the authority for registering and administering trusts in Zambia does not have requirements in sub criterion (a)-(c).

(a) **-(Met)**- Zambia amended Section 16(5) of the FIC Act 2010 to require governing bodies of trust to *obtain and hold adequate, accurate, and current information on the identity of the settlor, the trustee, the protector, if any, the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust.*

(b) **-(Met)**- pursuant to section 16(5) (b) of FIC Act, Zambia requires a governing body of a trust to obtain and hold basic adequate, accurate, and current information on other regulated agents of, and service providers to, the trust, including investment advisors or managers, accountants, and tax advisor.

(c) **-(Mostly Met)**- In terms of section 22 (1) r/w (2) of the FIC Act 2010, as amended, a reporting entity (Trust and Company Service Provider) is required to maintain all the books and records with respect to its customers and transactions for a period of 10 years from the date a report was made. This falls short of maintaining the record after the involvement with the trust ceases as required in c,25,1(c).

40. **Criterion 25.2 -(Partly Met)**- The 2019 MER had established that the Lands (Perpetual Succession) Act did not require information held pursuant to this Recommendation to be kept accurate and as up to date as possible. To address this, Zambia amended Section 16(5) of the FIC Act 2010 to require governing bodies of trust to *obtain and hold adequate, accurate, and current information on the identity of the settlor, the trustee, the protector, if any, the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust.*

41. Zambia further ensures that information kept pursuant to the Land (Perpetual Succession) Act (on trust) is updated annually through submission of annual returns. [Section 5 of Land (Perpetual Succession) Act, as amended]. However, the information envisaged to be kept in respect of this criterion appears to be limited to information required in criterion 25.1(a) and the obligation is imposed only on the governing body of a trust to the exclusion of other persons or entities that are required to obtain and hold crucial information under Recommendation 25 such as professional trustees. In

addition, the update on information happens only whenever annual returns are due (s.5 of Land (Perpetual Succession) Act) and is not required to be done immediately whenever changes take place (before the due date for annual returns).

42. **Criterion 25.3 -(Partly Met)-** The 2019 MER rated c.25.3 as Met based on section 16 (5)(c) of the FIC Act 2010 as amended. Section 16(4)(c) of the FIC Act 2010 as amended in 2020, requires a reporting entity with respect to each customer, to obtain and verify, as part of its obligation (identification) under subsection 1, information outlined in paragraph (c) on legal arrangements. However, this section does not indicate that trustees shall be required to disclose their status to FIs and DNFBPs when entering a business relationship or conducting a transaction in their capacity as trustees.
43. **Criterion 25.4 -(Met)-** The 2019 MER rated c.25.4 as Met based on Lands (Perpetual Succession) Act and section 16 (5)(c) of the FIC Act 2010 as amended. The legal framework remains the same as set out in the 2019 MER [see c25.4 of the MER 2019].
44. **Criterion 25.5 -(Met)-** The 2019 MER rated c.25.5 as Met. Assessors noted that competent authorities can use powers bestowed on them by the different Acts they administer to obtain access to information held by trustees or other parties like reporting entities (including FIs) in a timely manner. In addition, based on section 16(5)(c) of the FIC Act FIs and DNFBPs are required to obtain such information when entering into a business relationship with a legal arrangement.
45. **Criterion 25.6 -(Met)** The 2019 MER rated c.25.6 as Met. The legal framework remains the same as set out in the 2019 MER [see c25.6 of the MER 2019].
46. **Criterion 25.7-(Not Met)-** The 2019 MER rated c.25. 7 as Not Met. The current Sections 4 (3) and 13 of the *Land (Perpetual Succession) (Amendment) Act No. 11 of 2020* do not enable Zambia to ensure that trustees are either (a) legally liable for any failure to perform the duties relevant to meeting their obligations; or (b) that there are proportionate and dissuasive sanctions, whether criminal, civil or administrative, for failing to comply.
47. **Criterion 25.8 - (Met)-** The 2019 MER rated c.25.8 as Met. The legal framework remains the same as set out in the 2019 MER [see c25.8 of the MER 2019].

Weighting and Conclusion

48. Zambia has put in place, in particular under the FIC Act 2010, as amended, the legal basis that obliges trustees and professional trustees to comply with the requirements of c.25.1. The requirement to keep the information is addressed to a very limited extent. There is no obligation imposed on trustees to disclose their status to FIs and DNFBPs. There is also no indication that trustees are liable for failure to perform duties relevant to their obligations. These shortcomings are moderate. **R. 25 remains rated partially compliant.**

Recommendation 28: Regulation and Supervision of DNFBPs

.	Year	Rating
MER	2019	PC
FUR 1	2022	PC (No re-rating request)
FUR 2	2023	PC (No re-rating request made)
FUR 3	2024	PC (Not re-rated)

49. **Criterion 28.1 – (Mostly Met)**- The 2019 MER rated c.28.1 as Mostly Met. Assessors noted that the Act and Guidelines for Licensing Casinos (issued in June 2017) do not require submission of information which can assist in identifying and preventing criminals or their associates from holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function, or being an operator of a casino.
- (a) **-(Met)**- The legal framework remains the same as set out in the 2019 MER [see c28.1(a) of the MER 2019].
 - (b) **-(Not Met)**- the legal framework remains the same as set out in the 2019 MER [see c28.1(b) of the MER 2019].
 - (c) **-(Met)**- The legal framework remains the same as set out in the 2019 MER [see c28.1(c) of the MER 2019].
50. **Criterion 28.2 - (Met)** -The MER concluded that trust and company service providers were not designated as reporting entities and therefore did not have a designated supervisor. Zambia amended the FIC Act to designate the FIC (the Centre) to supervise and monitor compliance with the FIC Act by trust and company service providers. [section 5(j) of the FIC Act as amended].
51. **Criterion 28.3 - (Met)**- The 2019 MER rated c.28.3 as Mostly Met because independent TCSPs were not covered. Following the amendment of the FIC Act, Trust and Company Service Providers which used to be outside the scope of AML/CFT measures are subject to AML/CFT requirements [Section 5(j) r/w section 2 of the FIC Act 2010, as amended].
52. **Criterion 28.4 -(Partly Met)**- The 2019 MER rated c.28.4 as Partly Met. Based on the actions taken by Zambia, the Reviewers determined progress as follows:
- (a) **-(Met)**- The legal framework remains the same as set out in the 2019 MER [see c28.4(a) of the MER 2019].
 - (b) **-(Partly Met)**- Other DNFBPs that still have deficiencies are the following:
 - (i) **Dealers in Precious Stones and Metals**
The MER had established that the law did not require the competent authorities to determine whether or not one is a criminal or not. The current FUR shows that section 14(2) and (3) of the Mines and Minerals Development Act 2015

prohibits granting of non-mineral rights to a company or an individual convicted of an offence in the last five years. In terms of regulation 8(3) of the Mines and Minerals Development Regulation, 2016 non-mineral rights permit trading in gemstones and precious metals, among others. It is noted that while trading in minerals includes precious metals, it does not extend to trading in precious stones. Thus, the above shortcomings negatively impact the market entry measures deployed by Zambia for dealers in precious metals and stones.

(ii) *Lawyers*

The MER had established that there was no specific legal provision which required the Law Association to assess or obtain information on the criminal record of the applicants for a practicing licence. It is noted that section 53 of the Legal Practitioners' Act, provides that any practitioner who contravenes any of the provisions of section fifty-two shall be deemed to be guilty of a professional misconduct, and the Court may, in its discretion, either admonish such practitioner, or suspend him from practice, or cause his name to be struck off the Roll pursuant to section twenty-eight. It is noted from the forgoing that a practitioner is a person who has already been admitted to practice law in Zambia. Therefore, section 53 of the Legal Practitioners' Act does not address the requirements of c.28.4(b) and there is no other evidence submitted to demonstrate that Zambia can take the necessary measures to prevent criminals or their associates from being admitted into legal practice

(c) **-(Met)-** The legal framework remains the same as set out in the 2019 MER [see c28.4(c) of the MER 2019.

53. **Criterion 28.5 – (Mostly Met)-** The 2019 MER rated c. 28.5 as Not Met as Zambia had not yet started implemented risk-based supervision. Progress to address this is discussed below.

(a) **-(Mostly Met)-** Section 5(3)(J)(ii) of the FIC Act 2010 as amended does not require the FIC to carry out supervision of casinos, lawyers, dealers in precious stones and metals, accountants and real estate agents on a risk sensitive basis. On the other hand, section/clause 4.1.2 of the FIC's Risk Based Supervisory Framework enables Zambia to plan its inspections (onsite or offsite) using the results of a risk assessment whereby: the frequency and intensity of the onsite and offsite supervision can be based on the understanding of ML/TF risks and take into consideration different characteristics, diversity and number of DNFBPs. However, there is no evidence submitted to demonstrate that other Supervisors of the DNFBPs have a similar RBS framework that can enable them to perform supervision on a risk sensitive basis.

(b) **-(Mostly Met)-** Section 23(2)(g) of the FIC Act 2010 as amended does not address the requirements of c28.5(b). On the other hand, section 4.1.2 of the FIC's Risk Based Supervision Framework may enable the FIC to take into account the ML/TF risk profile of the DNFBPs, and the degree of discretion allowed to them under the risk-based approach, when assessing the adequacy

of the AML/CFT internal controls, policies and procedures of DNFBPs. However, Zambia has not furnished statistics on inspections or plans to demonstrate that other supervisory authorities carry out supervision activities, such as, outreach or have issued guidance using the FIC RBS framework,

Weighting and Conclusion

54. Reviewers have noted that all DNFBPs have a designated supervisory authority following the addition of trust and company service providers in the FIC Act 2010, as amended. These are supervised by the FIC as the supervisor of last resort. Although it is prohibited to conduct a casino business without a licence, Reviewers noted that there is no indication that there are available market entry measures to prevent criminals or their associates from holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function, or being an operator of a casino [c.28.1(b)]. The similar shortcoming was also noted in the case of lawyers and dealers in metals. Dealers in precious stones are not covered in the Mines and Minerals Development Act 2015 or Regulations thereunder [c.28.4(b)]. It is submitted that the shortcoming noted in c.28.1(b) and c.28.4(b) have been weighted heavily. **Therefore, R.28 remains rated partially compliant.**

Recommendation 35: Sanctions

	Year	Rating
MER	2019	PC
FUR 1	2022	PC (No re-rating request)
FUR 2	2023	PC (re-rating request made, maintained PC)
FUR 3	2024	LC (re-rated from PC)

55. **Criterion 35.1 (Mostly Met)** The 2nd FUR found that there were deficiencies under R.6 which had consequential impact on the scope of sanctions. Zambia has introduced Regulation 8 (1) of the Anti-Terrorism and Non-Proliferation (United Nations Security Council Resolutions Implementation) Regulations 2024 to address the deficiencies. The sanctions apply to national listing (UNSCR 1373). In addition to this, Regulation 19(7) provides that any person who deals with funds or other assets held or controlled by a designated person commits an offence and shall, on conviction, be liable to life imprisonment (see sections 42 and 43 of the Act). Furthermore, sections 44 (prohibition of dealing with funds and economic resources) and 45 (Making funds or financial services available to designated or nationally listed person or entity prohibited) of the Anti-Terrorism and Non-Proliferation Act No.6 of 2018, as amended by Act No. 6 of 2023, provides for a penalty of life imprisonment for violating these sections. If FIs and DNFBPs do not comply with the obligation to freeze funds and other assets, they are subject to sanctions specified in s.72A of the Act (Regulation 22(3) of S.I No 1 of 2024). S. 72A prescribes administrative sanctions ranging from a caution to a penalty not exceeding thirty million penalty units.

56. **Criterion 35.2- (Mostly Met)** - The 2019 MER rated c.35.2 as Met based on S.52 of the FIC Act. The legal framework remains the same as set out in the 2019 MER [see c.28.4(c) of the MER 2019. Section 72 of the Anti-Terrorism and Non-Proliferation Act No.6 of 2018 (as amended by the Anti-Terrorism and Non-Proliferation Act No. 6 of 2023) provides for imposition of liability of managers, directors and shareholders for offences by a body corporate and unincorporated body. However, the sanctions for individuals are the same as those applicable to legal persons. In view of the deficiency under c.35.1, this criterion is rated mostly met.

Weighting and Conclusion

57. Zambia has a range of criminal, civil and administrative sanctions to deal with legal and natural persons that fail to comply with AML/CFT requirements in particular under the FIC Act 2010, as amended and the Anti, Terrorism and Proliferation Act 2018 as amended. Overall, Zambia meets most of the requirements of **R 35 and that only minor shortcomings remain outstanding**. The sanctions against making funds or financial services available to designated or nationally listed person or entity is a penalty of life imprisonment. This provision seems to apply to natural persons only. **Therefore R. 35 is re-rated from PC to Largely Compliant.**

IV. CONCLUSION

58. Overall, Zambia has made some progress in addressing deficiencies of its technical compliance identified in its MER in relation to R35. Hence, R 35 has been re-rated from PC to LC. However, in view of the outstanding deficiencies related to Recommendations 5, 6, 7 and 28 the PC ratings are maintained.

59. Zambia will remain in enhanced follow-up and will continue to inform the ESAAMLG of the progress made in improving the implementation of its AML/CFT/CPF measures. The next report shall be submitted for consideration in April 2025.

Table 4.1 Technical Compliance Re-rating, August 2024

R. 1	R.2	R.3	R.4	R.5	R.6	R.7	R.8	R.9	R10
LC	PC LC	C	C	PC PC	PC PC	PC PC	PC PC	C	LC
R.11	R.12	R.13	R.14	R.15	R.16	R.17	R.18	R.19	R.20
LC	LC	C	LC	PC	PC 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	PC LC	LC	PC	PC PC	PC	C	PC PC	C	LC
R.31	R.32	R.33	R.34	R.35	R.36	R.37	R.38	R.39	R.40
LC	C	C	C	PC LC	LC	LC	LC	LC	LC