

# Anti-money laundering and counter-terrorist financing measures

## Zimbabwe

7<sup>th</sup> Enhanced Follow-up Report &  
Technical Compliance Re-Rating

April 2021





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

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## ZIMBABWE: 7<sup>th</sup> ENHANCED FOLLOW-UP REPORT WITH RE-RATING

### I. INTRODUCTION

1. The ESAAMLG evaluated the anti-money laundering and combating the financing of terrorism and proliferation financing (AML/CFT) regime of the Republic of Zimbabwe under its Second Round of Mutual Evaluations from 15-24 July 2015. The Mutual Evaluation Report (MER) was adopted by the ESAAMLG Council of Ministers in September 2016. According to the MER, Zimbabwe was Compliant (C) with 11 Recommendations, Largely Compliant (LC) with 9 Recommendations, Partially Compliant (PC) with 14 Recommendations and Non-Compliant (NC) with 6 Recommendations. Out of the 11 Immediate Outcomes (IOs), Zimbabwe was rated Moderate Level of Effectiveness on 2 IOs and Low Level of Effectiveness on nine IOs. Details of the MER ratings are provided in Table 2.1 below. This 7<sup>th</sup> Follow-Up Report analyses progress made by Zimbabwe to address the technical compliance deficiencies identified in its MER. TC re-ratings are given where sufficient progress has been demonstrated. This report also analyses progress made in implementing the new requirements of Recommendations 2, 5, 15 and 21 which have changed since the MER was adopted. The report does not analyse any progress Zimbabwe has made in improving its effectiveness. Progress in this area will be assessed as part of a subsequent follow-up assessment, and if found to be sufficient, may result in re-ratings of Immediate Outcome ratings at that time.
2. The assessment of Zimbabwe's request for TC re-ratings and the preparation of this report were undertaken by the following experts (supported by the ESAAMLG Secretariat: Chris Likomwa, John Muvavarirwa and Tom Malikebu):
  - Vilho Nkandi (Namibia)
  - Osvaldo Santos (Angola)
  - Julia Tloubatla (South Africa).
  - Tausi Abdallah (Tanzania).
3. Section III of this report highlights progress made by Zimbabwe and analysis undertaken by the Reviewers. Section IV sets out the conclusion and a table showing which Recommendations have been recommended for re-rating.

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

4. The MER<sup>1</sup> rated Zimbabwe' technical compliance as set out in Table 2.1 below. In the light of these results, Zimbabwe was placed in the enhanced follow-up process<sup>2</sup>.

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<sup>1</sup> Mutual Evaluation Report of Zimbabwe, September 2016 available at [https://www.esaamlg.org/index.php/Mutual\\_Evaluations/readmore\\_me/25](https://www.esaamlg.org/index.php/Mutual_Evaluations/readmore_me/25)

<sup>2</sup> Enhanced follow-up is based on the traditional ESAAMLG policy for members with significant shortcomings (in technical compliance or effectiveness) in their AML/CFT systems, and involves a more intense follow-up process.

**Table 2.1. Technical compliance ratings<sup>3</sup> September 2016**

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

### III. OVERVIEW OF PROGRESS IN TECHNICAL COMPLIANCE

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

5. Since the adoption of its MER in September 2016, Zimbabwe has taken measures aimed at addressing the technical compliance deficiencies identified in its MER. As a result of this progress, 14 Recommendations were re-rated (upgraded) to LC and C as highlighted in the Table below.

**Table 3.1: Technical Compliance Re-ratings (in blue colour)**

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

6. This section of the report summarises further progress made by Zimbabwe to improve its technical compliance by addressing the TC deficiencies identified in its MER and implementing the new requirements where the FATF Standards have changed since the adoption of the MER in 2016 and 6<sup>th</sup> FUR in September 2019 (Recs. 2, 5, 15 and 21).
7. ESAAMLG welcomes the steps that Zimbabwe has taken to improve its technical compliance with Recommendations 1 and 24. Following this progress, Zimbabwe has been re-rated Largely Compliant with R.1 and R.24. Due to the new requirements of Recommendations 2, 5 and 15 which have not been addressed, R.2 has been downgraded from LC to PC, R.5 from C to LC and R.15 from

<sup>3</sup> There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC) and non-compliant (NC).

C to PC. However, Zimbabwe remains Compliant with Recommendation 21.

**3.1.1 Recommendation 1 – Assessing risks & applying a risk-based approach (Originally rated PC – re-rated LC)**

8. Under its Second Round MER, Zimbabwe was rated PC with the requirements of this Recommendation. The major deficiencies were that Zimbabwe had no mechanism(s) to communicate results of the NRA; the authorities did not demonstrate an understanding of the ML/TF risks identified in the NRA, and, as a result, they had not applied a risk-based approach to allocation of resources and implementation of AML/CFT measures to prevent or mitigate ML/TF risks; there was no specific requirement for FIs and DNFBPs to include information on high risk areas into their risk assessments; no specific requirement for FIs and DNFBPs to assess and understand their ML/TF risks, document the risks, consider the category of the risk and the appropriate mitigating controls, and have measures to communicate the risk assessments to supervisors; no requirement to develop and adopt procedures, policies and controls at a senior management level to manage and mitigate the risks nor monitor implementation of the controls and procedures with a view to adjusting them when necessary; and no specific obligation for FIs and DNFBPs to apply simplified measures on the basis of the level of risk. Under the previous FURs, the country addressed some of the shortcomings and this report highlights additional actions taken in order to deal with the outstanding deficiencies.
9. Zimbabwe developed a National AML/CFT Strategic Plan 2020-2025 which has four strategic objectives: (a) Parallel Financial Investigations, (b) Capacity Building Awareness and Supervision, (c) Asset forfeiture and Confiscation and, (d) Beneficial Ownership and NPOs. The country having identified a number of broad cross cutting issues of concern determined then to focus on four of these as priority given the findings of the NRA. The strategic plan has an accompanying detailed implementation matrix which isolates key primary indicators (KPIs) for each of the four issues and corresponding allocation of resources. The budgetary/resource implication of the KPIs is extended to the national AML/CFT/PF budget which is coordinated by the National Task Force on AML/CFT/PF on an annual basis. Thus, annually a National AML/CFT/PF budget is submitted to the Ministry on the basis of these KPIs which in turn are an enumerated and itemized translation of the national strategic plan.
10. Specifically, resources are allocated in the budget based on the level of risk that the sector/entity poses. As an example- say Pillar No 4. Capacity Building and Awareness Raising. The number of workshops and trainings that need to be conducted is related to the relevant ratings of the FIs or DNFBPs. In terms of actions at an institutional level, as a result of the NRA process some agencies restructured their operations or introduced new units to have specialised focus in certain areas. For instance, the FIU has incorporated the major predicate offenses that were identified in the NRA in their prioritisation of cases for analysis and has created specialised desks to focus on each of the predicate offenses listed in the NRA. Further, various units have been established in some agencies such as the Zimbabwe Revenue Authority (to focus on tax evasion) National Prosecution Authority (to focus on corruption) and Zimbabwe Republic Police (ZRP) to undertake specialised functions. In particular, ZRP has set up units such as Asset Forfeiture Unit, Counter Terrorism Unit, Police Anti-Corruption Unit, a CID Minerals, Flora and Fauna, and others to effectively combat ML/TF. In addition, Zimbabwe has revived the Zimbabwe Anti- Corruption Commission by appointing new commissioners and giving it resources to allow effective operations. In relation to legislation,

Zimbabwe introduced some provisions in the MLPC Act in 2018 to strengthen the civil forfeiture process. The FIU and competent supervisory authorities are required to adopt and implement risk-based supervision whereby more resources are focussed on areas of higher risk.

11. Zimbabwe has therefore largely demonstrated that it applies a risk-based approach to allocation of resources and implementation of AML/CFT measures to prevent or mitigate ML/TF risks. However, it is not clear that the interventions are being applied across all competent authorities. **On this basis, criterion 1.5. has been mostly met.**
12. In the FUR of September 2019, it was determined that FIs and DNFBPs are required to take into account the findings of the NRA when carrying out ML/TF risk assessment [Paragraphs 18 - 21 of the AML/CFT Directives of 2016]. However, it was further noted that the obligation did not cover real estate, lawyers and accountants. The Directives were addressed to specific (individual) sectors and Reviewers noted that the authorities did not include real estate, lawyers and accountants among the entities to which the Directives were sent. The authorities have not submitted new information to address this deficiency. **Based on this, the deficiency remains outstanding and the rating of c.1.7 remains the same.** Supervisory authorities are required to ensure that FIs and DNFBPs comply with the AML/CFT requirements which includes the requirements under Recommendation 1 [s.3 (2) (3) MLPC Act] as also discussed under R 26 and 28. **This adequately addresses shortcomings highlighted under c.1.9.**
13. Under the September 2019 FUR, it was determined that FIs and DNFBPs are required to assess their ML/TF risks, document the risks and consider the category of the risk and the appropriate mitigating controls. [ However, there is no obligation for the FIs and DNFBPs to have appropriate mechanisms to provide risk assessment information to competent authorities. **For this purpose, c.1.10 is mostly met.** On the other hand, there is no specific requirement for FIs and DNFBPs to have policies, controls and procedures which are approved by senior management to manage and mitigate the risks. In addition, there is no requirement for FIs and DNFBPs to monitor implementation of the controls and procedures with a view to adjusting them when necessary. However, FIs and DNFBPs are required to apply enhanced measures for high-risk customers, products, services or situations [s.12B(2)(a) of the MLPC Act]. **Hence, c.1.11 has not been adequately addressed.** While FIs and DNFBs are allowed to apply simplified measures to manage or mitigate risks if lower risks have been identified (see. C.1.8), there is no express prohibition that simplified measures shall not be applied where there is suspicion of ML/TF [s.12B (2)(b) of the MLPC (Amendment) Act. In addition, some of the requirements of c.1.10 and c.1.11 have not been met as discussed above. **Therefore, Zimbabwe does not fully comply with requirements of c.1.12.**

#### *Weighting and conclusion*

14. Zimbabwe has made some progress in addressing outstanding deficiencies identified in its MER. However, some criteria have not been fully addressed such as c.1.5, c.1.7, c.1.10, c.1.11 and c.1.12.
15. **The outstanding shortcomings are considered to be minor, hence R.1 has been re-rated LC.**

### 3.1.2 Recommendation 24 -Transparency and Beneficial Ownership of Legal Persons (Originally rated NC- Upgraded to LC)

16. Under its Second Round MER, Zimbabwe was rated Non-Compliant with the requirements of this Recommendation. The major deficiencies included: that there were no processes in place for recording and obtaining beneficial ownership (BO) information either by the Registrar or the companies themselves; ML/TF risks posed by companies in Zimbabwe were not assessed; there were no obligations for companies or the Registrar to obtain and hold up-to-date information on companies' BO; there was no specific requirement for one or more natural persons resident in Zimbabwe to be authorized by the company and be accountable to provide information on BO and other assistance to the authorities. The requirement to hold information for five years was restricted to listed companies only and there were no mechanisms to monitor the quality of assistance received from other countries in response to requests for basic and BO information.
17. In 2016, Zimbabwe was assessed on the requirements of Rec 24 based on a Companies Act that has since been repealed and replaced by a new law, Companies and Business Entities Act (CBEA), 2019. In view of this, all the criteria of Rec 24 are now being reviewed. In the MER, Zimbabwe met the requirements of c.24.3, 24.4, 24.5, 24.11, 24.13 and 24.14. The analysis shows that the new law is consistent with the requirements of the above criteria the Reviewers are only reviewing those criteria where deficiencies were identified in the MER.
18. In relation to c.24.1, the MER found that there was no requirement to obtain beneficial ownership information. Hence, there was no information on the process for obtaining and recording beneficial ownership information either by the Registrar or the companies itself. This has been addressed in the new company law (s. 72(2) of CBEA). Information on the basic features of legal persons, the process for their creation of different types of legal persons and for obtaining and recording beneficial ownership information is publicly available on <https://www.zimbabwecompaniesregistry.org/> and from the Registrar's office. **As a result, c.24.1 is met.**
19. Zimbabwe completed a 2<sup>nd</sup> NRA in December 2019 which incorporates ML/TF risk assessment for all types of legal persons created in Zimbabwe, including on Private Companies, Public Companies, Cooperative Companies, foreign companies, companies limited by guarantee, private business corporations, partnerships, Non-Profit Organizations and Statutory Bodies. The assessment found that Private Limited Companies, Private Business Corporation, and Trusts had the highest risk rating for ML. No evidence of TF risk was found in respect of legal persons (Chapter 18 of the NRA, 2019 at 249). **Hence, c.24.2 has been met.**
20. Companies are required to maintain an accurate and up-to-date register of its members, which should include the name, address and number of shares held at its registered office [s. 159(1) and (2) of the Companies and Business Entities Act of 2019]. Hence, c.24.4 is considered to have been met. In addition to this, s.72(2) requires the Registrar of Companies to obtain and hold accurate and up-to-date beneficial ownership information filed by companies including any material change to the information. Furthermore, it is a requirement under s.72(3) for beneficial ownership information held and maintained either by the company or by the Registrar to be easily accessible by the FIU or by LEAs. **As a result, c.24.6 has been met.** In addition, S. 72(1) and (2) of the CBE Act requires that the company should maintain BO information that is accurate and up-to-date. **Therefore c.24.7 has been met.**

21. Zimbabwe has measures in place to ensure that companies cooperate with competent authorities. S.72 (4) obligates companies to appoint a person resident in Zimbabwe to be responsible for keeping custody of the register of beneficial owners and also who has mandate to authorise the release of such information to the FIU or law enforcement authorities. In relation to the provision of basic information, s. 195 (2) of CBEA requires that every company must have at least one director resident in Zimbabwe. Although there is no specific authorisation for the resident director to provide basic information to the authorities, the resident director can provide such basic information as the authorities may require (see footnote 73 under c.24.8)<sup>4</sup>. Also s.72 requires the company, which includes the directors, to keep and file with the Registrar, BO information and to keep it up to date. In addition, in terms of the CBEA, companies are required to file basic information to the Registrar of Companies and LEAs have powers to obtain basic information from companies. **Therefore, c.24.8 has been met.** In relation to record keeping, s.72(9) of CBEA requires the company or its administrators, liquidators or other persons involved in the dissolution of the company to keep BO records for at least five years after the date on which the company is dissolved or otherwise ceases to exist. This requirement applies to all companies, irrespective of their listing status. Other persons involved in the dissolution of the company would include all persons, authorities and entities as required by the FATF Standards. In addition to this, s.24(2)(a) of the MPLC Act requires FIs and DNFBPs to keep BO information for a period of not less than 5 after the termination of a business relationship. **Therefore, c.24.9 has been met.**
22. S.72 (3) and (7) of the CBEA provides that beneficial ownership information held and maintained in line with S.72, either by the company or by the Registrar, shall be made available for inspection by the FIU or by a law enforcement agency referred to in s.2 of MLPCA. Further, the FIU or the Registrar, either on their own behalf or on behalf of law enforcement agency are authorized to seek beneficial ownership or other company information from foreign counterparts, in respect of any company, and, likewise, may provide beneficial ownership or other company information to their foreign counterpart. The LEAs do have all the powers under R.31 to obtain timely access to the basic and BO information held by the legal persons. **Therefore c.24.10 has been met.**
23. In terms of s73(2) of the CBEA, companies are allowed to issue nominee shares in relation to shareholding which has BO other than the immediate shareholders. Furthermore, s.73 (9) of the CBEA requires a nominee of a beneficial owner to disclose the name and relevant particulars of the beneficial owner to the company or private business cooperation together with a written request that such beneficial owner and particulars should not appear on the face of the shares or in the share certificate or in the register of shareholders or interest holders. However, the law is silent on nominee directors. It is not clear whether there are measures in place to prevent misuse of nominee directors. It is therefore not clear as to what the authorities would do in a situation where a legal person has a nominee director who might be abused for ML/TF purposes. Based on this, **c.24.12 is partly met.**
24. In terms of the CBEA, Zimbabwe has a range of sanctions to enforce compliance with legal person transparency obligations. For instance, failure to provide basic information at the time of incorporation will result in the legal person remaining unregistered. Any person who provides false

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<sup>4</sup> Footnote 73 under c.24.8 (FATF Methodology) says that ‘members of the company’s board or senior management may not require specific authorization by the company’ to provide the information.



or inaccurate statement, return, report etc for purposes of any provisions of CBEA shall be guilty of an offense and be liable to a fine not exceeding Level 7 (equivalent to USD 1,400) or imprisonment for a period not exceeding one year or both (s. 76 of CBEA). A company or officer who fails to maintain a register of shareholders is punishable by category 4 penalty (equivalent to USD 235) [s.159(7) of CBEA] and a breach of directors' duties results in a fine not exceeding level 14 (equivalent to USD 18,000) or 2 years' imprisonment or both [(s.56(7) of CBEA)]. Furthermore, failure to provide BO information, keep them up-to-date and accurate attracts a fine of not exceeding level 14 (equivalent to USD 18,000) or to imprisonment for a period not exceeding 5 years or both [(s. 72(10) of CBEA)]. Late submission of required documents attracts fines which vary according to the period in default (eg a delay of 3 months attracts times the fees and a delay of more than 12 months attracts a fee of 5 times the fee). The sanctions are considered to be proportionate and dissuasive. **Hence, c.24.13 is met.**

25. In relation to international cooperation, Zimbabwe can rapidly provide international cooperation in relation to basic ownership and BO information. The Registrar of Companies and the FIU may provide beneficial ownership or other company information to their foreign counterparts [s.72(7) of CBEA and s. 37 of the MLPC Act]. The term 'other company information' is broad enough to include basic ownership information. In addition to s. 37 of the MLPC Act, ss. 4 & 5 as read with s. 2A(1) of the Criminal Matters (Mutual Assistance) Act (Mutual Legal Assistance Act) enable the widest range of information (s. 2A) to be exchanged with foreign competent authorities, including information held by Companies Registrar.
26. However, MER highlighted some deficiencies in relation to R.40 which may have an impact on c.24.14. Some of the deficiencies are lack of feedback on usefulness of information by competent authorities, generalized timelines to respond to a request, inadequate requirement for the RBZ to seek prior authorisation on the use of information received, and absence of authority to competent authorities to exchange information indirectly with foreign non-counterpart. These deficiencies have not been addressed and therefore have an impact on c.24.14. **Hence, c.24.14 is mostly met.**
27. Furthermore, s.72 (8) of CBEA requires the Registrar, FIU and any competent authority, who requests BO information and other company information from other countries to monitor the quality of the assistance given by the foreign authorities and to keep records of such requests and responses. As indicated above, the term 'other company information' is broad enough to include basic information. This adequately addresses the deficiency under this criterion and **c.24.15 is met.**

#### *Weighting and Conclusion*

28. Zimbabwe was assessed to have met all criteria except c.24.12 and c.24.14 which have been rated partly met and mostly met respectively. The rest of the criteria were rated as met in the MER.
29. **Therefore, R.24 has been re-rated from NC to LC.**

## 3.2 Progress on Recommendations Which Have Changed Since the Adoption of MER and 6<sup>th</sup> FUR

### 3.2.1 Recommendation 2 – National Co-operation and Co-ordination (Originally rated LC – Downgraded to PC)

30. Under its Second Round MER, Zimbabwe was rated Largely Compliant with the requirements of this Recommendation. The only deficiency was that Zimbabwe had no mechanisms in place to deal with proliferation financing. Zimbabwe is being re-rated on this Recommendation due to the changes that were made to the FATF Standards after Zimbabwe's MER was adopted.
31. There are no mechanisms in place to facilitate coordination and cooperation in relation to proliferation financing. The FIU coordinates the implementation of asset freeze measures/obligations related to PF-TFS. However, Zimbabwe does not have a standing mechanism to ensure general domestic co-operation and co-ordination on PF at either the policymaking or operational levels. **Therefore, the deficiency that was noted in c.2.4 has not been addressed.**
32. The National Task Force is mandated to promote cooperation and coordination on AML/CFT programs and activities. Although, there is no specific reference to coordination to ensure compatibility of AML/CFT requirements with Data Protection and Privacy Rules, the mandate of the NTF is broad enough to cover requirements of c.2.5. However, at the operational level, there is no structure or document which indicates that mechanisms exist in practice in relation to coordination to ensure compatibility between AML/CFT requirements and Data Protection and Privacy rules. In addition, the authorities did not provide evidence to demonstrate that there is co-operation and co-ordination, whether formal or informal, between relevant authorities on the compatibility of privacy/data protection requirements with AML/CFT requirements. **This criterion is therefore partly met.**

#### *Weighting and conclusion*

33. Zimbabwe has partly addressed c.2.4 and c.2.5. While the legal framework has designated the FIU to be responsible for coordination of asset freeze actions related to PF, there are no mechanisms in place to facilitate coordination and cooperation on PF. In general, the National Task Force is responsible for the promotion of coordination and cooperation among competent authorities on AML/CFT programs and activities. There is no specific structure or document which shows coordination to ensure compatibility between AML/CFT requirements and Data Protection and Privacy rules. The authorities did not provide evidence to demonstrate that there is co-operation and co-ordination, whether formal or informal, between relevant authorities on the compatibility of privacy/data protection requirements with AML/CFT requirements. The combined shortcomings are now considered to be moderate.
34. **In view of the moderate shortcomings, R.2 has been downgraded from LC to PC.**

### 3.2.2 Recommendation 5 -Terrorist Financing Offence (Originally rated C – Downgraded to LC)

35. Under its Second Round MER, Zimbabwe was rated Compliant with the requirements of this Recommendation. Zimbabwe is being re-rated on this Recommendation due to the introduction of c.5.2bis that was made to the FATF Standards after Zimbabwe's MER was adopted.
36. There is no law in Zimbabwe that covers, as part of TF offences, the financing of 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. **Therefore, the requirements of c.5.2bis have not been met.**

*Weighting and conclusion*

37. Zimbabwe has not addressed the requirements of c5.2bis as there is no law that covers the financing of 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
38. **Hence, the rating of R.5 has been downgraded from C to LC in view of the aforementioned deficiency.**

**3.2.3 Recommendation 15 -New Technologies (Originally rated NC, upgraded to C under 5<sup>th</sup> FUR– Downgraded to PC)**

39. Under its Second Round MER, Zimbabwe was rated Non-Compliant with the requirements of this Recommendation. During its 5<sup>th</sup> FUR, it was re-rated Compliant. Zimbabwe is being re-rated on this Recommendation due to the introduction of c.15.3-15.11 that were made to the FATF Standards after Zimbabwe’s 5<sup>th</sup> FUR was adopted.
40. Zimbabwe has not identified and assessed the ML/TF risks emerging from VA and VASPs activities. As a result, there is no risk-based approach to ensure that measures to prevent or mitigate ML/TF are commensurate with the risks identified. In addition, there is no requirement for VASPs to identify, assess, manage and mitigate ML/TF risks required under c.1.10 and c.1.11.
41. Although Zimbabwe has submitted that it has prohibited VAs and VASPs, there is no legislative framework to support such a proposition. Therefore, the operations of VASPs are not specifically prohibited. There are no requirements for VASPs to be licensed or registered. No action has been taken to identify natural or legal persons that carry out VASP activities without the requisite license or registration, and apply appropriate sanctions to them. Further, there are no legal or regulatory requirements for VASPs to be supervised and supervisory authorities do not have powers to supervise or ensure compliance with AML/CFT requirements. As a result, there are no guidelines to VASPs since they are not subject to supervision and as a consequence VASPs are not subject to sanctions. There is also no requirement that VASPs should comply with Recommendations 10 to 21. The same applies to compliance with Recommendations 6 and 7. **Therefore, requirements of c.15.3 to c.15.10 are not met.**
42. In terms of powers of LEAs noted under R. 31 in the MER, and S.37 of the MLPC Act, Zimbabwe may rapidly provide the widest possible range of international cooperation in relation to money laundering, predicate offences, and terrorist financing relating to virtual assets, on the basis set out in Recommendations 37 to 39. However, there are limitations in relation to property of corresponding value. In addition, since there are no designated supervisors for VASPs, there is no legal basis for exchange of information between Zimbabwean supervisors and their foreign counterparts on VASPs. Apart from these limitations, there is nothing in the law that would hinder Zimbabwe from providing international cooperation relating to VAs. **Hence, c.15.11 is partly met.**

*Weighting and conclusion*

43. Zimbabwe addressed the requirements of R.15 (1-2) in April 2019 during its 5<sup>th</sup> FUR and were re-rated from NC to C. R.15 was amended and introduced criterions 15.3-15.11. Zimbabwe has submitted that VAs are prohibited. However, there is no evidence of specific prohibition that has been provided. Of the new requirements, Zimbabwe has partly met one (15.11) criterion.
44. **Therefore, R.15 has been downgraded from C to PC as the deficiencies are moderate.**

**3.2.4 Recommendation 21 -Tipping Off and Confidentiality (Originally rated C, to remain C)**

45. Under its Second Round MER, Zimbabwe was rated Compliant with the requirements of this Recommendation. Zimbabwe is being re-rated on this Recommendation due to the changes on c.21.2 that were made to the FATF Standards after Zimbabwe’s MER was adopted.
46. Tipping off provisions set out in s.31(2) of the MLPC Act have exceptions to allow for information sharing within financial groups as required under Recommendation 18. The provision states that the obligations do not apply if the disclosure is made to meet obligations which a person has relating to enforcement or compliance with any provision of the MLPC Act or any other enactment. Since financial groups are required to have policies and procedures for sharing information, compliance with this requirement would not constitute tipping off.

*Weighting and conclusion*

47. Zimbabwe has addressed the new requirements under c.21.2.
48. **Hence, the rating of R.21 remains Compliant.**

**III CONCLUSION**

49. Zimbabwe 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 1 and 24 (initially rated PC and NC respectively) and re-rated them to LC.
50. On Recommendations that are being re rated due to the changes made to the FATF Standards, R.2 (originally rated LC) has been downgraded to PC. The new criterion that was added has made the deficiencies to be moderate. R.5 (originally rated C) has been downgraded to LC, R.15 (re rated to C in the previous FUR) has been downgraded to PC and R.21 (originally rated C) remains C.
51. Considering overall progress made by Zimbabwe 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 2021**

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

				<i>PC</i>					
<i>R.21</i>	<b><i>R.22</i></b>	<i>R.23</i>	<i>R.24</i>	<b><i>R.25</i></b>	<i>R.26</i>	<i>R.27</i>	<i>R.28</i>	<b><i>R.29</i></b>	<i>R.30</i>
<i>C</i>	<i>C</i>	<i>C</i>	<i>NC</i>	<b><i>LC</i></b>	<i>PC</i>	<i>LC</i>	<i>PC</i>	<b><i>LC</i></b>	<i>C</i>
<b><i>C</i></b>			<b><i>LC</i></b>						
<i>R.31</i>	<i>R.32</i>	<b><i>R.33</i></b>	<i>R.34</i>	<i>R.35</i>	<i>R.36</i>	<i>R.37</i>	<i>R.38</i>	<i>R.39</i>	<i>R.40</i>
<i>LC</i>	<i>LC</i>	<i>C</i>	<i>PC</i>	<i>LC</i>	<i>C</i>	<i>C</i>	<i>LC</i>	<i>C</i>	<i>LC</i>

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

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