



# FIC Annual Report 2018/19



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## **The Financial Intelligence Centre (FIC) Annual Report 2018/19**

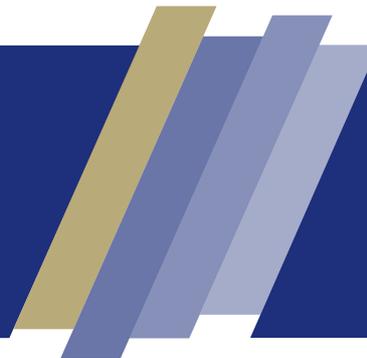
This is the FIC's Annual Report and Financial Statements for the financial year ended 31 March 2019, prepared pursuant to section 15 of the Financial Intelligence Act, 2012 (Act No. 13 of 2012) (FIA) as amended.

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# Abbreviations and Acronyms

AML/CFT/CPF	Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation Financing activities.
AMLCFTPC	Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation Council.
ESAAMLG	Eastern and Southern African Anti Money Laundering Group.
FATF	Financial Action Task Force.
FIA	Financial Intelligence Act, 2012 (Act No 13 of 2012) as amended.
FIC	Financial Intelligence Centre.
FIU	Financial Intelligence Unit.
ML	Money Laundering
PACOTPAA	The Prevention and Combating of Terrorist and Proliferation Activities Act, 2014 (Act No 4 of 2014).
PF	Proliferation Financing.
POCA	The Prevention of Organised Crime Act, 2004 (Act No. 29 of 2004) as amended.
TF	Terrorist Financing.
UN	United Nations.
UNSC	United Nations Security Council.
UNSCR	United Nations Security Council Resolution.



# Introduction

## About the FIC

The FIC is Namibia's national agency established in terms of the Financial Intelligence Act, 2012 (Act No. 13 of 2012) as amended (FIA) with the mandate to assist in the prevention and combatting of Money Laundering, Terrorist Financing and Proliferation Financing activities in collaboration with other Law Enforcement Agencies, Supervisory and Regulatory Bodies and identified government and private sector stakeholders.

## Governance

The FIC reports on delivery of its statutory mandate to the Minister of Finance and the Anti Money Laundering and Combating the Financing of Terrorist and Proliferation (AML/CFTP) Council. The Council is the Government of Republic of Namibia's main AML/CFT/CPF policy advisory body established in terms of section 17 of the FIA.

### Functions of the AML/CFTP Council

- a) advises the Minister responsible for Finance at its own initiative or upon request, on:
  - policies and measures to combat money laundering, financing of terrorism and proliferation activities; and
  - the exercise by the Minister of the powers entrusted to the Minister under the Act;
- b) consult, when necessary, with the FIC, associations representing categories of Accountable or Reporting institutions, Offices, Ministries, Agencies, supervisory bodies, regulators and any other person;
- c) advise the FIC concerning the performance of its functions;
- d) consider and recommend the proposed budget of the FIC to the Minister for approval;
- e) consider and recommend to the Minister; human resources and other resources required by the FIC to effectively carry out its functions in terms of the FIA to the Minister for approval; and
- f) recommend to the Minister the appointment or removal of the Director.

## The Council members



**Mr. I Shiimi**  
(Chairperson of the Council)



**Ms. E Shafudah**  
PS (Ministry of Finance)  
Member



**Mr. IVK Ndjoze**  
PS (Ministry of Justice)  
Member



**Mr J. Mungunda**  
President  
(Bankers Association of Namibia)  
Member



**Mr. K Matomola**  
CEO (NAMFISA)  
Member



**Inspector General SH Ndeitunga**  
(Nampol)  
Member

## The Council members



**Ms. E. Angula**  
(The Law Society of Namibia)  
Member



**Mr. G Sinimbo**  
PS (Min. of Industrialization, Trade & SME  
Development)  
Member



**Mr. J Kandjeke**  
(Public Accountant & Auditor's Board)  
Member



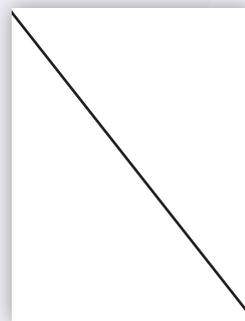
**Comm. (Rtd) T. Kamati**  
PS (Min. of Safety and Security)  
Member



**Adv. O.M Imalwa**  
(Prosecutor General)  
Member



**Mr. Paulus Noa**  
Director General (Anti-Corruption Commission)  
Member



**Mr. B.K Likando**  
Director (NCIS)  
Member

## *Foreword by the Minister*



During the period under review the combating of crime in Namibia to secure a safe environment, conducive to economic and social development, remained on the forefront.

Socio-economic and transnational organised crimes such as drug trafficking, smuggling of contraband, fraud, theft, money laundering and systemic corruption remains prevalent in our country, and is calling for a coordinated combating approach. The past year under review proved, once again, that enhanced cooperation between governmental and non-governmental stakeholders is required to combat crimes which are tearing down the very moral fibre of society. There is thus a need to enhance our commitment to international, continental, regional and bilateral efforts in this regard.

It is common cause that Namibia, like other members of the United Nations, will undergo her second Mutual Evaluation to be conducted by the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG) and the Financial Action Task Force (FATF), as from 01 August 2019 until 28 February 2020. The main purpose of the evaluation will be to assess Namibia's overall compliance with applicable Anti-Money Laundering, Combatting the Financing of Terrorism and Proliferation (AML/CFT/CPF) UN Conventions and mandatory UN Security Council Resolutions, as embodied in the FATF Forty Recommendations on Combatting Money Laundering and the Financing of Terrorism and Proliferation (ML/TF/PF).

In order to prepare the country thoroughly for the mutual evaluation the Anti-Money Laundering and Combating the Financing of Terrorism Council, as main policy advisor to Government on AML/CFT/CPF matters, established a National Focal Committee to:

- a) oversee all aspects of Namibia's second Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation (AML/CFT/CPF) mutual evaluation;
- b) assess and avail comments on behalf of Namibia (in consultation with Council and Cabinet) to the proposed finalized Mutual Evaluation Report; and
- c) defend the outcomes of the Mutual Evaluation to the benefit of Namibia, when same is discussed in the Working Group, Plenary and Council of Ministers meetings of the Financial Action Task Force (FATF) and the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG).

The FIC plays a pivotal role in the National Focal Committee, while continuing to mobilize both private and public institutions to ensure effective implementation of the Financial Action Task Force (FATF) recommendations on combating Money Laundering, Terrorism and Proliferation Financing, as well as the implementation of the mandatory United Nations Security Council (UNSC) resolutions aimed at preserving international peace and security.

I want to express my gratitude to the FIC's staff for their commitment and dedication and their role in prepare the country for the upcoming mutual evaluation.

In the same vein, I want to appeal to all governmental and non-governmental stakeholders to provide their full cooperation to the National Focal Committee to ensure that Namibia does not attain negative ratings during the evaluation, as such negative ratings may have an adverse effect on the stability of the national economy.

Finally, I thank the public and private sectors for their efforts thus far in preserving the integrity of the national financial system.

The image shows a handwritten signature in blue ink to the left of an official circular seal. The seal is light blue and contains the text 'REPUBLIC OF NAMIBIA' at the top, 'Ministry of Finance' in the center, and 'OFFICE OF THE MINISTER' at the bottom. In the center of the seal is the coat of arms of Namibia.

**Hon. C. Schlettwein**  
Minister of Finance

## Chairman's overview



Namibia is part of the international community dedicated to combatting ML/TF/PF activities in an effort to safeguard the integrity of our financial system. Reliable financial systems are the catalysts of economic growth and service delivery. This remains the overall objective.

In its mandate to contribute to the country's need for a reliable, safe and responsive financial system, the FIC has grown in leaps and bounds since its inception some years ago. Over years, key milestones include its functional detachment from the Bank of Namibia to operate as an independent institution. With the support of stakeholders such as the Ministry of Finance, the Bank of Namibia, other public and private sector agencies, the centre continues to thrive in its quest to serve the Namibian nation.

The report outlines the Centre's activities and deliverables in the financial year ended March 2019. The reporting period is characterized by planning and executing the Centre's legislative mandate in preparation for the upcoming mutual evaluation, initially slated to commence in 2019 but have since been postponed to the second quarter of the 2020 calendar year. An essential part of these national preparation activities include enhancing implementation of Cabinet Approved Action Plans to address structural and operational shortcomings within the AML/CFT/CPF framework. The need to work with our key stakeholders in advancement of this national framework continues daily within the FIC. Equally, the role that local stakeholders such as the private and public sector will play in the mutual evaluation is paramount, given that the whole country will be expected to demonstrate the effectiveness of our framework at a national, sectoral and individual entity level. It is for this reason that I hereby encourage all stakeholders to dedicate the needed time and effort towards all these preparatory activities under the coordination of the Centre.

Within a Financial Intelligence Unit environment, it is accepted that the receipt and analysis of reports, leading to dissemination of actionable intelligence products is a significant measure of the effective functioning of such a unit. Many variables can be used to understand effectiveness and areas that may need improvement. A glance at STR reports escalated to the FIC over the years shows an increase in volumes. Despite this increase, and in the midst of resource constraints, the FIC continues to ensure value adding intelligence products are produced and availed to relevant stakeholders.

I am certain that the milestones covered in the current reporting period will help advance the national and international objectives in the quest for reliable and responsive financial systems. I applaud the efforts of the FIC staff under the guidance of the AML/CFTP Council, and the continued support of our stakeholders.

A handwritten signature in black ink, appearing to be 'Lipumbu Shiimi', written over a light blue horizontal line.

**Lipumbu Shiimi**

Chairman: AML/CFTP Council

## Director's overview



The year under review has yielded both positive and negative returns as far as the FIC's Strategic Trajectory is concerned.

On the positive side, the statistics contained in this Annual Report demonstrates that the FIC, in collaboration with Competent Authorities (CAs), continued to make inroads on disrupting criminal activities reflected as high risk in Namibia's national Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation (AML/CFT/CPF) Risk and Threat Assessment. Additionally, in collaboration with NAMFISA and the FIA Regulated Populace, a renewed effort was made to better understand national Money Laundering, Terrorist and Proliferation Financing (ML/TF/PF) risk and threat exposure. This was done through the finalization of ML/TF/PF sectoral risk assessments. In particular, FIC managed to better understand the use of professional intermediaries, legal persons and arrangements for laundering purposes, resulting in renewed focus to explore alternative regulatory models, to better regulate affected industries. Collectively, the outcome of these two exercises ensures that Government's domestic AML/CFT/CPF policy, coordination and cooperation efforts significantly mitigate ML/TF/PF risk exposure to the national financial system. Additionally, it enables the regulated populace under the Financial Intelligence Act, 2012 (Act No. 13 of 2012) (FIA) as amended, to further calibrate risk models in addressing identified high risk ML/TF/PF areas.

On the negative side, FIC's efforts in above regard, remains hampered by limited understanding of its statutory mandate by some members of the public, other important private/public stakeholders and one CA. Insufficient understanding of Namibia's international AML/CFT/CPF prevention and combatting obligations, FIC's statutory mandate, as well as the obligations imposed on the Regulated Populace by the FIA, may amongst others negatively impede Government's efforts in ensuring that Namibia's:

- financial system and broader economy is protected from the risks and threats of ML/TF/PF;
- financial sector integrity, is effectively safeguarded; and
- international AML/CFT/CPF is effectively complied with.

Further contributors to negative impacts experienced during the year under review is amongst others a tough economic climate and a continuous imbalance existing between FIA reporting types received, an ever expanding FIA Regulated Populace and available resources to timeously attend to incoming FIA reporting types. This imbalance contributes to delays in timeous removal of proceeds of crime from the financial system and/or disrupting the flow of financial resources to those involved in the commission of terrorist activities.

In ensuring FIC at all times can effectively deliver on its statutory mandate, the year ahead will focus on:

- further exploring innovative technologies driven by machine learning, which can assist the FIC to address critical human shortages experienced by the institution. In turn, once successfully deployed in the next three to five years, will lead to timeous analyses of FIA reporting types received and more effective regulation of products and services which pose high risk for ML/TF/PF abuse; and

- advocating a proposed alternative funding model to fund all FIC's statutory operations. The proposed self-funding model should ensure more sustainable resources, uncompromised by challenging economic climates.
- researching more sustainable FIU, regulatory and analytical operational models driven by technological advances and focussed on enhancing operational effectiveness.

Team FIC remains committed to serve the Namibian Nation to the best of our ability and look forward to the opportunities the new financial year will bring about.



**Leonie Elleneza Dunn**

Director: FIC

# Statement of accountability

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in this Annual Report are consistent with the Annual Financial Statements audited by the FIC's external Auditors.

This Annual Report is complete, accurate and free from any material omissions.

This Annual Report has been prepared in accordance with general Annual Report Guidelines endorsed by the Government of the Republic of Namibia.

The Annual Financial Statements have been prepared in accordance with applicable standards and that the FIC, with the administrative support availed by the Bank of Namibia as per the Financial Intelligence Act, 2012 (Act No. 13 of 2012) as amended, is responsible for the preparation of the financial statements and for the judgements made in this regard.

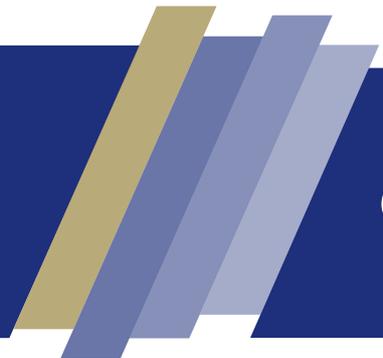
The FIC is responsible for establishing and implementing a system of internal control to provide reasonable assurance as to the integrity and reliability of the performance information, human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In lieu of the above, I most humbly opine that this Annual Report adequately and fairly reflects the operations, performance, human resources and financial affairs of the FIC for the financial year ending 31 March 2019.



Leonie Dunn  
Director: FIC  
30 June 2019



# Getting to know the FIC

## The functions of the FIC

### The FIC's primary functions in terms of the FIA are –

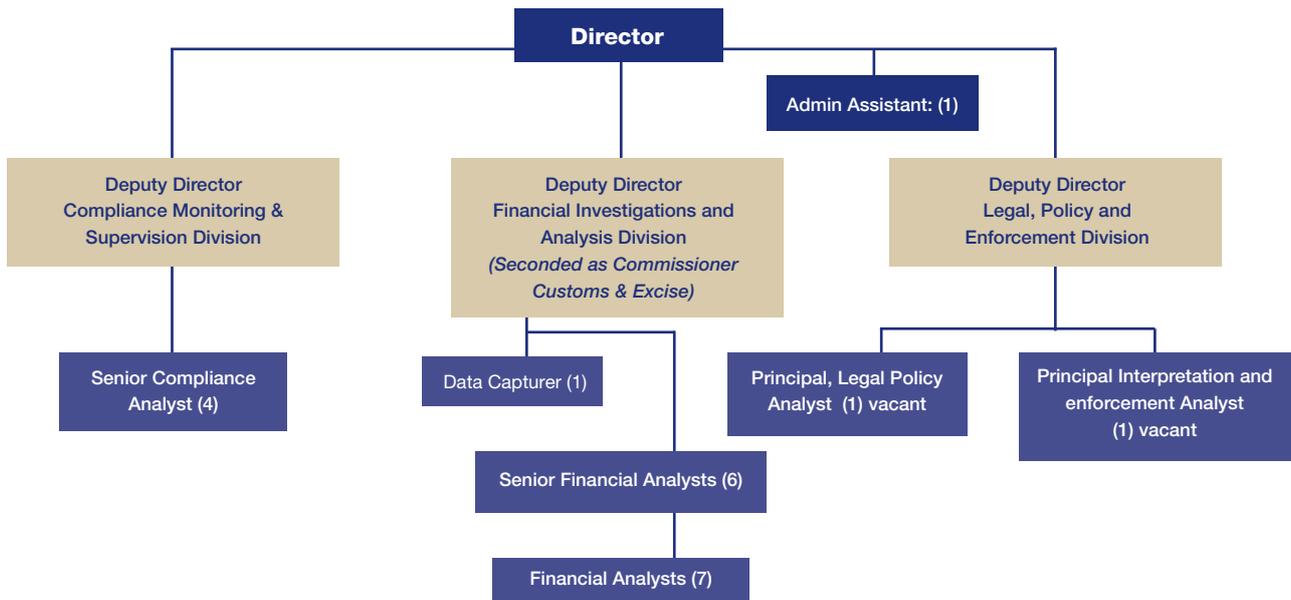
- I) process, analyse, interpret financial data and disseminate intelligence to law enforcement agencies spontaneously and upon request;
- II) inform, advise, and co-operate with other agencies domestically, as well as with foreign FIUs to disrupt ML/TF/PF activities;
- III) monitor, supervise and avail guidance to accountable and reporting institutions, supervisory bodies and individuals in respect of the FIA;
- IV) Create public awareness, and offer training to the regulated institutions to fully understand their obligations under the FIA.
- V) Enforce compliance with the FIA by imposing proportionate and dissuasive administrative sanctions;
- VI) Implement a registration system for all Accountable and Reporting Institutions
- VII) align Namibia's National AML/CFT/CPF system with international obligations, standards and best practices;
- VIII) assist in the protection of domestic and international financial systems against the abuse for purposes of ML/TF/PF.

### Other functions include –

- a) identification, assessment and understanding of national ML/TF/PF risks, threats and vulnerabilities and ensure that preventative measures are effectively coordinated to address vulnerabilities and mitigate identified risks/threats;
- b) develop AML/CFT/CPF policies and strategies for consideration by the AML/CFTP Council in particular and Cabinet in general;
- c) coordinate all National AML/CFT/CPF preventative and combatting efforts;
- d) preventing and combatting ML, TF, PF and related activities in collaboration with law enforcement agencies, foreign FIUs, cooperating and supporting nations and organizations;
- e) identifying the proceeds of unlawful activities, through the receipt and analyses of reporting types, and disclosure of financial intelligence indicative of ML/TF/PF and related activities to law enforcement agencies and foreign FIUs;
- f) ML/TF/PF risk-based FIA compliance monitoring and supervision of Accountable and Reporting Institutions designated under Schedules I and III of the FIA;
- g) continuously align Namibia's National AML/CFT/CPF policies, laws and implementation frameworks with international AML/CFT/CPF obligations, and best practices;
- h) maintain a national AML/CFT/CPF and ML/TF/PF statistical database;
- i) issue Early Warning Indicators to Government, Partner Agencies and the FIA Regulated Populace on ML/TF/PF Risks, Trends and Typologies;
- j) ensure the balance between AML/CFT/CPF measures and the Financial Inclusion Initiative;
- k) ensure containment of the threat of de-risking;
- l) represent Namibia at national, regional and international AML/CFT/CPF forums; and
- m) render administrative support to the AML/CFTP Council.
- n) Organisational structure of the FIC

<sup>1</sup> All Administrative Action to be undertaken by the FIC to address identified FIA Non-Compliance by Accountable and Reporting Institutions as well as Supervisor Bodies are mandated by s. 56 of the FIA.

## Organisational structure of the FIC



FIC's workforce as at 31 March 2019 = 26 Staff Members

## Supporting role of the Bank of Namibia

The Bank of Namibia renders administrative support to the FIC in terms of section 7(2) of the FIA.

### The administrative support, amongst others, includes –

- a. Remuneration and other payments in terms the Bank's remuneration and payment policies and procedures;
- b. Performance management in terms of the policies and procedures of the Bank;
- c. The services of the Bank's Budget Committee before the FIC's proposed budget is submitted to the AML/CFTP Council;
- d. The Bank's Finance and Administration Department for financial accounting services. However, the FIC's books are audited separately from those of the Bank, by external auditors;
- e. The FIC is integrated in the management of the Bank's operations to an extent that:
  - i. The FIC is included in the Bank's business continuity and disaster recovery mechanisms, as per the Bank's policies; and
  - ii. FIC staff serve on management and other committees of the Bank.

## Domestic Stakeholder Coordination Relationship

The national AML/CFT/CPF policy, legislative and implementation stakeholder coordination is facilitated by the members of the AML/CFTP Council. These members are drawn from key domestic stakeholders to ensure effective domestic coordination of AML/CFTP activities. These are –

- a) Executive Director of the Ministry of Finance;
- b) Executive Director of the Ministry of Justice;
- c) Executive Director Secretary of the Ministry of Trade, Industrialization and SME Development;
- d) Executive Director of the Ministry of Safety and Security;
- e) Chief Executive Officer of the Namibia Financial Institutions Supervisory Authority;
- f) Director-General of the Anti- Corruption Commission (ACC);
- g) Auditor-General of the Republic of Namibia;
- h) Prosecutor-General of the Republic of Namibia;
- i) Inspector-General of the Namibian Police;
- j) Director of the Namibian Central Intelligence Services (NCIS);
- k) President of the Bankers Association of Namibia (BAN); and
- l) Executive Member of the Council of the Law Society of Namibia.

**The aforementioned stakeholders work in a coordinated fashion to ensure that Namibia's financial system and broader economy are protected from the threats of ML/TF/PF, thereby strengthening financial sector integrity, safety and security. They further ensure that relevant stakeholders play their respective key roles in Namibia's AML/CFT/CPF:**

- a. Identification, assessment and treatment of ML/TF/PF risk and threat exposure;
- b. policy, legislative and implementation efforts;
- c. prevention and combatting efforts;
- d. collection of relevant types of information supporting the AML/CFT/CPF cause and enabling Namibia to demonstrate effectiveness of the national AML/CFT/CPF framework;
- e. ML/TF/PF information sharing;
- f. the use of financial information to profile criminals and their networks;
- g. understanding of challenges and deployment of good practices associated with the sharing of AML/CFT/CPF information; and
- h. preparation of the country for the 2020 FATF/ESAAMLG mutual evaluation.

## **Relationship with the regulated populace**

This refers to the FIC's relationship with Accountable and Reporting Institutions that are, in terms of the Act, expected to conduct certain gate-keeping functions and implement certain measures to enhance compliance and reduce risks of ML/ TF and PF. This is perhaps amongst the most important relationships, but one, which cannot effectively function without other identified key relationships.

On a risk exposure basis, the FIC initiates engagements with institutions for the sole purpose of enhancing their compliance with the Act.

**The FIC also has an open-door policy which creates a platform for institutions to initiate engagements by, amongst others:**

- a. Filing reports;
- b. Seeking training from the FIC; and
- c. Requesting guidance etc.

## **The FIC-Bankers Association of Namibia (BAN) partnership**

As a key stakeholder, BAN has been identified by the FIC as a significant compliance partner with whom ideas are shared, consultations are made etc on enhancing compliance behaviour. There are scheduled and ad hoc bilateral meetings that deliberate on matters regarding FIA compliance and related issues.

## **The FIC-Regulator/Supervisor relationships**

The engaging relationships the FIC has with supervisors, regulators etc provide a mechanism for the FIC to monitor the progress made by supervisory bodies in supervising Accountable and Reporting Institutions. This also allows supervisory bodies to share experiences relating to inspections and enforcement, and to harmonise approaches to supervision and enforcement. The same goes for regulators which includes relationships with NAMFISA, Namibia Stock Exchange, Banking Supervision, Payment Systems, Law Society of Namibia, Public Accountants and Auditors Board and the Namibia Estate Agents Board partnerships.

As a supervisory body, NAMFISA's relationship with the FIC is of both operational and strategic importance. The same importance can be attached to the FIC relationship with the regulators identified above. The regular institutional consultations, meetings, geared towards enhancing compliance and mitigating relevant risks in the relevant sectors is paramount.

## International working relationships and engagements

The FIC has signed various Memoranda of Understanding (MOU's) with foreign counterparts i.e other FIU's worldwide and this helps in the speedy execution of duties and resolve of matters under investigation, especially, cross border information sharing purposes.

### **Other platforms which contribute to international information sharing and engagements are the:**

- Egmont Group of FIUs;
- ESAAMLG membership;
- FATF;
- World Bank;
- IMF; and
- Alliance for Financial Inclusion.

### **Australian Transaction Reports and Analysis Centre (AUSTRAC):**

AUSTRAC, which is considered a leading FIU in the international community, remains a dependable partner of the FIC.

### **Amongst others, this partnership has seen the former assist the FIC:**

- lay the foundation for its compliance monitoring and supervision activities;
- enhance its strategic planning, regulatory and supervisory model in the earlier years; and
- enhance activities of the FIC's financial investigation and analysis function.

## UNODC

The FIC has and continuous to join a special relationship with the UNODC. The UNODC has been part of the FIC's formative years until date. It availed various human and technical capacity building assistance and still remains actively involved in capacitating Law Enforcement Agencies (NAMPOL; Office of the Prosecutor-General, Ministry of Finance: Directorates Customs & Excise and Inland Revenue) in Namibia to ensure the effective combatting of Money Laundering, Terrorism Financing and Proliferation matters.

# Operations of the FIC

## FIC operational achievements during the period under review

### Office of the Director

The operational activities of the five divisions of the FIC are geared towards delivering on the national, regional and international AML/CFT/CPF mandate of Namibia and the FIC.

#### The Office of the Director is primarily tasked with:

- ensuring compliance with Namibia's international AML/CFT/CPF obligations;
- availing leadership and strategic direction on FIC's fulfilment of its statutory mandate;
- national and international stakeholder management;
- organizational management;
- advocating national awareness on the importance of protecting the integrity of the national financial system from ML/TF/ PF abuse;
- collaborating with relevant stakeholders to ensure the FIC is properly structured and resourced to fulfill its statutory mandate and strategic areas of concentration;
- availing accountability to Council, Government and the Public on cost and benefit of FIC's operational outcomes as well as attainment of strategic areas of concentration;
- ensure the FIC remains operationally independent and autonomous by:
  - having the authority and capacity to carry out its (FIC) functions freely, including the autonomous decision to analyse, request and/or forward or disseminate specific information;
  - being able to make arrangements or engage independently with local, other domestic competent authorities or foreign counterparts on the exchange of information; and
  - being able to obtain and deploy the resources needed to carry out its functions, on an individual or routine basis, free from any undue political, government or industry influence or interference, which might compromise its operational independence,
- continuously enhancing the FIC's operational framework thereby enabling the institution to function as a model FIU, AML/CFT/CPF regulator and responsible imposer of administrative penalties through its sanctioning of identified non-compliance with the provisions of the FIA and where applicable, the PACOTPAA.

In so doing, the office of the Director has to ensure that the FIC's operations have relevance, remain strategically aligned with and impact operations of all national and international stakeholders.

Below a high level summary is availed of how the office of the Director worked with the various divisions in the FIC to ensure attainment of optimal value addition.

In addition to the above, the Office of the Director, during the year under review, ensured that the FIC continuously nationally, regionally and internationally played its part in the AML/CFT/CPF prevention and combatting arena.

**Nationally**, the Director ensured that regular activity reports have been availed to the Chairperson of the Council and the Minister of Finance on the execution of its statutory mandate. In particular, the Director ensured that a large majority of the

FIC's intelligence reports and supervisory activities are aligned with the 2012/2015 National AML/CFT/CPF Risk Assessment and the 2015/16 National AML/CFT/CPF Self-Assessment results. She further ensured that work commenced to update the 2012/2015 National AML/CFT/CPF Risk Assessment through sectoral ML/TF/PF risk assessments, to avail assurance that ML/TF/PF Risk Identification and Resource Allocation remains relevant and aligned to expectations. As such, FIC's Analyses and Regulatory function have completely adopted a risk-based approach, with all resources applied to address ML/TF/PF high-risk areas, whilst actively monitoring medium to low risk areas.

As can be seen from the statistics enclosed in this Annual Report, FIC's continuous engagement with AML/CFT/CPF stakeholders ensured that a high turn-over was recorded in the recovery of potential proceeds of crime. Additionally, continuous engagements ensured that the regulatory footprint have significantly been widened with the FIC currently subjecting 1,850 institutions (as at 31 March 2019) to AML/CFT/CPF Regulatory Monitoring and Supervision activities. The regulated populace will further expand with the inclusion of the Customs Clearing and Forwarding Agent Sector and the Non-Profit Organization Sector during the 2019/20 financial year.

**Regionally**, the FIC with relevant national AML/CFT/CPF stakeholders, continue to participate in the ESAAMLG Working Group and Plenary meetings. Significant to note is that the FIC took up the role as Project Leader on developing an additional Typology Study on Laundering the Proceeds of Wildlife Crimes, in furtherance of a similar study lead by FIC Namibia during 2015. FIC also formed part of the assessment Team of the Zambian and Malawian FATF/ESAAMLG Mutual Evaluation. The FIC further served as expert reviewer on the Mutual Evaluations of Seychelles and Mauritius. Additionally, the FIC availed:

- technical, advisory and capacity building assistance to eighteen African jurisdictions to ensure their respective AML/CFT/CPF regimes conforms with international AML/CFT/CPF standards and best practices;
- input on the ESAAMLG Typologies Project on "Procurement Corruption in the Public Sector and Associated Money Laundering in the ESAAMLG Region";
- input on assessing and mitigating TF risks;
- input on the ESAAMLG "Guidelines on How to Produce Quality Typologies Report of FIUs";
- input on ESAAMLG "Guidance Notes on Best Mechanisms and Practices of Producing Quality Intelligence Reports";
- input on ESAAMLG ongoing work on Beneficial Ownership; and
- input on ESAAMLG ongoing work on promotion of financial inclusion and AML/CFT/CPF national systems.

**Internationally**, the FIC contributed to strategic and policy documents as well as ML/TF/PF Risk, Trends and Methods of the Egmont Group of FIUs. Amongst others, the Director's office availed extensive input on:

- Acceptance of New Members to the Egmont Group of FIU's namely FIUs of Zambia, Congo, Azerbaijan and Benin;
- Egmont Group Membership Support and Compliance Matters related to FIUs found wanting in their adherence to the Egmont Group Charter;
- the Egmont Group Strategic Plan 2018-2022;
- Succession Planning and Selection Procedure for Egmont Group Chair;
- new Egmont and FATF requirements for the operational autonomy and independence of FIUs;
- actions taken to address endemic corruption;
- the Egmont Typology on corruption which is an on-going project;
- actions taken on the out-of-session Heads of FIU decisions;
- Egmont Group Secretariat relocation;
- Egmont Membership contributions;
- Egmont Beneficial Ownership project;
- Annual Report of the Egmont Group;
- actions taken deriving from the Counter Terror Financing Summit held in Paris in April 2018;
- actions taken to further FIU Public Private Partnership and FIU Public-Public opportunities in-country;
- Virtual Asset Regulation and Analysis;
- Cyber and Emerging Technologies and ML/TF/PF risks;
- Risks posed by Professional ML networks; and
- enhancing operational methodologies for strengthening FIUs work with Law Enforcement Agencies.

All work done in above regard was endorsed by the Egmont Heads of FIUs, with outcomes continuously being conformed on an annual basis to ensure identified strategic targets are attained.

**Additionally**, the Director's office remotely (no financial means to attend meetings) availed input to the FATF Working Group and Plenary sessions, especially as far as the following is concerned:

- the FATF Strategy on Combating Terrorist Financing, including a public statement on FATF Monitoring of Terrorist Financing Risks and Actions Taken to Combat ISIL, Al-Qaeda and Affiliates Financing Public Statement
- input on adoption of a Guidance for a Risk-Based Approach for the Life Insurance Sector;
- input on adoption of a Guidance for a Risk-Based Approach for the Securities Sector;
- input on Quality and Consistency on FATF mutual evaluations Israel and United Kingdom;
- input on follow-up reports for the mutual evaluations of Austria, Denmark and Malaysia in which all three countries achieved technical compliance re-ratings;
- identifying jurisdictions with strategic AML/CFT/CPF deficiencies with reference to new jurisdictions subject to monitoring and monitoring another jurisdiction's actions to address deficiencies in its AML/CFT/CPF national system;
- input on strengthening the governance and accountability of the FATF and expansion of membership;
- input on revising identified FATF Recommendations and Immediate Outcomes to to address the regulation of virtual assets and future work on Proliferation Financing;
- input on FATF FinTech & RegTech initiatives;
- input on FATF future work on Digital IDs;
- inputs to the meeting of the FATF Forum of Heads of Financial Intelligence Units (FIUs), which was held in the margins of the FATF October 2018 Plenary as well as the February 2019 Plenary;

The Office of the Director also continuously represent the FIC (in remote fashion<sup>2</sup>) at various platforms of International Financial Institutions such as the IMF and World Bank and strives by all means to ensure that Namibia's voice is heard in the development and application of AML/CFT/CPF standards and best practices, to ensure a continuous balance with national financial inclusion objectives is attained and to prevent a one-size-fits-all approach.

<sup>2</sup> no financial means to attend in person

# FIC operational achievements during the period under review

## Compliance Division

The Compliance Monitoring and Supervision Division employs a risk-based supervisory approach. In such approach, more time and resources are applied where ML/TF/PF risk is identified to be higher or intolerable. The activities of the Division are geared towards increasing supervisory coverage on in relevant sectors with cognizance to the risk exposure of such sectors. Further, the Division continued engaging the medium-to-low risk institutions through other supervisory activities to gauge their FIA compliance behavior.

**Table 1: Supervisory coverage in terms of compliance assessments of AIs and RIs as at 31 March 2019**

Sector	Total regis- tered	Risk Rating	Total as- sessed	Percentage coverage	Previous assessed	% Increase
Accountants and Auditors	70	L	0	0%	27%	27%
Authorised Dealers with Limited Authority	11	H	4	36%	100%	136%
Asset Management & Unit Trust Companies	50	H	1	2%	31%	33%
Auctioneers	21	L	2	10%	74%	83%
Banks	12	H	18	150%	100%	250%
Casinos	11	M	0	0%	45%	45%
Customs Clearing Agencies	52	M	0	0%	0%	0%
Dealers in Precious Metals and Stones	6	L	1	17%	100%	117%
Insurance/Investment Brokers	28	M	0	0%	0%	0%
Legal Practitioners	209	H	12	6%	95%	101%
Lending Institutions	5	M	2	40%	80%	120%
Long Term Insurance	22	M	0	0%	22%	22%
Micro lenders	325	L	0	0%	0%	0%
Money and Value Transfers Service Providers	7	L	3	43%	75%	118%
Motor Vehicle Dealers	96	M	32	33%	57%	90%
Pension Fund Administrators	2	L	0	0%	0%	0%
Private Equity Companies	8	M	0	0%	0%	0%
Real Estate Agencies	810	M	50	6%	12%	18%
Short Term Insurance	16	L	0	0%	0%	0%
Stock Brokers	4	M	0	0%	100%	100%
Stock Exchange Service Providers	1	L	0	0%	0%	0%
Supervisory and Regulatory Bodies	4	L	0	0%	0%	0%
Trust and Company Service Providers	28	L	0	0%	0%	0%
Others	52	M	0	0%	0%	0%
<b>TOTAL</b>	<b>1850</b>		<b>125</b>			

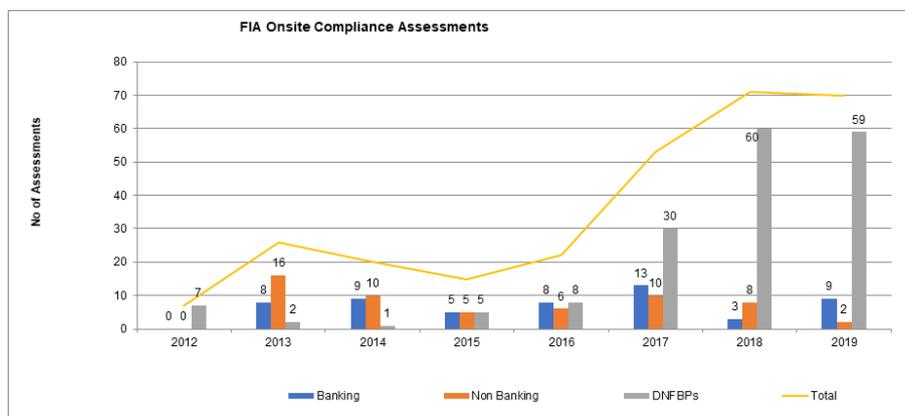
## FIA Compliance Assessments

The Compliance Division conducts various supervisory activities which includes Off-site and On-site assessment activities aimed at gauging the level of entities' ML/TF/PF risk management and thus compliance with the FIA. The purpose of such assessments is to allow the Division to consider necessary interventions in areas where risk mitigation is not effective.

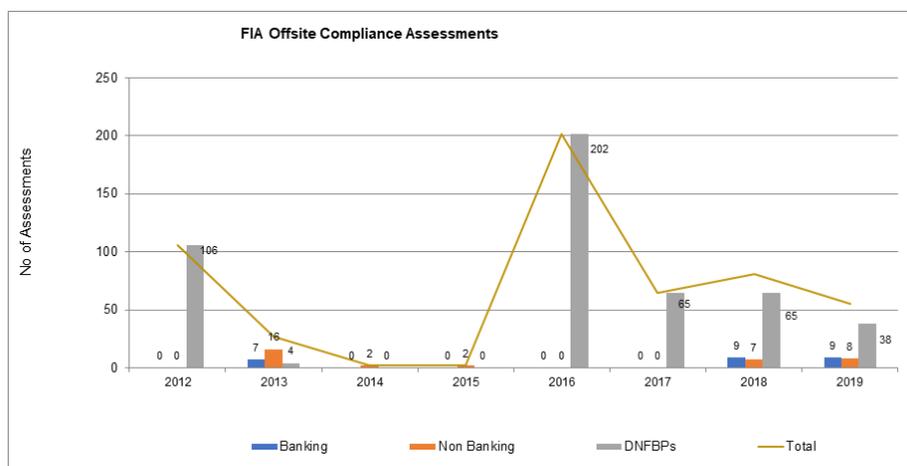
In furthering its mandate, the Division also engaged NAMFISA's AML/CFT/CPF supervisory body to understand FIA compliance supervision in the sectors under NAMFISA's supervision. Key stakeholders such as the Bankers' Association of Namibia (BAN) was also engaged quarterly to an effort to enhance the compliance behavior of the banking sector. Going forward, the Division plans to have such engagements with other sectoral bodies to advance FIA compliance.

The nature and type of assessment activities employed for particular sectors and institutions is dependent on various factors including the level of risk exposure and enhancement of supervisory coverage nationally. In the year under review, the Compliance Division conducted **70** on-site assessments and **55** off-site assessments compared to **71** on-site and **81** off-site assessments during 2018, across the regulated populace (please refer to the table below).

**Graph 1: FIA Onsite Compliance Assessment coverage for the period 2012 to 2019**



**Graph 2: Off-site Compliance Assessment activities for the period 2012 to 2019**



## Registrations

It is essential that institutions identified by the FIA as falling under the supervisory coverage of the FIC ensure they are registered with the FIC. This enhances the ease with which the FIC can reach and duly supervise such institutions. The total number of registered institutions stood at 1,850 at the end of March 2019. The total registrations of AIs and RIs for the period under review amounts to 305.

## Financial Investigations and Analysis Division (FIAD)

### Strategic focus of the FIAD is geared towards:

- ensuring the implementation of measures to enhance timeous and actionable information exchange with other FIUs, LEAs and Private Sector: The Director's office seeks to continuously strengthen and improve timeous information exchange with relevant stakeholders which includes efforts to address ML/TF/PF risk materialisation, increase consumption of intelligence, promote cooperation and domestic coordination and ensure proceeds of crime and funds destined for terrorist and proliferation activities are disrupted and removed from the financial system; and
- facilitating adherence to international AML/CFT/CPF obligations, standards and best practices; developing and sharing expertise; and deploying innovative technologies and operational models to ensure maximum end-to-end user benefit of FIC's output.

### A key obligation imposed on the FIA regulated populace is the collection and reporting of suspicious transaction and activity reports to the FIC. In particular, the FIA provides that the following must be reported to FIC:

- Suspicious Transaction and Activity Reports (in the provision of a service to a customer, the reporting entity suspects on reasonable grounds that information provided may relate to a predicate offence, ML/TF or PF);
- Domestic and International Electronic Funds Transfers (reporting entities must report the details of an instruction to or from a foreign country as well as nationally, to transfer money or value);
- Large Cash Transaction Threshold Reports (reporting of all cash transaction reports exceeding NAD100,000); and
- Cross Border Movement of Cash, Bearer Negotiable Instrument and e-money Threshold Reports (travelers must declare the import or export of all cash, regardless of currency, form or manner equivalent to NAD100,000 and above);

The FIC receives numerous Requests for Information from foreign counterparts and domestic law Enforcement Agencies, as well as requests from public entities to conduct necessary due diligence on amongst others, proposed foreign direct investment into Namibia.

Each year, the FIC disseminates thousands of actionable intelligence to its above stakeholders for use in investigations, prosecutions, tax collections, preservation and forfeiture of proceeds of crime. The 2018/19 financial year has been no exception to this. As can be seen from the content of this Annual Report, financial intelligence disseminated by FIC during the 2018/19 financial year resulted in numerous successful investigations and related seizures of criminal proceeds and revenue by partner agencies.

As evidence of this key role, during the period 01 April 2018 until 31 March 2019, FIC received a total of **1,709,575** FIA reporting types. The reports so received by FIC, shows a sharp increase in the suspicious activity and transaction categories in comparison to the 2017/18 financial year. In turn, FIC disseminated a total of 338 intelligence products to domestic and international stakeholders, with a total value of potential proceeds of crime amounting to **NAD6,296,429,366**. The potential proceeds of crime so identified is under investigation by Law Enforcement Authorities. Feedback on outcomes of such investigation will be reported on in the 2019/20 FIC Annual Report.

### Spontaneous Disclosures (SDs) trend analysis per year

Since 05 May 2009 to 31 March 2019, 1547 Intelligence Reports were shared with local Law Enforcement agencies and Foreign Intelligence Units for further investigation and for purposes of freezing, preservation and seizure of suspected ill-gotten assets.

**Table 2: Spontaneous Disclosures (SDs) trend analysis per year**

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Anti-Corruption Commission	4	7	6	27	6	8	7	7	5	10	5	92
Ministry of Finance	12	28	40	41	24	82	38	43	51	119	130	608
Namibian Police Force	19	36	55	68	23	48	38	47	16	49	49	448
Office of the Prosecutor General	-	1	31	6	4	9	15	32	31	13	21	163
Others	2	8	4	8	9	18	22	9	31	16	32	159
Foreign FIUs	1	3	16	18	15	6	-	-	5	6	7	77
<b>Total</b>	<b>38</b>	<b>83</b>	<b>152</b>	<b>168</b>	<b>81</b>	<b>171</b>	<b>120</b>	<b>138</b>	<b>139</b>	<b>213</b>	<b>244</b>	<b>1,547</b>

## Responses to Request for Information (RFIs) trend analysis per year

Additionally, FIAD shared a total of 443 intelligence reports in terms of Request for Information to local Law Enforcement agencies and Foreign Financial Intelligence Units for the same purpose in such foreign jurisdictions, since 05 May 2009 to 31 March 2019.

**Table 3: Responses to Request for Information (RtRFIs) trend analysis per year**

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Domestic (IRD)	2	12	9	43	16	57	48	10	50	62	73	382
Foreign FIU (IRIs)	-	-	-	9	-	-	9	5	7	10	21	61
<b>Total</b>	<b>2</b>	<b>12</b>	<b>9</b>	<b>52</b>	<b>16</b>	<b>57</b>	<b>57</b>	<b>15</b>	<b>57</b>	<b>72</b>	<b>94</b>	<b>443</b>

## Request for Information sent to foreign FIUs

Similarly, FIAD requested a total of 165 intelligence reports in terms of Request for Information to Foreign Financial Intelligence Units for the same purpose in such foreign jurisdictions, since 05 May 2009 to 31 March 2019.

**Table 4: Request for information sent to foreign FIUs**

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Requests sent (FIUs)	0	3	7	16	13	7	17	23	34	12	33	165

## Suspicious Transaction Reports (STRs)

Accountable Institutions (AIs), Reporting Institutions (RIs) as well as members of the public have an obligation to submit STRs to FIC when suspicious transactions in relation to ML/TF and PF are discovered. These STRs are a key source of information for intelligence generated by the division.

Graph 3: STR reporting



The number of STRs reported in 2019 amounted to 1328, a 2.0% decrease, compared to 1356 STRs recorded in 2018. Attributing factors to the slight decrease in STRs reporting is due to FIC's consistent AML/CTF trainings, supervision and monitoring into the quality of reporting which subsequently caused a substantial increase in the number of Additional Information Files (AIFs) reported during the period under review.

Table 5: Breakdown of total Number of STRs according to source received since 2009 to 31 March 2019

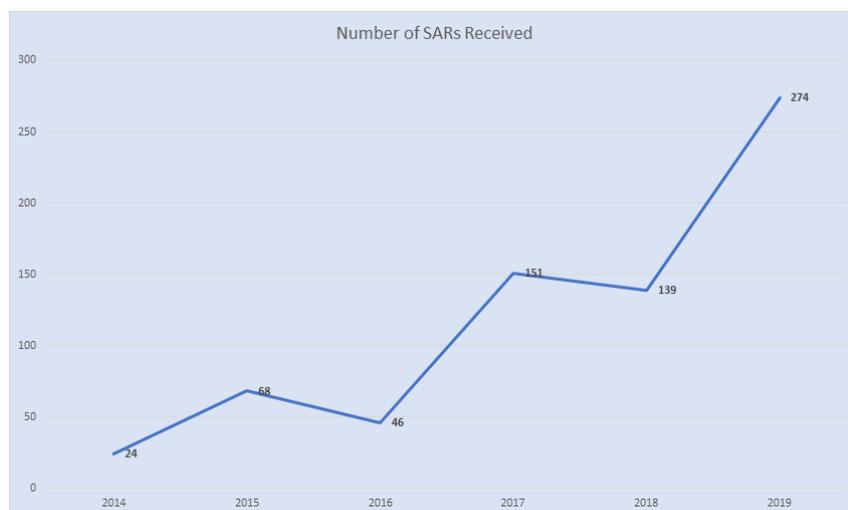
Source of STR	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Accounting firms	-	-	-	2	-	-	-	-	-	-	-	2
ADLAS	29	-	6	18	78	7	89	23	99	175	262	786
Asset management	1	11	3	1	2	2	2	1	4	2	8	37
Auctioneers	-	-	-	-	-	-	1	0	3	7	1	12
Banking	52	58	121	201	300	248	370	114	557	1051	972	4044
Casino/gambling house	-	-	1	-	1	1	-	-	5	7	4	19
Car Dealers	-	-	-	-	-	-	-	-	-	-	1	1
Customs Clearing Agents	-	-	-	-	-	-	-	-	-	-	1	1
Dealers in Precious Metal and Stones	-	-	-	-	-	-	-	-	3	-	-	3
Government ministries	-	2	1	-	1	2	4	-	-	1	-	11
Insurance/Investment Brokers	2	-	1	2	17	2	28	10	60	60	20	202
Internally generated	-	-	1	6	6	3	4	2	1	5	5	33
Local Authorities	-	-	-	-	-	-	-	-	-	1	-	1
Law Enforcement	-	2	-	-	2	2	-	-	1	1	-	8
Legal practitioners	1	7	5	8	6	4	7	1	3	9	13	64
Lending	-	-	-	-	-	-	-	1	2	3	2	8
Life Insurance Broker/Agent	-	-	-	-	-	-	-	2	1	-	-	3
Long Term Insurance	-	-	-	-	-	-	-	-	2	10	2	14
Money and Value transfers (MVTs)	-	-	-	-	-	-	-	1	6	3	-	10
Motor vehicle dealers	-	1	-	3	2	1	5	0	7	7	15	41
Non-Profit Organizations	1	-	-	-	-	-	-	-	-	0	-	1
Pension Fund Administrator	-	-	-	-	-	-	-	-	1	0	1	2
Public members	3	2	9	7	4	12	4	2	5	4	10	62
Public Prosecutor	-	-	-	-	-	-	-	-	-	-	1	1
Real Estate Agencies	-	-	-	-	-	-	-	-	-	8	1	9
Stock Broker	-	-	-	-	-	-	-	-	-	-	1	1
Short-Term Insurance	-	-	-	-	-	-	-	-	1	1	-	2
Supervisory authorities	-	1	-	1	4	-	1	1	-	1	2	11
Unit Trust Schemes	-	-	-	-	-	-	-	-	7	-	6	13
	89	84	148	249	423	284	515	158	768	1356	1328	5402

The banking sector continued to report the majority of these reports, with the ADLAs taking second place.

## Suspicious Activities Reports (SARs)

A second key source of information for our intelligence products is SARs received from AIs and RIs.

**Graph 4: SAR reporting**



The number of SARs reported in 2019 amounted to 279, a 97% increase, compared to 139 SARs recorded in 2018. Attributing factors to the increase in SARs reporting is due to FIC's consistent AML/CTF trainings, supervision and monitoring into the quality of reporting.

**Table 6: SARs trend analysis per source per year**

Source of SAR	2014	2015	2016	2017	2018	2019	Total
Accounting firms	-	-	-	-	1	1	2
ADLAS	-	-	5	-	4	12	21
Asset management	2	-	-	-	1	17	20
Auctioneers	-	-	-	-	-	5	5
Banking	19	41	9	129	139	177	514
Casino/gambling house	-	-	-	-	1	-	1
Dealers in Precious Metal and Stones	-	-	-	1	-	-	1
Foreign FIUs	-	-	-	-	-	1	1
Insurance/Investment Brokers	-	-	-	-	5	-	5
Internally generated	-	2	2	8	4	2	18
Legal practitioners	-	-	-	-	3	2	5
Lending	-	1	2	1	-	-	4
Life Insurance Broker/Agent	-	-	-	1	-	-	1
Money and Value transfers (MVTs)	-	11	2	1	1	-	15
Motor vehicle dealers	1	-	-	-	-	1	2
Micro Lenders	-	-	-	-	-	2	2
Real Estate Agencies/Agent	-	-	-	1	9	44	54
Stock Broker	-	-	-	-	1	-	1
Short-Term Insurance	1	5	2	1	-	1	10
Public members	-	2	2	2	1	5	12
Supervisory authorities	1	2	1	5	6	3	18
Unit Trust Schemes	-	-	-	1	-	1	2
Trust and Loan Company	-	-	-	-	2	-	2
	24	64	25	151	178	274	716

SAR reporting in the banking sector continue to increase and represents the majority of these reports, followed by the Real Estate industry (REI).

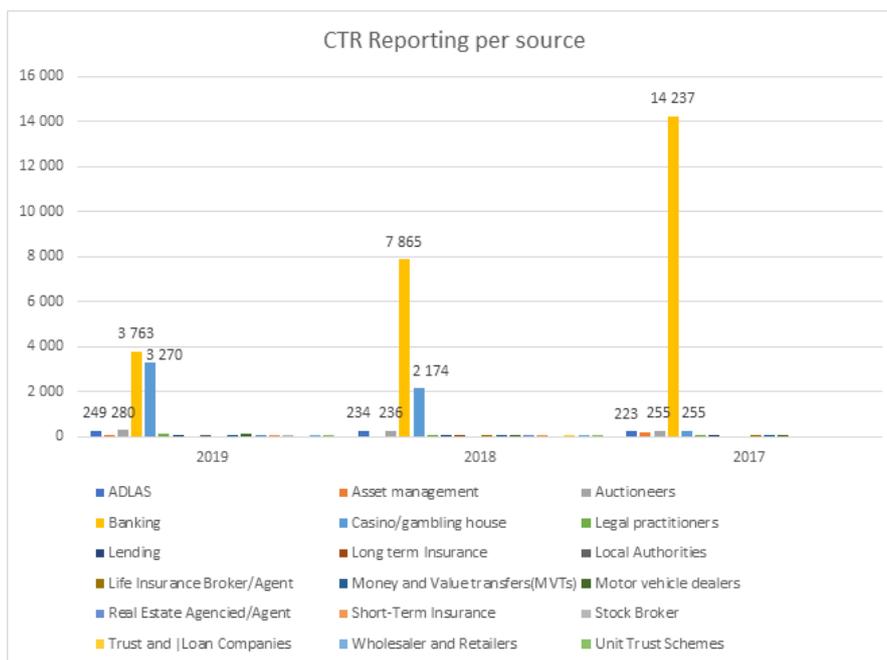
## Threshold Reports: CTRs, EFTs, IFTs & CBMCRs

Since February 2015, the FIC has implemented a system under which AIs and RIs are obligated to report transactions above prescribed limits to the FIC. These reports enabled FIC to identify additional sources of data for production of intelligence.

**Table 7: Total CTR Reports received**

Source of CTRs	2016		2017		2018		2019	
	No. of Transactions	Amount(N\$)	No. of Transactions	Amount(N\$)	No. of Transactions	Amount(N\$)	No. of Transactions	Amount(N\$)
<b>ADLAS</b>	271	41,907,342	401	72,702,193	270	43,845,400	253	42,463,095
<b>Asset management</b>	3	520,000	-	-	1	150,000	5	20,448,801
<b>Auctioneers</b>	32	6,323,055	162	33,553,985	262	56,433,645	285	61,871,255
<b>Banking</b>	90,945	113,876,534,903	78,525	36,086,623,459	75,554	18,404,136,458	58,953	11,712,387,182
<b>Casino/gambling house</b>	54	3,974,640	261	16,120,752	2,960	162,200,907	3,270	200,767,765
<b>Car Dealers</b>	84	17,282,903	77	15,401,627	103	22,512,173	183	52,731,833
<b>Legal practitioners</b>	84	69,464,870	72	30,490,784	54	71,984,964	110	102,480,211
<b>Lending</b>	17	3,036,731	4	476,792	5	710,000	20	4,282,498
<b>Local Authorities</b>	-	-	-	-	-	-	2	578,200
<b>Life Insurance Broker/Agent</b>	3	570,000	6	847,023	1	440,000	-	-
<b>Long term Insurance</b>	-	-	-	-	3	561,169	-	-
<b>Money and Value transfers(MVTs)</b>	65	11,201,432	47	7,325,444	61	10,245,270	24	3,564,763
<b>Real Estate Agencied/Agent</b>	-	-	3	211,507	3	1,022,150	1	850,000
<b>Short-Term Insurance</b>	2	333,000	-	-	1	100,000	4	655,443
<b>Stock broker</b>	1	107,000	-	-	-	-	1	172,739
<b>Trust and Loan Companies</b>	3	809,095	-	-	1	100,000	-	-
<b>Unit Trust Schemes</b>	16	4,793,000	16	2,608,321.00	3	901,000	4	518,000.00
<b>Wholesaler and Retailers</b>	-	-	-	-	1	150,536	1	120,556
	<b>91,580</b>	<b>114,036,857,971</b>	<b>79,574</b>	<b>36,266,361,887</b>	<b>79,283</b>	<b>18,775,493,672</b>	<b>63,116</b>	<b>12,203,892,341</b>

Graph 5: Total CTRs received

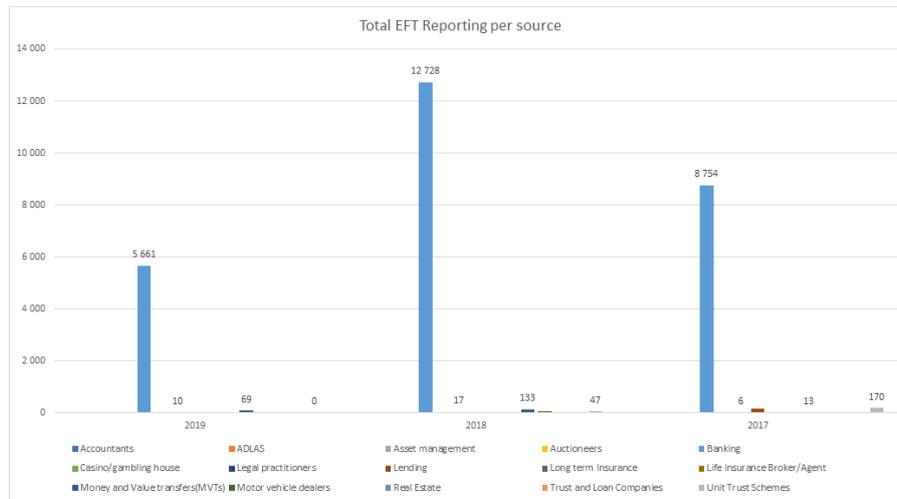


The graph shows an overall decrease in the number of CTRs recorded in 2019 when compared with those recorded in 2018. The banking sector continue to dominate on CTR reporting, accounting for 48% of the total CTRs reported in 2019.

Table 8: Total EFTs Reports received

Source of EFTs	2016		2017		2018		2019	
	No. of Transactions	Amount(N\$)	No. of Transactions	Amount(N\$)	No. of Transactions	Amount(N\$)	No. of Transactions	Amount(N\$)
Accountants	2	3,325,764	-	-	-	-	-	-
ADLAS	4	1,267,953	42	312,529	1	767	2	253,160
Auctioneers	-	-	3	685,964	-	-	-	-
Banking	34,564	9,371,365,630	380,918	413,141,321,881	2,736,677	2,745,883,151,770	594,819	574,908,022,267
Casino/ gambling house	-	-	-	-	-	-	3	579,301
Legal practitioners	2	357,966	6	22,218,661	17	106,239,981	10	5,381,746
Long term Insurance	-	-	-	-	6	2,088,607	-	-
Money and Value transfers(MVTs)	293	73,960,880	264	66,309,541	354	86,338,181	144	36,360,893
Motor vehicle dealers	-	-	13	9,302,541	52	12,060,939	35	5,366,000
Real Estate	-	-	-	-	-	-	5	12,540,000
Trust and Loan Companies	-	-	77	45,377,865	13	4,456,849	-	-
Lending	-	-	-	-	-	-	2	3,210,000
Unit Trust Schemes	-	-	1,280	714,070,947	453	315,598,237	-	-
<b>Total</b>	<b>34,865</b>	<b>9,450,278,193</b>	<b>382,603</b>	<b>413,999,599,929</b>	<b>2,737,573</b>	<b>2,746,409,935,331</b>	<b>595,020</b>	<b>574,971,713,368</b>

Graph 6: Total EFT Reports received

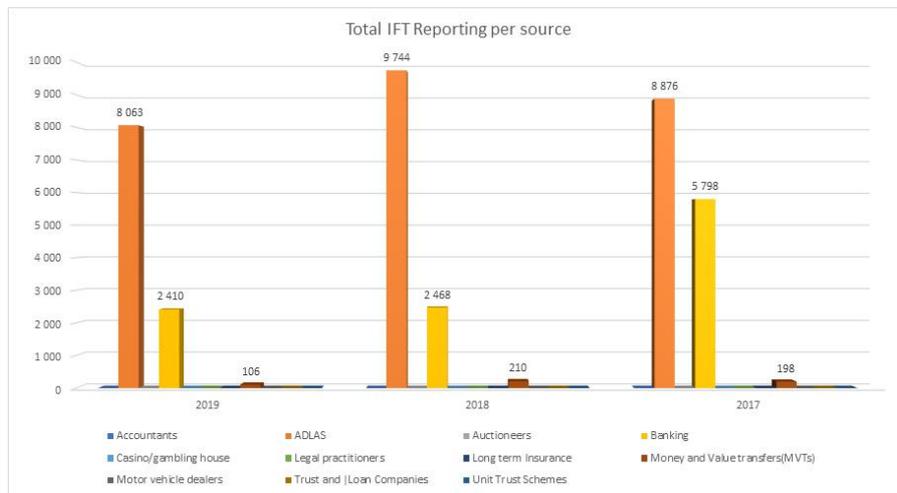


The graph shows 5 661 EFTs received in 2019 from the banking sector, which signifies an overall decrease of 55% in 2019 with the banking sector representing 98% of these reports filed.

Table 9: Total IFTs Reports received

Source of IFTs	2016		2017		2018		2019	
	No. of Transactions	Amount(N\$)	No. of Transactions	Amount(N\$)	No. of Transactions	Amount(N\$)	No. of Transactions	Amount(N\$)
Accountants	-	-	-	-	-	-	-	-
ADLAS	50,814	321,428,547	81,136	451,866,512	59,687	290,692,307	56,356	223,937,739
Auctioneers	-	-	-	-	-	-	-	-
Banking	40,888	359,321,692	950,723	48,423,423,578	1,425,310	184,045,672,104	991,710	59,388,354,978
Casino/gambling house	-	-	-	-	-	-	-	-
Legal practitioners	-	-	-	-	2	667,649	-	-
Long term Insurance	-	-	-	-	-	-	-	-
Money and Value transfers(MVTs)	2,403	10,450,176	2,474	12,116,519	2,177	11,244,618	1,145	5,651,343
Motor vehicle dealers	-	-	1	-	1	50,523	-	-
Trust and Loan Companies	-	-	-	-	-	-	-	-
Unit Trust Schemes	-	-	-	10,021	-	-	-	-
	<b>94,105</b>	<b>691,200,415</b>	<b>1,034,334</b>	<b>48,887,416,630</b>	<b>1,487,177</b>	<b>184,348,327,201</b>	<b>1,049,211</b>	<b>59,617,944,060</b>

**Graph 7: Total IFT Reports received**

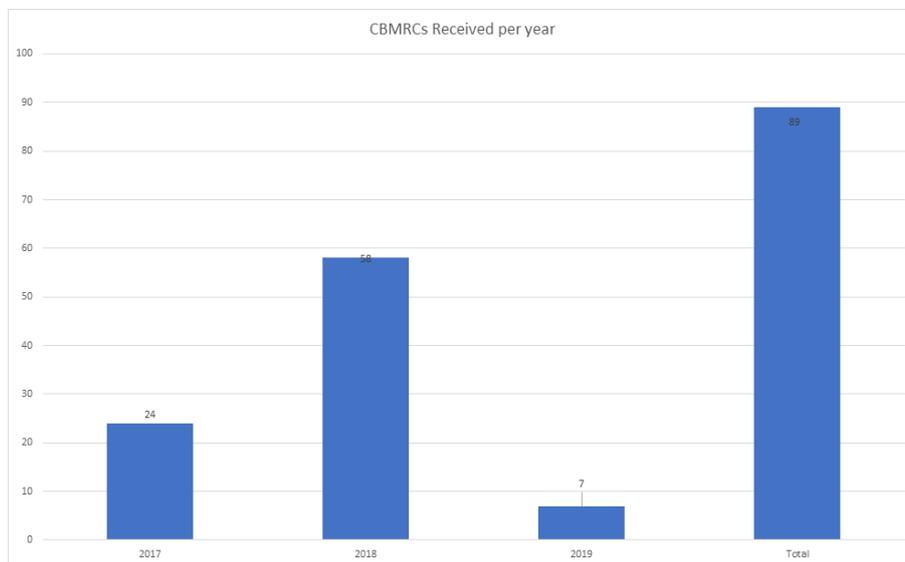


The graph shows total number of IFTs received for the years 2017 to 2019. The ADLAS sector continued to report the highest number of IFTs during 2019, followed by the banking sector.

**Table 10: Cross Border Movement of Cash Reports (CBMCRs) received**

Year	2017	2018	2019	Total
Number of reports received	24	58	7	89

**Graph 8: Total Cross Border Movement of Cash Reports (CBMCRs) received**



The graph shows total number of CBMCRs received for the years 2017 to 2019. There has been a significant decrease in CBMCRs reported from 58 reports in 2018 to 7 reports in 2019.

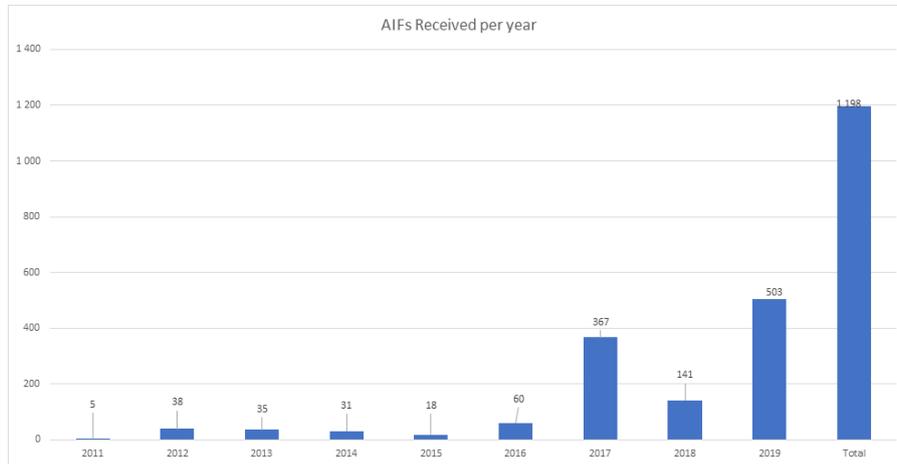
### Additional Information Files (AIFs)

The FIC also receives AIFs from AIs and RIs. These reports enabled the FIC to identify additional sources of data to further enhance the production of intelligence.

**Table 11: Additional Information Reports (AIFs) Table 10: Additional Information Reports (AIFs) received**

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
AIFs received	5	38	35	31	18	60	367	141	503	1,198

**Graph 9: Additional Information Reports (AIFs) received**



The graph shows total number of AIFs received during 2011 to 2019. There has been an increase of 257 percent in the reported AIFs in 2019 compared to 2018. This is as a result of FICs continued awareness and training interventions.

## Request for financial intelligence

Over the years, there has been an increase in demand for FIC intelligence products by local LEAs and Foreign FIUs. Financial crime is borderless, hence sustainable combatting efforts requires close cooperation and exchange of information with various local and international partners. During the period 2009 to 31 March 2019, a total of 484 requests for information have been received from foreign FIUs (IRIs) and domestic LEAs (IRDs).

**Table 12: Request for information received**

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Domestic (IRD)	1	5	36	37	35	35	37	33	48	58	94	419
Foreign FIU (IRIs)	-	-	1	2	-	3	12	13	7	10	17	65
	1	5	37	39	35	38	49	46	55	68	111	484

The above table shows that request for financial intelligence has increased steadily over the years.

## Value of suspected proceeds of crime blocked

Section 42 of the Financial Intelligence Act empowers the FIC to restrict bank accounts (suspected of holding proceeds of crime) by directing Accountable Institutions (AIs) or Reporting Entities (REs) not to proceed with carrying out transactions in respect of funds under suspicion for a period of 12 working days.

Table 13: Number and Value of Interventions filed

<i>Year</i>	<i>2019</i>
FIC Interventions Issued during the period	25
Value of Interventions	471,855,267

Table 13: Value of proceeds of crime recovered due to FIC contributions during the review period

No statistical feedback received.

## Tax Assessments

No statistical feedback received.

## Strategic Analysis Division (SAD)

Outcomes of the Strategic Analyses Division is tailored towards ensuring that the FIC draws on information from various sources including law enforcement, government, intelligence communities and various industries in private sector to better understand criminal syndicates, criminal patterns, emerging crime threats and issue strategic analytical products to forewarn national AML/CFT/CPF stakeholders.

### **Strategic Analytical Products amongst others highlight:**

- the spectrum of predicate offences being committed nationally;
- involvement of organised criminal syndicates from old-fashioned models to highly sophisticated criminal entrepreneurial models who use technology and capitalize on networking to carry out multiple types of crimes;
- how professional enablers availing professional intermediary services, use their expertise to facilitate the laundering of proceeds of crime;
- abuse of financial services for laundering purposes;
- how use of the dark web and encryption cloak offending parties;
- how crypto assets are increasingly used to launder proceeds of crime; and
- criminal syndicates who undermine Namibia's economy, financial integrity, infrastructure and institutions through their criminal actions.

Details on Strategic Analytical products produced during 01 April 2018 until 31 March 2019 are highlighted in detail in this Annual Report. All Strategic Analytical products produced by the FIC for the year under review can be found on the FIC's website [www.fic.na](http://www.fic.na)

In addition to the above, the Strategic Analysis Division maintains comprehensive statistics on matters relevant to the effectiveness and efficiency of the AML/CFT/CPF system as stated in Section 9 (1) (e) of the Financial Intelligence Act, 2012, (No. 13 of 2012) as amended (FIA). Primarily the SAD execute various activities in the form of early warning reports alluding both public and private sector on emerging ML/TF/PF risk and threats.

### **Highlights for the financial year include the production and publication of the following:**

- 52 x weekly ML/TF/PF statistical reports;
- 12 x monthly ML/TF/PF statistical reports of which 8 reports were published on FIC website;
- 9 x statistical feedback reports to the industries within the FIA Regulated populace;
- a Gift Remittance ML/TF/PF Typology report, published on the FIC website; and
- forewarning reports on :
  - Pyramid Schemes;
  - Ponzi Schemes;
  - Personal Loan Scams;
  - Online Foreign Currency Exchange (Forex) Trading Scams;
  - Fraudulent Job scams; and
  - Fraudulent Travel Scams

## Legal, Policy & Enforcement Division

### Strategic focus of the Legal, Policy and Enforcement Division is tailored towards ensuring that the FIC:

- ensures the alignment of the national AML/CFT/CPF Policy, Legislative and Implementation framework with international AML/CFT/CPF obligations, standards and best practices;
- plays its role in enhancing awareness by, amongst others, conducting training and awareness sessions with relevant stakeholders;
- availing legal advice and guidance to the FIA regulated populace and stakeholders;
- is effectively represented in civil action where it is cited as a party having interest in the matter; and
- take decisive, measured and proportionate enforcement action to address non-compliance with provisions of national AML/CFT/CPF legislation.

The below statistics reflect the FIC's attainment of objectives and outputs in respect of the above mandate for the year 2018/19.

### The below statistics reflect the FIC's attainment of objectives and outputs in respect of the above mandate for the year 2018/19:

- a) The Division assisted the Ministry of Safety and Security with finalization of the revised National Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Policy and Strategy by reviewing drafts before its tabled at the Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Council and incorporating' Council's comments.
- b) The Division engaged the Ministry of Justice to provide input on the proposed amendments to the Criminal Procedure Act dealing with plea-bargaining and how it will affect ML/TF/PF matters.
- c) The Division further conducted a scoping mission to Swakopmund and Walvis Bay to determine the reasons for low statistics in money laundering and terrorist or proliferation financing investigations and prosecutions. Consultative and awareness meetings were held with police, prosecutors and magistrates; while police officers were all registered as stakeholders on the FIC's automated system.
- d) The Division provided all input and comments required on draft documents and templates from the Namibia by the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG) and the Egmont Group of FIU's.
- e) The division drafted and published the below instruments to enhance compliance with the FIA:
  - o Directive No. 1 of 2018 on Registration of Dividend Access Trusts -
    - It directs the Master of High Court to register Dividend Access Trusts without prescribed information of the beneficiaries being available at the time of registration/lodgement, and
    - It directs the trustees of the a Dividend Access Trusts to provide the Master of High Court with the prescribed beneficiary information as soon as the ultimate beneficiaries has been identified/dividends has been declared, and before the beneficiaries can receive any benefit from the trust or exercise any vested rights or institute a claim for their benefits.
  - o Directive No. 1 of 2019 emphasising under what circumstances the Master of the High Court may insist on proof of registration with the FIC when an applicant wants to register a trust.
  - o Revised and updated Guidance Note 2 of 2015.
- f) The Division provided **11** x Industry Specific Guidance<sup>3</sup>
- g) The Division issued two circulars on High Risk and Non-Cooperative Jurisdictions following the FATF publications of June and November 2018. The purpose is to alert both private and public institutions as well as the general public on high risk jurisdiction and exercise caution when dealing with individuals and entities originated from these jurisdictions.
- h) During the period reviewed, the Division issued **23** x Circulars on the updates of the UNSC sanctions lists to ensure freezing of assets in terms of Freezing Orders issued by the Minister responsible for Safety and Security. These Circulars are circulated to both public and private institutions.

3 Guidance to Namfisa on enforcement considerations for Outsurance; Guidance to BIPA and ICAN on beneficial ownership considerations for CM23 form; Guidance to BFS on what to consider before filing an SAR; Guidance to the Master of the High Court on registration of Debenture Trusts; Guidance to AML/CFT Consultants on administration of Body Corporates; provided input to 2 Guidance Notes prepared by Compliance Division on PEPs and Direct Deposits; Guidance to the legal practitioners on enforcement procedures and other FIA obligations at industry meeting; guidance provided to accountants and auditors on various aspects of FIA obligations at industry meeting; Guidance to Estate Agents Board on FIA; revised circular of LSN intended for circulation to all legal practitioners.

i) **Administrative sanctions imposed**

In terms of the mandate conferred upon the FIC by virtue of section 56 of the FIA, the FIC initiated administrative sanctions against Accountable and Reporting Institutions with compliance deficiencies. This is to encourage compliance and deter the other institutions in various sectors and industries from contravening similar provisions of the FIA and PACOTPAA.

In light of the aforesaid, the FIC initiated **23** x administrative sanctions:

- 2x Directives, 16x Cautions, 5x Section 56(5) Notices
- 10 x Section 56(5) Notices pending

j) **Training offered during the period**

As part of its standing mandate the Division conducted **37<sup>4</sup>** x training and awareness sessions to ensure that the regulated institutions understand their obligations in terms of the FIA

k) The Division negotiated, drafted and facilitated the signing of a Memorandum of Understanding between the FIC and MTC, as well as between FIC and the Financial Intelligence Units of Bangladesh and the Democratic Republic of Congo. The purpose of these MoUs is to ensure smooth cooperation, more particularly on information exchange.

- **Domestic MoUs –**

- o MTC – still to be signed

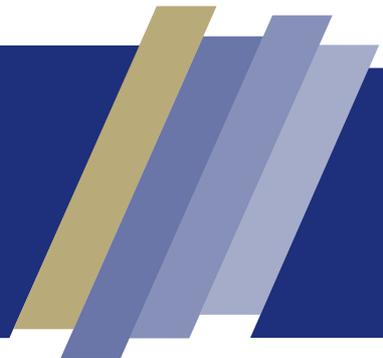
- **International MoUs –**

- o Democratic Republic of Congo
- o Bangladesh

l) During the review period, the Division also received requests for legal interpretation and legal advice from various sectors and industries. As such, 125 x FIA related legal opinions were availed to FIA Regulated Populace.

4 All training sessions were on FIA (and sometimes PACOTPAA) obligations. Conducted 6 x training sessions to real estate agents, 1 x training session to an accountant's office, 2 x sessions with motor vehicle dealers, 1 x session with NAMDEB, 1 x session with Investment manager 1 x session with Insurance Company Hollard, 1 x session with Karoo Osche, 1 x session with Spes Bona Motors, 1 x session with Namfisa on the Enforcement Process, 1 x session with BON back office employees and 4 x sessions with Estate Agents, 16 x sessions with Customs Clearance Agents and NPOs (2 sessions per day over a period of 8 days) and 1 session to KH Trust.

5 Guidance on structured cash transaction; Which institutions qualifies as an Accountable Institution in terms of cross border funds remittance; Whether or not an AI is obliged to conduct sanctions screening; How to treat suspicious activities detected when dealing with non-face-to-face clients who are hesitant to reveal the sources of funds to be invested in properties; Advising Supervisory Bodies on how to issue FIA non-compliance correspondence to FIA regulated populace; legal opinion to Old Mutual on Verification of refugees ID's and passports, legal opinion to KPMG on what qualifies ADLAS as AIs; Legal opinion on freezing orders to Old Mutual; legal opinion to City of Windhoek on use of external compliance officers; legal opinion to legal practitioner on feedback from the FIC; legal opinion to FIC on the FIA obligations of jewelers (American Swiss and Sterns).



# Namibia's 2020/2021 FATF-ESAAMLG Mutual Evaluation

## I. Introduction

Money Laundering, Terrorism Financing and the Proliferation of Weapons of Mass Destruction (ML/TF/PF) continuously pose risks and threats to the international financial system, peace, stability and democracy. As ML/TF/PF continuously pose threats to the core of global security and the integrity of the global financial system, the UN mandated a global response from all UN Member States through various UN Conventions and Chapter VII UN Security Council Resolutions, to ensure necessary and timeous action is taken to address identified ML/TF/PF risks and threats.

Namibia, in ensuring that it effectively contribute to above global effort, since early 2000 adopted an operational and effective national Anti-Money Laundering, Combatting the Financing of Terrorism and Proliferation (AML/CFT/CPF) policy, legislative and framework (the national framework) in place. The national framework not only assist Namibia to effectively comply with her international AML/CFT/CPF obligations as encapsulated in the FATF recommendations, but also enables the country to have a thorough understanding of its national ML/TF/PF risk and threat exposure and how to timeously and effectively mitigate same.

The national framework provides for the timeous collection of valuable information from both Government and Private Sector, which enables a national early warning system alluding Government and private sector to ML/TF/PF risks, threats and vulnerabilities. Such early warning system in turn enables deployment of timeous action to effectively mitigate identified risk and threat exposure.

## I. Interconnectedness between UN & UNSCR AML/CFT/CPF obligations and FATF Recommendations

The FATF has been established amongst others, as the execution arm of the UN and UNSC to ensure effective compliance by Members States with AML/CFT/CPF UN Conventions and mandatory UN Security Council Resolutions. In tracking the level of compliance by Member States with their AML/CFT/CPF obligations, the FATF conducts assessments through peer reviews of member countries on an ongoing basis. The outcome of peer reviews avails an in-depth description and analysis of each country's national AML/CFT/CPF system and its effectiveness in preventing criminal abuse of the national and global financial system.

Results of peer reviews is published internationally and serves as a first point of reference for those interested in causing foreign direct investment in such country. Additionally, negative outcomes of a peer review can cause a call on the global community to regard such country's national financial system as posing a risk to the international financial system and can ultimately lead to imposition of sanctions against such country.

## III. Namibia's National AML/CFT/CPF Policy, Legislative & Implementation Framework

The Government of the Republic of Namibia, in line with National Policies and Strategies on combatting ML/TF/PF ratified and domesticated the following UN and AU Conventions as well as mandatory UN Security Council Resolutions issued under Chapter VII of the UN Charter:

- 1988 UN Convention against Illicit Traffic in Narcotic Drugs & Psychotropic Substances;
- 1999 UN International Convention on Suppression the Financing of Terrorism;
- 2000 UN Convention against Transnational Organized Crime;
- 2003 UN Convention against Corruption;

- 1973 UN Convention on the Prevention & Punishment of Crimes Against Internationally Protected Persons, including Diplomatic Agents;
- 1979 UN International Convention Against Taking of Hostages;
- 1997 UN International Convention for the Suppression of Terrorist Bombings;
- 2005 UN International Convention for the Suppression of Acts of Nuclear Terrorism;
- 1999 OAU Convention on the Prevention and Combatting of Terrorism; 1267 (1999); and
- The Security Council Resolutions pursuant to 1267 (1999), 1373 (2001), 1452 (2002), 1526 (2004), 1617 (2005), 1624 (2005), 2129 (2013), 2133 (2014), 2170 (2014), 2178 (2014), 2195 (2014), 2199 (2015), 2249 (2015), 2253 (2015), 2322 (2016), 2331 (2016), 2341 (2017), 2347 (2017), 2354 (2017), 2368 (2017), 2370 (2017), 2388 (2017), 2395 (2017), 2396(2017), 2462 (2019), and all predecessor and/or subsequent resolutions.

These obligations have collectively been incorporated under the Financial Action Task Force Forty Recommendations on AML/CFT/CPF, generally referred to as the FATF Recommendations.

The Namibian Government through her Anti-Money Laundering and Combatting the Financing of Terrorist and Proliferation Council (the Council) and the FIC meticulously ensured that the national AML/CFT/CPF Preventative and Combatting Policies, Laws and Implementation Framework is fully aligned to obligations mandated by these Conventions and Security Council resolutions as embodied in the FATF Recommendations.

The FIC in turn is Government's main agency designated with the responsibility to coordinate Namibia's national, regional and international ML, TF and PF prevention and combatting efforts in collaboration with other law enforcement agencies.

#### **IV. Past & Future FATF/ESAAMLG Mutual Evaluation Assessments of Namibia**

Namibia in 2005 underwent a first FATF/ESAAMLG Mutual Evaluation, assessing the country' overall compliance with above UN Conventions and UN Security Council Resolutions, as embedded in the then FAFT Forty Recommendations on ML and Nine Special Recommendations on TF.

The overall assessment found Namibia's National ML/TF regime wanting in critical areas, which required urgent action. In turn, Namibia promulgated various AML/CFT Policies and Laws and rolled out an implementation framework necessary to effectively implement the newly promulgated laws. Most notable developments in this regard, is the enactment of the now repealed 2007 Financial Intelligence Act, 2007 (replaced by the Financial Intelligence Act 2012 (Act No. 3 of 2012) as amended), which caused the establishment of the Financial Intelligence Centre, as well as the Prevention of Organized Crime Act, 2004 (Act No. 29 of 2004), as amended. Combined, these two laws are the main national laws criminalizing ML in Namibia and enables the preservation and forfeiture of proceeds of crime, using both civil and criminal processes.

Despite notable progress attained by Namibia during the years 2007 to 2011 to address risks and threats posed by ML, the international community voiced concern on the slow progress made by Namibia to adopt necessary national Policies and Legislative Frameworks needed to address risks and threats posed by Terrorist Activities and the Financing thereof. The concerns on slow progress caused Namibia to be subjected to a Targeted Review by the FATF's International Cooperation Review Group as from 2012 to early 2015, with international publicized statements calling on Government to heed to the call for reforms.

In addressing the identified CFT concerns, Government in 2012 adopted the Prevention and Combatting of Terrorist and the Financing of Terrorist Activities Act, 2012 (PACOTA). After the enactment of same, the UN and UNSC intensified its efforts to prevent the international financial system being used for TF and Proliferation purposes. New UNSCRs adopted called for an intensification of efforts by the FATF to address newly identified risks and threats posed by Terrorist Activities and Proliferation Activities. These development caused Namibia to align the 2012 PACOTA with the revised 2012 FATF Recommendations, resulting in the enactment of the Prevention and Combatting of Terrorist and Proliferation Activities Act, 2014 (Act No.4 of 2014), making Namibia a leader in the international arena on prevention and combatting of Proliferation. The necessary reforms undertaken, in turn caused Namibia to be removed from the FATF's Targeted Review process in early 2015.

## V. Perpetual Challenges inhibiting an Effective National AML/CFT/CPF System:

Whilst Namibia in 2015 and 2017 respectively, has been found to have an overall good system to address threats and vulnerabilities posed by ML/TF/PF, gaps have been identified through a National Self-Assessment conducted in 2015/16, which negatively impede the effectiveness of the national AML/CFT/CPF system.

Identified vulnerabilities required of Government to enhance necessary combatting efforts, needed in pursuing the investigation and prosecuting of ML offenders and confiscating assets to mitigate identified risks. At the time of publication of this report, Namibia's recorded statistics on ML investigations and prosecutions are falling far below expectations needed to satisfy understanding that the country has an effectively implemented national AML/CFT/CPF system, which functions effectively in addressing identified ML/TF PF risk exposure. Recorded low statistics, pose significant threats to the outcome of Namibia's scheduled 2019/2020 FATF/ESAAMLG Mutual Evaluation.

In the event that Namibia is found wanting as far as effective implementation of her national AML/CFT/CPF regime is concerned, it faces significant risks. One such risk is that the country yet again may be escalated for a FATF Targeted Review, with consequential public statements that the national financial system, poses significant ML/TF/PF risks to the international financial system. A public statement to this effect, in turn may have negative impact on Government's efforts to attract necessary and required foreign direct investment to the country and may further negatively affect investor confidence in Namibia.

## VI. Preparing for Namibia's 2019/20 FATF/ESAAMLG Mutual Evaluation

In ensuring that all required and necessary action is timeously taken to prevent Namibia receiving a negative Mutual Evaluation outcome, required national preparatory efforts have commenced since the last quarter 2018, preparing both Government and Private Sector for the assessment.

### **Preparatory Actions in particular focusses on the following:**

- A: enable effective awareness raising and understanding on the Methodology that will be used to assess Namibia's compliance with the international AML/CFT/CPF obligations and standard, as per the requirements set out in the FATF Recommendations. The FATF Recommendations and Interpretive Notes embodies the UN and UNSC AML/CFT/CPF obligations which all UN member states must comply with. It as such, constitute the international standard to combat ML/TF/PF;
- B: an overhaul of the 2012 national AML/CFT/CPF Risk and Threat Assessment and its 2015/2018 update thereto;
- C: a mock evaluation to highlight current national compliance with international AML/CFT/CPF obligations and areas in need of critical reform, which if not addressed, may negatively impede on the evaluation outcome;
- D: an assessment of Namibia's Technical Compliance with relevant UN Conventions and UN Security Council Resolutions (as embodied in the FATF Recommendations), through enacted and implemented AML/CFT/CPF national policies and laws; and
- D: an assessment of Namibia's Effective implementation of national AML/CFT/CPF policies and laws.

The technical compliance assessment addresses the specific requirements of the UN and UNSCR ML/TF/PF obligations as embodied in the FATF Recommendations, principally as they relate to the relevant legal and institutional framework of Namibia, and the powers and procedures of the competent authorities. These represent the fundamental building blocks of a national AML/CFT/CPF system.

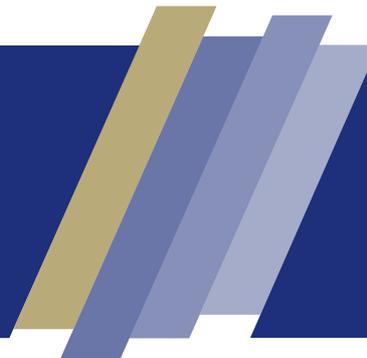
The effectiveness assessment differs fundamentally from the assessment of technical compliance. It seeks to assess the adequacy of Namibia's implementation of the UN and UNSCR ML/TF/PF obligations as encapsulated in the FATF Recommendations. It further identifies the extent to which Namibia achieved a defined set of outcomes that are central to a robust national AML/CFT/CPF system. The focus of the effectiveness assessment is therefore on the extent to which the policy, legal and institutional framework is producing the expected results.



Together, the assessments of both technical compliance and effectiveness will present an integrated analysis of the extent to which Namibia is compliant with the UN and UNSCR AML/CFT/CPF obligations. It will further showcase how successful the country is in maintaining a strong AML/CFT/CPF system, as required by the UN and UNSC.

These focus areas are paramount to the country's preparation for the upcoming mutual evaluation to ensure that all deficiencies are addressed to the greater extent prior to the mutual evaluation.

**Therefore, this section of the report is for noting by both private and public instructions in order to cooperate and ensure that the country is ready for the 2020 mutual evaluation. It is the national aspiration underpinned on the principle of one- Namibia – one Nation to pass the upcoming mutual evaluation.**



# Annual Financial Statements for the year 31 March 2019

## FINANCIAL INTELLIGENCE CENTRE

(Registration number 2011/123)

### General Information

**Country of incorporation and domicile**

Namibia

**Nature of business and principal activities**

Administering the Financial Intelligence Act (FIA) in preventing and combating Money Laundering (ML)/ Terrorist Financing (TF)/ Proliferation Financing (PF).

**Council**

I. Shiimi  
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O.M. Imalwa  
B.K. Likando  
K Matomola  
E. Shafudah  
S.H Ndeitunga  
J.E Kandjeke  
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Namibia

**Auditors**

Grand Namibia  
Registered Accountants and Auditors  
Chartered Accountants (Namibia)

# Contents

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The reports and statements set out below comprise the annual financial statements presented to the Council:

Council's Responsibilities and Approval	39
Independent Auditor's Report to the Council of the Financial Intelligence Centre	40
Council's Report	43
Statement of Financial Position	45
Statement of Comprehensive Income	46
Statement of Changes in Equity	47
Accounting Policies	48
Notes to the Annual Financial Statements	50

## Council's Responsibilities and Approval

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The Council is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the Council's responsibility to ensure that the annual financial statements fairly present the state of affairs of the Centre as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis as set out in note 1. The external auditors are engaged to express an independent opinion on the annual financial statements.

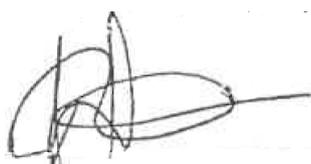
The annual financial statements are prepared in accordance with appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council acknowledges that they are ultimately responsible for the system of internal financial control established by the Centre and places considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Centre and all employees are required to maintain the highest ethical standards in ensuring the Centre's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Centre is on identifying, assessing, managing and monitoring all known forms of risk across the Centre. While operating risk cannot be fully eliminated, the Centre endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Council has reviewed the Centre's cash flow forecast for the year 31 March 2020 and, in the light of this review and the current financial position, the Council is satisfied that the Centre has access to adequate resources to continue in operational existence for the foreseeable future.



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I. Shiimi  
Windhoek, 30 January 2019



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P. Noa

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# Independent Auditor's Report to the Council of the Financial Intelligence Centre

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of the Financial Intelligence Centre as set out on pages 45 to 53, which comprise the Council's report and the statement of financial position as at 31 March 2019 and the statement of comprehensive income and the statement of changes in equity for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Financial Intelligence Centre as at 31 March 2019, and its financial performance for the year then ended in accordance with the basis of accounting set out in note 1 to the financial statements.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements and in accordance with other independence requirements applicable to performing audits of financial statements in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Basis of accounting and restriction on distribution and use

The financial statements have been prepared in accordance with the basis of accounting described in the accounting policies for the purposes of providing financial information to the Council. The financial statements and the auditor's report may not be suitable for any other purpose.

### Emphasis of matter: Going concern

Without qualifying our opinion, we draw attention to the Council Report and Note 13 to the financial statements which indicates that the Centre has an accumulated deficit as at 31 March 2019 amounting to N\$447 956 (2018: deficit of N\$10 405 970). These conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the Centre's ability to continue as a going concern without the continued support of the Ministry of Finance.

### Other Matter: Supplementary Information

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out in Note 6 on page 52 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion thereon.

## Independent Auditor's Report (continued)

### Other Information

The Council is responsible for the other information. The other information comprises of Part A (Introduction and General Information), (Getting to Know the FIC), (Operations of the FIC), (Governance), (External Stakeholders Relations), (FIC Operational Activities) and the Council' responsibilities and approval. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting set out in note 1 and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Centre or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.

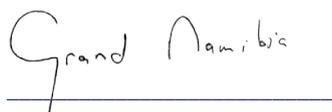
## Auditor's Responsibilities for the Audit of the Financial Statements (continued)

Conclude on the appropriateness of the Council's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the Centre or business activities within the Centre to express an opinion on the financial statement. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Grand Namibia

### **Grand Namibia**

Registered Accountants and Auditors

Chartered Accountants (Namibia)

PO Box 24304, Windhoek

**Per:** Richard Theron (Partner)

### **Resident Partners:**

R Theron (Managing Partner), RN Beukes

Windhoek, 15 May 2019

# Council's Report

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The Council has pleasure in submitting this report on the annual financial statements of Financial Intelligence Centre for the year ended 31 March 2019.

## 1. Main business and operations

The prime work of the Centre in terms of Financial Intelligence Act No.13 of 2012 are to combat money laundering and the financing of terrorism and proliferation activities in collaboration with other law enforcement agencies.

Profit of The Centre for the year 2019 is N\$ 9 958 012 and (2018 Loss : (N\$ 230 665)).

The operating results and state of affairs of the Centre are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

## 2. Council

The members of Council in office at the date of this report are as follows:

Council

I. Shiimi

P. Noa

O.M. Imalwa

B.K. Likando

K Matomola

E. Shafudah

S.H Ndeitunga

J.E Kandjeke

E. Angula

I. V. K Ndjoze

Commissioner (Rtd) T. Kamati

G. Sinimbo

J. Mungunda

## 3. Events after the reporting period

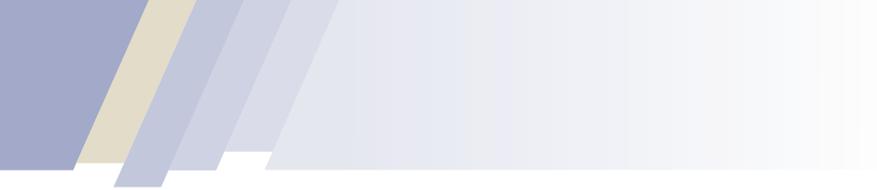
The Council is not aware of any material event which occurred after the reporting date and up to the date of this report.

## 4. The Centre's Governance

The Centre is run by a Director who is appointed by the Minister of the Ministry of Finance.

## 5. Administrative arrangement

In terms of Section 7(2) of the Financial Intelligence Act, 2012, the Bank of Namibia must provide administrative services to the Centre.



## **Council's Report (continued)**

### **6. Going concern**

The accumulated deficit as at 31 March 2019 amounted to N\$ 447 956 (2018: N\$ 10 405 970).

The financial statements have been prepared on a going concern basis after considering the following measures: Parliament approved an overall operational budget for FIC of N\$ 32,883,093 for 2019/2020 financial year.

## Statement of Financial Position as at 31 March 2019

	Notes	2019 N\$	2018 N\$
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	196 087	427 263
Intangible Assets	3	96 887	-
<b>Current Assets</b>			
Receivable from Bank of Namibia	9	1 284 757	-
Other Receivables	11	11 638	-
<b>Total Assets</b>		<b>1 589 370</b>	<b>427 263</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated (deficit)		(447 956)	(10 405 970)
<b>Total Equity and Liabilities</b>		<b>(447 956)</b>	<b>(10 405 970)</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Employee Provisions	7	1 759 612	1 605 957
Audit Fees Provisions	8	120 800	92 000
Other Trade Payables	10	156 914	209 874
Payable to Bank of Namibia	9	-	8 925 402
Total Liabilities		2 037 326	10 833 233
<b>Total Equity and Liabilities</b>		<b>1 589 370</b>	<b>427 263</b>

## Statement of Comprehensive Income for the Year Ended 31 March 2019

	Notes	2019 N\$	2018 N\$
Grant received	4	37 440 030	25 000 000
Operating expenses	6	(27 482 018)	(25 230 665)
Operating Profit/(loss)	5	9 958 012	(230 665)
Profit/(loss) for the year		9 958 012	(230 665)
Other comprehensive income			-
<b>Total comprehensive Income/ (Deficit) for the year</b>		<b>9 958 012</b>	<b>(230 665)</b>

## Statement of Changes in Equity for the Year Ended 31 March 2019

	<i>Accumulated profit/ (loss) account</i>	<i>Total</i>
	N\$	N\$
<b>Opening balance at 1 April 2017</b>	<b>(10 175 303)</b>	<b>(10 175 303)</b>
Profit/(loss) for the year	(230 665)	(230 665)
<b>Balance at 31 March 2018</b>	<b>(10 405 968)</b>	<b>(10 405 968)</b>
Profit/(loss) for the year	9 958 012	9 958 012
<b>Balance at 31 March 2019</b>	<b>(447 956)</b>	<b>(447 956)</b>

# Accounting Policies

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## 1. Basis of presentation

The annual financial statements have been prepared in accordance with the accounting policies set out below. The annual financial statements have been prepared on the historical cost basis.

### 1.1 Basis of preparation

The financial statements of the Centre have been prepared in accordance with the Centre's basis of accounting. They have been prepared under the historical cost convention.

The preparation of financial statements is in conformity with the Centre's policies that require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Centre's accounting policies. No significant estimates and judgements were used during the year under review.

### 1.2 Property, plant and equipment

**Property, plant and equipment are tangible items that:**

- are held for use in the production or supply of services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains/ (losses) – net' in the statement of comprehensive income.

### 1.3 Intangible Assets - Computer Software

"On acquisition the software is capitalised at purchase price and amortised on a straight-line basis with zero residual value. The estimated useful lives, residual values and amortisation methods are reviewed at each year end, with the effect of any changes in the estimate accounted for on a prospective basis. The Bank reassesses the residual value and useful life of Computer software on an annual basis and the useful life has been set to range between 1 and 8 years.

### 1.4 Government Grant received

This principally relates to income received from the Ministry of Finance as reimbursement for costs incurred by The Centre. Government grants received are presented separately as part of profit or loss in the statement of comprehensive Income and are recognised on a cash receipt basis.

The Centre, with the approval of the Minister of Finance, may accept financial donations or contribution from any other source

## **Accounting Policies (Continued)**

### **1.5 Expenses**

Expenses are recorded on the accrual basis.

### **1.6 Other receivables**

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Trade and other receivables are classified as loans and receivables at amortised cost.

### **1.7 Other payables**

Other Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### **1.8 Employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered - leave and bonuses), are recognised in the period in which the service is rendered and are not discounted. The expected cost of bonus payments and leave is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

# Notes to the Annual Financial Statements

## 2. Property, Plant and Equipment

	<i>Furniture &amp; Fixtures</i>	<i>Equipment &amp; Fittings</i>	<i>Computer Hardware</i>	<i>Minor Assets</i>	<i>Total</i>
<b>2019</b>	<b>N\$</b>	<b>N\$</b>	<b>N\$</b>	<b>N\$</b>	<b>N\$</b>
<b>Cost</b>					
At 1 April 2018	400 737	164 519	745 423	354	1 311 033
Additions		4 994			4 994
<b>At 31 March 2019</b>	<b>400 737</b>	<b>169 513</b>	<b>745 423</b>	<b>354</b>	<b>1 316 027</b>
<b>Accumulated depreciation</b>					
At 1 April 2018	171 071	124 934	587 411	354	883 770
Depreciation	74 143	32 529	129 498		236 170
<b>At 31 March 2019</b>	<b>245 214</b>	<b>157 463</b>	<b>716 909</b>	<b>354</b>	<b>1 119 940</b>
<b>Carrying value</b>					
<b>At 1 April 2018</b>	<b>229 666</b>	<b>39 585</b>	<b>158 012</b>	<b>-</b>	<b>427 263</b>
<b>At 31 March 2019</b>	<b>155 523</b>	<b>12 051</b>	<b>28 514</b>	<b>-</b>	<b>196 087</b>
<b>2018</b>					
<b>Cost</b>					
At 1 April 2017	314 049	189 521	478 465	354	982 389
Additions/Transfers	86 688	-	258 757	-	345 445
Prior period error	-	(25 002)	8 201		(16 801)
<b>At 31 March 2018</b>	<b>400 737</b>	<b>164 519</b>	<b>745 423</b>	<b>354</b>	<b>1 311 033</b>
<b>Accumulated depreciation</b>					
At 1 April 2017	101 105	118 327	388 801	354	608 587
Depreciation	69 966	31 609	190 409	-	291 984
Transfers to/(from) BoN		(25 002)	8 201		(16 801)
<b>At 31 March 2018</b>	<b>171 071</b>	<b>124 934</b>	<b>587 411</b>	<b>354</b>	<b>883 770</b>
<b>Carrying value at 1 April 2017</b>	<b>212 944</b>	<b>71 194</b>	<b>89 664</b>	<b>-</b>	<b>373 802</b>
<b>At 31 March 2018</b>	<b>229 666</b>	<b>39 585</b>	<b>158 012</b>	<b>-</b>	<b>427 263</b>

# Notes to the Annual Financial Statements

## 3. Intangible Assets – Computer Software

	<i>Computer software</i>	<i>Total</i>
	N\$	N\$
<b>2019</b>		
<b>Cost</b>		
At 1 April 2018	1 384 706	1 384 706
Additions	126 294	126 294
<b>At 31 March 2019</b>	<b>1 511 000</b>	<b>1 511 000</b>
<b>Accumulated Amortization</b>		
At 1 April 2018	1 384 706	1 384 706
Amortization	29 407	29 407
<b>At 31 March 2019</b>	<b>1 414 113</b>	<b>1 414 113</b>
<b>Carrying value</b>		
<b>At 1 April 2018</b>	-	-
<b>At 31 March 2019</b>	<b>96 887</b>	<b>96 887</b>
<b>2018</b>		
<b>Cost</b>		
At 1 April 2017	1 384 706	1 384 706
Additions/Transfers	-	-
<b>At 31 March 2018</b>	<b>1 384 706</b>	<b>1 384 706</b>
<b>Accumulated Amortization</b>		
At 1 April 2017	1 384 706	1 384 706
Amortization	-	-
<b>At 31 March 2018</b>	<b>1 384 706</b>	<b>1 384 706</b>
<b>Carrying value at 1 April 2017</b>	-	-
<b>At 31 March 2018</b>	-	-

# Notes to the Annual Financial Statements

	2019	2018
	N\$	N\$
<b>4. Grant received</b>		
Ministry of Finance	28 923 000	25 000 000
Ministry of Justice -Asset Recovery Fund	8 517 030	-
Total grant received	<b>37 440 030</b>	<b>25 000 000</b>

## 5. Operating surplus/(deficit)

Operating surplus/(deficit) for the year is stated after accounting for the following:

Amortization	265 577	291 984
Employee costs	23 618 794	22 051 237

Employee costs for 2019 includes employee bonuses and leave pay provision movement of N\$153 655 (2018: N\$9 650).

## 6. Operating Expenses

Advertising & Recruitment	3 310	(30 725)
Audit Fees	(84 800)	(92 000)
AML/CFT Awareness Campaign	11 963	(12 000)
Compliance & Inspection Account	(98 288)	(119 575)
Computer Maintenance	(541 656)	(561 186)
Conferences Attended	(11 024)	(24 769)
Conferences Hosted	(567 759)	(59 175)
Consultants Fees	(920)	-
Amortization	(265 577)	(291 984)
Employee Costs	(23 618 794)	(22 051 237)
Entertainment Expenses	(8 934)	(6 081)
Equipment Rental	(142 552)	(135 612)
Financial Investigations - Domestic	(563 633)	(289 543)
Legal Costs	-	(127 063)
Membership Fees	(76 512)	(69 327)
Miscellaneous Expenditure	(4 120)	(22 025)
Organisational Development	-	(12 760)
Printing & Publications	(15 478)	(41 093)
Staff Training	(289 723)	(158 011)
Stationery	(22 086)	(24 416)
Staff expenses	(57 998)	-
Subscription	(84 886)	(72 354)
Telephone & Telex Expenses	7 190	6 395
Travel, Subsistence & Accommodation	(1 049 741)	(1 036 125)
	<b>(27 482 018)</b>	<b>(25 230 666)</b>

## Notes to the Annual Financial Statements

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>7. Employee Provisions</b>		
Provision for Bonuses	46 885	44 467
Provision for Leave Pay	1 712 727	1 561 490
	<b>1 759 612</b>	<b>1 605 957</b>
<b>8. Audit Fees Provisions</b>		
Provision for Audit fees	120 800	92 000
	120 800	92 000
<b>9. Receivable/(Payable) from/to Bank of Namibia</b>	<b>1 284 757</b>	<b>(8 925 402)</b>
<p>The receivable from Bank of Namibia was determined after taking into account all the grants received and expenditures incurred by FIC for the period ended 31 March 2019.</p>		
<b>10. Other Trade Payables</b>		
Other payables	(99 194)	(281 895)
Trade payables	(57 720)	
	<b>(156 914)</b>	<b>(281 895)</b>
<b>11. Other receivables</b>		
Prepayments	11 638	
	<b>11 638</b>	-
<b>12. Statement of Cash flows</b>		
<p>No statement of cash flows was prepared as the Centre does not have a bank account.</p>		
<b>13. Going Concern</b>		
<p>The accumulated deficit as at 31 March 2019 amounted to N\$ 447 956 (2018: N\$ 10 405 970).</p> <p>The annual financial statements are however being prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available as detailed in the council's report, to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.</p>		

