

# ZIMBABWE



## THE SECOND MONEY LAUNDERING AND TERRORIST FINANCING NATIONAL RISK ASSESSMENT KEY FINDINGS.

**FEBRUARY 2020**



**KEY FINDINGS VERSION.**

## ACRONYMS

AML	Anti- Money Laundering
AML/CFT	Anti- Money Laundering and Combating the Financing of Terrorism.
CFT	Combating Financing of Terrorism.
DAIP	Detailed Action Implementation Plan
EAC	Estate Agents Council
ECRA	Environmental Crime Risk Assessment.
ESAAMLG	Eastern and Southern Africa Anti Money Laundering Group.
FATF	Financial Action Task Force.
FIU	Financial Intelligence Unit
LPA	Legal Persons and Arrangements
ML	Money Laundering.
MTA	Money Transfer Agency
MVTS	Money Value Transfer Systems
NPS	National Payment Systems
NRA	National Risk Assessment.
NTF	National Task Force on Money Laundering and Terrorist Financing.
PAAB	Public Accountants and Auditors Board
PAO	Professional Accounting Organisations.
RTGS	Real Time Gross Settlement Dollars
T&CSPs	Trust and Company Services Providers.
TF	Terrorist Financing.

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## **1. INTRODUCTION**

This document sets out the key findings of the National Risk Assessment (NRA) process which was conducted through the support of the National Task Force on AML/CFT through the National Risk Assessment Coordinating Committee, under the guidance of the experts from World Bank. The process was conducted towards the end of 2018 and consisted of a series of workshops, meetings and seminars by different stakeholders drawn from both the public and private sector.

This document lays out a summary of the main findings from this process as adapted from the consolidated NRA findings documents.

The listings of the key findings in this document adopt to a large extent the format of the World Bank tool which was used to guide the assessment. In this regard, the first section gives an overall summary of Money Laundering/ Terrorist Financing (ML/TF) risks in the country, whilst second part focuses on each of the sectors outlined in a sequence of the tool as analysed by this risk assessment.

A detailed implementation action plan outlining measures required to mitigate identified risks is set out in a separate document.

## 2. EXECUTIVE SUMMARY

### 2.1 MONEY LAUNDERING (ML) RISK IN ZIMBABWE

Assessment of risks by Zimbabwe was through the World Bank AML/CFT Risk Assessment Tool. The Tool breaks down risk according to three components namely: Threat, Vulnerability and Consequences. For the purposes of this assessment emphasis is given to the two main components of this formula which are threat and vulnerability.

#### 2.1.1 ML Threat - Predicate Offences

The national money laundering threat for Zimbabwe has been assessed to be **medium**, with the main ML major predicate offences being used to generate proceeds being (a) Fraud, (b) Contravention of the Customs & Exercise Act, (c) Contravention of the Gold Trade Act, (d) Corruption and (e) Contravention of the Income Tax Act. The assessed value of threat proceeds for the period under review; (2014-2018) is estimated to be about 4.5 billion dollars in total, giving an annual average of about 900 million dollars per year, down from the 1.8 billion figure for the last NRA. Main factors contributing to the down trend were the improved gold collection strategies (from 6 tons to 24 tons per annum), the improved security arrangements at Chiadzwa diamond area, and more importantly, the activities of the Minerals and Border Control Unit. Demand for imports experienced a downward trend from 2014 to 2018, and also improved accounting led to the narrowing of the gap between exports and imports with a total of that is 1.3 billion USD for the current NRA period, as compared to 2.6 billion USD during the last exercise. The situation was improved also because of the increased use of plastic and mobile money. The country has witnessed an improvement of its technical compliance and effectiveness ratings.

#### 2.1.2 ML Threat Sectorial Analysis.

In terms of sectorial threat, the twelve sectors were assessed and, these were rated as follows; High threat level, (Banking, Real Estate, Motor Vehicle Dealers, Mining Sector and Mobile Money dealers. The first three (3) sectors were identified as having a medium level threat, and while the last two (2) as were rated as low.

#### 2.1.3 ML Vulnerabilities.

**Zimbabwe's overall money laundering vulnerability was found to be medium, with a score of 0.52, using a scale of 0 to 1.** In the same vein, the national combating ability has been assessed to be medium with a rating score of 0.49. Overall, sectorial vulnerability has been identified to be medium, with an assessed rating of 0.53. Four sectors were rated as mediumhigh in terms of vulnerability to ML. These sectors are Accountanting (0.68), Car Dealers, (0.65) Dealers in Precious Stones (0.61) and Mobile Financial Services Providers (0.60). Five sectors which were rated as medium are; MVTs, Banking, Lawyers, Real Estate and Insurance. The least vulnerable sectors assessed as low were; Securities, Micro Finance Institutions and Casinos.

### 2.1.4 Overall ML Risk

From the heat map shown below the overall ML risk for Zimbabwe is medium.

Threat							
	High						
	Medium High						
	Medium				XXXX		
	Medium Low						
	Low						
		Low	Medium Low	Medium	Medium High	High	
Vulnerability							

## 2.2 TERRORIST FINANCING (TF) RISK.

### 2.2.1 TF Threat-

Overall, Terrorism and terrorist financing threat in Zimbabwe is rated low.

### 2.2.2 TF Vulnerabilities. -

The country is aware and alert to developments and activities happening in the region and globally with regards to TF vulnerabilities. Despite that there are some sectors identified as risk, none of those identified renders Zimbabwe vulnerable. On the whole, the country is rated low in terms of vulnerability.

### 2.2.3 The Overall TF

The Overall TF threat is low for Zimbabwe.

## 2.3 FINANCIAL INCLUSION PRODUCTS.

Twelve (12) financial inclusion products were assessed as part of this exercise to determine the level of risk with regards to potential abuse through ML activities. The financial inclusion products' overall risk was rated **low**. This was mainly credited to the function of the control measures in place for each of the products assessed.

## **2.4 SPECIALIZED/FOCUSED ASSESSMENTS.**

With a view to ensure a comprehensive assessment of AML/CFT Risk, the 2<sup>nd</sup> NRA process extended its assessment to domains not particularly catered for by the standard World Bank Tool. The two main areas covered in this document are Environmental Crimes Risk Assessment, (ECRA) which include wildlife, fisheries, mining and logging. The second domain for assessment of risk falls under the ten legal persons and arrangements, (LPA) in Zimbabwe. In terms of ML risk ranking from ECRA, mining poses the greatest risk followed by Wildlife whilst LPA, private companies poses the greatest risk which is then followed by Trusts.



### 3. SUMMARY OF FINDINGS BY MODULE.

#### MODULE 1- (CHAPTER 2) -THREAT ASSESSMENT

##### *Threat Analysis by Predicate Offence*

The five major predicate offences generating proceeds accounting for both the domestic and foreign ML threat are (a) Fraud, (b) Offences emanating from contravention of the Customs & Excise Act, (c) Offences arising from contravention of the Gold Trade Act, (d) Corruption, and (e) Contravention of the Income Tax Act.

##### *Threat Analysis by Origin*

According to information gathered during the national risk assessment between the period 2014 to 2018 proceeds of crime from Zimbabwe were found to have a medium level of ML threat. Such a scenario came about as a result of a proactive conclusion on the trends and amount of proceeds being generated from the four predicate offences generating high proceeds of crime.

Offences committed in foreign jurisdictions were assessed and concluded to have a ML threat level of Low due to a reduction in the prevalent cases of external linkages such as fraud, theft of motor vehicles and drug peddling. Absence of cases in this category reflects the low rate of offences committed in foreign jurisdiction and their proceeds being consumed in Zimbabwe. Subsequently, offenses committed both in Zimbabwe and foreign jurisdiction were rated to be medium low. Overall, offenses committed in Zimbabwe and whose proceeds are consumed locally rated medium, while those from foreign jurisdictions were rated low. At the same time, offences whose jurisdiction could not be identified were rated low. This can be validated by the previous NRA report these are rated them low.

##### *Threat Analysis by Sector.*

The Assessment made the following conclusions with regards ML Threat by sector

- Banking - high
- Real Estate - high
- Car dealers - high
- Mining sector - high
- Mobile money dealers - high
- Lawyers - medium high
- Accountants and Auditors - medium high
- Precious stones and metals - medium high
- Casinos and other gaming activities - medium
- Pension funds - medium
- MTAs - low
- Securities - low

## Overall ML Threat Ratings

The national money laundering threat for Zimbabwe is rated **MEDIUM LOW** (ML). The domestic money laundering threat is Medium (M), and threat from abroad is Low (L). Money laundering from both domestic and abroad is rated Medium low while threat with unidentified origin is Low (L).

## MODULE 2 - (CHAPTER 3) NATIONAL VULNERABILITY ASSESSEMENT.

The National Vulnerability Assessment rating was assessed as a function of; (a) the overall sectoral vulnerability, (i.e. the average vulnerability of all the sectors under assessments, and (b) the national combating ability, (i.e. the laws, institutions and structures available to deter money laundering in the country.

There are a total of 22 input variables that influence the country's ability to combat money laundering. Data gathered from various sectors assisted in assessing the ML vulnerability of each sector. The sectors that provided data included; Zimbabwe Revenue Authority (Customs and Domestic Taxes), Financial intelligence Unit, Zimbabwe Republic Police CID, Judicial Service Commission (JSC), National Prosecution Authority, **and** Attorney General's Office. Results from the assessment identified the level of formalisation in the economy as well as capacity and resource issues as the greatest contributions to national vulnerability. The country combating ability was rated as medium with a rating score of 0.48.

In addition, 13 different sectors were assessed, the highest vulnerable being accountants at High (0.68) level, followed by Car dealers, (0.65) and dealers in Precious Stones and Mineral (0.61) whilst the lowest vulnerable sectors being Casinos (0.20). Out of the thirteen sectors assessed, the national vulnerability stands at medium with a score of 0.53..

The national combating ability is **Medium** with a score of **0.48**, and a sectoral vulnerability is **rated medium at 0.53**. Zimbabwe's overall money laundering vulnerability was found to be medium, with a score of 0.52. The results may be interpreted to mean that Zimbabwe is doing fairly well as far as the ability to combat ML is concerned.

## MODULE 3 - (CHAPTER 4) BANKING SECTOR VULNERABILITY

The overall vulnerability of the Banking sector, which is based on the strength and effectiveness of laws and regulations in place, the aggregate risk profiles of products was rated **Medium**, with a score of **0.53**. It is worth noting, that this is an improvement in the sector's vulnerability rating from 0.59, logged in the last NRA of 2015.

The Quality of General AML Controls assessment was **rated 0.70 (Medium High)** which included the 12 banking products. Among the thirteen products under analysis for vulnerability, the assessment identified the following four products as vulnerable. These four products are: **corporate banking, rated (0.56), retail banking, rated (0.51), trade finance, rated (0.50), and private banking, rated (0.48) among the high risk products** in the banking sector.

The supervisory authorities have adopted a risk-based approach to supervise for AML/CFT, however, they are still to applying sanctions for the violation of AML/CFT requirements. Furthermore, the banking institutions are required to establish the true identity of ultimate beneficial owners when establishing a business relationship or carrying out an occasional transaction.

Mobile money and Real Time Gross Settlement System (RTGS) transactions are among the most used payment systems in the country. An assessment of the payment systems revealed that the use of cash is most vulnerable to money laundering due to failure by banks to easily establish the source of funds. Customers only declare the source of their cash but banks fail to verify the declared source of funds. Cash is generated from various source including illegal activities such as illegal foreign currency dealing and illegal mineral trading.

#### **MODULE 4- (CHAPTER 5)- SECURITIES SECTOR VULNERABILITY**

Despite all the developments taking place in the Securities Sector, since the 1<sup>st</sup> NRA report of 2015, the Vulnerability of the sector, based on the results of the analysis, increased from low **(0.29)** to medium low **(0.33)**. This was primarily attributed to the change in the rating scale from a 3-tier to a 5-tier rating scale. Essentially, the Vulnerability for the Securities sector remained low.

There are, however, some factors that were considered to have contributed to a change in the vulnerability score and these are;

- The 2015 securities sector vulnerability analysis was product based while the 2019 was based on the institution type, and
- More variables were considered in the 2019 assessment as compared to the 2015 assessment,

The 2015 analysis was mainly based on technical compliance which focuses on the implementation of specific requirements of the FATF Recommendations, including the framework of laws and enforceable means; and the existence, powers and procedures for competent authorities. The 2019 assessment focused more on effectiveness of the sector's AML/CFT system in terms of the extent to which risks and threats of money laundering, financing of terrorism and proliferation are mitigated. Vulnerability for the Securities sector was considered **medium low**, with a vulnerability score of **0.33**. This was determined by using a weighting scheme that awarded the greatest weight to the sub-sector with the highest vulnerability.

#### **MODULE 5- (CHAPTER 6)- INSURANCE SECTOR VULNERABILITY**

A risk assessment of money-laundering risks within the insurance industry was done to identify overall vulnerabilities of the sector in terms of products, delivery channels, types of clients and transactions in the life insurance value chain. The outcome is to inform the adoption of a risk-based approach to AML supervision of the insurance players and ensure optimal utilisation of resources in AML combative efforts.

The product rating for the insurance sector was as follows;

- annuities - medium low
- pension - low;
- group life - low
- endowment - medium low

Vulnerabilities associated with intermediaries were found to be as follows;

- agents - low
- brokers - medium low
- aggregators - low

The sector was rated medium low on vulnerability to ML. The low risk rating is on account of low cash activity, limited exposure to cross border trades, and absence of anonymity in the use of products. Sources of premiums and pension contributions for dominant products such as group life assurance, pension funds and annuities are largely salaries based which are deducted at source.

## **MODULE 6 - (CHAPTER 7) -MICROFINANCE INSTITUTIONS (MFIS) VULNERABILITY**

The size of the micro finance sector in Zimbabwe remained low from the period 2014 to 2018 as reflected by the low level of total loans which on average constituted less than ten percent of total banking loans. The assessment then took into consideration, the AML controls (i.e. intermediate variables) in place for the Microfinance sector, which prevent, deter and detect money laundering from occurring within or through the sector. The AML controls in place for the Microfinance sector were noted to be **medium**.

Assessment of the Microfinance sector revealed that, in the absence of AML controls, risk factors which were used to assess the inherent ML risk were: size of business; client base profile; use of agents; level of cash activity; and frequency of international transactions the sector had an exposure to ML risk of **medium low** (i.e. inherent ML risk).The overall rating or the residual ML risk is premised on the low value of transactions coupled with presence of operational risk controls, legislative framework in place and supervisory oversight mechanisms in place to control and monitor the conduct of microfinance transactions.

There is also clear due diligence and regulatory approval before any new microfinance institutions are authorized to commence operations. The stringent licensing operation involves verification of sources of funds and assessment of the fitness and probity of promoters and members of senior management. The residual ML risk exposure of the sector was then noted to be **medium low**.

## **MODULE 6- (CHAPTER 8)- VULNERABILITY OF MONEY OR VALUE TRANSFER SERVICES (MVTs)**

Assessment of the money or value transfer service providers (MVTs) sector, (herewith referred to as money transfer agencies - MTAs) noted that, in the absence of AML controls,

the sector had an exposure to ML risk of medium high (i.e. inherent ML risk). Risk factors which were used to assess the inherent ML risk were: size of business; client base profile; use of agents; level of cash activity; and frequency of international transactions. Overall, **inherent ML risk** was rated **medium high**.

The assessment then took into consideration, the AML controls (i.e. intermediate variables) in place for the MTA sector, which prevents, deters and detect money laundering from occurring within or through the sector. **AML controls** in place for the MTA sector were noted to be **medium**. The **residual ML risk** exposure of the sector was noted to be **medium**.

## **MODULE 7- (CHAPTER 9) CAR DEALERS SECTOR**

During the 2015 NRA, the sector was noted to be highly vulnerable to money laundering risk, with a score of 0.75. Some of the key findings during the 2015 NRA were that there was no designated supervisory regulatory authority; car dealers were not regulated for AML/CFT compliance, and no guidelines had been issued to the sector. There was little appreciation by law enforcement officers on the connection of money laundering to other crimes such as motor vehicle smuggling. The sector was not yet implementing any AML measures, which include: customer identification; beneficial ownership identification; monitoring of transactions, identification and reporting of suspicious transactions. As for the 2019 NRA, not much progress has been made with regards to most of these issues

The car dealers sector was rated **medium high**, to its exposure to ML risk. Relevant information was collected from various key regulatory, ministerial, supervisory, associates and online sources. Ratings for the structural/inherent ML risk was noted to be medium high with a rating of **0,65**. Availability of AML/CFT control measures, was noted to be medium low, with a rating of **0,25**.

## **MODULE 7- (CHAPTER 10) VULNERABILITY OF ACCOUNTANTS AND AUDITORS SECTOR**

The Accounting profession in Zimbabwe is comprised of three different groups, offering the following products and/or services; Accounting, Auditing, Tax consultancy and business advisory. Analysis of this sector was done through meetings with sector players, that is Professional Accountants Organizations (PAOs) and the sector regulator, Public Accountants and Auditors Board (PAAB).

The final vulnerability for the Accountanting sector was rated as medium high, mainly because of poor quality Anti-money laundering (AML) controls, and lack of resources dedicated to the implementation and supervision of AML/CFT regime in the sector. The overall Accountants sector vulnerability to ML was rated to be medium high (MH), at a score of **0.68**.

## **MODULE 7- CHAPTER 11- VULNERABILITY OF PRECIOUS STONES AND PRECIOUS METALS**

During the 2015 NRA, it was noted that the sector was prone to ML risk and required to have more resources channelled towards effective control of the sector. Money laundering

risk of misusing dealers in precious stones and metals is due to the high value, relative small sizes of parcels which facilitate concealment and transport, easy trading around the world and store of value which does not change. In assessing the sector, data collected was used to determine inherent ML risk and the AML controls within the sector.

Relevant information was collected from the Ministry of Mines and Mining Development, Fidelity Printers and Refineries, Minerals Marketing Corporation of Zimbabwe, dealers in Precious Stone and Precious Metals and from secondary sources of data. Ratings for the structural/inherent ML risk was noted Medium High, and the availability of AML/CFT control measures, were noted to be very high at **0.8**. The overall ML Risk for dealers in Precious Stones and Precious Metals was rated as Medium High, with a score of **0.61**.

## **MODULE 7- (CHAPTER 12)- VULNERABILITY OF REAL ESTATE AGENTS SECTOR**

The ML risk exposure for the real estate agency business was rated **medium, 0.47**. Assessment of ML/TF risk was conducted using data collected from various key regulatory, supervisory, industry players and online sources to determine inherent ML risk and assess the effectiveness of the AML controls within the sector.

The structural/inherent ML risk was noted to be medium, and the AML/CFT control measures, were noted to be medium low. As part of measures to increase the adequacy and effectiveness AML/CFT controls for the real estate business, it is recommended that the FIU should continue monitoring and supervising the sector on a risk-based approach, at the same time as actions for the capacitation of the EAC compliance are put in place.

## **MODULE 7- (CHAPTER 13)- VULNERABILITY OF TRUST AND COMPANIES SERVICE PROVIDERS (T&CSPS) SECTOR**

The focus is on risk assessment on vulnerability of Trusts and Company Service Providers (T&CSPs) firms which include Lawyers, Notaries, and other independent legal professionals such as Accountants, to money laundering risk as they provide their services when they prepare for or carry out transactions for a client concerning the specified activities.

An assessment of T&CSPs assessed on matters that included comprehensiveness of AML/CFT legal framework, effectiveness of supervision and oversight activities. The overall risk in the T&CSPs sector was found to be **Medium**.

## **MODULE 7- (CHAPTER 14)- VULNERABILITY OF LAWYERS CLUSTER**

The AML/CFT regime as espoused by the FATF designates lawyers as a reporting entity and as such lawyers are required to comply with FATF standards and recommendations. The number of registered lawyers in private practice is 1850 according to the Law Society of Zimbabwe records. There are over 600 Law firms, with over 420 of these being based in Harare. Most Law firms consist of sole partners and they provide services such as civil and criminal litigation, drafting of legal documents, legal advice, corporate advisory services, estate administration and conveyance.

The assessment aims to strengthen the capacity of the supervisor (LSZ) and the reporting entities (Law firms) in combating ML, identifying gaps and enhance compliance with ML legislative provisions.

In assessing the risk, it was noted that most lawyers are registered with the Law Society of Zimbabwe (LSZ) and are therefore subject to supervision and monitoring by the mother body. The LSZ is responsible for registering lawyers who want to practice and issues practicing certificates. The risk is therefore considered to be low because of these mechanisms. Vulnerability is medium due mainly to the fact that the financial system is now largely cashless and most transactions are done through the formal financial system i.e. banks and this makes it easy to trace transactions.

However, there are gaps within the Lawyers Cluster in terms of legislation. One of the challenges is absence of AML/CFT guidelines for the supervisory authority (Law Society of Zimbabwe) and the other challenge is absence of AML/CFT guidelines for the reporting entities (Law Firms). Most firms deal with civil and criminal litigation. Consequently, on reporting of STRs, most law firms have not submitted a single STR since the last NRA of 2015 was done.

## **MODULE 7 - (CHAPTER 15)-VULNERABILITY OF FINANCIAL INCLUSION PRODUCTS**

The following financial inclusion products were assessed for the purposes of this research and these are; mobile financial services, microfinance institutions, banking products (mobile banking, agent banking), basic no charge accounts, stand-alone ATMs, unit trusts, remittances, savings and credit cooperatives, micro - insurance, and capital markets products.

The research findings were analysed in light of the following review guidelines on the Financial Inclusion Products, that is; design/features of the product, how the product is used (account opening, type/value/frequency of transactions), cross border transactions with high risk jurisdictions, operating environment or market and uncontrolled or monitored value and volume of transaction.

The financial inclusion products overall risk was rated **low**. The assessment established that there were acceptable mitigatory measures in place to minimise the possible abuse of financial inclusion products for ML.

## **MODULE 8-(CHAPTER 16)- TERRORIST FINANCING RISK ASSESSEMENT**

The 2019 National TF Risk Assessment depicts the more recent overview of Zimbabwe's Terrorist Financing threat and vulnerability as well as the terrorism threat. The World Bank Tool which was used co-opted Terrorism Threat, unlike the tool which was used in 2015.

Findings of the report were almost similar to that of the previous NRA with the country retaining its low risk status. This is mainly attributed to mechanism which were put in place by law and the state security agencies. Despite the low risk ranking, the report recommends Zimbabwe to capacitate stakeholder who deal with TF and Terrorism, as well as closing the legislative gaps which were cited in the report.



Zimbabwe employs a comprehensive interagency approach to counter terrorist financing and countering proliferation financing. This approach includes; using law enforcement, financial sanctions, and other financial measures to dismantle and disrupt terrorist financing networks, closing existing gaps in the country's financial system that might be used to facilitate TF and PFWMD. The country adopted a secure framework that effectively deny terrorist groups the ability to access the international financial system to raise, move and use funds within or outside the country through Zimbabwe as a conduit.



## 4. SPECIALISED ASSESSMENTS- (Outside the Scope of the current World Bank Tool)

### CHAPTER 17- ENVIRONMENTAL CRIMES RISK ASSESSMENT.

The Environmental Crime ML/TF Risk Assessment (ECRA) is a standalone assessment exercise (i.e. separate from the main NRA exercise) but is still part of the overall Zimbabwean efforts and initiatives to assess ML and TF risk in the country. The main objective of this specific assessment of ECRA was to identify, understand and assess the risk of money laundering and terrorist financing emanating from environmental crime with a view of coming with measures to mitigate the identified risk.

This assessment was conducted through;

- Identifying the main environmental crime threats in the country, as well as to their extent and consequences with a focus on the financial aspect;
- Assessing the country's vulnerabilities to ML/TF arising from environmental crime, as informed by available related ML and TF controls, as well as the country's related legal and regulatory framework.

Accordingly, the assessment results, as in most of such programs, should assist stakeholders in drawing up and implementing mitigating measures applying the Risk Based Approach. In addition, the results of the Environmental Crime Risk assessment are also to be used to direct policy measures, improve data collection and keeping up to date statistics on AML/CFT threats and vulnerabilities to wildlife.

The overall risk for ML by environmental crime was assessed to be **Medium Low**. This was a combination of a low level of threat as well as a medium level of vulnerability as shown on the heat map below.

The Extraction Sector poses the greatest ML threat specifically gold mining and the greatest vulnerability for the sector arises from a lack of a consolidated ML strategy for tackling environmental crimes. The assessment therefore recommends the collection and maintenance of statistics to assist in the crafting and direction of a relevant strategy.

### CHAPTER 18- LEGAL PEOPLE AND ARRANGEMENTS RISK ASSESSMENT.

This is the country's first assessment of money laundering and terrorist financing risk of legal persons and arrangements. No prior assessment of this kind has ever been conducted in the country. In this regard, no comparison can be made, since this is the country's first assessment.

The World Bank AML/CFT Risk Assessment tool defines risk as a function of threats and vulnerabilities. The risk assessment exercise reviewed threats and vulnerabilities in relation to the following types of legal persons and arrangements; Private Companies, Public Companies, Cooperative Companies, foreign companies, companies limited by guarantee, private business corporations, trusts, partnerships, Non Profit Organizations and Statutory Bodies.

The assessment found that the following legal persons and arrangements, in order of ranking, had the highest risk for money laundering; Private Limited Companies, [Pvt Ltd Co], Private Business Corporation- [PBC], and Trusts. However, no evidence of TF risk was found.

The findings of this assessment pertain specifically to the ranking of legal persons and arrangements and their susceptibility to abuse by money launderers and terrorist financiers. In this regard, the results should in no way be interpreted as the overall ML/TF risk profile for the country. All things being equal, natural persons pose greater ML/TF risk in the country than all legal persons and arrangements combined. This focused assessment shows that the biggest risk of money laundering and terrorist financing does not originate from LPAs as only ninety-two (92) cases were perpetrated by LPAs during the four-year period under review as compared to a significant large number that involved natural persons.

## **5. DETAILED ACTION IMPLEMENTATION PLAN**

A detailed implementation plan, (DAIP), arising from the deficiencies identified from each of the modules has been drawn. It seeks to identify priority key areas, the stakeholders involved as well as the suggested timelines for redressing the matters.

## **6. NATIONAL AML/CFT STRATEGIC PLAN**

Consequently, a national AML/CFT Strategic Policy document has been drawn guided by the findings of the NRA, noting the DAIP proposals as discussed above, but also recognising FATF/ESAAMLG obligations on the country as well as taking into consideration international and regional developments in AML/CFT. This National AML/CFT Strategic Plan 2020-2025 shall assist stakeholders on priority action items for AML/CFT initiatives, subject to new developments and changes within the environment.