



REPUBLIC OF NAMIBIA

**ABRIDGED REPORT: NATIONAL MONEY
LAUNDERING, TERRORIST AND PROLIFERATION
FINANCING RISK ASSESSMENT**

PERIOD JAN' 2015 – DEC' 2019

Issued August 2021

1. INTRODUCTION

In terms of the FATF Recommendations, countries are required to understand their Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF) risk exposure. While gaining such understanding ensures compliance with such international obligations, the practical value lies in using such understanding to guide effective combatting and prevention mechanisms in the public and private sector. In furtherance of this, Namibia conducted her first National ML/TF/PF Risk Assessment (NRA) in 2012. Such was revised with a targeted scope on Trade Based Money Laundering (TBML) and Non-Profit Organisations (NPOs) in 2015/16.

Overall, the national **ML** risk level is rated **Medium High** in the reviewed period (2015 – 2019). There is significant room for improvement in combatting and preventing ML activities. On the other hand, **TF** is rated **Low** while **PF** is rated **Medium Low**. Generally, these observations are consistent with prior NRA observations.¹ ML related threats and vulnerabilities remain an area of priority.

The risk assessment outcomes reflected herein, like any other risk assessment outcomes are not static as it evolves along with relevant factors. There is thus a need for continuous risk assessment reviews and updates over time. The next national NRA update would be undertaken in 2024/25, for the period 2020 to 2024. Sectors such as Customs Clearing and Forwarding Agents (CCFAs), Non-Profit Organisations (NPOs), Virtual Asset Service Providers (VASPs), online gambling and similar sports betting activities² have been recently added to the AML/CFT/CPF framework. Their risk mitigation regimes are still developing and thus not effective. Depending on supervisory observations, these sectors could do with sectoral risk assessment reviews after a few years of AML/CFT/CPF supervision.³

¹ With the exception of the period prior to the passing of national TF and PF combatting laws and establishment of relevant combatting frameworks.

² And any other services or sectors which may be identified post the issuance of this report.

³ perhaps in 2022/23. Given that comprehensive NRAs are only undertaken every 5 years.

2. METHODOLOGY

ML/TF/PF risk assessments are premised on consideration of threats and vulnerabilities.⁴ Threats refers to activities or events such as actual crimes that could undermine vulnerabilities. Vulnerabilities are merely control shortcomings within various frameworks that can be exploited by threats.

3. MAJOR ML RISK OBSERVATIONS

This section presents a high-level summary of the major ML observations and conclusions of the NRA.

3.1 Effectiveness of the ML combatting framework

While different variables can be used to understand the overall effectiveness of the ML combatting framework, considerations around criminal convictions and asset forfeitures are conventionally relied on as a notable yardstick.

Namibia could be said to have made some reasonable progress with asset forfeitures as there are many cases, wherein success can be demonstrated. Funds, in hundreds of millions (NAD) were forfeited to the state over the five-year period under review. ML convictions are very low when compared to ML incidents records in the country (primarily reflected through FIC STRs escalated to LEAs, even without other additional sources. See Tables 1 and 2 below).

Number of investigations resulting from STR involving:	2015	2016	2017	2018	2019
ML	46	62	78	103	88
TF	1	0	0	6	7
PF	0	0	0	0	0
Other criminal offences	0	0	0	0	0
Total cases investigated	47	62	78	109	95
Number of STRs shared with LEAs⁵	515	723	1254	1325	1152

⁴ As per the World Bank Group Risk Assessment Method employed for ML, TF and Financial Inclusion reviews. The Royal United Service Institute (RUSI)'s PF risk assessment tool was employed

⁵ Over 99% are ML cases/suspicious.

Number of SARs shared with LEAs⁶	68	127	151	255	233
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Table 1: Number of NamPol investigations resulting from STRs/SARs shared by the FIC

Year	2015	2016	2017	2018	2019
Number of investigations conducted with an ML component	58	87	104	125	99
Number of ML prosecutions initiated	7	14	18	31	16
Number of convictions for ML	0	3	0	2	4

Table 2: NamPol ML investigations and criminal convictions

Resource limitations and inadequacies relating to training and skills in dealing with specialised and often complex financial crimes (including asset forfeitures) are cited as major contributing factors to the low level of cases escalated to prosecution and subsequently resulting in criminal convictions. Table 1 above shows that much of what the FIC disseminates to the Law Enforcement Agencies (LEAs)⁷ is either not attended to, or does not amount to any intelligence worth pursuing. For those investigated, the turnover rate can be improved on. It is therefore worrying that the number of STR disseminations is increasing over the years while the same cannot be said for processes⁸ post FIC disclosures to LEAs.

Resource constraints within prosecution were also noted as a significant challenge. Additionally, limited understanding of the AML framework, especially as far as ability to identify and advance ML charges is another primary concern. In the period 21 January 2019 to 16 June 2020, the OPG⁹ Head Office deliberately commenced an exercise to visit regional prosecution offices to review the processing of proceed generating crimes, amongst other activities. The Head Office identified existing cases in the regions wherein charges were limited to the predicate offences, while grounds existed for advancing additional ML charges. These regional visits improved the overall volume of ML prosecutions and convictions, as reflected in Table 3 below. Equally, outcomes of these visits suggest that regional prosecution teams may need improvements in terms of skills and resources to help identify and advance ML charges.

⁶ Over 99% are also ML cases/suspicious.

⁷ primarily Police, but also note the ACC and OPG.

⁸ (investigations, prosecution, court finalizations).

⁹ Office of the Prosecutor General.

Period: 16 January 2019 – 16 June 2020	
Considerations	Numbers
Number of cases brought before court	62
Total ML convictions and sentencing	54
Cases from previous year (<i>implies the 54 new cases were brought before court and prosecuted in the said period</i>)	8
ML cases pending in court as at June 2020	102

Table 3: Finalised and pending ML cases (OPG)

The total financial values relating to the 54 ML convictions amounted to NAD 17,539,899.88 while only about NAD 3,427,825.20¹⁰ was recovered at the conclusion of such cases (through court orders upon convictions). This excludes funds that may have been forfeited to the State in separate civil matters.

3.2 ML observations

The national ML threat is rated High while ML vulnerability is rated Medium High. The aggregated national ML risk rating, as per Figure 1 below is largely leaning towards the **Medium High** rating.

¹⁰ This excludes other assets such as Motor Vehicles, furniture, livestock etc., which were either forfeited to the State or returned to victims as per court order. All such are listed for each case but financial values could not be reliably estimated.

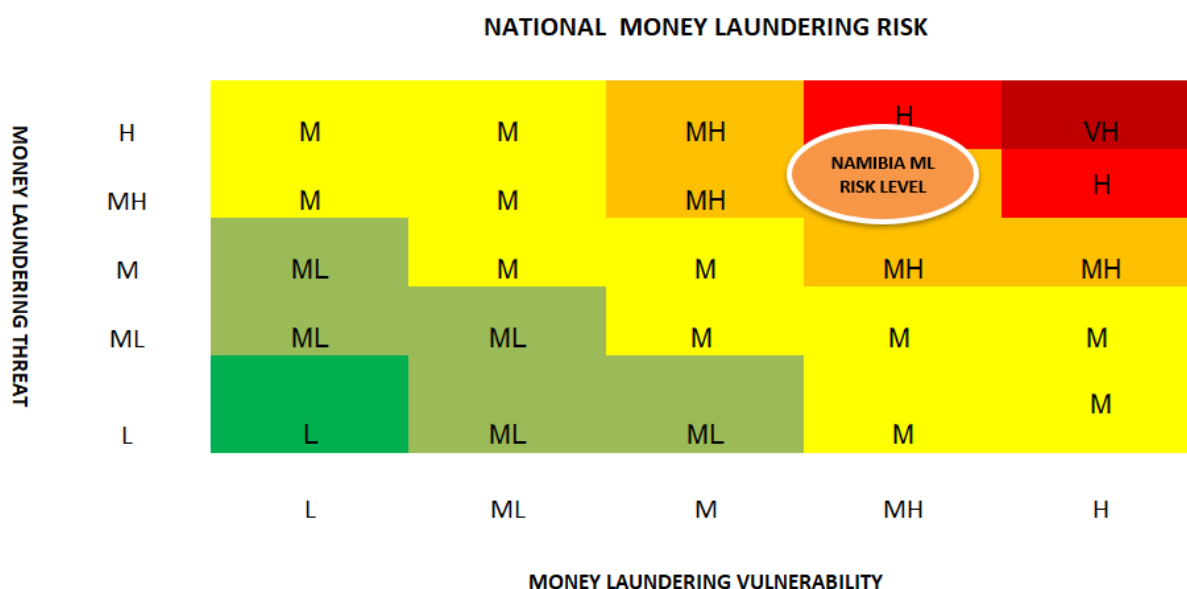


Figure 1: Aggregated national ML risk level

3.2.1 ML Threats

a. Estimation of potential illicit financial values

The lack of adequate data undermines the ability to reliably estimate the financial value or impact of ML threats domestically. Table 4 below suggests that proceeds generated through illicit activities could be as high as NAD 8 billion annually, if the potential financial values (NAD 43 billion) in STRs were averaged over the five-year reporting period.¹¹ International best practices tend to suggest that such could amount to anything between 2 – 4% of annual GDP. Assuming a conservative estimate of 2% of GDP, the NRA conservatively estimates the financial value of criminal proceeds in 2019 at NAD 3.6 billion (2% of GDP at NAD 181 billion or USD 12.1 billion¹²). On this value alone, ML threat levels, in terms of financial values are considered **High**. Note that this assessment covers a period wherein major financial crimes¹³, with ML

¹¹ One may obviously need to discount this with a certain degree for false positives or margins of error. Such margin could not be determined as LEAs do not report on the progress made from STRs or FIC reports disclosed to them. The ideal FIU/LEA set-up makes provision for back and forth feedback to enable determination of success rates and false positives. It is thus preferred that such discount be attained from the OECD model.

¹² Namibia Statistics Agency (NSA), Annual National Accounts, 2019. file:///F:/NRA%20Received%20Docs/Module%201%20Crime%20threats/ACC/Annual_National_Accounts_2019.pdf and the World Bank estimations which placed Namibia's GDP at USD 12.37 billion US in 2019. <https://tradingeconomics.com/namibia/gdp>. Namibia's GDP for the five years leading up to December 2019 has fluctuated from as high as NAD 146 billion to as low as USD 143 billion in 2019 (Annual National Accounts, 2019).

¹³ TBML of NAD 3.5 billion, Fishrot wherein over hundreds of millions could have been prejudiced, NAD 200 million associated with the SME Bank etc.

elements, are suspected to have been committed and such cases are either in court or being investigated at the time of reporting.

The most significant (prejudicial) ML threats remained potential tax related offences¹⁴, fraud and corruption in terms of financial values. Potential tax related offences, followed by fraud related threats appear most prominent as per Table 3 below. The most common types of corruption related cases observed are abuse of power, closely followed by procurement related irregularities¹⁵. This is generally consistent with the 2012 NRA observations.

PREDICATE OFFENCES	2015	2016	2017	2018	2019	Est. financial value per predicate offence
	Amount (NAD)	Amount (NAD)	Amount (NAD)	Amount (NAD)	Amount (NAD)	
Potential tax related offences: cases disseminated to MoF	739,053,772.35	1,861,033,093.56	5,918,558,417.49	7,329,882,626.48	17,832,857,916.36	33,681,385,826.24
Potential corruption: cases disseminated to ACC	18,603,156.40	1,171,836.14	50,553,214.00	30,344,749.00	145,921,326.00	246,594,281.54
All types of Fraud cases	278,291,911.04	120,645,916.45	5,010,491,139.43	1,876,973,702.65	1,584,136,465.47	8,870,539,135.04
All type of Environmental crimes including Poaching, the Fishrot etc	1,151,419.68	136,960.00	774,556,328.83	177,379,871.40	5,256,874.23	958,481,454.14
Trafficking in persons	-	-	-	-	16,650.00	16,650.00
Diamond trafficking	-	-	-	-	138,576.56	138,576.56
Gold trafficking	-	-	-	-	-	-
Stock theft	1,151,419.68	-	2,789,000.00	4,500.00	-	3,944,919.68
Motor vehicle theft	-	-	-	-	-	-
Drugs (includes dealing and possession)	395,500.20	454,828.00	146,599.36	1,864,206.00	-	2,861,133.56
Pyramid schemes	-	-	-	-	67,039,858.04	67,039,858.04
Virtual Currencies	-	-	-	-	-	-
Cyber crimes	-	-	-	-	-	-
Total	1,038,647,179.35	1,983,442,634.15	11,757,094,699.11	9,416,449,655.53	19,635,367,666.66	43,831,001,834.80

Table 4 Estimated potential proceeds from illicit activities as per STR records (FIC)

b. Prevalence/occurrence of ML predicate offences

Prevalence of cases is limited to considerations of illicit gains which may be laundered. Nationally, fraud related threats contributed the highest volume of potential ML cases. While financial values in stock theft and drug dealing related matters may not be amongst the highest as per Table 4 above, Table 5 below suggests these cases are very frequently reported. Overall, the prevalence or rate at which ML predicate

¹⁴ Within the context of this report, tax related offences refer to the potential value that could have been generated. FIC disseminations often entail indications of revenue from where tax authorities could calculate taxable income and taxes due to the state. In such disseminations however, there are also indications of tax crimes such as tax evasions or attempts to evade taxes.
¹⁵ (mostly public sector procurement or tender related)

offences occur, based on case volumes, was rated **Medium High**, as per Table 5 below.

PREDICATE OFFENCES	2015	2016	2017	2018	2019	Total No. of Cases	Threat Rating (Report Volumes)
Potential tax related offences: Min. of Finance (IRD) investigated cases	3	12	3	4	3	25	Low
Potential tax related offences: FIC disseminations to MoF	38	64	99	143	107	451	Medium
Potential corruption related crimes (ACC Annual Reports)	427	401	345	325	313	1,811	Medium
Fraud: Prevention of counterfeiting of currency Act	46	36	68	49	100	299	High
Fraud: Forgery and uttering	308	276	317	295	300	1,496	High
Fraud: All other types	2,177	2,118	2,049	2,149	2,487	10,980	High
Trafficking in persons	-	-	5	15	4	24	Low
Environmental crimes: IWT	364	498	383	654	587	2,486	Medium
Env. Crime: Diamond trafficking	1	-	1	-	-	2	Low
Env. Crime: Illegal possession of diamonds	4	1	9	35	9	58	Low
Env. Crime: Gold trafficking	-	1	-	-	1	2	Low
Env. Crime: Illegal possession of gold	1	1	-	-	1	3	Low
Env. Crime: Illicit Fishing (IUU)	8	10	8	2	2	30	Low
Env. Crime: Forestry crimes	4	6	12	8	5	35	Low
Env. Crime: Hazardous waste dumping and trafficking	-	-	-	-	-	-	Undetermined
Stock theft	2,446	2,578	2,705	2,791	2,642	13,162	High
Motor vehicle theft	392	440	383	367	385	1,967	Medium
Drugs (includes dealing and possession)	1,677	1,830	1,807	2,354	2,288	9,956	High
TOTAL VOLUME OF CASES	7,896	8,272	8,194	9,191	9,234	42,787	
OVERALL THREAT RATING (REPORT VOLUMES)							Medium High

Table 5: Volume or prevalence-based outcomes of ML threat ratings per predicate offence¹⁶

In considering cross border risks, the study rated ML threats from cross border activities **High**. In the major financial crime cases reported or discovered in the period under review (TBML case, SME Bank and the so-called *Fishrot* case), court records filed by the State suggests significant illicit cross border remittance services, primarily through banks. ML threats suggest that countries with whom Namibia have significant trade relations (e.g Rep. of South Africa, People's Rep. of China) appear to be most targeted for ML activities.

In terms of ML related reports from various sectors, the banking sector appears most vulnerable to ML threats. This is consistent with the 2012 NRA observations.

c. Sectoral origin of ML threats

¹⁶ Sources: NamPol (CID), Min. of Finance, FIC, ACC. Note: a). The first two rows show details of potential tax related offences. The very first row presents cases investigated by the Ministry of Finance (IRD) while the second row shows record of all STRs analysed by the FIC and escalated to the Ministry for further investigation; b). Third row shows corruption related cases as noted from ACC annual reports; c). All other cases from the fourth row were sourced from NamPol [Criminal Investigations Division (CID)] reflect the total number of cases reported and investigated. Ratings: High threat level: Above 5,000 cases; Medium threat level: 1,000 - 4,999 cases; and Low threat level: 0 - 999 cases.

This is premised on ML threats detected and reported by each sector. It may suggest vulnerability level of a sector but equally may reflect the effectiveness with which monitoring controls in such sector can detect and ensure timely reporting. The banks, followed by ADLAs have always reported the most STRs over the years, as per Figure 2 below.

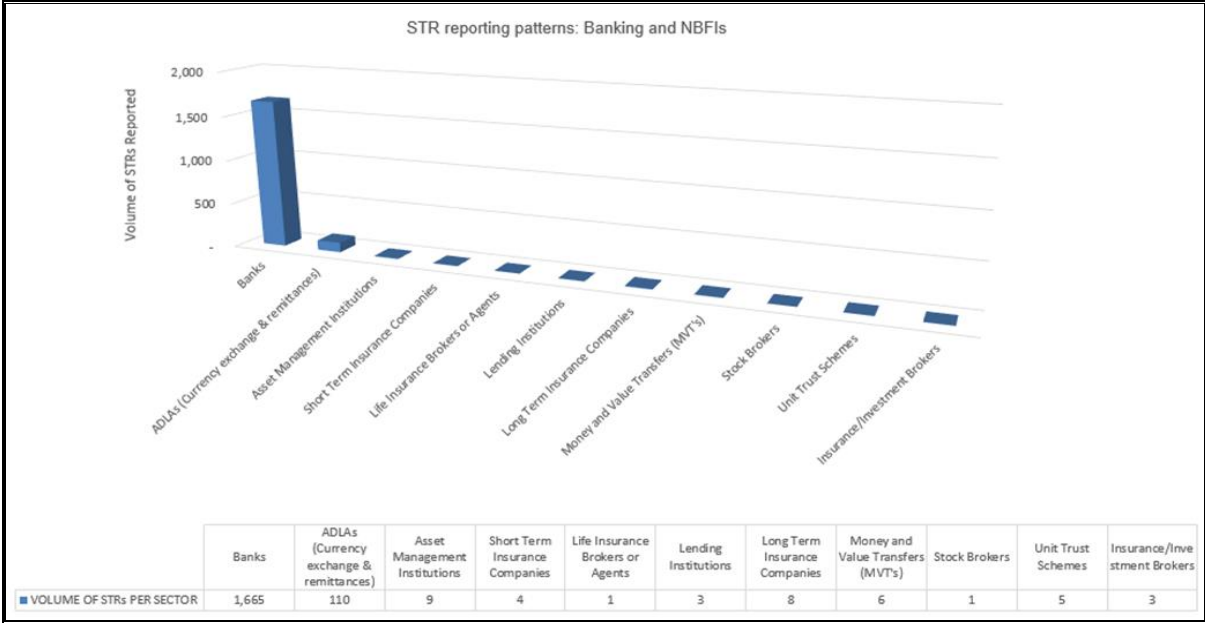


Figure 2: STR reporting patterns: Banking and NBFIs sector

With NBFIs¹⁷, the most financial values observed in ML reports emanate from Unit Trust Schemes, followed by Asset Management firms. With DNFBPs, Legal Practitioners, followed by Motor Vehicle Dealers and Trust and Company Service providers detected and reported the highest financial values in potential laundering activities over the five-year period leading to 2019.

Having regard to all of the above, the national ML threat level in Namibia, for the period reviewed, is rated **High**.

3.2.2 ML vulnerabilities

a. National combatting framework

¹⁷ Non-banking financial institutions

Namibia’s national ML vulnerability was rated **Medium High** (a score of 0.62 or 62%). This rating is informed by a combination of the national ML combatting ability (or AML framework) which was rated Medium High (0.56 or 56%) and the overall sectoral ML vulnerability which was rated Very High (0.8 or 80%). Generally, this suggests that while significant national AML combatting frameworks are reasonably in place, sectoral combatting effectiveness remains an area of concern. In terms of enhancing the combatting framework, several components require prioritization, as per Figure 3 below.

PRIORITY RANKING FOR INPUT VARIABLES/NATIONAL ML COMBATING ABILITY FACTORS	PRIORITY RANKING
Quality of AML Policy and Strategy	
Effectiveness of ML Crime Definition	
Comprehensiveness of Asset Forfeiture Laws	
Intelligence Gathering, Processing and overall AML/CFT/CPF Supervision	3
Capacity and Resources for Financial Crime Investigations (incl. AF)	1
Integrity and Independence of Financial Crime Investigators (incl. AF)	
Capacity and Resources for Financial Crime Prosecutions (incl. AF)	2
Integrity and Independence of Financial Crime Prosecutors (incl. AF)	
Capacity and Resources for Judicial Processes (incl. AF)	6
Integrity and Independence of Judges (incl. AF)	
Quality of Border Controls	11
Comprehensiveness of Customs Regime on Cash and Similar Instruments	
Effectiveness of Customs Controls on Cash and Similar Instruments	8
Effectiveness of Domestic Cooperation	
Effectiveness of International Cooperation	7
Formalization Level of Economy	
Level of Financial Integrity	12
Effectiveness of Tax Enforcement	10
Availability of Independent Audit	12
Availability of Reliable Identification Infrastructure	4
Availability of Independent Information Sources	9
Availability and Access to Beneficial Ownership Information	4

Figure 3: Priority ranking of national ML combatting framework components

The most significant areas that require improvement are the capacity and resources of financial crime investigators and prosecutors. Major improvements (skills and resources) are required to address the high volumes of ML cases reported. Secondly,

the FIU's capacity to improve its intelligence gathering and processing also needs enhancements in the form of expertise and resources. Considerations around automation could go a long way to address current resource constraints. The private sector does not have access to reliable national identification databases for identification verification. This undermines the ability to effectively conduct CDD. Similarly, adequate data needs to be collected on the BIPA database and duly availed to the private sector. Other than enhancing AML/CFT/CPF controls, access to such databases contribute to factors which encourage innovative developments (FinTechs), which can further aid financial inclusion.

b. Sectoral ML vulnerability levels

NPOs present the highest ML vulnerability exposure and were thus rated Very High (a score of 91%), closely followed by CCFAs and MVTs (both rated around 80%) nationally. MVTs, in as far as they refer to e-money issuers regulated by the BoN and supervised by the FIC have reasonably adequate AML/CFT/CPF measures in place which reduce their ML/TF/PF risk exposure. However, other value transfer service providers such as VASPs¹⁸ are not currently subjected to any prudential and AML/CFT/CPF regulations. The current position of the BoN does not enhance recognition of VAs¹⁹ as a component of the formal financial system, hence, VAs are not within the AML/CFT/CPF, nor prudential²⁰ regulation space. Owing to the lack of such regulation for domestic VA operations, their inherent ML vulnerability naturally escalates the overall sectoral exposure of the MVTs sector.

¹⁸ Virtual Asset Service Providers

¹⁹ Virtual Assets

²⁰ Note that in terms of the FATF Recs, Financial Institutions require prudential regulation to lay the foundation for any sort of AML/CFT/CPF supervision. This is unlike DNFBPs where prudential regulation is not always required for AML/CFT/CPF supervision/regulation.

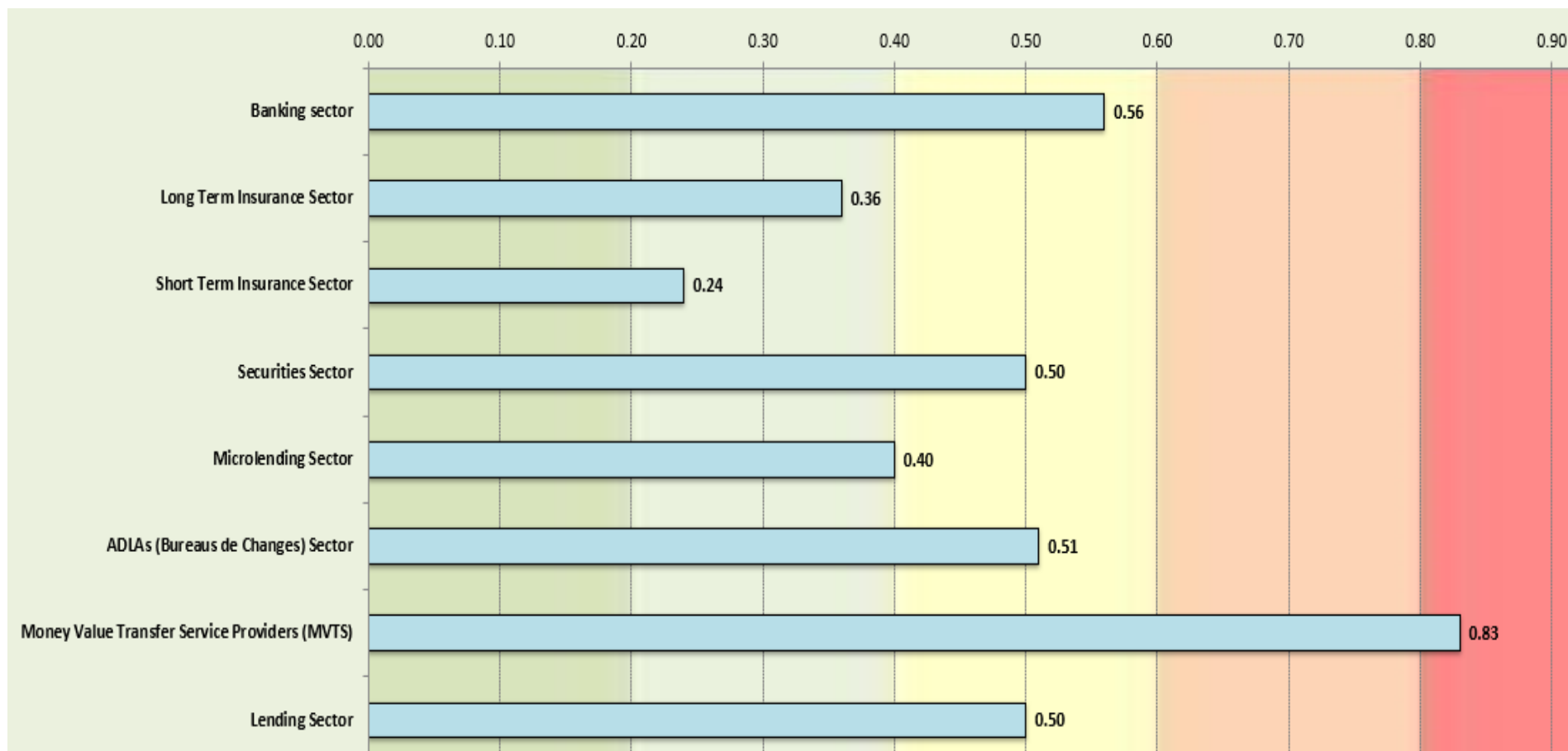


Figure 4: Outcomes of sectoral ML vulnerability assessments: Financial Sector

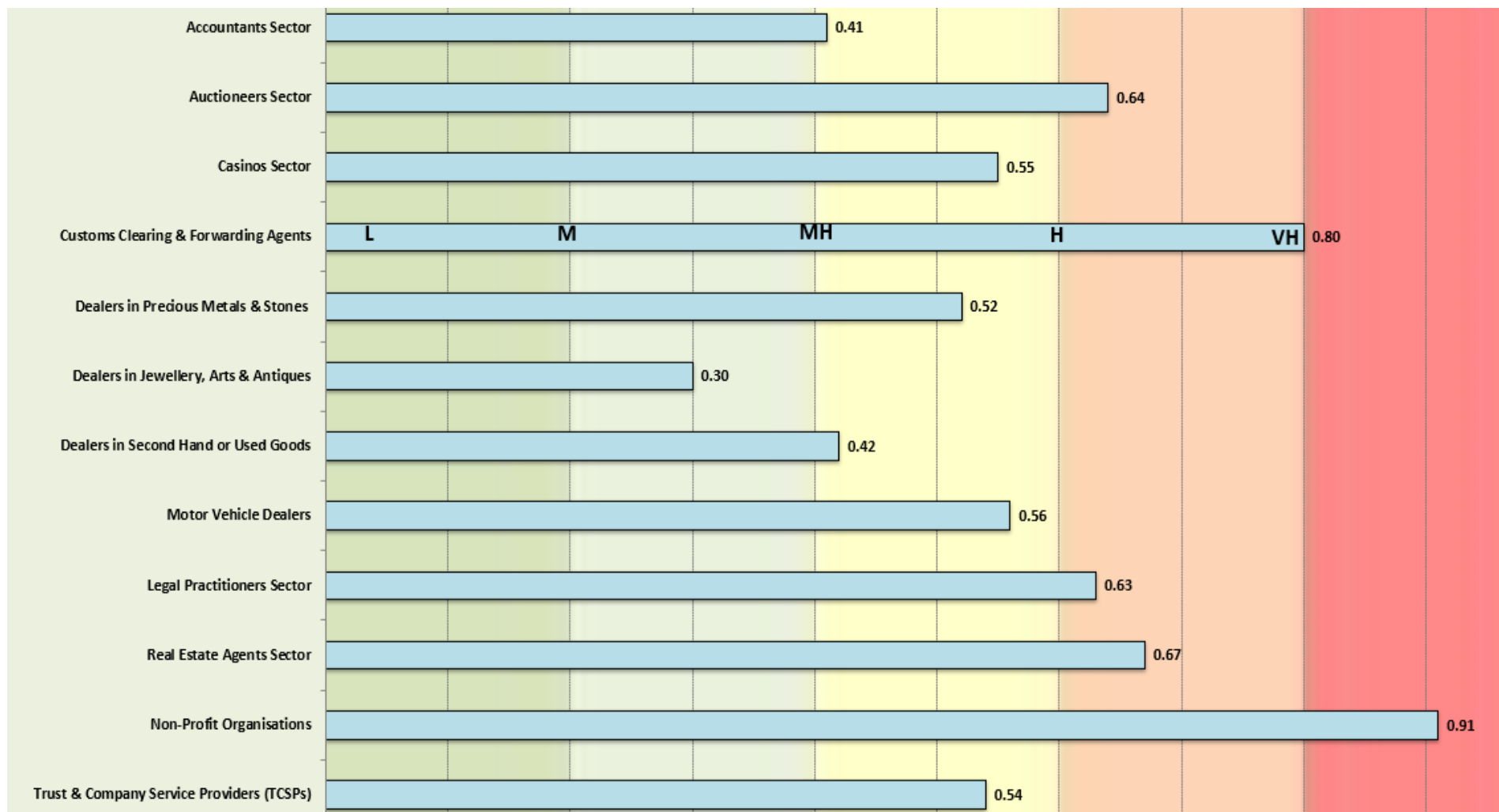


Figure 5: Outcomes of sectoral ML vulnerability assessments: DNFBCPs

Equally, CCFAs are exposed to a much higher level of ML vulnerability because of the lack of AML controls in the sector. The sector was recently added to the AML supervision space and thus an understanding of AML obligations and required controls is developing, at the time of reporting.

ML vulnerability in the Auctioneering and Legal Practitioners sectors is rated Medium High (rated 64% and 63% respectively). The increase in financial crimes in recent years showing potential ML abuse of certain legal services have exposed the sectoral control weaknesses. Control shortcomings in both sectors are a significant challenge, although most Legal Practitioners have in recent years made notable improvements.

Banks appear to detect and report the highest volumes and values of potential ML activities, through STRs, their vulnerability was rated just below the Medium High level (56%). Amongst all sectors nationally, banks have implemented relevant controls that reasonably reduce ML vulnerability. However, Namibia experienced the failure of a bank, primarily owing to fraudulent conduct in the period under review. Depositors have lost their deposits entrusted to a bank and this has laid bare the direct impact of ML, as an eventuality of large-scale fraudulent conduct, to ordinary members of the public.

3.2.3 Financial inclusion in the AML/CFT/CPF framework

Financial inclusion products such as the Basic Bank Accounts (BBA) and e-money services, in their current formats, were generally found to pose insignificant risks to the AML/CFT/CPF framework. It can thus be said that Namibia is managing such products prudently in as far as financial crime risk exposure is concerned. Caution needs to be maintained to ensure their operations remain prudent but not over-regulated to undermine legitimate financial inclusion objectives nationally, as highlighted in the National Financial Sector Strategy. The NRA recommends that the AML/CFT/CPF framework considers reviewing certain variables in the framework to enhance financial inclusion. Such considerations may include:

- a. increasing the current CDD threshold for single transactions (from NAD 5,000.00);

- b. enable identification of mobile number users;
- c. create regulatory frameworks that encourage reliable digital or automated CDD such as e-KYC or similar non-face-to-face identification;
- d. avail private sector verification access to the Ministry of Home Affairs national identification, BIPA and other²¹ independent/reliable databases for CDD purposes; and
- e. enhanced financial literacy or awareness around simplified CDD of financial inclusion products.

3.2.4 Materialization of significant ML in the period reviewed

3.2.4.1 The *Fishrot* scandal

In the so-called *Fishrot* case (before court at the time of reporting), the State alleges large scale domestic fraud and corruption may have led to the State losing funds in hundreds of millions to local and international organized crime syndicates in the fishing sector. Court records suggest corrupt allocation of fishing rights, followed by potential bribery and subsequent laundering domestically and internationally. Namibia's fishing sector is dominated by foreign owned fishing companies and vessels. This case appears to expose how ML threats from fraud and corruption may have exploited ML vulnerabilities in the local fishing sector's relations with subjects from foreign countries.

3.2.4.2 Closure of the SME Bank

With the failure of the SME Bank, court records suggest potential large scale fraudulent conduct, allegedly involving senior executives of the Bank which resulted in the loss of depositors' funds. Funds lost could be in excess of NAD 200 million and has been placed beyond the reach of liquidators and LEAs, through alleged investments in a South African bank. The placement of funds from illicit activities (fraud) beyond LEAs is a standard indicator of ML. Such losses resulted in solvency challenges, leading to the bank's eventual closure.

²¹ Others include municipal, credit bureaus, mobile telecommunication client databases etc.

3.2.4.3 Trade Based Money Laundering (TBML)

Capital flight, potential tax evasion and mainly TBML were observed as potential offences related to illicit cross border remittances facilitated by CCFAs. CCFAs who appeared to have colluded with importers are charged with having remitted over NAD 3.6 billion over a three-year period, illegally. Indicators mainly suggest fraudulent customs declaration documents may have been used to exploit customs and cross border remittance controls within banks. The lack of a mechanism to reconcile or verify importer's proposed cross border remittances prior to the facilitation thereof is an avenue which remains vulnerable to abuse within banks.

3.3 TF OBSERVATIONS

There are no known terrorist activities domestically. Domestic TF was thus found to be non-existent. Minimal concerns however arise when considering cross border risks, given the country's trade relations and other factors which requires the remittance of funds from Namibia to other jurisdictions, some of whom, have active terrorist activities. The Southern African region in particular have for years enjoyed peace and stability. In recent years however, Mozambique has seen the rise of militias who have taken up arms against the State. They resemble terrorist activities, with claims that such could be possibly informed by *Jihadists* ideology. Namibia has trade relations with Mozambique and there are cross border remittances of funds between the two countries. Despite this, authorities are not aware of any domestic sympathisers to such terrorist activities.

Amongst the various types of NPOs, Faith Based Organisations appear to be highly vulnerable to TF activities, especially the ones involved in the cross-border remittance of funds. Figure 6 below shows the aggregated national TF rating.

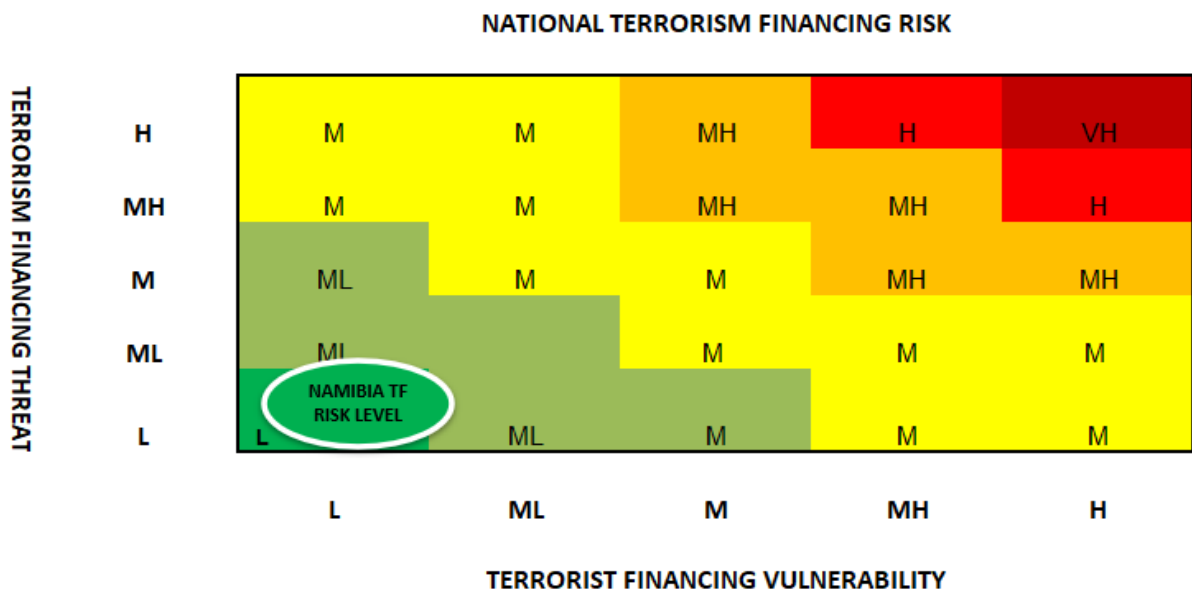


Figure 6: Aggregated national TF risk level

National TF vulnerability (or control effectiveness) was rated **0.7**, reflecting a **higher** level of combatting effectiveness. The overall TF threat rating is **0.3**. Considering both threat and vulnerability ratings, the national TF level is **Low**. This represents an improvement from the 2012 NRA finding which suggested a Medium High rating for TF. The 2012 observation was mainly informed by the lack of a combatting framework. Namibia, at the time of completing the said NRA had not passed the POCOTAA. The PACOTAA was promulgated in December 2012, a few months after the completion of the 2012 NRA.

3.4 PF OBSERVATIONS

While the PF combatting framework (vulnerability) was deemed reasonably effective, incidents that led to the UN suspecting Namibia may have contravened UNSC Resolutions on PF inherently increased the national PF threat level. Namibia’s national PF risk level is rated Medium Low (see Figure 7 below).

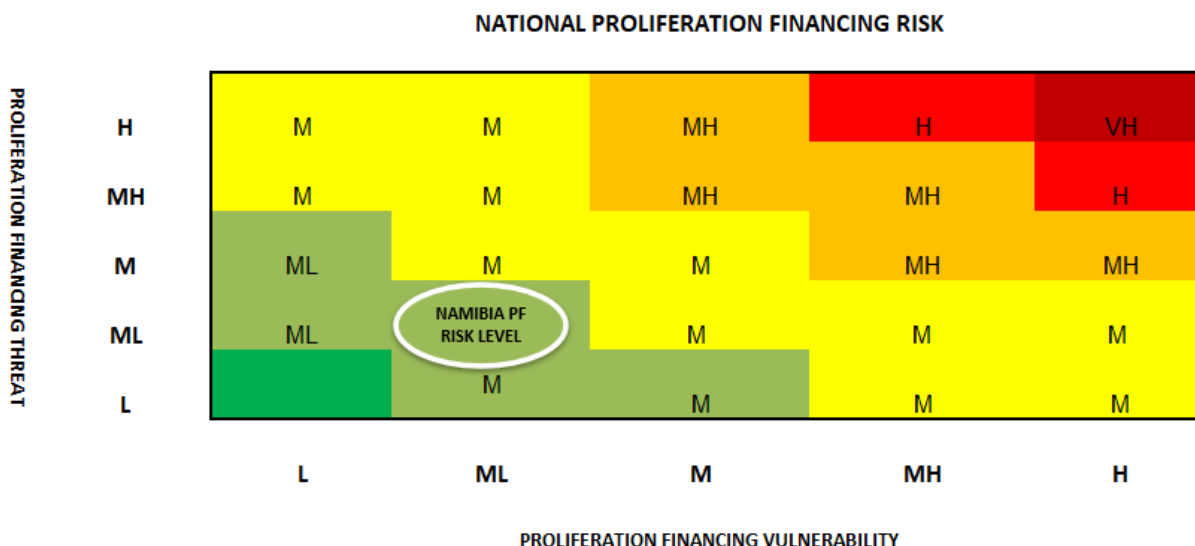


Figure 7: Aggregated national PF risk level

The Islamic Republic of Iran was at some point designated as a country contravening international conventions on weapons proliferation.²² Namibia may have attracted the eyes of the world with an arrangement that continuously allows the Iranian government shareholding in a local Uranium mine, whilst such contravenes relevant conventions. Though Iran reached an agreement with the UN which changed Iran’s position and standing with the international community, the NRA reviewed the circumstances of such shareholding to assess the risk same may expose the country to. The control measures implemented at the mine exclude the Iranian shareholders from mine management, accessing any of the Uranium nor proceeds from such dividends. This has greatly reduced Namibia’s risk of contravening relevant international conventions on PF.

In April 2009, the UNSC 1718 Committee designated a DPRK entity named KOMID for targeted sanctions, noting it to be the DPRK’s primary arms dealer and main exporter of goods and equipment related to ballistic missiles and conventional weapons. Another DPRK entity, MOP was not designated by the UN, at the time. MOP

²² “Between 2006 and 2010, the UNSC passed five resolutions imposing sanctions in relation to Iran in response to Iran’s refusal to suspend its uranium enrichment program. On 20 July 2015, the UNSC adopted Resolution 2231, which endorsed the Joint Comprehensive Plan of Action (JCPOA). The Resolution took effect on 16 January 2016. Under the Resolution, previous sanctions were terminated but measures that restrict certain activities were imposed. Australia implements United Nations Security Council (UNSC) sanctions by incorporating them into Australian law.” Australian Government, Dept. of Foreign Affairs. <https://www.dfat.gov.au/international-relations/security/sanctions/sanctions-regimes/Pages/iran-sanctions-regime>

was operating in Namibia for many years, primarily servicing Government construction contracts in the Ministry of Defence. The UN opined that MOP was operating as a front or for the benefit of the designated entity (KOMID), while Namibia knew or should have known and not permitted such. Namibia held a different view. In June 2016, the Namibian Government terminated all relationships with KOMID and MOP. Such resulted in the expulsion of entities and persons associated with same. Government commitment to ensure the country honours her international obligations has remained consistent in the period under review.

Other than the said cases, there has not been any other incidents known by authorities that resulted in notable engagements between Namibia and the UNSC, pertaining to Namibia's role in combatting PF, in the period under review. All indications suggest that the potential to advance PF is literally non-existent. However, risk assessments consider potential threats that may have exposed the country in the periods reviewed. Therefore, the suspected incidents of potential PF reflect how close Namibia came to being considered as having advanced PF activities.

3.5 ENVIRONMENTAL CRIME OBSERVATIONS

Environmental crimes were categorised²³ as Forestry Crimes, wildlife poaching and trafficking, Illicit, Unreported and Unregulated (IUU) fishing activities, illegal underground extracting activities as well as illegal hazardous waste dumping and trafficking activities. Overall, the national ML risk emanating from environmental crimes is rated **Medium High**. No threats from domestic environmental crimes could be linked to TF and PF.

Observations suggest that minimal financial flows associated with environmental crimes occur in Namibia and such are limited to the funds used to pay poachers and other low-end participants in the illicit value chains. With the exception of fish, most environmental crime products such as timber, rhino horns, ivory and pangolin scales are often shipped to consumer jurisdictions in Asian countries such as Thailand,

²³ Internationally, these are the categories in which various environmental crimes classified.

mainland China, Hong Kong, Vietnam etc. Trends in international environmental crime observations primarily suggest that although the predicate offences (such as poaching) occur in Africa, the significant financial flows from such illicit harvests occur in consumer jurisdictions where products sell at much higher values²⁴. This is consistent with financial flow related observations in Namibia if observations herein are anything to go by. To a certain degree, this explains why most environmental crime charges brought before court in the five-year period leading to December 2019 had no ML, POCA related offences or similar financial crime charges accompanying the predicate offences.

While vulnerabilities are considered, the risk consideration of each category of environmental crime is significantly influenced by considerations around the occurrence and impact of each category of crime as shown in Figure 3 below. The assessment of illegal sand mining as well as hazardous waste dumping and trafficking could not be duly assessed owing to the lack of data.²⁵

		RISK RANKING OF VARIOUS ENVIRONMENTAL CRIME TYPES			
		Potential impact upon occurrence			
		Minor	Moderate	Major	Severe
Likelihood of occurrence	Almost Certain	Medium	Wildlife poaching and trafficking		Extreme
	Likely	Low	Medium	Forestry Crimes	Extreme
	Possible	Low	Illegal underground extracting activities	Hazardous waste dumping and trafficking	Illegal fishing (IUU)
	Unlikely	Low	Low	Medium	High

Figure 8: Overall risk assessment outcomes

²⁴ Commodity prices on the black market are very inconsistent and often shaped by the unique circumstances of each crime or situation. The black market Locally, rhino horns could be sold by poachers to traffickers or dealers for anything from **USD 350.00 to USD 3,000.00 per kg**. Consumers in Asian countries easily pay between **USD 15,000.00 and USD 30,000.00 per kg**, depending on demand, supply of horns in the market at the time of sales, whether such horn is processed or unprocessed, its age etc.

²⁵ No authority appears to have data of such activities.

4. MAJOR ACTION PLANS (RECOMMENDATIONS)

Given the challenges highlighted herein, there is a need to ensure relevant and effective remedial measures are implemented. The FIC, as AML/CFT/CPF framework coordinating agency, will track progress of the implementation of remedial measures stated herein. Such should be reported to the AML/CFT/CPF Council annually, or as directed by Council.

Remedial measures	Key stakeholder, agency, Ministry, sector etc
<p>Additional resources and consideration of automation (IT software and hardware, artificial intelligence, robotics, machine learning etc).</p> <p>Build expertise, skills to respond to complex financial crimes and enhance overall effectiveness.</p>	<p>Namibian Police, Environmental crime combatting authorities, NAMFISA, FIC, OPG, ACC, Magistrates Commission, Office of the Judiciary.</p>
<p>Dedicated or specialised commercial crimes courts (address overwhelmed courts).</p>	<p>OPG, Magistrates Commission, Office of the Judiciary.</p>
<p>Availing the FIC investigative powers limited to ML/TF/PF matters.</p>	<p>FIC, Ministry of Finance, Ministry of Safety and Security, OPG</p>
<p>Enhancing data and record keeping (relevant data relating to cases reported and finalized, involved financial values etc).</p>	<p>Environmental crime combatting authorities, Namibian Police, OPG, ACC.</p>
<p>Enhanced management of cross border remittance risks: Reconciling customs records with financial transactions processed by financial institutions and CCFAs.</p> <p>Includes enhancing cross border declaration controls.</p>	<p>FIC, Customs authorities, EXCON,</p>
<p>Enhanced supervisory coverage of emerging risks in NPOs, CCFAs, VASPs, online gambling activities etc.</p>	<p>FIC, NAMFISA</p>
<p>Enhance DNFBP market entry controls, especially fit and proper due diligence: Work with bodies such as the Casino board, NEAB, PAAB, iCAN, LSN etc., to align prudential frameworks to AML/CFT/CPF expectations.</p>	<p>FIC, casino board, NEAB, PAAB, iCAN, LSN etc</p>
<p>Environmental crimes: Enhance the advancement of ML charges in environmental crimes;</p> <p>Enhance environmental crime combatting frameworks, e.g availing administrative sanctions for illicit sandmining, adequate.</p>	<p>Namibian Police, OPG, FIC.</p>

Financial inclusion and effective CDD: Avail private sector verification access to the Ministry of Home Affairs national identification, BIPA and other independent/reliable databases for CDD purposes.	FIC, Ministry of Home Affairs, BIPA, Utility bill issuers.
Enhance the rate at which combatting authorities (FIC, LEAs) obtain international cooperation from foreign jurisdictions. Includes increasing the number of countries with whom Namibia has MLAs.	Ministry of Justice, MIRCO, Namibian Police, ACC, FIC.
Enhanced feedback amongst combatting authorities: feedback on progress made with information shared, investigations etc.	Namibian Police, ACC, FIC, OPG.
Commence considerations around a framework to guide and regulate the holding and movement of physical cash locally.	FIC, NAMFISA, Ministry of Finance.
Finalize long overdue FIA amendments including getting relevant public sector stakeholders to align their frameworks accordingly.	All AML/CFT/CPF stakeholders.