



**Financial Intelligence Centre
Republic of Namibia**

UNDERSTANDING THE ML/TF/PF NRA



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PRESENTATION SCOPE

1. INTRODUCTION

2. PART 1: ML THREATS

3. PART 2: ENVIRONMENTAL CRIMES

4. PART 3: ML VULNERABILITIES



INTRODUCTION

1. ML/TF METHODOLOGY: WORLD BANK TOOL

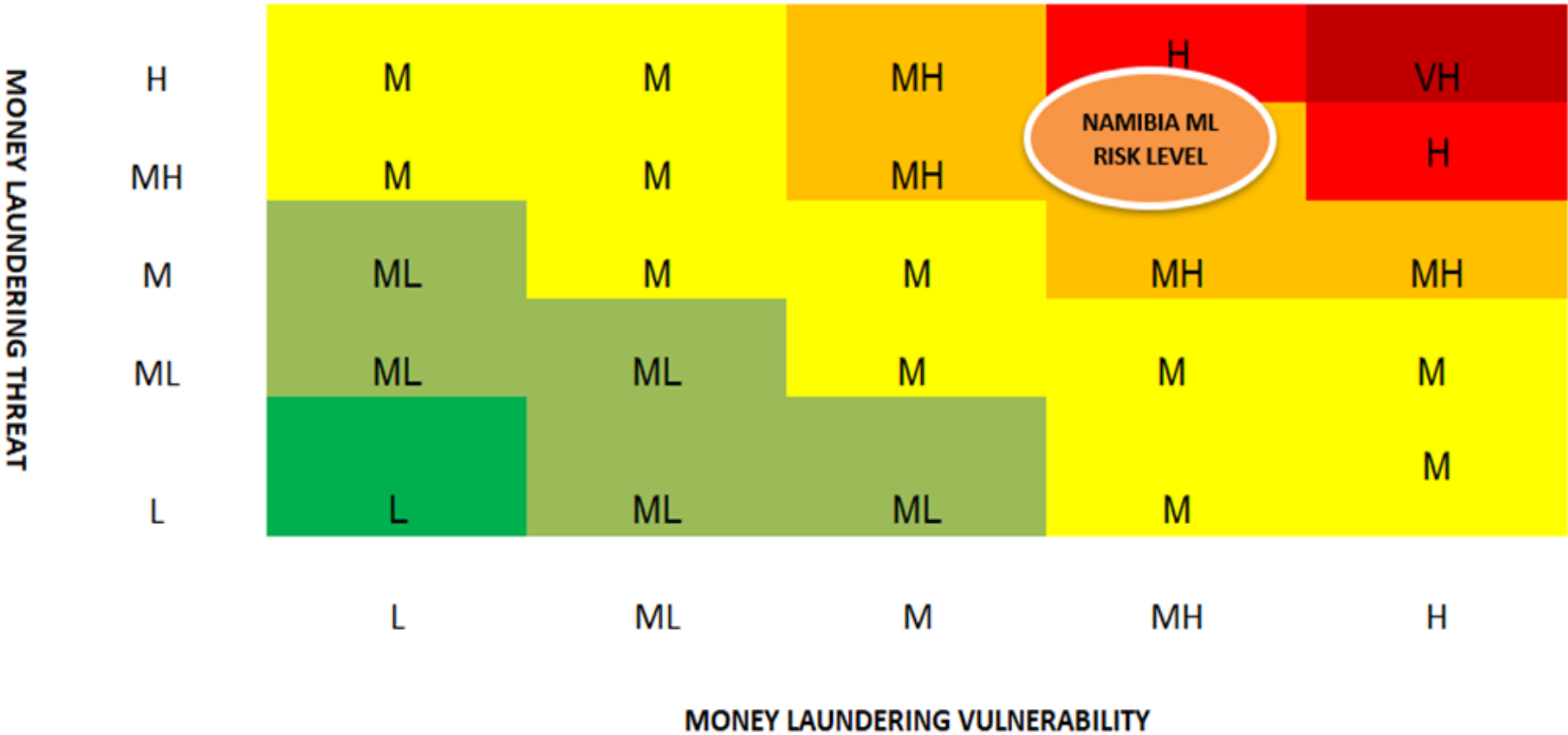
2. ENVIRONMENTAL CRIMES: WORLD BANK

**3. PF RISK ASSESSMENT: RUSI RISK
ASSESSMENT TOOL**



INTRO: OVERALL ML RISK

NATIONAL MONEY LAUNDERING RISK

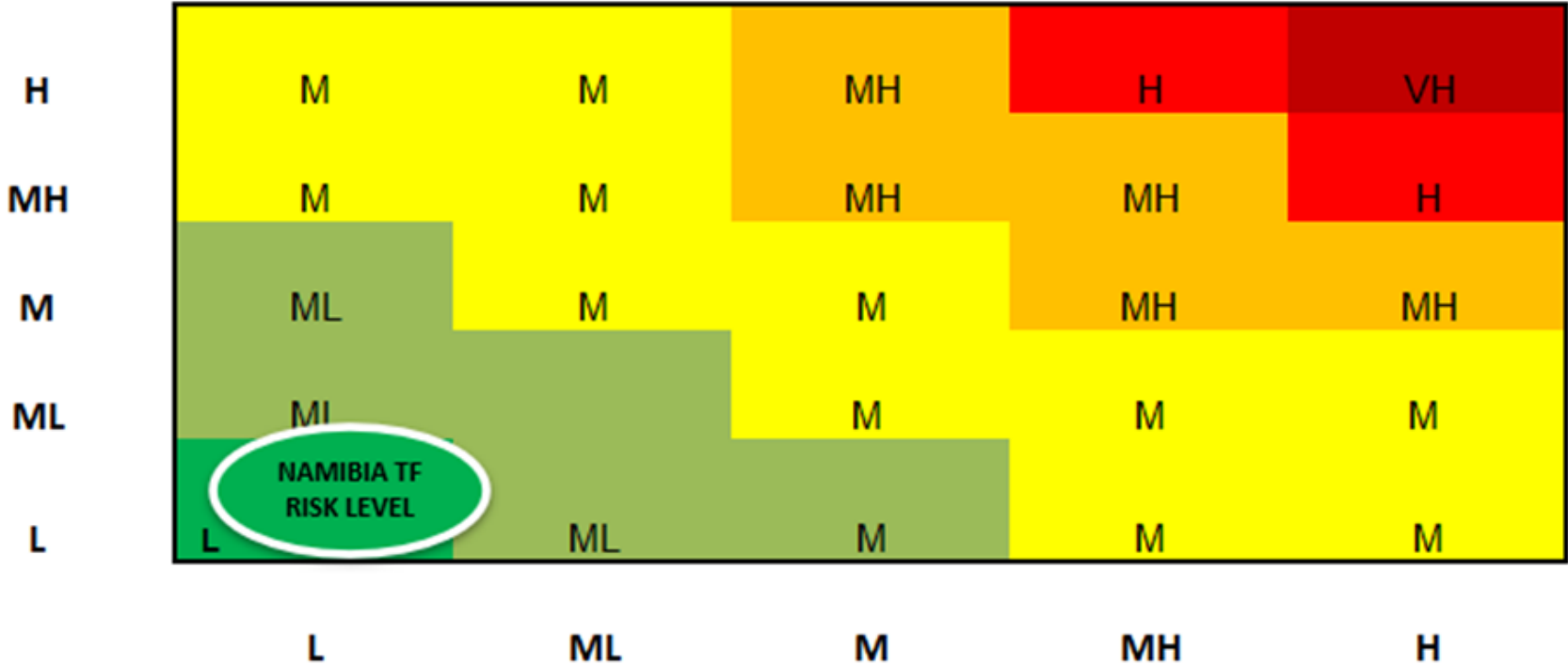




INTRO: OVERALL TF RISK

NATIONAL TERRORISM FINANCING RISK

TERRORISM FINANCING THREAT



NAMIBIA TF
RISK LEVEL

TERRORIST FINANCING VULNERABILITY

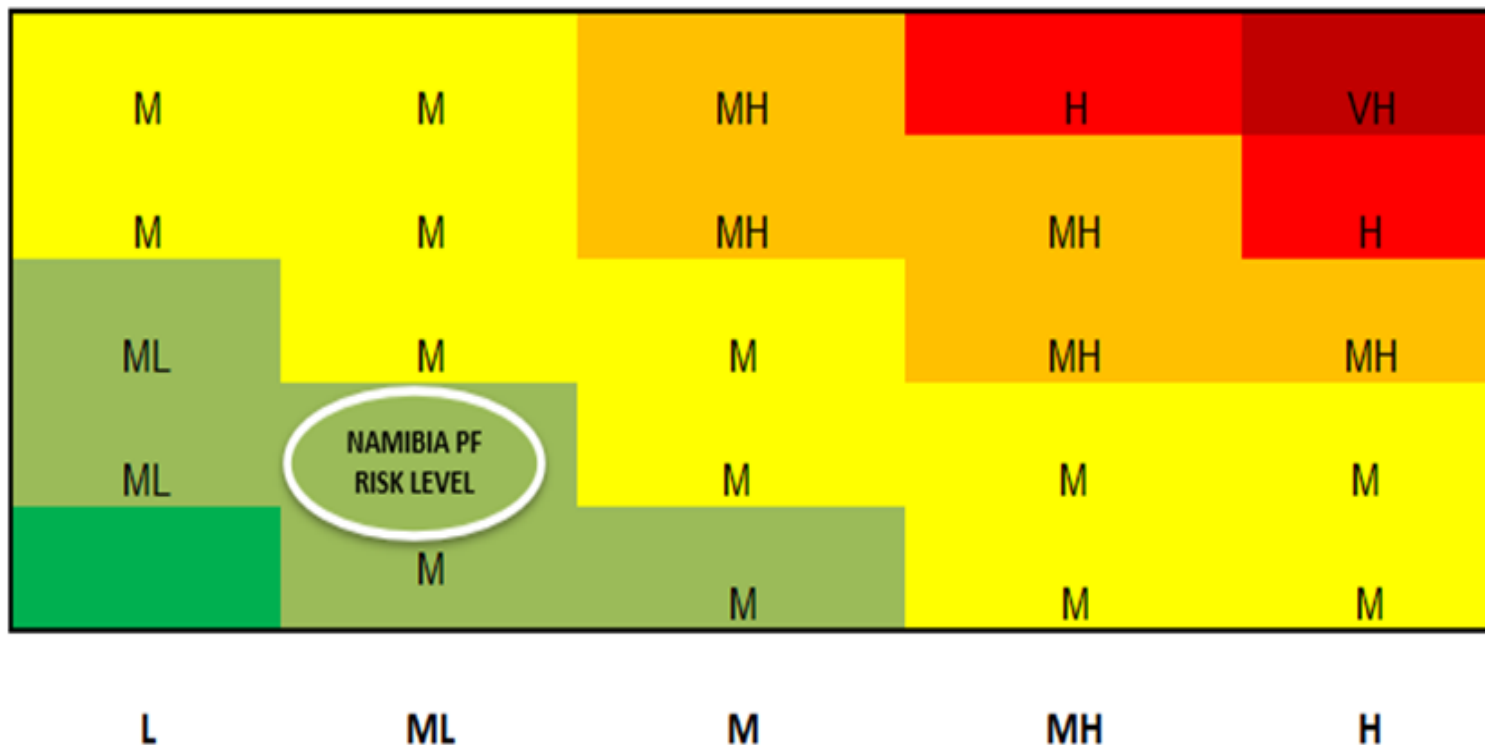


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INTRO: OVERALL PF RISK

NATIONAL PROLIFERATION FINANCING RISK

PROLIFERATION FINANCING THREAT



PROLIFERATION FINANCING VULNERABILITY



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PART 1: ML THREATS IN NAMIBIA



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MEASURING COMBATTING EFFECTIVENESS

1. ASSET FORFEITURES; AND
2. CRIMINAL CONVICTIONS





WHAT INFORMS ML THREAT LEVELS?

- 1. Frequency or prevalence of crimes;**
- 2. Financial values associated with crimes;
and**
- 3. Severity of other *non-financial impacts*
(social and environmental impacts):
Environmental crimes**



MAIN ML PREDICATE OFFENCES

NRA PERIOD	Major ML Predicate Offences observed in NRA Updates			
	Potential tax offences	Corruption	Fraud	Trade based ML
2009 – 2012	✓	✓	✓	
2012 – 2016/17*				✓
2015 - 2019	✓	✓	✓	

* 2016/17 NRA was an update to the 2012 NRA but limited to understading TBML as a consequence of observed illicit cross border financial flows. Samples tetsted showed no material changes in ML predicate offences as per 2012 outcomes.



ML CRIMES: PREVALENCE BASED RATING

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	
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	
Fraud: All other types	2,177	2,118	2,049	2,149	2,487	10,980	
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



RATING FINANCIAL IMPACT OF LAUNDERING

PREDICATE OFFENCES	Est. financial value per predicate	Value based ML Threat Rating
Potential tax related offences: cases disseminated to MoF	33,681,385,826.24	High
Potential corruption: cases disseminated to ACC	246,594,281.54	Medium high
All types of fraud cases	8,870,539,135.04	High
All types of environmental crimes except diamond and gold related dealings (See Chapter VII)	958,481,454.14	Medium high
Env. Crime: Diamond trafficking (values that could be established)	138,576.56	Low
Env. Crime: Gold trafficking	-	Undetermined
Trafficking in persons	16,650.00	Low
Stock theft	3,944,919.68	Low
Motor vehicle theft	-	Undetermined
Drugs (includes dealing and possession)	2,861,133.56	Low
Pyramid schemes	67,039,858.04	Low
Virtual Currencies	-	
Cybercrimes	-	
Total	43,831,001,834.80	



MINIMAL REFERRALS FROM INVESTIGATIONS TO OPG (BEFORE JAN 2019)

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



DEDICATED OPG EFFORTS: JAN '19 – 16 JUN 2020

Period: 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



CHALLENGE IN ESTIMATING ILLICIT VALUES

Through research, OECD and various authors recommend assuming a percentage of between **2 – 4%** of a country's **GDP, which increases over time.**

If such is adopted, assuming a conservative **2% of GDP** at NAD 181 billion in 2019. The estimated illicit values can be estimated at **NAD 3.6 billion in 2019.**

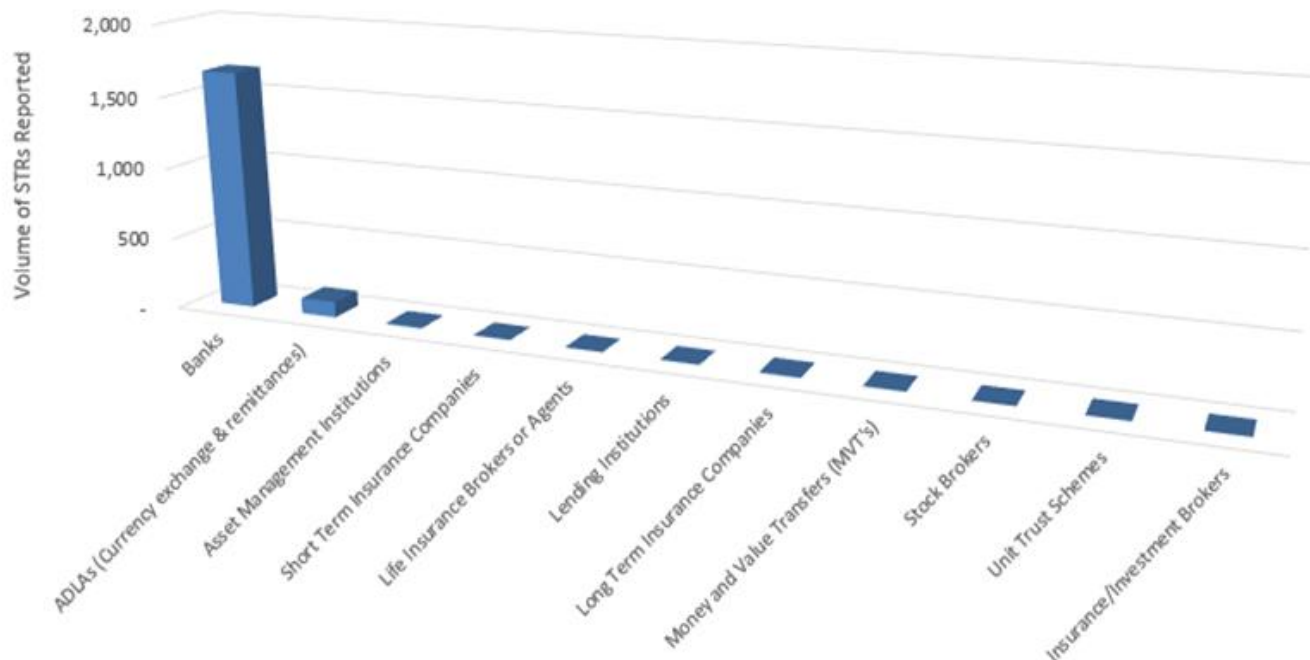
Note: the NAD 3.6 billion alleged in the Customs fraud case before was for a three-year period only. This suggests NAD 1.2 billion annual value from one major case.

The fishrot case, in terms of prejudice to the State could be worth millions.



SECTORAL ORIGIN OF ML THREATS: BANKS & NBFIs

STR reporting patterns: Banking and NBFIs

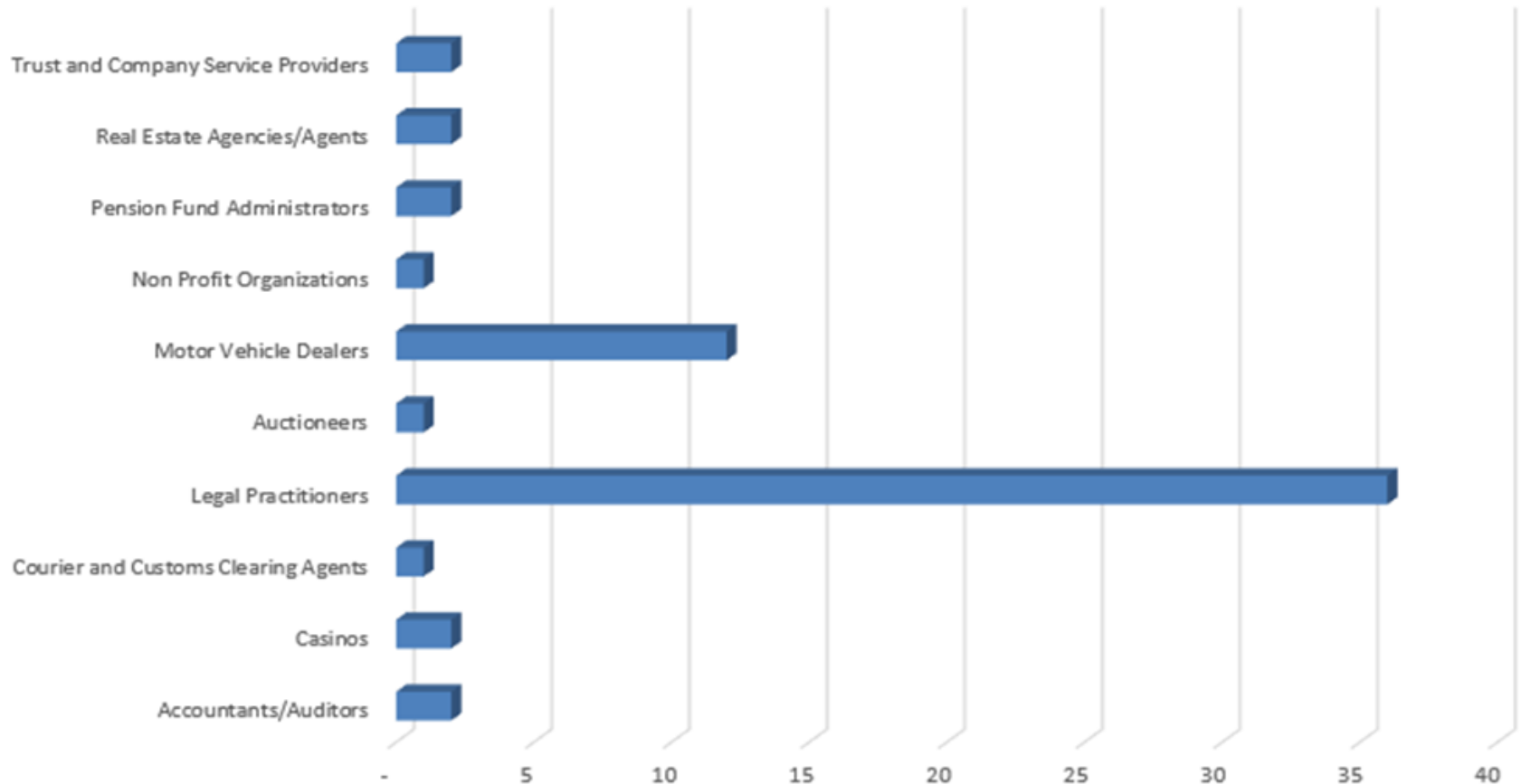


	Banks	ADLAs (Currency exchange & remittances)	Asset Management Institutions	Short Term Insurance Companies	Life Insurance Brokers or Agents	Lending Institutions	Long Term Insurance Companies	Money and Value Transfers (MVT's)	Stock Brokers	Unit Trust Schemes	Insurance/Inve stment Brokers
■ VOLUME OF STRs PER SECTOR	1,665	110	9	4	1	3	8	6	1	5	3



SECTORAL ORIGIN OF ML THREATS: DNFBPS

Volume of STRs from each sector: DNFBPs

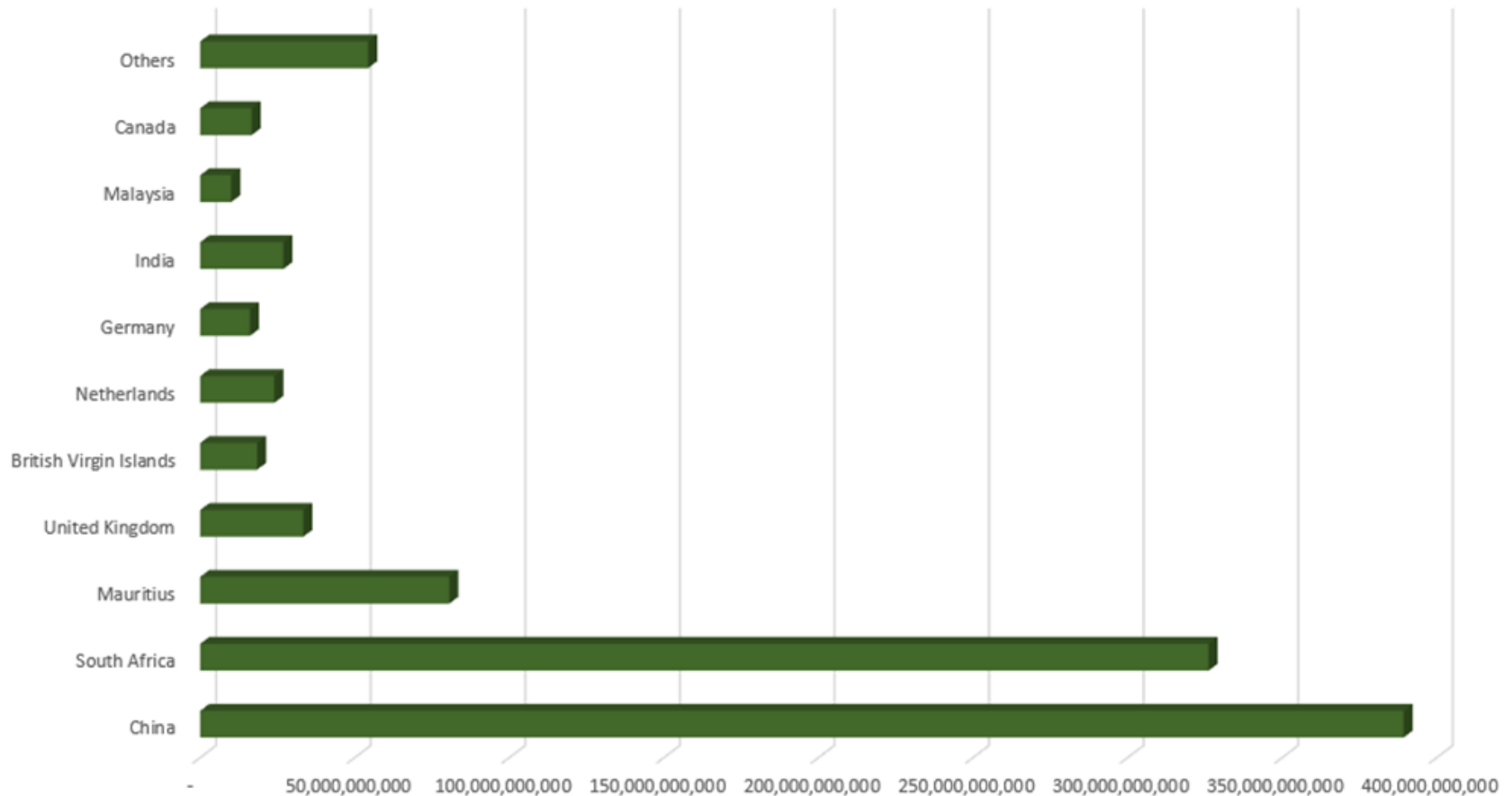




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KEY INTERNATIONAL TRADING CORRIDORS & FDI's

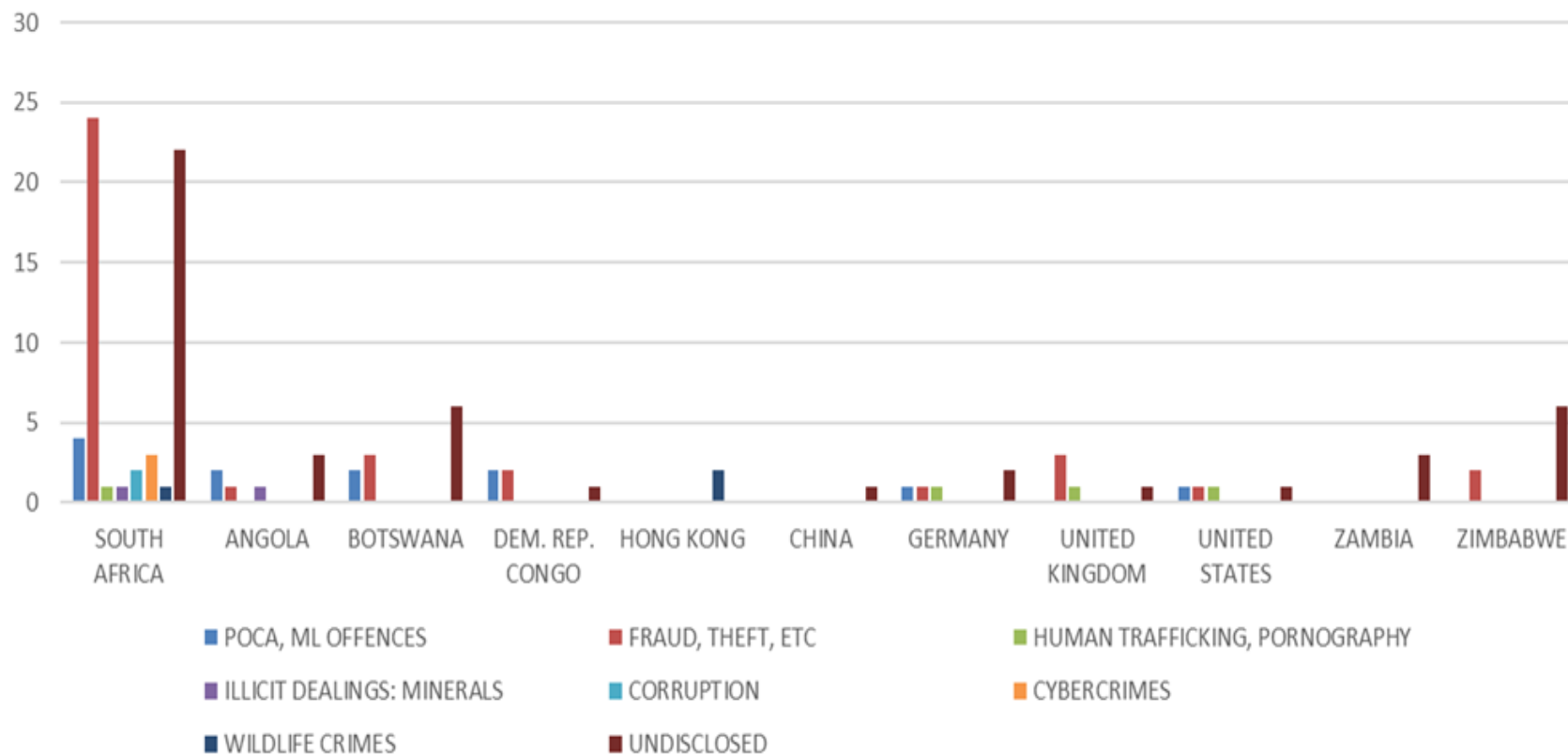
Foreign Direct Investments, Top ten countries (2017 Q1 to 2019Q3)





MLA ENGAGEMENTS (MOJ)

RECORD OF MLA ENGAGEMENTS WITH DIFFERENT JURISDICTIONS (MIN. OF JUSTICE,
2015 - 2019)

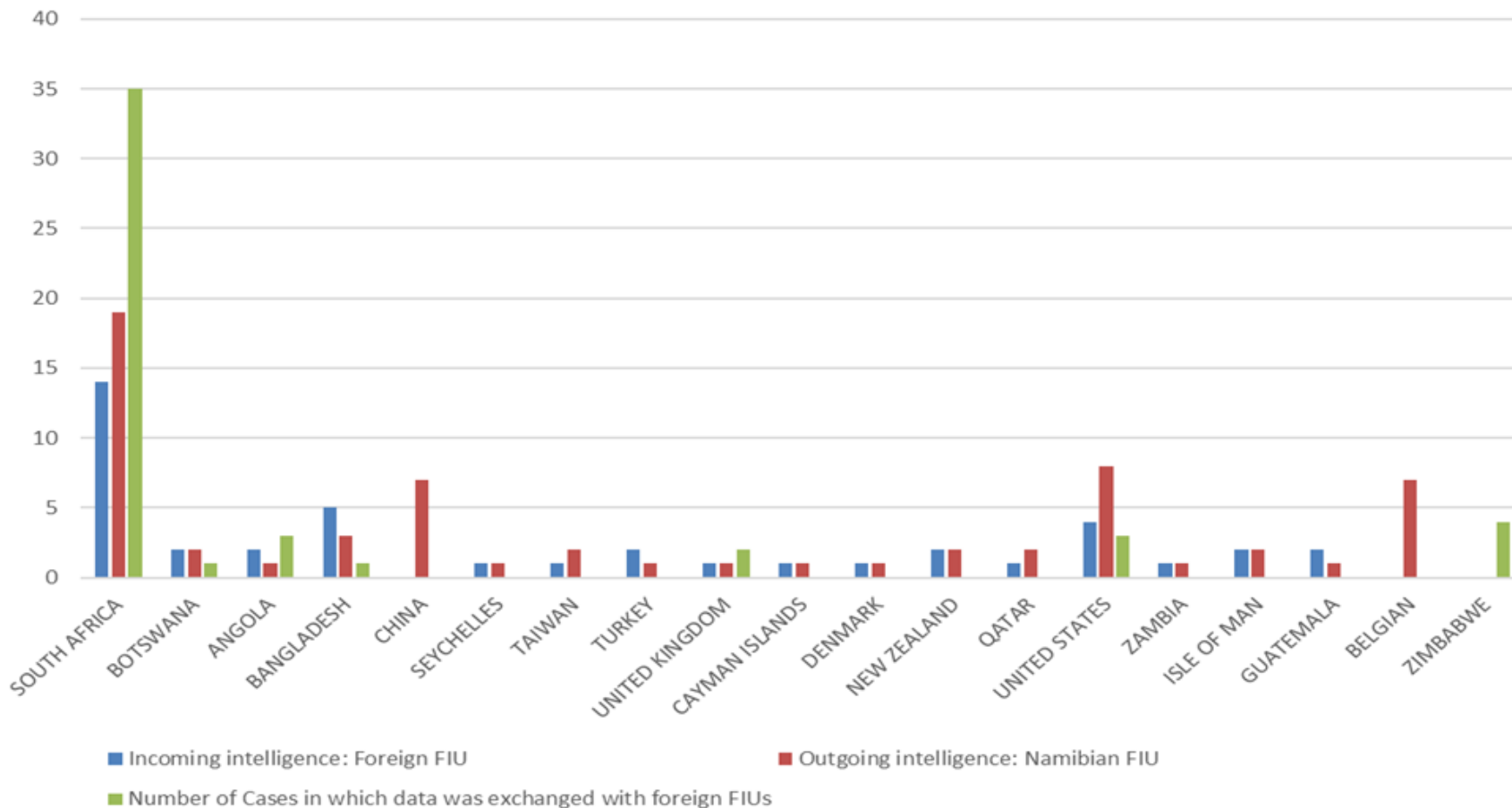




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INTELLIGENCE SHARING WITH FOREIGN FIUs (FIC)

Record of FIC's intelligence sharing on ML investigations with foreign FIUs





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EMERGING FINANCIAL CRIMES (STRs)

Financial Values from reported STRs (NAD)

Year	Pyramid Schemes	Virtual Assets
2010	200.00	-
2012	300,175.00	-
2013	-	-
2017	28,150.00	286,150.00
2018	335,800.00	1,520,459.00
2019	5,270,440.00	14,163,806.00
2020	2,362,140.00	7,763,781.00
Total	8,296,905.00	23,734,196.00



SALES GROWTH IN ONE VIRTUAL ASSETS DEALER

PERIOD	TOTAL BITCOIN SALES	COMMENTS
Year ended 2018	Over NAD 500,000.00	Setting up phase.
Year ended 2019	Over NAD 2,600,000.00	Growth said to have started mainly from July – December 2019 with regards to client sign ups on their website.
01 Jan – 06 Aug 2020	Over NAD 7,900,000.00	Biggest growth rate recorded has been this calendar year.
Total sales from opening to 06 August 2020	Over NAD 11,100,000.00	



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PART 2: ENVIRONMENTAL CRIMES

(IN AS FAR AS THEY CONTRIBUTE TO ML/TF/PF RISKS)



RISK RATING ENV CRIMES

		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	
	Possible	Low	Illegal underground extracting activities		High
	Unlikely	Low	Low	Medium	
		Hazardous waste dumping and trafficking		Illegal fishing (IUU)	



CHALLENGE WITH ENV CRIMES

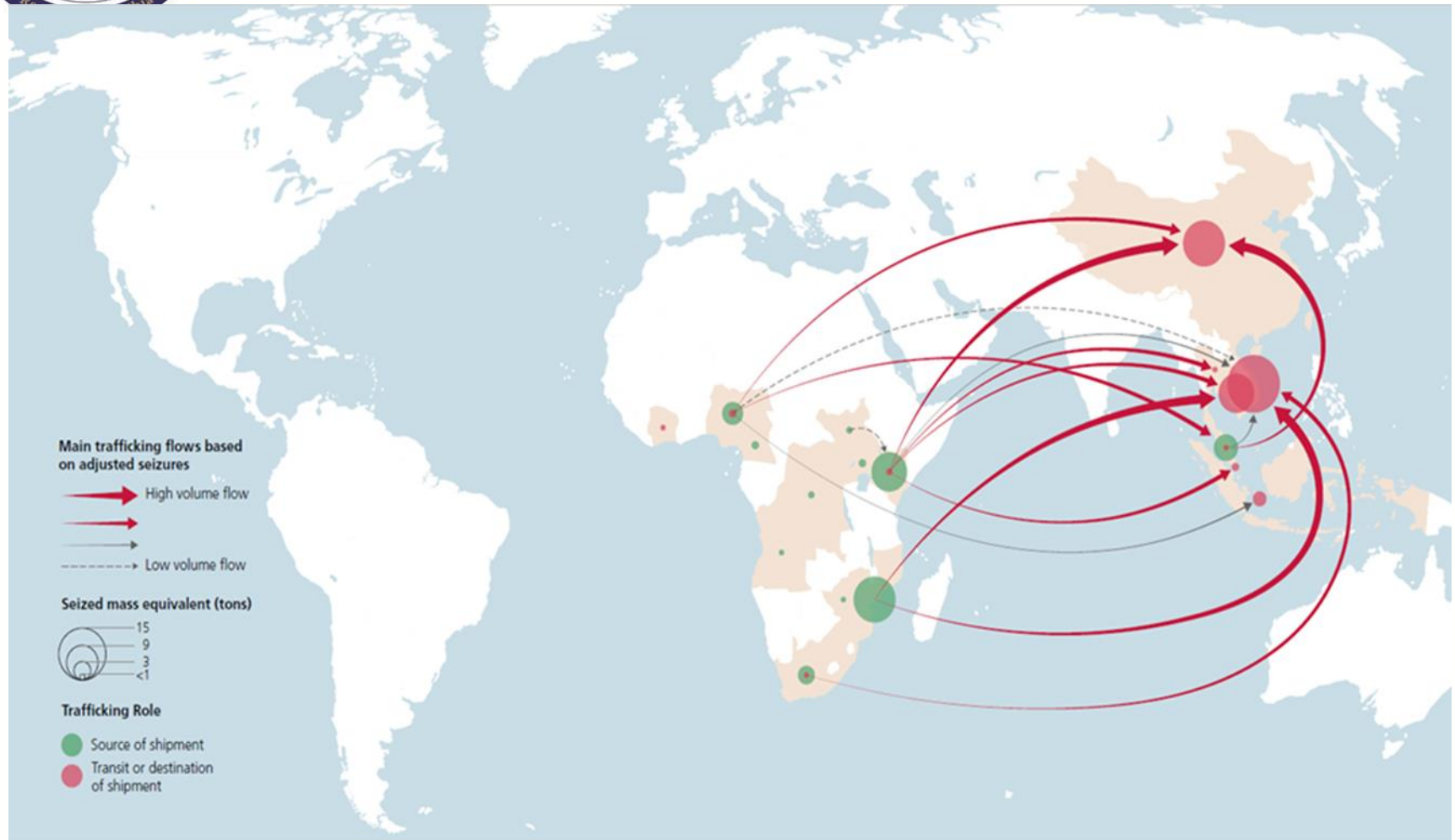
INADEQUATE ML OR POCA RELATED
CONVICTIONS ALONG WITH ENV. CRIME
PREDICATE OFFENCES.

2015 – 2019: **ONLY ONE CASE**
RESULTED IN ML CONVICTION
ALTHOUGH ML OR POCA RELATED
CHARGES ARE ADDED TO SOME
INVESTIGATIONS.



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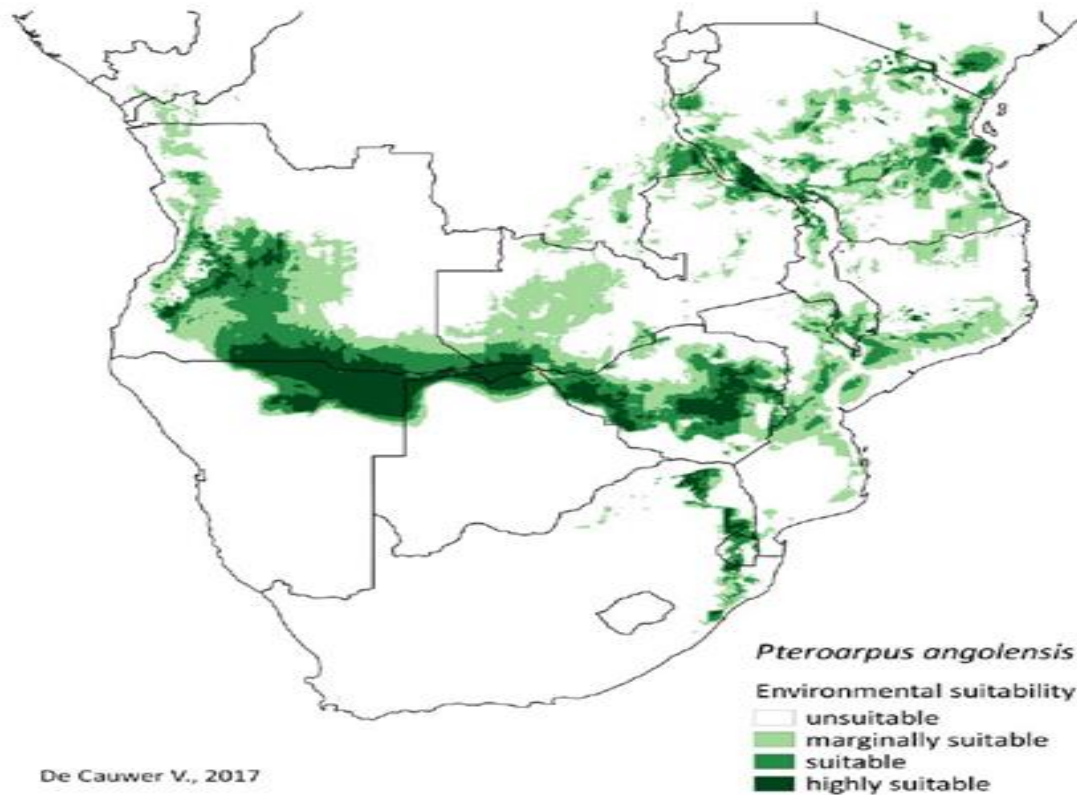
ENV CRIMES FINANCIAL FLOWS



Source: UNODC World WISE Database *The year 2018 is based on partial data.



FORESTRY CRIMES

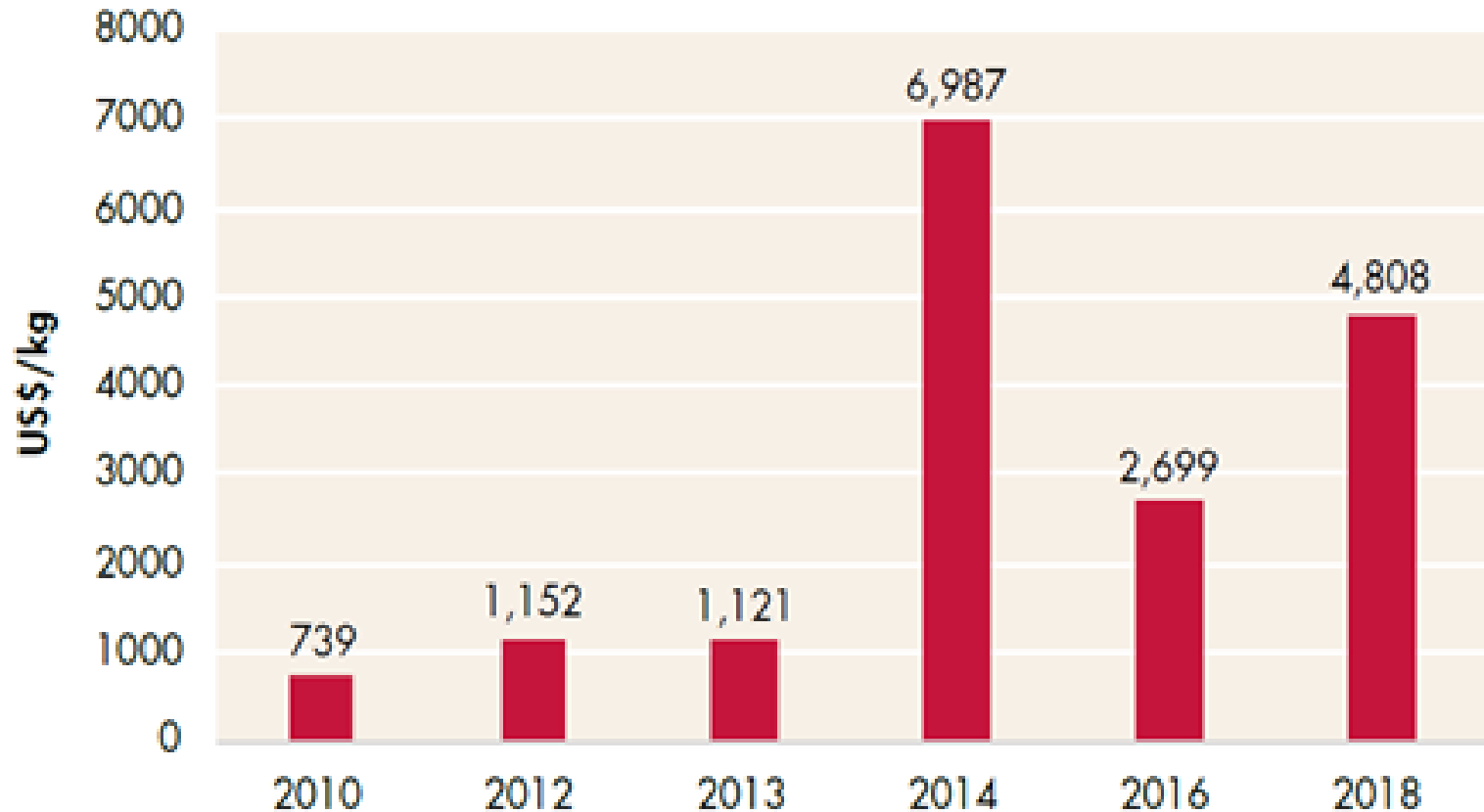


Environmental crime offences/cases reported: NamPol	2015	2016	2017	2018	2019	Total
Forestry Act Offences	4	6	12	8	5	35

[illegible]



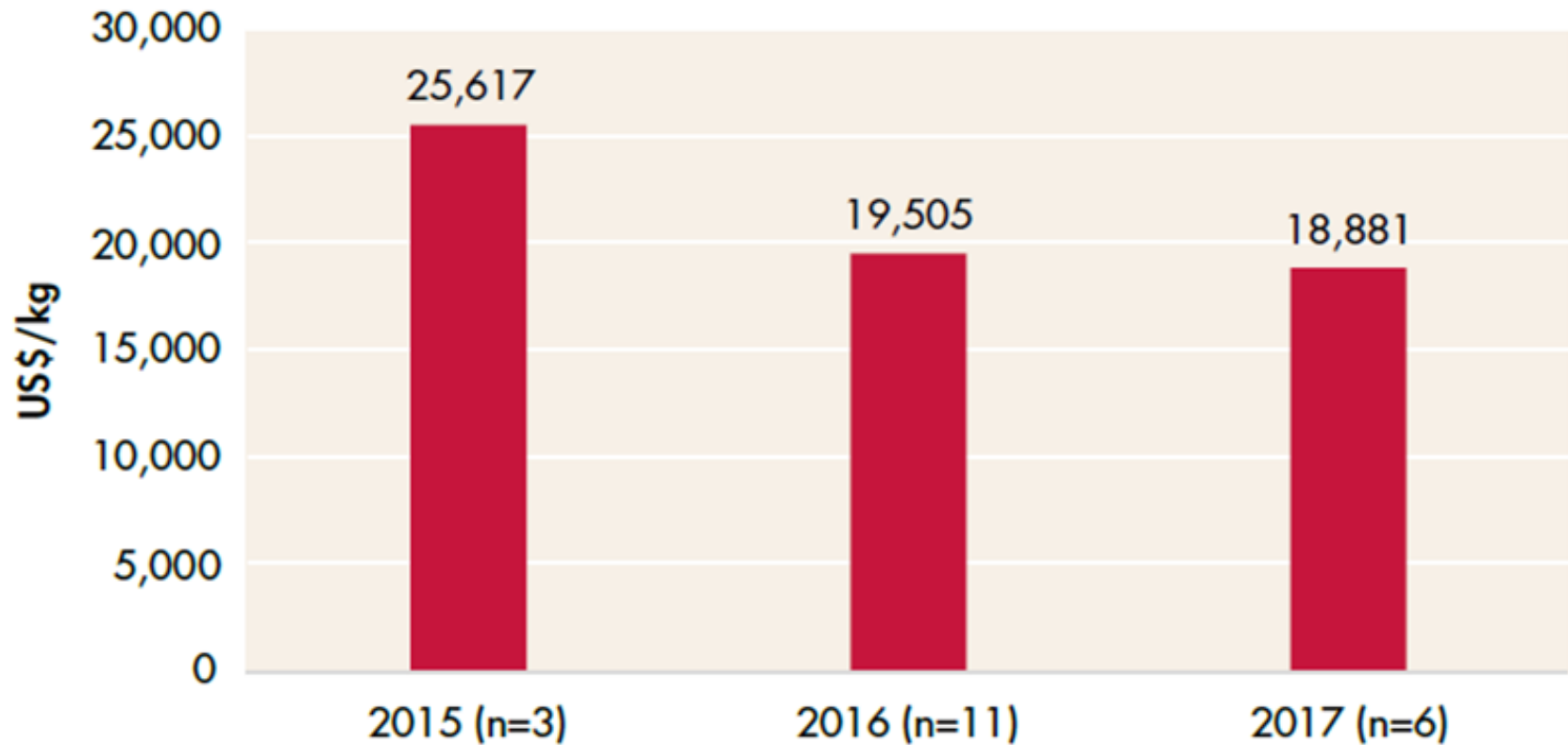
FINANCES PAID FOR RHINO HORNS: AFRICA



Source: UNODC fieldwork



FINANCIAL VALUES OF RHINO HORNS: ASIA



Source: Wildlife Justice Commission¹¹

'n' refers to the number of market observations in each year factored into this average price



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IMPACTS OF ENV CRIMES: EXTRACTION SECTOR



Challenge: No data on illicit sand mining, inadequate administrative sanctions for the Ministry/Commissioner



HAZARDOUS WASTE DUMPING AND TRAFFICKING

Definition: Refers to waste dumping and trafficking for gain (profit);

Min. of Environment has No data. NRA referred to local authorities who also have no data on such.

Either such environmental crimes are not occurring or are not detected by authorities locally.



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PART 3: ML VULNERABILITIES



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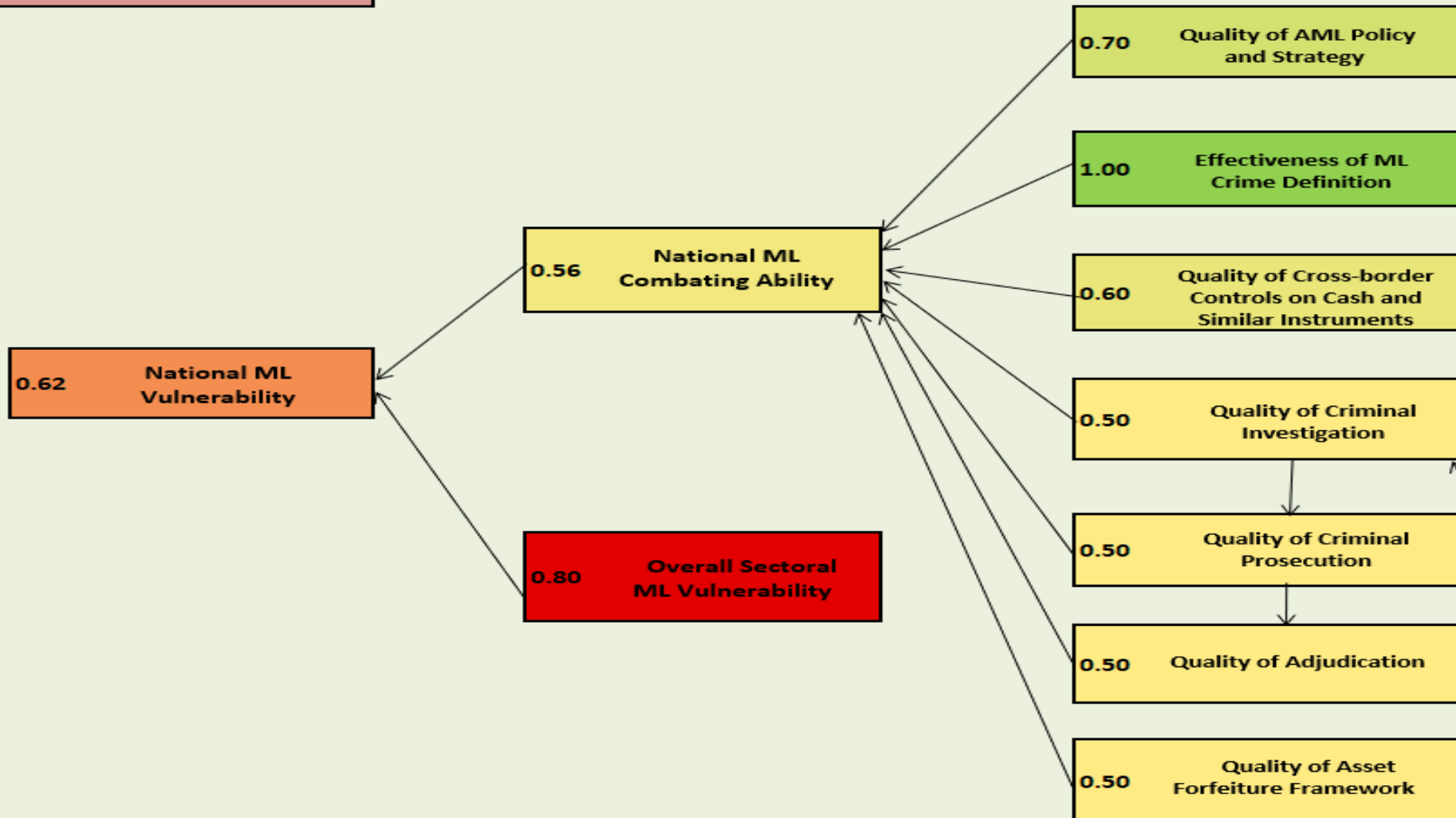
ML PREVENTION EFFECTIVENESS

NATIONAL COMBATTING ABILITY: POLICIES, STRATEGIES, LAWS, SUPERVISORY EFFECTIVENESS ETC THAT CREATE FRAMEWORK WITHIN WHICH COMBATTING ACTIVITIES ARE IMPLEMENTED

SECTORAL COMBATTING ABILITY:
EFFECTIVENESS OF AML CONTROLS AT
SECTORAL AND INSTITUTIONAL LEVEL.



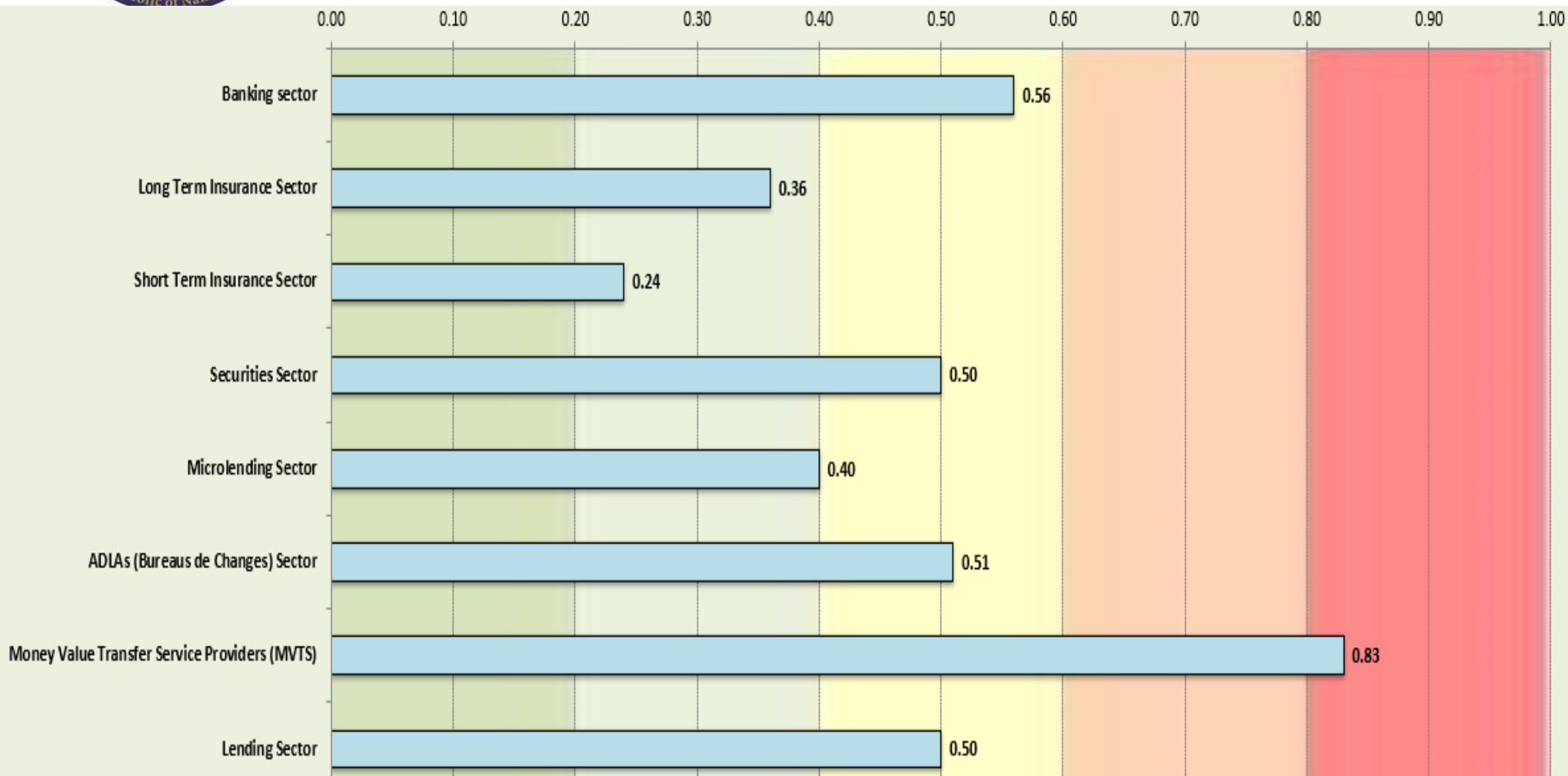
NATIONAL ML VULNERABILITY: MEDIUM HIGH





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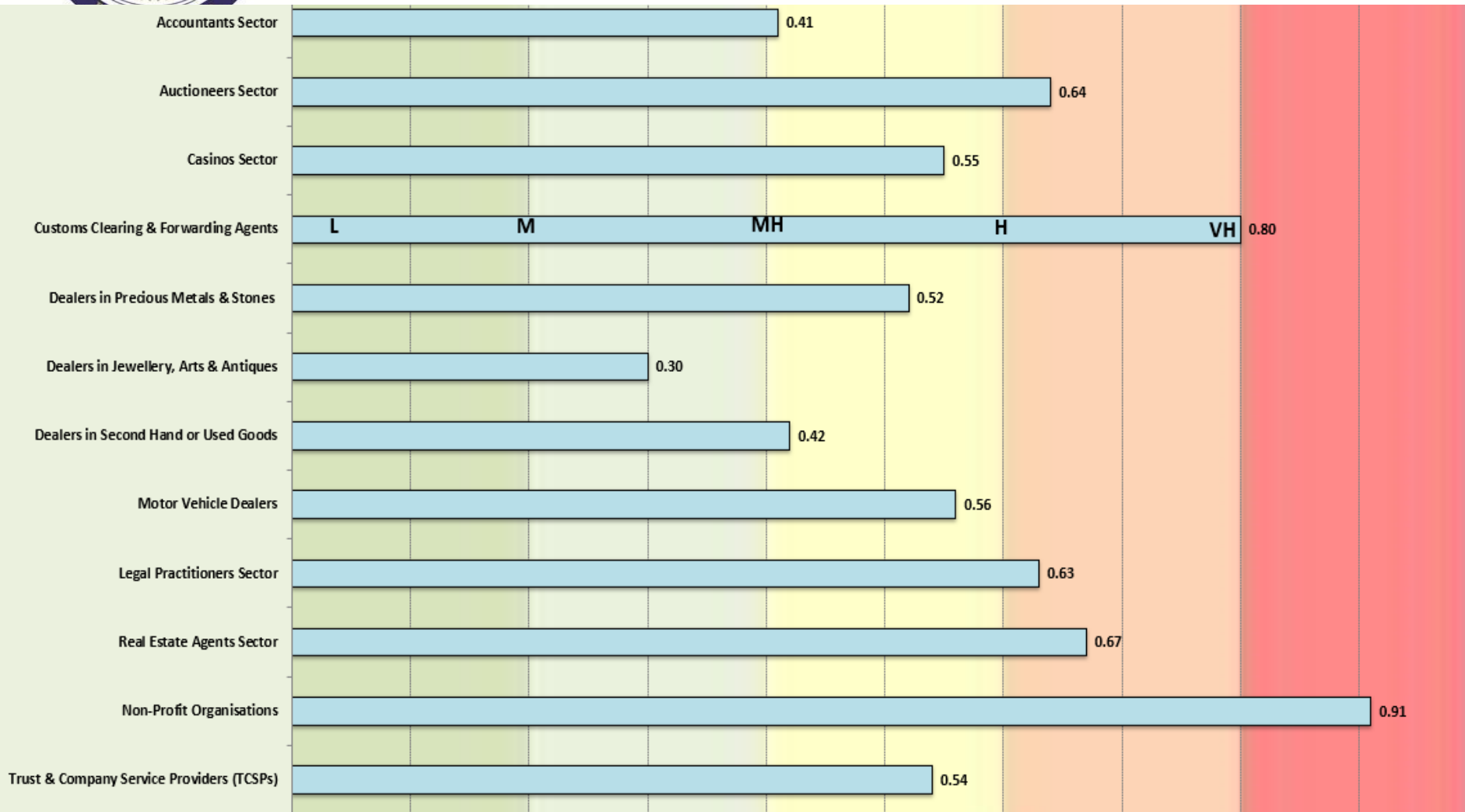
ML VULNERABILITY: FINANCIAL SECTOR





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ML VULNERABILITY: DNFBPS





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PRIORITY RANKING IN ADDRESSING CONTROLS

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



KEY RECOMMENDATIONS

- 1. CAPACITY AND RESOURCING:** OPG, LEAs, FIC, MAGISTRATES COMMISSION AND JUDICIARY;
- 2. AUTOMATION & RELIANCE ON TECHNOLOGY;**
- 3. DATA AND RECORD KEEPING BY AML/CFT/CPF STAKEHOLDERS;**
- 4. FEEDBACK/RESPONSES:** BOTH DOMESTIC AND INTERNATIONAL STAKEHOLDERS IN THE COMBATTING SPACE (LEAs);
- 5. ACCESSING BIPA, HOME AFFAIRS & OTHER DATABASES.**



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Safeguarding Financial Integrity

Thank you.