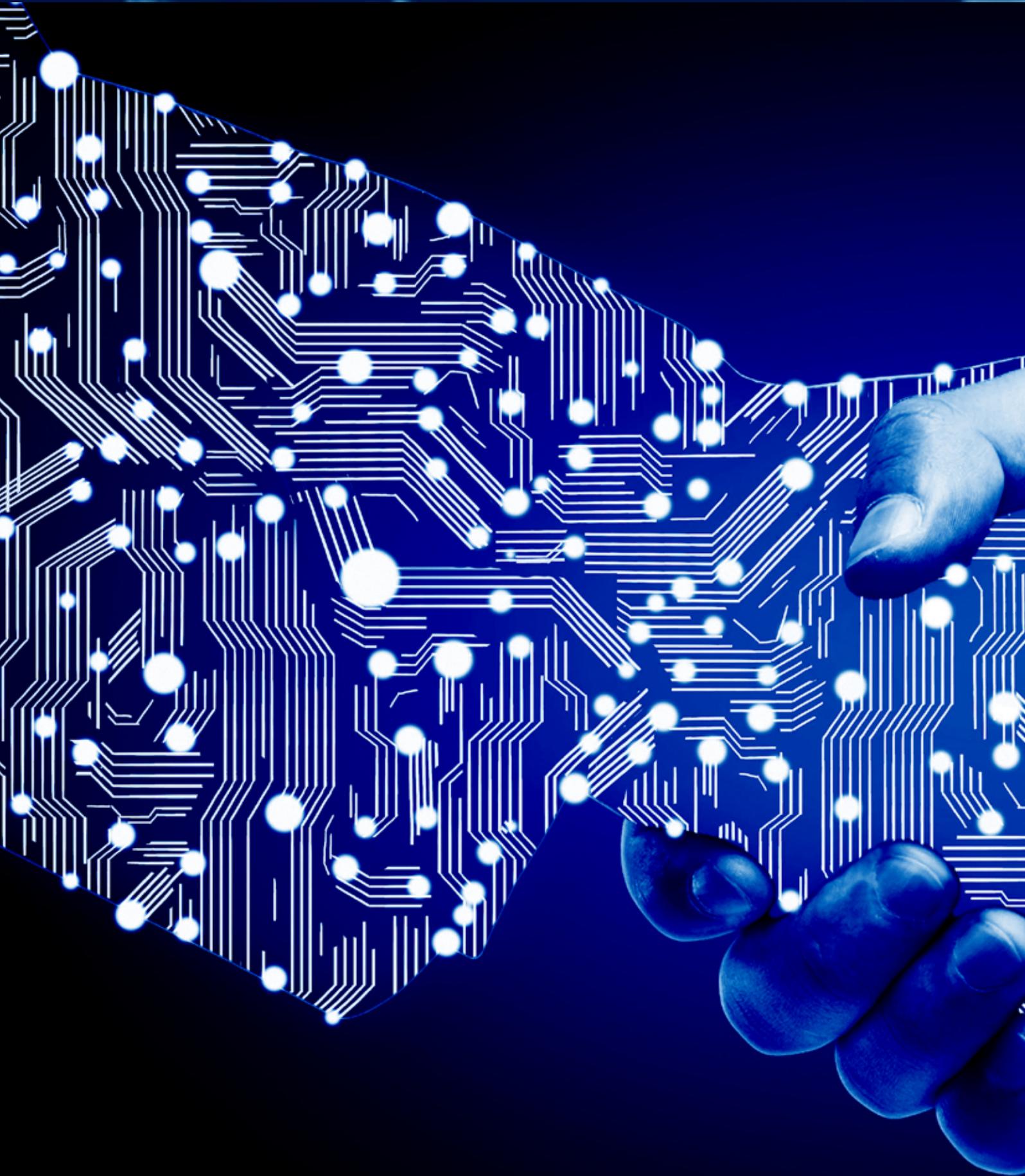




2021 2022

FIC Annual Report



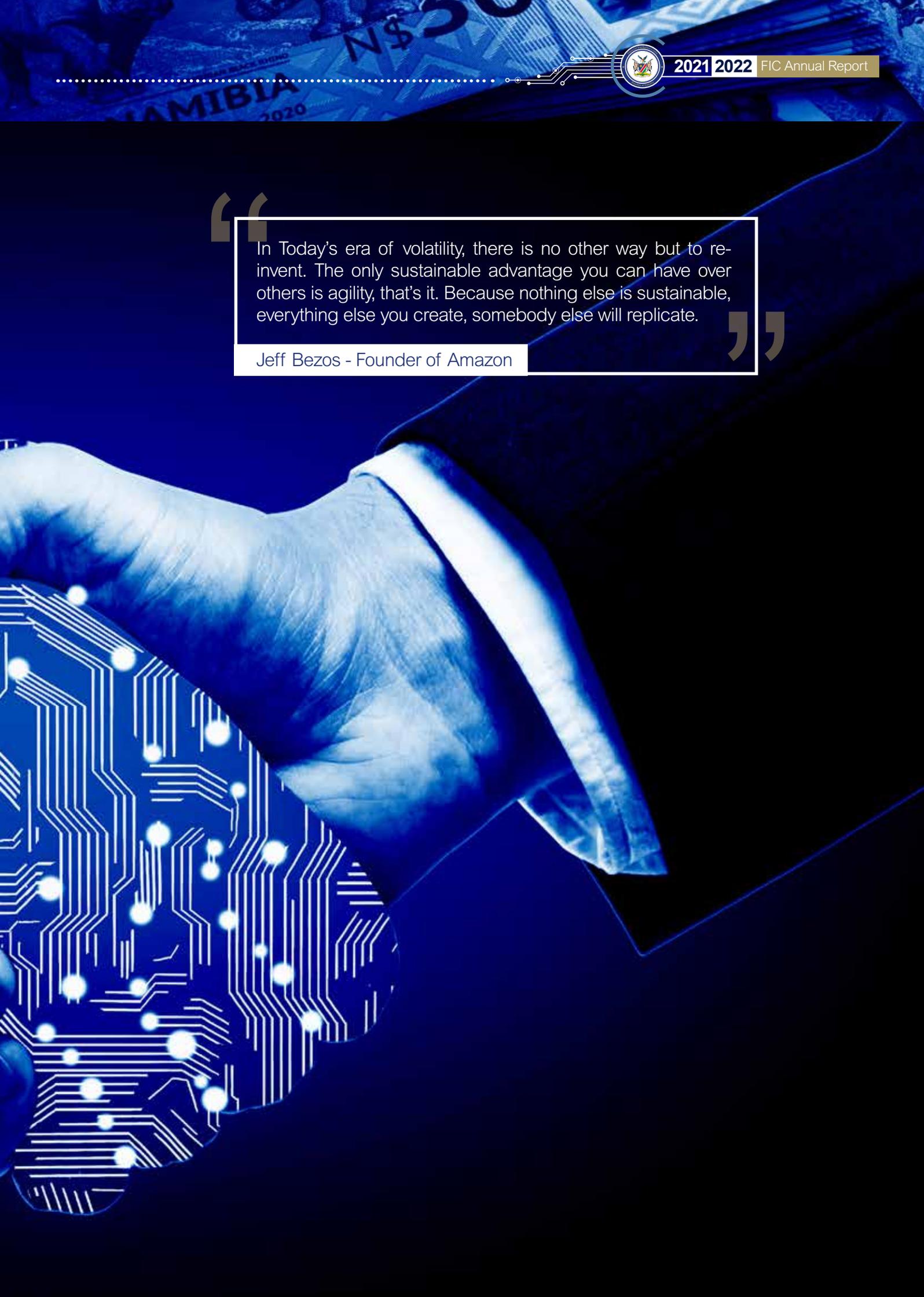


“

In Today's era of volatility, there is no other way but to re-invent. The only sustainable advantage you can have over others is agility, that's it. Because nothing else is sustainable, everything else you create, somebody else will replicate.

”

Jeff Bezos - Founder of Amazon





THE FINANCIAL INTELLIGENCE CENTRE (FIC) ANNUAL REPORT 2021/2022

The Financial Intelligence Centre (FIC) Annual Report 2021/2022

This is the FIC's Annual Report and Financial Statements for the financial year ended 31 March 2022, prepared pursuant to section 15 of the Financial Intelligence Act, 2012 (Act No. 13 of 2012) (FIA) as amended.

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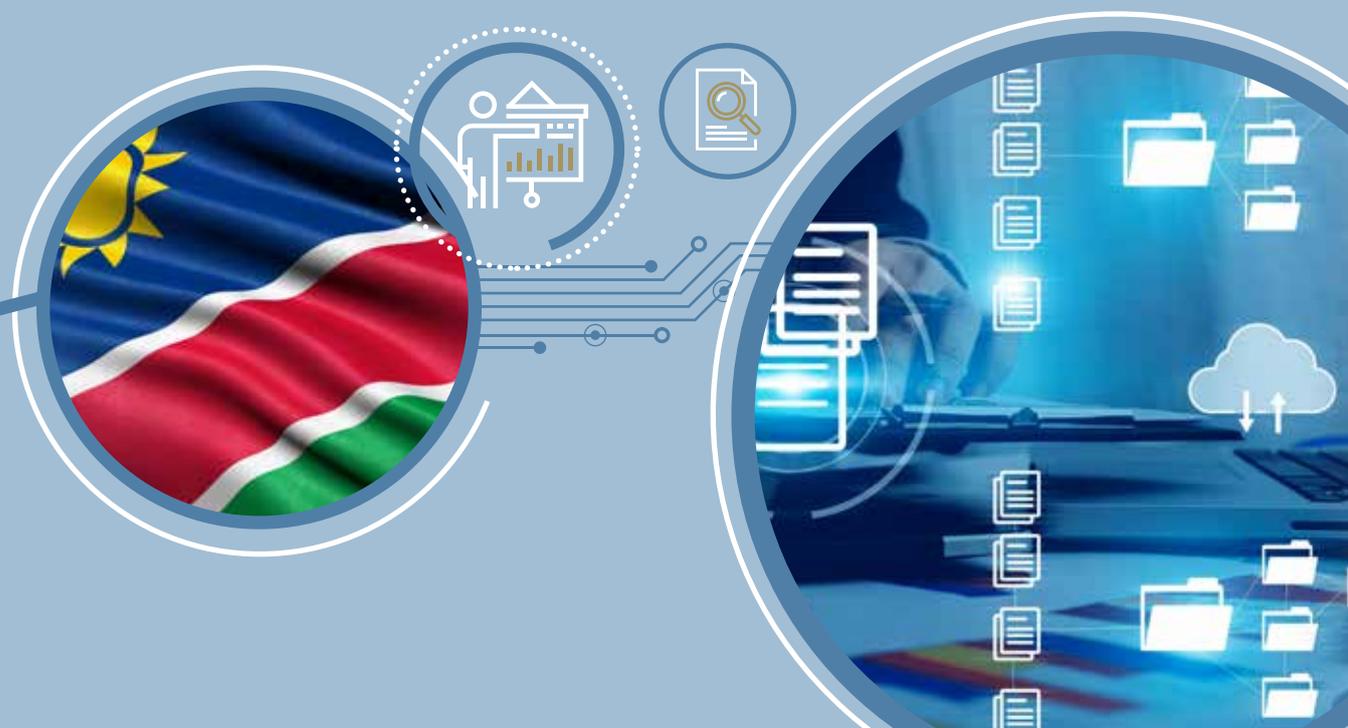
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ABBREVIATIONS AND ACRONYMS

ACC	Anti-Corruption Commission
AML/CFT/CPF	Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation
AML/CFT/CPF Council	Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation Council
BoN	Bank of Namibia
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
LEAs	Law Enforcement Agencies
ML	Money Laundering
NAMPOL	Namibian Police Force
PACOTPA	The Prevention and Combating of Terrorist and Proliferation Activities Act, 2014 (Act No 4 of 2014) as amended
PF	Proliferation Financing
POCA	The Prevention of Organised Crime Act, 2004 (Act No. 29 of 2004) as amended
TF	Terrorist Financing
UN	United Nations
UNODC	United Nations Office against Drugs and Crime
UNSC	United Nations Security Council
UNSCR	United Nations Security Council Resolution





INTRODUCTION

About the FIC

The Financial Intelligence Centre (FIC) is a Namibian national agency established in terms of the Financial Intelligence Act, 2012 (Act No. 13 of 2012) as amended (FIA).

The FIC's mandate is to assist in the:

- prevention (as Anti-Money Laundering and Combatting the Financing of Terrorist and Proliferation activities regulator); and
- combatting (as Financial Intelligence Unit).

Of Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF) activities in collaboration with identified Law Enforcement Agencies, Supervisory and Regulatory Bodies, government and private sector stakeholders.

In its capacity as Namibia's Financial Intelligence Unit, the Centre produces actionable financial intelligence in support of Money Laundering, Terrorist Financing and Proliferation Financing investigations directed by Namibian Law Enforcement and National Security Agencies.

The FIC also generates valuable strategic financial intelligence, including specialized research reports and trends analysis, for Anti-Money Laundering and Combatting the Financing of Terrorist and Proliferation (AML/CFT/CPF) stakeholders and policy decision-makers, businesses and international counterparts that highlights the nature, scope and threat posed by ML/TF/PF.

The FIC is able to fulfill its financial intelligence mandate by closely working with the FIA Regulated Populace in ensuring effective compliance with the FIA. Effective compliance with the FIA by the Regulated Populace:

- helps to prevent and deter criminals from using Namibia's financial system to launder the proceeds of their crimes or to finance terrorist or proliferation activities; and
- ensures that the FIC receives needed information to produce financial intelligence for national Law Enforcement and Security Agencies.

FIC's financial intelligence, supervisory knowledge and AML/CFT/CPF expertise remains in continuous high demand. In this regard, the FIC continuously partakes in international AML/CFT/CPF conferences and workshops as well as global AML/CFT/CPF research projects and capacity-building initiatives.

FIC remains committed to:

- safeguard access to all information in its domain;
- enable access only as permitted by the FIA;
- prevent, within the ambit of law, undue access by all means necessary; and
- protect privacy of persons and institutions at all times.





Governance

The FIC's governance, risk and compliance is co-ensured by two governing Boards. The FIC reports on outcomes of its statutory mandate to the Minister of Finance and the Anti Money Laundering and Combating the Financing of Terrorist and Proliferation Council (the 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. The FIC as an administrative organ of the Bank of Namibia, further reports on all administrative governance outcomes to the Bank of Namibia Board.

The FIC's corporate governance model is underpinned by the values of ethics, integrity, transparency and accountability. This approach is in keeping with the provisions of the NamCode and King IV codes of good corporate governance. It requires that human behavioural traits be aligned with the effective implementation of the corporate governance model. The FIC's governance have further been deliberately aligned with the FIC's strategic objectives to enhance long-term organisational sustainability and performance in line with the outcomes-based approaches, advocated in above two governance models.

During the year under review, the FIC undertook to improve its governance, risk and compliance functions through the identification of a risk and assurance position as part of FIC's organizational structure and to in future, acquire an automated system for governance reporting.

The FIC follows best practice in corporate governance through its oversight structures. The following governance committees are set up in helping to ensure that the FIC meets its strategic objectives and operates in line with its mandate:

- Executive Committee
- Management Forum
- Audit and Risk Committee
- HR and Remuneration Committee
- Information and Communications Committee
- Financial Accounting and Budget Management Committee

The Director of the FIC is the accounting authority and reports directly to the Council, the Governor and Minister of Finance.

The FIC subscribes to Bank of Namibia Risk and Assurance Policies and international best practices to identify, analyse, treat, monitor and communicate risks internally. This approach ensures that risks are continuously identified, assessed and effectively treated.

The overall objectives of FIC's risk management function are to:

- integrate risk concerns into the FIC's daily decision-making and implementation processes;
- identify and manage risks in line with the FIC's risk appetite and risk tolerance parameter;
- improve the FIC's ability to prevent, detect, correct, escalate and respond to critical issues by executing risk management action plans and recommendations, and to monitor same effectively;
- comply with appropriate risk management practices in terms of corporate governance guidelines and above governance codes;
- create a risk-aware culture and embed risk-based approaches to decision-making at operational, tactical and strategic levels of the FIC.

The FIC has adopted an enterprise-wide approach to managing risk, which is defined in the Bank of Namibia's enterprise risk management framework. The framework defines the approach to identifying, measuring, managing, reporting and monitoring enterprise-wide risks. In fulfilling its enterprise-wide risk management responsibilities, the FIC uses top-down and bottom-up approaches. The top-down approach entails risk workshops with Management and the Audit and Risk Committee. The bottom-up process entails implementing risk management processes, developing operational risk registers and taking action at an operational level to mitigate risks. The focus of these approaches is to identify risks that may prevent the organisation from achieving its strategic objectives, and implement control measures to mitigate these risks.



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;
- f) Recommend to the Minister the appointment or removal of the Director;
- g) Approves the FIC Risk Assessment and Risk Management Plans on an annual basis followed by quarterly reviews of risk reports; and
- h) Identifies a risk appetite and tolerance level for all identified risks and ensure tracking and mitigation of identified risks by the FIC.





COUNCIL MEMBERS



J IGAWAXAB
CHAIRPERSON



P NOA
VICE CHAIRPERSON



F BRANDT
MEMBER



S.L. LIMBO
MEMBER



J KANDJEKE
MEMBER



M MURORUA
MEMBER



K MATOMOLA
MEMBER





IGP S.H. NDEITUNGA
MEMBER



E ANGULA
MEMBER



S HAIHAMBO
MEMBER



E MARITZ
MEMBER



J KAUPITUA
MEMBER



ADV. OM. IIMALWA
MEMBER



FOREWORD BY THE MINISTER

The 2021/2022 financial year was still marred by the onslaught of the Covid 19 pandemic and the Namibian nation lost, not only financially, but also valuable members who were assets to society, along the way. However, it is time for Namibia to rise, like the mythical Phoenix from the ashes and Government is embarking upon several endeavors in an effort to reboot the economy and to secure a brighter future for the Namibian youth and generations to come.

As emphasized during my midterm budget speech on 24 February 2022, there is an urgent need for us to reignite economic growth, create jobs, and to invest in creating opportunities and activities for the youth. The country's youthful population remains the most significant resource which could propel our economy onto a competitive and sustainable growth path.

The stars are aligning for Namibia and the opportunities are presenting itself in the form of natural resources. The prospects of green hydrogen and its economic potential is astronomical, and Namibia has the potential of becoming a frontrunner in the exporting of same on the African continent. Similarly, the recent discovery of oil, if found to be commercially viable, could propel Namibia into becoming an oil producer to be reckoned with in Sub-Saharan Africa. We must also not forget about the Kudu Gas Fields and its potential to deliver much-needed energy to Namibia and neighbouring countries.

The Namibian youth has an opportunity of a lifetime to position themselves for this new future by proactively equipping themselves with the necessary skills right now. There are several opportunities for further study in Green Hydrogen Technology, oil production, etcetera, and young Namibians are urged to grab these opportunities with both hands.

The Financial Intelligence Centre (FIC) plays a significant role in the new future as a major stakeholder responsible for safeguarding the financial system. Without a reputable financial system Namibia will not be able to embark on the journey to recovery and economic growth.

During the financial year under review the FIC continued to lead Namibia's second Mutual Evaluation (ME) by the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG) aimed at assessing the effectiveness of our national AML/CFT/CPF framework. This exercise is of significant importance as it also impacts on the reputation of the Namibian financial system.

The FIC prepared all national stakeholders, including some members of the Executive, for the first onsite assessment which took place from 27 September to 15 October 2021. Engagements between the assessment team and relevant stakeholders were conducted successfully and I wish to thank everyone for ensuring same. The first draft ME report was received by the Namibian authorities on 31 January 2022 and the FIC coordinated the provision of comprehensive comments on the draft, which was submitted to the assessors on 28 February 2022. The Centre remains the national focal point for the evaluation and in the last few months constant engagements between the FIC and assessors took place for purposes of clarification and additional information. The second onsite assessment is scheduled to take place during the month of June 2022, whereafter Namibia will receive its final draft report, which will be presented for adoption to the ESAAMLG 44th Task Force of Senior Officials and 22nd Council of Ministers meetings in Zambia, 28 August to 03 September 2022. I herewith urge all national AML/CFT/CPF stakeholders to accompany the delegation to the aforementioned meetings in order to defend Namibia's ME report.

I should emphasise that the ME activities does not stop with the adoption of the report, but the real work will start after the report is endorsed by Cabinet and when we have to remediate the shortcomings identified in the report.

I am pleased to announce that the 2020 National AML/CFT/CPF Risk and Threat Assessment, coordinated and finalized by the FIC, was endorsed by Cabinet on 14 September 2021. Cabinet directed all affected Ministries, Offices and Agencies to plan for and make the necessary budget provisions to execute key actions as contained in the NRA Action Plan, the implementation of which is monitored by the FIC, and which also contributes to the strengthening of our financial system.



In conclusion, I wish to congratulate the FIC for embarking on a process of reengineering and automation in order to enhance their efficiency and to increase contribution towards revenue collection for the Government. Particularly noteworthy is the FIC's new Law Enforcement and Prosecutorial Support Stream, the supervisory framework for regulation of financial technologies being developed and their leveraging of digital transformation.

I sincerely thank both the FIC and the AML/CFTP Council for their continuous commitment to the Namibian nation and their commendable efforts to ensure that the integrity of the Namibian financial system does not fall into disrepute.

Hon. Ipumbu Shiimi
Minister of Finance



CHAIRPERSON'S OVERVIEW

- To Enhance International Beneficial Ownership Transparency,
- To Increase Capabilities to more Effectively Recover Criminal Assets, and
- To Leverage Digital Transformation.

The past three years of living with the COVID-19 pandemic has been extremely damaging on both the Namibian society and the economy. However, the time has arrived for us, as a Nation, to emerge from the corners in which we were safely hiding and ask ourselves: How do we move forward from here? How do we restore the Land of the Brave?

The age old saying “it is always darkest before the dawn” seems to have come true for Namibia with the economic prospects of green hydrogen and the offshore discovery of oil deposits. Namibia has abundant, world-class renewable energy resources and with the increasing demand for green hydrogen worldwide, our country is quickly emerging as an early entrant in this new market. There is no reason why Namibia should not aspire to become the leading exporter of Green Hydrogen on the African continent. On our path towards a brighter future the Financial Intelligence Centre (FIC) will play a pivotal role as one of the main institutions tasked with ensuring that the financial system remains above reproach to stimulate trade with Namibia. We must provide assurance to potential investors that Namibia is a country of integrity with a well-protected financial system.

During the period under review the FIC, like other institutions, adapted their operations around the circumstances dictated by the COVID 19 pandemic, nationally and internationally, in order to deliver on its mandate. As other financial intelligence units around the globe, the FIC acceded to the ‘new way of doing things’ and embarked on a journey of reengineering and automation of processes to enhance its overall efficiency and effectiveness. In collaboration with the Bank of Namibia, the FIC developed a future forward strategic plan for the years 2022 to 2024 which rests on 3 pillars and which is aimed at improving the FIC’s capacity through the use of digital transformation, building a future-fit workforce that understands stakeholder expectations and can deliver accordingly and strengthening the FIC’s response, management and delivery capability to achieve its legal mandate. With these developments the FIC is aligning itself with the strategic vision of the FATF, as the global standard-setter for AML/CFT/CPF, as expressed in the Declaration of the Ministers of the FATF during April 2022:

Digital transformation has become a necessity. It is no longer a good-to-have, or a nice-to-have, but an imperative if the FIC and law enforcement are going to keep up with and win against the ever-evolving criminals and their networks.

During the year under review the FIC enhanced its domestic cooperation by establishing a new stream of work, the Law Enforcement and Prosecutorial Support Stream, aimed at ensuring that intelligence disseminated by the FIC drives impact by, for example, disrupting high-profile serious financial crime, effectively supporting active investigations, contributing to increased revenue collection for the Government, etcetera. The Centre, amongst others, provided intelligence towards 89 active domestic and international investigations and identified potential proceeds of crime to the value of N\$ 6.8 billion mainly from crimes such as tax evasion, fraud and illegal deposit taking. Incoming Suspicious Transactions (STRs) decreased by 37% due to outreach and awareness resulting in fewer, but more quality reports. Suspicious Activity Reports (SARs) increased by 10.7% due to the increased reporting rate from the banking sector, while Requests for Information increased by 97.5% due to deliberate efforts from the FIC to ensure better utilization of FIC’s capabilities through constant engagement with law enforcement. Furthermore, FIC intelligence disclosures led to the preservation of funds to the value of N\$ 9,4 million and tax collected to the value of N\$ 17 million.

The AML/CFT/CPF Mutual Evaluation of Namibia by the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG) continued during the period under review, facilitated by the FIC as the National Focal Point between the Assessment Team and the Namibian Authorities. The Centre conducted 37 preparatory workshops with national stakeholders before the 3 -week onsite assessment which took place from 27 September to 15 October 2021. The onsite assessment consisted of a wide range of engagements with public and private sector stakeholders for the purpose of testing the effectiveness of Namibia’s national AML/CFT/CPF framework.



I wish to extend my heartfelt gratitude to all national stakeholders for their committed participation in the evaluation process which has been conducted successfully thus far.

Namibia's Mutual Evaluation Report will be discussed and adopted at the ESAAMLG Task Force of Senior Officials and Council of Ministers Meetings to be held in Zambia between 28 August and 03 September 2022.

The adoption of the report will usher the country into the next phase of the process which requires an assessed country to remedy all the deficiencies identified during the evaluation, within a specified timeframe. I urge all stakeholders to provide the FIC with the same cooperation to see Namibia through this phase as well.

The impact of the Covid 19 pandemic gave rise to the mushrooming of financial technologies (FinTechs), being innovation that cannot be stifled as it enhances financial inclusion, but still requires effective supervision and protection from abuse by criminals. To this end, the FIC partnered with the Alliance for Financial Inclusion (AFI) in developing a fit-for-purpose supervisory framework for FinTechs that does not undermine AML/CFT/CPF controls.

The FIC is indeed proving itself to be an agile institution that is keeping up with the change of times to best serve the Namibian nation. I thank the staff of the FIC, under the guidance of the AML/CFT/CPF Council, for their dedication and commitment.

Johannes !Gawaxab

Chairman: AML/CFTP Council



DIRECTOR'S OVERVIEW



The year in review saw the FIC consolidate her renewed way of doing business. Such ways were entrenched as a response to the COVID-19 pandemic. At the time of reporting, most countries worldwide, including Namibia, have gradually relaxed their COVID related preventative measures. The general posture of countries and institutions in the reporting period can be summarised as having migrated from extensive preventative measures to learning how to live with the virus and enabling technology to be a real catalyst of change in how we work and how we execute. In the same spirit, the FIC's operations are constantly reviewed to align to digital disruptions at national and international level which impacts our day-to-day activities. Over the last twelve months, the FIC blended her COVID related working arrangements with technology enabled business process reengineering and automation.

To date, the reengineering and automation process resulted in identifying certain tedious human intensive operations, across various divisions, which has been automated to enhance overall efficiency and effectiveness. As part of automating such processes, proof of concepts were finalised and virtual robots will soon commence actioning all previously manual, mundane and repetitive tasks. It is our view that the journey embarked on will reduce inefficiencies and enable the FIC to apply its limited resources in mitigating those criminal activities that pose the highest risk to the integrity of the national financial system. In the era of digital enablement, the use of virtual robots, digital identification and financial technology not only assist in modernising the financial system, but also reduce costs of financial services, regulation and naturally reduce the need for physical human engagements and thus reduce the risks of COVID related infections. As we roll out the digitisation and digitalisation process, the object remains to automate and enhance efficiencies of work processes and work flows using virtual bots and not to replace FIC employees. Simultaneously, we want to ensure that FIC employees are up-skilled, re-skilled and redeployed in an agile business environment with a fit-for-future workforce. Even in our future focused institutional process reengineering, employees remain the most important asset of FIC operations. The ultimate goal is

therefore to free up employees from conducting mundane, repetitive and manual tasks. Once freed up, employees will be able to dedicate time in addressing strategic and high-risk priority areas of which the output will further contribute to the safety and security of Namibians and the Namibian financial system.

The reporting period also saw the climax of Namibia's ongoing mutual evaluation by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), which began with a desk review in August 2020. Assessors from ESAAMLG visited the country in September and October for onsite evaluation activities which entailed extensive engagements with authorities, the public and private sectors involved in the prevention and combatting of Money Laundering, Terrorism and Proliferation Financing (ML/TF/PF) activities. The object of this exercise is to evaluate the effectiveness of Namibia's Prevention and Combating of Money Laundering, the Financing of Terrorism and Proliferation (AML/CFT/CPF) framework in all its facets. The mutual evaluation activities do not end with the onsite engagements. The last few months have seen intensified exchange of information between the FIC and assessors as part of the post-onsite related activities. Another follow-up visit is expected in the 2022/23 financial year, and we reiterate our call for all national stakeholders to devote the necessary time and efforts to this important exercise.

Namibia completed her latest ML/TF/PF National Risk Assessment (NRA), focusing on the period 2015 to 2019, which was approved by Cabinet in the period under review. The latest NRA builds on the foundation laid by the very first assessment conducted in 2012 and the 2015/16 updates. The NRA remains an essential tool in helping the country understand her ML/TF/PF vulnerabilities and threats. While gaining such understanding ensures compliance with relevant international obligations, the practical value lies in using such understanding to guide effective prevention and combatting mechanisms in the public and private sectors. Key observations from the latest NRA suggests the national ML risk level Medium High. There is significant room for improvement in areas such as the country's ability to effectively ensure finalization of ML cases as far as investigations, prosecutions, asset forfeitures and criminal convictions are concerned. On the other hand, TF was rated Low and PF Medium Low. The absence of TF and PF threats



largely contributed to such lower ratings. The NRA also guide that renewed focus is needed in identifying the real origin and ownership of assets. Whilst identifying ultimate beneficial owners remain arduous, painstaking work that entails untangling complex structures, cataloging family connections, identifying proxies, and breaking the veil of secrecy on offshore shell companies, the time has come for Namibia to adopt a multipronged approach towards ultimate beneficial ownership and have public facing beneficial ownership registries accessible by impacted stakeholders. These observations are generally consistent with prior NRA findings. The key national priority remains preventing and combatting threats emanating from ML predicate offenses such as tax evasion, fraud and corruption while growth in environmental crimes, pyramid schemes and cyber crimes cannot be ignored.

Like any other Financial Intelligence Unit, financial investigations and analysis remains the key function of the FIC. It is premised on receiving, collecting and analysing data in order to identify potential criminal proceeds associated with ML/TF/PF. Where such are identified, the FIC is expected to timely share actionable intelligence with Law Enforcement Agencies for investigations and the Office of the Prosecutor General for criminal prosecution and asset forfeiture related activities. In this regard, the FIC at all times is required to urge bold, urgent action on any number of strategic priority cases, to protect Namibia and move her citizenry and financial system forward. In the period under review, key gains include identifying potential proceeds of crime to the value of N\$ 6.8 billion mainly from crimes such as tax evasion, fraud and illegal deposit taking. Additionally, the FIC caused 6 Section 42 Intervention (involving 62 accounts) valued at N\$ 4.7 million. Equally, successful preservation of funds totalling N\$ 9,4 million in cash and 1 vehicle valued at N\$ 672,360.47 in matters relating to fraud, theft, and money laundering were made. Due to FIC disclosures, potential taxes assessed amounted to about N\$ 177 million with tax recoveries amounting to N\$ 17 million, in the period under review. While enforcement measures were ongoing in the period under review, it is notable to report that the long-awaited FIA Appeal Board and its operating framework has been operationalised to enable the review of administrative penal and enforcement measures, to address institutional non-compliance with AML/CFT/CPF preventative laws, amongst others. Various matters have been set down for adjudication before the Appeal Board and it is expected that the first batch of appeal hearings will be finalized during the last two quarters in 2022.

The FIC's supervision activities and overall FIA compliance framework is risk based. Amongst various benefits, the risk-based approach enables the FIC to apply focus of limited resources to high risk areas of ML/TF/PF non-compliance and low risk areas of ML/TF/PF non-compliance being monitored

closely. With the growth of Financial Technologies (FinTechs), which have the potential to greatly enhance financial inclusion, the FIC, in partnership with the Alliance for Financial Inclusion, commenced work to draft a framework aimed at creating an AML/CFT/CPF regulatory environment which deliberately enables the introduction of FinTechs, including Virtual Asset Service Providers (VASPs), in the Namibian financial system. An essential cornerstone of FinTechs is effective and prudent due diligence which does not unduly undermine AML/CFT/CPF controls. Locally, such could be tied to digital identification granting the private sector, especially FinTechs, viewing access to the national identification database, in the custody of the Minister of Home Affairs, Immigration, Safety and Security for purposes of identification verification. The FIC is presiding over the Technical Committee established to facilitate such private sector access. This will greatly enhance the ease with which FinTechs can comply with customer due diligence expectations and greatly reduce costs of business associated with traditional identification methods.

As at time of publication of this report, my journey at the FIC had come to an end as I have been promoted to the position of Deputy Governor at the Bank of Namibia from 01 January 2022, now serving the Namibian nation in a different capacity. It has been an absolute honour to serve the FIC for the past 15 years. I have been with the FIC since its inception, and I am very proud of the capable and respectable institution that it has become. Fortunately, my ties with the FIC had not been severed completely as the institution still reports to me administratively.

As we bid farewell to the year that passed and to my journey as the FIC Director, I am humbled by the reflection that whilst the challenges facing today's leaders and organisations seem daunting, those who embrace change and bank on innovation will continue to transform and always be fit-for-future and agile. They will continuously recalibrate skills, demonstrate a growth mindset and take active steps to succeed in this digital and economic disruptive era of organisational existence.

I salute the resilience of Namibia and her people and together with the FIC's talented staff we will do everything possible to safeguard the integrity of the Namibian financial system in 2022/23 and going forward.

Leonie Dunn
Director



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 judgments 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 2022.

Leonie Dunn
Director: FIC
30 June 2022





STRATEGIC OVERVIEW

New Strategic Vision for FIC 2022 - 2024

The FIC, in collaboration with the Bank of Namibia, developed a new future forward strategic plan for the FIC. The COVID-19 pandemic has accelerated the adoption of technology by introducing a new normal of working, learning, and transacting. The pandemic had a negative impact on the country and the economy, causing both job and financial losses, which led to major uncertainty. It was incumbent upon the FIC, as one of the institutions responsible for safeguarding the stability of the financial system, to team up with the Bank of Namibia so as to fully embrace the reality on the ground and the attendant economic, financial, legal, technological, and social exigencies, to reimagine our craft.

The FIC's newly crafted strategic objectives are aligned with that of the Bank of Namibia's and rests on the following 3 Pillars:

<p>Future fit organizational capability and effectiveness Pillar</p>	<p>To improve the FIC's capacity to understand, manage and incorporate technological changes; and to build a future-fit institution that focuses on achieving its institutional objectives and legal mandate.</p> <p>This Pillar will placed focus on digitally transforming the workplace, employing technological innovations to improve internal work processes, creating a more agile and collaborative working environment. IT platforms will become more efficient and the capability of operating as a data-driven and evidence-based organisation will be strengthened. The FIC will also focus on strengthening its coordination with other institutions with regard to technological partnerships and on promoting the exchange of information and best practices.</p> <p>The FIC will use digital transformation to enable efficiency in the FIC's technology footprint and to introduce technologies that support modern 'ways of working', which will increase stakeholder collaboration.</p>
<p>Talent and Transformation Pillar</p>	<p>To be an employer of choice that attracts top future-fit talent.</p> <p>The traditional design and operating model is no longer adequate in a fast-changing environment. In order to excel in the achievement of the objectives that the FIC has set out, it needs time and space, while reinforcing a culture of innovation and a culture that encourages and inspires staff to explore new ideas and different approaches to meet the requirements as set out in the new Strategic Plan.</p> <p>The objective is to attract and retain talent, in line with the FIC's strategic objectives, to build a future-fit workforce that understands stakeholders' expectations, and which can deliver according to these expectations (internally and externally). Also, to develop a culture that fosters inspiring leadership, collaboration between stakeholders to achieve exceptional performance, an environment of trust that promotes participation, and equality of opportunity based on professional and personal merit.</p>
<p>Purpose Pillar</p>	<p>To strengthen the FIC's response, management and delivery capability to achieve its legal mandate as defined in the Financial Intelligence Act 13 (Act No. 13 of 2012) as amended.</p> <p>This Pillar aims to safeguard financial stability, to ensure that the country's supervisory and regulatory environment is consistent with global practices and is aligned with the Government's aim to facilitate long-term sustainable economic growth. This becomes more relevant in the post-financial crisis world where the regulatory touchpoints between the regulator and the regulated are expected to become much more frequent and intensive.</p>

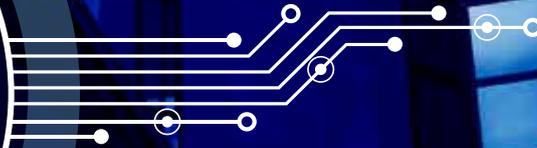


Strategic Objectives and High Level Initiatives

Pillar	Objectives	High Level Strategic Initiatives
Future Fit organizational capability and effectiveness	Enhance operational capability and value maximisation	Leveraging Digital Transformation to Strengthen FIC's Operational Capability and Resilience.
Talent and Transformation	Future-fit Capacity Building	Future Fit Hybrid workforce - deploying Hybrid Skill Capacity Building supporting FIC's Digital Transformation drive.
Purpose	Maintain a stable and inclusive financial system	Effective Execution of Part III of the FATF/ESAAMLG Mutual Evaluation Project Charter & Plan
		Oversee successful execution of Action Plans derived from: <ul style="list-style-type: none"> i. 2021 National AML/CFT/CPF Policy & Strategy, and ii. 2020/21 National ML/TF/PF Risk Assessment
		Targeted Media Campaign on FIC Statutory Mandate, Duties & Responsibilities
		Risk Based Monitoring and Supervision to ensure Improved Regulatory Efficiency of the FIA Regulated Populace
		Monitor and review of FIA Supervisory Body Supervisory Activities
		Execute strategic analysis and provide guidance to stakeholders and decision makers
		Execution of Decisive, Measured & Proportionate FIA Enforcement Action
		Align national AML/CFT/CPF Policy, Legislative & Implementation Framework with: <ul style="list-style-type: none"> i. FATF international Standards & obligations on AML/CFT/CPF ii. 2021 NRA iii. outcome of 2020/21 FATF/ESAAMLG Evaluation
		Publication of FIC Annual Report for 2021/22, 2022/23 & 2023/24
		Adjudication of Appeals arising from FIA Administrative Enforcement Action
		Effective Collaboration with regional and international AML/CFT/CPF Stakeholders
		Disrupt Financial & other Serious Crime in line with National Priorities



PART A



GETTING TO KNOW THE FIC



FUNCTIONS OF THE FIC

The Financial Intelligence Centre (FIC) is an operational autonomous and independent statutory agency in the Bank of Namibia and Ministry of Finance portfolio, established under the Financial Intelligence Act, 2012 (Act No. 13 of 2012) as amended.

The portfolio location of the FIC:

- avail it with the unique opportunity to work more closely with the financial sector, private sector public sector, law enforcement and partners to better protect Namibia against Money, Laundering, Terrorist Financing and Proliferation activities (ML/TF/PF) and serious financial crime; and
- enhances its ability to effectively perform its role as a conduit of intelligence between the financial sector, partners, law enforcement and security agencies, in undeterred fashion.

FIC's objective, as stated in the Bank of Namibia's new Strategic Plan 2022 - 2024, is to safeguard financial stability, to ensure that the country's supervisory and regulatory environment is consistent with global practices, and to facilitate long-term sustainable economic growth. This we do through usage of financial intelligence and regulation to disrupt ML/TF/PF and other serious financial crime, in collaboration with partners.

The FIC is both Namibia's Financial Intelligence Unit (FIU) and regulator of Anti-Money Laundering and Combatting the Financing of Terrorist and Proliferation activities (AML/CFT/CPF) prevention efforts.

As Namibia's FIU, the FIC avails financial intelligence as a guiding compass aiding the investigation and prosecution of ML/TF/PF and serious financial crime. The FIC does this by receiving, collecting, collating, analyzing and disseminating information from reports on financial transactions and suspicious matters, submitted by the FIA Regulated Populace. The FIC through its analytical processes avails actionable intelligence to partners, partner agencies and foreign FIUs with the purpose of disrupting ML/TF/PF and serious financial crimes.

As Namibia's AML/CFT/CPF regulator (in collaboration with other AML/CFT/CPF supervisory and regulatory bodies), FIC oversees more than 2,900 businesses on their compliance with the FIA.

Our regulatory activities assist the FIA Regulated Populace in strengthening their AML/CFT/CPF controls and to identify, assess and mitigate ML/TF/PF risk exposure. In turn, regulatory outcomes enable resilience by the financial system against criminal exploitation and cause a close and trusted working relationship between private sector, the FIC and Law Enforcement agencies.

The FIC thus uses financial intelligence and regulatory efforts to:

- prevent criminal abuse of the economy and the financial sector;
- generate and share intelligence and insights to mitigate ML/TF/PF risk in the economy and financial system
- help Government, Law Enforcement Agencies, Security Agencies and identified partners to prevent, detect and deter ML/TF/PF and other serious financial crimes; and
- enable trust and integrity in Namibia's financial system and economy.

Our key focus areas are:

- uncovering of new and emerging ML/TF/PF risks posed by criminal actors seeking to exploit the financial system and the economy;
- enabling comprehensive understanding of ML/TF/PF vulnerabilities within the global financial system at risk of criminal exploitation;
- ensuring that ML/TF/PF risks within the financial system and economy is minimized through deployment of effective AML/CFT/CPF preventative controls deployed by an engaged, capable and collaborative gatekeepers;
- in collaboration with partners and partner agencies, identify, assess and disrupt criminal exploitation of the financial system and economy; and
- continuous improvement of efficiency, effectiveness and sustainability in a constantly evolving financial criminal landscape.

The FIC's objectives are underpinned by its statutory mandate as prescribed in the Financial Intelligence Act, 2012 (Act No. 13 of 2012), as amended.



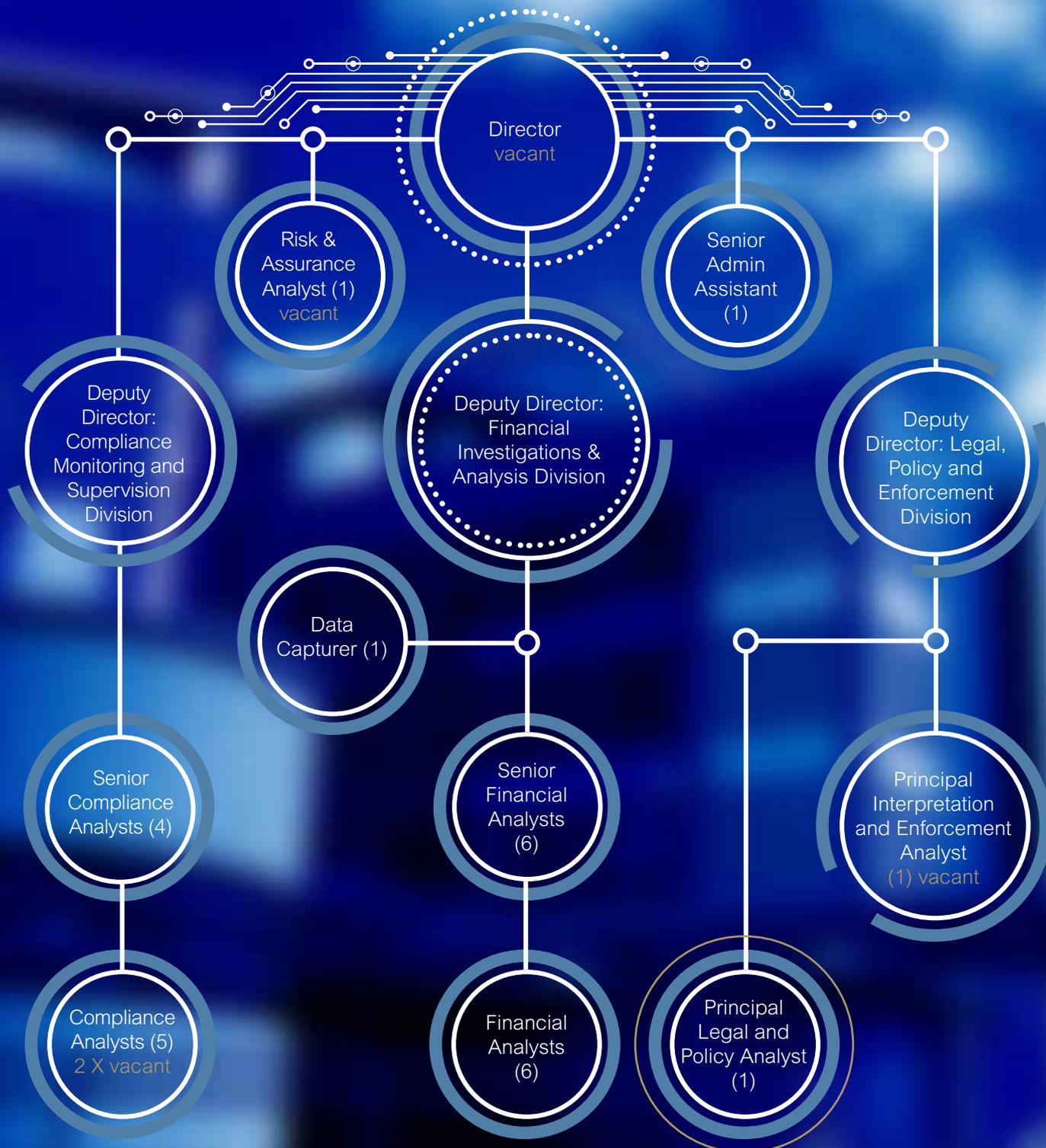
The FIC's primary functions in terms of the FIA are –

- receive, request, process, analyse, interpret financial data and disseminate intelligence to partners, partner agencies and AML/CFT/CPF stakeholders spontaneously and upon request; inform, advise, and co-operate with partner agencies domestically and internationally to identify, assess, understand and disrupt ML/TF/PF activities;
- monitor, supervise and avail compliance and risk guidance to accountable and reporting institutions, supervisory bodies and individuals in respect of the FIA;
- create public awareness, and offer training to the regulated institutions to fully understand their obligations under the FIA.
- enforce compliance with the FIA by imposing proportionate and dissuasive administrative sanctions ;
- implement and keep an up-to-date registration system for all Accountable and Reporting Institutions;
- continuously align Namibia's National AML/CFT/CPFT policy, legislative and implementation framework with international AML/CFT/CPF obligations, standards and best practices;
- protect the financial systems and economy against abuse for ML/TF/PF and serious financial crime purposes.
- develop AML/CFT/CPF policies and strategies for consideration by the AML/CFT/CPF Council in particular and Cabinet in general;
- coordinate all National AML/CFT/CPF preventative and combatting efforts;
- preventing and combatting ML, TF, PF and related activities in collaboration with partners, partner agencies, foreign FIUs, cooperating and supporting nations and organizations;
- 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;
- maintain a national AML/CFT/CPF and ML/TF/PF statistical database;
- issue early warning Indicators to Government, Partner Agencies and the FIA Regulated Populace on ML/TF/PF Risks, Trends and Typologies;
- ensure the balance between AML/CFT/CPF measures and Financial Inclusion Initiatives aligned with Namibia's Financial Sector Strategy;
- ensure containment of ML/TF/PF de-risking; represent Namibia at national, regional and international AML/CFT/CPF forums; and
- render administrative support to the AML/CFT/CPF Council.

Other functions include –

- 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;





FIC's approved workforce as at 31 March 2020 = 30
 FIC's filled positions as at 31 March 2020 = 25



Supporting Role of the Bank of Namibia

The FIC is administratively part of the Bank of Namibia in terms of section 7(2) of the FIA. The Bank also avails all needed administrative support to the FIC, which include but are not limited to-

- a) Governance as per NamCode and King IV requirements
- b) Remuneration and other payments in terms of the Bank's remuneration and payment policies and procedures;
- c) Performance management in terms of the policies and procedures of the Bank;
- d) The services of the Bank's Budget Committee before the FIC's proposed budget is submitted to the AML/CFT/CPF Council and the Ministry of Finance; and
- e) The Bank's Finance and Administration Department for financial accounting services. However, the FIC's books are audited separately from those of the Ban, by external auditors;

The FIC is integrated in the management of the Bank's operations and 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/CFT/CPF Council. These members are drawn from key domestic AML/CFT/CPF prevention and combatting stakeholders to ensure effective domestic coordination of AML/CFT/CPF activities. These are –

- a) Governor of the Bank of Namibia;
- b) Director-General of the Anti- Corruption Commission (ACC);
- c) Inspector-General of the Namibian Police;
- d) Prosecutor-General of the Republic of Namibia;
- e) Auditor-General of the Republic of Namibia;
- f) Director of the Namibian Central Intelligence Services (NCIS);
- g) Chief Executive Officer of the Namibia Financial Institutions Supervisory Authority;

- h) President of the Bankers Association of Namibia (BAN)
- i) Executive Director of the Ministry of Finance;
- j) Executive Director of the Ministry of Justice;
- k) Executive Director of the Ministry of Trade, Industrialization and SME Development;
- l) Executive Director of the Ministry of Safety and Security; and
- m) 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 is 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 framework in respect of:

- 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 and understand emerging criminal trends and patterns;
- 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 2020/21 ESAAMLG/FATF mutual evaluation.

Relationship with the regulated populace

This refers to the FIC's relationship with Accountable and Reporting Institutions. These institutions are, in terms of the FIA, expected to conduct certain gate-keeping functions and implement certain measures to enhance compliance and reduce ML/TF/PF risk materialization.



This is perhaps amongst the most important relationships in the AML/CFT/CPF preventative value chain, but one, which cannot effectively function without other identified key relationships.

On a risk exposure basis, the FIC engages these institutions to enhance their compliance with the FIA and to refer identified non-compliance for administrative enforcement considerations. 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;
- c) Requesting guidance on effective compliance; and
- d) Seeking interpretation of the FIA on case-by-case basis.

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 and consultations are made on enhancing FIA compliance behaviour. There are scheduled and ad hoc bilateral meetings that deliberate on matters regarding FIA compliance and related issues.

BAN also serves as a member on the National Focal Committee established for purposes of preparing the country for the 2020/21 FATF/ESAAMLG mutual evaluation.

The FIC Regulator/Supervisor relationships

The engaging relationship the FIC has with supervisory bodies and prudential regulators 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, like the FIC and NAMFISA to share experiences relating to sectoral ML/TF/PF risk assessments, inspections and enforcement, and to harmonise approaches to supervision and enforcement. The same goes for prudential regulators which includes relationships with Namibia Stock Exchange, Bank of Namibia's Banking Supervision, Payment Systems and Exchange Control Departments, Law Society of Namibia, Public Accountants and Auditors Board, Institute of Chartered Accountants of Namibia and the Namibia Estate Agents Board.

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's relationship with the prudential regulators identified above. The regular institutional consultations and 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 as well as global AML/CFT/CPF institutions, which helps in the speedy execution of duties and resolve of matters under investigation; especially cross border information sharing purposes as well as matters involving ML/TF/PF risks, trends and patterns and AML/CFT/CPF policy matters. These MoU's improve international co-operation and streamlines information sharing processes, strengthening Namibia's capability to assist and also request assistance from international partners in combating crime.

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.

The FIC is a member of the Egmont Group of Financial Intelligence Units, which enables it to rapidly exchange information with counterparts around the world. The FIC attends Egmont Working Group and Plenary meetings, drawing on the extensive expertise of involved partners. The Egmont Group, amongst others, offers a wide range of training and capacitation initiatives and hosted a number of training workshops in Namibia over the past years.

Namibia is a founding member of ESAAMLG who in turn is an associate member of the FATF. FIC's Director leads the Namibian delegation to all FATF, ESAAMLG, Egmont and other global AML/CFT/CPF meetings where the delegation actively participates in working groups, review groups and plenary meetings.

UNODC

The FIC has and continuous to have 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.

OECD'S Tax Inspectors without Borders Program

The FIC also established a partnership with the OECD's Tax Inspectors without Borders, in an effort to address the threat posed by increasingly complex and innovative forms of financial crimes, observed by the FIC over the past couple of years.

The FIC with other domestic Law Enforcement Agencies also benefited from the OECD's Tax Inspectors without Borders: Criminal Investigations program. This program aims to enhance national tax crime investigation capability, in Namibia's effort to resolve complex cases of tax evasion and related financial crimes.

RUSI

The FIC also established a partnership with the Royal United Services Institute. The main purpose is to further strengthen public and private sector's ability to effectively implement applicable TF/PF UNSCRs, FATF recommendations 2 and 7 obligations as domesticated in the Prevention and Combatting of Terrorist and Proliferation Activities Act, 2014 (Act No. 4 of 2014). The partnership also focusses on strengthening national ability on TF/PF risk awareness and aligning the national TF/PF risk assessment framework methodology, with international best practice.

The World Bank

The FIC also enhanced the existing partnership with the World Bank in furthering the objectives of the 2019/20 overhaul of the 2012 national AML/CFT/CPF Risk and

Threat Assessment and updates conducted thereto in 2014 and 2017/18.

The strengthened partnership enables Namibia to benefit from the Risk Assessment Advisory Package in conducting the overhaul of the 2019/20 ML/TF/PF risk assessment. Overall, the advisory package consists of a ML/TF/PF risk assessment tool, methodology and a systematic and organized process, which enables broad participation of public and private sector stakeholders, with FIC performing and lead agency and coordination role. The development of the tool and the advisory package started in 2007, and incorporates the World Bank's experience in assisting countries in performing their national ML/TF/PF risk assessments.

Namibia was amongst the first countries globally to have used the World Bank's ML/TF/PF risk assessment tool. The result was Namibia being amongst the first countries globally to have completed a national ML/TF/PF Risk and Threat Assessment in 2012.

Australian Transaction Reports and Analysis Centre (AUSTRAC):

AUSTRAC, which is considered one of the leading FIUs in the international community, remains a dependable partner of the FIC. Amongst others, this partnership has seen the former assist the FIC to:

- 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.



OPERATIONS OF THE FIC

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, organizational management and providing strategic direction on FIC's fulfilment of its statutory mandate. In so doing, the office has to ensure that the FIC's operations have meaning and relevance to all national and international stakeholders.

Office of the Director

The Director provides strategic direction and enhancing organizational independence and autonomy by:

- guiding the process of crafting the FIC's strategic directions, Key Performance Areas and milestones,
- working with relevant stakeholders to ensure the FIC is properly structured and resourced to fulfil its strategic goals, working towards enhancing measures that provide a framework for the FIC to function as a model FIU,
- 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 stakeholders, other domestic competent authorities or foreign counterparts on the exchange or 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 from any undue political, government or industry influence or interference, which might compromise its operational independence.





Financial Investigation and Analysis Division (FIAD)

The key mandate for this division is to receive and analyse reports to identify proceeds of crime, money laundering, financing of terrorism and financing of proliferation of weapons of mass destruction.

The FIA provides that the following must be reported to FIC:

- Suspicious Transaction and Activity Reports,
- All International Electronic Funds Transfers,
- Domestic Electronic Funds Transfers of N\$100,000 and above,
- Large Cash Transaction Threshold Reports exceeding N\$100,000, and
- Cross Border Movement of Cash and Bearer Negotiable Instrument Threshold Reports (travellers must declare the import or export of all cash, regardless of currency, equivalent to N\$100,000 and above).

The FIC receives Requests for Information from:

- foreign counterparts,
- domestic law enforcement and partner agencies, and
- public entities to conduct necessary due diligence on, amongst others, proposed foreign direct investment into Namibia.

Each year, the FIC disseminates numerous actionable intelligence reports to its stakeholders for use in investigations, prosecutions, tax collections as well as preservation and forfeiture of proceeds of crime. **The division does not investigate criminal cases.**

Law Enforcement Agency and Prosecutorial Support Stream (LEAPS)

To ensure that intelligence disseminated by the division drives impact, the division created this new stream of work, with its main objective to deliver a rapid response to matters relating to serious & high-profile financial crimes. The input from this division is aimed at:

- Disrupting High-Profile Serious Financial Crime, ML/TF/PF, in line with National Priorities,
- Conducting timely, targeted analysis that produces actionable intelligence which enables the initiation/ supplementing of High-Profile Serious Financial Crimes investigations/prosecutions,
- Contributing actionable intelligence disclosures ready for conversion into evidence,
- Responding to all identified Requests for Information / Domestic & International,
- Effectively supporting active investigations,
- Participating on the Integrated Investigative Task Force Platform & Multi-Agency Investigative/ Analysis Projects to facilitate investigation and Prosecutions, and
- Contributing to increased revenue collection for the state and curbing financial losses to government and other victims off financial crime

The Director -

- Ensures the implementation of measures to enhance timeous and actionable information exchange with other FIUs, LEAs and Private Sector,
- Ensures implementation of measures that drives impact of intelligence disclosures, and
- Facilitates 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.



Legal, Policy and Enforcement Division

The Legal, Policy and Enforcement Division is responsible for administering the FIA, including drafting legislative amendments when necessary. The division is responsible for stakeholder relationships and engages with regional and international AML/CFT inter-governmental bodies in compliance with the FIC's and the country's international obligations. The Division further provides strategic policy recommendations to the AML/CFTP Council, including improvements to the national AML/CFT/CPF Policy, Legislative and Implementation framework. It provides in-house legal advice and secretariat support to both the AML/CFTP Council and the FIA Appeal Board.

The Director's engagements with this Division are aimed towards –

- ensuring alignment of the national AML/CFT/CPF Policy, Legislative and Implementation framework with international AML/CFT/CPF obligations, standards and best practices;
- enhancing awareness by, amongst others, conducting capacity building and awareness sessions with relevant AML/CFT/CPF stakeholders;
- availing legal advice and interpretation on the FIA to AML/CFT/CPF stakeholders and other identified stakeholders; and
- taking decisive, measured and proportionate enforcement action to address identified non-compliance with AML/CFT/CPF legislation.

Compliance Monitoring and Supervision Division

The division is responsible for overseeing supervision and compliance with the FIA. This division co-ordinates the framework that ensures effective and efficient oversight by supervisory bodies and the FIC. The division conducts inspections, both on its own and in support of supervisory bodies, to determine the level of compliance with the FIC Act. It monitors and gives guidance to accountable and reporting institutions, supervisory bodies and others regarding FIC Act obligations. It also manages a registration system for accountable and reporting institutions.

Strategic Focus of this Division ensures that:

- compliance monitoring and supervision activities impact compliance and reporting behaviour of the FIA regulated populace with focus on effective ML/TF/PF risk mitigation, the quality and quantity of reports reaching FIC; and
- the necessary referrals and engagements for administrative enforcement action are effective and commensurate to national ML/TF/PF exposure.

The Director –

Ensures that the Division fulfils its mandate of:

- enhancing ML/TF/PF risk mitigation,
- enhance overall FIA compliance behaviour,
- availing supervisory support to other FIC divisions, and
- continuously updating the national AML/CFT/CPF Risk and Threat Assessment.



Compliance Monitoring and Supervision Division

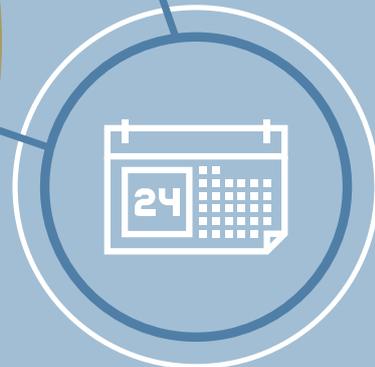
Compliance Monitoring and Supervision Division (CMASD) is tasked with availing strategic intelligence products to stakeholders such as policy makers, law enforcement and supervised institutions on the nature and extent of ML/TF/PF activities posing threats to the financial system and the economy.

Strategic Analytical Products, amongst others, highlight:

- the spectrum of predicate offences 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 ML/TF/PF purposes;
- how use of the dark web and encryption cloak criminal activities;
- how virtual assets are increasingly used to launder proceeds of crime; and
- how criminal syndicate modus operandi, undermine Namibia's economy, financial integrity, infrastructure and institutions through their criminal actions.

The Director's engagements with this Division are aimed at 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.





**FIC OPERATIONAL ACHIEVEMENTS
DURING THE PERIOD UNDER REVIEW**



**PART
B**





THE YEAR 2021/2022 IN REVIEW AT A GLANCE



The 2020 National AML/CFT/CPF Risk Assessment and Action Plan was **approved by Cabinet**

THE ESAAMLG Mutual Evaluation of Namibia continues – **First On-Site Assessment**

1,199 (STRs and SARs) FIA reporting types.

Disseminated a total of **411** intelligence products to domestic and international stakeholders.

Value of potential proceeds of crime potential proceeds of crime still under investigation by Law Enforcement Authorities and other competent authorities.

N\$6,8 BILLION

Establishment of Law Enforcement Agency and Prosecutorial Support Stream in the FIC

67 Compliance Assessments conducted.

112 AML/CFT/CPF Awareness Sessions conducted

9 National Law Enforcement workshops conducted for **230 participants**

239 new Accountable Institutions registered.

4 FIA Enforcement Actions taken

4 Forewarning and Strategic Analyses reports issued.

Compliance Monitoring and Supervision Division

The Compliance Monitoring and Supervision Division's primary function is to gain reasonable assurance that accountable and reporting institutions, as identified in the FIA, have implemented controls to minimise identified ML/TF/PF risks. The ultimate purpose of internal controls is the detection and reporting of Suspicious Transaction and Activities reports to the FIC.

Since the commencement of the FIC's compliance monitoring and supervision activities in 2012, there have always been over (two thousand) 2,000 AIs and RIs under its supervision. However, all such institutions are required to be subjected to the necessary supervisory activities as per FIA requirements. Therefore, in order for the Division to gain such assurance, the FIC employs a Risk Based Approach (RBA) to supervision, which allows the FIC to direct the utilization of its limited resources prudently given the vast regulated populace country wide.

Key to understanding risks and the effective implementation of the RBA lies in the Sectoral Risk Assessments and the National Risk Assessment activities conducted by the Division, which are carried out every 3 to 5 years. The 2020 NRA and its Implementation Action Plan has since been approved by Cabinet and was published in September 2021. The 2020 NRA confirms the 2015/16 NRA findings which called for the inclusion of Non-Profit Organizations (NPOs) and Customs Clearing and Forwarding Agents (CCFAs) in the AML/CFT/CPF supervisory regime. The inclusion of these two sectors in the FIA supervisory framework in 2019 resulted in the addition of these sectors to the Division's 3 Year Supervisory and Assessment Plan which commenced in

2020. Additionally, the 2020 NRA findings also confirmed the emergence of proceeds generating crimes relating to online gambling, Pyramid Schemes and Virtual Assets. FIC's monitoring and supervisory activities aimed at mitigating such identified ML/TF risks included the addition of Virtual Asset Service Providers (VASPs) to the AML/CFT/CPF framework in 2021.

Namibia's AML/CFT/CPF Mutual Evaluation exercise which commenced in 2020 is still on going and pending finalization. The division actively took part in this exercise and assisted with provision of responses to both the First and Second Draft Report.

Performance Record of the Compliance Division

Registrations of new institutions

Different supervisory activities conducted on the FIA regulated sectors, during the period under review included creating awareness around AML/CFT/CPF obligations, and encouraging FIA regulated institutions to register with the FIC as per the FIA. This was mainly conducted through, targeted regional stakeholder visits, etc.

It is essential that institutions identified by the FIA as falling under the supervisory coverage of the FIC ensure registration with the FIC. This enhances the ease with which the FIC can reach and duly supervise such institutions. The total number of institutions registered in the period under review is two hundred and thirty-nine (239). The total number of registered institutions therefore stood at two thousand four hundred and ninety-four (2494) as at 31 March 2022 (see Table 1 below).

Table 1: Supervisory coverage in terms of compliance assessments of supervised institutions as at 31 March 2022

Sector	Total registered March 2020/2021	Total registered March 2020/2021	Risk Rating	Total assessments March 2020/2021	Total assessments March 2020/2021	Percentage coverage March 2020/2021	Percentage coverage March 2020/2021	Percentage coverage Difference
Accountants and Auditors	83	85	L	8	8	10%	9%	0%
Limited Authority	13	13	H	12	12	92%	92%	0%
Asset Management and Unit Trust Companies	58	61	H	-	-	-	-	-
Auctioneers	22	22	L	20	20	91%	136%	45%
Banks	12	12	H	19	19	158%	200%	42%
Casinos	5	5	M	5	5	100%	200%	100%
Customs Clearing and Forwarding Agencies	177	212	M	7	7	4%	7%	3%
Dealers in Precious Metals and Stones	9	12	L	7	7	78%	92%	14%
Insurance/Investment Brokers	36	36	M	-	-	-	-	-



Legal Practitioners	250	277	H	171	183	68%	66%	-2%
Lending Institutions	9	9	M	11	13	122%	144%	22%
Long Term Insurance Service Providers	24	24	M	-	-	-	-	-
Microlenders	362	367	L	-	-	-	-	-
Money and Value Transfers Service Providers	7	7	L	3	3	43%	43%	0%
Motor Vehicle Dealers	110	113	M	82	90	75%	80%	5%
Societies	29	45	H	0	0	0%	0%	0%
Pension Fund Administrators	3	3	L	-	-	-	-	-
Private Equity Firms	8	8	M	-	-	-	-	-
Real Estate Agencies	958	1092	M	122	135	13%	12%	0%
Short Term Insurance Service Providers	17	17	L	-	-	-	-	-
Stock Brokers	4	4	M	-	-	-	-	-
Stock Exchange Service Providers	1	1	L	-	-	-	-	-
Supervisory and Regulatory Bodies	4	4	L	0		0%	0%	0%
Trust and Company Service Providers	41	46	L	3	3	7%	7%	-1%
Others	17	19	M	0	0	0%	0%	0%
Total	2255	2494		498	537			

FIA Awareness Raising and Training activities

Table 1 above also indicates that targeted monitoring and supervisory activities of the Division continue to increase supervisory coverage across all sectors, products and services through extensive outreach programs in the regions. Such awareness and training engagements are core activities of the Division and will continue alongside other supervisory activities to ensure a tailored supervisory approach is crafted and implemented for these sectors. Table 2 below presents statistics on training, awareness and outreach related activities in the period.

Table 2: Statistics on training, awareness and outreach related activities

Year	Month	Number of training and awareness activities	
2021	April	0	
	May	1	
	June	3	
	July	7	
	August	7	
	September	14	
	October	2	
	November	4	
	December	0	
	2022	January	71
		February	0
		March	3
Total		112	



FIA Compliance Assessments

Onsite and Offsite Compliance Assessments are a significant supervisory activity undertaken by the Division. These activities are aimed at gauging the level of institutions' ML/TF/PF risk management and thus compliance with the FIA. The purpose of such assessments is to allow the Division to understand compliance levels in institutions and take measures to ensure corrective interventions are employed to enhance effectiveness, where necessary.

During the period under review, supervisory activities such as offsite assessments, which are often less intensive

were conducted on medium-to-low risk institutions and sectors. The FIC also uses this type of assessment for targeted assurance activities when the need arises.

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. The Division conducted twenty-six (26) on-site and Forty-two (42) off-site assessment activities in the reporting period. (See tables below).

Table 3: FIA Onsite Compliance Assessment coverage for the period ending 2022

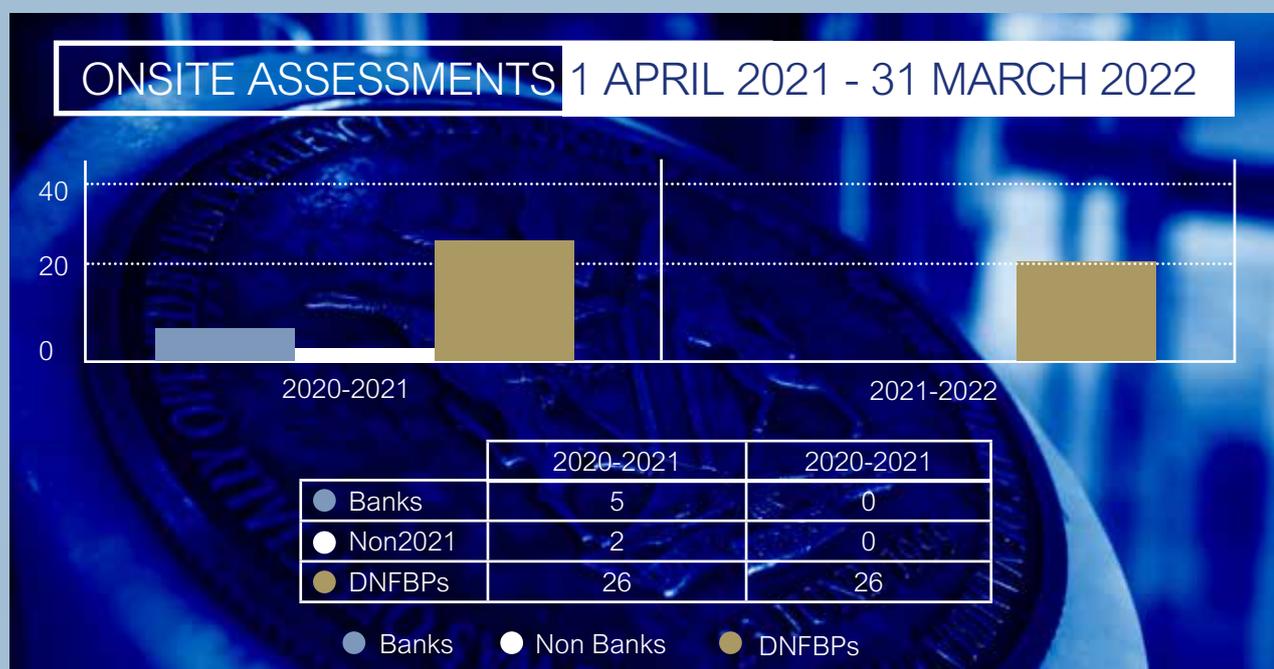
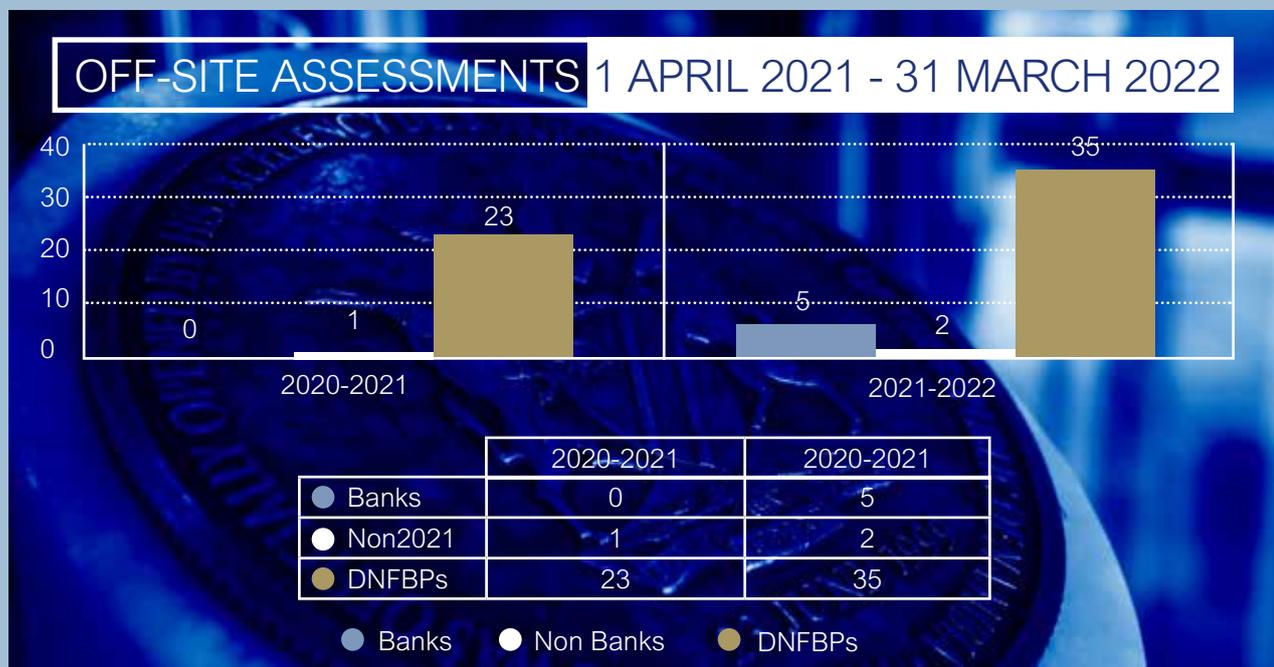


Table 4: Off-site Compliance Assessment activities for the period ending 31 March 2022.





Supervisory Oversight and Stakeholder Engagements

NAMFISA is the only other supervisory body tasked with ensuring compliance with the FIA. The FIC works with NAMFISA to ensure sectors under the latter’s supervision are accorded effective supervision. In furtherance of this, the Division’s continued engagements entailed periodic supervisory meetings and report reviews in the reporting period. Also, key stakeholders such as the Bankers’ Association of Namibia (BAN) could not be engaged regularly due to COVID-19 related disruptions, but engagements nonetheless occurred to address industry compliance concerns. In the reporting period, the Division expanded these sectoral reviews and had similar engagements with other sectors including Auctioneers, Casino operators, ADLAs, NPOs, CCFAs etc., to advance FIA compliance.

Financial Investigations and Analysis Division (FIAD)

The division receives, collects, and analyzes data by looking at transactional and non-transactional information, in order to determine proceeds of crime, money laundering, financing of terrorism or financing of proliferation of weapons of mass destruction, and provides intelligence on same to Law Enforcement Agencies for investigation. In addition, the division receives information requests from various competent authorities, law enforcement agencies, and foreign Financial Intelligence Units to assist in investigation and prosecutions locally and internationally.

Improving Service Delivery

To ensure that the intelligence disseminated drives impact and adds value, the FIC has extended its scope of service delivery and started with offering targeted support to law enforcement agencies and the Prosecutorial Authority, by establishing the Law Enforcement Agency & Prosecutorial Support (LEAPS) stream of work. The main objective of this steam is to deliver rapid response to matters relating to serious & high-profile financial crimes. The success of this adding this stream of work is evident in the disruption of crime and income generation for the state, highlighted below.

Furthermore, it is worth noting that the FIC embarked on a digital transformation and automation journey to streamline and improve its internal processes for faster service delivery. The aim is to eventually, among other things, gather information that automatically feeds into the FIC’s database, facilitating automatic report prioritization, fast collection of information and linking of various reports and information relevant to a single case.

The FIC also recognizes the importance of the private sector in effectively combating financial crime. Various Accountable and Reporting Institutions were crucial in the successes reported below.

Highlights: The Centre’s intelligence assisted law enforcement investigations. Disruption of crime and income generation for Government:



Four hundred and eleven (411) intelligence disclosures (combination of spontaneous disclosures, responses to requests for information to domestic and international Law Enforcement Agencies and Foreign FIUs) were issued by The Centre during the review period. This is a decrease of 5.5 % from four hundred and thirty-five (435) in 2020/2021.



The centre issued six (6) FIC Section 42 Intervention **(involving 62 accounts)** valued at **N\$4.7 million** indicating proceeds of criminal activities were issued during the review period.



Successful preservation of funds totaling **N\$10.1million**, which includes **N\$9.4 million** in cash and one movable property (vehicle) valued at about **N\$670 000** in matters relating to fraud, theft, and money laundering were made.



Successful forfeitures of cash valued at about **N\$988 000**.



Due to FIC disclosures, Taxes Assessed were about **N\$177 million** and Tax recoveries **N\$17 million**, for the review period.



The FIC contributed intelligence preceding and during the investigations leading to indictments in May and December 2021 relating to at least two cases currently before the High Court. FIC issued twenty-nine (30) intelligence disclosures between 2019-2022 to four (4) Law Enforcement Agencies and the Office of the Prosecutor General who coordinated and cooperated in these matters. The intelligence demonstrated successful domestic co-operation and coordination between the FIC, Law Enforcement Agencies and the Prosecutor General. The work of the FIC facilitated identification of proceeds of crime, caused issuance of section 42 interventions, and regulatory restrictions. It resulted in Preservation Orders obtained in the High Court. Involving cash amounts and movable assets of over N\$16 million, and a further N\$12 million under regulatory restriction in these cases.

CASE 1

Involved two (2) subjects and six entities (6). The Prosecutor General arraigned them in the High Court on various charges ranging from:

- > Counts 1-300 Fraud Alternatively Theft by False Pretenses
- > Count 301 Money Laundering
- > Count 302 Racketeering
- > Count 303 Conducting Business while not authorized, Alternatively, conducting a Ponzi Scheme
- > Count 304 Fraud (Tax Evasion)
- > Count 305 Failure to pay tax
- > Count 306 Fraud (Tax Evasion)
- > Count 307 Failure to pay tax
- > Count 308 Fraud (Tax Evasion)
- > Count 309 Failure to pay tax
- > Count 310 Fraud (Tax Evasion)
- > Count 311 Failure to pay tax
- > Count 312 Fraud (Tax Evasion)
- > Count 313 Failure to pay tax
- > Count 314 Fraud Alternatively Theft by False pretenses

CASE 2

Involved a subject and an entity. The Prosecutor General arraigned them in the High Court on various charges ranging from:

- > Counts 1-123 Fraud Alternatively Theft by False Pretenses
- > Count 124 Money Laundering
- > Count 125 Racketeering
- > Count 126 Conducting Business while not authorized,
- > Count 127 conducting a Ponzi Scheme
- > Count 128 Fraud (Tax Evasion)
- > Count 129 Failure to pay tax
- > Count 130 Fraud (Tax Evasion)
- > Count 131 Failure to pay tax

CASE 3

Involved one subject and an entity. As a result of an FIC disclosure the subject's six (6) bank accounts were frozen by the regulator. The case related to the contravention of the Banking Institutions Act, 2 of 1998 as amended. Upon freezing of the accounts, the subject submitted an urgent application to the High Court to have the freezing order set aside, which application were unsuccessful.

Further enhancement of Stakeholder coordination and cooperation efforts as well as consumption of FIC intelligence products:



To drive impact The Centre provided intelligence in relation to **89** active domestic and international investigations.



Training inventions conducted were **9 regional workshops** with **230 participants** from competent authorities, resulting in **83 reporting persons** registered as new stakeholders from Law Enforcement Agencies.



During the review period, **9** meetings sessions with **85** participants were held with the various Nampol Division/Units visited in the Zambezi, Kavango East, Kavango West, Oshana, Ohangwena, and Omusati regions.



Incoming Reports

The Centre receives various reports (STRs, SARs, CTRs, EFTs, IFTs, CBMCRs, and AIFs) from the FIA regulated populace, which are analyzed to identify proceeds of crime, involving Money Laundering and Terrorist Financing and Proliferation Activities.

The intelligence is then transmitted to relevant local and foreign law enforcement agencies for further investigation if there are indicators of financial crime or proceeds of crime.

Moreover, the Centre contributes to enhanced local and international cooperation by, among other things, providing financial intelligence, aiding the investigative process, prosecution, and criminal asset forfeiture relating to financial crimes of counterpart institutions.

Suspicious Transaction Reports (STRs)

STRs play a vital role in combating money laundering and terrorist financing because they can initiate an investigation into criminal activity and assist in unravelling the financial trail associated with that activity.

In 2021/2022, the overall number of STRs submitted with The Centre reduced by 37% to 1003. This is from 1585, which was filed in the previous financial year.

Table 5: Number of STRs per source type

Source of STR	2022	2021
Accounting firms	0	3
ADLAS	93	111
Asset Management Banking	4	22
Banking	829	1391
Government ministries	0	1
Internally generated	6	2
Law Enforcement	1	0
Legal practitioners	27	11
Lending	0	1
Long Term Insurance	4	8
Motor vehicle dealers	5	9
Pension Fund Administrators	15	8
Public members	1	4
Real Estate Agencies	2	4
Short-Term Insurance	1	1
Stockbroker	1	1
Supervisory authorities	0	1
Unit Trust Schemes	14	7
Total	1003	1585

These reports are made up of structured data and unstructured data (e.g., amount and entities involved in the transactions).

When suspicious transactions and/or activities related to ML/TF and PF are discovered, Accountable Institutions (AIs), Reporting Institutions (RIs), and members of the public submit STRs to the FIC. As shown in Graph 1, the Centre continued to receive STRs in 2021/2022.

Graph 1: STR reporting



The Centre reduced by 37% to 1003. This is from 1585, which was filed in the previous financial year.

The banking industry, which filed 829 STRs during the study period compared to 1391 in 2020/2021, is primarily responsible for the decrease in STRs filed (table 4).

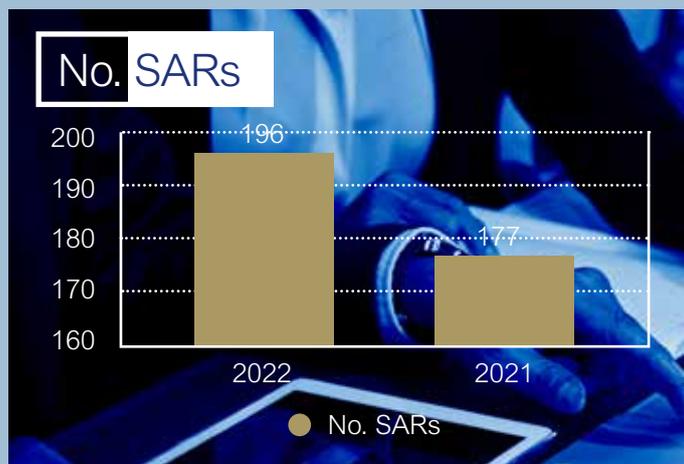
Subsequent was the ADLAs sector, which filed a total of 93 reports, a 16.2 % decline from the 111 reports made in the previous financial year. Other Designated Non-Financial Businesses and Professions dropped over the same period.

In contrast, an increase can be seen in reporting of Legal practitioners, Unit trust schemes, and Pension fund Administrators during 2021/2022 compared to 2020/2021 financial year.

Suspicious Activities Reports (SARs)

SARs are reports that discloses observed questionable or suspicious behaviour and activities.

There is a 10.7% increase of 196 in total SARs filed in 2021/2022 from 177 filed in the 2020/2021 financial year (graph 2).

Graph 2: SAR reporting

The number of reports from the banking industry increased by 32.8 % to 158 in 2021/2022, up from 119 in the previous fiscal year. On the other hand, SARs from public members decreased by 64.7% to 6 reports in the review period from 17 reports recorded in 2020/2021 (Table 5).

Overall, the banking sector continue to dominate the total reporting of SARs, contributing to 81% reports filed in 2021/2022 and 67% in 2020/2021. DNFBPs filed 19% of reports filed in 2021/2022.

Table 5: Number of SARs per source type

Source of SAR	2022	2021
Accounting firms	0	-
ADLAS	0	4
Asset management	3	3
Auctioneers	0	-
Banking	158	119
Casinos/gambling house	1	1
Central Government	0	1
Courier and Customs Clearing	1	-
Dealers in Precious Metal and Stone	0	-
Foreign FIUs	1	1
Government Ministries	1	4
Insurance/Investment Brokers	1	-
Internally generated	1	4
Law Enforcement Agency	1	1
Legal practitioners	2	5
Lending	0	-
Life Insurance Broker/Agent	0	-
Long Term Insurance	2	6
Public Prosecutor	0	1
Micro Lenders	0	1
Money and Value transfers (MVTs)	0	1
Motor vehicle dealers	1	-
Public members	6	17
Real estate Agencies/Agent	11	3
Short-Term Insurance	3	2
Stockbroker	2	1
Supervisory authorities	1	4
Trust and Loan Company	0	-
Unit Trust Schemes	0	-
Total	196	177

The number of reports from the banking industry increased by 32.8 % to 158 in 2021/2022, up from 119 in the previous fiscal year. On the other hand, SARs from public members decreased by 64.7% to 6 reports in the review period from 17 reports recorded in 2020/2021 (Table 5).

Overall, the banking sector continue to dominate the total reporting of SARs, contributing to 81% reports filed in 2021/2022 and 67% in 2020/2021. DNFBPs filed 19% of reports filed in 2021/2022.

Threshold Reports: Cash Transaction reports (CTRs), Electronic Funds Transfer (EFTs), International funds Transfers (IFTs) & Cross Border Movement of Cash Reports (CBMCRs)

Reporting Entities (REs) must file Threshold Reports with the Centre, when they conduct cash transactions or wire transfers that exceed the prescribed threshold limit. These reports provide us with additional data sources for intelligence output.



Table 6 shows an overall 40.7% decrease in CTRs reporting recorded in 2021/2022 from 13 774 in 2020/2021 to 8 173 recorded in 2021/2022. As in prior years, the banking industry is the largest contributor, accounting for 69.5% of CTRs in 2021/2022.

Table 6: Total CTR Reports received

Year	2021			2022		
	No. of CTR	No. of Transactions	Amount(N\$)	No. of CTR	No. of Transactions	Amount(N\$)
ADLAS	135	135	25,207,854	113	113	20170506
Asset management	1	1	187,964	8	8	7,591,197
Auctioneers	193	193	52,357,245	231	231	55,694,887
Banking	5,677	53,806	10,805,585,984	12424	51241	10,398,746,009
Casino/ gambling house	1,979	3,189	184,046,367	814	1921	120,989,195
Insurance / Investment Broker	0	0	-	1	1	200,000
Legal practitioners	78	94	73,112,165	112	144	1,201,388,350
Lending	6	6	868,500	25	25	3,752,939
Local Authorities		0	-	-	-	-
Life Insurance Broker/Agent		0	-	-	-	-
Long term Insurance	6	6	1,480,637	5	5	5,411,582
Micro Lender	12	12	1,658,926	2	2	200,000
Motor Vehicle Dealership	80	81	14,084,469	33	34	6,679,950
Money and Value transfers (MVTs)		0	-	-	-	-
Real Estate Agencies/ Agent	0	0	-	2	2	1,316,200
Short-Term Insurance	3	3	2,219,636	3	3	1,905,243
Stockbroker	1	1	100,000	1	1	100,000
Trust and Loan Companies	0	0	-	-	-	-
Unit Trust Schemes	2	2	260,000	-	-	-
Wholesaler and Retailers	0	0	-	-	-	-
Total	8,173	57,529	11,161,169,747	13 774	53 731	11,824,146,058

Table 7: Total EFT Reports received (Value and Number of Transactions)

Year	2021			2022		
	No. of EFT	No. of Transactions	Amount(N\$)	No. of CTR	No. of Transactions	Amount(N\$)
ADLAS	23	23	5,250,768	5	5	765,126
Auctioneers	1	1	207,753	1	1	100,000
Banking	53363	1,142,105	1,722,275,912,901	70 092	70 092	495,436,868,723
Casino/ gambling house	1	1	167,600	235	235	3,145,909,234
Legal practitioners	178	187	317,843,323	1	1	602,000
Long term Insurance	0	-	-	1	1	980,000
Motor vehicle lender	235	236	37,110,846	153	153	24,685,648
Micro lender	395	396	40,641,339	-	567	567
Total	54,196	1,142,949	1,722,677,134,530	70 488	71 055	498,609,910,731

Table 7 shows a decrease in the number of EFTs of 54 196 reported in 2021/2022 when compared to the 70 488 reported in 2020/2021. Again, the banking sector dominates the filing of EFTs, accounting for 98% of reports received.

Reporting Industries who did not submit EFTs in 2021/2022 and 2020/2021 are listed below:

- Accountants
- Money and value transmitters (MVTs)
- Real estate
- Trust and loan companies
- Unit trust schemes

Table 8: Total IFT Reports received, Number and Value of Transactions

Source of IFTs	2022			2021		
	No. of IFT	No. of Transactions	Amount(N\$)	No. IFT	No. of Transactions	Amount (N\$)
ADLAS	15,354	207,309	794,432,838	57,210	526,722	2,206,875,366
Banking	61,756	2,307,281	255,307,840,875	36,665	973,277	151,060,667,037
Total	77,110	2,514,590	256,102,273,713	93,875	1,499,999	153,267,542,403

Table 8 above summarises the total number of IFT transactions filed and the amount involved during the period under review. During the period under review, a total of 77 110 IFTs involving an amount of about N\$256 trillion were received. This indicates a decrease of 1.1% when compared to a total of 93 875 IFTs received during 2020/2021.



IFTs were not received from the following industries:

- Accountants,
- Auctioneers,
- Casino/gambling house
- Legal practitioners
- Long term Insurance,
- Money and Value transfers (MVTs)
- Motor vehicle dealers,
- Trust and Loan Companies and
- Unit Trust Schemes.

Table 9: Cross Border Movement of Cash Reports (CBMCRs) received

Year	2021/2022	2020/2021
Number of Reports	37	1

There has been a significant increase in CBMCRs reported to 37 in 2021/2022, when compared to 1 report in 2020/2021.

Additional Information Files (AIFs)

Als and RIs also send AIFs to the FIC. These reports enabled the FIC to identify additional data sources to improve intelligence production.

Table 10: Additional Information Reports (AIFs) received

Year	2021/2022	2020/2021
AIFs received	738	960

Table 10 shows the total number of AIFs received during 2020/2021 and 2021/2022. There has been a 23% decrease in AIFs reported in 2021/2022. 960 AIFs were recorded in 2020/2021 compared to the 737 recorded in 2021/2022.

Spontaneous Disclosures (SDs) trend analysis per year

There has been a decrease of 10.4% in Intelligence Reports shared with domestic Law Enforcement agencies and Foreign Intelligence Units, showing a decline to 300 reported in 2021/2022 compares to 335 recorded in 2020/2021 (**Table 11**). These reports were referred for further investigation, as well as probable freezing, preservation, and seizure of alleged ill-gotten gains.

**Table 11: Spontaneous Disclosures (SDs) trend analysis per year**

Year	2021/2022	2020/2021
Anti-Corruption Commission	6	32
NamRa	166	155
Namibian Police Force	75	53
Office of the Prosecutor General	11	34
Other LEAs	38	57
Foreign FIUs	4	4
Total	300	335

Requests for financial intelligence received from domestic & foreign Law Enforcement Agencies

Over the years, there has been an increase in demand for FIC intelligence products by local LEAs and Foreign FIUs.

The FIC remains dedicated to coordinating and cooperating with various local and international law enforcement agencies involved in combating financial crime. During the period, the FIC received 158 requests for information from domestic and foreign FIUs

Table 12: Requests for Information

Year	2021/2022	2020/2021
Domestic	146	76
Foreign FIU	4	4
Total	158	80

The above **Table 12** shows a significant rise of 97.5% in requests for information received by the FIC, from 80 in 2020/2021 to 158 in 2021/2022.

Request for Information (RtRFIs) trend analysis per year

Table 13 shows an increase in responses to request from domestic law enforcement agencies and foreign financial intelligence units. The number of reports for 2021/2022 is 111 whilst 2020/2021 was only 100.

Table 13: Responses to request for information

Year	2021/2022	2020/2021
Domestic	103	96
Foreign FIU	8	4
Total	111	100

Request for Information sent to foreign FIUs.

There has been a decline of 66% in Foreign Financial Intelligence Units requests to 6 requests in 2021/2022, from 18 recorded 2020/2021. Requests to foreign FIUs are issued as and when the need arises.

**Table 14: Requests to foreign FIUs**

Year	2021/2022	2020/2021
Requests to foreign FIUs	6	18

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 or Reporting Institutions not to carrying out transactions in respect of funds under suspicion for a period of 12 working days.

Table 15: Number and Value of FIC Section 42 Interventions Filed

	2021/2022	2020/2021
Number	6	18
Estimated Value (N\$ Millions)	4,7	7,3
Number of Bank accounts Involved	62	22

When necessary, bank account restrictions are imposed by the Centre. During the review period, six (6) interventions orders were filed, resulting in the restrictions of 62 accounts. This represents a decrease in number of interventions, though an increase in the number of accounts restricted.

Outcomes linked to FIC disclosures

The FIC shared 300 **Spontaneous Disclosures and 111 Responses to requests for information** with various domestic and foreign law enforcement agencies. These, however, are 24 less disseminations than those recorded in 2020/2021.

Top five underlying predicate offenses analysed by the Centre include:



Tax related offenses



Fraud



Illegal deposit taking/Ponzi schemes



Scams (impersonation of bank officials, identity theft, change of banking details etc.)



Corruption



The Centre contributed to N\$177 million (tax assessments) and N\$17 million (tax collection) during the 2021/2022 financial year (see Table 16). These was a result of tax investigations conducted by the Namibia Revenue Authority) on individuals and businesses.

Table 16: Tax assessment raised, and tax collected

Year	No. Assessments	Assessment raised (N\$ Millions)	Tax Collected (N\$ Millions)
2021/2022	113	177	17
2020/2021	6	12,6	0,050

Value of proceeds of crime preserved/forfeited/restraint/recovered aided by FIC intelligence contributions during the review period.

Table 17: Preservation orders in High Court (POCA Chapter 6 PART 2)

	2021/2022	2020/2021
Number of Preservation orders In High Court (POCA Chapter 6 PART 2)	6	2
Number of bank accounts Involved	13	14
Estimated value of cash (preservation) N\$ Million	9.4	17,7
Number of movable properties (vehicles)	1	8
Estimated value of immovable property (vehicles) N\$ Million	0,670	2
Total (N\$ Millions)	10.1	19,7

Table 18: Forfeiture orders in High Court (POCA Chapter 6 PART 3)

	2021/2022	2020/2021
Number of forfeiture orders in High Court (POCA Chapter 6 PART 3)	2	3
Number of bank accounts Involved	2	6
Estimated value of cash (forfeited to state) N\$ Millions	0,988	0,938
Number of immovable properties	0	4
Estimated value immovable properties N\$ Millions	0	3,5
Money/Funds to Victim N\$ Millions	0	2,4
Number of movable properties (vehicles)	0	3
Estimated value of movable properties (vehicles) N\$ Millions	0	0,890
Total (N\$ Millions)	0,988	7.7



Strategic Analysis Division (SAD)

The Strategic Analysis Division (SAD) is tasked with availing strategic intelligence products to stakeholders such as policymakers, law enforcement agencies and supervised institutions on the nature and extent of ML/TF/PF activities posing threats to the financial system and economy. SAD identifies emerging characteristics, trends and typologies employed in the advancement of funding or laundering activities both domestically and internationally. Outputs of the SAD enabled the FIC, throughout the financial year, to publish a range of strategic analytical products, inclusive of a range of guidance papers designed to equip AML/CFT/CPF stakeholders and businesses with the knowledge to identify patterns of criminal behavior and how to protect themselves from criminal exploitation. Overall, SAD outputs complement FIC's regulatory education and outreach activities, tailored to each industry sector. Highlights for the year under review include publication of the following:

- 12x Monthly ML/TF/PF Statistical Reports were published on the FIC website;
- 4x Quarterly ML/TF/PF Statistical Reports were published on the FIC website;
- 14x Trends & Typology / similar type of reports that highlight noted ML/TF/PF indicators;
- 4x Forewarning reports on prevailing crimes



1.2 SAMPLED CASE STUDIES

The FIC observed that in Money Laundering activities, perpetrators continue to explore and find new methods of hiding or concealing the illicit origins of the funds they launder. It is therefore crucial that accountable and reporting institutions constantly conduct risk assessments on their products, services, and customers, in order to enable a proactive approach to combatting ML/TF/PF threats. The below are sampled case studies to help understand certain common or notable trends from reports analyzed.



Case Study 1: Potential corruption and bribery

The FIC analysed a report on Politically Exposed Persons (PEPs) possibly reflecting potential corrupt behaviour. It appears that some years ago, **Person-A** who was a minister at that time and **Person-H**, a businessperson may have instructed **Person-C** from **Legal Practitioner-TG** (Firm) to assist them with channelling funds to certain interest including election campaigns of a certain party and other supposed interests of government.

Due to the fact that **Person-A** was a high-ranking office bearer in the government and **Person-H** being a known and established businessman, the law firm apparently bona fide accepted instructions henceforth. It is claimed that at the time, the **Legal practitioner-TG** had no reason to be suspicious of the instructions and/or motives of both **Person-A** and **Person-H**. It is further purported that, as a result of the sensitivity of the matter, **Person-A** and **Person-H** allegedly advised **Person-C** that the project should always be kept confidential and anonymous. In advancement of such confidentiality, **Person-A** and **Person-H** allegedly instructed **Person-C** to register and establish a company. It is further noted that **Person-C** was a sole signatory on account held at Commercial **Bank-T** for this newly established company. By so doing, the actual beneficial owners of the company were hidden from banking and other institutions

On the face of it, at all relevant times thereto, **Person-C** was the only director and held shares in **Company-TY (Pty) Ltd** as a nominee for **Person-A** and **Person-H**. This was apparently done to further ensure anonymity of the two and keep the process confidential. Over time, numerous large "donations" in the form of EFTs were made into the law firm's trust account from **Company-X and W** subsidiaries whose parent/holding company is based in a foreign country, for the purposes as mentioned above. The total credits received during the period under review in the trust account for the benefit of **Company-TY (Pty) Ltd** exceeded NAD 70 million and distributions were made by the **Legal Practitioner-TG** thereafter to various individuals and entities on apparent instructions of **Person-A** and **Person-H**.

All funds paid into the account of such **Company-TY (Pty) Ltd** emanated from a government entity involved in one of the major extractive industries. **The Company-TY (Pty) Ltd** is registered for income tax however, it has declared a nil return since it was established. Additionally, transfers to various entities and individuals who have benefited from such funds shows that such beneficiaries did not declare such benefit to the Receiver of Revenue for tax purpose.

Report source type	STR
Key	Namibian nationals
Perpetrators/Involved	Individuals/Namibian and entities
Involved sector	Banking and Legal Practitioners
Key risk controls	Amongst others, poor payment authorization and verification controls; failure to reconcile bank beneficiary accounts. Failure to detect questionable bank transactional behavior which conflicted nature of supposed business activities. Law firm failed to detect structured business arrangements to undermine beneficial ownership identification.
Designated services	Personal and business bank accounts
Instrumental used	EFTs, banks accounts, trust accounts etc.
Offence	Possible corruption and bribery.

Red flags

-  a PEP and businessman instructed a individual from Legal Practitioner to establish and register a business on their behalf;
-  involved subjects requested such business to be kept strictly confidential and anonymous;
-  the person who established the entity was the only sole director and sole shareholder, for all intends and purposes relating to its transacting behavior;
-  frequent large deposits (EFTs) not in line with the account profile;
-  notable deposits with a common payment description/reference made into the bank account by various individuals and entities;
-  the account is fairly new and received significant funds in no time;
-  large electronic fund transfers subsequent to fund deposit;
-  bank account transactions not consistent with profile of the business;
-  the business is registered for income tax, however, it has declared a nil return since it was established; and the entities and individuals who have benefited from such funds did not declare income to the Receiver of Revenue for tax purposes.



Case Study 2: Card Cloning

The Centre received several reports of card cloning through fake tourist bookings. The perpetrators were in possession of cloned credit card details belonging to various individuals in foreign jurisdictions. The perpetrators claiming to be a booking agent for the tourist's advanced booking intentions with the targeted Namibian lodge.

Lodge-Y is a Namibian registered enterprise, whose main business activities include the provision of Lodging and camping facilities. The lodge received the booking requests from the alleged booking agent (perpetrators) from overseas. The lodge then complied and honour the booking requests as well as initiate necessary charges by processing the cloned credit card information provided for tour and accommodation purposes. Upon successful receipt, the perpetrators cancel the booking and request to be refunded. However, the perpetrators request that the refunds are then transferred back to another recipient account instead of the accounts that made the initial payments.

This scam cost the used commercial bank over NAD3 million as a result of making unauthorized payments from the bank account of actual cardholders. As most of the funds were paid and immediately transferred from jurisdictions to jurisdictions in an effort to frustrate any tracking efforts.

Report source type	STR
Perpetrators/Involved	Individuals and entities
Involved sector	Banking
Key risk controls	Poor customer due diligence controls; failure to reconcile transacting behavior to account beneficiary/owner.
Designated services	Bank account
Instrumental used	Electronic Fund transfers, Point of Sale (PoS) and Bank Accounts
Offence	Fraud

Red flags

-  Spontaneous disclosure of a list of credit card information by a third party;
-  Immediate booking cancellation upon processing of the information;
-  Request to refund the funds to a different account from the one that made the payment;

1.2 FOREWARNING REPORTS:

Forewarning reports are generally issued by the FIC to help raise public awareness on emerging financial scams to which the public may be vulnerable. The SAD usually studies both local and international trends to understand areas on which the public may require awareness. During the year under review, the following forewarning reports were issued:

- **Crowdfunding scams:** Scammers around the world are using sophisticated methods to scam members of the public through crowdfunding scams. The scammers ask for a certain amount of money from numerous potential investors or those wanting to donate to worthy social or welfare causes. They promise rewards to investors, which can be in the form of products, services or shares in an entity. However, when the scammers receive the investors' money, they do not produce any product, nor support any project, or offer any reward in return. They take the proceeds for themselves.
- **Non-fungible tokens (NFTs) Scams:** An NFT transforms a digital work of art and other collectibles into a one-of-a-kind, verifiable digital asset that can be traded on the NFT market or NFT blockchain technology. They are a safe way for artists to be paid adequately. There is no middleman, the artists' have complete control over how or when and at what price they wish to sell their artwork. However, there are plenty of scams associated with them.
- **Tax-related Scams:** Criminals are aware that filing tax returns may be complicated to some. It has been observed that taxpayers unwilling to personally file returns resort to working through third parties. They are therefore more vulnerable to scammers who could trick them into sharing their confidential personal and financial information.



- **Smishing Scams:** The use of mobiles telecommunications devices has grown immensely. Cell phones are quite handy in communications and other functionalities. In recent years, cell phones are increasingly being used to process financial transactions. Despite such benefits, cell phone services are sadly also exposed to abuse to advance financial crimes. The FIC has worryingly observed an increasing trend in these

Some reports which avail detailed information on the above are published on the FIC website, under the “Public Awareness” section

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/CFP 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;
- avails legal advise 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/CDF legislation.

During the year under review, a lion’s share of this division’s time was dedicated to the mammoth task of preparing all national stakeholders for the onsite assessment by the ESAAMLG Mutual Evaluation Assessors, facilitating the actual onsite assessment activities and coordinating the responses to the First and Second Draft Mutual Evaluation Reports.

The below highlights and statistics reflect the Division’s attainment of objectives for the year of 2021/2022. The Division:

- 1) Continued to attend to the establishment of the first FIA Ad Hoc Appeal Board as envisaged in the FIA and Appeal Board Regulations. As Secretariat to the Appeal Board, the Division was responsible for the following:
 - facilitated the appointment of a new appeal board member;
 - assisted the Appeal Board Chairperson with the administration of three (3) Appeal Board Meetings;
 - attended to all correspondence, received and dispatched of all pleadings, filed and recorded all records related to 10 x appeals lodged in terms of the FIA;
 - commenced preparation for the processing of the first round of appeals on the agenda.

- 2) Issued -
 - a. 1 x Directive for Deregistration of Trusts in Non-Compliance with FIA; and
 - b. 1 x Circular on High Risk and Non-Cooperative Jurisdictions
- 3) Finalised the administrative process in 2 x matters involving the seizure of cash - failure to declare cross border movement of cash and bearer negotiable instruments in terms of section 36 of FIA,
- 4) Ensured that the National AML/CFT/CPF Policy and Strategy framework was enhanced with the 2020 NRA results and further revised for submission to the AML/CFTP Council and Cabinet for approval;
- 5) Participated in Eastern and Southern African Anti Money Laundering Group (ESAAMLG) Review Group A, Working Groups and Task Force Meetings held in April/May 2021 and August 2021 – served as Chairperson of Review Group A which leads progress reviews in respect of Eswatini, Ethiopia, Malawi, Mozambique and Seychelles in addressing deficiencies in their respective national AML/CFT/CPF frameworks;
- 6) Participated in the ESAAMLG Beneficial Ownership Toolkit Project;
- 7) Presided over the Technical Committee established to facilitate private sector access to relevant databases administered by the Minister of Home Affairs, Immigration, Safety and Security for purposes of identification verification (CDD) as required by international ML/TF/PF standards. The Division rendered assistance to the Technical Committee with respect to the following activities:
 - Provided inputs into the development of the Civil and Registration Identification Bill which, once promulgated, will enable private sector access to the extent necessary for the verification of identification against the relevant databases administered by the MoHAISS;
 - Supporting the activities of the Sub-Committee in the acquisition and testing of a systems prototype for systems and data integration;
 - Served as the Secretariat to the Committee, by tracking progress of activities and reporting back on activities to the Steering Committee, consisting of the Governor of the Bank of Namibia and Executive Director of MoHAISS



- 8) Served as Secretariat to the Technical Committee established for formulation of a National Policy Position on Enabling Legislative Environment on the Licensing, Regulation and AML/CFT/CPF Regulation of Virtual Assets and Virtual Asset Service Providers;
- 9) Held a Consultative Workshop in collaboration with the Business and Intellectual Property Authority with private sector stakeholders to discuss and provide input to the FATF on revision of international standards on Beneficial Ownership; and
- 10) Held important consultations with various stakeholders as per the below Table 22.

Table 22: Important Stakeholder Consultations

SECTOR	SCOPE
Law Enforcement Agencies; Ministerial Agencies; Supervisory Authorities Regulatory Authorities; Private Sector entities including banking institutions, insurers, asset managers, microlenders, legal practitioners, real estate agents, accountants and auditors, MVTs; Self-Regulatory Bodies; Master of the High Court; Business and Intellectual Property Authority	FATF/ESAAMLG Mutual Evaluation
Tax Authorities	Challenges experienced by Customs at Border Posts related to Cross Border Declarations
Ministry of Home Affairs, Immigration, Safety & Security	Integration of systems for access to databases
African Peer Review Mechanism	Democratic, Political Governance; Economic Governance and Management; Socio Economic Governance; Corporate Governance
BIPA, TCSPs	Revision on FATF Beneficial Ownership Requirements
Regulated Entity	Exemption Application
Regulated Entity	EFT Reporting Requirements
Various Stakeholders	Unlocking Financial Inclusion

Facilitation of the ESAAMLG/FATF Mutual Evaluation

Technical Compliance Annexure

- The Division attended to the collection and review of all input from various national stakeholders to ESAAMLG First Draft Technical Compliance Annex, before compiling the final report and submitting same to ESAAMLG on 09 April 2021;

On-Site Visit by ESAAMLG Assessment Team

- As representative of the lead coordinating agency of the Mutual Evaluation of Namibia, the Division served as Chairperson of the National Focal Committee and attended to the preparation of stakeholders for the On-Site Assessment by the ESAAMLG Assessment Team. This exercise involved:
 - Issuing formal communiques to all relevant stakeholders to inform them of the On-Site Visit and request for the nomination of representatives;
 - Drafting preparatory materials and circulation thereof;
 - Facilitating 37 x in-depth preparatory sessions in anticipation of the On-Site Visit, which included comprehensive presentations and practical information;

- Facilitating meetings with the National Focal Committee at regular intervals to track progress on preparatory activities;
- Working closely with the ESAAMLG Assessment team in the finalisation of the On-Site Program;
- Attending to all logistical arrangements for interview meetings between the Assessors, high-level officials, law enforcement agencies, private sector, supervisory authorities, regulatory and licensing bodies, ministerial agencies and NPOs during the 3-week visit in September/October 2021;
- Serving as central coordinator for requests of information from Assessors and submission of same between Assessors and National Authorities;
- Participating in interviews with Assessment team for the evaluation of relevant areas of the AML/CFT/CPF Framework, such as the assessment of the requirements related to Supervision, Cross Border Cash Declaration Regime, UNSCR Sanctions Regime and Enforcement.

First Draft Mutual Evaluation Report (MER)

- In formulating the country inputs to the First Draft Mutual Evaluation Report, the Division undertook the following:
 - held 22 x consultative workshops with all relevant stakeholders and facilitated in depth discussions to solicit comprehensive inputs from stakeholders on applicable chapters of the report;
 - coordinated the submission of inputs and reviewed all submissions for completeness, accuracy, quality and consistency;
 - attended to the consolidation of all submissions once received; and
 - submitted consolidated inputs and supporting documents to the ESAAMLG on the assigned due date.

Enforcement Action Taken

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. Below, the table indicates the sector, non-compliance and the sanction imposed by the Committee.

Sector	Non-Compliance	Sanction Imposed
Real Estate Agent	Non-Compliance with sections 24, 33, 34, 39(1), (3), (4), (5), (8) of the FIA	Issued a Caution in terms of section 56(3)(a) of FIA
Real Estate Agent	Non-Compliance with sections 24, 39(1), (5), (8) of FIA	Issued a Caution in terms of section 56(3)(a) of FIA
Motor Vehicle Dealer	Non-compliance with sections 21, 23, 24, 26, 27, 32, 33, 39 (3), (4), (5) (8) and 63 of the FIA.	10 Million of which 9 Million is suspended for a period of 24 months
Banking Institution	Non-Compliance with Sections 9, 21, 22, 23, 24 and 26 of the FIA	N\$ 6 million, of which N\$ 2 million is suspended for 2 years



FACILITATION OF THE ESAAMLG/FATF MUTUAL EVALUATION

I. Introduction

As alluded to in the themed chapter of the FIC's 2019/2020 and the 2020/2021 Annual Reports, Namibia is currently undergoing her second ESAAMLG/FATF mutual evaluation, which started with a desk review in August 2020 was to be followed by an on-site assessment in June 2021; but was postponed due to a surge in Covid-19 infections in country. The on-site assessment took place during the last week of September and first two weeks in October 2021.

Money Laundering, Terrorism Financing and the Financing of Proliferation of Weapons of Mass Destruction (ML/TF/PF) continuously pose risks and threats to the international financial system, peace, stability and democracy.

Namibia has since early 2000 joined the global fight against ML/TF/PF by developing an operational national Anti-Money Laundering, Combatting the Financing of Terrorism and Proliferation (AML/CFT/CPF) policy, legislative and framework (the national framework).

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

The FATF has been recognised by the UN and UNSC to ensure effective compliance by Members States with 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 and FATF Style Regional Bodies, like ESAAMLG conducts 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.

III. Past & Future FATF/ESAAMLG Mutual Evaluation Assessments of Namibia

During 2005 Namibia 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 an AML and other laws and rolled out an implementation framework necessary to effectively implement the newly promulgated laws.

Due to slow progress in implementation of international AML/CFT standards Namibia was 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. Namibia exited the rigorous process in early 2015.

IV. Preparing for Namibia's 2020/2021 FATF/ESAAMLG Mutual Evaluation

As at the time of publication of this report the Mutual Evaluation (ME) process progressed considerably, and the first on-site assessment took place during which the ESAAMLG Assessors conducted interviews with various national stakeholders in order to determine the effectiveness of the Namibian AML/CFT/CPF framework.

ME Activities during the period under review:

- A) In-depth preparatory sessions in anticipation of the on-site assessment, which included comprehensive presentations and practical information;
- B) Submission of the ESAAMLG First Draft Technical Compliance Annex – April 2021;
- C) On-Site Assessment – 27 September to 15 October 2021 Submission of the ESAAMLG Technical Compliance Questionnaire – August 2020;
- D) Submission of comprehensive responses to the First Draft ME Report – February 2022.

ME activities still to be finalised:

- E) Submission of comprehensive responses to the Second and Third Draft ME Reports;
- F) Second on-site assessment – June 2022;
- G) Determination of priority issues on the ME Report and Executive Summary with the Assessment Team – August 2022;



- H) Discussion and adoption of ME Report at the ESAAMLG Task Force of Senior Officials and Council of Ministers Meetings – August/September 2022; and
- I) ME Report published on ESAAMLG & FATF website within 3 to 5 weeks, once the Assessment Team has reviewed same taking into account additional comments raised in Plenary, and the country confirms that the report is accurate and/or advises of any consistency, typographical or similar errors in the MER.

The above is for noting by both the public and private sector to continue availing the necessary cooperation and assistance to the National Focal Committee, thereby ensuring that Namibia attains the best possible ratings in the mutual evaluation.



**ANNUAL FINANCIAL STATEMENTS
AS AT 31 MARCH 2022**

**PART
C**





Financial Intelligence Centre (Registration number 2011/123)

Annual Financial Statements for the year ended 31 March 2022

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	J. !Gawaxab (Chairperson) P. Noa (Deputy Chairperson) O. M. Imalwa S.H Ndeitunga J. Kandjeke E. Angula S. Limbo K. Matomola F. Brandt M. Murorua E. Maritz S. Haihambo J. Kaupitua
Business address	71 Robert Mugabe Avenue Windhoek Namibia
Postal address	P O Box 2882 Windhoek Namibia
Auditors	Grand Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)



Financial Intelligence Centre (Registration number 2011/123)

Annual Financial Statements for the year ended 31 March 2022

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Financial Intelligence Centre (Registration number 2011/123)

Annual Financial Statements for the year ended 31 March 2022

Council's Responsibilities and Approval

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 2023 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.

J. !Gawaxab
Windhoek 30 June 2022

P. Noa



Financial Intelligence Centre (Registration number 2011/123)

Annual Financial Statements for the year ended 31 March 2022

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Council of the Financial Intelligence Centre

Opinion

We have audited the annual financial statements of Financial Intelligence Centre set out on pages 63 to 71, which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, the statement of changes in equity for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies and the Councils' report.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Financial Intelligence Centre at 31 March 2022, and its financial performance for the year then ended in accordance with the basis of accounting described in note 1.

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 Statement section of our report. We are independent of the of the Financial Intelligence Centre in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable in performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Councils are responsible for the other information. The other information does not include the annual financial statements and our auditor's report thereon.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 Councils for the Annual Financial Statements

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



Financial Intelligence Centre (Registration number 2011/123)

Annual Financial Statements for the year ended 31 March 2022

Independent Auditor's Report

In preparing the annual financial statements, the Councils are 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 Councils 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 Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual 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 annual 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 Councils.
- Conclude on the appropriateness of the Councils' 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 annual 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's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Financial Intelligence Centre (Registration number 2011/123)

Annual Financial Statements for the year ended 31 March 2022

Independent Auditor's Report

We communicate with the Councils 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. We also provide the Councils with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Grand Namibia

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: P NGHIPANDULWA (Partner)
Windhoek

30 June 2022



Financial Intelligence Centre (Registration number 2011/123)

Annual Financial Statements for the year ended 31 March 2022

Council's Report

The Council has pleasure in submitting this report on the annual financial statements of Financial Intelligence Centre for the year ended 31 March 2022.

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. Surplus of The Centre for the year 2022 is N\$ 5,091,726 (2021: N\$ 6 051 511). The accumulated surplus as at 31 March 2022 amounted to N\$ 22,750,071 (2021: Surplus N\$ 17 658 345).

The Surplus is as a result of the following:

- (a) invested funds amounting to N\$11,964,910 emanating from funds donated to the FIC in 2019/20 by the Asset Recovery Fund established under the Prevention of Organized Crime Act, 2004 as amended, to complement the shortage of funds allocated by Parliament.
- (b) Surplus funds of 2020/21 and 2021/22 financial years amounting to N\$6,051,511 and N\$4,733,650 (excluding interest on investment) respectively.

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

J. !Gawaxab (Chairperson)
P. Noa (Deputy Chairperson)
O. M. Imalwa
S.H Ndeitunga
J. Kandjeke
E. Angula
S. Limbo
K. Matomola
F. Brandt
M. Murorua
E. Maritz
S. Haihambo
J. Kaupitua

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.



Financial Intelligence Centre (Registration number 2011/123)

Annual Financial Statements for the year ended 31 March 2022

Council's Report (continued)

4. The Centre's Governance

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

H.E. Dr. H.G. Geingob has appointed the FIC Director, Ms. Leonie Dunn, as the second Deputy Governor in terms of the Bank of Namibia Act, 2020 (Act 1 of 2020). This appointment takes effect on 01 January 2022. The Anti-Money Laundering and Combatting the Financing of Terrorist and Proliferation Council has decided to appoint Mr. Gerrit Eiman as Acting Director of FIC, effective 01 January 2022, until such time a substantive Director is appointed.

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.

6. Going concern

The accumulated surplus as at 31 March 2022 amounted to N\$ 22,750,071 (2021: N\$ 17 658 345).

The financial statements have been prepared on a going concern basis.



Financial Intelligence Centre
(Registration number 2011/123)

Annual Financial Statements for the year ended 31 March 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022 N\$	2021 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	2	1,472,861	888,224
Intangible Assets	3	-	12,691
Current Assets			
Investments	4	11,964,910	-
Receivable from Bank of Namibia	9	11,970,172	21,268,117
Other Receivables	11	411,102	7,680
Total Assets		25,819,045	22,176,712
Equity and Liabilities			
Equity			
Accumulated Surplus/(Deficit)		22,750,071	17,658,345
Total Equity		22,750,071	17,658,345
Liabilities			
Current liabilities			
Employee Provisions	8	2,749,653	2,327,964
Audit Fees Provisions		109,573	104,571
Other Trade Payables	10	209,748	2,085,832
Total Liabilities		3,068,974	4,518,367
Total Equity Liabilities		25,819,045	22,176,712



Financial Intelligence Centre (Registration number 2011/123)

Annual Financial Statements for the year ended 31 March 2022

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 N\$	2021 N\$
Grant received	5	39,000,000	39,000,000
Operating expenses	7	(34,269,518)	(30,848,489)
Operating Surplus	6	4,730,482	6,051,511
Investment Revenue	4	361,244	-
Surplus for the year		5,091,726	6,051,511
Other comprehensive income		-	-
Total Comprehensive Surplus for the year		5,091,726	6,051,511



Financial Intelligence Centre

(Registration number 2011/123)

Annual Financial Statements for the year ended 31 March 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Accumulated profit/(loss) account	Total
	N\$	N\$
Opening balance at 1 April 2020	11,606,834	11,606,834
Surplus for the year	6,051,511	6,051,511
Balance at 31 March 2021	17,658,345	17,658,345
Surplus for the year	5,091,726	5,091,726
Balance at 31 March 2022	22,750,071	22,750,071



Financial Intelligence Centre (Registration number 2011/123)

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

1. Accounting Policies

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. The useful lives of the assets are as follows:

Computer hardware	2 – 6 years
Motor vehicles	4 years
Furniture, fittings, and equipment	1-20 years

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.

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.



Financial Intelligence Centre

(Registration number 2011/123)

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

1.4 Revenue Recognition

Government Grant

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.

Investment income

Interest is recognised, in profit or loss, using the effective interest rate method.

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.

Appeal Fees

Appeal Fees are payable and recognised in terms of Regulation 35A(1)(b) of the amended Financial Intelligence Act Regulations under the Financial Intelligence Act, 2012. These fees are due upon date of lodging the notice of appeal.

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.



Financial Intelligence Centre (Registration number 2011/123)

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

2. Property, Plant and Equipment

	Motor Vehicles	Furniture & Fixtures	Equipment & Fittings	Computer Hardware	Minor Assets	Total
	N\$	N\$	N\$	N\$	N\$	N\$
2022						
Cost						
At 1 April 2021	-	464,157	469,254	1,249,710	3,569	2,186,690
Additions	676,520	-	12,796	238,288	-	927,604
At 31 March 2022	676,520	464,157	482,050	1,487,998	3,569	3,114,295
Accumulated depreciation						
At 1 April 2021	-	379,256	167,340	748,301	3,569	1,298,466
Depreciation	463	30,021	61,214	251,269	-	342,968
At 31 March 2022	463	409,277	228,554	999,570	3,569	1,641,434
Carrying value						
At 1 April 2021	-	84,901	301,914	501,409	-	888,224
At 31 March 2022	676,057	54,880	253,496	488,428	-	1,472,861
2021						
Cost						
At 1 April 2020	-	400,737	169,513	748,293	354	1,318,897
Additions	-	63,420	299,741	501,417	3,215	867,793
At 31 March 2021	-	464,157	469,254	1,249,710	3,569	2,186,690
Accumulated depreciation						
At 1 April 2020	-	319,357	165,918	746,623	354	1,232,252
Depreciation	-	59,899	1,422	1,678	3,215	66,214
At 31 March 2021	-	379,255	167,340	748,301	3,569	1,298,466
Carrying value						
At 1 April 2020	-	81,380	3,594	1,670	-	86,645
At 31 March 2021	-	84,901	301,914	501,409	-	888,224



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Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

3. Intangible Assets – Computer Software

	Computer software N\$	Computer software N\$
2022		
Cost		
At 1 April 2021	1,511,000	1,511,000
At 31 March 2022	1,511,000	1,511,000
Accumulated depreciation		
At 1 April 2021	1,487,998	1,487,998
Amortisation	12,691	12,691
At 31 March 2022	1,511,000	1,511,000
Carrying value		
At 1 April 2021	12,691	12,691
At 31 March 2022	-1,511,000	-
2021		
Cost		
At 1 April 2020	1,511,000	1,511,000
At 31 March 2021	1,511,000	1,511,000
Accumulated depreciation		
At 1 April 2020	1,456,211	1,456,211
Amortisation	42,098	42,098
At 31 March 2021	1,498,309	1,498,309
Carrying value		
At 1 April 2020	54,789	54,789
At 31 March 2021	12,691	12,691
4. Investments		
	2022 N\$	2022 N\$
Rand Currency Investments		
SARB - CPD	603,666	-
Investment Revenue	288,422	-
Money Market Instruments	11,000,000	-
Investment Revenue	72,822	-
Total Investments	11,964,910	-

Surplus funds from 2020 were invested to enable financial reserves to be built for the FIC to buffer the organization against future operational funding shortages.

Funds were invested with the Bank of Namibia's Corporation for Public Deposits (CPD) account at the South African Reserve Bank to enable the Fund to earn interest at a low risk. As from February 2022, majority of Funds are invested in Money Market Instruments.



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Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2021 N\$	2022 N\$
5. Grant received		
Ministry of Finance	<u>39,000,000</u>	<u>36,900,000</u>
6. Operating surplus		

Operating surplus for the year is stated after accounting for the following:

Depreciation	355,659	108,312
Employee costs	26,823,717	26,823,717

Employee costs for 2022 includes employee bonuses and leave pay provision movement of N\$421 688 (2021: N\$432 248).

7. **Operating Expenses**

Advertising & Recruitment	106,295	300,811
Audit Fees	114,576	81,176
Compliance & Inspection Expense	313,571	409,587
Computer Consultancy & Development costs	3,280,198	698,886
Computer Maintenance	323,289	590,058
Conferences Hosted	565,650	348,991
Consultants Fees	588,850	-
Depreciation	355,659	108,313
Directors Fees	38,500	45,500
Employee Costs	26,761,137	26,823,717
Entertainment Expenses	5,573	3,830
Equipment Rental	134,696	152,197
Financial Investigations	371,906	205,672
Legal Costs	533,821	499,029
Loss on Foreign Exchange	1,231	497
Membership Fees	95,664	98,661
Miscellaneous Expenditure	660	5,605
Organisational development	-	700
Printing & Publications	118,165	255,172
Staff Training	62,560	50,388
Stationery	10,645	58,855
Staff expenses	29,211	30,498
Subscription	9,915	-
Telephone & Telex Expenses	140,038	57,230
Travel, Subsistence & Accommodation	307,708	23,116
	<u>34,269,518</u>	<u>30,848,489</u>



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Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

8. Employee Provisions

	2021 N\$	2022 N\$
Provision for Bonuses	56,980	38,129
Provision for Leave Pay	2,692, 673	2,289,835
	2,749,653	2,327,964

9. Receivable from Bank of Namibia

	11,970,172	21,268,117
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The receivable from Bank of Namibia was determined after taking into account all the grants received and expenditures incurred by FIC for the year ended 31 March 2022.

10. Other Trade Payables

Other payables	125,804	1,455,874
Trade payables	33,944	629,958
Appeal Fees	50,000	-
	209,748	2,085,832

11. Other receivables

Repayments	403,944	-
Staff Debtors	7,680	7,680
	411,102	7,680

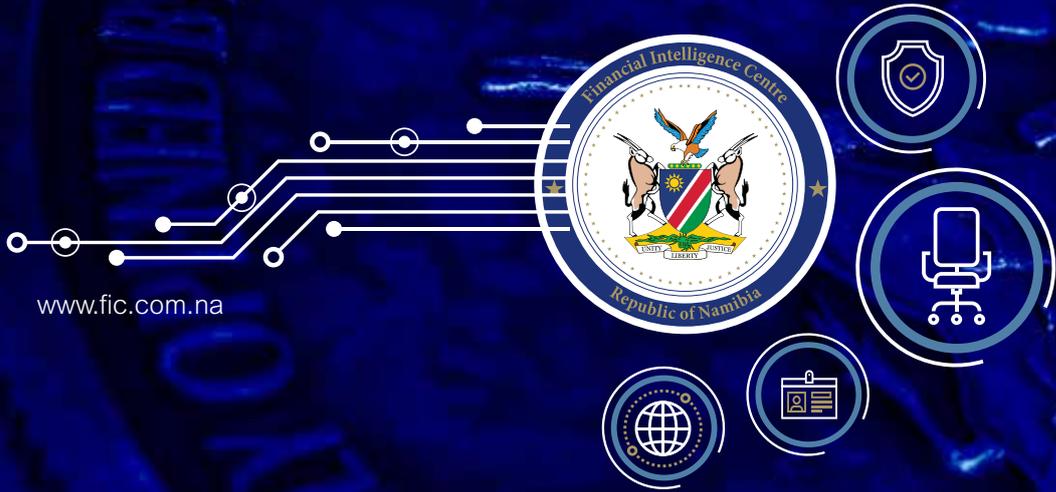
12. Statement of Cash flows

No statement of cash flows was prepared as the Centre does not have a bank account.

13. Going Concern

The accumulated surplus as at 31 March 2022 amounted to N\$ 22,750,071 (2021: N\$ 17 658 345).

The annual financial statements are 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.



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