

FIC ANNUAL REPORT 2020 2021





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ABBREVIATIONS

ACC	Anti-Corruption Commission
AML/CFT/CPF	Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation
AML/CFT/CPF Council	Anti-Money Laundering and Combating 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
PACOTPAA	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

The Financial Intelligence Centre (FIC) Annual Report 2020/2021

This is the FIC's Annual Report and Financial Statements for the financial year ended 31 March 2021, prepared pursuant to section 15 of the Financial Intelligence Act, 2012 (Act No. 13 of 2012) (FIA) as amended.

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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 Combating the Financing of Terrorist and Proliferation activities regulator); and
- Combating (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 Combating 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.

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 has 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.

The FIC is in the process of appointing an internal audit staff member, to deliver on the internal audit function.

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.



A close-up photograph of a man with a beard, wearing a dark blue suit jacket, a light blue dress shirt, and a red patterned tie. He is adjusting the knot of his tie with both hands.

COUNCIL MEMBERS



THE COUNCIL MEMBERS



Johannes !Gawaxab
Chairperson



Paulus Noa
Vice Chairperson



E Shafuda
Member



G. Pickering
Member



J. Kandjeke
Member



E. Kali
Member



K. Matomola
Member



Insp. Gen. SH Ndeitunga
Member



E. Angula
Member



S Haihambo
Member



N Shilongo
Member



E Maritz
Member



Adv. O.M Imalwa
Member

H.E Dr Sam Nujoma

H.E Dr Hifikepunye Pohamba

3 Decades of Peace and Stability

FORWARD BY THE MINISTER



**FORWARD
BY THE
MINISTER**



Namibia, like many other countries around the world, is bravely fending off the unprecedented onslaught of the COVID 19 pandemic. However, amidst the global crisis, there is still hope and perseverance as was proved recently by our world class female athletes currently breaking national records at international athletics meets, doing Namibia proud.

As was stated by the World Bank in 2020 “The pandemic highlights the urgent need for health and economic policy action, including global cooperation, to cushion its consequences, protect vulnerable populations, and strengthen countries’ capacities to prevent and deal with similar events in the future. It is critically important for emerging market and developing economies, which are particularly vulnerable, to strengthen public health systems, address challenges posed by informality and limited safety nets, and enact reforms to generate strong and sustainable growth once the crisis passes”.

While there will be many challenges ahead on the path to recovery, it remains important for governments to continue with effectively implementing the risk-based international AML/CFT/CPF international standards to ensure that criminals and terrorist do not find new and emerging loopholes in our financial systems to exploit.

During the under review, notwithstanding the impact on health of staff, restrictions on movement and a rapidly evolving digital environment, the FIC remained focused on performing its mandate. As demands on the FIC’s services continue to exert pressure on its existing staff complement, the institution forged ahead in meeting its performance targets and responded swiftly to the emerging risks by issuing forewarning reports and guidance to the regulated populace, domestic partners and other stakeholders.

Amongst other things, the FIC coordinated and finalized the 2020 National AML/CFT/CPF Risk and Threat Assessment in order to hone an updated understanding of the national risk exposure on ML/TF/PF and serious financial crime which impact on the integrity of the national financial system, and to timeously deploy needed action to ensure effective risk mitigation of identified risk activities. The assessment also ensures that Namibia remains fully compliant with applicable UN Conventions and mandatory UN Security Councils as embodied in the Combating ML/TF/PF.

As alluded to in the 2019/2020 annual report, Namibia is currently under her second mutual evaluation by the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG) aimed at assessing the effectiveness of our national AML/CFT/CPF framework. During the period under review, the FIC continued to take the lead in preparing national stakeholders for the mutual evaluation on-site assessment which was scheduled to take place from the end of June 2021, but which unfortunately had to be postponed due to the surge of the COVID-19 virus in country. In preparing for the on-site assessment and to ensure that Namibia does not obtain critically low ratings, the FIC co-chaired a national committee to facilitate access by the regulated populace to the Ministry of Home Affairs, Immigration, Safety and Security database for purposes of verification of identity. They also ensured the establishment of an Integrated Investigative Task Force.

The FIC and the Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Council continues to be reliable valued partners to Government as adviser on ML/TF/PF policy matters.

I would like to thank both the FIC and the AML/CFTP Council for their commendable work in protecting the integrity of the national financial system and serving the Namibian nation.



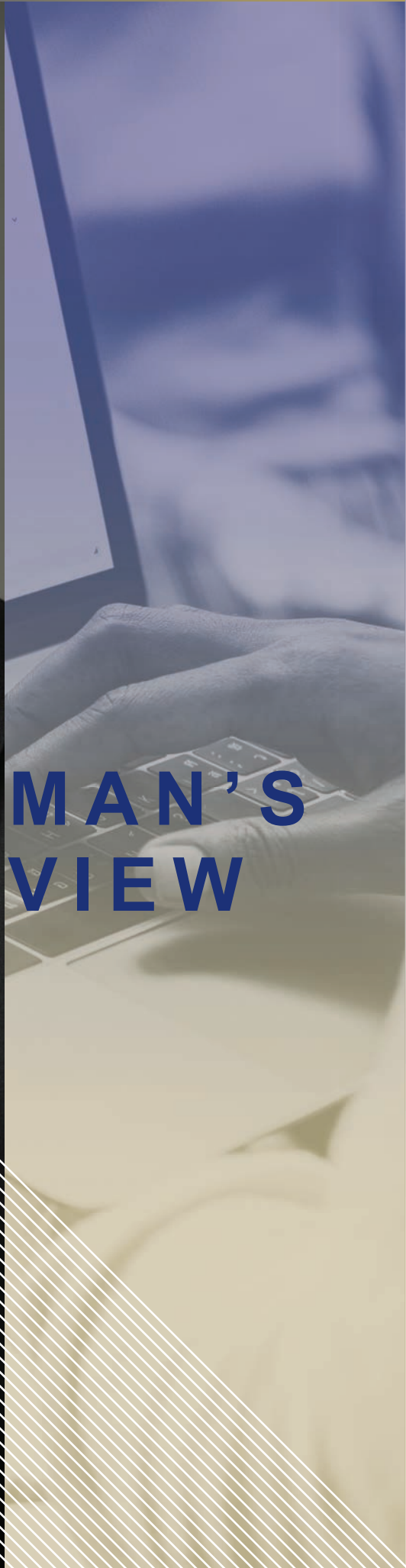
Hon. Ipumbu Shiimi
Minister of Finance



CHAIRMAN'S OVERVIEW



CHAIRMAN'S OVERVIEW



The COVID-19 pandemic continues to have a profound and devastating impact on our society. It has upended how we do business, how we work and how we live. No one has been left unscathed: we have all been affected, and many of us have been infected. Our foundation has been shaken to its core. But our unflinching trust in the Land of the Brave is still alive and well. We have demonstrated in the last year that we are brave people in this southwest corner of Africa through fortitude and sheer tenacity in the face of tragedy. We continue to be resilient and demonstrate that we can pull ourselves back from the edge of any abyss. Our institutions have held firm, and our state architecture has endured the test.

For evidence of this, we do not have to look any further than the mechanism we have put in place to ensure the integrity and security of our financial system. Despite the impact of COVID-19 on our employees' health and the human resource restrictions which are in place, the Financial Intelligence Centre (FIC) has consistently followed through on all reports received, without fear or favour. During the year under review, the FIC issued 435 intelligence disclosures (comprising both spontaneous disclosures and responses to requests from domestic and foreign law enforcement agencies and foreign financial intelligence units), a 26% increase from 2019/2020.

The accountable and reporting institutions, FIC domestic partners and other stakeholders also experienced operational challenges because of COVID-19. However, their ability to engage the FIC was not significantly impaired, as evidenced by a robust output via reports created within the ecosystem. For example, Suspicious Transactions (STR) reporting increased by 36% and Suspicious Activity Reports (SARs) from financial institutions declined by 15.8%, while an increase in such reports from the general public was observed.

Another successfully executed project is the preparatory groundwork for Namibia's mutual evaluation by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), which began with a desk review in August 2020. This will be followed by an on-site evaluation in September 2021 to examine the efficiency of the national Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation (AML/CFT/CPF) framework. Both the National AML/CFT/CPF Self-Evaluation (2019) and Risk Assessment (2020) highlighted significant flaws in the national framework's effectiveness, and I strongly urge all national stakeholders to devote the necessary time and effort to thoroughly prepare for the on-site evaluation. One major takeaway from the experience of COVID-19 is that the traditional way of doing things has changed drastically, and the crisis has hastened and spread the adoption of technology. We have all embraced the benefits

of technology. It is not a question of if the 4th Industrial Revolution will be implemented, but when. As a result, the FIC and FIUs around the world have recognised the need for new technology capable of making AML, CFT, and CPF countermeasures faster, cheaper, and more effective, while also boosting global combating efforts and promoting financial inclusion.

The increased use of digital solutions for AML/CFT/CPF based on robotic process automation, artificial intelligence and its different subsets (machine learning, big data analysis, etc.) can potentially help to better identify ML/TF/PF trends and patterns and risks, and monitor suspicious activity. It can also inform the oversight of regulated entities, thereby helping to improve supervision. The days of extensive use of algorithms to improve the efficiency of the FIC are not far off.

Unfortunately, criminals continue to seize opportunities to adapt their modus operandi and to develop new ways of perpetuating their criminal activities. For instance, the period under review showed a mushrooming of illegal financial schemes and scams. We are resolved to disrupt such activities and close all loopholes available to ensure that the financial system is free from such activities.

Notwithstanding the challenges faced, under the guidance of the Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Council (AML/CFTP Council), the FIC has demonstrated its capability to disrupt money laundering, terrorist financing, proliferation financing and other financial crimes to protect Namibia and her citizens in this challenging period.

I congratulate the FIC staff for their unwavering service to the Namibian nation.



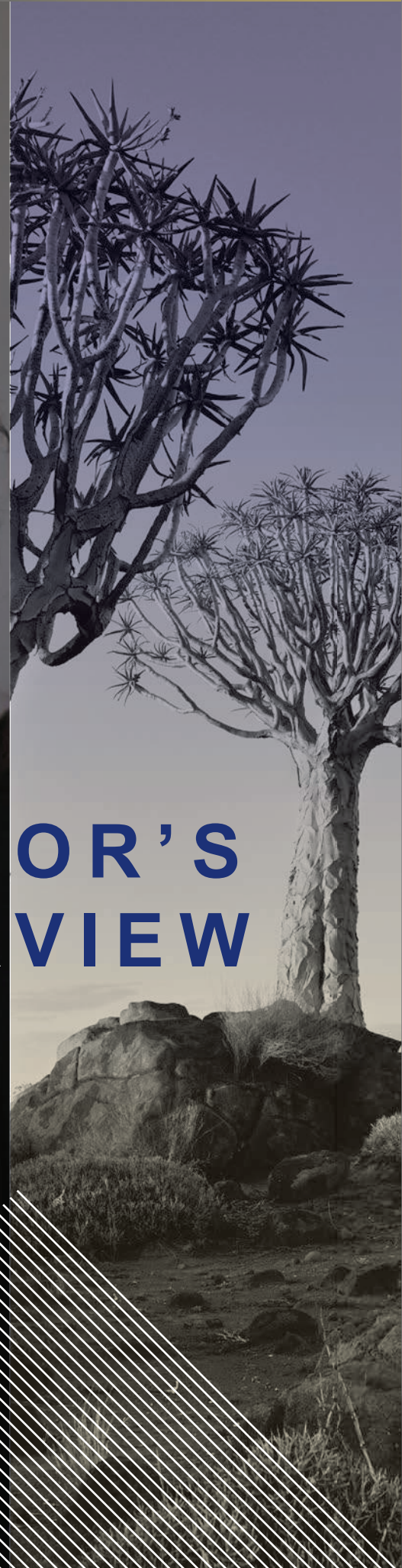
Johannes !Gawaxab

Chairperson: AML/CFTP Council

DIRECTOR'S OVERVIEW



DIRECTOR'S OVERVIEW



As we reflect, digest and react to the outcomes of the 2020/21 financial year, we acknowledge that indeed the Covid-19 Pandemic caused the year under review, to be a year of disruption in unimaginable proportions, affecting all facets of life. We pay tribute to all lives lost and hardships suffered due to Covid-19 and re-commit ourselves in purpose to assist Namibia and her people to prevent and combat all forms financial crime, ML/TF and PF.

Despite all the hardships experienced, I am proud to share with you the achieved results of the Financial Intelligence Centre and her exceptionally brave Team for the 2020/21 financial year.

The Centre, her employees, the public and private AML/CFT/CPF prevention and combating stakeholders, remained steadfast as we weathered the Covid-19 storm and battled its challenges together. Collectively we demonstrated the same level of resilience, determination, and dedication to overcome identified challenges which may otherwise have hampered productivity and negatively impeded desired outcomes.

From March 2020, FIC and most AML/CFT/CPF prevention stakeholders adopted a home-based work model. We recalibrated priorities to deter and combat criminal exploitation of vulnerabilities during the pandemic, and targeted measures to support the regulated populace to remain vigilant off financial crime, ML/TF and PF threats in the pandemic environment. We acknowledge the important work that went into enabling these changes efficiently in such challenging and extraordinary circumstances and recognize the collective effort and resilience of our staff and stakeholders. Our strong relationships were key to our response to the COVID-19 pandemic. At short notice, we were able to re-prioritize our resources to detect and provide indicators of criminal activity that arose during the pandemic. We further closely worked with all AML/CFT/CPF prevention and combating stakeholders to ensure the Namibian Government's response to COVID-19, remains criminally largely unaffected.

During the period under review, FIC continued in receiving and analyzing vital suspicious transaction and suspicious activity reports during the crisis and availed actionable financial intelligence in support of investigation and regulatory objectives of key competent authorities domestically and internationally. In particular, the year in review highlighted that FIC's intelligence products intensified in importance, as criminal entrepreneurs continuously scanned and tested the environment to take advantage of the pandemic amongst others, to further enrich themselves, expand and advance their criminal empires and illicit enterprises.

During the 2020/21 review period, received 1585 suspicious transaction reports and 177 suspicious activity reports from accountable institutions, reporting institutions, internally generated reports, and members of the public. This signifies an increase of 35% reports in 2020 financial year.

Additionally, FIC's intelligence disclosures are further sought in record numbers from key competent authorities domestically and internationally. In this regard, 2020/21 the Centre received 80 voluntary requests for information by key competent authorities domestically and internationally. This represents an increase of 7% from 75 requests received in the 2020 financial year.

Pursuant to incoming reports and requests for information received, FIC issued 435 spontaneous disclosures and responses to requests for information of actionable financial intelligence (2019/20-totalled 344) in support of ongoing investigations or to commence investigations related to Money Laundering, Terrorist Financing and Proliferation Financing and other criminal threats to the integrity of the Namibian financial system, the security of Namibia or her people. This represented an increase of 23.6% intelligence disclosures shared with domestic Law Enforcement agencies, competent authorities, and Foreign Intelligence Units,

Reports received by the Centre from private sector stakeholders and request for information from domestic and international competent authorities, contain information on alleged criminals and criminal activities and are often the starting point for the Centre's analysis and the actionable financial intelligence that we are able to generate and disclose. Appreciative disclosure recipients advised that they will not start a major project-level investigation without seeking FIC's financial intelligence, first.

The Centre in chair capacity, also closely collaborate with strategic public and private sector stakeholders in a public private partnership setup, to initiate and/or support several high-risk project-based public-private sector partnership cases, which continue to produce real, meaningful, and impactful results for Namibia and her people. With targeted case projects, suspicious transaction activity reporting has increased dramatically as have FIC's financial intelligence disclosures in relation to ML linked to corruption, fraud, theft, forgery illicit wildlife trafficking, but to mention a few. Beyond the numbers, we know these projects are helping to protect some of the most vulnerable members of our society.

As Namibia's supra-AML/CFT/CPF regulator, FIC regulates

around 2255 businesses and organisations. FIC makes sure they are complying with their obligations under the Financial Intelligence Act, 2012 as amended. FIC does this to protect them, and the financial sector, from criminal abuse. Accountable and Reporting entities' obligations include identifying and mitigating ML/TF/PF risks, customer identification and verification and reporting financial transactions and suspicious activity to FIC. Our regulatory activities also include:

- identifying new and emerging risks via sectoral and national ML/TF/PF risk assessments;
- identifying and collecting data to generate regulatory insights;
- using regulatory insights and financial intelligence to assess industry vulnerabilities and threats to Namibia's financial sector;
- influencing industry to improve risk identification and management;
- educating entities on risks and compliance to assist them to comply;
- supporting national security and law enforcement operations;
- taking a risk-based approach to how we handle non-compliant reporting entities; and
- taking enforcement action against reporting entities for serious and/or systemic breaches of the Act.

In 2020/21, disruptive technological innovation continued to transform financial systems whilst Covid-19 brought new threats to the regulatory and supervisory regimes that protect financial systems, including that of FIC. The following are among the main challenges facing regulators and supervisors in 2021/22, as economies and markets look to recover from the Covid-created economic emergency of 2020:

- how has Covid-19 impacted the supervision and regulation of financial markets and services?
- how can climate related risks be implemented into the design of regulation?
- what should the regulatory responses be to Virtual Assets, Virtual Asset Service Providers, Central Bank issued Digital Currencies, stable coins and alike?
- how can regulatory authorities effectively support innovation?

More broadly, further disruptive forces are being unleashed

through the introduction of new technologies and climate policies. Combined, these are impacting supervisory and regulatory frameworks in unprecedented ways.

Looking ahead, FIC will continue to increase our proactive enforcement and regulatory activities to deter non-compliance and encourage investment in AML/CFT/CPF compliance by all industry sectors. This will be supported through our continued strengthening of our industry education and outreach, to increase knowledge of financial crime and ML/TF/PF risks across industry as per outcomes of the just completed National AML/CFT/CPF Risk Assessment.

The results that we achieve for Namibia and her people, would not be possible without the dedicated efforts of private AML/CFT/CPF stakeholders across the country. We are committed to working with these stakeholders to ensure that they understand, and are able to comply with, their legal obligations as per the Financial Intelligence Act, 2012 as amended. We are also committed to engaging them transparently and with an open mind as we look to reduce FIA compliance burdens and further strengthen Namibia's financial crime and AML/CFT/CPF prevention program.

Over the past decade, the Centre has built a comprehensive, risk-based compliance program that assists thousands of businesses and ensures that they fulfill their obligations under the Act and associated Regulations. This includes, in recent years, shifting from an audit to a more holistic risk-based assessment approach to ensuring compliance, where the emphasis is on the overall effectiveness of a business's compliance program, including the impact of non-compliance on FIC's ability to carry out our financial intelligence mandate. Our regulatory efforts support Accountable and Reporting Institutions in their compliance and deter deliberate or systemic non-compliance through the exercise of our supervisory and enforcement powers. During the year under review, FIC issued administrative penalties for observed FIA non-compliance and commenced administrative penalty proceedings against other identified FIA non-compliant institutions prior to year-end, which process is ongoing.

With the evolution of our compliance program and dedicated efforts of Namibia's private sector AML/CFT/CPF stakeholders, overall transaction reporting has increased as highlighted above. This reporting is critical to the financial intelligence that we are able to generate for Namibia's ML/TF/PF combating stakeholders and competent authorities. FIC is also leading the way when it comes to regulatory openness and transparency with our extensive outreach and consultation efforts and the publication of various seminal compliance products,

including statistical feedback to the regulated sectors and entities, our Strategic Analyses outcomes and our revised FIA Compliance Methodology. We also published significant new guidance to support the implementation of regulatory compliance.

Virtual Assets and Virtual Asset Service Providers are forcing AML/CFT/CPF regulators such as FIC, BoN and NAMFISA to rethink regulatory methodologies and develop innovative regulatory means which will enhance and not stifle innovation. Cyber threats in turn, brought new dimensions to systemic risk, and digitalization is generating revolutionary platforms for financial crime, ML/TF and PF. Proactive application of advanced technologies like machine learning or digital ledger technology also opens up unprecedented regulatory and supervisory possibilities. RegTech and SupTech offer new tools and frameworks to accelerate risk-based reporting, monitor systemic risk as well as supervise financial institutions based on Big Data. Increasingly, financial services prudential and AML/CFT/CPF regulators globally recognize that in order to make the most of these emerging opportunities, significant change is needed: at methodological, technical and institutional levels and this will remain a major focus for FIC in 2021/22. As a regulator, FIC is forced to have a deeper understanding of:

- how to manage the financial crime risk of climate change and environmental crimes;
- the best way to respond as a regulator to technological disruptions;
- the management of innovation and cyber resilience at a time of remote working, and constant change in emerging standards in effective AML/CFT/CPF and financial regulation.

Internationally, we continue to make extensive contributions to worldwide efforts to prevent and combat financial crime, ML/TF and PF including thousands of financial intelligence disclosures to our foreign counterparts over the past years, contributing to international training and capacity building efforts and supporting multilateral research and the development of trends analysis and strategic financial intelligence products through the Financial Action Task Force the Egmont Group of Financial Intelligence Units and the Eastern and Southern African Anti-Money Laundering Group.

Amongst FIC's key focus areas in 2021/22 will be our ability to manage and leverage data provided from stakeholder to enhance our performance and the value of our intelligence and regulatory efforts. The rapid growth in financial crime, ML/TF/PF fueled by cyber power, requires collecting more detailed information, searching for new

data sources and developing advanced tools to analyze and correlate high-volume, high variety information at the speed of light. As such, FIC's operations will significantly invest in using data analysis and advanced analytics to increase our understanding of compliance and risk across the financial sector; and apply near real-time monitoring to identify and respond to non-compliance. This should enable FIC to respond rapidly and intervene early, preventing further non-compliance and extending our operational reach with existing resources. Our focus will also be to leverage user-friendly and agile technology to minimize the regulatory burden on FIA Accountable and Reporting institutions. Investing in data analysis and advanced analytics should further enable FIC to provide accurate and actionable financial intelligence, generate insights and provide raw data to AML/CFT/CPF prevention and combating stakeholder, in near real-time.

FIC will further cooperate closely with private and public AML/CFT/CPF stakeholders and competent authorities, by sharing data and matching data sets. This will include developing techniques for sharing FIC data with the Namibian Joint Intelligence Task Force and the Integrated Investigative Task Force and counterparts internationally, as well as putting in place collaboration platforms to enhance how we work together. FIC's core focus is being adaptable to meet future technological challenges. Our staff are completely mobile and we are shifting to open-source, component-based platforms and systems to join various data silos, enable faster operational response, greater data access and enhanced sharing capabilities. This will include significant enhancement of our data exploitation capabilities and the transformation of our Reporting Entity Systems.

Ultimately, our people are at the heart of our organization and our success over the past years. FIC staff—past and present—built the Centre from the ground up into an internationally recognized Financial Intelligence Unit and AML/CFT/CPF regulator, central to Namibia's broader financial crime and AML/CFT/CPF regime and critical to the safety of Namibians and security of Namibia's economy. I recognize and thank our knowledgeable and dedicated employees for their hard work and the impressive results that are captured in this annual report. They truly are experts in their field and I feel proud and fortunate to work with such a talented team.

As we weathered the storm of the pandemic last year, all eyes are now set on 2021 — A year of possibilities, a year of revolutionizing the way FIC works and delivers (combining resilience with the power of technology) to assist Namibia and her people in the creation of hope, stability, modernizing the economy and fueling a new future of economic growth. I whole-heartedly believe that 2022 will be a year where new paths are forged with a renewed

DIRECTOR'S OVERVIEW

focus on creating digital-first experiences, enabling AML/CFT/CPF stakeholders to step up, inspire, and lead, creating a new narrative in this period of great uncertainty. Revolutions are rare and technology will be FIC's catalyst for future possibilities and revolutions, creating a new narrative that was unthinkable in the past. FIC's focus will be delivering hyper-personalized services, creating meaningful AML/CFT/CPF stakeholder experiences, and amplifying human capabilities. With the COVID-19 pandemic adding fuel to the proverbial technological disruption fire, FIC remains steadfast on ramping up capabilities, signaling a new wave of innovation, where machines + humans will continue to work collaboratively, to enable disruption of financial crime, ML/TF and PF.

efforts to detect and deter financial crime, ML/TF and PF at a critical and challenging time for both the Centre and Namibia and excitingly look forward to the year ahead. I salute the resilience of Namibia and her people and with my talented staff will do all possible to safeguard the integrity of the Namibian financial system in 2021/22 and in future.



Leonie Dunn
Director

I remain proud of the way FIC has continued its valuable

“

We pay tribute to all lives lost and hardships suffered due to Covid-19 and re-commit ourselves in purpose to assist Namibia and her people to prevent and combat all forms financial crime, ML/TF and PF.

”



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

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

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

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

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

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

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

In lieu of the above, I most humbly opine that this Annual Report adequately and fairly reflects the operations, performance, human resources and financial affairs of the FIC for the financial year ending 31 March 2021.

A stylized, handwritten signature in black ink, appearing to be 'LD' or similar initials.

Leonie Dunn

Director: FIC

30 June 2021

PART A

GETTING
TO KNOW
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 Strategic Plan 2017-2021, is to safeguard and enhance financial stability and building ML/TF/PF resilience in the financial system. 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 Combating 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 functions of the FIC

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;

PART A - GETTING TO KNOW THE FIC

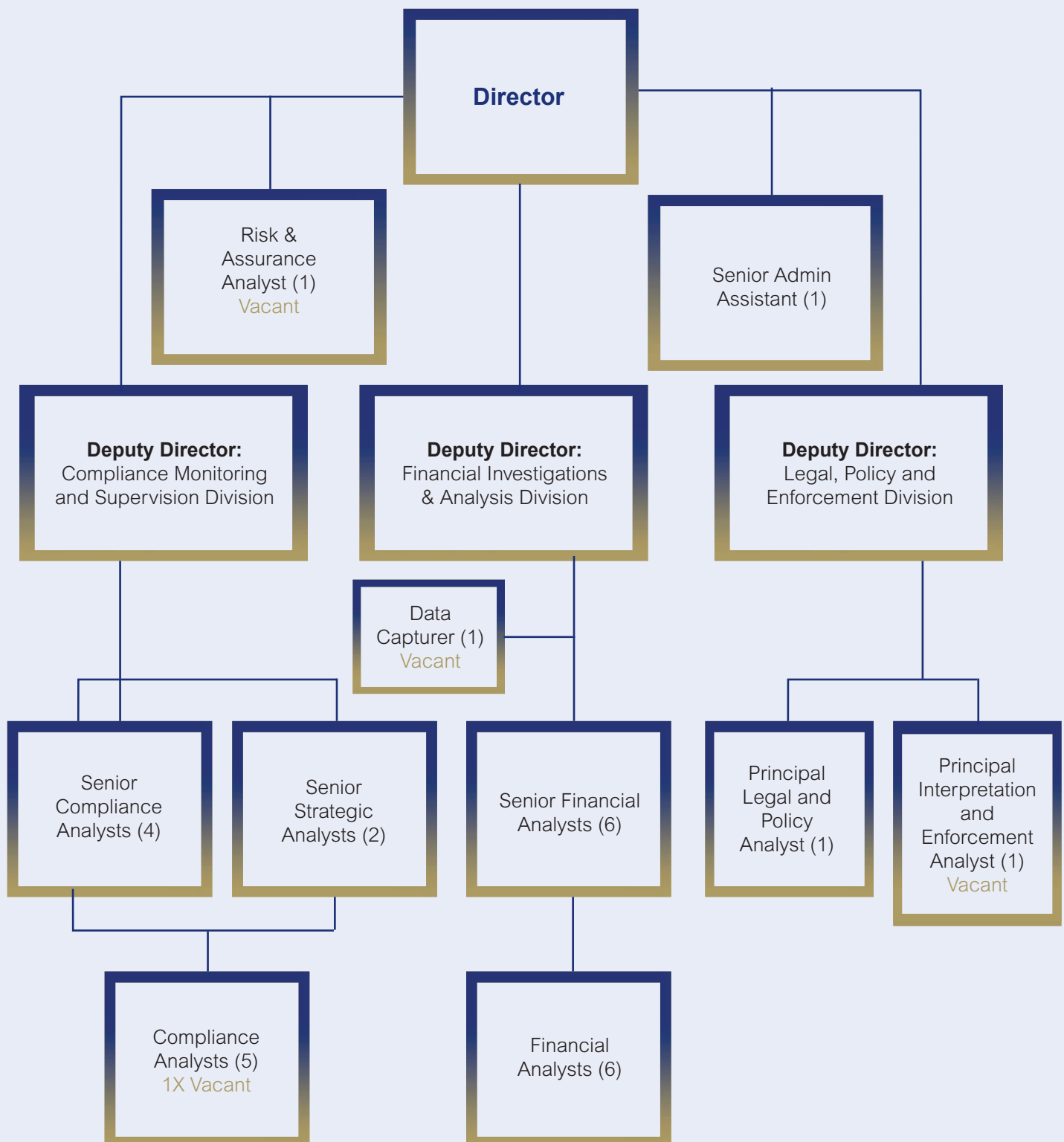
- inform, advise, and co-operate with partner agencies domestically and internationally to identify, assess, understand and disrupt ML/TF/PF activities;
- monitor, supervise and avail compliance and risk guidance to accountable and reporting institutions, supervisory bodies and individuals in respect 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/CPF 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.
- 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;
- 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;



The structure of the FIC



FIC's approved workforce as at 31 March 2020 = 30
 FIC's filled positions as at 31 March 2020 = 26

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 Bank, 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;
- b) Executive Director of the Ministry of Justice;
- c) Executive Director of the Ministry of Trade, Industrialization and SME Development;
- d) Executive Director of the Ministry of Safety and Security; and
- e) 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 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.

PART B

Operations of the FIC

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 of information; and
- being able to obtain and deploy resources needed to carry out its functions, on an individual or routine basis, free from any undue political, government or industry influence or interference which might compromise its operational independence, which might compromise its operational independence.



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.

Financial Investigation and Analysis Division

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.

The Director

- Ensures the implementation of measures to enhance timeous and actionable information exchange with other FIUs, LEAs and Private Sector, 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.

Strategic Analysis Division

Strategic Analysis Division (SAD) 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;
- evolvement 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.

PART C

FIC operational
achievements
during the
period under
review

OPERATIONAL ACHIEVEMENT

THE YEAR 2020/2021 AT A GLANCE

The National AML/CFT/CPF Risk Assessment was completed.

THE ESAAMLG Mutual Evaluation of Namibia commenced.

2,722 (STRs, SARs, AIFs) FIA reporting types received – a increase of **31. %**

	2021	2020	% Change
STRs	1585	1166	35.90%
SARs	177	209	-15.30%
AIFs	960	695	38.10%
Total	2,722	2,070	31.55%

Disseminated a total of **435** intelligence disclosures to domestic and international stakeholders.

Analysed transactions valued at **NAD 13.8 billion** –still under investigation by Law Enforcement Agencies and other competent authorities.

871 AML/CFT/CPF Awareness Sessions conducted

13 National law enforcement workshops conducted for 226 participants

498 Compliance Assessments conducted.

5 FIA Enforcement Actions taken

273 new Accountable Institutions registered.

33 Forewarning and Strategic Analyses reports issued.

Establishment of Integrated Investigative Task Force

Compliance Monitoring and Supervision Division

The FIA provides ML/TF/PF preventive measures that Accountable and Reporting Institutions are expected to comply with in managing risks. The Compliance Division is charged with monitoring and supervision of such institutions to gain assurance that control measures at institutional and sectoral level are effective in risk mitigation. In furtherance of such objective, the Division deploys various interventions such as trainings, guidance, compliance assessments, enforcement referrals etc., to enhance and encourage risk mitigation. The activities of the Division over the years have resulted in enhanced reporting behaviour, particularly with STR reporting which spiked in 2012 and have been on the increase over the years. This feeds into the divisional objectives of the Financial Investigations and Analysis Division.

Effective understanding of risks remains essential in National AML/CFT/CPF strategy and policy formulation. Such understanding is equally important in guiding monitoring and supervision activities. Supervisory strategies in the FIC have always been informed by an understanding of risks, usually derived from National Risk Assessment (NRA) activities. The NRA is carried out every 3 to 5 years and the Division coordinated national efforts to execute the 2020 NRA exercise, building on work done in 2012 and 2015/16.

The 2015/16 NRA updates called for the inclusion of Non-Profit Organizations (NPOs) and Customs Clearing and Forwarding Agents (CCFAs) in the AML/CFT/CPF supervisory regime. The necessary amendments were finalised in November 2019 and the sectors were included in the supervisory framework. The Division commenced supervisory activities of these sectors by creating awareness around their AML/CFT/CPF obligations and encouraging them to register with the FIC as per the FIA. Awareness activities through regional stakeholder visits, media publications etc., were undertaken from October 2020 to January 2021, as per Table 1. Such will continue in the short term before other supervisory activities are considered for these sectors.

As mentioned above, Namibia's Mutual Evaluation exercise has commenced. This activity is executed by stakeholders in the international AML/CFT/CPF framework, as per FATF guidance to understand the effectiveness of a country's national AML/CFT/CPF combatting activities. In the reporting period, much of the Division's operational activities such as sectoral meetings, NRA activities and trainings were aligned to help prepare the country for this evaluation.

Performance Record of the Compliance Division

The Compliance Monitoring and Supervision Division employs a risk-based supervisory approach. In such approach, supervisory time, resources and intensity are tailored as per relevant risk exposure. Higher risk institutions and sectors were subjected to enhanced supervisory activities such as onsite compliance assessments in the reporting period. COVID-19 also disrupted supervisory activities with most conventional supervisory activities, particularly those premised on onsite or face-to-face engagements being limited in line with Government Regulations.

During this period, high risk sectors remained the primary focus of intensive supervisory engagements while medium-to-low risk institutions were mainly

engaged through other appropriate supervisory activities to gain assurance that risk management remained relatively effective.

The activities of the Division continued to increase supervisory coverage in terms of sectors, products and services through extensive outreach programs, especially in the NPO and CCFA sectors. Table 1 below presents statistics on training, awareness and outreach related activities in the period.

Table 1 statistics on training, awareness and outreach related activities

Month		No. of training and awareness raising activities
2020	April	0
	May	1
	June	0
	July	4
	August	0
	September	4
	October	32
	November	9
	December	72
	January	645
	February	0
	March	1
	Total	768

During the period October 2020 to January 2021, the FIC embarked on extensive FIA compliance and related awareness activities directed at enhancing compliance behaviour amongst NPOs and CCFAs.

OPERATIONAL ACHIEVEMENT

Table 2: Supervisory coverage in terms of compliance assessments of supervised institutions as at 31 March 2020

Sector	Total Registered March 2019/2020	Total Registered March 2019/2020	Risk Rating	Total Assessed March 2019/2020	Total Assessed March 2020/2021	Percentage coverage March 2018/2019	Percentage coverage March 2019/2020	Percentage coverage March 2020/2021	Percentage coverage March 2020/2021
Accountants and auditors	82	83	L	8	8	0%	10%	10%	0%
Authorized Dealers in Currency Exchange with Limited Authority	11	13	H	11	12	36%	100%	92%	-8%
Asset Management and Unit Trust Companies	57	58	H	18	18	2%	32%	31%	-1%
Auctioners	20	22	L	15	20	10%	75%	91%	16%
Bankers	12	12	H	12	19	150%	100%	158%	
Casinos	5	5	M	5	5	0%	100%	100%	0%
Customs Cleaning and Forwarding Agencies	53	177	M	0	7	0%	100%	4%	-96%
Dealers in Precious Metals and Stones	7	9	L	4	7	17%	57%	78%	21%
Insurance/Investment Brokers	30	36	M	0	0	0%	0%	0%	0%
Legal Practitioners	233	250	H	166	171	6%	71%	68%	-3%
Lending Institutions	7	9	M	5	11	40%	71%	122%	51%
Long Term Insurance Service Providers	24	24	M	5	5	0%	22%	21%	-1%
Micro lenders	359	362	L	1	1	0%	0%	0%	-7%
Money and Value Transfers Service Providers	6	7	L	3	3	43%	50%	43%	
Motor vehicle dealers	102	110	M	72	82	33%	71%	75%	4%
Non-Profit Organisations and related Friendly Societies	0	29	H	0	0	0%	0%	0%	0%
Pension Fund Administrators	2	3	L	0	0	0%	0%	0%	0%
Private Equity Firms	8	8	M	0	0	0%	0%	0%	0%
Real Estate Agencies	863	954	M	118	122	6%	14%	13%	-1%
Short Term Insurance Service Providers	18	17	L	0	0	0%	0%	0%	0%
Stock Brokers	4	4	M	4	4	0%	100%	100%	0%
Stock Exchange Service Providers	0	1	L	0	0	0%	0%	100%	0%
Supervisory and Regulatory Bodies	4	4	L	0	0	0%	0%	100%	0%
Trust and Company Service Providers	39	41	L	3	3	0%	8%	7%	0%
Others	36	17	M	0	0	0%	0%	0%	0%
Total	1982	2255		450	498				

FIA Compliance Assessments

The Division conducts various supervisory activities which includes off-site and on-site assessment activities 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 understand compliance levels in institutions and where need be, take measures to ensure corrective interventions are employed to enhance effectiveness.

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 with NAMFISA entailed periodic supervisory meetings, working on the NRA and joint sectoral meetings etc.

Key stakeholders such as the Bankers' Association of Namibia (BAN) could not be engaged regularly due to COVID-19 related disruptions in the reporting period but limited virtual engagements nonetheless occurred several times to address industry compliance concerns. The Division expanded these sectoral reviews to other sectors including Auctioneers, Casino operators, ADLAs, NPOs, CCFAs etc., to advance FIA compliance.

The nature and type of assessment activities employed for particular sectors and institutions is dependent on various factors including the level of risk exposure and the general need to enhance supervisory coverage. In the reporting period, the Division conducted thirty-two on-site and sixteen off-site assessment activities compared to thirty-three on-site and twenty-four off-site assessment activities undertaken in the previous reporting period (see tables below).

Table 3: FIA Onsite Compliance Assessment coverage for the period 2019 to 2021

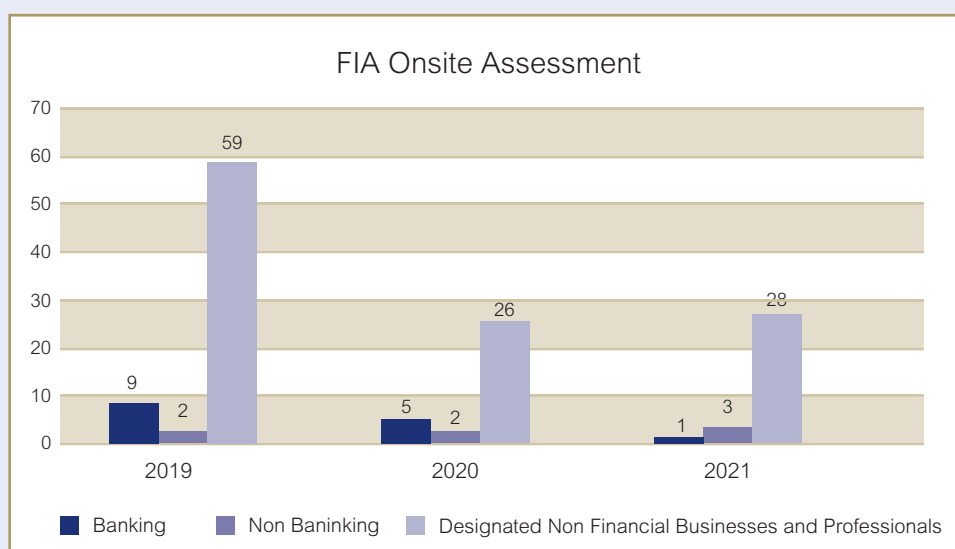
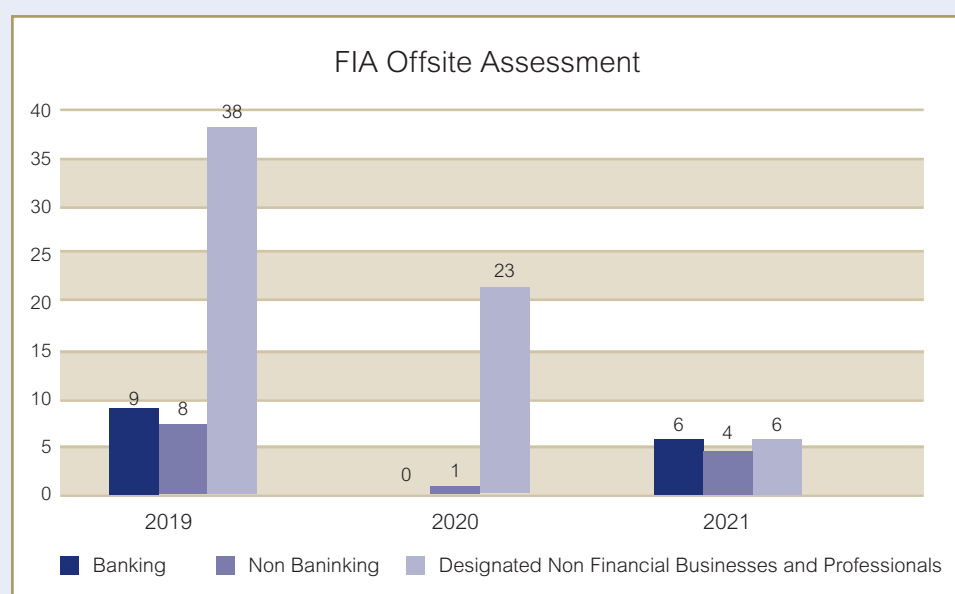


Table 4: Off-site Compliance Assessment activities for the period 2019 to 2021



Registrations

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 seventy-three (273). With these additional registrations, the number of registered institutions stood at two thousand two hundred and fifty-five (2,255) by 31 March 2021 (see Table 2 above).

Financial Investigations and Analysis Division (FIAD)

The Financial Investigation & Analysis division receives and analyses data to identify the proceeds of crime, money laundering/ the financing of terrorism/proliferation and disseminate financial intelligence to law enforcement stakeholders.

The division works closely with law enforcement authorities, intelligence agencies, Namibia Revenue Authority, Office of the Prosecutor General, other competent authorities, the private sector to combat financial crime and provides support for investigations on request. The division's work also contributes to enhanced domestic/international co-operation/ coordination and impact in the fight against financial crime and money laundering.

- ✓ Issuance of 16 FIC Section 42 Interventions (involving 20 accounts) valued at NAD 5 million indicating proceeds of criminal activities.
- ✓ Fraud and money laundering conviction of 11 foreign nationals and 1 Namibian where about NAD 24 million was secure for the state coffers.
- ✓ Successful preservation of NAD 17 million in cash and 8 vehicles worth over NAD 2 million in a matter relating to fraud, theft, and money laundering.
- ✓ Estimated NAD 600 million Assets provisionally restrained, in high profile corruption, fraud, and money laundering case.
- ✓ Previously unreported tax assessments and tax recovered amounting to NAD 1,1 billion and NAD 74,2 million respectively covering the period from 2014 to 2021 financial year.
- ✓ Wildlife crime case (illegal trading in wildlife), where (1) one Namibian was convicted, fined NAD 500 thousand - or two-years imprisonment, as well as confiscation of two luxury vehicles.
- ✓ Employee fraud against a government institution has led to forfeiture of 3 motor vehicles and two houses valued at NAD 890 thousand and NAD 1,5 million, respectively. These properties forfeited for benefit of affected institution.
- ✓ Forfeitures of NAD 204 thousand cash and two immovable properties (flats) valued at about NAD 2 million relating to illegal foreign currency exchange.
- ✓ FIC ensured that NAD 3 million remained preserved in a bank account pending an appeal in the Supreme Court.
- ✓ An initial NAD 1.7 fraud and theft investigation, where two Namibian persons were arrested was expanded when the FIC identified additional fraudulent transactions valued at over NAD 11.6 million. Also, a positive amount of NAD 244 thousand was identified for POCA section 28 seizure by the Namibian Police.

Enhance Stake Holder Coordination and cooperation efforts as well as consumption of FIC intelligence products

- ✓ Provided intelligence in relation to 100 active domestic and international investigations.
- ✓ Conducted 13 regional workshops to 226 law enforcement officers/agencies/offices, increasing awareness of our mandate and consumption of FIC intelligence products by Law Enforcement Agencies.

Incoming Reports

The FIC receives STRs, SARs, CTRs, EFTs, IFTs, CBMCRs and AIFs from the FIA regulated populace from which analysis are performed to identify proceeds of crime, including Money Laundering and Financing of Terrorism and Proliferation Activities.

Thereafter, if there are indicators of financial crime, proceeds of crime, intelligence is disseminated to relevant Local and Foreign Law Enforcement Agencies for further investigation. These stakeholders include, the Office of the Prosecutor-General, State Security, Receiver of Revenue (Namibia Revenue Authority), Anti-Corruption Commission, Namibia Police, and foreign Financial Intelligence units.

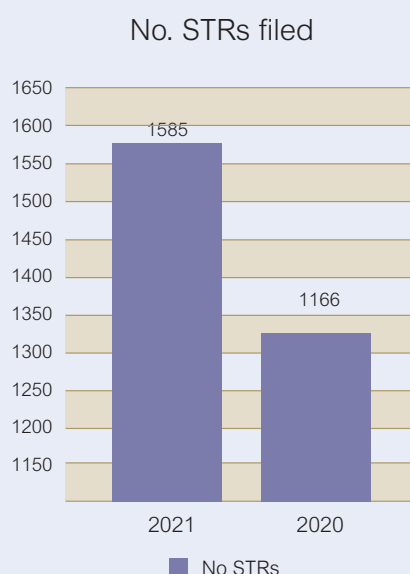
Further the FIC contributes to maintaining enhanced local and international co-operation by, amongst others, availing spontaneously and upon request, financial intelligence that may aid counterpart organizations in the investigation, prosecution, and criminal asset forfeiture of serious financial crime.

Suspicious Transaction Reports (STRs)

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

There is no standard worldwide used to determine the volume of STRs that an entity should be reporting. The nature of behaviour which may lead to eventual flagging and further reporting is informed by financial crime risks and vulnerabilities.

Graph 1: STR reporting



As illustrated in Graph 1 shows a 1585 STRs filed with the FIC during 2021 representing a 36% increase from 1166 recorded in 2020 financial year.

Table 5: Number of STRs per source type

Source of STR	2021	2020
Accounting firms	3	-
ADLAS	111	168
Asset management	22	25
Auctioneers	-	2
Banking	1 391	878
Car Dealers	-	-
Casino/gambling house	-	3
Customs Clearing Agents	-	-
Dealers in Precious Metal and Stones	-	-
Government Ministries	1	-
Insurance/Investment Brokers	-	2
Internally generated	2	1
Law Enforcement	-	-
Legal practitioners	11	32
Lending	1	6
Life Insurance Broker/Agent	-	-
Local Authorities	-	-

Long Term Insurance	8	4
Money and Value transfers(MVTs)	-	1
Motor vehicle dealers	9	10
Non-Profit Organizations	-	-
Pension Fund Administrator	8	1
Public members	4	11
Public Prosecutor	-	-
Real Estate Agencies	4	-
Short-Term Insurance	1	2
Stockbroker	1	1
Supervisory authorities	1	3
Trust and Company Service	-	3
Trust and Loan Company	-	3
Unit Trust Schemes	7	12
Total	1 585	1 166

Table 5 shows 1391 in reports filed from the banking sector representing a 58.4% increase in 2021 from 878 in 2020.

The ADLAs sector has taken a relatively deep dive, from 168 to 111 STRs filed in 2020 and 2021 respectively representing 33.9% decrease during 2021 financial year.

However, reporting from the other Designated Non-Financial Businesses and Profession has increased. Increased reporting is specifically noted from the Accounting firms, Long term insurance, Pension Administrators, and real Estate in 2021 compared to 2020.

Suspicious Activities Reports (SARs)

An SAR is simply a report disclosing noted questionable, or dubious behaviour, and suspicious activities. Graph 2 shows 15.3% decline in SARs filing in 2021, representing 25 reports from 209 SARs filed in the preceding period. As shown in Table 5 the number of reports from the banks declined with 12.5%, however SARs by members of the public increase 54.5% from 11 reports recorded in 2020 to 17 reports filed in 2021.

Graph 2: SAR reporting

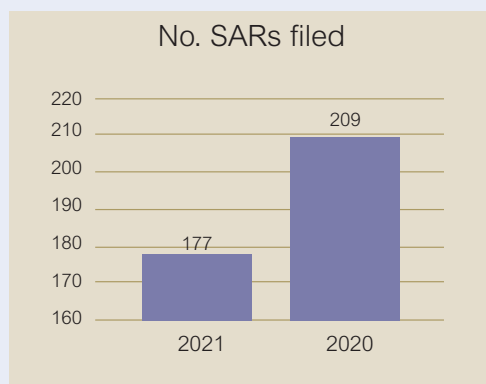


Table 6: Source of SAR

Source of SAR	2021	2020
Accounting firms	-	1
ADLAS	4	10
Asset management	3	9
Auctioneers	-	-
Banking	119	136
Casino/gambling house	1	1
Central Government	1	-
Courier and Customs Clearing	-	1
Dealers in Precious Metal and Stones	-	-
Foreign FIUs	1	-
Government Ministries	4	-
Insurance/Investment Brokers	-	2
Internally generated	4	10
Law Enforcement Agency	1	4
Legal practitioners	5	3

OPERATIONAL ACHIEVEMENT

Lending	-	-
Life Insurance Broker/Agent	-	-
Long Term Insurance	6	3
Public Prosecutor	1	-
Micro Lenders	-	1
Money and Value transfers(MVTs)	-	-
Motor Vehicle Dealers	-	1
Public members	17	11
Real Estate Agencies/Agent	3	8
Short-Term Insurance	2	2
Stockbroker	1	2
Supervisory authorities	4	3
Trust and Loan Company	-	1
Unit Trust Schemes	-	-
Total	177	209

As shown in **Table 6**, banking sector continue to dominate reporting of SAR, contributing to 67.2% and 65.0% reports filed in 2021 and 2020 respectively. Whereas the DNFBP collectively shares between 32.8% and 34.9% in 2021 and 2020, respectively.

Reports from the banking sector weakened by 12.5% amounting to 17 reports less than that recorded in 2020. However, this is a slight improvement from 23% fall recorded in 2020.

An overall 60.0% fall in reporting by ADLAS sectors in 2021 compared to 25% fall in 2020. Additionally, a significant increase in the number of SAR filed by members of public is noted, from 11 SARs filed 2020 to 17 STRs recorded in 2021.

Threshold Reports: CTRs, EFTs, IFTs & CBMCRs

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

Table 7 shows an overall 25.2% increase in CTRs reporting recorded in 2021 from 13 774 in 2021 from 10 883 recorded in 2020. The main contributor remains the banking sector as in preceding periods, accounting for 90.2% of the CTRs in 2021.

Table 7: Total CTR Reports received

2021				2020		
Source of CTRs	No. of CTR	No. of Transactions	Amount (N\$)	No. of CTR	No. of Transactions	Amount (N\$)
ADLAS	113	113	20,170,506	223	223	41,518,299
Asset Management	8	8	7,591,197	15	15	32,601,904
Auctioneers	231	231	55,694,887	289	289	67,254,172
Banking	12424	51241	10,398,746,009	7 412	60 107	53,317,716,466
Casino/ Gambling House	814	1921	120,989,195	2 780	4 186	260,114,835
Insurance / Investment Broker	1	1	200,000	1	1	300,000
Legal Practitioners	112	144	1,201,388,350	82	96	52,506,526

OPERATIONAL ACHIEVEMENT

	2021			2020		
Lending	25	25	3,752,939	8	8	1,367,400
Local Authorities	-	-	-	2	-	-
Life Insurance Broker/Agent	-	-	-	-	-	-
Long term Insurance	5	5	5,411,582	-	2	1,000,000
Micro Lender	2	2	200,000	-	-	-
Motor Vehicle Dealership	33	34	6,679,950	62	62	13,857,351
Money and Value transfers (MVTs)	-	-	-	-	-	-
Real Estate Agencies/ Agent	2	2	1,316,200	3	3	1,773,652
Short-Term Insurance	3	3	1,905,243	2	2	632,636
Stockbroker	1	1	100,000	4	4	671,400
Trust and Loan Companies	-	-	-	-	-	-
Unit Trust Schemes	-	-	-	-	-	-
Wholesaler and Retailers	-	-	-	-	-	-
Total	13 774	53 731	11,824,146,058.00	10 883	64 998	53,791,314,642

Table 8: Total EFTs Reports received (Value and Number of Transactions)

Year	2021			2020		
	No. of EFT	No. of Transactions	Amount (N\$)	No. of EFT	No. of Transactions	Amount (N\$)
ADLAS	5	5	765,126	2	2	285,273
Auctioneers	1	1	100,000	-	-	-
Banking	70 092	70 092	495,436,868,723	32 772	467 169	407,092,444,697
Legal Practitioners	235	235	3,145,909,234	129	131	97,094,978
Lending	1	1	602,000	-	-	-
Long-term Insurance	1	1	980,000	-	-	-
Motor vehicle dealers	153	153	24,685,648	103	103	14,891,314
Micro lender	-	567	567	-	-	-
Real Estate	-	-	-	6	6	7,416,000
Total	70 488	71 055	498,609,910,731	33 012	467 411	407,212,132,262

The table shows a significant rise in EFTs, from 33 012 reports to 71 055 EFTs recorded in 2021. Again, the banking sector dominates the filing accounting for 99% of reports received. The following Reporting Institutions did not submit EFT in 2021 and 2020: Casino/gambling house, Money and Value, Motor vehicle dealers, Trust and Loan, Companies and Unit Trust Schemes

Table 9: Total IFTs Reports received, Number and Value of Transactions

Year	2021			2020		
ATLAS	No. of EFT	No. of Transactions	Amount (N\$)	No. of EFT	No. of Transactions	Amount (N\$)
Banking	57,210	526,722	2,206,875,366	14,129	86,053	333,032,066
Casino/ gambling house	36,665	973,277	151,060,667,037	29,485	940,639	118,257,071,320
Legal Practitioners	-	-	-	1	1	2,762,511
Total	93,875	1,499,999	153,267,542,403	43,615	1,026,693	118,592,865,897

Table 9 above summarised the total number of IFTs transactions filed and the amounts involved. During the period under review, a total of 1,499,999 IFT transactions were received. This indicates a 46 % increase when compared to a total of 1,026,693 IFT transactions received during 2020.

No IFTs are recorded from Reporting Institutions, Auctioneers, Long term Insurance, Money and Value, Motor vehicle dealers, Trust and Loan, Companies and Unit Trust Schemes

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

Year	2021	2020
Number of Reports	1	15

The FIC received 1 CBMCR during the period under review. There has been a significant 93.3% decline in CBMCRs reported from 15 reports in 2020 to 1report in 2021.

Additional Information Files (AIFs)

The FIC also receives AIFs from AIs and RIs.

These reports enabled the FIC to identify additional sources of data to further enhance the production of intelligence.

Table 11: Additional Information Reports (AIFs) received

	2021	2020
AIFs received	960	695

Table 11 shows total number of AIFs received during 2020 to 2021. There has been an 38% increase in this year, as additional 265 AIFs were recorded in 2021, more than the report 695 AIFs in 2020. This is because of FICs continued awareness and training interventions.

Spontaneous Disclosures (SDs) trend analysis per year

Table 12 illustrated an increase 23.6% increase of Intelligence Reports shared with domestic Law Enforcement agencies and Foreign Intelligence Units, from 273 in 2020 to 335 recorded in 2021. These reports were referred for further investigation, possible freezing, preservation, and seizure of suspected ill-gotten assets.

Table 12: Spontaneous Disclosures (SDs) trend analysis per year

	2021	2020
Anti-Corruption Commission	32	21
Ministry of Finance	155	112
Namibian Police Force	53	59
Office of the Prosecutor General	34	23
Other LEAs	57	51
Foreign FIUs	4	7
Total	335	273

Responses to Request for Information (RtRFIs) trend analysis per year

Table 12 illustrated a 23.6% increase of Intelligence Disclosures shared with domestic Law Enforcement agencies and Foreign Intelligence Units, from 273 in 2020 to 335 recorded in 2021. These disclosures were referred for further investigation, possible freezing, preservation, and seizure of suspected ill-gotten assets.

Table 13: Responses to request for information

	2021	2020
Domestic	96	65
Foreign FIU	4	6
Total	100	71

Table 14: Requests to foreign FIUs

	2021	2020
Requests to foreign FIUs	18	23

Requests for financial intelligence received

Over the years, there has been an increase in demand for FIC intelligence products by local LEAs and Foreign FIUs. The FIC remains committed to cooperate and coordinate efforts by maintaining close cooperation and exchange of information with various local and international law enforcement agencies involve in curbing financial crimes. During the period, the FIC received 80 requests for information from domestic and foreign FIUs.

Table 15: Requests for information received.

	2021	2020
Domestic	76	71
Foreign FIU	4	4
Total	80	75

Table 15 shows a slight rise of 6.7% in request for information received by the FIC, from 75 to 80 in 2020 and 2021, respectively. Similarly request from foreign jurisdictions remained unchanged at 4 requests in 2021 and 2020.

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 carry out transactions in respect of funds under suspicion for a period of 12 working days.

Table 16: Number and Value of FIC Section 42 Interventions Filed

	2021	2020
Total Number of FIC Section 42 Interventions	16	44
Estimated Value of Interventions (NAD Millions "000")	5,047	34,169
Total number of Bank accounts Involved	20	51

Table 16 shows 16 interventions filed restricting 20 accounts in 2021, representing a decrease in number of interventions, accounts, and value, respectively. Restrictions on bank accounts is enforced when the need arises.

Outcomes linked to FIC disclosures

The FIC shared 335 Spontaneous Disclosures and 100 Responses to requests for information with various domestic and foreign law enforcement agencies.

Consequently, contributing to 97 investigations conducted by the Namibian Police Force and the Anti-Corruption Commission in 2021. These are 13 more investigations than was recorded in 2020.

The top five underlying predicate offenses investigated include: (in combination with Money Laundering)

	Tax Offenses (None/Under declaration of revenue)
	Illegal deposit taking/Ponzi schemes
	Fraud
	Illegal wildlife trade
	Corruption
	Scams (impersonation of bank officials, identity theft, bank detail changes etc.)

Table 17: Tax assessment raised, and tax collected between 2014 and 2021

Year	No. Assessments	Assessment raised in millions(N\$000)	Tax Collected in millions(N\$000)
2014	1	2,545	1,111
2015	1	1,327	1,160
2016	0	-	-
2017	25	829,283	8,773
2018	87	142,248	61,087
2019	19	36,477	1,857
2020	7	82,626	203
2021	6	12,696	50
Total	146	1,107,205	74,242

The FIC contributed to N\$1.1 billion (tax assessments) and N\$74.2 million (tax collection) from 2014 to 2021 financial year, as illustrated in Table 17 below. These was a result of tax investigations conducted by Inland Revenue Directorate (now Namibia Revenue Authority) on individuals and businesses. The statistics between 2014-2020 were not available for reporting in respective years therefore its coverage herein.

OPERATIONAL ACHIEVEMENT

As shown in Table 18, the Office of the Prosecutor General has secured 10 money laundering convictions and criminal sanctions applied. Fraud, theft, and robbery tops the predicate offenses in the finalised cases. Furthermore, there are 67 other cases with elements of money laundering offences currently pending before various courts.

Table 18: ML convictions and pending cases

	2021	2020
No. of ML Convictions	10	16
No. of ML Pending cases	67	50

Table 19: Value of proceeds of crime preserved/forfeited/restraint/recovered aided by FIC intelligence contributions. These results were achieved upon investigations by Law Enforcement Agencies and court applications by the Office of the Prosecutor General in the High Court of Namibia

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

	2021	2020
Number of Preservation orders In High Court (POCA Chapter 6 PART 2)	2	5
Number of Bank Accounts Involved	14	-
Number of movable properties (vehicles)	8	-
Estimated Value of Cash (preserved)	17,688	5,478
Estimated Value of Immovable property (houses)	2,000	-
Total (NAD Millions “000”)	19,688	5,478

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

	2021	2020
Number of forfeiture orders in High Court (POCA Chapter 6 PART 3)	3	5
Number of Bank Accounts Involved	6	-
Estimated value of cash (forfeited to state)	938	225
Estimated value immovable properties (Two Flats, Two Houses)	3,500	-
Money/Funds to Victim	2,390	-
Number of movable properties (vehicles)	3	-
Estimated value of movable properties (vehicles)	890	668
Total (NAD Millions “000”)	7,718	893

Restraint orders In High Court (POCA Chapter 5 PART 2 Section 25)

	2020	2021
Number of Restraint orders In High Court (POCA Chapter 6 PART 2 Section 25)	-	1
Estimated value of restraint order (NAD Millions “000”)	-	600,000

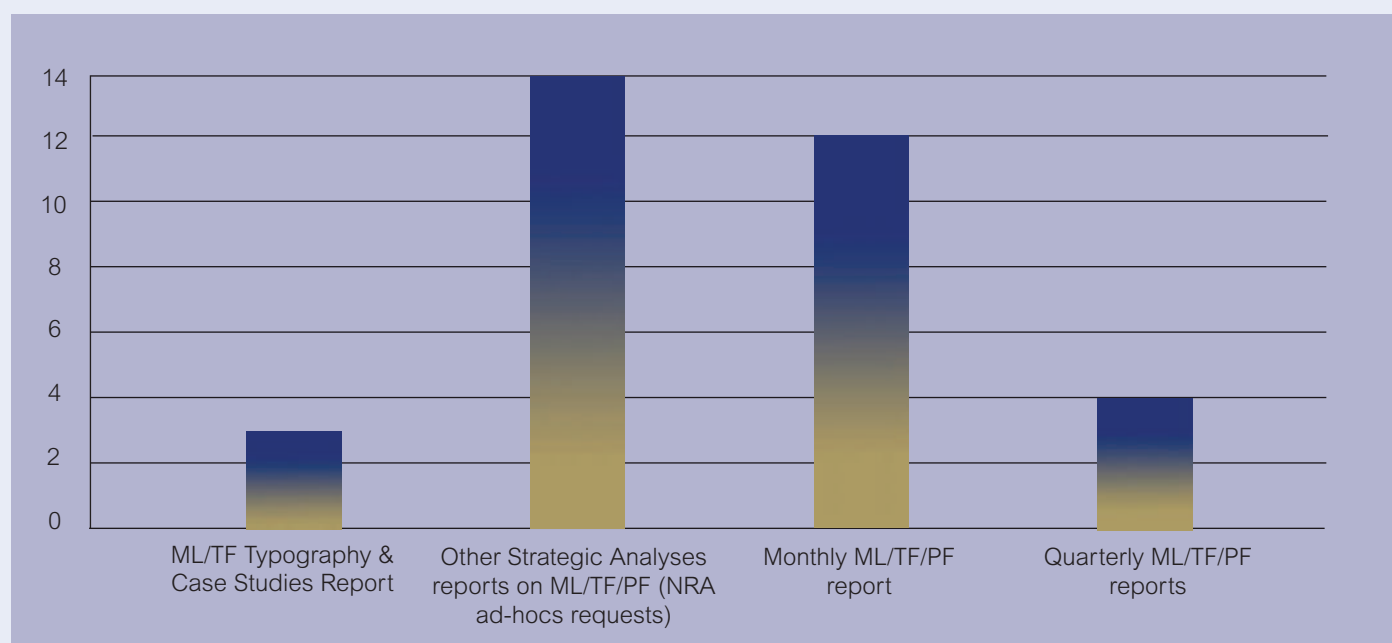
Strategic Analysis Division (SAD)

The FIC receives and shares data and information with various AML/CFT/CPF prevention and combatting stakeholders including LEAs, prosecutorial authorities, and supervised sectors. As the research engine of the FIC, the Strategic Analysis Division (SAD) is tasked with availing feedback on various threat observations, sharing strategic intelligence and other products that enhance both proactive and reactive combatting and preventing mechanisms in the AML/CFT/CPF sphere. By studying data domestically and internationally, SAD identifies emerging patterns, trends and typologies employed in ML/TF/PF activities and uses such observations to inform its various outputs.

Overall, strategic analysis products produced and published during the year under review highlighted:

- The spectrum of predicate offences being committed nationally: Crimes such as potential tax related offences, fraud and corruption still feature as the most common predicate offences to ML. This trend remained unchanged during the period under review;
- Models that use technology to capitalize on networking to carry out multiple financial crimes: The growth in financial schemes such as pyramid schemes and similar types which are in contravention of key financial regulatory frameworks appear to be on the rise;
- The increase of online and other related fraudulent scams premised on advance payments, identity theft, amongst others; and
- The overall increase in the use of virtual assets locally: National and international trends suggest increasing laundering trends in this area. The growing use of virtual assets could naturally attract criminal activities and the abuse of crypto assets.

Chart 1 below highlights outputs of the Division in the year.



The FIC is responsible for analyzing and raising red flags for all ML/TF/PF activities. The purpose of issuing and publishing the above reports is as described below:

- **Monthly and Quarterly Reports:** Contains statistics on mandatory reports received from various stakeholders. The reports are meant to communicate relevant statistics on the operation of Namibia's national Anti-Money Laundering, Combatting the Financing of Terrorism and Proliferation (AML/CFT/CPF) framework. The report thus speaks to the reporting behaviours of relevant stakeholders as per outcomes of reports forwarded to the FIC, amongst others;
- **Trends and Typology reports:** Such reports avail a detailed summary of common typologies, patterns and indicators of potential offences identified in cases within the domain of the FIC. These reports help enhance sectoral understanding of potential offence patterns and methodologies deployed in the commission of such offences. In the period under review, typology reports on ML predicate offences such as fraud and corruption were issued; and
- **Statistical feedback or similar statistical reports:** Such reports present feedback on qualitative and quantitative observations from the reporting behavior of institutions and sectors. The reports can be issued for each institution to serve as feedback. They equally highlight some trends and notable challenges identified in the reporting behavior of such institutions or sectors which require improvement.

Forewarning Reports

Forewarning reports are generally issued by the FIC to help raise public awareness on emerging financial scams to which the public and institutions may be vulnerable. The SAD usually studies both local and international trends to understand emerging threats on which to create awareness. In the reporting period, forewarning reports were issued relating to emerging crimes which include:

- **Change of banking details scams:** Fraudsters use these schemes as a way of illicitly soliciting funds from members of the public through deceptive and fraudulent means. Suppliers often share their banking details with clients for payment purposes. The scam is premised on fraudsters or scammers intervening between the communications of suppliers and their clients or customers or any two parties that are in a business relationship which may require movement of funds via banking platforms.
- **Bitcoin scams:** Bitcoin's rapid rise in value over the years has attracted a lot of interest. Members of the public are finding it as a high return yielding investment. However, the Bitcoin high growth rate over the years has not been without consequences. Scammers appear to solicit investments through Bitcoin from unsuspecting members of the public. The platform can also be used as a safe haven for proceeds of crime.

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

During the year under review, this Division:

1. attended regional ESAAMLG meetings, served as Chairperson for a Review Group which lead progress reviews in respect of Eswatini, Ethiopia, Malawi and Seychelles in addressing prevailing deficiencies in their respective national AML/CFT/CPF frameworks and also availed Namibia's input on all policy and strategic documents discussed in the working groups and plenary meetings,
2. in preparation for the 2020/21 ESAAMLG Mutual Evaluation, lead the National Focal Committee mandated to coordinate Namibia's preparation for the off- and on-site assessments. In this regard, feedback sessions were held with the National Focal Committee on a regular basis, while all national stakeholders were provided with the guidance needed to ensure expectations of the on-site assessment are fully understood,
3. coordinated, completed and submitted the ESAAMLG Mutual Evaluation Technical Compliance Questionnaire (31 August 2020) and Effectiveness Questionnaire (09 January 2021).
4. worked in coordination with the Ministry of Home Affairs, Immigration, Safety and Security, the Bank of Namibia, the Namibia Financial Institutions Supervisory Authority and various private sector entities towards facilitating private sector access to the Ministry's databases, for purposes of identification verification (CDD) as required by international ML/TF/PF standards ahead of the mutual evaluation,

5. provided the necessary support to law enforcement to investigate and prosecute offences related to failure to declare cross border movement of cash and bearer negotiable instruments in terms of section 36 of FIA. It further commenced the administrative forfeiture process for the seizure of cash in 3 (three) cases,
6. attended to the drafting of the Appeal Board Regulations under the FIA, which were published in the Government Gazette on 16 March 2021, and also assisted in facilitating the constitution of the first Appeal Board,
7. conducted a comparative analysis of the Regulation and Licensing of Virtual Asset Service Providers in other jurisdictions as per requirements of international standards,
8. attended to numerous stakeholder engagements and consultations with the Bank of Namibia, NAMFISA, Office of the Prosecutor General, the Ministry of Home Affairs, Immigration, Safety and Security, the Business and Intellectual Property Authority, the Office of the Attorney General, the Law Society of Namibia and the Institute of Chartered Accountants and Auditors,
9. attended to consultations with legal representatives for civil litigation in which FIC was cited as a party and attended court proceedings,
10. drafted and published the Revised Guidance Note 06 of 2015 to enhance compliance with the FIA, and
11. received requests for legal interpretation and advice from various sectors and industries. As such, legal advice and interpretation was provided as per Table 20 below.

Table 20: Legal Interpretations

Sector	Subject Matter
Legal Practitioner	FIA Obligations for correspondent law firms and conveyancing matters
Member of the public	FIA Requirements for Remote Account Opening
Banking Institution	Issues surrounding de-risking
Insurance	Identification and Verification of Client Information
Accountants	Challenges in obtaining Beneficial Ownership information in complex business structures
Legal Practitioner	Reporting of Cash Transactions
Insurer	FIA Requirements pertaining to a charitable trust
Supervisory Body	Fit & Proper Requirements for market entry
Self-regulatory Body	Identification of PEPs
Accountants	FIA Requirements for NPOs
Pension Fund	Money Laundering in the context of Unpaid Pension Fund contributions

Enforcement

In terms of the mandate conferred upon the FIC by virtue of section 56 of the FIA, the FIC initiated administrative sanctions against Accountable and Reporting Institutions with compliance deficiencies. This is to encourage compliance and deter the other institutions in various sectors and industries from contravening similar provisions of the FIA and PACOTPAA. In addition to the administrative sanctions issued as per Table 21 below, the Division also issued 1 Directive in terms of Section 9(2)(c) of the FIA and 1 x referrals to the Office of the Ombudsman for further investigation.

Table 21: Enforcement Action Taken

Sector	Non-Compliance	Sanction Imposed
Banking Institution	Failure to comply with section 42(1) of the FIA	Administrative Fine in terms of Section 56(3)(f) of FIA Directive in terms of Section 56(3)(c) of FIA.
Banking Institution	Non-compliance with sections 21, 22, 23, 24, 26, 32 and 39 of the FIA	Administrative Fine in terms of Section 56(3)(f) of FIA
Banking Institution	Non-compliance with sections 21, 22, 23, 24, 26 and 33 of the FIA.	Administrative Fine in terms of Section 56(3)(f) of FIA Directive in terms of Section 56(3)(c) of FIA.
Banking Institution	Non-compliance with sections 21, 22, 23 and 24 of the FIA.	Administrative Fine in terms of Section 56(3)(f) of FIA Directive in terms of Section 56(3)(c) of FIA.
Lending Institution	Non-compliance with sections 24, 26, 27, 31, 32, 33, 34, 39(1) and 39(8) of the FIA.	Administrative Fine in terms of Section 56(3)(f) of FIA Enforceable Undertaking in terms of Section 55(1) of FIA.

Training & Awareness offered during the period under review.

As part of its standing mandate the Division conducted 3 x training and awareness sessions to ensure that the regulated institutions understand their obligations in terms of the FIA.

Namibia's 2020/2021 FATF/ESAAMLG Mutual Evaluation

I. Introduction

As alluded to in the themed chapter of the FIC's 2019/2020 Annual Report, 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; now postponed due to a surge in Covid-19 infections in country.

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. As ML/TF/PF continuously pose threats to the core of global security and the integrity of the global financial system, the UN mandated a global response from all UN Member States through various UN Conventions and UN Security Council Resolutions issued under Chapter VII of the UN Charter, to ensure necessary and timeous action is taken to address identified ML/TF/PF risks and threats.

Namibia, in ensuring that it effectively contribute to above global effort, since early 2000 started to develop an operational and effective national Anti-Money Laundering, Combatting the Financing of Terrorism and Proliferation (AML/CFT/CPF) policy, legislative and framework (the national framework).

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 AML/CFT/CPF UN Conventions and mandatory UN Security Council Resolutions. In tracking the level of compliance by Member States with their AML/CFT/CPF obligations, the FATF and FATF Style Regional Bodies 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 and can ultimately lead to imposition of sanctions against such country.

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 various AML/CFT Laws and rolled out an implementation framework necessary to effectively implement the newly promulgated laws. Most notable developments in this regard, is the enactment of the now repealed 2007 Financial Intelligence Act, which caused the establishment of the Financial Intelligence Centre, as well as the Prevention of Organized Crime Act, 2004 (Act No. 29 of 2004), as amended. Combined, these two laws are the main national laws criminalizing ML in Namibia and enables the preservation and forfeiture of proceeds of crime, using both civil and criminal processes.

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

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

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

At the time of publication of this report, Namibia's recorded statistics on ML investigations and prosecutions are still falling below expectations needed to satisfy understanding that the country has an effectively implemented national AML/CFT/CPF system, which functions effectively in addressing identified ML/TF PF risk exposure. Recorded low statistics, pose significant threats to the outcome of Namibia's scheduled 2019/2020 FATF/ESAAMLG Mutual Evaluation.

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

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

In ensuring that all required and necessary action is timeously taken to prevent Namibia receiving an all-around negative Mutual Evaluation outcome, required national preparatory efforts have commenced since the last quarter 2018, preparing both public and private sectors for the assessment.

Preparatory Actions during the period under review in particular focussed on the following:

- A: effective awareness raising sessions with all relevant national stakeholders to hone a proper understanding of the Methodology that will be used to assess Namibia's compliance with the international AML/CFT/CPF obligations and standard, as per the requirements set out in the FATF Recommendations;
- B: finalization and workshopping of the 2020 National AML/CFT/CPF Risk and Threat Assessment;
- C: Submission of the ESSAAMLG Technical Compliance Questionnaire – August 2020;
- D: Submission of the ESAAMLG Effectiveness Questionnaire – January 2021; and
- E: addressing action items in the 2019 National AML/CFT/CPF Self-Assessment that are low hanging fruit and easily achievable, e.g. access for regulated populace to the Ministry of Home Affairs, Immigration, Safety and Security database for identification verification.

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

The effectiveness assessment seeks to assess the adequacy of Namibia's implementation of the UN and UNSCR ML/TF/PF obligations as encapsulated in the FATF Recommendations. It further identifies the extent to which Namibia achieved a defined set of outcomes that are central to a robust national AML/CFT/CPF system.

The on-site assessment part of the mutual evaluation had to be postponed due to the surge in Covid infections and new dates are awaited from the ESAAMLG Secretariat.

The above is for noting by both public and private sectors to avail the necessary cooperation and assistance thereby ensuring Namibia is successfully positioned to secure a positive evaluation outcome.

PART D

Annual Financial
Statements as at
31 March 2021

Financial Intelligence Centre

Annual Financial Statements for the year ended 31 March 2021

FINANCIAL INTELLIGENCE CENTRE

(Registration number 2011/123)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2021

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. IGawaxab (Chairperson) P. Noa O. M. Imalwa S.H Ndeitunga J. Kandjeke E. Angula G. Pickering K. Matomola N. Shilongo E. Shafudah E. Maritz S. Haihambo E. Kali
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

Annual Financial Statements for the year ended 31 March 2021

Contents

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

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Financial Intelligence Centre

Annual Financial Statements for the year ended 31 March 2021

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 2022 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 July 2021



P. Noa

Financial Intelligence Centre

Annual Financial Statements for the year ended 31 March 2021

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 76 to 84, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other 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 2021, 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 Annual Financial Statements section of our report. We are independent of the Centre in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Revised July 2016), parts 1 and 3 of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. 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.

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.

Financial Intelligence Centre

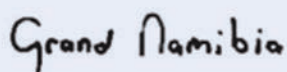
Annual Financial Statements for the year ended 31 March 2021

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.

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
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: R Theron (Managing Partner)
Windhoek

30 July 2021

Financial Intelligence Centre

Annual Financial Statements for the year ended 31 March 2021

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 2021.

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 2021 is N\$ 6 051 511 (2020: N\$ 12 054 790).

The accumulated surplus as at 31 March 2021 amounted to N\$ 17 658 345 (2020: Surplus N\$ 11 606 834).

The Surplus is as a result of the following:

(a) funds donated to the FIC by the Asset Recovery Committee established under the Prevention of Organized Crime Act, 2004 as amended, to complement the shortage of funds allocated by Parliament during the preceding financial year. These funds were received during the last quarter of the preceding financial year only. The Council instructed that the funds should be invested to enable financial reserves to be build for the FIC to buffer the organization against future operational funding shortages resulting from insufficient budget allocation from Parliament. The funds were invested by the Bank of Namibia after 31 March 2021; hence it is still reflecting on the 2020/21 financial statements as (2020: Surplus N\$ 11 606 834); and

(b) COVID-19, which negatively impeded on FIC's ability to apply available budget on critical expenditure during the financial year.

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
O. M. Imalwa
S.H Ndeitunga
J. Kandjeke
E. Angula
G. Pickering
K. Matomola
N. Shilongo
E. Shafudah
E. Maritz
S. Haihambo
E. Kali

3. Events after the reporting period

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

4. The Centre's Governance

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

5. Administrative arrangement

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

Financial Intelligence Centre

Annual Financial Statements for the year ended 31 March 2021

6. Going concern

The accumulated surplus as at 31 March 2021 amounted to N\$ 17 658 345 (2020: N\$ 11 606 834).

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

Financial Intelligence Centre

Annual Financial Statements for the year ended 31 March 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021 N\$	2020 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	2	888,224	86,645
Intangible Assets	3	12,691	54,789
Current Assets			
Receivable from Bank of Namibia	9	21,268,117	13,450,370
Other Receivables	11	7,680	52,062
Total Assets		22,176,712	13,643,866
Equity and Liabilities			
Equity			
Accumulated Surplus/(Deficit)		17,658,345	11,606,834
Total Equity		17,658,345	11,606,834
Liabilities			
Current liabilities			
Employee Provisions	7	2,327,964	1,895,716
Audit Fees Provisions	8	104,571	126,766
Other Trade Payables	10	2,085,832	14,550
Total Liabilities		4,518,367	2,037,032
Total Equity and Liabilities		22,176,712	13,643,866

Financial Intelligence Centre

Annual Financial Statements for the year ended 31 March 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 N\$	2020 N\$
Grant received	4	36,900,000	39,446,790
Operating expenses	6	(30,848,489)	(27,392,000)
Operating Surplus	5	6,051,511	12,054,790
Surplus for the year		6,051,511	12,054,790
Other comprehensive income		-	-
Total Comprehensive Surplus for the year		6,051,511	12,054,790

Financial Intelligence Centre

Annual Financial Statements for the year ended 31 March 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Accumulated profit/(loss) account N\$	Total N\$
Opening balance at 1 April 2019	(447,956)	(447,956)
Surplus for the year	<u>12,054,790</u>	<u>12,054,790</u>
Balance at 31 March 2020	11,606,834	11,606,834
Surplus for the year	<u>6,051,511</u>	<u>6,051,511</u>
Balance at 31 March 2021	<u><u>17,658,345</u></u>	<u><u>17,658,345</u></u>

Financial Intelligence Centre

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1. Basis of presentation

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

1.1 Basis of preparation

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

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

1.2 Property, plant and equipment

Property, plant and equipment are tangible items that:

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

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

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

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

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

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies (Continued)

1.4 Government Grant received

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

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

1.5 Expenses

Expenses are recorded on the accrual basis.

1.6 Other receivables

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

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

1.7 Other payables

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

1.8 Employee benefits

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

Financial Intelligence Centre
Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT

	Furniture & Fixtures	Equipment & Fittings	Computer Hardware	Minor Assets	Total
	N\$	N\$	N\$	N\$	N\$
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	379,256	167,340	748,301	3,569	1,298,466
Carrying value					
At 1 April 2020	81,380	3,595	1,670	-	86,645
At 31 March 2021	84,901	301,914	501,409	-	888,224
2020					
Cost					
At 1 April 2019	400,737	169,513	745,423	354	1,316,027
Additions			2,870		2,870
At 31 March 2020	400,737	169,513	748,293	354	1,318,897
Accumulated depreciation					
At 1 April 2019	245,214	157,463	716,909	354	1,119,940
Depreciation	74,143	8,455	29,230	-	111,828
Adjustment			484		484
At 31 March 2020	319,357	165,918	746,623	354	1,232,252
Carrying value at 1 April 2019	155,523	12,050	28,514	-	196,087
At 31 March 2020	81,380	3,595	1,670	-	86,645

Financial Intelligence Centre

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

3. INTANGIBLE ASSETS – COMPUTER SOFTWARE

	Computer software	Total
	N\$	N\$
2021		
Cost		
At 1 April 2020	1,511,000	1,511,000
At 31 March 2021	1,511,000	1,511,000
Accumulated amortisation		
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
2020		
Cost		
At 1 April 2019	1,511,000	1,511,000
At 31 March 2020	1,511,000	1,511,000
Accumulated amortisation		
At 1 April 2019	1,414,113	1,414,113
Amortisation	42,098	42,098
At 31 March 2020	1,456,211	1,456,211
Carrying value at 1 April 2019	96,887	96,887
At 31 March 2020	54,789	54,789

Financial Intelligence Centre Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 N\$	2020 N\$
4. Grant received		
Ministry of Finance	36,900,000	35,446,790
Ministry of Justice -Asset Recovery Fund	-	4,000,000
Total grant received	36,900,000	39,446,790

5. Operating surplus

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

Depreciation	108,312	153,926
Employee costs	26,823,717	24,756,432

Employee costs for 2021 includes employee bonuses and leave pay provision movement of N\$432 248 (2020: N\$136 104).

6. Operating Expenses

Advertising & Recruitment	300,811	-
Audit Fees	81,176	125,566
AML/CFT Awareness Campaign	-	-
Compliance & Inspection Expense	409,587	154,790
Computer Consultancy & Development costs	698,886	-
Computer Maintenance	590,058	613,638
Conferences Attended	-	-
Conferences Hosted	348,991	217,700
Consultants Fees	-	-
Depreciation	108,313	153,927
Directors Fees	45,500	-
Employee Costs	26,823,717	24,756,432
Entertainment Expenses	3,830	7,942
Equipment Rental	152,197	220,516
Financial Investigations	205,672	255,526
Legal Costs	499,029	240,810
Loss on Foreign Exchange	497	46,456
Membership Fees	98,661	64,740
Miscellaneous Expenditure	5,605	4,322
Organisational development	700	-
Printing & Publications	255,172	31,459
Staff Training	50,388	118,601
Stationery	58,855	26,665
Staff expenses	30,498	72,783
Subscription	-	80,330
Telephone & Telex Expenses	57,230	19,077
Travel, Subsistence & Accommodation	23,116	180,720
	30,848,489	27,392,000

Financial Intelligence Centre
Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 N\$	2020 N\$
7. Employee Provisions		
Provision for Bonuses	38,129	23,250
Provision for Leave Pay	2,289,835	1,872,466
	2,327,964	1,895,716
8. Audit Fees Provisions		
Provision for Audit fees	104,571	126,766
	104,571	126,766
9. Receivable from Bank of Namibia	21,268,117	13,450,370
The receivable from Bank of Namibia was determined after taking into account all the grants received and expenditures incurred by FIC for the period ended 31 March 2021.		
10. Other Trade Payables		
Other payables	1,455,874	14,550
Trade payables	629,958	-
	2,085,832	14,550
11. Other receivables		
Staff Debtor	7,680	52,062
	7,680	52,062

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 2021 amounted to N\$ 17 658 345 (2020: N\$ 11 606 834).

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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