



**FINANCIAL
INTELLIGENCE CENTRE**
ANNUAL REPORT

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THE FINANCIAL INTELLIGENCE CENTRE (THE FIC) IS TASKED TO SERVE AS A REGULATOR OF ANTI-MONEY LAUNDERING, COMBATTING THE FINANCING OF TERRORIST AND PROLIFERATION ACTIVITIES AND TO SERVE AS A CENTRE TO RECEIVE, ANALYSE SUSPICIOUS REPORTS FILED BY ACCOUNTABLE INSTITUTIONS AND FINANCIAL INSTITUTIONS IN RESPECT OF THE FINANCIAL INTELLIGENCE ACT, NO. 13 OF 2012; HEREINAFTER, THE FIA.

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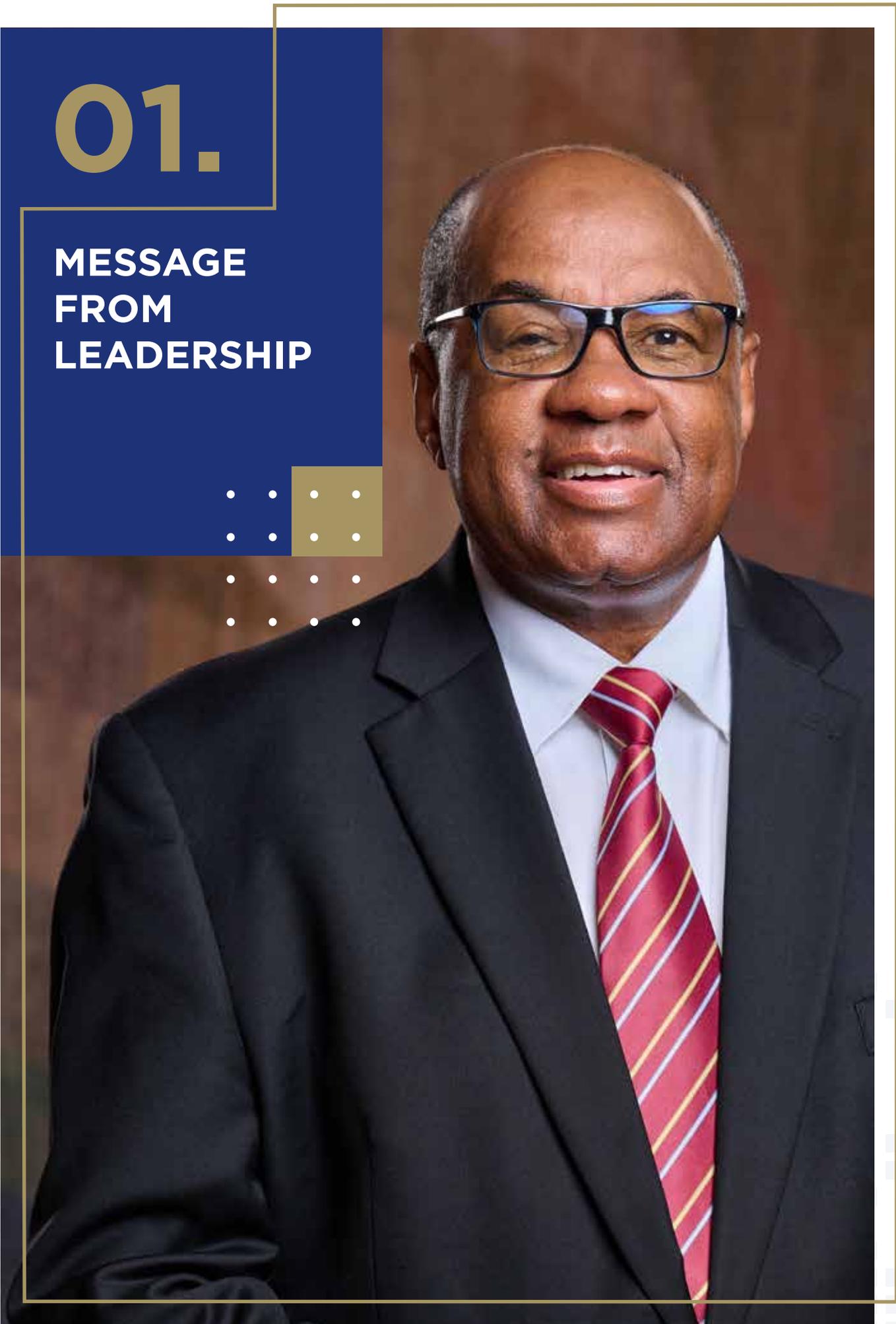
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ACRONYMS

ACC	Anti-Corruption Commission
AML/CFT/CPF	Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation
AML/CFT/CPF Council	The Council
BIPA	Business AND Intellectual Property Authority
BON	Bank Of Namibia
BAN	Bankers Association of Namibia
DNFBPs	Designated Non-Financial Businesses and Professions
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
MER	Mutual Evaluation Report
ML/TF/PF	Money Laundering, Terrorism Financing, Proliferation Financing
NAMPOL	Namibian Police Force
NCIS	Namibian Central Intelligence Services
NPOs	Non-Profit Organisations
NRA	National Risk Assessment
PACOTPAA	The Prevention and Combating of Terrorist and Proliferation Activities Act, 2014 (Act No 4 of 2014) as amended
POCA	The Prevention of Organised Crime Act, 2004 (Act No. 29 of 2004) as amended
UN	United Nations
UNODC	United Nations Office against Drugs and Crime
UNSC	United Nations Security Council
UNSCR	United Nations Security Council Resolution

01.

MESSAGE
FROM
LEADERSHIP





FOREWORD BY THE MINISTER

The Namibian economy exhibited strong recovery signs during the 2022/23 financial year. The positive growth trajectory is a welcome development and places the country on a path to regain lost ground on addressing socio-economic challenges and improving the standard of living of all Namibians. As echoed in the Budget Speech tabled on 22 February 2023, the government remain committed to maintain public finances stance on a sustainable path while simultaneously making the requisite provisions to create a conducive policy environment to stimulate economic activities and bring about much needed quality jobs.

As the economy emerges from the aftereffects of the COVID-19 pandemic, it is the most opportune time for the country to pursue a supportive policy mix to ensure broad-based recovery of existing industries as well as diversification into nascent high value industries such as green hydrogen as well as the emerging oil exploration activities and adjacent industries. To realise this economic drive, it is necessary to facilitate the acquisition of required skills and knowhow to ensure optimal exploitation of these opportunities.

The FIC as one of the major contributors to safeguarding the financial system will be instrumental in ensuring that the financial sector optimally executes its intermediary role of transmitting the required capital to various sectors of the economy. By safeguarding the reputation of the financial system in Namibia, it will enable the country to attract much needed Foreign Direct Investments (FDI) and thus facilitate the journey to economic recovery, growth and prosperity.

During the financial year under review the FIC continued to lead Namibia's second ME by the ESAAMLG aimed at assessing the effectiveness of our national Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation (AML/CFT/CPF) framework.

The MER of Namibia was discussed and adopted during the ESAAMLG 44th Task Force of Senior Officials meeting (28 August to 01 September 2022) and was adopted at the 22nd ESAAMLG Council of Ministers meetings (02 September 2022) in Livingston, Zambia. Representatives from various key stakeholder institutions, including myself and the Honourable Minister of Justice, formed part of and led the delegation that represented Namibia at the abovementioned regional meeting.

The MER highlighted the following deficiencies in Namibia's national AML/CFT/CPF framework:

- a) In respect of Technical Compliance with the international AML/CFT/CFP standards, Namibia attained 5 Compliant, 16 Largely Compliant, 16 Partially Compliant and 3 Non-Compliant ratings.
- b) In respect of Effectiveness, as tested against the 11 Immediate Outcomes of the international standards, Namibia attained 6 Moderate and 5 Low levels of effectiveness.

Due to the low levels of effective implementation of the national AML/CFT/CPF regime to protect the national system against ML/TF/PF risk materialization, Namibia was placed under enhanced follow-up by ESAAMLG and by the FATF's ICRG. Countries entering the FATF ICRG process are given 12 months (the Observation Period) to work with its FATF-style regional body (i.e. ESAAMLG) to address identified deficiencies, before possible public grey listing by the FATF.

FATF grey listing has a negative impact on a country's reputation and economy and should be avoided at all costs. A comparative analysis conducted with other SADC countries that were grey listed by the FATF, as well as research conducted by the International Monetary Fund(IMF), reflects the following economic consequences suffered by countries so grey listed:

- Massive capital outflows 6 (six) months prior, during and post FATF grey listing, causing an up to 7% negative impact on the Gross Domestic Product;
- No new Foreign Direct Investment until removal from FATF grey listing and until 6 (six) months thereafter; and
- Possible termination of, or extreme and costly enhanced due diligence measures on correspondent banking relationships with the Bank of Namibia and commercial banks operative in Namibia.

Should Namibia be grey listed it will come at the most inopportune time, especially in light of the recently signed Green Hydrogen Hyphen agreement and expected investments in Namibia's oil and gas discoveries.

To address the deficiencies identified in the MER, the National Focal Committee responsible for facilitating and coordinating the ME exercise, developed a National Action Plan which, amongst others, suggested the amendment to 11 laws and the introduction of 2 new laws.

I am pleased to announce that the National Action Plan was endorsed and approved by Cabinet on 13 December 2022. With this, Cabinet demonstrated the highest level of political commitment and directed all affected Ministries, Offices and Agencies to dedicate resources towards the implementation of the Action Plan, the progress of which is being monitored by the AML/CFTP Council and Cabinet.

I sincerely thank the FIC, the Bank of Namibia, the AML/CFT/CPF Council and other national AML/CFT/CPF stakeholders for the exemplary commitment shown towards addressing the deficiencies highlighted in the MER, in an effort for Namibia to avoid grey listing. The Namibian nation commends you.



Hon. Ipumbu Shiimi
Minister of Finance



CHAIRPERSON'S OVERVIEW

Financial crime is a societal evil that needs to be fought at all costs as it stands in the way of sustained economic growth, much needed to better the lives of all citizens. The detection, pre-empting and counteracting financial crime wherever it rears its ugly head is imperative.

In this regard, FIC makes its presence felt. I am pleased to announce that, during the year under review, the FIC continued the noble fight against financial crime to safeguard the Namibian financial system.

The global economic landscape has been marred by volatility, with the COVID-19 pandemic continuing to cast a shadow over economies worldwide. A challenging global economic climate has also marked this period due to geopolitical conflicts, collapsing banking institutions as well as domestic economic uncertainties, to mention but a few. It is in times of difficulty that criminals strive to rob citizens and governments through their illicit financial activities.

However, in these times of adversity, we have showcased our resilience and determination to safeguard our financial system, and, in this regard, the Financial Intelligence Centre played its part by identifying the proceeds of crime and assisting in combating money laundering and the financing of terrorism and proliferation. Through enhanced collaboration with domestic and international partners and diligent implementation of the AML/CFT/CPF regulatory framework, the FIC could execute its legal mandate, while overseeing Namibia's AML/CFT/CPF Mutual Evaluation exercise.

During the year under review the FIC recorded a 15% and 3.6% increase in reporting of Suspicious Transactions (STRs)

and Suspicious Activity Reports (SARs) respectively, with the banking sector filing the most STRs. Similarly, the number of Requests for Information increased by 10.8% due to continued and enhanced engagements with law enforcement agencies.

It is worth noting that deliberate measures taken to enhance the consumption of FIC intelligence through closer domestic cooperation have resulted in increased parallel investigations of money laundering and other predicate offences. The FIC's spontaneous disclosures have led to 47 criminal cases of fraud, forgery & uttering, corruption, and money laundering being registered by the Namibian Police.

The FIC responded to 142 requests for information relating to both domestic and international investigations. The value of transactions analysed is estimated at N\$ 4.5 billion, involving tax-related offenses, fraud, illegal deposit taking/Ponzi schemes, theft, and illicit dealing in drugs, respectively. Furthermore, FIC intelligence disclosures led to the preservations, forfeitures, and tax collection amounting to N\$ 14.3 million, N\$11.4 million and N\$ 2.9 million, respectively. This reflects a significant increase from 2022, where the FIC disclosures and interventions led to preservations (N\$8.9 million) and forfeitures (N\$ 988,000.00), respectively.

The FIC is midway through the implementation of its future-forward strategic plan, which is aligned to the Bank of Namibia's 2022 – 2024 strategic plan. This plan rests on 3 pillars and aims to improve the FIC's capacity through digital transformation, building a future-fit and agile workforce that understands stakeholder expectations, and strengthening the ability the FIC's response, management, and delivery capability to achieve its legal mandate. The FIC continues to leverage of

digital transformation in order to increase its effectiveness and to remain a relevant regulator in a world of emerging technologies.

It is incumbent upon Namibia to understand emerging technologies, do proper risk assessments, and provide a conducive environment where these innovations can thrive.

Regulatory frameworks must not suppress but embrace new innovations. To this end the FIC is spearheading a risk assessment on the impact of virtual assets and virtual assets service providers, as Namibia is on the verge of introducing a law to provide for the regulation, sale, trade, transfer of virtual assets, and the licensing of virtual assets service providers and issuers of initial token offerings. This is incidentally also an action item to address a deficiency highlighted in Namibia's AML/CFT/CPF Mutual Evaluation which came to a close in September 2022.

Following the adoption of Namibia's AML/CFT/CPF (MER), at the 22nd ESAAMLG Council of Ministers meetings on 02 September 2022 in Livingston, Zambia, a National Action Plan to address shortcomings identified in the MER was developed by the National Focal Committee, chaired by the FIC. The National Action Plan, which was approved by Cabinet on 13 December 2022, encompassed 13 legislative amendments and the enhancement of institutional capacity to address the shortcomings identified in effective implementation of the AML/

CFT/CPF framework (i.e. effectiveness). The adoption of the report ushered the country into the next phase of the mutual evaluation process which requires an assessed country to remedy all the deficiencies identified during the evaluation, within a specified timeframe. Various project teams were established to address deficiencies in technical compliance (i.e. the legal framework) and effectiveness within a period of 12 months, from 02 September 2022, in order to avoid Namibia being grey listed by the FATF; which will have a devastating impact on our recovering economy. Progress on the National Action Plan is closely monitored by the Office of the Prime Minister, the Minister of Finance and Public Enterprises and the AML/CFT/CPF Council.

We commend the FIC for the resilience and determination displayed during the period under review. As we look to the future, let us continue to work together to safeguard the Namibia financial system, promote economic growth, promote financial inclusion and uphold the highest standards of financial integrity.



Johannes !Gawaxab
Chairman: AML/CFT/CPF Council



ACTING DIRECTOR'S OVERVIEW

It is with great humility that I submit the FIC operational activities and achievements and financial status for 2022/2023 financial year. The FIC is responsible for administering the FIA, subject to any general or specific policy directives which the Minister may issue. The year under review was characterised by increased collaboration, cooperation and coordination between the FIC and domestic and internal stakeholders due to ESAAMLG/FATF Namibia ME exercise.

The ME commenced in 2020 with the completion of technical and effectiveness questionnaires to enable the Assessors with information on Namibia's AML/CFT/CPF regime. It was followed by two onsite visits by the Assessment Team engaging Government and the private sector stakeholders to validate the submissions in the mutual evaluation questionnaires. The FIA section 9 (1) (f) mandates the FIC to coordinate the activities of the various persons, bodies or institutions involved in the combating of ML/TF/PF.

To this end the FIC coordinated the ME exercise and rolled out over fifty (50) domestic stakeholder workshops explaining the requirements, clarifying issues, receiving, and collating data and statistics and subsequently, as coordinator, making submissions to the Assessment Team. The ME denotes to a peer review of ESAAMLG countries status and progress in combatting of ML/TF/PF in accordance with the FATF forty recommendations. It entails an assessment of AML/CFT/CPF laws (technical compliance) and the effective implementation of those laws (effectiveness) by a jurisdiction including Namibia.

The ME process culminated when the Council of Ministers of ESAAMLG adopted Namibia MER in Livingstone, Zambia in September 2022. The MER highlights several shortcomings in Namibia's laws (technical compliance) and implementation of its laws (effectiveness) with ratings reproduced below.

Namibia received Non-compliance/Partial compliant rating on 19 Recommendations of which Recommendations 5, 6 and 20 form part of the "big 6" Recommendations. Regarding Level of effectiveness, Namibia received 6 Moderates and 5 low level of effectiveness ratings of which all must be improved to Substantial level of effectiveness. Please refer to tables 23 and 24 below.

This resulted in Namibia being placed on a twelve-month observation period following the adoption of the MER at the Council of Ministers Meetings during the September 2022 in Zambia. As part of the FATF's ICRG process, Namibia is required to submit a national progress report demonstrating how far the country has come, since September 2022, in addressing the deficiencies highlighted in the ME Report. Namibia must demonstrate positive and tangible progress, to assure the international community that Namibia has measures that duly contribute to international ML/TF/PF prevention and combatting activities, to avoid Namibia from being escalated to grey listing.

A National Action Plan has been developed and approved by Cabinet, demonstrating the highest political commitment of Namibia to address deficiencies, and recommended actions of the ME. To this end, high-Level meetings are being convened to discuss the progress on ME Action Items related to deficiencies highlighted under the Immediate Outcomes in Namibia's MER; and to find solutions which can increase effectiveness of Namibia's AML/CFT/CPF regime. The activities of the Action Plan culminated in the proposed amendment of 11 AML/CFT/CPF laws and crafting of 2 completely new laws. These laws are being processed for promulgation and implementation by June 2023.

The current review period also marks the FIC 2nd year of the 3-year strategic plan (2022-2024). Significant progress has been made during the second year of the strategy. Particularly

FICs contributions to maintain a stable and inclusive financial system, development of a future fit organizational capability and effectiveness, and building a future fit work force, which are enumerated throughout this report. The output and outcomes for the year across the different divisions of the FIC culminated in:

- Continuation of the FIC Organisational Re-Design and Digital Journey project resulting in the FIC onboarding Robotic Process Automation, workflow process re-engineering and re-skilling/upskilling (several face-to-face/online training and workshops) staff members to embrace and take full advantage of technological advances.
- Co-ordinator of Namibia ME, and National Action Plan tracking.
- Facilitation of 31 Post ME activities.
- Analysis and Law Enforcement Agency & Prosecutorial Support engagements increase x 242, 9 x workshops reaching 226 participants from various LEAs and Competent authorities.
- 47 x ML/Tax Fraud and corruption criminal investigations linked to FIC Intelligence disclosures.
- 135 million tax assessments raised.
- 25 x FIA Section 42 interventions in bank accounts to the value of N\$15,4 million.
- Forfeiture Orders N\$ 11,4 million.
- 215 x spontaneous disclosures to LEAs and competent authorities.
- 175 x requests received from domestic and foreign FIUs and issued 139 disclosures.
- 106 x FIA Compliance Training & Outreach activities
- 66 onsite and off-site compliance assessments
- STRs increased from 1003 in 2022 to 1150 in 2023.
- 12x Monthly ML/TF/PF Statistical Reports
- 4x Quarterly ML/TF/PF Statistical Reports
- 12x Trends & Typology / Reports

All the above would not have been possible without our national and international contributors and partnerships. To this end I wish to highlight and appreciate the cooperation and assistance rendered by our national stakeholders (public and private) and international technical assistance partners. Furthermore, the Bank of Namibia under the leadership of Governor Johannes !Gawaxab, and in his role as chairperson of the Council and all members of the Council are specifically recognised for their unwavering support, fortitude and visionary leadership during the entire ME Process and the year under review.

In conclusion much praise should go to the entire FIC staff compliment who showed perseverance and tenacity during the ME process. This was especially daunting on the back of executing and maintaining its operational achievements during the year under review. I will be forever grateful for the remarkable resilience demonstrated by staff to innovate and address challenges head-on. Their respective inputs and the undeniable work ethic indeed facilitated the smooth operation of the Director's office, and the outcomes achieved as set out in our strategy.

STATEMENT OF ACCOUNTABILITY



To the best of my knowledge and belief, I confirm the following: All information and amounts disclosed in this Annual Report are consistent with the Annual Financial Statements audited by the FIC's external Auditors. This Annual Report is complete, accurate and free from any material omissions. This Annual Report has been prepared in accordance with general Annual Report Guidelines endorsed by the Government of the Republic of Namibia.

The Annual Financial Statements have been prepared in accordance with applicable standards and that the FIC, with the administrative support availed by the Bank of Namibia as per the Financial Intelligence Act, 2012 (Act No. 13 of 2012) as amended, is responsible for the preparation of the financial statements and for the 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 2023.

Gerrit C. Eiman
Acting Director: FIC

02.

GOVERNANCE



GOVERNANCE

The Minister of Finance and the Council are responsible for the FIC's governance, risk, and compliance. It is to these bodies that the FIC reports to on outcomes of its statutory mandate.

Established in term of section 17 of the FIA, the Council is an AML/CFT/policy advisory body for the Government of Republic of Namibia. BoN being responsible for the provision of administrative support to the FIC, the FIC further reports administratively to the Governor of the BoN.

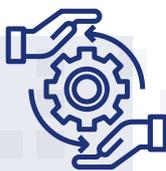
The values of ethics, integrity, transparency, and accountability are supportive pillars of the corporate governance model. Therefore, strengthening compliance with the NamCode and King IV codes of good corporate governance, which requires a positive link between human behavioural traits and an effective corporate governance model.

The FIC recognises the impacts governance has on achieving its strategic objectives in line with the outcomes-based approaches, advocated in above two governance models.

During the reporting period, the FIC employed a Principal Risk Assurance Officer. The main functions of this roles are to enhance the risk management process in the FIC and to provide assurance to the Council on the effective implementation and operation of internal controls through internal audit services and organisational compliance as part of FIC's organizational structure. This will assist with automating the governance reporting for the FIC through an automated system for governance reporting which can be acquired in the future.

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, and Minister of Finance.

The FIC subscribes to 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. 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 acting 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.



03.

THE AML/CFT/CPF COUNCIL



THE COUNCIL MEMBERS



Mr. Johannes !Gawaxab
(Chairperson)
Governor : Bank of Namibia



Mr. Paulus Noa
(Vice Chairperson)
Director-General : Anti Corruption
Commission



Mr. Junias Kandjeke
(Member)
Auditor-General



Adv. Olivia Martha Imalwa
(Member)
Office of the Prosecutor-General



Mr. Kennedy Matomola
(Member)
CEO : Namibia Financial Institution
Supervisory Authority



Ms. Elize Angula
(Member)
Law Society of Namibia



Mr. Sikongo Haihambo
(Member)
Executive Director : Ministry of
Trade, Industrialization and SME
Development



Ms. Baronis Hans
(Member)
Chairperson :
Bankers Association of Namibia



Lt. Gen. Joseph Shikongo
(Member)
Inspector-General of the
Namibian Police



Ms. Felicity !Owoses
 (Member)
 Executive Director :
 Ministry of Justice



Mr. Etienne Maritz(member)
 (Member)
 Executive Director : Ministry of Home
 Affairs, Immigration & Safety &
 Security



Mr Titus Ndove
 (Member) Executive Director :
 Ministry of Finance



Mr J. Kaupitua
 (Member) Director :
 Namibia Central Intelligence Service

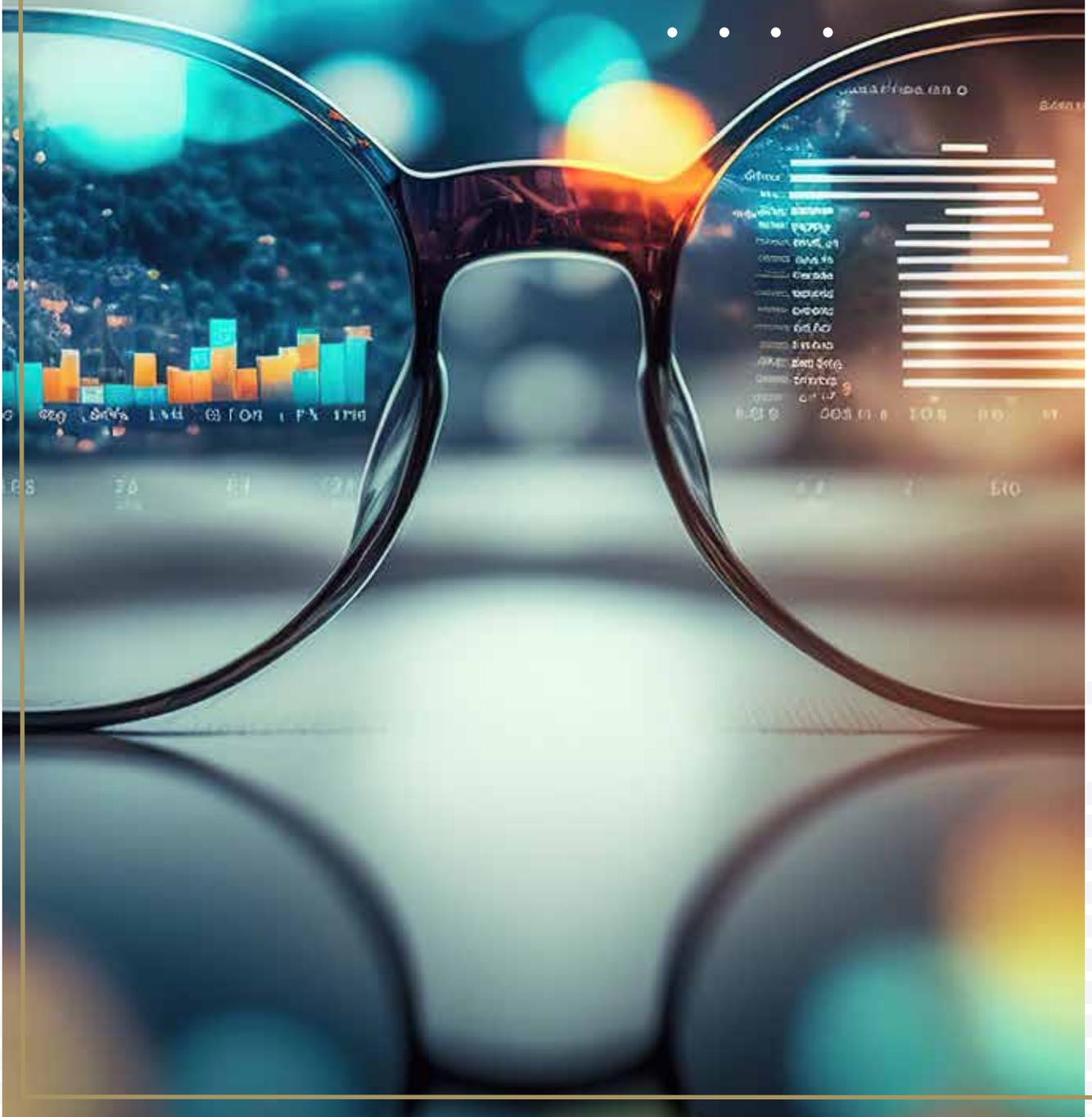
FUNCTIONS OF THE AML/CFT/CPF COUNCIL



- Advises the Minister of Finance on policies and measures to combat ML/TF/PF and on the exercise by the Minister of powers entrusted to him/her under the Act.
- Consult, when necessary, with the FIC, associations representing categories of Accountable or Reporting institutions, Offices, Ministries, Agencies, supervisory bodies, regulators, and any other person.
- Advise the FIC concerning the performance of its functions.
- Consider and recommend the proposed budget of the FIC to the Minister for approval.
- 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.
- Recommend to the Minister the appointment or removal of the Director.
- Approves the FIC Risk Assessment and Risk Management Plans on an annual basis followed by quarterly reviews of risk reports and
- identifies a risk appetite and tolerance level for all identified risks and ensure tracking and mitigation of identified risks by the FIC.

04.

GETTING TO KNOW THE FIC



GETTING TO KNOW THE FIC

THE FIC



The FIC is established as an operational autonomous and independent statutory agency created by the FIA. In line with FATF Recommendation 9, the FIC is Namibia's central body tasked to perform various functions. These included receipts, analysis of suspicious reports and other information relevant money laundering, associated predicate offenses, terrorist financing and share the result of such analysis with law enforcement agencies.

As a Financial Intelligence Agency



The FIC receives reports, collects, analyze information relating to suspicious reports filed by the FIA Regulated Populace. These reports undergo an analytical process and may result in actionable intelligence shared with various law enforcement agencies and foreign FIUs for possible investigation.

As a Regulator



The FIC is responsible for monitoring 2155 businesses to ensure FIA compliance. The function is carried out in collaboration with other AML/CFT/CPF supervisory and regulatory bodies. This function aims to assist FIA Regulated Populace strengthen their AML/CFT/CPF controls and assists to identify, to strengthen and mitigate their ML/TF/PF risk exposure.

The functions of the FIC

Primary functions

Receive, and request, financial information on transactions, activities and process, and other relevant information suspected to involves ML/TF/PF.

Collect, analyze, and assess the information it receives to substantiate possible presence of ML/TF/PF.

Monitor, supervise and avail compliance and risk guidance to accountable and reporting institutions, supervisory bodies and individuals in respect of the FIA.

Implement and keep an up-to-date registration system for all Accountable and Reporting Institutions

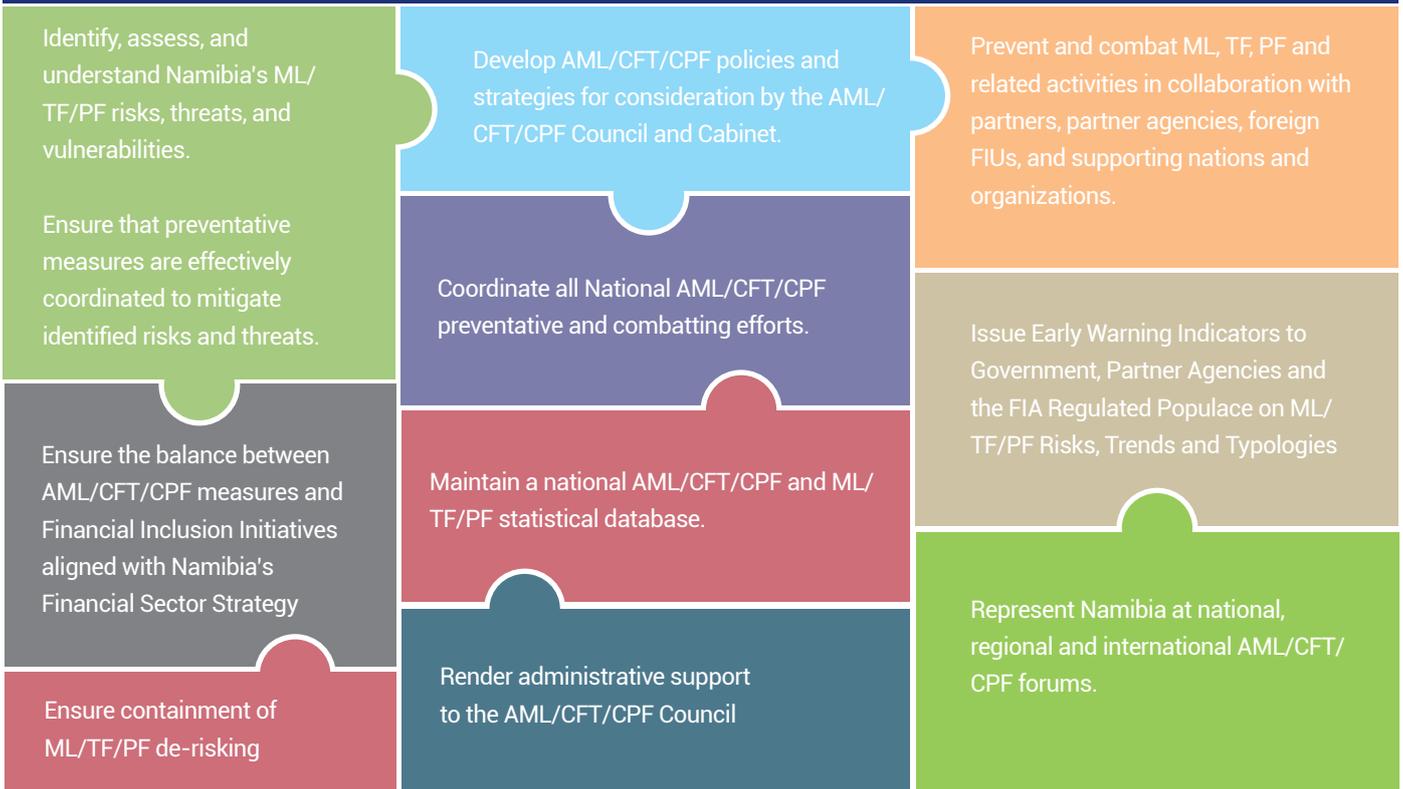
Inform, advise, and co-operate with partner agencies domestically and internationally to identify, assess, understand, and disrupt ML/TF/PF activities

Continuously align Namibia's National AML/CFT/CPFT policy, legislative and implementation framework with international AML/CFT/CPF obligations, standards, and best practices.

Enforce compliance with the FIA by imposing proportionate and dissuasive administrative sanctions.

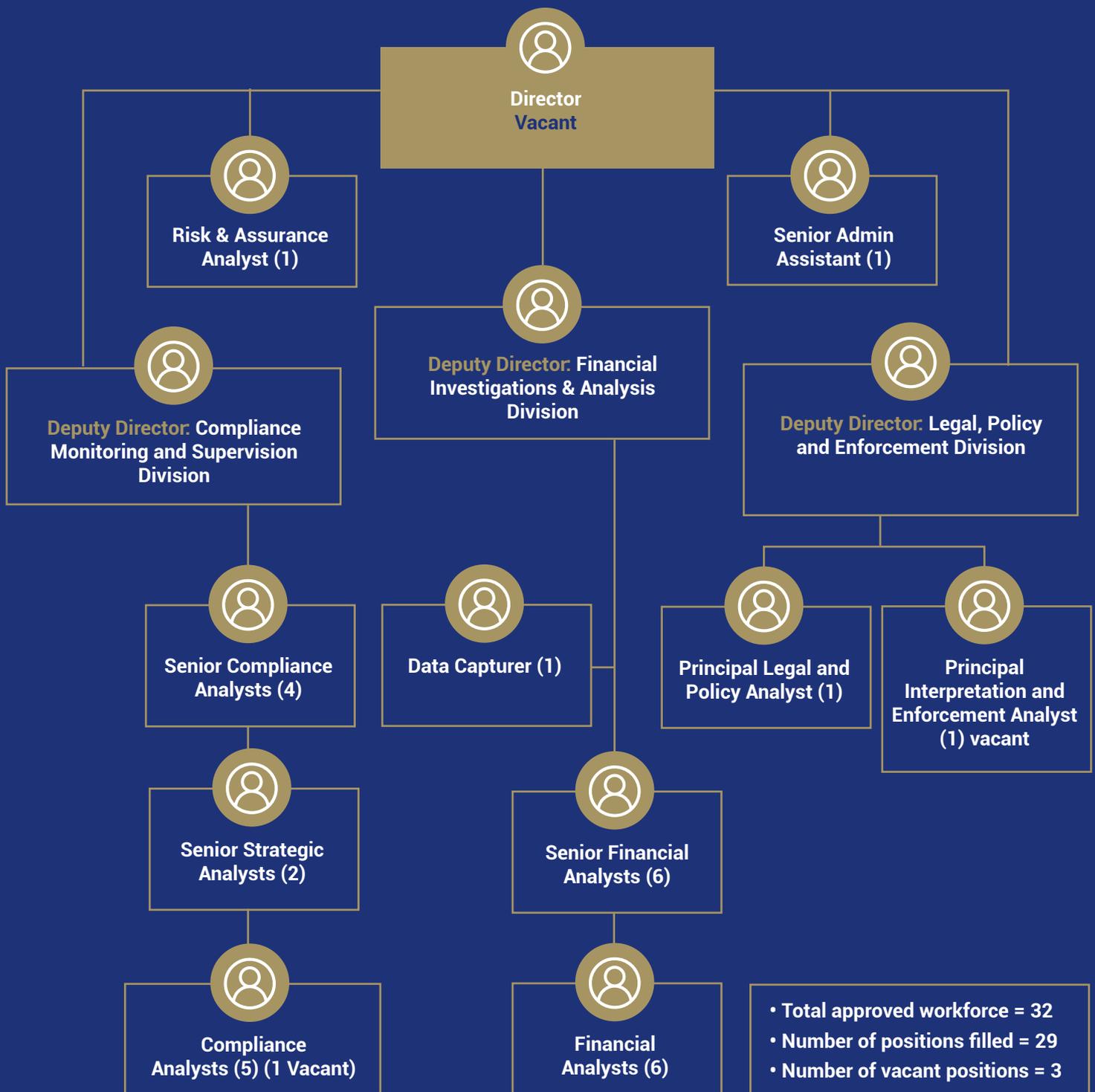
Create public awareness and offer training to the regulated institutions to fully understand their obligations under the FIA.

Other functions



The FIC receives reports, collects, analyze information relating to suspicious reports filed by the FIA Regulated Populace. These reports undergo an analytical process and may result in actionable intelligence that is shared with various law enforcement agencies and foreign FIUs for possible investigation.

ORGANIZATIONAL STRUCTURE OF THE FIC



ROLE OF BANK OF NAMIBIA

Bank of Namibia (BON) provides administrative support to the FIC in respect of section 7(2) of the FIA.

The administrative support includes:

- Remuneration and other payments.
- Performance management.
- Financial accounting services. However, the FIC's financials are audited separately by external auditors.

05.

STRATEGIC OVERVIEW



STRATEGIC OVERVIEW



The mandate of the FIC is outlined in section 9 of the FIA, is the cornerstone of the FIC's three-year strategy.

The strategy of the FIC is embedded in three pillars: The Purpose Pillar, the Future-fit Organizational Capability and Effectiveness and the Talent and Transformation Pillar.

Furthermore, the strategy ensures that core functions of the FIC are performed, and that these functions are carried out as efficiently as possible.

As a result, the strategy identifies innovative technologies as a key enabler to maximize operational efficiency and a key element to meeting the expectations of stakeholders, given the volatility in the external and external environments.

As a continuous activity, the FIC re-designed and automated various business processes, that were voluminous manually processes. The benefits of these re-designs include amongst others;

- Strengthen risk-based analysis and supervision.
- Increase in actionable intelligence.
- Improve data integrity.

As an institution the FIC contributes to maintaining a stable and inclusive financial system. Hence our three-year strategy, 2022-2024 embraces changes in our macro and micro-environments. The strategy is embedded in three pillars: The Purpose Pillar, the Talent and Transformation Pillar and the Future-fit Organizational Capability and Effectiveness Pillar.



PILLAR 1

Maintain a stable and inclusive financial System

Objectives:

To collect, request, receive, process, analyse, assess reports and shares actionable intelligence with competent authorities. To supervise, monitor, and enforce compliance with FIA.



PILLAR 2

Future fit organizational capability and effectiveness

Objectives:

To enhance operational capability and value maximisation



PILLAR 3

Talent & Transformation

Objectives:

To build future-fit capacity

To execute the strategy and achieve its objectives successfully, the FIC recognizes that it must be received quality reports, well-equipped to be responsive to changes in the environments. The table below outlines areas the FIC invests in to carry out its mandate effectively and efficiently.

TABLE 1: KEY FOCUS AREAS

 Adapt	 Report	 Knowledge	 Disrupt	 Supervise, Monitor & Enforce
<p>Open to adopt changes in our environment to enhance our operational efficiency, effectiveness and relevancy in a dynamic working setting.</p>	<p>Continuously engage Accountable Institutions to ensure continuous reporting of suspicious transaction and activities.</p>	<p>Produce strategic analysis to create awareness on new developments in our operating environment.</p> <p>Also, provide guidance on effective implementation of our law.</p>	<p>Strengthen cooperation and coordination with our law enforcement agencies, domestically and internationally, to prevent the misuse of the financial system from criminal abuse.</p>	<p>Conduct risk-based monitoring, supervision to enhance regulatory efficiency and enforce non-compliance.</p>

Capacity Building

Equally important, the developing and maintaining a skilled workforce. As a workforce strategy, the FIC uses the Experience and Education as two main approaches to develop its workforce focusing on AML/CFT/PFT analytical, regulatory and supervisory.

Experience – This is allowing staff to acquire experience on the job, encouraging staff to challenge themselves by taking on tasks beyond their comfort zones.

Education – These are structure learning modes including attending conferences, webinars, trainings and workshops. Accordingly, the FIC subscribes to two virtual learning platforms: The ECOFEL eLearning platform and the Udemy platform. All permanent staff can access various trainings and learn at their own leisure.

Additionally, the FIC staff attended various other face-to face or virtual trainings, these trainings include but not limited to the following:

- Crypto Currencies and the Blockchain.
- Investigating the Use of Virtual Assets in TF.
- Best Practices and Mechanism of Producing Quality Financial Intelligence.
- Financial Intelligence Analysis.
- National Security Policy Framework Workshop.
- National Counter Terrorism Workshop.
- Counter Terrorism Analysis for African Member States.

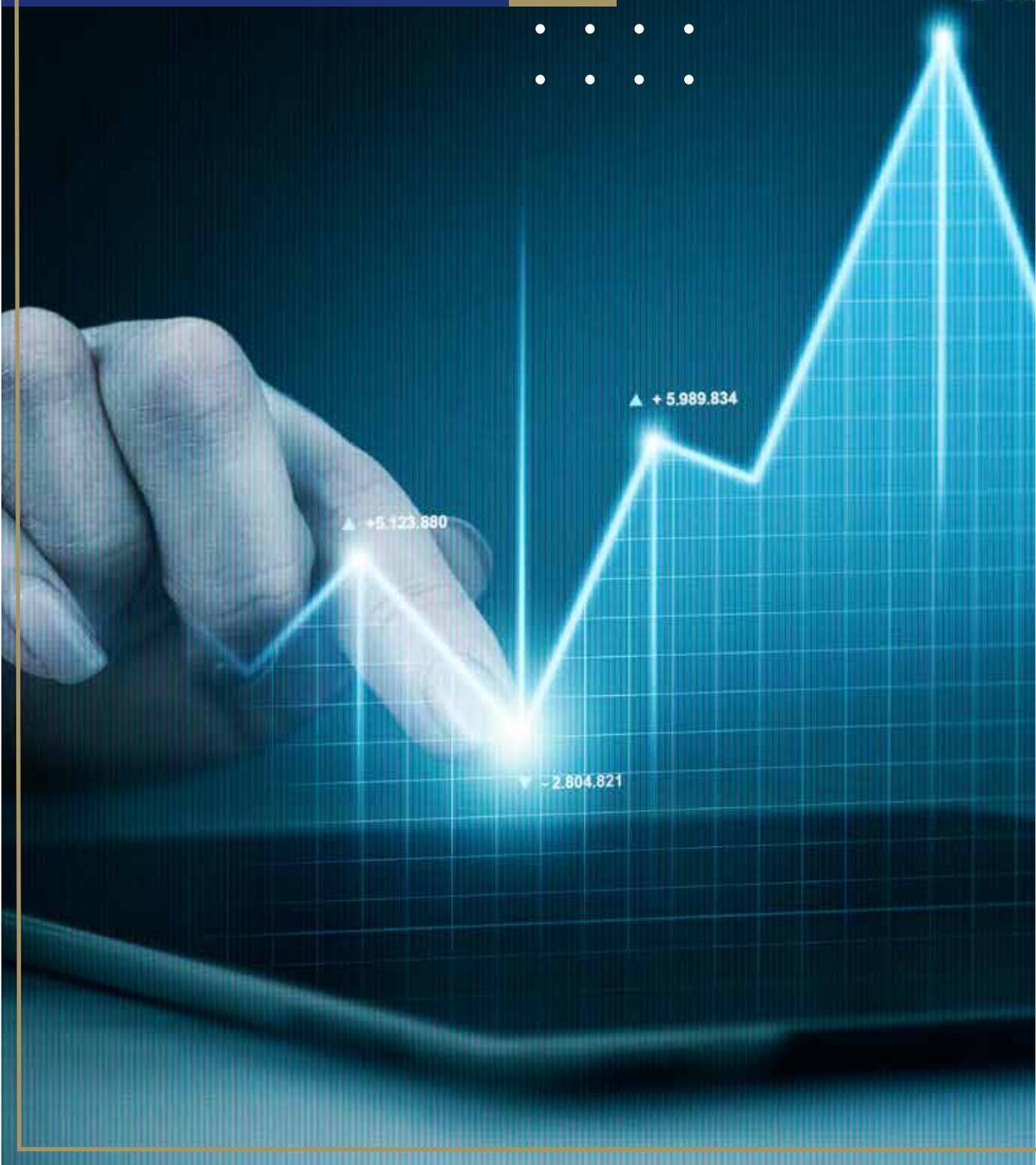
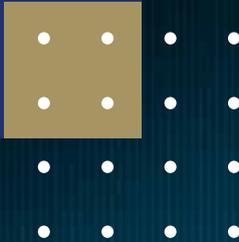
- Advancing Anti-corruption using beneficial ownership data in procurement processes in Sub-Saharan Africa.
- Review and Enhancing Illegal Wildlife Trade Financial Investigations Skills.

Therefore, to successfully protect Namibia's financial system from criminal abuse, and disrupt ML/TF/CPF, the FIC must remain agile and knowledgeable in the AML/CFT/CPF arenas.



06.

OPERATIONS OF THE FIC



OFFICE OF THE DIRECTOR



The Office of the Director oversees the strategic focus of the FIC through various operational activities performed by five functions in pursuit of its mandate in terms of the FIA. It also ensures Namibia's compliance with her international AML/CFT/CPF obligations. Lastly, to ensure that the FIC mandate is carried out, this Office of the Director is responsible for effective, and efficient organizational management of the FIC

FUNCTIONS OF THE DIRECTOR

The Director provides strategic direction and enhances 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 the functions of the FIC 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 the 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.

Compliance Monitoring & Supervision

- Monitors compliance with the FIA.
- Co-ordinates the framework that ensures effective and efficient oversight by supervisory bodies and the FIC.
- Conducts inspections, both on its own and in support of supervisory bodies, to determine the level of compliance with the FIC Act.
- Monitors and provides guidance to accountable and reporting institutions, supervisory bodies, and others on FIC Act obligations.
- Manages a registration system of accountable and reporting institutions.
- Continuously updating the national AML/CFT/CPF Risk and Threat Assessment.

Strategic Analysis

Strategic Analysis function avails strategic intelligence products on the nature and extent of ML/TF/PF activities posing threats to the financial system and the economy.

These reports are shared with stakeholders including policy makers, law enforcement and supervised institutions.

The Director ensures 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.

Financial Investigation and Analysis

The key mandate for this function is to receive and analyse suspicious reports to identify proceeds of crime, ML/T/PF. The function also receives and responds to Requests for Information from law enforcement agencies and competent Authorities. The FIC **does not investigate** criminal cases, but merely disseminates intelligence with law enforcement agencies.

The Director ensures -

- Ensures the implementation of measures to enhance timely 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

This function ensures the administration of FIA, legislative amendments. It provides strategic policy recommendations to the AML/CFTP Council, legislative and implementation framework.

The function is responsible for stakeholder relationships with regional and international AML/CFT bodies. The function provides in-house legal advice and secretariat support to the AML/CFTP Council and the FIA Appeal Board.

The Director's ensures the –

- Alignment of the national AML/CFT/CPF Policy, Legislative and Implementation framework with international AML/CFT/CPF obligations, standards, and best practices.
- Capacity building and awareness outreaches with relevant AML/CFT/CPF stakeholders are carried out.
- Legal advice and interpretation on the FIA to AML/CFT/CPF stakeholders and other identified stakeholders; and
- Decisive, measured, and proportionate enforcement actions for non-compliance with AML/CFT/CPF legislation.

Risk Assurance

The main functions of this role are to enhance the risk management process in the FIC, by providing assurance to the Council on the effective implementation and operation of internal controls through internal audit services and organisational compliance as part of FIC's organizational structure.

The Director ensures that risk management function-

- 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.

2022/2023 AT A GLANCE



Facilitated
31 Post Mutual
Evaluation
activities.



47

ML, tax fraud and
corruption criminal
investigations linked
to FIC intelligence
opened.



25

FIA section 42
Interventions value

N\$ 15.4 mill



242

LEA case-case
ML/TF/PF
engagements

5 LEA workshops

160 participants



Increased sectorial
engagements - focus on DNFBs.



8 Appeals
heard



5 LEA
Training



Increased range of
strategic analysis products



4 signed new
MoUs with
LEAs.



106 FIA Compliance
Training and
Outreach activities



66

on-site and
off-site Compliance
Assessments



FIC contributes to

N\$ 135 mill

tax
assessment
raised

COMPLIANCE MONITORING AND SUPERVISION



The primary function of Compliance Monitoring and Supervision is to gain reasonable assurance that accountable and reporting institutions, as identified in the FIA, have implemented effective risk management measures to reduce risks of ML/TF/PF. Further, The Division implements interventions to enhance risk management activities at sectoral and individual entity level.

Since the commencement of the FIC's compliance monitoring and supervision activities in 2012, there have always been over two thousand (2,000) AIs and RIs under its supervision. All such institutions should be duly supervised, as per the FIA. Naturally, the Risk Based Approach (RBA) is employed which enables prioritization of supervision activities as per identified risks. In practice, the higher the risk of a sector and institution, the more intense and frequent supervisory activities it is accorded until the FIC gains assurance that risk mitigation is at an acceptable level.

Key to understanding risks and the effective implementation of the RBA lies in the Sectoral Risk Assessments (SRAs) and the NRA activities conducted by the Division, which are carried out every 3 to 5 years. Supervision activities in the period under review were informed by outcomes of the 2020 NRA, the SRA and observations from the FATF ME. Amongst the primary findings, the 2020 NRA confirms the 2015/16 NRA findings which called for the inclusion of certain NPOs and Customs Clearing and Forwarding Agents (CCFAs) in the AML/CFT/CPF supervisory regime. The inclusion of these sectors in the supervisory framework in recent years has naturally added to the overall supervisory coverage in the reporting period, as can be seen in Table 1 below. Additionally, the 2020 NRA findings also confirmed the emergence of proceeds generating crimes relating to online gambling, Pyramid Schemes and Virtual Assets. Monitoring, oversight and supervisory focused on the activities of Virtual Asset Service Providers (VASPs) to understand their risk exposure and activities in the reporting period. Several outreach activities were conducted to enhance the VASP sector's understanding of their FIA obligations.

Since finalization of Namibia's ME report in September 2022, the Division immediately commenced targeted compliance activities such as Onsite and Offsite compliance assessments, SRA updates, and stakeholder engagement sessions etc. With the onboarding of staff members skilled in Information Technology areas, a digitization sub-division was created in the reporting period to help drive digitization and automation. The first projects include automating the entire SRA process. The SRA process, which usually takes between 6 – 8 months can now be executed

within a few weeks, depending on the pace at which participants such as supervised entities can complete the questionnaires digitally. In the same vein, the digitization team has automated the Institutional Risk Log (IRL). The IRL is a granular, entity level risk scoring matrix with which supervision function will track the risk level of each entity. Such will be updated after each assessment or observation of factors which impacts the risk level of an entity. All these activities enhance efficiencies and overall effectiveness.



DIVISIONAL PERFORMANCE IN THE REPORTING PERIOD

REGISTRATIONS OF NEW INSTITUTIONS

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

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 registered number of FIC regulated institutions therefore stood at 2155 as at 31 March 2023 (see Table 1 below).

TABLE 2: SUPERVISORY COVERAGE IN TERMS OF COMPLIANCE ASSESSMENTS OF SUPERVISED INSTITUTIONS

Sectors	Total Registered March 2021/2022	Total Registered March 2022/2023	Risk Rating	Total Assessed March 2021/2022	Total Assessed March 2022/2023	Coverage March 2021/2022 In %	Coverage March 2022/2023 In %	Coverage Difference in %
Accountants and Auditors	84	84	L	8	8	10%	10%	0%
Authorised Dealers with Limited Authority (ADLAs)	4	4	H	4	4	100%	100%	0%
Auctioneers	22	21	L	15	16	68%	76%	8%
Banks	10	10	M	10	10	100%	100%	0%
Casinos	4	4	M	4	4	100%	100%	0%
Customs Clearing and Forwarding Agents	212	230	M	8	8	4%	3%	0%
Dealers in Precious Metals and Stones	12	15	L	7	7	58%	47%	-12%
Legal Practitioners	269	275	M	169	170	63%	62%	-1%
Lending Institutions	9	9	M	5	5	56%	56%	0%
Money and Value Transfer Service	9	9	M	3	3	33%	33%	0%
Motor Vehicle Dealers	112	115	M	74	73	66%	63%	-3%
Non-Profit Organizations	49	52	H	0	0	0%	0%	0%
Real Estate Agencies	1250	1281	M	127	127	10%	10%	0%
Trust and Company Service Providers	47	46	L	2	3	4%	7%	2%
Total	2,093	2,155		436	438			

FIA AWARENESS RAISING AND TRAINING ACTIVITIES

Targeted monitoring and supervisory activities of the Division continue to increase supervisory coverage across high to medium risk sectors, products and services through various compliance activities. Awareness and training engagements are core activities of the Division and will continue alongside other supervisory activities to ensure a tailored supervisory approach is maintained across the supervised populace.

Table 3 below presents statistics on training, awareness, and outreach related activities in the period under review.

TABLE 3: TRAINING, AWARENESS, AND OUTREACH ACTIVITIES

Year	Month	No. of Training & Outreach
2022	April	59
	May	0
	June	6
	July	5
	August	8
	September	0
	October	5
	November	4
	December	0
2023	January	4
	February	14
	March	0
	April	1
Total		106

FIA COMPLIANCE ASSESSMENTS

Onsite and Offsite Compliance Assessments are a significant supervisory activity undertaken by the supervisory function. These activities gauge the effectiveness of ML/TF/PF risk management systems at institutional level. With an understanding of risk management effectiveness at institutional level, the supervision function is in a position to devise the necessary corrective interventions to mitigate risks.

In the period under review, supervisory activities such as offsite assessments, which are often less intensive were conducted on medium-to-low risk institutions and sectors. The FIC also uses this type of assessment for targeted assurance activities to gauge whether a need to exists to undertake more intensive measures such as training, management meeting or onsite compliance assessments.

The nature and type of assessment activities employed for sectors and institutions is dependent on various factors including the level of risk exposure and enhancement of supervisory coverage. The Division conducted 24 on-site assessments in the period under review compared to 25 in the previous reporting period. Additionally, the division also conducted 42 off-site assessment activities in the current reporting period. Refer to Figure 1. and 2.

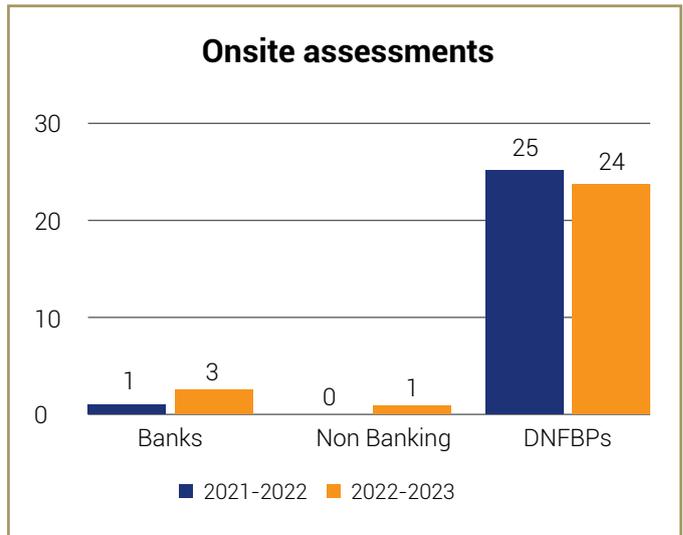


FIGURE 1: FIA ONSITE COMPLIANCE ASSESSMENT COVERAGE FOR THE PERIOD ENDING 31 MARCH 2023

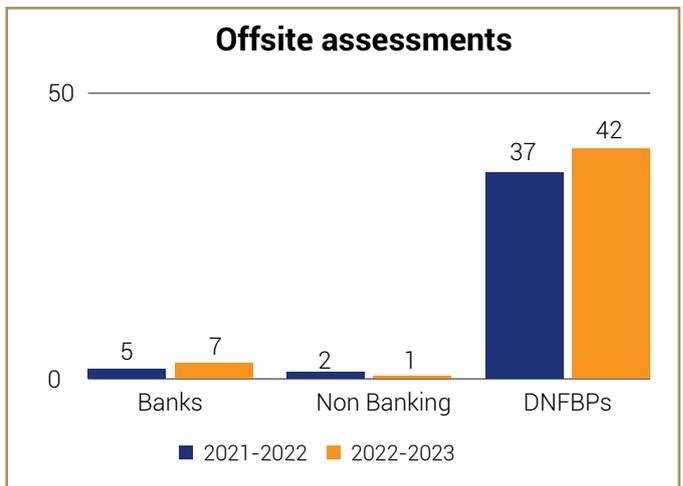


FIGURE 2: OFF-SITE COMPLIANCE ASSESSMENT ACTIVITIES FOR THE PERIOD ENDING 31 MARCH 2023

SUPERVISORY OVERSIGHT AND STAKEHOLDER ENGAGEMENTS

The FIC works with various key stakeholders such as Namibia Financial Institution Supervisory Authority (NAMFISA) to ensure sectors under the latter's supervision are accorded effective supervision. In furtherance of this, the supervisory function's continued engagements entailed periodic supervisory meetings and report reviews. The FIC also engaged BAN and other sectors to address industry compliance concerns. These sectoral engagements are on the increase with the inclusion of others such as Casino operators, Authorised Dealers with Limited Authority (ADLAs), Trusts and Company service providers, NPOs, CCFAs etc., to advance effective risk mitigation.

FINANCIAL INVESTIGATIONS AND ANALYSIS



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

To ensure that the intelligence disseminated drives impact and adds value, the FIC has extended its scope of service delivery now offers targeted support to law enforcement agencies and the Prosecutorial Authority. This function is carried out by a newly established stream called Law Enforcement Agency & Prosecutorial Support (LEAPS). This stream is tasked to deliver rapid response to serious & high-profile financial crime matters. The stream further serves to increase consumption of FIC intelligence by law enforcement agencies, thus driving impact from the output produced. The success of this stream of work is evident in the disruption of crime and income generation for the state, herein below.

Furthermore, the FIC continues to pursue digitalization and business process redesign. The automatic prioritization of Suspicious Transaction Reports (STRs) and Suspicious Activity Reports (SARs), has reached a significant milestone and is expected to be implemented in the following period of reporting. FIC will produce more disclosures that are aligned to the outcome of the NRA, and priorities of law enforcement agencies.

HIGHLIGHTS

Below is a snapshot of the highlights Financial Investigative Analysis

Produced 357 intelligence disclosures (both spontaneous disclosures, and responses to requests for information)



The FIC issued 25 FIA section 42 Intervention Orders involving 46 bank accounts valued at N\$15,4 million.



FIC disclosures, led to 36 tax audits resulting on N\$135 million tax assessment raised and tax recovered N\$2.9 million respectively.



Moreover, the FIC disclosures have resulted in 47 criminal cases being brought against individuals and entities accused of committing various offences including fraud, forgery, uttering, corruption, and money laundering. These cases are being handled by NamPol and the ACC.



Conducted 5 workshops with 160 participants from various Law Enforcement Agencies and Competent authorities to enhance cooperation & coordination. A total 45 stakeholders were registered with 78 individuals.



Held 242 case by case sessions with various 321 stakeholders from NamPol, OPG, BoN, NamRA, Confidential Informants, Als, RIs and Rooikat Trust foundation.



Contributed to successful detained of USD (N\$1.2 million) found undeclared at point of entry by 4 nationals. The suspects appeared before court, found guilty and issued a fine.



Asset Forfeiture Unit OPG: Sale of property bought with proceeds of the GIPF millions stolen by two employees. Proceeds were deposited into the daughter's account of one of the accused in the matter.

INCOMING REPORTS

The FIC receives various reports from Accountable Institutions and Reporting Institutions. These reports form part of the analysis conducted to identify proceeds of crime, involving ML/TF and PF. The outcome of our analysis is intelligence, that is shared with domestic and international law enforcement agencies for further investigation to establish evidence relating to financial crime, ML/TF, and PF. The success of combatting ML/TF/PF relies on the ability of the FIC to maintain strong relationships with law enforcement agencies and partners.

Therefore, the FIC has taken deliberate measures to develop, and maintain working relationships with all law enforcement agencies by concluding various memorandum of Understandings. The FIC is further active in various task forces, joint analysis/investigative task forces. The FIC ensures that it provides swift, relevant intelligence, to aid investigations and the disruption of criminal activities through convictions and forfeiture of proceeds of criminal activities.

SUSPICIOUS TRANSACTION REPORTS

Reporting of STRs is critical in combating ML/TF/PF. These reports provide crucial information initiating investigations into criminal activity and assist in uncovering financial trails associated with financial crime.

STRs may be structured or unstructured data, i.e., amount, accounts and entities involved in the transactions. FIA allows for the following to file STRs with the FIC. These include banks, non-banking institutions, even a member of the public can file a suspicious transaction with the FIC.

During 2022/2023, the FIC received 1150 STRs from various banking and non-banking institutions, Bodies and Professions. As shown in Figure 3, the Centre continued to receive STRs in 2023.



FIGURE 3: STRS REPORTED

Table 4 below shows that the banking industry, continue to dominate filing of STRs, recording 85% and 83% in 2023 and 2022 of all STRs filed with the FIC. In second place are Casinos, recording 27 STRs in 2023 from zero recorded in 2022.

SUSPICIOUS ACTIVITIES REPORTS

SARs are reports that discloses observed doubtful or suspicious behaviour and activities. Like STRs, SARs are reported by the FIC regulated populace including members of the public. These reports undergo a risk rating process and where a strong case of ML/TF/PF exist, such reports are analysed, and the output is shared with relevant competent authorities.

During the year of reporting, the FIC received 203 SARs, representing a 3.6% increase from 196 SARs reported in 2022.

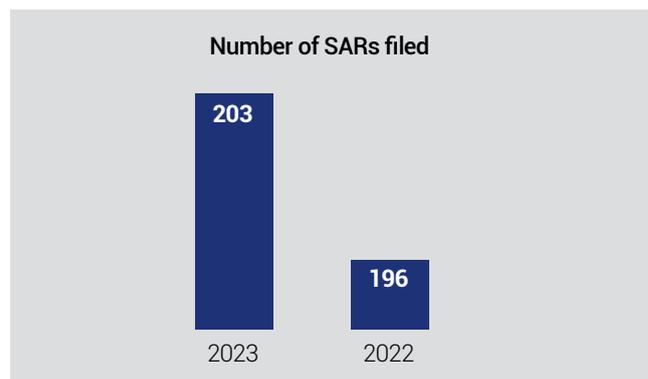


FIGURE 4: SARs REPORTED

The banking sector filed the most SARs, showing a 5.1% increase in the reporting of SARs in 2023 of 166 SARs from 158 SARs recorded in 2022 and 2023 respectively.

Following the banking sector, is the Real Estate sector which reported steadily during the two years, 10 and 11 SARs in 2023 and 2022 respectively. On the other hand, there is a 87.5% decline in SARs reported by general members in 2023 of the public. The reporting dropped significantly from 8 SARs in 2022 to 1 SAR in 2023(refer to table 5).

TABLE 4: STRS FILED PER SOURCE TYPE.

Source of STR	2023	2022
Accounting firms	1	0
ADLAS	57	93
Asset management	24	4
Banking	953	829
Casino	27	0
Government ministries	0	0
Insurance /Investment Brokers	1	0
Internally generated	0	6
Law Enforcement	1	1
Legal practitioners	12	27
Lending	1	0
Long Term Insurance	3	4
Microlender	3	0
Money and Value Transfers (MVTs)	2	0
Motor vehicle dealers	10	5
Pension Fund Administrator	15	15
Public members	15	1
Real Estate Agencies	0	2
Short-Term Insurance	1	1
Stockbrokers	4	1
Supervisory authorities	1	0
Unit Trust Schemes	19	14
Total	1150	1003

TABLE 5: SARs FILED PER SOURCE TYPE.

Source of STR	2023	2022
Accounting firms	2	0
ADLAS	2	0
Asset management	1	3
Banking	166	158
Casino/gambling house	0	1
Central Government	0	0
Courier and Customs Clearing	0	1
Foreign FIUs	0	0
Government Ministries	0	1
Insurance/Investment Brokers	0	1
Internally generated	8	2
Legal practitioners	2	2
Long Term Insurance	4	2
Public Prosecutor	4	2
Motor vehicle dealers	2	0
Public members	1	8
Real Estate Agencies/Agent	10	11
Short-Term Insurance	1	3
Stockbroker	1	2
Supervisory authorities	2	1
Unit Trust schemes	1	0
Total	203	196

ADDITIONAL INFORMATION FILES

These are additional reports that AIs and RIs submit relating to previous filed STRs.

TABLE 6: AIF FILED PER SOURCE TYPE.

Year	2023	2022
AIFs received	632	738

Table 6 shows the total number of AIFs received during 2022 and 2023. In this regard, there has been a 14,4% decrease in AIFs reported in 2023. A total of 738 AIFs were recorded in 2022 compared to 632 recorded in 2023.

Historically, there has been minimal reporting of both STRs and SARs from other sectors apart from the banking sector. Therefore, to improve reporting the non-banking sector, the FIC has embarked on various strategies. These include several outreach sessions with the various Designated Non-Financial Profession and Bodies. Additionally, the FIC release two awareness videos to educate the public on its reporting obligation and increase awareness on Know-Your Client obligations amongst the regulated populace.

THRESHOLD REPORTS:

Regulated populace is obligated to file additional reports collectively known as threshold reports. These reports must be filed with the FIC where a transaction involved is equal or more than the prescribed amount of N\$99,999.99. Threshold Reports are Cash Transaction Reports (CTRs), Electronic Funds Transfer (EFTs), International funds Transfers (IFTs) and Cross Border Movement of Cash Reports (CBMCRs). These transactions form part of the FIC database and serves as useful data that is used to strengthen the generation of actionable intelligence products.

Total CTRs received

Table 7 below shows an overall 17,4% increase in CTRs reporting recorded in 2023 from 10 152 in 2022 to 186 503 recorded in 2023. As in prior years, the banking industry is the largest contributor, accounting for 96,2% of CTRs in 2023.

TABLE 7: TOTAL CTR REPORTS REPORTED

Year	2023		2022	
	No. of Transactions	Amount(N\$)	No. of Transactions	Amount(N\$)
ADLAS	145	22 178 308	135	25 207 854
Asset management	1	2 300 358	1	187 964
Auctioneers	222	66 459 824	193	52 357 245
Banking	221 949	51 513 344 928	53 806	10 805 585 984
Casino/gambling house	8 253	604 515 336	3 189	184 046 367
Courier and Customs Clearing	5	1 139 450		
Insurance /Investment Broker	1	300 000	0	0
Legal practitioners	123	109 625 776	94	73 112 165
Lending	3	459 150	6	868 500
Long term Insurance	47	58 722 278	6	1 480 637
Micro Lender	15	1 868 646	12	1 658 926
Motor Vehicle Dealership	98	16 302 359	81	14 084 469
Real Estate Agencies/Agent	1	100 000	0	0
Short-Term Insurance	1	2 708 828	3	2 219 636
Stockbroker	0	0	1	100 000
Unit Trust Schemes	2	401 500	2	260 000
Total	230 866	52 400 426 741	57 529	11 161 169 747

Total EFTs Reports received

Table 8 below shows an increase in the number of EFTs of 479 672 reported in 2023 compared to 54 196 reported in 2022. Again, the banking sector dominates the filing of EFTs, accounting for 9,9% of reports received..

TABLE 8: TOTAL EFT REPORTS RECEIVED

Year	2023		2022	
	No. of Transactions	Amount(N\$)	No. of Transactions	Amount(N\$)
Source of CTRs				
ADLAS	47	10 404 463	23	5 250 768
Auctioneers	0	0	1	207 753
Banking	1 057 454	2 378 443 602 039	1 142 105	1 722 275 912 901
Casino/gambling house	1	101 040	236	37 110 846
Legal practitioners	72	125 395 548	396	40 641 339
Motor Vehicle Dealers	604	85 517 625	396	40 641 339
Micro Finance Bank	2	208 035	2	208 035
Lending	1	152 000	1	152 000
Total	1 058 181	2 378 665 380 750	1 143 345	1 722 717 775 869

Although table 3 the value of EFT doubled to about N\$2.3 billion in 2023 compared to N\$1.7 billion recorded in 2022, only a few sectors filed these reports.

Total International Funds Transfers Reports received

Table 9 below shows a slight decline of 0.58% in the number of IFTs filed to 76 662 in 2023 from 77,110 IFTs filed in 2022.

TABLE 9: TOTAL IFT REPORTS RECEIVED

Year	2023			2022			
	Source of CTRs	No. IFT	No. of Transactions	Amount(N\$)	No. IFT	No. of Transactions	Amount(N\$)
	ADLAS	62 137	62 137	1 081 740 062	15,354	207 309	794 432 838
	Banking	62 137	2 005 489	284 874 567 764	1	187 964	255 307 840 875
	Total	76 662	2 263 114	285 956 307 826	77 110	2 514 590	256 102 273 713

The value of IFTs reported saw a slight increase of N\$ 286 billion in 2023 from N\$256 billion in 2022. This may be due to increase reporting outreach programs that the FIC carried out to increase reporting to the FIC.

Total CBMCRs Reports received

Table 10 below shows that, there has been a significant increase in CBMCRs reported to 69 in 2023 compared to a total of 37 reported in 2022. The FIC has planned to offer training to the official of NamRA at all point of exit and entry to ensure that declaration of these reports improves.

TABLE 10: TOTAL CBMCRS REPORTED

Year	2023	2022
Number of Reports	69	37

Generally, it is observed that there is a need to take deliberation engagement with all sectors to ensure that reporting of all report types by all entities, and sectors improve.

FINANCIAL ANALYSIS



After Accountable and Reporting Institutions file STRs and SARs with the FIC, the FIC performs collects additional information from internal and external sources. Internal data includes EFTs, IFTs, CMBCRs and other information in the FIC database. Externally, the FIC collects information from NamRA, Registrar of Companies, Registrar of Deeds, Immigration, National Vehicle registry amongst others.

Thereafter, the collected information is collated, analysed to intelligence which is shared with relevant law enforcement agencies and other competent authorities. This may be disseminated spontaneously or upon request. Intelligence shared by the FIC is guide for investigation, it is not evidence. The FIC intelligence may contain information not limited to the flows of fund, involved persons, entities, bank account, list of moveable and immovable properties and other information deemed relevant.

SPONTANEOUS DISCLOSURES (SDS) TREND ANALYSIS

The FIC disseminated 215 intelligence disclosures during the report period, indicating a decline of 28,3% compared to 300 spontaneous disclosures shared in 2022. These disclosures presented strong indicators of either ML, TF, or PF (refer to table 11)

Table 8 below shows that 42% of spontaneous disclosures presented possible non-compliance with tax obligations, hence were disseminated to NamRA. Disclosures to NamPol follow in second place, representing 23.3%. The top 5 underlying predicate offences associated with spontaneous disclosures shared by the FIC are, tax related offences, illegal financial schemes, fraud, theft, and violation of Exchange Control Regulations as shown in figure 5 below.

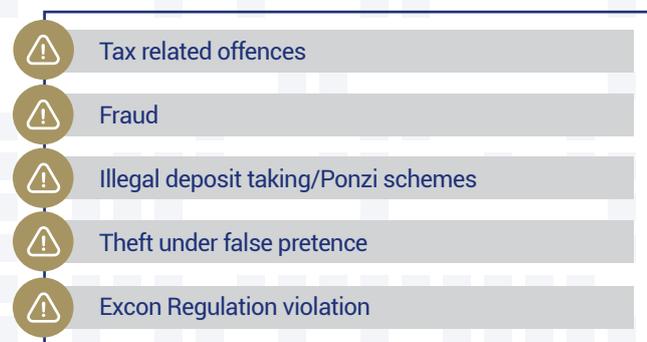


FIGURE 5: POTENTIAL PREDICATE OFFENCES - SPONTANEOUS DISCLOSURES

TABLE 11: TOTAL SPONTANEOUS DISCLOSURE PER COMPETENT AUTHORITY

Competent Authority	2023	2022
Anti-Corruption Commission	5	6
NamRA	91	166
Namibian Police Force	50	75
Office of the Prosecutor General	19	11
Other LEAs	48	38
Foreign FIUs	2	4
Total	215	300



REQUESTS FOR INFORMATION: RECEIVED AND RESPONSES ISSUED

The FIC recognises the need to develop and maintain working relationship in combatting ML/TF/PF. During the reporting period, the FIC received 175 requests for information from domestic and foreign FIUs and issued 139 disclosures in response to such requests for information.

The table 12 below represent increases of 10,8% and 27,9 %, respectively, in request for Information received and Responses to request for information Issued.

REQUEST FOR INFORMATION SENT TO FOREIGN FIUS.

There has been an increase in requests issued to foreign Financial Intelligence Units, from 6 to 14 requests issued in 2022 and 2023, respectively. Given the borderless nature of financial crime, exchange of intelligence between the FIC and its counterparts is an essential.

TABLE 12: REQUESTS RECEIVED AND RESPONSES ISSUED.

	Requests Received		Responses issued	
	2023	2022	2023	2022
Domestic	172	146	139	103
Foreign FIU	3	12	3	8
Total	175	158	142	111

Table 12 and 13 shows encouraging exchange of information between the FIC and law enforcement agencies. The FIC recognises at the foundation of successful combatting ML/TF/TF coordination and cooperation within the AML/CFT framework that involves interactive engagements amongst all key player in the framework.

The top 5 underlying predicate offences linked to responses to requests for information to Competent Authorities are, fraud, tax related offences, theft under false pretence, illicit dealing in drugs, and illegal financial schemes as portrayed in figure 6.



FIGURE 6: POTENTIAL PREDICATE OFFENCES - REQUESTS FOR INFORMATION

TABLE 13: REQUESTS FOR INFORMATION ISSUED TO FOREIGN FIUS

	2023	2022
Requests to foreign FIUs	14	6

Overall an estimated N\$ 4.5 million worth of transactions have been analysed, uncovering various leading predicate offences for ML/TF/PF. These include tax-related offences, fraud, illegal deposit-taking/Ponzi schemes, theft, and illicit drug dealing.



LAW ENFORCEMENT & PROSECUTORIAL SUPPORT

The FIC has dedicated members tasked to drive the consumption of the FIC intelligence by law enforcement agencies and ultimately increase the disruption of financial crime and generation of revenue for the Government. Below are notable activities performed in this regard.

The FIC delivered 5 workshops to 160 participants from various competent authorities to enhance cooperation and coordination. This resulted in registration of 45 new stakeholders represented by 78 investigators.

To support the on-going investigations, the FIC held 242 case by case sessions with 321 investigating officers from the law enforcement agencies including NamPol, OPG, BoN, and NamRA. Further meetings were held with confidential informants, Accountable Institutions and Reporting Institutions and partner agencies like the Rooikat trust foundation. These sessions discussed amongst others:

- Promoting the FIC intelligence shared as candidate for investigation, explaining diagrams depiction showcasing the flow of funds for ease understanding.
- Partook in several operations, case specific joint analysis/investigation workshops with the following.

- NamPol's Commercial Crime Investigations Sub-Division Karas.
- Criminal Investigations Unit Kunene, Outjo and OPG.

Commercial Crime Investigations Sub-Division Erongo: Whatsapp Fraud/Scam: Alleged political party campaign contributions totalled N\$2 million.

- Assisted investigating officers with filing and registration of requests for information.
- Seeking clarification of requests and additional information requests on matters analysed.
- Obtaining intelligence from confidential informants.
- Assisted in a Fraud case that was committed by an employee making multiple payments to self from the company account including extensive renovations on a house.
- Contributed to the sale of property bought with proceeds stolen from Namibia Government Pension Fund.
- OPG High Court - Sexual Offences Unit:

Facilitated a meeting between the Western Union representative of Analysis Unit and Advocates from the sexual offences' unit to collect additional information and arrange for a meeting with foreign investigation body.

DISRUPTION OF CRIME AND REVENUE GENERATION

There are several outcomes that emerge from the intelligence that the FIC disseminates to law enforcement.

Majority of the disclosures are noted to have resulted into one or more of the actions listed below:

- Analysis has led to restriction of the funds bank accounts and
- Criminal investigations of predicate offences and ML/TF/PF.
- Assist NamRA collect revenue for the state.
- Assist law enforcement to preserve and forfeit movable and immovable assets.

TABLE 14: SECTION 42 INTERVENTION ORDER ISSUED

Year		2023	2022
	Number	25	6
	Estimated Value (N\$ Millions)	15.4	4,7
	Number of Bank accounts Involved	46	62

Tax audits

Table 15 below notes that the intelligence disclosures shared with NamRA resulted to contributed to N\$135 million raised in tax assessments and N\$2.98 million recovered for the state in 2023.

TABLE 15: TAX AUDIT & OUTCOME

Year	Completed Compliance checks	No. of Audits	Assessment raised (N\$ millions)	Tax Collected (N\$ millions)	Criminal case opened
2023	26	36	135	2.9	26
2022	-	113	177	17	-

Further NamRA completed 26 pre-audit compliance check. Hence NamRA in totality worked on 62 of the FIC disclosure of which 36 were escalated to full tax audit. Additionally, 11 FIC disclosures have led to 26 criminal cases of fraud, forgery & uttering and money laundering are under investigation with the Namibian Police.

Criminal investigations

During the reporting period, 47 criminal investigations resulting from the FIC disclosures shared either proactively or upon request were initiated by NamPol. Majority of these investigations carried charges including Fraud, forgery and uttering, money laundering, corruption (refer to table 16).

TABLE 16: CRIMINAL INVESTIGATIONS FROM FIC DISCLOSURES

Law Enforcement Agency Criminal cases Charges raised Value(N\$)

Law Enforcement Agency	Criminal cases	Charges raised	Value(N\$)
NamPol	46	Fraud, forgery & uttering, money laundering	4.8 million
ACC	1	corruption	-*
Total	47		4.8 million

*Value still to be determined Asset Preserved & forfeited.

Asset Preserved & Forfeiture

The FIC intelligence contributed to preservation of assets worth N\$14.3 million during 2023 reporting year compared to N\$8,9 million in 2022. This is due to an increase in the number of preservation orders granted in 2023. These orders were granted in High Court in relation to POCA Chapter 6, Part 2.

TABLE 17: PRESERVATION ORDERS GRANTED

	2023	2022
No. of Preservation orders	6	4
No. of Bank Accounts Involved	11	11
No. of movable properties (vehicles)	1	1
Value of Immovable property (Vehicles) N\$ million	0,222	0,670
Total (N\$ millions)	14.3	8,9

Also, the FIC intelligence resulted in 6 successful forfeiture orders valued at N\$11.4 million in the reporting year, a significant increase compared to 2 forfeiture orders valued at N\$988 thousands in the previous year.

TABLE 18: FORFEITURE ORDERS GRANTED.

	2023	2022
No. of forfeiture orders in High Court (POCA Chapter 6 PART 3)	6	2
No. of bank accounts involved	17	2
Estimated value of cash (forfeited to state) N\$ millions	11.4	0,988
Total (N\$ millions)	11.4	0,988

The FIC operations contribute to reaching Namibia's sustainable economic growth, therefore, there is a strong interdependency relationship amongst various parties in the AML/CFT framework. Each party, though independent, is crucial to building and maintaining a robust AML/CFT framework.

This framework requires AIs and RIs to timely file various reports (including STRs and SARs) to the FIC. The FIC in turn use analysis and produces actionable intelligence to Law enforcement Agencies.

Law enforcement then conducts timely ML/TF/PF investigations that lead to disruption of crime, removal of proceed generated from criminal activities and secure convictions.

To endure that the frameworks well, there is a need to supervise and monitor AIs and RIs. Lastly the network is fused by effective exchange of information founded on established cooperation and coordination mechanisms.

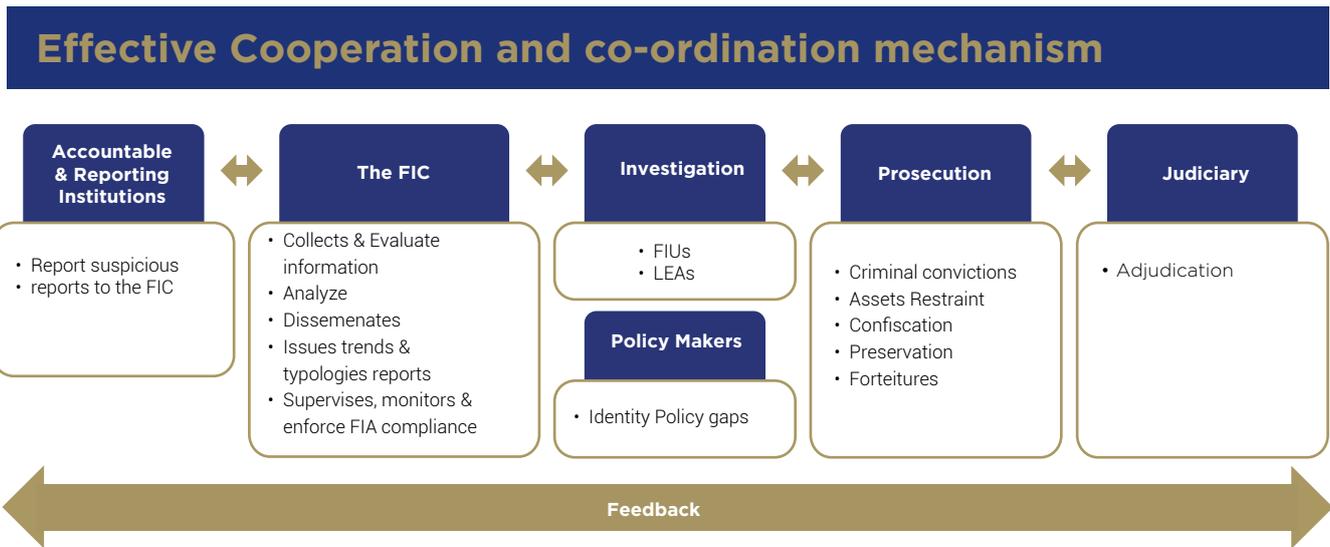


FIGURE 7: EFFECTIVE AML/CFT/CPF FRAMEWORK

The figure above demonstrates the important various roles that players from the private sector to the public sector play in effectively combating financial crime.

Case Studies:

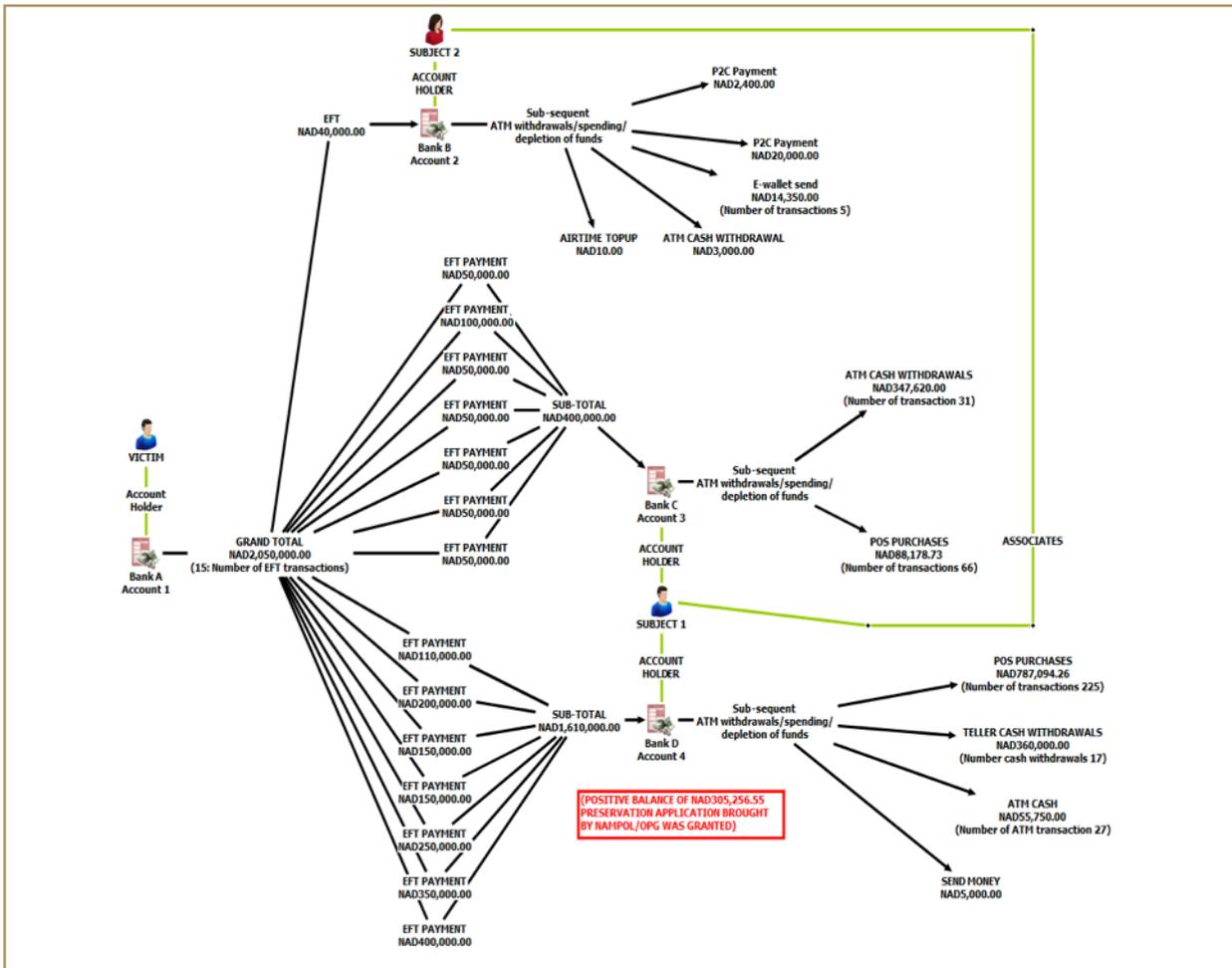
Sanitized case studies reflecting the contribution the FIC following receipt of a suspicious report or request for information to disseminating of intelligence.

Case Study 1: Fraudulent donation

The case emanates from a request for information by law enforcement relating to a fraudulent donation, where the victim was contacted via cellphone by a criminal to donate funds to a local political party. The victim suspectedly made several payments to three bank accounts. FIC analysis confirmed the destination banks accounts did not belong to any political but rather to two individuals. The FIC concurrently formed a joint/investigation with the NamPol and the OPG, Asset Forfeiture Unit. The outcome led to a swift investigation and a successful Preservation Order granted. The amount preserved is about N\$305 thousand in the civil matter. The fraudsters were arrested, and the criminal investigation continues.



Flow of Funds Diagram



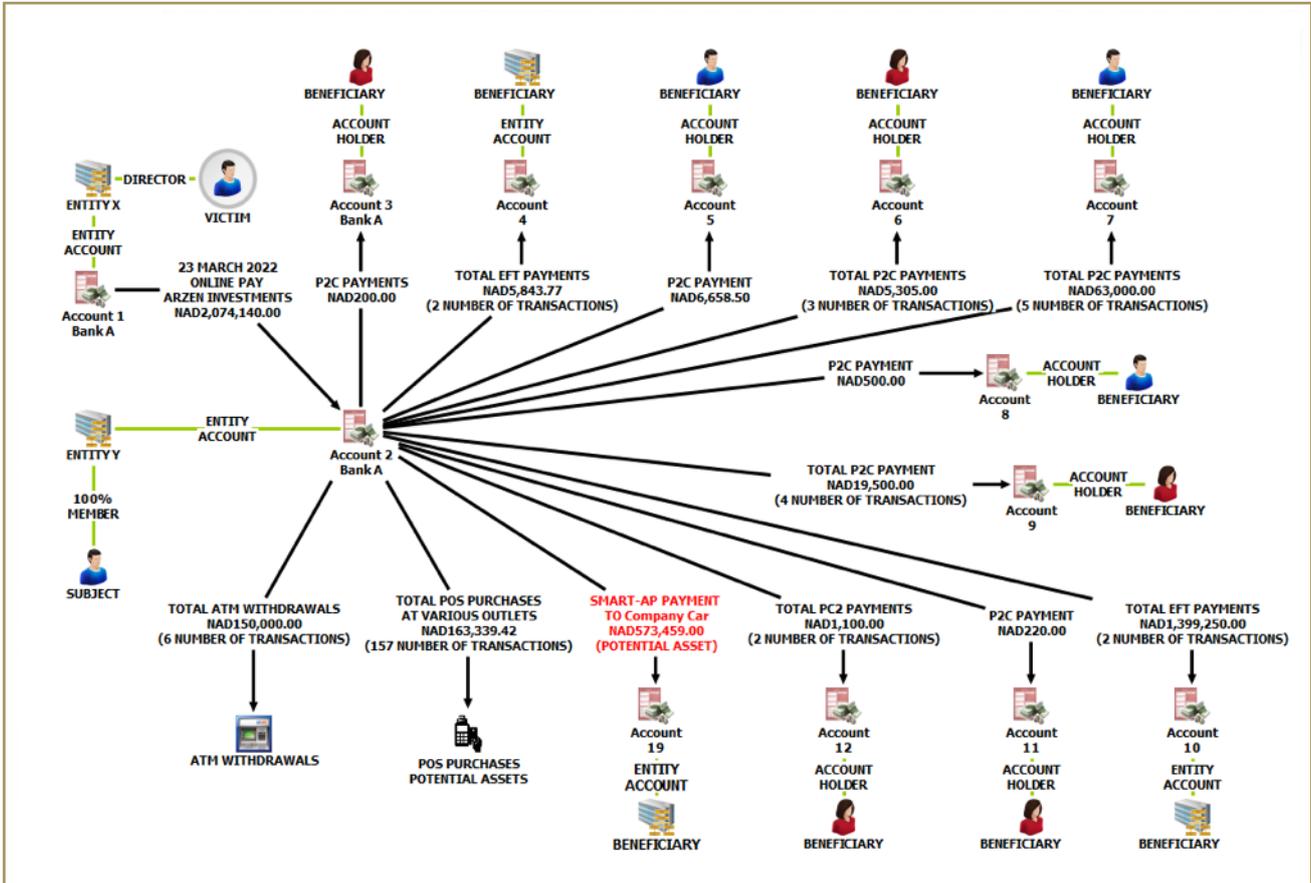
Case Study 2: Fraud

The FIC received a request for information from a NamPol, suspecting activities of fraud, theft, and money laundering. It was reported that a victim transfers funds into an entity account for purchase of a container of fish consignment, which was not delivered. The FIC conducted a joint financial analysis/investigation with NamPol. FIC analysis found that bank account 2 in the name of the of entity Y received that alleged an amount of N\$2,1 million from bank account 1 of entity X held at bank A. The funds in the entity Y account 2 were depleted soon after deposit.

Analysis ascertained that funds were used to buy a vehicle at N\$573 thousand, which the FIC identified and linked to proceeds of crime. The FIC shared intelligence with the NamPol and OPG. The OPG successfully secured a preservation order in respect of the vehicle then, valued at N\$500 thousand.

Criminal charges laid are Money Laundering, Fraud/Alternative Theft. Due to a joint analysis/Investigative approach, this matter was investigated and completed within a week.

Diagram 2



STRATEGIC ANALYSIS



Strategic analysis serves various purposes including developing knowledge that shapes the work of law enforcement and preventative authorities in their work. For law enforcement authorities, strategic analysis outputs can enable proactive measures to minimise threats from occurring while preventative authorities, NPOs and the private sector rely on such to help enhance risk mitigation efforts in anticipation of how risks can emerge.

Strategic intelligence is that which is developed after all available information has been collected and analysed. It requires a wider range of data than operational analysis, as well as experienced analysts. The data comes from reports provided by reporting entities, the FIC's own operational intelligence and tactical information, reliable open sources, and law enforcement as well as other government agencies. Such findings may form the basis for further actions by the FIC or law enforcement agencies. Overall, the output of strategic analysis complement FIC's regulatory education and outreach activities, tailored to each industry sector. Highlights for the year under review include the publication of the following:

12x Monthly ML/TF/PF Statistical Reports

The FIC receives many types of report periodically. Monthly reports in the main outline quantitative and qualitative information about such reports monthly;

4x Quarterly ML/TF/PF Statistical Reports

At monthly and quarterly, level, the banking sector continued to file the highest volume of STRs/SARs in the reporting period, followed by ADLAs. NamRA received the highest number of

disclosures. Potential tax-related offences featured as the leading potential predicate offence ML, followed by fraud and corruption in third. Bear in mind that these are all intelligence reports which require validation from law enforcement agencies such as the NamPoL, ACC and NamRA.

12x Trends & Typology / similar type of Reports

A report was produced which speaks to vulnerability or the rate at which different types of legal persons and arrangements are abused in the advancement of ML activities: The purpose of this typology report is to ascertain the risk level of each different type of legal person and arrangement. This is necessary in helping preventative and law enforcement authorities to prioritize their respective efforts according to such risks, as and helps build on the country's 2020 National Risk Assessment findings. Clients who are legal persons essentially present higher ML risk than natural persons when the ultimate beneficial owners in such legal persons cannot be readily and reliably identified. Inherently, the more legal persons an institution has as clients, the higher it is ML vulnerability.

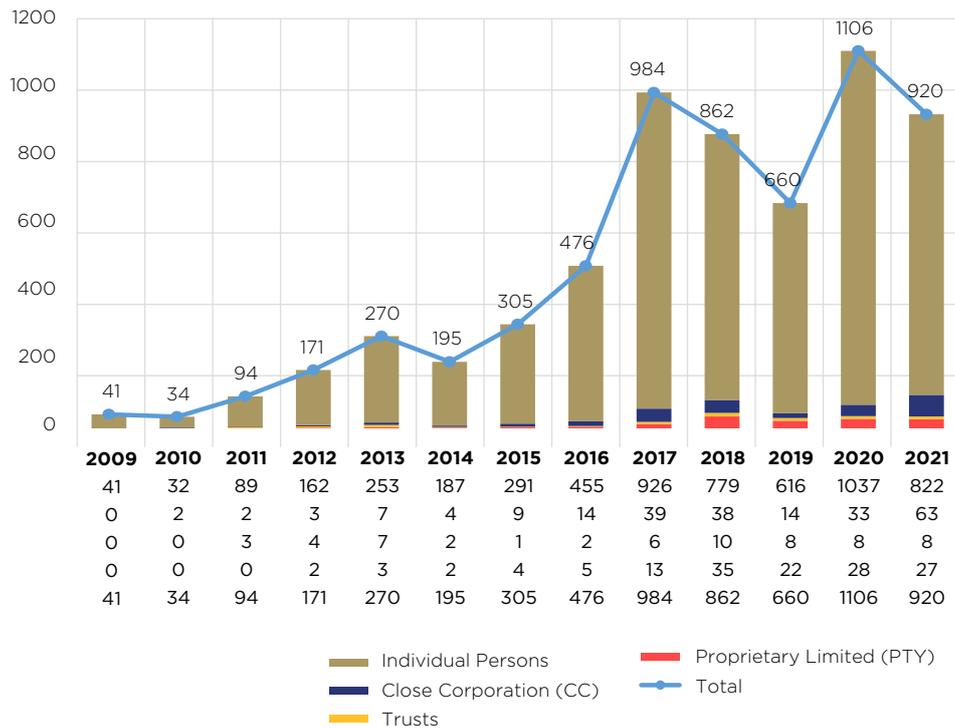


FIGURE 8: SUMMARY OF STRS SHOWING INVOLVED LEGAL PERSONS OR ARRANGEMENTS

Chart 1 presents a summary of STRs filed by AIs and RIs and shows the Legal Persons and arrangements suspected to have been involved or abused in potential ML activities. The highest volume of STRs received involved natural persons at 93% (or 5,690 STRs), followed by close corporations at 4% (or 228 STRs) and then proprietary limited companies at 2% (or 141 STRs).

Terrorist Financing awareness Typology Report:

This report serves to identify and highlight threats and vulnerabilities of TF within the designated services or sectors nationally. Equally, the report contributes to the emphasis on specified NPOs which are most vulnerable to TF abuse.

The 2023 NRA update (to the 2020 NRA) indicates that Close Corporations (CCs) are most vulnerable to ML and TF abuse. This trend is evident in this report, with regards to overwhelming findings which suggest CCs are the most preferred vehicles employed in the advancement of TF. The various risk assessments over the years have also found that Faith Based Organisations (FBOs) in general and those associated with radical Islamic extremism present the highest risk of potential TF in Namibia. The 2023 NRA update equally found NPOs involved in charitable services as highly vulnerable for TF.

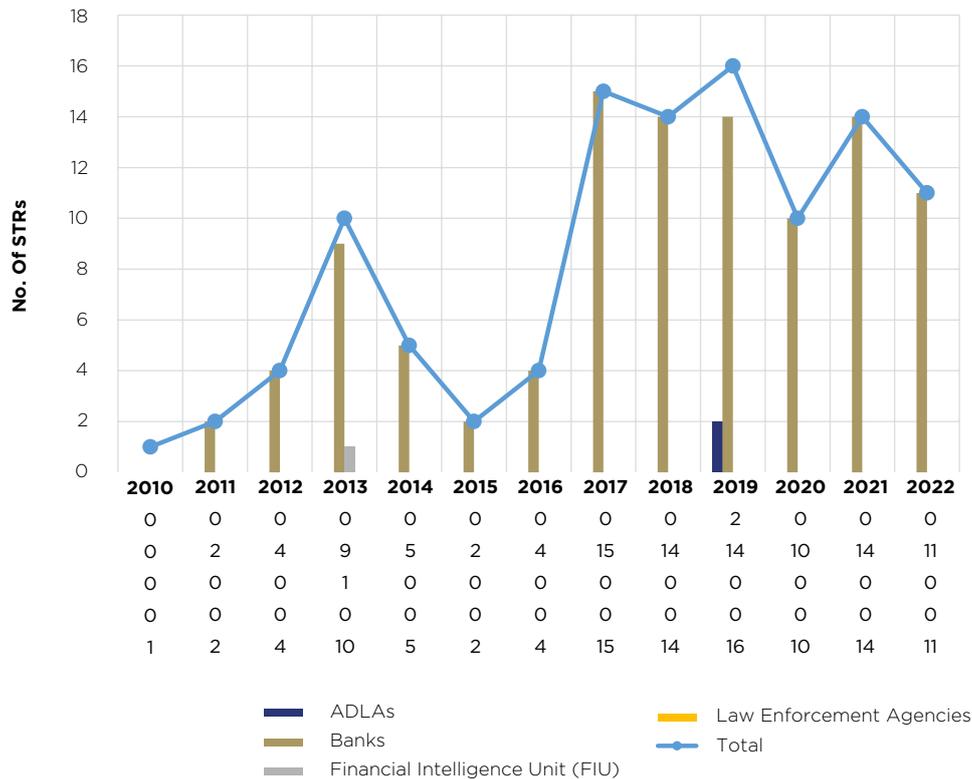


FIGURE 9: SUMMARY OF STRS RECEIVED PER SECTOR

Figure 9 presents a summary of STRs filed by sectors related to potential TF. The year 2019 saw the highest volume of reports related to potential TF offences with 16 STRs. Worth noting is that 96% of these reports originate from the banking sector. This reporting trend could be attributed to various factors, including the fact that banks appear to have the most matured AML/CFT/CPF control systems. It can also be argued that banking services are generally exposed to a higher risk of abuse for financial crimes as almost all other sectors make use of the banking systems. The ME, as per Immediate Outcome 4, found that TF is understood to some extent by FIs and to a negligible extent by DNFBNs. This potentially also contributes to the higher TF reports from banks. Whilst reporting is always encouraged, most, if not all of these reports were set aside as no TF was observed.

Terrorist Financing in Non-Profit Organisations Typology Report

This report serves to identify and highlight threats and vulnerabilities of TF within the NPO sector. Cases such as those involving foreign individuals and entities who transferred funds to high-risk jurisdictions were considered as possible TF and naturally subjected to extensive analysis. From such analysis came most of the reports filed by banks as potential abuse within the NPO sector. As indicated in Chart 3, the FIC received 21

STRs involving NPOs. The majority of the STRs relating to NPOs were filed in relation to potential ML predicate offenses and not necessarily TF. Further, frequent cash deposits and transfers into the NPO's bank accounts from high-risk jurisdictions are featured as the common reasons for suspicion in these STRs. Worth noting is that no TF-related case has been filed arising from or in relation to any NPO domestically. All NPO-related STRs are only related to ML.



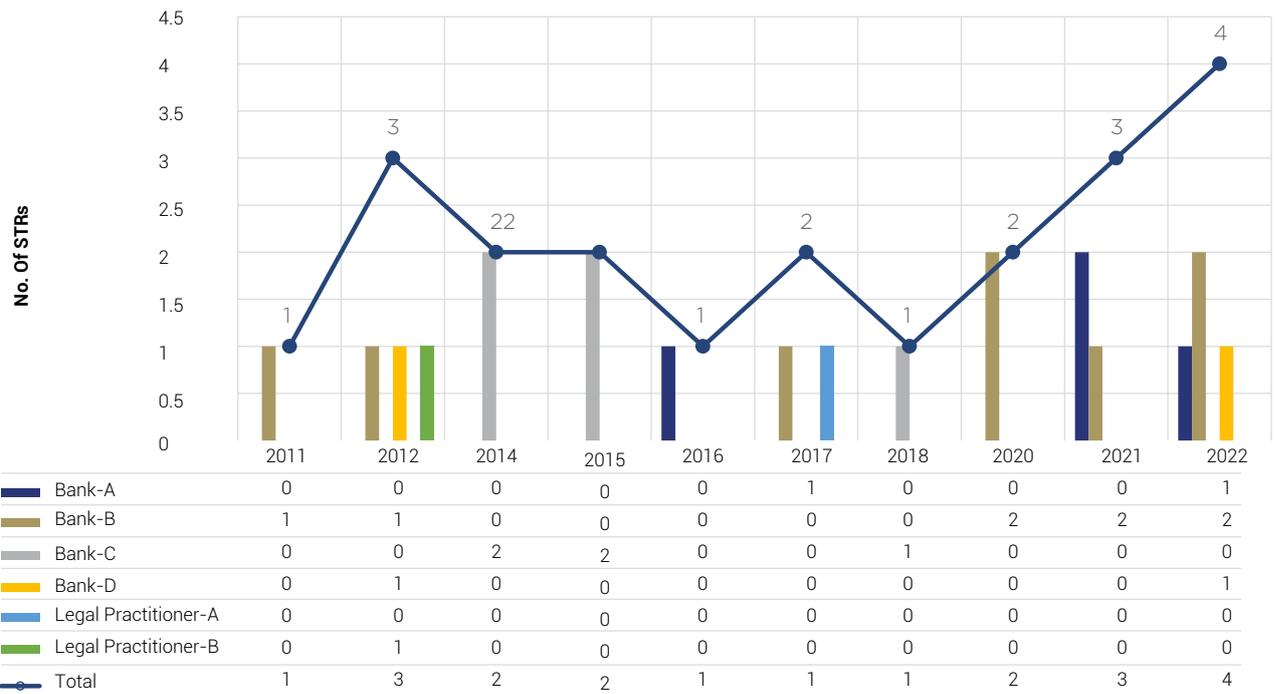


FIGURE 10: SUMMARY OF STRS RECEIVED PER ENTITY

Statistical Feedback Reports

The FIA requires institutions to implement control measures aimed at combatting ML/TF/PF activities. These controls include measures to enable timely detection of transactions/activities that may be suspicious and timely reporting to the FIC. It is therefore in furtherance of such national effectiveness objectives that the FIC avails feedback to enable a reflection on areas that may need improvement.

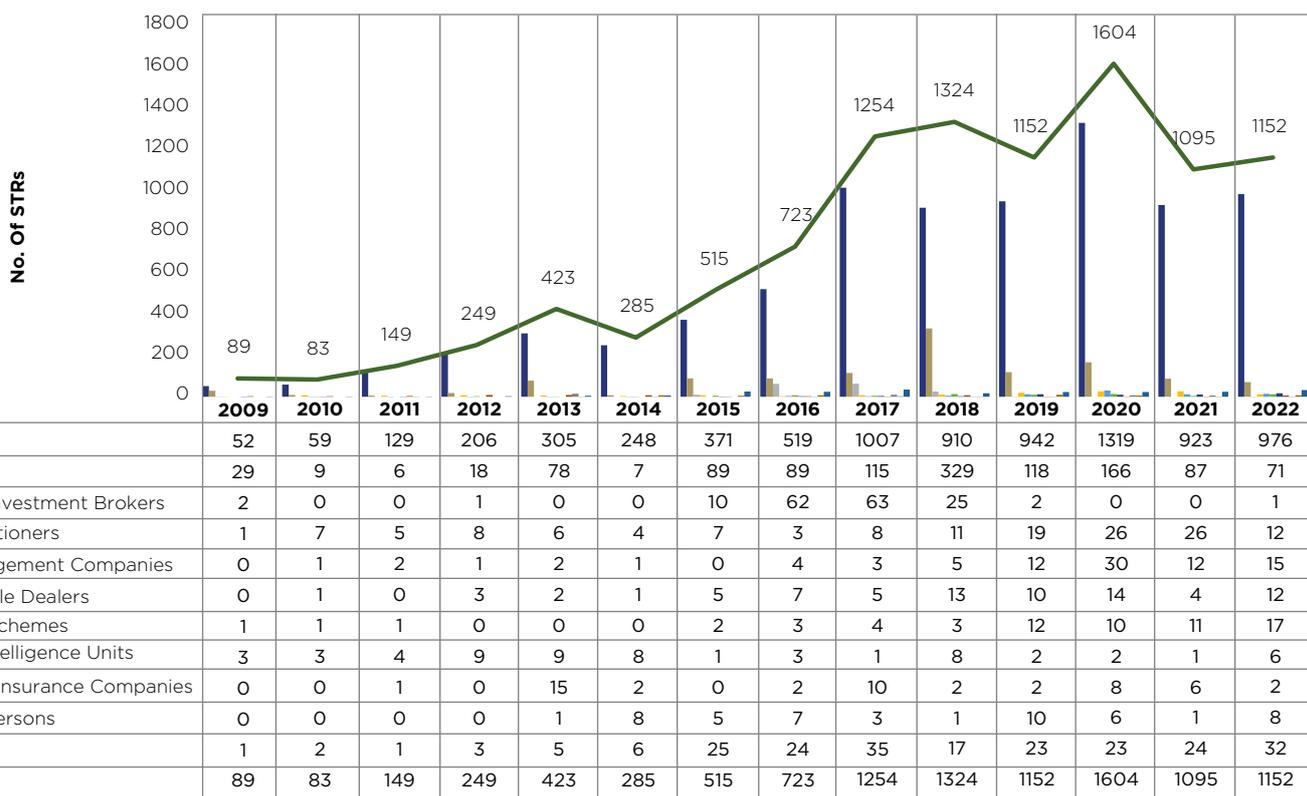


FIGURE 11: STRS RECEIVED FROM REPORTING SECTORS PER ANNUM

Overall, a total of 10,097 STRs were received by the FIC in the period under review. The banking sector submitted the most reports in such a period, filing 79% (or 7,966) of reports followed by ADLAs who submitted 12% (or 1,140). As mentioned above, the high number of reports from the banking sector could be attributed to various factors, including the fact that banks appear to have the most comprehensive AML/CFT/CPF control systems (enhanced ability to detect and report). It can also be argued that banking services are inherently exposed to a higher risk of abuse as almost all other sectors make use of the banking systems.

Forewarning reports

The FIC issued 4 on emerging and prevailing crimes:

Forewarning reports are generally issued by the FIC to help raise public awareness on emerging financial crimes, scams and trends to which supervision institutions and the public may be vulnerable. The strategic analysis studies both local and

international trends to understand areas where awareness and forewarning may be needed. During the year under review, the following forewarning reports were issued:

Cybercrimes:

Over the years, people have lost substantial funds owing to cybercrime. Criminals who are involved in cybercrime continue to increase significantly and their methods of operation become more complex, making it difficult to detect such. Observations suggest both businesses and private individuals are targeted.

Cybercriminals may pursue exploiting members of the public or security vulnerabilities in order to steal their personal information such as passwords, data or funds. Cybercrime may be carried out by individuals or organizations. Most cybercrimes are committed by cybercriminals or hackers who want to illicitly defraud people of their money.

TABLE 19: NUMBER OF STRS RELATED TO CYBERCRIMES

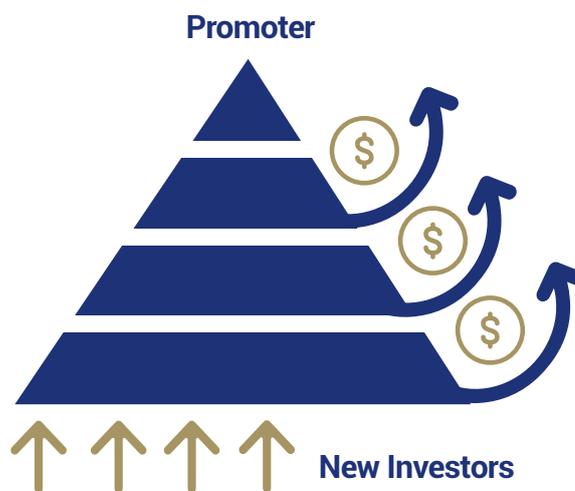
Year	Number of cyber-enabled fraud cases
2018	4
2019	2
2020	6
2021	4
2022	10

TABLE 20: NUMBER OF STRS/SARS FILED RELATED TO CYBERCRIMES

Type of FIs / DNFBPSs	2018	2019	2020	2021	2022
Banks	4	2	5	1	6
MVTS	0	0	0	0	0
Virtual Asset Service Provider (VASP)	0	0	0	0	0
Other FIs	0	0	0	0	0
Lawyers and Notaries	0	0	0	0	0
Dealers in Precious Metals and Stones (DPMS)	0	0	0	0	0
Accountants	0	0	0	0	0
Real Estate agents	0	0	0	0	0
Trust and Company Service Providers (TCSPs)	0	0 </td <td>0</td> <td>0</td> <td>0</td>	0	0	0
Others	0	0	1	0	1

Pyramid Schemes:

Pyramid schemes are fraudulent businesses where participants are paid to recruit others to participate. The initial promoters recruit 'investors', who are in turn required to recruit more 'investors', and so on. The scheme is called a "pyramid" because, at each level, the number of 'investors' increases. Members who join the scheme earlier may benefit from the membership fees that have been paid by the new members they recruited. As the scheme expands, the originator and participants at the top of the pyramid generate more revenue. However, when the schemes get too large and cannot raise enough revenues from new investors to pay earlier investors or when the pool of recruits is depleted, the scheme eventually collapses.



Courier Service-Related Scams

The COVID-19 pandemic has changed the way various businesses are conducted, with online purchasing expanding steadily worldwide. The general increase in online purchases has resulted in increased package deliveries for consumers. Scammers are increasingly enhancing the sophistication and complexity of their methods. There are constantly new innovative ways employed to advance courier-related scams and associated fraud. Most people are familiar with typical courier-related scams wherein an unsolicited email, call or text message requests them to provide sensitive information, usually to those involved in identity theft.

Below are some common techniques of courier-related scams



Additional charges scam: With the increase in deliveries of packages through courier services, members of the public may/are receiving illegitimate and unsolicited delivery notification scams such as calls, text messages, and emails, purporting to be from a courier service or delivery company. Fraudsters may further claim that additional charges such as customs duty or tax fees are payable on the items before release of such deliveries



Delivery notification scam: This type of scam occurs when scammers send a text message or email to the victim about the package/parcel to be delivered to their address. The message may often include a "tracking link" that targeted persons are urged to click to update their delivery or payment preferences. In some cases, the scammers may send a voicemail message with a call-back number, or a "missed delivery" tag on an unsuspecting person's door with a number to call.



Re-arrange scam delivery: The victim may simply receive a text message or email alleging to be from a local delivery company, asserting that they have missed the victim's delivery address and the victim is urgently required to "re-arrange". When the victim follows or clicks the link to "re-arrange" the correct delivery address, the victim may be requested to provide his or her personal information along with a fee for re-delivery and



Mix-up delivery scam: This scam is less common, but it does happen. It also affects both buyers and courier services. When scammers have access to information that let them know when and where goods will be delivered, they can wait for a package to be delivered and wait for the delivery service to leave. Then, dressed in courier clothes, they can simply ring the doorbell of the delivery address and explain there has been a mix-up, and take the goods.

Business Email Compromise (BEC):

BEC, also known as the 'man-in-the-email' scam, is a form of phishing attack where a criminal attempts to trick unsuspecting persons into making payments or revealing sensitive personal data. The attacker would hack in a corporate e-mail account and impersonate the real owner to defraud the company, its customers, partners and employees into sending money or sensitive data to the attacker's account. The attacker sends convincing-looking emails that might request unusual payments or contain links to bogus websites. Some emails may contain viruses disguised as malicious attachments, which are activated when opened.

The published forewarning reports avail guidance on how people can safeguard against these scams.

To carry out these crimes, the criminals make use of some of the following methods:



Chief Executive Officer (CEO) fraud: An attacker poses as a CEO and sends an urgent request for funds or sensitive information transfer. Employees are inclined to trust the biggest boss at the company and they sometimes honour the request for money or data without questioning the legitimacy of the message. Individuals in the finance department are especially likely to encounter these types of schemes.



Account compromise attacks: The criminal manages to take over an employee's email account and launch their attack. Given that it comes from a legitimate email address, the email will not readily trigger any suspicion or security notification when received. Additionally, if it is an email address the recipient is familiar with, they might let their guard down. Having a legitimate email account makes it easier for hackers to internally request sensitive data and request their victims to update the payment details with fraudulent bank details.



False invoice schemes: A criminal impersonates a supplier and asks for payment from an organization. These attacks are often very sophisticated, criminals usually go to great lengths to duplicate the style and substance of a typical supplier invoice. The criminals usually do their research and fraudulent requests are likely to match standard payments from the past. The perpetrators can also send this to the finance department, stating that they have changed their bank account and they provide the fraudulent bank details.



Attorney impersonation scams: Criminals pretend to be lawyers who are working with an organization. The supposed lawyers may ask for payment or data. Convinced by the apparent authority of the sender, recipients sometimes fulfil the request before double-checking the message's authenticity.



Data theft: An attacker infiltrates an organization's system to steal vital and sensitive information. Instead of money, attackers in a data theft aim for personal or sensitive information that can be used for future attacks or to sell on the dark web. The main target for these attacks is often the HR and finance departments, which collect and stores the most sensitive personal data from employees.



The Legal, Policy, & Enforcement (LPE) Division is tailored towards ensuring that the national AML/CFT/CPF policies, legislations, and implementation of such are aligned with global AML/CFT/CPF obligations, standards, and best practices. LPE's role is to enhance understanding and commitment to AML/CFT/CPF obligations through, but not limited to, training and awareness sessions with relevant stakeholders. Additionally, the LPE Division provides legal advice and guidance to the FIA regulated populace. Lastly, the LPE Division, is responsible for deploying decisive, measured, and proportionate enforcement actions benefitting both the regulated populace and the wider community; thus, contributing to the safeguarding of the national financial sphere.

During the year under review, Division's time was dedicated to ME activities. That is, amongst others, preparing all national stakeholders to defend the final Namibian MER at the ESAAMLG 44th Task Force of Senior Officials meeting in Livingston, Zambia.

FACILITATION: - ESAAMLG/FATF MUTUAL EVALUATION ACTIVITIES

After the 22nd ESAAMLG Council of Ministers adopted the MER on September 2, 2022, the division has conducted several exercises to prevent being grey listed by FATF:

- Prepared a National Action Plan aimed at addressing MER deficiencies for adoption by Cabinet – Cabinet adopted and approved same on 13 December 2022.
- Spearheaded the the Legislative Sub-Committee, established under the National Focal Committee, to ensure legal reforms through amendments to 11 laws and introduction of 2 new Bills, which is aimed at addressing the Technical Compliance deficiencies identified in the MER.
- Prepared Cabinet submissions to seek principal approval of the amendments to 11 amendments and introduction of 2 new Bills – assisted Office of Minister with tabling submission.
- Drafted the Financial Intelligence Act Amendments, Drafted the Virtual Assets and Initial Token Offerings Bill.
- Arranged and successfully facilitated 2 x Technical Assistance Workshops with Open Ownership and the International Monetary Fund (IMF) during November 2022 & January 2023 to assist, amongst others, with review of legislative amendments that will enhance the Beneficial Ownership (BO) framework and to review other draft legislation.
- Arranged and facilitated a national workshop by FATF Training Unit on expectations for Namibia's Report to FATF International Cooperation Review Group's Joint Group - February 2023.
- Arranged and successfully facilitated 2 x sessions of public consultations on 11 amendments and new 2 Bills.
- Attended a benchmarking visit to Mauritius (05-09 December 2022) to solicit learnings on strategies to evade FATF grey listing.
- Facilitated submission to and presentations to CCL on 11 amendments and 2 new Bills – to ensure tabling to National Assembly by 06 June 2023.
- Is a member of project team to micromanage progress on addressing MER deficiencies on all 11 Immediate Outcomes on effective implementation of the AML/CFT/CPF national framework.

The highlights below reflect additional accomplishments for the reporting period under review:

- 1) Administrative support provided to the first FIA Ad Hoc Appeal Board in respect of the FIA and Appeal Board Regulations. As Secretariat to the Appeal Board, the FIC provided it with an independent Secretary enabling the Appeal Board to achieve the following:
 - Heard 8 x Appeals against administrative enforcement actions taken by NAMFISA – all at judgement stage.
 - Settled 1x Appeal.
 - Attended to 1x new Appeal filed against administrative enforcement action taken by the FIC - appeal was lodged on 28 November 2022.The independent Secretary to the Appeal Board:
 - Assisted the Appeal Board Chairperson with the administration of all Appeal Board Meetings.
 - Attended to all correspondence, received, and dispatched of all pleadings, filed and recorded all records related to the appeals lodged in terms of the FIA.
 - Prepared all appeals for hearing.
- 2) Issued 1 x Circular on High Risk and Non-Cooperative Jurisdictions following the FATF Plenary.
- 3) Participated in Eastern and Southern African Anti Money Laundering Group (ESAAMLG) Review Group A, Working Groups and Task Force Meetings held in August/September 2022 – served as Chairperson of Review Group A which led progress reviews in respect of Eswatini, Ethiopia, Malawi, Mozambique and Seychelles in addressing deficiencies in their respective national AML/CFT/CPF frameworks.
- 4) Participated in the ESAAMLG Beneficial Ownership Toolkit Project.
- 5) Assisted the Ministry of Home Affairs, Immigration, Safety and Security with the acquisition of systems enhancement to enable the Ministry to capture biometric fingerprints and to issue e-ID's.
- 6) Assisted the Business Intellectual Property Authority (BIPA) to identify and negotiate for an electronic system to host Beneficial Ownership Registers of both BIPA and the Master of the High Court – this exercise is ongoing.
- 7) Finalised 1 x Section 36 Case.
- 8) Held meetings and consultations with various stakeholders as per the below Table 21.



TABLE 21: IMPORTANT STAKEHOLDER CONSULTATIONS

SECTOR/ INSTITUTION	SCOPE
<ul style="list-style-type: none"> • Law Enforcement Agencies, • Ministerial O/M/As, • Supervisory Authorities • Regulatory Authorities, • Private Sector (including banking institutions, insurers, asset managers, microlenders, legal practitioners, real estate agents, accountants and auditors, MVTS) 	<ul style="list-style-type: none"> • Self-Regulatory Bodies, • Master of the High Court, • Business and Intellectual Property Authority, and • General Public
	Public Consultations on all MER Amendments and Bills: 13 – 17 Feb 2023 1 – 3 March & 14 March 2023
NAMFISA	Policy Stance on Virtual Assets and Virtual Assets Service Providers.
BIPA	Envisaged changes to AML/CFT/CPF laws. 21 February 2023
ACC	MER Action Item Expectations 12 January & 28 February 2023
NAMPOL: Inspector – General	MER Action Item Expectations 08 March 2023
Cabinet Committee on Legislation Meetings	From 17 March 2023 throughout April 2023.
National Focal Committee Meetings	From October 2023 Monthly
Legislative Sub-Committee Meetings	From October 2023 – Bi-weekly

ENFORCEMENT ACTION TAKEN

In terms of the mandate conferred upon the FIC by virtue of section 56 of the FIA, the FIC initiated administrative sanctions against Accountable and Reporting Institutions with compliance deficiencies. This is to encourage compliance and deter the other institutions in various sectors and industries from contravening similar provisions of the FIA and PACOTPA. The below, table indicates the sector, non-compliance and the sanction imposed by the Committee.

TABLE 22: NON-COMPLIANCE AND THE SANCTION IMPOSED

Sector	Non-Compliance	Sanction Imposed
Commercial Bank	Non-Compliance with sections 21, 23, 24, 26, 27, 31, 33 and 39 of the FIA and Directive No 01 of 2016 issued thereunder	Issued an Enforcement Fine in terms of Section 56(3)(f) of FIA

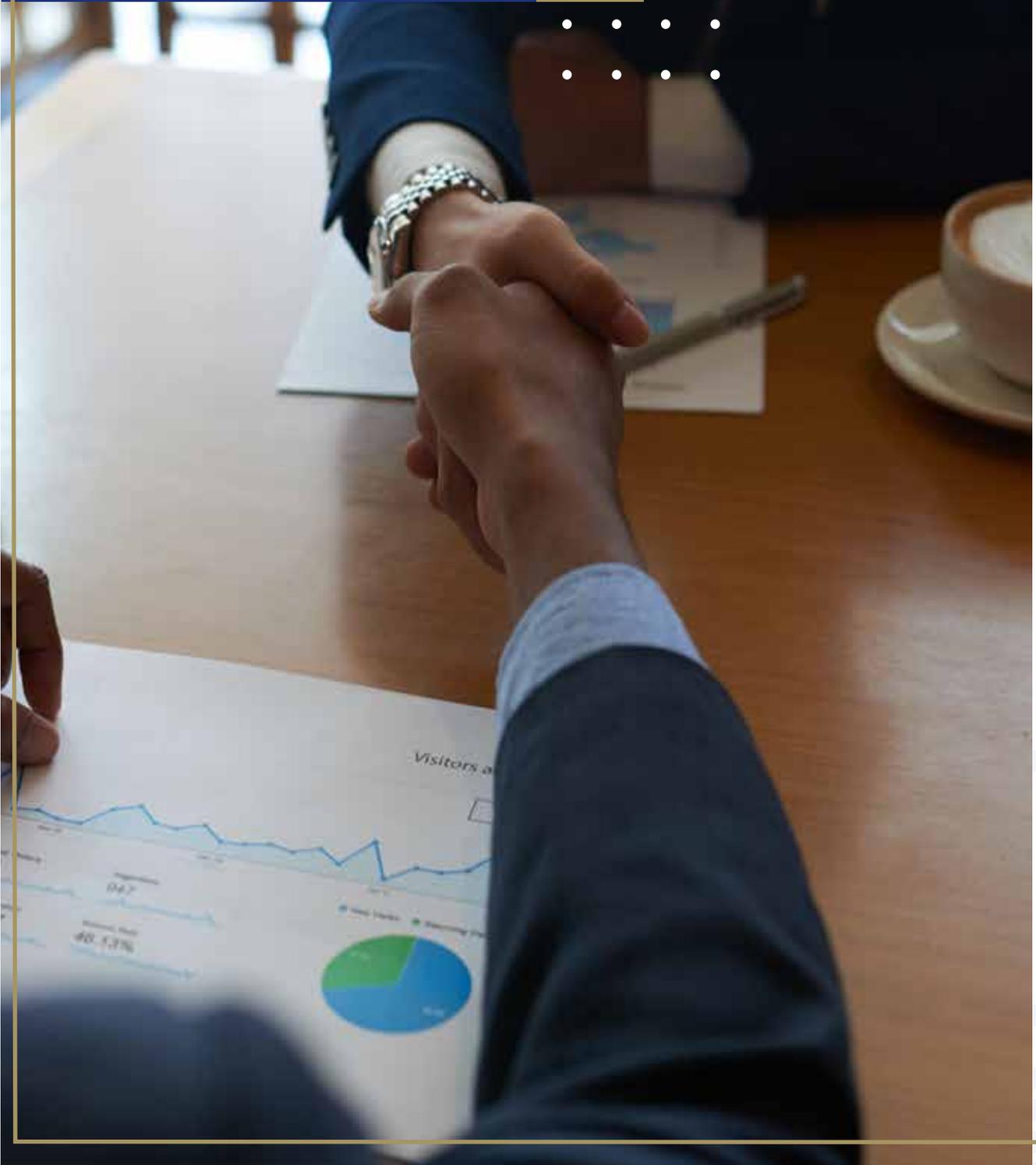
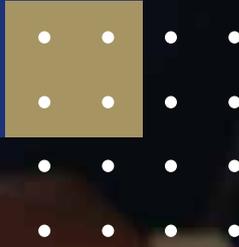
NOTICES ISSUED

The FIC issued 4 x Section 56(5) Notices in respect of the FIA, calling upon the four entities from sectors listed below, to provide reasons why enforcement fines should not be imposed on them:

1 x Lender ; 1 x Auctioneer; 1 x Legal Practitioner ; 1 x Casino.

07.

COOPERATION & COORDINATION



COOPERATION AND COORDINATION

The fight against ML/TF/PF requires close cooperation and coordination among stakeholders, at domestic and international level.

DOMESTIC LEVEL

At domestic level, the FIC engages at these plans to maximise co-operation and coordination in the fight against ML/TF/PF.

The Council

The AML/CFT/CPF Council is tasked with facilitating Namibia's AML/CFT/CPF policy, legislative as well as their implementation through stakeholder coordination. To achieve effective domestic coordination of AML/CFT/CPF activities, the Council members form part of the stakeholders in the AML/CFT/CPF prevention and combatting sectors. The Council holds each stakeholder accountable for their respective roles in the AML/CFT/CPF framework. These include but not limited to the following: -



The Memorandum of Corporation has been signed already. This document serves as authority for inter-agency cooperation on ML/TF/PF and other financial crimes.

National Focal Committee

Domestically, the FIC chairs the National Focal Committee, consisting of representatives from law enforcement agencies, governmental institutions, regulatory bodies, and the private sector. These committee members all have responsibilities in the AML/CFT value chain.

During the reporting period, the National Focal Committee met several times for the purposes of coordinating the implementation of the National Action Plan aimed at addressing technical compliance and effective deficiencies observed in the September 2022 MER.

The FIC and Competent Authorities

In an effort to strengthen the consumption of information and exchange of information, the FIC concluded Memorandum of Understanding (MOUs) with all NamRA, ACC, OPG and NCIS. The MoU with NamPol is at an advance stage. Additionally, these MoUs allow for the establishment of technical committees. These are operational committees comprising of technical staff from the FIC and each law enforcement agency which will permit for swift exchange of information, alignment of statistics and feedback on ML/TF/PF matters. It is also at these platforms where joint trainings and joint analysis/investigations may be discussed.

The FIC and its regulated populace

Accountable and Reporting Institutions carry out gate-keeping functions, and hence play a crucial role in the deterrence, detection and reporting of ML/TF/PF. It is therefore essential that the FIC continues to keep a close relationship with the regulated populace to ensure that these institutions implement measures that enhance compliance with and FIA and minimise the occurrence of ML/TF/PF risks.

The FIC has conducts targets and planned On-site and Off-site assessments regularly on selected institutions to monitor and enhance their compliance with the FIA.

Furthermore, the FIC recognises the importance of developing an approachable relationship with the regulated populous, therefore it encourages the institutions to freely engage the FIC. These engagements include amongst others:



The FIC and BAN partnership

BAN is a significant compliance partner with whom the FIC shares ideas and consults in relation to strengthening FIA compliance behaviour. There are scheduled and ad hoc bilateral meetings that deliberate on matters regarding FIA compliance and related issues.

BAN is also a member on the National Focal Committee established to facilitate Namibia's ESAAMLG Mutual Evaluation Process.

The FIC Regulator/Supervisor

The FIC maintains an engaging relationship with supervisory bodies and prudential regulators to 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, 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 of paramount importance.

International Level

At international level, the FIC has engaged various international partners, especially to leverage on technical assistance that would assist the country take measures that are addressing the weakness identified in the MER, thereby avoiding FATG grey listing.

Technical Assistance

Open Ownership and the IMF visited Namibia in November 2022 and January 2023 respectively to review legislative amendments aimed to improve the Beneficial Ownership framework as well as to review other draft legislation.

During February 2023, the FIC hosted members from the FATF Training Unit who provided detailed information and guidance regarding the ICRG process that Namibia joined following the adoption of the MER in September in Zambia, 2022.

The FIC is a member of the Egmont Group of Financial Intelligence Units, which allows for swift exchange information with global counterparts. As a member, the FIC attends Egmont Working Group and Plenary meetings, leveraging on the expertise of involved partners. Furthermore, the membership exposes the FIC to diverse trainings and capacitation initiatives.

The FIC is a founding member of ESAAMLG and is an associate member of the FATF. The Director of the FIC 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.

The UNODC continues to play a fundamental role in building capacity to Namibian law enforcement agencies through various training interventions, from which the FIC staff benefited.

Benchmarking Exercise

Following the adoption of the Namibia's MER in September 2023, a strategic decision was taken to visit a country in the region that successfully underwent the FATF's ICRG process. Mauritius was identified as the case study in the region. Mauritius entered the FATF's Grey List in February 2020, but worked hard to address identified deficiencies in the country's legal, regulatory, and operational AML/CFT/CPF framework that led to Mauritius existing the FATF Grey-List in October 2021.

The FIC bench marking exercise to Mauritius took place from 05 to 09 December 2022. The Namibian delegation and the Mauritian representatives engaged in various consultative sessions. These sessions were held with members from the Supervision and Legal departments of Bank of Mauritius, Registrar of Companies, Registrar of Associations, the Attorney General Office- Mutual Legal Assistance, Financial Services Commission and the Financial Intelligence Unit of Mauritius.

This exercise was successful as the current approach Namibian is using in addressing the ME deficiency are lessons learned from Mauritius.



08.

MUTUAL EVALUATION



FATF's/ESAAMLG MUTUAL EVALUATION

Background

The ESAAMLG/FATF Mutual evaluation aimed at assessing a country's ability to combating ML/TF/PF in line with the FATF Recommendations. This evaluation aims at assessing both, the technical compliance and effective implementation of the AML/CFT/CPF legal framework.

In terms of technical compliance, the assessment team examines whether a country has laws that address ML/TF/PF in accordance with the FATF recommendations. With Effectiveness, the assessors determined whether the laws are effectively enforced. To demonstrate effectiveness of the AML/CFT/CPF laws, the country has to produce statistics.

Namibia's evaluation began with a desk review in August 2020 with the completion of technical and effectiveness questionnaires to provide the Assessors with information on Namibia's AML/CFT/CPF regime. The desk review was followed by two onsite visits by the Assessment Team on 27 September to 08 October 2021 and 06 to 09 June 2022, respectfully..

The ME process concluded after Namibia's MER was adopted in the ESAAMLG Council of Ministers in Livingston Zambia on 02 September 2022. The MER revealed several shortcomings relating to the AML/CFT/CPF laws and implementation of these laws.

TABLE 23: TECHNICAL COMPLIANCE RATINGS

R.1	R.2	R.3	R.4	R.5	R.6	R.7	R.8	R.9	R.10
LC	LC	LC	LC	PC	PC	PC	NC	C	LC
R.11	R.12	R.13	R.14	R.15	R.16	R.17	R.18	R.19	R.20
LC	NC	PC	LC	NC	LC	LC	PC	PC	PC
R.21	R.22	R.23	R.24	R.25	R.26	R.27	R.28	R.29	R.30
C	PC	PC	PC	PC	LC	C	LC	PC	C
R.31	R.32	R.33	R.34	R.35	R.36	R.37	R.38	R.39	R.40
PC	LC	PC	LC	LC	C	LC	LC	PC	PC

C – compliant, LC – largely compliant, PC – partially compliant or NC – non-compliant.

TABLE 24: EFFECTIVE RATINGS

IO.1	IO.2	IO.3	IO.4	IO.5	IO.6	IO.7	IO.8	IO.9	IO.10	IO.11
ME	ME	LE	ME	LE	ME	ME	ME	LE	LE	LE

High level of effectiveness – HE; Substantial level of effectiveness – SE; Moderate level of effectiveness – ME; or Low level of effectiveness – LE

The findings of the ME has placed Namibia into the FATF's ICRG twelve-months "Observation Period". The observation period began from October 2021 and will end September 2023. During this period Namibia must address technical compliance deficiencies identified and improve the level of effectiveness, to escape FATFF grey listing.

Grey listing entry criteria:

Technical compliance where the following criteria are met:

- A country with twenty or more NC/PC ratings. In Namibia' case, has 19 Recommendations with NC/PC rating.
- A country is rated NC/PC on three (3) or more of the "big 6" Recommendations. These are Recommendations 3,5,6,10,11 and 20. Namibia scored PC rating on Recommendations 5,6 and 20.

A country that receives:

- A low or moderate level of effectiveness for 9 or more of the 11 immediate Outcomes, with a minimum of 2 lows, or
- A low level of effectiveness for 6 or more of the 11 Immediate Outcomes

Namibia's Actions taken

Following the adoption of the MER in September 2022, Namibia has taken serious measures to ensure positive and tangible progress in made. The FIC is the chair of the National Focal Committee which coordinates AML/CFT/CPF activities by all stakeholders. The Committee ensures that all stakeholders in the AML/CFT/CPF national framework collaboratively participate in addressing the MER deficiencies.

The National Focal, through all stakeholders in the AML/CFT/CPF framework produced a National Action Plan to address deficiencies identified in Namibia's AML/CFT/CPF Mutual Evaluation. This plan was endorsed and approved by the AML/

CFT/CPF Council and the National Cabinet on 27 October 2022 and 13 December 2022 respectively.

A project team was established to ensure that stakeholders implement measures in accordance with the National Action Plan.

The National Focal Committee established a Legislative Subcommittee tasked to prepare layman's draft amendments with preparing layman's draft amendment to eleven (11) AML/CFT/CPF laws and crafting two (2) completely new laws. These laws are expected to be promulgated and in operation by June 2023.

Namibia must submit a progress report by end of June 2023, for discussion at the August/September ESAAMGL meeting. An additional Post Observation Progress Report (POPR) is due for submission to the FATF's ICRG Joint Group following the end of the twelve-months Observation Period in October 2023.

TABLE 25: NAMIBIA MER KEY TIMELINES

Date	Action
August 2020	Assessment Team started with their desk review of the completed questionnaires submitted by the Namibian Authorities
27 September to 08 October 2021 & June 2022	Assessment Team on site
September 2022	ESAAMGL Council of Ministers meeting
	Observation Period begins
December 2022	National Action Plan Approved
End June 2023	Submit progress report to ESAAMGL
October 2023	Observation Period ends
October 2023	Submit Post Observation Progress Report (POPR) to FATF Joint Group
January 2024	Namibia and Joint Group discuss POPR, and a recommendation for action issued to ICRG
February 2024	ICRG meeting & FATF Plenary ICRG and Plenary final decision on whether to publicly list Namibia as a country with strategic deficiencies in its national AML/CFT/CPF framework, i.e grey listing

09.

ANNUAL FINANCIAL STATEMENTS



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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) and Proliferation Financing (PF).
Council members	J. !Gawaxab (Chairperson) P. Noa (Deputy Chairperson) O. M. Imalwa J. Kandjeke J. S Shikongo B. Hans K. Matomola J. Kaupitua E. Maritz S. Haihambo T. Ndove F. !Owoses E. Angula
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)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL STATEMENTS OVERVIEW

		2023 N\$	2022 N\$
Key points			
Surplus for the year declined by N\$ 8.6 million from N\$ 5.1 million in 2022 to a deficit of N\$ 3.5 million in 2023.	(Deficit)/Surplus for the year	(3,469,779)	5,091,726
Total operating expenses increased by N\$ 10.9 million from N\$ 34.3 million in 2022 to 45.2 million in 2023.	Operating expenses	45,223,364	34,269,518
Total assets increased by N\$ 1.1 million from N\$ 25.8 million in 2022 to N\$ 26.9 million in 2023.	Total assets	26,902,551	25,819,045
Total investments increased by N\$ 656.5 thousand from N\$ 11.7 million in 2022 to N\$ 12.6 million in 2023.	Total Investments	12,621,388	11,964,910

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior 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 upcoming year ending 31 March 2024 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.



Chairperson
J. !Gawaxab
09 August 2023



Deputy Chairperson
P. Noa
09 August 2023

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 74 to 87, which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year that 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 2023, and its financial performance for the year then ended in accordance with the basis of accounting described in note 1.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the of the Financial Intelligence Centre in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable in performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Councils are responsible for the other information. The other information does not include the annual financial

statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Council 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.

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

INDEPENDENT AUDITOR’S REPORT

Auditor’s Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councils.
- Conclude on the appropriateness of the Councils’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Centre’s to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Councils regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Grand Namibia

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

09 August 2023

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 2023.

1. Main business and operations

The primary work of the Centre in terms of Financial Intelligence Act No.13 of 2012 is to combat money laundering and the financing of terrorism and proliferation activities in collaboration with other law enforcement agencies

The Centre incurred a deficit for the 2023 financial year of N\$ 3,469,779 (2022 surplus: N\$ 5,091,726).

The accumulated surplus as at 31 March 2023 amounted to N\$ 19,280,292 (2022: Surplus N\$ 22,750,071).

The operating results and state of affairs of the Centre are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Council

The members of Council in office at the date of this report are as follows:

Council

- J. !Gawaxab (Chairperson)
- P. Noa (Deputy Chairperson)
- O. M. Imalwa
- J. Kandjeke
- J.S Shikongo
- B. Hans
- K. Matomola
- J. Kaupitua
- E. Maritz
- S. Haihambo
- T. Ndove
- F. !Owoses
- E. Angula

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. Zenobia Barry was appointed as the Acting Director with effect from 1 April 2023 until such a time that a substantive director is appointed.

4. The Centre's Governance

The Centre is run by a Director who is appointed by the Minister of Finance. The Anti-Money Laundering and Combatting the Financing of Terrorist and Proliferation Council appointed Mr Gerrit Eiman as Acting Director of FIC, effective 1 January 2022 to 31 December 2022. Thereafter, Mr Kristian Hamutenya was appointed as Acting Director effective 1 January 2023 to 31 March 2023.

COUNCIL'S REPORT (CONTINUED)

5. Administrative arrangement

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

6. Going concern

The accumulated surplus as at 31 March 2023 amounted to N\$ 19,280,292 (2022: N\$ 22,750,071).

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.

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023 N\$	2022 N\$
Assets			
Non-Current Assets			
Property and equipment	2	1,079,634	1,472,861
Intangible assets	3	238,183	-
Current Assets			
Investments	4	12,621,388	11,964,910
Receivable from Bank of Namibia	10	12,368,882	11,970,172
Other receivables	11	594,464	411,102
Total Assets		26,902,551	25,819,045
Equity and Liabilities			
Equity			
Accumulated surplus		19,280,292	22,750,071
Total Equity		19,280,292	22,750,071
Liabilities			
Current liabilities			
Employee provisions	9	2,787,650	2,749,653
Trade and other payables	12	4,834,609	319,321
Total Liabilities		7,622,259	3,068,974
Total Equity and Liabilities		26,902,551	25,819,045

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 N\$	2022 N\$
Grant received	5	41,157,000	39,000,000
Operating expenses	8	(45,223,364)	(34,269,518)
Operating (deficit)/surplus		(4,066,364)	4,730,482
Investment revenue	4	596,108	361,244
Other income	6	477	-
(Deficit)/Surplus for the year		(3,469,779)	5,091,726
Other comprehensive income		-	-
Total comprehensive (deficit)/ surplus for the year		(3,469,779)	5,091,726

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Accumulated surplus account	Total
	N\$	N\$
Opening balance at 1 April 2021	17,658,345	17,658,345
Surplus for the year	5,091,726	5,091,726
Balance at 31 March 2022	22,750,071	22,750,071
Deficit for the year	(3,469,779)	(3,469,779)
Balance at 31 March 2023	19,280,292	19,280,292

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED
31 MARCH 2023

	Notes	2023 N\$	2022 N\$
Cashflow from operating activities			
Cash generated by operations	7	970,568	3,233,326
Income from foreign exchange transactions		477	-
Investment Income	4	596,108	361,244
Net cash inflow from operating activities		1,567,153	3,594,570
Cashflow from Investing activities			
Purchases of property and equipment	2	(235,391)	(927,604)
Purchase of intangible assets	3	(276,575)	-
Net movement in financial assets		(656,476)	(11,964,911)
Net cashflow from investing activities		(1,168,442)	(12,892,515)
Cashflows from financing activities			
Movement in receivables from Bank of Namibia		(398,711)	9,297,945
Net cashflow from financing activities		(398,711)	9,297,945
Total cash and cash equivalents movement for the year		-	-
Cash and cash equivalents at the beginning of the year		-	-
Total cash and cash equivalents at the end of the year		-	-

*The statement of cash flows is being prepared for the first time in the books of the Centre for a better presentation of the cashflow affairs of the Centre. The Centre does not hold a bank account. The receipts and payments are executed and administered by the Bank of Namibia through an intercompany account that serves as a financial medium or financial vehicle.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Accounting Policies

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

1.1 Basis of preparation

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

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

1.2 Property and equipment

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

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

Item	Depreciation method	Average useful lives
Computer hardware	Straight line	2-6 years
Motor vehicles	Straight line	4 years
Furniture, fittings, and equipment	Straight line	1-20 years

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income in the statement of comprehensive income. 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.

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 Centre 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.4 Revenue Recognition**Government Grant**

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

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

Investment income

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

1.5 Expenses

Expenses are recorded on an accrual basis.

1.6 Other receivables

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

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

1.7 Other payables

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

Appeal fees

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

1.8 Employee benefits

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

1.9 Investments

These funds are held and invested in money market accounts. They are held at cost and interest is recognized using the effective interest rate method.

1.10 Key estimates and significant judgements

There were no key estimates and significant judgements taken during the current and prior financial year.

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. Property and Equipment

	Motor Vehicles	Furniture & Fixtures	Equipment & Fittings	Computer Hardware	Minor Assets	Total
	N\$	N\$	N\$	N\$	N\$	N\$
2023						
Cost						
At 1 April 2022	676,520	464,157	482,050	1,487,998	3,569	3,114,294
Additions	-	30,362	-	198,429	6,600	235,391
At 31 March 2023	676,520	494,519	482,050	1,686,427	10,169	3,349,685
Accumulated depreciation						
At 1 April 2022	463	409,277	228,554	999,570	3,569	1,641,433
Depreciation	169,130	16,878	63,507	372,503	6,600	628,618
At 31 March 2023	169,593	426,155	292,061	1,372,073	10,169	2,270,051
Carrying value						
At 1 April 2022	676,057	54,880	253,496	488,428	-	1,472,861
At 31 March 2023	506,927	68,364	189,989	314,354	-	1,079,634
2022						
Cost						
At 1 April 2021	-	464,157	469,254	1,249,710	3,569	2,186,690
Additions	676,520	-	12,796	238,288	-	927,604
At 31 March 2022	676,520	464,157	482,050	1,487,998	3,569	3,114,294
Accumulated depreciation						
At 1 April 2021	-	379,256	167,340	748,301	3,569	1,298,466
Depreciation	463	30,021	61,214	251,269	-	342,967
At 31 March 2022	463	409,277	228,554	999,570	3,569	1,641,433
Carrying value						
At 1 April 2021	-	84,901	301,914	501,409	-	888,224
At 31 March 2022	676,057	54,880	253,496	488,428	-	1,472,861

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Intangible Assets- Computer Software

	Computer Software	Total
	N\$	N\$
2023		
Cost		
At 1 April 2022	1,511,000	1,511,000
Additions	276,575	276,575
At 31 March 2023	1,787,575	1,787,575
Accumulated amortisation		
At 1 April 2022	1,511,000	1,511,000
Amortisation	38,392	38,392
At 31 March 2023	1,549,392	1,549,392
Carrying value		
At 1 April 2022	-	-
At 31 March 2023	238,183	238,183
2022		
Cost		
At 1 April 2021	1,511,000	1,511,000
At 31 March 2022	1,511,000	1,511,000
Accumulated amortisation		
At 1 April 2021*	1,498,309	1,498,309
Amortisation		
At 31 March 2022	12,691	12,691
At 31 March 2022	1,511,000	1,511,000
Carrying value		
At 1 April 2021	12,691	12,691
At 31 March 2022	-	-

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2023	2022
	N\$	N\$
4. Investments		
Rand currency investments		
SARB – CPD	10,521,388	892,088
Money market instruments	2,100,000	11,072,822
Total Investments	12,621,388	11,964,910
Investment income	596,108	361,244

Surplus funds from the previous years are invested to enable financial reserves to be built for the FIC to buffer the organisation against future operational funding shortages.

Funds were invested with the Bank of Namibia's Corporation for Public Deposits (CPD) account at the South African Reserve Bank and Money Market Instruments to enable the Fund to earn interest at a low risk.

	2023	2022
	N\$	N\$
5. Grant Received		
Ministry of Finance	41,157,000	39,000,000
Total Grant Received	41,157,000	39,000,000
6. Other income comprises of gains from foreign exchange transactions	477	-

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7. Cash generated from operating activities

(Deficit)/surplus for the year

Adjustment for:

Depreciation and amortization

Foreign exchange gains on foreign currency transactions

Interest income from invested funds

Changes in working capital:

Increase in other receivables

Increase/(decrease) in employee provisions and

Trade and other payables

Cash generated from operating activities

	2023 N\$	2022 N\$
(Deficit)/surplus for the year	(3,469,779)	5,091,726
Adjustment for:		
Depreciation and amortization	667,010	355,659
Foreign exchange gains on foreign currency transactions	(477)	-
Interest income from invested funds	(596,108)	(361,244)
Changes in working capital:		
Increase in other receivables	(183,363)	(403,422)
Increase/(decrease) in employee provisions and Trade and other payables	4,553,285	(1,449,393)
Cash generated from operating activities	970,568	3,233,326

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. Operating expenses

	2023 N\$	2022 N\$
Advertising and recruitment expenses	161,849	106,295
Audit fees	148,216	114,576
Compliance & inspection expenses	532,339	313,571
Computer consultancy expenses	4,211,450	3,280,198
Computer maintenance expenses	621,293	323,289
Conferences hosted expenses	538,246	565,650
Consultants fees	2,094,206	588,850
Depreciation	667,010	355,659
Directors fees	-	38,500
Employee costs	28,932,910	26,761,137
Entertainment expenses	27,694	5,573
Equipment rental expenses	91,643	134,696
Financial investigations expenses	532,458	371,906
Legal costs	430,558	533,821
Loss on foreign exchange	-	1,231
Membership fees	99,059	95,664
Miscellaneous expenditure	4,461	660
Printing & publications expenses	35,944	118,165
Staff training	1,347,180	62,560
Stationery expenses	15,499	10,645
Staff expenses	332,976	29,211
Subscription expenses	10,974	9,915
Telephone and telex expenses	20,850	140,038
Vehicle expenses	58,531	-
Travel, subsistence and accommodation expenses	1,932,819	307,708
Donations	2,375,199	-
	45,223,364	34,269,518

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9. Employee provisions

Provision for bonuses
Provision for leave pay

2023	2022
N\$	N\$
81,814	56,980
2,705,836	2,692,673
2,787,650	2,749,653
12,368,882	11,970,172

10. Receivable from Bank of Namibia

The receivable from Bank of Namibia was determined after considering all the grants received and expenditures incurred by FIC for the year ended 31 March 2023.

11. Other receivables

Prepayments
Staff debtors

2023	2022
N\$	N\$
577,384	403,422
17,080	7,680
594,464	411,102

12. Trade and other payables

Other payables
Trade payables
Appeal fees
Audit fees provision

2023	2022
N\$	N\$
4,426,317	125,804
95,503	33,944
55,000	50,000
257,789	109,573
4,834,609	319,321

Other payables are made up of mainly accruals relating to consulting fees of N\$4,000,000 incurred in relation to the FIC Digital Transformation journey reflecting the consultations sought during the current year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

13. Comparative figures

Certain comparative figures have been reclassified or altered for better presentation to the users of the financial statements.

The effects of the reclassification or alterations are as follows:

Statement of financial position

Trade and other payables

Audit fee provision was previously disclosed on the face of the financial statements, however during the year ended 31 March 2023, audit fee provision is disclosed under trade and other payables on the face of the financial statements.

Notes to the financial statements

Note 4: Investments

The total investments and investment income was grouped and disclosed in form of a reconciliation during the financial year ending 31 March 2022. During the current financial year, the total investments and investment income are disclosed separately.

Note 12: Trade and other payables

Audit fee provision is disclosed under trade and other payable note during the current financial year.

Statement of cashflow

The statement of cashflow was not prepared in the prior year and is being prepared for the first time in the annual financial statements of the Centre for the year ended 31 March 2023.



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