



ANNUAL REPORT FY 2020/21

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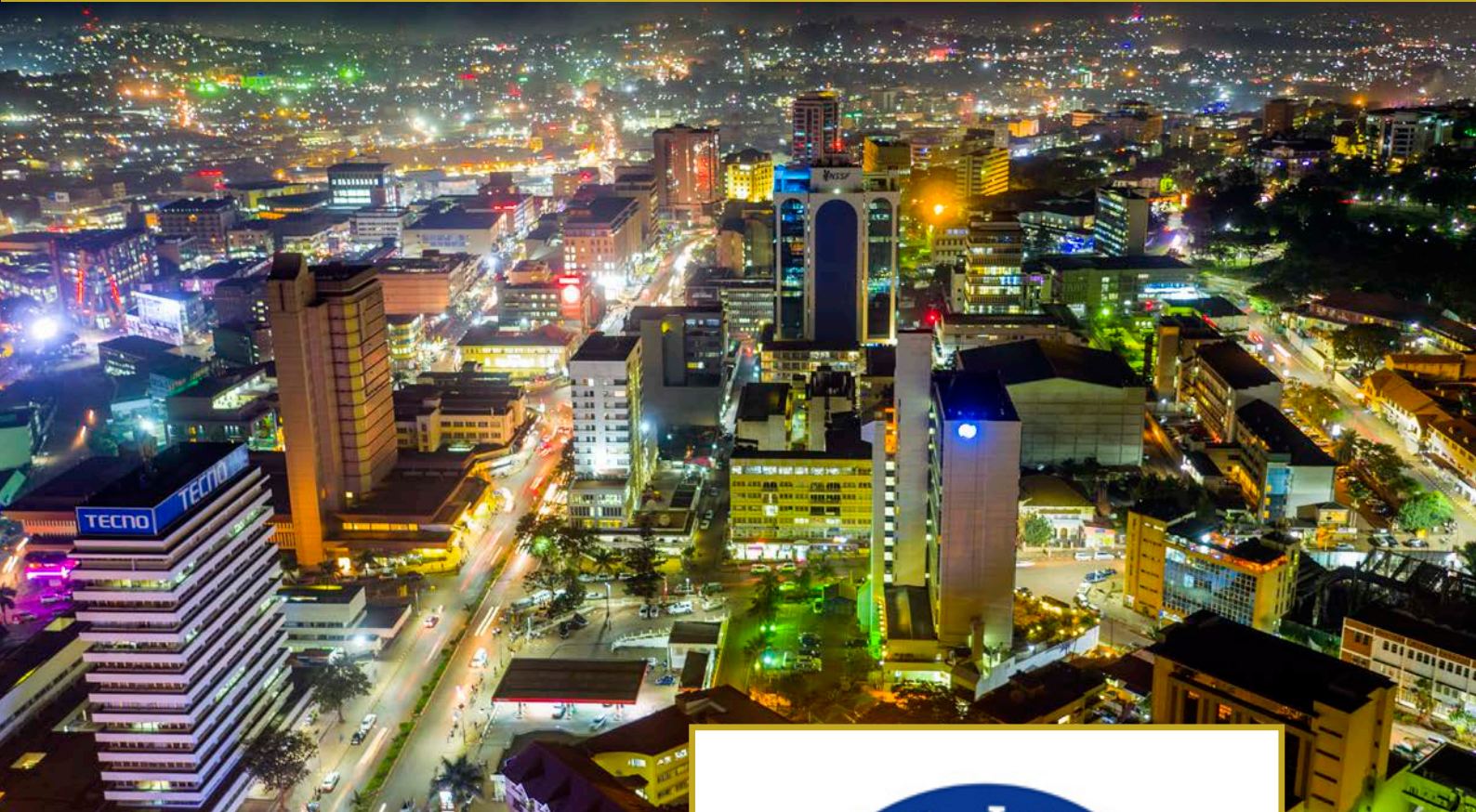
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FINANCE INTELLIGENCE AUTHORITY - UGANDA



ABBREVIATIONS & ACRONYMS:

ACAMS	Association of Certified Anti-Money Laundering Specialists
AML	Anti-Money Laundering
AMLA	Anti-Money Laundering Act
BOU	Bank of Uganda
CAMS	Certified Anti-Money Laundering Specialist
CFT	Combating Financing of Terrorism
CID	Criminal Investigations Department
CPF	Countering Proliferation Financing
DCIC	Directorate of Immigrations and Citizenship
D/IR&SA	Director International Relations and Strategic Analysis
D/IT	Director Information Technology
D/OA	Director Operational Analysis
DNFBPs	Designated Non-Financial Businesses and Professions
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FATF	Financial Action Task Force
FIA	Financial Intelligence Authority
FIC	Financial Intelligence Centre
FIU	Financial Intelligence Unit
FY	Financial Year
GOU	Government of Uganda
ICA	International Compliance Association
ICRG	International Committee Review Group of FATF
IFF	Illicit Financial Flows
IG	Inspectorate of Government

ABBREVIATIONS & ACRONYMS:

IRA	Insurance Regulatory Authority
IT	Information Technology
LCTRs	Large Cash Transaction Reports
LEAs	Law Enforcement Agencies
MDAs	Ministries, Departments and Agencies
MFPED	Ministry of Finance, Planning and Economic Development
MDIs	Microfinance Deposit-Taking Institutions
ML	Money Laundering
MLCOs	Money Laundering Control Officers
MOU	Memorandum of Understanding
NDP2	National Development Plan (2nd)
NGO	Non-Governmental Organization
NRA	National Risk Assessment
ODPP	Office of the Director of Public Prosecutions
PF	Proliferation Financing
STRs	Suspicious Transaction Reports
TF	Terrorism Financing
UBA	Uganda Bankers' Association
UNODC	United Nations Office on Drugs and Crime
URSB	Uganda Registration Services Bureau
URA	Uganda Revenue Authority
UWA	Uganda Wildlife Authority
VASPs	Virtual Assets Service Providers



Message from the Board Chairperson.

I am pleased to present the Financial Intelligence Authority (FIA)'s Annual Report for the FY 2020/21 in line with Section 36(1) of the Anti-Money Laundering Act 2013.

FIA has continued to be instrumental in preserving the integrity of Uganda's financial system to ensure systematic growth and development.

The FY 2020/21 was difficult and challenging due to the Covid-19 pandemic which disrupted planned interventions and scheduled engagements with stakeholders. During the year FIA implemented its 2nd Strategic Plan 2020/21- 2024/25. This report presents FIA's performance during the FY 2020/21 and highlights achievements as well as the ensuing challenges.

Following the establishment of the Standards for the Regulation and Monitoring of Virtual Assets

A handwritten signature in blue ink, likely belonging to Governor Emeritus, Leo Kibirango.

Governor Emeritus, Leo Kibirango
Chairperson of the Board

(VA) and Virtual Assets Service Providers (VASPs) by FATF, the Government amended the AML/CFT legal framework to accommodate the new Standards.

The 2nd schedule to the Anti-Money Laundering Act, 2013 was amended to designate VASPs as accountable persons. This was to prevent the misuse of the new and emerging technologies, blockchain technology in particular for money laundering, financing of terrorism or proliferation financing.

Whereas the AML/CFT National Risk Assessment for Uganda was undertaken in 2017, the FATF Standards require that the assessment be updated regularly. Therefore, in collaboration with the National AML/CFT Taskforce, FIA launched a process to review and update the assessment. The main purpose of the assessment was the identification of new risks and provision of mitigation measures through the Action Plan in the National AML/CFT/CPF framework.

Due to the challenges precipitated by the advent of the covid-19 pandemic, the completion of the

assessment was interrupted and delayed. The revised workplan of FIA envisages completion of the assessment by next financial year. In addition, efforts have been concentrated on accelerating the pace at which the risks and deficiencies identified in the previous assessment are addressed.

This has the added advantage of helping to improve Uganda's compliance with the 40 FATF Recommendations as well as ensuring that Uganda is removed from the FATF "Grey" list as soon as possible.

During the year under review, on the 7th December 2020, Uganda took over the Presidency of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) from the Kingdom of Eswatini for a period of one year. Uganda is taking advantage of its tenure of the one-year Presidency, to consolidate the achievements of its predecessors, especially the enhanced collaboration and coordination within the Region in the fight against ML/TF/PF and Illicit Financial Flows in general.

FIA, more than ever before, is

now well positioned to deliver on its mandate through enhanced co-operation with its strategic allies in the law enforcement areas and all stakeholders to fight against financial crimes and strengthen the integrity of our financial system.

I express my deep gratitude to the Government of Uganda especially H.E. President Yoweri Kaguta Museveni and Hon. Matia Kasaija, Minister of Finance, Planning & Economic Development for the opportunity given to the members of the Board to serve this Country through this young but very important body to Uganda and the world at large.

I congratulate my fellow board members for their relentless efforts and expertise rendered to FIA without reserve. I thank Management and staff of FIA and express my appreciation for the achievements registered amidst the unprecedented covid-19 situation. Finally, and most importantly, I extend my sincere appreciation to God, all our domestic and international partners and stakeholders for their continued support and co-operation.



Message from the Executive Director.

During the financial year 2020/21, the authority faced challenges brought about by the covid-19 pandemic which severely impacted on our operations.

However, the mitigation measures put in place as guided by the health and other authorities helped to ensure continuity of our core operations as well as giving protection to the health and safety of staff and our stakeholders.

The 2020/21 annual report highlights progress made towards implementing priorities for the 1st year outlined in FIA's strategic plan 2021/2025. These priorities included; enhancing identification of proceeds of crime, ensuring AML/CFT compliance, creating public awareness on AML/CFT and ensuring international cooperation in matters related to AML/CFT, among others.

As FIA consolidated on the use of the goAML system, the information, including suspicious reports (STRs) received through

A handwritten signature in blue ink, consisting of stylized loops and a long horizontal stroke extending to the right.

Sydney Asubo
Executive Director

the system continued to increase steadily. For example, the number of STRs received increased from 1996 received last year to 2420 of which 1634 (67% were through the electronic system) during the FY under review. The financial information reports disseminated to law enforcement agencies correspondingly increased from 41 to 82. The disseminations helped to support Uganda Police (CID), as well as URA's tax investigative function.

The Authority conducted financial/integrity due diligence on 23 requests received from various Ministries, Departments and Agencies (MDAs) and reports of our findings sent to the respective MDAs. Financial integrity due diligence is intended to protect government from dealing with fraudulent investors in implementing public private partnerships. However, since this is not mandatory, some MDAs have continued to engage with investors with questionable integrity thereby carrying and incurring significant risks.

During the year, covid-19 significantly slowed down this activity since our international partners and contacts were equally affected by the pandemic measures in their respective countries which, made

information gathering difficult. FIA held engagements with various financial institutions, other reporting entities (including lawyers, accountants and NGOs) and other industry stakeholders. Face-to-face engagements were limited in preference to virtual ones. As a result, training and awareness helped to improve quality reporting and build knowledge and capacity of accountable persons to comply with their AML/CFT obligations.

As part of the requirements to exit the FATF grey list, FIA undertook two ML/TF risk assessments on; legal persons & arrangements; and the terrorism financing risk of the NPO sector. The final report of the ML/TF risk assessment of legal persons was prepared and disseminated to stakeholders. The final report of the TF risk in the NPO sector was completed and submitted to the National AML/CFT/CPF Taskforce for consideration.

The assessment exercises are key undertakings, involving all relevant stakeholders through which ML/TF risks can be identified, understood and mitigation measures applied. They are a key guide in the deployment of resources and the application of risk-based monitoring/interventions.

FIA remains on course in implementing all the action items agreed with the FATF-ICRG, files follow-up updates and will hold another face-to-face meeting in September, 2021.

Notwithstanding the achievements, FIA faced some challenges in implementing its mandate during the year under review. These include; lack of regulatory framework for some sectors such as real estate and dealers in precious stones and metals which were identified by the National Risk Assessment of 2017 as high risk for ML/TF; slow implementation of the cross-border declarations of cash and other bearer negotiable instruments; budget constraints; and limited staffing levels for key roles. The Authority will continue to engage and coordinate with relevant authorities for provision of additional resources in order to put in place regulatory framework for the non-regulated sectors.

Finally, on behalf of FIA management and staff, I take this opportunity to thank members of the FIA board for immense support and guidance given under the difficult covid-19 pandemic situation. I also extend my gratitude to our partners and stakeholders for their contributions to FIA's 2020/21 performance.

EXECUTIVE SUMMARY OF PERFORMANCE DURING THE FY 2020/2021

The key performance highlights of the FY under review include;

i. Amendment of the Second Schedule of the Anti-Money Laundering Act 2013 in November 2020.

FIA coordinated the amendment of the Second Schedule of the Anti-Money Laundering Act 2013 to include Virtual Asset Service Providers (VASPs) as accountable persons.

This is to comply with the FATF revised standards on virtual assets and virtual assets service providers. The revised standard requires countries to assess and mitigate the risks associated with virtual assets and virtual asset service providers.

It calls-on countries to license or register VASPs and subject them to supervision or monitoring by competent national authorities. The Anti-Money Laundering Act, 2013 was amended by Parliament on 20th November 2020 and FIA initiated a process to register all VASPs. A total of five (5) VASPs have been registered by the Authority as at June 30th, 2021.

ii. ML/TF Risk Assessments.

In order to comply with the action plan agreed to by the government of Uganda and FATF-ICRG, the Financial Intelligence

Authority commenced two ML/TF risk assessments focusing on; legal persons & arrangements; and the terrorism financing risk assessment of the Non-Profit Organizations (NPO) sector. The assessment of legal persons and arrangements was completed and the assessment report submitted to the FATF-ICRG/Africa & Middle East Group.

The TF risk assessment of the NPO sector was also completed and the assessment report submitted to the National AML/CFT/CPF Taskforce for consideration and endorsement for onward submission to the ICRG/A&ME Joint Group before the face-to-face meeting due in September 2021. These two assessments are part of the actionable areas required to enable Uganda exit the FATF grey list.

iii. Review and update of the National Risk Assessment (NRA) 2017.

Uganda conducted a national ML/TF risk assessment in 2016 and a report was produced in 2017. Best practice requires countries to review and update the risk assessment every 3-5 years.

A review and update process spearheaded by FIA in

collaboration with the National AML/CFT/CPF Taskforce was launched in December 2020 and will be completed in the next financial year. NRA review process will enable Uganda to identify and update money laundering and terrorist financing risks facing the country and develop an action plan to address the identified risks.

iv. Roll out of the goAML electronic reporting system.

The electronic reporting system was enhanced and rolled out to additional 80 forex bureaus and 6 insurance companies. Technical support activities including both online support and physical visits were provided to enrolled entities leading to increased usage of the system.

A total of 23,864 reports were received via goAML system from various accountable persons during the year under review. The further rollout and increased usage have eased analysis, dissemination and sharing of intelligence information.

v. FIA continued to conduct AML/CFT/CPF public awareness outreach activities and trainings.

FIA in collaboration with the Insurance Regulatory Authority

and the Insurance Training College rolled out a program to train all MLCOs in the insurance sector and to increase AML/CFT knowledge among sector players.

The Authority also trained leaders of selected NGOs and other non-profit organizations in Uganda through a collaboration arrangement with Defenders Protection Initiative (DPI); a local umbrella of NGOs. Other trainings offered to accountable persons were conducted on on-line platforms.

vi. Hosting of the ESAAMLG Council of Ministers' Conference.

On the 7th of December 2020, at the 20th Council of Ministers' meeting, Uganda took over the one-year Presidency of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) from the Kingdom of Eswatini.

The Task Force and Council of Ministers' meetings were held virtually due to the prevailing challenges occasioned by the COVID 19 pandemic. Hon. Matia Kasaija, the Minister of Finance, Planning and Economic Development became the new President of the Council of Ministers, and Mr. Sydney Asubo, Executive Director FIA took over as the Chairman of the ESAAMLG Taskforce of Senior Officials. The next Council of Ministers' meeting is scheduled to be held in Uganda, hosted by the Minister in September, 2021.

vii. Receipt and Analysis of Financial Information.

One of the key functions of FIA is to receive and analyze suspicious transactions and other financial information reports from accountable persons. During the year, FIA received a total of 27 million cash transaction reports (CTRs) and 2420 suspicious transaction reports (STRs). Arising from the analysis undertaken, 82 intelligence reports were prepared and disseminated to Competent Authorities and Law Enforcement Agencies (LEAs) for further management.

viii. Attachment of CID Officers to the FIA.

Six officers from the Criminal Investigation Directorate (CID) of the Uganda Police Force were attached to the Authority by Inspector General of Police during the reporting period. The work of the CID officers will be focused on investigating cases arising out of intelligence reports disseminated by the Authority. The attached officers will be based at CID Headquarter - Kibuli. The attachment of these officers is expected to increase ML/TF prosecutions and convictions.

ix. FATF- ICRG Follow up Reporting.

In February 2020, Uganda was placed on the FATF grey list as a result of some deficiencies identified in its AML/CFT framework. During the year, FIA on behalf of Uganda submitted its follow-up report, detailing the progress it is making

in addressing issues agreed on in the Action Plan. The report was discussed in the ICRG face-to-face virtual meeting which took place on 11th May 2021. The Joint Group strongly encouraged Uganda to address the remaining issues in a timely manner, and adequately prepare for the upcoming face-to-face meetings scheduled for September 2021.

x. Restructuring of FIA's Organizational Structure.

During the year under review, FIA's organizational structure was adjusted and realigned to increase efficiency in its operations. The new structure will be implemented at the beginning of next FY, effective from July 1st, 2021. The staff establishment was increased to 83, up from 75 and some positions in the directorates of; ICT Systems and Security; Analysis and Monitoring; and Compliance and Training were re-designated. The Directorate of International Relations and Strategic Analysis was phased-out and all the staff therein redeployed within the new structure.

xi. Implementation of the New Budgeting Framework.

During the year, FIA joined other Votes to implement the new budgeting framework. The Authority was shifted from the Accountability Sector, hitherto in the Sector-Wide budgeting approach to the Governance and Security Programme, in the Programme approach.

INTRODUCTION

Establishment of FIA.

Financial Intelligence Authority (FIA) is a government agency established under the Anti-Money Laundering Act, 2013 as amended, to combat Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF) activities in Uganda. FIA receives, processes and analyses financial information out of which it produces and disseminates financial intelligence reports to LEAs in support of money laundering, terrorist financing and proliferation financing investigations.

The AMLA, 2013 (as amended) empowers FIA to collect and collate information on suspicious transactions, large cash and monetary transactions and cross border movement of cash and negotiable bearer instruments from accountable persons and based on the results of its analysis, generate and disseminate its findings and intelligence to law enforcement agencies for further processing, including in-depth investigations, prosecution and asset recovery.

FIA also undertakes strategic financial, and trends analysis, to inform policy and decision-making. Strategic analysis of financial intelligence information helps to define the nature and scope of interventions viewed as appropriate to stem money laundering, terrorism financing and other financial crimes in general.

Mandate of the FIA.

The core mandate of FIA is to combat money laundering and financing of terrorism and by so doing, reduce financial crime and protect the integrity of the financial system. The objectives of the Authority are spelt out under Section 19 of AMLA, 2013 (as amended) and also highlighted in FIA's Strategic Plan (2020/21 to 2024/25).

FIA works closely with key stakeholders in the AML/CFT framework especially law enforcement agencies and private sector players to ensure compliance with the Anti-Money Laundering Act 2013 and associated regulations. Compliance with the Act helps to prevent and deter criminals from using Uganda's financial system to launder the proceeds of their crimes or to finance terrorist activities.

Uganda's efforts to combat money ML/TF can be viewed as a single system, involving the coordinated and integrated efforts of a wide range of partners. These include the FIA, accountable and reporting institutions, supervisory bodies, law enforcement, prosecution and, investigative agencies, and other competent authorities domestically and abroad

The role of the FIA within the criminal justice system is to focus on the financial aspects of crime. FIA follows the money to identify criminal proceeds for follow up actions; investigations and prosecutions by other partners

WHAT IS MONEY LAUNDERING?

Money laundering is the process used to disguise the source of money or assets derived from criminal activity.

There are three recognized stages in the money laundering process:

Placement involves placing the proceeds of crime in the financial system.

Layering involves converting the proceeds of crime into another form and creating complex layers of financial transactions to disguise the trail, source and ownership of funds.

This stage may involve transactions such as the buying and selling of property, stocks.

Integration involves placing the laundered proceeds back into the economy to create the perception of legitimacy.

The money laundering process is continuous, with new 'dirty' money constantly being introduced into the financial system.

vi. Impose administrative sanctions on accountable persons who fail to comply with directives, guidelines or requests issued by the Authority.

vii. Collect fines adjudicated under the Act;

viii. Issue guidelines to accountable persons not under the jurisdiction of supervisory authorities, in relation to customer identification, record keeping, reporting obligations and the identification of suspicious transactions; and

ix. May provide training programs for accountable institutions in relations to customer identification, record keeping, reporting obligations and the identification of suspicious transactions.

x. Register, and keep a register of all accountable persons

Functions of the Authority.

The AMLA, 2013 (as amended) mandates the FIA to perform the following functions;

i. Receive, process, analyze and interpret information disclosed to it and obtained by it in terms of the Act;

ii. Refer any matter or information derived from any report or information it receives to the appropriate law enforcement agency, if on the basis of its analysis and assessment, it has reasonable grounds to suspect that the

transaction would be relevant to the investigation or prosecution ML/TF offences or any serious offence;

iii. Inform, advise and cooperate with other competent authorities;

iv. Give guidance to accountable persons, competent authorities, and other persons regarding compliance with the Act;

v. Retain the information disclosed and/or obtained by it in a prescribed manner for a period of at least ten years;

WHAT IS TERRORIST FINANCING?

Terrorist financing is the use of funds, property or other Services to encourage, plan, assist or engage in acts of terrorism, where the primary motivation is not financial gain.

Two main differences distinguish TF from ML:

- *Funds can be from legitimate sources, not just criminal acts; and*

- *Money is the means, not the end—the goal is to use funds to facilitate terror activities.*

CORPORATE PROFILE

Vision:

“To be a centre of excellence in combating money laundering and financing of terrorism”.

Mission:

“To foster the integrity of the financial system through effective detection and prevention of financial crime”.

Overall Goal:

“To foster the integrity of the financial system through effective detection and prevention of financial crime”.



CORE VALUES



INTEGRITY:	Aspire to the highest ethical standards of honesty, reliability and dependability.
PROFESSIONALISM:	Meeting high standards in execution of our Mandate, working together with our accountable People, partner agencies and others in a practical, Diligent, timely, and rigorous result driven Manner.
ACCOUNTABILITY:	Working with pride and discipline to be Responsible for our conduct and work.
TEAM WORK	Working together within the Authority and with Other stakeholders.
CONFIDENTIALITY:	Respect the value and ownership of information We receive and undertake not to disclose any Information without the permission of the Appropriate Authority.
TRANSPARENCY:	Conducting ourselves with openness and honesty in all Aspects of our work.



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@ThefiaU

1. CORPORATE GOVERNANCE OF THE AUTHORITY.

FIA BOARD.

FIA is governed by a Board of Directors appointed by the Minister of Finance, Planning and Economic Development in accordance with section 25(2) of the Anti-money Laundering Act 2013 and approved by Parliament.

The Board comprises of 6 members, including the Executive Director as an Ex-Officio. Membership of the board is drawn from persons with diverse and relevant experiences in the legal, financial and law

enforcement fields.

The Board serves for a period of 3 years and may be reappointed for one more term.

The current Board was appointed by the Minister of Finance, Planning and Economic Development on 1st October, 2018 and was sworn-in/ inaugurated on 13th November, 2018. The FIA Board is chaired by Mr. Leo Kibirango, Governor Emeritus of the Central Bank of Uganda.

Functions of the Board.

1. Policy making for the Authority.
2. Give direction to the Executive

Director in connection with the management, performance, operational policies and implementation of the policies of the Authority.

3. On the recommendation of the Executive Director approve organizational structures, terms and conditions of service.

4. Prescribe administrative measures as may be required to safe guard the revenues of the Authority

5. Review and approve the budgetary estimates, strategic plan and Annual performance report of the Authority

BOARD COMMITTEES

The Board has established two committees in accordance with S.27(b)(iii) of AMLA. The Committees established are; Audit and Risk Committee; and Finance & Administration Committee.

The Committees are constituted as follows;

Audit & Risk

Mr. Patrick Ocailap	-	Chairperson
Ms. Grace Akullo	-	Member

Finance & Administration

Ms. Patricia Mutesi	-	Chairperson
Titus W. Mulindwa	-	Member



MR. LEO KIBIRANGO
Chairperson of the Board



MR. PATRICK OCAILAP
Member



MS. PATRICIA MUTESI
Member



AIGP. Grace Akullo
Member



MR. SYDNEY ASUBO
**Executive Director FIA &
Ex-Officio Member**



MR. TITUS W. MULINDWA
Member

Secretary to the Board

The AMLA 2013 does not have a provision for the Secretary to the Board. Currently, the Executive Director, who is also an ex officio member of the Board provides secretarial services and support to the Board. The Executive Director liaises closely with the chairman and ensures timely communication of information to members of the Board, and from the Board through the Executive Director to FIA Management.

Internal Audit

The internal audit function is an integral and essential part of the governance structure. The Authority has an Internal Audit Department that provides independent assessment and review of the effectiveness of the operating procedures and governance processes, and hence plays an important role in the achievement of the set goals and objectives. The internal auditor, though part of the management team of the Authority, reports directly to the Board.

FIA subscribes to the public sector's risk management and international best practices framework, which, ensures that risks are identified and mitigated.

FIA recognizes that in the complex financial sector environment in which it operates, risk management processes and strategies are evolving and threats faced by the Authority rapidly change. The risk management framework adopted by FIA is therefore reviewed and adjusted on an on-going basis taking into account the risk appetite and risk tolerance of the organization.

In fulfilling its enterprise-wide risk

management responsibilities, FIA uses both top-down and bottom-up approaches to risk identification, assessment, mitigation, monitoring and reporting. The top-down approach entails risk processes to be reviewed by the Directorate Head through the nominated risk champions.

Achievements in mitigating strategic risks in FY 2020/21 include the following,

- i. Adoption of the risk and compliance management framework and appointment of risk champions.
- ii. Establishment of the data storage and disaster recovery site enabling smooth and frequent replication of data from the primary site to the disaster recovery site.

The Top management of the Authority consists of the Executive Director, who is also the accounting officer of the Authority Mr. Sydney Asubo (he is also the ex-officio member of the Board), Deputy Executive Director and six directors as can be seen from the organogram on page 32.

Top management is supported by 7 Managers who are heads of respective departments/directorates.

The operational activities of the six directorates of FIA are geared towards delivering on its mandate. The executive director is primarily tasked with organizational management and provides strategic direction on the activities of the Authority.

TOP MANAGEMENT OF THE AUTHORITY



MR. SYDNEY ASUBO.
Executive Director.



MR. MICHAEL OLUPOT-TUKEI
Deputy Executive Director



MR. SAMUEL WERE WANDERA.
Director Int'l Relations and
Strategic Analysis

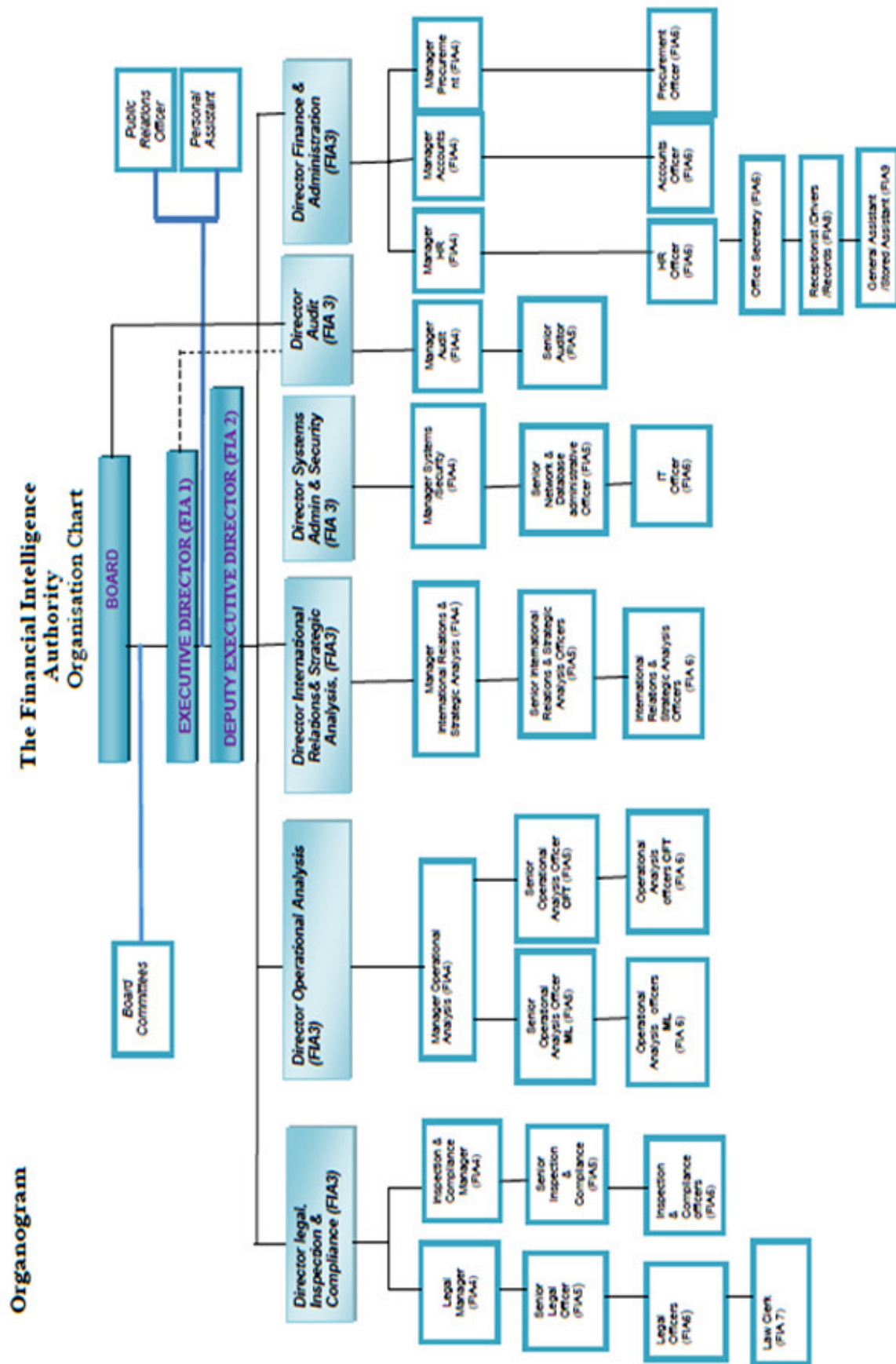


MR. CYRUS BARIGYE.
Director Systems
Administration and Security



MR. LAZARUS MUKASA.
Director
Operational Analysis

Figure 1. FIA ORGANOGRAM - ORGANISATIONAL STRUCTURE OF THE AUTHORITY



OBJECTIVES

1. Strategic Objectives.

The authority has set six strategic objectives as targets to be achieved as it implements its mandate to realize its vision. These objectives are outlined in the FIA's Strategic Plan 2020/21 to 2024/25 as indicated below;

- i. Enhance the identification of the proceeds of crime;
- ii. Enforce compliance of accountable persons with the AML/CFT laws;
- iii. Increase public awareness and understanding of matters related to money laundering;
- iv. Collect and disseminate information to competent authorities;
- v. Strengthen cooperation and partnerships with regional and multi-lateral institutions and exchange information with foreign financial intelligence units.
- vi. Strengthen the capacity of the

staff of the authority to effectively and efficiently deliver its mandate.

The authority's strategic plan is in line with the existing National AML/CFT/CPF strategy and is directly linked to NDP-3 strategic objectives 2 and 5, which are; to strengthen the private sector to create jobs; and strengthen the role of the state in guiding and facilitating development respectively.

It is also linked to NDP-3 development strategies 6, 17 and 20 which are; provision of a suitable fiscal, monetary and regulatory environment to enable the private sector invest; increase government participation in strategic sectors; and enhance partnerships with non-state actors for effective service delivery.

During the FY 2020/21, FIA achieved most of the targeted outputs and, in most instances, exceeded its targets under each of the above objectives, despite the challenges caused covid-19 pandemic. Detailed activities implemented and achievements registered under each strategic objective are indicated below.

1. OBJECTIVE 1:

Enhance the identification of proceeds of Crime.

To effectively combat Money Laundering and Terrorism Financing across the different sectors of the economy and to identify proceeds of crime FIA needs to collect/receive relevant information from the general public, accountable persons, law enforcement agencies and competent authorities. Accountable persons, as listed in the second schedule of the AMLA 2013 (as amended), are required to file various reports, including Large Cash Transactions Reports (LCTRs) and Suspicious Transactions Reports (STRs) with FIA.

STRs are to be filed whenever they encounter transactions or attempted transactions that give them reasonable grounds to suspect that the transaction is related to ML, TF, or other financial crime. Through financial intelligence and analysis, the Authority is able to provide information to investigative authorities, with evidence and leads that are crucial in the identification of proceeds of crime.

To support the process of enhancing the identification of proceeds of crime, FIA implemented the following;

1.1. Deployment of goAML electronic reporting system.

The goAML system is an integrated software solution developed specifically for use by Financial Intelligence Units (FIU's) across the World by the United Nations Office on Drugs and Crime (UNODC). goAML is designed to meet data collection, management, analysis, document management, workflow and statistical needs of FIUs. FIA acquired the goAML electronic system in the FY 2017/18,

and fully rolled it out to all accountable persons that had connectivity infrastructure in FY 2019/2020. By end of the financial year 2020/21 all financial institutions, telecommunication companies, 48% of forex bureaus & money remitters, dealers in securities and 3 law enforcement agencies (that are beneficiaries of the FIA intelligence disseminations) were enrolled onto the system/platform. During the year, six insurance companies, mainly engaged in life insurance business were enrolled onto the system on a pilot project.

The selection of these companies was informed by the national risk assessment that had been done by FIA in 2017, in which, the general assessment categorized life insurance business as high risk for ML/TF. In addition, the six companies controlled a significant proportion (over 95%) of the market share of this business.

In addition to on-boarding of new entities, FIA strengthened goAML user support and provided prompt responses to the platform queries raised by accountable persons. Other interventions undertaken by FIA include; customization of goAML features to suit Uganda's reporting requirements; and training and upgrading of the goAML software to the most recent version as released by the UNODC. The system is currently able to process and analyze high volumes of reports on suspicious transactions, cash transactions and other reports received. The Authority continues to encourage other accountable persons to acquire infrastructure that allows system integration with the goAML system.

Table 1: Number of Accountable Persons enrolled on the goAML Platform as of 30th June, 2021.

CATEGORY E	NROLLED	TARGET P	PERCENT
Commercial Banks	25	25	100%
Credit Financial Institutions 4	4		100%
Forex Bureaus	120	250	48%
Micro Deposit Taking Institutions	5	5	100%
Ministries Departments and Agencies	4	30	13%
Telecommunication Companies (Mobile Money Providers)	2	3	67%
Life insurance companies	6	9	67%
Investment Companies 1	1	0	10%
Simple Average	167	336	50%

1.1.1. goAML Upgrades and Configurations.

A number of activities were carried out to improve user experience and ensure optimal performance.

The goAML system was upgraded from version 4.6 to the latest UNODC version release - 4.7. The upgrade comprised of bug fixes, patch updates, enhanced security and system functionalities such as integration with Egmont secure web, analysis dashboard, and automated report links using unique reference numbers and full text search.

The goAML Secure Socket Layer (SSL) Certificate was also renewed to ensure continued secure access to the system and protection from external breaches. This security feature is important for the smooth functioning of the platform and ensures the timely resolution of system queries.

goAML documentations were enhanced by ensuring that the user manual for the latest goAML web forms was shared with the registered accountable persons and a new template for the International Wire Transfer Reporting was configured and published on the

goAML production site with a corresponding user-guide. In addition, the Terrorism Financing (TF) Reporting template was activated to allow accountable persons to distinctly report transactions suspected of financing terrorism, which would ensure that it receives urgent priority from FIA. The new features and upgrades have improved user experience and increased the capacity of the platform to handle more reports from accountable persons.

Provision of goAML technical support.

The support activities provided included technical online support using the goAML Helpdesk system and physical visits to ensure accurate report submission, implementation of large cash transaction reporting, complete registration on the goAML system and prompt response to the platform queries raised by the commercial banks, microfinance deposit taking institutions, credit institutions, telecoms, forex bureaus and money remitters. In addition, guidance notes on system use and reporting requirements such as archiving of old messages on the goAML message board were shared.

4.1.2. goAML Training of Accountable Persons.

During the 2nd quarter of the year, 80 staff drawn from 80 forex bureaus were trained and equipped with knowledge on how to operate the goAML system and its unique features. The training also covered system registration, user rights management, report submissions, information request submissions, message board use, system

FAQs and the helpdesk platform. The trained officers and their respective forex bureaus were subsequently registered on the goAML system. By the end of the financial year 2019/20 a total of 120 forex bureaus and money remitters had been enrolled on the platform out of the 250 currently licensed by the Bank of Uganda.

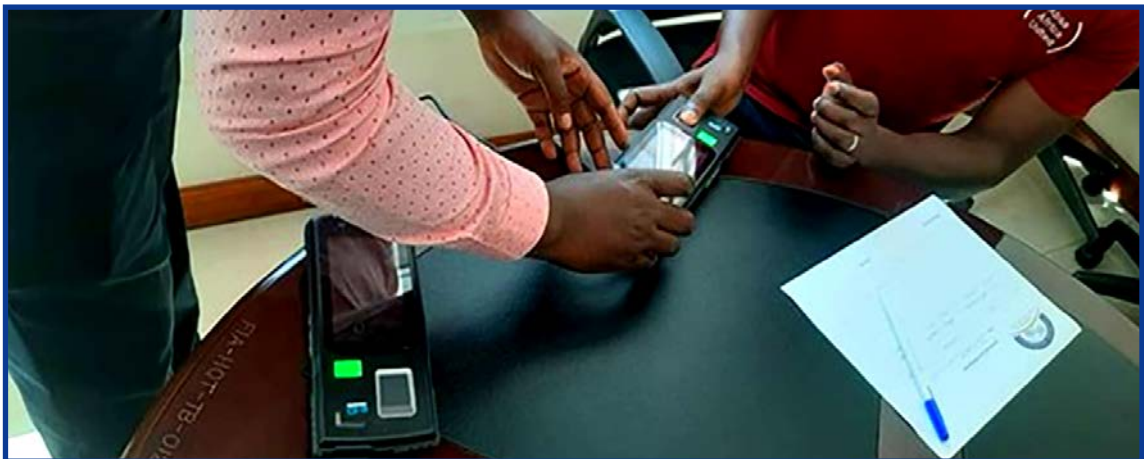


goAML training and on-boarding of 80 forex bureaus held at Ivy's Hotel on 19th to 20th November 2020 and 24th to 25th November 2020.

4.1.3. Improving the quality and Integrity of the biodata of goAML Users.

During the year under review, FIA signed a Memorandum of Understanding with the National Identification and Registration Authority (NIRA) aimed at provision of biometric card readers and training to staff of FIA on their use. The card readers are being used to verify user-registration data on the goAML web platform. This is done by matching the existing physical

National Identification Card's issued to Ugandan nationals with the biometric data already captured by NIRA in their system. The exercise was initiated in order to maintain and uphold the goAML system's data integrity, confidentiality and accuracy. Eighty-four goAML registered users were successfully verified.



goAML User-data verification exercise for Registered Users of Financial Institutions.

4.1.4. Training and onboarding of New Users onto the goAML system.

Training and on boarding of six insurance and investment companies on goAML was undertaken on a pilot project from the 01st to 03rd December 2020.

The training was aimed at empowering participants with skills on report submissions, user role management, message board use, goAML FAQs and use of the Helpdesk system. The knowledge

and experience gained from the pilot project will guide the enrolment of all the remaining insurance companies on a risk-based approach.

Overall, a total of 115 users were trained and on-boarded onto the goAML system. The addition of these entities is expected to ease reporting and identification of proceeds of crime.

4.1.5. goAML Project Meetings / Webinars.

FIA conducted several goAML webinars for all the commercial banks, microfinance deposit taking institutions, credit institutions, telecoms and forex bureaus to review system performance and address user queries. Webinars were organised to educate users on the goAML helpdesk support system and automatic tracking of

user-support issues, requests, and follow-ups. The goAML project meetings were held by FIA staff to share updates on the scheduled activities of the goAML project, make key decisions on matters arising and to ensure the effective use of goAML in FIA.

4.2. Receipt of reports via goAML System

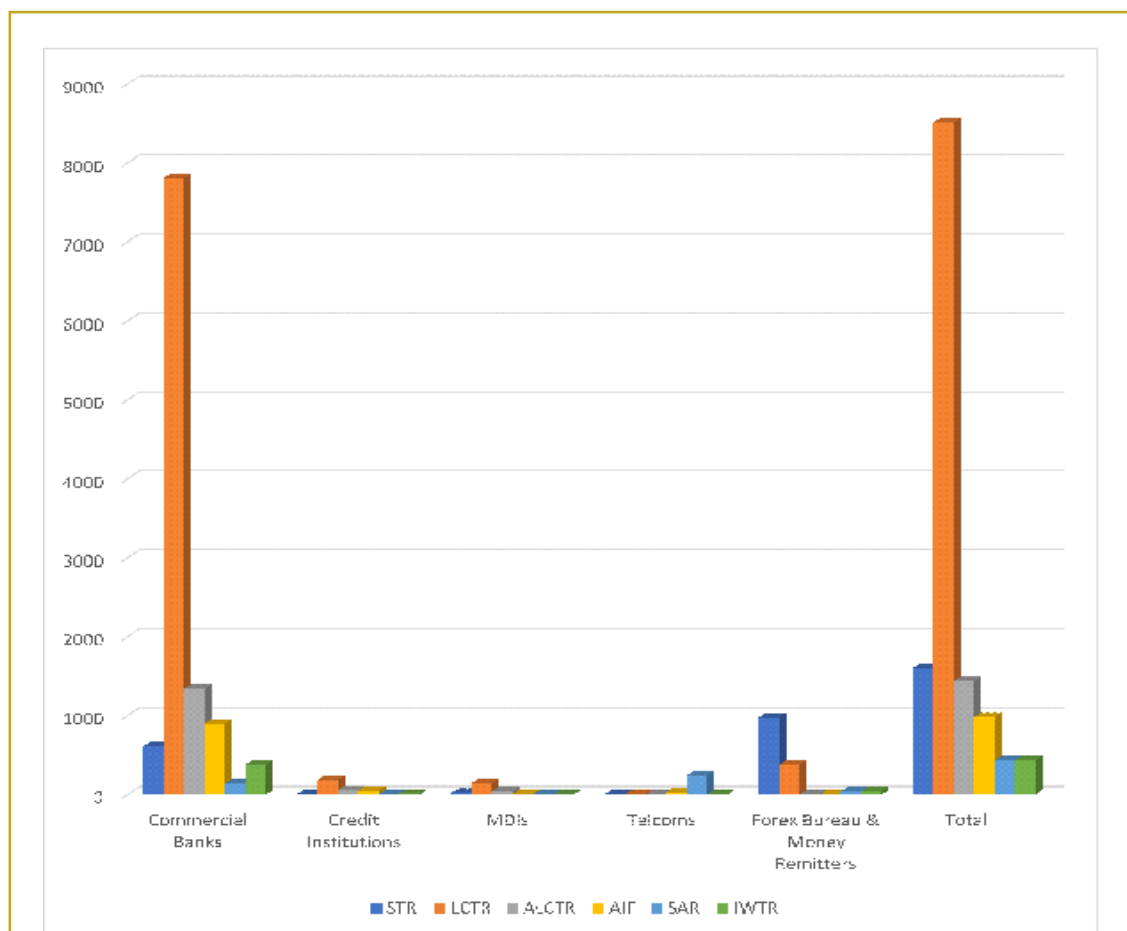
During the year several reports were submitted to FIA by the various accountable persons. These reports include suspicious transaction reports, large cash transaction reports, additional information files, aggregated large cash

transaction reports, international wire transfer reports and suspicious activity reports respectively. In total 13,393 reports were submitted by accountable persons via goAML as indicated in the table below.

Table 2: Reports successfully received via goAML in FY 2020 /2021
by category of accountable persons:

Accountable Category	Person	STR	LCTR	ALCTR	AIF	SAR	IWTR
Commercial Banks		608	7810	1340	899	139	381
Credit Institutions		1	183	53 5	0	8	13
MDIs		15	141	38	4	1	0
Telecoms 1		3	0	2	7	245	0
Forex B ureau & Money Remitters		976	375	3	0	38	41
Total		1601	8512	1434	980	431	435

Bar Chart of Reports Submitted by category of Accountable Persons during FY 2020/2021



From the bar chart above, it is observed that commercial banks sent most of the reports received by the FIA through goAML. They also reported the highest number across all the categories of reports in the financial year followed by forex bureaus and money remitters.

This is consistent with the commercial banks' improved IT-connectivity infrastructure, level of AML/CFT knowledge and market control in the financial sector. Banks were also the first to be on boarded on goAML.

4.3. ML/TF Sector Risk Assessments.

On February 21, 2020, FATF placed Uganda on the list of “jurisdictions under increased monitoring”, commonly referred to as the “grey list” because of deficiencies identified in the AML/CFT framework.

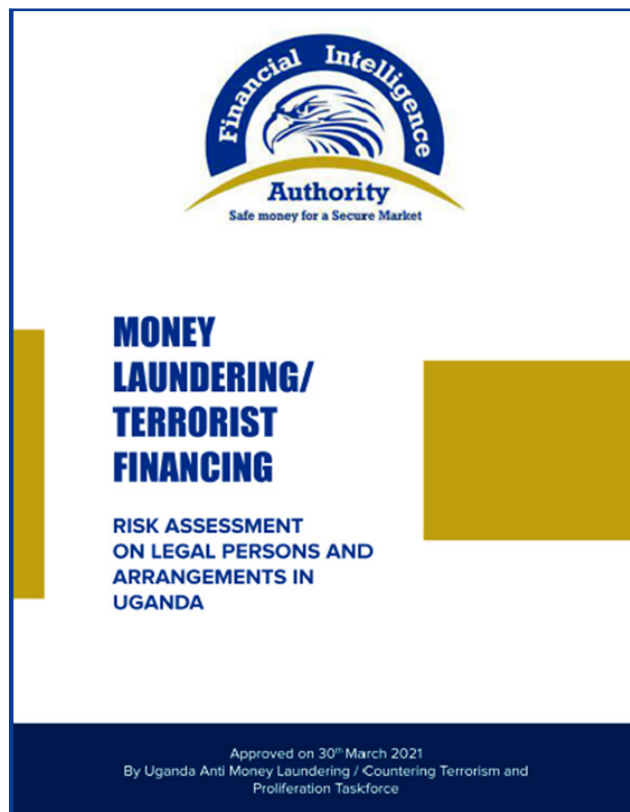
Uganda made a high-level political commitment to work with the FATF and ESAAMLG to strengthen the effectiveness of its Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regime. In light of this, Uganda was given a timeframe of two years (by May 2022) within which to address the identified deficiencies. During the FY 2020/21, FIA conducted two ML/TF risk assessments as part of addressing the action items on the agreed action plan. The risk assessments undertaken are;

i. The Money Laundering and Terrorism Financing risk assessment of legal persons and arrangements in Uganda.

The report was prepared and submitted to FATF ICRG in April 2021 and is also available to other stakeholders on the FIA website.

ii. Terrorism Financing Risk Assessment of the NPO sector.

FATF Recommendation 8 and its interpretive notes requires countries to review the adequacy of laws and regulations that relate to NPOs which the country has identified as being vulnerable to TF abuse and apply focused and proportionate measures to protect them from TF abuse. The FIA during the financial year in collaboration with the National Bureau for NGOs and stakeholders in the NPO sector commenced this risk assessment. The report when finalized, will be submitted to the FATF ICRG in the next financial year. The delay has been occasioned by the interventions put in place by the authorities to stem the spread of the covid-19 pandemic.



Both reports and their findings will be shared with the relevant supervisory, regulatory and other relevant bodies in the above two sectors to improve ML/TF oversight.

iii. Review and Update of the National Risk Assessment for Uganda

In December 2020, FIA launched a process to review and update the ML/TF National Risk Assessment (NRA) undertaken in 2017. The assessment was done in line with FATF Recommendation 1, which requires countries to identify, assess and understand the money laundering (ML) and terrorist financing (TF) risks that they face.

. Once these risks are properly understood, countries are expected to be able to implement anti-money laundering and counter terrorist financing measures that are proportionate to the risks identified, using a risk-based approach. The purpose of the review and update process was;

- i) gain an understanding of the current money laundering and terrorist financing risks and
- ii) to assist in the formulation of an updated action plan to implement the recommendations arising from the review.

The assessment was carried out using the World Bank's analytical risk assessment tool developed to guide countries in conducting ML and TF risk assessments. The tool consists of modules which are made up of variables that represent factors (threats and vulnerabilities) related to ML and TF risks.

The preliminary findings of this assessment will be released to relevant authorities as well the private sector in the next financial year.



5. OBJECTIVE 2:

ENFORCEMENT OF COMPLIANCE WITH THE AML/CFT OBLIGATIONS.

Section 19 (b) of the Anti-Money Laundering Act, 2013 provides for ensuring compliance with the AMLA, as one of the objectives of the Authority.

In addition, Sections 21A (1) and (2) of AMLA (as amended), provides that enforcement of compliance by an accountable person shall be the responsibility of the supervisory body of the accountable person, however, where the accountable person has no supervisory body, then this responsibility is vested with the Authority. In order to enforce compliance with the AMLA, 2013 FIA focuses on the following key areas to ensure that accountable persons meet their AML/CFT obligations:

i. Registration with FIA and updating information whenever necessary. This initial registration is important for FIA to understand the accountable person and easily apply other compliance measures henceforth.

ii. The Authority conducts inspections, both on its own and in support of supervisory bodies, to determine the level of compliance with the Act.

iii. Ensuring that each accountable person appoints a Money Laundering Control Officer

(MLCO) who is responsible for ensuring compliance by the entity/business.

iv. Conducting regular off-site and on-site compliance reviews and examinations, focusing on the existence and effectiveness of AML/CFT policies, procedures, operations and manuals;

v. Reviewing independent audits from accountable persons submitted to FIA.

vi. Enforcing implementation of action plans agreed with accountable persons during inspections visits aimed at addressing identified AML/CFT gaps.

vii. Awareness and sensitization of accountable persons on their AML/CFT obligations through outreach sessions.

viii. Issuing guidelineses, guidance notes and recommendations to help accountable persons comply with their AML/CFT obligations.

ix. Advising accountable persons on United Nations Security Council Resolutions on sanctioned individuals and entities.

5.1. Registration of Accountable Persons.

Section 21 (p) of AMLA, 2013 (as amended) requires the Authority to register accountable persons. At the end of FY 2020/21, the cumulative total of accountable persons registered with the Authority had increased to 1,482 accountable persons from 906 in the FY 2019/2020.

The compliance department continuously updates the register of accountable persons with all incoming registration information, and subsequently issues Certificates of Registration to compliant entities. This process when completed will enable FIA to follow-up on non-compliant accountable persons and effectively enforce compliance among registered entities.

It should be noted that despite the effects of COVID-19 in the year under review, the number of registered accountable persons increased by 576. The increase is mainly attributed to increased awareness by accountable persons to register with FIA and the associated administrative sanctions to be imposed for non-compliance.

Adopting A risk Based Approach.

The Anti-Money Laundering Act 2013 as amended, has prompted a shift in the way accountable persons approach compliance. A new risk-based approach has been adopted, in which businesses understand and take ownership of their risks in relation to money laundering and terrorist financing. Using this approach, businesses identify and assess risks, and use systems and controls to mitigate these risks. The measures, in place to prevent such criminal activities, are in direct proportion with the risks identified.

The Act requires accountable institutions to develop, maintain and implement an effective risk management and compliance programme. The programme must set out the institution's policies, procedures, systems and controls on a risk-based approach to ML/TF.

During the year under review, the largest number (505) that registered was from the NGO sector. This was followed by accountants/accounting firms at 15. The high number of registrations from the NGO sector is result of a good collaboration framework between FIA and National Bureau for NGOs, the sector regulator. The regulator instituted a requirement of registration with FIA as pre-condition for renewal of the operational permit for NGOs

upon expiry of the existing one and on all new permit applications.

To address challenges of enforcing AML/CFT compliance, the Authority developed administrative sanctions which were submitted to the Minister of Finance, Planning and Economic Development for approval. The table below indicates the number of registered entities/persons in each category during the year under review.

Table 3: Showing of Status of Registration of Accountable Persons as at 30th June, 2021.

ACCOUNTABLE PERSONS	Total Registered as at 30 th June, 2020	Total Registered in FY, 2020/21	Cumulative Total Registered in Each Category	Expected Number In Each Category	Percentage of Registered Reporting Entities Per Category
Commercial Banks	24	1	25	25	100%
MDIs	3	1	4	4	100%
Forex Bureaus	205	11	216	250	85%
CMA Licensee.	22	0	22	30	73%
NGOs	417	502	919	2343	39%
Insurance Cos	34	2	36	32	%
Credit Institutions	5	0	5	5	100%
Insurance Brokers	35	3	38	39	97%
Insurance Agents	0	0	0	1167	%
Accountants/Accountancy Firms	87	14	101	230	44%
Advocates/law firms	16	9	25	1800	1%
Mobile Money Service Providers	4	0	4	4	100%
Real Estate Agents / Brokers	19	0	19	2000	1%
Regulators UCC/BOU/IRA/CMA	7	2	8	10	90%
Casinos	13	0	13	18	
Churches	7	16	23	500	2%
Dealers in Precious metals and Gems	3	3	6	18	33%
Registrars of Land	0	0	0	35	0%
Uganda Investment Authority	1	0	1	1	100%
Registrar of Companies	0	0	0	1	0%
NSSF	1	0	1	1	100%
Microfinance	1	4	5	143	7%
Money Remittance	1	0	0	2	2
Money Lenders	1	2	3	251	2
VASPS	0	5	5	2	2
GRAND TOTAL	907	575	1482	8638	2

5.2. Interventions to address existing gaps in the current AML/CFT Legislations

One of the roles of the Authority is to regularly review the AML/CFT legislations to ensure that they are compliant with the FATF standards. During the year, the Authority undertook the following measures to address the identified gaps;

- i. Amendment of the Second Schedule to the Anti-Money Laundering Act, 2013. The second schedule of the Act was amended by Parliament on November 20, 2020 to include Virtual Asset Service Providers (VASPs) as accountable Persons. This is in line with the FATF recommendation issued in 2019 requiring countries to undertake measures to ensure that VASPs are not abused for ML/TF purposes. FIA subsequently initiated a process to register all VASPs in line with Section 21 (p) of the AMLA, 2013 (as amended). By end of the financial year 5 VASPs had registered with the Authority.

5.3. AML/CFT supervision and guidance.

As part of its mandate, FIA has put in place a risk-based compliance program to assist and ensure accountable persons fulfill their obligations under the Act and associated regulations. In addition, awareness and training were undertaken upon request. Following the onset of the Covid-19 pandemic, FIA issued guidance to accountable persons as they were facing challenges in meeting

their obligations. The Standard Operating Procedures (SOPs) and measures put in place by Government to stop the spread of the Covid-9 pandemic resulted in a noticeable increase in fraudulent transactions and other financial crimes. In particular, FIA stressed the importance of the need for increased vigilance and to prioritize submission of suspicious transaction reports.

5.4. Review of compliance Reports from Accountable Persons.

Regulation 45(1) of the Anti-Money Laundering Regulations, 2015 requires every accountable person to submit to the Authority a compliance report (showing the level of compliance with the Act and regulations) and the internal Anti-Money Laundering and Combating Terrorist Financing policy of the accountable person at the end of each calendar year.

Supervisory bodies like the Insurance Regulatory Authority, Bank of Uganda and Institute of Certified Public Accountants

– Uganda (CPAU) prevailed over the non-compliant accountable persons in their sectors in accordance with Section 21A (1) AMLA, 2013 (as amended). As a result, a number of accountable persons complied and a total of 563 reports were submitted to the Authority by various accountable persons. These reports were reviewed by FIA to ascertain the level of compliance with AMLA 2013 and feedback was given to the respective entities.

5.5. Submission and review of Independent Audit Reports.

Regulation 43(1) & (2) requires an accountable person to carry out periodic independent audits to assess its compliance with the requirements of the Act and the Regulations, prepare a report of every independent audit carried out and make it available to the Authority upon request.

By end of the last financial year, a total of 24 commercial banks had submitted their independent audit reports to FIA. Six

institutions that failed to meet the set deadline and had their period of submission extended upon request subsequently submitted their independent audit reports in the 1st quarter of FY 2020/21. The submitted reports were reviewed by FIA's compliance team and meetings held during the year with respective institutions to agree on remedial actions to address their AML/CFT gaps.

5.6. Submission of Risk Assessments.

Section 6A of the Anti-Money laundering Act, 2013 (as amended) and Sections 8 and 9 of the Anti-money Laundering Regulations, 2015 requires accountable persons to take appropriate steps to identify, assess and monitor its money laundering and terrorism financing risks and to take appropriate measures to manage and mitigate the money laundering or terrorism financing risks that

may arise in relation to the development of new products and new business practices as well as the use of new or developing technologies for both new and pre-existing products. In line with the above, 5 accountable persons submitted risk assessment reports to FIA during the year. These reports were reviewed to ensure that they meet compliance requirements.

5.7. AML/CFT On-site Inspections.

FIA regularly conducts on-site inspections of the accountable persons to ensure compliance with the Act. The first round of FIA compliance inspections was conducted in August 2020 and later in March 2021 and May 2021. In total, 10 inspections were conducted on a risk-based approach.

The main objective of these on-site thematic inspections was to examine the transaction

monitoring systems and establish whether they support accurate and timely reporting of suspicious transactions.

The most common compliance failure found was that institutions were not reporting all cash transactions above the threshold of Ugx 20M as required by the law. In addition, they did not have systems to aggregate segmented transactions; and poor record keeping.

5.8. Legal Matters.

During the year, FIA was involved in 11 law suits resulting from applicants/individuals seeking various claims arising from the Authority's exercise of its duties. Some of the cases

involved more than one suspected offence. 6 of the 11 cases were closed, five cases are still before the Court as at end of the FY.

6. OBJECTIVE 3:

PUBLIC AWARENESS AND OUTREACH.

Section 20(1)(h) of AMLA, 2013 provides that FIA “may provide training programs for accountable institutions in relation to customer identification, record keeping, reporting obligations and the identification of suspicious transactions”.

In fulfilment of this requirement, FIA provided training and awareness on AML/CFT matters to law enforcement agencies, accountable persons and the general public.

6.1. Outreach and Engagements

FIA conducted outreach and stakeholder engagement to increase AML and CFT awareness among accountable persons and the general public. Outreach activities and public awareness campaigns were undertaken through various platforms including; virtual (on-line) platforms, newspaper articles/press releases published in selected newspapers and magazines; conferences; workshops; seminars; and exhibitions as indicated below.

1. During the last month of the FY, FIA contracted two radio stations namely KFM radio and Dembe FM to air AML/CFT awareness messages in English and Luganda respectively to enhance public understanding of ML/TF crime and the role of the FIA.
2. An article was published in the 6th Issue (November 2020) of the Operation Wealth Creation (OWC) Magazine

with the title: “FIA Contributing to Wealth Creation through Combating Organized Financial Crime”. The theme of the main publication was “Stock-taking the successes of H.E President Yoweri Museveni’s job and wealth creation drive since OWC’s inception, and the way forward with NDP III”. The article highlighted the contribution of FIA in promoting socio-economic transformation in Uganda.

3. An article was published on Uganda’s assumption of the ESAAMLG Presidency in both the Monitor and New vision newspapers, on December 10, 2020. Titled “Uganda takes-over the Presidency of Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), the article was meant to educate the public on the role of the FIA and Uganda during its term of Presidency.

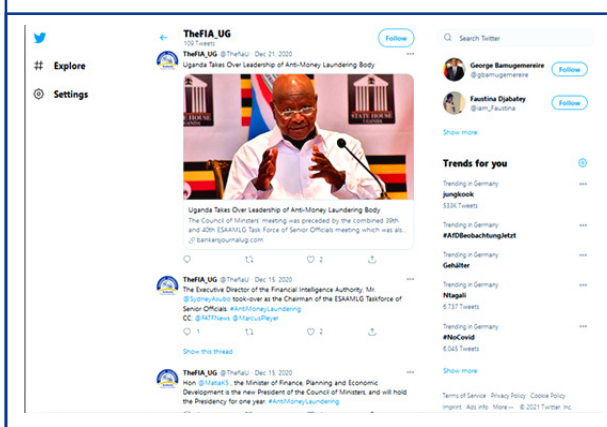
4. Following the amendment of the second schedule of the AMLA, newspaper articles were published in various local newspapers and on FIA digital platforms. Titled: “Amendment of the Second Schedule to the Anti-Money Laundering Act, 2013 to include Virtual Asset Service Providers as Accountable Persons”, the article was meant to enlighten the general public and virtual service providers (VASPS) on their reporting obligations as per the amendment.

5. FIA produced articles which were published; by New Vision newspaper in their congratulatory bulletin on the occasion of the 58th Independence Day celebrations - titled “Money Laundering is still a big Threat in Uganda”; and by Fundamental Media Ltd in the Independence Magazine and The Presidential Handbook (Vol.4, Part 1; November 2020), with the title: “FIA combating organized financial crime to enable economic development”.

6. The Executive Director, FIA had an interview that was aired by the Uganda Broadcasting Corporation on the 12th January 2021 and 9th February 2021 respectively with the title: “FIA the Journey”. The aim of the interview was to highlight the journey of FIA since its inception (in 2014) in the effort to combat money laundering and terrorism financing.

7. A congratulations message was published on the occasion of the Presidential swearing-in ceremony. The congratulatory message to His Excellency the President was also aimed at educating the public on FIA’s work and mandate. In addition, an article was published on Heroes Day in the Tarehe Sita congratulatory magazine aimed at educating the public on threats posed by ML/TF crimes.

8. There was an increase in FIA’s usage of social media platforms. During the year, FIA engaged with the public on Twitter and Facebook social media platforms on many issues touching the work of the Authority. This online interaction helped to provide feedback to the public in real time on most issues affecting accountable persons and the general public. Below is a screenshot of one of such interactions on the FIA twitter page, following Uganda’s assumption of the ESSAMLG Presidency.



9. FIA participated in the Media Plus interview for the production of a video documentary on the 8th of April 2021 sanctioned by the MOFPED to publicize the Accountability Sector achievements during NDP II (2015/16 – 2019/20) and Accountability Sector Strategic Investment Plan (ASSIP) II (2017/18 – 2019/20). In the documentary, the ED FIA is featured narrating the achievements of the Authority during the ASSIP period.

10. Published an article in a souvenir handbook - Uganda in Transformation. The title of the article “FIA Registers Notable Contribution towards Uganda’s Social and Economic Transformation” was meant to educate the readers on the role of FIA in promoting socio-economic transformation.

6.2. Conferences/Trainings/Meetings/Workshops:

Staff of the Authority participated and made presentations in various conferences physically and virtually as indicated below;

Webinars with International & Regional Partners

- i. FIA staff participated in UN Office of Counter-Terrorism (UNOCT) Global Programme on National Interagency Coordination Mechanisms - Virtual study visits and thematic exchanges on establishing and operating national interagency coordination mechanisms – (fusion cells), through a series of on-line events (Microsoft teams). The meetings were attended by participants from Ghana, Botswana, United Nations Counter Terrorism Executive Directorate (CTED), United Nations Police (UNIPOL), International Police Organization (INTERPOL) and Ugandan Counter Terrorism officers.
- ii. FIA participated in the Virtual Workshop organised by the United Nations Office on Counter Terrorism (UNOCT) which took place on Monday 21st September, 2020 – Wednesday 23rd September, 2020. The fusion cells programme (NICM) supports the implementation of Security Council Resolutions (SCRs) such as 1373 (2001), 2322 (2016), 2396 (2017), 2482 (2019) and the 2015 Madrid Guiding Principles on Foreign Terrorist Fighters and its 2018 addendum, and progress of implementing the above Security Council Resolutions and other relevant international instruments and standards.
- iii. FIA participated in a regional webinar/training focused on enhancing collaboration between Law Enforcement Agencies and Financial Intelligence Units (FIU) in targeting and disrupting the financing of trafficking in human beings (THB)/smuggling of migrants (SOM) criminal networks; 26th – 30th October, 2020.
- iv. FIA officers participated in the regional webinars on Countering Financing of Terrorism/Anti-Money Laundering (CFT/AML) and Transnational Organized Crime (TOC) organised by, the African Centre for the Study and Research on Terrorism (ACSRT/CAERT). The training webinar was attended by participants from Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) from 8-10 March 2021. The virtual workshop was facilitated by the ESAAMLG secretariat.
- v. On 10th March, 2021, FIA participated in a virtual webinar organized by ECOFEL on Public-Private Partnerships in Financial Investigations into Wildlife Crime. The workshop covered best practices and next steps in fostering collaborative partnerships between the public and private sectors to combat the illicit financial flows linked to wildlife crime.
- vi. On the 15th February 2021, FIA participated in the ESAAMLG information exchange platform project update meeting. The purpose of the meeting was to set-up the Governance structure for the project that is to be funded by the German Society for International Cooperation Ltd (GIZ).
- vii. FIA participated in the Operation Tentacle – Africa organized by World Customs Organization (WCO). This is a joint operation between the WCO and INTERPOL targeting the illicit movement/non-declaration of currency as well as the smuggling of gems and precious metals across international borders in the Africa region.

6.3. Workshops:

Staff of the Authority participated and made presentations in various workshops;

i. FIA participated in a symposium organized by Uganda Revenue Authority (URA) on May 27, 2021 on Financial Crime & Terrorist Financing in which a paper on Illicit Financial Flows and Terrorism Financing was presented.

ii. FIA conducted quarterly virtual engagements with Money Laundering Control Officers (MLCOs) of Forex Bureaus and Money Remitters on 2nd March 2021. The main objective of the engagement was to improve collaboration and efficiency of information exchange between FIA and MLCOs in the fight against money laundering and terrorist financing.

iii. FIA participated in the workshop for the mid-term review of the National Financial Inclusion Strategy (NFIS) for Uganda 2017-2022 - – September 17, 2020. FIA is a member of the working group on reducing exclusion and access barriers. The reviewers discussed the progress of the NFIS since its launch in 2017, and reviewed emerging issues.

iv. FIA in collaboration with Uganda Registration Services Bureau organized a 2-day virtual conference on “Implementing Beneficial Ownership Information in Uganda”. The conference was hosted by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes on 7th - 8th October 2020.

v. Three FIA staff from the Departments of; Internal Audit, Accounts and Operational Analysis attended 25th ICPAU Annual Seminar

that was held from 25th - 27th November, 2020 at Imperial Resort Beach Hotel, Entebbe.

vi. FIA participated in the consultation meetings held on the 30th October 2020 and 4th November 2020 to support the Lotteries and Gaming Regulatory Board (LGRB) in implementing the anti-money laundering module on the National Central Electronic Monitoring System hosted by LGRB. The successful implementation of the above system will ensure automated and enhanced collaboration between FIA and LGRB.

vii. FIA on 30th November 2020 to 04th December, 2020 participated in the Eastern Africa regional training workshop on “Strengthening Investigations and Intelligence Capacities to Counter the Financing of Terrorism with links to Transnational Organized Crime”.

This training was organized under the auspices of the Eastern Africa Police Chiefs Cooperation (EAPCCO) as part of the UNODC project on “Supporting and enhancing the EAPCCO Regional Counter-Terrorism Centre of Excellence for Eastern Africa. Other countries that participated were Kenya, Tanzania, Democratic Republic of Congo (DRC), Somalia, Eritrea, Ethiopia, Sudan, Burundi, Seychelles, Rwanda and South Sudan.

viii. On 15/12/2020, FIA participated in a panel discussion, as part of the activities of Anti-Corruption week organized by Anti-Corruption Coalition of Uganda in conjunction

with State House Anti-Corruption Unit.

ix. FIA participated in a workshop organized by the Office of the Director of Public Prosecutions (ODPP) where a presentation on the Role of the FIA in asset recovery was made, the workshop was held at Hotel Africana on 18/12/2020.

x. FIA participated in the cross-border stakeholders' review meeting on the current issues hampering regional conservation efforts hosted by Natural Resource Conservation Network (NRCN) on March 17, 2021 at Skyz hotel Naguru Kampala.

xi. FIA participated in the ongoing preparation of a "practitioner's guide" for financial investigations induction trainings of staff of Uganda Police Force. The meetings were held virtually from March 2 – 3, 2021.

xii. During the quarter, FIA organized a workshop in collaboration with Uganda Law Reform Commission to validate guidelines for Advocates at Golden Tulip Hotel held on 23rd March, 2021.

6.4. Engagements with Law Enforcement Agencies.

FIA held several engagements with LEAs, and these included;

i. FIA conducted the quarterly operational engagement meetings with the Tax investigations department of Uganda Revenue Authority (URA) on September 24, 2020, 4th and 17th March 2021 and issues discussed included; feedback on status of cases disseminated to tax investigations department, completed cases, collaboration on illicit financial flows, prosecution of ML cases for tax evaders, update of goAML system, among others.

ii. In addition, engagements were held with; Criminal Investigation Department of the Uganda Police Force ((CID-UPF) was held

on September 28, 2020 to discuss the status of cases disseminated to Uganda Police Force; and Inspectorate of Government (IG) on 17th March 2021.

These engagements are part of the mechanism to improve domestic cooperation, address operational challenges and improve coordination between FIA and the two institutions to enhance intelligence sharing, investigations and identification of proceeds of crime.

6.5. Training of Accountable Persons:

In accordance with S.20 (1)(h) of AMLA, during the year under review, staff of FIA supported various accountable persons in conducting training of their employees to understand their roles and obligations under the AML/CFT legislations. The following accountable persons benefitted;

i. Non-Governmental Organizations. FIA in collaboration with Defender's Protection Initiative (DPI) conducted AML/CFT training of NGOs from 31st March - 1st April 2021 targeting NGOs operating in Masaka region and neighboring districts. Other trainings were conducted; in Hoima; Kapchorwa; and in Fort Portal. The purpose of these trainings was to enhance knowledge by NGOs of their AML/CFT obligations as per the Anti-Money Laundering Act, 2013 (as amended).

ii. FIA participated in regional reflection meeting in Ntungamo from 13th – 14th October, 2020, for NGOs operating in Ankole Region. The meeting was organized by the National Bureau for NGOs. The purpose of this engagement was to enhance the knowledge of stakeholders in the NPO sector on AML/CFT reporting obligations especially on the need to register with the NGO Bureau and the FIA.

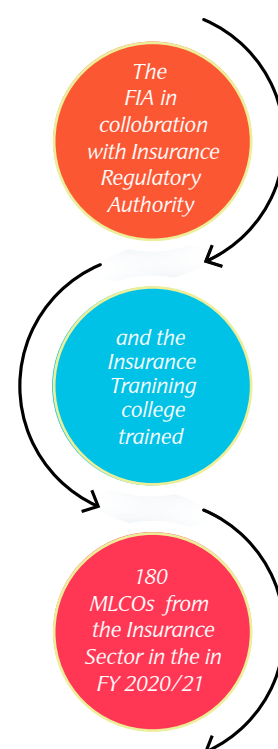
i. Training of URA Staff on Anti-Money Laundering (AML) conducted on September 3, 2020. Training on Money Laundering was delivered to 31 staff of Tax Investigations Department of URA who were undergoing training in the area of investigations under the Post Graduate Diploma in Tax Investigations (PODITRA) program. The areas covered included AML legal regime and regulatory framework, AML tax evasion schemes and their manifestation, emerging ML/TF trends among others.

ii. A number of goAML training sessions were conducted to increase the volumes and track the progress of submission of reports

via the goAML platform by different financial institutions. The institutions that benefited from the trainings include; Opportunity Bank, Mercantile Credit Bank, Pride Microfinance Ltd, EFC Ltd, UGAFODE Ltd, Yako Microfinance Ltd, MTN Uganda and Airtel Uganda.

iii. Training of top management of aBI Trust and aBI Trust foundation (Uganda) Board. The training was aimed at equipping the institutions' management with knowledge on identifying AML/CFT red flags when conducting financial business and complying with AML/CFT obligations under the AMLA 2013.

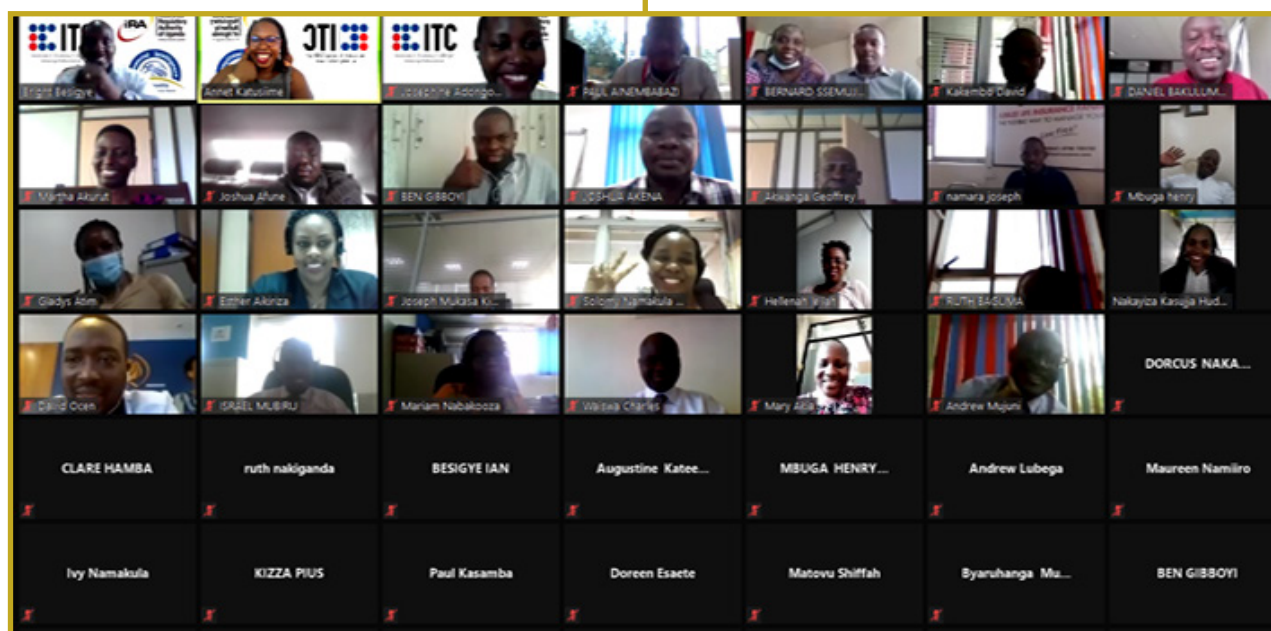
iv. On 30th January, 2020, FIA organized a training 70 Money Laundering Control Officers (MLCOs) of commercial banks, credit Institutions as well as MDIs at Grand Imperial Hotel as part of quarterly engagement targeted to increase



AML/CFT awareness in the financial sector on emerging AML/CFT risks and find ways of improving the quality of suspicious transaction reporting (STRs).

v. FIA in collaboration with the Insurance Training College and the Insurance Regulatory Authority conducted a training of over 180 representatives from selected insurance companies and agents/brokers in the insurance sector to increase their understanding of AML/

CFT matters. The training was done on 11th September 2020 and from 17th - 18th of March 2021 respectively. The focus of the training was on the Anti-money laundering and countering the financing of terrorism framework in Uganda and the role of Money Laundering Control Officers in reporting suspicious transactions, identifying ML/TF red flags and ensuring compliance by third parties. A screen snapshot of the virtual training is presented below.



Virtual AML/CFT Training of Insurance Sector MLCOs held on 11th September 2020.

vi. On 11th August, 2020, a training for 40 Uganda Wildlife Authority Investigators was conducted at the Police Senior Command and Staff College Bwebajja on the Anti- Money Laundering Act and the role of FIA in Wildlife Crimes. FIA also participated in another training of Senior Police Commanders (SPCs) during the Police Force Commandant Course organised at the Uganda Senior Command and Staff College Bwebajja from June 14th -18th, 2021.

vii. FIA officers delivered a lecture to 48 Crime Intelligence officers attending a Basic Crime Intelligence Course at Police Training School, Kabalye on the 23rd April, 2021 on the topic of Money Laundering, Terrorism Financing and insights into financial intelligence and investigations.

7. OBJECTIVE 4:

RECEIPT, ANALYSIS AND DISSEMINATION OF INFORMATION.

One of the functions of FIA, under section 20 (1)(a) of AMLA (as amended) is to receive, process, analyze and interpret information disclosed to it and obtained by it in accordance with the Act. Section 9 of AMLA (as amended) requires accountable persons to report suspicious transactions (including attempted transactions) to FIA.

The FIA has put in place procedures that guide officers in prioritizing the analysis work.

7.1. Suspicious Transaction Reports (STRs) Received.

During the FY 2020/2021, FIA received a total of 2,420 STRs. These reports were received both manually

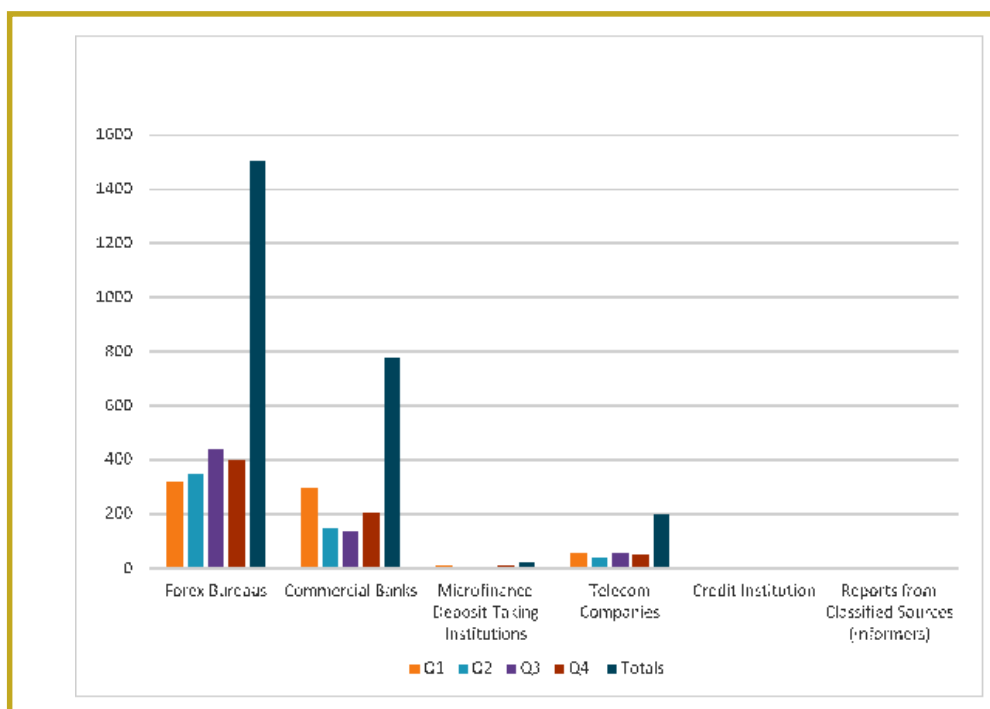
and through the goAML electronic reporting system. This was an increment of 80% (424) reports compared

to the previous year where 1996 STRs were received.

Table 4: STRs Received by Category of Accountable Persons in the FY 2020/21.

No.	Category Q	1	Q2 Q	3	Q4	Totals	Percentage
1	Forex Bureaus	316	349	441	400	1409	58%
2	Commercial Banks 2	94 1	44 1	34 2	06 7	78 3	2%
4	Microfinance Deposit Taking Institutions	12	0	3	7	22	1%
5	Telecom Companies	56 3	9	54 5	0	199	8%
7	Credit Institution	0	1	4	1	6	0.23%
8	Reports from Classified Sources (Informers)	6	0	0	0	6	0.23%
	Total	684	533	636	664	2420	100%

Bar Chart of STRs Received by Category of Accountable Persons FY 2020/2021.



From the table and bar chart above, it can be noted that 1506 (50%) of the STRs were received from forex Bureaus while 778 (31%) of the STRs were received from commercial banks, followed closely by the telecommunication sector with a total of 199 reports equivalent to (8%).

The trend indicates that majority of STRs submitted were filed by forex bureaus and commercial banks which, is consistent with the observations in the previous years, the findings of the NRA 2017 and the market share of these sectors in Uganda's financial system.

Most of the formal transactions are handled by these entities. There has been a steady increase in the number of STR submissions over the past 5-year reporting period. This was attributed to the enhanced AML outreach efforts by FIA.

However, in comparison with last year the number of STRs received from forex bureaus and telecoms has increased exponentially. This is partly attributed to increased usage and penetration of mobile money services in Uganda, awareness and effectiveness in identification of suspicious transactions by forex bureaus and telecom companies.

Reporting of STRs by some sectors especially in the Designated Non-Financial Businesses and Professions (DNFBPs) category is still very low. This is partly due to limited awareness on the part of accountable persons in these sectors and limited enforcement of sanctions for non-compliance by FIA due to absence of a range of administrative sanctions.

Below is a table of cumulative STRs received by the Authority since its inception in 2014.

Table 5: Cumulative STRs since inception of FIA:

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	Totals
Disseminated	32	49	39	75	79	41	82	397
Closed 6	0	119	41 8	7	75	1295	1469	3146
Work in progress	118	135	287	273	379	660	869	2721
Total 2	10 3	03 3	67 4	35 5	33	1996	2420	6264

7.2. Large Cash or Monetary Transactions Reports

The large cash transactions (LCTs) are reported to the Authority by accountable persons in accordance with Section 8 of AMLA. These reports provide FIA with additional information and data necessary for the preparation of intelligence reports. The LCTR reports are filed electronically, initially in excel worksheet formats and now through the goAML electronic system. Analysis is done on a risk-based

approach and archived for future reference. More engagements with MLCOs of financial institutions and other reporting entities are on-going to sensitize them on filing using the goAML system. During the FY, the Authority received on average 27,205,247 LCTs from at least 40 accountable persons in every quarter of the financial year.

7.3. Cross-Border Declarations of Currency and Bearer Negotiable Instruments.

Section 10 of the Anti-Money Laundering Act 2013 (as amended), provides a requirement for domestic or foreign currency or negotiable bearer instruments which do not pass through the formal financial system, exceeding one thousand five hundred currency points, being transported or sent across the national borders of Uganda to be declared to Uganda Revenue Authority (URA) at the point on entry or exit. URA is then required, without delay, to forward to the Authority any declarations completed.

During the year under review, the Uganda Revenue Authority did not file any reports with the FIA. Failure/inability to declare currency or negotiable bearer instruments is attributed to a number of factors which were identified by a joint task force set up by FIA and URA in 2019. The recommendations of the task force were forwarded to Management of both institutions on how these declarations can be handled to ensure compliance.

7.4. Sharing of Information.

In the fight against ML/TF, coordination and cooperation at the national, regional and international levels are critical, given the ease with which people and financial resources can cross borders. In order to strengthen and support this partnership FIA continued its collaboration and coordination with domestic and international partners throughout the year, in accordance with the provisions of the AMLA.

The FIA shared intelligence information both formally and informally with competent and law enforcement authorities.

Sharing and exchange of information between FIA and Law Enforcement Agencies, enables effective detection, deterrence and combating of financial crimes in the country.

27,205,247
Total LCTRs

2420
Total STRs

82
Intelligence
Reports
Disseminated

7.5. Dissemination of Intelligence Reports

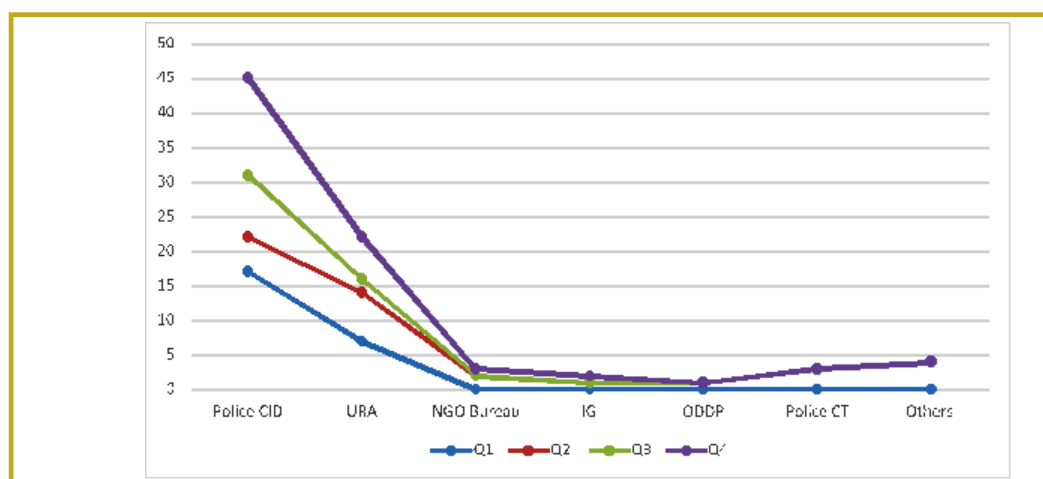
During the financial year, in accordance with S.20 (1) (b) of AMLA, eighty-two (82) intelligence reports were disseminated to law enforcement agencies compared to forty-one (41) disseminated during the previous financial year.

The disseminations during the year under review are summarized in the table below.

Table 6: Number of Intelligence Reports Disseminated in FY 2020/21.

S/N	LEA	Q1	Q2	Q3	Q4	TOTAL	%	Suspected Offense
1	Police CID	17	5	9	14	45	56%	Money Laundering/Fraud
2	URA	7	7	2	6	22	27%	Tax Evasion
4	UWA	-	1	0	0	1	1%	Illegal Wildlife Trade
5	NGO Bureau	-	2	0	1	3	4%	Illicit financial flows
6	BOU	-	1	0	0	1	1%	Illicit financial flows
7	ISO	-	1	0	0	1	1%	Terrorism Financing
8	CMI	-	1		0	1	1%	Terrorism Financing
9	IG	-	1	0	2	3	2%	Corruption
10	ODDP	-	1		0	1	1%	Terrorism Financing
11	Police CT	-	3		0	3	4%	Terrorism Financing
12	EC	-	1	0	0	1	1%	Illicit financial flows
Total		24	24	11	23	82		

Graph Showing Dissemination of Intelligence Reports to Various Law Enforcement Agencies and Competent Authorities.



From the table and graph above, it can be noted that the 3 largest disseminations were in respect of fraud, tax evasion and corruption, which, is consistent with the findings of the National ML/TF Risk Assessment carried out in 2017. Most

intelligence reports disseminated by the Authority go to Uganda Police Force. This too is consistent with the general crime figures in Uganda and largely signifies the role of the Police in fighting ML/TF crime.

7.6. Requests received from and/or sent to Law Enforcement Agencies and other MDAs

The FIA provides assistance to law enforcement and regulatory agencies upon request. The request for assistance from the law enforcement agencies are related to investigations of suspected money laundering activities and other predicate offences such as fraud, drug trafficking/dealing, human trafficking, obtaining money by false pretences, cybercrime and corruption.

The requests may also be related to investigations initiated by an intelligence

report that was disseminated to a law enforcement agency.

During the year under review, a total of 84 requests for information were received by FIA which is a significant increase compared to the 31 requests that were received in the previous year from local law enforcement agencies and competent authorities majorly from the Uganda Revenue Authority, Police Criminal Investigations Directorate and the Inspectorate of Government.

7.7. Exchange of Information with foreign FIUs.

In accordance with S.38 (b) of AMLA, 2013 (as amended), FIA cooperates with a network of FIUs as well as a number of international organizations in the global effort to counter ML/TF. This is intended to establish a wide and efficient information sharing network which is of great importance considering the transnational scope of ML/TF activities.

FIA received and responded to 29 requests from various FIUs and also sent out 7 requests for information to 5 different FIUs. Three (3)

spontaneous disseminations were received from foreign FIUs by the FIA and spontaneously disseminated 2 intelligence reports to foreign FIU's.

Most of the information requests received and responded to by the FIA were on money laundering, fraud and wild life trafficking. Spontaneous exchange and sharing of information among FIUs are a core principle among Egmont Group members in order to effectively deter crime.

7.8. Leveraging Technology.

FIA depends on information technology infrastructure to receive; store and secure numerous financial transaction reports received every year from accountable persons. The Authority has established a centralised database for all data sets collected during its operations.

It includes summary of statistics on; Suspicious transactions reports, large cash transaction

reports, information exchanges with foreign FIUs, Cross Border Movements of Currency and Negotiable Bearer Instruments declaration reports, Information exchanges with domestic law Enforcement Agencies, Financial Due Diligence, and engagements with accountable persons; among others.

At the same time, this infrastructure allows analysts to filter the information received,

analyze it and generate, relevant financial intelligence for law enforcement agencies and competent authorities.

Throughout the financial year FIA continued to invest, train and implement initiatives

highlighted in FIA information management protocols which focuses on people, partnerships and services that are required to support the Authority's data needs, meet operational demands and security.

7.9. Financial/Integrity Due Diligence.

FIA conducts background and due diligence checks on individuals and entities upon a request made in writing from a government ministry, department or agency (MDA). This came as a result of additional mandate given to FIA by Cabinet to conduct financial due diligence on behalf of the MDAs any entity

intending to partner with Government of Uganda to implement development projects. In FY 2020/21, the FIA received 23 requests for background and credibility checks compared to 17 requests received in 2019/2020. The checks were conducted and feedback provided to the requesting MDAs.

Table 7: Number of Requests received from MDAs for Financial Due Diligence in FY 2020/2021.

Requesting Entity	Number of requests S	tatus of Requested Reports
MOFPED	13	Concluded
MOFPED 4		Ongoing or pending receipt of additional information from MOFPED
Ministry of Works and Transport	1	Completed
Uganda Heart Institute	1	Concluded
Uganda Heart Institute	4	Awaiting supporting documents
Total	23	

8. OBJECTIVE 5:

INTERNATIONAL COOPERATION.

FATF standards on AML/CFT require unfettered exchange of information between FIUs, both upon request and spontaneously. Countries are also required to have in place effective and efficient processes for provision and request of mutual legal assistance and extradition of suspected criminals. International cooperation forms a bedrock for global AML/CFT framework. To enhance international cooperation the following activities were carried out.

8.1. Exchange of Information between FIA and FIUs.

The Authority actively exchanged financial information with foreign FIUs. It both received requests from and submitted requests to foreign FIUs as summarized under exchange of information with foreign FIUs on page 51.

It should therefore be noted that law enforcement agencies and competent authorities who may want to get financial intelligence information from other jurisdictions have the option of getting it through the FIA.

FIA has signed several Memoranda of Understanding (MOU's) with foreign counterparts i.e., other FIU's which helps in the speedy acquisition of financial information from foreign countries. The MoU's help to improve international co-operation and streamline information sharing processes, strengthening Uganda's capability to assist and also request assistance from international partners in combating crime. FIA is also a member of the Egmont group of Financial Intelligence Units that promotes spontaneous sharing of information through the Egmont secure web.

8.2. Uganda's Assumes Presidency of the ESAAMLG.

During the second quarter of the financial year under review, (on the 7th of December 2020), Uganda assumed the Presidency of ESAAMLG. Uganda took over the Presidency from the Kingdom of Eswatini at the 20th Council of Ministers' Meeting which was held virtually due to challenges caused by the COVID 19 pandemic. Hon. Matia Kasaija, the Minister of Finance, Planning and Economic Development took-over as the new President of the Council of Ministers, and will hold the Presidency for one year.

The Council of Ministers' meeting was preceded by the combined 39th and 40th meeting of ESAAMLG Task Force of Senior Officials which, was also held virtually from 24th November to 4th December, 2020. The Executive Director of FIA – Mr. Sydney Asubo took-over as the Chairman of the ESAAMLG Taskforce of Senior Officials.

The next Council of Ministers meeting is scheduled to be held in Kampala, Uganda in September, 2021. Heading the ESAAMLG signified that Uganda is an active regional player in the effort to fight ML/TF and financial crime in general in the region.

The main priorities of Uganda's Presidency include;

i. Sustaining the programme of assessing the Countries compliance with the FATF Recommendations.

ii. Encouraging countries to continue strengthening their AML/CFT regimes through robust monitoring process to ensure that rapid progress is made by all countries to address deficiencies identified in their assessments.

iii. Continuing and deepening ESAAMLG's programme of promoting financial inclusion while at the same time promoting the integrity of the financial systems through implementation of the FATF Recommendations by all financial institutions.

iv. Continuing to assist countries in the ESAAMLG region which, have been affected by the problem of termination of correspondent banking relationships arising from perceived risks of the financial institutions.

v. Developing Risk Based Implementation of the FATF Recommendations, including the strengthening of Risk Based Supervision of various sectors.

vi. Taking actions to strengthen the capacity of ESAAMLG and the Secretariat to enable it to implement its mandate effectively.

8.3. Follow-up Reporting to ESAAMLG on Uganda's Mutual Evaluation.

Uganda's second round of ESAAMLG Mutual Evaluations was conducted from 15th -26th June 2015. The Mutual Evaluation Report (MER) was adopted by the ESAAMLG Council of Ministers in May 2016. Uganda is required to submit progress reports to ESAAMLG on a quarterly basis and has been requesting for re-ratings on recommendations where the

country has made significant progress.

According to the MER, 35 out of the 40 Recommendations were rated PC and NC representing 88% for technical compliance and 11 out of the 11 Immediate Outcomes were rated low for effectiveness representing 100%.

8.4. Uganda's Progress to Improve Technical Compliance.

Since the last Mutual evaluation Uganda has made significant progress to improve its technical compliance and effectiveness by addressing the technical compliance deficiencies identified in the MER. FIA as result presented Uganda's application to ESAAMLG to have her mutual evaluation scores reviewed in 2018 and in 2020.

Following the 2018 and 2020 re-ratings, here below is a consolidated table indicating the status of Uganda on each of the 40 recommendations by end the FY 2020/21. The table summarizes the progress Uganda has made/is making in complying with the FATF 40 Recommendations.

Table 8: Summary of Uganda's progress on Technical Compliance with the 40 FATF Recommendations:

Rating	2016 MER Rating	2018 Re-rating	2020 Re-rating
Compliant (C)	4	12	14
Largely Compliant (LC)	1	1	5
Partially Compliant (PC)	14	19	15
Non-Compliant (NC)	21	8	8
Total	40	40	40

8.5. ESAAMLG Bi-annual Updates.

Uganda through FIA has continued to file follow-up progress reports with ESAAMLG bi-annually, reporting progress that Uganda is making in accordance with ESAAMLG's procedures. During the year Uganda submitted a follow-up report in September 2020 and April 2021. Both reports were discussed in the ESAAMLG Virtual meetings held in November, 2020 and April, 2021. on 19th April 2021.

The preliminary analysis report Uganda's most

recent submission indicated that authorities should expeditiously address its remaining outstanding deficiencies identified in its Mutual Evaluation report. In addition, authorities were encouraged to take necessary measures to develop a risk informed AML/CFT Policy and implement a risk-based approach as per the findings of the NRA. This policy has now been put in place and its implementation is on-going.

8.6. Uganda's Progress in Implementing the Action Plan agreed with the FATF-ICRG.

In February 2020, Uganda was placed on the FATF grey list as result of deficiencies that were identified in its AML/CFT framework. The Government of Uganda through the Ministry of Finance, Planning and Economic Development made a high-level political commitment to address the identified strategic deficiencies and pledged to implement an action plan agreed with FATF-ICRG.

FIA and relevant agencies are currently implementing the said action plan, in order to exit Uganda from the "grey" list. FIA on behalf

of Uganda submitted its 2nd progress report to the ICRG Africa/Middle East Joint Group on 30th April 2021. The report was discussed in the ICRG face to face meeting which took place on 11th May 2021.

The reviewers concluded that the country is still in the early stages of developing and implementing the structures and processes necessary to address the action items in the Action Plan. The Joint Group strongly encouraged Uganda to address these issues in a timely manner.

8.7. Support to Foreign FIUs

FIA extended support to Somalia Financial Reporting Centre (SFRC) following a request for the support. During the year, the Authority hosted officials from SFRC and provided experiential learning support to them on the use of the goAML system. The SFRC is at the inception stage of establishing their FIU and

experiential learning at an operationalized environment is a recommended best practice from the system developers – United Nations Office on Drugs and Crime. The experiential learning visit also demonstrated the good relations and cooperation between SFRC and FIA.

9. OBJECTIVE 6:

ENHANCEMENT OF EFFICIENCY AND EFFECTIVENESS OF FIA.

FIA's commitment is to attract and retain the right talent pool that contributes effectively to the delivery of its overall strategy and mandate. As such, FIA is dedicated to ensuring that there is continual capacity development of its staff. In 2020/21 the Authority sponsored its technical staff to undertake the professional certification course offered by the Association of Certified Anti-Money Laundering Specialists (ACAMS) on Anti-Money Laundering. FIA staff also continue to attend courses offered by various partner organizations to enhance their understanding of AML/CFT matters.

9.1. FIA Staff Establishment.

The staff strength at FIA during the year under review reduced to 39 from 40 in the previous year. This is due to the retirement of the Director for Operational Analysis who

left service at the end of last financial year. The total staff establishment now stands at 62.5% of the original approved FIA structure as indicated in the table below.



Table 9: Number of filled positions in the Authority as at June 30, 2021.

Position	Number Of Staff
Executive Director	1
Deputy Executive Director	1
Director Operational Analysis	1
Director International Relations & Strategic Analysis	1
Manager Inspection and Compliance	1
Manager Accounts	1
Manager Procurement	1
Manager Legal	1
Manager Inspection and Compliance	1
Manager International Relations & Strategic Analysis	1
Manger Audit	1
Manager Human Resource	1
Senior Inspections and Compliance Officer	1
Senior IT Network and Database	1
Senior Operational Analysis Officer (Ag.)	1
Operational Analysis Officers	4
International Relations & Strategic Analysis Officers	2
Inspection and Compliance	4
Legal Officers	2
Accounts Officer	1
IT Officers	3
Secretary	1
Receptionist	1
Law Clerk	1
Driver	4
General Assistant	1
Total number of FIA staff	39

9.2. Staff Training and Capacity Development.

In order to boost staff capacity in AML/CFT matters, 13 staff members enrolled for the CAMS certification. They successfully completed and acquired certification as Anti-Money Laundering Specialists. The rest of the staff members are expected to complete in the next financial year.

Staff training and capacity development continues to be a key priority area for improving effectiveness and efficiency in achieving the Authority's mandate. FIA will continue in the next year to focus on improving knowledge of its staff to keep pace with the evolving AML/CFT risk environment.

Training held within the country.

FIA regularly sponsors staff to undertake trainings both within the country and abroad depending on the required skills. COVID-19 restrictions prevented overseas travel after March 2020. Therefore, FIA staff members' participation in workshops and training sessions out of the country were all conducted virtually.

Participation in these training sessions and webinars was not only intended to develop staff members' skills but also to keep them apprised of developments in ML/TF and other financial crimes trends, methods and typologies. The trainings undertaken in the financial year include;

1. Two members of Staff from the Directorate of International Relations and Strategic Analysis attended the Financial Investigations: Search and Seizures (FISZC) course offered by the Asset Recovery Inter-Agency Network of

Southern Africa (ARINSA).

2. FIA in collaboration with Berlin Risk, an AML/CFT consultancy firm based in Germany conducted a 3-day on-line training on conducting Due Diligence held on 9th, 16th and 23rd November, 2020. This training was attended by all the relevant technical staff of the Authority. The training that was aimed at enhancing capacity of FIA staff to conduct due diligence covered many aspects of conducting due diligence; approaches, best practices, tools and methods.

3. A training on intelligence analysis and wildlife crime was organized by FIA in collaboration with Basel Institute of Open Intelligence on August 8th, 2020. It was attended by officers from Legal, Compliance and Inspection, International Relations and Strategic Analysis, and Operational Analysis. This training was facilitated by Mr. David Ward of the Basel Institute, based in Nairobi.

4. FIA staff attended a virtual workshop on Crypto Assets and Emerging Trends, hosted by the Financial Intelligence Centre (FIC) of South Africa in collaboration with the US-based Africa Alliance Partnership of the Attorney-General Alliance. This two-day on-line training was held on 4-5 May, 2021. The objective of the training was to increase understanding of crypto asset terminology and technology, and how information and tools relating to crypto assets can be accessed by law enforcement agencies in to fight financial cyber-crime.

5. FIA staff attended a virtual workshop organized by ECOFEL on Public-Private Partnerships in Financial Investigations into Wildlife Crime on March 10, 2021. The workshop covered best practices in combating illicit financial flows linked to wildlife crime.

6. All staff from the Directorates of International

Relations, Operations Analysis, Compliance and Legal attended the UNOCT-UNCCT/ESAAMLG Regional Counter Financing of Terrorism Virtual Workshop (11-12 & 15 March 2021). The purpose of this training was to equip staff with Knowledge on investigating terrorism related crimes.

7. On 9th April, 2021 FIA staff from the Inspections and Compliance department participated in the World Bank webinar, on the unintended consequences of Implementation of FATF standards on Financial Inclusion.

8. FIA officers from the Directorate of ICT Systems and Security attended a webinar on “Hunting for Lazarus: Mapping and Visualizing Adversary Infrastructure” hosted by Maltego, HYAS and Farsight held on 28th April 2021. The purpose of the webinar was to promote awareness amongst Cyber security analysts in analysing, enriching and visualizing relationships against cyber threats.

9. FIA staff from International Relations & Strategic Analysis Directorate, Operational Analysis and Directorate of Systems

Administration and Security participated in the Egmont Centre of FIU Excellence & Leadership (ECOFEL) “Improving STR/SAR Quality” online workshop for the East and Southern Africa region from the 12th to 13th May 2021.

Topics covered during the two (2) day online workshop included: the structure and content of an STR (suspicious transaction report), Obligations after filing an SAR (suspicious activity report), Public-Private information sharing practices, immunity of reporting entities and their staff for reports made in good faith.

9.3. Restructuring of FIA.

FIA Board at its meeting held on August 13th, 2020 approved re-structuring of FIA as endorsed by the Ministry of Public Service. The staff establishment of 83 was approved up from the 75 that was earlier approved by the Board. The new structure will be effective July 1st, 2021 in the next financial year.

The Executive Director has re-deployed staff from functions that were merged or phased out in line with the Human Resource Policy. The Authority shall provide additional training to all affected staff in areas where the officers fall short of the required skills.

9.4. Attachment of CID Officers to the Financial Intelligence Authority.

During the year under review, six officers from the Criminal Investigation Directorate (CID) of the Uganda Police Force were nominated by the Inspector General of Police as officers to be dedicated to handle and investigate cases arising out of intelligence reports disseminated

by the Authority.

The attachment of these officers is expected to fast-track and speed-up the investigation of ML/TF cases and other financial crimes with a view to increase ML/TF prosecutions and convictions.

9.5. Information Security:

During the period under review, FIA continued to leverage its operations on a strong IT system as a key ingredient of achieving efficiency. On the other hand, maintaining a robust ICT infrastructure is key in the fight against evolving national and international ML/TF threats. Against this background, the IT security enhancements were undertaken, including;

Weekly security awareness alerts on areas such as spear phishing, Kaspersky malware detections and vulnerabilities, threat intelligence metrics, proactive and preventive cyber security measures, incidents and intrusion attempts were disseminated to staff. In addition, the Authority has conducted its IT risk assessment and established areas and gaps that require to be addressed to ensure the safety of its systems.

9.6. Planning and Budgeting.

Following the release of the 1st call circular for the FY 2020/2021 by the Ministry of Finance Planning and Economic Development, Management organised a planning retreat that took place on 19th – 23rd October 2020 to plan and draft the Budget Framework Paper (BFP) for the Authority. The BFP for FY 2021/21 was completed successfully and submitted to the Ministry of Finance Planning and Economic Development for consideration. The Ministerial

Policy Statement (MPS) was also prepared and submitted to the ministry together with the Authority budget estimates in the third quarter of the year. Following the shift in government budgeting framework from the Sector-Wide to a Programme Approach, FIA is now placed as part of the Governance and Security Programme in-line with the NDP-3 planning and budget execution guidelines.

10. FINANCIAL PERFORMANCE

During FY 2020/21, FIA received all its total approved budget of UGX. 15,711,181,693 representing 100% release of the appropriated budget and spent all the funds, representing 100% budget absorption. Detailed financial accounts can be accessed from the Authority's website; www.fia.go.ug.

Table 10: Summarized Budget Performance for FY 2020/2021.

Item B	udget	Release for Q1 R	elease for Q2	Release for Q3 R	elease for Q4	Un spent
Statutory Wage	3,744,000,000	936,000,000	936,000,000	936,000,000	936,000,000	Nil
Gratuity	959,400,000	239,850,000	239,850,000	239,850,000	239,850,000	Nil
Non-Wage	10,792,781,693	3,729,790,354	3,685,630,888	1,483,395,836	1,893,964,615	Nil
Development	215,000,000	107,500,000	-	-	107,500,000	Nil
Total	15,711,181,693	5,013,140,354	4,861,480,888	2,659,245,836	3,177,314,615	Nil
Percentage		32%	31%	17%	20%	100%

11. CHALLENGES & CONSTRAINTS ENCOUNTERED BY FIA IN FY 2020/2021.

1. Challenges in Conducting Financial Due Diligence. This exercise is costly and challenging because of difficulties associated with establishing the ultimate beneficial owners of many legal entities that apply to partner with government, some of which originate from jurisdictions designated as tax havens. This affects turnaround time in responding to the due diligence requests.

2. Inadequate budgetary provisions/ budget cuts. FIA reprioritizes its resources during the planning and execution of activities and continues to engage the Ministry of Finance Planning and Economic Development for additional resources especially for key unfunded and underfunded activities.

The inadequacy of budgetary resources negatively affects the Authority's ability to undertake some due diligence checks, mentioned above, comprehensively. In addition, the Authority is not able to recruit the desired number of staff. The staff establishment currently stands at 63% and the Authority is conducting phased recruitment of staff as and when resources are availed by the Ministry of Finance.

3. The COVID-19 pandemic brought on many challenges and has affected the planned

activities of the Authority. The most affected activities were in areas of outreach and training as well as on-site inspections of accountable persons. However, FIA made adjustments to its approach to oversight in order to assist reporting entities in meeting their obligations.

4. There was/is a challenge of limited public awareness of AML/CFT matters. This was greatly affected by the Covid19 pandemic that affected outdoor outreach activities as indicated above. FIA will continue to engage the general public and key stakeholders to increase understanding of ML/TF matters by the public and reporting persons through the on-line and social media platforms.

5. Covid-19 related fraud and scams: With the advent of the pandemic, criminals have developed several means and taking advantage of the pandemic to defraud members of the public and accountable persons, especially financial institutions. The Authority notified the general public in a notice published over the print media at the start of the covid-19 lockdowns and continues to monitor trends to guide the public, reporting entities and policy decision makers.

6. Slow implementation of Section 10 of the AMLA 2013 (as amended) on the declarations of currency and bearer negotiable instruments at the border entry points. This is due to financial, human and logistical challenges that URA (Customs) that is supposed to implement this part of the law is faced with. The Authority is continuing to engage with URA and other border management agencies to resolve the identified impediments.

7. Lack of AML/CFT regulatory framework for non-regulated sectors (such as the real estate sector) and a framework for implementing Proliferation Financing Control requirements. FIA is liaising with the Ministry of Lands, Housing and Urban Development to ensure that a regulatory framework for the real estate sector is put in place. A draft bill to this effect has been prepared and is before

Parliament for consideration. Similarly, FIA is also working with the Ministry of Internal Affairs to put in place a framework for the implementation of the targeted financial sanctions regime in accordance with the United Nations Security Council Resolutions and FATF Recommendation on Proliferation Financing.

8. Lack of administrative sanctions. The Authority faces the challenge of lack of deterrent administrative sanctions to apply on non-compliant accountable persons. This impacts on the effectiveness of implementing the anti-money laundering laws and its accompanying regulations.

The Regulations relating to the administrative sanctions have been prepared by FIA and submitted the Minister of Finance, Planning and Economic Development for approval.

12. Priorities for the FY 2021/2022.

The key priorities that the Authority intends to implement in the next financial year include;

- i. Completion of the review and up-date exercise of the National Risk Assessment that is currently ongoing.
- ii. Completion and submission of Uganda's Terrorism Financing Risk Assessment of Non - Profit Organizations report to the FATF-ICRG. This risk assessment is one of the agreed action items in the ICRG action plan that was agreed with Ugandan authorities to improve Uganda's compliance with AML/CFT standards and for it to be exited from the FATF grey-list.
- iii. Continue with quarterly engagements with; Law Enforcement Agencies; and Competent Authorities at both operational and strategic levels.
- iv. Continue quarterly engagement with MLCOs of commercial banks, forex bureaus & money remitters and MDIs to deepen their understanding of ML/TF crime and improve the quality of reports for submission to FIA.
- v. Conduct more AML/CFT inspections on selected accountable persons on a risk - based approach.
- vi. Conduct and increase AML/CFT public awareness across the country to increase understanding of AML/CFT matters.
- vii. Undertake 2 sectoral/thematic risk assessments to identify trends and methods of money laundering and terrorism financing to support strategic planning and inform policy.
- viii. Strengthen capacity of FIA staff to conduct financial due diligence on investors who want to partner with government to invest in Public Partnership Projects.
- ix. Undertake more training and outreach to accountable persons, with emphasis on DNFBPs and non-regulated sectors.
- x. Support the Ministry of Lands, Housing and Urban Development to establish a framework for the AML/CFT regulation of the real estate sector.
- xi. Support the Ministry of Internal Affairs to establish a framework for implementing a targeted financial sanctions regime on Proliferation Financing.
- xii. Continue a phased roll-out of the goAML system to non-bank financial institutions and selected DNFBPs.
- xiii. Deepen capacity building of staff of FIA and ensure that more members acquire professional AML/CFT accreditation.
- xiv. Strengthen domestic coordination among the key AML/CFT stakeholders to increase effectiveness in fighting ML/FT crimes.
- xv. Hosting of the meeting of the Council of Ministers' of ESAAMLG and Taskforce of Senior officials. Uganda is currently holding the ESAAMLG Presidency for a period of one year, due to end in September, 2021 and is expected to hand-over the Presidency to Republic of Zambia.



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