

A large crane with its wings spread wide is the central image of the cover. The crane is blue and white with a distinctive red crest. It is set against a background of a green field and a blue sky. A diagonal band of the Ugandan national flag (black, yellow, and red) runs across the upper part of the image.

MONEY LAUNDERING AND TERRORISM FINANCING NATIONAL RISK ASSESSMENT (NRA) REPORT FOR UGANDA

MAY 2023



Security and aid providers react after a terror attack near Parliament . A trio of suicide bombers targeted Kampala on Nov 16th 2021, one detonating his vest outside Central Police station and two more blowing themselves near parliament of Uganda



**MONEY LAUNDERING
AND TERRORISM FINANCING
NATIONAL RISK ASSESSMENT (NRA)
REPORT FOR UGANDA**

May 2023

Disclaimer.

This National Money Laundering and Terrorist Financing (ML/TF) Risk Assessment has been conducted as a self-assessment by the authorities of the Republic of Uganda using the National ML/TF Risk Assessment Tool developed and provided by the World Bank Group. The World Bank Group project team's role was limited to delivery of the tool, providing guidance on the technical aspects of the tool, and review/feedback to assist with the accurate use of it. Data, statistics, and information used for completing the National ML/TF Risk Assessment Tool modules, as well as findings, interpretation, and judgment under the scope of National ML/TF Risk Assessment, completely belong to the authorities of the Republic of Uganda and do not reflect the views of the World Bank Group, its Board of Executive Directors, or the governments they represent.

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List Of Acronyms.

ADF	Allied Democratic Forces
AEA	ALTX East Africa
AEOI	Automatic Exchange of Information
AFIS	Automated Fingerprint Identification System
AMISOM	African Mission in Somalia
AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering / Counter-Terrorist Financing
AMLA	Anti-Money Laundering Act
ARINEA	Asset Recovery Inter-Agency Network for Eastern Africa
ARINSA	Asset Recovery Inter-Agency Network for Southern Africa
ATA	Anti-Terrorism Act
ATM	Automated Teller Machine
BO	Beneficial Ownership
BOU	Bank of Uganda
CAR	Central African Republic
CDD	Customer Due Diligence
CFT	Combating Financing of Terrorism/ Counter-Terrorism Financing
CID	Criminal Investigations Department
CIS	Collective Investment Schemes
CITES	Convention on International Trade in Endangered Species of Wild Flora and Fauna
CMA	Capital Markets Authority
CPF	Countering Proliferation Financing
CSBAG	Civil Society Budget Advocacy Group
CSD	Central Securities Depository
CT	Counter Terrorism
DDI	Domestic Direct Investment
DGSM	Department of Geological Surveys and Mines
DNFBPs	Designated Non-Financial Businesses and Professions
DPI	Defenders Protection Initiative (DPI).
DPMS	Dealers in Precious Metals and Stones
DRC	Democratic Republic of Congo
EEAACA	East African Association of Anti-Corruption Authorities
EAPCCO	East African Police Chiefs Cooperation and Organisation
EACCMA	The East African Customs Management Act 2014
EDD	Enhanced Due Diligence
EITI	Extractive Industries Transparency Initiative
ENR	Environment and Natural Resources
EOI	Exchange of information
EPPU	Environmental Protection Police Unit

ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FARDC	Armed Forces of the Democratic Republic of the Congo
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FIA	Financial Intelligence Authority
FIs	Financial Institutions
FIU	Financial Intelligence Unit
FPI	Foreign Portfolio Investment
FRS	File Replication Service
FSD	Financial Sector Deepening
FY	Fiscal Year
GBP	Pound Sterling
GDP	Gross Domestic Product
GWP	Gross Written Premium
IAIS	International Association of Insurance Supervisors
IAS	International Accounting Standard
ICGLR	International Conference on Great Lakes Region
ICP	Insurance Core Principle
ICPAU	Institute of Certified Public Accountants of Uganda
IG	Inspectorate of Government
IGAD	Inter-Government Authority on Development
IOSCO	International Organization of Securities Commissions
IPO	Initial Public Offering
IPPS	Integrate Personnel Payroll System
IRA	Insurance Regulatory Authority
ISAs	International Standards on Auditing
ISCAP	Islamic State in Central and East African Province
ISSAI	International Standards for Supreme Audit Institutions
IT	Information Technology
IWT	Illegal Wildlife Trade
JATT	Joint Anti-terrorism Taskforce
JIC	Joint Intelligence Committee
JPY	Japanese Yen
KYC	Know Your Customer
LATF	Lusaka Agreement Task Force
LCTR	Large Cash Transaction Report
LEA	Law Enforcement Agency
LRA	Lord's Resistance Army
MDIs	Microfinance Deposit-Taking Institutions
MER	Mutual Evaluation Report
MIML	Microfinance Institutions & Money Lenders
ML	Money Laundering
MLCO	Money Laundering Control Officer
MLHUD	Ministry of Lands, Housing & Urban Development
MMSP	Mobile Money Service Provider
MOU	Memorandum of Understanding
MVTS	Money or Value Transfer Services

NCEMS	National Central Electronic Monitoring System
NEMA	National Environmental Management Authority
NFA	National Forestry Authority
NGO	Non-Governmental Organisation
NIN	National Identification Number
NIRA	National Identification Registration Authority
NITA	National Information Technology Authority
NLGRB	National Lotteries and Gaming Regulatory Board
NLIS	National Land Information System
NRA	National Risk Assessment
NRCN	Natural Resource Conservation Network
NSSF	National Social Security Fund
NWCCTF	National Wildlife Crime Coordination Taskforce
NWSC	National Water & Sewerage Corporation
OAG	Office of the Auditor General
ODPP	Office of the Director of Public Prosecutions
OFIs	Other Financial Institutions
OPM	Office of the Prime Minister
OSBP	One-stop border point
OTC	Over-The-Counter
PEP	Politically Exposed Person
PF	Proliferation Financing
PROFIRA	Project for Financial Inclusion in Rural Areas
PSU	Police Standards Unit
RBA	Risk-based Approach
SACCO	Savings & Credit Cooperative Organisation
SAR	Suspicious Activity Report
SCD	Securities Central Depository
SFIs	Supervised Financial Institutions
SIM	Subscriber Identification Module
SME	Small and Medium Enterprise
SPS	Specially Protected Species
SRB	Self-Regulatory Body
STR	Suspicious Transaction Report
TCC	Troop Contributing Country
TF	Terrorist Financing
TFS	Targeted Financial Sanctions
UAE	United Arab Emirates
UFBMRA	Uganda Forex Bureau and Money Remittance Association
UGX	Uganda Shillings
UIA	Uganda Investment Authority
UK	United Kingdom
ULS	Uganda Law Society
UMRA	Uganda Microfinance Regulatory Authority
UNBS	Uganda National Bureau of Standards
UNODC	United Nations Office on Drugs and Crime
UNSC	United Nations Security Council

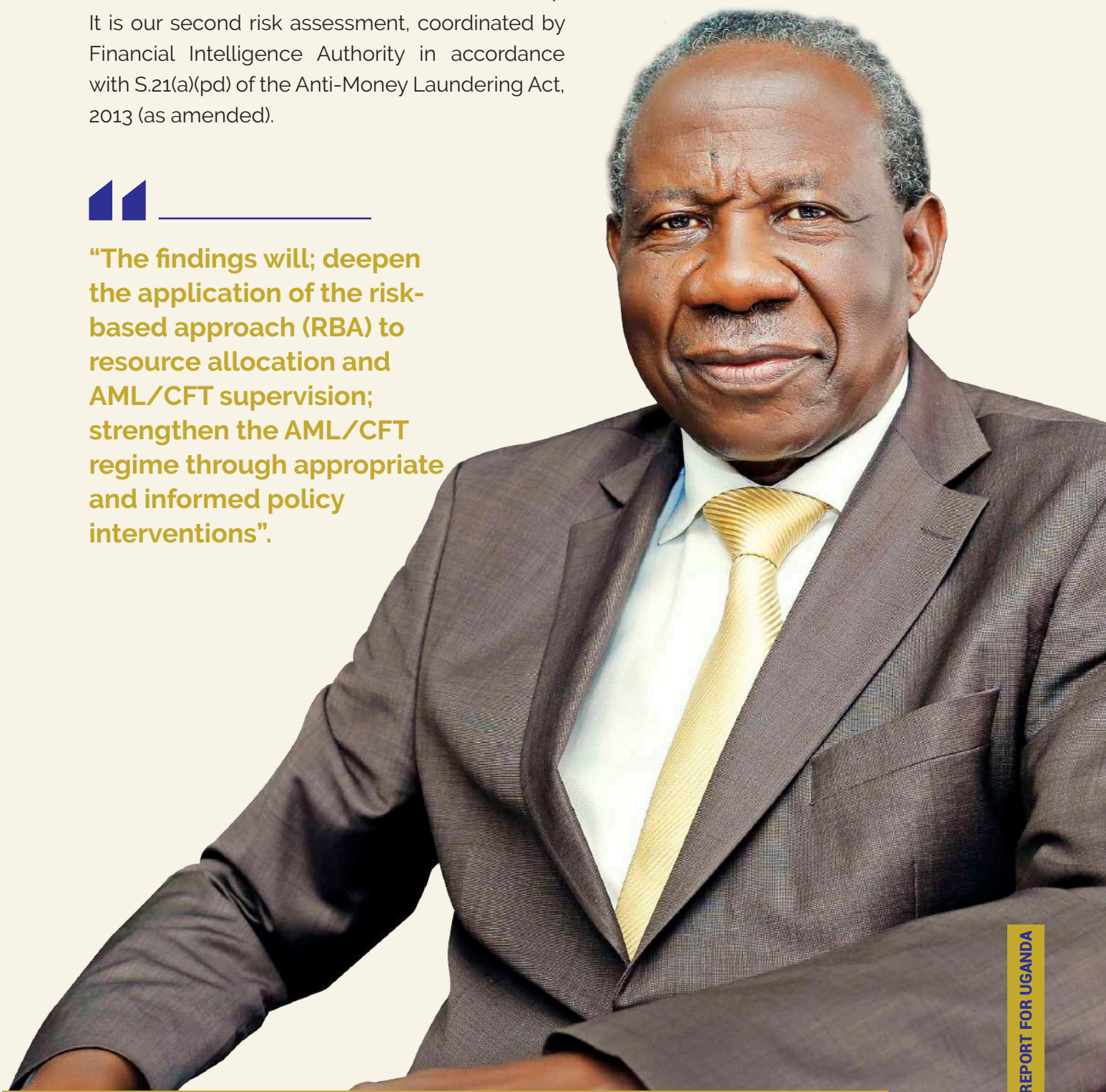
UPF	Uganda Police Force
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau
USA	United States of America
USD	United States Dollars
USE	Uganda Securities Exchange
UWA	Uganda Wildlife Authority
VASPs	Virtual Assets Service Providers
VSLA	Village Savings & Loans Association
WCS	Wildlife Conservation Society
WG	Working Group

Foreword

This report is an update of the National Money Laundering and Terrorist Financing Risk Assessment that was undertaken in March 2017. It is our second risk assessment, coordinated by Financial Intelligence Authority in accordance with S.21(a)(pd) of the Anti-Money Laundering Act, 2013 (as amended).



“The findings will; deepen the application of the risk-based approach (RBA) to resource allocation and AML/CFT supervision; strengthen the AML/CFT regime through appropriate and informed policy interventions”.



Matia Kasaija (M.P)

Minister of Finance, Planning and Economic Development.

This report is an update of the National Money Laundering and Terrorist Financing Risk Assessment that was undertaken in March 2017. It is our second risk assessment, coordinated by Financial Intelligence Authority in accordance with S.21 (a) (pd) of the Anti-Money Laundering Act, 2013 (as amended).

The process of the assessment involved the participation of all stakeholders drawn from both the private sector and government (Ministries, Departments and Agencies). Like in the previous assessment, the World Bank tool was utilized. However, this time round the tool incorporated a new module on the Environment and Natural Resources (ENR) Crimes. In addition, the scope of the terrorist financing module was widened to include more vulnerability variables compared with those in the previous assessment. This has further enriched our understanding of the money laundering and terrorist Financing (ML/TF) risks in these sectors.

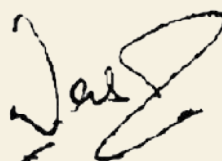
The findings of this assessment indicate that the ML/TF threats and vulnerabilities have remained relatively like those identified in the previous assessment. A slight deterioration of risk ratings in some sectors was noted and this was mainly driven by the inherent risks associated with the use and adoption of new technologies, including the products therein. As was the case in the initial assessment, the

findings will; deepen the application of the risk-based approach (RBA) to resource allocation and AML/CFT supervision; strengthen the AML/CFT regime through appropriate and informed policy interventions; and make available updated information for sectors and accountable persons to use for their own assessments.

I reiterate government's commitment to implementing the Action Plan that has been drawn out of this assessment. The Action Plans incorporates updated actions that were not implemented largely due to the on-set of the covid-19 pandemic.

I congratulate the Board and Management of Financial Intelligence Authority and all the stakeholders who have worked hard to ensure that the exercise was successfully conducted

For God and my Country



Matia Kasaija (M.P)

Minister of Finance, Planning and Economic Development.

Message From The National Coordinator Of The National Risk Assessment

This is Uganda's second Assessment of Money Laundering (ML) and Terrorism Financing (TF) Risks. The report updates the first assessment that was done in March, 2017. It was prepared by the National AML/CFT Task Force, coordinated by FIA. The assessment, was a result of the decision of the Task Force to the effect that it should be undertaken/ updated every three years.



This second NRA was launched in December, 2020 and covers the period April 2017 to June 2021 for all sectors except terrorism financing which, covered up to the period ending December 2021 because it took into consideration the terrorism events that took place in Kampala in November 2021.

This is Uganda's second Assessment of Money Laundering (ML) and Terrorism Financing (TF) Risks. The report updates the first assessment that was done in March, 2017. It was prepared by the National AML/CFT Task Force, coordinated by FIA. The assessment, was a result of the decision of the Task Force to the effect that it should be undertaken/updated every three years. This is also consistent with the requirement of the FATF Standards which, obligates countries to keep the assessments up-to-date. This helps the country to; inform changes in its AML/CFT regime; allocate and prioritize AML/CFT resources; and make information available for AML/CFT risk assessments by financial institutions and Designated Non-Financial Businesses and Professions.

This second NRA was launched in December, 2020 and covers the period April 2017 to June 2021 for all sectors except terrorism financing which, covered up to the period ending December 2021 because it took into consideration the terrorism events that took place in Kampala in November 2021. The scope of this NRA is wider than the previous one. A new module on Environment and Natural Resources (ENR) is incorporated and TF module has been widened to encompass the assessment of TF Threats, as opposed to the previous assessment that only covered TF Vulnerabilities.

The NRA 2021 did not assess the NPO sector because a separate TF risk assessment for the NPO sector was completed in June 2020. The findings indicated that the NPO sector risk to TF was low. The final NPO risk assessment report is cross-referenced to this report.

I am grateful and would like to thank all institutions that provided information and/or allowed their officers to participate in the assessment exercise. The participants from both the public and private sectors were drawn from; the Ministry of Finance, Planning and Economic Development, Ministry of Justice and Constitutional Affairs, Uganda Police Force, Chieftaincy of Military Intelligence, Directorate of Public Prosecutions, Inspectorate of Government, Bank of Uganda, Insurance Regulatory Authority, Capital Markets Authority, Uganda Forex Bureaus and Money Remitters Association, Internal Security Organisation, External Security Organisation, Commercial Banks (Stanbic Bank, ABSA Bank, Post Bank, Citibank and Centenary Bank), MDIs (FINCA-Uganda and Pride Microfinance), Telecoms (MTN and Airtel), Capital Markets Authority, Uganda Stock Exchange, Crested Capital Stock Brokers, Uganda Insurers Association, Uganda Re-insurance, Forex Bureaus (UAE Exchange, Stanhope Forex Bureau, City Forex Bureau and Metropolitan Forex Bureau), URSB, UCC and PSFU. The multi-agency collaboration also increased the knowledge and strengthened the understanding by the institutions on their AML/CFT obligations.

I would also like to thank the World Bank for providing us with the NRA assessment tool (including the new ENR module) and for the guidance provided throughout the entire process.



Sydney Asubo
Executive Director.

Executive Summary

The Second Money Laundering (ML) and Terrorism Financing (TF) National Risk Assessment (NRA) for Uganda covers the period April 2017 to June 2021 and updates the previous assessment that was published in 2017. The assessment for TF is extended to December 2021 to capture the terrorist attacks that took place in November, 2021. The NRA analyses; the overall exposure of Uganda to ML/TF and the major predicate crimes that generate significant proceeds of crime; and new developments in the AML/CFT landscape. It also examines the country's ML/TF combating ability and vulnerabilities of the different sectors of the economy. In addition, it explores; how criminals utilize proceeds of crime; the methods they use to launder these proceeds; and how terrorists or terrorist organisations raise and move funds.

The focus of AML/CFT frameworks is to ensure that ML/TF threats are detected and disrupted in a timely manner and that criminals are dissuasively sanctioned and deprived of access to their illicit proceeds. The assessment was in line with the FATF standards which, require a country to identify and understand its ML and TF risks and make use of the findings to apply a risk-based approach (RBA) to ensure that the mechanisms and measures to mitigate ML/TF risks are commensurate to the risks identified.

The NRA used the World Bank Assessment Tool which, provided for self-assessment by Ugandan authorities. The tool has modules that covered; the Financial Sector, Designated Non-Financial Businesses and Professions (DNFBPs), Other Financial Institutions, Financial Inclusion, Environment and Natural Resources, Non-Profit Organizations (NPOs) and Terrorism Financing. The assessment was undertaken by teams that constituted Working Groups for each of the modules. Participants in these Groups were drawn from relevant AML/CFT stakeholders; the civil society, private sector, supervisory/regulatory agencies, self-regulatory bodies/associations, and Government Ministries, Departments and Agencies (MDAs). Eleven Working Groups were constituted based on professional background and specialization/expertise. The exercise was coordinated by the Executive Director, Financial Intelligence Authority.



The Second Money Laundering (ML) and Terrorism Financing (TF) National Risk Assessment (NRA) for Uganda covers the period April 2017 to June 2021 and updates the previous assessment that was published in 2017.

Eleven Working Groups were constituted based on professional background and specialization/expertise. The exercise was coordinated by the Executive Director, Financial Intelligence Authority.

The assessment involved the analysis of ML/TF variables leading to the identification of threats, vulnerabilities and their resultant risks as well as proposing the mitigation measures. The assessment used both quantitative and qualitative data. Quantitative data included statistics derived from periodical reports of government MDAs and international agencies' sources. Qualitative data was sourced through surveys, interviews, and focused group discussions with law enforcement and intelligence agencies, supervisory agencies, financial and non-financial institutions, and supervised private sector stakeholders.

The risk assessment revealed that domestically, the most proceeds-generating predicate offences are: corruption, fraud (that includes; cybercrime, obtaining money by false pretences, visa fraud, identity theft, and pyramid schemes.), tax crimes (tax evasion and fraud), and counterfeiting of goods. On the other hand, at external/trans-national level (committed outside of Uganda and the proceeds laundered in or through Uganda), the most proceed-generating predicate

offences were: drug trafficking, human trafficking, smuggling, wildlife offences and tax evasion. In addition, the findings of the assessment indicate that terrorist threats emanate mainly from external sources within the region.

Overall Assessment of ML/TF Risk.

Overall ML Threat for Uganda is assessed as Medium-High while overall ML vulnerability is assessed as Medium. The money laundering risk level for the country was determined by mapping the ML Threat ratings and ML vulnerability ratings on a risk matrix. Using this method based on the World Bank's tool, the ML risk level for the Uganda is determined to be Medium-High. While the overall terrorism financing (TF) risk is rated **Medium** based on the **medium** overall threat and low overall vulnerability.

The matrix below summarizes the overall ML/TF risk for Uganda, which is a combination of threat and vulnerability analysis.

Figure 1. Overall Money Laundering and Terrorism Financing (ML/TF) risk for Uganda.

Overall Threat	National ML/TF Risk					
	High	M	M	MH	H	H
	Medium-High	M	M	ML	MH	H
	Medium	TF	M	M	MH	MH
	Medium-Low	ML	ML	M	M	M
	Low	L	ML	ML	M	M
		Low	Medium-Low	Medium	Medium-High	High
	Overall Vulnerability					

The detailed assessment including the findings and rating of National ML Threat, National ML Vulnerability and National TF risk are outlined in subsequent chapters of this report.

Analysis of National ML Threat.

The national money laundering threat level was assessed basing on the prevalence of predicate offenses and the proceeds they generate, the money laundering schemes employed by criminals and the extent to which products offered by accountable persons in the financial and DNFBPs sectors were used in the money laundering schemes. The money laundering threat rating has three major components: i) threat based on predicate crimes and the proceeds they generate; ii) sectorial threat assessment which, measures the exposure of accountable persons operating in the financial and DNFBPs sectors to proceeds of crime and money laundering; and iii) external threat assessment, which measures the exposure of the country to money laundering and proceeds of crime generated outside of the country's borders.

Domestic ML Threat

Analysis of the National ML Threat at domestic level was assessed to be High. This rating considers the assessment of various ML predicate offences. Four crimes, namely; corruption, obtaining money by false pretences, cyber-crime, tax crimes including smuggling, and illicit drug trafficking were found to be the most significant ML threats to Uganda with a threat rating level of High. This was largely attributed to; large numbers of suspicious transactions and corresponding values as indicated in intelligence reports disseminated to LEAs; investigations conducted; convictions obtained; assets seized/frozen; and Mutual Legal Assistance

requests received by Ugandan authorities from foreign jurisdictions during the period since the last NRA. These predicate offences were also assessed to have both domestic and foreign threat components. In addition, counterfeiting of goods, wildlife offences and human trafficking were assessed to have a Medium-High level of ML Threat which was determined to come from both domestic and foreign sources.

Sectorial Threat Assessment

The sectorial ML assessment considered the financial sector, DNFBs, financial inclusion products, environmental and natural resources crimes. The financial sector is constituted of Banking, Insurance, Securities, and other financial institutions (such as forex bureaus, MVTs, MDIs, MFIs, SACCOs and money lenders). The DNFBPs is constituted of real estate, casinos, legal professionals, dealers in precious metals and stones, accountants, and the virtual assets service providers (VASPs)¹.

The sectorial threat assessment identified banks and money service businesses, real estate, casinos and dealers in precious stones and metals as sectors widely used by criminals to launder the proceeds of their crimes. Real estate, was being used to launder huge amounts of ill-gotten funds from corruption, embezzlement, fraud, and tax crimes. The securities and insurance sectors were identified not being widely used in money laundering and terrorism financing schemes.

¹The VASPs sector was reviewed however, the in-depth assessment consistent with the guidelines provided under the international standards was not conducted. This will be done later, separately as part of the assessment of new technologies

Table 1: The ML threat rating of various sectors

Sector	2017 Rating	2021 Rating
Banking	Medium-High	High
Real Estate	High	High
Forex Bureaus	High	Medium
MVTs	High	High
Casinos	High	High
Lawyers	High	High
Accountants	Medium-Low	Medium-Low
Dealers in precious metals & stones	High	High
Insurance	Medium	Medium
Securities	Medium-Low	Medium-Low
Money Value Transfer Services	Medium-High	High
Mobile Money Service Providers	Medium-High	Medium-Low
Microfinance Deposit-Taking Institutions	Medium-High	Medium-High
Microfinance Institutions	Medium-High	Medium-High
SACCOs	Medium-High	Medium-High
Money Lenders	Medium-High	Medium-High
Virtual Asset Service Providers*	-	High
NGOs	Medium-Low	N/A

* The VASPs sector was reviewed however, the in-depth assessment consistent with the guidelines provided under the international standards was not conducted. This will be done later, separately as part of the assessment of new technologies.

External Threat Assessment

The external threat assessment indicated that the threat coming from crimes committed outside of the country's borders was rated Medium High. This was attributed to available statistics on money laundering investigations, requests for information and Mutual Legal Assistance (MLA) requests received from foreign jurisdictions during the assessment period 2017 to 2021.

The external threat is mainly dominated by predicate offences linked to drug trafficking, wildlife offences, human trafficking and smuggling of precious metals and stones.

The exposure to external threat is mainly through trade arrangements. Uganda's main trading partners in terms of imports include; Kenya, India, and China, while the major destination for exports are UAE, Kenya, South Sudan, DRC, and Sudan. In addition, Uganda is a landlocked country that relies on the seaports of Mombasa and Dar-es-Salaam, Entebbe airport, and various border points for exporting and importing goods. The borders with the neighbours who include; Kenya, DRC, Tanzania, South Sudan, and Rwanda are porous with numerous illegal border-crossings and therefore increase the level of ML/TF risk through smuggling and illegal crossings.

During the assessment period, United Arab Emirates, Kenya, South Sudan, and the Democratic Republic of Congo accounted for approximately 50% (USD 7,289.52 million) of Uganda's exports (USD 14,567.81 million). These countries pose a money laundering risk to Uganda, through the inflow of export earnings.

China, India, Kenya, United Arab Emirates, Saudi Arabia, Tanzania, Japan, and South Africa are Uganda's major sources of imports and account for approximately 68.6% (USD 16,024.9 million) of Uganda's trade imports (USD 23,376.6 million) in the period under review. China alone accounts for 15% (USD 3,724.67 million) of the total imports. Uganda poses a money laundering risk to these countries, through the outflow of import payments.

The threat of trade-based money laundering to and from Uganda is therefore rated as high.

*Six Countries
Accounted for Aprox.*

50% *Of Uganda's Export*

Worth **USD 7,289.52 million**
USD 14,567.81 million

*Uganda's major sources of
imports and account for approximately*

68.6%

USD 16,024.9 million *Uganda's Trade Imports*
USD USD 23,376.6 million *In the period under review*

China alone accounts for

15%

USD 3,724.67 million

National ML Vulnerability

The combination of threat and national vulnerability impact on the national ML/TF risk levels. The major element that determines national vulnerability is the mitigation and response mechanisms available for combating ML/TF. The mitigation mechanisms are in form of AML/CFT measures/frameworks which include; robust entry controls/laws, existence of strong supervisory/regulatory bodies or frameworks, effectiveness of competent authorities, strength of investigation and prosecution for ML/TF and predicate crimes. These have been assessed to understand their level of effectiveness and overall level of risk and vulnerability.

The other component of national vulnerability originates from the ML vulnerabilities of the financial sector, DNFBPs, financial inclusion products and ENR crimes that could potentially be abused to advance ML/TF causes. The national ML/TF vulnerability is a combination of the national combating ability and the sum of sectorial vulnerabilities. It is determined by adding the overall ML/TF vulnerability of the various sectors to the assessment outcome of national ability to combat ML/TF.

“

The major element that determines national vulnerability is the mitigation and response mechanisms available for combating ML/TF

The national ML/TF vulnerability is a combination of the national combating ability and the sum of sectorial vulnerabilities

Despite Uganda having a comprehensive legal framework which is in line with the international AML/CFT standards, the vulnerability to money laundering continues to be of concern because of significant weakness in capacity of most of the regulatory and supervisory bodies and ineffectiveness of the existing frameworks thereby affecting the country's ability to combat ML/TF. However, many anti-money laundering (AML) controls have been put in place and contribute to improving the combating ability of the country against ML/TF. The national ML combating ability determines the country's effectiveness to investigate, prosecute, sanction, and confiscate the proceeds and instrumentalities of crime.

Following a detailed analysis of the various sectors, the overall national ML vulnerability was rated as Medium. This is an improvement, compared with the overall high rating registered in the previous NRA. The medium rating is attributed to a low but moderately improved ML combating ability and the high overall sectorial money laundering

vulnerability compared with the very high overall vulnerability in the previous NRA. The improvement in the rating can be attributed to several factors, including; the preparation of an up-to-date AML Policy that is now in place; enhancement of effectiveness in the performance of FIA; and the establishment of the regulatory frameworks for the; MFI, money lenders and MVTS following the enactment of the National Payments Systems Act, 2020. Variables that contribute to the low combating ability included; low quality of criminal investigations, low quality of criminal prosecutions, low quality of adjudications and low quality of asset forfeiture framework while the high vulnerability of the sectors is attributed to high vulnerability ratings for the real estate sector, dealers in precious metals and stones, lawyers, casinos, and the financial sector particularly banking and MVTS providers.

The vulnerability assessment of the DNFBPs and Other Financial Services indicated that the ML vulnerability levels ranged from high to medium.

Sectorial Vulnerability Assessment

The sectorial ML vulnerability assessment considered the financial sector which is composed of Banking, Insurance, Securities and Non-banking financial institutions (i.e., Micro Deposit Taking Institutions, Tier 4 Credit Institutions, SACCOs, and money services business), DNFBPs, financial inclusion products, environmental and natural

resources crimes.

The sectorial vulnerability ratings take into consideration the national key elements that include; high crime rate, porous borders, geographic location, pace of investigations and prosecutions, high level of informality, and significant use of cash in the economy.

Table 2: Sector vulnerability ratings

S/N	SECTORS	ML VULNERABILITY
1	Banks	Medium-High
2	Securities	Medium
3	Insurance	Medium
4	Real Estate	High
5	Casinos	Medium-High
6	Lawyers	Medium-High
7	Accountants, Auditors, Tax Advisors	Low
8	Dealers in Precious Metals & Stones (DPMS)	High
9	Money Value Transfer Services (MVTs)	High
10	Forex Bureaus	Medium
11	Virtual Asset Service Providers (VASPs)	High
12	Savings and Credit Cooperatives (SACCOs)	Medium
13	Tier IV Institutions (Credit Only MFIs and Private Money Lenders)	Medium-Low
14	Microfinance Deposit-Taking Institutions (MDIs)	Medium-Low
15	Money Remitters /Money Service Businesses (MSBs)	Medium
Environmental and Natural Resources Crimes Ratings		
16	Mining/Extraction	High
17	Fisheries	High
18	Waste Management	Medium-High
19	Forestry	Medium
20	Wildlife	Medium

Financial Services Sector.

The financial services sector which, comprises of banks, insurance companies, securities firms, and money service businesses/MVTs, was assessed for ML/TF vulnerability and rated medium high. The sector vulnerability ratings range from Medium to High. The financial services sector (apart from the banking sector) has not adequately implemented AML/CFT measures including the application of risk-based supervision. The licensees have less effective compliance functions. The Banking Sector ML vulnerability is rated Medium high due to its asset size, high cash activity, product vulnerabilities and its exposure to threats which are mainly from domestic predicate offences and the level of cross-border transactions and international customer base.

Designated Non-Financial Businesses and Professions.

The designated non-financial businesses and professions (DNFBPs) sector includes accountants, lawyers, real estate, casinos and dealers in precious stones and metals (DPSMs). The ratings for each of the assessed DNFBPs are; Accountants rated Low, Legal Professionals rated Medium High, Real Estate rated Very High and Casinos rated Medium High and Dealers in Precious Stones and Metals rated very high.

The Real Estate Sector vulnerability was rated Very High for ML. This was attributed mainly to the fact that the sector is unregulated with low AML/CFT controls and therefore having

several inherent weaknesses. Many fraudulent activities have been reported in the sector, some of which involve land transactions by lawyers and politically exposed persons. Similarly, the DPSMs are not regulated and the licencing regime does not cover artisanal miners who are the majority which, poses a high ML/TF risk.

Environmental & Natural Resources.

Environmental and Natural Resource (ENR) Crimes was assessed for the first time. The elements of ENR are; Wildlife Crimes, Fisheries Crimes, Waste/Pollution Crimes, Forestry Crimes, and Extraction/Mining Crimes. These crimes are criminalised under various laws and regulations which include; the Uganda Wildlife Act, 2019; the National Forestry & Tree Planting Act, 2003, the National Environment Act, 2019, the Mining Act, 2003, the Fish Act, Cap 197, the AMLA, 2013 and the accompanying regulations.

The vulnerability of the ENR crimes was assessed based on 18 intermediate variables that measure the ENR ML combating ability. Each of the intermediate variable was assessed based-on the different ML control measures. The overall assessment of the ENR crimes and ML combating ability and vulnerability was rated as indicated in the table below.

Table 3: Ratings for the various ENR Crimes Assessment.

ENR Crime	ML Combatting Ability	Vulnerability of ENR Crime to ML
Mining/Extraction	Low	High
Fisheries	Low	High
Waste/Pollution	Medium Low	Medium High
Forestry	Medium	Medium
Wildlife	Medium	Medium

The overall ML risk for environmental and natural resources crimes is rated as indicated below.

Sectorial Risk Analysis

The sectorial ML risk assessment is combination both threat and vulnerability ratings of each sector assessed by the NRA. The sectorial risk assessment indicates that most of the DNFBP and Other Financial Services sectors have high and medium-high risk to ML. NRA findings have indicated that Real Estate, Dealers in Precious Metals & Stones, Money Value Transfer Services Banks, casinos, and lawyers are rated high. The table 5 below presents the results of the Money Laundering risk rating of the various sectors assessed by the NRA:

Table 4: Sector ML Risk ratings.

S/N	SECTORS	ML VULNERABILITY	ML THREAT	RISK SCORE
1	Banks	Medium-High	High	High
2	Securities	Medium	Medium-Low	Medium
3	Insurance	Medium	Medium	Medium
4	Real Estate	High	High	High
5	Casinos	Medium-High	High	High
6	Lawyers	Medium-High	High	High
7	Accountants, Auditors, Tax Advisors	Low	Medium-Low	Medium-Low
8	Dealers in Precious Metals & Stones (DPMS)	High	High	High
9	Money Value Transfer Services (MVTs)	High	High	High
10	Forex Bureaus	Medium	Medium	Medium
11	Virtual Asset Service Providers (VASPs)	High	High	High
12	Savings and Credit Cooperatives (SACCOs)	Medium	Medium-High	Medium-High
13	Tier IV Institutions (Credit Only MFIs and Private Money Lenders)	Medium-Low	Medium-High	Medium
14	Microfinance Deposit-Taking Institutions (MDIs)	Medium-Low	Medium-High	Medium
15	Money Remitters /Money Service Businesses (MSBs)	Medium	Medium	Medium
16	Mining/Extraction	High	Medium	Medium-High
17	Fisheries	High	Medium	Medium-High
18	Waste Management	Medium-High	Medium	Medium-High
19	Forestry	Medium	Medium	Medium
20	Wildlife	Medium	Medium	Medium

Terrorist Financing Risk Assessment

The analysis of Terrorist Financing risk rated the overall TF risk for Uganda as Medium. This outcome is because of increased vigilance, surveillance, continued training and awareness campaigns of stakeholders, disruptions, and an enhancement of the capacity of Law Enforcement Agencies (LEAs). The overall TF risk is a combination of TF threat and TF vulnerability. Uganda's vulnerability to TF was rated Low while the level of terrorism threat is assessed to be Medium, taking into consideration the November 2021 terror attacks. The occurrence of the November 2021 terror attacks in Kampala and surrounding towns

suggests that Uganda is still vulnerable to terrorism.

The TF threat primarily considers activities or persons that can finance terrorist activities while TF vulnerabilities consider the control frameworks designed to ensure that threats are prevented from supporting terrorist activities through financing. Government of Uganda has implemented various measures to strengthen and improve capacity to detect and respond to terrorist acts, detect, investigate, and prosecute various forms of terrorism. However, no case of terrorism financing has been prosecuted. The assessment rated Terrorist Financing vulnerability for Uganda as Low. There is information to the effect that most acts of terrorism committed in Uganda are financed from out of the country, through illegal trade and smuggling of minerals and wildlife. Terrorism threats to Uganda are both domestic and foreign. The external threat is mainly attributed to foreign groups which have established domestic sleeper cells. These groups are Al-Shabaab and ADF. ADF which operates in the Eastern DRC claimed responsibility for the recent bomb attacks in Kampala that left people dead including the suicide bombers themselves. Available information from both open and closed sources indicates incidences of terrorism although the level is declining because of increased vigilance, surveillance, improved national terrorism alert system and disruptions.



Introduction.

Uganda conducted its first ML/TF National Risk Assessment (NRA) in 2017. This report is an update to the first National Risk Assessment. It provides details of the updated ML/TF threats, vulnerabilities and mitigating measures, taking into consideration; the exposure of the country to money laundering and the related predicate offences; terrorism and terrorist financing; and new AML/CFT policy, legal and regulatory developments.

The NRA is a comprehensive process of identifying and analysing the ML/TF risks within all sectors of the economy particularly the accountable persons and entities listed under Schedule 2 of the AMLA 2013 (as amended).

Recommendation 1 of the Forty Recommendations of the Financial Action Task Force (FATF) requires countries to identify, assess and understand the ML/TF risks, and take actions in ensuring that risks are mitigated effectively. The recommendation also requires countries to keep the ML/TF risk assessments up to date. In the previous NRA, the analysis of the ML threat showed that at domestic level, the most proceeds-generating predicate offences were; corruption, fraud, tax crimes and counterfeiting of goods. At a sectoral level; the real estate, banks, dealers in precious metals and stones, money value transfer services, lawyers, and casinos all posed a high ML threat. This updated report indicates that there have not been major changes in these sectors since the last assessment, apart from banks in which the ML threat risk has instead increased from medium high in the previous assessment to High. The increased threat level for the banking sector is attributed to increased incidences of criminals using bank products and services to move proceeds of crime, this is evidenced by the number of STR reports received by the FIA, concluded and ongoing ML cases all of which involve the use of the banking sector.



The NRA is a comprehensive process of identifying and analysing the ML/TF risks within all sectors of the economy particularly the accountable persons and entities listed under Schedule 2 of the AMLA 2013 (as amended).

In the previous NRA, the analysis of the ML threat showed that at domestic level, the most proceeds-generating predicate offences were; corruption, fraud, tax crimes and counterfeiting of goods.

The report is based on a self-assessment by the Ugandan authorities, using the Money Laundering and Terrorist Financing Risk Assessment Tool developed and provided by the World Bank. The assessment incorporates the Environment and Natural Resources (ENR) module (that was not there in the previous NRA) and a widened scope of the TF module compared with the previous one.



Objectives

The main objectives of the assessment are; enable the country to identify and understand its ML/TF risks; use the findings of the assessment to apply risk-based approach to undertake mitigation measures; and facilitate allocation of resources to areas of higher risk. The attainment of these objectives will result in the improved effectiveness of Uganda's AML/CFT regime.



Methodology

As was the case in the 2017 NRA, the World Bank tool was used in this update assessment. It was a self-assessment by Ugandan Authorities. The tool comprised of several interrelated modules. The sectors reviewed included the Financial, Designated Non-Financial Businesses and Professions (DNFBPs), other financial Institutions, Financial Inclusion, Environmental/ Natural Resources, Non-Profit Organizations (NPOs) and Terrorist Financing.

The risk assessment exercise was coordinated by FIA, in accordance with S.12 (a) (pd) of the AMLA, 2013 (as amended) and spear-headed on behalf of Uganda National AML/CFT Taskforce. The assessment was undertaken by a Working Group drawn from the various government and private institutions. The Working Group was divided into eleven teams. The teams were constituted based on profession, specialization, and background to cover the following areas: National ML Threat, National ML Vulnerability, TF Threat and Vulnerability, Banking, Insurance, Securities, Other Financial Institutions (OFIs), DNFBPs, Environmental Crimes and Financial Inclusion. The NRA exercise was coordinated by the Executive Director, Financial Intelligence Authority (FIA).

The assessment focused on the analysis of all variables leading to the identification of ML/TF threats, vulnerabilities, and mitigation measures for the for the identified ML/TF risks. The assessment used both quantitative and qualitative data. Quantitative data included statistics obtained from periodical reports of government Ministries, Departments and Agencies (MDAs) and international sources. Qualitative data was sourced through surveys, interviews, and focused group discussions with law enforcement and security agencies, supervisory authorities, financial and non-financial institutions, and supervised private stakeholders.

National Risk Assessment Working Group (WG) comprised of all relevant AML/CFT stakeholders including; the civil society, private sector, supervisory/regulatory agencies, self-regulatory bodies or associations, policy makers, and MDAs as indicated in annex 1.



Limitations and Challenges in Data Collection.

The assessment faced some limitations and challenges as follows:

1. Inadequate data was a challenge cutting across all working groups. Specific data challenges included; cases where statistics requested were not available, not up to date, or maintained in a manual format making retrieval and processing difficult and time-consuming. To overcome this, the WGs conducted surveys and relied on the expert opinion of the members.
2. Limited stakeholder engagements due to the restrictions put in place by the Government to contain the spread of the COVID-19 pandemic and the subsequent lockdown of some sectors of the economy. This challenge was overcome by the WGs using online platforms to share information and hold focus group discussions with key stakeholders.

Nonetheless, the above data limitations do not in any way invalidate the results/findings of this assessment.

MONEY LAUNDERING THREAT ANALYSIS

Introduction

Overall ML Threat.

The assessment of ML threats included; a review of all crimes based on their scale and nature both domestically and internationally, the estimated amount/potential proceeds generated, the capacity of the criminal actors to launder proceeds and the sectors used to launder proceeds. The threats were categorised into two, namely; domestic and external threats.



1. Money Laundering Threat Analysis

Introduction

The assessment of ML threats included; a review of all crimes based on their scale and nature both domestically and internationally, the estimated amount/potential proceeds generated, the capacity of the criminal actors to launder proceeds and the sectors used to launder proceeds. The threats were categorised into two, namely; domestic and external threats.

The domestic threat comprises the proceeds generated by predicate offences committed in Uganda and proceeds laundered within the country. The external threat consists of two categories: (a) predicate offences committed in Uganda with the proceeds laundered in a foreign jurisdiction, and (b) predicate offences committed in foreign jurisdictions and proceeds laundered through or within Uganda.

The analysis was based on data and information obtained from the law enforcement agencies (LEAs) and other stakeholders. In conducting the ML threat analysis, the number of cases detected, investigated, and prosecuted as well as the number of people involved and the monetary value of the proceeds were taken into consideration. The analysis was also supported by expert opinion and anecdotal evidence.

According to the Uganda Police Annual Crime and Traffic Safety report 2020, Uganda lost money or property valued at Ugx. 11.5 trillion (Approx. USD 3.1 billion) because of economic crimes.

The domestic threat comprises the proceeds generated by predicate offences committed in Uganda and proceeds laundered within the country.

money or property due to economic crimes in 2020

UGX **11.5** trillion

Approx

USD **3.1** billion

Table 5: Economic crimes registered by Uganda Police.

S/N	Category of Econ. Crime	2020	2019	2018	2017	2016
1	Obtaining money by false pretences (Double selling of land; Pyramid schemes; Black dollar scams; Obtaining goods/credit)	8,096	10,598	12,313	13,381	14,065
2	Forgeries and uttering of documents	629	911	898	910	879
3	Cyber (Computer) Crimes	253	248	198	158	106
4	Counterfeiting	238	394	541	585	829
5	Issuing false Cheques	190	320	344	349	480
6	Embezzlement	143	194	199	304	229
7	Abuse of Abuse	77	109	50	84	70
8	Causing Financial Loss	32	62	58	75	48
9	Bank & Other Corporate Frauds	63	33	17	185	22
	Total	9,721	12,869	14,618	16,031	16,728

Source: Uganda Police annual crime reports for the years 2016-2020

Overall ML Threat.

The overall level of ML threat for Uganda was rated Medium High (MH), which represents a reduction from the High rating in the NRA conducted in 2017. The reduction is on account of significant steps Uganda has taken in implementing AML/CFT measures including; amendment and enactment of new laws that meet international standards; and the increased awareness of ML/TF crime among LEAs, competent authorities, supervisory/regulatory agencies, and accountable persons

The national ML threat is the combination of domestic ML threat which is rated High (H), external ML threat which is rated **Medium-High (MH)** and the sectorial threat assessment which considers ML threat in the various sectors of the economy. The high sectorial threat rating is influenced by the **Medium to High** rating in crucial sectors like Banking, Real estate, MVTs, Forex Bureaus, Lawyers and Dealers in precious stones and metals.

The external threat was rated MH on account of the significant amounts of illicit proceeds involved in identified money laundering investigations, requests for exchange and sharing of information and Mutual Legal Assistance requests received by Ugandan authorities from foreign jurisdictions. The external ML threat is mainly due to illicit drug trafficking, wildlife offences, human trafficking and smuggling of goods. The countries involved are; mainly Nigeria, Bolivia, Tanzania, and Rwanda for illicit drug trafficking; India, Oman, United Arab Emirates, Kenya, Burundi, DRC for human trafficking and China, Malaysia, Vietnam, and Singapore for wild life offences.

At domestic level, the most proceeds-generating predicate offences rated high for ML threat are; corruption, obtaining money by false pretences, cyber-crime, tax crimes including smuggling, and illicit drug trafficking. However, the counterfeiting of goods, wildlife offences and human trafficking were rated medium-high.

Table 6: Predicate Crime Statistics during the period 2017 – 2020

S/No.	Crime Categories	No of Reported Cases.			
		2017	2018	2019	2020
1.	Theft	66,539	61,533	55,704	41,950
2.	Economic Crimes	16,031	15,099	13,264	10,057
3.	Robbery	6,850	7,354	6,761	5,302
4.	Narcotics	2,854	2,890	2,750	1,714
5.	Corruption	37	32	64	32
6.	Terrorism	12	16	10	02

Source: Uganda Police Annual Crime Reports.

1.1. Most Proceeds Generating Crimes.

The assessment identified the following predicate offences as the major proceeds generating crimes:

1.1.1. Corruption.

The ML threat from corruption is rated high. The scourge of corruption is one of the main challenges the country is facing. Corruption is defined as the abuse of public office for private gain and includes but is not limited to embezzlement, bribery, nepotism, influence peddling, theft of public funds or assets, fraud, forgery, causing financial or property loss and false accounting in public affairs.²

According to the Inspectorate of Government and Annual police crime reports, between 2017 and 2020, a cumulative total of 4,607 corruption cases were detected and investigated of which 10 were disseminations from FIA. 176 cases were prosecuted, resulting in 83 convictions. In this period, more than UGX 933,534,947 was recovered³.

Corruption remains big threat, as result government of Uganda has created a number of institutions to tackle corruption as evidenced by the establishment of anti-corruption institutions namely the Inspectorate of Government, the State House Anti-Corruption Unit, and the Anti-Corruption Court. These institutions are relatively well resourced and staffed with personnel that have appropriate skills.

In December 2018, the President of Uganda, Gen. Yoweri Museveni created The State House Anti-Corruption Unit to receive and act on complaints related to corruption. The Unit is equipped with telephone and text messaging platforms that enable whistle-blowers to pass on information on corruption anonymously (without revealing their identity). Since its creation, the Unit in liaison with the CID of Uganda Police has caused the investigation of corruption cases worth UGX. 250Bn (approx. USD 69.5m). These cases involved a total of 120 public officers and 26 private sector players. Fourteen (14) of the suspects were convicted while other cases are pending in court at various stages.

Corruption Cases Detected And Investigated Between 2017 And 2020

4,607 Total

cases were prosecuted, resulting in 83 convictions

176 Total

was recovered

UGX. 933,534,947

Since its creation, the Unit in liaison with the CID of Uganda Police has caused the investigation of corruption cases worth UGX. 250Bn

approx

USD 69.5 million

² The Inspectorate of Government Act, 2002 – Section 2.

³ The Uganda Police Annual Crime Reports and IG Reports to Parliament (2017 – 2020).

In addition, Transparency International Corruption perceptions index 2020 ranked Uganda at 142 out of 179 countries. According to the Fourth National Integrity Survey (November, 2020) conducted by Inspectorate of Government, corruption is indicated as a complex perverse phenomenon that is deep-rooted in society.

According to the Fourth National Integrity Survey (November, 2020) conducted by Inspectorate of Government, corruption is indicated as a complex perverse phenomenon that is deep-rooted in society.

1.1.2. Tax Crimes

The ML threat from tax crimes is rated high. Tax crimes rank as the 2nd highest proceeds generating crimes after corruption. Between 2017 and 2020, 31,689 tax related cases were investigated, 233 cases were prosecuted, and 168 cases secured the conviction of 176 persons. Approximately UGX 255 billion (about \$70.8 million) of evaded tax was recovered (see table 8 below). During the same period, FIA disseminated 41 intelligence reports involving tax crimes to Uganda Revenue Authority for investigation.

cases investigated between 2017 and 2020

31,689Total

cases were prosecuted

233Total

Secured Convictions of

176

Table 7: Statistics on Cases of Tax Crime Prosecutions and Seizures.

Item		2016/17	2017/18	2018/19	2019/20	Total
No. of Tax Crimes Prosecuted	URA	53	56	76	48	233
No. of Tax Crimes Seizures	URA	6,710	8,918	9,152	6,909	31,689

Table 8 Enforcement Interventions by Customs Authorities from the Period 2016 – 2020.

PERIOD	No. of SEIZURES	TOTAL RECOVERY (UGX) in 000's	OUTRIGHT SMUGGLING (UGX) in 000's	UNDER VALUATION (UGX) in 000's	MIS DECLARATION (UGX) in 000's	OTHER OFFENCES (UGX) in 000's	CONCEALMENT (UGX) in 000's
FY 2016/2017	6,710	51,352,696	6,148,946	19,240,807	18,250,365	5,587,093	2,125,483
FY 2017/2018	8,918	60,678,594	4,814,591	16,532,161	27,609,740	9,472,092	2,250,009
FY 2018/2019	9,152	78,484,408	3,277,338	23,349,106	41,151,748	3,246,994	7,459,220
FY 2019/2020	6,909	64,477,027	4,146,340	18,761,753	26,400,576	12,766,756	2,401,602
TOTAL	31,689	254,992,727	18,387,216	77,883,829	113,412,430	31,072,936	14,236,314

Sources: URA Databases (Customs enforcement reports)

As indicated in the table above, trade-based money laundering cases such as undervaluation, mis-declaration and concealment have steadily increased during the periods July 2016 to June 2020. The number of seizures increased from 6,710 in FY 2016/17 to 6,909 in FY 2019/20. The top common goods/items seized included; garments, auto spare parts, motor vehicles, footwear, and textiles.

Table 9: Top 5 Common Goods/Items by Amount of Revenue Recovered During the Period 2017 – 2019 by Customs Authorities

NO.	ITEM	NO. OF SEIZURES	FRAUD VALUE (UGX)	TOTAL TAXES RECOVERED (UGX)
1.	Garments	498	3,229,524	16,583,196,039
2.	Motor vehicles	324	1,469,486	5,744,372,089
3.	Footwear	234	1,788,294	6,577,277,766
4.	Auto spare parts	87	355,285	3,431,160,581
5.	Textiles	69	620,262	3,611,772,395

Source: URA Databases (Customs enforcement report).

Money laundering threat from tax crimes was rated high based on the crime statistics (See Table 6 above) and the total recoveries from tax-related cases during the period 2017 – 2020 which is approximately UGX 255 billion (over \$ 70.8 million). However, there was limited parallel financial investigations on ML due to inadequate capacity.

tax-related cases during the period
2017 – 2020

UGX **255**Billion

1.1.3. Obtaining Money By False Pretences (Fraud).

The ML threat from fraud is rated high. In the period between 2017 and 2020, obtaining money by false pretences was the highest category reported under economic crimes with 44,388 cases, these cases manifest in terms of; double selling of land, Pyramid schemes, Black dollar scams, gold scams and obtaining goods/credit. During the same period, FIA disseminated 120 intelligence reports to Uganda Police involving fraud/obtaining money by false pretences for investigation. An example was case in which a company by the names,

The ML threat from fraud rated high. In
the period between 2017 and 2020,

44,388

Dunamiscoin Resources Ltd defrauded over 2,500 people about UGX. 20 billion by promising each depositor a 40% interest rate which was increased to 50% on their deposits after 21 working days. The victims filed complaints to Uganda Police who initiated investigations leading to recovery of UGX. 47 million. FIA also supported the investigations by providing additional intelligence which led to the freezing and recovery of UGX. 709 million as indicated in the case studies below.

Dunamiscoin Resources Ltd
defrauded over 2,500 people

2,500

The freezing and recovery of

UGX **709**million

Case Study :1

OBTAINING MONEY BY FALSE PRETENCE BY DUNAMISCOIN RESOURCES LIMITED

The company with three directors had its headquarters in the New Taxi Park, Kampala with branches in other parts of the country. It is alleged to have defrauded over 2,500 people of about Shs. 13 billion. It is also alleged that the company promised each depositor a 40% interest return rate which was increased to 50% on their deposits after 21 working days. The directors disappeared with the depositor's money and the company ceased operations on 2nd December 2019.

The victims filed complaints to Uganda Police who initiated investigations leading to the recovery of Shs 47 million. FIA supported the investigations by providing additional intelligence which led to the freezing and recovery of Shs 709 million.

Case Study 2

OBTAINING MONEY BY FALSE PRETENCES BY D9 CLUB

A pyramid scheme claiming to be investing in sports betting collected funds from individuals in Uganda, Kenya, Tanzania and Rwanda through an online platform. The victims would deposit different amounts to accounts in Bank of Africa, Stanbic Bank, Equity Bank and Diamond Trust Bank. Some contributions were received in cash and receipts were issued. FIA received suspicious transaction reports which led to the freezing of the companies accounts holding approximately USD 2 million. The FIA disseminated an intelligence report to police which instituted investigations of D9 Club and its promoters for suspected involvement in money laundering, obtaining money by false pretence and illegal deposit-taking. Due to the difficulties involved with instituting criminal charges, the ODPP advised the 700 victims to seek compensation through civil suits. The frozen funds were subsequently used to compensate some of the victims.

The ML threat from obtaining money by false pretences was rated high. This was based on the prevalence of the cases reported and investigated by police CID and the proceeds generated as indicated in these case studies.



1.1.4. Cyber Crime

The ML threat for cybercrime is rated high. Cybercrime is defined as any form of misconduct committed on the internet or computers with the main aim of defrauding or stealing from users. This can range from email scams, cyberbullies and social media frauds to large scale crimes like bank account hacks and illegal online transfer of funds.

Cybercrime in Uganda has been mainly happening through email and website scams in which people are swindled huge amounts of money to buy non-existent products or in exchange for the promise of some future returns.

Between 2017 and 2020, 860 cyber-fraud cases were detected and investigated resulting in a loss of over UGX. 197,534,500,050 (approx. USD 54,000) in which UGX. 59,610,000 (approx. USD 16,500) was recovered. During the period, 80 cases were prosecuted resulting in 28 convictions.⁴ However, the ML components associated with these cases are still under investigation.

cyber-fraud cases were
detected and investigated

860

cases were detected and investigated
resulting in a loss

UGX. **197,534,500,050**

USD **54,000** approx

was recovered

UGX. **59,610,000**

USD **16,500** approx

⁴ Police Annual Crime Reports for the years 2017, 2018, 2019 and 2020.



Case Study.3

Alleged unauthorized access, electronic fraud and theft of approximately Ugx. 11 billion from Pegasus Technologies (a mobile money aggregator), Stanbic Bank, Bank of Africa, MTN Uganda and Airtel Uganda vide CID Hqtrs E 329/2020, E 332 /2020, E 330/2020, E 331/2020 and GEF 998/2020.

Between 2nd and 3rd October 2020 at Pegasus Technologies, MTN Uganda and Airtel Uganda in Kampala District, a case of Unauthorized Access, Electronic Fraud and Theft of unspecified amount of money from an Online Vendor Account of Bank of Africa by unknown persons.

Following an anonymous phone call from a staff of Bank of Africa to Pegasus Technologies that there were payments

off their account at MTN Uganda and Airtel Uganda which they had not originated from the bank. Pegasus Technologies checked and established that they had not initiated the transactions either.

Investigations were instituted and the following were revealed;

- i. 877 Airtel SIM cards were involved and received amounts totaling to Ugx. 5.026 billion
- ii. MTN Uganda realized a potential fraudulent disbursement amounting to approximately Ugx. 5.5 billion Which was liquidated through MTN Mobile Money agents using 755 SIM cards.

Airtel SIM cards were involved and received

Ugx. 5.026 Billion

MTN Uganda realized a potential fraudulent disbursement

5.5 Billion

- iii. At Bank of Africa, Money worth Ugx. 814 million was lost at MTN from Stanbic Float account and Airtel from Absa float account whereas Ugx. 610 million was recovered.
- iv. At Stanbic Bank, one of the Online Vendor Accounts belonging to Stanbic Bank was impacted and the value lost was estimated at Ugx. 3.1 billion Out of which, Ugx. 41 million was recovered.
- v. Ugx. 214 million was withdrawn by various mobile money agents in areas of Luzira, Mukono and various locations in Kampala.
- vi. A total of 09 suspects were arrested, charged in court and prosecution is ongoing.

Was lost at MTN from Stanbic Float account

Ugx **814**million

At Stanbic Bank was recovered

Ugx **41**million

Airtel from Absa float account was recovered.

Ugx **610**million

was fraudulently withdrawn by various mobile money agents in areas of Luzira, Mukono and various locations in Kampala.

Ugx **214**million

1.1.5. Counterfeiting Of Goods

The ML treat for counterfeiting of goods is rated Medium High. Counterfeiting has been noted to be on an increase among proceeds generating crimes. Between 2017 and 2020, Uganda Police Force reported over 1,758 cases of counterfeiting⁵.

UNBS indicates that 54 per cent of products on the Ugandan market are either fake or substandard and lots of these are locally made. In 2017, 232 metric tons of counterfeit goods worth UGX. 1.7 billion (Approx. USD 473,000) were seized by UNBS and another 48 tonnes worth UGX. 950 million (approx. USD 263,000) were destroyed between July and December 2017.⁶ Commonly counterfeited products in Uganda include cosmetics, tyres and vehicle spare parts, electronics, wines and spirits, foods, and beverages among others. The Money Laundering threat from counterfeiting was rated Medium High based on the proceeds generated from the offence.

Uganda Police Force reported cases of counterfeiting

1,758

Value of counterfeit goods seized in 2017

UGX **1.7** Billion

USD **473,000** approx

were destroyed between July and December 2017

UGX **950** million

USD **263,000** approx

⁵ Uganda Police Annual Crime Reports 2017, 2018, 2019 and 2020.

⁶ East African Business Week News, 17th April 2019/ www.busiweek.com.

Table 10: Some of the Predicate offences before Court during the period (FYs 2017/ 2018 – 2019/ 2020).

S/N	PREDICATE OFFENCE	AMOUNT OF MONEY INVOLVED	CASE NO.	CAS status
1.	Obtaining Money by False Pretence	UGX 6,836,366,926. (approx.USD.1900,000).	BUG-CO-0466-2019	Concluded
2.	Corruption (Embezzlement)	UGX. 95,411,000 (approx. USD 26, 500).	LDC-CO-0902-2019	Ongoing
3.	Corruption (Obtaining money by false pretences),	UGX. 1,200,000,000 (approx. USD 333,333).	BUG-CO-2413-2018	Ongoing
4.	Corruption (Embezzlement)	UGX. 7,500,000,000. (approx.2,085,000).	HQS-CO-0581-2017	Ongoing
5.	Corruption (Embezzlement)	UGX. 2,203,583,381 (approx. USD 612,5960).	ACD-CM-0052-2019	Ongoing

Note: From the table above, it is noted that the cases under prosecution are mainly corruption cases involving obtaining money by false pretences and embezzlement.

Table 11: Number of Intelligence Reports Disseminated to Law Enforcement Agencies in the FY 2018/2019 – 2019/2020

	Entity	FY 2018/19	FY 2019/20	FY 2020/21	Total	Nature of report
1	Police CID	47	28	45	120	Fraud/ML
2	URA	35	06	22	63	Tax Evasion
3	IG	08	01	3	12	Corruption
4.	ODPP	02	0	1	03	ML & TF
5	UWA	0	01	1	02	Wildlife trafficking

Note: From the table above, it can be noted that the 3 largest disseminations in this period concerned fraud, tax evasion and corruption.

Table 12: Ratings of ML threats by types of crimes.

Predicate Offence	ML Threat Rating		Domestic or External ML
	2017	2020	
Corruption	H	H	Domestic
Obtaining money by false pretences	H	H	Domestic
Tax Crimes, including smuggling	H	H	Both
Cybercrimes	H ⁷	H	Domestic
Illicit drug trafficking	H	H	Both
Wildlife offences	MH	MH	Both
Human trafficking	MH	MH	Both
Counterfeiting	M	MH	Both

⁷ During the 2017 NRA, cybercrime was considered and analysed as part of economic crime.

From the table above the scale and nature of the most proceeds generating offences have remained the same compared to the 2017 National Risk Assessment. The major predicate offences include corruption; obtaining money by false pretences/fraud; and tax crimes.

1.2 External Threat

These are predicate offences committed in Uganda with money laundered in a foreign jurisdiction or predicate offences committed in a foreign jurisdiction and laundered in or through Uganda.

The external threat is mainly dominated by predicate offences linked to drug trafficking, wildlife offences, human trafficking and smuggling of precious metals and Gems. The external ML threat is rated medium high (MH).



1.2.1 Drug Trafficking

The ML threat from drug trafficking is rated High. Drug trafficking has continued to be a major problem in Uganda. To a large extent, Uganda is primarily a transit country for narcotics and psychotropic substances especially cocaine and heroin. Available information indicates that these substances originate mainly from eastern Asian countries and are transported through Uganda to other African countries, Europe, and America⁸.

Available information indicates that these substances originate mainly from eastern Asian countries and are transported through Uganda to other African countries, Europe, and America

⁸Uganda Police Annual Crime Report, 2019.

A recent case highlighting Uganda's transnational nature of drug trafficking is the one involving a Nigerian national who was found with 1.55 kgs of cocaine at Murtala Muhammed International Airport, Lagos Nigeria from Entebbe, Uganda on April 25, 2021. The cocaine retrieved was **worth N360 Million equivalent to UGX 3 billion or USD 852,000.**

Between 2017 and 2020, a total of 10,208 drug trafficking cases were detected and investigated, out of which 3,694 cases were prosecuted. This resulted in 1,421 convictions involving 37 persons while the rest of the cases are still under investigation. In the year 2020 alone, drugs worth UGX. 7.3 billion (Approx. USD 2 million) were seized according to the Uganda Police Annual crime report, 2020. Entebbe International Airport was the main transit route for drug traffickers. However, the strict enforcement of the Narcotic Drugs and Psychotropic Substances (Control) Act, 2016 with deterrent penalties has reduced the use of Entebbe International Airport as a preferred route.

Enforcement at the gazetted borders has increased which, has resulted in traffickers using porous borders such as Lake Victoria mainly through Port Bell, and the South Sudan route. In addition, traffickers have devised creative ways of disguising illegal drugs especially by concealing them in other shippable products. For example, in 2019, 16.5 Kgs of heroin were recovered and seven suspects were arrested. The heroin was concealed in plastic shoes, craft open shoes and craft lady's handbags as consignments destined to Liberia.

In December 2020, 69.07 kgs of assorted narcotics valued at UGX. 1.8 billion (Approx. USD 498,000), earlier recovered were destroyed at Nsambya Police Barracks in Kampala District. The nationalities of drug traffickers include; Nigerians, Bolivians, Germans, Dutch, Indian, Iraqi, British and Malians.

Money Laundering threat from drug trafficking was rated High based on the crime statistics and the amount of the illicit proceeds generated. However, there have been no ML investigations and prosecutions because of limited capacity.

cocaine Seized in lagos from
Entebbe Airport

1.55 KGS

cases were detected and investigated

10,208

cases were prosecuted

3,694

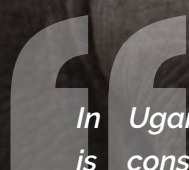
seized according to the Uganda Police
Annual crime report, 2020.

UGX. **7.3** Billion

USD **2** million approx.

heroin were recovered and seven suspects
were arrested

16.5 Kgs



In Uganda, illegal wildlife trade is considered a serious offence as stipulated in section 70 of the Uganda Wildlife Act, 2019.

1.2.2 Illegal Wildlife Trade (IWT)

The ML threat from illegal wildlife trade is rated Medium High. In Uganda, illegal wildlife trade is considered a serious offence as stipulated in section 70 of the Uganda Wildlife Act, 2019. The law provides for; the unlawful killing of wildlife; possession or dealing in Specially Protected Species (SPS) such as pangolin, rhino, and elephants; and possession or dealing in raw ivory. Uganda is home to large populations of African elephants and pangolins. Poaching was identified as a major threat to wildlife however, the poaching in some cases was attributed to communities engaged in bushmeat consumption. Uganda is both a transit route and a source country for wildlife and wildlife products which, are exported to the East Asia market especially; China, Malaysia, Vietnam, and Singapore. This was revealed through information obtained on reported cases, accused persons and DNA tests on recovered products. The table below provides Wildlife Crime Statistics for the period 2017-2021.

Table 13: Wildlife Crime Statistics 2017-2021.

	No of Administrative Sanctions	No of STRs Filed	No of Investigations	No of Prosecutions	No of Convictions	No of Cases linked to ML	Seizures/ Confiscations	Est. Value of Seizures (USD)
Poaching	-	-	431	337	153			437,153
Illegal possession of wildlife	6	1	369	227	147	1	31	7,922,423
Illegal export			29	13	13			
Illicit supply and sale		3						
Corruption linked to wildlife(fauna) crime			3	1				
Fraud linked to wildlife crime		2	4	1	-			

Source: Uganda Police Annual Crime Reports, FIA and UWA.



The total number of cases received during the period was 842 (inclusive of the 6 reported to FIA), with an annual average of 210 cases being reported. Out of the 842 cases reported, 744 people were arrested, which translated to an arrest rate of 88.36%. Of the 744 people arrested, 579 people were prosecuted, resulting in a prosecution rate of 77.8%. A total of 313 cases were convicted out of the 842 reported cases, resulting in a conviction rate of 37.17%. The conviction rate is low as some cases are still under trial. The total reported estimated value, in monetary terms, of the offences committed, was USD 8,460,910.00 out of which USD 8,023,757.00 was recovered in seizures, which translates to a 94.83% recovery rate. The recovery of the product prevented illicit funds being generated and entering the financial system. The high value in the recoveries from the seizures is because most cases involved rhino horn, elephant ivory and pangolin scales which are of high value. In addition, in most cases only the first-time offenders have been arrested and who in most cases are the transporters of these illegal wildlife items. Intelligence information points out that the number of cases reported account for only a third of the cases related to Wildlife crimes, and the country is estimated to be losing three times more than the value provided⁹. This may have a huge impact on tourism and related services and the associated revenues lost therein. The chart below presents the wildlife crimes committed in Uganda during the period 2017 – 2020.

⁹ Uganda is estimated to lose about UGX 2,000,000,000 (USD 588,235,000) annually in wildlife offences ranging from commercial poaching to hunting for daily subsistence.

The total number of IWT cases received

842

Persons arrested for IWT

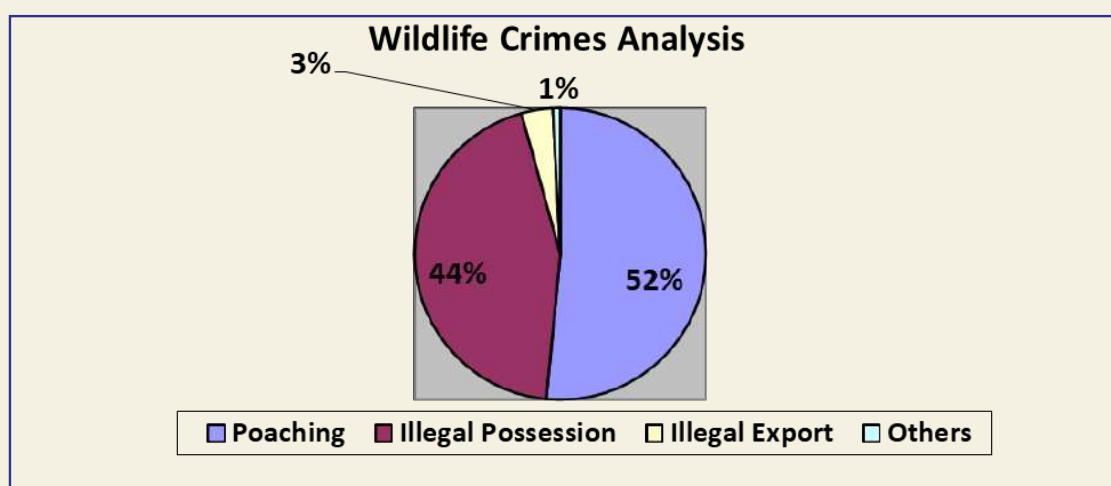
744

reported estimated value, in monetary terms, of the offences committed

USD 8,460,910.00

recovered in seizures

USD 8,023,757.00

Figure 2: Showing Wild life crimes analysis between 2017-2020

Source: Uganda Police Annual Crime Report and UWA 2017- 2020.

Uganda is estimated to lose about UGX. 2 billion (Approx. USD 588 million) annually in wildlife offences ranging from commercial poaching to hunting for daily subsistence. Trends in some of the reported cases indicated that both locals and foreigners were arrested trying to find buyers for their pick of pangolins or elephant tusks. Some of the methods of concealment involved the accused persons changing the form of the wildlife products, for example into powder which, can be easily transported or concealed in cross border trucks, hidden in truck compartments.

Uganda is estimated to lose UGX. 2 billion in wildlife offences

UGX. **2 Billion** USD **588 million** approx.

Below are examples of recent cases involving ivory, where perpetrators were arrested attempting to transport wildlife products out of the country.

Table 14: Arrests in relation to Illegal Wildlife Trade

Name of accused	Exhibit	Place of seizure	Status of the case	Transnational nature of the case
Moazu Kromah & 2 others (2017)	1.3 tonnes of Ivory valued at UGX 9Bn.	Najjanankumbi, Entebbe Road	He was deported to the USA for prosecution in 2019	Moazu Koroumah a Liberian national carrying out illegal procurement of wildlife species from East and West Africa and would export them to other countries including the USA. He had associates in Kenya and Senegal.
Dong & 4 others	3,299 kgs of Ivory valued at UGX 30bn and 423.7 kgs of Pangolin scales valued at UGX 4bn.	Recovered from Namboole stadium and ceased at URA.	Ongoing	The involved persons are Vietnamese.

Name of accused	Exhibit	Place of seizure	Status of the case	Transnational nature of the case
Miao and Zhang) (2019)	Ivory 37 pieces of elephant tusk	Entebbe Airport	Investigation and court ruling were finalized.	The involved persons are Chinese
Onzima Ibrahim & Kulubale Mohammed (2016)	250 kgs of ivory	Entebbe Airport	Case concluded and accused convicted.	It is believed that the involved parties are part of a bigger syndicate in foreign countries (China)

Source: Uganda Police Annual Crime Reports 2017-2020 and UWA Reports.

Money Laundering threat from wildlife trafficking was rated Medium High based on the crime statistics and the values of the illicit proceeds generated.

1.2.3 Human Trafficking

The ML threat from human trafficking is rated Medium High. Data on human trafficking indicates that Uganda is both a source, transit, and destination for trafficked persons. Between 2017 and 2020, 797 cases were detected and investigated out of which, 269 cases were prosecuted resulting in 53 convictions. Most of the registered incidents are transnational and involve mostly adults. The registered domestic trafficking incidents involve children. The major source countries of foreign victims of trafficking intercepted or rescued in Uganda are Burundi, DRC and South Sudan as indicated in the table below.

cases were detected and investigated
Between 2017 and 2020,

797

Human trafficking cases prosecuted during the period

269



Table 15: Countries of origin of trafficked victims

Source Country	Number of Registered Victims
Burundi	111
DRC	15
South Sudan	7
Eritrea	7
Rwanda	1

Source: Uganda Police Annual Crime Report 2020

The major Destination Countries for victims of trafficking registered in Uganda¹⁰ are India, Oman, UAE, and Kenya as indicated in the table below.

Table 16: No. of rescued victims registered by destination country.

Destination Country	Number of Registered Victims
India	2000
Oman	178
UAE	298
Kenya	388
Thailand	37
Jordan	36
Egypt	07
DRC	23
Qatar	14
Singapore	04
Bahrain, Belgium, Portugal	02
Turkey, Iraq, Afghanistan, South Africa, Burundi	01

Source: Uganda Police Annual Crime Reports for the years 2017 - 2020.

Transnationally, victims are trafficked for labour such as security guard purposes, domestic servants as well as sex slavery, and organ harvesting among others. Money laundering threat from human trafficking was rated Medium-High based on the crime statistics.

1.2.4 Smuggling of Gold and other Precious Metals and Gems

The ML threat from smuggling of Gold and other precious stones and metals is rated Medium High. The Ministry of Energy and Mineral Development has not put in place a strong regulatory framework to effectively supervise the operations of the different players in the sector. This therefore, increases the Money Laundering threat for precious minerals and gems, including gold smuggling.

In 2018, the Police Mineral Protection Unit seized 93kg of gold estimated at USD 5 million that was being smuggled out of the country through Entebbe international airport, busting a crime syndicate that was going to cost the country over UGX 1billion in tax revenue. It is suspected that this gold originated from another country and Uganda was being used as a transit route. The ML threat from smuggling of Gold was rated Medium-High.

gold seizures estimated at

93_{kg} **USD 5 million**

¹⁰ Uganda Police Annual Crime Reports for the years 2017, 2018, 2019 and 2020.



FOREIGN COUNTRIES' THREAT ASSESSMENT

“

Uganda shares long porous borders with Kenya, DRC, Tanzania, South Sudan, and Rwanda, which, increases the level of risk through smuggling.

1.3. Foreign Countries' Threat Assessment

In comparison with the 2017 NRA, Uganda's main trading partners in terms of imports remain Kenya, India, and China, while the major destinations of exports are UAE, Kenya, South Sudan, DRC, and Sudan. In addition, Uganda is a landlocked country that relies on the seaports of Mombasa and Dar-es-Salaam, and Entebbe airport. Uganda shares long porous borders with Kenya, DRC, Tanzania, South Sudan, and Rwanda, which, increases the level of risk through smuggling.

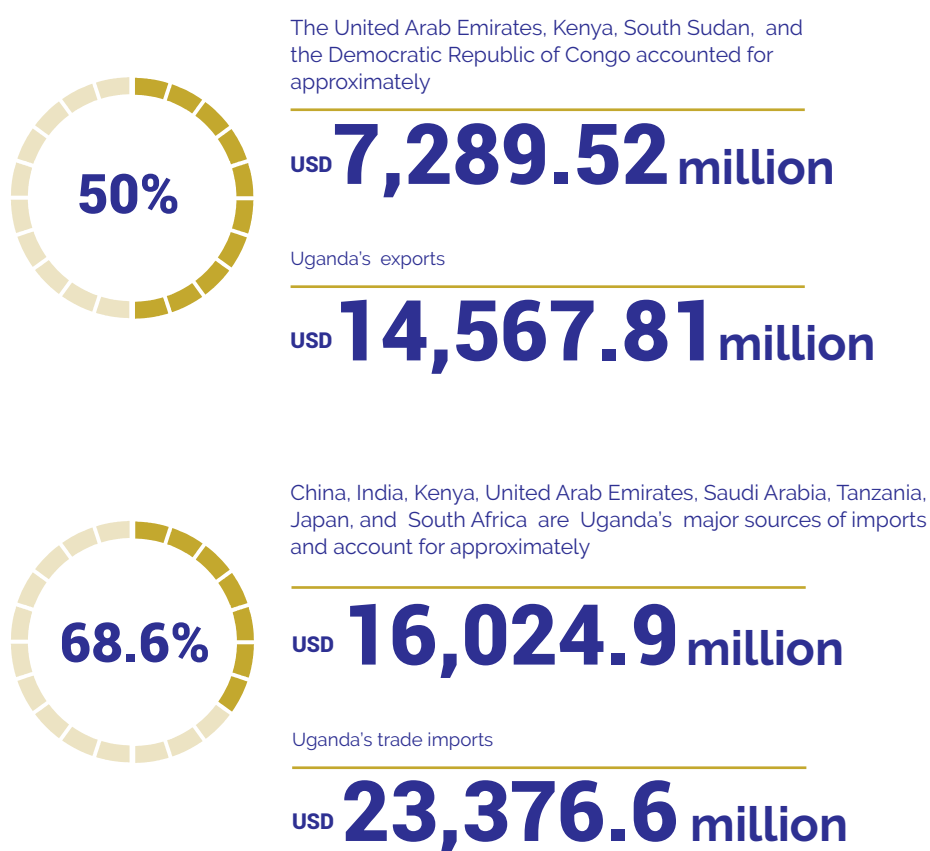
Table 17: Destinations/Origins of Uganda's Exports/Imports.

	Amounts in USD millions (FY 2016/17 - 2019/20)		
Destination/Origin	Imports (USD millions)	Exports (USD millions)	Net
China	3,724.67	131.18	(3,593.49)
India	2,877.91	202.79	(2,675.12)
Kenya	2,475.31	2,011.12	(464.18)
UAE	2,267.64	3,110.95	843.31
Saudi Arabia	1,386.80	13.44	(1,373.36)
Tanzania	1,231.67	280.27	(951.40)
Japan	1,098.72	52.74	(1,045.98)
South Africa	962.18	31.20	(930.98)
Indonesia	710.50	91.65	(618.85)
DRC	420.26	857.82	437.55
Germany	404.94	169.02	(235.92)
USA	395.86	197.70	(198.16)
Egypt	296.19	25.77	(270.42)
UK	247.42	50.12	(197.30)
Denmark	197.25	7.60	(189.66)
Burundi	130.28	185.46	55.18
South Sudan	112.32	1,309.63	1,197.31
Rwanda	55.27	541.79	486.52

Source: Source: Uganda Revenue Authority, Uganda Coffee Development Authority and Bank of Uganda.

From the table above, by destination of exports, the United Arab Emirates, Kenya, South Sudan, and the Democratic Republic of Congo accounted for approximately 50% (USD 7,289.52 million) of Uganda's exports (USD 14,567.81 million) in the period under review. These countries pose a money laundering risk to Uganda, through the inflow of export earnings.

On the other hand, China, India, Kenya, United Arab Emirates, Saudi Arabia, Tanzania, Japan, and South Africa are Uganda's major sources of imports and account for approximately 68.6% (USD 16,024.9 million) of Uganda's trade imports (USD 23,376.6 million) in the period under review. China alone accounts for 15% (USD 3,724.67 million) of the total imports. Uganda poses a money laundering risk to these countries, through the outflow of import payments.





SECTOR THREAT ANALYSIS

“

The financial sector is constituted of Banking, Insurance, Securities, and other financial institutions (such as forex bureaus, MVTs, MDIs, MFIs, SACCOs and money lenders).

1.4. Sector Threat Analysis

The assessment of the sector ML threat considered the financial sector and DNFBs. The financial sector is constituted of Banking, Insurance, Securities, and other financial institutions (such as forex bureaus, MVTs, MDIs, MFIs, SACCOs and money lenders). The DNFBPs is constituted of real estate, casinos, lawyers, dealers in precious stones and accountants. The assessment rated the following sectors, businesses and professions as indicated in the table below.

Table 18: Summary of Sectorial Ratings

Sector	2017 Rating	2021 Rating
Banking	Medium-High	High
Real Estate	High	High
Forex Bureaus	High	Medium
MVTs	High	High
Casinos	High	High
Lawyers	High	High
Accountants	Medium-Low	Medium-Low
Dealers in precious metals & stones	High	High
Insurance	Medium	Medium
Securities	Medium-Low	Medium-Low
Money Value Transfer Services	Medium-High	High
Microfinance Deposit-Taking Institutions	Medium-High	Medium-High
Microfinance Institutions	Medium-High	Medium-High
SACCOs	Medium-High	Medium-High
Money Lenders	Medium-High	Medium-High
Virtual Asset Service Providers ¹¹	-	High

The above sectors were identified as the main businesses and professions that pose a ML threat.

Financial Institutions.

Banking Sector

The ML threat from the banking sector is rated high. As of July 01 2020, the country had a total of 25 commercial banks, 84% of which are foreign-owned.¹² The banking sector continues to grow and sophistication. The total assets of the banking system as of December 2020 amounted to UGX 38.3 trillion according to the Bank of Uganda Annual Supervision report 2020¹³. This accounted for 28.3% of the Gross Domestic Product (GDP). This accounted for 28.3% of the Gross Domestic Product (GDP) of the country's (Ugx 134.9 trillion) approximately USD 37.7bn. The consolidated industry assets have grown from Ughs 26.5 Trn in 2017 to 38.3 Trn, with clients now estimated in excess of 1.5 million.

¹¹The rating is in relation to the threat of VASPs in facilitating ML/TF and not arising from the in-depth analysis and assessment of the VASPs sector.

¹²<https://www.bou.or.ug/bou/bouwebsite/Supervision/supervisedinstitutions.html>, "Licensed Commercial Banks as at July 01, 2020."

¹³https://bou.or.ug/bou/bouwebsite/bouwebsitecontent/Supervision/Annual_Supervision_Report/asr/Annual-Supervision-Report-2020.pdf

During the assessment period, the banking sector introduced agency banking as one of the new initiatives to increase financial inclusion and facilitate customers to access a range of financial services through the bank agent network. At the end of 2020, nineteen (19) supervised financial institutions were fully integrated on the shared agent banking platform. However, there have been some reported incidences of criminals using this delivery channel to perpetrate fraud.

The sector has demonstrated increasing capacity to file suspicious transaction reports to FIA. Banks alone filed 54.7% of the STRs from the period 2017 and 2020. Given the size of the banking sector, the level of STRs indicates that most criminals use the banking services and products to move the proceeds of crime as indicated in the sector reporting statistics in the table below.

Table 19: STRs filed by the Banking Sector.

Entity	STRs Received (2017/2018)		STRs Received (2018/2019)		STRs Received (2019/2020)		Totals	
	No	%age	No	%age	No	%age	No	%age
Commercial Banks	410	94.3%	455	85%	775	39%	1,640	54.74%
Forex Bureaus	15	3.5%	69	13%	1,047	52%	1,131	38.13%
Others ¹⁴	10	2.3%	11	2%	174	9.6%	195	6.58%

Case study.4

FOREX FRAUD IN BANK.

In April 2021, a certain bank in Uganda (not named to avoid jeopardising investigations) allegedly lost UGX 3.5 billion (about USD 972,000) in forex exchange fraud. Police detectives were told that some employees in the bank had been selling forex currencies to individuals at a rate lower than that sanctioned by the bank, and pocketing the differences, leading to financial losses in excess of UGX. 3.5 billion.

Between May 2017 and 2020 Uganda successfully prosecuted two money laundering cases both of which involved the use of the banking sector. These were Uganda versus Serwamba David Musoke and 6 others ¹⁵ and, Uganda vs. Yudaya Ntumwa and Others. In the case of Serwamba David Musoke and 6 others the accused were ordered to compensate the complainant bank severally and jointly in an amount of USD 1.25 million.

¹⁴ Others is composed of STR reports by Credit Institutions, Micro Deposit Taking Institutions (MDIs) and telecommunication companies.

¹⁵ HCT-00-AC-SC-2015/11 [2017] UGHCCRD 100 (30 May 2017).

Case study.5

Court Case: Uganda versus Serwamba David Musoke and 6 others.

The prime suspect, Serwamba David Musoke was the operations manager of Equity Bank Oasis Branch in Kampala. He colluded with various other conspirators to embezzle USD 1,450,000 from the accounts of two Southern Sudanese nationals. The money was withdrawn in three instalments using fake withdrawal slips by fraudsters who impersonated the real account holders and presented fake passports.

Serwamba, the architect of the fraud did not conduct biometric verification on the imposters before approving the withdrawal of the money, which the conspirators divided amongst themselves. The fraud came to the Bank's attention on 1 April 2015 when one of the real account holders in South Sudan went to transact at the Juba branch, and uncovered strange transactions on his bank account. The matter was immediately reported to police. In May 2017, seven of the conspirators were convicted for the offences of embezzlement, causing financial loss, forgery, conspiracy to defraud and money laundering. They were sentenced to varying prison terms between 5 to 12 years.

Considering the above among others, the overall ML threat of the banking sector is high.

Securities Sector.

The ML threat from the securities sector is rated Medium Low. The securities sector is composed of; two stock exchanges, brokerage firms and investment/fund managers. There are 17 companies listed on Uganda stock exchanges covering sectors like banking, electricity, manufacturing, pharmaceuticals, investments, insurance, and media with a market capitalization of approximately UGX. 18.53 trillion (Approx. USD 6 billion). The contribution of the domestic listings to Uganda's economy is estimated to be 6.33 % of the GDP.

The Capital Markets Authority (CMA) noted an increase in the number of incidents relating to fraudulent operators and unlicensed financial schemes across the country. Such incidents included individuals or firms holding out as investment advisers and fund managers. There were also pyramid schemes operating physically and through online platforms which, seek to take cash deposits from unsuspecting members of the public with a promise of exceptional investment returns.

companies listed on Uganda stock exchanges

UGX. **18.53** trillion
USD **6** Billion approx

GDP.
6.33 % 

²²Report on Banking and the Status of Financial Inclusion in Uganda. Insights from FinScope 2018 Survey by Financial Sector Deepening (fsduganda).

The CMA received complaints that were forwarded to relevant law enforcement agencies for further investigations. These cases include; Development Conglomerate (operating unlicensed public issuance of shares through computer tablet sales), Kontract Capital Ltd, Pacs Capital Ltd, Premium Clusters, Nile One Capital, and Pio Crypto Centre Investments Ltd. All these companies were operating without licenses and were collecting deposits from members of the public for investment and provision of investment advice. It should be noted that the scams perpetuated by these entities that were neither licensed by CMA nor registered with FIA, defrauded the public of colossal amounts of money. This has had the effect

of reducing public trust and confidence in businesses operating under the genuine securities sector. Some of these cases are at various stages of prosecution.

The securities sector has relatively low capitalization, low outreach (only two stock exchanges with a total of 17 companies). There is limited direct or anecdotal evidence to conclude that large scale of proceeds of crime or illicit funds has been invested in the sector.

Overall, the ML threat from the securities sector is Medium Low.

Insurance Sector.

The ML threat from the insurance sector is rated Medium. As of December 2020, the insurance sector was comprised of a total of one hundred thirty-three licensed companies. The different categories of sector players include; Non-life Insurance Companies, Life Insurance Companies, Health Management Organisations (HMOs) / Companies, reinsurers, brokers and loss assessors, adjusters, surveyors & risk managers, and Bancassurance agents. Overall, the sector net assets were Ugx 1,065 billion as of December 2020¹⁶, representing 2.9% of GDP.

The insurance industry provides risk transfer, saving and investment products to a variety of consumers worldwide such as individuals, corporations, and governments. The susceptibility of the insurance industry to money laundering is linked to certain features /products, such as life insurance and annuities which are a primary target for criminals.



The insurance sector net assets as at Dec. 2020

Ugx 1,065 Billion

GDP.
2.9% 

The major crime reported by Insurance Regulatory

¹⁶ ANNUAL INSURANCE MARKET REPORT 2020 [https://ira.go.ug/cp/uploads/N_Web_IRA_Annual%20report%202021%20\(1\).pdf](https://ira.go.ug/cp/uploads/N_Web_IRA_Annual%20report%202021%20(1).pdf).

Authority (IRA) is fraud which is a real risk in the insurance business in Uganda. Fraud is characterized by falsification of claims, theft of information, intellectual property fraud and false employment history, forgeries, cash premium suppression, premium inflation, and misrepresentation of the risk to reduce premiums. Other crimes include motor vehicle-related schemes, fidelity guarantee claims and credit bond guarantees, fake death schemes, domestic policy schemes, cash in transit schemes and burglary schemes. During the year 2020, IRA received a total of 66 Insurance fraud reports across all segments. A total of 53 cases were investigated and concluded, 13 cases are still pending completion of investigations and 3 cases are pending prosecution before courts of law. The value of cases investigated is estimated at UGX. 4 billion.

The Money laundering threat from the insurance sector is therefore rated Medium Low.

DNFBPs

The assessment of this sector considered the following businesses and professions; real estate agents, lawyers, accountants, casinos, dealers in precious metals and stones (DPMS).

Real Estate.

The ML threat from the real estate business is rated high. The sector has several players who include; real estate agents, real estate developers, builders, financial institutions, property managers, and corporate in-house real estate officers among others. Real estate agents are professionals or companies who represent the seller and/or the buyer in the purchase and/or sale of property in real estate transactions. They undertake professional

transactional activity, thus facilitating real property transfer.

The real estate business in Uganda is not regulated and therefore there is no oversight for the activities undertaken by the above-mentioned players. This has provided an avenue for perpetrators of crimes such as fraud, corruption, tax crimes and counterfeiting to launder the proceeds through the real estate sector. Between 2017 and 2020 from the STRs received by FIA twenty (20) cases of suspected money laundering through the real estate sector were identified and disseminated to either; Uganda Police, Inspectorate of Government or LEAs for further investigations. Most of these cases are still under investigation.

Following dissemination from FIA the Inspectorate of Government arrested a Principal Engineer in the Ministry of Works and Transport for suspected illicit enrichment and money laundering. He was in possession of eleven real estate properties valued at Ugx 6.2 billion equivalent to USD 1.8 million. He is suspected to have concealed the ownership of these properties by transferring them to a company incorporated in Uganda knowing that those properties were proceeds of crime.

In May 2017, **Serwamba David Musoke** and 6 others¹⁷ were convicted for the offences of embezzlement, causing financial loss, forgery, conspiracy to defraud and money laundering. The accused persons purchased various landed assets including; a plot of land in Buziga (a suburb of Kampala) for about UGX. 100 million (about USD 30,000) in cash, a plot of land in Wakiso for UGX. 110 million (about USD 32,000). They were sentenced to varying prison terms between 5 to 12 years.

The overall threat in the real estate industry was rated high.

¹⁷HCT-00-AC-SC-2015/11 [2017] UGHCCRD 100 (30 May 2017).



The total number of illegal gaming machines in circulation was estimated at 4000 as of 31st Dec 2018.

Casinos (High)

The country had 13 land-based and one internet casinos licensed by the National Lotteries and Gaming Regulatory Authority as of December 2020, however, there are other illegal casinos in operation. According to the National Gaming and Lotteries Board (NGLB)¹⁸, the total number of illegal gaming machines in circulation was estimated at 4000 as of 31st Dec 2018. The unlicensed casinos operate discreetly, making it difficult for the authorities to locate and shut them down. It is estimated that individuals spend approximately UGX 150 billion annually on gambling¹⁹ and the government collects about UGX 50 billion annually from the sector.

In the period between 2017 and 2020, FIA received one STR from a casino involving a foreign politically exposed person. An analysis was undertaken by FIA and disseminated the findings to a law enforcement agency for further investigations. This matter is yet to be concluded. Casinos have not developed adequate capacity including IT systems to effectively identify and monitor suspicious transactions and activities, as required by the AMLA, 2013. FIA is working with the Regulator (NGLB) to enhance capacity to ensure compliance with the AMLA 2013 as amended.

Government has put in place a regulatory framework including, issuance of the lotteries and gaming licensing regulations in 2017. The regulator has increased capacity to enforce compliance by the sector players and to sanction illegal casino operators who pose a ML threat to the sector.

Based on the cash-based nature of the major games played which, include; table games like roulette and black jack, and the presence of illegal/unlicensed actors transacting in the sector, the overall money laundering threat was rated high.

¹⁸ <http://ngb.go.ug/wp-content/uploads/2019/03/Status-of-the-gaming-industry-in-Uganda.pdf>

¹⁹ <https://observer.ug/news-headlines/46540-ugandans-spend-shs-150bn-in-betting-every-year>



The total number of illegal gaming machines circulation

4000

Amount government collects about annually from the sector.

UGX **50** Billion

Amount individuals spend annually on gambling

UGX **150** Billion

Lawyers.

The ML threat from lawyers is rated High. There were 1,015 law firms approved by the Law Council as of April 2020. The Uganda Law Society (ULS) Annual Report of 2020/21 indicated (43%) growth in membership from 2,600 in 2016 to 3,725 members in 2020. The members include both private and public sector practitioners who are regulated by the Uganda law council. There is no categorisation of lawyers in Uganda, they all handle commercial, litigation and corporate matters.

Lawyers carry out activities for their clients including; formation and management of legal persons; buying, and selling of real estate; managing of client money, securities, or other assets; and buying, and selling of business entities among others.

Number of law firms approved by the Law Council as at April 2020

1,015

In the period between 2017 and 2020, FIA received one STR from a law firm. However, over 30 STRs involving lawyers and law firms were filed by financial institutions over the same period. In addition, there are several cases where lawyers were reported to be involved in transactions aimed at concealing suspected proceeds of crime on behalf of their clients. These include; acquisition of property, and receiving funds on behalf of clients involved in fraudulent transactions as highlighted below;

- In the case of *Uganda v Godfrey Kazinda*,²⁰ the accused had transferred the funds to a bank account of a law firm, describing it as legal fees. The law firm however, disclosed that the funds in question were for purchase of a residential house which they duly executed;
- In the prosecution of officials of the Ministry of Public Service,²¹ the investigators raided the chambers of the legal representatives of one of

the suspects and retrieved property deeds and other incriminating documents and information.

- In 2021, a lawyer and two businessmen were charged for money laundering, facilitating money laundering, and obtaining money by false pretence. It was reported that between March 2020 and February 2021, the accused persons acquired UGX 20 billion (approximately USD 5.5 million) well knowing that the funds were proceeds of crime. They reportedly received the money from a foreign citizen under the guise of selling him gold. The lawyer is accused of facilitating the fraudulent transaction. The prosecution of this case is still ongoing.

It is for the reasons highlighted above that the ML threat from lawyers (who provide services as defined under the AML/CFT standards) was rated high.

Accountants.

The ML threat from Accountants is rated Medium Low. Accountants are regulated by the Institute of Certified Public Accountants of Uganda (ICPAU). As of December 2021, the membership had 2264 enrolled accountants, of which were 402 practising accountants, and 256 were accounting firms. The practising accountants and accounting firms provide a wide range of services including audit & assurance services, tax advisory, book-keeping and accounting, financial statement preparation and Board Secretarial Services among others to a diverse range of clients.

During the period 2017 to 2020, FIA did not receive any STRs from or involving an audit/accounting firm. In addition, the analysis found no evidence that audit and accounting firms had been used as trustees or proxies for persons seeking to launder illicit funds. However, there have been some cases where qualified accountants embezzled funds or property that came into their possession by virtue of their duties.

²⁰ *Uganda v Godfrey Kazinda* HCT-AC/CO NO. 004/2016.

²¹ *Uganda v Lwamafa Jimmy & 3 others* (Criminal Session Case – 2016/3) [2018] UGHACD 11 (21 December 2018).

Case Study.6

Oil Company Accountant in Uganda charged with Theft and Money laundering.

In October 2020, an oil company in Uganda was hit by a Shs32.3 billion scams orchestrated by company staffs and oil dealers. The company staff included; a former treasury officer and a senior accountant. The Anti-Corruption Court Chief Magistrate, charged the suspects for causing a financial loss of Shs.32.3bn. The state alleged that the offenses were committed between 2017 and 2019. It is alleged that the staff connived with fuel dealers; to steal petrol, diesel, and lubricants. The former treasury officer of the company intentionally concealed his ownership of property and said it belonged to his relatives. The senior accountant on the other hand, deliberately posted fictitious entries on the company's electronic accounting system. Prosecution of the case is still ongoing.

Given the above, the ML threat for accountants was rated as Medium Low.

Dealers in precious metals and stones (High).

The ML threat from dealers in precious metals and stones is rated High. Available information indicates that gold is the most significant precious metal traded in Uganda. According to data from Bank of Uganda, gold is Uganda's leading export, contributing at least 44% of total export by value. In 2020, Uganda earned USD1,817.27 million from gold exports up from USD 417.92 million in 2017. The licensed gold refineries have increased from one in 2017 to four 2020.

Uganda's gold mining sector consists of many players such as explorers/prospectors, miners, and refineries. However, the sector is dominated by artisanal miners, a majority of who are not registered with the Directorate of Geological Survey & Mines in the Ministry of Energy and Mineral Development as detailed in the ENR assessment section.

Uganda earned gold export

USD **1,817.27** 2020

USD **417.92** 2017



and Mineral Development over the activities of other players. This is in part attributed to the significant weaknesses in the Mining Act, 2003 and the entire regulatory framework. This has provided an avenue for perpetrators of crimes; such as fraud, tax crimes and counterfeiting to launder the proceeds through the sector. This is further attributed to the fact that gold is attractive as a commodity and extremely valuable in small quantities.

Between 2017 and 2020, FIA received 9 suspicious transaction reports related to suspected illicit dealings in gold out of which, 6 financial intelligence reports were disseminated to law enforcement agencies for further investigations. In addition, there are several open-source reports indicating that the sector has been abused by criminals for fraudulent activities and to launder the proceeds.

Case Study.7

Money Laundering Case Involving Gold.

In March 2021, senior army officers were arrested for involvement in a gold scam in which two foreign victims lost about US\$10 million (UGX 37b). The scam started in 2019 when two businessmen allegedly bought gold in Cameroon worth US\$5 billion. The gold bars were switched for aluminium bars. The victims were called and given a week to travel back to Uganda to recover their gold or forfeit it.

In February 2020, the victims travelled to Uganda and the accused persons again sucked the victims into another gold scam in which they lost US\$2million. The accused persons have since been charged in court for money laundering, facilitating money laundering and cheating.

In view of the above, the ML threat level from precious metals & stones was rated high.

Money or Value Transfer services (MVTs) – (High)

The ML threat from the Money or Value Transfer Services (MVTs) is rated High. The assessment analysed the features of Money or value transfer services (MVTs) which include acceptance of cash, cheques, other monetary instruments or other stores of value and the payment of a corresponding sum in cash or other forms to a beneficiary through a communication, message, transfer, or through a clearing network to which the MVTs provider belongs.

Transactions performed by such services can involve one or more intermediaries and final payment to a third party and may include new payment methods. Sometimes these services have ties to geographic regions and are described using a variety of specific terms, including hawala among others. In Uganda, MVTs may be through financial institutions, licensed money remitters or mobile money providers. The MVTs may use MoneyGram, and Western Union and Express Money, among other platforms.

It is worth noting that only 20% of Ugandans have deposits in the formal banking sector, with the rest of the populace relying on cash transactions or alternative forms of banking.²² Money transfers and payments is undertaken using mobile phones (Mobile Money payments). Mobile money payments provide needed financial services to Uganda's unbanked population, a majority of who live in rural areas of the country. In addition, Ugandans living in the diaspora rely on MVTs to send money back home and such remittances has become one of Uganda's largest sources of foreign currency.²³

According to the World Bank Migration and Remittance Report 2020, money remittance inflows slightly increased by 1.3 percent from USD 571.4 million for the year ended December 2019 to USD 579.0 million for the period ending December 2020. Outflows on the other hand significantly decreased by 34.0 per cent from USD 324.1 million to USD 213.8 million. Launderers may therefore, move proceeds through these remittance channels under the guise of domestic support and investment.

Between 2017 and 2020, MVTs filed 326 STRs to FIA in which, individuals/entities were suspected of involvement in money laundering. The FIA analysed the reports and disseminated intelligence information to law enforcement agencies for further investigations. There has been no ML/TF conviction of providers involved in MVTs however, there are ongoing investigations for ML relating to cases disseminated to Uganda Police on MVTs.

% of Ugandans who have deposits in the formal banking sector, with the rest of the populace relying on cash transactions or alternative forms of banking



Growth in money remittance inflows slightly increased

USD **571.4** million 2019,
USD **579.0** million 2020,

Outflows significantly decreased

USD **324.1** million
USD **213.8** million.

²²Report on Banking and the Status of Financial Inclusion in Uganda. Insights from FinScope 2018 Survey by Financial Sector Deepening (fsduganda).

²³Ibid.

Case Study:8

Six ex-employees of MTN Uganda which offers mobile money services were charged with defrauding the company of UGX. 10 billion (\$ 3.4 million) in the Anti-Corruption court. Among those charged was MTN's former Finance Manager, along with the Head of Public Access and mobile money. Charges laid against the six ex-employees included embezzlement, electronic fraud, neglect of duties and unauthorized disclosure. The fraudsters internally generated float, or created e-money, on the mobile money system.

The float was then sent to colluding agents and customers who cashed out the value. This means that e-money was being generated that was not backed by physical cash in MTN's bank account held at Stanbic bank. Audit reports revealed that the discrepancy totalled 146 billion UGX (\$ 50 million) in falsely created e-money.

The size and value of transactions through MVTs are significant as most of the population use these services. The products provided require strong controls including; KYC, record keeping and transaction monitoring which are not effectively implemented by the service providers. Therefore, the overall money laundering threat of this sector has been rated high.



Forex Bureaus

The ML threat from forex bureaus is rated Medium. The forex bureau sector is comprised of 214 licensed forex bureaus with 316 outlets across the country. This sector is regulated by the Central Bank. As of December 2020, the total capital and reserves held by the forex bureaus was UGX 84.9bn depicting an increase of UGX 3.5bn from UGX 81.4bn as of December 2019. 48.4% or UGX 41.1bn of the total capital and reserves of the forex sector was held by the 10 largest bureaus. Some of the forex bureaus operate two licences of foreign exchange and money remittance services. The risk for money remittance is assessed under MVTSS.

Between 2017 and 2020, FIA received 1034 suspicious transactions/activity reports worth UGX 6,011,156,879/= filed by forex bureaus on their customers and 15 suspicious transactions were filed by financial institutions on transactions involving forex bureaus. 13 reports were disseminated to UPF and are still under investigation

The ML threat for the forex bureau sector was rated as Medium.

Number of licensed forex bureaus
as at Dec. 2020

214

Number of forex bureaus outlets across
the country as at Dec. 2020

316

total capital and reserves held by
the forex bureaus

UGX **84.9** Billion 2020

UGX **81.4** Billion 2019

forex bureaus filled 1034 suspicious
transactions/activity reports worth

UGX **6,011,156,879/=**
during the assesment period

Virtual Assets (VAs) and Virtual Assets Service Providers

FATF recommendation 15 requires countries to put in place mechanisms to address ML/TF threats and vulnerabilities associated with virtual assets service providers (VASPs). A Virtual Asset Service Provider is defined as, a natural or legal person who conducts one or more of the following activities for or on behalf of another natural or legal person; the exchange between virtual assets and fiat currencies; the transfer of virtual assets; the safekeeping or administration of virtual assets or instruments enabling control over virtual assets and the participation in or provision of financial services related to an insurer's offer or sale of a virtual asset. In November 2019, Uganda amended the Second Schedule to the Anti-Money Laundering Act, 2013 to include Virtual Asset Service Providers as accountable persons.

There is no regulatory framework for VASPs, however after the amendment of the Second Schedule as indicated above, FIA commenced the process of registering VASPs in accordance with S.21(pb) AMLA 2013 (as amended) and AMLA 2015 regulation 4, to ensure that they comply with AML/CFT obligations. As of June 2021, a total of five (5) VASPs have registered with the FIA. Beyond their registration guidance on AML/CFT and Regulations specific for their operations are yet to be issued. The number of VAs and VASPs in the market is not known. FIA is still at the infant stages of building capacity to have an in-depth

understanding of the nature of operations in this space. The absence of a policy, legal and regulatory framework has left the sector open for exploitation by criminals to commit fraud and related cybercrimes. For example, there are several cases where entities purporting to be dealing in crypto assets but operating as pyramid schemes have defrauded their unsuspecting clients of large amounts of money.

There has been no ML/TF risk assessment conducted for VAs and VASPs due to inadequate expertise in FIA to conduct a formal credible assessment that meets the criteria of the FATF standards. The online nature of their operations interlinked with other global VASP platforms; anonymous ownership of VAs and VASPs; non-face to face business relationships; and technological complexities collectively combine to form a significant source that make this sector a money laundering threat.

Between 2017 to 2020, FIA received two STRs and several complaints from the public concerning the operations of some companies claiming to be VASPs. The analysis established that these were fraudulent companies that collected funds from the unsuspecting public and later shut down their online operations. For example, a company claiming to be a VASP fraudulently obtained about UGX. 12.6 billion as indicated in the case study below.

Case Study:10 Obtaining Money by False Pretence by Dunamiscoin Resources Limited.

The company with three directors had its headquarters in the New Taxi Park, Kampala with branches in other parts of the country. It is alleged to have defrauded over 2,500 people of about UGX. 12.6 billion. The company promised a 40% return on investment which was increased to 50% on their deposits after 21 working days. The directors closed operations and disappeared with the depositor's money in December 2019.

The victims filed complaints to Police who initiated investigations leading to the recovery of UGX. 47 million. FIA supported the investigations by providing additional intelligence which led to the freezing and recovery of UGX. 709 million.

FIA however, expects to undertake an in-depth assessment of this sector as soon as adequate resources are availed to it. Nevertheless, available literature and information from public sources all point to the effect that the ML threat from VAs and VASPs is high.

Environmental & Natural Resources Crimes.

The ML threat from Environment and Natural Resources Crimes is rated Medium High. The assessment analysed all environmental and natural resource offences and statistics were obtained from the respective government authorities. The offences analysed included; wildlife offences, forestry offences, fisheries, and waste/pollution and extraction/mining offences.

Wildlife Crimes. Under the wildlife category, the main offences include; poaching, illegal possession of wildlife, and illegal export of wildlife. The increase in poaching is mainly attributed to three factors, namely; to meet basic needs such as bush meat for domestic consumption; for traditional cultural purposes; and to generate income. Between 2017 and 2021, 431 cases of poaching were investigated by UWA, 337 cases were prosecuted and 153 convictions were secured. The estimated value of seizures from poachers was USD 437,153 equivalent to Ugx 1,565,180,397.



227 cases were prosecuted leading to 147 convictions. The estimated value of seizures for illegal possession of wildlife was Ugx 28,364,403,380 equivalent to USD 7,922,423. The high number of cases involving illegal possession of wildlife is attributed to increased demand of wildlife products from international markets especially Asian countries and domestic consumption.

Forestry Crimes. In the period under review 1,252 cases of illegal possession of forestry products were handled by National Forestry Authority (NFA) and Forestry Police. All cases involved seizures valued at USD 36,328 equivalent to Ugx 131,106,076. In addition, 17 cases of illegal export were investigated resulting in 2 prosecutions. A total of 271 seizures of forestry products under illegal export valued at Ugx 3,539,377,955 equivalent to USD 988,544 were made.

Fisheries Crimes. In the same period, 713 cases of illegal fishing were investigated resulting in 530 prosecutions and 287 convictions. There were no cases of seizures recorded except destruction of illegal fishing nets. In addition, there were 148 corruption related cases linked to illegal, unreported, and unregulated fishing. 107 of these cases were prosecuted resulting in 14 convictions.

Waste/Pollution Crimes. During the same period, 188 cases of illegal dumping of waste were investigated by Environmental Protection Police Unit (EPPU) resulting in 121 prosecutions and 54 convictions. In addition, there were 621 cases linked to illegal trade of polluting products. 244 of these cases were prosecuted resulting in 75 convictions.

Illegal Extraction/Mining Crimes. During the same period, 37 cases of illegal mining and mining practices were investigated resulting in 19 prosecutions and 7 convictions. Seizures worth Ugx 13,000,414 equivalent to USD 3,631 were made. In 2018, the Police Mineral Protection Unit seized 93kg of gold worth nearly Ugx 17,901,974,800 equivalent to USD 5m that was being smuggled out of the country through Entebbe international airport, busting a crime syndicate that was going to cost the country over UGX 1billion in tax revenue.

The estimated value of seizures for illegal possession of wildlife

Ugx 28,364,403,380
USD 7,922,423 equivalent

cases of illegal possession of forestry products handled

1,252

cases of illegal fishing investigated

713

cases of illegal dumping of waste investigated

188

Number of mining/mining practices cases investigated

37

Seizures worth

Ugx 13,000,414
USD 3,631 equivalent


Table 20; Showing statistics relating to ENR Crimes;

Environmental Sector Offence	# Administrative Sanctions	Value of Admin fines Imposed	# STRs filed	# Investigations	# Prosecutions	# Convictions	# Linked to ML Case	Seizures/ confiscations	Est. of Value (US\$)
Wildlife (fauna) crime									
Poaching				431	337	153			437,153
Use of prohibited hunting equipment								7,000	
Illegal possession of wildlife	6		1	369	227	147	1	31	7,922,423
Illegal export				29	13	13			
Illicit supply and sale			3						
Corruption linked to wildlife (fauna) crime				3	1				
Fraud linked to wildlife (fauna) crime			2	4	1	-			
Forestry Crimes									
Illegal harvesting	70			26	26	23			
Illegal possession	30	2,793		1,252				1,252	36,328
Illegal processing				12	12	11			
Illegal export	10	5,586		17	2			271	988,544
Corruption linked to FC				4	1				
Fraud Linked to FC				16	7				
Fisheries Crime									
Illegal fishing				713	530	287			
Unreported fishing				587	316	221			
Export of IUU fish				12	2				
Fraud linked to IUU Fishing				85					
Corruption linked to IUU Fishing				148	107	14			
Waste / Pollution									
Illegal dumping / disposal		6,745		188	121	54			
Illegal trade of waste/polluting products				621	244	75			
Fraud linked to waste / pollution				66	22	11			
Corruption linked to waste / pollution				36	12	3			
Extraction / Mining Crimes									
Extraction / Mining Crimes				35	10	4			
Illegal mining and illegal mining practices				37	19	7			3,631
Illegal trade of mining products	14		1						
Fraud linked to extraction / mining				4	8		7		
Corruption linked to extraction / mining				14					
Others criminal activity related to the environment and which may not yet be criminalized (list)									
Pit Sawing				32	32	25			
Illegal charcoal burning	75	17,234		72	64	52		1,546	

Source: UWA, NFA, CID, NEMA and FIA reports 2017-2020

Table 21: Summary of Environment & Natural Resources threat Ratings.

Nature of ENR ML Threat /Offences	Rating
Wildlife Crimes ML Threat	Medium-High
Forestry Crimes ML Threat	Medium
Fisheries Crimes ML Threat	Medium
Waste/Pollution Crimes ML Threat	Medium
Extraction/Mining Crimes ML Threat <ul style="list-style-type: none"> Gold ML Threat - High Other minerals & precious Stones - Low 	Medium-High

A person wearing a tactical vest with several gas canisters attached. The vest is olive green and has a pouch on the side. The background is a plain, light-colored wall with a small hole.

ASSESSMENT OF TERRORIST FINANCING (TF) THREATS.

“

The national TF risk assessment has taken into consideration a combination of both threat and vulnerability variables

2. Assessment of Terrorist Financing (TF) Threats.

National TF Risk

The national TF risk assessment has taken into consideration a combination of both threat and vulnerability variables. TF threat primarily considers activities or persons that can finance terrorist activities while TF vulnerabilities considers the control frameworks designed to ensure that threats are prevented from supporting terrorist activities through financing.

The government of Uganda has a responsibility to detect, prevent and combat all forms of terrorism and terrorist financing activities domestically and internationally. At the national level, there have been incidents of terrorist activities where properties have been destroyed and life lost. Between October and November 2021, four terrorists' attacks took place in Uganda; in Komamboga, a suburb of Kampala; the attack of a transit bus on a highway from Kampala Capital City to Mbarara City; and the twin bomb attacks at Central Police Station and Parliamentary Avenue in Kampala. The total death toll from these attacks was six people while at least 33 people were injured²⁴. These attacks were suspected to have links to ADF terrorist group operating in Eastern DRC.

Funding of terrorism activities is a major concern to the country. At the international level, there are active terrorist activities in the neighbouring countries that pose a threat and increase the risk of terrorism in the country. The **TF threat was rated medium**.

Uganda's TF vulnerability was assessed based on the capabilities of the country to combat terrorism activities which were rated highly effective, and therefore the **vulnerability to TF was rated Low**.

The Overall National **TF risk** for Uganda is **rated Medium-Low** as a result of increased vigilance, surveillance, continued training and awareness campaigns of stakeholders, disruptions, and establishment and restructuring of Law Enforcement Agencies (LEAs) and improved national terrorism alert systems.

TF threat primarily considers activities or persons that can finance terrorist activities while TF vulnerabilities considers the control frameworks designed to ensure that threats are prevented from supporting terrorist activities through financing.

Between October and November 2021, four terrorists' attacks took place in Uganda; in Komamboga, a suburb of Kampala; the attack of a transit bus on a highway from Kampala Capital City to Mbarara City; and the twin bomb attacks at Central Police Station and Parliamentary Avenue in Kampala.

²⁴ <https://www.upf.go.ug/further-update-surrounding-the-bomb-blast-investigations/>

Terrorism

The Anti-Terrorism Act, 2002 (as amended), designates "terrorism," and supporting or promoting terrorism as capital offences, punishable by death. The Act defines terrorism as, "the use of violence or threat of violence with intent to promote or achieve religious, economic and cultural or social ends in an unlawful manner, and includes the use, or threat to use, violence to put the public in fear or alarm.

Terrorist Financing.

According to FATF, Terrorist financing is the financing of terrorist acts, terrorists, and terrorist organizations. United Nations Security Council (UNSC) and Government of Uganda (GoU) designated Lord's Resistance Army (LRA), Allied Democratic Force (ADF), Al-Shabaab, Al-Qaeda, Boko-Haram and Islamic Maghreb as terrorist groups operating in the East African region. However, the Al-Shabaab and ADF pose a higher TF risk to Uganda. The LRA operates in the Central African Republic (CAR), and no longer pose a terrorism risk to Uganda.

Level Of Terrorism Threat To Uganda.

The level of terrorism threat is assessed Medium. Terrorism threats for Uganda are both domestic and foreign. The external threat is mainly attributed to foreign groups which have established domestic sleeper cells. These groups are Al-Shabaab and ADF. Available information from both open and closed sources indicates incidences of terrorism although the level is declining because of increased vigilance, surveillance, improved national terrorism alert systems and disruptions. In addition, other national initiatives to counter the threat of terrorism include the establishment and restructuring of Law Enforcement Agencies (LEAs) and continued training and awareness campaigns of stakeholders.



UPDF counter terrorism officer detonates a deadly bomb wrapped in a gift box at Mabirizi Complex opposit Central Police Station in Kampala in Nov. 2021

Table 22: Terrorism trends for the period 2017-2021.

S/N	Number of cases	2017	2018	2019	2020	2021
1.	Cases reported to Police	12	16	10	2	10
2.	Cases taken to Court	3	3	2	0	2
3.	Cases under investigation	6	13	8	2	8

Source: Uganda Police Force, Annual Crime Reports 2017-2020.

The methods used by terrorists to recruit, finance, and operate range from kidnap for ransom, remittances, radicalization, child trafficking, illegal wildlife trade, taxation, and legitimate trade. The active terrorists' groups that pose a threat to Uganda include;

a. **Al-Shabaab**

Al-Shabaab is a Jihadist terrorist organization based in Somalia with its major operations and networks in East Africa. There has been no terrorist attack by the Al-Shabaab in Uganda since 2010. Nevertheless, the threat remains heightened due to Uganda's lead-participation in the AMISOM and a large Somali refugee community in Uganda.

b. **Allied Democratic Force (ADF)**

The Allied Democratic Force (ADF) is an Islamist fundamental terrorist organization based in Eastern DRC. The ADF continues to weaken following the arrest of its leader Jamil Mukulu from Tanzania, in 2015. He has since been extradited and is being prosecuted in Uganda. In the aftermath of terror attacks in 2021, GoU in collaboration with the DRC Government, launched a joint armed effort and attacked the ADF recruitment centres and operational bases in Eastern DRC to weaken them further.

National Terrorist Financing Threat Analysis

The major TF threat is from external sources in support of the two major terrorist groups; the ADF that operate from the Democratic Republic of Congo (DRC); and the Al-Shabaab that operates in Somalia. There have been no convictions for TF of any individual or entities from 2017 to June 2021 although, terrorism cases have been reported and are under investigation to establish TF.

The assessment of TF was conducted using the variables detailed below;

1. Active terrorist threat
2. Terrorist organizations
3. Sympathizers
4. Neighbours
5. Finance and Trade Hub
6. Strategic goods and services

Figure 3 :Showing TF Threat Assessment Results

TF threat: Assessment results











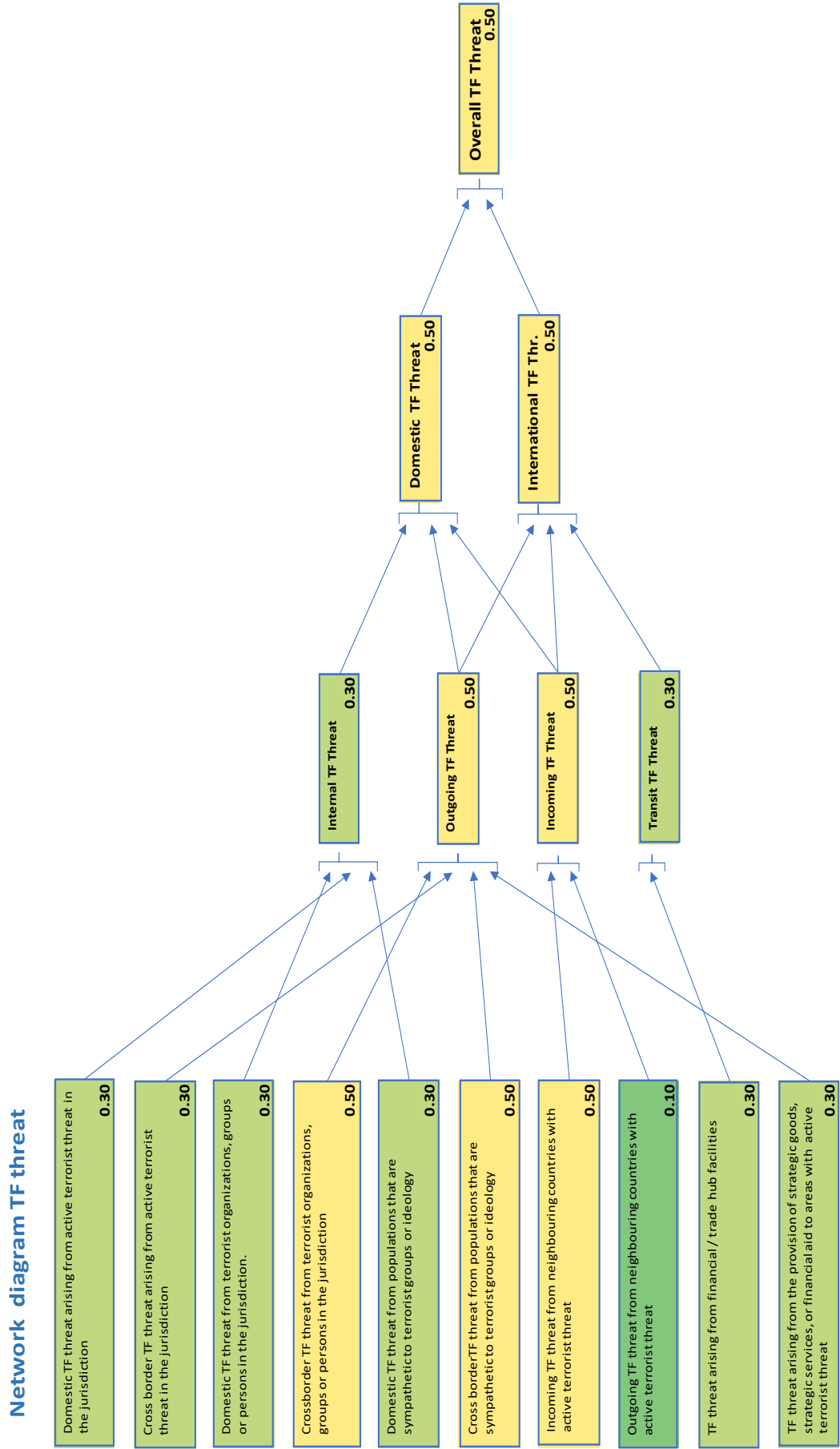
Input variables TF Threat		Assessment Pages	Trend of the Indicator		Conversion to TF Input Score
Level of the Indicator		Indicator		TF Input Score	
TF threat arising from the level of active terrorist threat in the jurisdiction	Domestic TF threat		<input type="text" value="Low"/>	<input type="text" value="Decreasing"/>	0.30
	Crossborder TF threat		<input type="text" value="Low"/>	<input type="text" value="Decreasing"/>	0.30
TF threat arising from the number of terrorist organizations, groups or persons in your jurisdiction	Domestic TF threat		<input type="text" value="Low"/>	<input type="text" value="Decreasing"/>	0.30
	Crossborder TF threat		<input type="text" value="Medium"/>	<input type="text" value="Decreasing"/>	0.50
TF threat arising from persons sympathetic to terrorist persons or ideology	Domestic TF threat		<input type="text" value="Low"/>	<input type="text" value="Decreasing"/>	0.30
	Crossborder TF threat		<input type="text" value="Medium"/>	<input type="text" value="Decreasing"/>	0.50
TF threat arising from active terrorist threat from neighbouring jurisdictions	Incoming TF threat		<input type="text" value="Medium"/>	<input type="text" value="Decreasing"/>	0.50
	Outgoing TF threat		<input type="text" value="Very Low"/>	<input type="text" value="Decreasing"/>	0.10
TF threat arising from financial / trade hub facilities			<input type="text" value="Low"/>	<input type="text" value="Decreasing"/>	0.30
TF threat arising from the provision of strategic goods and services			<input type="text" value="Low"/>	<input type="text" value="Decreasing"/>	0.30

Figure 4: Showing TF Threat Analysis and ratings of various variables.





2.1. Active Terrorist Threat

Domestic Threat

Uganda has recorded very few terrorist financing cases arising from active domestic threats. There is a comprehensive legal framework to address terrorism and terrorism financing. In addition, there is a strong institutional framework in place to coordinate efforts to detect, disrupt and apprehend the criminals.

Available statistics from security indicate that the terrorism-related death rate has been low, standing at nine in the period 2017 to 2021. These deaths are attributed to armed attacks by the ADF.

There have been only eight terrorist acts in the last five years involving four terrorist attacks in Kampala in 2021, a kidnap for ransom of UGX 700 million (USD 190,000), murder of a business lady Susan Magara and the murder of Hon. Ibrahim Abiriga.

Few cases of ancillary terrorists' activities have been identified by security operatives. These include recruitment and radicalization efforts of children and youth using Islamic classes "Madarasa" in some districts of the Busoga sub-region in Eastern Uganda. Human trafficking for purposes of enlisting the unsuspecting victims into terrorists' groups has

been reported. For example, an ADF recruit escaped at the Paidha border-crossing to DRC after sensing that he was being taken to join ADF. His escape and subsequent revelations led to the arrest of some recruiters and facilitators, including transporters of ADF recruits across the Uganda-DRC border. Eleven recruits including minors were intercepted at the Mpondwe border post en-route to ADF camps in DRC.

The TF threat arising from active domestic terrorism is rated Medium Low.

Uganda registered (8) terrorist acts in the last five years, one involved a kidnap for ransom of

UGX **700 million**
USD **190,000**

External Threat

The external threat has declined significantly following the arrests of some of the leaders of active organisations such as Jamil Mukulu and Abdul Rahman Faisal. In addition, regional efforts have been intensified against ADF by Armed Forces of the Democratic Republic Congo (FARDC), AMISOM forces, Inter-Government Authority on Development (IGAD) and International Conference on Great Lakes Region (ICGLR).

Therefore, TF active external threat is rated Medium Low.

2.2 Terrorist Organizations

The NRA, 2017 identified three active terrorist organizations in Uganda namely Al-Shabaab, ADF and LRA. The number has since been reduced to two excluding the LRA. The level of funding needs of the terrorists' organizations, groups and/or persons depend on the nature of activities being undertaken to advance their cause such as recruitment, training, accommodation, acquisition of equipment, travel, among others. According to the NRA 2017, the funding requirements for the terrorist organizations was estimated at a total of USD 100m for the region. However available information indicates that terrorist organization's finance their operations through both legal and illegal activities such as foreign remittances, real estate business, extortion, migrant smuggling, illegal wildlife trade, kidnap for ransom among others.

There is no clear evidence on how terrorist organizations operating in Uganda channel financing in the economy such as money value transfer services (MVTs) and banks. It is suspected that they use channels that are outside the formal traditional financial system.

The TF threat arising from active terrorist organizations is medium **low**.

2.3 Sympathizers

There is a low proportion of the local population that sympathizes with the ideology of terrorism. Available statistics indicate few cases where madrasas have been used for radicalization and training of children and youth by extremists. In addition, there has been no conviction of any entity or individual sympathetic to terrorism in the period 2017/2018 to 2020/2021. However, intelligence reports indicate the existence of sympathizers from external jurisdictions such as Somalia, UAE, and the UK.

TF threat associated with individuals sympathetic to the terrorist organisations or ideology is rated Low.

2.4 Neighbours

The neighbouring jurisdiction with active terrorist threat is DRC, where the ADF controls vast territories with mineral wealth and engages in activities such as illegal logging, illegal wildlife trade, illegal exploitation and smuggling of gold and other illegal businesses. The liberal policy on Refugees and proximity of Uganda to Somalia attracts immigrants from Somalia who may raise the threat of terrorist financing.

The terrorist acts in the neighbouring jurisdictions is reported to be high. Intelligence reports indicate that over 1000 people were killed by Al-Shabab in Somalia, 2000 people killed by ADF and other terrorist groups in DRC, while the Ansar Al-Sunna has killed more than 1300 people in Cabo-Delgado Province of Northern Mozambique. However, there are no terrorism fatalities in Uganda posed by any neighbouring jurisdiction.

The TF threat arising from active terrorist threat in neighbouring jurisdictions is rated **Medium**.

2.5 Finance and Trade Hub

Uganda's main trading partners include Kenya, South Sudan, DRC, UAE, China, India, South Africa, Japan, and the Euro Zone. Uganda is also a transit route for goods destined to DRC and South Sudan. The only country which was identified to have active terrorist organizations is the DRC. This trading relationship with low TF risk countries lowers the possibility of using finance and trade hubs to finance terrorism.

The TF threat arising from financial/trade hub facilities is Low.

2.6 Strategic Goods and Services

GoU is among the countries contributing to the peace keeping mission in Somalia and this has opened opportunities for supply of strategic goods and services to and between the two countries. These business relationships may pose a TF threat since there are no effective AML/CFT controls measures in Somalia. These supplies may be exposed to the Al-Shabaab terrorists and used to finance TF activities.

TF threat arising from the provision of strategic goods and services is rated Medium.

The overall TF threat is rated Medium. This is a combination of the ratings of the different variables such as; active terrorist groups, terrorist organizations, finance and trade hubs, neighbours, sympathizers, and strategic goods & services.



MONEY LAUNDERING VULNERABILITY.

“

This chapter presents the assessment of Uganda's national ML vulnerability. This has been done through an assessment of the various sectoral ML vulnerabilities and the country's ability to detect and mitigate ML vulnerability.

3. Money laundering vulnerability.

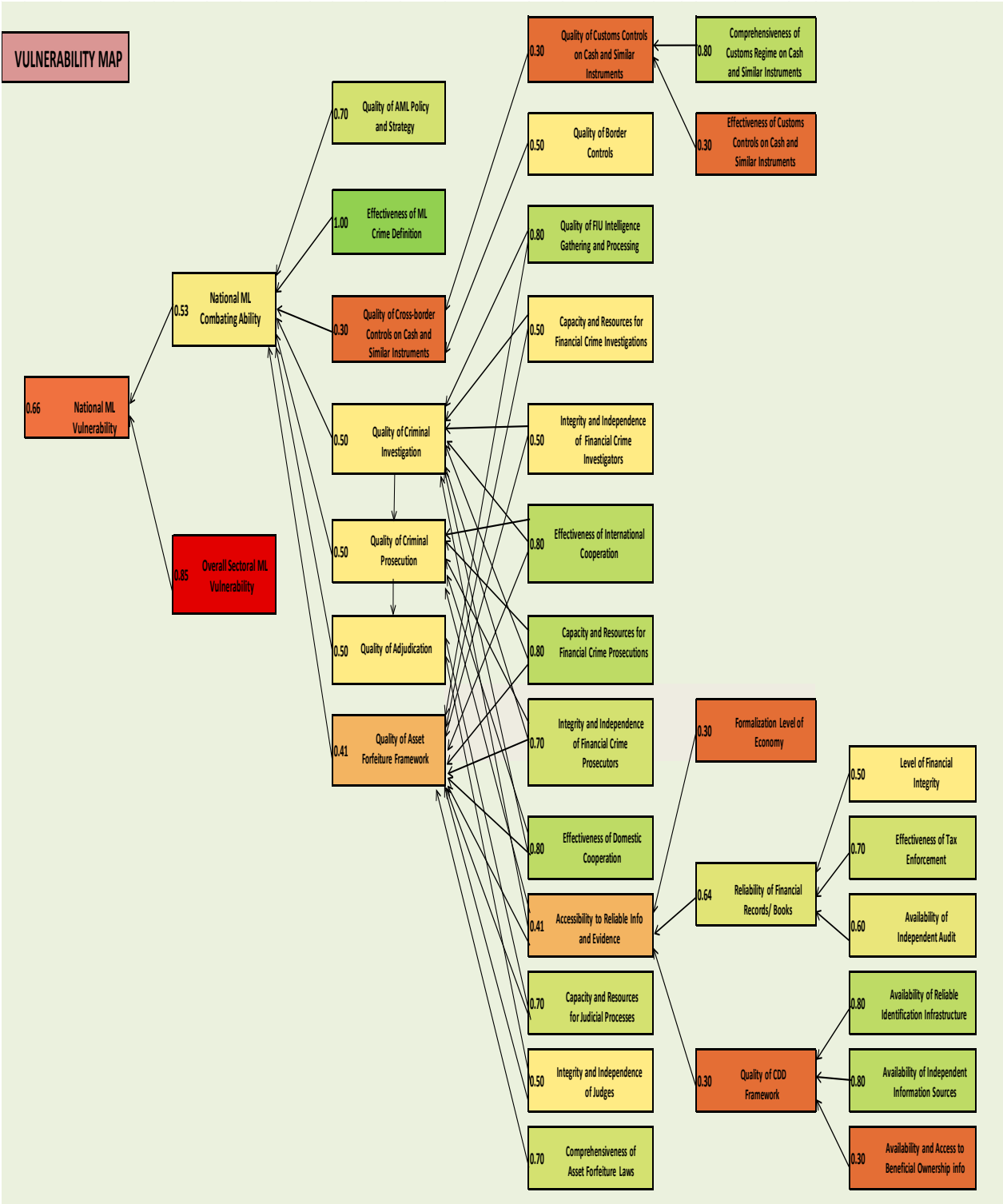
This chapter presents the assessment of Uganda's national ML vulnerability. This has been done through an assessment of the various sectoral ML vulnerabilities and the country's ability to detect and mitigate ML vulnerability.

The national ML vulnerability is influenced by the ML vulnerability of the sectors and Uganda's national AML combatting ability, including its national AML framework. In assessing the vulnerability of the sectors, variables which reflect key features of the sectors were assessed. The sectors assessed to have a high level of ML vulnerability include; Real Estate Agents, Dealers in Precious Stones and Metals, Banking, Money Value Transfer Services and Casinos.

The overall ML vulnerability for Uganda is rated Medium. This is attributed to low ML combating ability and the high overall sectoral money laundering vulnerability. Variables that contributed to the low combating ability include; Quality of cross border controls on cash and similar instruments and quality of asset forfeiture framework while the high vulnerability of the sectors is attributed to high vulnerability ratings in the unregulated sectors (of real estate and dealers in precious stones and metals), MVTs and banking.

The national ML vulnerability is influenced by the ML vulnerability of the sectors and Uganda's national AML combatting ability, including its national AML framework.

Figure 5: Showing Money Laundering Vulnerability Heat Map



3.1 Quality of AML Policy and Strategy

Uganda is committed to the fight against money laundering. It has established a framework for coordinating the efforts of the private and public sectors to combat money laundering. There has been significant progress in improving the AML legal and institutional framework since the last mutual evaluation assessment by ESAAMLG in 2016. In February 2020, Uganda made a high-level political commitment to work with FATF and ESAAMLG to further strengthen the effectiveness of its AML regime because of being placed on the FATF list of countries subject to increased monitoring. Uganda has since updated its National Strategy for Combating ML/TF/PF for the period of FYs 2020/21 to 2024/25. The strategy provides a robust framework for the coordination and implementation ML/TF interventions by all the stakeholders. This NRA is being undertaken to provide an update of the ML/TF risks to sharpen the risk-based implementation of the mitigation measures. In addition, the ML/TF risk assessment for Legal Persons and Arrangements and the TF risk assessment for NPOs has been done to inform policy interventions in those areas.

Considering the above, among other factors, the rating for this variable has improved from low in the previous National Risk Assessment to High.

3.2 Effectiveness of ML Crime Definition

Pursuant to the AMLA 2013, as amended ML is criminalized under sections 116 and 3. Section 116 states that a person who engages in any act of money laundering prohibited in section 3, commits an offence. The section states that it is prohibited for

any person to intentionally—

- a. Convert, transfer, transport or transmit property, knowing or suspecting that such property to be the proceeds of crime, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of the crime generating the proceeds to evade the legal consequences of his or her actions; or
- b. Conceal, disguise, or impede the establishment of the true nature, source, location, disposition, movement, or ownership of or rights with respect to property, knowing or suspecting that such property to be the proceeds of crime; or
- c. Acquire, possess, use, or administer property, knowing, at the time of receipt, that the property is the proceeds of crime; or
- d. Act to avoid the transaction reporting requirements provided in Part III of this Act; or Act Anti-Money Laundering Act 2013
- e. Assist another to benefit from known proceeds of crime; or
- f. Use known proceeds of crime to facilitate the commission of a crime; or
- g. Participate in, associate with, conspire to commit, attempt to commit, aid and abet, or facilitate and counsel the commission of any of the acts described in subsections (a) to (f).

The amendment of the AMLA 2013 addressed the deficiencies which were identified in the MER 2016 and fully criminalised ML offences. In addition, the penalties are proportionate and dissuasive. This variable is rated excellent.

3.3 Quality of Cross-border Controls on Cash and Similar Instruments.

The assessment of this variable is based on two input variables namely quality of border controls and the Quality of Customs Controls on Cash and Similar Instruments. This variable is rated low.

3.3.1. Quality of Border Controls

The country has gazetted border points that are manned by various government agencies. Some of the borders follow natural barriers such as mountains, rift valleys, lakes and rivers which act as preventive natural barriers. The other border points are porous and have access to road networks, and therefore making them attractive to criminals.

The one-stop border point (OSBP) concept was adopted and operationalized in the major border points of; Malaba, Busia, Mirama Hills and Elegu. Other border points have been earmarked for the operationalization of the OSBP concept. The implementation of the OSBP and improved coordination of law enforcement agencies at the border points has led to an increase in seizures of smuggled goods.

All the gazetted border points have an effective and efficient control mechanism to detect the smuggling of goods, people, drugs, arms, and cash. However, the existence of porous borders makes the country vulnerable to smugglers of bulk cash, precious stones, illegal drugs, illegal wildlife products, Human Trafficking among others. This variable is rated Medium Low.

3.3.2. Effectiveness of Customs Controls on Cash and Similar Instruments.

The country has put in place the necessary procedures and equipment such as scanners to detect concealed cash within passenger luggage and carries out manual body checks on suspected passengers. Although the declaration forms for currency and bearer negotiable instruments were designed and put in place, the declarations were affected only for a short period and only at Entebbe airport. The enforcement of declarations was suspended pending addressing some challenges that include; resources and logistics by the implementing agency. This variable is rated Low.

The overall rating for Quality of Cross-border Controls on Cash and Similar Instruments is low.

3.4 Quality of criminal Investigation.

The assessment of this variable is based on eight input variables as indicated in the table below.

Table 23: Showing assessment of Quality of criminal investigation variables

Quality of criminal Investigation	Quality of FIU Intelligence Gathering and Processing	High
	Capacity and Resources for Financial Crime Investigations including asset forfeiture	Medium
	Integrity and Independence of Financial Crime Investigators (including Asset Forfeiture).	Medium
	Capacity and Resources for Financial Crime Prosecutions (including Asset Forfeiture	Medium High
	Integrity and Independence of Financial Crime Prosecutors (including Asset Forfeiture).	Medium
	Accessibility to reliable information and evidence	Medium Low
	Effectiveness of Domestic Cooperation	Medium High.
	Effectiveness of International Cooperation	Medium

The quality of criminal investigations is rated as Medium low.

3.4.1 Quality of FIU Intelligence Gathering and Processing.

FIA is independent as provided under S.22 of the AMLA 2013 (as amended) and carries out its functions without any interference. FIA has competent staff and provides relevant training to ensure that the staff are up-to-date with emerging AML/CFT trends. The Authority has a mechanism for vetting staff on issues of integrity to ensure that they are not involved in unlawful activities. The FIA is also a member of the Egmont Group of FIUs which has enabled it to exchange and share information with other FIUs through a safe and secure Egmont platform.

The FIA has an electronic reporting system (goAML) which has been interfaced with the IT systems of the accountable persons to enable secure submission of reports (STRs, LCTRs and IWTRs). The system also supports FIA to conduct analysis of the financial information it receives and the dissemination of the resulting intelligence reports to competent authorities and law enforcement agencies.

The Authority has powers under the law to collect relevant information from domestic agencies, including from accountable persons to support analysis. In addition, it has subscribed to several commercial databases.

Table 24. Summary of STR Received and information disseminated to LEAs by FIA

Year		2017/18	2018/19	2019/20	2020/21
STRs Received		435	535	1996	2420
STRs Disseminated	UPF/CID	32	47	28	45
	UPF/CT	-	5	4	3
	URA	43	35	6	22
	IG	3	8	1	3
	ODPP	2	2	-	1
	UWA	1	-	1	1
	ISO/CMI	1	3	-	2
	NGO Bureau	-	-	-	1
	BOU	-	-	-	1
	EC	-	-	32	1
	JSC	-	-	-	-

Table 25: Incoming requests for information from foreign FIUs, 2017 - 2020

Year	2017/18	2018/19	2019/20	2020/21
Number of requests received from other FIU	4	16	33	29
Number of requests responded to by FIA	4	16	33	29

Table 26. Outgoing requests for information from foreign FIUs, 2017 – 2020.

Year	2017/18	2018/19	2019/20	2020/21
Number of requests sent to foreign FIUs	9	11	16	7
Number of sent requests responded to by other FIUs	5	10	6	8

The gathering and processing of intelligence are premised on the effectiveness of compliance measures within accountable parties. The roll-out of the goAML system greatly enhanced the security and safety of the information shared through it thereby increasing the trust in its usage that has resulted in a significant increase in the volume of STRs submitted. The enforcement of cross border declarations of currency and BNI has remained a challenge and some reporting entities have inadequate resources and therefore are not able to afford IT systems that have the capacity to interface with FIA's reporting system. In addition, although budgetary allocations to the FIA are still inadequate, they have progressively been increasing since the mutual evaluation conducted in 2016. This variable is rated high, compared to low in the previous assessment.

The enforcement of cross border declarations of currency and BNI has remained a challenge and some reporting entities have inadequate resources and therefore are not able to afford IT systems that have the capacity to interface with FIA's reporting system.

3.4.2 Capacity and Resources for Financial Crime Investigations including asset forfeiture

Financial crime investigations are conducted by the Criminal Investigations Directorate (CID) of the Uganda Police Force. There are other Government agencies with investigative powers namely; Inspectorate of Government, Uganda Revenue Authority and Uganda Wildlife Authority. The investigative agencies are structured with specific departments to handle financial crime investigations. These include; the Police CID Department of Corruption and Economic Crime, URA Tax Investigations Department, IG Directorate of Special Investigations and UWA Directorate of Legal and Corporate Affairs. All the Departments have ongoing trainings to improve their skills and knowledge in financial crime investigations. There is however, a challenge of inadequate budgetary resources in the agencies which need to be addressed to match the emerging ML/TF threats. As a result, ML investigations do not match the level of predicate offences committed.

To increase investigative capacity, FIA supported the Police to develop a module on AML/CFT which was incorporated in the training curriculum of the UPF.

ML and asset recovery investigators have powers to use compulsory measures to produce records held by financial institutions, DNFBPs and other persons. They also have powers to search premises, seize and obtain evidence and proceeds

of crime. These powers are contained in several laws including the Anti-Money Laundering Act, the Police Act, and the Inspectorate of Government Act among others.

The CID has attached investigators to the Anti-Corruption Department of the ODPP, FIA and URA to support and enhance the mandate of the various institutions to ensure that the cases are successfully prosecuted. Under the domestic coordination mechanism, ML investigators at the IG and the Uganda Police Force have increasingly adopted parallel financial investigations in ML related predicate offences. This is evidenced in the case involving a senior government official at the Ministry of Works and Transport currently under prosecution. According to the annual Police crime report, 2020, money laundering cases investigated increased from 6 in 2019 to 14 in 2020.

Investigative authorities have protocols in place that allow them to join regional and international fora to enhance cooperation. At the domestic level, URA often supports Police investigations by providing financial analysis expertise and analysis of digital evidence in cybercrime cases. At the regional level, the Uganda Police Force and URA are members of East African Police Chiefs Cooperation and Organisation (EAPCCO), while IG is a member of the East African Association Anti-Corruption Authorities (EAAACA) and is a founder member of the Asset Recovery Inter-Agency Network for Eastern Africa (ARINEA). This variable is rated Medium.

3.4.3 Integrity and Independence of Financial Crime Investigators (including Asset Forfeiture)

There are several safeguards in place to preserve the integrity of the investigators both in law and in practice. The URA established a mechanism within the internal audit and staff compliance department that continuously conducts checks on staff integrity. The IG has a department of internal inspections and Investigations that examines allegations of corruption raised against members of staff. The Police Standards Unit (PSU) under the UPF was set up to examine cases of general staff misconduct including corruption allegations raised against Police officers. At the country level these initiatives have been reinforced by the existence of the Leadership Code Act, 2002 as amended which requires all public servants to declare their assets, incomes, and liabilities every two. Unfortunately, the Uganda Police Force, which investigates the bulk of ML and associated predicate offences was ranked as the most corrupt government institution by the Inspectorate of Government in the fourth National Integrity Survey Report, 2021. Other investigative institutions included in the report with some degree of corruption are URA, ODPP and IG. In addition, Transparency International Corruption Perceptions Index, 2020 ranked Uganda at 142 out of 179 countries. There is a public perception to the effect that in Uganda corruption is heavily entrenched in society. This creates integrity and independence deficiencies in the Police Force that has a constitutional mandate to investigate financial crimes. This variable is rated Medium.

Transparency International
Corruption Perceptions Index, 2020

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URA established a mechanism within the internal audit and staff compliance department that continuously conducts checks on staff integrity.

3.4.4 Capacity and Resources for Financial Crime Prosecutions (including Asset Forfeiture).

Prosecution of ML and associated predicate offences is conducted by the ODPP. The ODPP delegated URA, UWA, and IG to prosecute ML and predicate offences related to their respective mandates. All institutions responsible for prosecuting ML and the associated predicate offences are adequately structured with dedicated units/departments, staffed with persons with appropriate skills and training. These institutions have training departments that ensure that staff are provided with appropriate training to improve their capacity to prosecute ML and associated predicate offences. For example, 5 prosecutors from the IG were trained through

The ODPP delegated URA, UWA, and IG to prosecute ML and predicate offences related to their respective mandates.

placement at the Anti - Corruption Commission of Kenya while a total of 10 prosecutors from ODPP were trained in handling asset recovery cases through a one-month placement program at the Asset Forfeiture Unit of South Africa. The prosecutors have demonstrated capacity to prosecute ML cases. Examples of cases that resulted into convictions are; Uganda vs. Jimmy Lwamafa and 2 Others, Uganda vs. John Kashaka Muhanguzi and 5 others and Uganda vs. Kamya Valentino and Others.

The prosecutors have powers under the following legislation; part V of the Anti-Money Laundering Act as amended; Section 29 of the Police Act; Section 13 of the Inspectorate of Government Act section 44; to obtain all the necessary documents, information, and witnesses and/or other individuals for use during prosecutions. The prosecutors collaborate with forensic experts to support the prosecution of some cases. Forensic audit reports prepared by the office of the Auditor General provide useful information required by Prosecutors. In the case of Uganda vs Serwamba David and others, a forensic document examiner was used to compare and analyse hand writings, signatures, prints and photographs in various documents submitted as evidence.

There is however a challenge because institutions responsible for prosecuting ML/TF and associated predicate offences do not have adequate operational resources due to inadequate government budgetary resources which, cuts across all other MDAs. This variable is rated Medium High.

3.4.5. Integrity and Independence of Financial Crime Prosecutors (including Asset Forfeiture).

The financial crime prosecutors include ODPP, IG, URA, and UWA. The independence of these institutions is provided for in the 1995 Constitution of the Republic of Uganda and their respective Acts. For instance, IG's independence is emphasized in the IG Act, 2002. There are safeguards in place to ensure the integrity of prosecutors in all the institutions mentioned above. The URA established a mechanism within the internal audit and staff compliance department that continuously conducts checks on the integrity of its prosecutors. IG has a department of internal inspections and investigations that examines allegations of corruption raised against its prosecutors while the ODPP has a Directorate

The prosecutors have powers under the following legislation; part V of the Anti-Money Laundering Act as amended; Section 29 of the Police Act; Section 13 of the Inspectorate of Government Act section 44; to obtain all the necessary documents, information, and witnesses and/or other individuals for use during prosecutions.

The financial crime prosecutors include ODPP, IG, URA, and UWA. The independence of these institutions is provided for in the 1995 Constitution of the Republic of Uganda and their respective Acts. For instance, IG's independence is emphasized in the IG Act, 2002.

of Inspections and Quality Assurance and a Rewards and Sanctions Committee, which, deal with issues of integrity and discipline of the prosecutors. In addition, all prosecutors in these institutions are required to declare their incomes, assets, and liabilities to the IG. There is also a Leadership Code Tribunal in IG which, is mandated to hear and adjudicate breaches of the Leadership Code of Conduct. The conduct of prosecutors is further regulated by the Public Service Code of Conduct. In addition, there are disciplinary committees in the different institutions mentioned above to handle integrity breaches. For example, the ODPP prosecutors are carefully selected and vetted before being deployed to the Anti-Corruption Department, a specialised Department that is directly supervised by the Director. The Department has successfully handled several high-profile cases involving huge sums of money and has also recovered proceeds of crime without interferences or compromise of integrity. However, the transparency International Corruption perceptions index 2020 ranked Uganda at 142 out of 179 countries. In addition, the Inspectorate of Government in the fourth National Integrity Survey Report, 2021 indicated that prosecutorial institutions such as URA, ODPP and IG are among those considered to have elements of corruption. This variable is rated Medium.

The conduct of prosecutors is further regulated by the Public Service Code of Conduct. In addition, there are disciplinary committees in the different institutions mentioned above to handle integrity breaches. For example, the ODPP prosecutors are carefully selected and vetted before being deployed to the Anti-Corruption Department, a specialised Department that is directly supervised by the Director.

3.4.6. Accessibility to reliable information and evidence.

Assessment of this variable is based on three input variables namely; level of formalisation of the economy, reliability of financial records /books and quality of CDD framework. **The overall rating for this variable is Medium Low.**

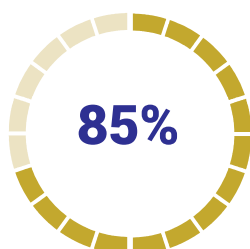
Table 27: Summary of rating of variables that influence accessibility to reliable information and evidence.

Accessibility to reliable information and evidence	Level of formalization of the Economy	Low
	Reliability of financial records /books	Medium
	Quality of CDD framework	Low

3.4.6.1 Level of formalization of the Economy

The Ugandan economy is largely informal with over 85% of people employed in the informal sector. The informal sector contributed 55% of GDP in FY 2018/19²⁵. There are neither laws that require businesses to formalize their operations nor adequate incentives for them to do so. Business operations are largely cash-based and unrecorded. The information infrastructure of the country is inadequate to support transparency of the economy. Some formal businesses prefer not to keep operational records, to evade taxes. The variable was rated Low.

The Ugandan economy is largely informal with over 85% of people employed in the informal sector



The informal sector contributed 55% of GDP in FY 2018/19



3.4.6.2. Reliability of financial records /books.

This variable is assessed based on; the level of financial integrity, effectiveness of tax enforcement and availability of independent audit. The overall rating for this variable is Medium.

i. Level of Financial Integrity

Financial integrity considers the tax system, business quality and professional ethics of business in the country.

The Ugandan tax system is comprehensive and requires natural and legal persons to provide information about their income and assets. This has been improving annually considering the increase in the taxpayer register from 1,024,483 taxpayers in 2016/17 to 1,590,241 taxpayers in 2019/20 which indicates improvement in the level of tax compliance. Performance of tax to GDP is approximately 13% and is projected to increase to 15% in the next three years.

Number of taxpayers on the tax register in 2016/17

1,024,483

Registered taxpayers in 2019/20

1,590,241

²⁵Ministry of Finance Planning and Economic Development Report on the Social Economic Impact of Covid-19 Pandemic on the Urban Poor, May 2020.

Bank of Uganda, the regulator of the financial sector maintains a high level of financial integrity within the sector which inspires confidence. This is evidenced in cases where institutions that are in breach of the established rules and regulations have been sanctioned.

However, there have been reported cases of low levels of tax compliance including false tax declarations, misleading financial records, and existence of different books of accounts for tax purposes. In addition, FIA has received STRs relating to businesses engaged in tax evasion and many intelligence reports have been disseminated to URA. The Auditor General's report for the FY ended 30th June 2020 also highlighted limited record keeping by tax payers, limited tax compliance and significant tax evasion by businesses which, was attributed to URA's self-assessment regime that provides an avenue for businesses to provide inaccurate information. The informality in business operations makes it difficult to assess relevant taxes, business quality and professional ethics of the business players in the sector which affects the levels of financial integrity.

The variable was rated medium.

ii. Effectiveness of Tax Enforcement

The government of Uganda has enacted several legislations concerning tax administration. The legislations support effectiveness of tax enforcement and compliance. They include; Uganda Revenue Authority Act Cap 196; Income-tax Act Cap 340 2000; Value Added Tax Act Cap 349; Excise Duty Act 2014; Tax Procedures Code Act 2014; and the Tax Appeals Tribunal Act Cap 345. The other legislations include

the East African Community Customs Management Act; and multisectoral laws, with tax administration components. Therefore, the tax laws are comprehensive and provide adequate powers for obtaining information and an appropriate regime of sanctions to deter and penalize non-compliance with tax laws. For instance, Sections 41 of the Tax Procedures Code provides for the commissioner, URA to access premises, records, and data storage devices for purposes of administering any provisions of the tax laws.

To its mandate of overseeing the tax administration, URA is structured into several departments, including; the Audit Department under Domestic Taxes, and Customs Audit Department under Customs. These departments are adequately staffed with persons who have appropriate training and skills. The department are provided with adequate financial, technical, and other resources to perform their functions, which include audit inspections on taxpayers.

Tax audit inspections are conducted by URA through official examination/review of the tax payers (organizations or an individual's accounts and financial information) to ensure they are being reported accurately, correctly and in completeness according to the tax laws. TaxPayers due for auditing and review are selected using a variety of methods such as Information and Document matching (where taxpayer records do not match the information declared), Relationship with other taxpayers under audit and Receipt of third-party information by URA that greatly impacts the accuracy, correctness or completeness of a taxpayer declaration.

URA has offices in every district, which ensures that tax administration has nationwide coverage, which promotes accessibility and encourages tax compliance. In addition, URA undertakes tax education programmes through workshops, the Annual Tax Payers' Appreciation Week, billboards, radio presentations, webinars, and TV presentations. This promotes voluntary compliance by taxpayers with the tax laws.

The integrity of URA staff and Board is addressed by Section 13 of the Uganda Revenue Authority Act, which subjects the Board and staff of URA to the Leadership Code. The URA has a mechanism within the Internal Audit and Staff Compliance Department, which continuously conducts checks on staff integrity. There are also periodic staff transfers, to avoid integrity issues. However, the IG National Integrity survey 2020 indicated that 47.5% of Ugandans perceive URA as dishonest or corrupt which may affect tax compliance.

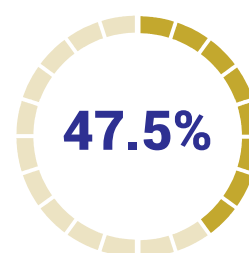
URA has a sanctions regime for individuals and businesses which fail to comply with the tax laws. Part XIV of the Tax Procedures Code provides for the imposition of penalties on taxpayers who fail to comply with their obligations under the tax laws. There are cases where individuals and businesses have been sanctioned for non-compliance. In addition, URA maintains a shame list of non-compliant entities, which is published on the URA website.

The tax body enjoys sufficient operational independence and autonomy.

The Ugandan tax base is small, comprising only 1,590,241 taxpayers in 2019/20 while leaving out a huge informal sector which has led to a low tax to GDP ratio. The variable was rated Medium.

URA undertakes tax education programmes through workshops, the Annual Tax Payers' Appreciation Week, billboards, radio presentations, webinars, and TV presentations..

Ugandans perceive URA as dishonest or corrupt which may affect tax compliance.



The Ugandan tax base is small, comprising only 1,590,241 taxpayers in 2019/20 while leaving out a huge informal sector which has led to a low tax to GDP ratio.

iii. **Availability of Independent Audit**

The auditing practices in the country are governed by International Standards on Auditing (ISAs) and International Standards for Supreme Audit Institutions (ISSAI), for private and public accountants respectively.

The auditing standards require the rotation of auditors by reporting entities. At Office of the Auditor General (OAG) the rotational policy is 3 years for public entities. For private entities, the Auditors are required by ISAs to ensure rotation as a best practice. Some laws provide for rotation of auditors/firms of accountants as per Outsourcing Policy of private audit firms - OAG and ISAs, Financial Institutions Act, 2004 (see S.67), FI (External Auditors) Regulations, 2010 (see reg.5(5)), MDI Act, 2003 (see S.34)

Interviews conducted at OAG and ICPAU and Supervisory Authorities, revealed that integrity breaches have not been observed both at OAG and Institute of Certified Public Accountants of Uganda (ICPAU). Other Supervisory Authorities have not reported integrity breaches over the past few years.

The performance of independent auditors is evaluated by OAG (for private firms appointed to audit public entities) and the Regulators (ICPAU and BOU) in the case of private auditors for private entities and financial institutions, respectively.

In some laws, it is the duty and responsibility of directors of reporting entities to evaluate auditors/audit firm's performance. This position corroborates the interviews held at OAG and ICPAU and the provisions in the Financial Institutions Act, 2004 (see S.55 and 56) and MDI Act, 2003 (see S.24 and 25).

The reporting entities are mandated to disclose professional fees paid for audit and non-audit services and this is done in

the preparation of Financial Statements by entities as guided by International Financial Reporting Standards.

In addition, it is also a requirement under, IAS Guidance in the ISA Books, FI Act, 2004 (see S.64 and 68), FI (External Auditors) Regulations, 2010 (see reg.6 and 7) and MDI Act, 2003 (see S.31 and 35(vii)). Additionally, under some laws, it is an implicit requirement for the prospective independent auditor's/audit firm's internal control procedures to guarantee the uniform quality of the audit and compliance with auditor independence requirements. However, in practice it is only reporting entities in the financial sector which are known to conduct regular independent audits. **The variable was rated Medium-Low.**

3.4.6.3. Quality of CDD framework.

This variable is assessed basing on; availability of reliable identification infrastructure, availability of independent information sources and availability and access to beneficial ownership information. The overall rating for this variable is Low.

i. Availability of Reliable Identification Infrastructure

The country has a reliable identification system of its citizens. This includes:

- a centralized national identification system managed by the National Identification and Registration Authority (NIRA), which issues National Identity Cards to citizens, and Alien Identity Cards to foreigners;
- Passports issued to citizens by the Directorate of Citizenship and Immigration Control;

- Refugee IDs issued by the Office of the Prime Minister.
- Certificates of Registrations to legal persons (Companies and Trustees) by the Uganda Registration Services Bureau;
- Tax Identification Numbers (TINs) issued by Uganda Revenue Authority to all taxpayers;
- Driving permits issued by the Ministry of Works and Transport, to citizens and foreigners.

Based on the above, Uganda has a good identification infrastructure with up-to-date information which can be relied on by AML-regulated institutions to verify the identity of clients. The Availability of Reliable Identification Infrastructure is rated Very High.

ii. **Availability of Independent Information Sources**

The independent information sources are available and accessible for identification and verification of clients' transactional patterns and commercial history. Loan history is available from the credit reference bureaus; commercial banks provide details of previous banking relationships; utility companies such as UMEME, and NWSC provide utility bills details of clients; social security (NSSF), and pensions (Ministry of Public Service) information provides employment history. Law enforcement agencies can access this information from the mentioned agencies. This variable was rated Very High.

iii. **Availability and access to beneficial ownership information**

Comprehensive information on the structure, management, control, and

beneficial ownership in corporations, trusts, and similar vehicles is not readily available. The information can not be accessed promptly by competent authorities and AML-regulated institutions, businesses, and professions to facilitate their Customer Due Diligence requirements. This is attributed to the fact that URSB is not mandated under the Companies Act 2012 to obtain and maintain up to date beneficial ownership (BO) information. The information available only relates to the directors, secretary, business location, and shareholding. This variable is rated Low.

3.4.7 Effectiveness of Domestic Cooperation

The MDAs involved in the fight against ML/TF meet regularly to share and exchange information and discuss joint initiatives. In addition, there is effective cooperation between relevant AML agencies and reporting entities. There is a fully functional National AML/CFT Task Force which was administratively constituted by the Hon. Minister of Finance, Planning and Economic Development. The FATF Recommendation 2 requires Countries to have national AML/CFT/CPF policies, informed by the risks identified, which should be regularly reviewed, and should designate an authority or a coordination mechanism that is responsible for such policies. The Task Force representation includes both government agencies which are involved in the fight against ML/TF and key private sector players.

In addition, the Financial Intelligence Authority established a mechanism to increase domestic coordination and cooperation with some AML regulators, competent authorities, and the Law Enforcement

Authorities through the signing of MOUs which has improved information sharing. However, the process of concluding ML/TF cases takes a long period of time due

to inadequacy of resources which, has resulted in low conviction rates.

This variable is rated Medium High.

3.4.8 Effectiveness of International Cooperation.

The Anti-Money Laundering Act, 2013 (as amended) under sections 107, 111, and 114 allows competent authorities in Uganda to provide mutual legal assistance in relation to money laundering, and other crimes investigations, prosecutions, and related proceedings.

The ODPP in collaboration with Ministry of Justice and Constitutional Affairs and the Ministry of Foreign Affairs have drafted Mutual Legal Assistance Guidelines which provide a framework to ensure that mutual legal assistance requests are done in a timely manner. In addition, ODPP has established a Department of International Cooperation which coordinates the execution of mutual legal assistance requests.

Table28: Mutual Legal Assistance requests received by ODPP in 2020 and 2021

Country/ Request	Extradition	Information	Investigative assistance	Property repatriation	Enforce arrest warrant	Joint Communication	Serve Court Summons	Total
Australia		Embezzlement						1
Belgium			Money laundering; War crimes & crimes against humanity	Aggravated Trafficking in Persons				3
Burundi	Human Trafficking							1
Finland		Murder						1
France			Corruption by Foreign PEPs ; War crimes					2
Germany			Electronic Fraud					1
India		Prosecution of Indian Nationals					Theft/ em- bezzlement	2
Kazakhstan		Plane Crash						1
Kenya					Theft			1
Kuwait		Unspecified						1
Netherlands		Murder						1
Poland			Fraud					1
Rwanda			Money laundering & embezzlement		Child De- filament			2
South Sudan			Fraud		Ob- taining money by false pretence			2
Sweden	Embez- zlement & Money laundering							1

Country/ Request	Extradition	Information	Investigative assistance	Property repatriation	Enforce arrest warrant	Joint Communication	Serve Court Summons	Total
Switzerland			Mobile Phone E-Fraud					1
Tanzania			Forgery, uttering false documents, money laundering & obtaining money by false pretences					1
UN (Special Procedures)		Human Rights				Arbitrary detention		2
UN OTP Arusha, Tanzania			Genocide					1
USA		Wildlife trafficking; Fraud						2
Zambia	Unspecified							1
Total	3	9	11	1	3	1	1	29

Other mechanisms in place to facilitate international cooperation include; INTERPOL (by Police), LATF (by ODPP), AEOI (by URA) and Egmont group of FIUs (by FIA). Uganda extradited the leader of ADF from Tanzania, who is undergoing prosecution on terrorism charges. In addition, FIA requested for information concerning a suspected illegal wildlife crime syndicate from the FIU of Vietnam who provided information that enabled FIA to disseminate an intelligence report to URA and UWA for further investigations.

Table 29. Exchange of Information (EOI) Under Bilateral and Multilateral Tax Treaties

Year	No. Outgoing requests	No. Incoming requests
2014	8	2
2015	13	5
2016	9	2
2017	13	7
2018	4	9
2019	22	7
2020	33	3

UNDER THE EAST AFRICAN CUSTOMS MANAGEMENT ACT 2014 (EACCMA)	
Year	No. Outgoing requests
2015-2019	33

The overall rating for quality of criminal investigations is rated Medium

3.5 Quality of Criminal Prosecutions.

The above variable is influenced by several input variables as indicated in the table below. The Overall rating for quality of criminal prosecutions is Medium.

Table 30: Summary of Ratings on Quality of Criminal Prosecutions

Quality of criminal	Quality of Criminal Investigation.	Medium
Prosecutions	Capacity and Resources for Financial Crime Prosecutions including Asset Forfeiture	Medium High
	Integrity and Independence of Financial Crime Prosecutors (including Asset Forfeiture).	Medium
	Accessibility to reliable information and evidence	Medium Low
	Effectiveness of Domestic Cooperation	Medium High
	Effectiveness of International Cooperation	Medium

3.5.1 Quality of Criminal Investigation.

This has been assessed under 3.4 and rated Medium

3.5.2 Capacity and Resources for Financial Crime Prosecutions (including Asset Forfeiture).

This has been assessed under 3.4.4 and rated Medium High.

3.5.3 Integrity and Independence of Financial Crime Prosecutors (including Asset Forfeiture).

This has been assessed under 3.4.5 and rated Medium.

3.5.4 Accessibility to reliable information and evidence.

This variable has been assessed under section 3. 4.6 and is rated Medium Low.

3.5.5 Effectiveness of Domestic Cooperation.

This has been assessed under 3.4.7 and rated Medium High.

3.5.6 Effectiveness of International Cooperation

This has been assessed under 3.4.8 and rated Medium.



The quality of adjudication assesses the capability and integrity of the judges/judicial officials to preside over prosecutions for money laundering offenses, including asset forfeiture in a professional and appropriate manner.

3.6 Quality of Adjudication.

The quality of adjudication assesses the capability and integrity of the judges/judicial officials to preside over prosecutions for money laundering offenses, including asset forfeiture in a professional and appropriate manner. Primarily, this evaluates the quality of criminal prosecution in conjunction with the assessment on the capacity and integrity of judges in presiding over prosecutions for ML offenses. The variable is influenced by the following input variables; Quality of criminal prosecution, capacity and resources for Judicial processes, integrity and integrity and independence of Judges.

3.6.1 Quality of criminal prosecution.

This variable has been assessed under section 3.5 and is rated Medium

3.6.2 Capacity and Resources for Judicial Processes (including Asset Forfeiture).

The adjudication of ML and its associated predicate offences is handled by the Anti-Corruption Division of the High Court, which is a specialised Court established to adjudicate such cases. The Court is staffed with 3 High Court Judges, 1 Deputy Registrar, 1 Chief Magistrate and 3 Grade 1 Magistrates, who were deployed based on their educational background, skills, and experience in handling financial crime. However, there is no corresponding specialisation at the Court of Appeal and Supreme Court levels.

Capacity building for judicial officers is conducted by the Judicial Training Institute, whose mandate is to provide specialised and continuous education to the judiciary staff. Several judicial officers have been trained and certified as trainer of trainers in AML/CFT under the EU AML-CFT project for the greater horn of Africa. The judicial officers are also well facilitated and remunerated. The rating for this variable is high.

3.6.3 Integrity and Independence of Judges (including Asset Forfeiture)

Independence of the Judiciary is guaranteed under the Constitution of the Republic of Uganda and there are safeguards in place to preserve the integrity of judges. There is a Judicial Code of Conduct that regulates the integrity and performance of judges. In addition, there is a Judiciary Integrity Committee that receives and handles complaints involving judicial officers. The Committee makes recommendations to the President, who is the appointing authority for the judges. There is also an Inspectorate of Courts, which receives both internal and external complaints against the staff of judiciary, investigates cases of maladministration of justice and enforces the Judicial Code of Conduct and the Public Service Code of Conduct in the judiciary.

Additionally, the Leadership Code Act requires judicial officers to declare their assets, incomes, and liabilities to the IG. There is also a Leadership Code Tribunal, which is mandated to hear and adjudicate breaches of the Leadership Code of Conduct. The judicial officers are also well remunerated to ensure that they do not compromise integrity. Despite the existence of these mitigation measures, the judiciary has continued to rank high as one of the most corrupt institutions in Uganda. A survey conducted by Afro Barometer in 2019 showed that 44% of Ugandans perceive judges and magistrates to be corrupt – ranking fourth out of the 10 most corrupt institutions. In addition, the Courts were ranked the second most corrupt government institution by the Inspectorate of Government in the fourth National Integrity Survey Report, 2021. This variable is rated Medium.

3.7 Quality of Asset Forfeiture Framework.

The quality of Asset forfeiture framework is assessed basing on the following eleven variables indicated in the table below.

Table 31: Showing Quality of Asset Forfeiture Framework.

Quality of Asset Forfeiture Framework.	Quality of FIU Intelligence Gathering and Processing	High
	Capacity and Resources for Financial Crime Investigations including asset forfeiture	Medium
	Integrity and Independence of Financial Crime Investigators (including Asset Forfeiture).	Medium
	Capacity and Resources for Financial Crime Prosecutions (including Asset Forfeiture	Medium High
	Integrity and Independence of Financial Crime Prosecutors (including Asset Forfeiture).	Medium
	Capacity and Resources for Judicial Processes (including Asset Forfeiture).	High
	Integrity and Independence of Judges (including Asset Forfeiture)	Medium
	Accessibility to reliable information and evidence	Medium Low
	Effectiveness of Domestic Cooperation	Medium High
	Effectiveness of International Cooperation	Medium
	Comprehensiveness of Asset Forfeiture Laws	Medium High

3.7.1 Quality of FIU Intelligence Gathering and Processing.

Detailed assessment is provided under section 3.4.1 and is rated high

3.7.2 Capacity and Resources for Financial Crime Investigations including asset forfeiture.

Detailed assessment is provided under section 3.4.2 above.

3.7.3 Integrity and Independence of Financial Crime Investigators (including Asset Forfeiture).

Detailed assessment is provided under section 3.4.3.

3.7.4 Integrity and Independence of Financial Crime Prosecutors (including Asset Forfeiture).

Detailed assessment is provided under section 3.4.5.

3.7.5 Capacity and Resources for Financial Crime Prosecutions (including Asset Forfeiture).

Detailed assessment is provided under section 3.4.4 above.

3.7.6. Capacity and Resources for Judicial Processes (including Asset Forfeiture)

Detailed assessment is provided under section 3.6.2 above.

3.7.7. Integrity and Independence of Judges (including Asset Forfeiture)

Detailed assessment is provided under section 3.6.3 above

3.7.8. Accessibility to reliable information and evidence.

Detailed assessment is provided under section 3.4.6 above

3.7.9. Effectiveness of Domestic Cooperation.

This variable is assessed under section 3.4.7 above

3.7.10. Effectiveness of International Cooperation

This variable is assessed under section 3.4.8 above.

3.7.11 Comprehensiveness of Asset Forfeiture Laws

There are laws that broadly enable Uganda's competent authorities to seize, freeze and confiscate proceeds and instrumentalities of crime. The asset forfeiture laws also safeguard the rights of innocent parties. However, the current asset forfeiture regime does not provide for civil forfeiture where the legal proceedings are against the property in dispute. The MER 2016 raised concerns that tainted property as defined in AMLA 2013 did not cover instrumentalities of crime intended to be used in the commission of money laundering or predicate offences. This has been addressed by the AMLA amendment (Section 1), which defines "tainted property" to include property used in or in connection with the commission of a crime. **This variable is rated Medium High.**



NATIONAL TERRORIST FINANCING VULNERABILITY

“

The assessment of the National TF Vulnerability is based on the analysis of; transit TF, Incoming TF, Outgoing TF, and domestic TF vulnerability.

4. National Terrorist Financing Vulnerability

The assessment of the National TF Vulnerability is based on the analysis of; transit TF, Incoming TF, Outgoing TF, and domestic TF vulnerability. The analysis considered the different intermediate variables that contribute to the TF vulnerability of Uganda. In addition, the assessment considered measures at the national level that respond to terrorist acts, detect, investigate, and prosecute various forms of terrorist financing as indicated in the detailed assessment here below.

4.1 Quality of CFT Policy and Strategy

Uganda made a high-level political commitment to work with FATF and ESAAMLG to strengthen the effectiveness of its AML/CFT regime because of being placed on the grey list. Uganda has since taken steps towards this commitment by completing its TF Assessments for NPOs and ML/TF for Legal Persons and Arrangements. In September 2020, an updated National Strategy for Combating Money Laundering and the Financing of Terrorism and Proliferation FY 2020/21 - FY 2024/25 was adopted.

The Strategy is based on the National Risk Assessment that was conducted in 2017 by the relevant government AML/CTF agencies in collaboration with representatives from the private sector responsible for the implementation of AML/CFT measures. The Strategy was developed by the National Anti-Money Laundering/Counter Financing of Terrorism Task Force spearheaded by the Ministry of Finance Planning and Economic Development. The national strategy addresses deficiencies that were identified by the NRA conducted in 2017.

The Task Force oversees the formulation, coordination, and implementation of CFT policies and strategies. However, since the National strategy for combating ML/TF/PF has only recently been adopted, its implementation is still in infant stages. This variable is rated Very High for transit TF, Incoming TF, Outgoing TF and domestic TF.

In September 2020, an updated National Strategy for Combating Money Laundering and the Financing of Terrorism and Proliferation FY 2020/21 - FY 2024/25 was adopted.

The Strategy was developed by the National Anti-Money Laundering/Counter Financing of Terrorism Task Force spearheaded by the Ministry of Finance Planning and Economic Development. The national strategy addresses deficiencies that were identified by the NRA conducted in 2017.

4.2 Criminalization of Terrorism and Terrorist Financing.

The TF crime is comprehensively defined in the Anti-Terrorism Act 2002 (as amended) and the ATA regulations, 2016. Terrorism Financing is the act of willingly collecting or providing funds directly or indirectly by any means with the intention that such funds shall be used, or in the knowledge that such funds are to be used, in full or in part, by a person or terrorist organization to carry out a terrorist act.

In the same Act, Section 9A(2-4), a person commits an offence under that section regardless of whether the funds are used to commit an offence or not, and regardless of whether the funds are linked to a specific act of terrorism or not. A person who attempts to participate or participates, by inciting, aiding, organising, or directing others to commit, or conspiring to commit an offence under that section, commits an offence.

The ATA 2002 (as amended) has a wide range of dissuasive penalties for terrorist financing offences. The Act stipulates that a person who commits a TF offence is, on conviction, liable to imprisonment for a period of twenty years, or a fine not exceeding five hundred currency points or both. The variable is rated Excellent for transit TF, Incoming TF, Outgoing TF, and domestic TF.

4.3 Quality of Customs and Border Controls for TF.

This variable is assessed based on the effectiveness of customs controls on

Cash and similar Instruments, effectiveness of border controls on goods (incl. military and strategic goods and effectiveness of Immigration Controls. This variable is rated Medium for Transit TF, Medium High for Incoming TF, Outgoing TF, and Domestic TF.

4.3.1 Effectiveness of customs controls on Cash and similar Instruments.

Detailed assessment is provided under section 3.3.2 in the National vulnerability assessment. The variable was rated low.

4.3.2 Effectiveness of border controls on goods (incl. military and strategic goods).

There are necessary procedures to inform exporters of their obligations & licensing conditions which covers all types of activities, such as re-exports, transit, transshipments, intangible transfers & deemed exports. The country has not yet enacted a law on proliferation financing. The use of WMDs and their means of delivery and related materials/ equipment and technology are criminalised under different legislations such as the Fire Arms Act, 1970 as amended, and Penal Code Act, Cap 120. The URA has deployed scanners and sniffer dogs to detect the concealment of unauthorized/illegal goods and transfer of strategic goods. Importation of arms and ammunition is a responsibility of the government which prevents access to non-state actors including terrorists and terrorist organizations. There is cooperation and coordination between the partner states that share a common border to prevent and detect the smuggling of strategic goods.

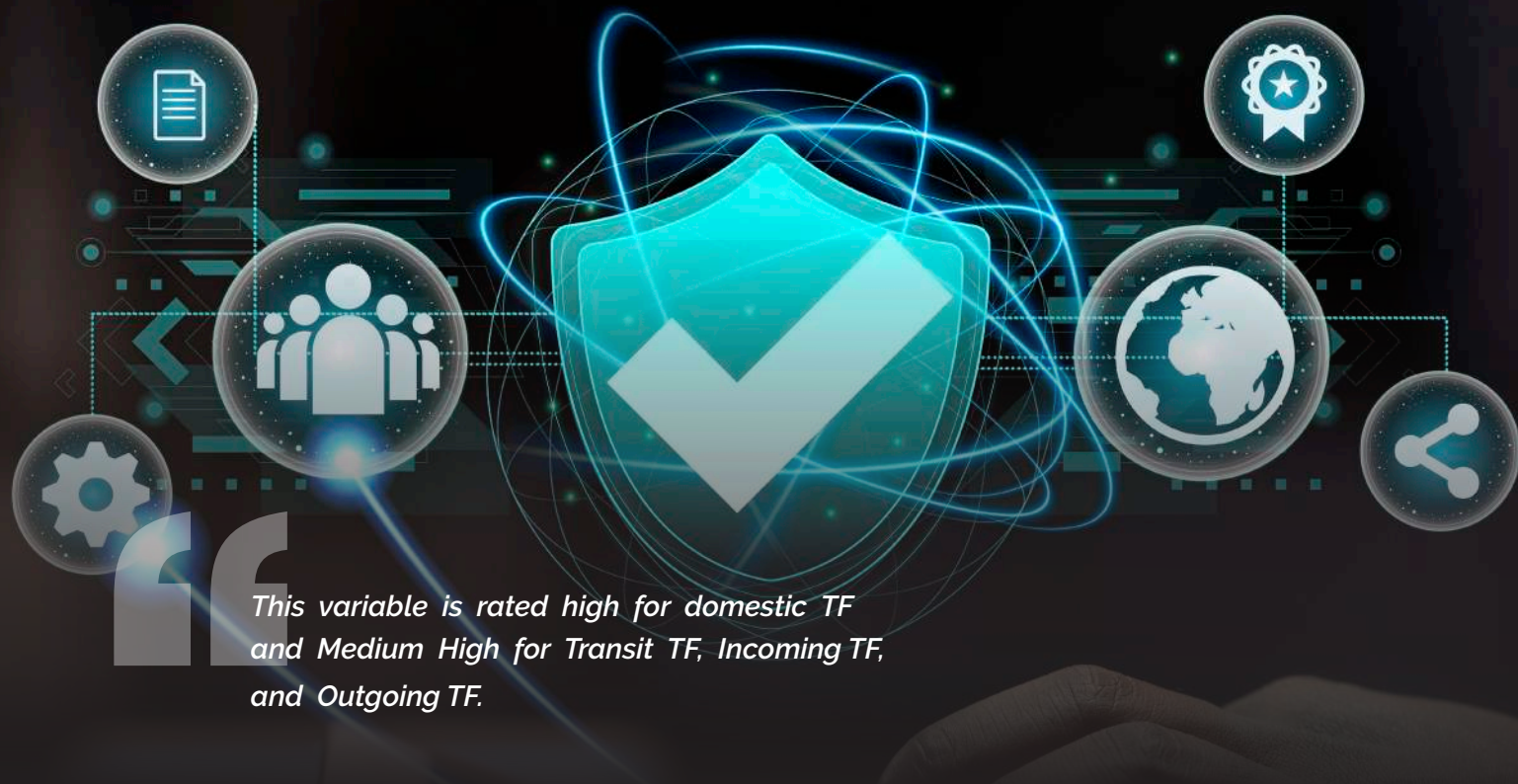
The URA has deployed scanners and sniffer dogs to detect the concealment of unauthorized/illegal goods and transfer of strategic goods. Importation of arms and ammunition is a responsibility of the government which prevents access to non-state actors including terrorists and terrorist organizations.

The challenge however, is that there are porous and motorable border points that are not controlled by URA and may be used by criminals to smuggle strategic goods. The variable was rated Low.

4.3.3 Effectiveness of Immigration Controls.

The country has gazetted border points that are jointly manned by various government agencies. Some of the borders follow natural barriers such as mountains, rift valleys, lakes and rivers which act as preventive natural barriers. The other border points are porous and have access to road networks, and are therefore provide passage to criminals. The existence of porous borders makes the country vulnerable to criminals who could easily enter and exit the country undetected. This variable is rated Medium Low.





This variable is rated high for domestic TF and Medium High for Transit TF, Incoming TF, and Outgoing TF.

4.4 Quality of TF Intelligence Gathering and Processing.

This variable is assessed based on quality of FIU intelligence gathering and processing for TF, quality of other intelligence agencies' TF intelligence gathering and processing. And effectiveness of international cooperation. This variable is rated high for domestic TF and Medium High for Transit TF, Incoming TF, and Outgoing TF.

4.4.1 Quality of FIU Intelligence Gathering and Processing for TF.

FIA has adequate systems for ensuring quality of intelligence gathering and processing as indicated under the section of National Vulnerability assessment.

Between 2017 to 2021, the Authority received intelligence information from both open and closed sources which were processed. Thirteen intelligence reports related to TF were disseminated to the Counter-Terrorism Unit of the Uganda Police Force for further investigations. This resulted in one prosecution by ODDP. The variable was rated high.

4.4.2 Quality of Other Intelligence Agencies' TF Intelligence Gathering and Processing.

The security agencies include Internal Security Organisation (ISO), Uganda Police, External Security Organisation, and Chieftaincy of Military Intelligence (CMI) among others. These security agencies have established a Joint Anti-Terrorism Taskforce that meets regularly to review intelligence gathered relating to terrorism. The National Security Council Act, 2000 provides for the establishment of the Joint Intelligence Committee with representation from all agencies responsible for counter-terrorism and terrorism financing. This collaboration helps to improve the quality of intelligence gathered.

4.4.3 Effectiveness of International Cooperation.

Detailed assessment is provided under section 3.4.8 in the National vulnerability assessment. The variable was rated medium.

4.5 Quality of TF Investigations.

This variable is assessed based on the quality of TF intelligence gathering and processing, capacity and resources for financial crime investigations, integrity and independence of financial crime investigators, effectiveness of international cooperation, capacity and resources for financial crime prosecutions, integrity and independence of financial crime prosecutors, effectiveness of domestic cooperation, and access to reliable information, data, and records. This variable is rated medium high for transit TF, incoming TF, outgoing TF, and domestic TF. Below is a detailed assessment of the input variables:

4.5.1 Quality of TF Intelligence Gathering and Processing

Detailed assessment is provided under section 3.4.1 above.

4.5.2 Capacity and Resources for Financial Crime Investigations

Detailed assessment is provided under section 3.4.2 in the National vulnerability assessment. The variable was rated high.

4.5.3 Integrity and Independence of Financial Crime Investigators

Detailed assessment is provided under section 3.4.3 in the National vulnerability assessment. The variable was rated medium.

4.5.4 Effectiveness of International Cooperation

Detailed assessment is provided under section 3.4.8 in the National vulnerability assessment. The variable was rated medium.

4.5.5 Capacity and Resources for Financial Crime Prosecutions

Detailed assessment is provided under section 3.4.4 in the National vulnerability assessment. The variable was rated medium high.

4.5.6 Integrity and Independence of Financial Crime Prosecutors

Detailed assessment is provided under section 3.4.5 in the National vulnerability assessment. The variable was rated medium.

4.5.7 Effectiveness of Domestic Cooperation

Detailed assessment is provided under section 3.4.7 in the National vulnerability assessment. The variable was rated medium high.

4.5.8 Access to Reliable Information, Data, and Records

This variable is assessed based on formalization level of economy and quality of CDD framework. This variable is rated medium low in transit TF, outgoing TF, incoming TF, and domestic TF. In addition, quality of CDD framework is assessed based on availability of reliable identification infrastructure, availability of independent information sources, availability, and access to beneficial ownership information. This variable is rated medium low in transit TF, outgoing TF, incoming TF, and domestic TF.

4.5.9 Formalization level of economy

Detailed assessment for formalization level of economy is provided under section 3.4.6.1 in the National vulnerability assessment. This variable is rated low.

4.5.10 Quality of CDD framework

Quality of CDD framework is assessed based on availability of reliable identification infrastructure, availability of independent information sources, availability, and access to beneficial ownership information. Detailed assessment for is provided under section 3.4.6.3 in the National Vulnerability assessment. This variable is rated low

4.6 Quality of TF Prosecution.

This variable is assessed based on quality of TF investigation, effectiveness of international cooperation, capacity and resources for financial crime prosecutions, integrity and independence of financial crime prosecutors, effectiveness of domestic cooperation and access to reliable information, data, and records. The variable is rated medium high in transit TF, outgoing TF, incoming TF, and domestic TF. Below is a detailed assessment of the input variables.

4.6.1 Quality of TF Investigation

Detailed assessment is provided under section 4.5 above. This variable is rated medium high for transit TF, incoming TF, outgoing TF and domestic TF

4.6.2 Effectiveness of International Cooperation

Detailed assessment is provided under section 3.4.8 in the National vulnerability assessment. The variable is rated medium.

4.6.3 Capacity and Resources for Financial Crime Prosecutions

Detailed assessment is provided under section 3.4.4 in the National vulnerability assessment. The variable was rated medium high.

4.6.4 Integrity and Independence of Financial Crime Prosecutors

Detailed assessment is provided under section 3.4.4 in the National vulnerability assessment. The variable was rated medium high.

4.6.5 Effectiveness of Domestic Cooperation

Detailed assessment is provided under section 3.4.7 in the National vulnerability assessment. The variable was rated medium high.

4.6.7 Access to Reliable Information, Data, and Records

Detailed assessment is provided under section 4.5.8 above. The variable is rated medium.

This variable is rated medium low in transit TF, outgoing TF, incoming TF, and domestic TF.

4.7 Quality of TF Adjudication

This variable is assessed based on Quality of TF Prosecution, Capacity and Resources for Judicial Processes, and Integrity and Independence of Judges. The variable is rated medium high in transit TF, outgoing TF, incoming TF and domestic TF. Below is a detailed assessment of the input variables.

4.7.1 Quality of TF Prosecution

Detailed assessment is provided under section 4.6 above.

4.7.2 Capacity and Resources for Judicial Processes

The adjudication of TF and its ancillary offences is handled by the International Crimes Division of the High Court of Uganda. Section 6 of The High Court (International Crimes Division) Practice Directions, No.10 of 2011 is to the effect on the court's jurisdiction and provides that without prejudice to Article 139 of the Constitution, the Division tries any offence relating to genocide, crimes against humanity, war crimes, terrorism, human trafficking, piracy and any other international crime as may be provided for under the Penal Code Act, Cap 120, the Geneva Conventions Act, Cap 363; The International Criminal Court Act, No.11 of 2010 and other penal enactments.

The Division is adequately staffed with 4 Judges and provided with enough resources to operate efficiently. The capacity building for judicial officers is conducted by the Judicial Training Institute, whose mandate is to provide specialised and continuous education to the judiciary staff. Judicial officers are well remunerated and facilitated. In addition, government has provided resources to recruit more judicial officers.

However, available information indicates no conviction of TF cases. This is attributed to the fact that very few cases of TF are investigated and progressed to the court level. The Variable was rated high.

4.7.3 Integrity and Independence of Judges

Detailed assessment is provided under section 3.6.3 in the National vulnerability assessment. This variable is rated medium.

4.8 Quality of TF Asset Forfeiture and Confiscation Mechanisms

This variable is assessed based on availability and effectiveness of TF asset forfeiture and confiscation, quality of TF intelligence gathering and processing, capacity and resources for financial crime investigations, effectiveness of international cooperation, capacity and resources for financial crime prosecutions, integrity and independence of financial crime prosecutors, effectiveness of domestic cooperation, access to reliable information, data and records, capacity and resources for judicial processes, and integrity and independence of judges. The variable is rated medium high in transit TF, outgoing TF, incoming TF, and domestic TF. Below is a detailed assessment of the input variables.

4.8.1 Availability and Effectiveness of TF Asset Forfeiture and Confiscation

Uganda has a comprehensive legal framework for forfeiture of terrorist assets. Section 17(A) of the Anti-Terrorism Act, 2002 (as amended) provides for freezing and seizure of funds and property of the declared Terrorist organization or persons. The Anti-Terrorism Regulations, 2016 empower the FIA to freeze assets or funds of declared persons or organizations as terrorists. In addition, section 17 of the same Act provides for forfeiture of funds or property on conviction. The legal framework broadly enables Uganda's competent authorities to seize, freeze and confiscate proceeds and instrumentalities of crime. The asset forfeiture laws also safeguard the rights of innocent 3rd parties. However, the law providing for the management of seized assets is not in place. The variable was rated medium high.

4.8.2 Integrity and Independence of Financial Crime Investigators

Detailed assessment is provided under section 3.4.3 in the National vulnerability assessment. The variable was rated medium.

4.8.3 Quality of TF Intelligence Gathering and Processing

Detailed assessment is provided under section 4.4 above. This variable is rated medium low in transit TF, outgoing TF, incoming TF, and domestic TF.

4.8.4 Capacity and Resources for Financial Crime Investigations

Detailed assessment is provided under section 3.4.2 in the National vulnerability assessment. The variable was rated high.

4.8.5 Effectiveness of International Cooperation

Detailed assessment is provided under section 3.4.8 in the National vulnerability assessment. The variable was rated medium.

4.8.6 Capacity and Resources for Financial Crime Prosecutions

Detailed assessment is provided under section 3.4.4 in the National vulnerability assessment. The variable was rated medium high.

4.8.7 Integrity and Independence of Financial Crime Prosecutors

Detailed assessment is provided under section 3.4.5 in the National vulnerability assessment. The variable was rated medium.

4.8.8 Effectiveness of Domestic Cooperation

Detailed assessment is provided under section 3.4.7 in the National vulnerability assessment. The variable was rated medium high.

4.8.9 Access to Reliable Information, Data, and Records

Detailed assessment is provided under section 4.6.6 above. The variable is rated medium.

4.8.10 Capacity and Resources for Judicial Processes

Detailed assessment is provided under section 4.7.2 above. The Variable is rated high.

4.8.11 Integrity and Independence of Judges

Detailed assessment is provided under section 3.6.3 in the National vulnerability assessment. This variable is rated medium.

4.9 Quality of Targeted Financial Sanctions, Terrorism and TF

This variable is assessed based on comprehensiveness of TFS legislation, procedures and mechanisms, quality of TF intelligence gathering and processing, capacity and resources for financial crime investigations, effectiveness of international cooperation, effectiveness of domestic cooperation, access to reliable information, data and records, and effectiveness of TFS implementation. The variable is rated medium high in transit TF, outgoing TF, incoming TF, and domestic TF. Below is a detailed assessment of the input variables.

4.9.1 Comprehensiveness of TFS Legislation, Procedures and Mechanisms

Uganda has comprehensive legislation, procedures, and mechanisms in place to implement TFS. It enables its competent authorities to freeze, without delay, the funds, or other assets, and to ensure that no funds and other assets are made available to designated persons and entities.

IA has put in place a mechanism to regularly monitor the UN Security Council website to establish the updated listed and delisted persons and entities, and therefrom, issue instructions to accountable persons to immediately implement those UNSC directives. The variable was rated high.

4.9.2 Effectiveness of TFS implementation.

The Anti-Terrorism Act 2002 as amended provides for a regime to freeze terrorist assets consistent with UNSC Resolutions 1373 and 1267. In 2016 the Anti-Terrorism regulations were issued to implement the relevant Resolutions. Regulation 10 of the Anti-Terrorism regulation 2016 provides for the Minister to declare organizations or persons designated by the UNSC. Upon declaration of a person or organization as a terrorist or terrorist organization, the Minister shall within 24 hours submit the name and details of the person or terrorist organization to FIA to cause the freezing or seizing of the funds or property of the terrorist or terrorist organization.

Section 17(A) of the Anti-Terrorism (Amendment) Act, 2015 provides for freezing and seizure of funds and property of the declared terrorist organization or persons. FIA can identify, freeze, without delay, the funds, or other assets, and ensure that no funds and other assets are made available to designated persons and entities.

Regulation 12 of the Anti-Terrorism Regulations 2016 requires accountable persons or relevant public or private bodies to immediately after freezing or seizing any assets or property belonging to terrorist or terrorist organisations to inform FIA of the full details of the funds or property which has been frozen or seized.

Regulation 18 (1b) of the Anti-Terrorism Regulations 2016 provides for the review of decisions on freezing or seizing funds or property. The court may vary an order freezing or seizing funds or property, where it is satisfied on the balance of probabilities that a person or organization is an innocent third party with a bona fide right to the funds or property frozen or seized.

The mechanism to delist a person or organization designated by the UNSC is provided under regulation 11 of the Anti-Terrorism Regulations 2016, while regulation 19 (3) covers access to frozen funds or other assets which have been determined to be necessary for basic expenses, payment of certain types of fees, service charges, or for extraordinary expenses.

Uganda effectively enforces the legislation, procedures, and mechanisms in place to implement TFS related to terrorism and terrorist financing. In the period 2017 to 2021, the FIA froze 34 bank accounts linked to suspected terrorism and TF.

The rating for the variable is high.

4.9.3 Quality of TF Intelligence Gathering and Processing

Detailed assessment is provided under section 4.4 above. This variable is rated high for domestic TF and Medium High for Transit TF, Incoming TF, and Outgoing TF.

4.9.4 Capacity and Resources for Financial Crime Investigations

Detailed assessment is provided under section 3.4.2 in the National vulnerability assessment. The variable was rated high.

4.9.5 Effectiveness of International Cooperation

Detailed assessment is provided under section 3.4.8 in the National vulnerability assessment. The variable was rated medium.

4.9.6 Effectiveness of Domestic Cooperation

Detailed assessment is provided under section 3.4.7 in the National vulnerability assessment. The variable was rated medium high.

4.9.7 Access to Reliable Information, Data, and Records

Detailed assessment is provided under section 4.6.6 above. The variable is rated medium.

4.10 Controls on Provision of Strategic Equipment, Goods and Services to Conflict Zones

Uganda shares borders with some conflict zones including South Sudan and DRC. In addition, Uganda is part of a peacekeeping mission in Somalia. There are available procedures to inform exporters of their obligations & licensing conditions which covers all types of activities, such as re-exports, transit, transshipments, intangible transfers & deemed exports. The country has not yet enacted a law on proliferation financing. However, the use of WMDs and their means of delivery and related materials/equipment and technology are criminalised under different legislations such as the Fire Arms Act, 1970 as amended, Penal Code Act, Cap 120. The URA has deployed scanners and sniffer dogs at border points to detect the concealment of unauthorized/illegal goods and movement of strategic goods. Importation of arms and ammunition is a responsibility of the government which prevents access to non-state actors including terrorists and terrorist organizations. There is cooperation and coordination between the partner states that share a common border to prevent and detect the smuggling of strategic goods. However, there are porous and motorable border points that are not controlled by customs and immigration which may be used by criminals to smuggle strategic goods. The variable is rated medium high.

4.11 Overall Tf Combatting Ability And Vulnerability

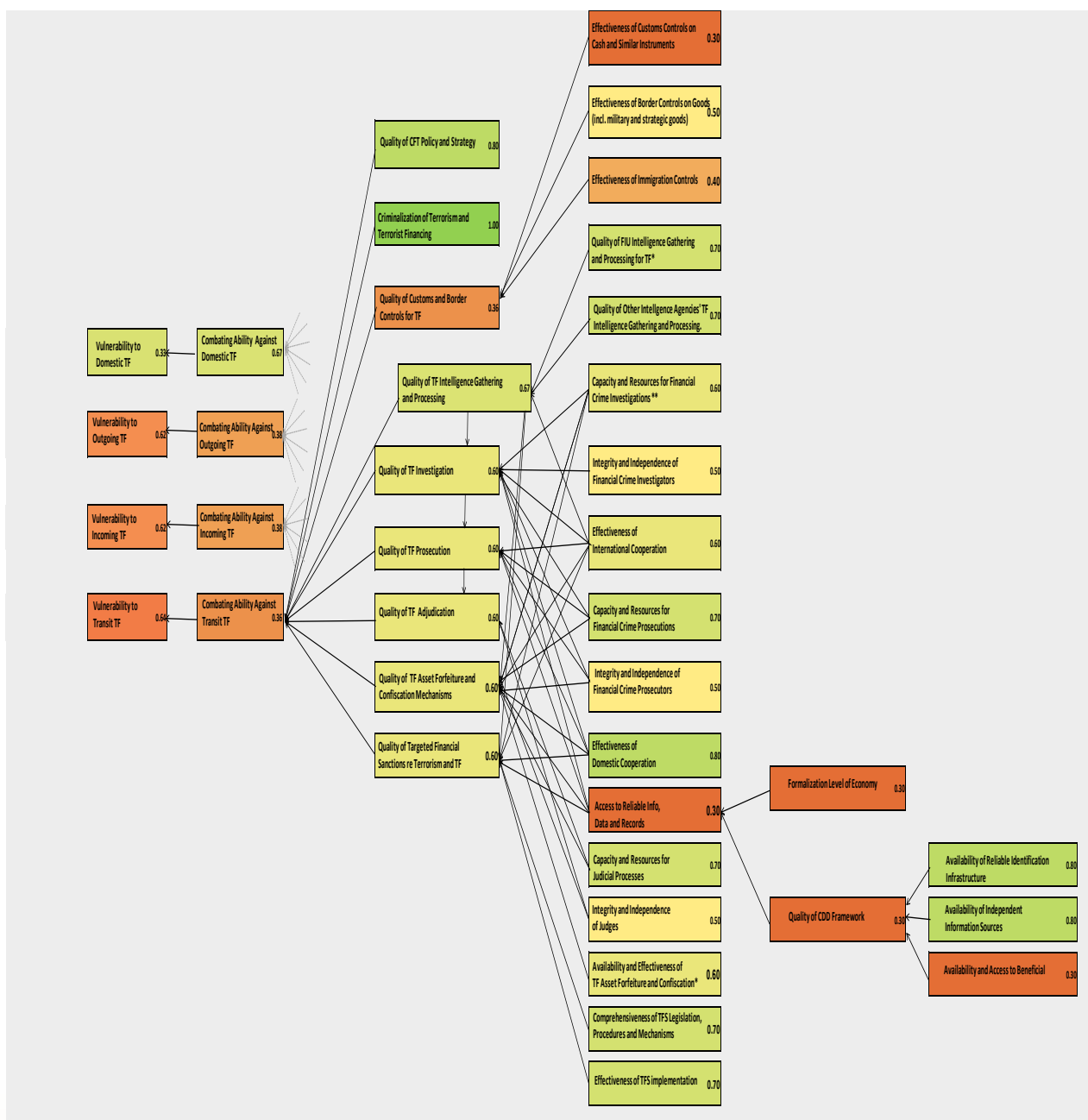
The table below summarises the TF combatting ability and vulnerability for each TF source.

Table 32: Showing Rating for Various TF categories

Source of TF	TF Combatting Ability	TF Vulnerability
Transit TF	Low	Medium High
Incoming TF	Low	Medium High
Outgoing TF	Low	Medium High
Domestic TF	Medium High	Low

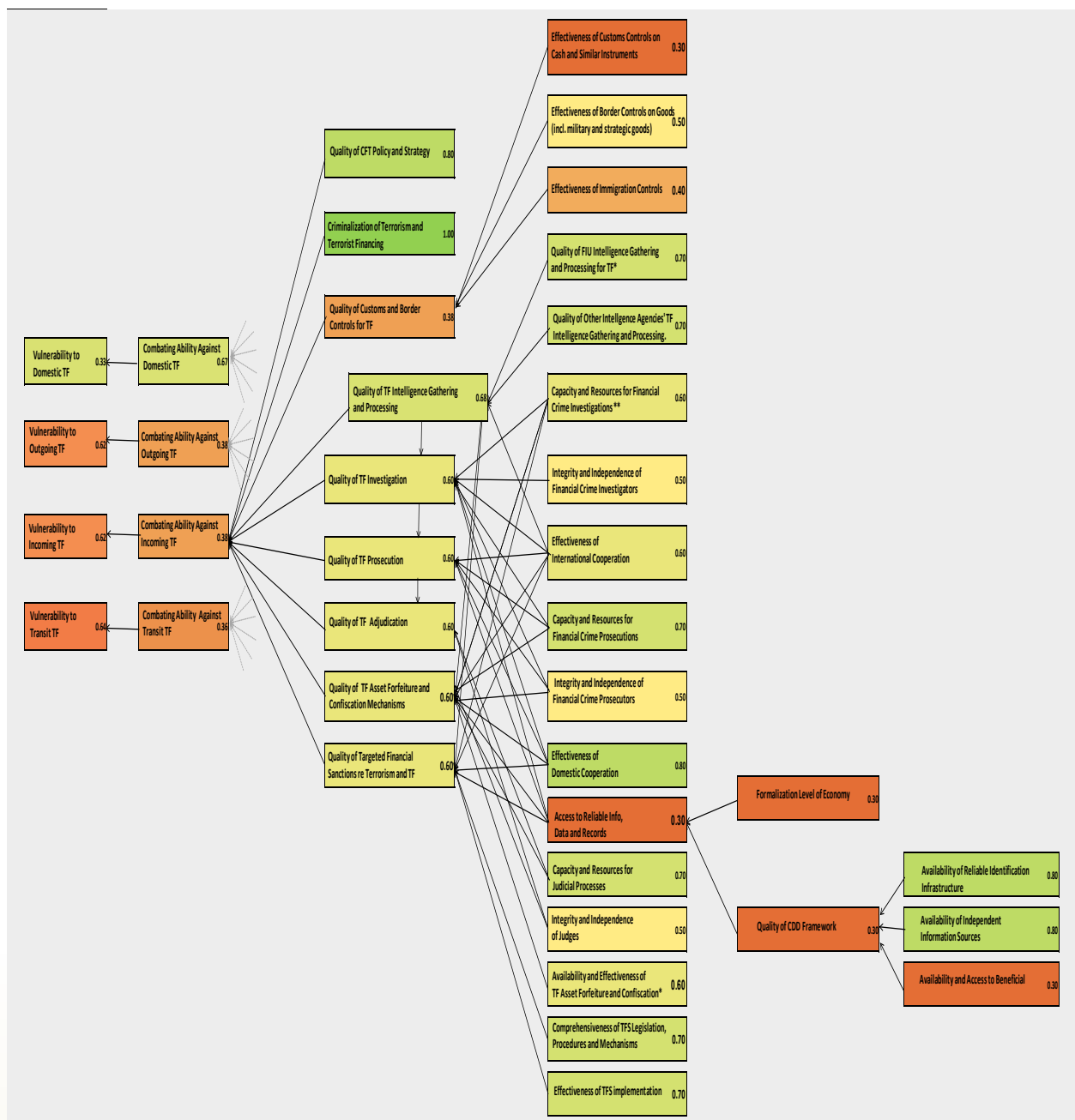
Vulnerability Maps And Priority Areas

Figure 6: Showing Transit TF



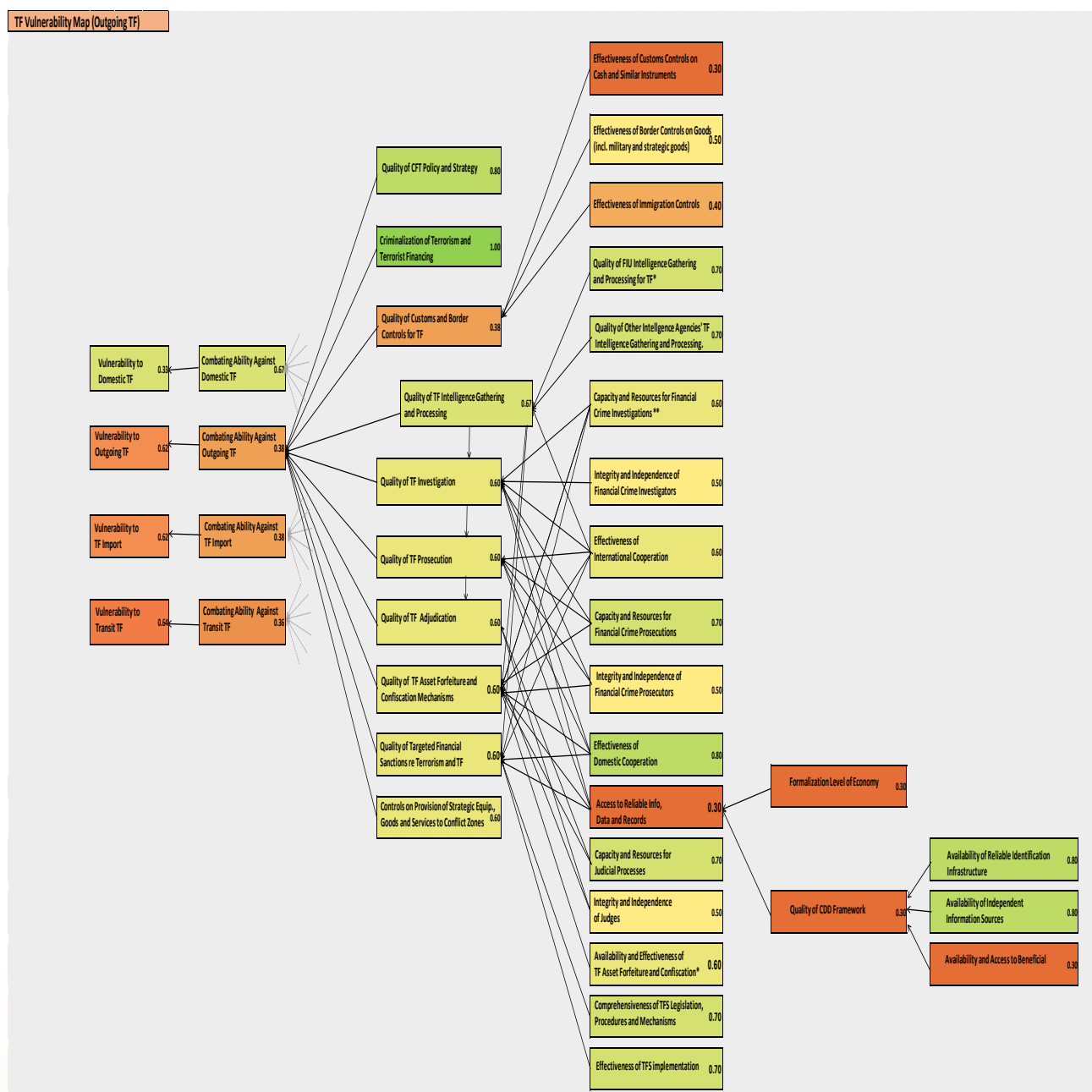
The priority areas are increasing effectiveness of customs controls on cash and similar instruments, effectiveness of immigration controls, capacity and resources for financial crime investigations and availability and access to beneficial ownership information.

Figure 7: Showing Incoming TF



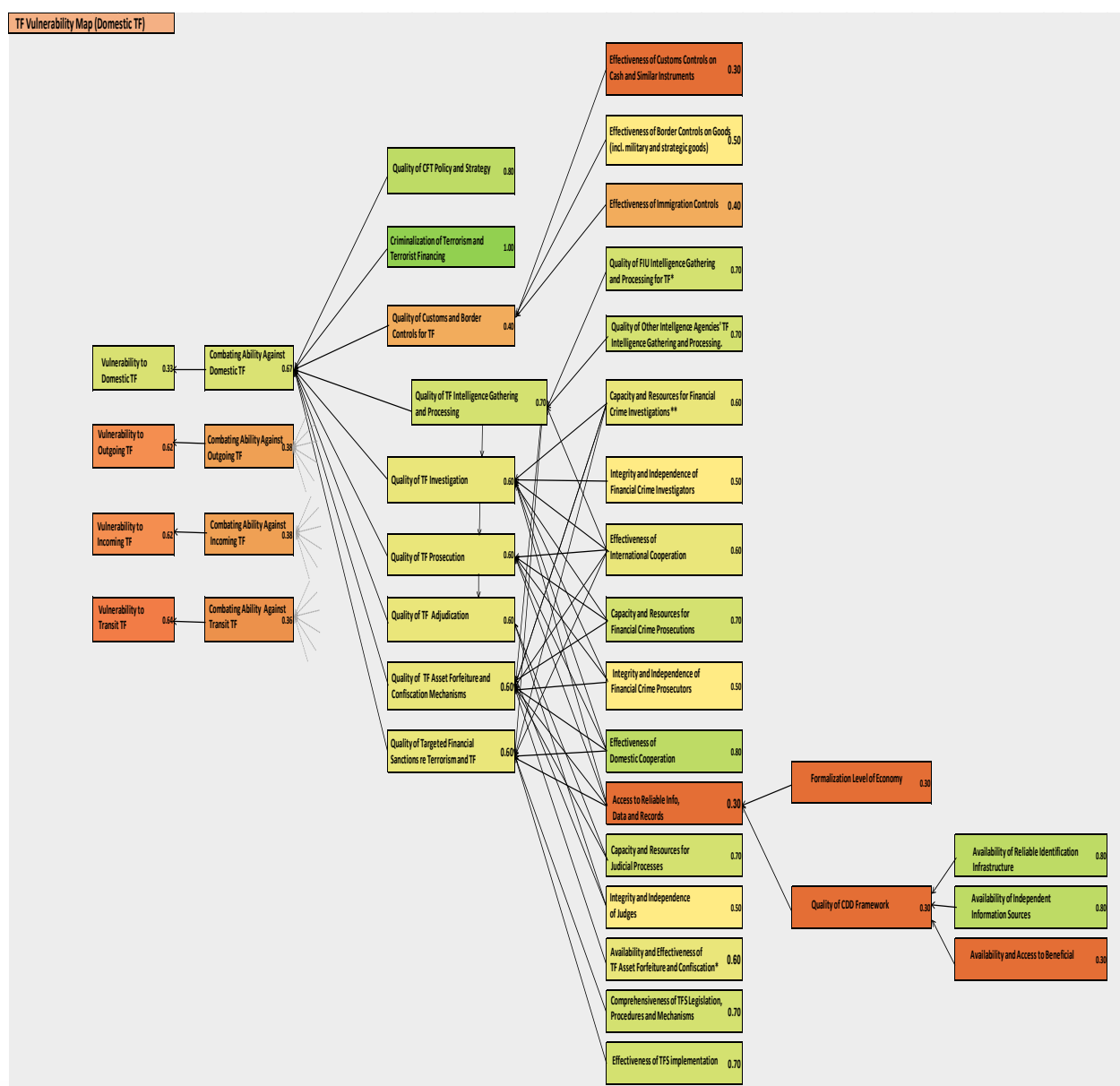
The priority areas are increasing effectiveness of customs controls on cash and similar instruments, effectiveness of immigration controls, capacity and resources for financial crime investigations and availability and Effectiveness of Border Controls on Goods including military and strategic goods.

Figure 8: Showing Outgoing TF



The priority areas are increasing effectiveness of customs controls on cash and similar instruments, effectiveness of immigration controls, capacity and resources for financial crime investigations and availability and Controls on Provision of Strategic Equipment, Goods and Services to Conflict Zones.

Figure 9: Sowing Domestic TF



The priority areas are; increase capacity and resources for financial crime investigations, availability and access to beneficial ownership information, integrity and independence of financial crime prosecutors and availability and effectiveness of TF asset forfeiture and confiscation.

Sectorial ML Vulnerability Assessment

This chapter assesses the ML/TF vulnerability of each sector considered by the NRA. It provides a detailed understanding of the sector through assessment of various variables, application of AML controls and the challenges to determine the overall sector risk.

The overall sector risk rating is combination of both threat and vulnerability

The Financial Sector Assessment

The financial sector in Uganda comprises of banks, insurance, securities firms, and NBFIs such as MVTs²⁶. The commercial banks, MDIs and credit institutions are supervised by Bank of Uganda (BoU) for prudential and AML/CFT purposes. The other supervisory bodies include; Insurance Regulatory Authority (IRA) for the insurance sector, Capital Markets Authority (CMA) for the

securities sector, Uganda Microfinance Regulatory Authority (UMRA) for Microfinance Institutions. FIA provides support to these supervisory bodies to ensure effective AML/CFT supervision.

²⁶Excluding VAs



BANKING SECTOR ASSESSMENT

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Banks play an important role in the financial sector through the provision of various products and services. Some of these products and services offered to clients can be avenues used by money launderers to obscure the illegal sources of their funds and other assets.



5 Banking Sector Assessment

The total assets of the banking sector as of December 31, 2020, amounted to UGX 38.3 trillion²⁷ in comparison to UGX 26.5 trillion in 2017 when the first NRA was conducted. This represents growth of forty five percent. The asset base of the sector accounts for 28.3% of the country's Gross Domestic Product (GDP).

Banks play an important role in the financial sector through the provision of various products and services. Some of these products and services offered to clients can be avenues used by money launderers to obscure the illegal sources of their funds and other assets. This makes the banking sector a crucial stakeholder in the AML/CFT framework.

There are 25 licensed commercial banks, 4 Micro Deposit-taking Institutions and 5 Credit Institutions, all referred to as "Supervised Financial Institutions (SFIs). The sector is highly linked to the international financial system through correspondent banking institutions in trading partner countries and plays a pivotal role in facilitating domestic and international fund transfers.

The banking sector in Uganda has 3 systemically important banks in the industry and the 2 largest ones are represented in the primary data sample which implies about 60% of data has been collected on commercial banks with 25% each of MDIs and CIs respectively. The banking sector offers a wide range of lending and deposit products to customers. These products can be broadly classified under corporate banking and retail banking. Based on the generally accepted principles and the banks' staff's experience, most banks have categorized their customers based on risk and the customer demand and contribution to the varied products offered.

Primary data was collected from some of the commercial banks in the industry (7 Banks, 1 MDI and 1 CI) and BOU. The team focused on general aspects affecting the banking sector and various products including volumes and quantities, client profiles and usage of the products

The total assets of the banking sector as of December 31, 2020,

UGX **38.3** trillion

in comparison to UGX 26.5 trillion in 2017 when the first NRA was conducted.

UGX **26.5** trillion

GDP.
28.3% 

There are 25 licensed commercial banks, 4 Micro Deposit-taking Institutions and 5 Credit Institutions, all referred to as "Supervised Financial Institutions (SFIs).

The banking sector in Uganda has 3 systemically important banks in the industry and the 2 largest ones are represented in the primary data sample which implies about 60% of data has been collected on commercial banks with 25% each of MDIs and CIs respectively. The banking sector offers a wide range of lending and deposit products to customers.

²⁷https://bou.or.ug/bou/bouwebsite/bouwebsitecontent/Supervision/Annual_Supervision_Report/asr/Annual-Supervision-Report-2020.pdf

and controls put in place by various SFIs. The Data was collected using questionnaires and interviews. Secondary data was also obtained from review of publications, and other unpublished information such as the ML/TF independent audit reports submitted by the SFIs to FIA and press reports and other regulatory reports which include AML/CFT risk assessments submitted by some banks to FIA. The exercise also relied on the expert opinion of the working group team members who are all practitioners in the Banking sector and have the regulatory experience to come up with certain required information and judgments during the assessment.

The sector rolled out the use of agency banking and bancassurance following the amendment of the Financial Institutions Act and the Insurance Act in 2016 which widened the outreach and scope of products offered by the sector. Commercial Banks have embraced bancassurance and to date, 20 SFIs have been authorized to carry out bancassurance business. As at end of 2020, nineteen (19) supervised financial institutions were fully integrated on the shared agent banking platform with 10,600 authorized agents able to serve financial institutions' customers across the country.

Overall Assessment

In assessing the level of ML vulnerability for the banking sector in Uganda, six intermediate variables were assessed to determine deficiencies and weaknesses in general AML controls as well as assessing the vulnerability products/services offered.

The banking sector ML vulnerability is rated Medium-High. This is because of weaknesses and deficiencies in the; effectiveness of suspicious activity monitoring and reporting, quality of CDD framework and compliance of bank staff. The vulnerability is mitigated by the existence of a comprehensive legal and regulatory AML/CFT framework and robust ML/TF risk management system established by the banks. These variables were assessed and assigned ratings as indicated below.

Assessment Ratings For The Banking Sector.

5.1 Effectiveness of Suspicious Activity Monitoring and Reporting.

Suspicious activity monitoring and reporting variable has been rated Medium High.

The SFIs have the capacity to effectively identify, monitor, and keep records of suspicious transactions and activities, as required by the AMLA 2013. The independent AML/CFT audits conducted on commercial banks in 2019, indicated that 70% of them have automated systems to flag suspicious transactions.

As shown in the table below of STRs received by FIA (in the period since the last NRA from financial institutions), commercial banks reported the second highest number of STRs of all the supervised financial Institutions.

Table 33: STR and SAR Reporting by Accountable Person

Accountable Person	2016/17	2017/18	2018/19	2019/20	2020/21
Commercial Banks	367	410	455	838	549
Credit Institutions	2	3	4	9	-
MDIs	1	4	1	54	9
Total	370	417	460	901	558

However, there are still challenges in some SFIs in respect of; updating risk profiles of customers; and robustness of the monitoring systems which affects the effectiveness of suspicious activity monitoring and reporting.

5.2 Quality of CDD framework.

This variable is assessed basing on availability of independent information sources, availability of Reliable Identification Infrastructure and availability and access to beneficial ownership information. The overall rating for this variable is Medium High.

- i. Availability of independent information sources.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (ii) This variable was rated Very High

- ii. Availability of Reliable Identification Infrastructure

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (i) This variable was rated Very High

- iii. Availability and access to beneficial ownership information.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (iii). This variable was rated Low

5.3 Commitment and Leadership of Banks' Managements.

This variable assesses the level of market pressure, availability and effectiveness of entry controls, availability and enforcement of criminal sanction and quality of AML supervision. The overall rating is Medium High

- i. **Level of Market Pressure to Meet AML Standards.**

The Level of Market pressure to meet AML standards is rated Very High.

Uganda like other countries is involved in international trade and relies on the international financial system to facilitate transactions conducted in foreign currencies (USD, GBP, JPY, and EURO) and requires foreign banks for clearance.

The AML/CFT legal regimes in foreign markets are very stringent. The correspondent banks in those jurisdictions exert a lot of pressure on local banks to meet international best practices in AML/CFT standards, to maintain banking relationships. In addition, Uganda's AML/CFT regime has stringent administrative sanctions

including removal of the board and senior management as well as criminal sanctions for AML/CFT breaches. This exerts pressure on the banks to meet AML/CFT compliance obligations.

ii. Availability and effectiveness of entry controls.

The availability and effectiveness of entry controls is rated high.

The financial sector regulators in Uganda have the authority to license institutions under their supervision, provided under Sections 10 – 17 of the Financial Institutions Act, 2004 (as amended) and Part III of the Microfinance Deposit-taking Institutions Act 2003.

The licensing regime for banks and MDIs by Bank of Uganda requires a fit and proper test, to prevent criminals and their associates from being granted a banking license, or having a significant controlling interest in a bank, or holding a significant managerial position. The promoters of new banks are required to submit policies and procedures including the AML compliance policies, manuals for review, before the conclusion of the licensing process.

The Bank of Uganda examiners review the organizational structure of the proposed bank to ensure that key functions / sections / units including the compliance are in place before the commencement of operations and the appointment of well-qualified internal controls / compliance staff.

The Bank of Uganda Directorate of Supervision has adequate resources to ensure quality implementation of entry controls for banks and MDIs, including enough well-trained and highly skilled personnel to screen, vet, and approve all applications and supporting documentation such as compliance manuals and beneficial ownership information among others.

iii. Availability and enforcement of criminal sanction.

The Availability and Enforcement of Criminal Sanctions is rated high

The Anti-Money Laundering Act, 2013 (as amended) criminalizes money laundering. Part II of the Act provides for the criminalisation of the laundering of proceeds of crime, while part VII provides for the offence of money laundering and associated penalties.

Section 136 of the Act imposes penalties covering both natural and legal persons. In the case of a natural person, the penalties include imprisonment for a period not exceeding fifteen years or a fine not exceeding one hundred thousand currency points (UGX 2 billion) or both; in the case of a legal person by a fine not exceeding two hundred thousand currency points (UGX 4 billion). These penalties are effective, proportionate, and dissuasive for the offence of money laundering. However, no bank or bank staff have been implicated in any AML/CFT breaches that would require the application of criminal sanctions.

iv. **Quality of AML supervision**

This variable assesses effectiveness of supervision procedures and practices and availability and enforcement of administrative sanctions. The overall rating for this variable is Medium High

a) **Effectiveness of supervision procedures and practices** **Effectiveness of Supervision Procedures and Practices**

The Effectiveness of Supervision Procedures and Practices is rated medium-high. This rating is attributed to the significant progress Uganda has made in enforcing compliance with the various AML/CFT laws and regulations. The financial Institutions Act 2004 (as amended) and AMLA 2013 (as amended) empower BOU to conduct AML/CFT supervision of the financial sector.

BOU has adopted a risk-based approach to supervision. In September 2019, BOU conducted the Banking Sector AML/CFT Risk Assessment which demonstrates BOU's good understanding and appreciation of money laundering risk in the sector. The results of this risk assessment have been used to identify AML/CFT high-risk banks to be examined during the 2020/2021 on-site examinations. Accordingly, in 2021 Bank of Uganda conducted AML/CFT risk-based supervision, where four Commercial Banks which were identified as high risk for AML/CFT have been examined.

To achieve its supervisory mandate, BOU is structured into several directorates, including the Bank supervision directorate. The Directorate

is adequately staffed with persons who have appropriate training and skills. The directorate is provided with enough financial, technical, and other resources to perform its supervisory function. In addition, Bank of Uganda established a dedicated AML/CFT unit within the supervision directorate to further strengthen AML/CFT supervision. This unit is currently operational and undertaking AML/CFT inspection of SFIs.

a) **Availability and enforcement of administrative sanctions**

The Availability and Enforcement of Administrative Sanctions is rated medium-high.

A wide range of administrative sanctions is available to Bank of Uganda, as the AML/CFT supervisor of the banking sector, to compel natural and legal persons to comply with the AMLA laws and regulations. Section 21(pa) of the AMLA 2013 (as amended) and regulation 53(3) of the AMLA regulations, give powers to FIA to impose administrative sanctions for non-compliance with directives, guidelines or requests issued by FIA. In 2019, FIA issued a warning to one commercial bank for non-compliance with a directive to provide information. However, the sanctions regime for pecuniary fines relating to non-compliance is yet to be approved. In addition, section 82(2j) of the Financial Institutions Act 2004 (as amended) gives powers to Bank of Uganda to impose administrative sanctions on commercial banks, for non-compliance with AML/CFT laws and regulations. The administrative

sanctions cover the directors, board members, and senior management of banks. A 2019 BOU annual report indicates penalties imposed on some SFIs under the Financial Institutions Act, 2004 for weak ML/TF mitigation measures and processes such as maintaining little or no information on beneficial owners; funds transfers being conducted with no information on source and use of funds; poor identification and inadequate risk profiling of PEPs; among others.

5.4 Effectiveness of Compliance Systems.

The effectiveness of the compliance function in the Banking sector is rated high.

The SFIs have compliance departments that meet statutory requirements for an effective compliance function, according to the BOU Annual Banking sector supervision report 2020. However, there are some gaps affecting the effectiveness of the compliance function. These include; limited independence of most compliance officers, inadequate resources, and some compliance officers are not at senior management level.

Commercial banks conducted AML/CFT independent audits and shared the reports with FIA, as required by the AMLA. However, the reports indicate that 70% of the banks have automated systems which track the nature, patterns, and volumes of transactions. In addition, the banks, and MDIs file annual AML/CFT compliance reports with FIA which are analysed to determine the comprehensiveness of AML/CFT regime of the entity. Depending on the nature of non-compliance, banks and

MDIs have departments for undertaking disciplinary action against their staff involved in compliance breaches such as warnings, dismissals and filing criminal cases against implicated staff.

5.5 Compliance of Banks' Staff.

This variable assesses effectiveness of compliance system, availability and enforcement of criminal sanctions, quality of AML supervision, AML knowledge of Bank staff and Integrity of Banks staff. The overall rating for this variable is Medium High

- i. Effectiveness of compliance system. Detailed assessment of this variable is provided under 5.4 above. The variable is rated high.
- ii. Availability and enforcement of criminal sanctions. Detailed assessment of this variable is provided under number 3 (iii) above. The variable is rated high.
- iii. Quality of AML supervision. Detailed assessment of this variable is provided under number 3 (iv) above. The variable is rated Medium High.
- iv. AML Knowledge of Banks' Staff. AML knowledge of banking sector by staff is rated Medium High.

The AMLA 2013 (as amended) requires all SFIs as accountable persons, to conduct AML/CFT ongoing training of all bank staff including Boards of Directors. FIA has conducted AML/CFT trainings of all members of board, senior management, and money laundering control officers (MLCOs) from banks and MDIs. In addition, individual banks and MDIs are providing tailored trainings to their staff, including professional AML certifications.

The bank and MDI staff are aware of their AML compliance, reporting procedures, and obligations, as provided in the AMLA 2013 (as amended). This is demonstrated by fact that all the banks and MDIs have registered with FIA as accountable persons, and most of them report STRs and LCTRs, conduct KYC/CDD, and keep relevant records

v. **Integrity of Banks' Staff.**

Integrity of Bank staff is rated as Medium High.

Commercial banks and MDIs are required to vet people for integrity, before recruitment and during employment. In addition, Uganda Bankers Association provides information to the entire sector, which is used for vetting prospective employees. All banks have a fraud detection and preventive unit that oversees the bank

activities, which includes the behaviour of staff in addition to independent human resources department. The names of convicted staff are shared within the industry as well as with the regulator.

The directors and senior management of commercial banks and MDIs are required to undergo probity tests, which is consistent with international standards on banking. In addition, Section 15 of AMLA 2013 (as amended) provides immunity from liability to commercial bank and MDI staff against negative consequences resulting from reporting STRs, and any other actions complying with AML obligations.

Nevertheless, there have been instances where integrity breaches have been reported involving bank staff as indicated in the table below.

Table 34: Showing Level of Fraud and other Instances Involving Bank Staff 2017-2020.

Type of Fraud	No. of Incidents	No. of Incidents Involving Bank Personnel
Credit Card-related	3	2
Falsification	58	10
Negligence	36	44
Others	1	26

Source: Uganda Bankers Association.

Banks have undertaken measures to address integrity breaches which include prosecution, conviction, and dismissal of staff. Between 2017 and 2020 two money laundering cases involving bank staff were successfully investigated and prosecuted leading to conviction and asset recovery.

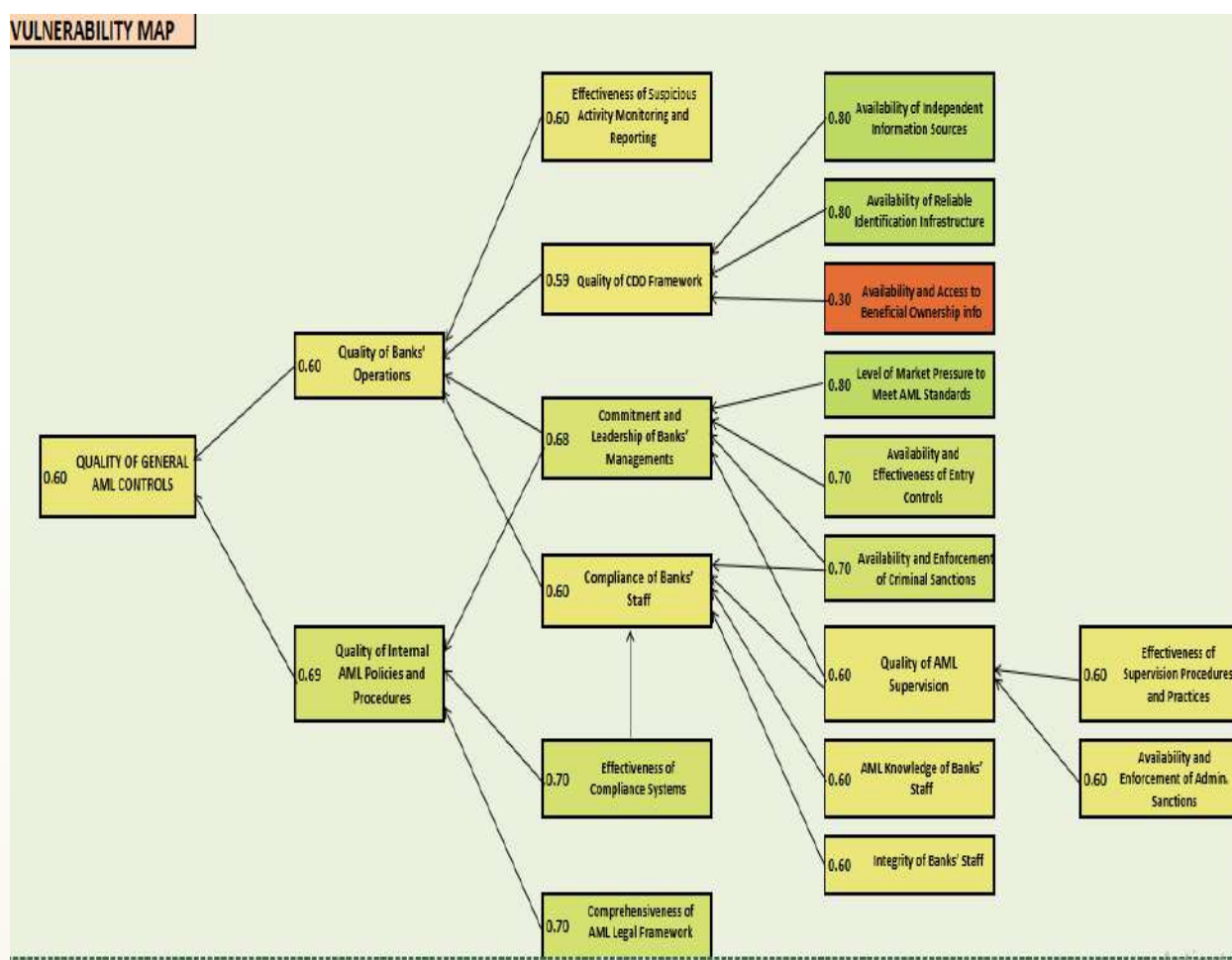
5.6 Comprehensiveness of the AML Legal Framework.

The comprehensiveness of the AML/CFT framework is rated high. The AML legal framework for the banking sector consists of the Anti-Money Laundering Act 2013 (as amended), Financial Institutions Act, 2004 (as amended), the Microfinance Finance Deposit-Taking Institutions Act 2003, and the respective regulations.

The AMLA 2013 (as amended) and the regulations made there under have adequate provisions on AML preventive measures on customer due diligence requirements, record keeping, correspondent banking, new technologies, and wire transfers, suspicious transaction reporting, tipping-off and confidentiality.

The Financial Institutions Act Amendments in 2016 under sections 79 to 81 provide for Bank of Uganda as the supervisory authority for Anti Money Laundering and Counter-Terrorist Financing for the banking sector. Whereas the law provides for administrative sanction's regime, the pecuniary sanctions are yet to be prescribed.

Figure 10: Vulnerability Map for Banking Sector Assessment.



The above vulnerability map indicates the overall ML vulnerability of the banking sector. The quality of general AML controls in the sector is dependent on the assessment of various intermediate and input variables.

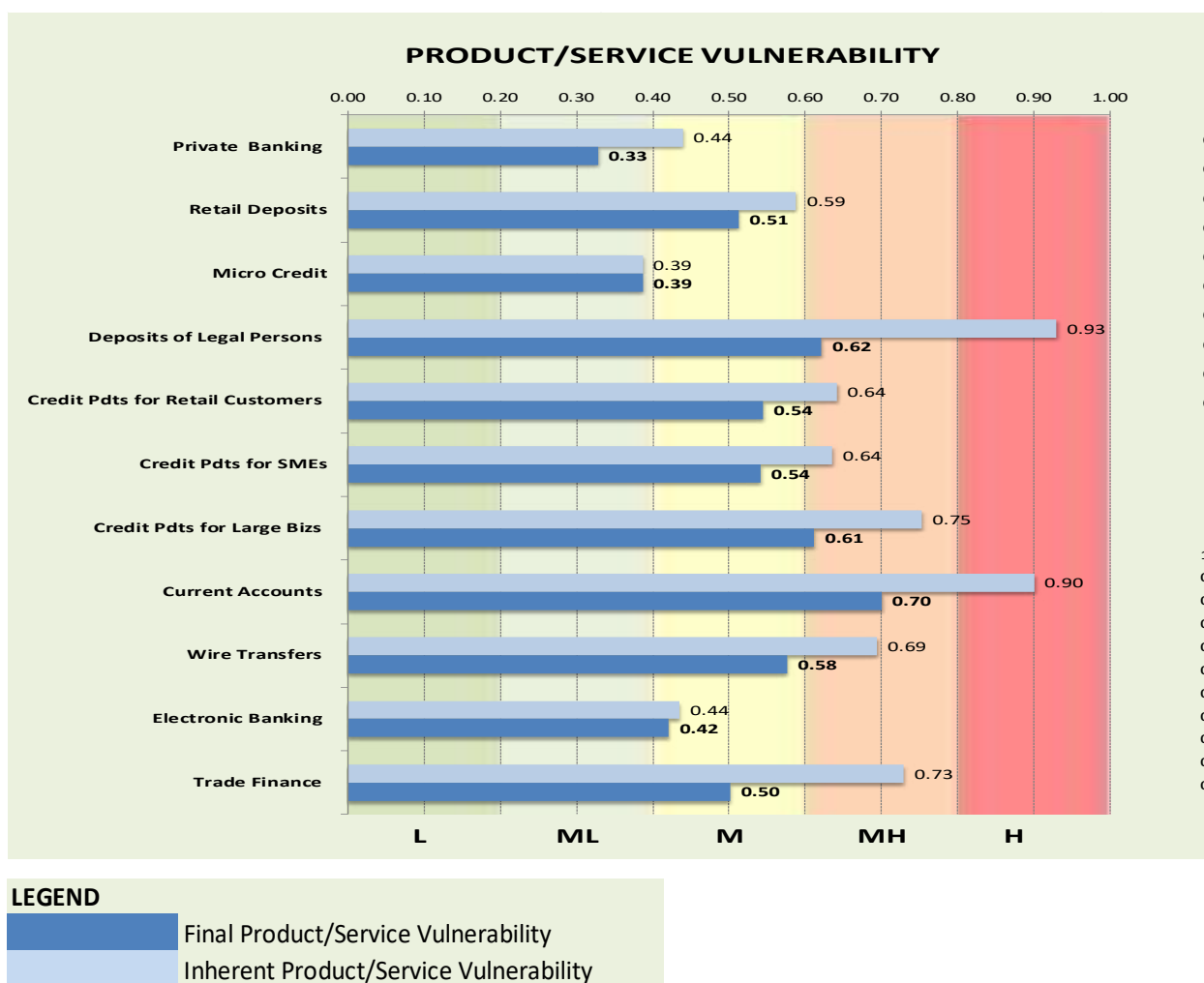
Banking Products /Service Vulnerability.

Assessment of Banking Products.

The risk analysis of products and services was based on 14 major products offered by banks in Uganda. These were private banking, retail deposits and deposits of legal persons, credit products for retail customers, credit products for small and medium-size businesses, and credit products for large businesses, current accounts, wire transfers, negotiable bearer instruments, trust and asset management services, trade finance, correspondent accounts, electronic banking, and micro-credit products.

Banking products with the highest level of vulnerability are deposits of legal persons and current accounts, followed by credit products for large businesses, trade finance, and wire transfers which were rated Medium High. The factors that increase the vulnerability of these products are; the cash intensive nature of transactions, and a wide range of customers involved. Inherent vulnerabilities are a result of specific features which make the product attractive before application of AML/CFT controls while final vulnerability is what is left after the application of AML/CFT controls.

Figure 11: Showing Banking Products/Services Assessment



1. Current Accounts

Current account deposits are the entry to the formal financial system and are mainly used for business by both natural and legal persons for settlement of domestic and international transactions. These accounts represented 46% of the total banking deposits in Uganda as at December 31, 2020, with over 5.8 million accounts valued at UGX 10.642 trillion. These accounts are cash intensive, with a high frequency of international transactions which increase the money laundering risk. Bank accounts across all financial institutions grew by 20.3% to 17M as at end of June 2020 according to the Deposit Protection Fund (DPF) financial statement for 2020. The ML final vulnerability of current accounts is rated high.

2. Retail deposits and deposits of legal persons.

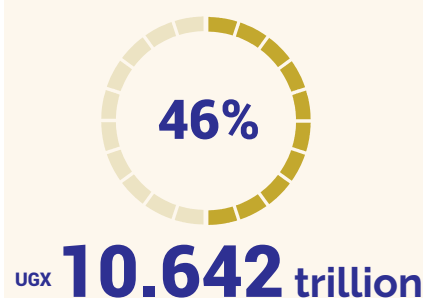
These comprise of deposit products of individuals, as well as legal entities. In Uganda, the banks do not segregate the deposits in their financial reporting. The data available is on cumulative basis, and is combined. This has the highest percentage in volume compared to other products and the average size is also significantly high. It is composed of mixed clientele, because it caters for the mass market of individual customers, sole proprietorships, large corporates, associations, and clubs. Some are more vulnerable than others, and are from various jurisdictions.

Retail deposits were valued at UGX 3.3 trillion, with 107 million deposits recorded as at 31st December, 2020, while legal person's deposits were valued at UGX 4 trillion, with 264,470,466 deposits. The high level of cash activity involved in both products and the high frequency of international transactions in legal persons deposits, exposes these products to money laundering. The ML vulnerability of retail deposits is rated medium, while the ML vulnerability of legal person's deposits is rated medium high.

3. Credit products for retail customers, SMEs, and large businesses.

The sector comprises of 32 key institutions offering various lending services, usually specialized areas such as agricultural, mortgage, corporate finance, small and medium enterprises.

The total banking deposits in Uganda as at December 31, 2020, with 53 million accounts



Retail deposits valued 107 million deposits recorded as at 31st December, 2020

UGX 3.3 trillion

legal person's deposits valued

UGX 4 trillion

with 264,470,466 deposits

264,470,466

The assessment has showed that credit products for both small and large businesses appear to attract the least amount of STRs. The nature of such products does not create much room for laundering as clients are sourcing funds from banks and banks conduct credit worthiness checks before availing such credit facilities. Laundering with credit products could only occur if repayments are made with proceeds from illicit activities and such threats may not have been prominently detected in the period. The volume and average transaction size are significant and can be quite high in the case of corporate credit. It is mixed with resident customers, foreign nationals, PEPs, high net worth individuals, among others. Therefore, the ML vulnerability of the client profile of large business credit products is rated medium high, while the ML vulnerability of retail and SME credit products is rated medium.

4. Trade Finance

The volume of trade finance transactions is medium, but the average transaction size can be very high. There is a lot of international trading activity, coupled with a high degree of international money transfers. The frequency of these transfers is also medium high. The client profile is mixed, mainly comprising of corporates, and the cash activity involved is also medium.

Given the fact that banks only deal with the documents supporting the trade transactions rather than the goods themselves, there are opportunities to exploit the trade cycle for criminal purposes, because these are mostly non-face-to-face transactions. Therefore, the ML vulnerability of the trade

finance product is rated medium.

5. Electronic Fund Transfers/Wire transfers.

Wire transfers provide fast, convenient, reliable, and secure domestic and international settlements. The volume and average transaction size, are high. The client profile is mixed, and the transfers are both in and out of the country. These services are provided through partnerships with the banking system, though some use both bank and non-bank institutions, as their remitting partners. When banks are used as partners, the licensing requirements of KYC/CDD, are followed and therefore providing for non-face to face transactions.

Wire transfers are predominantly used by Ugandans living in the diaspora, government, and corporate customers to transfer value in varying amounts to local and foreign beneficiaries. FIA has developed a database of all international wire transfers that are electronically filed through the go AML reporting system while the domestic wire transfers exceeding UGX 20m are filed through LCTRs.

The level of vulnerability for wire transfers is driven by the volume and size of these transactions along with the high level of cross border movements of funds. Transnational wire transfers are regarded as inherently high-risk transactions. However, there are KYC controls which require banks to maintain the originator and the beneficiary involved in each wire transfer transaction.

The vulnerability of wire transfers is rated high.

6. Electronic Banking.

Electronic banking also called online banking or internet banking, allows a user to execute financial transactions via the internet, offering several advantages which include: speed, efficiency, and convenience regardless of time and location. The volume and average transaction size are low and mostly accessed by individual customers, and a few corporate customers. The most prominent vulnerable feature of this product, is that the customer is not identified in person. However, there are adequate controls regarding the amount that can be transferred. This product is fast evolving, and the opportunities for money laundering are increasing.

However, the enactment of the National Payments Act that placed mobile money services under regulation by BOU is expected to mitigate the risks.

The vulnerability of electronic banking is rated medium.

7. Private Banking.

Private banking is a new product in Uganda. Private banking services are usually restricted to high-net-worth clients, offer preferential rates, services, and reward programs. The unique features include: a personal relationship manager, who creates a financial strategy tailored to the customer; provides advice and other services such as financial planning, market information, and expert opinion on trends and performance.

Most of the clients of this product are prominent personalities, who may require complex account/ financial portfolios. Therefore, Enhanced Due Diligence is applied to ensure that the customer profile is reviewed and assessed for ML risk.

The vulnerability rating for private banking is medium low.

8. Trust and asset management services

These are high risk products, because they are conducted on behalf of another person. It is hard to verify the ultimate beneficial owner. The numbers are small, with high values meant for multiple beneficiaries. The AMLA 2013 (as amended), lists Trusts and asset management services as accountable persons, required to report suspicious transactions and other reports to FIA. In 2018/19, asset management firms filed one STR while the trusts have not filed any however, one STR on trusts was filed by a commercial bank. The vulnerability rating is medium low.

9. Micro-credit products.

Microcredit is the extension of very small loans to low-income borrowers who lack collateral, steady employment, and verifiable credit history. The volume and transaction size are very low and cash based, with a low-risk clientele. Considering these factors, the product is assessed to be low risk to money laundering. The vulnerability of micro-credit products is medium low.

Banking Sector Priority Ranking.

PRIORITY RANKING - LAST CASE/SCENARIO	PRIORITY RANKING**
Effectiveness of Supervision Procedures and Practices	1
AML Knowledge of Banks' Staff	1
Availability and Enforcement of Administrative Sanctions	3
Effectiveness of Suspicious Activity Monitoring and Reporting	4
Integrity of Banks' Staff	5
Availability and Access to Beneficial Ownership Information	6

The priority ranking requires both the banks and the regulator to focus on; Effectiveness of supervision procedures and practices, ensuring availability and enforcement of administrative sanctions, Improving AML knowledge of Banks' staff and ensure effective suspicious activity monitoring and reporting as indicated in the priority table above.



SECURITIES SECTOR VULNERABILITY

“

The securities sector is regulated by the Capital Markets Authority (CMA) established under the Capital Markets Authority Act, Cap 84.

6. Securities Sector Vulnerability

The securities sector is regulated by the Capital Markets Authority (CMA) established under the Capital Markets Authority Act, Cap 84. The players in the sector include; stock brokers, dealers, investment advisors, fund managers, collective investment schemes and their managers, custodians, and securities central depositories. As at December 31, 2020, the sector had 17 listed companies with a market capitalization of approximately UGX 18.53 trillion listed under the Uganda stock exchange.

Presently, the country has 02 Stock Exchanges, 02 licensed Securities Central Depositories, and 08 licensed stock brokers. The CMA is a member of the East African Securities Regulatory Authorities and International Organization of Securities Commissions (IOSCO).

The contribution of the domestic listings to Uganda's economy is estimated to be 6.33% of the GDP which indicates relatively low capitalization, and low outreach.

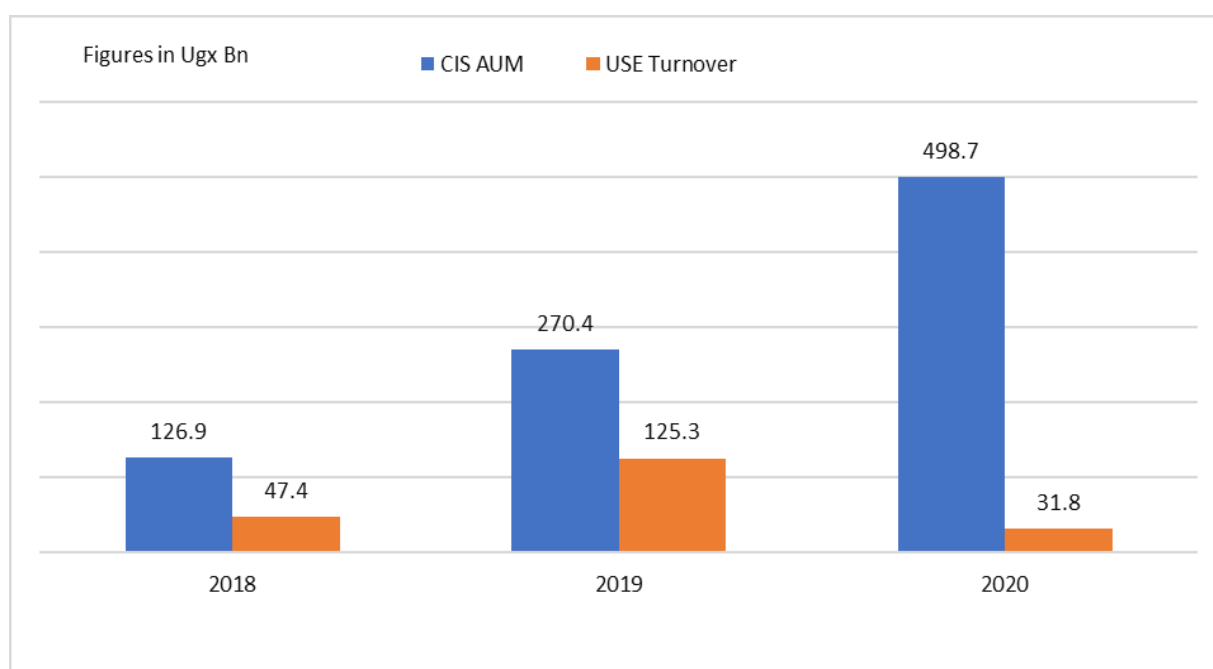
The sector had 17 listed companies with a market capitalization of approximately

UGX 18.53 trillion

Percentage Contribution of Domestic Listings to Uganda's GDP

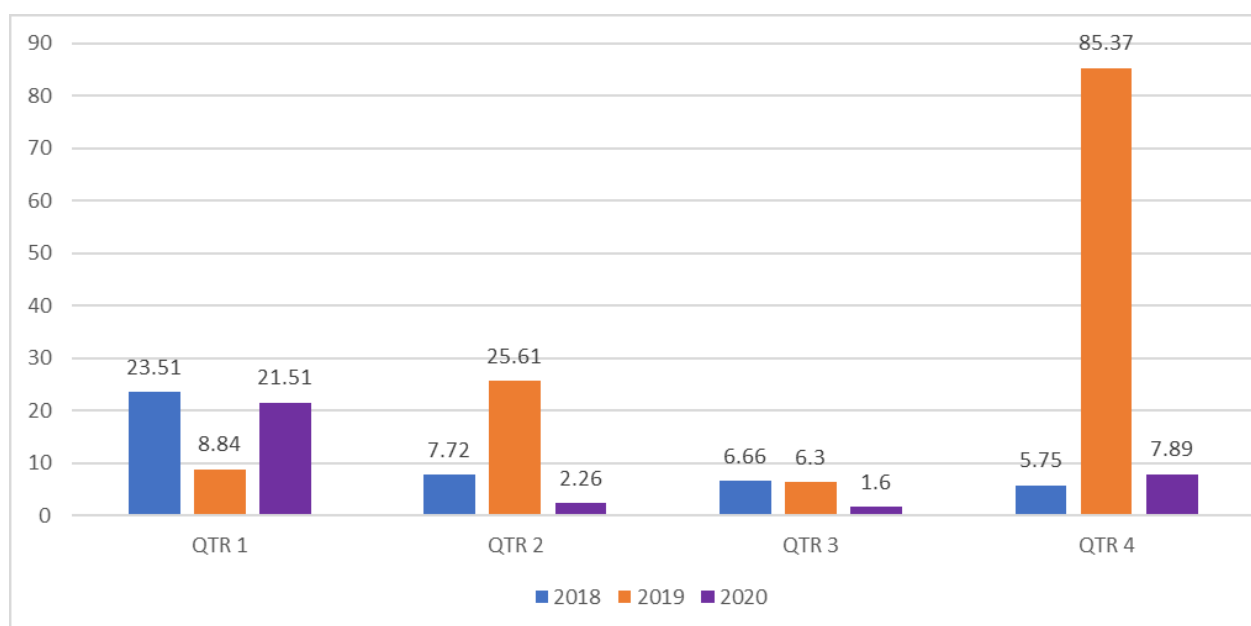
6.33% 

Figure 12: Showing Product performance for CIS and Equities at the USE



Trading on the USE has been volatile on a quarterly basis in the past 3 years as shown in Figure 3.

Figure 13: Showing USE Quarterly Equities Turnover (UGX BNs) Source: USE, Crested Capital research reports



There is no direct or anecdotal evidence of the sector being used to launder proceeds of crime.

Assessment Of The Securities Sector.

Assessment of ML vulnerability for the Securities sector in Uganda is based on six intermediate variables. These variables were assessed to determine deficiencies and weaknesses in general AML controls.

The Securities sector ML vulnerability is rated Medium. This is attributed to Quality of AML Controls the quality of CDD framework, comprehensiveness of the AML legal regime and Commitment and Leadership of Management in Securities as indicated below.

6.1 Effectiveness of Suspicious Activity Monitoring and Reporting

The securities firms have not developed adequate capacity including IT systems to effectively identify and monitor suspicious transactions and activities, as required by the AMLA, 2013. This is evidenced by the low submission of STRs to FIA where only one asset management firm filed one STR in 2018/19. This variable is rated low.

6.2 Quality of CDD framework

This variable is assessed basing on availability of independent information sources, availability of Reliable Identification Infrastructure and availability and access to beneficial ownership information. The overall rating for this variable is Medium High.

6.2.1 Availability of independent information sources.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (ii)

6.2.2 Availability of Reliable Identification Infrastructure

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (ii)

6.2.3 Availability and access to beneficial ownership information.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (iii).

6.3 Commitment and Leadership of Management in Securities.

This variable assesses the, availability and effectiveness of entry controls, availability and enforcement of criminal sanction and quality of AML supervision. The overall rating is Medium High.

6.3.1 Level of Market Pressure to meet AML Standards

The total market turnover of the equities market in Uganda, is approximately 88% by foreign participation. Some of the licensed players or entities have a global presence whereas others like brokers have foreign broker partners from whom they source trades thus, creating market pressure to meet AML standard. These include ICEA Asset Management (U) Limited, Sanlam Investments East Africa Limited, and Standard Chartered Bank (U) Limited Trustee, among others. The AML/CFT legal regimes in foreign markets where these entities have presence are very stringent which exerts a lot of pressure on their local subsidiaries to meet best practice in AML/CFT standards, to maintain client relationships. This variable is rated high.

6.3.2 Availability and Effectiveness of entry controls.

The securities sector regulator, CMA, has the authority to license market intermediaries who include; stock brokers, brokers, dealers, fund managers, collective investment schemes, among others. Powers to license are provided under sections 5 (1a) and 5(2c) of the Capital Markets Authority Act Cap 84, as amended.

The licensing regime for the securities sector requires a fit and proper test, to prevent criminals and their associates from being granted a license. Section 35 (3) of the act provides for refusal of application if the applicant is considered not fit and /or proper person. CMA has adequate resources to ensure quality implementation of entry controls for securities firms. This includes; staff strength which is well-trained and highly skilled personnel that ensure all license applications are accompanied with the required supporting documents. The availability and effectiveness of entry controls is rated high.

6.3.3 Availability and enforcement of criminal sanctions

The Anti-Money Laundering Act, 2013 (as amended) criminalizes money laundering. Part II of the Act provides for the criminalisation of the laundering of proceeds of crime, while part VII provides for the offence of money laundering and associated penalties. Section 136 of the Act imposes penalties covering both natural and legal persons. In the case

of a natural person, the penalties include imprisonment for a period not exceeding fifteen years or a fine not exceeding one hundred thousand currency points (UGX 2 billion) or both; in the case of a legal person by a fine not exceeding two hundred thousand currency points (UGX 4 billion). These penalties are effective, proportionate, and dissuasive for the offence of money laundering. The enforcement of the criminal sanctions regime has not yet been applied by court because no case involving the securities sector has been prosecuted. The availability and enforcement of criminal sanctions is rated medium.

6.3.4 Quality of AML Supervision.

This variable is assessed based on effectiveness of supervision procedures and practices and availability and enforcement of administrative sanctions. The overall rating for this variable is medium

6.3.4.1 Effectiveness of Supervision Procedures and Practices

The Capital Markets Authority Act, Cap 84, as amended under section 5 (2) (f) gives powers to the CMA to supervise the securities sector. In addition, section 21A, of the AMLA, 2013 (as amended) empowers supervisory bodies including CMA to enforce AML/CFT compliance by accountable persons under their supervision. CMA has put in place supervision policies and procedures manuals for each category of market participants, which guide the assessment of compliance with AML/CFT regulations through a risk-based framework. Section 21A of the AML amendment Act designates supervisory authorities to carry out AML/CFT supervision. Section 5(1u) of the CMA Act Cap 84 provides that CMA shall act as the supervisory authority for AML/CFT for the capital markets. CMA has a supervision directorate which is adequately staffed with persons who have appropriate training and skills and is provided with enough financial, technical, and other resources to perform its function. In 2020, the CMA conducted AML/CFT risk assessments and the results were used to identify the onsite and offsite inspections for licensed firms based on their level of risk. The assessment confirmed two firms as high risk for AML capital markets sector and CMA embarked on a RBA to AML inspections of the two identified firms. However, some of the sector players including brokers, fund managers among others still have deficiencies which need to be addressed to fully comply with AML/CFT obligations. This variable is rated medium.

6.3.5 Availability and enforcement of administrative sanctions

AMLA 2013 as amended provides a wide range of administrative sanctions which can be enforced by CMA, as the AML/CFT supervisor of the securities sector, to compel natural/legal persons operating in the sector to comply. Section 21(pa) of the AMLA 2013 (as amended) and regulation 53(3) of the AML regulations, give powers to FIA to impose administrative sanctions for non-compliance with directives, guidelines or requests issued by FIA. The sanctions regime for pecuniary fines relating to non-compliance are yet to be put in place. The enforcement of the sanction's regime has not been affected by both the CMA and FIA despite weaknesses identified such as, limited inspections, inadequate client checks on source of funds, among others. FIA has conducted trainings to increase the capacity of CMA and licensees to ensure AML/CFT compliance.

The availability and enforcement of administrative sanctions is rated medium low.

6.4 Effectiveness of the compliance Function.

The regulator enforces AML/CFT compliance across the different players in the sector. These players include; broker dealers, fund managers, collective investment schemes and stock exchanges and securities central depositories. These sector players in compliance with their obligations have put in place AML/CFT policies and appointed MLCOs at senior management level to oversee the entities' AML/CFT programs. The sector has not yet conducted AML/CFT independent audits, however, each entity conducts its own internal audit annually to assess the effectiveness of controls in place including AML/CFT compliance. CMA annual report of 2018/19 indicates that AML/CFT inspections were conducted as part of prudential inspections of various licensees including brokers, fund managers and the securities exchanges. The findings indicated that whereas intermediaries to a large extent are compliant, there were still a few areas such as, inadequate KYC on clients and inadequate transaction monitoring systems, limited reporting of STRs or SARs, among others which needed to be addressed to ensure full compliance with the AML provisions as set out. This variable is rated medium low.

6.5 Staff Compliance in Securities Firms.

This variable assesses This variable assesses effectiveness of compliance function, availability and enforcement of criminal sanctions, quality of AML supervision, AML knowledge of Securities sector staff and Integrity of Staff in Securities Firms. The overall rating for this variable is Medium Low.

6.5.1 Effectiveness of the compliance Function

Detailed assessment of this variable is provided under 6.4 above.

6.5.2 Availability and enforcement of criminal sanctions.

Detailed assessment of this variable is provided under 6.3.3 above.

6.5.3 Quality of AML supervision

Detailed assessment of this variable is provided under 6.3.4 above.

6.5.4 AML Knowledge of staff in Securities Firms

All securities firms under the CMA act are considered accountable persons under the AMLA, 2013 as amended and are subjected to AML/CFT compliance requirements under section 6 (17d) which provides for an employee training program that ensures employees, managers and directors are kept informed of all the aspects of AML/CFT requirements, new developments, money laundering and terrorism financing techniques, methods and trends, and concerning due diligence measures and suspicious transaction reporting. Between 2019 and 2020, FIA and CMA conducted two AML/CFT trainings targeting participants from medium to large business enterprises in the capital markets industry to increase their knowledge.

The rating for this variable is medium low.

6.5.5 Integrity of Staff in Securities Firms

The CMA Act, schedule 3(2) requires the CMA to vet all persons proposed as employees or directors of a licensed, authorised, or approved person. This is an ongoing exercise to check for integrity of staff in the securities firm. In addition, Section 15 of AMLA 2013 (as amended) provides immunity from liability to staff of securities' firms against negative consequences resulting from reporting STRs, and any other actions complying with AML obligations. In addition, the sector has not witnessed any integrity breaches involving staff. The integrity of staff is rated very high.

6.6 Comprehensiveness of AML Legal Framework

The regulatory framework for the capital markets comprises of the Capital Markets Authority Act, Cap 84 (as amended)²⁸; the Collective Investments Schemes Act, 2003²⁹; the Securities Central Depository Act, 2009³⁰; the Anti-Money Laundering Act, 2013 (as amended), and the East African Community Council Directives of 2017, on the securities sector. In addition, there are several industry specific regulations, circulars and guidelines issued from time to time addressing various aspects relating to the sector's compliance with AML/CFT.

The AMLA 2013 (as amended) lists the sector players as accountable persons under the second schedule of the Act which requires to meet AML/CFT obligations such as; reporting STRs, LCTRs, record-keeping for a period of 10 years, conducting enhanced due diligence on PEPs and high-risk countries, conducting CDD where correspondent banking, new technologies, and wire transfers are involved, prohibits tipping-off customers whose transactions are suspicious, and internal controls including foreign branches and subsidiaries.

The CMA Act provides adequate powers to CMA, to license all the players in the sector. The AMLA 2013 (as amended) designates CMA as the AML/CFT Supervisor of the securities sector. However, verification of beneficial owners that are natural persons or legal arrangements is still a challenge, since URSB is not mandated under the Companies Act, 2012 to obtain, and maintain up-to-date beneficial ownership (BO) information. The information available only relates to the directors, secretary, business location, and the shareholding. The comprehensiveness of the AML legal and regulatory framework is rated high.

²⁸ The mandate of the CMA under the CMA Act is to promote and facilitate an orderly, fair and efficient capital markets industry in Uganda. The CMA Act also makes provision with respect to stock exchanges, stockbrokers and other persons dealing in securities and prescribes securities offences.

²⁹ The CIS Act provides for the licensing and control of collective investment schemes by the Authority and other related purposes. Licensed schemes may be Unit Trusts Schemes or Investment Companies with Variable Capital. The CMA is also empowered to recognize foreign schemes.

³⁰ The SCD Act provides for the establishment, operation and regulation of Securities Central Depositories in Uganda. The SCD Act provides for the efficient verification, inspection, identification and recording of all book entry securities.

Securities Sector Priority Ranking.

PRIORITY RANKING FOR GENERAL INPUT VARIABLES/AML CONTROLS - LAST CASE/ SCENARIO	PRIORITY RANKING**
AML Knowledge of Staff in Securities Firms	1
Effectiveness of Supervision Procedures and Practices	2
Availability and Enforcement of Administrative Sanctions	3
Effectiveness of Compliance Function (Organization)	3
Effectiveness of Suspicious Activity Monitoring and Reporting	5
Availability and Enforcement of Criminal Sanctions	6
Availability and Access to Beneficial Ownership Information	7

The priority ranking requires both the securities institutions/ firms and the regulator to focus on; AML knowledge of staff in Securities firms, effectiveness of supervision procedures and practices, availability and enforcement of administrative sanctions and effectiveness of suspicious activity monitoring and reporting.



SECURITIES SECTOR VULNERABILITY

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The insurance sector players include; non –life insurance companies, life insurance companies, reinsurers, health management organizations, micro insurance companies, reinsurance brokers, insurance brokers, loss assessors, adjusters, surveyors, and Bancassurance agents.

7.0 Insurance Sector Vulnerability

Overview of the insurance sector

The insurance sector players include; non –life insurance companies, life insurance companies, reinsurers, health management organizations, micro insurance companies, reinsurance brokers, insurance brokers, loss assessors, adjusters, surveyors, and Bancassurance agents. This sector is supervised and regulated by the Insurance Regulatory Authority (IRA) in accordance with the Insurance Act, No.6 of 2017.

According to the IRA annual performance report for the financial year 2020, the sector constituted 133 licenced companies representing 0.77%³¹ of insurance penetration as of December 2020. Overall, the sector's net assets have increased from UGX 474 billion in 2017 to UGX 1,065 bn in 2020³². The main driver of this growth was non-life insurance business raising from UGX 507.25bn in 2017 to UGX 664.31bn in 2020. However, life insurance business continues to register significant growth from UGX 132.5bn in 2017 to 324.36bn in 2020.

Assessment Of The Insurance Sector

Assessment of ML vulnerability for the insurance sector in Uganda is based on six intermediate variables. These variables were assessed to determine deficiencies and weaknesses in general AML controls as well as assessing the vulnerability products/services offered.

The insurance sector ML vulnerability is rated Medium. This is attributed to Quality of general AML Controls which includes the quality of CDD framework, comprehensiveness of the AML legal regime and Commitment and Leadership of Insurance Companies' Management, Quality of Internal AML Policies and Procedures as indicated below.

The main driver of this growth was non-life insurance business raising from

UGX **507.25** Billion

The sector's net assets have increased from UGX 474 billion in 2017

UGX **474** Billion

to in 2020

UGX **1,065** Billion

These variables were assessed to determine deficiencies and weaknesses in general AML controls as well as assessing the vulnerability products/services offered.

³¹Insurance penetration is a ratio of Insurance Premium to the Gross Domestic Product measured at current prices. The GDP figures used are based on UBOS' Quarterly Reports 2019/20
32ANNUAL INSURANCE MARKET REPORT 2020 [https://ira.go.ug/cp/uploads/N_Web_IRA_Annual%20report%202021%20\(1\).pdf](https://ira.go.ug/cp/uploads/N_Web_IRA_Annual%20report%202021%20(1).pdf).

7.1 Effectiveness of Suspicious Activity Monitoring and Reporting

The Insurance sector is mainly composed of foreign companies which are subsidiaries. These subsidiaries are required to implement AML/CFT policies and systems like those of their counterparts domiciled in jurisdictions with advanced AML/TF regimes. Therefore, they have put in place AML monitoring systems to detect, analyze and report suspicious transactions. However local Insurance companies have inadequate STRs monitoring and reporting systems.

Available information from FIA indicates low levels of suspicious transaction reports filled by the insurance sector players. The variable is hence rated medium low, because of limited reporting of STRs and inadequate transaction monitoring and reporting systems for the local insurance companies.

7.2 Quality of CDD framework

This variable is assessed basing on availability of independent information sources, availability of Reliable Identification Infrastructure and availability and access to beneficial ownership information. The overall rating for this variable is Medium.

7.2.1 Availability of independent information sources.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (ii). This variable was rated Very High

7.2.2 Availability of Reliable Identification Infrastructure

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (i). This variable was rated Very High

7.2.3 Availability and access to beneficial ownership information.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (iii). This variable was rated Low

7.3 Commitment and Leadership of Insurance Companies' Management

This variable assesses the, availability and effectiveness of entry controls, availability and enforcement of criminal sanction and quality of AML supervision. The overall rating is Medium.

7.3.1 Level of Market Pressure to meet AML Standards

The market pressure to meet AML/CFT standards is exerted because of the existence of cross border relationships between various insurance companies with a regional/global presence which requires them to meet AML/CFT international standards to avoid reputational risk and regulatory sanctions. In addition, Uganda's AML/CFT regime has stringent administrative sanctions including removal of the board and senior management as well as criminal sanctions for AML/CFT breaches. This exerts pressure on the insurance sector players to meet AML/CFT compliance obligations.

This variable is rated high.

7.3.2 Availability and Effectiveness of entry controls.

The Insurance regulations provides for the requirements for entry into the sector. Furthermore, IRA issued guidelines for licensing of brokers, insurers, agents, reinsurers which requires all Insurance sector players to submit information on the shareholders, nationality of shareholders, information of directors and the proof of the legal existence of the company as well as the nature of the business. Copies of the memorandum and articles of association must be submitted to IRA.

Background checks are carried out on significant shareholders of insurance firms prior to licensing. In the case of companies in groups, the structure, management, control, and beneficial interests are verified as to their fitness and propriety. Additionally, background checks are performed on highly placed persons on Boards and management of firms. The availability and effectiveness of entry controls is rated very high

7.3.3 Availability and enforcement of criminal sanctions

Section 3 of the Anti-Money Laundering Act (AMLA) as amended criminalizes money laundering. Criminal sanctions under the AML Act are dissuasive, proportionate, and effective. All predicate offences to Money Laundering are criminalized in the AMLA. The AMLA provides for a strong framework for confiscation and investigative powers to law enforcement agencies. Section 21A, of the AMLA (as amended) ensures that supervisory responsibilities for ML and TF are undertaken by applicable supervisory authorities (SROs).

Uganda has not successfully prosecuted any money laundering case involving Insurance sector players. The Availability and Enforcement of Criminal Sanctions is rated medium.

7.3.4 Quality of AML Supervision.

This variable is assessed based on effectiveness of supervision procedures and practices and availability and enforcement of administrative sanctions. The overall rating for this variable is medium low.

7.3.4.1 Effectiveness of Supervision Procedures and Practices

The IRA as the supervisory authority ensures that regulated entities are compliant with AML/CFT regulations by performing its supervisory functions with diligence. The IRA provides effective supervision and regulation of the sector as provided for under the Insurance Act, The AMLA 2013 (as amended) also empowers the IRA as a sector regulator for ML/TF purposes. In 2020, IRA³³ in collaboration Uganda Insurers Association conducted a risk assessment of the sector to understand the susceptibility to ML/TF. In addition, in 2020, IRA received technical assistance from BOU on how to conduct AML/CFT RBA supervision. However, the actual RBA supervision of the insurance sector players is yet to be implemented.

This variable is rated medium low.

7.3.4.2 Availability and enforcement of administrative sanctions

The IRA has powers to supervise insurance companies and to impose administrative sanctions for noncompliance to AML/CFT obligations. The Insurance Act and the AMLA 2013 as amended, provides the IRA with administrative power to fix and assess fees, charges, and penalties as they may find reasonable in the exercise of its regulatory powers. In addition, the Insurance Act provides that the IRA may impose sanctions for any wilful failure or refusal to comply with, or violation of any provision of the Act.

In 2019, the IRA issued directives to all Insurance Companies emphasizing the need for AML/CFT compliance and the requirement on designation of AML Compliance Officer. The availability and enforcement of administrative sanctions is rated medium low.

7.4 Effectiveness of the compliance Function (Organisation)

The AMLA 2013 as amended and the Insurance Act NO 6 of 2017 have provisions which require Insurance sector players to comply with stipulated obligations. AMLA 2013 as amended empowers IRA to enforce AML/CFT compliance. In addition, Insurance sector players are required to file annual AML/CFT compliance reports with FIA. According to IRA annual performance report 2020 the Authority carries out inspections to ensure that insurance sector players comply with AML/CFT obligations set out in the AMLA 2013 as amended. In the FY 2019/2020, a joint inspection was conducted by FIA and IRA in northern, eastern, and western regions of the country covering all licensed insurance firms to establish the level of AML/CFT compliance. The findings of this inspection indicated that most insurance sector players especially the brokers and other intermediaries are yet to put in place robust compliance departments and the associated requirements. The variable is rated medium low.

7.5 Compliance of Insurance Companies' Staff

This variable assesses the effectiveness of the compliance function, availability and enforcement of criminal sanctions, and quality of AML supervision. The overall rating is Medium low.

³³ The assessment was commissioned by IRA however, it is not yet publicly available, not published.

7.5.1 Effectiveness of the compliance Function

Detailed assessment of this variable is provided under 6.4 above.

7.5.2 Availability and enforcement of criminal sanctions.

Detailed assessment of this variable is provided under 6.3.3 above.

7.5.3 Quality of AML supervision

Detailed assessment of this variable is provided under 6.3.4 above.

7.5.4 AML Knowledge of Staff in Insurance Companies

All insurance firms are considered accountable persons under the AMLA, 2013 as amended and are subjected to AML/CFT compliance requirements. Section 6 (17d) of AMLA 2013 requires entities to have in place employee training programs that ensure employees, managers and directors are kept informed of all the aspects of AML/CFT requirements, new developments, money laundering and terrorism financing techniques, methods, and trends, and concerning due diligence measures and suspicious transaction reporting.

Between 2019 and 2021, FIA in Collaboration with IRA and Insurance Training College conducted training of 265 staff/agents from insurance companies, brokers, assessors. The categories of staff trained included MLCOs, compliance officers and management. These trainings have greatly improved AML Knowledge of Staff in the insurance companies. However, the trainings conducted did not cover the entire sector. This variable is rated medium.

7.5.5 Integrity of Staff in Insurance Companies.

The industry players have established their own Code of Conduct to ensure the integrity of their employees and agents. Most covered entities reported that a background check is performed prior to hiring or prior to membership to an association. Screenings are also conducted for the hiring of insurance agents. Insurance agents must renew their licenses every year, thereby allowing IRA and the insurance companies to monitor the performance and quality of the agents.

The sector players have imposed sanctions on erring staff. The sanctions imposed include reprimand, written warning, suspension, or termination. A total of 66 suspected Insurance fraud reports 34 were received and investigated by the Authority. The analysis revealed that majority of these frauds was as result of collusion with staff. As a result, this variable is rated medium high.

³⁴ IRA Annual performance report for the financial year 2020/2021

7.6 Comprehensiveness of AML Legal Framework

The AML legal framework for the insurance sector includes the following, Anti-Money Laundering Act (AMLA) 2013, the Insurance Act, No.6 of 2017, the Anti-Terrorism Act 2002 as amended, the Companies Act, 2012 and all the regulations thereunder. The above-mentioned legal framework is consistent with the FATF recommendations and the Insurance Core Principle (ICP) No.22 issued by the International Association of Insurance Supervisors (IAIS), which requires the insurers and intermediaries to take effective AML/CFT measures. Therefore, these legal provisions are comprehensive and meet AML/CFT international standards. However, verification of beneficial owners that are natural persons or legal arrangements is still lacking, since the registrar of companies is not mandated under the Companies Act, 2012 to obtain, and maintain up-to-date beneficial ownership (BO) information.

This variable is rated high.

Insurance Sector Product/Service Vulnerability.

In assessing the Insurance product /service vulnerability, a number of factors and characteristics associated with the product/service were reviewed in order to determine the Inherent and final product/ service ML vulnerability levels, these include volume and average transaction size, the use of brokers in delivery of the product, the client profile of the product, level of cash activity, anonymous use of the product and non-face-to-face options and the availability of investment type.

Based on the assessment conducted, Life Insurance products pose the highest risk among insurance products assessed. Its inherent vulnerability is due to the total value/ size and the availability of investment type policy, there are also reported incidences of ML typologies linking the use of these products in fraud and ML cases.

The following list provides a list of life insurance products that were considered more susceptible to ML abuse, these products are sub-divided into three broad categories, namely, life individual, life group and pension products.

Table 35: Showing Life Insurance Products Assessment

LIFE INSURANCE PRODUCTS		
LIFE INDIVIDUAL	LIFE GROUP	PENSION
Whole life	Group Life	Annuities
Term	Credit Life	Deposit Administration Plans
Endowment		
Pure Endowment		

From the products listed above, Life Individual and endowment are riskiest on account of investment features associated with these products, amount of cash involved and possibilities of early termination and access to policy funds that may have been raised out of financial crime. Detailed assessment of these products is here below.

- i. **Life Individual.** Individual Life Insurance poses the highest risk among insurance products assessed. Its inherent vulnerability is due to the total value/size and the availability of investment type policy. There is a steady increase in the demand for Life individual products with Investment features in them due to its versatile use and the improving sophistication and financial literacy of the insurance market.

In an investment backed life individual policy, a client acquires both the protection of a traditional life insurance and the growth of potential of investment funds in one financial package, a minimum death benefit is guaranteed, hence, the actual take-out can be higher; the cash values are not guaranteed, and "top-up premiums" and "partial withdrawals" are allowed. Most life individual policies in Uganda with an investment feature allow policyholders to pay "top-up" premiums by buying additional units of investment fund on monthly to quarterly basis and potentially increase the benefits of their plans. Withdrawals

and use of the policy as collateral is allowed in some instances. However, partial withdrawals reduce the potential benefits of the policy. This product is rated Medium High.

ii. **Endowment**

Endowment. An endowment policy is a life insurance policy which, apart from covering the life of the insured, helps the policyholder save regularly over a specific period so that he/she can get a lump sum amount on the policy maturity in case he/she survives the policy term. In Uganda the key benefits of endowment products include financial protection of loved ones, goal-based savings, and the ability to hold funds underlying investments managed by the insurer.

A significant feature of endowment policies is the provision of 15-day cooling off periods during which the policyholder can change his mind and get back the premium, i.e., the current account value on the policy being returned. Also, several endowment policies provide incentives for policyholders who maintain their policies for a required number of years. This product is rated medium.

Insurance Sector Priority Ranking.

The Insurance Sector Working Group has identified weaknesses and deficiencies in the priority variables of the Insurance Sector. Below are the priority variables and recommendations to address the identified gaps:

PRIORITY RANKING - LAST CASE/SCENARIO	PRIORITY RANKING**
Effectiveness of Supervision Procedures and Practices	1
AML Knowledge of Staff in Insurance Companies	2
Availability and Enforcement of Administrative Sanctions	3
Effectiveness of Compliance Function (Organization)	3
Effectiveness of Suspicious Activity Monitoring and Reporting	5
Availability and Enforcement of Criminal Sanctions	6
Integrity of Staff in Insurance Companies	7
Availability and Access to Beneficial Ownership Information	8

The priority ranking requires both the insurance companies and the regulator to focus on; effectiveness of supervision procedures and practices, AML knowledge of staff in insurance companies, availability and enforcement of administrative sanctions, and effectiveness of suspicious activity monitoring and reporting.



OTHER FINANCIAL INSTITUTIONS VULNERABILITY

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The Other Financial Institutions (OFIs) in Uganda comprise of a variety of institutions which are under the regulatory purview of two regulatory Authorities namely; Bank of Uganda (BOU) and Uganda Microfinance Regulatory Authority (UMRA).

Other Financial Institutions Vulnerability

Introduction

The Other Financial Institutions (OFIs) in Uganda comprise of a variety of institutions which are under the regulatory purview of two regulatory Authorities namely; Bank of Uganda (BOU) and Uganda Microfinance Regulatory Authority (UMRA). BOU regulates the Microfinance Deposit-taking Institutions, large Savings and Credit Cooperatives Societies (SACCOs)³⁵ and Forex Bureaus/Money Remittance Companies, while UMRA regulates the rest of the SACCOs, credit only microfinance institutions and money lenders. The operations of Village Savings and Loan Associations (VSLAs) are overseen by the district commercial office in their area of operation. It is also worth noting that as laid out in the Cooperative Societies Act, all cooperatives including SACCOs are registered by the Ministry of Trade, Industry and Cooperatives, even though the supervisory oversight may be with the UMRA or BOU.

The Other Financial Institutions (OFIs) in Uganda comprise of a variety of institutions which are under the regulatory purview of two regulatory Authorities namely; Bank of Uganda (BOU) and Uganda Microfinance Regulatory Authority (UMRA).

Detailed assessment of the Other Financial Institutions (OFIs)

8. Microfinance Deposit Taking Institutions (MDIs)

Microfinance Deposit Taking Institutions (MDIs) operate under Tier 3 in Uganda's financial sector regulatory framework. These institutions are licensed and supervised by BOU under the Microfinance Deposit Taking Institutions Act, 2003 and the Microfinance Deposit-taking Institutions Regulations, 2004. As at December 31, 2020, there were four licensed MDIs with a total branch network of 97 spread-out all-over Uganda in urban, peri-urban, and rural areas. MDIs predominantly serve the lower end of the pyramid and offer products of a low complexity and value, when compared to commercial banks.

As at December 31, 2020, MDIs held total assets of Shs.743.2 billion and deposits of Shs.356 billion which represents less than 1% of Uganda's GDP. This is also considered very low relative to the banking sector whose total assets and deposits as at the same period stood at Shs.38.3 trillion and Shs.26.8 trillion respectively.

As at December 31, 2020, MDIs held total assets

Shs. **743.2** Billion

MDI total deposits as at Dec. 2020

Shs. **356** Billion

GDP.

1% 

³⁵ Large SACCOs are financial cooperatives whose institutional capital is more than UGX 500 million and total savings are more than UGX 1.5 billion

Assessment of the mdi sector

Assessment of ML vulnerability for the MDI sector in Uganda is based on six intermediate variables. These variables were assessed to determine deficiencies and weaknesses in general AML controls as well as assessing the vulnerability products/services offered.

The MDI sector ML vulnerability is rated Medium low. This is attributed to Quality of general AML Controls which includes the quality of CDD framework, comprehensiveness of the AML legal regime and Commitment and Leadership of MDI Management, Quality of Internal AML Policies and Procedures as indicated below.

8.1 Effectiveness of Suspicious Activity Monitoring and Reporting

The MDIs have capacity to effectively identify, monitor, and keep records of suspicious transactions and activities, as required by AMLA 2013 as amended. MDIs submit STRs to the FIA in line with Section 9 of the Act. The table below shows the number of reports received by the FIA between FY 2017/18 – FY 2020/21;

Table 36: Showing Number of STRs Reported by MDIs

Period	STRs	SARs	LCTRs
FY 2020/21	15	1	15,741
FY 2019/20	54	-	24,088
FY 2018/19	01	-	11,365
FY 2017/18	04	-	9,949

There are many challenges that many MDIs face in an attempt to implement AML/CFT obligations. They include; human, financial, and logistical resources that determine the robustness of their transaction monitoring systems.

This variable is rated medium high.

8.2 Quality of CDD framework

This variable is assessed basing on availability of independent information sources, availability of Reliable Identification Infrastructure and availability and access to beneficial ownership information. The overall rating for this variable is Medium.

8.2.1 Availability of independent information sources.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (ii)

8.2.2 Availability of Reliable Identification Infrastructure

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (i)

8.2.3 Availability and access to beneficial ownership information.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (iii).

8.3 Commitment and Leadership of MDI Management

This variable assesses the, availability and effectiveness of entry controls, availability and enforcement of criminal sanction and quality of AML supervision. The overall rating is Medium High.

8.3.1 Availability and Effectiveness of Entry Controls

The MDI Act, 2003 and MDI Licensing Regulations, 2004 provide a clear regulatory framework for licensing encompassing 'fit and proper' tests in vetting shareholders and senior management. Some of the requirements include declaration of the source of funds through the provision of bank statements, Interpol clearance letters, and provision of credit reference reports, records of proof of citizenship and tax clearance certificates among others. BOU conducts stringent due diligence measures in vetting applicants for MDI licenses, board members and senior staff appointed to serve in these institutions. Given the current few numbers of players in the MDI sector is an indicator of stringent control measure to attract credible investors.

BOU has adequate resources to ensure quality implementation of entry controls for MDIs. This includes; staff strength which is well-trained and highly skilled personnel that ensure all license applications are accompanied with the required supporting documents.

This is rated high.

8.3.2 Availability and Enforcement of Criminal Sanctions

The Anti-Money Laundering Act, 2013 (as amended) criminalizes money laundering. Part II of the Act provides for the criminalisation of the laundering of proceeds of crime, while part VII provides for the offence of money laundering and associated penalties. Section 136 of the Act imposes penalties covering both natural and legal persons. In the case of a natural person, the penalties include imprisonment for a period not exceeding fifteen years or a fine not exceeding one hundred thousand currency points (UGX 2 billion) or both; in the case of a legal person by a fine not exceeding two hundred thousand currency points (UGX 4 billion). These penalties are effective, proportionate, and dissuasive for the offence of money laundering. The enforcement of the criminal sanction's regime has not yet been applied by court because no case involving MDIs have been prosecuted.

This is rated medium high.

8.3.3 Quality of AML Supervision.

This variable is assessed based on effectiveness of supervision procedures and practices and availability and enforcement of administrative sanctions. The overall rating for this variable is medium high.

8.3.3.1 Effectiveness of Supervision/ Oversight Activities

The MDI Act, 2003 Part IV clearly defines the powers of Bank of Uganda as the supervisory authority for MDIs. In addition, section 21A of the AMLA 2013 (as amended) empowers BOU to conduct AML/CFT supervision of MDIs. BOU has adopted risk-based approach to AML/CFT supervision of MDIs through off-site monitoring and on-site inspections.

BOU is structured into several directorates, including the Bank supervision directorate. The directorate is adequately staffed with persons who have appropriate training and skills. The directorate is provided with sufficient financial, technical, and other resources to perform its supervisory function. In addition, Bank of Uganda established a dedicated AML/CFT unit within the supervision directorate to further strengthen AML/CFT supervision. This unit is currently operational and undertaking AML/CFT inspection of SFIs on a risk-based approach.

This variable is rated high.

8.3.3.2 Availability and Enforcement of Administrative Sanctions

Section 58 of the MDI Act 2003 provides wide range of administrative sanctions to Bank of Uganda, as the AML/CFT supervisor of the MDI sector, to compel natural and legal persons to comply with all directives, orders, or compliance obligation. In addition, section 21A, of the AMLA, 2013 (as amended) empowers supervisory bodies including BOU to enforce AML/CFT compliance by accountable persons under their supervision. BOU has issued directives to two (2) MDIs compelling them to explain and address non-compliant areas in their AML/CFT.

This variable is rated medium.

8.4 Effectiveness of the compliance Function (Organisation)

BOU enforces AML/CFT compliance for MDIs. These MDIs in compliance with their obligations have put in place AML/CFT policies and appointed MLCOs at senior management level to oversee the entities' AML/CFT programs. In addition, MDIs have well restructured and resourced compliance departments and well skilled staff. MDIs have internal measures to discipline staff members who breach compliance requirements. Whereas MDIs have not yet conducted AML/CFT independent audits the internal audit department annually assesses the effectiveness of controls in place including AML/CFT compliance. This variable is rated Medium High.

8.5 Compliance level of Staff

This variable assesses the effectiveness of the compliance function, availability, and enforcement of criminal sanctions. The overall rating is Medium High.

8.5.1 Effectiveness of the compliance Function

Detailed assessment of this variable is provided under 8.4 above.

8.5.2 Availability and enforcement of criminal sanctions.

Detailed assessment of this variable is provided under 8.3.2 above.

8.5.3 AML Knowledge of Business/Institution Staff

The AMLA, 2013 as amended under the 2nd schedule categorizes MDIs as accountable persons and are subjected to AML/CFT compliance requirements. Section 6 (17d) provides for employee training program that ensures employees, managers and directors are kept informed of all the aspects of AML/CFT requirements, new developments, money laundering and terrorism financing techniques, methods, and trends, and concerning due diligence measures and suspicious transaction reporting. Between 2017 and 2020 FIA and BOU have been conducting AML/CFT annual trainings targeting compliance departments, senior management, and Board Members of MDIs to increase their knowledge on a risk-based approach. As result of these continuous trainings, MDIs have been able to address AML/CFT evolving risks, trends, and methods, and increased the quality and number of reports filed.

The rating for this variable is rated Medium High.

8.5.4 Integrity of Business/Institution Staff

MDIs are required to vet staff for integrity, before recruitment and during employment. In addition, Uganda Bankers Association provides information to the entire sector, which is used for vetting prospective employees. All MDIs have a fraud detection and preventive unit that oversees the entities activities, which includes the behaviour of staff in addition to independent human resources department. The names of convicted staff are shared within the industry as well as with the regulator.

The directors and senior management of MDIs are required to undergo fitness and probity tests ensure that the individuals appointed are of high integrity. In addition, Section 15 of AMLA 2013 (as amended) provides immunity from liability to MDI staff against negative consequences resulting from reporting STRs, and any other actions complying with AML obligations. There have not been any reported cases of integrity breaches involving MDI staff.

This variable is rated medium high.

8.6 Comprehensiveness of AML Legal Framework

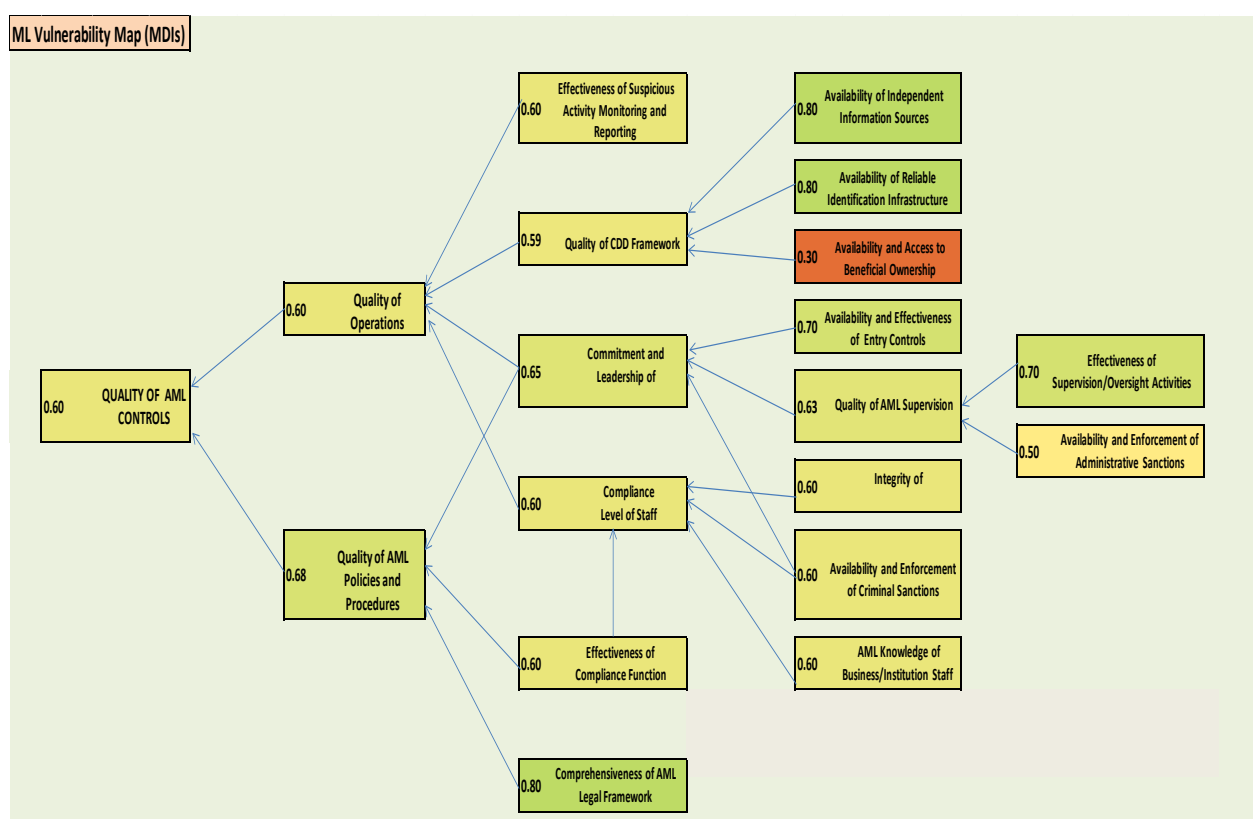
The AML legal framework for the MDI sector consists of the Anti-Money Laundering Act 2013 (as amended), the Anti-terrorism Act, 2002 as amended, the Microfinance Finance Deposit Taking Institutions Act 2003, and the respective regulations.

The AMLA 2013 (as amended) and the regulation made there under have adequate provisions on AML preventive measures on customer due diligence requirements, record keeping, correspondent banking, new technologies, and wire transfers, suspicious transaction reporting, tipping-off and confidentiality. In addition, the MDI Act, 2003 Part II provides for the licensing regime.

The AMLA under section 6(3) as amended in 2017 gives accountable persons the discretion to apply to each of its customers due diligence measures on a risk sensitive basis depending on the type of customer, business relationship or transaction, in certain circumstances. Therefore, in cases where risks are deemed low, accountable persons may apply reduced or simplified customer due diligence. However, there is a contradiction regulation 19 of the AML regulations of 2015 require the prospective customers to provide detailed KYC irrespective of the customer risk profile.

This variable is rated Very High.

Figure 14. Vulnerability Map for MDI Sector Assessment.



The above vulnerability map indicates the overall ML vulnerability of the MDI sector. The quality of AML controls in the sector is dependent on the assessment of various intermediate and input variables.



FOREX BUREAUS AND MONEY REMITTANCE COMPANIES

The Forex market in Uganda is liberalized. The market is comprised of the whole sale market (commercial banks) and the retail market (both banks and forex bureaus).

9. Forex Bureaus and Money Remittance Companies

The Forex market in Uganda is liberalized. The market is comprised of the whole sale market (commercial banks) and the retail market (both banks and forex bureaus). Money remittance is conducted by forex bureaus, MDIs, and banks. The forex bureaus are licensed under the Foreign Exchange Act, 2004 and the Foreign Exchange (Forex Bureaus and Money Remittance) Regulations, 2006. The same legal framework provides for money transfer operations, which allow licensees to move money into and out of the country. As at December 31, 2020, the forex bureau sector comprised of 214 licensed Forex Bureaus with 316 outlets, and 83 licensed Money Remittance businesses inclusive of 3 MDIs with 156 outlets.

During the three months ending September 2020, the sector recorded total sales of USD 843.45 Million translating into approximately USD 3.4 billion in annual turnover. This is approximately Shs.13 trillion or about 10% of Uganda's GDP.

The vulnerability is high for the money remittances product and medium for the forex services. This was largely driven by the high inherent vulnerability owing to significant transaction volumes that are cash based, significant international transactions for the money transfers, exposure to high-risk individuals and high-risk jurisdictions as well as the high level of unregulated foreign exchange activity. In addition, the quality of customer due diligence is impacted by the difficulty in accessing independent information sources and the challenges relating to the client identification infrastructure. Staff integrity concerns were also raised particularly for money transfer operations for which fraud cases were frequently reported.

The overall vulnerability to money laundering of currency exchange and remittance services is Medium. This is attributed to the following aspects: -

The Forex market in Uganda is liberalized. The market is comprised of the whole sale market (commercial banks) and the retail market (both banks and forex bureaus). Money remittance is conducted by forex bureaus, MDIs, and banks

total sales, recorded
September 2020

USD **843.45** Million

in annual turnover

USD **3.4** Billion approx

In addition, the quality of customer due diligence is impacted by the difficulty in accessing independent information sources and the challenges relating to the client identification infrastructure.

9.1 Effectiveness of Suspicious Activity Monitoring and Reporting

Section 8 of the AML Act 2013 requires an Accountable person to report & record cash and monetary transactions and the same shall be maintained for ten years from the date of the transaction as per Section 8(2). Section 9 of the AML Act 2013 requires an Accountable person to monitor and report suspicious transactions. The foreign exchange and money remittance businesses have not developed adequate capacity including IT systems to effectively identify and monitor suspicious transactions and activities, as required by the AMLA, 2013. This is evidenced by the low quality of STRs and the limited number of foreign exchange and money remittance businesses who are filing STRs to FIA. It is noted less than 10% of the licensed foreign exchange and money remittance businesses are filing STRs with FIA. This variable is rated very low.

9.2 Quality of CDD framework

This variable is assessed basing on availability of independent information sources, availability of Reliable Identification Infrastructure and availability and access to beneficial ownership information. The overall rating for this variable is Medium.

9.2.1 Availability of independent information sources.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (ii)

9.2.2 Availability of Reliable Identification Infrastructure

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (i)

9.2.3 Availability and access to beneficial ownership information.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (iii).

9.3 Commitment and Leadership of Forex Bureaus & Money Remitters Management

This variable assesses the, availability and effectiveness of entry controls, availability and enforcement of criminal sanction and quality of AML supervision. The overall rating is Medium.

9.3.1 Availability and Effectiveness of Entry Controls.

Part II of the Foreign Exchange Act, 2004 and part III of Foreign Exchange (Forex Bureaus & Money Remitters) Regulations 2006 provide a clear regulatory framework for licensing foreign exchange and money remittance businesses encompassing 'fit and proper' tests in vetting shareholders and senior management. Some of the requirements include declaration of the source of funds through the provision of bank statements, Interpol

clearance letters, and provision of credit reference reports, records of proof of citizenship and tax clearance certificates among others. BOU conducts stringent due diligence measures in vetting applicants for foreign exchange or money remittance licenses, board members and senior staff appointed to serve these institutions.

BOU has adequate resources to ensure quality implementation of entry controls for foreign exchange or money remittance businesses. This includes; staff strength which is well-trained and highly skilled personnel that ensure all license applications are accompanied with the required supporting documents. However, the minimum capital requirement for establishing a forex bureau is UGX 20m and for a money remittance business is UGX 50m. These thresholds are low and have therefore attracted many players in the sector.

The fit and proper tests are also conducted by BOU on an ongoing basis and in cases where a shareholder or beneficial owners of significant controlling interest fail this test, the business license is revoked as shown in the case study below;

Case study 11: Closure of 4 Forex Bureaus Bank of Uganda

In 2017 Bank of Uganda published a notice in the media about the closure of four forex Bureaus all belonging to the Rugarrellia Group of Companies. The Central Bank Governor Emmanuel Tumusiime Mutebile said the licenses for Crane Forex Bureau Ltd located at Speke Hotel on Nile Avenue, Crane Forex Bureau Ltd on Plot 20 Kampala Road, Karibu Forex Bureau at Mukwano Arcade on Namirembe Road and Redfox Forex Bureau De Change Ltd on plot 54 Kampala Road, “are not permitted to transact any business prescribed under the Foreign Exchange Act 2004.”

The four forex bureaus were closed because the owners did not meet the “fit” and “probity” requirements. Part of the “fitness” and “probity” test requires that the director/s of the forex bureaus in question is/are not under any investigation or has/have not prevailed over a bank that was sent into receivership. The licensees of these four Forex Bureaus were not renewed because of their relationship to a businessman, whose Crane Bank was taken over by the Central Bank into receivership in 2016 before it was sold to DFCU Bank.

This variable is rated medium.

9.3.2 Availability and Enforcement of Criminal Sanctions

The Anti-Money Laundering Act, 2013 (as amended) criminalizes money laundering. Part II of the Act provides for the criminalisation of the laundering of proceeds of crime, while part VII provides for the offence of money laundering and associated penalties. Section 136 of the Act imposes penalties covering both natural and legal persons. In the case of a natural person, the penalties include imprisonment for a period not exceeding fifteen years or a

fine not exceeding one hundred thousand currency points (UGX 2 billion) or both; in the case of a legal person by a fine not exceeding two hundred thousand currency points (UGX 4 billion). These penalties are effective, proportionate, and dissuasive for the offence of money laundering. The enforcement of the criminal sanction's regime has not yet been applied by court because all cases reported involving foreign exchange business or money remittance businesses were investigated and closed. This is rated medium high.

9.3.3 Quality of AML Supervision.

This variable is assessed based on effectiveness of supervision procedures and practices and availability and enforcement of administrative sanctions. The overall rating for this variable is medium high.

9.3.3.1 Effectiveness of Supervision/ Oversight Activities

Effectiveness of Supervision/Oversight Activities

The Foreign Exchange Act, 2004 section 4 clearly defines the powers of Bank of Uganda as the regulatory authority for foreign exchange businesses. In addition, regulation 31 of the Foreign Exchange (Forex Bureaus and Money Remittance) Regulations, 2006 empowers BOU to inspect, search, and investigate foreign exchange and money remittance businesses. In addition, section 21A of the AMLA 2013 (as amended) empowers BOU to conduct AML/CFT supervision of foreign exchange and money remittance businesses. BOU has adopted risk-based approach to AML/CFT supervision of foreign exchange and money remittance businesses through off-site monitoring and on-site inspections.

BOU is structured into several directorates, including the supervision directorate. The directorate is adequately staffed with persons who have appropriate training and skills. The directorate is provided with sufficient financial, technical, and other resources to perform its supervisory function. This variable is rated high.

9.3.3.2 Availability and Enforcement of Administrative Sanctions.

AMLA 2013 as amended provides a wide range of administrative sanctions which can be enforced by BOU, as the AML/CFT supervisor of the foreign exchange and money remittance businesses to compel them to comply. Section 21(pa) of the AMLA 2013 (as amended) and regulation 53(3) of the AML regulations, give powers to FIA to impose administrative sanctions for non-compliance with directives, guidelines or requests issued by FIA. The sanctions regime for pecuniary fines relating to non-compliance are yet to be put in place.

This variable is rated medium.

9.4 Effectiveness of the compliance Function (Organisation)

BOU enforces AML/CFT compliance in foreign exchange and money remittance businesses. Large forex bureaus and money remitters have in place well streamlined AML/CFT policies and procedures including appointment of MLCOs to oversee their AML/CFT programs. While small foreign exchange and money remittance businesses are not well streamlined and only appoint MLCOs. However, majority of forex bureaus and money remitters have not complied with other compliance requirements such as conducting AML/CFT independent audits, adoption of transaction monitoring systems, among others to detect ML and TF. This variable is rated medium high.

9.5 Compliance level of Staff.

This variable assesses the effectiveness of the compliance function, availability, and enforcement of criminal sanctions. The overall rating is Medium.

9.5.1 Effectiveness of the compliance Function

Detailed assessment of this variable is provided under 8.5 above

9.5.2 Availability and enforcement of criminal sanctions.

Detailed assessment of this variable is provided under 8.3.2 above.

9.5.3 Integrity of Business/Institution Staff

Foreign exchange and money remittance businesses are required to vet staff for integrity, before recruitment and during employment. In addition, Uganda Forex Bureau, and Money Remittance Association (UFBMRA) provides information to the entire sector, which is used for vetting prospective employees.

The directors and managers of foreign exchange and money remittance businesses are required to undergo fitness and probity tests to ensure that the individuals appointed are of high integrity. In addition, section 15 of AMLA 2013 (as amended) provides immunity from liability to staff of Foreign Exchange and Money remittance businesses against negative consequences resulting from reporting STRs, and any other actions complying with AML obligations. There have not been any reported cases of integrity breaches involving staff of foreign exchange and money remittance businesses.

This variable is rated medium high.

9.5.4 AML Knowledge of Business/Institution Staff

The AMLA, 2013 as amended under the 2nd schedule categorizes foreign exchange and money remittance businesses as accountable persons and are subjected to AML/CFT compliance requirements. Section 6 (17d) of the act provides for employee training program that ensures employees, managers and directors are kept informed of all the aspects of AML/CFT requirements, new developments, money laundering and terrorism financing techniques, methods, and trends, and concerning due diligence measures and suspicious transaction reporting. Between 2017 and 2020, FIA and BOU conducted 5 AML/CFT trainings to MLCOs of foreign exchange and money remittance businesses to increase their knowledge on a risk-based approach. In addition, FIA organises quarterly engagements with MLCOs of all foreign exchange and money remittance businesses to enhance capacity in AML/CFT compliance. However, there are still knowledge gaps arising from high staff turnover in the various foreign exchange and money remittance businesses.

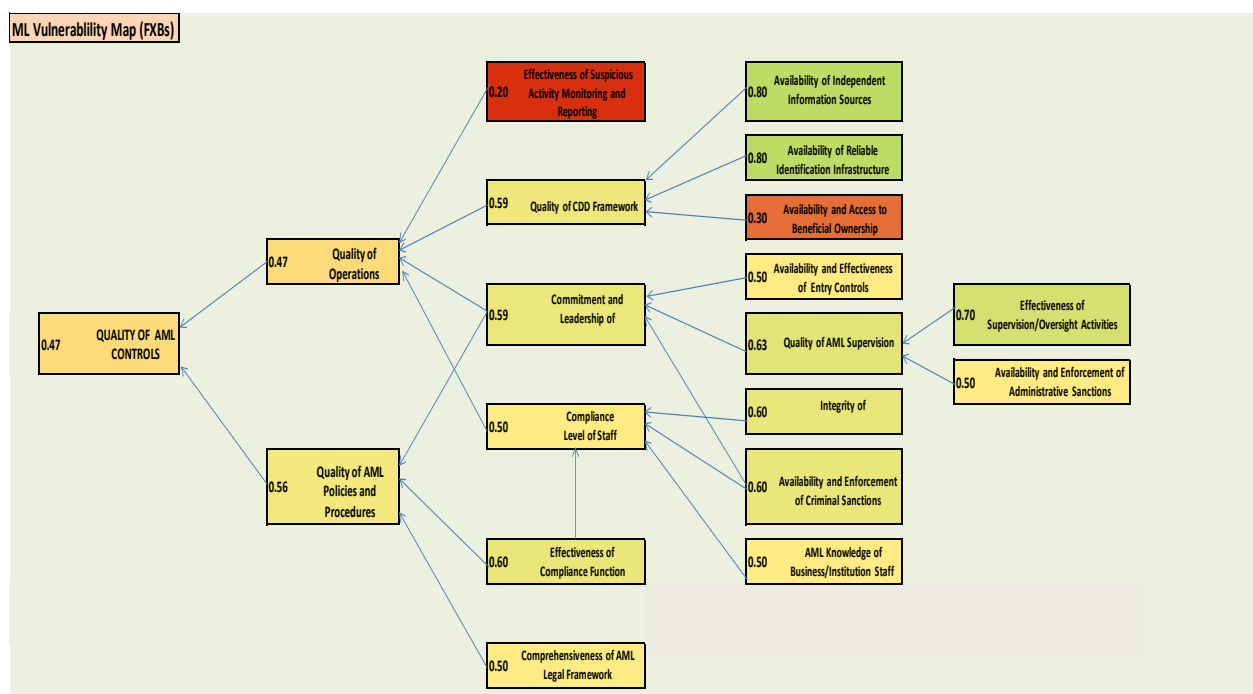
This variable is rated medium.

9.6 Comprehensiveness of AML Legal Framework

The AML legal framework for the foreign exchange and money remittance sector consists of the Anti-Money Laundering Act 2013 (as amended), Foreign Exchange Act, 2004, the Anti-terrorism Act, 2002 as amended, and the respective regulations. The AMLA 2013 (as amended) and the regulations made there under have adequate provisions on AML preventive measures on customer due diligence requirements, record keeping, correspondent banking, new technologies, and wire transfers, suspicious transaction reporting, tipping-off and confidentiality. In addition, part II of the Foreign Exchange Act, 2004, provides for the licensing regime of foreign exchange while part III of the Foreign Exchange (Forex Bureaus and Money Remittance) Regulations, 2006 provides for the licensing regime of money remitters.

Section 21 (pa) of the AMLA 2013 (as amended) and regulation 53 (3) of the AMLA regulations, give powers to FIA to impose administrative sanctions for non-compliance with directives, guidelines or requests issued by FIA. However, the sanctions regime for pecuniary fines relating to non-compliance is yet to be approved. In addition, regulation 23(4) of Foreign Exchange (Forex Bureau and Money Remittance) Regulations of 2006 require forex bureaus to file suspicious transaction reports to BOU which creates double reporting requirements since FIA is the central agency for entities to file STRs. This variable is rated medium.

Figure 15: Vulnerability Map for Forex Bureaus and Money Remittance Companies.



The above vulnerability map indicates the overall ML vulnerability of the Forex Bureaus. The quality of AML controls in the sector is dependent on the assessment of various intermediate and input variables.

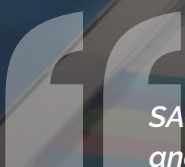
Priority Ranking For Forex Bureaus Forex Bureaus And Money Remittance Companies

PRIORITY RANKING FOR AML CONTROLS - LAST CASE/SCENARIO	PRIORITY RANKING**
AML Knowledge of Business/Institution Staff	1
Effectiveness of Suspicious Activity Monitoring and Reporting	2
Comprehensiveness of AML Legal Framework	3
Availability and Effectiveness of Entry Controls	4
Availability and Enforcement of Administrative Sanctions	5
Effectiveness of Compliance Function (Organization)	6
Integrity of Business/Institution Staff	7
Availability and Access to Beneficial Ownership information	8
Availability and Enforcement of Criminal Sanctions	9

The key priority areas for the Forex Bureaus Institutions and Money Remittance Companies and the regulator to focus on are; AML knowledge of staff in Forex Bureaus, Effectiveness of Suspicious Activity Monitoring and Reporting and Comprehensiveness of AML Legal Framework.



SAVINGS AND CREDIT COOPERATIVES.



SACCOs are established under the Cooperatives Act, and are member-owned, member-governed, and member-managed.

10. Savings and Credit Cooperatives.

SACCOs are established under the Cooperatives Act, and are member-owned, member-governed, and member-managed. SACCOs mainly include members who belong to a specific community, organization, religion, or place of employment. There are two types of SACCOs, namely; large SACCOs regulated by BOU and small SACCOs regulated by UMRA.

SACCOs are established under the Cooperatives Act, and are member-owned, member-governed, and member-managed.

In 2016, the government enacted the Tier 4 Microfinance Institutions and Money Lenders Act, 2016 which established the Uganda Microfinance Regulatory Authority to oversee the operations of Tier 4 institutions including SACCOs. However, section 110 of the Act provides that financial cooperative whose total savings are in excess of UGX 1.5 billion and whose capital is above UGX 500 million are to be under the supervisory purview of BOU. The act also provides for the SACCOs with total savings under UGX 1.5 billion to be regulated by UMRA.

financial cooperative total savings in excess

UGX **1.5 Billion**

A survey conducted by BOU in December 2020 indicates that the large SACCOs stood at 39 with total capital of UGX. 347 billion

A survey conducted by BOU in December 2020 indicates that the large SACCOs stood at 39 with total capital of UGX. 347 billion and member savings of UGX. 392 billion.

The overall vulnerability to money laundering for large SACCOs is Medium. This is attributed to the following aspects: -

10.1 Effectiveness of Suspicious Activity Monitoring and Reporting

Section 9 of the AMLA 2013 requires an Accountable person to monitor and report suspicious transactions. However, SACCOs do not have adequate transaction monitoring systems and have not filed any STRs to FIA. This is rated Very Low.

10.2 Quality of CDD framework

This variable is assessed basing on availability of independent information sources, availability of Reliable Identification Infrastructure and availability and access to beneficial ownership information. The overall rating for this variable is Medium.

10.2.1 Availability of independent information sources.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (ii)

10.2.2 Availability of Reliable Identification Infrastructure

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (i)

10.2.3 Availability and access to beneficial ownership information.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (iii).

10.3 Commitment and Leadership of SACCOs Management

This variable assesses the, availability and effectiveness of entry controls, availability and enforcement of criminal sanction and quality of AML supervision. The overall rating is Medium High

10.3.1 Availability and Effectiveness of Entry Controls

The Tier 4 Microfinance Institutions and Money Lenders Act, 2016 provides for licensing of SACCOs by UMRA or BOU. Some of the licensing requirements for SACCOs include; a copy of a certificate of registration issued under the Cooperative Societies Act, evidence of the membership and the shareholding of the members; the organizational structure and management of the registered society; the business plan of the registered society; among others. However, the licensing provisions for large SACCOs are yet to be operationalized pending the issuance of the implementing regulations by BOU.

BOU has adequate resources to ensure quality implementation of entry controls for large SACCOs once the regulations are issued. This includes; staff strength which is well-trained and highly skilled personnel that ensure all license applications are accompanied with the required supporting documents. This is rated Medium Low.

BOU has adequate resources to ensure quality implementation of entry controls for large SACCOs once the regulations are issued. This includes; staff strength which is well-trained and highly skilled personnel that ensure all license applications are accompanied with the required supporting documents

10.3.2 Availability and Enforcement of Criminal Sanctions

The Anti-Money Laundering Act, 2013 (as amended) criminalizes money laundering. Part II of the Act provides for the criminalization of the laundering of proceeds of crime, while part VII provides for the offence of money laundering and associated penalties. Section 136 of the Act imposes penalties covering both natural and legal persons. In the case of a natural person, the penalties include imprisonment for a period not exceeding fifteen years or a fine not exceeding one hundred thousand currency points (UGX 2 billion) or both; in the case of a legal person by a fine not exceeding two hundred thousand currency points (UGX 4 billion). These penalties are effective, proportionate, and dissuasive for

In the case of a natural person, the penalties include imprisonment for a period not exceeding fifteen years or a fine not exceeding one hundred thousand currency points

UGX **2 billion**

in the case of a legal person by a fine not exceeding two hundred thousand currency points

UGX **4 billion**

the offence of money laundering. The enforcement of the criminal sanction's regime has not yet been applied by court because no case involving SACCOs has been prosecuted. This is rated Medium

10.3.3 Quality of AML Supervision.

This variable is assessed based on effectiveness of supervision / Oversight Activities and availability and enforcement of administrative sanctions. The overall rating for this variable is Low.

10.3.3.1 Effectiveness of Supervision/ Oversight Activities.

The Tier 4 Microfinance Institutions Act and Money Lenders Act, 2016, under section 110 clearly defines the powers of Bank of Uganda as the supervisory authority for large SACCOs, while other SACCOs are supervised by UMRA in accordance with section 38 of the act. In addition, section 21A of the AMLA 2013 (as amended) empowers UMRA and BOU to conduct AML/CFT supervision of SACCOs. BOU and UMRA have adopted a risk-based approach to AML/CFT supervision of the SACCOs through off-site monitoring and on-site inspections. BOU is structured into several directorates, including the Bank supervision directorate. The directorate is adequately staffed with persons who have appropriate training and skills. The directorate is provided with sufficient financial, technical, and other resources to perform its supervisory function. The Central Bank has approved the establishment of a dedicated AML/CFT unit to further strengthen AML/CFT supervision. Despite all the above efforts, the regulations to operationalize section 110 of the Tier 4 Microfinance Institutions and Money Lenders' Act which place large SACCOs under BOU are yet to be issued.

UMRA has a supervision department which is mandated to oversee the operations of the SACCOs. However, the institution is yet

to conduct AML/CFT risk supervision of the SACCOs. This variable is rated Low.

10.3.3.2 Availability and Enforcement of Administrative Sanctions

AMLA 2013 as amended provides a wide range of administrative sanctions which can be enforced by BOU or UMRA, as the AML/CFT supervisors of the SACCOs, to compel them to comply. Section 21(pa) of the AMLA 2013 (as amended) and regulation 53(3) of the AML regulations, give powers to FIA to impose administrative sanctions for non-compliance with directives, guidelines or requests issued by FIA. Whereas administrative sanctions including issuance of written warnings and restriction of the powers of Board Members or Management are available, the sanctions regime for pecuniary fines relating to non-compliance is yet to be put in place. The enforcement of the sanction's regime for SACCOs has not been affected by UMRA or BOU and FIA. This variable is rated Medium Low

10.4 Effectiveness of the compliance Function (Organisation)

Section 6 of the Anti-Money Laundering Regulations 2015 requires every Accountable person who maintains accounts for persons or customers to appoint or designate a Money Laundering Control Officer who must be at a senior level & possesses sufficient professional experience & competence in the accountable person's business. Given their limited AML/CFT knowledge, SACCOs do not have compliance functions. This is rated Very Low.

10.5 Compliance level of Staff

This variable assesses the effectiveness of the compliance function, availability and enforcement of criminal sanctions and AML Knowledge of Business / Institution Staff and Integrity of Business / Institution. The overall rating is Low.

10.5.1 Effectiveness of the compliance Function

Detailed assessment of this variable is provided under 9.4 above.

10.5.2 Availability and enforcement of criminal sanctions.

Detailed assessment of this variable is provided under 9.3.2 above.

10.5.3 AML Knowledge of Business/ Institution Staff.

All SACCOs are considered accountable persons under the AMLA, 2013 as amended and are subjected to AML/CFT compliance requirements under section 6 (17d) which provides for an employee training program that ensures employees, managers and directors are kept informed of all the aspects of AML/CFT requirements, new developments, money laundering and terrorism financing techniques, methods, and trends, and concerning due diligence measures and suspicious transaction reporting. SACCOs however, have limited knowledge on AML/CFT. The rating for this variable is rated Low.

10.5.4 Integrity of Business/ Institution Staff

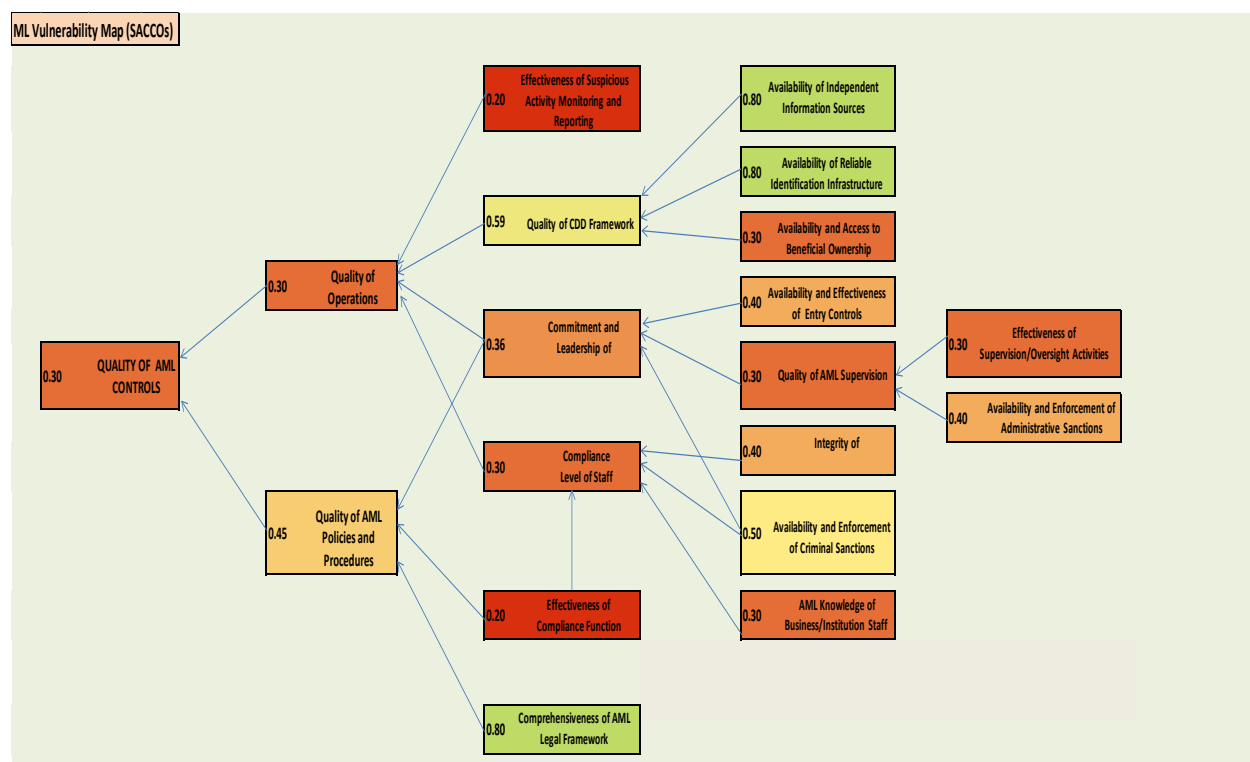
According to the Project for Financial Inclusion in Rural Areas (PROFIRA) report, SACCOs hire staff who are supervised by

the SACCOs members who lack capacity and skills to provide adequate oversight. The report indicates that in the 2018- 2020, 312 SACCOs in Uganda were victims of fraud and poor governance. The integrity of staff is rated Medium Low.

10.6 Comprehensiveness of AML Legal Framework

The AML legal framework for the large SACCOs consists of the Anti-Money Laundering Act 2013 (as amended), the Anti-terrorism Act, 2002 as amended, the Tier 4 Microfinance Institutions Act and Money Lenders Act, 2016, and the respective regulations. The AMLA 2013 (as amended) and the regulation made there under have adequate provisions on AML preventive measures on customer due diligence requirements, record keeping, correspondent banking, new technologies, and wire transfers, suspicious transaction reporting, tipping-off and confidentiality. In addition, section 110 of the Tier 4 Microfinance Institutions Act and Money Lenders Act, 2016 provides for the licensing regime of large SACCOs under the purview of BOU. The act under section 38 also provides for the licensing regime for the other SACCOs under the purview of UMRA.

Section 21(pa) of the AMLA 2013 (as amended) and regulation 53(3) of the AMLA regulations, give powers to FIA to impose administrative sanctions for non-compliance with directives, guidelines or requests issued by FIA. However, the sanctions regime for pecuniary fines relating to non-compliance is yet to be put in place. This variable is rated Very High

Figure16: Vulnerability map for SACCOs

Priority Ranking Map For Saccos .

PRIORITY RANKING FOR AML CONTROLS - LAST CASE/SCENARIO	PRIORITY RANKING**
AML Knowledge of Business/Institution Staff	1
Effectiveness of Supervision/Oversight Activities	2
Effectiveness of Compliance Function (Organization)	3
Effectiveness of Suspicious Activity Monitoring and Reporting	4
Availability and Effectiveness of Entry Controls	5
Integrity of Business/Institution Staff	6
Availability and Enforcement of Administrative Sanctions	7
Availability and Enforcement of Criminal Sanctions	8
Availability and Access to Beneficial Ownership information	9

The key priority areas for SACCOs and the regulator to focus on are; AML knowledge of staff in SACCOs, Effectiveness of Supervision and oversight Activities, Effectiveness of the Compliance Function and Effectiveness of Suspicious Activity Monitoring and Reporting.



TIER 4 INSTITUTIONS (CREDIT-ONLY MICROFINANCE INSTITUTIONS & MONEY LENDERS)

“

Credit-Only Microfinance Institutions and Money Lenders are under the regulatory purview of the UMRA as laid out in the Tier 4 Microfinance institutions and Money Lenders' Act, 2016

11. Tier 4 Institutions (Credit-Only Microfinance Institutions & Money Lenders)

Credit-Only Microfinance Institutions and Money Lenders are under the regulatory purview of the UMRA as laid out in the Tier 4 Microfinance institutions and Money Lenders' Act, 2016. As at December 31, 2020, the number of licensed money lenders stood at 758, while the non-deposit taking microfinance institutions were 146. Detailed sector statistics are scattered and limited. However, the sector is considered relatively small as compared to the banking sector or the other non-bank financial institutions such as microfinance deposit taking institutions and forex bureaus. The sector is mainly comprised of low-income earners at the bottom of the pyramid whose access to tier 1, 2 and 3 financial institutions like banks is limited. The Tier 4 Microfinance Institutions and Money Lenders Regulations, 2018 were also passed to provide the detailed licensing requirements, among others.

The overall vulnerability of Tier 4 institutions to ML, is Medium-Low.

The detailed assessment is indicated below: -

11.1 Effectiveness of Suspicious Activity Monitoring and Reporting

Section 9 of the AMLA 2013 requires an accountable person to monitor and report suspicious transactions. However, non-deposit taking microfinance institutions and money lenders do not have adequate transaction monitoring systems and have not filed any STRs to FIA. This is rated Very Low.

11.2 Quality of CDD framework

This variable is assessed basing on availability of independent information sources, availability of Reliable Identification Infrastructure and availability and access to beneficial ownership information. The overall rating for this variable is Medium.

As at December 31, 2020, the number of licensed money lenders stood at

758

non-deposit taking microfinance institutions were

146

The sector is mainly comprised of low-income earners at the bottom of the pyramid whose access to tier 1, 2 and 3 financial institutions like banks is limited.

However, non-deposit taking microfinance institutions and money lenders do not have adequate transaction monitoring systems and have not filed any STRs to FIA. This is rated Very Low.

11.2.1 Availability of independent information sources.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (ii). This variable is rated Very High

11.2.2 Availability of Reliable Identification Infrastructure

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (i). This variable is rated Very High

11.2.3 Availability and access to beneficial ownership information.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (iii). This variable is rated Low

11.3 Commitment and Leadership of MDI Management.

This variable assesses the, availability and effectiveness of entry controls, availability and enforcement of criminal sanction and quality of AML supervision. The overall rating is Medium Low.

11.3.1 Availability and Effectiveness of Entry Controls

The MDI Act, 2003 and MDI Licensing Regulations, 2004 provide a clear regulatory framework for licensing encompassing 'fit and proper' tests in vetting shareholders and senior management. Some of the requirements include declaration of the source of funds through the provision of bank statements, Interpol clearance letters, and provision of credit reference reports, records of proof of citizenship and tax clearance certificates among others. BOU conducts stringent due diligence measures in vetting applicants for MDI licenses, board members and senior staff appointed to serve in these institutions. Given the current few number of players in the MDI sector is an indicator of stringent control measure to attract credible investors.

BOU has adequate resources to ensure quality implementation of entry controls for MDIs. This includes; staff strength which is well-trained and highly skilled personnel that ensure all license applications are accompanied with the required supporting documents. This is rated high.

11.3.2 Availability and Enforcement of Criminal Sanctions

The Anti-Money Laundering Act, 2013 (as amended) criminalizes money laundering. Part II of the Act provides for the criminalisation of the laundering of proceeds of crime, while part VII provides for the offence of money laundering and associated penalties. Section 136 of the Act imposes penalties covering both natural and legal persons. In the case of a natural person, the penalties include imprisonment for a period not exceeding fifteen years or a fine not exceeding one hundred thousand currency points (UGX 2 billion) or both; in the case of a legal person by a fine not exceeding two hundred thousand currency points (UGX 4 billion). These penalties are effective, proportionate, and dissuasive for the offence of money laundering. The enforcement of the criminal

sanction's regime has not yet been applied by court because no case involving MDIs have been prosecuted. This is rated medium high.

11.3.3 Quality of AML Supervision.

This variable is assessed based on effectiveness of supervision procedures and practices and availability and enforcement of administrative sanctions. The overall rating for this variable is Low.

11.3.3.1. Effectiveness of Supervision/Oversight Activities

The Tier 4 Microfinance Institutions Act and Money Lenders Act, 2016, under part IV and V clearly define the powers of UMRA as the supervisory authority for non-deposit taking microfinance institutions and money lenders. In addition, section 21A of the AMLA 2013 (as amended) empowers UMRA to conduct AML/CFT supervision of non-deposit taking microfinance institutions and money lenders. UMRA developed a risk-based supervision manual which guides in the prudential supervision efforts in the tier 4 sector. UMRA is structured into several departments, including the supervision department. However, the department is not adequately staffed with persons who have appropriate training and skills to conduct AML/CFT supervision. This variable is rated Low.

In addition, section 21A of the AMLA 2013 (as amended) empowers UMRA to conduct AML/CFT supervision of non-deposit taking microfinance institutions and money lenders. UMRA developed a risk-based supervision manual which guides in the prudential supervision efforts in the tier 4 sector.

11.3.3.2. Availability and Enforcement of Administrative Sanctions.

The Anti-Money Laundering Act, 2013 (as amended) criminalizes money laundering. Part II of the Act provides for the criminalization of the laundering of proceeds of crime, while part VII provides for the offence of money laundering and associated penalties. Section 136 of the Act imposes penalties covering both natural and legal persons. In the case of a natural person, the penalties include imprisonment for a period not exceeding fifteen years or a fine not exceeding one hundred thousand currency points (UGX 2 billion) or both; in the case of a legal person by a fine not exceeding two hundred thousand currency points (UGX 4 billion). These penalties are effective, proportionate, and dissuasive for the offence of money laundering. The enforcement of the criminal sanction's regime has not yet been applied by court because no case involving non-deposit taking microfinance institutions and money lenders has been prosecuted. This variable is rated Medium.

In the case of a natural person, the penalties include imprisonment for a period not exceeding fifteen years or a fine not exceeding one hundred thousand currency points (UGX 2 billion) or both; in the case of a legal person by a fine not exceeding two hundred thousand currency points (UGX 4 billion).

11.4 Effectiveness of the compliance Function (Organisation).

UMRA is mandated to enforce AML/CFT compliance in non-deposit taking microfinance institutions and money lenders. However, the institutions have not yet developed capacity and systems to ensure compliance with AML/CFT obligations. This variable is rated Low.

11.5 Compliance level of Staff.

This variable assesses the, the effectiveness of the Compliance Function, availability and enforcement of criminal sanctions, Integrity of Business/ Institution staff, AML Knowledge of Business / Institution staff. The overall rating is Low.

11.5.1 Effectiveness of the compliance function,

Detailed assessment of this variable is provided in 11.4 above.

11.5.2 Availability and enforcement of criminal sanctions.

Detailed assessment of this variable is provided under 11.3.2 above.

11.5.3 Integrity of Business/Institution Staff

Several reports have been filed with regulator indicating that some non-deposit taking microfinance institutions and money lenders have been engaged in unscrupulous practices intended to defraud their clients, these include; double loan deductions specific to salary earner, exorbitant interest rates common in money lenders, and irregular takeover of assets pledged as collateral for the loans. This is rated Low.

11.5.4 AML Knowledge of Business/Institution Staff

The AMLA, 2013 as amended under the 2nd schedule categorizes non-deposit taking microfinance institutions and money lenders as accountable persons and are subjected to AML/CFT compliance requirements. Section 6 (17d) of the act provides for employee training program that ensures employees, managers and directors are kept informed of all the aspects of AML/CFT requirements, new developments, money laundering and terrorism financing techniques, methods, and trends, and concerning due diligence measures and suspicious transaction reporting. However, FIA and UMRA have not conducted AML/CFT trainings to non-deposit taking microfinance institutions and money lenders to increase their AML/CFT knowledge. The rating for this variable is rated Low.

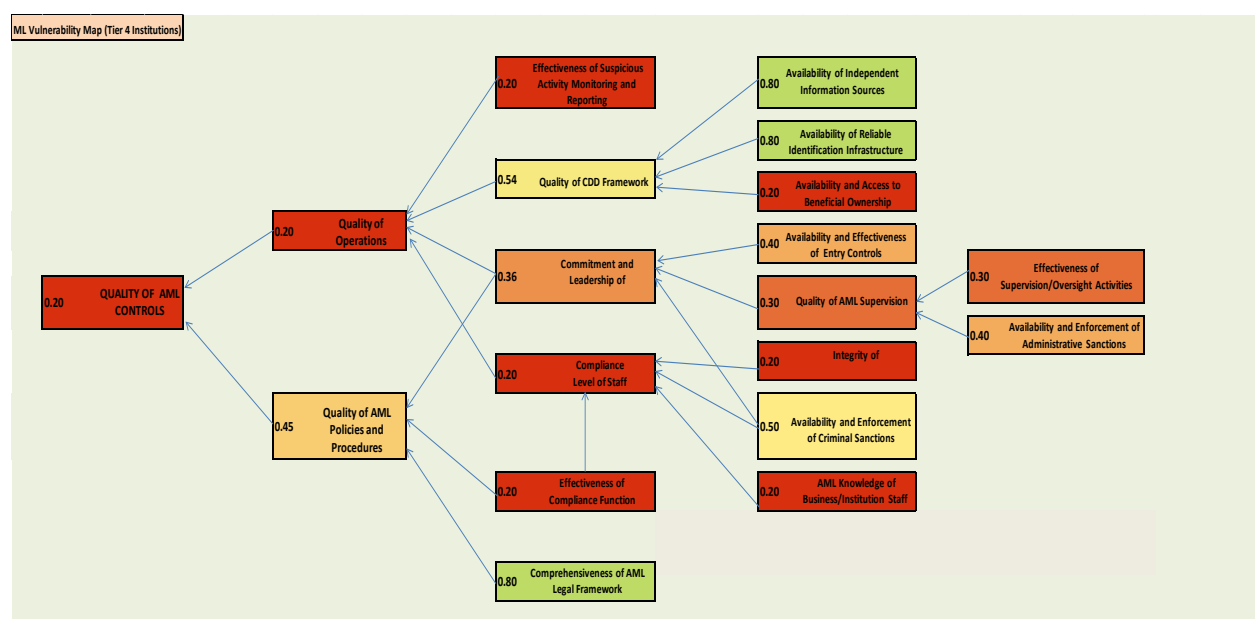
11.6 Comprehensiveness of AML Legal Framework

The AML legal framework for the non-deposit taking microfinance institutions and Money Lenders consists of the Anti-Money Laundering Act 2013 (as amended), the Anti-terrorism Act, 2002 as amended, the Tier 4 Microfinance Institutions Act and Money Lenders Act, 2016, and the respective regulations.

The AMLA 2013 (as amended) and the regulation made there under have adequate provisions on AML preventive measures on customer due diligence requirements, record keeping, correspondent banking, new technologies, and wire transfers, suspicious

transaction reporting, tipping-off and confidentiality. In addition, part IV and part V of the Tier 4 Microfinance Institutions Act and Money Lenders Act, 2016 provides for the licensing regime of non-deposit taking microfinance institutions and money lenders under the purview of UMRA. Section 21(pa) of the AMLA 2013 (as amended) and regulation 53(3) of the AMLA regulations, give powers to FIA to impose administrative sanctions for non-compliance with directives, guidelines or requests issued by FIA. However, the sanctions regime for pecuniary fines relating to non-compliance is yet to be put in place. This variable is rated Very High.

Figure 17: VULNERABILITY MAP FOR TIER 4 INSTITUTIONS.



Tier 4 Credit Institutions Priority Ranking.

PRIORITY RANKING FOR AML CONTROLS - LAST CASE/ SCENARIO	PRIORITY RANKING**
AML Knowledge of Business/Institution Staff	1
Effectiveness of Supervision/Oversight Activities	2
Effectiveness of Compliance Function (Organization)	3
Integrity of Business/Institution Staff	4
Effectiveness of Suspicious Activity Monitoring and Reporting	5
Availability and Effectiveness of Entry Controls	6
Availability and Enforcement of Administrative Sanctions	7
Availability and Enforcement of Criminal Sanctions	8
Availability and Access to Beneficial Ownership information	9

The key priority areas for the Tier 4 Credit Institutions and the regulator to focus on are; AML knowledge of Business / Institution staff, Effectiveness of Supervision / Oversight Activities, Effectiveness of Compliance Function (Organization) and Integrity of Business / Institution Staff.

Designated Non-Financial Businesses And Professionals (DNFBPs) Vulnerability

Overview

This chapter assesses persons, businesses and professions designated as accountable persons under the Anti-Money Laundering Act 2013 (as amended) and designated as non-financial institutions (DNFBPs) by the Financial Action Task Force. The DNFBPs assessed include Accountants, Legal professionals, Dealers in precious stones and metals, Real estate and Casinos. The final vulnerability for Accountants is rated Low, Legal Professionals rated Medium High, Real Estate rated Very High and Casinos rated Medium High and dealers in precious stones and metals rated very high. In determining the overall money laundering (ML) and terrorist financing (TF) risk within each DNFBP, extensive stakeholder engagement and data collection was done with relevant competent authorities, private sector entities, and other relevant bodies.

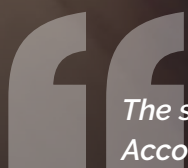
Table 37. DNFBPs Businesses and Professions Assessment Ratings.

DNFBPs	DNFBPs Inherent Vulnerability to ML	DNFBPs Quality of AML controls	Overall DNFBPs Vulnerability Score
Accountants	Low	Medium-High	Low
Legal Professionals	High	Medium	Medium High
DPMS	Medium High	Low	Medium High
Real Estate	High	Low	High
Casinos	High	Medium Low	Medium High

Assessment of each category of DNFBPs is indicated here below.



ACCOUNTANTS



The second schedule to the Anti-Money Laundering Act, 2013 lists Accountants ("as defined by the Accountants Act, 2013") as accountable persons, thus making them subject to the obligations and requirements of the Anti-Money Laundering Act (AMLA).

12.0 Accountants

The second schedule to the Anti-Money Laundering Act, 2013 lists Accountants ("as defined by the Accountants Act, 2013") as accountable persons, thus making them subject to the obligations and requirements of the Anti-Money Laundering Act (AMLA).

The Accountants Act, 2013 defines an "Accountant" as a person who is enrolled as a member of the Institute in accordance with the Act. The Act also defines "accounting firm" to mean a sole proprietorship or a partnership of qualified practicing accountants and licensed under the Act.

The Institute of Certified Public accountants of Uganda (ICPAU) is responsible for registering and licensing accountants on annual basis all persons who apply and are qualified to engage in the practice of accountancy in Uganda. ICPAU is the National Professional Accountancy body and as of November 2021 has over 3,000 registered members and over 8,000 active students going through the Institute's examinations scheme at various levels of completion. The functions of the Institute, as prescribed by the Accountants Act, are:

- To regulate and maintain the standard of accountancy in Uganda
- To prescribe and regulate the conduct of accountants and practising accountants in Uganda

A person practices as a public accountant if the person holds themselves out expressly or by implication as being a professionally qualified accountant or an expert in accounting or auditing matters.

Services provided by public accountants may be attractive to criminals because they can be used to help their funds gain apparent legitimacy and respectability.

There are over 2264 enrolled accountants, 402 practicing accountants, and 256 accounting firms compared to the 1970 enrolled accountants, 328 practicing accountants and 204 accounting firms in 2017. 77 Accountants / Accounting firms are registered with the FIA as of September 2020.

The second schedule to the Anti-Money Laundering Act, 2013 lists Accountants ("as defined by the Accountants Act, 2013") as accountable persons, thus making them subject to the obligations and requirements of the Anti-Money Laundering Act (AMLA).

The Institute of Certified Public accountants of Uganda (ICPAU) is responsible for registering and licensing accountants on annual basis all persons who apply and are qualified to engage in the practice of accountancy in Uganda.

enrolled accountants,

2264

practicing accountants

402

accounting firms

256

The Financial Action Task Force (FATF) recommendations and requirements apply to accountants only when they conduct certain transactions. Therefore, not all accountancy services are covered under the AMLA 2013. Only accountants that provide certain services that are vulnerable to ML/TF are Accountable Institutions and are expected to play their part in mitigating ML risks. Such specific services include Buying and selling of real estate; Managing of client money, securities, or other assets; Management of bank, savings, or securities accounts; Organisation of contributions for the creation, operation, or management of companies; and Creation, operation or management of legal persons or arrangements, and buying and selling of business entities.

Accountants offer a variety of services to their clients, only a few firms maintain funds on behalf of their clients. Such client funds are kept separate from those of the firms. ICPAU's Client Money Guidelines require that funds from each client be kept on a separate bank account.

The vulnerability of the accountants to ML is rated Low. The rating is largely driven by the poor knowledge of AML among staff, poor compliance functions and weak AML supervision and oversight among other input variables. The detailed analysis of the variables is presented below.

i. Inherent Vulnerabilities - Low.

Accounting firms carry out activities in line with the Accountant's Act 2013. These include managing client money, which is defined as preparing accounts and payrolls

for clients. As part of that arrangement, they file monthly returns on behalf of their client and pay taxes from funds remitted to them.

Accountants do not use cash when conducting business on behalf of their clients. All initial dealings with accountants are undertaken through face-to-face engagement, and once a relationship is established, non-face-to-face instructions may be received through writing, though this activity is limited given the nature of the services offered.

Many entities that transact in high financial values nationally make use of registered accountants. High value clients and PEPs also make use of these services directly or through legal persons (entities) and arrangements (trusts) and this inherently escalates ML vulnerability. The small to medium sized businesses usually make use of unregistered accountants in some circumstances and such inherently escalates ML vulnerability of the sector, although this is insignificant in terms of volumes and values at sectoral level.

Overall, the client base of the sector is rated Medium in terms of ML risk exposure. This is because accountants generally do not deal with cash, although their clients could be involved in cash intensive operations. For laundering to occur with cash proceeds, accountants would have to be complicit or supportive of efforts to advance laundering of cash. There are very few cases however where accountancy services have been abused for ML purposes. The inherent ML vulnerability for accountants is rated low.

ii. **Quality of AML Controls - Medium High.**

The accountancy profession in Uganda is regulated by the Institute of Certified Public Accountants of Uganda (ICPAU), established under the Accountants Act 2013. A licensing regime is in place. Under the Accountants Act 2013, only practising accountants are entitled to practice accountancy. ICPAU is responsible for the licensing and issuing of practicing certificates to qualified members who wish to practice accountancy. It is a criminal offence to practice accountancy in Uganda without a License and Certificate of Practice.

The ICPAU has also established ethical requirements and monitors the conduct and quality of work performed by its members.

The overall assessment was based on some of the following input variables.

12.1 Effectiveness of Suspicious Activity Monitoring and Reporting.

Reporting of STRs and SARs is one essential indicator of an effective AML compliance regime. Effective monitoring and reporting mechanisms should help the sector detect suspicious behaviour amongst its clients and enable timely reporting of same to the FIA. Between 2017 and 2020, the accountants did not file any suspicious activity reports with the FIA.

This variable is rated very low.

12.2 Quality of CDD framework.

This variable is assessed basing on availability of independent information sources, availability of Reliable Identification Infrastructure and availability and access to beneficial ownership information. The overall rating for this variable is Medium.

12.2.1 Availability of independent information sources.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (ii) and is rated very high

12.2.3 Availability of Reliable Identification Infrastructure

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (i) and is rated very high.

12.2.3 Availability and access to beneficial ownership information.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (iii) and is rated low

12.3 Commitment and Leadership of Managements.

This variable assesses the, availability and effectiveness of entry controls, availability and enforcement of criminal sanction and quality of AML supervision. The overall rating is Medium.

12.3.1 Availability and Effectiveness of Entry Controls.

ICPAU has a statutory mandate to regulate and maintain the standard of accountancy in the country. The Accountants Act, 2013 sets out the requirements for ICPAU's governance structure; the qualification requirements for practice; and enforces regulations governing the quality of work performed by its member firms. ICPAU as supervisor implements a licensing regime. Under the Act, only practicing accountants are entitled to practice accountancy. ICPAU is responsible for the licensing and issuing of practicing certificates to qualified members who wish to practice accountancy.

It is a criminal offence to practice accountancy in Uganda without a License and Certificate of Practice. Illegal practice is punishable under the law. ICPAU exercises judgment and discretion in assessing fitness and propriety and considers all relevant matters including competence and capability, honesty, integrity, fairness, ethical behaviour. ICPAU is well staffed with persons who have the appropriate skills and possesses appropriate levels of expertise to screen, vet, and approve all applications and supporting documentation. However, there is weak enforcement of beneficial ownership requirements as required by the law. The variable is rated Very High.

12.3.2 Availability and Enforcement of Criminal Sanctions

The Anti-Money Laundering Act, 2013 (as amended) criminalizes money laundering. Part II of the Act provides for the criminalization of the laundering of proceeds of crime, while part VII provides for the offence of money laundering and associated penalties.

Section 136 of the Act imposes penalties covering both natural and legal persons. In the case of a natural person, the penalties include imprisonment for a period not exceeding fifteen years or a fine not exceeding one hundred thousand currency points (UGX 2 billion) or both; in the case of a legal person by a fine not exceeding two hundred thousand currency points (UGX 4 billion). These penalties are considered proportionate, and dissuasive for the offence of money laundering. The enforcement of the criminal sanction's regime has not yet been applied by court because no case involving Accountants has been prosecuted. This variable is rated Medium.

12.3.3 Quality of AML Supervision.

This variable is assessed based on effectiveness of supervision procedures and practices and availability and enforcement of administrative sanctions. The overall rating for this variable is Medium Low

12.3.3.1 Effectiveness of Supervision/ Oversight Activities.

This rating is attributed to the significant progress Uganda has made in enforcing compliance with the Accountants Act 2013 and the various AML/CFT laws and regulations. The Accountants Act 2013 and AMLA 2013 (as amended) empower ICPAU to conduct AML/CFT supervision of all accountants and their services.

The ICPAU as supervisor is adequately staffed with persons who have appropriate training and skills to perform its supervisory function. In addition, the ICPAU on annual basis produces a list of all accountants allowed to practice in a given year and has incorporated AML/CFT into its training of accountants. The supervisor is however yet to adopt a risk-based approach to supervision. ICPAU also conducts AML compliance reviews on a review cycle and each firm is visited once every 3 years, which is considered too long since there are chances of laxity in implementation. This variable is rated Medium.

12.3.3.2 Availability and enforcement of administrative sanctions

There are a wide range of administrative sanctions is available to ICPAU as the AML/CFT supervisor of the sector, to compel natural and legal persons to comply with the AMLA laws and regulations. Section 21(pa) of the AMLA 2013 (as amended) and regulation 53(3) of the AMLA regulations, give powers to FIA to impose administrative sanctions for

non-compliance with directives, guidelines or requests issued by FIA. The Accountants Act also provides for ICPAU to impose administrative sanctions on accountants for non-compliance with AML/CFT laws and regulations. ICPAU has an established system for regulatory action and discipline for members/ firms that have not complied with the applicable professional standards, legal and other regulatory requirements, including AML compliance as appropriate.

ICPAU members are required to adhere to the highest standard of conduct and ethical behaviour and the fundamental ethical principles of integrity and professional behaviour, members have a duty to respond to non-compliance or suspected non-compliance with laws and regulations. In addition, the Code of ethics for professional accountants provides a response framework, setting out the responsibilities of a member and the steps they should take when they become aware of non-compliance or suspected non-compliance. AML offences are an example of laws and regulations that this helps to address.

Non-observance of the code of ethics may lead to disciplinary action by ICPAU and imposing of an extensive range of penalties / administrative sanctions (including practice restrictions and suspension / revocation of professional licenses). The enforcement of the AML/CFT sanction's regime for Accountants has not been

effected by ICPAU and FIA. This variable is rated Medium Low.

12.4 Effectiveness of the compliance Function (Organisation).

Accountants and practicing firms are required to have compliance departments that meet statutory requirements for an effective compliance function. Most institutions do not have dedicated compliance functions but usually have one or two persons entrusted with ensuring compliance with AML laws. 68% of the firms surveyed had internal AML compliance functions. The ICPAU has put in place guidelines that require members to have compliance functions and requirement to appoint AMLCO, develop ML/FT compliance manuals and carry out staff training for ML/FT prior to licensing. However, there are still challenges affecting the effectiveness of the compliance function especially in most small firms, these include; limited independence of most compliance officers, inadequate resources, and some compliance officers are not at senior management level. This variable is rated Low.

12.5 Compliance level of Staff.

This variable assesses the, the effectiveness of the Compliance Function, availability and enforcement of criminal sanctions, Integrity of Business/ Institution staff, AML Knowledge of Business/ Institution staff. The overall rating is Medium.

12.5.1 Effectiveness of the compliance function,

Detailed assessment of this variable is provided in 11.4 above.

12.5.2 Availability and enforcement of criminal sanctions.

Detailed assessment of this variable is provided under 11.3.2 above.

12.5.3 Integrity of Business/Profession Staff

Accountants are required to abide by the highest level of ethical standards. Individual firms are required to vet people for integrity, before recruitment and during employment. Generally, staff members of accounting firms maintain a high level of integrity. Integrity is one of the core values of a professional in this sector. The International Code of Ethics for Professional Accountants (including International Independence Standards) sets out fundamental principles of ethics for professional accountants. Such reflect the profession's recognition of its public interest responsibility. "These principles establish the standard of behaviour expected of a professional accountant. The survey responses revealed that over 80%, rated the level of integrity of directors, managers, and staff of their firms above average, about 20% were average, and none were rated below average in the survey conducted.

Nevertheless, there have been instances where integrity breaches have been reported involving accountants. Survey results (over 80%) indicated that the profession was sometimes used, though rarely in fraud or tax evasion schemes or other predicate offenses. The variable is rated high.

AML Knowledge of Business / Profession Staff. Members of the ICPAU are required to undergo ongoing training to ensure that they have adequate knowledge of AML/CFT / CPF laws, policies, and procedures. FIA in collaboration with ICPAU has enhanced the capacity of the MLCOs on AML / CFT requirements.

Results of the survey conducted among member firms revealed that over 60% of respondents had knowledge on AML/CFT matters and were aware of their obligations and responsibilities under the AML Act 2013 (as amended). However, the survey also revealed that there are knowledge gaps among small accounting firms. The variable is rated Medium High.

12.6 Comprehensiveness of AML Legal Framework. High.

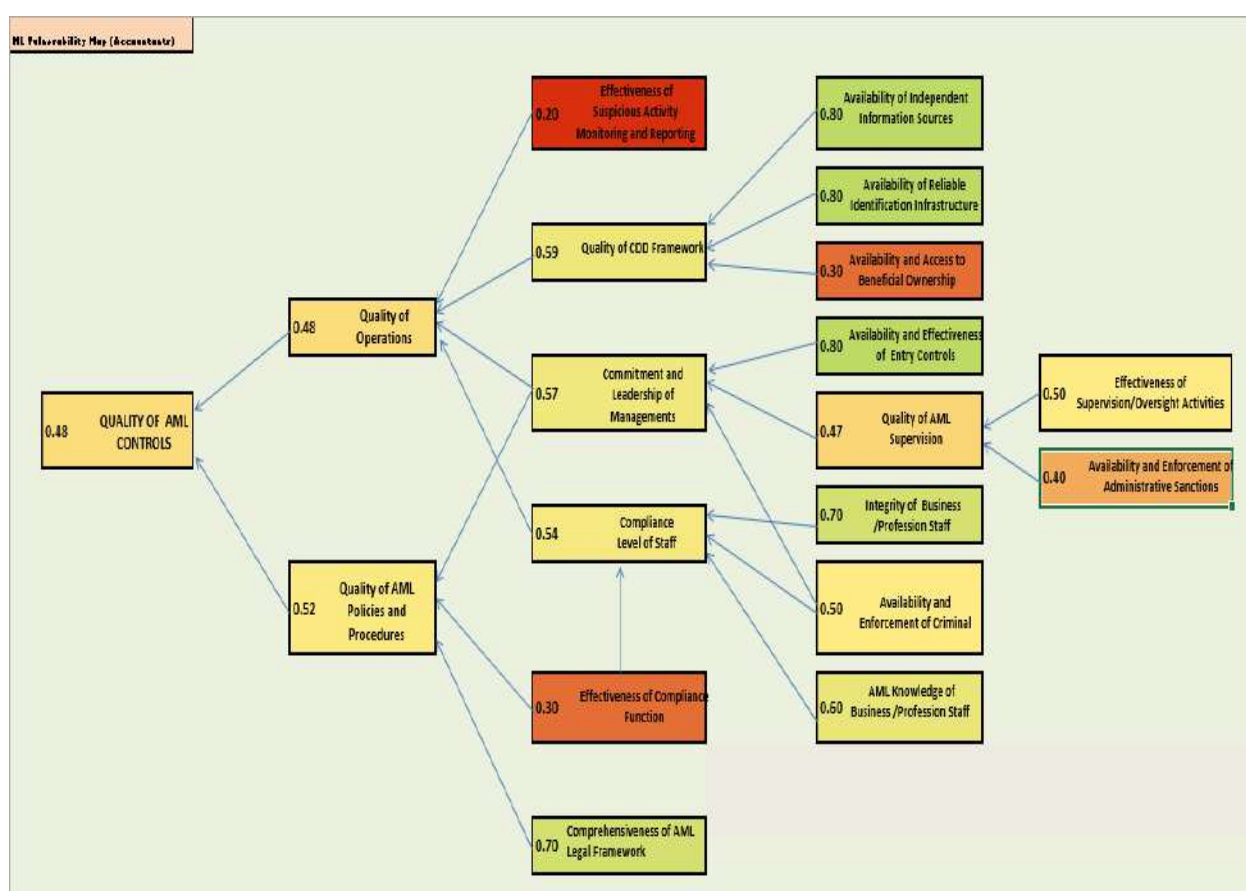
The comprehensiveness of the AML / CFT framework is rated 0.7 (High). The AML legal framework for accountants consists of the Anti-Money Laundering Act 2013 (as amended), the Accountants Act 2013 and the respective regulations.

The AMLA 2013 (as amended) and the regulations made there under have adequate provisions on AML preventive measures on customer due diligence requirements, record keeping, use of new technologies, suspicious transaction reporting, tipping-off and confidentiality.

The Accountants Act 2013 provides for registration, licensing and other entry requirements for accountants in Uganda.

Section 21(pa) of the AMLA 2013 (as amended) and regulation 53(3) of the AMLA regulations, give powers to FIA to impose administrative sanctions for non-compliance with directives, guidelines or requests issued by FIA that include issuance of written warnings and restriction of the powers of Board Members or Management are available. However, the sanctions regime for pecuniary fines relating to non-compliance is yet to be put in place. This variable is rated Medium High.

Figure 18: DNFBPs Vulnerability Map for Accountants, Auditors & Tax Advisors in Uganda.



The above vulnerability map indicates the overall ML vulnerability for Accountants, Auditors & Tax Advisors in Uganda. The quality of AML controls in the sector /Profession is dependent on the assessment of various intermediate and input variables.

Priority Ranking Accountants, Auditors & Tax Advisors In Uganda

PRIORITY RANKING FOR GENERAL INPUT VARIABLES/ AML CONTROLS - LAST CASE/SCENARIO	PRIORITY RANKING**
Effectiveness of Suspicious Activity Monitoring and Reporting	1
AML Knowledge of Staff	2
Effectiveness of AML Compliance Function	3
Availability and Enforcement of Administrative Sanctions	4
Availability and Enforcement of Criminal Sanctions	5
Availability and Access to Beneficial Ownership information	6

The priority areas for Accountants, Auditors & Tax Advisors requires both the accountants' institutions / firms and the regulator to focus on; Effectiveness of Suspicious Activity Monitoring and Reporting, AML knowledge of staff in accountancy firms, Effectiveness of AML Compliance Function and Availability and Enforcement of Administrative Sanctions as indicated in the table above.



LAWYERS

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Lawyers especially advocates are considered gatekeepers as they can provide access to the financial system on behalf of their clients, thereby allowing illicit funds into the financial system, wittingly or unwittingly. For this reason, it is necessary to regulate their activities for AML/CFT purposes.



13 LAWYERS.

Lawyers especially advocates are considered gatekeepers as they can provide access to the financial system on behalf of their clients, thereby allowing illicit funds into the financial system, wittingly or unwittingly. For this reason, it is necessary to regulate their activities for AML/CFT purposes. The second schedule to the Anti-Money Laundering Act, 2013 lists Advocates ("as defined by the Advocates Act") as accountable persons, thus making them subject to the obligations and requirements of the Anti-Money Laundering Act (AMLA). The Advocates Act defines an "Advocate" as a person whose name is duly entered upon the Roll of Advocates in Uganda. It is worth noting that a footnote to the schedule of the AMLA, clarifies that the scope of Advocates envisioned by the AMLA refers to sole practitioners, partners or employed professionals within professional firms. "Internal" professionals that are employees of other types of business, or Government are not considered accountable persons.

The Advocates Act defines legal services as "legal practice" includes carrying out work of a nature normally performed by an advocate, such as receiving instructions to sue or defend a client in contentious matters, carrying out any form of representation in non-contentious matters such as drawing of documents of conveyancing, agreements, mortgages, floating of companies, registration of trademarks and patents, negotiations, writing legal opinions, legal correspondence, witnessing and certifying and notarising miscellaneous legal documents;

In Uganda, Legal professionals are regulated by the Law Council. The Uganda Law Council is established by Section 2 of the Advocates Act Chapter 267 (as amended by Act 27 of 2002) as the overall Regulatory body of the Legal Profession in Uganda.

i. Inherent Vulnerabilities

Inherent vulnerability is assessed at high this is because the services which the lawyers provide are open to exploitation by the clients who may have criminal intentions of laundering proceeds of crime.

The second schedule to the Anti-Money Laundering Act, 2013 lists Advocates ("as defined by the Advocates Act") as accountable persons, thus making them subject to the obligations and requirements of the Anti-Money Laundering Act (AMLA).

In Uganda, Legal professionals are regulated by the Law Council. The Uganda Law Council is established by Section 2 of the Advocates Act Chapter 267 (as amended by Act 27 of 2002) as the overall Regulatory body of the Legal Profession in Uganda.

Uganda has experienced several cases to demonstrate that most laundering activities or other transactions for acquisition of property involve legal advice at some stage, over the review period, the number of practicing advocates has steadily increased, there are approximately 1015 law firms approved by the Law Council as at April 2020. Which is an increase of 63% from 646 law firms in 2016. Section 21 (Pb) of the AMLA as amended mandates the FIA to register accountable persons. As of April 2021, fourteen law firms, and one lawyer had registered with the FIA as accountable persons which translates to less than 1%.

Lawyers can be legal consultants, litigators, legal advisors, tax advisors, or even transaction advisors. Others may be involved in specialised legal services as mediators, arbitrators, litigation lawyers and emerging fields such as cyber law.

ii. Quality of AML Controls is rated at Medium

The Law Council has the mandate to vet and approve persons who intend to be entered onto the roll of advocates. Where the Law Council is satisfied that a person is eligible and is a fit and proper person, it shall direct the Chief Registrar of the High Court to enter the applicant's name onto the roll. This is certified by testimonials from three advocates recommending the advocate. However, no further vetting for criminal record is required.

Overall, the ML vulnerability of the sector was assessed to be Medium High. The medium high rating is largely driven by the poor knowledge of AML among staff, the low effectiveness of compliance functions, the low effectiveness of suspicious activity monitoring and reporting, low levels of registration with the FIA and reported cases of ML involving legal professionals. Below is the assessment of variables and other factors which informed the rating.

13.1 Effectiveness of Suspicious Activity Monitoring and Reporting

Lawyers as accountable persons have an obligation to file and report STRs and SARs to the FIA. Effective control measures should enhance a law firm's ability to timely detect and report suspicious transactions or behaviour to the FIA. Lawyers do not comply with the requirement to report covered and suspicious transactions to the FIA. The AMLA provides that they are not required to report covered and suspicious transactions if the relevant information was obtained in circumstances where they are subject to legal professional privilege, which is their umbrella defence in not complying with the reporting requirements. Given that there are no specific guidelines on how to implement the reporting requirements under the AMLA that will help lawyers determine if their services involve lawyer-client privilege communication, lawyers have been slow at filing suspicious transaction reports to FIA. No STR was filled during the reporting period.

This variable is rated low.

13.2 Quality of CDD framework

This variable is assessed basing on availability of independent information sources, availability of Reliable Identification Infrastructure and availability and access to beneficial ownership information. The overall rating for this variable is Medium.

13.2.1 Availability of independent information sources.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (ii)

13.2.2. Availability of Reliable Identification Infrastructure

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (i)

13.2.3. Availability and access to beneficial ownership information.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (iii).

13.3 Commitment and Leadership of MDI Management

This variable assesses the, availability and effectiveness of entry controls, availability and enforcement of criminal sanction and quality of AML supervision. The overall rating is Medium.

13.3.1 Availability and Effectiveness of Entry Controls

Uganda Law Council is responsible for licensing applicants who apply to practice or operate law firms in Uganda in accordance with the Advocates Act. Amongst other requirements, only persons who are admitted as advocates of the High Court. The Law Council has the mandate to vet and approve persons who intend to be entered onto the roll of advocates. Where the Law Council is satisfied that a person is eligible and is a fit and proper person, it shall direct the Chief Registrar of the High Court to enter the applicant's name onto the roll.

Supervisory controls were deemed effective to ensure only persons duly licensed to practice enter the market. Most of the requirements guiding approval of applications to open law firms are premised around academic and experience as competencies to practice law. There is reliance on the oath taken by lawyers when admitted, as a means to gain assurance that such person is fit.

This variable is rated High.

13.3.2 Availability and Enforcement of Criminal Sanctions

The Anti-Money Laundering Act, 2013 (as amended) criminalizes money laundering. Part II of the Act provides for the criminalization of the laundering of proceeds of crime, while part VII provides for the offence of money laundering and associated penalties.

Section 136 of the Act imposes penalties covering both natural and legal persons. In the case of a natural person, the penalties include imprisonment for a period not exceeding fifteen years or a fine not exceeding one hundred thousand currency points (UGX 2 billion) or both; in the case of a legal person by a fine not exceeding two hundred thousand currency points (UGX 4 billion). These penalties are considered proportionate, and dissuasive for the offence of money laundering. The enforcement of the criminal sanction's regime is yet to be applied by court since there are several ongoing prosecution cases against lawyers. This variable is rated Medium.

13.3.3 Quality of AML Supervision.

This variable is assessed based on effectiveness of supervision procedures and practices and availability and enforcement of administrative sanctions. The overall rating for this variable is medium low.

13.3.3.1 Effectiveness of Supervision/ Oversight Activities

Legal professionals are regulated by Law Council, the Council is tasked with licensing of law chambers and ensuring that advocates operate in compliance with the Advocates Act and the AMLA as amended and its regulations. In its role as competent authority, the Law Council is empowered to examine and take copies of documents and information in the possession or control of any advocate. However, this power does not extend to information or advice that is subject to legal professional privilege. Practicing lawyer's also have a self-regulatory mechanism under the Uganda Law society (ULS) a membership organization for all eligible advocates. The ULS is responsible for ensuring integrity of members and adhere to good practicing standards.

This variable is rated Medium.

13.3.3.2 Availability and Enforcement of Administrative Sanctions

AMLA 2013 as amended provides a wide range of administrative sanctions which the ULC as the supervisor can enforce. Section 21(pa) of the AMLA 2013 (as amended) and regulation 53(3) of the AMLA regulations, empowers FIA to impose administrative sanctions for non-compliance with directives, guidelines or requests issued by FIA. However, the sanctions regime for pecuniary fines relating to non-compliance is yet to be put in place. This variable is rated medium low.

13.4 Effectiveness of Compliance Function (Organisation)

The level of effectiveness of compliance functions is very low, and non-existent in majority of law firms, most law firms providing designated services have, at a minimum, appointed AML Compliance Officers at management level, have implemented AML compliance programs and do conduct CDD measures. Challenges noted relate to absence or poor risk assessments, controls around beneficial ownership, transaction monitoring and reporting as well as the need to ensure their internal AML frameworks are subjected to audits.

This variable is rated low.

13.5 Compliance level of Staff

This variable assesses the effectiveness of the compliance function, availability and enforcement of criminal sanctions, integrity of business / professional staff, AML Knowledge of business / professional staff. The overall rating is Medium.

13.5.1 Effectiveness of the compliance Function

Detailed assessment in 13.4 above

13.5.2 Availability and enforcement of criminal sanctions.

Detailed assessment of this variable is provided under 13.3.2 above.

13.5.3 Integrity of Business/ Profession Staff.

Staff members and managers (including professional staff) of law firms and advocates themselves are required to have a high level of integrity. The Law Council however records of integrity failures or breaches by advocates that it has dealt with the review period. There have been many reports of prominent law firms and lawyers engaging in, or supporting persons participating in financial crime activities. In the prosecution of former officials of the Ministry of Public Service 36[2] the investigators raided the chambers of the legal representatives of one of the accused and cracked open the safe and retrieved deeds of property and other incriminating documents and information. There is also another ongoing Money Laundering court case in which a city lawyer and two businessmen were charged for money laundering, facilitating money laundering and cheating. Court heard that between March 2020 and February 2021, the accused persons acquired UGX 20 billion (USD 5.5 million) well knowing that the funds were proceeds of crime.

36^[2] Uganda v Lw amafa Jimmy & 3 others (Criminal Session Case – 2016/3) [2018] UGHACD 11 (21 December 2018).

They reportedly received the money from an American national under the guise of selling him gold. The lawyer is accused of facilitating the fraudulent transaction. Considering these breaches, this variable is rated medium low.

13.5.4 AML Knowledge of Business/ Profession Staff.

Most lawyers have a general overview or understanding of the AMLA/CFT. The level of understanding of AML/CFT measures and the associated obligations on Advocates as accountable persons varies depending on size of the law firm. Considering that AMLA is not a core subject in law school, and that the AMLA regime is fairly new in Uganda limiting exposure of legal professionals to AML laws, policies and procedures except for those who are handling money laundering cases. This evidenced in the low levels of registration with the FIA and reporting of suspicious transactions.

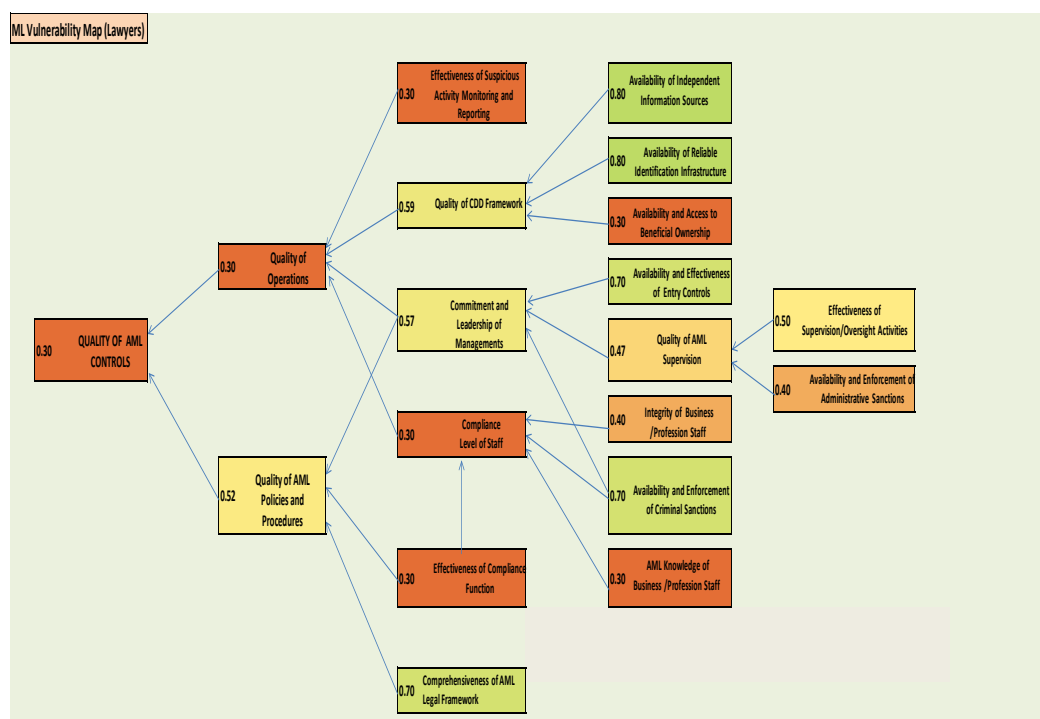
This variable is rated low.

13.6 Comprehensiveness of AML Legal Framework

The legal framework governing the operations of Lawyers is comprehensive, it consists of the Advocates Act which creates the law council, the reporting of suspicious money laundering and terrorism financing activities by advocates is provided for in the AMLA 2013 as amended and the associated regulations. Under the AMLA 2013, Advocates are listed as accountable persons subject to AML/CFT measures.

This variable is rated high.

Figure 19: Vulnerability Map on lawyers in Uganda



The above vulnerability map indicates the overall ML vulnerability for lawyers in Uganda. The quality of AML controls in the sector / Profession is dependent on the assessment of various intermediate and input variables.

Priority Ranking For Lawyers In Uganda

PRIORITY RANKING FOR GENERAL INPUT VARIABLES/ AML CONTROLS - LAST CASE/ SCENARIO	PRIORITY RANKING**
AML Knowledge of Staff in Agencies Regulating Lawyers	1
Effectiveness of AML Compliance Function in Agencies Regulating Lawyers	2
Effectiveness of Supervision/Oversight Activities on Lawyers	3
Effectiveness of Suspicious Activity Monitoring and Reporting on Lawyers	4
Integrity of Staff in Agencies Regulating Lawyers	5
Availability and Enforcement of Administrative Sanctions on Lawyers	6
Availability and Access to Beneficial Ownership information	7

The priority areas for law firms, lawyers and their regulator are to focus on; AML knowledge of staff in ULC, Effectiveness of AML Compliance Function in ULC, and effectiveness of supervision/oversight activities on lawyers, and Effectiveness of Suspicious Activity Monitoring and Reporting on lawyers as indicated in the table above.



DEALERS IN PRECIOUS STONES AND METALS.

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The FATF has identified dealers in precious metals and stones as particularly vulnerable to ML/TF. The high value per gram of gold and diamonds and the ease by which they can be transferred make them attractive to criminals.

14.0 Dealers In Precious Stones And Metals.

The FATF has identified dealers in precious metals and stones as particularly vulnerable to ML/TF. The high value per gram of gold and diamonds and the ease by which they can be transferred make them attractive to criminals. There are significant obligations imposed by the FATF Recommendations on dealers in precious metals and stones.

Uganda has numerous minerals namely; gold, oil, copper, uranium, iron, Tin, among others. The assessment mainly focused on gold. Dealers in precious stones and metals (DPMS) are licensed and monitored by the Directorate of Geological Survey and Mines in the Ministry of Energy and Mineral Development. Retailers of precious metals and stones (jewellers) are however not regulated by the Ministry.

According to the 2019/2020 Annual performance Report of the Ministry of Energy and Mineral Development, the value of minerals produced and reported was 2.27 million tonnes valued at UGX 189.279 billion. Pozollana and limestone had the highest volumes produced at 1.05 tonnes and 1.07 tonnes respectively. These were valued at UGX 125.989 billion (limestone) and UGX 22.56 billion (pozollana) and a total of 211.853 tonnes of minerals worth UGX 4.46 billion were exported to other countries. Uganda earned more than UGX 432 billion (US\$ 120 Million) from gold exports in March 2021 and April 2021, according to the Bank of Uganda.

Gold is Uganda's most important mineral contributing about 44% of the country's total export in the year 2020. Gold Exploration, mining and goldsmith are regulated by the Uganda Mining Act of 2003 complemented by the Mining Regulation of 2004. Under this regime, the Directorate of Geological Survey and Mines issues licenses for exploration and retention; mineral dealers licenses (for, inter alia, gold, silver, platinum, precious stones), and licenses/authorizations for goldsmith. Five Gold Refineries; African Gold Refinery, Simba Gold Refinery, Bullion Gold Refinery, Metal Testing and Smelting Company Limited, and Aurnish Gold Refinery have been licensed for gold refinery business and have capacity to refine raw gold into pure gold (99.95% and 99.99%) respectively.

According to the 2019/2020 Annual performance Report of the Ministry of Energy and Mineral Development, the value of minerals produced and reported was

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Uganda earned more than UGX 432 billion (US\$ 120 Million) from gold exports in March 2021 and April 2021, according to the Bank of Uganda.

UGX 432 Billion

Gold is Uganda's most important mineral contributing about 44% of the country's total export in the year 2020. Gold Exploration, mining and goldsmith are regulated by the Uganda Mining Act of 2003 complemented by the Mining Regulation of 2004.

Mineral dealers regulated by the Mining Act 2003 operate at whole sale level. Retailers of precious metals and stones who operate as jewellers and run jewellery shops are not subject to this regime, and operate under a regular trading license.

Table 38: Mining licensing status as at 30/06/2020

Type of License	Licenses as at 30/06/2018	Licenses as at 30/06/2019	Licenses as at 30/06/2020
Prospecting License	113	159	132
Exploration License	220	319	341
Retention License	4	3	4
Location License	49	100	121
Mining Lease	41	44	46
Mineral Dealers*	91	50	58
Goldsmith License*	-	-	11
Total	518	675	713

Source: Ministry of Energy and Mineral Development Annual Report 2020

Note: * License expires on the 31st day of December of the year of issue

The porous borders and the proximity to countries with illegal traffic of precious stones and metals (Democratic Republic of Congo – DRC and South Sudan), with smuggling to or through Uganda, make it easy for cross border trading that goes on unlicensed and unrecorded.

The overall ML vulnerability for the sector is rated high. The high rating is largely driven by the poor knowledge of AML among staff, the low effectiveness of the compliance function, the low quality of AML supervision and oversight. This is based on the following assessments: -

14.1 Effectiveness of Suspicious Activity Monitoring and Reporting

The effectiveness of suspicious activity monitoring and reporting is very low due to the absence of the AML/CFT guidelines and proper regulatory framework. Thus, no record of STR reporting by the sector, however, seven STRs have been filed by SFIs relating to DPMS sector since 2017.

This variable is rated close to nothing.

14.2 Quality of CDD framework

This variable is assessed basing on availability of independent information sources, availability of Reliable Identification Infrastructure and availability and access to beneficial ownership information. The overall rating for this variable is Medium.

14.2.1 Availability of independent information sources.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (ii) and is rated very high.

14.2.2 Availability of Reliable Identification Infrastructure

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (i) and is rated very high.

14.2.3 Availability and access to beneficial ownership information.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (iii) and is rated low.

14.3 Commitment and Leadership of MDI Management

This variable is assessed based on availability and effectiveness of entry controls, availability and enforcement of criminal sanction and quality of AML supervision. The overall rating is low.

14.3.1 Availability and Effectiveness of Entry Controls

Dealers in precious metals and stones (DPMS) are licensed by Commissioner - Department of Geological Survey and Mines in the Ministry of Energy and Mineral Development. However, retailers of precious metals and stones (jewelers) are not regulated, Uganda's mining sector especially gold is dominated by many artisanal miners who have zero entry requirements and are not regulated by the Ministry. There is no indication that a fit and proper assessment of applicants for the different types of licenses are incorporated into the application process thus enhancing the AML/CFT risk mitigation.

Uganda mainly produces and deals in gold. Both small- and large-scale miners are involved in gold mining with different requirements to acquire mining licenses for foreigners and nationals. Gold is highly valuable relative to its weight; this compactness makes it easy to smuggle and difficult to detect. Gold is virtually untraceable, odorless and can be held anonymously without need for records to be kept, the lack of entry requirements for artisanal miners therefore poses a huge risk.

This variable is rated very low.

14.3.2 Availability and Enforcement of Criminal Sanctions

The Anti-Money Laundering Act, 2013 (as amended) criminalizes money laundering. Part II of the Act provides for the criminalization of the laundering of proceeds of crime, while part VII provides for the offence of money laundering and associated penalties.

Section 136 of the Act imposes penalties covering both natural and legal persons. In the case of a natural person, the penalties include imprisonment for a period not exceeding fifteen years or a fine not exceeding one hundred thousand currency points (UGX 2 billion) or both; in the case of a legal person by a fine not exceeding two hundred thousand currency points (UGX 4 billion). These penalties are considered proportionate, and dissuasive for the offence of money laundering. The enforcement of the criminal sanction's regime has not yet been applied by court because no case involving DPMS were prosecuted.

This variable is rated medium.

14.3.3 Quality of AML Supervision.

This variable is assessed based on effectiveness of supervision / oversight activities and availability and enforcement of administrative sanctions. The overall rating for this variable is low.

14.3.3.1 Effectiveness of Supervision/ Oversight Activities

The AML supervision is limited whereby the Regulator - DGSM does not entirely appreciate the ML risks among the DPMS and inspections are hardly conducted. There are players in the market that are not registered by DGSM for instance the jewellers and the Dealers in Precious Stones and Metals registered with the FIA are only 3 (three) as of September 2020 which is less than 1%.

This variable is rated as low.

14.3.3.2 Availability and Enforcement of Administrative Sanctions

The AMLA 2013 (as amended) does provide for administrative sanctions in case of noncompliance with AML laws and regulations. The FIA, upon its discretion and after due notice and hearing, may impose administrative sanctions for violations of the AMLA, its regulations. Considering, however, the absence of regular AML compliance inspections and the lack of proper regulatory regime, AMLA violations by dealers are not reported to the FIA and the DGSM for possible imposition of sanctions. This is rated as medium low.

14.4 Effectiveness of Compliance Function (Organisation)

Compliance programmes and functions are largely non-existent in the sector. This is rated low.

14.5 Compliance level of Staff

This variable is assessed based on the effectiveness of the compliance function, availability and enforcement of criminal sanctions, integrity of business / professional staff, AML Knowledge of business / professional staff. The overall rating is Medium low.

14.5.1 Effectiveness of the compliance Function

Detailed assessment of this variable is provided under 14.4 above.

14.5.2 Availability and enforcement of criminal sanctions.

Detailed assessment of this variable is provided under 14.3.2 above.

14.5.3 Integrity of Business/ Profession Staff.

Owners and employees of DPMS are expected to act with integrity in conducting their businesses and generally, not to allow their businesses to be used in furtherance of money laundering and other criminal activities. Their limited knowledge of the money laundering risk and the absence of AML measures in place makes them vulnerable and possibly be

facilitating money laundering involuntarily or unknowingly. There is a possibility that personnel can collude with criminals or act corruptly thus a vulnerability to ML abuse. Companies hardly vet their Staff and this increases ML vulnerabilities in the sector.

This is rated as medium low.

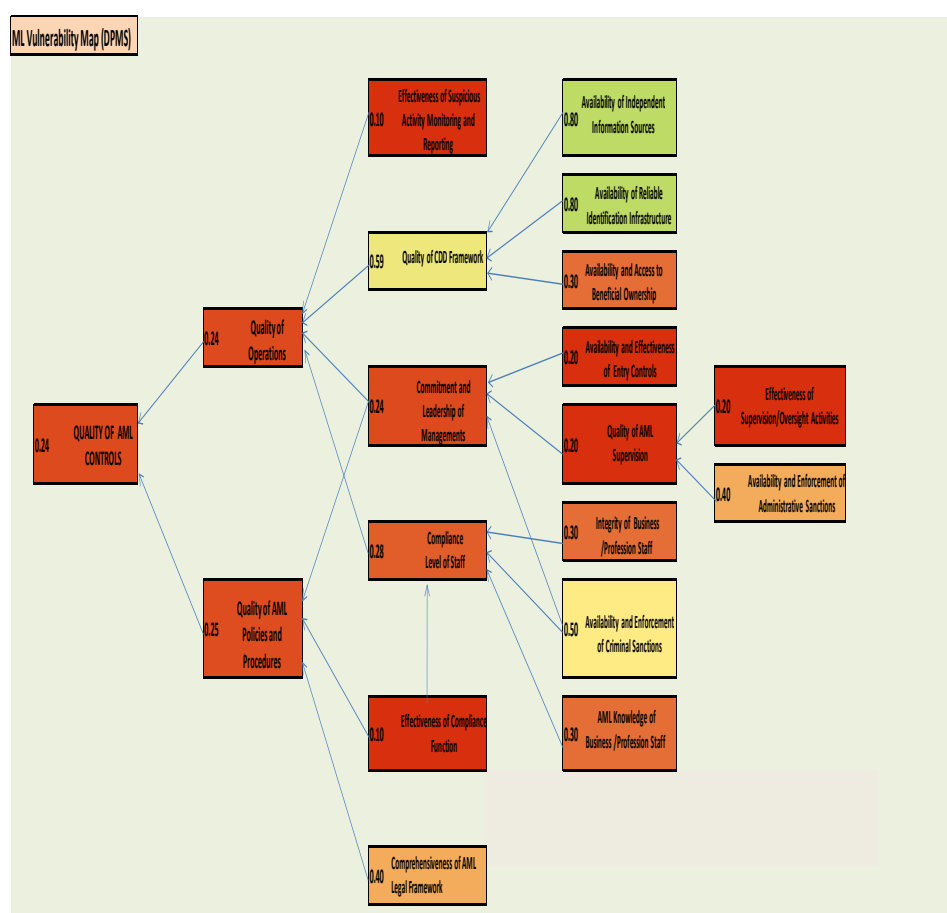
14.5.4 AML Knowledge of Business/ Profession Staff.

There is limited AML/CFT knowledge and understanding of their duties and responsibilities. There has hardly been any awareness or trainings conducted by the DGSM and FIA on AML/CFT. This is rated as low.

14.6 Comprehensiveness of AML Legal Framework

The Anti-Money Laundering Act 2013 (AMLA as amended) lists dealers in precious metals and gems as accountable persons in the second schedule to comply with AML/CFT obligations which include customer due diligence, record-keeping, and suspicious transaction reporting. However, there is no adequate regulation on how to implement the provisions of the AMLA with regard to dealers in precious metals and / or stones and dealers in jewelry. However, the absence of sufficient regulatory regime on how DPMS should comply with the requirements of the AMLA limits compliance. This variable is rated medium low.

Figure 20: Vulnerability Map on DPMS in Uganda



The above vulnerability map indicates the overall ML vulnerability for DPMS in Uganda. The quality of AML controls in the sector / Profession is dependent on the assessment of various intermediate and input variables.

Priority Ranking For Dpms In Uganda

PRIORITY RANKING FOR GENERAL INPUT VARIABLES/ AML CONTROLS - LAST CASE/SCENARIO	PRIORITY RANKING**
AML Knowledge of Staff	1
Effectiveness of Supervision/Oversight Activities	2
Effectiveness of AML Compliance Function	3
Availability and Effectiveness of Entry Controls	4
Effectiveness of Suspicious Activity Monitoring and Reporting	5
Comprehensiveness of AML Legal Framework	6
Integrity of Staff	6
Availability and Enforcement of Administrative Sanctions	8
Availability and Enforcement of Criminal Sanctions	9
Availability and Access to Beneficial Ownership information	10

The priority areas for DPMS and their regulator is to focus on; AML knowledge of staff, effectiveness of supervision / oversight activities, and effectiveness of AML compliance function as indicated in the table above.

As noted in the 2017 ML / TF national risk assessment, significant ML and TF risk still exists for DPMS as there is noticeable increase in illegal and informal gold mining activities in Uganda and smuggling from neighbouring countries. These activities are conducted by both local artisanal miners & retailers and foreign nationals (from neighbouring countries) which may result in the illicit dealing and smuggling of precious stones and metals across borders with the proceeds likely to be laundered through the Ugandan financial system.

Findings and Conclusions

1. Uganda is not a member of the Kimberley process certification scheme concerning diamonds.
2. Certain risks regarding PEPs (Politically Exposed Persons) in relation to precious metals and stones have also been ascertained by the assessment. PEPs may try to launder the proceeds of corruption by purchasing precious minerals and attempt to launder the proceeds generated by the illicit sale of precious minerals.
3. The UN Penal of experts report on Democratic Republic of Congo 2021, indicates that some terrorist organizations operating from within the region are believed to fund themselves through the smuggling of gold.

4. There has been insufficient effort by authorities at curbing illicit trading in precious minerals and stones. 90% of miners in Uganda are artisanal miners, and they may tend not to officially declare the gold extracted, but to sell it in the "black market".
5. On 12th August 2020, Uganda joined the Extractive Industries Transparency Initiative (EITI) making it the 54th member country and the 26th in Africa. EITI promotes the transparent and accountable management of natural resource wealth which includes disclosure of information on contracts, beneficial owners, revenues, and payments. This ensures that potential revenues are not laundered or lost through corruption tendencies.



REAL ESTATE



The players in real estate sector mainly include the real estate agents who are defined as professionals or companies who by representing the seller and/or the buyer act in a purchase and/or sale of a real property in a real estate transaction capacity and/or are exercising professional transactional activity, thus facilitating real property transfer.

15.0 REAL ESTATE .

The players in real estate sector mainly include the real estate agents who are defined as professionals or companies who by representing the seller and / or the buyer act in a purchase and / or sale of a real property in a real estate transaction capacity and / or are exercising professional transactional activity, thus facilitating real property transfer.

Real Estate Agents are vulnerable to ML because of the inherent risks in the sector. Real estate agents in Uganda are not regulated and anyone can join the sector and engage in the business of acting as an agent of a party in a real estate transaction more particularly if it has to do with sale, purchase, exchange, mortgage, lease or joint ventures, or other similar transactions on real estate or any interest therein.

The Ministry of Lands, Housing and Urban Development (MLHUD) is mandated to formulate policies, legislations, standards, guidelines, procedures, and general regulation of the real estate sector. However, the legal framework to regulate the sector has not been enacted. This provides an opportunity for criminals to hide their ill-gotten wealth. The NRA 2017 indicated real estate sector as the most preferred to invest proceeds by criminals.

The assessment of the real estate sector focused on real estate brokers who facilitate and conduct real estate business.

The Ministry of Lands, Housing and Urban Development (MLHUD) is mandated to formulate policies, legislations, standards, guidelines, procedures, and general regulation of the real estate sector. However, the legal framework to regulate the sector has not been enacted. This provides an opportunity for criminals to hide their ill-gotten wealth. The NRA 2017 indicated real estate sector as the most preferred to invest proceeds by criminals.

15.1 Overall Vulnerability Rating for the Real Estate Sector

The overall vulnerability of the real estate sector is assessed by considering the inherent vulnerability and the quality of AML controls and is rated High (0.95).

The high rating is largely driven by the poor knowledge of AML among staff, the low effectiveness of entry controls, the low quality of AML supervision and oversight.

i) Inherent vulnerability.

Most of the land in Uganda is unregistered which makes the tracing of ultimate beneficial ownership very difficult. In addition, there is no standard value of land where land in the same proximity can be priced differently basing on speculation, criminality, and use of cash in settlement of land transactions. Given that the sector lacks enough legal framework, trained professionals, and entry controls to curb this vice, this makes it even easier for criminals to launder money. The inherent vulnerability of real estate is rated high.

ii) **Quality of AML Controls.**

The sector has inadequate AML / CFT controls which has made it attractive to criminals to launder proceeds. The quality of AML controls is rated Low basing on assessment of the following input variables.

15.2 Effectiveness of Suspicious Activity Monitoring and Reporting.

The real estate agents are listed as accountable persons in the AMLA 2013 second schedule and are required to put in place an effective suspicious activity monitoring and reporting system to enable them file STRs to FIA. The sector lacks a supervisory agency to monitor their operations and ensure compliance with the obligations of AMLA 2013. This variable is rated non-existent.

15.3 Quality of CDD framework

This variable is assessed basing on availability of independent information sources, availability of Reliable Identification Infrastructure and availability and access to beneficial ownership information. The overall rating for this variable is Medium.

15.3.1 Availability of independent information sources.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (ii) and is rated very high

15.3.2 Availability of Reliable Identification Infrastructure

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (i) and is rated very high

15.3.3 Availability and access to beneficial ownership information.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (iii) and is rated low

15.4 Commitment and Leadership of MDI Management

This variable assesses the, availability and effectiveness of entry controls, availability and enforcement of criminal sanction and quality of AML supervision. The overall rating is Low.

15.4.1 Availability and Effectiveness of Entry Controls

There are no entry controls for sector players due to lack of regulatory and supervisory framework. However, the MLHUD provides a platform which addresses land issues in terms of managing the land registry. This variable is rated non-existent.

15.4.2 Availability and Enforcement of Criminal Sanctions

The Anti-Money Laundering Act, 2013 (as amended) criminalizes money laundering. Part II of the Act provides for the criminalization of the laundering of proceeds of crime, while part VII provides for the offence of money laundering and associated penalties.

Section 136 of the Act imposes penalties covering both natural and legal persons. In the case of a natural person, the penalties include imprisonment for a period not exceeding fifteen years or a fine not exceeding one hundred thousand currency points (UGX 2 billion) or both; in the case of a legal person by a fine not exceeding two hundred thousand currency points (UGX 4 billion). These penalties are effective, proportionate, and dissuasive for the offence of money laundering. However, FIA is working closely with MLHUD to enact a law to ensure adequate regulatory framework for the sector. The enforcement of the criminal sanction's regime has not yet been applied by court because no case involving Real Estate Agencies has been prosecuted. This is rated Medium.

15.5. Quality of AML Supervision.

This variable is assessed basing on effectiveness of Supervision / Oversight Activities, Availability and Enforcement of Administrative Sanctions. The overall rating for this variable is Medium Low

15.5.1 Effectiveness of Supervision/Oversight Activities

The real estate sector does not have a proper regulatory framework to effectively supervise AML / CFT compliance. AMLA 2013 (as amended) section 21A (2) provides that FIA is mandated to supervise AML / CFT compliance of sectors which have no regulators. However, due to the absence of regulatory regime, limited onsite and offsite inspections have been conducted by the FIA. This variable is rated Low.

15.5.2 Availability and Enforcement of Administrative Sanctions.

AMLA 2013 as amended Section 21 (pa) and regulation 53 (3) of the AMLA regulations, give powers to FIA to impose administrative sanctions for non-compliance with directives, guidelines or requests issued. However, these sanctions have not been enforced in the sector for non-compliance. This variable is rated Medium Low.

15.6 Effectiveness of Compliance Function (Organisation)

Compliance programmes and functions are non-existent in the sector. This is rated low. This variable is rated Does not exist.

15.7 Compliance level of Staff

This variable is assessed based on the effectiveness of the compliance function, availability and enforcement of criminal sanctions, integrity of business / professional staff, AML Knowledge of business / professional staff. The overall rating is Medium.

15.7.1 Effectiveness of the compliance Function.

Detailed assessment in 15.6 above and is rated does not exist.

15.7.2 Availability and enforcement of criminal sanctions.

Detailed assessment of this variable is provided under 12.3.2 above and is rated medium.

15.7.3 Integrity of Business/Profession Staff

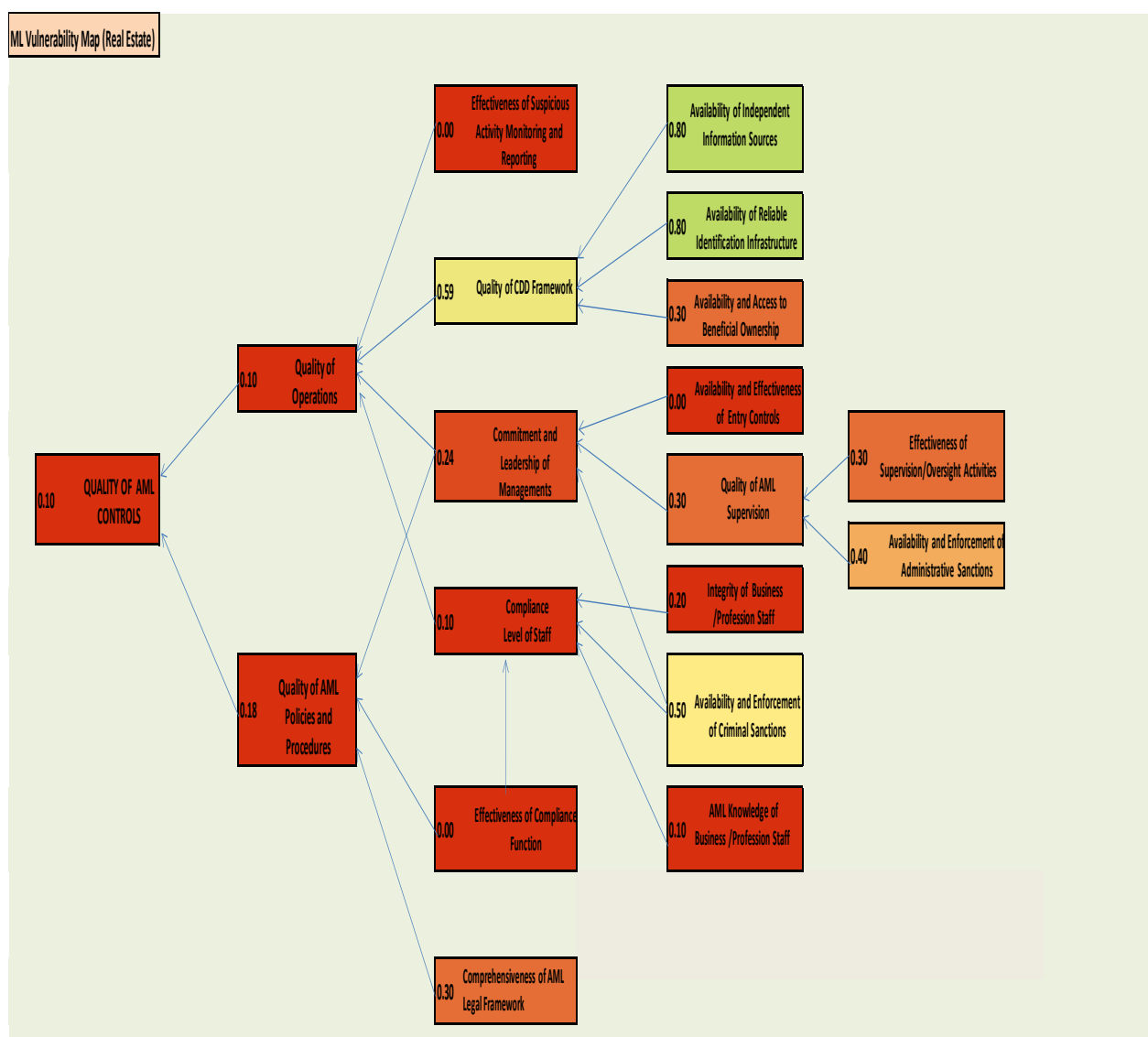
The real estate agents comprise of different categories of players, professional and non-professionals. Media reports have indicated several fraud cases in the sector especially by the non-professional agents / brokers creating low integrity levels. The variable is rated Very Low.

15.7.4 AML Knowledge of Business/ Profession Staff.

There is limited AML / CFT knowledge and understanding of their duties and responsibilities. There has been limited awareness or trainings conducted by FIA on AML / CFT. This is rated as low.

15.8 Comprehensiveness of AML Legal Framework.

The overall legal framework is AMLA 2013 as amended, however the real estate business in Uganda is not regulated and therefore there is no oversight for the activities undertaken by the sector players. This has provided an avenue for perpetrators of crimes such as fraud, corruption, tax crimes and counterfeiting to launder the proceeds through the real estate sector. This variable is rated Low.

Figure 21: Vulnerability Map for Real Estate Sector in Uganda

The above vulnerability map indicates the overall ML vulnerability for Real Este sector in Uganda. The quality of AML controls in the sector / Profession is dependent on the assessment of various intermediate and input variables as indicated in the map above.

Priority Ranking For Real Estate In Uganda

PRIORITY RANKING FOR GENERAL INPUT VARIABLES/ AML CONTROLS - LAST CASE/SCENARIO	PRIORITY RANKING**
AML Knowledge of Staff	1
Effectiveness of AML Compliance Function	2
Effectiveness of Supervision/Oversight Activities	3
Availability and Effectiveness of Entry Controls	4
Effectiveness of Suspicious Activity Monitoring and Reporting	5
Comprehensiveness of AML Legal Framework	6
Integrity of Staff	7
Availability and Enforcement of Administrative Sanctions	8
Availability and Enforcement of Criminal Sanctions	9
Availability and Access to Beneficial Ownership information	10

The priority areas for Real Estate and their regulators are to focus on; AML knowledge of staff in the sector, Effectiveness of AML Compliance Function, Effectiveness of supervision / oversight activities, Availability and Effectiveness of Entry Controls, and Effectiveness of Suspicious Activity Monitoring and Reporting as indicated in the table above.



CASINOS

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The unlicensed casinos mainly operate discreetly, making it difficult for the authorities to locate and shut them down.



16.0 CASINOS

The country had 12 licensed casinos as of December 2020, however, there are other illegal casinos in operation. According to a 2019 report by the NGLB³⁷, the total number of illegal gaming machines in circulation was estimated at 4000 as of 31st Dec 2018. The unlicensed casinos mainly operate discreetly, making it difficult for the authorities to locate and shut them down. It is estimated that individuals spend UGX 150bn annually on gambling³⁸ and the government collects approximately UGX 50bn from the sector in form of taxes and other fees.

The government has put in place a strong regulatory framework to oversee the operations of the sector and limited cases relating to money laundering have been registered. Based on the cash-based nature of transactions, and the discreet nature of the transactions for unlicensed casinos in the sector. The operations of casinos are regulated by National Lotteries and Gaming Regulatory Board Uganda (NLGRB).

The overall vulnerability of the casino sector is rated as medium high (0.66). This is attributed to low effectiveness of suspicious activity monitoring and reporting, the low effectiveness of the compliance function, the low quality of AML supervision and oversight. The assessment is based on the following input variables.

16.1 Effectiveness of Suspicious Activity Monitoring and Reporting.

Section 9 of the AML Act 2013 requires an accountable person to monitor and report suspicious transactions. In addition, section 8 (2) of the AML Act 2013 requires an accountable person to report and record cash and monetary transactions and the same shall be maintained for ten years from the date of the transaction in accordance. Casinos have not developed adequate capacity including IT systems to effectively identify and monitor suspicious transactions and activities, as required by the AMLA, 2013. Between 2017 and 2020, there has been only one STR filed by a casino.

This variable is rated close to nothing.

³⁷ <http://ngb.go.ug/wp-content/uploads/2019/03/Status-of-the-gaming-industry-in-Uganda.pdf>

³⁸ <https://observer.ug/news-headlines/46540-ugandans-spend-shs-150bn-in-betting-every-year>

the total number of illegal gaming machines in circulation was estimated at 4000 as of 31st Dec 2018.

4000

It is estimated that individuals spend

UGX 150bn

government collects approximately

UGX 50bn

In addition, section 8 (2) of the AML Act 2013 requires an accountable person to report and record cash and monetary transactions and the same shall be maintained for ten years from the date of the transaction in accordance.

16.2 Quality of CDD framework.

This variable is assessed basing on availability of independent information sources, availability of Reliable Identification Infrastructure and availability and access to beneficial ownership information. The overall rating for this variable is Medium.

16.2.1 Availability of independent information sources.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (ii)

16.2.2 Availability of Reliable Identification Infrastructure

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (i)

16.2.3 Availability and access to beneficial ownership information.

Detailed assessment of this variable is provided under National Vulnerability section 3.4.6.3 (iii).

16.3 Commitment and Leadership of Casinos Management

This variable is assessed based on the availability and effectiveness of entry controls, availability and enforcement of criminal sanction and quality of AML supervision. The overall rating is Low.

16.3.1 Availability and Effectiveness of Entry Controls

Entry into the industry is regulated by the NLGRB which licenses and supervises casinos. To operate a casino, one must apply for a licence from the NLGRB and attach the following documents to qualify for a license upon successful verification: proof of incorporation, investment certificate for foreign applicants, recent annual forms of returns of a company with share capital, most recently audited books of accounts, bank account details, security guarantee, rules and descriptions of games and equipment, details of company shareholders, directors and key employees and memorandum and articles of association among others. However, the company's act does not provide for information on beneficial ownership to be obtained and retained by competent authorities for purposes of AML / CFT. The variable is rated medium.

16.3.2 Availability and Enforcement of Criminal Sanctions

The Anti-Money Laundering Act, 2013 (as amended) criminalizes money laundering. Part II of the Act provides for the criminalization of the laundering of proceeds of crime, while part VII provides for the offence of money laundering and associated penalties.

Section 136 of the Act imposes penalties covering both natural and legal persons. In the case of a natural person, the penalties include imprisonment for a period not exceeding fifteen years or a fine not exceeding one hundred thousand currency points (UGX 2

billion) or both; in the case of a legal person by a fine not exceeding two hundred thousand currency points (UGX 4 billion). These penalties are considered proportionate, and dissuasive for the offence of money laundering. However, no casinos or employees have been convicted for ML / TF offences. This variable is rated medium

16.3.2 Quality of AML Supervision.

This variable is assessed based on effectiveness of supervision procedures and practices and availability and enforcement of administrative sanctions. The overall rating for this variable is medium low.

16.3.2.1 Effectiveness of Supervision/ Oversight Activities.

Section 21A of the AMLA 2013 (as amended) designates NLGRB as the AML/CFT supervisor of casinos. However, the casinos are not submitting annual compliance reports to FIA in accordance with AMLA 2013 as amended for review. In addition, NLGRB is yet to adopt risk-based approach to AML / CFT supervision. This variable is rated very low.

16.3.2.2 Availability and Enforcement of Administrative Sanctions

AMLA 2013 as amended section 21(pa) of the AMLA 2013 (as amended) and regulation 53(3) of the AMLA regulations, empower FIA to impose administrative sanctions for non-compliance with directives, guidelines, or requests. These sanctions include issuance of written warnings and restriction of the powers of Board Members or Management. However, the sanctions regime for pecuniary fines relating to non-compliance is yet to be put in place. The Lotteries and Gaming Act No. 7 of 2016 also empowers NGLB to impose administrative sanctions for non-compliance, however it has not yet exercised those powers in respect of AML / CFT. This variable is rated medium low.

16.4 Effectiveness of Compliance Function.

The level of effectiveness of compliance functions is very low, and non-existent in majority of Casinos, Few Casinos have appointed AML Compliance Officers at management level, and implemented basic AML compliance programs. The Casinos are not meeting most of their compliance obligations including conducting CDD, filing STRs and annual compliance reports among others. This variable is rated low.

16.5 Compliance level of Casino Staff.

This variable is assessed based on the effectiveness of the compliance function, availability and enforcement of criminal sanctions, integrity of business / professional staff, AML Knowledge of business / professional staff. The overall rating is Low.

16.5.1 Effectiveness of the compliance Function

Detailed assessment in 16.4 above

16.5.2 Availability and enforcement of criminal sanctions.

Detailed assessment of this variable is provided under 16.3.2 above.

16.5.3 Integrity of Business/ Professional Staff.

Section 15 of AMLA 2013 (as amended) provides immunity from liability to casino staff against negative consequences resulting from reporting STRs, and any other actions complying with AML obligations. There have not been any reported cases of integrity breaches involving casino staff. This variable is rated medium low.

16.5.4 AML Knowledge of Business/ Profession Staff.

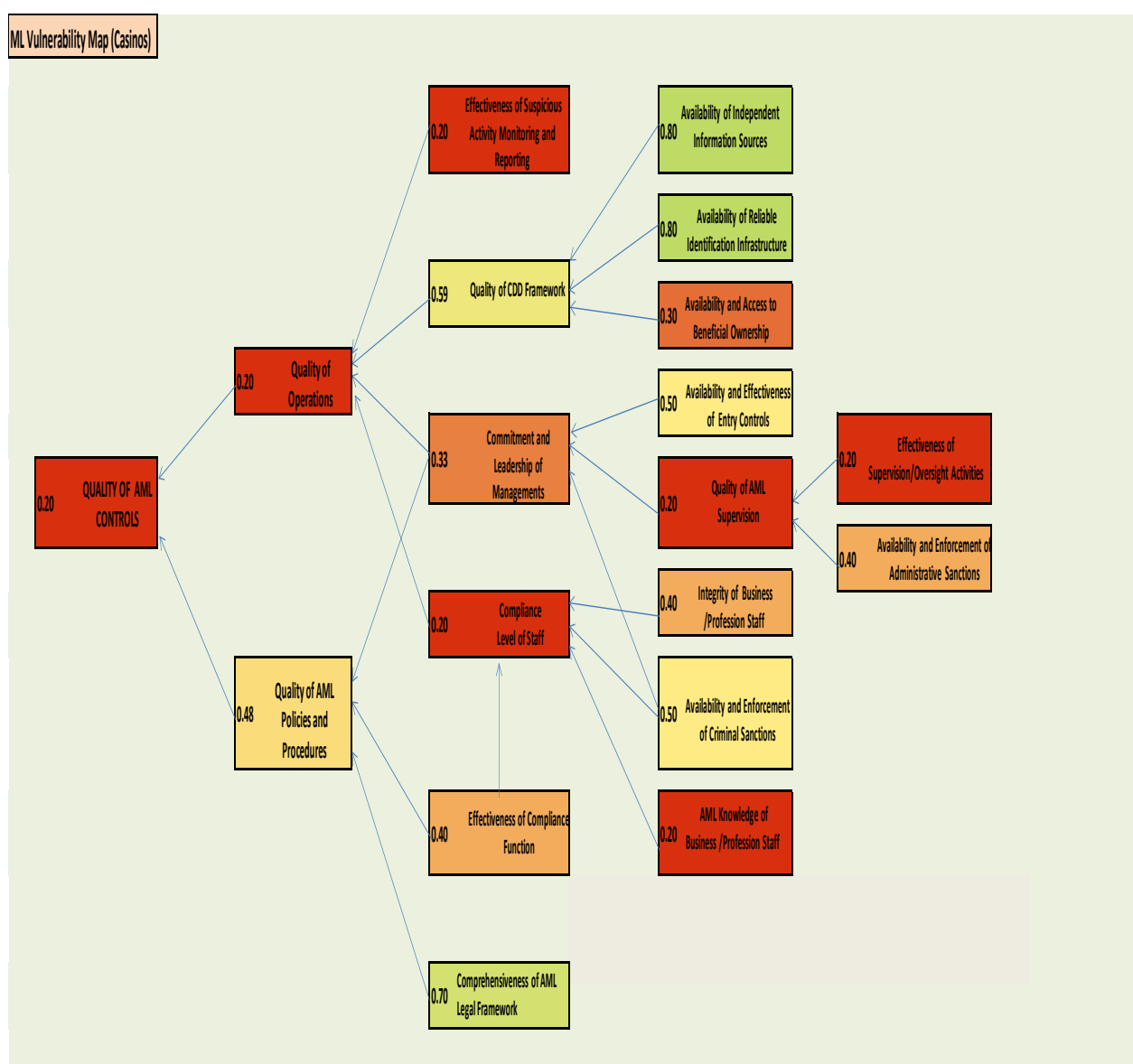
Most Casino staff have limited understanding of AML / CFT measures and the associated obligations. This is evidenced by the low levels of registration with and reporting of STRs to FIA. This variable is rated low.

16.6 Comprehensiveness of AML Legal Framework.

The AML legal framework for casinos consists of the Anti-Money Laundering Act 2013 (as amended). In addition, the operations of casinos are regulated under Lotteries and Gaming Act No. 7 of 2016 supported by the corresponding regulations which includes, Lotteries and Gaming (Betting) Regulations, 2017, Lotteries and Gaming (Gaming and Betting Machines) Regulations, 2017, Lotteries and Gaming (Fees) Regulations, 2017, Lotteries and Gaming (Licensing) Regulations, 2017 and Lotteries and Betting (Minimum Capital) Regulations 2017.

The AMLA 2013 (as amended) and the regulations made thereunder have adequate provisions on AML preventive measures on customer due diligence requirements, record keeping, use of new technologies, suspicious transaction reporting, tipping-off and confidentiality.

The Lotteries and Gaming Act No. 7 of 2016 provides for registration, licensing and other entry requirements for casinos in Uganda. Section 21 (pa) of the AMLA 2013 (as amended) and regulation 53 (3) of the AMLA regulations, empower FIA to impose administrative sanctions for non-compliance with directives, guidelines, or requests. These sanctions include issuance of written warnings and restriction of the powers of Board Members or Management. However, the sanctions regime for pecuniary fines relating to non-compliance is yet to be put in place. In addition, the company's act does not provide for information beneficial ownership to be obtained and retained by competent authorities for purposes of AML / CFT. This variable is rated high.

Figure 22: VULNERABILITY MAP FOR CASINOS

The above vulnerability map indicates the overall ML vulnerability for Casinos in Uganda. The quality of AML controls in the sector / Profession is dependent on the assessment of various intermediate and input variables.

Priority Ranking For Casinos

PRIORITY RANKING FOR GENERAL INPUT VARIABLES/ AML CONTROLS - LAST CASE/ SCENARIO	PRIORITY RANKING**
AML Knowledge of Staff	1
Effectiveness of Supervision/Oversight Activities	2
Effectiveness of Suspicious Activity Monitoring and Reporting	3
Effectiveness of AML Compliance Function	4
Integrity of Staff	5
Availability and Effectiveness of Entry Controls	6
Availability and Enforcement of Administrative Sanctions	7
Availability and Enforcement of Criminal Sanctions	8
Availability and Access to Beneficial Ownership information	9

The priority areas to be focused on by Casinos and their regulators are; AML knowledge of staff, Effectiveness of supervision / oversight activities, Effectiveness of Suspicious Activity Monitoring and Reporting and Effectiveness of AML Compliance Function as indicated in the table above.



FINANCIAL INCLUSION PRODUCTS VULNERABILITY

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According to the National Financial Inclusion Strategy 2017-2022, Financial Inclusion is defined as having access to and using a broad range of quality and affordable financial services which help ensure a person's financial security

17.0 Financial Inclusion Products Vulnerability

According to the National Financial Inclusion Strategy 2017-2022, Financial Inclusion is defined as having access to and using a broad range of quality and affordable financial services which help ensure a person's financial security.³⁹

Financial Inclusion (FI) is considered as a strategic goal both from the perspective of realization of growth opportunities as well as improved risk management for low income earning households. The level of Financial Inclusion is a key indicator of the ability of every individual to access basic financial services which include savings, loans, payments, insurance in a manner that is reasonably convenient and flexible in terms of access and design and reliable in the sense that the savings are safe and that insurance claims will be paid with certainty⁴⁰.

Commercial banks and other supervised banking institutions such as Credit Institutions (CIs) and Micro Finance Deposit Taking Institutions (MDIs) and supervised non-bank institutions such as insurance companies, collective investment schemes, pension funds play a leading role in the provision of formal financial services to Ugandans. However, other financial institutions such as Savings and Credit Cooperatives (SACCOs), Community-based informal financial institutions (such as Village Savings and Loans Associations (VSLAs) and Rotational Savings and Credit Associations (ROSCAs)) Mobile Money Service Providers (MMSP), and Micro Finance Institutions (MFIs) provide formal financial services to a large majority of the population in the country.

As at end December 2020, there were 25 commercial banks, 5 Credit Institutions (CIs) and 4 Microfinance Deposit-Taking Institutions (MDIs), 3 MMPS under the regulatory purview of BOU⁴¹. As at end of December 2020, there were 143 non-deposit taking Micro-Finance Institutions (MFIs), 1,997 operational Savings and Credit Cooperatives (SACCOs), and 751 Money Lending companies licensed and regulated by UMRA⁴².

Summary of Assessment

Overall ML/TF risk for the Financial Inclusion products is considered low. This is attributed to the low transaction thresholds, well-defined product functionalities and unbanked population which is considered the target market. The individual financial inclusion product ratings are summarized in the table below;

39 <https://www.bou.or.ug/bou/bouwebsite/FinancialInclusion/>

40 https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/publications/special_pubs/2017/National-Financial-Inclusion-Strategy.pdf

41 <https://www.bou.or.ug/bou/bouwebsite/Supervision/supervisedinstitutions.html> accessed on 30th May 2021

42 <https://umra.go.ug/wp-content/uploads/2020/10/UMRA-Stops-Issuing-Licences-for-Calendar-Year-2020.pdf> accessed on 30th May 2021

Table 39: Showing individual financial inclusion product ratings

Product	ML Risk	TF Risk
Credit Services -Micro Credit Products		
Group Enterprise Loans	Low	Low
Digital Credit	Medium	Low
Payment Services		
Mobile Money Agents	Medium-High	Medium-Low
Commercial Bank Agents	Medium	Low
International Money Transfers	High	High
Saving Services		
SME Accounts	Low	Low
No-Frills Accounts	Low	Low
Insurance Insurances		
Micro–Insurance	Low	Low
Investment Services		
Collective Investment Schemes	High	Low

In conclusion, financial inclusion products whose ML/TF risks are rated LOW/ specifically; Group enterprise loans, SME Accounts, No-frill savings accounts, and micro-insurance should be subjected to Simplified Customer Due Diligence.

17.1 Legal and Regulatory Framework

Laws and regulations relating to the provision of financial inclusion products and money laundering and terrorism financing in Uganda include; AMLA 2013, as amended; ATA 2002 as amended; the MDI Act, 2003; CMA Act Cap 84, as amended; CIS Act, 2003; FI Act, 2004 as amended; National Payment System Act, 2020; the MIML Act, 2016; and the corresponding regulations, among others.

17.2 Know Your Customer (KYC)

Section 6 of the AMLA 2013 as amended and regulation 19 of the AML regulations 2015 set the criteria to guide accountable persons to establish the identity of different customers before initiating a business relationship. The AMLA under section 6(3) as amended in 2017 gives accountable persons the discretion to apply to each of its customers due diligence measures on a risk sensitive basis depending on the type of customer, business relationship or transaction, in certain circumstances. Therefore, in cases where risks are deemed low, accountable persons may apply reduced or simplified customer due diligence. However, regulation 19 of the AML regulations of 2015 require the prospective customers to provide details of their residential address, telephone contact, postal address, e-mail address, introductory letter from the employer or a senior government official attesting to the identity of the person, a tax identification number where applicable, a sample signature or thumb print. These documents must be obtained from a potential customer to ensure that KYC requirements are sufficiently fulfilled irrespective of the customer risk profile.

This blanket requirement may hinder the ability of certain segments of society such as low-income earners, persons living in rural areas like farmers and persons with disabilities, to access and use financial services as they may not possess the prerequisite identification documents required to establish a relationship with financial service providers. However, the amendments to the AML regulations 2015 have been drafted to address the conflict and are expected to be effected in the FY 2021/2022.

17.3 Accessibility and Convenience of Transactions

The adult population in Uganda had access to and use financial service is estimated at 78% (14.4 million) while 22% (4.2 million) were financially excluded as of 2018⁴³. The financial inclusion is significantly skewed towards urban areas in comparison with the rural areas. In addition, 58% of Ugandan adults have accessed formal financial services and 36% have access to both formal and informal financial services.

17.4 Recent Developments of Financial Inclusion Products in Uganda

Government developed a National Financial Inclusion Strategy 2017-2022 which is being implemented. The strategy provided the framework towards financial inclusion where all Ugandans have access to and use a broad range of quality and affordable financial services which helps to ensure their financial security.

According to the national financial inclusion strategy mid-term review report ⁴⁴, by June 2020 Uganda had made considerable progress in advancing financial inclusion, noting that some of the key financial inclusion indicators had improved. These include number of bank agents per 10,000 adults which increased from 0.7 in June 2018 to 6.4 in June 2020 and percentage of administrative units with at least one access point which increased from 73 percent in June 2018 to 83.6 percent in June 2020.

Overall, most of the national financial inclusion strategy initiatives were found to be on track towards completion by the end of the strategy implementation period.

The agency banking introduced in 2016 after amendment of the Financial Institutions Act 2004. This allowed regulated financial institutions to provide banking services through agents, which deepened financial inclusion as evidenced by the 7,592 bank agents as at June 2020⁴⁵.

The Uganda Microfinance Regulatory Authority was established following the enactment of the Tier IV Microfinance Institutions and Money Lenders Act, 2016. UMRA is a government body mandated to provide oversight of entities which promote financial inclusion such as SACCOs, Micro Finance Institutions and Money Lenders.

⁴³ <https://fsduganda.or.ug/finscope-2018-survey-report/> accessed on 30th May 2021

⁴⁴ AFI NFIS Mid Term Review Report

⁴⁵ https://www.bou.or.ug/bou/bouwebsitecontent/publications/Annual_Reports/All/Annual-Report-2019-2020.pdf accessed on 30th May 2021

The National Payment System Act was enacted in 2020 to streamline and provide oversight of the payment systems. The act streamlines electronic payment systems to ensure safety of all payments, foster consumer protection, reduce cash-based payments, and promote innovations. The law further provides for the regulation of mobile money services, one of the key drivers of financial inclusion in Uganda. This will provide more regulatory certainty and market confidence in a financial service widely used by the underserved population segments.

The Security Interest in Movable Property Act was enacted in 2019 to provide for the use of movable property as collateral to access credit by both individuals and entities. This initiative has provided an opportunity to increase the financial inclusion frontier especially among the underserved population market segments.

Objectives of ML/TF Risk Assessment of Financial Inclusion Products

The main objective of the financial inclusion product risk assessment was to evaluate ML/TF risks stemming from existing and emerging / new financial inclusion (FI) products offered in Uganda to identify the level of risk and come up with mitigation measures commensurate with the identified risk. This will allow the providers to apply normal, simplified, or enhanced Customer Due Diligence (CDD) measures. Proper identification of ML/TF risks posed to the financial inclusion product is complementary to ensure the safety, integrity and soundness of the financial system and the protection of users.

17.5 Financial Inclusion Product Assessment

The product assessment considered financial inclusion credit services, savings, payments, insurance, and investments.

17.6 Credit Services

i) Micro-Credit Products

The Institutions offering micro-credit products in Uganda are; Commercial banks, Credit Institutions, Micro Finance Deposit Taking Institutions (MDIs), Non-Deposit Taking Microfinance Institutions (NDMFIs), Savings and Credit Cooperatives (SACCOs), and Money Lenders.

The assessment focused on NDMFIs and SACCOs which provide a range of individual and group credit products including; Group Enterprise Loans, Group Agro Production Loans, Group Salary Loans, Village Saving and Loan Associations (VSLA) loans, Individual Working Capital Loans, Housing Loans, Business Asset loans, Farm Asset Loans, Agro Processing Loans, Agro Produce Trade loans, Personal Development Loans, among others. These products are designed to target specific groups within the low-income segment. For purposes of this assessment **group** enterprise loans which is a unique financial inclusion product was considered.

ii) Group Enterprise Loans

Product Features

PRODUCT	CHARACTERISTICS
The group Enterprise Loan	Min of 10 – Max of 30 Members
	<ul style="list-style-type: none"> ▪ Min loan amount of Ugx 100,000 per group member. ▪ Members are all from the same community and are mobilized by a financial institution through inclusive mobilization drives. ▪ Members of the group are mostly low-income earners with good track record. ▪ No collateral is required; the group members guarantee each other.

Money Laundering Risk for Group Enterprise Loans

The ML risk inherent in Group Enterprise Loans as a micro-credit product is generally low because of the following; use of the product is restricted to Ugandans, anonymous use of the product is not possible since they are mandated to conduct KYC procedures prior to customer on-boarding, nominee accounts are prohibited, transactions are generally face-to-face and often conducted onsite by authorised loan officers, restrictions on non-face-to-face account opening, and Group enterprise loans are granted by service providers licensed by Government Regulators. In addition, the product has clearly defined features and has risk-mitigants.

Terrorist Financing Risk for Group Enterprise Loans

The TF risk for group enterprise loans is generally low because group enterprise loans are availed to natural persons who are Ugandan citizens with known track record and reside in the country. The product does not allow cross-border transactions, or the use of correspondents or agents. This mitigates risks associated with transactions to and from high-risk

history or record of financial crime related to TF perpetrated through this financial inclusion product.

i) Digital Credit Products

There are several digital credit providers (DCPs) currently operating in Uganda regulated by either the Uganda Microfinance Regulatory Authority (UMRA) or the Bank of Uganda (BoU). The major DCPs regulated by BoU are commercial banks that offer digital credit in addition to their traditional credit products to target those previously financially excluded. The DCPs regulated by BOU are commercial banks that offer this product through mobile money platforms. The major DCPs regulated by UMRA are FinTechs that offer digital products to compete with the traditional microfinance products.

In order to access the DCPs, customers need to meet all the requirements, some of which require identification documents. Customers are required to have a registered mobile phone number which is linked to their mobile digital wallet and national identification number. Considering this as a digital product with limited or no face-to-face interaction, the mobile phone number is the main KYC requirement.

Money Laundering Risk for Digital Credit Products

The ML risk inherent in Digital Credit Products is medium. This is attributed to the absence of set maximum transaction threshold since providers develop their own thresholds which are applicable to individual and group customers. The product allows non-face to face account opening which increases the product risk. Therefore, there is need to use secure customer onboarding platforms to reduce the risk.

Terrorist Financing Risk for Digital Credit Products

The TF risk for Digital Credit products is generally low since customers are subjected to proper identification processes.

17.7 Payments Services - Cash-in Cash-out Products

i) Mobile Money Agent Services

Mobile money refers to electronic money which is available for a user to transact through a mobile phone. Mobile money agents on the other hand, are third parties acting on behalf of the mobile money service providers to deal directly with customers. Mobile money services in Uganda are provided by payment service providers / operators who are licensed by BOU in accordance with the National Payment Systems Act 2020 and the respective regulation.

Money Laundering Risk for Mobile Money Agent Services

The ML risk inherent in mobile money agents is medium high. This product provides thresholds which are low value,

does not allow cross-border transactions, and non-anonymous product use. However, the cash intensive nature of transactions, use of the product by non-Ugandans, increase the risk of ML.

Terrorist Financing Risk for Mobile Money Agent Services

The TF risk for mobile money agents is generally medium. This is attributed to the fact that cross-border transactions are permitted including some from high-risk jurisdictions which heightens the risk. However, customers are subjected to proper identification processes.

i) Commercial Bank Agents – Agent Banking

Agent Banking (AB) refers to the conduct of financial institution business by an entity on behalf of a financial institution. AB activities in Uganda are governed under the Financial Institutions (Agent Banking) Regulations, 2017 (ABR). The Regulations require that financial institutions seek the approval of BOU prior to engaging in agent banking services. Agent Banking services are accessed by already existing/account holders of the financial institution, hence use by unknown or walk-in customers is not possible.

Money Laundering Risk for Commercial Bank Agents

The ML risk inherent in commercial bank agent payments is Medium. This service does not allow non-face-face account opening, cross-border transactions, and anonymous use of the product.

There have been reports of suspected fraud and laundering perpetuated by commercial bank agents where significant amounts

of funds were involved. This potential exposure to financial crimes and abuse of the product for fraudulent purposes remains a concern that BOU continues to address. There are no reported incidences involving the customers of commercial bank agents engaged in laundering of proceeds of crime through this service.

Terrorist Financing Risk for Commercial Bank Agents

The TF risk for commercial bank agents is generally Low, basing on the fact that customers are subjected to proper identification processes.

i) International Money Transfer Services

International Money Transfers (IMTs) facilitate import-export trade, remittances from Ugandan's living in the diaspora, operational support to non-profit and charitable works, and support to refugees. In 2021, refugees living in Uganda were estimated to be 1.5 million⁴⁶, the highest number in Africa. Some International Money Transfers are related to refugee settlement, and support to the host communities. Bank of Uganda reported that remittance inflows into the country were USD1.2 billion in 2020, and USD1.4 billion in 2019. The remittances accounted for 4 percent of GDP in 2019. The major sources of remittances are UK, Sweden, Germany, UAE, Kenya, DRC, and South Sudan, among others.

Mobile money is the most common channel to receive international remittances⁴⁷, with 30 percent of households in 2018 receiving money into a mobile wallet, worth USD196 million.

Money Laundering Risk for Mobile Money International Transfers

The ML risk inherent in International Money Transfers is high, owing to the cross-border nature of transactions and the significant inflow of resources from conflict countries such as South Sudan and DRC which are the main source of refugees living in the country.

Terrorist Financing Risk for Mobile Money International Transfers

The TF risk inherent in the International Money Transfers is high, basing on the fact that there is a possibility of receiving or sending money from / to high-risk jurisdictions, and it involves non-face-to-face transactions.

17.8 Saving Services

17.8.1 SME Accounts – Commercial Banks

Uganda has twenty-five (25) commercial banks and eleven (11) out of the thirteen (13) sampled commercial banks have SMEs accounts. Micro, Small and Medium Enterprises (MSMEs) play a vital role in the development of the Ugandan economy. MSMEs collectively constitute about 90% of private sector production and employ over 2.5 million people. MSMEs in Uganda are categorized into;

- a) Micro Enterprise – an enterprise employing up to four people with an annual sales / turnover or total asset not exceeding UGX 10 million;
- b) Small Enterprise – an enterprise employing between 5 and 49 people and has assets between UGX 10 million but not exceeding UGX 100 million; and

46 Office of the Prime Minister Statistics, 2021

47 RemitScope Africa Uganda Country Diagnostic report, May 2021.

- c) Medium Enterprise – an enterprise employing between 50 and 100 people with total assets more than UGX 100 million but not exceeding UGX 360 million.

Money Laundering Risk for Savings – SME Savings Accounts

The ML risk inherent in SME Accounts is low, since there are low transaction limits for each category of MSMEs. In addition, customers who access this product are subjected to proper identification processes and anonymous use of this product is not possible.

Terrorist Financing Risk for Savings – SME Accounts

The TF risk inherent in SME Accounts is low, since customers are subjected to proper identification processes and anonymous use of the product is not possible.

17.8.2. No-Frills Bank Account

The No-Frills Bank Account is one for which the non-essential features have been removed to keep the price low. No Frills bank savings accounts in Uganda provide deposits and withdrawals only. The accounts are not eligible for Debit / ATM Cards, money transfers, etc. Such bank accounts target financially excluded groups such as children / minors, the youth, and women.

This account is a basic mobile phone operated savings account, targeting the youth, women and low-income segment that do not have bank accounts but are able to operate low value digital transactions. The account opening is facilitated by a digital link through a bank mobile application verify new clients with valid national identification documents and registered SIM cards.

Money Laundering Risk for Savings – No-Frills Bank Accounts

The ML risk inherent in No-Frills Savings account is Low, owing to the non-anonymous product use, set thresholds for both value and transactions, non-face-to-face account opening is permitted but with proper authentication of the customer, and product is used by Ugandans only, cross-border transactions are not permitted.

Terrorist Financing Risk for Savings – No-Frills Bank Accounts

The TF risk inherent in No-Frills Savings account is Low since customers are subjected to proper identification processes. In addition, cross-border transactions are not permitted.

17.9 Insurance Services

17.9.1 Micro-Insurance Products

Micro-Insurance basically refers to insurance products which are tailored to meet the risk protection needs of the low-income sector. There are few Micro-Insurance Providers (MIPs) currently operating in Uganda, and regulated by the Insurance Regulatory Authority (IRA). The MIPs offer several products including; life insurance, medical insurance, and funeral insurance.

Money Laundering and Terrorism Financing Risks for Micro - Insurance

The ML / TF risk for micro-insurance is generally Low owing to the non-anonymous product use, set thresholds for both value and transactions, non-face-to-face account opening is permitted but with proper authentication of the customer, and the product is used by Ugandans only, cross-border transactions are not permitted.

17.10 Investment Services

17.10.1 Collective Investments Schemes (CIS) – Unit Trust

Collective Investment products are investment products that give investors opportunity to pool savings with those of other investors, thereby creating a large pool of funds to be invested on their behalf by professional managers. They include but are not limited to savings and credit cooperative societies, individuals, investment clubs, institutional investors, and companies.

CIS in Uganda are structured as Unit Trust Schemes that are managed by Unit Trust Managers such as UAP old Mutual Financial Services, XENO Investment Management and Britam Asset Management Company. The product features include; low minimum initial investment amount of

about UGX100,000, low transaction costs, provides small investors with access to Securities Investments thereby achieving a personal portfolio spread over several securities, and provides diversification of risk to the small investors who are in most cases vulnerable.

ML/TF Risks for Collective Investment Schemes

The inherent ML risk for collective investment schemes is high, owing to the possibility of using nominee accounts as the clients to keep anonymity of the ultimate beneficiaries in certain cases; absence of a set maximum transaction threshold, non-face to face account opening, as well as cross-border transactions some of which originate from high-risk jurisdictions. The TF risk inherent in the collective investment schemes is Low.



ENVIRONMENTAL & NATURAL RESOURCE CRIMES VULNERABILITY

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Environmental and Natural Resource (ENR) Crimes include Wildlife Crimes, Fisheries Crimes, Waste / Pollution Crimes, Forestry Crimes, and Extraction / Mining Crimes. In Uganda, there are several enabling laws and regulations that cover environmental & natural resource crimes,



18.0 Environmental & Natural Resource Crimes Vulnerability.

Environmental and Natural Resource (ENR) Crimes include Wildlife Crimes, Fisheries Crimes, Waste / Pollution Crimes, Forestry Crimes, and Extraction / Mining Crimes. In Uganda, there are several enabling laws and regulations that cover environmental & natural resource crimes, these include; the Uganda Wildlife Act, 2019; the National Forestry & Tree Planting Act, 2003, the National Environment Act, 2019, the Mining Act, 2003, the Fish Act, Cap 197, the AMLA, 2013 and the accompanying regulations respectively.

Vulnerabilities

The vulnerability of the ENR crimes is assessed based on 18 intermediate variables that measure the ENR ML combating ability. Each of the intermediate variables is assessed taking into consideration the different ML control measures. The table below shows the vulnerability ratings for each of the ENR crimes assessed.

Table 40: Showing vulnerability ratings for each of the ENR crimes assessed.

Nature of the ENR Crime	• Forestry Crimes • Wildlife Crimes	• Waste/ Pollution Crimes	• Mining/ Extraction crimes • Fisheries Crimes
Vulnerability Rating	Medium	MH	High

Below is a detailed assessment of the intermediate variables:

18.1 Reporting / Whistleblowing

The assessment of this variable was based on public awareness (about environmental and natural resource sector crimes) and Incentives and protection for reporting. This variable is applicable to all ENR crimes and is rated medium.

18.1.1 Public Awareness

The authorities mandated to combat ENR crimes such as UWA, NFA, CID, URA and FIA have strategic plans which include public awareness campaigns to create awareness. These awareness campaigns are mostly effective in urban areas and communities residing close to sanctuaries, national parks, and protected areas. The mineral protection unit under the UPF and the ministry of energy and mineral development conduct multiple countrywide sensitizations campaigns every year in areas with minerals to address challenges of illegal mining targeting mostly artisanal miners. NEMA also frequently makes national broadcasts, both on radio and television, raising awareness of ENR crimes

. However, the communication channels used to create awareness have not been effective since many stakeholders are still not aware of the dangers linked to ENR crimes. This variable is rated medium for each of the ENR crimes⁴⁸.

Case Study 12: Joint Operation by NWCCTF on East Madi Wildlife Reserve

Mid December 2020, following a heated conflict between the community adjacent to East Madi Wildlife Reserve in Amuru District and staff of UWA, the community members were pushing for gazettment of the wildlife reserve, the NWCCTF deployed its members from UWA, UPDF, and UPF to bring calmness in the area and subsequently carried out joint awareness operations to combat wildlife crime in the wildlife reserve. Additionally, the taskforce members have engaged the communities through awareness creation and education on the values of the wildlife to the adjacent communities, the nation, and the global community. This operation is still ongoing and so far, there is calmness in the area and joint operations are being implemented in the wildlife reserve.

18.1.2 Incentives and Protection for Reporting

The country has a comprehensive legal framework that protects whistle-blowers. The Whistle blowers Protection Act, 2010 provides for procedures by which individuals in both private and public sector may in public interest disclose information that relates to illegal practices such as ENR crimes. The Act also provides for protection against victimization of persons who make disclosures and related matters. In addition, the country has guidelines issued by the ODPP to assist prosecutors determine the witness protection parameters and the scope of protection during investigations, trial and after trial.

The country has a comprehensive legal framework to safeguard information disclosed to public authorities. Section 20 of the Data Protection and Privacy Act, 2019 requires entities including those involved in combating ENR crimes, to secure the integrity of personal data by adopting appropriate and reasonable technical and organisational measures to prevent loss, damage, unauthorised destruction and unlawfully access to or unauthorised processing of personal data.

The respective agencies involved in combatting ENR crimes have mechanisms in place to cater for allowances and reimbursement of expenses for both witnesses and/or whistle-blowers. However, funds meant for whistle bower protection are sometimes not readily to the various agencies due to budgetary constraints which affects the effectiveness of the whistle bower protection program. This variable is rated medium high for each of the ENR crime sub categories.

⁴⁸ Medium rating for forestry crimes, wildlife crimes, fisheries crimes, waste/pollution crimes and mining/ extraction crimes

18.2 Financial Intelligence Unit (Fia)

The Financial Intelligence Unit variable was assessed based on the degree to which the FIA contributes to the fight to combat ENR crimes and associated money laundering. This variable is assessed based on Capacity of FIU and STR Reporting and was rated differently for each of the ENR crimes as indicated in the table below.

Table 41: showing ENR crimes for the Financial Intelligence Unit Variable

ENR Crime	Capacity of FIU	STR Reporting	Intermediate Variable (FIU)
Mining/Extraction Crimes	Medium High	Very High	Medium High
Wildlife Crimes		Medium	Medium
Forestry Crimes		Close to nothing	Medium low
Fisheries Crimes			
Waste/Pollution Crimes			

18.2.1 Capacity of FIU

FIA has adequate capacity to analyse information relating to ENR crimes, the Authority has competent staff and provides relevant trainings to ensure that the staff are up to date with emerging AML / CFT trends relating to ENR Crimes. The Authority is well structured with specific departments to handle STRs received from reporting entities. FIA has go AML system which has been integrated with the IT systems of the accountable persons to enable secure submission of reports (STRs, LCTRs and IWTRs). The system also enables FIA to conduct analysis of the received reports and the dissemination of the resulting intelligence to competent authorities for further investigations.

The Authority has powers under the AMLA 2013 as amended to access databases of domestic agencies to acquire relevant information and additional information from accountable persons to support analysis. In addition, it has subscribed to several commercial databases and is a member of the Egmont group of FIUs which has enabled it to exchange and share information with other FIUs through a secure platform. This variable is rated medium high for each of the ENR crimes.

18.2.2 Suspicious Transaction Reports (STR) Reporting

FIA receives financial disclosures including suspicious transaction reports from accountable persons. FIA has adequate capacity to analyse the reports received and generate intelligence reports which are disseminated to LEAs. Between 2017 and 2021 the Authority received several STRs from accountable persons and other sources related to environmental or natural resource crime. For instance, one STR was linked to wildlife offences and nine STRs were linked to illegal trade in gold and fraud linked to gold. Information received by FIA has led to the detection of suspected ML and financial

intelligence reports were disseminated to UWA and UPF which are currently being investigated. No STRs have been submitted to FIA linked to forestry, fisheries, or waste / pollution offences.

FIA issued guidelines to all commercial banks, credit institutions and micro deposit taking institutions on red flags associated with illegal wildlife trade to guide in detection and filing of STRs. This variable is rated;

- Close to nothing for forestry, fisheries, or waste/pollution crimes;
- Medium for wildlife crimes; and
- Very high for mining/extraction crimes

18.3 Intelligence

The intelligence variable was assessed based on NGOs, Reporting / Whistle-blowing (intermediate variable), Effective use of intelligence, and FIU (intermediate variable). This variable is rated medium for all ENR crimes. Below is a detailed assessment of the input variables:

18.3.1 Non-Government Organizations (NGOs)

In Uganda, NGOs actively participate in supporting the respective agencies mandated to combat ENR crimes. For example, Natural Resource Conservation Network (NRCN) has an MOU with UWA and was permitted by ODPP to prosecute cases relating to wildlife offences. ODPP signed an MOU⁴⁹ with Space for Giants, an international NGO engaged in the fight against wildlife and Environment crimes to strengthen the ability of the ODPP to handle cases involving wildlife crimes. NGOs such as the Wildlife Conservation Society (WCS) are actively supporting NFA and UWA in the fight against ENR crimes. For instance, in May 2021, the African Wildlife Foundation (AWF) supported UWA on a cybercrime investigation program that took place in Murchison falls conservation area, and as a result, 16 suspects were apprehended and exhibits recovered. There were no reported partnerships between the government and civil society actors in tackling illegal trade in gold and other precious minerals. This variable is rated;

- High for wildlife crimes, forestry crimes, fisheries crimes, and waste / pollution crimes
- Low for mining / extraction crimes

Case Study

In 2017, three suspects were arrested by UPF in collaboration with NRCN involving 1.304 tonnes of ivory within Bweyogerere in Kampala District. The suspects were charged with illegal possession of wildlife products and money laundering. During joint investigations by UWA, NRCN, UPF and FIA, it was established that one of the key suspects had other charges on money laundering in the USA. UWA in collaboration with NRCN, INTERPOL and immigration engaged the US Fish and Wildlife Service to extradite the suspect to the US for trial. He was arraigned in court in New York and charged accordingly. The other two suspects are still undergoing trial here in Uganda.

49. <https://www.dpp.go.ug/index.php/media-center/news-and-announcements/item/42-dpp-signs-memorandum-of-understanding-with-space-for-giants#:~:text=Today%20the%203rd%20of,handle%20cases%20involving%20wildlife%20crimes.>

18.3.2 Effective Use of Intelligence

The relevant agencies in the country have established frameworks for gathering, evaluating, analysing, managing, and sharing intelligence relating to their respective ENR crimes. Agencies like UWA, NFA and UPF have dedicated intelligence units, within their organizational structures. In addition, there are various intelligence sharing mechanisms to facilitate the sharing of intelligence both domestically and internationally. For instance, the NWCCTF was set up with the objective of coordination and sharing intelligence relating to illegal wildlife trade. The International mechanisms for intelligence sharing include INTERPOL, LATF, AEOI and Egmont group of FIUs. This variable is rated medium high for all the ENR crimes. For example, Through Intelligence, Police arrested a suspect in possession of two pieces of ivory in Oyam District. Upon investigation and further intelligence, it was established that the guns used to kill the elephant were robbed from a Police post in Oyam District in September 2014. As a result, 4 operations were conducted in the districts of Oyam and Nwoya between May 2020 and August 2020 resulting in the recovery of 12 guns. In addition, 10 suspects were arrested and are undergoing trial in courts of law.

18.3.3 Reporting/whistle-blowing

The variable was assessed in section 18.1 above.

18.3.4 Financial Intelligence Unit

The variable was assessed in section 18.2 above.

18.4 Designated Authorities

The designated authority's variable assessed whether the country has put in place an effective institutional system to coordinate and implement national strategies to tackle ENR crimes. This variable is assessed based on capacity of designated authorities and control of corruption (and bribery). The intermediate variable was rated low for Mining/Extraction and Fisheries Crimes; medium low for Waste / Pollution Crimes and medium for Wildlife and Forestry Crimes. Below is a detailed assessment of the input variables:

18.4.1 Capacity of Designated Authorities

Uganda has designated respective agencies which oversee providing information about the sectors and coordinating the development of national strategies to combat the respective crimes. In addition, the country has an AML / CFT Task Force responsible for the formulation, coordination, and implementation of AML policies and strategies.

The designated agencies operate independently in the execution of their mandates and are adequately structured with dedicated units / departments, staffed with persons with appropriate skills and training to adequately perform their functions. These agencies have mechanisms in place to exchange information with domestic competent authorities or foreign counterparts. These include; MOUs, LATF, INTERPOL, Automatic Exchange of Information (AEOI), among others. However, the respective agencies responsible for

investigating, and prosecuting these ENR crimes are not adequately funded due to limited resources, as is with most government MDAs. In addition, DGSM that issues licenses for mining and trading in minerals has not yet put in place regulatory mechanisms for the mining / extraction sector. This variable is rated;

- Low for mining / extraction crimes; and
- Medium for wildlife, forestry, fisheries, and waste / pollution crimes.

18.4.2 Control of Corruption and Bribery.

Uganda has a National Anti-Corruption Strategy for the FY 2019/20 to the FY 2023/24⁵⁰ with an action plan. The country has dedicated units to fight corruption such as the Inspectorate of Government, the Office of the Auditor General, the State House Anti-Corruption Unit, the Anti-Corruption Division at the High Court, among others. In addition, the country has a clear whistleblowing legal framework, that protects whistle-blowers. The Leadership Code Act, 2002 as amended requires all public officers including those employed by UPF, UWA, NFA, DGSM, NEMA, URA, and FIA to declare their assets, incomes, and liabilities to the Inspectorate of Government.

Transparency International Corruption perceptions index 2020 ranked Uganda at 142 out of 179 countries indicating high corruption levels which is in line with the findings of the ML/TF NRA of 2017. For instance, reported statistics indicate investigations, prosecutions and conviction on corruption cases linked ENR crimes as shown below;

Table 42: Reported statistics on ENR crimes.

ENR Crime	Investigations	Prosecutions	Convictions
Fisheries	148	107	14
Waste/Pollution	36	12	3
Forestry	4	1	-
Wildlife	3	1	-
Mining/Extraction	14	-	-

Source: Cross Referenced from NV Assessment

This variable is rated:

- Low for Fisheries crimes
- Medium low for Waste/Pollution crimes
- Medium for Forestry, Wildlife and Mining/extraction crimes

18.5 Understanding Of Enr Crime Risk

This variable assessed the overall ability for the country to identify, analyse and make an actionable use of information to monitor and inform the strategies to tackle ENR crimes. This variable is assessed based on data collection, risk analysis and assessment and Intelligence as is rated medium for all ENR crimes. Below is a detailed assessment of the input variables

⁵⁰ https://www.igg.go.ug/media/files/publications/National_Anti-Corruption_Strategy_NACS_2019.pdf

18.5.1 Data collection, risk analysis and assessment

The LEAs (UWA, UPF, ODPP) and FIA have systems in place to facilitate the collection of statistics relating to cases of violations of laws, investigations, prosecutions, convictions and sanctions, property frozen, seized, and confiscated. In addition, the FIA developed a comprehensive IT system (goAML) to facilitate the receipt, analysis, dissemination, and storage of information including STRs relating to ENR crimes.

The Uganda Bureau of Statistics (UBOS) has empowered various agencies to collect their respective statistics, therefore, there are no impediments in the country for data and statistics collection and sharing by the relevant agencies. Government has ratified several treaties and protocols to facilitate the exchange and the aggregation of data from different agencies at the regional and national levels such as the Lusaka Agreement Task Force (LATF), Extractive Industries Transparency Initiative (EITI), among others. Government has a mechanism to implement mutual legal assistance and other international requests for co-operations coordinated by the Office of the Attorney General. This variable is rated medium high for all the ENR crimes.

18.5.2 Intelligence

The variable was assessed in section 18.3 above.

18.6 Quality Of Judicial Evidence

The quality of judicial evidence variable assessed the degree to which the country can draw on other sources while conducting investigations and prosecution of ENR crimes. This variable was assessed based on NGOs, Reporting / Whistle-blowing, Use of expert analysis, and FIU. The intermediate variable was rated medium low for Mining / Extraction crimes; medium high for Wildlife Crimes and medium for forestry, fisheries, and waste / pollution crimes. Below is a detailed assessment of the input variables:

18.6.1 Use of Expert Analysis

The respective agencies that handle ENR crimes particularly UPF, UWA and NFA have access to forensics facilities including specialized laboratories, and relevant experts. For instance, the Government Analytical Lab, for all suspected crimes involving minerals. In 2020, an international NGO called Space for giants, handed over 18 mobile crime scene kits to the investigation unit of Uganda Wildlife Authority to facilitate the management and handling of crime scenes while investigating wildlife crime related matters. In January 2021, the Uganda Police commissioned a forensic laboratory that will enhance capacity to investigate crimes including ENR crimes. This variable is rated medium high for all ENR crimes.

18.6.2 Non-Government Organizations

The variable was assessed in section 17.3.1

18.6.3 Reporting/Whistle-blowing

The variable was assessed in section 17.1

18.6.4 Financial Intelligence Unit

The variable was assessed in section 17.2

18.7 Integrity And Independence Of Prosecution And Judiciary

This variable assessed the degree to which the prosecutors and judges in the country act on ENR crime issues without any undue influence. This variable is assessed based on legal protection for prosecutors, judges, law enforcement and customs, and control of corruption (and bribery). The intermediate variable is rated medium for Mining/extraction crimes; low for Fisheries Crimes; medium low for Waste / Pollution Crimes and medium for Wildlife, and Forestry Crimes. Below is a detailed assessment of the input variables:

18.7.1 Legal protection for prosecutors and judges

The judicial staff and prosecutors in Uganda who handle ENR crime cases are legally protected when performing their duties under various laws including Article 128 of the Constitution of Uganda, 1995, section 140 of AMLA 2013, and section 46 of the Judicature Act, 2011 as amended.

The external undue influence to judicial and prosecuting officers is minimised by provisions in the Anti-Corruption Act, 2009 (as amended), Leadership Code Act, 2002 (as amended). The institutions have mechanisms in place to allow for self-reporting on integrity and professional standards breaches. For instance, the ODPP has a rewards and sanctions committee in charge of handling all staff misconduct; the Inspectorate of Courts handles complaints against the staff of judiciary, investigates cases of maladministration of justice. There is also a legal framework to protect whistle-blowers. This variable is rated high for all ENR crimes.

18.7.2 Legal Protection for Law Enforcement and Customs

The law enforcement and customs officials in Uganda who handle ENR crime cases are legally protected when performing their duties under various laws including section 140 of AMLA 2013, and section 250 under the East African Community Customs Management Act, 2004.

There are safeguards to ensure that integrity of both investigators and customs officials is preserved. The URA established a mechanism within the internal audit and staff compliance department that continuously conducts checks on staff integrity. The PSU under the UPF was set up to examine cases of general staff misconduct including corruption allegations raised against police officers. At the country level these initiatives have been reinforced by the existence of the Leadership Code Act, 2002 (as amended) which requires all public servants to declare their assets, incomes, and liabilities every two⁵¹ or five⁵² years. However, the Uganda Police Force, which investigates the bulk of ML and associated predicate offences was ranked as the most corrupt government institution by the Inspectorate of Government in the Fourth National Integrity Survey

51 For Specified Officers in the Leadership Code

52 For General Public Officials at all levels of Civil Service in the Leadership Code

Report, 2021. This therefore, creates integrity and independence deficiencies for the Police Force to investigate ENR crimes. This variable is rated high for all ENR crimes.

18.7.3 Control of corruption (and bribery).

Uganda has a National Anti-Corruption Strategy for the FY 2019/20 to the FY 2023/24 with an action plan. The country has dedicated units to fight corruption such as the Inspectorate of Government, the Office of the Auditor General, the State House Anti-Corruption Unit, and the Anti-Corruption Division at the High Court, among others. In addition, the country has a clear whistleblowing legal framework that protects whistleblowers.

The Leadership Code Act, 2002 as amended requires all public officers including those employed by UPF, UWA, NFA, DGSM, NEMA, URA, and FIA to declare their assets, incomes, and liabilities to the Inspectorate of Government.

Transparency International Corruption perceptions index 2020 ranked Uganda at 142 out of 179 countries indicating high corruption levels which is in line with the findings of the ML/TF NRA of 2017. However, statistics indicate investigations, prosecutions and conviction on corruption cases linked ENR crimes. This variable is rated Medium.

18.8 Sanctions

The sanctions variable assessed the effectiveness of the legal framework, aggregating both the laws and their application, in sanctioning, with proportionality and adequacy, criminals engaged in ENR crimes. This variable was assessed based on administrative or civil sanctions and criminal sanctions. The variable is rated high for all ENR crimes. Below is a detailed assessment of the input variables:

18.8.1. Administrative or Civil Sanctions

The relevant laws such as the Uganda Wildlife Act, 2019 (sections 70-81); the National Forestry & Tree Planting Act, 2003 (section 171 and 172); the National Environment Act, 2019 (section 171-175) all provide for administrative fines and penalties, which are proportionate, effective, and dissuasive. In addition, AMLA 2013 as amended provides a wide range of administrative sanctions which can be enforced by regulators in case an accountable person is involved in committing ENR crimes. Section 21 (pa) of the AMLA 2013 (as amended) and regulation 53(3) of the AML regulations, give powers to FIA to impose administrative sanctions for non-compliance with directives, guidelines or requests issued by FIA. In the period under review, a total of 205 administrative sanctions were imposed across the different crime categories of ENR crimes. This variable is rated high for all the ENR crimes.

18.8.2 Criminal Sanctions

The AMLA, 2013 considers ENR crimes as predicate crimes to money laundering in Uganda. These crimes include illegal wildlife trade, smuggling of precious minerals and stones such as gold, among others. Section 136 of the AMLA, 2013 (as amended) imposes criminal penalties covering both natural and legal persons. In the case of a natural person, the penalties include imprisonment for a period not exceeding fifteen years or a fine not exceeding one hundred thousand currency points (UGX 2 billion) or both; in the case of a legal person by a fine not exceeding two hundred thousand currency points (UGX 4 billion). These penalties are effective, proportionate, and dissuasive for the offence of money laundering.

From January 2017 to December 2020 several convictions were secured relating to predicate offences. These include; 313 convictions relating to wildlife trade offences; 34 convictions were relating to forestry crimes; 522 convictions were relating to fisheries crimes; 143 convictions were relating to waste and pollution crimes; 11 convictions were relating to extractions and mining crimes. The penalties imposed in the respective laws for each assessed sector were considered punitive, proportionate, and dissuasive. This variable is rated very high for all ENR crimes.

18.9 Integrity And Independence Of Customs

This variable was assessed based on legal protection for prosecutors, judges, law enforcement and customs, and control of corruption (and bribery). The intermediate variable was rated medium for Mining / Extraction crimes; low for fisheries crimes; medium low for waste / pollution crimes; and medium for wildlife, and forestry crimes. Below is a detailed assessment of the input variables:

18.9.1 Legal protection for prosecutors, judges, law enforcement and Customs.

The variable was assessed in sections 18.7.1 and 18.7.2.

18.9.2 Control of corruption (and bribery)

The variable was assessed in section 18.4.2.

18.10 Integrity And Independence Of Law Enforcement

This variable was assessed based on legal protection for prosecutors, judges, law enforcement and customs, and control of corruption (and bribery). The intermediate variable was rated medium for mining / extraction crimes; low for fisheries crimes; medium low for waste / pollution crimes; and medium for wildlife, and forestry crimes. Below is a detailed assessment of the input variables:

18.10.1 Legal protection for prosecutors, judges, law enforcement and Customs

The variable was assessed in sections 18.7.1 and 18.7.2.

18.10.2 Control of corruption (and bribery)

The variable was assessed in section 18.4.2

18.11 Strategy And Action Plan

This variable assessed the quality and scope of Uganda's strategy and action plan to protect and combat ENR crimes. This was assessed based on understanding of ENR crime risk, designated authorities, NGOs, and public awareness. The intermediate variable was rated low for mining / extraction and fisheries crimes; medium low for waste / pollution crimes; and medium for wildlife, and forestry crimes. Below is a detailed assessment of the input variables:

18.11.1 Understanding of ENR crime risk

The variable is assessed in section 18.5.

18.11.2 Designated authorities

The variable is assessed in section 18.4

18.12 Quality Of Legal Framework For Environmental Violations

This variable assessed whether the legal framework provides appropriate legal and regulatory provisions to tackle ENR crimes. It also considers the effectiveness of their implementation. The variable is assessed based on ENR crimes asset recovery and management, sanctions, and definition of environmental breaches. This variable is rated high for all ENR crimes. Below is a detailed assessment of the input variables:

18.12.1 Environmental & Natural Resource Sector Asset Recovery and Management

The asset forfeiture provisions for Uganda are scattered in different laws. The powers to seize and freeze are mainly vested with the ODPP (Asset Forfeiture Unit). Majority of the competent authorities with the mandate to handle ENR crimes are permitted by law to seize assets, these include UWA, NFA, UPF with other collaborating agencies such as the FIA and URA. The criminals apprehended are handed over to the police with their exhibits such as illegal timber, smuggled gold, and wildlife trophies.

Recoveries in most cases include rhino horn, elephant ivory and pangolin scales which are of high value. Forestry contraband worth USD 1,024,872 was seized by the NFA. In most cases, only the first line offenders are arrested who in most cases are the transporters of these illegal wildlife items. The AMLA, 2013 provides for proper guidance on how tainted property may be confiscated and managed, however, the regulations to operationalize the management of seized tainted property is not yet in place. Therefore, the country does not have a comprehensive framework to manage confiscated assets and exhibits. This variable is rated medium for all ENR crimes.

18.12.2 Definition of Environmental & Natural Resources Sector Breaches

The country has a comprehensive legal framework to cover each of the major categories of the ENR crimes. The legal framework consists of various laws which clearly identify and define the ENR crimes. These include;

- National Environment Management Act, 2019 that identifies and defines waste/ pollution offences under sections 152-170;
- Uganda Wildlife Act, 2019 that identifies and defines wildlife crime offences under sections 70-76;
- The Mining Act, 2003 and its Mining regulations of 2019 that identifies and defines extractive / mining offences under regulations 67-72
- National Forestry & tree Planting Act, 2003 identifies and defines forestry offences under sections 81-90.

These laws effectively cover all illicit conduct related to ENR crimes including offences that facilitate the commission of these crimes. ENR crimes are categorized as predicate offences to money laundering which is criminalized under section 116 of the AMLA, 2013 as amended. In addition, Uganda is a party to the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) and Convention on Biological Diversity. This variable is rated very high for all ENR Crimes.

18.12.3 Sanctions

The variable is assessed in section 18.8.

18.13 Customs And Border Control

This variable assessed the ability of customs authorities and the quality of border control mechanisms in Uganda. The variable is assessed based on domestic cooperation, intelligence, international cooperation, geographic factors, and capacity of the borders and customs forces. This variable is rated medium for Mining / Extraction, Wildlife and Forestry Crimes; low for fisheries crimes and medium low for waste /pollution crimes. Below is a detailed assessment of the input variables:

18.13.1 Domestic Cooperation

The country has an AML / CFT Task Force responsible for the formulation, coordination, and implementation of AML policies and strategies. The FIA coordinates engagements of the taskforce which is composed of agencies in charge of combating environmental crimes, intelligence services, investigators, regulators, customs, and tax authorities who meet quarterly to discuss joint initiatives. In addition, the country has set up a National Wildlife Crime Coordination Taskforce⁵³ (NWCCTF) to improve coordination and exchange of information including conducting joint operations and investigations. This taskforce is composed of operational experts from UWA, UPF, NFA, URA, and FIA. The government has also made initiatives in fisheries and where UPDF marines' unit has supported the UPF in curbing illegal fishing as well. There have also been instances where NEMA has collaborated with NFA in tackling waste pollution and illegal trade in timber. Additionally,

53 <https://www.monitor.co.ug/uganda/business/finance/new-task-force-to-fight-wildlife-crime-1874706>

NEMA launched the Coordination and Integration Strategy for 2018 – 2023 which organises environmental lead agencies such as UWA, NFA and NEMA in among other programs coordinate their efforts to combat ENR crimes. This variable is rated very high for all ENR Crimes

Case Study 13: Joint operation that led to the arrest of two Vietnamese who were found in possession of ivory pieces and pangolin scales.

The various relevant agencies, frequently undertake joint operations, such as joint border patrols, joint roadblocks and joint patrols in national parks, central forest reserves. Key case in point, in 2019 a joint security operation led to the arrest of two Vietnam nationals who were found in possession of ivory pieces and pangolin scales disguised as timber, and for being found in possession of prohibited trade items. On melting the wax from one of the containers, 762 pieces of Ivory (Elephant tusks) weighing 3,299 kilograms valued at approximately \$ 2,352,187 were recovered. Also recovered were 423.7 kilograms of Pangolin scales valued at approximately US\$ 1,271,100.

Basing on intel gathered about suspicious cargo in the containers, the customs team covertly tailed the three vehicles as they snaked their way across Uganda. The team then moved in on the cars to verify the suspicions. Into play came the new mobile Non-Intrusive Inspection scanner. The mobile Non-Intrusive Inspection scanner managed by the URA which confirmed unusual items tucked away in a trio of 20 ft containers which crossed from South Sudan into Uganda carrying logs of timber. Timber was the declared item in transit but the scanner showed more. URA Customs immediately impounded the 3 containers and arrested the two suspects.

18.13.2 International Cooperation

Uganda has a mechanism in place for international cooperation to fight crimes involving ENR. These includes international and regional agreements, treaties, conventions. Section 38A of AMLA 2013 as amended allows competent authorities to exchange and share information with foreign counterparts upon request or spontaneously. Some of the mechanisms in place to facilitate international cooperation include; INTERPOL, LATF, AEOI and Egmont group of FIUs. In 2019, Uganda arrested a suspected illegal wildlife criminal⁵⁴ who was extradited to the United States, and charged by the US Government with conspiracy to illegally traffic rhino horn. In addition, FIA requested for information concerning a suspected illegal wildlife crime syndicate to the FIU of Vietnam who provided information that enabled FIA to disseminate an intelligence report to URA and UWA for further investigations. This variable is rated medium high for all ENR Crimes.

⁵⁴ <https://www.ifaw.org/au/press-releases/ivory-rhino-trafficking-kingpin-extradited>

18.13.3 Geographical Factors

Uganda is both a transit route and a source country for wildlife and wildlife products, precious minerals and stones, fish, and timber. These smuggled items are exported to the East Asia market, especially China, Malaysia, Vietnam, Singapore, and European markets, among others. This was revealed through information obtained on reported cases, accused persons and DNA tests on recovered wildlife products. This is attributed mainly to porous borders which are motorable, corruption at border points and limited technological and human resource capacity.

There are initiatives put in place to mitigate the above-mentioned challenges. These include; border controls and patrols, sporadic roadblocks, and security check points, as well as licensing requirements and certification, for those involved in the importation of hazardous substances. In addition, URA as a key partner acquired non-intrusive inspection scanners that are placed at major border points to assist in the detection of smuggled gold, concealed timber, or wildlife trophies. In addition, UWA uses drones in many of the national parks across the country to always be on the lookout for poachers. Agricultural Police in collaboration with the UPDF Marines' Unit have speed boats that they are currently using to monitor the water bodies for illegal fishing. This variable is rated medium high for all ENR crimes.

18.13.4 Capacity of the Borders and Customs Forces

All the gazetted border points have an effective and efficient control mechanism to detect smuggling of illegal environmental products. The country has adopted the OSBP concept which is operationalized in major border points of; Malaba, Busia, Mirama hills and Elegu which handle the largest cross border activity. Other border points have been earmarked for operationalization of the OSBP concept. The implementation of the OSBP and improved coordination of law enforcement agencies at the border points has led to an increase in seizures of smuggled goods as it supports joint coordination of immigration, customs officials, and members of Joint Intelligence Committee (JIC). The customs authorities are trained and well equipped to detect and respond to these ENR crimes.

The authorities are empowered by laws such as the East African Community Customs Management Act, 2004 (as amended) to inspect consignments suspected of containing illegal environmental and natural resource products, and are mandated to seize and confiscate these consignments. The URA and immigration make use of sniffer dogs, advanced technology including non-intrusive scanners and x-rays at border points and the airport to assist in the detection of these ENR crimes. The URA is structured into several departments, including the Customs department which is adequately staffed with persons who have appropriate training and skills. The authorities such as immigration, URA and members of JIC are provided with sufficient financial, technical, and other resources to perform their functions. However, the existence of porous borders makes the country vulnerable to ENR crimes. This variable is rated high for all ENR crimes.

18.14 Preventive Law Enforcement

This variable assessed the capacity of preventative law enforcement in tackling ENR crimes in Uganda. The variable was assessed based on domestic cooperation, international cooperation, capacity of preventive authorities, integrity and independence of law enforcement, intelligence. This variable is rated medium for Mining / Extraction crimes; low for fisheries crimes; medium low for waste / pollution crimes and medium for wildlife and forestry crimes. Below is a detailed assessment of the input variables:

18.14.1 Capacity of Preventative Authorities

The country has established preventative agencies for gathering, evaluating, analysing, and managing ENR crimes, these agencies include NFA, UWA, NEMA, UPF, URA and the Fisheries protection unit (FPU) of the UPDF. There is comprehensive legal framework empowering these authorities to impose preventive measures.

Each of these Agencies have ongoing training to improve the skills and knowledge of their respective staff in line with ENR crimes. For example, UWA and UPF have dedicated training schools established to impart skills to their officers. However, these agencies as is with most government MDAs, are not adequately funded due to limited resources.

Preventative authorities such as UWA and NFA have implemented corrective measures to ensure sustainable use of environmental and natural resources around protected areas. These include investment in communities neighboring national parks and forests, public awareness and community outreach. In addition, NGOs engage communities in activities to promote awareness and prevention of ENR crimes. The URA and immigration make use of sniffer dogs, advanced technology including non-intrusive scanners and x-rays at border points and the airport to assist in the detection of smuggled minerals or wildlife trophies. However, presence of porous borders remains a challenge since some of the criminals may use these routes to commit ENR crimes. This variable is rated medium for all ENR crimes.

18.14.2 Domestic cooperation

The variable is assessed in section 18.13.1.

18.14.3 International cooperation

The variable is assessed in section 18.13.2.

18.14.4 Integrity and independence of law enforcement

The variable is assessed in section 18.10.

18.14.5 Intelligence

The variable is assessed in section 18.3.

18.15 Criminal Law Enforcement

The variable assessed the ability of Uganda's criminal law enforcement in investigating ENR Crimes and associated money laundering. The variable was assessed based on international cooperation, intelligence, capacity of criminal law enforcement, and integrity / independence of law enforcement. This variable is rated medium for Mining / Extraction crimes; low for fisheries crimes; medium low for waste / pollution crimes and medium for wildlife and forestry crimes. Below is a detailed assessment of the input variables:

18.15.1 Capacity of Criminal Law Enforcement

The relevant LEAs with the mandate of investigating ENR crimes include UPF, URA, UWA, and FPU. The investigative agencies are properly structured with, specific departments to handle criminal investigations. Each of these departments have ongoing training to improve the skills and knowledge of their respective staff in line with ENR crimes. However, the challenge of inadequate technical capacity in the agencies need to be addressed to match the emerging ML / TF threats. As a result, ML investigations do not match the level of predicate offences committed. The country records daily arrests of environmental criminals and most of the reported cases result in successful prosecutions and convictions. Uganda, also established a dedicated Asset Forfeiture Unit at the ODPP, with ongoing capacity building to all relevant law enforcement agencies on how to conduct parallel financial investigations. There is ongoing capacity development in all the respective agencies with training programs both domestically and abroad. This variable is rated medium high for all ENR crimes.

18.15.2 International cooperation

The variable is assessed in section 18.13.2.

18.15.3 Intelligence

The variable is assessed in section 18.3.

18.15.4 Integrity and independence of law enforcement

The variable is assessed in section 18.10.

18.16 Prosecution And Judiciary

The prosecution and judiciary variable assessed the capacity of Ugandan judges and judicial officials to preside over prosecutions, initiate and adjudicate ENR offences and associated money-laundering cases. The variable is assessed based on quality of judicial evidence, integrity and independence of prosecution and judiciary and capacity of prosecution and judiciary. This variable is rated medium low for Mining / Extraction, waste / pollution, and mining crimes; medium for wildlife and forestry crimes. Below is a detailed assessment of the input variables:

18.16.1 Capacity of Prosecution and Judiciary

Prosecution of ENR and ML offences is conducted by the ODPP. The ODPP has also delegated prosecutorial powers to URA, and UWA to prosecute ENR offences related to their respective mandates. The units responsible for prosecuting ENR and ML offences are adequately structured with dedicated staff who have appropriate skills and training. In addition, these institutions have training departments which ensure that staff are provided with appropriate training to improve capacity to prosecute their respective offences. In the period between 2017 – 2020, UWA conducted 17 trainings for 24 prosecutors and investigators relating to prosecution led investigations and evidence management. Some of these trainings were conducted at Uganda Wildlife Training Institute (UWTI) a government aided institute under Ministry of Tourism, Wildlife and Antiquities (MTWA). In 2019, TRAFFIC, a leading NGO working globally on trade in wild animals and plants in the context of both biodiversity conservation and sustainable development, conducted a stakeholders' forum on wildlife and forest crimes identifying the needs and priorities of judicial and prosecutorial sectors in Uganda. Other trainings have been supported by WCS, Space for Giants, US Government, LATF, among others.

Adjudication of ENR crimes are handled by magistrates and high court judges who were deployed according to their educational background, skills, and experience in handling financial crime. Capacity building for judicial officers is conducted by the Judicial Training Institute, whose mandate is to provide specialized and continuous education to the judiciary staff. Judicial officers are well remunerated and their salaries were doubled in August 2019. This variable is rated medium high for all ENR crimes.

18.16.2 Quality of judicial evidence

The variable is assessed in section 18.6.

18.16.3 Integrity and independence of prosecution and judiciary

The variable is assessed in section 18.7.

18.17 Enr Crimes And Money Laundering Combating Ability And Vulnerability.

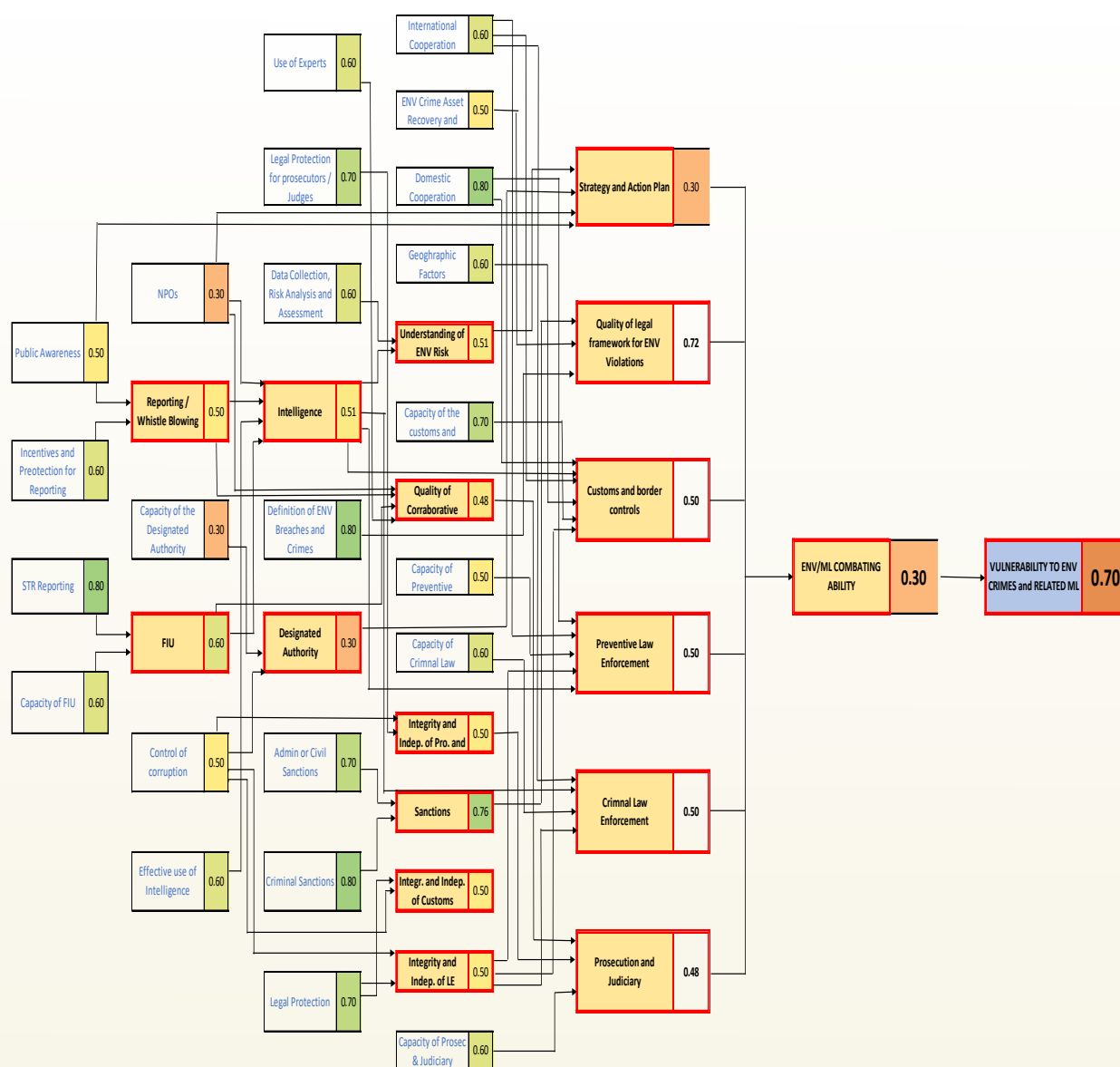
The overall assessment of the above variables established Uganda's combatting ability for ENR crimes and money laundering vulnerability as indicated in the table below.

Table 43: Showing the ML combatting Ability and Vulnerability for each ENR crime.

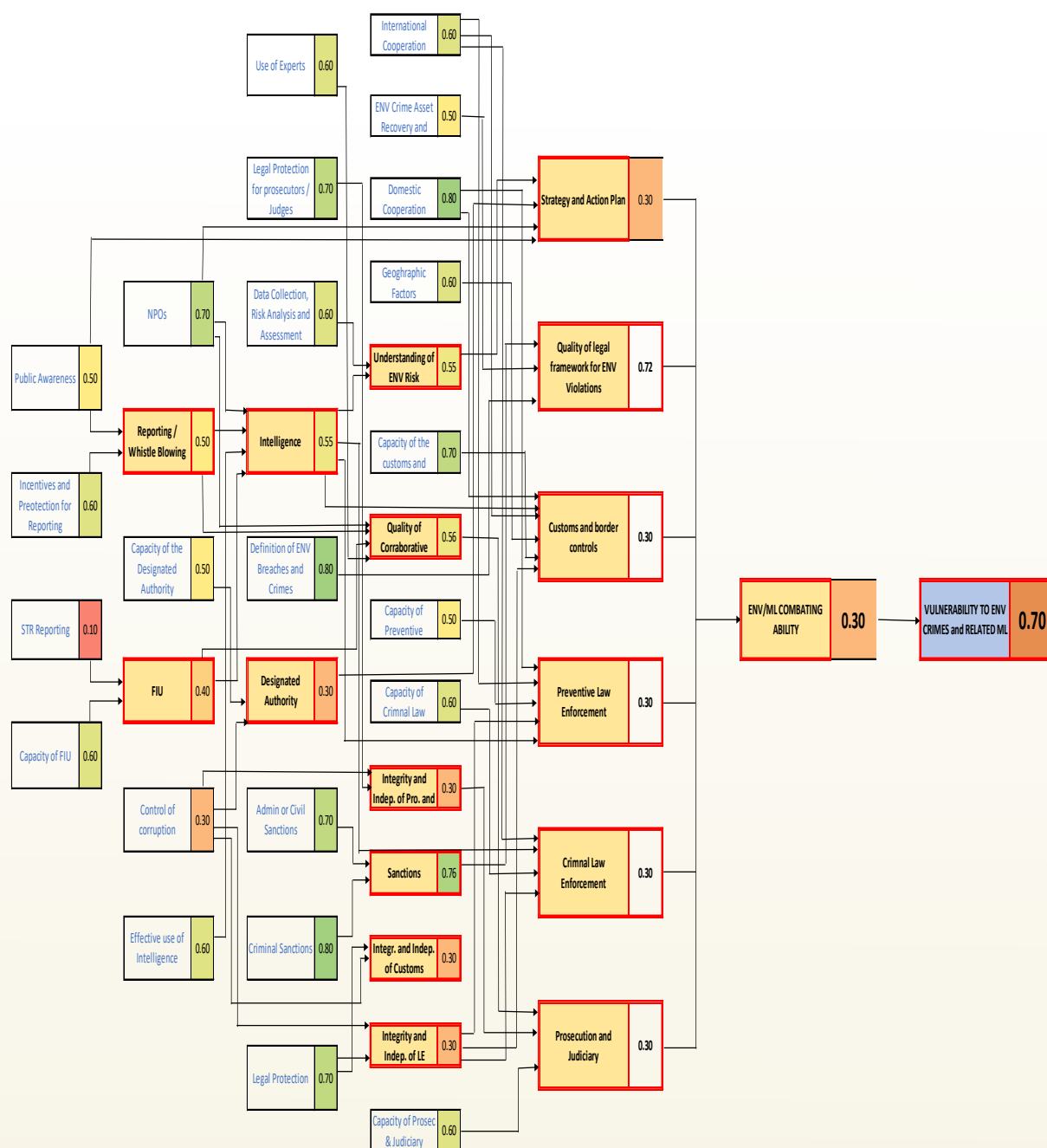
ENR Crime	ML Combatting Ability	Vulnerability of ENR Crime to ML
Mining/Extraction	Low	High
Fisheries	Low	High
Waste/Pollution	Medium Low	Medium High
Forestry	Medium	Medium
Wildlife	Medium	Medium

Vulnerability Maps And Priority Areas For ENR Crimes

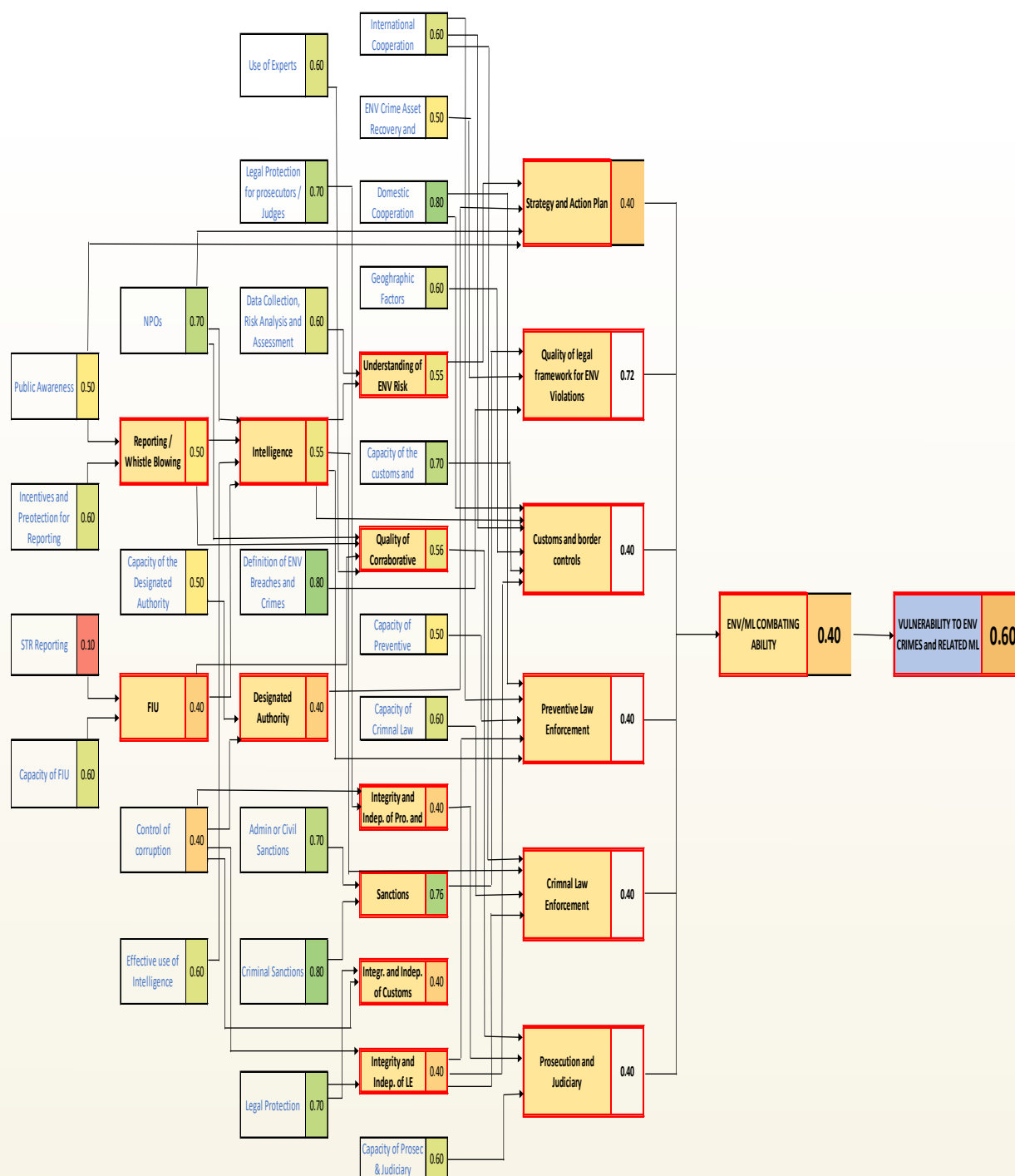
Figure 23: Showing Mining/Extraction Crimes Assessment.



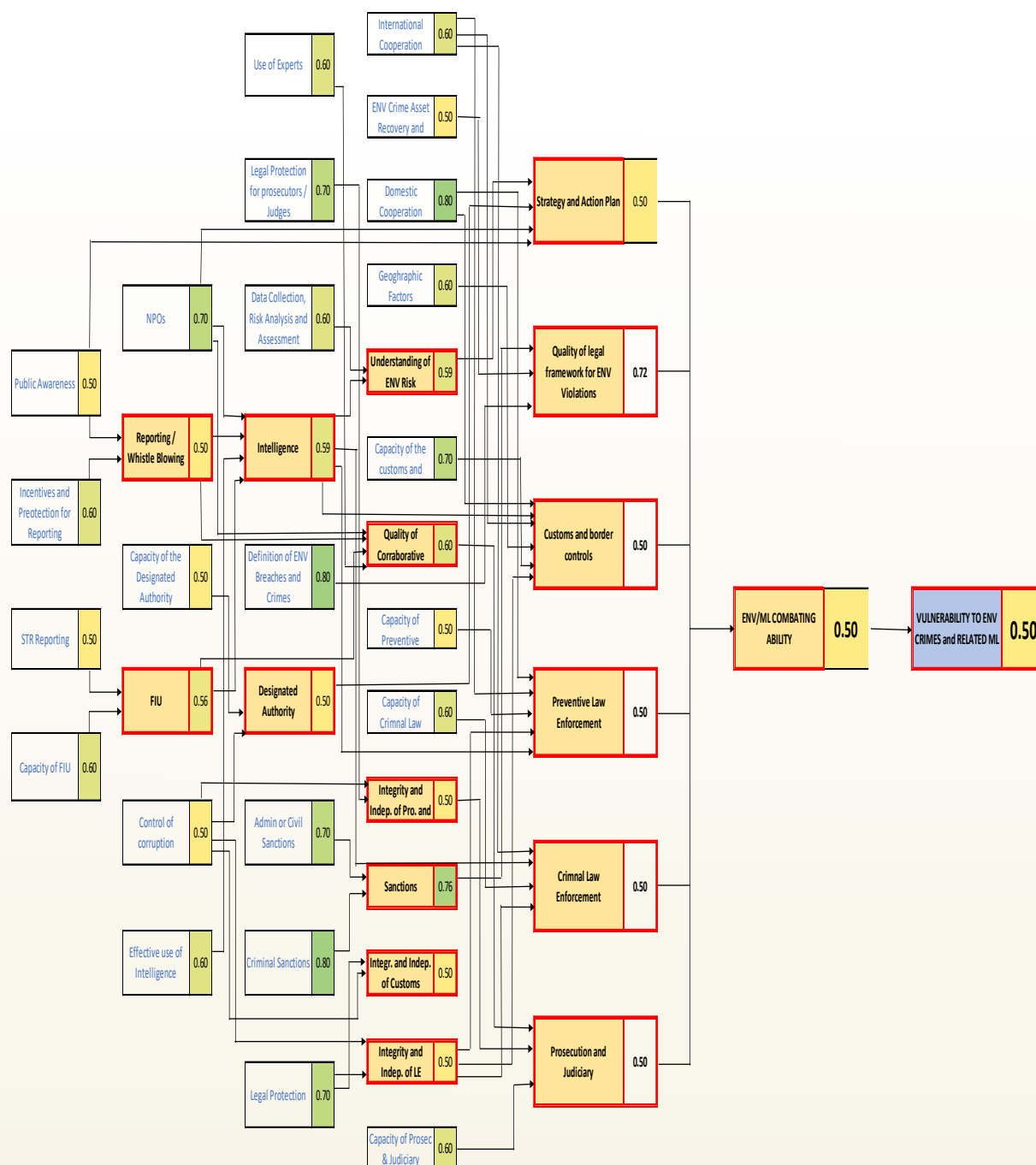
The priority areas for mining/extraction crimes include; control of corruption, Increasing capacity of criminal law enforcement, and increasing capacity of prosecution & judiciary.

Figure 24: Showing Fisheries Crimes

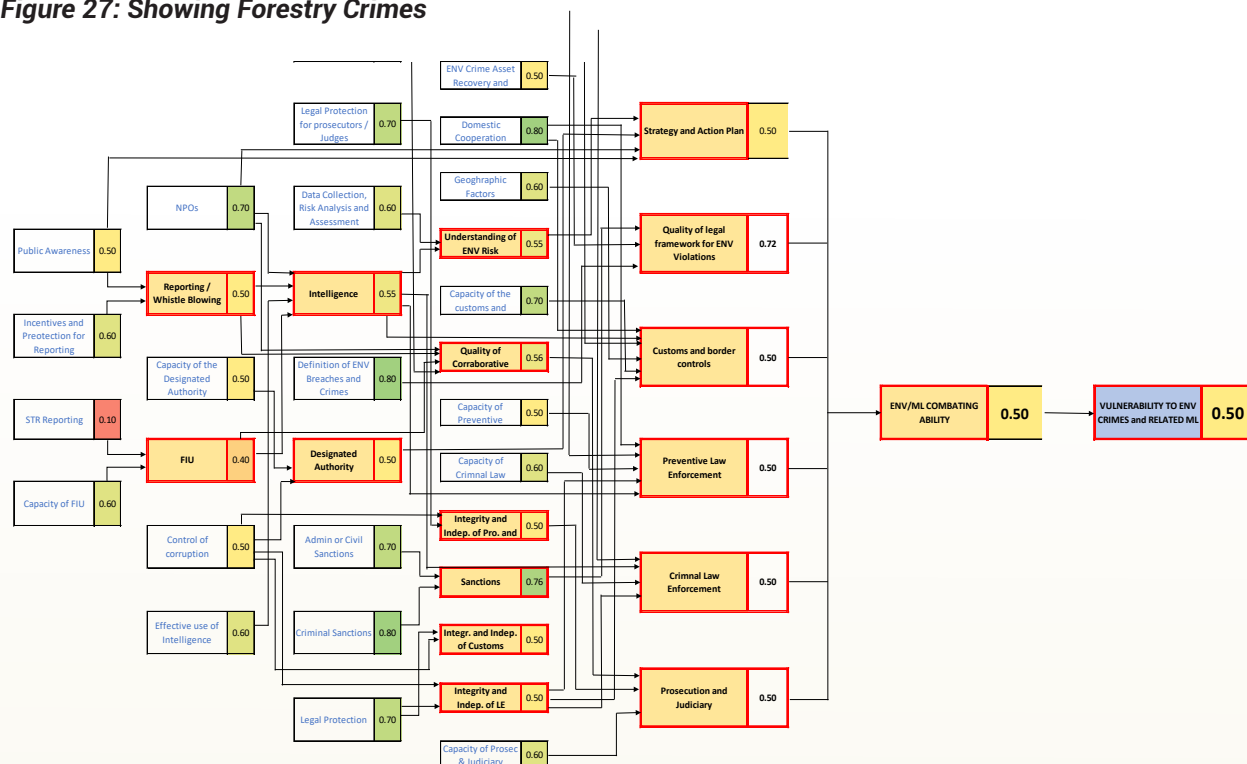
The priority areas for fisheries crimes include; control of corruption, increasing capacity of criminal law enforcement and increasing capacity of preventive authorities.

Figure 25: Showing Waste/Pollution Crimes

The priority areas for waste / pollution crimes include; control of corruption, increasing capacity of criminal law enforcement and increasing capacity of preventive authorities.

Figure 26: Showing Wildlife Crimes

The priority areas for wildlife crimes include; control of corruption, increasing capacity of criminal law enforcement and increasing capacity of preventive authorities.

Figure 27: Showing Forestry Crimes

The priority areas for forestry crimes include; control of corruption, increasing capacity of criminal law enforcement and increasing capacity of preventive authorities.

Summary Of Enr Crimes Risk Assessment To Money Laundering

The risk assessment of ENR is based on assessment of the different levels of environmental crime threats and relevant control vulnerabilities for each category of crime. The overall national risk to ENR crimes is rated Medium High.

The figure below shows a summary of the ENR crimes assessed and their respective ratings.

Figure 28: Showing ML risk in the Environmental & Natural Resource Crimes

Threat Level	High				
	Medium		<ul style="list-style-type: none"> Forestry Crimes Wildlife Crimes 	<ul style="list-style-type: none"> Waste/ Pollution Crimes 	<ul style="list-style-type: none"> Mining/ Extraction crimes Fisheries Crimes
	Low				
		Low	Medium	MH	High
	Vulnerability Levels				



POLICY RECOMMENDATIONS

“

The NRA 2023 has indicated that there are still significant challenges in ensuring effectiveness of the ML/TF framework, and addressing the risk posed by ML/TF and associated crimes.



19.0 Policy Recommendations

The NRA 2021 has indicated that there are still significant challenges in ensuring effectiveness of the ML/TF framework, and addressing the risk posed by ML / TF and associated crimes. Accordingly, Government of Uganda and other AML / CFT stakeholders should take note of the findings and implement the following recommendations to address the shortcomings in combatting ML / TF risk.

National ML Threat & Vulnerability

- i. The Ministry of Internal Affairs, URA and the security agencies should develop a mechanism to effectively monitor all border points including the porous entry points that are vulnerable to smuggling and other transnational crimes.
- ii. The Ministry of Justice and Constitutional Affairs should fast-track the amendment of the Companies' Act, 2012 to require companies to record and maintain beneficial ownership information and to file such information with URSB.
- iii. The Ministry of Finance, Planning and Economic Development should issue administrative sanctions regulations for pecuniary fines relating to non-compliance with AML / CFT obligations.
- iv. The Ministry of Justice and Constitutional Affairs should expedite the enactment of a law to provide a comprehensive legal framework for providing mutual legal assistance.
- v. The Ministry of Justice and Constitutional Affairs should enact a law to facilitate non-conviction-based asset forfeiture / confiscation.
- vi. URA and FIA should put in place procedures to guide the effective implementation of the cross-border declarations of currency and bearer negotiable instruments regime.
- vii. Government should strengthen the capacity and resource allocation to FIA and the law enforcement agencies to enable them adequately counter the emerging ML / TF threats.
- viii. Government should develop and implement policies that facilitate the formalization of the economy, including aggressively promoting business registration.
- ix. Competent authorities should develop a mechanism to collect and store ML / TF related data in a manner which allows for easy retrieval and access.
- x. Financial Intelligence Authority should undertake an extensive awareness campaign targeting key AML / CFT stakeholders.
- xi. Government should develop mechanism / programs to protect witnesses /whistle-blowers of ML/ TF crimes in order to protect and encourage them to come forward to assist law enforcement and prosecutorial authorities without fear of intimidation or harm by criminal groups.

xii. Sectoral Recommendations**Financial Sector.**

- xiii.** IRA, CMA and UMRA should adopt risk-based AML/CFT supervision to appropriately target entities that are more vulnerable to ML/TF abuse.
- xiv.** FIA should work closely with BOU, IRA, CMA and UMRA to enhance the accountable persons' understanding of AML/CFT obligations and ML/TF risks.
- xv.** BOU, IRA, CMA and UMRA should ensure that accountable persons under their supervision have adequate capacity including IT systems to effectively identify and monitor suspicious transactions and activities, as required by the AMLA, 2013.
- xvi.** BOU should ensure that Regulation 23(4) of Foreign Exchange (Forex Bureau and Money Remittance) Regulations of 2006 is amended to remove the requirement for forex bureaus to file suspicious transaction reports with BOU.
- xvii.** Financial institutions should develop training programs for their staff, and continuously review the effectiveness of trainings conducted, in order to improve AML/CFT knowledge among staff.

Designated Non-Financial Businesses and Professions

- xviii.** MLHUD and FIA should put in place an effective AML regulatory framework to minimize the risk of money laundering through the real estate sector.

- xix.** FIA should raise awareness amongst the key players in the real estate sector about their AML/CFT obligations to improve AML/CFT compliance levels.
- xx.** ICPAU should adopt risk-based AML/CFT supervision to appropriately target accounting firms that are more vulnerable to ML/TF abuse.
- xxi.** The Ministry of Energy and Mineral Development should develop a mechanism for AML/CFT supervision of dealers in precious stones and metals.
- xxii.** FIA should work closely with NLGRB to enhance casinos' understanding of AML/CFT obligations and ML/TF risks to improve AML/CFT compliance levels.
- xxiii.** NLGRB should expedite the implementation of the National Central Electronic Monitoring System (NCEMS) to provide a reliable identification and tracking mechanism for the sector for AML/CFT monitoring and compliance.
- xxiv.** NLGRB should ensure that casinos have adequate capacity including IT systems to effectively identify and monitor suspicious transactions and activities, as required by the AMLA, 2013.
- xxv.** FIA should work closely with ULC/ULS to enhance lawyers' understanding of AML/CFT obligations and ML/TF risks to improve AML/CFT compliance levels.
- xxvi.** ULC should implement risk-based supervision of lawyers with strong focus on high-risk services.

Financial Inclusion

- xxvii.** MOFPED should fast track the issuance of the amendments to the Anti-Money Laundering Regulations, 2015 to allow financial institutions implement a risk-based approach to customer due diligence.
- xxviii.** BOU should promote the use of electronic payment options and encourage the use of formal financial institutions in order to reduce on cash-based transactions.

Environmental Crimes

FIA should work with UWA, NFA and Ministry of Energy and Mineral Development to develop indicators of environmental and natural resources crimes to guide financial institutions in the detection and reporting of suspicious transactions

A person in a dark suit is shown from the chest up, leaning forward and balancing a tall, precarious stack of light-colored wooden blocks. The blocks are arranged in a staggered, interlocking pattern, similar to a Jenga set. The person's hands are visible at the base of the stack, supporting it. The background is a soft, out-of-focus light source, possibly a window, creating a warm, golden glow. The overall mood is one of concentration and balance.

NATIONAL RISK ASSESSMENT ACTION PLAN

20. National Risk Assessment Action Plan

Section A: General Section

Vulnerability: Gaps in legal framework

Key Action: Enactment of relevant laws and amendment of those with identified gaps.

Primary Agency: Ministry of Justice and Constitutional Affairs

Secondary Agencies: FIA and all other stakeholders, Police, DPP, IGG, Law Reform Commission, Supervisory Bodies, Ministry of Internal Affairs.

Detailed Actions:

- Periodic updating of the ML risks through National Risk Assessments.
- Fast tracking of the National Risk Assessment and its adoption by Cabinet.
- The results of the NRA to be disseminated to all AML/CFT stakeholders.
- All accountable persons, particularly financial institutions, to conduct risk assessment of their customers (including for countries of residence), products, services, transactions, and delivery channels, based on the findings of the NRA relevant to them. Customers/ products/services/ transactions to be classified based on the ML/TF risks and appropriate enhanced due diligence measures to be put in place to mitigate the risk.
- All accountable persons, particularly financial institutions, to test their compliance systems to ensure that they are commensurate to the risks faced and the size of the business (supervisors to check compliance).
- All accountable persons to have programs to vet their staff for integrity, checked by their respective supervisors.
- Recommendations related to legal framework: The proposed amendments to the AML Law should be passed swiftly.
- The Ministry of Justice and Constitutional Affairs should enact a law to facilitate non-conviction-based asset forfeiture/confiscation.
- Regulations to implement section 112 AMLA (Disposal of confiscated property) need to be issued.
- Uganda should revise its legislation (i.e., Extradition Act) to cover the TF offence and make it an extraditable offence.
- MOFPED should issue administrative sanctions regulations for pecuniary fines relating to non-compliance with AML/CFT obligations.

Remarks:

- Budgetary issues
- Delays in the legislative process
- Delayed enactment
- Sensitization and awareness by the stakeholders
- Political commitment required

Priority ranking: High**Time frame:**

Vulnerability: Uganda's economy is highly cash based

Key Action: Promote the use of electronic payment options and encourage the use of formal financial institutions.

Primary Agency: BOU

Secondary Agencies: MOFPED, UMRA, FIA

Detailed Action:

- Sensitization on the negatives of a cash-based economy through community sensitizations, talk shows etc.
- Funding and support to electronic payment systems innovations.
- Encourage the use of financial inclusion products
- Consider introducing limitations to the use of cash

Remarks: Nil

Priority ranking: High

Time frame:

Vulnerability: Resource constraints

Key Action: Strengthen capacity and resource allocation to the FIA and law enforcement agencies to enable them adequately counter the emerging ML/TF threats

Primary Agency: Ministry of Finance, Planning & Economic Development

Secondary Agencies: FIA, Police, URA, IGG, UWA, ODPP, Development Partners, Law Reform Commission and JLOs

Detailed Action:

- Increase budget allocations to the FIA and LEAs to support NRA Action Plan implementation.
- Address human resource capacity gaps at FIA and LEA by retooling and reskilling of them.

- Law enforcement agencies, particularly police investigators, and ODPP should be capacitated in terms of resources and training to deal with ML/TF cases and be able to conduct parallel financial investigations in every investigation that involves proceeds of crime or terrorism
- Build capacity within investigators and prosecution for the offences of ML/TF to be better appreciated, including maintaining close monitoring and capturing of statistics of the cases
- LEAs should adopt a deliberate policy of undertaking parallel financial investigations with a view to tracing, seizing and confiscating proceeds of crime
- The authorities should properly retain a data base/statistic of all cases reported, investigated and prosecuted

Remarks: Nil

Priority ranking: High

Time frame:

Vulnerability: Ineffectiveness of supervision activities

Key Action: All authorities in charge of AML/CFT supervision will introduce AML/CFT off-site and onsite supervision adopting a risk-based approach (allocation of resources and target accountable persons deemed as posing a higher ML/TF risk).

Primary Agency: FIA

Secondary Agencies: Supervisory Regulatory Bodies, FIA & all Primary Regulators.

Detailed Action:

- Supervisory Authorities and the FIA should develop appropriate supervisory programs, ML/TF risk-based to facilitate AML/CFT compliance monitoring.
- Increase resource allocation to improve oversight and the AML supervision process where there are higher risks.
- Conduct AML specific inspections using a risk-based approach.
- Train staff in AML supervision
- The AML/CFT supervision and oversight activities by the FIA should be strengthened
- Facilitating the supervisory and regulatory entities with enough resources to carry out their duties

Remarks:

- Training in use of these tools is also required see regulation 43 (AML Regulations, 2015) on independent audit.

Priority ranking: High

Time frame:

Vulnerability: Inadequate record keeping across the spectrum of sectors

Key Action: Ensure records of identity, source and application are kept for all financial or other value transactions, whether electronic or paper.

Primary Agency: All supervisory bodies

Secondary Agencies: UPF, IGG, URA, FIA, ODPP, Judiciary

Detailed Action:

- Supervisory bodies should ensure that accountable persons keep proper records of identity, source and application are kept for all financial or other value transactions.
- LEAs should maintain up to date AML/CFT related data.

Remarks: NIL

Priority ranking: High

Time frame: Immediate

Vulnerability: Lack of parallel AML/Financial investigations

Key Action:

Primary Agency: Uganda Police Force

Secondary Agencies:

IGG, URA, FIA, Judiciary, BOU, Other LEAs, Intelligence Agencies

Detailed Action:

- Training on AML/CFT and financial investigations.
- Compulsory concurrent AML/FIN investigations when investigating predicate offences.

Remarks: NIL

Priority ranking: High

Time frame: Immediate

VULNERABILITY: STR Data Analysis is inefficient

Key Action: Improve the efficiency of STR data analysis.

Primary Agency: FIA

Secondary Agencies: FIA.

Detailed Action:

- Improve on the accessibility of databases by FIA
- Further training to the analysts at FIA.
- Hiring new analysts.

- Training/guidance to reporting institutions.
- Supervision of STR systems and practices of reporting institutions.
- Analysis of STRs should be prioritized based on risk

Remarks:

- Identify potential training material and sources.
- Fast tracking international cooperation mechanisms.

Priority ranking: High**Time frame:****Vulnerability:** Challenges of Integrity and independence of financial crime investigators/ asset forfeiture investigators, law enforcement agencies, prosecutors and the judiciary.**Key Action:** Improve the remuneration and welfare of the mentioned bodies.**Primary Agency:** Uganda Police Force**Secondary Agencies:** IGG, URA, UWA**Detailed Action:**

- Increase the salaries and or allowances of Financial Crime Investigators.
- Fast tracking of Code of Conduct for Police officers
- Re-tooling the Professional Standards Unit(PSU)
- Fast track police rectification campaign and community policing
- Sensitization about the need for integrity through activities like service training to breed patriotism amongst staff.
- Enforce tough actions both administrative and criminal against the errant officers.
- Fast tracking of Judiciary Administration Bill,
- Improve remuneration of the Judges and Magistrates,
- Improving Capacity of Judicial Service Commission,
- Enforcement of Code of Ethics and Sentencing Guidelines
- Improve the remuneration of the Prosecutors.
- Enforce tough sanctions both administrative and criminal and against the culpable officers.

Remarks:

- Likely controversy of only increasing Financial Crime investigators salary without the entire Police Force which necessitates huge budgetary resources

Priority ranking: High**Time frame:****Vulnerability:** Weaknesses in border controls

Key Action: Enhancing security and manpower capability at border points.

Primary Agency: URA

Secondary Agencies: FIA, Immigration, and other security agencies.

Detailed Action:

- Sensitize stakeholders on the implementation of the cross-border declarations of currency and bearer negotiable instruments regime.
- Improve resource allocation to facilitate the effective implementation of the cross-border declarations of currency and bearer negotiable instruments regime.
- Increase number of scanners at border points.
- Utilize cash dogs for the detection of cash at border points
- Training border customs officers in charge of managing the declaration of currency and bearer negotiable instruments
- Raising awareness on currency and bearer negotiable instruments declaration requirement.
- Controls at the border entry points should be strengthened to minimize the risk of smuggling and disguising origin of gold and precious stones.

Remarks: NIL

Priority ranking: High

Time frame:

Vulnerability: Inadequate domestic cooperation

Key Action: Need for a legal framework for the cooperation amongst various agencies

Primary Agency: FIA

Secondary Agencies: Police, URA, Immigration, ODPP, IGG, OAG, UWA, MOFPED

Detailed Action:

- Formulate MOUs and laws to enhance legal framework for the cooperation amongst various agencies

Remarks: NIL

Priority ranking: High

Time frame:

Vulnerability: Inadequate international cooperation

Key Action: Enactment of the Mutual Legal Assistance Law.

More bilateral, regional and international cooperation agreements.

Primary Agency: Ministry of Justice and Constitutional Affairs

Secondary Agencies: FIA, ODPP, URA, Ministry of Foreign Affairs, Uganda Police Force

Detailed Action:

- Enactment of the Mutual Legal Assistance Law.
- More bilateral, regional and international cooperation agreements.
- Establishment of a central authority for International Cooperation.
- The DPP's office which currently fulfils the de facto role of coordinating MLA requests should improve its domestic coordination of MLA requests by domestic counterparts, data management systems and maintain readily accessible statistics, information on subject matter of requests, turn-around times and prioritization of the requests

Remarks: NIL

Priority ranking: High

Time frame:

Vulnerability: Inadequacy of audits

Key Action: Establishing a legal framework to improve the audit requirements for SMEs

Primary Agency: Ministry of Finance, Planning and Economic Development

Secondary Agencies: OAG, ICPAU, URA, Business associations, URSB, BOU, Commercial Banks

Detailed Action:

- Need for legal framework to improve the audit requirements for SMEs and improved follow up mechanism on filing of audited accounts.
- Stakeholders should devise a mechanism to ensure that all registered private companies file audited accounts.

Remarks: NIL

Priority ranking: High

Time frame:

Vulnerability: Inadequate beneficial ownership requirements

Key Action: Amendment of laws to require compulsory disclosure of beneficial ownership.

Primary Agency: Ministry of Finance, Planning and Economic Development

Secondary Agencies: Ministry of Justice and Constitutional Affairs, URSB

Detailed Action:

- Need for formalization of the economy to promote further financial inclusion and integrity.
- Amendment of laws to require compulsory disclosure of beneficial owners.
- Uganda should require all trusts to be registered

- Uganda should consider making it a legal requirement for companies and trusts to record and maintain beneficial ownership information or to file such information with the companies' registry at the time of registering the reporting entity (over and above legal ownership/shareholder information currently required under the Companies Act)
- The authorities should ensure that company information filed with the URSB is kept up to date and accurate. In this regard, authorities should effectively sanction companies that do not regularly update information with the URSB as required under the Companies Act
- Authorities should ensure that information in the companies' registry is fully computerized and to consider making such information accessible online, and not just to competent authorities

Remarks: NIL

Priority ranking: High

Time frame:

Vulnerability: Inadequate tax enforcement in the informal sector

Key Action: Benchmarking to find out how other countries have handled the informal sector.

Primary Agency: Ministry of Finance, Planning and Economic Development

Secondary Agencies: URA, KCCA, URSB and other Local Governments

Detailed Action:

- Giving the informal sector guidelines of operation

Remarks: NIL

Priority ranking: High

Time frame:

Vulnerability: Limited awareness about AML/CFT

Key Action: Develop a national AML awareness and communication strategy

Primary Agency: FIA

Secondary Agencies: All regulators

Detailed Action:

- FIA to implement the communication strategy.
- FIA should undertake an extensive AML/CFT awareness campaign targeting key AML/CFT stakeholders.

Remarks: NIL

Priority ranking: Medium

Time frame:

Section B: Sectoral Action Plans

Sector: Banking Sector

Vulnerability: Automatic STR monitoring system

Key Action: Acquisition of automated systems to flag all suspicious transactions among other aspects.

Primary Agency: FIA

Secondary Agency: MOFPED and BOU

Detailed action:

- Banks should continuously review the robustness of their automated transaction monitoring systems to ensure adequate identification of unusual transactions.
- BOU should test the effectiveness of the AML/CFT supervision, and implement the AML/CFT procedure manual.
- Banks should implement measures to ensure that Beneficial Ownership information is obtained and where such beneficial owners are high risk clients such as PEPs, enhanced CDD measures are applied.
- Banks should develop training programs for their staff, and continuously review the effectiveness of trainings conducted, in order to improve AML/CFT knowledge among staff.
- FIA should work with UWA, NFA and Ministry of Energy and Mineral Development to develop indicators of environmental and natural resources crimes to guide financial institutions in the detection and reporting of suspicious transactions.

Remarks:

Priority ranking: High

Time frame

Sector: Insurance Sector

Vulnerability: Weak compliance function

Key Action: Strengthening the compliance function

Primary Agency: Insurance firms

Secondary Agency: IRA

Detailed action:

- IRA should ensure that compliance function among insurance companies and brokers are strengthened, through supervision and reaching out to insurance firms.
- Compliance officers of insurance firms need to be trained.
- IRA should work closely with FIA to enhance the insurance companies and brokers' understanding of AML/CFT obligations and ML/TF risks.

Remarks:**Priority ranking:** High**Time frame****Vulnerability:** Inadequate monitoring and reporting of suspicious transactions.**Key Action:** Strengthening IRA's monitoring tools**Primary Agency:** FIA**Secondary Agency:** IRA**Detailed action:**

- Strengthen the IRA's monitoring tools including on-site and off-site inspections i.e. licensing.
- IRA should ensure that insurance companies have adequate capacity including IT systems to effectively identify and monitor suspicious transactions and activities, as required by the AMLA, 2013.

Remarks: Nil**Priority ranking:** Medium**Time frame****Vulnerability:** Inadequate client screening mechanisms**Key Action:** Improve the screening mechanisms**Primary Agency:** Uganda Investment Authority (UIA)**Secondary Agency:** UIA / FIA**Detailed action:**

- Carry out a screening process of all the politically exposed persons (PEP) and other high-risk clients

Remarks: Nil**Priority ranking:** Medium**Time frame****Sector: Securities Sector****Vulnerability:** Low compliance levels**Key Action:** Strengthening the compliance function**Primary Agency:** CMA**Secondary Agency:** FIA**Detailed action:**

- CMA should work closely with FIA to enhance the licensed firms' understanding of

AML/CFT obligations and ML/TF risks.

- CMA should ensure that compliance function among the licensed firms is strengthened, through supervision and reaching out to the firms.
- CMA should ensure that licensed firms have adequate capacity including IT systems to effectively identify and monitor suspicious transactions and activities, as required by the AMLA, 2013.

Remarks:

Priority ranking: Medium

Time frame

Sector: Other Financial Institutions

Vulnerability: Illegal/Unlicensed operators in the foreign exchange market

Key Action: Need for stricter enforcement and regulation of illegal operators

Primary Agency: BOU

Secondary Agency: UPF, FIA and other security agencies.

Detailed action:

- Strengthen the joint task force to address and combat against illegal operators

Remarks:

Priority ranking: High

Time frame

Vulnerability: Weak compliance function in most OFIs

Key Action: Weak compliance functions in OFIs

Primary Agency: FIA

Secondary Agency: BOU/AMFIU/Uganda Microfinance Regulatory Authority

Detailed action:

- BOU and UMRA should work closely with FIA to enhance the OFI's understanding of AML/CFT obligations and ML/TF risks.
- BOU and UMRA should ensure that OFIs have adequate capacity including IT systems to effectively identify and monitor suspicious transactions and activities, as required by the AMLA, 2013.
- Improve suspicious activity monitoring and reporting
- Supervision of STR systems and practices of reporting institutions.

Remarks:

Priority ranking: High

Time frame

Vulnerability: Weak oversight/supervision for some sectors - money lending, SACCOs and non-deposit taking MFIS

Key Action: Strengthen capacity and resource allocation to UMRA to enable it provide adequate oversight/supervision for some sectors - money lending, SACCOs and non-deposit taking MFIS.

Primary Agency: Ministry of Finance, Planning and Economic Development

Secondary Agency: UMRA

Detailed action:

- Increase budget allocations to UMRA to support its oversight/supervision activities.
- UMRA should be capacitated in terms of resources and training to effectively discharge their mandate including implementation of risk-based AML/CFT supervision.
- Develop Regulations for the Tier IV Microfinance Institutions and Money Lenders Act
- Operationalize the legal provisions on entry controls, vetting and other reporting.

Remarks:

Priority ranking: High

Time frame

Vulnerability: Gaps in the legal framework

Key Action: Initiate amendments in laws

Primary Agency: Ministry of Justice and Constitutional Affairs

Secondary Agency: OFIs, all primary regulators.

Detailed action:

- MOFPED to expedite the amendment of the Foreign Exchange Act, 2004 and the Regulations thereunder, including
- Regulation 23(4) of Foreign Exchange (Forex Bureau and Money Remittance) Regulations of 2006 should be amended to remove the requirement for forex bureaus to file suspicious transaction reports with BOU.

Remarks:

Priority ranking: Medium

Time frame

Vulnerability: Lack of resources for automation in most OFIs

Key Action: Encourage the use of automated systems to flag all suspicious transactions among other aspects

Primary Agency: BOU, UMRA

Secondary Agency: MOFPED, FIA

Detailed action:

- FIA to explore standard systems for deployment across the sub sectors
- Primary Regulators to emphasize the importance of automated monitoring of suspicious activity
- OFIs to commit resources to MIS systems

Remarks:**Priority ranking:** Medium**Time frame****Sector: Financial Inclusion****Vulnerability:** Weak oversight/supervision for some providers of FI products - money lending, SACCOs and non-deposit taking MFIs**Key Action:** Strengthen capacity and resource allocation to UMRA to enable it provide adequate oversight/supervision for some sectors - money lending, SACCOs and non-deposit taking MFIs.**Primary Agency:** BOU, UMRA**Secondary Agency:** MOFPED**Detailed action:**

- Increase budget allocations to UMRA to support its oversight/supervision activities.
- UMRA should be capacitated in terms of resources and training to effectively discharge their mandate including implementation of risk-based AML/CFT supervision.

Remarks:**Priority ranking:** High**Time frame****Vulnerability:** Low levels of financial inclusion**Key Action:** Promote uptake of financial inclusion products.**Primary Agency:** MOFPED**Secondary Agency:** BOU**Detailed action:**

- MOFPED should fast track the issuance of the amendments to the Anti-Money Laundering Regulations, 2015 to allow financial institutions implement a risk-based approach to customer due diligence to promote financial inclusion.
- BOU should promote the use of electronic payment options and encourage the use of formal financial institutions in order to reduce on cash-based transactions.

Remarks:**Priority ranking:** High**Time frame**

Sector: Dnfbp

DNFBP (GENERAL)

Vulnerability: Ineffectiveness of compliance functions**Key Action:** Establish AML compliance programs that are commensurate to the level of risks in the sector.**Primary Agency:** DNFBP Supervisory Bodies**Secondary Agency:** FIA**Detailed action:**

- DNFBPs should establish effective internal compliance programs and develop systems to:
 - (a) Facilitate the monitoring of client transactions and comparing them against client profiles;
 - (b) Maintaining transactional records in a format that facilitates AML screening and monitoring;
 - (c) Performing effective PEP screening;
 - (d) Effectively identifying and recording all complex, unusual and large transactions;
 - (e) Effectively identifying and reporting suspicious transactions
- DNFBPs should be encouraged to develop whistleblower policies and internal policies and procedures to safeguard staff integrity
- AML/CFT compliance manuals should be developed and staff screening should be conducted by all firms
- DNFBPs should implement processes to review, on a regular basis, compliance with AML/CFT requirements
- Enact Law/Regulations to regulate mobile money services and the respective service providers. And source action plans from participant financial institutions

Remarks: Requires urgent attention**Priority ranking:** High**Time frame****Vulnerability:** AML Knowledge of Business/Professional Staff**Key Action:** FIA should work closely with Supervisory Bodies to enhance their understanding of AML/CFT obligations and ML/FT risks**Primary Agency:** FIA

Secondary Agency: DNFBP Supervisory Bodies

Detailed action:

- The FIA and DNFBP Supervisory Bodies should conduct training and awareness programs to enhance knowledge of AML/CFT requirements (including KYC, CDD and identification and reporting of suspicious transactions) by DNFBPs
- Detailed ML/FT risk assessments should be conducted by each DNFBP to enhance understanding of ML risks and typologies in the sector
- The FIA should develop detailed risk-based guidance to support DNFBPs in assessing and mitigating their ML/FT risks

Remarks:

- Detailed sector-based program should be developed
- Supports by AML supervision
- Guidance can be utilized in training activities

Priority ranking: High**Time frame****Vulnerability:** Poor entry controls in some DNFBP sectors**Key Action:** Entry controls into the DNFBP sector should be enhanced**Primary Agency:** DNFBP Supervisory Regulatory Bodies**Secondary Agency:** Financial Intelligence Authority, Ministry of Finance, Planning & Economic Development.**Detailed action:**

- Retailers of precious metals and stones who operate as jewelers and run jewelry shops should be subject to regulation by the DGSM
- Introduce checks on the source of wealth/funds for owners (including beneficial owners) of casinos, as part of the licensing process and in the case of significant changes of ownership in a casinos
- The SRBs should strictly implement licensing requirements across the country and conduct fit and proper tests of owners and manager of DNFBP entities
- The NGO Bureau should put in place measures to ensure greater accountability and transparency in the use of funds received by different NGOs

Remarks: Nil**Priority ranking:** Medium**Time frame****Dnfbp : Real Estate****Vulnerability:** Unregulated nature of the real estate sector with over 1,000 unregistered and unregulated real estate agents.**Key Action:** MLHUD and FIA should put in place an effective AML regulatory framework to

minimize the risk of money laundering through this sector.

Primary Agency: Ministry of Justice & Constitutional Affairs

Secondary Agency: Ministry of Lands Housing and Urban Development, FIA

Detailed action:

- The enactment of the real estate agents' law should be expedited to provide for registration, supervision and regulation of players in this sector
- Criteria should be set for issuing occupational licenses to real estate agents (including probity and fitness requirements)
- MLHUD should build a comprehensive central registry for real estate transactions and beneficial owners' identification
- A framework and systems should be developed to ensure access to timely and reliable information on real estate transactions and money transfers.
- FIA should raise awareness amongst the key players in the real estate sector about their AML/CFT obligations so as improve AML/CFT compliance levels.

Remarks: A process of computerization of the land registry is underway

Priority ranking: High

Time frame

Dnfbp : Dealers In Precious Stones And Metals

Vulnerability: Proximity to countries with illegal trafficking of gold and other precious metals

Key Action: Greater efforts need to be put in place to control illegal trafficking of gold and other precious stones

Primary Agency: Department of Geological Surveys and Mines & Uganda Revenue Authority

Secondary Agency: FIA

Detailed action:

- Uganda should become a member of the Kimberly process certification scheme
- Strengthen the process of certification of the origin of gold extracted from the region
- The Ministry of Energy and Mineral Development should develop a mechanism for AML/CFT supervision of dealers in precious stones and metals.

Remarks: The KPCS imposes extensive requirements to certify shipments of rough diamonds as 'conflict-free'

Priority ranking: High

Time frame

Dnfbp : Dealers In Precious Stones And Metals

Vulnerability: Weak AML/CFT compliance by dealers in precious stones and metals.

Key Action: Greater efforts need to be put in place to ensure AML/CFT compliance.

Primary Agency: Ministry of Energy and Mineral Development

Secondary Agency: FIA

Detailed action:

- The Ministry of Energy and Mineral Development should develop a mechanism for AML/CFT supervision of dealers in precious stones and metals.
- FIA should work closely with Ministry of Energy and Mineral Development to enhance dealers in precious stones and metals' understanding of AML/CFT obligations and ML/TF risks to improve AML/CFT compliance levels.

Remarks:

Priority ranking: High

Time frame

Dnfbp : Lawyers

Vulnerability: Inherent risks in some of the services provided by lawyers

Key Action: Risk-based supervision of lawyers should be emphasized with strong focus on high-risk services

Primary Agency: Uganda Law Council

Secondary Agency: FIA

Detailed action:

- ULC should implement risk-based supervision of lawyers with strong focus on high-risk services.
- Consider the scope of legal privilege and determine if it is a hindrance to the effective implementation of AML/CFT requirements
- LC should undertake a risk assessment of the services provided by lawyers
- ULC to implement measures & policies to address the high risk services (real estate transactions; managing client money/assets and bank accounts; creation, operation, management & organization of legal persons; and companies or business entities)
- ULC should enforce requirements for lawyers to hold clients' funds in specific client's accounts
- ULC needs to maintain statistics on size and volume of transactions should be maintained
- Strengthen regulation of nominee services by lawyers
- FIA should work closely with ULC/ULS to enhance lawyers' understanding of AML/CFT obligations and ML/TF risks to improve AML/CFT compliance levels.

Remarks: Support from the Uganda Law Society

Priority ranking: Medium

Time frame

Dnfbp : Casinos

Vulnerability: Inadequate licensing, regulation and compliance of casinos

Key Action: NLGRB should strengthen and enforce the licensing and regulation of the casino sector

Primary Agency: National Lotteries and Gaming Regulatory Board

Secondary Agency: FIA & MOFPED

Detailed action:

- FIA should work closely with NLGRB to enhance casinos' understanding of AML/CFT obligations and ML/TF risks to improve AML/CFT compliance levels.
- NLGRB should expedite the implementation of the National Central Electronic Monitoring System (NCEMS) to provide a reliable identification and tracking mechanism for the sector for AML/CFT monitoring and compliance.
- NLGRB should ensure that casinos have adequate capacity including IT systems to effectively identify and monitor suspicious transactions and activities, as required by the AMLA, 2013.
- Minimum requirements should be set by the NLB for gaming operators to put in place before licenses are issued e.g. number of slot machines and gambling tables
- Regulations to operationalize sections 43(3)(i) and 70(2)(1)&(j) on establishing and recording identity of users of casinos and gaming facilities should be urgently finalized
- Create a task force between NLGRB and police to tackle illegal Casinos

Remarks: NIL

Priority ranking: Medium

Time frame

Dnfbp : Ngo

Vulnerability: The NGOs are inadequately regulated

Key Action: NGO Bureau should strengthen and enforce the licensing and regulation of the NGO sector

Primary Agency: NGO Bureau

Secondary Agency: FIA

Detailed action:

- Create a task force comprised of the NGO Board and police to tackle illegal NGOs
- Authorities should apply a risk-based approach for AML regulation of NGOs
- NGO Bureau should raise awareness of facilitate the awareness terrorist financing risks in NGOs

- NGO Bureau needs to build capacity to analyze the annual returns obtained from NGOs in order to obtain statistics to support this assessment
- The country should no longer designate NGOs as DNFBPs (which is not an FATF requirement)

Remarks: NIL

Priority ranking: Medium

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Disrupting illegal wildlife trade through financial investigations remains a key component in tackling the criminal networks behind wildlife trafficking in Uganda



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