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MEDIA RELEASE

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FOR IMMEDIATE RELEASE

OUTCOME AND WAY FORWARD: NAMIBIA'S FATF GREY LISTING

1. Namibia on Friday, 23 February 2024, was grey listed by the Financial Action Task Force's (FATF) Plenary and placed under increased monitoring, due to concerns over remaining effective implementation compliance with international Anti-Money laundering (AML), Combating the Financing of Terrorism (CFT), and Combatting Proliferation Financing (CPF) standards.
2. As a signatory to various United Nations Conventions and obligated by mandatory resolutions under Chapter VII of the UN Charter, Namibia is tasked alongside other UN Member States, to actively and effectively prevent and combat Money Laundering (ML), Terrorist Financing (TF), and Proliferation Financing (PF). These obligations aim to safeguard the integrity and stability of the financial system and contribute to overall safety and security.
3. Established as a global standard-setting body under the UN, the FATF encapsulates these obligations in its 40 Recommendations on ML/TF/PF, conducts mutual evaluations of member countries, and publicly releases reports assessing country's compliance levels. In 2022, Namibia underwent such a second mutual evaluation by the FATF in which shortcomings in both technical (laws) and effectiveness (implementation) compliance were identified. This prompted the FATF to provide the country with a twelve-month period for remediation, which concluded in October 2023.

4. During this period, Namibia made significant strides in addressing all the technical compliance shortcomings through the amendment of existing laws and introduction of new legislation. Notably, nine (9) existing laws were amended, two (2) laws were repealed and replaced and two (2) new laws were introduced, previously absent in the Namibian legislative framework. These legislative changes were crucial steps towards aligning Namibia's AML/CFT/CPF regime with international standards, which standards are revised and updated three (3) times per annum.
5. However, despite Namibia's substantial progress, the FATF found Namibia wanting in AML/CFT/CPF effectiveness in six (6) of the eleven (11) immediate outcomes, assessed around effectiveness. Effectiveness compliance focus on a country's ability to demonstrate an effective framework for protecting the financial system from ML/TF/PF abuse, considering the specific risks it faces. It further delves into the practical and effective implementation and enforcement of laws and regulations adopted to protect the financial system.
6. Consequently, according to the FATF, grey listing publicly announces to the global community deficiencies in a country's ability to effectively counter ML/TF/PF. A FATF Grey-listing designation calls for enhanced due diligence and where appropriate, counter-measures from the global community to mitigate ML/TF/PF risks posed by a country's financial system.
7. The FATF Grey-listing has several implications for Namibia, including potential negative impacts on foreign direct investment, trade and financial transactions. The IMF guides that FATF Grey-listing negatively impacts up to 6% of a listed country's GDP. Entities engaging with Namibia may also be required to conduct enhanced due diligence, leading to increased costs and scrutiny.
8. Out of seventy-two (72) recommended actions, Namibia has made significant progress by addressing fifty-nine (59) action items. However, thirteen (13) action items within the domains of six (6) national AML/CFT/CPF combatting stakeholders remain outstanding, requiring urgent attention. To ensure Namibia and the identified AML/CFT/CPF combatting stakeholders timeously address remaining identified shortcomings, the FATF prescribed an agreed-upon Action Plan, outlining specific measures to be implemented.

9. Recognising the urgency of the situation, the National Focal Committee, comprising representatives from public and private sector stakeholders, will enable an Execution Plan to execute the FATF prescribed Action Plan, and ensure timeous address of the outstanding action items. This comprehensive approach ensures coordinated efforts to strengthen Namibia's AML/CFT/CPF regime and restore international confidence in Namibia's financial system.

10. The Council reaffirms its commitment to:

- assist Government, the National Focal Committee, the national AML/CFT/CPF prevention and combatting stakeholders, as well as the FIC as lead coordinating agency in spearheading work to be done by the National Focal Committee, in prioritising the remaining remediation actions, as a crucial step forward and towards further safeguarding the stability and integrity of the national financial system; and
- accelerating progress towards full effective compliance with international AML/CFT/CPF standards, thereby enhancing Namibia's rapid exit from FATF-Grey Listing, and the overall resilience of the Namibian financial system.

11. Despite the grey listing, Namibia's financial system remains sound, stable, and well-capitalised. With robust due diligence measures in place, transactions between Namibia and the global community will continue to be safeguarded. Businesses and citizens can proceed with confidence in conducting transactions internationally. Moving forward, we are resolute in our commitment to closing the identified gaps swiftly, taking cues from neighboring countries that have effectively managed similar situations. We remain positive and enthusiastic about the future of Namibia's financial system.

For any further questions and clarifications please contact the Financial Intelligence Centre at helpdesk@fic.na or 061- 280 5100.

Yours sincerely,



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