

## **MAURITIUS'S COMMITMENT IN THE COMBAT AGAINST MONEY LAUNDERING AND THE FINANCING OF TERRORISM AND PROLIFERATION**

Mauritius has, through numerous initiatives, demonstrated its unflinching commitment to combat money laundering and terrorist and proliferation financing. To this effect, Mauritius has ratified and acceded to numerous international conventions, protocols and treaties to express its commitment towards the international community to combat this scourge, amongst others, the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, commonly known as the Vienna Convention and the United Nations Convention against Transnational Organised Crime, also known as the Palermo Convention.

Mauritius has further committed itself to the International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation issued, in February 2012, by the Financial Action Task Force<sup>[1]</sup> (the 'FATF Forty Recommendations')<sup>[2]</sup> and to its Mutual Evaluation procedure.

Mauritius, being a founder member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)<sup>[3]</sup>, which is an associate member of the FATF, participates in a self-assessment process to assess its progress in implementing the FATF Forty Recommendations.

Mauritius underwent a second round of mutual evaluation of its Anti Money Laundering/Combating the Financing of Terrorism (AML/CFT) framework under the 2013 Assessment Methodology of the FATF.

On 21 September 2018, the ESAAMLG published the [Mutual Evaluation Report](#)<sup>[4]</sup> (MER) on its assessment of Mauritius's level of compliance with the FATF Forty recommendations and the level of effectiveness of its AML/CFT system.

Mauritius brought numerous amendments to its Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework and a new set of Regulations, namely the Financial Intelligence and Anti Money Laundering Regulations 2018, was promulgated effective as from 01 October 2018, to address the FATF requirements regarding Customer Due Diligence, Politically Exposed Persons, Correspondent Banking, Money or Value Transfer Services, New Technologies, Wire Transfers, Reliance on Third Parties, and Internal Control, Foreign Branches and Subsidiaries, amongst others. [The United Nations \(Financial Prohibitions, Arms Embargo and Travel Ban\) Sanctions Act 2019](#) was also enacted to enable the Government of Mauritius to implement targeted sanctions, including financial prohibitions, arms embargo and travel ban, and other measures imposed by the United Nations Security Council under Chapter VII of the Charter of the United Nations, with a view to addressing threats to international peace and security, including terrorism, the financing of terrorism and proliferation of weapons of mass destruction.

Mauritius has, as at December 2020, submitted 3 follow up reports as well as 3 applications for technical compliance re-rating to the ESAAMLG, which were considered at its April 2019 and September 2019 and December 2020 meetings of the ESAAMLG.

In April 2019, Mauritius was successful in obtaining [technical compliance re-rating](#) on 11 Recommendations and at the ESAAMLG Council of Ministers Meeting held in September 2019, Mauritius was successful in obtaining [technical compliance re-rating](#) on 19 Recommendations.

Following the [December 2020 ESAAMLG virtual meeting](#), the ESAAMLG noted that overall, Mauritius had made sufficient progress in addressing deficiencies in technical compliance identified in its MER to justify re-rating of Recommendation 26 and Recommendation 32 to Largely Compliant.

The consolidated technical compliance ratings may be summarised as follows :

Recommendation		Consolidated rating following the first and Second technical compliance Re-ratings
<b>R.1</b>	Assessing Risks and applying a Risk-Based Approach	C
<b>R.2</b>	National Cooperation and Coordination	C
<b>R.3</b>	Money laundering offence	C
<b>R.4</b>	Confiscation and provisional measures	C
<b>R.5</b>	Terrorist financing offence	C
<b>R.6</b>	Targeted financial sanctions related to terrorism and terrorist financing	C
<b>R.7</b>	Targeted financial sanctions related to proliferation	C
<b>R.8</b>	Non-profit organisations	NC
<b>R.9</b>	Financial institution secrecy laws	C
<b>R.10</b>	Customer due diligence	C
<b>R.11</b>	Record-keeping	LC
<b>R.12</b>	Politically exposed persons	C
<b>R.13</b>	Correspondent banking	C
<b>R.14</b>	Money or value transfer services	C
<b>R.15</b>	New technologies	PC
<b>R.16</b>	Wire transfers	C
<b>R.17</b>	Reliance on third parties	C
<b>R.18</b>	Internal controls and foreign branches and subsidiaries	C
<b>R.19</b>	Higher-risk countries	C
<b>R.20</b>	Reporting of suspicious transaction	C
<b>R.21</b>	Tipping-off and confidentiality	C
<b>R.22</b>	DNFBPs: Customer due diligence	C
<b>R.23</b>	DNFBPs: Other measures	C
<b>R.24</b>	Transparency and beneficial ownership of legal persons	PC

<b>R.25</b>	Transparency and beneficial ownership of legal arrangements	LC
<b>R.26</b>	Regulation and supervision of financial institutions	LC
<b>R.27</b>	Powers of supervisors	C
<b>R.28</b>	Regulation and supervision of DNFBPs	LC
<b>R.29</b>	Financial intelligence units	C
<b>R.30</b>	Responsibilities of law enforcement and investigative authorities	C
<b>R.31</b>	Powers of law enforcement and investigative authorities	C
<b>R.32</b>	Cash Couriers	LC
<b>R.33</b>	Statistics	PC
<b>R.34</b>	Guidance and feedback	LC
<b>R.35</b>	Sanctions	C
<b>R.36</b>	International instruments	LC
<b>R.37</b>	Mutual legal assistance	LC
<b>R.38</b>	Mutual legal assistance : freezing and confiscation	LC
<b>R.39</b>	Extradition	LC
<b>R.40</b>	Other forms of international cooperation	LC

*Note: Four technical compliance ratings are available: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant*

Mauritius is therefore currently compliant or largely compliant on 36 of the FATF Recommendations. Appropriate actions at the level of the relevant Ministries and authorities are continuing with a view to addressing the technical compliance deficiencies on the remaining 4 Recommendations.

With a view to enhancing the effectiveness of the AML/CFT measures, several working groups have been constituted at national level to work on enhancing Mauritius' effectiveness to the 11 Immediate Outcomes (IO) of the FATF, namely :

Immediate Outcome	
<b>IO.1</b>	Risk, policy and coordination
<b>IO.2</b>	International cooperation
<b>IO.3</b>	Supervision
<b>IO.4</b>	Preventive measures
<b>IO.5</b>	Legal persons and arrangements
<b>IO.6</b>	Financial Intelligence
<b>IO.7</b>	ML investigation & prosecution
<b>IO.8</b>	Confiscation
<b>IO.9</b>	TF investigation & prosecution

IO.10	TF preventive measures & financial sanctions
IO.11	PF financial sanctions

Additionally, the Bank of Mauritius as the AML/CFT supervisor for the Banking Sector, has taken numerous initiatives to enhance the effectiveness of the AML/CFT measures applicable to its licensees. Amongst others, revising its Guideline on Licensing; setting up of a dedicated AML/CFT Unit within the Supervision Department, developing a Risk Based methodology for the supervision of AML/CFT risks, enhancing cooperation at domestic, regional and international level by entering Memorandum of Understanding, conducting regular training for staff and outreach for the industry.

**NATIONAL MONEY LAUNDERING AND TERRORIST FINANCING  
RISK ASSESSMENT OF MAURITIUS**

A key element of the FATF’s revised 2012 Recommendations is the application of a risk based approach.

**Recommendation 1 of the FATF Recommendations** calls upon countries to identify, assess and understand their money laundering and terrorist financing risks and take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources aimed at ensuring the risks are mitigated effectively.

In compliance with the first Recommendation of the FATF, Mauritius issued its [first National Money Laundering and Counter Terrorism Financing Risk Assessment](#) (NRA) on 29 August 2019.

The National Risk Assessment (NRA) was launched in January 2017 with the aim to identify, understand and assess the money laundering and terrorist financing risks faced by Mauritius. It paves the way to the implementation of a risk-based approach to combating money laundering and terrorism financing activities, thus making relevant stakeholders more effective in their efforts. The NRA results provides valuable guidance to articulate policies and strategies to address the risks identified and to allocate our resources to areas that have the greatest impact in the fight against financial crime.

The NRA exercise for Mauritius was carried out using the National Money Laundering and Terrorism Financing Risk Assessment Tool developed and provided by the World Bank.

The main objective of the assessment was to devise an effective risk-based AML/CFT regime through an efficient allocation of resources and the adoption of measures which will prevent or mitigate ML and TF on the basis of identified risks. For that purpose, the following factors were assessed:

- a) the scale and characteristics of the proceeds of criminal activities from both internal and external sources;
- b) the scale and characteristics of terrorism financing in Mauritius;

- c) the weaknesses or gaps in Mauritius’s ability to combat ML and TF; and
- d) the ML weaknesses or gaps arising from the financial services sector as well as designated non-financial businesses and professions (DNFBPs) in the country.

A snapshot of the overall ML and TF vulnerability, threat and risks ratings in the NRA Report is outlined below:

	<b>Vulnerability Rating</b>	<b>Threat Rating</b>	<b>ML Risk Rating</b>
<b>Money Laundering</b>	<b>Medium-High</b>	<b>Medium-High</b>	<b>Medium-High</b>
<b>Terrorism Financing</b>	<b>Medium High</b>	<b>Medium-Low</b>	<b>Medium</b>
<b>ML Sector Ratings</b>			
Gambling Sector	High	High	High
Trust and Company Service Providers	Medium-High	High	High
Securities Sector	Medium-High	Medium-High	Medium-High
Banking Sector	Medium	High	Medium-High
Other Financial Institutions – under BoM Supervision	Medium	High	Medium-High
Legal professions (Law Firms/Barristers/Notaries/Attorneys)	Medium-High	Medium	Medium-High
Real estate Sector	High	Medium	Medium-High
Jewellery Sector	High	Medium	Medium-High
Insurance Sector	Medium	Medium-Low	Medium
Accountancy Sector (Accountants/Auditors)	Medium	Medium	Medium
Other Financial Institutions – under FSC Supervision	Medium-High	Medium-Low	Medium
Other Financial Institutions – Credit Unions	Medium-Low	Medium-Low	Medium-Low

### **RISK ASSESSMENT OF NON-PROFIT ORGANISATIONS**

FATF Immediate Outcome 10 assesses the effectiveness of terrorist financing preventive measures and financial sanctions, and in particular, focuses on how terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the Non-Profit Organisation sector. One of the characteristics of an effective system is that the country has a good understanding of the terrorist financing risks and takes appropriate and proportionate actions to mitigate those risks, including measures that prevent the raising and moving of funds through entities or methods which are at greatest risk of being misused by terrorists. Ultimately, this reduces terrorist financing flows, which would prevent terrorist acts.

FATF Recommendation 8 on Non-Profit Organisations (NPOs) requires countries to implement a risk based approach to the supervision of NPOs. The FATF expects countries to:

- (a) Without prejudice to the requirements of Recommendation 1, since not all NPOs are inherently high risk (and some may represent little or no risk at all), identify which subset of organisations fall within the FATF definition of NPO\*, and use all relevant sources of

information, in order to identify the features and types of NPOs which by virtue of their activities or characteristics, are likely to be at risk of terrorist financing abuse;

*\*For the purposes of this Recommendation, NPO refers to a legal person or arrangement or organisation that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of “good works”*

- (b) identify the nature of threats posed by terrorist entities to the NPOs which are at risk as well as how terrorist actors abuse those NPOs;
- (c) review the adequacy of measures, including laws and regulations, that relate to the subset of the NPO sector that may be abused for terrorism financing support in order to be able to take proportionate and effective actions to address the risks identified; and
- (d) periodically reassess the sector by reviewing new information on the sector’s potential vulnerabilities to terrorist activities to ensure effective implementation of measures.

In line with the requirements of the FATF, Mauritius undertook a risk assessment of the NPO Sector. This risk assessment was commissioned by the Government of Mauritius as part of its commitment as a member of the FATF to combat the financing of terrorism. It was completed with support from the EU-funded Global AML/CFT Facility Consultants who developed the methodology for the assessment and provided technical support.

[The Executive Summary of the Terrorist Financing Risk Assessment for NPO Sector in Mauritius](#) shows that the overall inherent risk of terrorist financing abuse of NPOs in Mauritius was assessed as **Low-Medium**.

## **NATIONAL STRATEGY FOR COMBATING MONEY LAUNDERING AND THE FINANCING OF TERRORISM AND PROLIFERATION 2019- 2022**

The [National Strategy 2019-2022](#) sets out the approach which Mauritius will adopt to tackle money laundering (ML), terrorist financing (TF) and proliferation financing (PF) threats over the next three years. In addition, it describes the priorities and objectives in addressing financial crime, and assists Mauritius in meeting international obligations set by the Financial Action Task Force.

The Strategy is based on the findings of the National Risk Assessment (NRA) and the gaps identified in the AML/CFT Mutual Evaluation Report (MER) of Mauritius, which was published in September 2018.

The National AML/CFT Strategy comprises eight core themes that enhances the ability of Mauritius to prevent, detect and deter money laundering and the financing of terrorism and proliferation. It also contains a strategy for maintaining an ongoing dialogue with relevant private sector stakeholders to ensure effective implementation of AML/CFT requirements and for

countering the financing of terrorism. The eight core strategic themes and their objectives are set out hereinafter.

Strategic Theme		Objective
1.	Strengthening the AML/CFT Legal and Regulatory Framework	To establish a comprehensive legal and regulatory framework that is consistent with international standards and which is effective in mitigating money laundering and terrorism financing risks
2.	Implementing a comprehensive risk based supervision framework	To develop and apply an effective risk based supervisory framework for financial institutions, DNFBPs and Non-Profit Organisations. To supervise and monitor financial institutions and DNFBPs to ensure their effective assessment and management of ML/TF risk and compliance with AML/CFT preventive measures. In particular, the Gambling and TCSP sectors followed by the banking, securities, real estate and jewelry sectors.
3.	Strengthening the process by which the ML/TF threats are detected and disrupted, criminals are prosecuted and illegal proceeds are confiscated	To ensure that money laundering and terrorism financing offences are investigated and offenders are sanctioned and deprived of illicit proceeds
4.	Enhancing national co-ordination and cooperation	To facilitate policy formulation, exchange of information and operational coordination between national competent authorities to effectively combat money laundering and the financing of terrorism and proliferation. To maintain an ongoing dialogue with relevant private sector stakeholders to ensure effective implementation of AML/CFT requirements.
5.	Consolidating capacity building, training and awareness raising programs	To ensure that all stakeholders in the public and private sectors understand and are fully capable of fulfilling their AML/CFT obligations.
6.	Enhancing transparency of legal persons and arrangements	To prevent the misuse of legal persons and arrangements for money laundering or terrorist financing, and ensure that information on their beneficial ownership is available to competent authorities without impediments.

7.	Implementing an effective AML/CFT data collection system in all relevant competent authorities	To assess and continuously improve the effectiveness of the AML/CFT system
8.	Enhancing regional and international cooperation	To provide the widest range of international cooperation in an expeditious and efficient manner

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[1] The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions. The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

[2] The FATF has developed a series of [Recommendations](#) that are recognised as the international standard for combating of money laundering and the financing of terrorism and proliferation of weapons of mass destruction. They form the basis for a coordinated response to these threats to the integrity of the financial system and help ensure a level playing field. They are intended to be of universal application.

[3] The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), which comprises 18 countries in the eastern and southern African region, is a Regional Body subscribing to global standards to combat money laundering and financing of terrorism and proliferation. Its main are to (a) adopt and implement the 40 Recommendations of the FATF; (b) apply anti-money laundering measures to all serious crime; (c) implement measures to combat the financing of terrorism and (d) implement any other measures contained in the multilateral agreements and initiatives relevant to prevention and control of laundering of proceeds of all serious crimes and the financing of terrorism and proliferation of weapons of mass destruction.

[4] A mutual evaluation report provides an in-depth description and analysis of a country’s system for preventing criminal abuse of the financial system as well as focused recommendations to the country to further strengthen its system.