



REPUBLIC OF MAURITIUS

**NATIONAL STRATEGY FOR
COMBATTING MONEY LAUNDERING
AND THE FINANCING OF
TERRORISM AND PROLIFERATION**

2019- 2022

Ministry of Financial Services and Good
Governance

Revised in November 2019

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Acronyms

AML	Anti-Money Laundering
BoM	Bank of Mauritius
CFT	Combating the Financing of Terrorism
DNFBP	Designated non-financial businesses and professions
ESAAMLG	Eastern and Southern Africa Anti Money Laundering Group
FATF	Financial Action Task Force
FIAMLA	Financial Intelligence and Anti Money Laundering Act 2002
FIU	Financial Intelligence Unit
FSC	Financial Services Commission
ICAC	Independent Commission Against Corruption
MER	Mutual Evaluation Report
ML	Money Laundering
MOU	Memorandum of Understanding
NC	National Committee on AML/CFT
NPO	Non-Profit Organization
NRA	National Risk Assessment
PF	Proliferation Financing
TF	Terrorism Financing

Introduction

Vision Statement

A transparent international financial centre of integrity committed to maintain a robust and effective framework for combatting money laundering and the financing of terrorism and proliferation in line with international standards.

Mission Statement

To adopt a risk based approach to effectively protect Mauritius from the threats of money laundering and the financing of terrorism and proliferation.

Policy Statement

The Government of Mauritius is committed to protect the financial system and the broader economy from criminality and safeguard the interest of Mauritius by implementing a 'whole of government approach' in preventing and tackling financial crime, including money laundering, terrorism financing and proliferation financing. Relevant agencies should adopt a holistic approach to "follow the money" during investigations leading to subsequent prosecutions and confiscation of proceeds of crime.

Government will ensure that a risk based approach is adopted to effectively mitigate the risks of money laundering and the terrorism financing.

Government will maintain an ongoing dialogue with relevant private sector stakeholders to ensure the effective implementation of AML/CFT requirements that meet international standards.

Background

The National Strategy 2019-2022 sets out the approach which Mauritius as an international financial centre 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 (FATF) and endorsed by ESAAMLG members including Mauritius.

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 NRA has identified high risk areas and measured the ability of our national institutional framework and operating model to mitigate those risks. The NRA report also guides relevant authorities to prioritize actions to strengthen the national ML combatting ability factors and AML controls in Mauritius. The MER sets out the key shortcomings in our AML/CFT framework and prioritized them. A National Action Plan which takes account of the recommendations from both reports has been developed to assist Mauritius in strengthening its AML/CFT institutional and legal frameworks.

The NRA has identified and assessed the threats, for example, the major crimes generating proceeds and vulnerabilities, that is, the sectors and products exposed to abuse or misuse, that Mauritius is exposed to, as well as the national combatting abilities, that is, investigation, prosecution and asset forfeiture regime. The NRA also allowed Mauritius to determine how vulnerable the financial institutions and designated non-financial businesses and professions (DNFBPs) are to ML and TF.

The NRA of Mauritius was conducted through a collaborative process involving all key stakeholders and using the World Bank National ML and TF Risk Assessment Tool. The FIU was responsible for the coordination of the project with the support of the World Bank experts and the involvement of all key stakeholders, including policy makers, the Bank of Mauritius, the Financial Services Commission, the Gambling Regulatory Authority, the Financial Reporting Council, the Attorney General's Office, the Office of the Director of Public Prosecutions, the Independent Commission against Corruption, the Mauritius Police, the Mauritius Revenue Authority, the Mauritius Institute of Professional Accountants, the University of Mauritius and representatives of the private sector. The project was undertaken under the aegis of the Ministry of Financial Services and Good Governance in accordance with Section 19D of the FIAMLA.

Key findings from the National Risk Assessment

The main objective of the NRA is 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 under the risk assessment framework:

- a) the scale and characteristics of the proceeds of criminal activities from both internal and external sources;
- b) the scale and characteristics of terrorist financing in Mauritius;
- c) the weaknesses or gaps in Mauritius' 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

The report further indicated that ML threat was medium-high while ML vulnerability was medium-high. The overall ML risk was rated medium high.

The NRA findings show that the domestic ML threat emanates from the following main proceeds generating crimes: drug trafficking, fraud, illegal bookmaking, high value larcenies and tax crimes.

Mauritius is exposed to external ML threats by virtue of its strategic geographical location in the African –Asian financial corridor and as an International Financial Center. The threat mainly emanates from proceeds of crime derived from predicate offenses namely fraud (including tax fraud) and corruption committed outside of Mauritius. Funds are moved through the financial services sector in Mauritius as a transit destination either by the criminals themselves or through the use of professional money launderers. The professional money launderers may be foreign based or locally based.

The overall national ML vulnerability rating is medium-high. This rating was influenced by an overall national combatting ability which was rated medium low as a result of the absence of a formal risk based AML/CFT policies. It must be highlighted that although a formal policy had not been adopted numerous actions had been taken to combat ML, namely, with respect to drug trafficking which is the top most proceeds generating offence.

The second factor influencing the overall national ML vulnerability rating was the overall sector vulnerability which was rated medium high due to a high vulnerability rating in the Gambling, Real Estate, Jewelry and a medium high vulnerability rating in Trust and Company Service Provider, Securities, Legal Professions, Non-Bank Financial Services (under supervisory purview of FSC) sectors respectively.

The table below summarizes the ML threat, vulnerability and risk ratings.

	Vulnerability Rating	Threat Rating	ML Risk Rating
Money Laundering	Medium-High	Medium-High	Medium-High
Terrorism Financing	Medium High	Medium Low	Medium
	Vulnerability Rating	Threat Rating	ML Risk Rating
Overall ML Sector Ratings			
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

The NRA shows that the terrorism financing threat in Mauritius is medium-low for various reasons. There has been no reported terrorist attack in the country and no known cases of funds

raised in Mauritius for use in the financing of terrorism related activities within the country. There are no known cases of domestic based terrorists or terrorist organisations targeting home or foreign jurisdictions, and no known cases of terrorists or terrorist organisations on a global scale targeting Mauritius. However, authorities have detected a few cases of terrorist fighters of Mauritian origin who have travelled to Syria. The authorities are aware that, as an international financial services centre, Mauritius could be vulnerable to terrorism financing abuse and therefore remain vigilant in this respect.

National AML/CFT Strategy

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

	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

Strategic Theme: Strengthen the AML/CFT legal and regulatory framework

The MER technical compliance ratings with the FATF Recommendations are set out in the table below.

The existing legal framework has since been extensively amended. The FIAMLA was amended in July 2018 and May 2019 through the Finance (Miscellaneous Provisions) Act 2018 and the Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation (Miscellaneous Provisions) Act 2019 to address some the major shortcomings in the AML/CFT preventive measures that apply to financial institutions and DNFBPs. The supervisory powers of designated AML/CFT supervisors of the DNFBP sector has also been enhanced to enable them to effectively carry out their supervisory role. The Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation (Miscellaneous Provisions) Act also amended various other legislations to re-align them with the FATF International Standards

In addition, Mauritius enacted the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019 to introduce a legal framework to implement targeted financial sanctions under Recommendations 6 and 7. Mauritius applied for the Technical Compliance re-rating of the FATF Recommendations and was successfully re-rated. The follow up reports (FUR) of Mauritius was published by ESAAMLG in May and October 2019. The table below sets out the MER ratings and the FUR ratings. Mauritius is now rated Largely Compliant or Compliant with 35 out of the 40 FATF Recommendations

Rec	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10
MER Rating	NC	PC	LC	LC	PC	NC	NC	NC	PC	NC
FUR Rating	C	C	C	C	C	C	C		C	C
Rec	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20
MER Rating	LC	PC	NC	PC	NC	NC	NC	PC	PC	C
FUR Rating		C	C	C	C	LC	C	C	C	
Rec	R21	R22	R23	R24	R25	R26	R27	R28	R29	R30
MER Rating	PC	NC	NC	NC	PC	PC	LC	NC	LC	C
FUR Rating	C	C	C	PC	LC		C	LC	C	
Rec	R31	R32	R33	R34	R35	R36	R37	R38	R39	R40
MER Rating	C	PC	PC	LC	C	LC	LC	LC	LC	LC

The remaining gaps in relation to technical compliance with the remaining FATF Recommendations need to be addressed to ensure that the FATF standards are fully met. The following actions are therefore required in the post evaluation implementation stage:

- Ensure that legal provisions regarding the AML/CFT regulation of NPOs are consistent with relevant international standards for addressing the threat of TF.
- Review existing guidance and to issue new guidance and procedures where required to FIs, DNFBPs and NPO sector.
- Consider sentencing guidelines for money laundering offences.

Strategic Theme: **Implementing a comprehensive risk-based supervisory framework**

Actions:

- Establish and maintain a risk-based supervisory framework for financial institutions and DNFBPs consistent with relevant international standards and effective for preventing and deterring ML/TF and PF activities.
- Develop clear and adequate methodologies and procedures for off-site supervision and on-site inspections.
- Conduct risk-based assessments across all or part of the financial and DNFBP sectors where the risks warrant this approach¹.
- Conduct consolidated AML/CFT supervision of the overseas branches and subsidiaries of financial institutions headquartered in Mauritius via off-site supervision and on-site inspections.
- Consider taking risk-sensitive measures to inspect or review financial institutions' governance and controls over third party service providers where AML/CFT measures are outsourced to others as agents of the financial institution
- Develop and implement an administrative fines framework for breaches of the anti-money laundering legal obligations and which provides for sanctions which are effective, proportionate and dissuasive.
- Ensure that all gaps in relation to the licensing and/or registration requirements of DNFBPs are addressed
- Develop appropriate guidance for financial institutions and DNFBPs on high and low risk areas.
- Review and update ML/TF and PF risk assessments at the national and sectoral levels to allow for an adequate appreciation of risks by relevant supervisory and competent authorities at all times for the efficient allocation of resources and appropriate design of ML/TF/PF risk mitigation measures.
- Establish and maintain a risk-based supervisory framework for non-profit organisations consistent with relevant international standards and effective for preventing and deterring TF activities.
- Ensure adequate staffing for supervision of DNFBPs, FIs and the NPO sector.
- Ensure that officers carrying out AML/CFT inspections are adequately trained and have up-to-date knowledge of AML/CFT issues.

¹ For example, where a group of financial institutions face the same threats and vulnerabilities

Strategic Theme: **Strengthening the process by which the ML/TF threats are detected and disrupted, criminals are prosecuted and illegal proceeds are confiscated**

Actions:

- Strengthen the internal capabilities of the FIU to ensure that high-quality and useful intelligence is available to enhance investigations;
- Provide training on how to use its intelligence reports
- Review the ML/TF investigation and prosecution process to address gaps, identify opportunities for simplification and increased specialization;
- conduct needs assessment in each agency for proper resource allocation
- Establish a policy that emphasizes parallel financial investigations² as an integral part of law enforcement efforts ;
- Create specialised investigative units that focus on financial investigations – appoint professional with technical expertise in financial analysis, forensic accounting and computer forensic
- Ensure that there are an adequate number of properly trained financial investigators
- Develop guidelines for conducting financial investigations – to help structure each financial investigation
- Ensure that the FIU and law enforcement agencies have access to the widest possible range of financial, administrative and law enforcement information;
- Review of cross-border declarations for financial investigations - MRA-Customs should be able to investigate and sanction such conduct
- Review the whole asset recovery operational process to address gaps and take measures that will ensure that criminals are effectively deprived of the proceeds and instrumentalities of their crimes;
- Ensure that the relevant agencies have adequate resources to perform their functions;
- Establish and operationalize an authority for administering and managing seized and confiscated assets

Strategic Theme: **Enhance national cooperation and coordination**

Actions:

- Maintain an ongoing dialogue with the private sector stakeholders by strengthening the platform that serves as a think tank and forum for public/private sector dialogue on issues pertaining to money laundering, terrorism financing and proliferation financing.
- Examine whether policy, legislative changes and progress are communicated effectively to industry and to the wider public.
- Annual publication to report progress on anti-money laundering and combatting the financing of terrorism matters.
- Regular reporting by the National AML/CFT Committee to ensure that the anti-money laundering and combatting the financing of terrorism priority actions arising out of the

² Parallel investigations focus on the predicate offence and the ML offence simultaneously.
Parallel investigations focus on the terrorism offences and TF offence at the same time

national risk assessment and MER are reflected in national, agency and departmental plans and reported upon.

- Establish joint working groups and taskforces to deal with particular large cases and high priority areas.
- Develop tasking and coordination mechanisms between competent authorities
- Carry out regular reviews on the effectiveness of working arrangements and take action on deficiencies found.
- Review and enhance our arrangements for handling international cooperation, including mutual legal assistance, intelligence and asset recovery
- Ensure that accurate and accessible AML/CFT statistical data is maintained by all competent authorities and that quantitative and qualitative analysis of the data is undertaken on a regular basis.
- To consider the need for MOU between competent authorities on sharing of information
- To establish a website to disseminate information to all National AML/CFT Committee members.
- To remove legal impediments to facilitate exchange of information between competent authorities.

Strategic Theme: Enhancing transparency of legal persons and arrangements

Actions

- Complete the assessment of the risk associated with legal persons
- Ensure that there is adequate, accurate and timely information available on the beneficial ownership of all legal persons,
- Ensure that relevant competent authorities can access beneficial ownership information in a timely manner;
- Ensure that accurate and up-to-date basic and beneficial ownership information is available on a timely basis; and
- Ensure that any legal or natural person is subject to liability and effective, proportionate and dissuasive sanctions, as appropriate for failure to keep adequate and accurate beneficial ownership information

Strategic Theme: Consolidating capacity building, training and awareness raising programs

Actions

- To identify AML/CFT training needs across the public and private sectors
- To develop appropriate training programs in the public and private sectors
- To design and deliver programs for raising awareness on AML/CFT matters with relevant stakeholders including Ministers, Heads of Departments and Directors of Financial Institutions and DNFBPs
- To conduct outreach to Financial Institutions, DNFBPs, NPOs to ensure better understanding of ML/TF risks.
- To design and implement an awareness program for the NPO sector on the risk of TF

Strategic Theme: Implementing an effective AML/CFT data collection system

- Carry out an in-depth review of the AML/CFT data collection process of all the relevant agencies to determine the most effective manner in which such data should be collected and compiled to be made readily available;
- Establish good practices to ensure that the AML/CFT data collected is consistent, accurate and updated;
- Ensure that each AML/CFT stakeholder keeps AML/CFT data on a computerised database;
- Ensure that all the agencies fighting ML and TF have the necessary resources, in terms of human resources and equipment, to meet the AML/CFT data collection requirements;
- ensure all staff have the necessary training required to operate the IT based data collection system to its full extent
- Designate contact points within all competent authorities for collecting and maintaining the relevant data;

Strategic Theme Enhancing regional and international cooperation

- Ensure that appropriate procedures and legal frameworks are in place to allow informal exchanges of information across all sectors
- Engage with foreign counterparts, from a bilateral and/or regional perspective
- Ensure that appropriate procedures and legal frameworks are in place to allow information deemed to be useful to be shared on a spontaneous basis
- Ensure that foreign counterparts can easily identify appropriate points of contact
- Explore mechanisms, in consultation with the private sector, that would facilitate more rapid access to financial information
- Ensure that the relevant agencies have adequate resources to deal expeditiously with exchange of information and MLA requests

National Strategy for Countering the Financing of Terrorism

15 Our strategy for countering the financing of terrorism is:-

- improving and updating the understanding of TF risks;
- implementing the policy that emphasizes parallel financial investigations as an integral part of law enforcement efforts;
- ensuring timely and effective domestic coordination and international cooperation to ensure that TF threats are detected and disrupted, criminals are prosecuted and proceeds intended for TF are confiscated;
- equipping law enforcement agencies and the FIU with all necessary resources;
- ensuring that TFS is used appropriately and effectively as a tool to combat TF;
- detecting and preventing illicit cross-border transportation of cash and
- maintaining an ongoing dialogue with relevant private sector stakeholders to ensure effective implementation of CFT requirements.

Implementation, Review and monitoring of the National Strategy

16. The implementation of the plan has already been initiated and will extend to 2022. The National AML/CFT Committee, with the support of the National AML/CFT Secretariat, will oversee the implementation of the Strategy. A National Action Plan has been developed essentially focused on the implementation of the NRA and the MER. The action plan will identify implementation constraints where applicable.

17. The National AML/CFT Committee shall be responsible for monitoring and reviewing the implementation of the National Strategy and of the National Action Plan.

18. Members of the National AML/CFT Committee will report on a monthly basis to the Committee on the progress made on implementation in their area of responsibility.

19. The National Committee will report to the Cabinet of Ministers on the progress in implementing the National Strategy and the National Action Plan. Any constraint that impedes the implementation process will also be brought to the attention of the Cabinet.

20. Mauritius will submit bi-annual progress reports on the implementation of its National Strategy and National Action Plan to the ESAAMLG Secretariat two months before the meetings of the Task Force of Senior Officials. The progress reports will also identify implementation constraints, if any.

The table below shows the high level implementation timeline of the National AML/CFT Strategy.

High-level implementation timeline

	2019				2020				2021				2022			
Strategic Objectives	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. Strengthening the AML/CFT legal and regulatory framework																
2. Implementing a comprehensive risk-based supervisory framework (FIs and DNFBPs)																
3. Strengthening the process by which the ML/TF threats are detected and disrupted, criminals are prosecuted and illegal proceeds are confiscated																
4. Enhancing national coordination and cooperation efforts																
5. Enhancing transparency of legal persons and arrangements																
6. Consolidating capacity building, training and awareness raising programs																
7. Implementing an effective AML/CFT data collection system																
8. Enhancing regional and international cooperation																
Counter Terrorism Financing Strategy																