



Anti-money laundering and counter-terrorist financing measures

Zimbabwe

9th Enhanced Follow-up Report & Technical Compliance Re-Rating

April 2022

Follow-up Report





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ESAAMLG's members and observers are committed to the effective implementation and enforcement of internationally accepted standards against money laundering and the financing of terrorism and proliferation, in particular the FATF Recommendations.

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ZIMBABWE: 9th ENHANCED FOLLOW-UP REPORT

I. INTRODUCTION

1. The ESAAMLG evaluated the anti-money laundering and combating the financing of terrorism and proliferation financing (AML/CFT) regime of the Republic of Zimbabwe under its Second Round of Mutual Evaluations from 13-25 July 2015. The Mutual Evaluation Report (MER) was adopted by the ESAAMLG Council of Ministers in September 2016. According to the MER, Zimbabwe was Compliant (C) with 11 Recommendations, Largely Compliant (LC) with 9 Recommendations, Partially Compliant (PC) with 14 Recommendations and Non-Compliant (NC) with 6 Recommendations. Out of the 11 Immediate Outcomes (IOs), Zimbabwe was rated Moderate Level of Effectiveness on 2 IOs and Low Level of Effectiveness on 9 IOs. Details of the MER ratings are provided in the Table 2.1 below. This follow-up report analyses progress made by Zimbabwe to address the technical compliance deficiencies identified in its MER. TC re-ratings are given where sufficient progress has been demonstrated. The report does not analyse any progress Zimbabwe has made in improving its effectiveness. Progress in this area will be assessed as part of a subsequent follow-up assessment, and if found to be sufficient, may result in re-ratings of Immediate Outcome ratings at that time.
2. The assessment of Zimbabwe' request for TC re-ratings and the preparation of this report were undertaken by the following experts (supported by the ESAAMLG Secretariat: Mofokeng Ramakhala and Tom Malikebu):
 - Vilho Nkandi (Namibia)
 - Julia Tloubatla (South Africa)
 - Osvaldo Santos (Angola)
 - Tausi Abdallah (Tanzania)
3. Section III of this report highlights progress made by Zimbabwe and analysis undertaken by the Reviewers. Section IV sets out the conclusion and a table showing which Recommendations have been recommended for re-rating.

II. KEY FINDINGS OF THE MUTUAL EVALUATION REPORT

4. The MER¹ rated Zimbabwe' technical compliance as set out in Table 2.1 below. In the light of these results, Zimbabwe was placed in the enhanced follow-up process².

¹ Mutual Evaluation Report (MER) on Zimbabwe, July 2018,

<https://www.esaamlg.org/reports/Second%20Round%20MER%20of%20Zimbabwe-July%202018.pdf>

² Enhanced follow-up is based on the traditional ESAAMLG policy for members with significant shortcomings (in technical compliance or effectiveness) in their AML/CFT systems, and involves a more intense follow-up process.

Table 2.1. Technical compliance ratings³ September 2016

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
PC	LC	C	PC	C	C	NC	NC	C	PC
R 11	R 12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
C	PC	LC	PC	NC	PC	LC	PC	NC	C
R 21	R 22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
C	PC	PC	NC	NC	PC	LC	PC	PC	C
R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
LC	LC	PC	PC	LC	C	C	LC	C	LC

III. OVERVIEW OF PROGRESS IN TECHNICAL COMPLIANCE

3.1. Progress to address technical compliance deficiencies identified in the MER

5. Since the adoption of its MER in September 2016, Zimbabwe has taken measures aimed at addressing the technical compliance deficiencies identified in its MER. As a result of this progress, 16 Recommendations were re-rated (upgraded) to LC and C as highlighted in the Table below.

Table 3.1: Technical Compliance Re-ratings (in blue colour)

Recommendations and Corresponding Ratings													
1	2	3	4	5	6	7	8	9	10	11	12	13	14
LC	PC	C	C	C	C	PC	PC	C	C	C	C	LC	C
15	16	17	18	19	20	21	22	23	24	25	26	27	28
C	C	LC	C	C	C	C	C	C	LC	LC	PC	LC	PC
29	30	31	32	33	34	35	36	37	38	39	40		
LC	C	LC	LC	C	PC	LC	C	C	LC	C	LC		

6. This section of the report summarises further progress made by Zimbabwe to improve its technical compliance by addressing the TC deficiencies identified in its MER.
7. ESAAMLG welcomes the steps that Zimbabwe has taken to improve its technical

³ There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC) and non-compliant (NC).

compliance with Recommendations 26, 28 and 34. Following this progress, Zimbabwe has been re-rated largely compliant with Recommendations 26, 28 and 34. Requirements in Recommendations 2 and 7 have not been sufficiently addressed to warrant an upgrade.

3.1.1 Recommendation 2 – National Co-Operation and Co-Ordination (Originally rated LC – downgraded to PC in the 7th FUR)

8. Under its Second Round MER, Zimbabwe was rated Largely Compliant with the requirements of this Recommendation. The only deficiency was that Zimbabwe had no mechanisms in place to deal with proliferation financing. The rating was later downgraded to PC under the 7th FUR since it had not addressed changes that were made to the FATF Standards after Zimbabwe's MER was adopted in 2016 in relation to data protection and privacy rules.
9. During its 7th FUR it was determined that Zimbabwe did not have a standing mechanism to ensure general domestic co-operation and co-ordination on PF at either the policymaking or operational levels concerning development and implementation of policies on PF. Reviewers noted that while Regulation 5 of the SI 56 empowered the FIU to coordinate implementation of asset freeze measures, there was no specific mechanisms on cooperation and coordination such as establishment of committees at policy and operational levels.
10. Subsequent to the 7th FUR, Zimbabwe issued a new Statutory Instrument, titled Suppression of Foreign and International Terrorism Regulations 2021 (Statutory Instrument 110 of 2021. Under this Statutory Instrument, the FIU is responsible for coordinating and promoting implementation of the asset freeze obligations as provided in Regulation 5(c). However, Reviewers have established that there are still no mechanisms to allow co-operation and coordination at a policy and operational levels to combat the financing of proliferation of weapons of mass destruction. The coordination of the FIU is limited to implementation of asset freeze obligations. In this regard, the new SI 110 has not addressed the deficiency noted under 7th FUR. **Hence, this criterion is not met.**
11. In relation to c.2.5, it was noted in the Zimbabwe's 7th FUR that although, there was no specific reference to coordination to ensure compatibility of AML/CFT requirements with Data Protection and Privacy Rules, the mandate of the NTF was broad enough to cover requirements of c.2.5. However, at the operational level, there was no structure or document which indicated that mechanisms existed in practice in relation to coordination to ensure compatibility between AML/CFT requirements and Data Protection and Privacy rules. In addition, the authorities did not provide evidence to demonstrate that there was co-operation and co-ordination, whether formal or informal, between relevant authorities on the compatibility of privacy/data protection requirements with AML/CFT requirements.
12. After the 7th FUR, Zimbabwe has introduced section 12D (4) of the MLPC Act which is intended to promote national cooperation and coordination among members of the NTF, on anti-money laundering and anti-financing of terrorism programs and activities as well

as to make recommendations to the Advisory Committee on matters of a policy nature. While Reviewers note that the National Task Force provides a platform for cooperation and coordination between/among members of the NTF, there are still no specific mechanisms to ensure the compatibility of AML/CFT requirements with data protection and privacy rules. The authorities have not provided specific clauses of NTF Charter which address the requirements of this criterion. Thus, **c.2.5 is still considered to be partly met.**

Weighting and conclusion

13. The responsibility of the FIU in relation to coordination is not wide enough as it only relates to implementation of the asset freeze obligations. Furthermore, Zimbabwe has not demonstrated how cooperation and coordination between relevant authorities can ensure the compatibility of AML/CFT requirements with Data Protection and Privacy rules and other similar provisions.
14. **In view of the moderate shortcomings, the rating of R.2 has been retained as PC.**

3.1.2 Recommendation 7 - Targeted Financial Sanctions Related to Proliferation (Originally rated NC – Upgraded to PC during the 7th FUR and no re-rating)

15. Under its Second Round MER, Zimbabwe was rated non-Compliant with the requirements of this Recommendation. The major deficiency was that Zimbabwe does not have measures in place to implement requirements relating to prevention of proliferation financing. In September 2019, this Recommendation was re-rated PC as it was noted that Zimbabwe had issued Suppression of Foreign and International Terrorism Regulations (Statutory Instrument no. 56) to facilitate implementation of the requirements of the Recommendation. However, there were still some moderate shortcomings yet to be addressed.
16. Subsequent to that, Zimbabwe issued the Suppression of Foreign and International Terrorism Regulations (Statutory Instrument (SI) 110 of 2021) in terms of Section 17 of the Suppression of Foreign and International Terrorism Act (as amended) to implement targeted financial sanctions related to proliferation financing. Regulation 6 of the Statutory Instrument (S.I) 110 of 2021 outlines the process from receipt of the UN List by the Ministry of Foreign Affairs to issuing an order by the Director General of the FIU to financial institutions (FIs) and DNFBPs to freeze funds and other assets. Both the Ministry of Foreign Affairs and Ministry of Home Affairs are required to disseminate the list of designated persons and entities without delay. Upon receipt of the UN list, the Director General of the FIU is required to make a freezing order immediately (within 24 hours) and without prior notice to any named individual or entity, and disseminate the order without delay to competent supervisory authorities, FIs and DNFBPs. According to section 6(5) of the S.I 110 of 2021, the process from receipt of the list from the UN by the Minister of Foreign Affairs to issuing an order to freeze by the Director-General must

happen in not more than forty-eight (48) hours and legal effect of the UN designation occurs at the point of the dissemination made by the Director- General of the FIU. With reference to FATF jurisprudence of ‘without delay’ this requirement is to be interpreted as ‘within 24 hours’. On this basis, Reviewers have concluded that Zimbabwe is not able to implement the TFS in relation to PF without delay. **Hence, c.7.1 is partly met.**

17. Zimbabwe requires financial institutions and designated non-financial business or professions to freeze funds or other assets of any designated person or any entity known to be owned or controlled directly or indirectly by any person or entity designated by the UN [Regulation 6(3) of SI 110 of 2021]. However, besides FIs and DNFBPs, the requirement does not extend to any other natural or legal persons. The requirement of the criterion is for all natural persons and legal persons within the country to freeze assets and other assets of designated persons and entities. **Hence, sub-criterion 7.2(a) has been mostly addressed.**
18. The freezing obligations in Zimbabwe extend to (i) all funds or other assets owned or controlled by the designated person or entity and not just those funds or other assets that can be tied to a particular act, plot, or threat of proliferation,(ii) funds or other assets wholly or jointly owned or controlled, directly or indirectly by the designated person or entity (iii) funds or other assets derived or generated from the funds or other assets owned or controlled owned or controlled, directly or indirectly by the designated person or entity (iv) funds or other assets of persons or entities acting on behalf of, or at the direction of designated persons or entities [Regulation 8(1) of SI 110 of 2021]. **Hence, sub-criterion 7.2(b) has been sufficiently addressed.**
19. Section 13 (1) of SI 110 of 2021 prohibits nationals or persons or any entities within Zimbabwe from making funds or other assets available to or for the benefit of designated persons or entities [c.7.2(c)]. Regulation 9 of SI 110 of 2021 states that the FIU shall use electronic and surface mail for communicating the list of designations to the financial sector regulators, competent supervisory authorities and relevant law enforcement agencies, directing them to identify funds or other assets of the listed persons or entities in institutions under their supervision. Furthermore, in terms of Regulation 6 of SI 110, the FIU disseminates the designations to FIs and DNFBPs. In addition, the FIU has in place guidance to financial institutions and DNFBPs which hold funds or other assets on their obligations to take freezing action. **Hence, c.7.2(d) has been addressed.**
20. Financial institutions and DNFBPs are under obligation to report to the FIU any funds or other assets frozen or other actions taken in compliance with the prohibition requirements of the relevant UNSCRs, including attempted transactions. [Regulation 12(1) of SI 110 of 2021]. Regulation 8(2) of SI 110 of 2021 protects the rights of bona fide third parties acting in good faith in relation to freezing of funds and other assets. However, it is not clear that the rights of other third parties are protected when implementing their

obligations under Recommendation 7 other than in relation to freezing of funds and other assets. **Thus, overall criterion 7.2 is mostly met.**

21. In relation to monitoring compliance with obligations of the TFS, supervisors carry out this function as part of their supervisory mandate through onsite inspections and offsite surveillance. Zimbabwe has set out requirements of FIs and DNFBPs concerning their obligations on TFS in relation to PF in Statutory Instrument 110 of 2021. In addition to this, the country has issued '*Guidance to FIs and DNFBPs on Targeted Financial Sanctions relating to Financing of Terrorism and Financing of Proliferation*'. The main objective of the guidelines is to help FIs and DNFBPs understand and implement their obligations on combating PF. So, monitoring compliance with the obligations of the TFS is a component of these supervisory activities. In addition to this, it is noted that under Regulation 26(3)(a) of S.I 110, 2021, the Minister may, through the FIU request any person in or resident in Zimbabwe, to provide such information as he may reasonably require for the purpose of monitoring compliance with, or detecting evasion of these regulations. It is also noted that under Regulation 27(1)(c) a person who with intent to evade the provisions of these regulations, shall be guilty of an offence and liable to a fine of USD20,000.00. Furthermore, in terms of Regulation 6(3) of S.I 110, 2021 the freezing order is issued with a directive to implement preventive measures under the regulations and such a directive may specify civil infringement and impose civil penalties and other sanctions [section 5 of MLPC Act]. Clause 12.3 on Targeted Financial Sanctions Relating to Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction Guidelines, 2021 stipulates some of the administrative sanctions that the FIU may impose. Moreover, any person who deals with funds or other assets owned, held or controlled directly or indirectly by a designated person commits an offence and is liable to a fine not exceeding USD20,000 or twice the value of the property [Regulation 11 (1) & (2) of SI 110 of 2021]. **Thus, criterion 7.3 is met.**
22. Zimbabwe has developed and implemented publicly known procedures to submit delisting requests to the Security Council where the relevant person no longer meets the criteria for designation. A listed person or entity can submit an application through the Minister of Home Affairs to the Focal Point for de-listing, duly stating the reasons for the application [Regulation 23 (1) of SI 110 of 2021]. Regulation 18 of SI 110 of 2021 sets out procedures to unfreeze the funds or other assets of persons or entities with the same or similar name as designated persons or entities who have been inadvertently affected by a freezing mechanism. Zimbabwe has publicly known procedures for authorising access to funds or other assets of persons or entities where countries have determined that the exemption conditions set out in UNSCR1718 and 2231 are met [Regulation 16 of SI 110 of 2021]. The FIU communicates the de-listing and unfreezing to the financial sector and DNFBPs upon receipt of the directive from the Minister of Home Affairs in line with the decision of the relevant UN Sanctions Committee [Regulation 23(7) of SI 110 of 2021]. **Thus, criterion 7.4 is met.**

23. Zimbabwe permits the addition to the accounts frozen pursuant to UNSCRs 1718 or 2231 of interests or other earnings due on those accounts or payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of this resolution, provided that any such interest, other earnings and payments continue to be subject to these provisions and are frozen, and are reported to the FIU which will in turn inform the Minister of Home Affairs [Regulation 17 of SI 110 of 2021]. Regulation 17(5) of SI of 2021 provides that the implementation of the freezing order pursuant to UN Security Council Resolution 1737 (2006) and 2231 (2015) shall not prevent the entitlement of the individual or organisation in the UN Consolidated List to any payment due under a contract entered into prior to the listing of such individual or organisation, provided that: i) the Director General of the FIU has determined that the contract is not related to any prohibited items, materials, etc. referred to in relevant Security Council Resolutions; ii) the Director General of the FIU has determined that the payment will not be directly or indirectly received by a person or entity subject to the measures in paragraph 6 of Annex B of UNSCR 2231 (2015); and iii) the Director General of the FIU has submitted a prior notification, requesting the UN Security Council of its intention to authorise such payment or receipt of such payments, or, if necessary, to authorise unfreezing of the Funds for this purpose, within ten working days prior to the issuance of such authorisation. **Thus, criterion 7.5 is met.**

Weighting and conclusion

Zimbabwe has in place the fundamental aspects of the TFS regime related to PF which requires freezing of funds and other assets. However, some deficiencies have been observed. The process of implementing the requirement to freeze from the Ministry of Foreign Affairs to the FIU and the dissemination to FIs and DNFBPs, among others, has to take place without delay and in any event must happen in no more than 48 hours. This leaves it open for designations to have legal effect within 48 hours which does not meet the 'without delay' criteria. In addition, besides FIs and DNFBPs, the requirement to freeze funds and other assets does not extend to any other natural or legal persons. **Due to these moderate shortcomings, the PC rating of Recommendation 7 remains at PC.**

3.1.3 Recommendation 26 - Regulation and Supervision of Financial Institutions (Originally rated PC and re-rated LC)

24. Under its Second Round MER, Zimbabwe was rated Partially Compliant with the requirements of this Recommendation. The major deficiency was that Zimbabwe has no specific framework for application of risk-based approach to AML/CFT supervision. No evidence of existence and demonstrated application of group-wide supervision mechanism or process in place.
25. The core principles institutions are subject to AML/CFT supervision. However, this is not in line with core principles relevant for AML/CFT purposes as consolidated group

supervision is not in place. No consolidated AML/CFT supervision is carried out by IPEC, RBZ and SECZ. While RBZ carries out group consolidated supervision, this is for prudential purposes and not for AML/CFT purposes. In particular, section 45 of the Banking Act provides that the Reserve Bank shall continuously monitor and supervise banking institutions and associates of banking institutions to ensure compliance with the Act. The term 'associates' is defined to include subsidiaries and holding companies. On the basis of this Section, RBZ carries out consolidated supervision. However, this is limited to prudential supervision and does not include AML/CFT. The section states that the supervision is for purposes of compliance with this Act and this Act does not have provisions on AML/CFT matters. **Hence, c.26.4(a) is not met.**

26. Subsequent to the adoption of the MER, Zimbabwe has made extensive amendments to its laws and regulations. All financial institutions, including money or value transfer service providers, money or currency exchange service providers are now subject to risk-based supervision (see c.26.5 below for details). **Hence, sub-criterion 26.4(b) is met. In view of the deficiencies noted under c.26.4(a), overall c.26.4 is considered to have been partly met.**
27. In addition to legislative amendments, Zimbabwe has developed and implemented risk-based supervision frameworks. The frequency and intensity of on-site and off-site AML/CFT supervision of FIs is determined on the basis of:
- a) the supervisors' assessment of a financial institution's risk profile,
 - b) the ML/TF risks present in the country, in so far as these risks must be reflected in risk assessments undertaken by the supervisory authority, and
 - c) the characteristics of the FI, including the degree of discretion allowed to the FI under the RBA and the diversity and number of FIs in the sector.
28. In order to come up with effective RBS frameworks, the FIU and supervisory authorities carried out ML/TF risk assessments which also took into account the results of the NRA. Based on the outcome of these assessments, Supervisors have developed a risk rating tool which generates and ranks risk profiles of institutions. The scope and intensity of supervision is therefore based on the level of risk of the entities. An entity which is determined to be high risk is targeted for onsite inspections whereas those rated medium, are subject to a combination of onsite and offsite monitoring. The ones rated as low risk are subjected to offsite monitoring which is done through a review of returns. Planned on-site inspections are conducted in a 1-3 year cycle for different risk levels, (i.e. high, moderate or low) for the institutions as part of AML/CFT supervision. Off-site monitoring is conducted based on the risk profile and can be further triggered by information in suspicious transactions and other market developments. **On this basis, c.26.5 is met.**
29. As regards criterion 26.6, it was noted that Supervisors in Zimbabwe review risk profile of institutions as part of the assessment of quality of an institution management, of the vulnerabilities and the risks of involvement in conducting of suspicious transactions, and

the risk of noncompliance. This happens as part of annual reviews, before and after an onsite inspection. In addition, the reviews are also carried out specifically when the supervisors note major events or developments arising from information gathered from off-site monitoring and market developments. While Reviewers consider this to be wide enough to include situations when there are major developments in the operations of a FI, it does not include changes in the management of the FIs or group. **Thus, c.26.6 is considered mostly met.**

Weighting and conclusion

30. Zimbabwe was rated met in respect of criteria 26.1- 26.3. The country has largely addressed most of the deficiencies identified in the MER. It has since developed and implemented risk-based supervision for all financial institutions and thus, meets the requirements of c.26.5 and mostly meets c. 26.6. The risk-based supervision is based on outcomes of sectoral and entity level risk assessments, which also factor in the results of the national risk assessment. The risk profile of FIs is reviewed regularly based on outcome of onsite inspections, offsite reports and whenever there are major developments affecting the institutions. However, Zimbabwe partly meets the requirements of 24.4 as noted in the analysis above. Considering that Zimbabwe FIs do not have foreign subsidiaries or branches, absence of provisions in relation to consolidated AML/CFT supervision is considered to be minor.
31. On the basis of this, and taking into account the minor deficiency in c.26.4 and c.26.6, **Recommendation 26 has been upgraded from PC to LC.**

3.1.4 Recommendation 28 - Regulation and Supervision of DNFBPs (Originally rated PC and re-rated LC)

32. Under its Second Round MER, Zimbabwe was rated Partially Compliant with the requirements of this Recommendation. The main deficiencies were that there was no specific requirement when licensing casinos for disclosure of information on natural persons holding significant or controlling interest in the casino; and Supervisors do not subject DNFBPs to supervision and monitoring on a risk-sensitive basis.
33. Since the adoption of the MER, Zimbabwe has introduced amendments to the (Money Laundering and Proceeds of Crime Act) MLPC Act and started implementing risk-based supervision frameworks for DNFBPs. The FIU and competent supervisory authorities (sector regulators) supervise DNFBPs for compliance with the MLPC Act. In particular, S.3(a) of the MLPC Act states that the supervision and monitoring shall be carried out taking into account ML/TF risks to which the DNFBPs are exposed. The supervisors are required to direct greater focus and resources to institutions and areas of higher risks.
34. Furthermore, in order to implement the above obligation effectively, the FIU and sectoral supervisory authorities have developed risk-based supervisory frameworks and

conducted sectoral ML/TF risk assessments on the basis of which they determined risk profiles of the entities. The supervisory frameworks incorporate onsite inspections and offsite monitoring. The type, frequency and intensity of the supervisory intervention varies with the level of risk/ risk profile of an entity. According to the Supervisory Framework, high risk entities are subject to an onsite every year, required to submit returns bi-annually, requirement to undertake risk assessments annually etc while low risk entities are required to submit bi-annually only and subject to onsite every 3 years. The implementation of the supervisory programmes in the last 2 years has been affected by the covid-19 situation. **Thus, 28.5 is considered met.**

Weighting and conclusion

35. Zimbabwe commenced supervision of DNFBPs based on identified risks established through NRA and through sectoral risk assessments thus, sufficiently addressing c.28.5. The implementation of risk-based supervision is considered significant for R.28 and therefore it has been given much weight in arriving at the overall conclusion. Since Zimbabwe already met the requirements of c.28.1 (under the 6th FUR), c.28.2, c.28.3 (under the MER) and c.28.5 (proposed in this FUR), it has largely addressed most of the deficiencies identified in the MER, and minor deficiencies remain. The outstanding deficiency relates to lack of requirements for identification of beneficial ownership in some DNFBPs. **Hence, the rating of R.28 has been upgraded to Largely Compliant.**

3.1.5 Recommendation 34 – Guidance and Feedback (Originally rated PC and upgraded to LC)

36. In its second round MER, Zimbabwe was rated PC on R. 34 due to a range of deficiencies. In particular, the main deficiencies were that there was/ were: No Directive issued to enforce obligations for high-risk customers, wire transfers and CDD; no sufficient guidance on risk-based supervision; insufficient processes for feedback amongst competent authorities and with FIs and DNFBPs.
37. After the adoption of the MER, the MLPC Act was amended to include the requirements for DNFBPs to apply enhanced CDD measures in relation to high -risk customers, wire transfers and CDD in general. There are now sanctions which include monetary penalties and imprisonment against any person who contravenes the obligations. As highlighted in the MER under c.28.1, the FIU is designated in terms of section 3 of the Money Laundering and Proceeds of Crime Act, as the overall AML/CFT supervisor. It is responsible for coordinating and guiding the AML/CFT activities of all supervisors and SRBs. On the basis of this, the FIU has issued various guidelines to reporting entities. The Act does not confer on the supervisory bodies the responsibility of issuing guidelines. In practice, the FIU works together with the supervisory authorities to come up with the guidelines. It is therefore not necessary for the sectoral supervisors to also issue their own guidelines as this would not be consistent with the MLPC Act. However, there are no

sector specific guidelines. Considering the diversity of activities, products/ services and channels of delivery of those products/ services across DNFBPs, sector specific guidelines would be very helpful to the reporting entities.

38. Based on the MLPC Act, the FIU has issued various guidelines to supervisory authorities and reporting entities to assist in complying with the requirements of the MLPC Act. The FIU also issues typology bulletins on all new trends from time. As highlighted in the MER under c.28.1, the FIU is responsible for AML/CFT supervision of the DNFBPs.
39. In terms of feedback, the FIU communicates to reporting entities the outcome of an STR they submitted. Supervisors provide feedback to reporting entities at the end of an onsite inspection, indicating areas of weaknesses. LEAs also provide feedback to the FIU on the outcome of intelligence reports and the FIU uses this information to also give feedback to reporting institutions. The FIU meets with at least one reporting entity each calendar month to discuss matters of mutual concern and clear on issues of which amongst other issues includes updates and feedback on ST Reports. **Thus, c.34.1 is considered mostly met.**

Weighting and conclusion

40. Competent authorities in Zimbabwe in particular the FIU have issued relevant guidelines and continue to provide feedback, which is intended to assist financial institutions and DNFBPs in applying national AML/CFT measures, and in particular, in detecting and reporting suspicious transactions. The primary responsibility of AML/CFT supervision, including development and issuing guidelines, is on the FIU. However, there are no sector specific guidelines.
41. **Hence, Recommendation 34 has been upgraded to Largely Compliant.**

IV CONCLUSION

42. The Task Force has determined that Zimbabwe has not made sufficient progress in addressing deficiencies identified in Recommendations 2 and 7 to warrant an upgrade. On the other hand, sufficient progress has been demonstrated in Recommendations 26, 28 and 34, warranting upgrades from Partially Compliant to Largely Compliant in respect of R.26, R 28 and 34.
43. Considering overall progress made by Zimbabwe since the adoption of its MER, its technical compliance with the FATF Recommendations has been revised as shown in Table 4.1 below.

Table 4.1 Technical Compliance Re-rating, April 2022

<i>R.1</i>	<i>R.2</i>	<i>R.3</i>	<i>R.4</i>	<i>R.5</i>	<i>R.6</i>	<i>R.7</i>	<i>R.8</i>	<i>R.9</i>	<i>R.10</i>
<i>LC</i>	<i>PC</i> <i>PC</i>	<i>C</i>	<i>C</i>	<i>LC</i>	<i>C</i>	<i>PC</i> <i>PC</i>	<i>PC</i>	<i>C</i>	<i>C</i>
<i>R.11</i>	<i>R.12</i>	<i>R.13</i>	<i>R.14</i>	<i>R.15</i>	<i>R.16</i>	<i>R.17</i>	<i>R.18</i>	<i>R.19</i>	<i>R.20</i>
<i>C</i>	<i>C</i>	<i>LC</i>	<i>C</i>	<i>PC</i>	<i>C</i>	<i>LC</i>	<i>C</i>	<i>C</i>	<i>C</i>
<i>R.21</i>	<i>R.22</i>	<i>R.23</i>	<i>R.24</i>	<i>R.25</i>	<i>R.26</i>	<i>R.27</i>	<i>R.28</i>	<i>R.29</i>	<i>R.30</i>
<i>C</i>	<i>C</i>	<i>C</i>	<i>LC</i>	<i>LC</i>	<i>PC</i> <i>LC</i>	<i>LC</i>	<i>PC</i> <i>LC</i>	<i>LC</i>	<i>C</i>
<i>R.31</i>	<i>R.32</i>	<i>R.33</i>	<i>R.34</i>	<i>R.35</i>	<i>R.36</i>	<i>R.37</i>	<i>R.38</i>	<i>R.39</i>	<i>R.40</i>
<i>LC</i>	<i>LC</i>	<i>C</i>	<i>PC</i> <i>LC</i>	<i>LC</i>	<i>C</i>	<i>C</i>	<i>LC</i>	<i>C</i>	<i>LC</i>

**ESAAMLG Secretariat
April 2022**