



Anti-money laundering and counter-terrorist financing measures

Sierra Leone

4th Enhanced Follow-up Report & Technical Compliance Re-Rating

Follow-up Report



November 2024



The Inter-Governmental Action Group against Money Laundering (GIABA) is a specialized institution of ECOWAS and a FATF Style Regional Body that promotes policies to protect member State's financial systems against money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter terrorist financing (CTF) standard.

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Sierra Leone's 4th Enhanced Follow-up Report

I INTRODUCTION

1. The GIABA Plenary adopted the mutual evaluation report (MER) of Sierra Leone in December 2020. This FUR analyses the progress of Sierra Leone in addressing the technical compliance (TC) requirements of the FATF Recommendations being re-rated. Technical compliance re-ratings are given where sufficient progress has been demonstrated.
2. This report does not analyse any progress Sierra Leone has made to improve its effectiveness.
3. The assessment of Sierra Leone's request for technical compliance re-ratings and the preparation of this report was undertaken by Mr. Fonsia Donzo, Director, Banking Supervision, Central Bank of Liberia and Jacqueline Awusi-Sakyi Avotri, Circuit Court Judge, Judicial Service, Ghana.
4. The experts were supported by Mr. Giwa Sechap, Principal Officer, Financial Institutions & Non-Financial Entities of the GIABA Secretariat.
5. Section III of this report summarises Sierra Leone's progress to improve TC. Section IV sets out the conclusion and a table illustrating Sierra Leone's MER ratings and updated ratings based on this FUR.

II FINDINGS OF THE MUTUAL EVALUATION REPORT & FOLLOW-UP

6. Sierra Leone's MER ratings¹ are as follows:

Table 1: Technical Compliance Ratings, December 2020

R.	Rating	R.	Rating
1.	LC (MER 2020)	21.	C (MER 2020)
2.	LC (MER 2020)	22.	PC (MER 2020)
3.	LC (MER 2020)	23.	PC (MER 2020)
4.	LC (MER 2020)	24.	PC (MER 2020)
5.	LC (MER 2020)	25.	PC (MER 2020)
6.	PC (MER 2020)	26.	LC (MER 2020)
7.	NC (MER 2020)	27.	LC (MER 2020)
8.	NC (MER 2020)	28.	PC (MER 2020)
9.	C (MER 2020)	29.	LC (MER 2020)
10.	PC (MER 2020)	30.	LC (MER 2020)
11.	C (MER 2020)	31.	LC (MER 2020)
12.	LC (MER 2020)	32.	PC (MER 2020)
13.	LC (MER 2020)	33.	LC (MER 2020)
14.	PC (MER 2020)	34.	PC (MER 2020)

¹ There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

15.	PC (MER 2020)
16.	PC (MER 2020)
17.	PC (MER 2020)
18.	PC (MER 2020)
19.	PC (MER 2020)
20.	C (MER 2020)

35.	LC (MER 2020)
36.	LC (MER 2020)
37.	PC (MER 2020)
38.	PC (MER 2020)
39.	PC (MER 2020)
40.	LC (MER 2020)

7. Given the MER results, Sierra Leone was placed on Enhanced Follow-Up.

III OVERVIEW OF PROGRESS TO IMPROVE TECHNICAL COMPLIANCE

8. In keeping with the GIABA Mutual Evaluation Process and Procedures, this **FUR** considers progress made up until 15 May 2024. In line with the current GIABA ME Procedures and the FATF Methodology for assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT systems, the review team’s analysis has considered progress to address the deficiencies identified in the MER and the entirety (all criteria) of each Recommendation under review, noting that this is not detailed where the legal, institutional or operational framework is unchanged since the MER and there have been no changes to the FATF Standards or their interpretation.

9. This section summarises the progress made by Sierra Leone to improve its TC by addressing some of the TC deficiencies identified in the MER (R.7, R.10, R.14, R.15, R.17, R.18, R.22, R.32 and R.38).

3.1 Progress to address technical compliance deficiencies identified in the MER

10. The main change in Sierra Leone since the adoption of the MER in December 2020 is the adoption of the Anti-Money Laundering and Combating of Financing of Terrorism and Financing the Proliferation of Weapons of Mass Destruction Act, 2024 (AML/CFT/PF Act). The AML/CFT/PF Act repeals and replaces the AML/CFT Act 2012. This law addressed most of the deficiencies identified by MER 2020 in Sierra Leone’s AML/CFT system, significantly improving the country’s TC with the FATF Standards. Another notable change is the conduct of the sectoral assessment on virtual asset service providers (VASPs). Overall, Sierra Leone has made progress to address the TC deficiencies identified in the MER in relation to Recommendations 10, 14, 15, 17, 18, 22, 32 and 38. Because of this progress, Sierra Leone has been re-rated on these Recommendations.

11. GIABA welcomes the progress achieved by Sierra Leone to improve its TC with R. 7. However, sufficient progress has not been made to justify an upgrade of the rating of this Recommendation at this stage

Recommendation 7 (Originally Rated NC)

12. In its 2nd MER, Sierra Leone was rated NC on R.7. The shortcoming identified in the report relates to the lack of legislation or measures and procedures to implement targeted financial sanctions (TFS) to comply with the United Nations Security Council Resolution (UNSCR) regarding the prevention, suppression and disruption of

proliferation of WMD and its financing. Since the MER, Sierra Leone enacted the AML/CFT/PF Act, which addresses some of the deficiencies identified in the MER on R7.

13. **Criterion 7.1 [Not Met]** - Sierra Leone implements TFS related to PF primarily by means of the AML/CFT/PF Act. The Act prohibits any dealing or transactions involving designated persons or entities (§33-35, AML/CFT/PF Act). There is no clarity in the Act regarding when designations by the United Nations Security Council (UNSC) take effect in Sierra Leone. Sierra Leone could not explain the mechanism adopted to implement TFS related to UNSCRs 1718 (on North Korea) and related successor resolutions. The country also did not provide any evidence regarding its implementation of PF-TFS without delay. Overall, Sierra Leone has not put in place adequate mechanisms to implement TFS without delay on PF

14. **Criterion 7.2 [Partly Met] –**

(a) [Not Met] The AML/CFT/PF Act requires reporting entities and natural and legal persons holding any funds or assets of designated persons or entities to report to the FIU or other competent authority as soon as reasonably practicable and in any event within 2 working days from the date upon receipt of the notification or publication of the sanction list (§ 42 (1), AML/CFT/PF Act). “As soon as reasonably practicable and in any event within 2 working days” does not meet the “without delay” standard. In addition, there is no clear requirements for these entities to freeze the funds and assets and transactions without prior notice.

(b) [Partly Met] The obligation under Section 42 (1) of AML/CFT/PF Act could include freezing and extends to all assets and economic resources that are owned or controlled by the designated person or entity, and not just those that can be tied to a particular act, plot or threat of proliferation. There is no requirement to freeze (i) funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities; and (ii) the funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities, as well as (iii) funds or other assets of persons and entities acting on behalf of, or at the direction of designated persons or entities.

(c) [Partly Met] Sierra Leone prohibits all natural and legal persons from making any funds or economic resources available to or for the benefit of a designated person or entity (s35(1) of the AML/CFT Act). However, this provision did not specify that “unless licensed, authorised or otherwise notified in accordance with the relevant UNSCRs” and does not cover those acting on behalf of the designated persons and entities.

(d) [Not Met] It is not clear how Sierra Leone communicates designations to the financial institutions and the DNFBPs immediately upon receipt of the sanction list. Sierra Leone does not appear to provide specific guidance to FIs and other persons or entities, including DNFBPs that may be holding targeted funds or other assets, on their obligations in taking action under freezing mechanisms. Under s42(1) of the AML/CFT/PF Act, there is obligation imposed on reporting entities and natural and legal persons holding any funds or assets of designated persons or entities to report to the FIU or other competent authority. However, the wording of this section relates

to reporting and not necessarily to take action (under freezing mechanisms) which is then reported to the FIU or other competent authority.

(e) [Partly Met] A reporting entity or a person in control or possession of assets or economic of a sanctioned country, person or group is required to report same to the FIU or other competent authority (§ 42(1)(2) of the AML/CFT/PF Act). Such report shall include details of the asset or economic resources, the name and address of the owner or controller of the asset or economic resources, details of any transaction or attempted transaction involving the asset or economic resources; and any other or further particulars. This provision does not expressly require these entities to report frozen assets or related actions.

(f) [Met] Sierra Leone has measures which protect the rights of bona fide third parties acting in good faith when implementing the obligations under Recommendation 7. (§118 (2)(b)(1), AML/CFT/PF Act).

15. **Criterion 7.3 [Met]** - Supervisory authorities have the power to monitor FIs and DNFBPs and ensure compliance with their AML/CFT responsibilities, including PF-related TFS obligations (§§19(1)(k); 20(1)(h); 85(1)(2), AML/CFT/PF Act). Supervisory authorities have the ability to impose sanctions on FIs and DNFBPs that fail to comply with their PF-related TFS obligations (§§20 (1)(b); 162 (1)(2); 88(1)(2), AML/CFT/PF Act). The available sanctions are of administrative, civil or criminal nature. The FIU and other supervisory bodies have powers to impose administrative sanction and civil penalties against failure to comply with Recommendation 7 (Section 88(1)(2) of the AML/CFT/PF Act). Criminal sanctions for non-compliance with the requirements of Rec. 7 attracts a fine of not less than 100, 000 Leones (approximately US\$4,281) or 7 years imprisonment for individual and 250, 000 Leons (approximately US\$10,702) or revocation of license or both (§42(4)(a), AML/CFT/PF Act).

16. **Criterion 7.4 [Partly Met] –**

(a) [Not Met] There are no provisions nor publicly known procedures enabling or informing listed persons and entities to petition a request for de-listing at the Focal point established pursuant to UNSCR 1730.

(b) [Partly Met] The AML/CFT/PF Act does not address or set out the procedure to unfreeze funds or other assets of persons or entities with the same or similar name as designated persons or entities, who are inadvertently affected by a freezing mechanism, upon verification that the person or entity involved is not a designated person or entity. In effect, there are no procedures in the Act to unfreeze funds or other assets of persons or entities where a false positive name match arises. However, Order 8 rule 1 –7 of the High Court Rules, 2007 provides for the application to set aside, remit or enforce an order which implies that a person affected with a freezing order can apply to the court to set it aside.

(c) [Met] Sierra Leone authorities can authorize access to frozen funds or other assets provided that the exemption conditions set out in the UN SCRs 1718 are met, in accordance with the procedure set out in those resolutions. The Attorney-General is responsible for allowing access to frozen assets when Sierra Leone determines there are exceptions as stipulated in relevant UNSCRs (§ 43, AML/CFT/PF Act).

(d) [Not Met] There is no evidence that Sierra Leone communicates de-listings and un-freezing decisions to FIs and DNFBPs and there is no requirement to do so immediately. Sierra Leone has not provided guidance to FIs and other persons and entities, including DNFBPs, that may be holding funds or other assets on their obligations to respect a de-listing or unfreezing action.

17. Criterion 7.5 [Partly Met] –

(a) [Not Met] There is no provision that permits the addition of interest or any other proceeds due to accounts that have been frozen under Resolution 1718. Although section 43(1)(b) of the AML/CFT/PF Act referenced contractual obligation, it does not expressly state that this should be obligations prior to the date those accounts were subject to freezing or became subject to targeted financial sanctions.

(b) [Partly Met] Attorney-General may direct limited access to the funds so restrained to meet a contractual obligation (§43(1) (b), AML/CFT/PF Act). However, there is no provision that this is to be used for payments under previous contractual terms or contracts concluded prior to the listing of such person or entity, and provided that contract and payments meet the specifications in this criterion. Although s43(2) of the AML/CFT/PF Act provides that the Attorney-General may grant an authorisation upon approval by the Security Council or a committee thereof, it is not clear that Sierra Leone must submit prior notification to the Security Council of the intention to make or receive such payment or to authorise, where appropriate, the unfreezing of funds or other assets ten days prior to such notification.

Weighting and conclusion

18. The AML/CFT/PF Act addressed some of the deficiencies identified in the MER. Nevertheless, Sierra Leone has not put in place adequate mechanisms to implement TFS without delay on PF; there are no provisions nor publicly known procedures enabling or informing listed persons and entities to petition a request for de-listing, while guidelines have not been provided on the obligations of FIs and DNFBP's , other persons or entities that may be holding targeted funds or other assets on their obligations to respect a de-listing or unfreezing action. Procedures to unfreeze the funds or other assts of persons or entities with the same or similar name as designated persons or entities who are inadvertently affected by a freezing mechanism are not publicly known (that is lack of publicity known de-listing procedures). In addition, there is no provision in the AML/CFT/PF Act that permits the addition of interest or other earnings due to the accounts that have been frozen under Recommendation 7.

19. The Non-Compliant rating for Recommendation 7 is maintained.

Recommendation 10 (Originally Rated PC)

20. Sierra Leone was rated PC on R.10 in its 2nd MER. The report noted that there was no provision requiring FIs not to apply CDD if there is a risk of tipping-off the customer and in that case, report a STR. In addition, the requirement of when to undertake CDD under c10.2 did not expressly cover identification of customer while customer identification as required under c10.3 is not expressly covered. Other

shortcomings relate to the lack of requirement for FIs: (i) to undertake CDD for beneficiary of life insurance policies under c10.12, and c10.13; (ii) not to perform the transaction or to terminate existing relation whenever they are unable to comply with relevant CDD measures and (iii) to verify the identity of beneficial owner as required under c10.14. Since the MER, Sierra Leone enacted the AML/CFT/PF Act which addresses most of the deficiencies identified in the MER on R.10.

21. **Criterion 10.1 [Met]** – FIs are prohibited from opening or keeping anonymous accounts or accounts in fictitious names (§54, AML/CFT/PF Act).

22. **Criterion 10.2 [Met]** – Section 56(1) of the AML/CFT/PF Act requires reporting entities to verify the identity of their customers in the circumstances set out in elements (a-e). This is understood to mean that before reporting entities verify the identity of their customers, they must first identify them. This obligation is further reinforced by §55(3) of the AML/CFT/PF Act which requires reporting entities to conduct customer due diligence on their customers. Thus, FIs are required to undertake CDD measures when:

- a) **[Met]** establishing business relationships (§§55 (3); 56 (1)(a) , AML/CFT/PF Act;
- b) **[Met]** carrying out occasional transactions above of Le 30, 000 (approx. US\$1,284) (§§ 55(3); 56 (1)(b), AML/CFT/PF Act);
- c) **[Met]** Carrying out international or domestic wire transfers above Le 30, 000 (approx. US\$1,284 (§§55(3); 56 (1) (c), AML/CFT/PF Act);
- d) **[Met]** there is suspicion of ML and TF (§§ 55(3); 56 (1) (d) of the AML/CFT/PF Act); or
- e) **[Met]** there is doubt about the accuracy or relevancy of previously obtained customer identification data (§§ 55(3); 56 (1) (e), AML/CFT/PF Act).

23. **Criterion 10.3 [Met]** – FIs are required to verify the identity of their customers using reliable and independent source documents, data or information (§56(1), AML/CFT/PF Act). Documents stipulated in §56(1) for verification includes valid passport, a driver's licence, a national identification document or a certified certificate of incorporation or other evidence as is reasonably capable of verifying the identity of the customer. Although customer identification is not expressly stipulated under §56(1), it is understood that before verification, there must be identification. This is further reinforced by the requirement to identify customers in the AML/CFT/PF Act (§55(3) of the AML/CFT/PF Act) .

24. **Criterion 10.4 [Met]** - FIs are required to verify that any person purporting to act on behalf of the customer is so authorized and identify and verify the identity of that person (§55 (5)(a), AML/CFT/PF Act). FIs are also required to collect sufficient information to verify the identity of the person acting on its own behalf, or for or on behalf of another person (§55(2)(a)(b), AML/CFT/PF Act). Additionally, in the case of legal persons, FIs are required to verify that any person purporting to act on behalf of the customer is authorised to do so and identify such person (§57(3)(d)(iii), AML/CFT/PF Act).

25. **Criterion 10.5 [Mostly Met]** - FIs are under obligation to identify and verify the identity of the beneficial owner. Section 57(1) & (3)(d)(ii), AML/CFT/PF Act) requires

FIs to identify the beneficial owner. Section 57(2) of the same Act, in part, states that where, following verification, a doubt remains as to the identity of the beneficial owner, implies that FIs have obligation to verify the beneficial owner's identity. Section 55(3) of the Act requires FIs to conduct CDD. CDD is defined in the interpretation section of the AML/CFT/PF Act to include identifying, where there is a beneficial owner who is not the customer, and taking adequate measures, to verify his identity so that the relevant person is satisfied that he knows who the beneficial owner is. In general, FIs are required to take reasonable measures to verify the identity of the beneficial owner, using the relevant information or data obtained from reliable sources, so that the FI would be satisfied that it knows the identity of the beneficial owner. In the AML/CFT/PF Act, beneficial owner means- (a) a natural person who ultimately owns or controls the right to or benefit from property, including a person on whose behalf a transaction is conducted; or (b) a person who exercises ultimate effective control over a legal person or arrangement. The use of "or" in between elements (a) and (b) of the definition could be interpreted to mean that beneficial owner could mean either (a) or (b), either of which independently does not fully comply with the FATF definition of beneficial owner.

26. **Criterion 10.6 [Met]** - FIs are required to, when establishing a business relationship, obtain information on the purpose and nature of the business relationship (§57(3)(a), AML/CFT/PF Act). Section 55(1) of the AML/CFT/PF Act requires FIs to collect sufficient information about the intended use, nature, and purpose of each customer account so that it generally understands the size (of the business) and kinds of expected transactions.

27. **Criterion 10.7 [Met]** –

(a) [Met] FIs are required to conduct ongoing due diligence on the business relationship, including scrutinizing transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the financial institution's knowledge of the customer, their business and risk profile including where necessary, the source of funds (§57(3)(b), AML/CFT/PF Act).

(b) [Met] FIs are required to conduct ongoing due diligence with respect to a business relationship by maintaining current information and records relating to a customer and beneficial owner (§68(1)(a & b), AML/CFT/PF Act). Maintaining current information and records is understood to mean that FIs must undertake reviews of existing records to achieve this. This obligation is broad, and covers higher risk categories of customers

28. **Criterion 10.8 [Mostly Met]** - Section 57(3)(d) (i & ii) of the AML/CFT/PF Act specifies that where a transaction is conducted by a legal entity (legal person or legal arrangement²), reporting entities should adequately identify and verify its legal existence and structure, including in relation to the principal owners and beneficiaries as well as the control structures. This obligation is limited to a situation where a transaction occurs. Section 55 (2) (b) requires FIs to verify the identity of a person who controls an account (this is broad and could include accounts of legal persons or legal arrangements) using information collected under s55(1) on the intended use, nature, and purpose of each customer account. Although not explicitly stated, the verification

² Other than trusts, there are no other legal arrangements in Sierra Leone

process could provide some insights into the ownership and control structure of a legal person or legal arrangements. S23 (1) (c) of the Companies Act requires legal persons to disclose in their Memorandum of Association (MoA), the nature of businesses they are authorized to carry on or the objectives for which they are established. The MoA is part of documents required by FIs, particularly banks, when establishing relationships with legal persons.

29. **Criterion 10.9 [Met]** – Section 57 (3) (d) (i) and (iii) of the AML/CFT/PF Act require FIs to identify and verify the legal existence and structure of a legal entity, including information relating to the name, legal form, address, directors as well as provisions regulating the power to bind the entity. S56 (3) of the AML/CFT/PF Act provides that the identification of body corporate shall be by the production of records establishing that it has been lawfully established and that it is actually in existence at the time of the identification, including the address of the registered office, if it has different principal place of business.

30. **Criterion 10.10 [Met]** - For customers that are legal persons, FIs are required to identify and verify the identity of:

(a) [Met] any natural person(s) who hold(s) more than 10% of the capital or voting rights or shares, (Para 7(1)(d) of the Operating Guidelines for Other Deposit Taking Institutions, 2011; §57(3)(c), AML/CFT Act).

(b) [Met] any natural person(s) who exercise(s) control over the legal person (Para 7(1)(d) of the Operating Guidelines for Other Deposit Taking Institutions, 2011; §57(2) (3)(c) of the AML/CFT Act). The person who exercises control is the beneficial owner. Beneficial owner is defined as (a) a natural person who ultimately owns or controls the right to or benefit from property, including a person on whose behalf a transaction is conducted; or (b) a person who exercises ultimate effective control over a legal person or arrangement (§1, AML/CFT/PF Act). Similarly, §57(1 & 2) of the AML/CFT/PF Act require FIs to use any means to seek information as to the identity of the principal or party on whose behalf the customer is acting. If following verifications, any doubt still remains as to the true identity of the beneficial owner, it should terminate the relationship.

(c) [Met] Section 57(12) of the AML/CFT/PF Act 2024 obligates FIs to identify and verify the identity of natural persons who hold senior management positions. This provision is broad and could include situations where no natural person is identified under (a) or (b) above. This is considered more stringent than the requirement under c10.10c.

31. **Criterion 10.11 [Mostly Met]** – Regarding customers who are legal arrangements:

a) [Mostly Met] FIs are required to identify the beneficial owners (§57(13) (a & b), AML/CFT/PF Act). In relation to trusts, this provision does not require FIs to take reasonable measures to verify the identity of the beneficial owners of trusts, the settlor of the trust, the trustee(s), the protector, the beneficiaries or the class of beneficiaries and any other natural person exercising ultimate

effective control over the trust, including through a chain of control or ownership. Given the risk and context of Sierra Leone, this deficiency is considered minor.

- b) **[Not Applicable]** The legal framework has not changed since the MER in relation to c10.11. Thus, as noted in the MER, c10.11(b) is not applicable as there are no other types of legal arrangements operating in Sierra Leone.

32. **Criterion 10.12 [Met]** – In addition to the CDD measures required for the customer and the beneficial owner, FIs, including insurers and insurance intermediaries, are required under §58(1) of the AML/CFT/PF Act to conduct CDD on the beneficial ownership of an insurance policy and other investment-related insurance policies as soon as the beneficiary is - (a) identified as a specifically named natural or legal person or legal arrangements for the person; (b) designated by characteristics or by class or by other means thereby obtaining enough information concerning the beneficiary to satisfy the FI that it will be able to establish the identity of the beneficiary at the time of payout; and (c) for both the above cases – verify the identity of the beneficiary at the time of the payout.

33. **Criterion 10.13 [Met]** – Section 58 (2) of the AML/CFT/PF Act requires FIs to consider the level of risks posed by beneficiary of a life insurance in determining whether enhanced due diligence (EDD) measures are applicable. In instances where the beneficiary who is a legal person or a legal arrangement constitutes a higher risk, reasonable measures to verify the identity of the ultimate beneficial owner, and of the beneficiary at the time of payment of insurance benefits should be implemented.

34. **Criterion 10.14 [Partly Met]** - FIs are obliged to establish and verify the identity of the customer after the establishment of the business relationship provided that: a) this occurs as soon as reasonably practicable; b) it is essential so as not to interrupt the normal course of business, provided that in no circumstance shall the collection of customer identity and other documentation be delayed longer than two calendar months following commencement of business relations; c) the risks of ML/TF/PF are effectively managed (§57(7)(a)(b), AML/CFT/PF Act). The requirement to verify identity does not cover beneficial owner.

35. **Criterion 10.15 [Not Met]** – There is a broad provision under s51 of the AML/CFT/PF Act which requires the application of risk-based approach in the implementation of AML/CFT requirements by reporting entities. However, there is no specific requirement that FIs should adopt risk management procedures concerning the conditions under which a customer may utilise the business relationship prior to verification.

36. **Criterion 10.16 [Mostly Met]** – FIs are required to apply CDD measures to existing customers (§57(5)(a), AML/CFT/PF Act). Although there is no express requirement to do this on the basis of materiality and risk, nor to take into account whether and when CDD measures have previously been undertaken and the adequacy of data obtained, there is a general requirement for FIs to apply risk-based approach (§51, AML/CFT/PF Act) and to conduct CDD as and when required as new risks emerge, risk profile change etc (§55(4), AML/CFT/PF Act).

37. **Criterion 10.17 [Met]** - Sections 51 and 71 of the AML/CFT/PF Act require FIs to apply risk-based approach in the implementation of AML/CFT measures. This means that FIs must apply EDD where ML/TF risks are higher. Similarly, §63 (1) of the AML/ CFT/PF Act requires reporting entities to implement appropriate risk management systems with particular reference to high-risk customers.

38. **Criterion 10.18 [Partly Met]** – FIs are required to apply a risk-based approach (§51, AML/CFT/PF Act) based on their understanding of risks (§103(2), AML/CFT/PF Act). Although not explicitly stated, this is understood to mean that FIs can apply simplified CDD measures where lower risks have been identified. FIs are also required to verify the identity of their customers whenever there is suspicion of ML or TF (§56 (1)(d), AML/CFT/PF). However, the requirement under s56(1) does not cover identification.

39. **Criterion 10.19 [Mostly Met]** - FIs are not allowed to open an account, or commence business relations if they are not able to comply with relevant CDD measures and should consider filing a STR in relation to the customer to the FIU (§55 (6), AML/CFT/PF Act). FIs are required to terminate the business relationship and file a suspicious transaction report (STR) with the FIU, if doubt still remains as to the identity of the beneficial owner following verification (§57(2), AML/CFT/PF Act). However, the provision regarding termination in s55(6) of the AML/CFT/PF Act only applies to beneficial owners.

40. **Criterion 10.20 [Met]** - FIs are not permitted to pursue CDD, where they reasonably believe that it would lead to tipping off the customer and immediately file an STR (§55(5)(c), AML/CFT/PF Act).

Weighting and conclusion

41. Sierra Leone has addressed most of the deficiencies noted in the MER under Recommendation 10. The main outstanding shortcomings relate to the fact that the requirement to verify identity under c10.14 did not cover beneficial owner, there is no specific requirement that FIs should adopt risk management procedures concerning the conditions under which a customer may utilise the business relationship prior to verification and the requirement under s56(1) in c10.18 does not cover identification. These are considered minor in the context of Sierra Leone.

42. **On this basis, Recommendation 10 is re-rated LC.**

Recommendation 14 (Originally Rated PC)

43. The 2nd MER rated Sierra Leone PC on Recommendation 14. The MER found that no action had been taken with a view to identifying natural or legal persons that operated MVTs without licenses. In addition, there was no express requirement for agents of MVTs providers to be licensed/ registered or MVTs providers to maintain a current list of its agents; no specific requirement for MVTs providers that use agents to include them in their AML/CFT programmes and monitor them for compliance. Since the MER, Sierra Leone enacted the AML/CFT/PF Act, which addresses most of the deficiencies identified in the MER on R.14.

44. **Criterion 14.1 [Met]** - Natural or legal persons that provide MVTS in Sierra Leone are required to be licensed by the Bank of Sierra Leone [§59 (2) of the AML/CFT/PF Act]. Sections 6-21 of the Banking Act provide general licensing procedures which are also applicable to MVTS providers.

45. **Criterion 14.2 [Mostly Met]** - It is illegal to operate an MVTS in Sierra Leone without a license (§7 (1) of the Banking Act; §2 (1) of the Guidelines on Money Remittance Business, 2022). The Bank of Sierra Leone which supervises the MVTS has powers to instruct a person who contravenes this provision to immediately terminate any illegal deposit taking activities and repay the funds raised [§7(7) of the Banking Act]. In addition, a person who violates §7(1) of the Banking Act commits an offence and is liable on conviction to a fine or to imprisonment for a term not exceeding 2 years or both the fine and imprisonment [§117 of the Banking Act]. Similarly, Par 27 (g) of GMMFS empowers the Bank of Sierra Leone to amongst other things suspend or cancel the approval; and impose any other conditions as it consider appropriate on any MVTS provider, that operates in contravention with the terms and conditions in the guidelines, which in the view of the assessors, also includes operating without a license. In addition, §59 (3) of the AML/CFT/PF Act outlines penalties for persons providing money value transfer services without license or registration: (a) imprisonment of not less than 7 years or fine not less than 100,000.00 Leones (approximately US\$4, 280) or both for a natural person and (b) a fine of not less than 250,000.00 Leones (approximately US\$10,702) or revocation of license or both for a legal person.

46. To identify unauthorised FIs, especially MVTS, the FIU relies on its covert operations and market intelligence (normally shared by informants). In December 2023, the FIU carried out several covert operations across five regions of the country and identified a number of natural or legal persons that operate MVTS without licence. A report was made to the Bank of Sierra Leone in January. Sierra Leone reported that the Bank of Sierra Leone shutdown the operations of one identified illegal financial service operator while some of the identified illegal operators are currently being investigated³. The country also froze the account of one of the entities under investigation while the FIU has issued a Press statement on this particular entity warning the public about its activities. The Experts considered the sanctions so far applied against the entities identified by the FIU as proportionate and dissuasive.

47. Overall, there is some evidence that Sierra Leone is taking action to identify natural or legal persons that carry out MVTS without license. However, the Experts considered that the number of sanctions applied appears few considering the number of such entities that have been identified.

48. **Criterion 14.3 [Met]** - MVTS are reporting entities under the AML/CFT law (First schedule of the AML/CFT Act; Par 22 of the Guidelines for Mobile Money Financial Services (GMMFS)) and subject to AML/CFT supervision by the Bank of Sierra Leone (§87(1), AML/CFT/PF Act). They are required to comply with AML/CFT laws, regulations, guidelines and subject to sanctions for non-compliance.

³ Sierra Leone provided supporting document for only one entity (Flexi Group Limited) that was shut down by the Bank of Sierra Leone. .

49. **Criterion 14.4 [Met]** –MVTs are required to keep an updated or current list of its agents accessible by a competent authority (§59 (4) (b) of the AML/CFT/PF Act). Section 18(4) of the National Payments Systems Act, 2021 requires authorization from the Bank of Sierra Leone prior to an agent performing any activities under the agency agreement).

50. **Criterion 14.5 [Met]** - S59 (4) (a) of the AML/CFT/PF Act requires MVTs providers to include agents in their AML/CFT/PF programs and monitor them for compliance with said program.

Weighting and conclusion

51. Sierra Leone has addressed most of the deficiencies noted in the MER. The outstanding minor deficiency relates to the inadequacies of enforcement actions or sanctions against MVTs operating without license.

52. **Recommendation 14 is re-rated as Largely Compliant.**

Recommendation 17 (Originally Rated PC)

53. Sierra Leone was rated PC on R.17 in its 2nd MER. The report found that there was no specific obligation for FIs to have regard for a country's level of risk, where the third party or intermediary is located in another country. In addition, FIs relying on third party or intermediaries were not required to comply with elements (a-c) under c17.1. Since the MER, Sierra Leone enacted the AML/CFT/PF Act, which addresses most of the deficiencies identified in the MER on R.17. of the CDD measures set out in Recommendation 10.

54. **Criterion 17.1 [Met]** – Section 61(5) (a)(b)(i-iii) of the AML/CFT/PF Act permits FIs to rely on third parties to perform CDD process and places the onus or ultimate responsibility on the FI that relies on an intermediary or third party to conduct the CDD measures set out in Recommendation 10 (identification of the customer; identification of the beneficial owner; and understanding the nature of the business). An FI relying on a 3rd party to conduct CDD must immediately obtain the necessary information concerning elements (a)-(c) of the CDD measures; ensure that copies of identification data and other relevant documentation relating to CDD requirements are made available from the third party upon request and without delay; and satisfy itself that the third party is regulated and supervised or monitored for compliance with AML/CFT/PF obligations and has measures in place for compliance with CDD and record-keeping requirements in line with international standards (in this case, Recs 10 and 11) (§61(5)(b)(i)-(iii), AML/CFT/PF Act).

55. **Criterion 17.2 [Mostly Met]** - There are no explicit requirements in the AML/CFT/PF Act that require financial institutions which rely on a third party to have regard to information available on the level of country risk when determining in which countries a third party that meets the conditions can be based. Nevertheless, FIs are obliged to have regard to risk factors, including the countries the deals with, as part of their over-arching risk assessment (§53(1)(a), AML/CFT/PF Act). In addition, although §61(2) of the AML/CFT/PF Act stipulates that the FIU or supervisory authority may determine which jurisdictions do not adhere to and apply AML/CFT/PF requirements,

this is only for the purposes of customer or beneficial owner identity verification and does not cover third party reliance as in the case of the analysis in the MER.

56. **Criterion 17.3 [Mostly Met]** – For FIs that rely on a third party of the same financial group, supervisors may consider the conditions relating to the third party to be fulfilled if:

(a) **[Met]** The group comply with the general customer due diligence and record-keeping requirements and those applicable to high-risk customers and politically exposed persons (§61(6)(a) of the AML/CFT/PF Act). A financial group is required to design and implement group-wide programs against ML/TF/PF that are applicable and appropriate to all branches and subsidiaries of the financial group (§72 (2) of the AML/CFT/PF Act).

(b) **[Met]** The implementation of the referred CDD and record keeping requirements and AML/CFT/PF programmes is supervised at group level by a supervisory authority (§61(6)(b), AML/CFT/PF Act); and

(c) **[Partly Met]** The group have in place, policies and mechanisms to address, manage, and mitigate any higher risk linked to identification by third parties and intermediaries (§61(6)(a)(ii) of the AML/CFT/PF Act). However, the reference here is to third parties and intermediaries and not country.

Weighting and conclusion

57. Sierra Leone has addressed most of the deficiencies noted in the MER under Recommendation 17. The main outstanding deficiency relates to the lack of explicit obligation on FIs to have regard for a country's level of risk, where the third party or intermediary is located in another country. This is considered minor in the context of Sierra Leone.

58. **Recommendation 17 is re-rated as Largely Compliant.**

Recommendation 18 (Originally Rated PC)

59. The 2nd MER rated Sierra Leone PC on Recommendation 18. The MER found that there was no clear provision for the appointment of compliance officers in FIs at management level. In addition, there was no requirement for financial groups to implement group-wide AML/CFT programmes, and to apply appropriate additional measures to manage the ML/TF risks in such circumstance where the host country does not permit implementation of the preventive measures in line with the home country requirements. Since the MER, Sierra Leone enacted the AML/CFT/PF Act, which addresses most of the deficiencies identified in the MER on R.18.

60. **Criterion 18.1 [Mostly Met]** – Sections 71(1); 159(1) of the AML/CFT/PF Act require FIs to develop and implement programmes for the prevention of ML/TF/PF. Such programmes should be risk based (§§51, 71, AML/CFT/PF Act) and should include the following internal policies, procedures and controls (§§70, 71, AML/CFT/PF Act):

- a) **[Mostly Met]** Appointment of a Compliance Officer at senior management level with responsibility for the FIs compliance with its AML/CFT/PF obligations (§70(1)(2)(a-f), AML/CFT/PF Act) .
- b) **[Mostly Met]** Screening procedures to ensure high standards when hiring employee (§71(1)(b)(c), AML/CFT/PF Act). Generally, the high standards relate to integrity of the persons and their skills and experiences.
- c) **[Mostly Met]** On - going training programme for officers and employees (§71(1)(d), AML/CFT/PF Act).
- d) **[Mostly Met]** An independent audit function to test the system (§71(1)(f), AML/CFT/PF Act)

61. However, there is no provision in the Act that requires these programs to have regard to the size of the business.

62. **Criterion 18.2 [Mostly Met]** – Section 72(2) (a - c) of the AML/CFT/PF Act requires a financial group to implement a group-wide AML/CFT/P programs applicable and appropriate to all branches and subsidiaries. These include the measures in c18.1 and:

- a) **[Met]** Policies and procedures for sharing information within the group for AML/CFT purposes (including for the purposes of CDD and ML/TF/PF risk management (§72(2) (a), AML/CFT/PF Act);
- b) **[Mostly Met]** Provision of customer, account and transaction information from branches and subsidiaries when necessary for AML/CFT purposes to group level compliance, audit and AML/CFT functions (§72(2) (b), AML/CFT/PF Act). This includes information and analysis of transactions or activities which appear unusual. This provision did not cover the requirement that branches and subsidiaries should receive such information from the group-level functions when relevant and appropriate to risk management.
- c) **[Met]** Implement adequate safeguards for the confidentiality and use of information exchanged, including data protection and safeguards to prevent tipping-off (§72(2)(c), AML/CFT/PF Act).

63. **Criterion 18.3 [Met]** – FIs are obliged to ensure that their foreign branches and majority -owned subsidiaries apply AML/CFT/P measures consistent with those required in Sierra Leone. Where the minimum AML/CFT/P standards of the host country are less stringent than those applicable in Sierra Leone, branches and subsidiaries must impose the higher standard. If the host country does not permit the implementation of AML/CFT measures consistent with the home country requirements, FIs must require their branches and majority-owned subsidiaries to apply additional measures to effectively handle ML/TF risks and inform supervisory authority. (§72(4)(a - b), AML/CFT/PF Act).

Weighting and conclusion

64. Sierra Leone has addressed most of the deficiencies identified in the MER in relation to Recommendation 18. The outstanding minor deficiencies relate to the lack of requirement in law for the programs to have regard to the size of the business and the non-coverage of the requirement that branches and subsidiaries should receive such information from the group-level functions when relevant and appropriate to risk management as required under c18.2(b)

65. **Recommendation 18 is re-rated as Largely Compliant.**

Recommendation 22 (Originally Rated PC)

66. In the 2020 MER, Sierra Leone was rated PC on Recommendation 22. The shortcomings relating to R. 10, 12, 15, and 17 applied to this Recommendation. Since the MER, Sierra Leone enacted the AML/CFT/PF Act which addresses most of the deficiencies identified in the MER on R.22.

67. **Criterion 22.1 [Mostly Met]** – DNFBPs are required to comply with the CDD requirements for AML/CFT purposes in the following situations:

- a) **[Mostly Met]** Casinos: Section 55 (1 - 6) of the AML/CFT/PF Act require reporting entities, including Casinos, to conduct CDD. In addition, §60(2)(a) of the AML/CFT/PF Act 2024 requires casinos to verify the identity of their customers whenever they open account or execute financial transaction in an amount equal to or above 5,000.00 Leones (approximately US\$214) regardless of whether the customer has an existing business relationship with the Casino. This amount is less than US\$3000 and thus more stringent than required by the Recommendation.
- b) **[Mostly Met]** Real estate agents: The provisions in §55 (1 - 6) of the AML/CFT/PF Act requiring reporting entities to conduct CDD, also covers real estate agents. Additionally, §60(2)(c) of the AML/CFT/PF Act also requires reporting entities (in this case, real estate agents) to verify customer identity for any transaction (in cash or other form) involving the purchase or sale of real estate which is in an amount equal to or greater than 30,000.00 Leones (appropriately US\$1, 284) regardless of whether the customer has an existing business relationship with the reporting entity.
- c) **[Mostly Met]** Dealers in precious metals and stones (DPMS): DPMS are subject to CDD obligations referred to under §55 (1 - 6), AML/CFT/PF Act). Also, §60(2)(b) of the AML/CFT/PF Act requires reporting entities (in this case, DPMS) to verify customer identity - for any cash transaction with a dealer of precious metals or precious stones involving an amount of 20,000 Leones (approximately US\$856) or more regardless of whether the customer has an existing business relationship with the reporting entity.
- d) **[Mostly Met]** Lawyers, notaries, other independent legal professionals and accountants are parts of reporting entities with CDD obligations under §55 (1 - 6) of the AML/CFT/PF Act. In addition, §60(2)(c) of the AML/CFT/PF Act

requires reporting entities involved in the purchase or sale of real estate in which the amount is equal to or greater than 30,000.00 Leones (appropriately US\$1,284) to verify the identity of the customer. Section 76(2)(a-d) of the AML/CFT/PF Act specified the activities or services listed in c.22.1(d).

- e) **[Mostly Met]** Trust and company service providers: Section 55 (1 - 6) of the AML/CFT/PF Act places obligation on trust and company service providers to implement CDD, where they provide services listed in c.22.1(e) (First Schedule Part II (6)(a-e), AML/CFT/PF Act).

68. Overall, the minor deficiencies under c10 impacts on c22.1. The provision for DNFBPs to verify identity as required under c10.14 did not cover beneficial owner and the requirement under s56(1) in c10.18 does not cover identification.

69. **Criterion 22.2 [Met]** – DNFBPs are required to comply with the same record-keeping requirements as FIs as described in R.11 (§66, AML/CFT/PF Act).

70. **Criterion 22.3 [Mostly Met]** – DNFBPs in Sierra Leone are required to comply with the same requirements regarding PEPs as FIs under the AML/CFT/PF Act (§63, AML/CFT/PF Act). However, the Experts found shortcomings in the definition of PEP⁴ in the AML/CFT/PF Act which impact on c22.3. For instance, while the definition of PEPs in the AML/CFT/PF Act covers “individuals who are” it does not cover “individuals who have been” as FATF defines PEPs as “individuals who are or have been”. This implies that individuals who have previously occupied prominent public functions are excluded which is inconsistent with the FATF standards. In addition, the Experts believe that the use of “senior politicians on national level”, and “political party officials at national level” in the definition appear limited compared to the FATF definition which uses “senior politicians” and “important political party officials” which are considered broader and can cover such people at national, state/regional and local levels.

71. **Criterion 22.4 [Met]** – DNFBPs in Sierra Leone are required to comply with the same new technologies requirements as FIs under the AML/CFT/PF Act. (§53, AML/CFT/PF Act). In particular, DNFBPs are required to carry out a risk assessment to identify, assess and take effective measures to mitigate its ML/TF risks for clients, countries or geographic areas, and products, services, transactions or delivery channels.

72. **Criterion 22.5 [Mostly Met]** – DNFBPs are required to comply with the same third-party reliance requirements as FIs in R.17 (§61(1- 6), AML/CFT/PF Act 2024). The minor shortcomings observed under R.17 impact the rating for this criterion.

⁴ "Politically-exposed person" means a person who holds a prominent public position domestically or in a foreign country such as a head of state or government, a senior politician on the national level, senior government, judicial, military, or political party officials at national level, or senior executives of state-owned enterprises, senior officials of international organisations or individuals or undertakings identified as having close family ties or personal or business connections to such persons

Weighting and conclusion

73. Sierra Leone has addressed most of the deficiencies identified in the MER in relation to Recommendation 22. Outstanding deficiencies relate to the impact of the minor shortcomings in Recs 10, 12 and 17.

74. **Recommendation 22 is re-rated as Largely Compliant.**

Recommendation 32 (Originally Rated PC)

75. Sierra Leone was rated PC on R.32 in its 2nd MER. The report found that Sierra Leone's legal framework did not provide for cross border transportation of cash and BNIs through mail and cargo. Other shortcomings identified in the MER relate to the lack of express provision that persons who are carrying out a physical cross-border transportation of currency or BNIs related to ML/TF or predicate offences should be subject to proportionate and dissuasive sanctions; lack of express provision under the AML/CT law that empowers authorities to restrain currency or BNIs for a reasonable period in the case of false declaration and non-declaration; lack of specific requirement on the need for adequate coordination among customs, Immigrations and other relevant authorities; and the lack of legal requirement for the retention of records of false declaration. Since the MER, Sierra Leone enacted the AML/CFT/PF Act which addresses most of the deficiencies identified in the MER on R.32.

76. **Criterion 32.1 [Met]** – Section 104(1) of the AML/CFT/ PF Act provides for declaration of incoming and outgoing cross-border transportation of currency and bearer negotiable instruments whether by travellers or through mail and cargo.

77. **Criterion 32.2 [Met]** – A person who leaves or arrives in Sierra Leone with more than \$10,000 in cash or BNIs, is required to declare this amount (§104(2), AML/CFT/PF Act). In practice, the system in place in Sierra Leone is a written declaration system for all travellers carrying amounts above a threshold. The declaration is made to the relevant authority, being a police officer, a customs officer or an officer of the FIU.

78. **Criterion 32.3 [N/A]** – Sierra Leone operates a declaration system. This criterion is Not Applicable.

79. **Criterion 32.4 [Met]** – Section 104 (8) of AML/CFT/PF Act provides that upon discovery of a false declaration of currency or negotiable bearer instruments or a failure to declare them, the relevant authority (a police officer, a customs officer or an officer of the FIU) shall request and obtain further information from the carrier regarding the origin of the currency or negotiable bearer instruments, and their intended use.

80. **Criterion 32.5 [Met]** – There is a sanction regime that applies to cases of false declaration and non-declaration. The sanctions are generally proportionate and dissuasive. In specific terms, individual who violates this law is liable on conviction to forfeiture of the entire amount or a term of imprisonment of not less than 5 years or to both such forfeiture and imprisonment (§104(2), AML/CFT/PF Act).

81. **Criterion 32.6 [Met]** – Information about the suspicious cross-border transportation incidents obtained through the declaration process is to be made available directly to the FIU through email or other forms of communication as may from time to time be specified by the FIU (§104(8), AML/CFT/PF Act). In line with clause 2.9 of the Standard Operating Procedure (SOP) on currency declaration, these reports are forwarded to the FIU within 5 working days from date of receipt. Sierra Leone provided statistics of the reports received from the Customs. These reports are stored in the FIU’s data database and utilized to support analysis.

82. **Criterion 32.7 [Mostly Met]** – Implementation of currency declaration regime is carried out by police, Customs, officers of FIU collectively referred to as relevant authorities (§104(1) AML/CFT/PF Act). These authorities participate in the Inter-Ministerial Committee, in developing national strategies, discussing implementation of national AML/CFT policies and ensuring the existence of effective coordination mechanisms which could broadly impact the implementation of R32. In addition, there is a bilateral MoU between the Customs and the FIU (signed in 2018 – See MER c32.6) which assists in the facilitation of cooperation in the exchange of information regarding the cross-border transportation of currency and BNIs. In particular, there is active exchange of information between Customs and FIU (see c32.6) with operational cooperation takes place through joint meetings of the two agencies. Similarly, there is the Joint Airport Interdiction Teams (JAIT)⁵ at the Freetown Airport which is a mechanism in place for coordinating among customs and other authorities at the airport on a range of issues, including R32 matters. In addition, the country reported that fourth nightly meetings are held by Transnational Organized Crime Unit (TOCU) Management Board for competent authorities where issues including coordination mechanism on the implementation of currency declaration are discussed. Membership of the Board includes TOCU, Immigration Service, Customs, FIU, and Police. Sierra Leone also reported that the FIU, Customs /National Revenue Authority and other law enforcement agencies signed a multi-lateral MOU in 2020 under the Financial Crime Working Group. Other than a joint study on Illicit financial activities at entry and exit points, there is no evidence to demonstrate that the FCWG was actively collaborating on matters relating to the implementation of R32.

83. **Criterion 32.8 [Mostly Met]** – Sierra Leone authorities have the power to seize and restrain currency or bearer negotiable instruments in the events of R.32.8(a) – that is, where there is a suspicion of money laundering, financing terrorism and the proliferation of weapons of mass destruction or a predicate offence and take reasonable steps to safeguard the property subject a restraining order. The Act provides for a court order to restraint of seized cash or bearer negotiable instruments for a maximum of 18 months pending investigation and related proceedings (§§105 and 106 of AML/CFT/PF Act).

84. In the event of R32.8 (b), relevant authorities may also seize or restrain currency or BNIs when there is a false declaration (§104(8) of AML/CFT/PF Act). However, this provision does not explicitly indicate that authorities can restrain currency or BNIs for a reasonable period.

⁵ https://mptf.undp.org/sites/default/files/documents/10000/project_13_bid_11_jan_2012_final.pdf . JAIT is an inter-agency team at the Freetown airport comprising of competent authorities in the passenger, freight, postal and express vectors, as well as for general aviation control

85. **Criterion 32.9 [Met]** – The authorities can disclose information pursuant to international agreements in respect of mutual administrative agreements, cooperate or exchange information in customs matters, that is, information derived from the currency declaration process (§138 (2), 141 (1) - (5), 19 (1)(i), AML/CFT/PF Act). For instance, the Customs is a member of the World Customs Organisation (WCO). Under this platform, the Customs has Agreements with its foreign counterparts on Cooperation and Mutual Administrative Assistance in Customs matters. These agreements cover provisions relating to the exchange of information for the proper application of Customs law and for prevention, investigation and combating of Customs offences.

86. Section 138(2) of the AML/CFT/PF Act requires the FIU to share information with other FIUs in relation to intelligence gathering, investigation and prosecution of money laundering, financing terrorism and financing the proliferation of weapons of mass destruction which also includes information derived from the currency declaration process.

87. In general, the information retained by Customs through the declaration system allows for international cooperation and assistance under the agreements noted above, in accordance with R.36 to 40. As highlighted in c.32.6, information collected through the currency declaration, especially information where there is suspicion of ML/TF is retained by the Customs authorities and is made available to the FIU within five working days. These reports are stored by the FIU in its database, retaining the information as required under this criterion. The information retained by the FIU can also be used for international cooperation. Similarly, information regarding records of searches related to disclosures, where the threshold has been exceeded, false declarations and related enforcement actions is retained on the Customs database and made accessible to the FIU upon request, for the purposes of international cooperation.

88. **Criterion 32.10 [Met]** – Any information collected through the declaration would be governed by the Act on the Protection of Personal Information held by the relevant administrative authorities which would ensure the proper use of same. Section 96(1) of the AML/CFT/PF Act provides that a person shall not intentionally or by gross negligence disclose to a third-party, information in violation of this Act. Similarly, §17 of the same Act requires staff of the FIU to observe utmost confidentiality in their duties which could include management of declaration information at the FIU. Unauthorised disclosure of information under the AML/CFT/PF Act, including declaration information is an offence (§96(2), AML/CFT/PF Act). These measures are safeguards to ensure proper use of information collected under the AML/CFT/PF Act including those collected under the declaration systems. Generally, these safeguards do not limit the movement of capital, nor restrict legitimate trade payments.

89. **Criterion 32.11 [Met]** (a) - (b) - Sierra Leone subjects natural and legal persons who are carrying out the physical cross-border transportation of currency or BNIs related to ML/TF, or predicate offences, to proportionate and dissuasive sanctions and confiscation measures. The range of sanctions extend up to five (5) years imprisonment and/or forfeiture of the cash or BNI (§104(7), AML/CFT/PF Act). Overall, the sanctions cover both criminal and civil sanctions, as well as forfeiture or confiscation of same (§104 (6), (7), AML/CFT/PF Act).

Weighting and conclusion

90. Sierra Leone has addressed most of the deficiencies identified in the MER on this Recommendation. The outstanding shortcomings relate to the lack of evidence of operational cooperation between the FIU and other authorities to coordinate on matters related to R32 and the lack of express provision that empowers authorities to restrain currency or BNIs for a reasonable period in the case of false declaration. These are considered minor in the context of Sierra Leone.

91. **Recommendation 32 is re-rated as Largely Compliant.**

Recommendation 38 (Originally Rated PC)

92. The 2nd MER rated Sierra Leone PC on Recommendation 38. The MER found that the AML/CFT law does not cover property of corresponding value and did provide for legal assistance relating to non-conviction-based confiscation proceedings. In addition, Sierra Leone lacked a robust mechanism for managing asset. Since the MER, Sierra Leone enacted the AML/CFT/PF Act which addresses most of the deficiencies identified in the MER on R.38.

93. Criterion 38.1 **[Met]** - Sierra Leone authorities have the power to take expeditious action in response to a request by a foreign country to identify, freeze, seize or confiscate the assets listed in sub-Criterion (a) to (e) (§141(3) (a)-(c), AML/CFT/PF Act). These requests can be made formally via the central authority (Ministry of Justice). Request for identification can also be made informally through the ARINWA network.

94. **Criterion 38.2 [Met]** - Sierra Leone Sierra Leone has the authority to provide assistance to request for co-operation made on the basis of non – conviction based confiscation proceedings and related provisions measures, where a perpetrator is unavailable by reason of death, flight, or absence or where the perpetrator is unknown (§141(4) and 122 of AML/CFT/PF Act).

95. **Criterion 38.3 [Partly Met] –**

- a) **[Not Met]** - Sierra Leone did not indicate the practical arrangements to coordinate the seizure and confiscation measures with other countries. In addition, it is unclear to what extent the FIU, as an administrative unit, is involved in international freezing and confiscation efforts (§141 (1-2), AML/CFT/PF Act) while the whole process is based on judicial proceedings. In addition, the central authority for formal legal assistance is the Ministry of Justice and there is no clear indication of how efforts between the Ministry of Justice and the FIU are coordinated. Overall, there are no clear processes or arrangements to coordinate the seizure and confiscation measures in transnational cases.
- b) **[Met]** - The FIA is empowered under the AML/CFT /PF Act to apply to the court to request for the freezing or forfeiture of property in the possession or under the control of a person named in the application (§141 (1-2), AML/CFT/PF Act).

Section 141 (5) of the Act contemplates the creation of a body with mandate to manage frozen or confiscated asset in international cooperation. In general, the management of asset, and when necessary, disposing of, property frozen, seized or confiscated is the responsibility of individual competent authority.

96. **Criterion 38.4 [Met]** - Sierra Leone can share confiscated property with other countries in the context of joint investigations (§137(3), AML/CFT/PF Act).

Weighting and conclusion

97. Sierra Leone has addressed most of the deficiencies identified in the MER. The main outstanding shortcoming relates to the lack of a clear processes or arrangements to coordinate the seizure and confiscation measures in transnational cases. This is considered minor in the context of Sierra Leone.

98. **Recommendation 38 is re-rated as Largely Compliant.**

[Progress on Recommendation which has changed since the MER](#)

[Recommendation 15 \(Originally Rated PC\)](#)

99. Sierra Leone was rated PC on R.15 in its 2nd MER. The report found that there was no provision that requires the country or any competent authority to identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices. Other shortcomings relate to the lack of requirement for FIs to assess ML/TF risks prior to the launch or use of new products, business practices, or delivery mechanisms while the obligation under the AML/CFT Act did not cover new and pre-existing products. This Recommendation has changed since the MER was adopted. Since the MER, Sierra Leone conducted a sectoral risk assessment on virtual assets/virtual asset service providers (Vas/VASPs) and enacted the AML/CFT/PF Act which addressed most of the deficiencies identified in the MER on R.15

100. **Criterion 15.1 [Met]** - At the country level, §52(1)(b) of the AML/CFT/PF Act requires competent authorities to identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products. Sierra Leone assesses the ML/TF risks in relation to new products and new business practices as a broader part of the National Risk Assessment. The FIU is the central body responsible for coordinating the NRA process and includes Bank of Sierra Leone (FI regulator). Sierra Leone concluded its 2nd NRA in January 2023. This process was led by the FIU with participation of all relevant authorities. The Bank of Sierra Leone's input in the process by sharing inputs from FIs or from the testing of new products in regulatory sandboxes. The Enabling Framework for Regulatory Sandbox was published by Bank of Sierra Leone in April 2018, with the purpose of live testing of new products or services in a controlled/test regulatory environment.

101. At FI level, the AML/CFT/PF Act requires every FI to identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products (§53(1)(a)(c)(e)(f), AML/CFT/PF Act).

102. **Criterion 15.2 [Met]**

- a) FIs are required to undertake risk assessments prior to the launch or use of new products, practices and technologies (§53(1)(e), AML/CFT/PF Act).
- b) FIs are required to take appropriate measures to manage and mitigate the risks (§53(1)(f), AML/CFT/PF Act).

103. **Criterion 15.3 [Mostly Met]**

- a) **[Met]** - Sierra Leone has carried out a sectoral risk assessment (SRA) of VAs and VASPs to identify and assess the ML/TF risks emerging from VAs and the activities or operations of VASPs, covering all VASP activities described in the FATF Glossary. In 2022 Sierra Leone completed SRA on VASPs using the information gathered from 2018-2020, The SRA was before Sierra Leone subjected the activity of VASPs to licensing / regulation. The risk assessment identified indications of natural persons conducting services relating to VA while no legal persons conducting VASP activity were identified. The SRA amongst other things, covered VA/VASP Ecosystem in Sierra Leone; analyses of ML/TF threats and vulnerabilities of VAs & VASPs in Sierra Leone; cross border risk; possible/identified predicate offenses associated with VAs/VASPs ecosystem and ML/TF mitigation measures for VAs/VASPs, and summarises the threats and vulnerabilities of the country to VASPs activities. The SRA assessed the level of risk of VASPs as very high due to two factors: (a) the lack of AML/CFT legislation governing the operations of the VAs/VASPs ecosystem, and (b) the lack of stakeholders' knowledge, expertise and understanding of the risk emanating from VAs/VASPs activities. Overall, the categorization of VASPs as high risk in Sierra Leone was not based on the materiality of the sector.
- b) **[Mostly Met]** - Based on the risks identified in the 2022 SRA of VA/VASP, Sierra Leone incorporated VASPs in the amendments to the AML/CFT Act 2012 to consider them as reporting entities, requiring them to adhere to AML/CFT/PF Act provisions. The 2022 SRA on VASPs recommended establishing regulatory measures to address VA activities and VASPs and enhance technical capabilities, including establishing national coordination and enforcement mechanisms. Bank of Sierra Leone is the competent authority for supervising VASPs compliance and is required to supervise in a risk-based manner (§103(6), AML/CFT/PF Act). However, beyond the measures highlighted above, Sierra Leone cannot show that in practice, it is applying risk-based approach in mitigating the risks emanating from VA/VASPs.
- c) **[Met]** - VASPs are required to take the necessary steps to identify, assess, manage and mitigate their ML and TF risks, as required by c.1.10 and c.1.11 (§103(3)(a), AML/CFT/PF Act).

104. **Criterion 15.4 [Met]**

- a) [Met] Sierra Leone require VASPs (both legal and natural persons) to be licensed by relevant supervisory authority (Bank of Sierra Leone) before commencement of operations (§103(3)(b), AML/CFT/PF Act). Like other financial services, licensing requirements apply to VASPs created, operating, or providing business or services in Sierra Leone.
- b) [Met] VASPs are subject to fit and proper requirements designed to prevent criminals or their associates from holding, being the BO of a significant or controlling interest, or holding a management function in a VASP (§103(5), AML/CFT/PF Act; §§4 & 6(2)(a), OFI Act 2001).

105. **Criterion 15.5 [Partly Met]** - The FIU takes action to identify legal persons that carry out VASP activities without the requisite licence or registration. The FIU uses covert operations and also relies on market intelligence (normally shared by informants). In December 2023, The FIU carried out several covert operations across five regions of the country aimed at identifying unregistered VASPs but indicated that it did not detect unregistered VASPs, despite the findings in the sectoral NRA on VASPs that natural persons are conducting services relating to VA in Sierra Leone. A report was made to the Bank of Sierra Leone in January 2024. Penalties [minimum of 5 years' imprisonment and or 50,000 Leone fine (approximately US\$2,140)] are available for the provision of services without license (§103 (4)), AML/CFT/PF, Act). Sierra Leone has not implemented any specific enforcement actions or sanction against natural or legal persons that carry out VASP activities without the requisite license and thus, the reviewer cannot ascertain the appropriateness of the sanctions.

106. **Criterion 15.6 [Mostly Met]**

- a) [Mostly Met] The legislation requires VASPs to be subject to supervision of their AML/CFT compliance by the Bank of Sierra Leone and the FIU according to a risk-based approach (§103(6), AML/CFT/PF, Act). However, the BSL and FIU have not developed their approach and supervisory tools on the basis of those risks specific to the VASP sector. Sierra Leone reported that no VASP has so far been licensed in the country and based on various AML/CFT examinations conducted by the FIU and Bank of Sierra Leone, reporting entities do not have VASP clients.
- b) [Met] The Bank of Sierra Leone (BSL) and FIU have adequate powers to supervise and ensure compliance by VASPs with requirements to combat ML/TF, by conducting inspections, compelling the production of information (§87 (1) (a) – (d), AML/CFT/PF Act) and impose a range of disciplinary and financial sanctions, including written warning and suspension /revocation of license of VASPs that fail to comply with the provisions of the Act (§88 (1) -(5), AML/CFT/PF Act).

107. **Criterion 15.7 [Mostly Met]** - The FIU and Bank of Sierra Leone are authorized to, independently or jointly issue regulations, directives and guidelines to reporting entities, including VASPs to give effect to AML/CFT/PF Act (§§20(1)(a); 29; 99 & 167, AML/CFT/PF Act). As the AML/CFT/PF Act that brought VASPs under the AML/CFT regime in Sierra Leone was enacted in May 2024, shortly before the submission of Sierra Leone's 4th FUR, the country is yet to issue guidelines to assist the sector in

the application of ML/TF measures, particularly in detecting and reporting suspicious transactions. With regard to feedback, as no VASPs has been registered in the country, it was not possible for the country to have provided feedback.

108. **Criterion 15.8 [Mostly Met]**

- a) **[Mostly Met]** - Generally, VASPs are subject to a range of criminal, civil and administrative sanctions in the same manner applicable to FIs for breaches of their AML/CFT obligations. Section 103(4) of the AML/CFT/PF Act provides for a fine of not less than 50,000.00 Leones (approximately US\$2, 140) or a term of imprisonment of not less than 5 years or both for a VASP who fails to identify, assess, manage and mitigate their ML/TF/PF risks; register and obtain license; provide originator beneficiary information on VA or VA transfers as well as VASPs and such information should be made available upon request. Overall, while the prison terms are considered proportionate and dissuasive, the fines may not always be, in particular for larger institutions or depending on the type of infraction. In addition, since VASPs are considered as reporting entities, administrative sanctions provided under §88 of the AML/CFT/PF Act could also apply for any breach of the AML/CFT obligations under this Act.
- b) **[Met]** - Sanctions are applicable to directors and senior managers. Sections 49 and 102 of the AML/CFT/PF Act provides that a director, controller or officer concerned in the management of the body corporate is liable for an offence where their action or inaction based on their knowledge, authority, permission, or consent resulted into the conviction of a body corporate. For instance, under §88 of the AML/CFT/PF Act, such directors or senior managers can be barred from employment, replaced, etc.

109. **Criterion 15.9 [Partly Met]** - VASPs are subject to the requirements specified in the AML/CFT/PF Act in the same manner as FIs, as set out in R.10 to 21, and are subject to the same shortcomings.

- a) **[Met]** with regard to R.10, Sierra Leone requires VASPs to conduct CDD on occasional transactions of 30, 000 Leones (approximately US\$1,284) or its equivalent in foreign currency (§56 (1)(b), AML/CFT/PF Act).
- b) On R.16, for VA wire transfers:
- i. **[Met]** Originating VASPs are required to obtain and hold accurate originator information / beneficiary information on VA transfers, submit the above information to the beneficiary VASP or reporting entity immediately and securely, and make it available on request to appropriate authorities, in particular, the FIU or supervisory authority (§103 (3) (c), AML/CFT/PF Act).
- ii. **[Not Met]** There is no requirement for the beneficiary's VASP to obtain and retain information about the originator. With regard to information about the beneficiary, the beneficiary's VASP is subject to a general obligation to identify the customer (§55 (3), AML/CFT/PF Act) and to maintain and transmit information to the FIU and supervisory authorities ((§103 (3) (c), AML/CFT/PF Act).

- iii.**[Partly Met]** Reporting entities which include VASPs, are required to monitor wire transfers to detect those which lack the required originator and/or beneficiary information. Section 69(8)(a) of the AML/CFT/PF Act requires reporting entities, including VASPs to have risk-based policies and procedures for determining when to execute, reject, or suspend a wire transfer that does not contain the required originator or beneficiary information. This is understood to cover the monitoring of wire transfers by VASPs to detect those which lack the required originator and/or beneficiary information. With respect to taking freezing actions and prohibiting dealing with designated persons and entities, s27 (1) of the Terrorism Prevention (Freezing of International Terrorists Funds and Other Related Measures) Regulations, 2013 requires reporting institutions, including VASPs to take freezing action or block the funds or any other economic resources belonging to a person or entity on the designated list (see detailed analysis under c16.18 in the MER) the analysis under R16.18 is applicable here as well. There is no requirement for VASPs to screen the transactions to comply with relevant UNSCR resolutions.
- iv.**[Partly Met]** There are no specific provisions requiring that the same obligations apply to financial institutions when sending or receiving virtual asset transfers on behalf of a customer, as required under c.15.9.

110. In general, the deficiencies noted in R.10, 14, 17 and 18 on this FUR and on R.16 in the MER are applicable to c15.9.

111. **Criterion 15.10 [Partly Met]** - VASPs are subject to the same TF and PF TFS obligations as any other reporting entities or person (see R.6 specifically cc.6.5(d) rated mostly met, 6.5(e) rated partly met, 6.6(g) rated partly met in the MER and R7, especially, 7.2(d), 7.2(e), and 7.4(d) in this FUR). VASPs can be subject to sanctions for failure to comply with PF TFS obligations (see c.7.3). However, there is no clear communication mechanisms and no robust measures in place yet for monitoring and ensuring compliance.

112. **Criterion 15.11 [Mostly Met]** - The FIU and relevant supervisory authorities are able to exchange information internationally, including information held by VASPs and cooperate with foreign counterparts and competent authorities on matters related to VA /VASPs (§103 (9), AML/CFT/TF Act). In general, the international cooperation measures described in R.37 to R.40 apply to activities related to VAs or concerning VASPs. Consequently, the analysis of R. 37, 39 and 40 in the MER and R38 in this FUR apply when VA and VASPs are involved, and the identified deficiencies are relevant.

Weighting and conclusion

113. Sierra Leone has assessed the risks related to new technologies and there are requirements for FIs to undertake risk assessments prior to the launch or use of such products, practices and technologies and take appropriate measures to manage and mitigate the risks. Sierra Leone has conducted a comprehensive sectoral assessment of ML/TF risk from VA/VASPs; has a licensing regime in place and all VASPs are

subject to the same AML/CFT obligations as FIs. There are fit and proper requirements to prevent criminals from owning or controlling or hold a management function in a VASP. There remain shortcomings in relation to guidance and feedback; application of sanctions; targeted financial sanctions while the minor deficiencies in R10-21, 26-27 and 37-40 also apply to VASPs. The reviewer placed more weight on sectoral risk assessment that has been conducted on VASPs, other efforts in place and taking into consideration, materiality. The other deficiencies are considered to be minor in nature in the context of Sierra Leone.

114. **Recommendation 15 is re-rated as Largely Compliant.**

IV CONCLUSION

115. Overall, Sierra Leone has made significant progress in addressing the technical compliance deficiencies identified in its MER and has been re-rated Largely Compliant in eight (8) Recommendations. Insufficient progress has been made to support a re-rating for Recommendation 7.

116. Table 2 below shows Sierra Leone’s MER ratings and reflects the progress it has made, including any re-ratings based on this report:

Table 2. Technical Compliance Ratings⁶ (May 2024)

R.	Rating
1	LC (MER 2020)
2	LC (MER 2020)
3	LC (MER 2020)
4	LC (MER 2020)
5	LC (MER 2020)
6	PC (MER 2020)
7	NC (MER 2020) ↔ NC (FUR 2024)
8	NC (MER 2020)
9	C (MER 2020)
10	PC (MER 2020) ↑ LC (FUR 2024)
11	C (MER 2020)
12	LC (MER 2020)
13	LC (MER 2020)
14	PC (MER 2020) ↑ LC (FUR 2024)
15	PC (MER 2020) ↑ LC (FUR 2024)
16	PC (MER 2020)
17	PC (MER 2020) ↑ LC (FUR 2024)
18	PC (MER 2020) ↑ LC (FUR 2024)
19	PC (MER 2020)
20	C (MER 2020)

R.	Rating
21	C (MER 2020)
22	PC (MER 2020) ↑ LC (FUR 2024)
23	PC (MER 2020)
24	PC (MER 2020)
25	PC (MER 2020)
26	LC (MER 2020)
27	LC (MER 2020)
28	PC (MER 2020)
29	LC (MER 2020)
30	LC (MER 2020)
31	LC (MER 2020)
32	PC (MER 2020) ↑ LC (FUR 2024)
33	LC (MER 2020)
34	PC (MER 2020)
35	LC (MER 2020)
36	LC (MER 2020)
37	PC (MER 2020)
38	PC (MER 2020) ↑ LC (FUR 2024)
39	PC (MER 2020)
40	LC (MER 2020)

⁶ Note: There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

117. Sierra Leone has 27 Recommendations rated C/LC. Sierra Leone will remain in Enhanced Follow-up based on technical compliance ratings. Sierra Leone's next Enhanced FUR is due in November 2025.

Annex to the FUR

Summary of Technical Compliance – Deficiencies underlying the ratings³

Recommendations	Rating	Factor(s) underlying the rating
1. Assessing risks & applying a risk-based approach	LC	<ul style="list-style-type: none"> • The NRA did not sufficiently assess some DNFBPs considered high risk in the NRA report. Legal persons and arrangements were not assessed in the NRA. • There is no requirement for reporting entities to incorporate information on the higher risks identified in the NRA into their risk assessments
2. National cooperation and coordination	LC	<ul style="list-style-type: none"> • There is no coordination mechanism in place to combat PF
3. Money laundering offences	LC	<ul style="list-style-type: none"> • Sierra Leone has not criminalised terrorism, insider trading and market manipulation • The sanctions imposed on natural persons do not include fines
4. Confiscation and provisional measures	LC	<ul style="list-style-type: none"> • Forfeiture of real assets of corresponding value are not covered under the AML/CFT Act
5. Terrorist financing offence	LC	<ul style="list-style-type: none"> • There is no express text that stipulates that it is immaterial for terrorist financing to take place in a location different from where terrorist/terrorist organisation is located or the terrorist act occurred or will occur
6. Targeted financial sanctions related to terrorism & TF	PC	<ul style="list-style-type: none"> • Sierra Leone has not established arrangements for identifying and proposing targets to the relevant UN Committee pursuant to UNSCR 1267 and under UNSCR 1373 • There are no mechanisms to collect or solicit information to identify persons and entities which, competent authorities believe, meet the criteria for designation • Reporting institutions are not required to report attempted transaction relating to assets frozen or actions to competent authorities in relation to TFS • There is no detailed guidance for reporting entities on TFS
7. Targeted financial sanctions related to proliferation	NC ↔NC (2024 FUR)	<ul style="list-style-type: none"> • There are no adequate mechanisms to implement TFS without delay on PF • The immediate communication of information on designations to the financial sector and DNFBPs, as well as de-listing and unfreezing of assets, is not fully ensured • There are no clear requirements for these entities to freeze the funds and assets and transactions without prior notice • There are no publicly known procedures to unfreeze funds or other assets of persons or entities where a false positive name match arises • Sierra Leone has not provided guidance to FIs and other persons and entities, including DNFBPs, that may be holding funds or other assets on their obligations to respect a de-listing or unfreezing action •
8. Non-profit organisations	NC	<ul style="list-style-type: none"> • Sierra Leone has not yet identified the characteristics and types of NPOs which are likely to be abused for TF purposes • Sierra Leone has not reviewed the adequacy of measures, including laws and regulations that relate to the subset of the NPO sector that may be abused for terrorism financing. • There are no risk-based supervision/oversight measures for NPOs • Relevant authorities are rarely working with NPOs to develop best practices to deal with TF risk • There are no established mechanisms to promptly share information.
9. Financial institution secrecy laws	C	<ul style="list-style-type: none"> •
10. Customer due diligence	PC ↑ LC (2024 FUR)	<ul style="list-style-type: none"> • The requirement to verify identity under c10.14 did not cover beneficial owner • The requirement in the law in c10.18 does not cover identification
11. Record keeping	C	<ul style="list-style-type: none"> •
12. Politically exposed persons	LC	<ul style="list-style-type: none"> • There is limitation in the definition of PEPs (none-coverage of PEPs link to international organizations),

Recommendations	Rating	Factor(s) underlying the rating
		<ul style="list-style-type: none"> There is lack of explicit provisions addressing the specific requirements in relation to life insurance policies under c12.4, including the application of the required due diligence.
13. Correspondent banking	LC	<ul style="list-style-type: none"> There is no requirement to establish whether a respondent bank has been subject to a ML/TF investigation or regulatory action.
14. Money or value transfer services	PC ↑ LC (2024 FUR)	<ul style="list-style-type: none"> There is no enforcement actions or sanction against the MVTs operating without license
15. New technologies	PC ↑ LC (2024 FUR)	<ul style="list-style-type: none"> Sierra Leone has not implemented any specific enforcement actions or sanction against natural or legal persons that carry out VASP activities without the requisite license Sierra Leone has not issued guidelines or provided feedback to assist the sector in the application of ML/TF measures There is no clear communication mechanisms and no robust measures in place yet for monitoring and ensuring compliance VASPs. The minor deficiencies that exist in R.10, 14, 16, 17, 18 etc are applicable to c15.9
16. Wire transfers	PC	<ul style="list-style-type: none"> There is no requirement that covers required beneficiary information as set out in R.16 which creates significant deficiency, especially under c16.1-c16.3, c16.7, c16.8, c16.9, c16.10-c16.13, c16.15 and c16.16. There is no provision that meets the requirement of c16.17 There is no specific requirement for beneficiary FIs to verify the identity of the beneficiary of a cross border wire transfer if the identity has not been previously verified as required under c16.14
17. Reliance on third parties	PC ↑ LC (2024 FUR)	<ul style="list-style-type: none"> There is lack of explicit obligation on FIs to have regard for a country's level of risk, where the third party or intermediary is located in another country
18. Internal controls and foreign branches and subsidiaries	PC ↑ LC (2024 FUR)	<ul style="list-style-type: none"> The law did address the requirement that branches and subsidiaries should receive such information from the group-level functions when relevant and appropriate to risk management as required under c18.2(b).
19. Higher-risk countries	PC	<ul style="list-style-type: none"> There are no measures in place to ensure that financial institutions are advised of concerns about weaknesses in the AML/CFT systems of other countries. There is no explicit requirement to apply countermeasures proportionate to the risks when called upon to do so by the FATF The range of available counter measures is not comprehensive (limited to EDD).
20. Reporting of suspicious transaction	C	<ul style="list-style-type: none">
21. Tipping-off and confidentiality	C	<ul style="list-style-type: none">
22. DNFBPs: Customer due diligence	PC ↑ LC (2024 FUR)	<ul style="list-style-type: none"> The minor shortcomings relating to R. 10, 15, and 17 apply to this Recommendation
23. DNFBPs: Other measures	PC	<ul style="list-style-type: none"> The requirement of c23.3 relating to higher risk countries is not met The deficiencies under Recommendation 18 also apply under R.23
24. Transparency and beneficial ownership of legal persons	PC	<ul style="list-style-type: none"> Sierra Leone has not carried out a comprehensive risk assessment of the ML/TF risk associated with all the different types of legal persons Disclosure of information on nominee shareholder is limited to public companies There are no measures in place to ensure that companies update the beneficial ownership information. There are no sanctions to deal with failure to provide beneficial ownership information

Recommendations	Rating	Factor(s) underlying the rating
25. Transparency and beneficial ownership of legal arrangements	PC	<ul style="list-style-type: none"> There are no obligations on the part of express trustees to hold adequate, accurate and current information on the trustee, settler, the protector and beneficial owner
26. Regulation and supervision of financial institutions	LC	<ul style="list-style-type: none"> There is no requirement for supervisors to review the assessment of the ML/TF risk profiles of FIs on a regular basis and in case of material events or changes in the activities of the supervised entities
27. Powers of supervisors	LC	<ul style="list-style-type: none"> Supervisors do not have powers to carry out the supervision of the implementation of TFS obligations in relation to PF. Supervisors require a conviction to impose the administrative sanctions under the AML/CFT Act.
28. Regulation and supervision of DNFBPs	PC	<ul style="list-style-type: none"> Regulatory measures by DNFBP supervisors (with exception of GLC and ICASL) to prevent criminals or their associates from being professionally accredited, or holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function are not robust There is no AML/CFT supervisory framework for the DNFBPs There is no requirement for supervisory authorities to review the ML/TF risk profiles and internal risk assessments prepared by DNFBPs Supervisors do not have statutory powers to carry out the supervision of the implementation of the TFS obligations in relation to PF
29. Financial intelligence units	LC	<ul style="list-style-type: none"> There is no requirement for the FIU to disseminate information upon request.
30. Responsibilities of law enforcement and investigative authorities	LC	<ul style="list-style-type: none"> The law requires an order of the court before the identification of property and documents in the case of the ACC
31. Powers of law enforcement and investigative authorities	LC	<ul style="list-style-type: none"> Investigative techniques, including undercover operations; intercepting communications; and controlled delivery are limited to drug related offences.
32. Cash couriers	PC ↑ LC (2024 FUR)	<ul style="list-style-type: none"> There is no evidence of operational cooperation between FIU and other authorities coordinate on matters related to R32 and There is no express provision for authorities to restrain currency or BNIs for a reasonable period in the case of false declaration
33. Statistics	PC	<ul style="list-style-type: none"> Other than the FIU, there is no standardized approach or mechanism for maintaining the relevant statistics across various relevant authorities. This impacted on timely availability of statistics during the assessment.
34. Guidance and feedback	PC	<ul style="list-style-type: none"> No sector specific AML/CFT guidelines have been issued for the DNFBPs. There is limited feedback to the DNFBPs
35. Sanctions	LC	<ul style="list-style-type: none"> The fines are not proportionate and dissuasive Provisions for enforcing administrative, pecuniary or civil penalties for breach of AML/CFT obligations by reporting entities under the AML/CFT Act require convictions of the court and this could pose practical difficulties.
36. International instruments	LC	<ul style="list-style-type: none"> Sierra Leone has not fully domesticated the confiscation of property of equivalent value in accordance with Art.(12)(a) of the Palermo Convention
37. Mutual legal assistance	PC	<ul style="list-style-type: none"> There is no case management system or process in place to determine the timely prioritisation and execution of MLA request The range of investigative techniques available domestically for conducting ML/TF cases is limited The AML/CFT law does not address c37.7
38. Mutual legal assistance: freezing and confiscation	PC ↑ LC (2024 FUR)	<ul style="list-style-type: none"> There is lack of a clear processes or arrangements to coordinate the seizure and confiscation measures in transnational cases
39. Extradition	PC	<ul style="list-style-type: none"> Sierra Leone has not implemented a case management system for timely execution and prioritization of extradition requests. There is no requirement that dual criminality should be deemed to have been satisfied where both countries criminalise the conduct underlying the offence

Recommendations	Rating	Factor(s) underlying the rating
40. Other forms of international cooperation	LC	<ul style="list-style-type: none"> • SLICOM does not have the powers to provide a wide range of international assistance • There is no express obligation that information shared by competent authorities is exclusively used for the purposes for which it was requested and by the authorities for which it was requested or provided • With exception of the FIU, there are no express provisions that allow other competent authorities to exchange information indirectly with non-counterparts • The absence of a provision requiring financial supervisors to conduct inquiries on behalf of foreign counterparts • The absence of a provision requiring prior authorisation of the requested financial supervisor for any dissemination of information



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**Anti-money laundering and counter-terrorist
financing measures in Sierra Leone**

Follow-up Report & Technical Compliance Re-Rating

**The report also looks at whether Sierra Leone
measures meet the requirements of FATF
Recommendations that have changed since their
Mutual Evaluation in 2019.**

Follow-up Report