The United Republic of Tanzania

Ministry of Finance and Planning

NATIONAL MONEY LAUNDERING AND TERRORIST FINANCING RISK ASSESSMENT REPORT

DECEMBER 2016

DECLARATION

The National Money Laundering and Terrorist Financing (ML/TF) Risk Assessment of the United Republic of Tanzania has been conducted as a self-assessment by Tanzania, being a collaboration between Government and the private sector, and using the National ML/TF Risk Assessment Tool that was developed and provided by the World Bank Group. The World Bank Group's role was only limited to delivery of the tool and providing guidance on the technical aspects of the tool.

ACRONYMS

AML	- Anti-Money Laundering
AMLA	- Anti-Money Laundering Act (For Tanzania Mainland)
AMLPOCA	- Anti-Money Laundering and Proceeds of Crime Act (For Zanzibar)
ATI	- Association of Tanzania Insurers
BOT	- Bank of Tanzania
BPRA	- Zanzibar Business and Property Registration Agency
BRELA	- Business Registration and Licensing Agency
CBDC	- Cross Border Declaration of Currency
CDD	- Customer Due Diligence
CIS	- Collective Investment Scheme
CMSA	- Capital Markets and Securities Authority
CNCDC	- Commission for National Coordination and Drug Control
CTR	- Cash Transaction Report
DAWASCO	- Dar es salaam Water Supply Company Limited
DCC	- Drugs Control Commission
DNFBPs	- Designated Non-Financial Services Businesses and Professions
DSE	- Dar es salaam Stock Exchange
EAC	- East African Community
EFTR	- Electronic Funds Transfer Report
ESAAMLG	- Eastern and Southern Africa Anti-Money Laundering Group
EWURA	- Energy and Water Utilities Regulatory Authority
FATF	- Financial Action Task Force
FI	- Financial Inclusion
FIU	- Financial Intelligence Unit
FT	- Financing of Terrorism
GBT	- Gaming Board of Tanzania
GDP	- Gross Domestic Product
KYC	- Know Your Customer

LEA	- Law Enforcement Agency
LGA	- Local Government Authority
ML	- Money Laundering
MNO	- Mobile Network Operator
MVTS	- Money or Value Transfer Services
NAMLC	- National Multi-Disciplinary Committee on Anti-Money Laundering
NBAA	- National Board of Accountants and Auditors
NBS	- National Bureau of Statistics
NCTC	- National Counter Terrorism Centre
NEC	- National Electoral Commission
NGO	- Non-Governmental Organisation
NIDA	- National Identification Authority
NOMADS	- Nominated Advisors
NRA	- National Money Laundering and Terrorist Financing Risk Assessment
NRAWG	- National Risk Assessment Work Group
PCCB	- Prevention and Combating of Corruption Bureau
POTA	- Prevention of Terrorism Act, 2002
RBA	- Risk Based Approach
RITA	- Registration, Insolvency and Trusteeship Agency
ROSCAS	- Rotating Savings and Credit Associations
SACA	- Savings and Credit Association
SACCOS	- Savings and Credit Cooperative Society
SADC	- Southern Africa Development Community
SSRA	- Social Security Regulatory Authority
TACBA	- Tanzania Court Brokers Association
TANESCO	- Tanzania Electric Supply Company Limited
TBA	- Tanzania Bankers Association
TBML	- Trade Based Money Laundering
TCRA	- Tanzania Communications Regulatory authority
TF	- Terrorist Financing

TIC   - Tanzania Investment Centre

TIN   - Taxpayer Identification Number

TIRA   - Tanzania Insurance Regulatory Authority

TLS   - Tanganyika Law Society

TMX   - Tanzania Mercantile Exchange

TPF   - Tanzania Police Force

TRA   - Tanzania Revenue Authority

TZS   - Tanzania Shillings (currency of the United Republic of Tanzania)

URT   - United Republic of Tanzania

US   - United States (of America)

VSLA   - Village Savings and Loans Association

WB   - World Bank

ZAAA   - Zanzibar Association of Accountants and Auditors

ZAECA   - Zanzibar Anti-Corruption and Economic Crimes Authority

ZAWA   - Zanzibar Water Authority

ZEC   - Zanzibar Electoral Commission

ZIPA   - Zanzibar Investment Promotion Authority

ZLS   - Zanzibar Law Society

ZRB   - Zanzibar Revenue Board

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EXECUTIVE SUMMARY

National Risk Assessment (NRA) on Money Laundering (ML) and Terrorist Financing (TF) is a comprehensive process of identifying and analysing the main sources and drivers of ML/TF risk in a country. NRA covered the United Republic of Tanzania. The purpose of NRA is to identify, assess and understand ML/TF risks, in order to develop risk based Anti-Money Laundering and Counter Terrorist Financing (AML/CTF) actions, so as to facilitate the allocation of available resources in the most effective way. NRA was conducted on the basis of a self-assessment by Tanzanian authorities, using the NRA tool developed and provided by the World Bank (the World Bank Tool). The Ministry of Finance and Planning was the champion of NRA and it was closely advised by the National Multi-Disciplinary Committee on Anti-Money Laundering (NAMLC). The Financial Intelligence Unit (FIU) was appointed to coordinate the exercise and it worked in close collaboration with Bank of Tanzania. The exercise involved 127 participants from 80 key government and private sector institutions from Tanzania mainland and Zanzibar. The NRA process was carried out over a period of 16 months from September 2015 to December 2016.

The World Bank tool defines money laundering risk at the national level as a function of National ML Threat and National ML Vulnerability. Money laundering risk at the national level was assessed to be MEDIUM HIGH whereby, ML Threat was medium while ML Vulnerability was medium high. Apart from assigning ratings, the assessment revealed various findings. Among the findings, the following were found to be the most prevalent crimes that lead to money laundering (crimes with high ML threat):

1. Corruption or bribery
2. Tax evasion
3. Illicit drug trafficking
4. Counterfeiting of goods
5. Illegal mining and illegal trading in precious minerals and stones
6. Poaching and unlawful possession and unlawful dealing in government trophies.

The crimes of smuggling of goods, illicit trafficking in stolen or other goods, forgery, extortion and theft were rated medium high in terms of ML threat, and the remaining crimes were rated medium, medium low or low (Table 2.3).

The assessment covered 19 sectors and it revealed that the sectors of real estate, dealers in precious metals and stones, motor vehicle dealers and Informal value transfer (hawala) services have high ML risk. The sectors of banking, casinos and other gaming activities, bureaux de change, electronic money issuers, lawyers, notaries and other independent legal professionals were rated medium high in terms of ML risk. The remaining ten (10) sectors were rated medium, medium low or low in terms of ML risk.

Overall terrorist financing (TF) risk was rated MEDIUM. This is out of TF threat which was rated medium and TF vulnerability which was also rated medium. Generally, Tanzania is considered to face TF threat from Al-Qaeda and Al-Shabaab. In the US bombing in Dar es Salaam in 1998, Al-Qaeda had managed to recruit some Tanzanians to perpetrate the attack. As for Al-Shabaab, the group is from Somalia and Somalia is not far away from Tanzania. Sectors that are vulnerable to TF include money transfer services, non-profit organisations, informal value transfer (hawala) services and electronic money issuers.

Financial inclusion was also considered in the assessment. As a developing country, Tanzania has a considerable number of people in poverty and who are financially excluded. It is for this reason that the Government embraced Financial Inclusion (FI) and during NRA, it was decided that FI Products Risk Assessment also be carried out. FI Products Risk Assessment is reported in a separate document from this report.

The assessment made various recommendations and it came up with an action plan. The action plan is documented separately from this report. There are recommendations at the national level which are applicable universally, and there are recommendations at a sector level, which are applicable to specific sectors. Some of the key recommendations at the national level include:

1. AML/CFT stakeholders (FIU, regulators, law enforcement agencies reporting persons, etc.) to create AML/CFT awareness to their respective clients or business stakeholders and the general public

2. Amendments of the Anti-Money Laundering Act, 2006 (AMLA) and the Anti-Money Laundering and Proceeds of Crime Act, 2009 (AMLPOCA), in order to address the deficiencies that were identified in the assessment

3. Implementation of a risk based approach in combating ML/TF

4. Step up the issuance of national IDs to cover all the eligible population, in order to improve KYC/CDD across board

5. Reporting persons to carry out ML/TF risk assessment of their respective businesses

The end of NRA needs to be followed up with immediate implementation of the resulting action plan. This NRA will be constantly updated to keep up with the evolving nature of the crimes of money laundering and terrorist financing.

1. INTRODUCTION

1.1   OVERVIEW

National Risk Assessment (NRA) on Money Laundering (ML) and Terrorist Financing (TF) is a comprehensive process of identifying and analysing the main sources and drivers of the ML/TF risk of the country. The purpose of NRA is to identify, assess and understand ML/TF risks, in order to develop risk based Anti-Money Laundering and Counter Terrorist Financing (AML/CTF) actions, so as to facilitate the allocation of available resources in the most effective way.

The United Republic of Tanzania's NRA is a government wide activity aiming at better understanding the ML/TF risks faced by the country. The Ministry of Finance and Planning was the champion of NRA and it was closely advised by the National Multi-Disciplinary Committee on Anti-Money Laundering (NAMLC). The Financial Intelligence Unit (FIU) was appointed to coordinate the exercise and it worked in close collaboration with Bank of Tanzania. Stakeholders representing key Government and private sector institutions as listed in Appendix G participated in the NRA Process.

In addition to understanding ML/TF risks, having an action plan and applying a risk based approach, the assessment will make Tanzania comply with best practices and international standards, particularly Recommendation 1 of the Financial Action Task Force (FATF), which requires countries to identify, assess and understand the ML/TF risks and apply a risk based approach (RBA) to ensure that the measures to prevent/ mitigate ML/TF risks are commensurate with the risks identified.

This report details the findings from the assessment of ML/TF risks, conducted on the basis of a self-assessment by Tanzanian authorities, using the National Money Laundering and Terrorist Financing Risk Assessment (NRA) Tool developed and provided by the World Bank. The NRA process was carried out over a period of sixteen (16) months from September 2015.

1.2   OBJECTIVES

The objectives of the NRA were to:-

(a)   Understand the level of proceeds of crime generated in the country or coming into the country from abroad.

(b)   Identify and understand terrorist financing (TF) threats and vulnerabilities.

(c)   Determine how vulnerable financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs) are to ML and TF.

(d)   Determine and understand weaknesses in the legal and regulatory framework by taking into consideration the criminal and administrative justice system, and existing preventative systems.

(e)   Apply a risk based approach and appreciate the most efficient way to allocate resources for the prevention, detection, investigation and prosecution of ML and TF offences.

1.3   THE NATIONAL RISK ASSESSMENT PROCESS

1.3.1   Organization of the NRA Process

The National Risk assessment process started in September 2015 under the Ministry of Finance and Planning and it was closely advised by the National Multi-Disciplinary Committee on Anti-Money Laundering (NAMLC). The FIU coordinated the exercise in close collaboration with Bank of Tanzania. The NRA process was carried out over a period of 16 months through meetings and constant online communication. Data collection was part of participants' daily routine.

1.3.2   Participants

The exercise involved 127 participants from 80 key government and private sector institutions (Appendix G). Participants were selected from the following institutions:

(i)   Relevant ministries – Ministries responsible for finance (Mainland and Zanzibar), Ministry of Home affairs, Ministry responsible for Foreign Affairs, Ministry of Constitutional Affairs and Justice.

(ii)   National Multi-Disciplinary Committee on Anti-Money Laundering.

(iii)   Regulatory bodies (Appendix D).

(iv)   The private sector in the form of reporting persons representatives from banking, insurance, securities and various other DNFBPs.

(v)   Law enforcement agencies (Appendix B).

(vi)   Prosecution authorities (Mainland and Zanzibar).

(vii)   The judiciary (Mainland and Zanzibar).

(viii) Other AML/CFT stakeholders such as the FIU, AML/CFT data sources.

1.3.3   Data Collection

Data and statistics for the exercise were collected using questionnaires, direct requests from institutions, the National Bureau of Statistics, periodic reports and interview of experts.

1.4 THE NATIONAL RISK ASSESSMENT TOOL

The National Risk Assessment was carried out using the tool provided by the World Bank. The World Bank Tool defines National ML Risk as a function of national ML threat and National ML vulnerability. The World Bank Tool consists of 9 modules as shown in Figure 1 below.

Figure 1: General structure of the World Bank National Risk Assessment tool
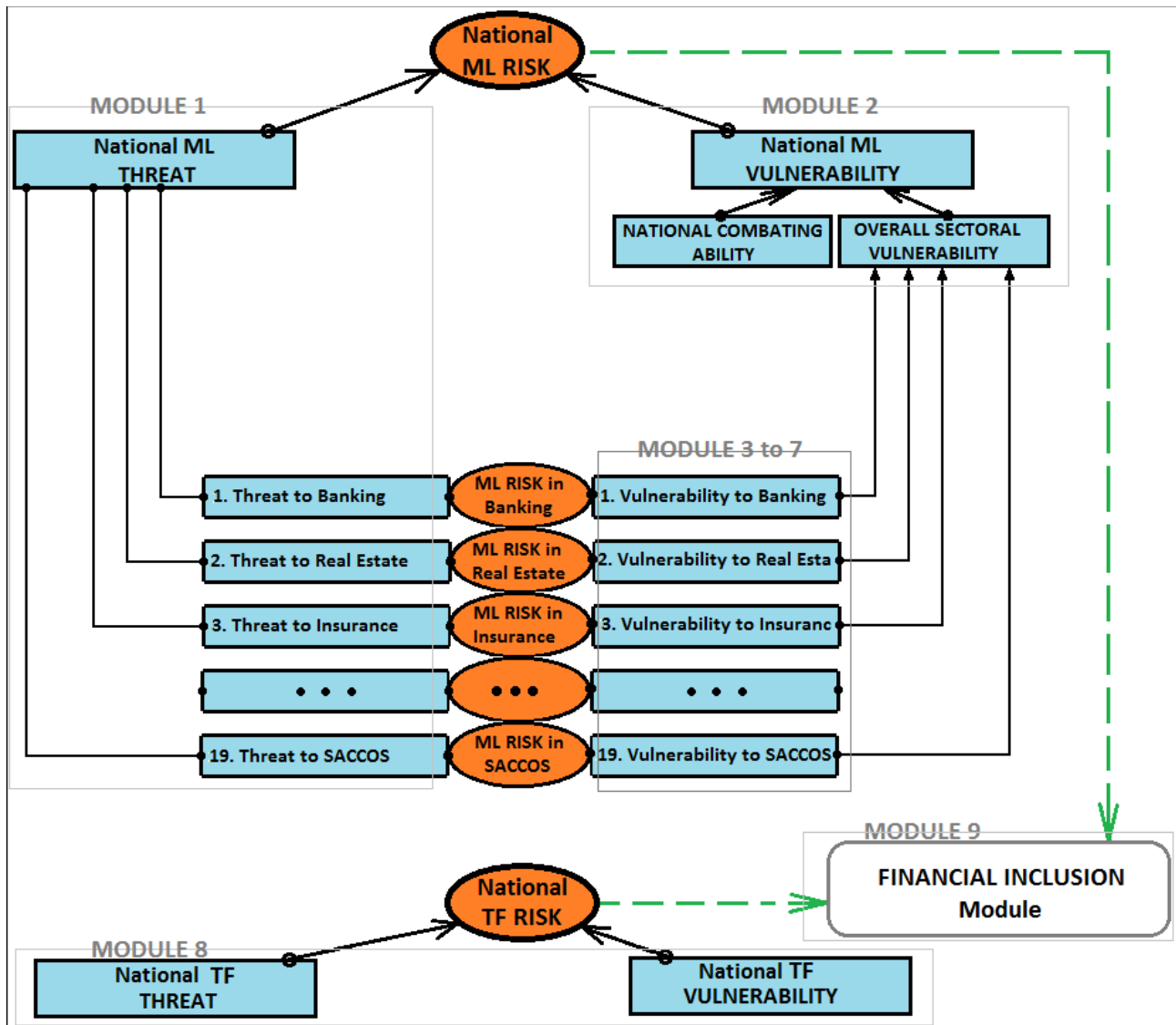
The National ML THREAT module (**Module 1**) focuses on understanding the proceeds of crime in the country. The national VULNERABILITY (**Module 2**) consists of two parts: OVERALL SECTORAL VULNERABILITY and NATIONAL COMBATING ABILITY. In the sectoral

vulnerability, the financial sector (banking (**Module 3**), securities (**Module 4**), insurance (**Module 5**), other financial institutions (**Module 6**)) as well as the designated non-financial businesses and profession's (**Module 7**) in Tanzania were assessed. In addition to the money laundering risk assessment modules, the tool contains a separate TF risk assessment module (**Module 8**) and a Financial Inclusion Module (**Module 9**). The Financial Inclusion module aims at assisting authorities in evaluating ML and TF risks arising from existing and emerging financial inclusion products. It can also be used by service providers and regulators to design financial products with low ML/TF risk. This module is different from other modules and it benefits from the output of NRA rather than feeding into it.

2. SECTION 1: MONEY LAUNDERING RISK

2.1 MONEY LAUNDERING RISK AT THE NATIONAL LEVEL

2.1.1 Country Context for Money Laundering

The United Republic of Tanzania (Tanzania) consists of Tanzania Mainland (formerly Tanganyika) and Tanzania Zanzibar (Zanzibar). Tanganyika and Zanzibar united in 1964 to form the United Republic of Tanzania. The President of the United Republic of Tanzania is the Head of State. All State authority in the United Republic is exercised and controlled by the Government of the United Republic of Tanzania and the Revolutionary Government of Zanzibar. Each Government has three organs, namely the Executive, the Judiciary and the Legislature. Zanzibar is autonomous in matters which are not union matters.

The total area of Tanzania is 945,000km^2, which is made up of 880,668 km^2 (Mainland), 2,332 km^2 (Zanzibar) and water 62,000km^2. As per the 2012 Population and Housing Census, Tanzania has a total population of 44,928,923 whereby, the population of Tanzania Mainland is 43,625,354 and that of Zanzibar is 1,303,569.

The United Republic of Tanzania is located in the eastern part of Africa and it shares borders with eight (8) countries and the Indian Ocean. The countries are Kenya, Uganda, Rwanda, Burundi, the Democratic Republic of Congo, Zambia, Malawi and Mozambique. Dodoma is the capital of Tanzania while Dar es Salaam is the business capital and the major sea port. The Dar es Salaam port serves Tanzania itself and the neighbouring land locked countries of Malawi, Zambia, Burundi, Rwanda and Uganda, as well as the Democratic Republic of Congo. Tanzania is a member of the East African Community (EAC), the Southern Africa Development Community (SADC) and it is also a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG).

Money laundering is a relatively new crime to many Tanzanians. It is still unknown to many and it is perceived to be something foreign and the few who are beginning to come to terms with the crime tend to associate it with grand corruption or crimes that involve a lot of money. In an effort to figure

out ML/TF perceptions, at least among the informed, a ML/TF perception survey was conducted at the onset of the National Money Laundering and Terrorist Financing Risk Assessment (NRA) exercise. It involved 100 of the 127 participants of the National Risk Assessment Work Group (NRAWG). Results of the survey are shown in Appendix F. The survey showed that participants believed that corruption was the number one crime that generated illicit proceeds that are laundered. It was followed by drugs trafficking, poaching, tax evasion and smuggling of goods. As Tanzania strives to combat money laundering, there is also the acceptance that most of the proceeds of crime are generated within the country and not from abroad. This is due to the prevailing nature of crime in the country.

At the international stage, Tanzania is considered to have a relatively high level of crime including money laundering. In 2015, the Transparency International Corruption Perception Index (CPI) for Tanzania was 28 points out of 100, ranking Tanzania at number 117 out of 167 jurisdictions. In the same year, Tanzania scored 7.07 as far as the 2015 Basel AML Index is concerned. With the Basel AML Index, zero (0) is considered to be low risk while 10 is considered to be high risk in terms of money laundering. With this score, Tanzania was ranked 26 out of 152 jurisdictions for being more risky in terms of money laundering. The jurisdiction ranked at number 152 (Finland) was considered the least risky in terms of money laundering. In 2009, Tanzania underwent Mutual Evaluation by ESAAMLG. In that evaluation, Tanzania scored Non-Compliant (NC) in 12 out of 16 Key and Core FATF Recommendations and it was placed under observation of the FATF's International Cooperation Reviews Group (ICRG). Due to the high level political will and commitment of the Government in fighting ML/TF, Tanzania strengthened its AML/CFT regime by, among others, making significant improvements to its legal and institutional framework. By June 2014, Tanzania had addressed all strategic deficiencies and was removed from the ICRG process.

2.1.2   Overall ML Risk Level

Overall National ML Risk Level is a function of ML Threat and ML Vulnerability. The national money laundering threat for Tanzania is **MEDIUM (M)** whereby, domestic money laundering threat is Medium High (MH), and threat from abroad is Medium Low (ML). Money laundering threat with unidentified origin is Low (L).

Major domestic threat for money laundering comes from corruption, tax evasion, drugs trafficking, poaching and smuggling of goods. Foreign threat for money laundering comes from unlawful dealing in Government trophy, drugs trafficking and smuggling of goods.

Overall money laundering vulnerability for Tanzania was rated **MEDIUM HIGH (MH)**. Putting all this in perspective, with the money laundering risk being a function of threat and vulnerability, it means that the overall money laundering risk for Tanzania is **MEDIUM HIGH (MH)**.

Figure 2: Money laundering risk in the United Republic of Tanzania
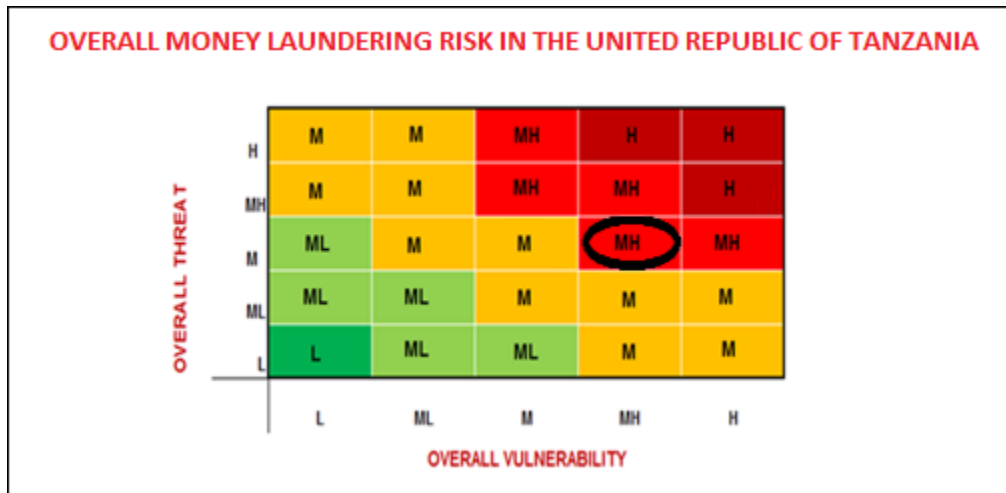
2.1.3   Money Laundering Threat at the National Level

The data collected was primarily obtained from the law enforcement agencies (LEAs) and other stakeholders implementing various laws. The information collected was mainly predicate offence statistics including the number of cases detected or investigated, cases prosecuted, convictions, amounts of proceeds involved, proceeds confiscated, related statistics of ML cases, etc. Sources of

information include the Ministry of Home Affairs, the Tanzania Police Force, Zanzibar Anti-Corruption and Economic Crimes Authority (ZAECA), Prevention and Combating of Corruption Bureau (PCCB), National Counter Terrorism Centre (NCTC), Drugs Control Commission (DCC), The Commission for National Coordination and Drug Control (CNCDC), the Office of the Director of Public Prosecution in Mainland and Zanzibar, the Financial Intelligence Unit (FIU), Tanzania Revenue Authority (TRA), Zanzibar Revenue Board (ZRB), Tanzania Prisons Service, Institute of Education for Offenders and the Immigration Services Department. Collection of the required information was not as difficult as initially anticipated primarily because all of the institutions that sourced the information participated in the NRA exercise. Information was collected for all crimes that make up the list of predicate offences in Tanzania AML laws (AMLA and AMLPOCA). There is however, limited information on the financial value of proceeds linked with the offences, mainly because relevant authorities were not keen on capturing that information.

Table 2.1: *Crime statistics (These crimes are predicate offences to ML), Jan. 2011–Dec. 2015*

Predicate Offence	No. of cases detected or investigated	No. of cases prosecuted	No. of convictions (cases)	No. of persons convicted	Amount of proceeds seized or frozen (without ML charges) [USD]	Amount of proceeds confiscated (without ML charges) [USD]
Tax evasion	1,159	28	-	27		74,882,045. 45
Corruption or bribery	4,777	1,441	502	751		
Poaching	4,161	1,801	305	1,861		
Illegal mining and illegal trading in precious minerals	66			54		7,227,272.72
Illicit drugs trafficking	40,633	17,820	3,269	1,838	45,389,245.45	
Armed robbery	5,790	2,507	424	3,161	708,779.00	0
Theft	8,949	3,874	656	2,547	3,502,130.62	0
Terrorism including terrorist financing	36	-	-	9	77,272.73	0
Counterfeiting (Bank notes)	3,312	1,434	243	891		

Predicate Offence	No. of cases detected or investigated	No. of cases prosecuted	No. of convictions (cases)	No. of persons convicted	Amount of proceeds seized or frozen (without ML charges) [USD]	Amount of proceeds confiscated (without ML charges) [USD]
Counterfeiting (Goods)	93	93	93	292	385,171.27	385,171.27
Misappropriation of funds	701	326	56	81	1,852,797.85	
Trafficking in human beings and smuggling of migrants	112	98		137		
Illegal fishing	33	32	32	949		6,088.64
Smuggling of goods	497	215	36	152	37,400.29	
Piracy	3	2	1	7		
Environmental crimes				918		
Forgery	1,369	640	98	426	3,464,538.48	
Organised criminal activities and racketeering				83		
Sexual exploitation				1,098		
Illicit trafficking in stolen or other goods				1,533		
Kidnapping, illegal restraint and hostage taking	10	8	1	36		
Extortion	34,258	16,752	2,579	4,292	45,390,977.10	
Hijacking				7		
Insider dealing and market manipulation				6		
Illicit trafficking or dealing in human organs and tissues	2	2		79		
Grievous bodily harm	3,360	2,749	517	6,187		
Pyramid and other similar schemes				5		
Piracy of goods				7		
Cyber crime			396		1,152,924.04	

Predicate Offence	No. of cases detected or investigated	No. of cases prosecuted	No. of convictions (cases)	No. of persons convicted	Amount of proceeds seized or frozen (without ML charges) [USD]	Amount of proceeds confiscated (without ML charges) [USD]
	2,240	1,951		405		
Conspiracy to commit any predicate offence				963		
Fraud (Banking Fraud)	591	256	43	51	3,194.55	
Unlawful possession and unlawful dealing in government trophy				2,446		
Exploitation of Children	16,906	9,129	1,424	1,521		

2.1.4   Crimes that Pose Money Laundering Threat

A clear determination and understanding of the ML threat is important in the process of assessing the ML risk.   The ML threat analysis considered the level and trend of predicate offences in Tanzania. The predicate offences in the country are defined in AMLA and AMLPOCA. The overall level of ML threat in Tanzania was rated Medium and it is mainly due to domestic ML threat. Domestic ML threat was rated Medium High while ML threat from abroad was rated Medium Low. Analysis of predicate offences posing the major threat, and the sectors that face the major threat show that most of the crimes are committed within the country and the proceeds according to the statistics available are also laundered within the country. ML threat from abroad is mainly due to illicit drugs trafficking, poaching, smuggling of goods and counterfeiting of goods. The countries involved are mainly Latin American, European and the Middle Eastern countries for illicit drugs trafficking and Far Eastern countries for poaching and counterfeiting of goods.

In the ML threat analysis, the numbers of cases detected, investigated and prosecuted, as well as the number of people involved and the monetary value of the proceeds were taken into consideration. As a result, corruption or bribery, tax evasion, illicit drugs trafficking, poaching, counterfeiting of goods, misappropriation of funds, illegal mining and illegal trading in precious minerals and stones were identified as the most prevalent predicate offences and were rated high in terms of ML threat.

Theft, forgery, smuggling of goods, illicit trafficking in stolen or other goods and extortion were rated medium high. Armed robbery, counterfeiting of bank notes, fraud, trafficking in human beings and smuggling of migrants, environmental crimes, organised criminal activities and racketeering and piracy of goods were rated as medium. Illegal fishing and grievous bodily harm were rated medium low while piracy, sexual exploitation, kidnapping, illegal restraint and hostage taking, hijacking, insider dealing and market manipulation, illicit trafficking or dealing in human organs and tissues, pyramid and other similar schemes, cybercrime, conspiracy to commit any predicate offence and exploitation of children were rated low. The following is a brief analysis of ML threat from prominent predicate offences:-

Figure 3: Main sources of illicit proceeds
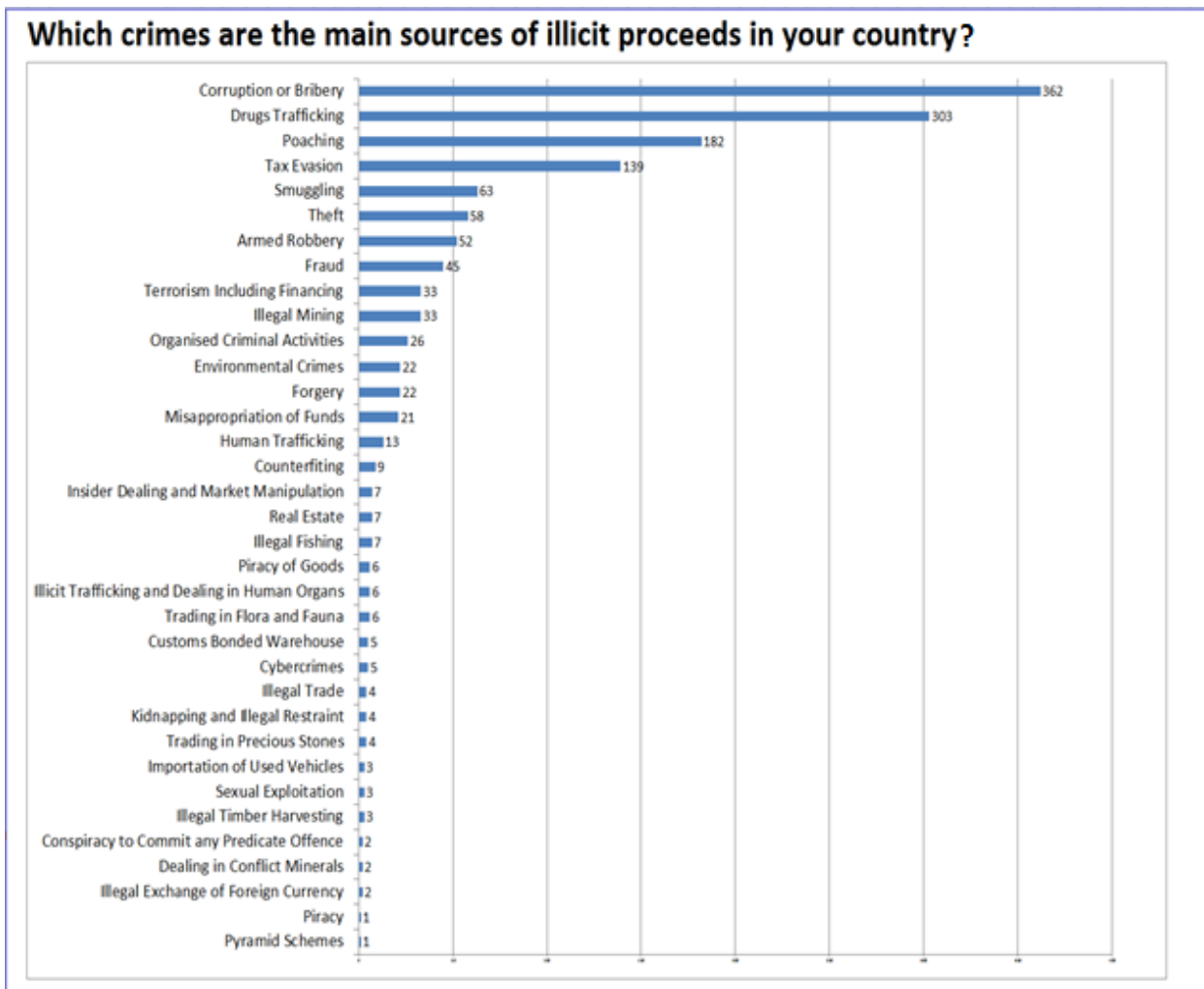
Source: ML/TF perception survey by the NRAWG (Appendix F)

2.1.4.1 Crimes with High Threat

i.   Corruption and Misappropriation of Funds
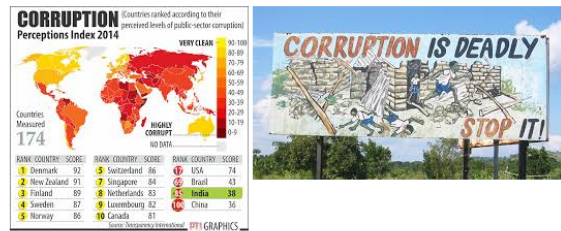
Corruption is one of the major concerns in Tanzania. Corruption is experienced at all levels starting from grand corruption to petty corruption. Misappropriation of funds is a different predicate offence but it is sometimes also taken to mean corruption. In 2015, the Transparency International Corruption Perception Index (CPI) for Tanzania was 28 points out of 100, ranking Tanzania at number 117 out of 167 jurisdictions.

Between 2011 and 2015, 4,777 cases were detected and investigated, 1441 cases were prosecuted, there were 502 convictions involving 751 persons and there were 12 ML cases involving corruption. As far as misappropriation of funds is concerned, 701 cases were detected and investigated, 326 cases were prosecuted and there were 56 convictions involving 81 persons. A total sum of USD 1,852,797.85 was seized in the course of investigation (Table 2.1).

In a ML/TF perception survey (Appendix F), corruption was perceived to be the crime that generated the most illicit proceeds (Figure 3). Money laundering threat from corruption or bribery and from misappropriation of funds was rated high.

ii.   Tax Evasion

Figure 2.1: Tax Effort across African Countries in 2007

Source: AEO country surveys, 2010.
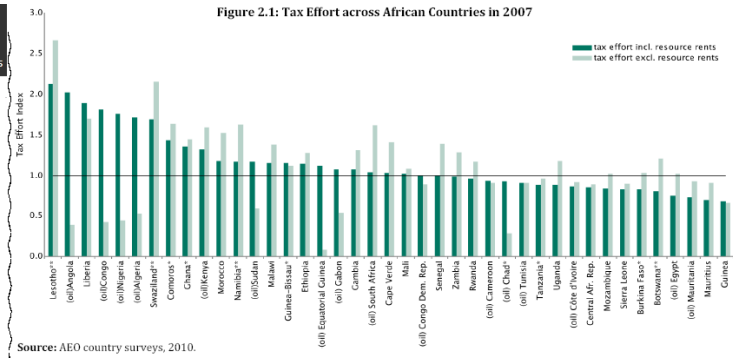
Tax evasion is one of the major concerns in Tanzania. There is tax evasion at all levels starting from tax evasion by large corporations generating huge illegal proceeds, to tax evasion by petty traders and street vendors.

Between 2011 and 2015, 1,159 tax evasion cases were detected and investigated, 28 cases were prosecuted, 27 persons were convicted and USD 74,882,045.45 of evaded tax was recovered (Table 2.1). During the same period, the FIU sent 36 intelligence reports involving tax evasion to revenue authorities (TRA and ZRB) for investigation. In a ML/TF perception survey that was conducted at the onset of the NRA exercise, in the predicate offences that were considered, tax evasion was ranked fourth (4th) among the crimes that generated the most illicit proceeds (Figure 3).

Money laundering threat from tax evasion was rated high based on Crime statistics (Table 2.1) and ML/TF perception survey (Figure 3).

iii.   Poaching

TANZANIA ARRESTS THE NOTORIOUS "QUEEN OF IVORY"
Oct 10, 2015 by Casey Coates Danson
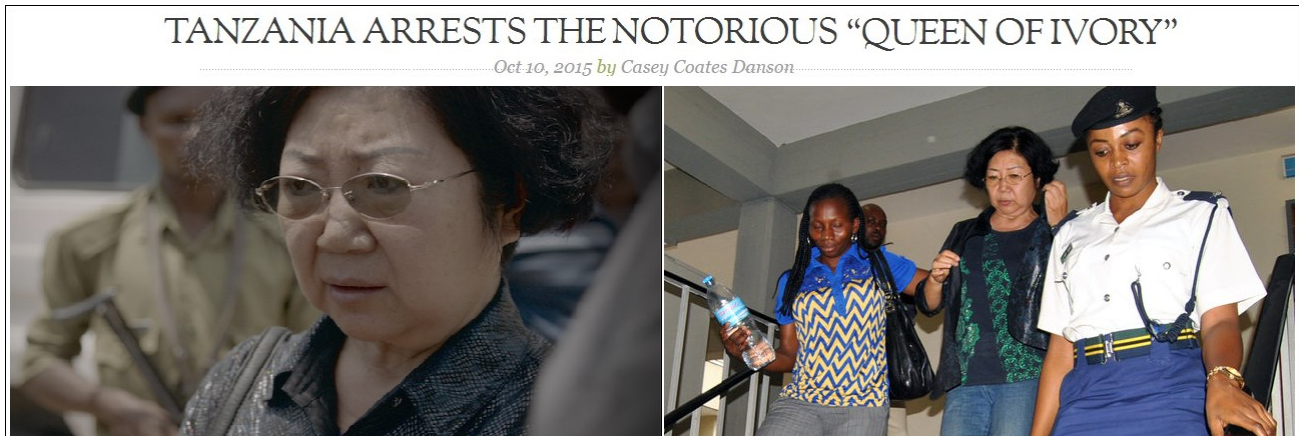
Poaching is among the major problems in Tanzania. Wildlife in Tanzania National parks and game reserves is poached for body parts such as tusks, skins, claws and bones. Some animals are smuggled alive out of the country. Rhino horns and elephant tusks fetch very high prices abroad especially in some Far East countries. In those countries, these animal parts and live animals are prestigious collectibles and they are also used for medicinal purposes. As a result of poaching, animals such as elephants and rhinos are threatened with extinction.

Poaching is usually done by locals who get paid relatively very little when compared to the price that poached products fetch on the global market. Trafficking of poached items to the market is carried out by highly organised and sophisticated international criminal syndicates.

Between 2011 and 2015, 4,161 cases were detected and investigated, 1,801 cases were prosecuted, there were 305 convictions involving 1,861 persons (Table 2.1).

Persons who are found in illegal possession of wildlife or wildlife body parts and who cannot be linked directly with poaching are usually charged with unlawful possession and unlawful dealing in government trophies, which is currently not a predicate offence. There is therefore a need for proper designation of poaching as a predicate offence to cover all wildlife and related crimes. Between 2011 and 2015, 2,446 persons were convicted of unlawful possession and unlawful dealing in government trophy (Table 2.1). Statistics above also include some cases of poaching.

In a ML/TF perception survey (Appendix F), poaching was ranked third (3th) among the crimes that generated the most illicit proceeds (Figure 3). Money laundering threat from poaching was rated high based on Crime statistics (Table 2.1) and the ML/TF perception survey (Figure 3).

iv.   Drug Trafficking

Drug trafficking is another major problem in Tanzania. To a large extent, Tanzania is a transit point. Cocaine is usually trafficked from Latin America to Europe and Africa, and heroin is usually trafficked from Asia to North America and Latin America.

Between 2011 and 2015, a total of 40,633 drug trafficking cases were detected and investigated, out of which 17,820 cases were prosecuted. This resulted into 3,269 convictions involving 1,838 persons. Drugs worth USD 45,389,245.45 were seized (Table 2.1).

In a ML/TF perception survey (Appendix F), Drug trafficking was ranked second (2nd) among the crimes that generated the most illicit proceeds. Money laundering threat from drug trafficking was rated high based on Crime statistics (Table 2.1) and ML/TF perception survey (Figure 3).

v. Illegal Mining and Illegal Trading in Precious Minerals and Stones

Tanzania is abundant with mineral riches and illegal mining and illegal trading in precious minerals and stones is one of the significant problems. The problem of illegal mining and trading takes place in various forms. There are persons who mine illegally and often proceed to sell the minerals and precious stones illegally. There are also persons and companies which have relevant licenses and permits and mine legally, but end up selling the minerals and precious stones illegally. The minerals and precious stones are usually sold illegally within the country or they are smuggled out of the country. According to Tanzania Minerals Audit Agency 2015 Annual Report, Monitoring of mineral exports at major airports enabled the interception of smuggled minerals worth USD 1,512,186.61 and TZS 34,670,794 in 25 separate incidents. From Table 2.1 above, between 2011 and 2015, 66 cases involving precious metals and stones were detected and investigated, and 54 persons were convicted. USD 7,227,272.72 worth of proceeds were confiscated.

In a ML/TF perception survey (Appendix F), illegal mining and illegal trading in precious minerals and stones was ranked tenth (10th) among 35 predicate offences. Money laundering threat from illegal mining and illegal trading in precious minerals and stones was rated high based on Crime statistics (Table 2.1) and ML/TF perception survey (Figure 3).

vi.   Counterfeiting of Goods

Tanzania is not very industrialised, as a result it imports much of the manufactured goods and machinery from abroad. Due to the high demand for affordable goods, importers procure products to cater for this market and such products tend to be of poor quality or counterfeit.

Counterfeiting of goods is one of the major problems in Tanzania. This is exacerbated by illiteracy, low awareness on quality of goods and services, and low income and poverty of the citizenry. These factors lead people to look for cheap and affordable goods and services, which tend to be fake or counterfeit.

Between 2011 and 2015, a total of 93 cases were detected, investigated, prosecuted and convictions were secured for all these cases. 292 persons were convicted in these cases and USD 385,171.27 worth of goods were seized and confiscated. Money laundering threat from counterfeiting of goods was rated high based on Crime statistics (Table 2.1) and ML/TF perception survey (Figure 3).

2.1.4.2 Crimes with Medium High Threat

Theft, smuggling of goods, forgery, extortion and illicit trafficking in stolen or other goods are crimes that have been rated medium high in terms of ML threat. Theft and extortion are mainly committed out of poverty and hard living conditions, while goods are smuggled across borders mainly to evade tax. Tanzania has lengthy porous borders and it neighbours eight different countries and the Indian Ocean. It is very difficult to secure each and every part of the border to prevent crossing illegally. This unfortunately makes smuggling of goods and illicit trafficking in stolen or other goods quite easy. Smuggling and trafficking of goods across borders move in both directions. Goods, especially manufactured products, are smuggled into the country and other goods including farm products and raw materials are smuggled out of the country. Money laundering threat for the

above crimes was rated medium high based on Crime statistics (Table 2.1) and ML/TF perception survey (Figure 3).

2.1.4.3 Crimes with Medium Threat

Armed robbery, counterfeiting of banknotes, banking fraud, trafficking in human beings and smuggling of migrants, environmental crimes, organised criminal activities and racketeering and piracy of goods are rated medium in terms of ML threat. These crimes are either somehow prevalent but do not generate much proceeds or they are few but generate sizeable proceeds. As far as trafficking in human beings and smuggling of migrants is concerned, Tanzania is mainly used as a transit route. Migrants are usually trafficked from the horn of Africa to Southern Africa. Money laundering threat for the above crimes was rated medium based on Crime statistics (Table 2.1) and ML/TF perception survey (Figure 3).

2.1.4.4 Crimes with Medium Low and Low Threat

Illegal fishing, piracy, sexual exploitation, kidnapping, illegal restraint and hostage taking, hijacking, insider dealing and market manipulation, grievous bodily harm, illicit trafficking or dealing in human organs and tissues, pyramid and other similar schemes, cybercrime, terrorism including terrorist financing, conspiracy to commit any predicate offence and exploitation of children are either rated medium low or low. These crimes are either few, they generate a few proceeds or they generate sizeable proceeds but with low value. Overall, the relative size of proceeds from these crimes is low. Money laundering threat for the above crimes was rated based on Crime statistics (Table 2.1) and ML/TF perception survey (Figure 3).

Table 2.3: *Money laundering threat ratings*

Offence	ML Threat
Tax evasion	H
Corruption or bribery	H
Poaching and Unlawful possession and unlawful dealing in government trophy	H
Illegal mining and illegal trading in precious minerals	H
Illicit drugs trafficking	H
Counterfeiting (Goods)	H
Misappropriation of funds	H
Theft	MH
Smuggling of goods	MH
Forgery	MH
Illicit trafficking in stolen or other goods	MH
Extortion	MH
Armed robbery	M
Fraud (Banking Fraud)	M
Counterfeiting (Bank notes)	M
Trafficking in human beings and smuggling of migrants	M
Environmental crimes	M
Organised criminal activities and racketeering	M
Fraud (Banking Fraud)	M
Piracy of goods	M
Illegal fishing	ML
Grievous bodily harm	ML
Terrorism including terrorist financing	L
Piracy	L
Sexual exploitation	L
Kidnapping, illegal restraint and hostage taking	L
Hijacking	L
Insider dealing and market manipulation	L
Illicit trafficking or dealing in human organs and tissues	L
Pyramid and other similar schemes	L
Cyber crime	L
Conspiracy to commit any predicate offence	L
Exploitation of Children	L

2.1.5 Exposure of Sectors to Money Laundering Threat

Sectors under ML threat were also assessed. In the whole NRA exercise, collection of crime statistics per sector proved to be the most challenging task. These statistics were required for ML threat assessment of each sector. In practise, law enforcement agencies and Regulators keep statistics on crime in other formats than that required for this assessment (i.e. Not on sectoral basis). Lack of sectoral statistics was a setback in assessing ML threat in sectors. Nevertheless, some stakeholders periodic and annual reports together with opinion from experts who participated in the NRA exercise as members of the National Risk Assessment Work Group helped a great deal in conducting the ML threat assessment for each sector. Furthermore, a survey that was conducted at the onset of the NRA exercise (Appendix F) also became handy. It helped shed some light on ML threat assessment in each sector.

In the assessment, banking sector, real estate, motor vehicle dealers and hawala were identified as the main sectors through which the proceeds of crime are channelled and accordingly were rated as having high threat. Apart from cash payments, the banking sector and electronic money issuers are the major sectors that handle payments and other financial transactions. Transacting with banks attracts rigorous KYC/CDD scrutiny while transacting with electronic money issuers attracts little KYC/CDD scrutiny. However, electronic money transactions have strict value limits. Dealers in precious stones and metals, bureaux de change, casinos and other gaming activities, lawyers, notaries and other independent legal professionals, micro credit companies were rated medium high threat. Accountants and Auditors, Money or Value Transfer Services and electronic money issuers were rated medium threat while securities, insurance, auctioneers, dealers in works of art, SACCOS and informal financial groups were rated low threat. The following table presents an overview of ML threat analysis of sectors.

Table 2.4: *Analysis of sectors under ML threat*

No.	Sector	Rating of ML Threat	Grounds behind the Assigned Rating
1	Banking	High	• Number of cases in courts associated with illicit transactions in banks • The most targeted sector when criminals want to launder big money • The most threatened sector as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Banking products and services are among the most threatened as per the ML/TF Perception Survey by the NRAWG (Appendix F) • High value transactions (sector handles biggest transactions in the economy) • International/cross border transactions in the sector • Preferred sector to transact for businesses and high net worth individuals. • Big sector in the economy
2	Real estate	High	• Number of cases in courts associated with land and housing. • One of the most targeted and safe sectors for criminals to launder money • The second most threatened sector as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Real estate is the most threatened product as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Unregulated sector • Cash intensive • High value transactions • No value or transaction limits • Big sector in the economy

No.	Sector	Rating of ML Threat	Grounds behind the Assigned Rating
3	Informal value transfer (Hawala) services	High	- One of the most preferred and convenient methods of illegal funds transfer - International/cross border transactions - Hawala services are among the most threatened as per the ML/TF Perception Survey by the NRAWG (Appendix F) - High value transactions - No value or transaction limits - Unregulated sector - Cash intensive
4	Dealers in precious metals and stones	High	- Number of cases detected, investigated and prosecuted, convictions secured and the value of assets confiscated. - Monitoring of mineral exports at major airports and the value of smuggled minerals intercepted (e.g. in 2015 smuggled minerals worth USD 1,512,186.61 and TZS 34,670,794 were intercepted in 25 separate incidents - TMAA 2015 Annual Report). - One of the most threatened sectors as per the ML/TF Perception Survey by the NRAWG (Appendix F) - Dealers in precious metals and stones products and services are among the most threatened as per the ML/TF Perception Survey by the NRAWG (Appendix F) - High value transactions - Involves cash - Import/export oriented products - International/cross border transactions - Lengthy and porous borders making the smuggling of minerals easier

No.	Sector	Rating of ML Threat	Grounds behind the Assigned Rating
5	Motor vehicle Dealers	High	• Products and services in this sector are considered among the most risky as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Cash intensive • Cross border transactions • Unregulated sector
6	Bureaux de change	Medium High	• Intelligence information revealed that bureaux de change are involved in hawala business • Supervision reports revealed regular breach of KYC/CDD requirements • Bureaux de change are one of the most threatened sectors as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Bureaux de change products and services are among the most threatened as per the ML/TF Perception Survey by the NRAWG (Appendix F) • High value transactions • Cash intensive • Involves customers who are foreigners
7	Casinos and other gaming activities	Medium High	• Casinos and other gaming activities are one of the most threatened sectors as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Casinos and other gaming activities products and services are considered among the moderately threatened as per the ML/TF Perception Survey by the NRAWG (Appendix F) • High value transactions • No value or transaction limits • Cash intensive • Involves international personnel (owners and

No.	Sector	Rating of ML Threat	Grounds behind the Assigned Rating
			customers)
8	Lawyers, notaries and other independent legal professionals	Medium High	• This sector is one of the moderately threatened sectors as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Products and services in this sector are considered among the moderately threatened as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Indispensable profession in handling complex corporate structures • High value transactions • No value or transaction limits • International/cross border transactions • Attracts high net worth individuals • Unregulated sector for AML purposes (Tanzania Mainland) • Involves cash • Can involve customers who are foreigners
9	Micro credit Institutions	Medium High	• One of the easiest sector to launder money • High value transactions • No value or transaction limits • Unregulated sector • Cash intensive
10	Accountants and Auditors	Medium	• Indispensable/required profession in handling complex financial transactions • This sector is one of the moderately threatened sectors as per the ML/TF Perception Survey by the NRAWG (Appendix F) • High value transactions • No value or transaction limits to the profession • Moderately regulated

No.	Sector	Rating of ML Threat	Grounds behind the Assigned Rating
11	Money or Value Transfer Services	Medium	• Most prominent crime in the sector is fraud. Sector customers are defrauded • High value transactions • International/cross border transactions • Cash intensive • Relatively small sector in the economy • Adequately regulated sector
12	Electronic Money Issuers	Medium	• This sector is one of the moderately threatened sectors as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Products and services in this sector are considered among the least threatened as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Low value transactions • Value limits exist • Involve cash at some point • Big sector in the economy with many users • The sector is used by all mobile network subscribers (natural and legal persons) • Big sector in the economy
13	Pension Fund Managers	Medium Low	• This sector is one of the least threatened sectors as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Products and services in this sector are considered among the least threatened as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Involves some cash • Regulated sector • Non cross border transactions
14	Insurance	Low	• This sector is one of the moderately threatened

No.	Sector	Rating of ML Threat	Grounds behind the Assigned Rating
			sectors as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Products and services in this sector are considered among the moderately threatened as per the ML/TF Perception Survey by the NRAWG (Appendix F) • High value transactions • No value or transaction limits • Most products are not under ML threat. It is mainly life insurance that is under ML threat • Regulated sector • Involves cash • Relatively small sector in the economy • The number of policy holders is not big.
15	Securities	Low	• This sector is one of the least threatened sectors as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Products and services in this sector are considered among the least threatened as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Transaction limits exist: High value transactions (USD 500,000 and above) require pre-arrangements • Relatively small sector in the economy • The sector is regulated for AML/CFT purposes • Involves some cash • Low number of investors due to low awareness on the Sector – Subsequently a few potential criminals
16	SACCOS	Low	• This sector was not mentioned in any aspect in the ML/TF Perception Survey by the NRAWG (Appendix F) • Member based service

No.	Sector	Rating of ML Threat	Grounds behind the Assigned Rating
			• Small to Medium value transactions • Cash intensive • Non-cross border transactions • value and transaction limits exist
17	Dealers in Works of Art	Low	• This sector is one of the least threatened sectors as per the ML/TF Perception Survey by the NRAWG (Appendix F) • No value or transaction limits • Unregulated sector • Cash intensive • Very small sector in the economy • Low value transactions • Attracts foreign tourists
18	Auctioneers	Low	• This sector is one of the least threatened sectors as per the ML/TF Perception Survey by the NRAWG (Appendix F) • Products and services in this sector are considered among the least threatened as per the ML/TF Perception Survey by the NRAWG (Appendix F) • No value or transaction limits • Involves cash sometimes • Low number of service providers • Unregulated sector • Very small sector in the economy
19	Informal Financial Groups	Low	• Unregulated sector • Member based services • Cash intensive • Small value transactions • Non-cross border transactions • Value and transaction limits exist

2.1.6 Cross Border Money Laundering Threat

Tanzania faces cross border money laundering threats from various countries and regions. To a large extent, these threats are inherent due to normal and good business relations between countries, and from being direct neighbours. However, there are also some threats that are posed purely from criminal activities.

Tanzania neighbours eight (8) countries and the Indian Ocean. There is therefore a very lengthy and porous border that separates Tanzania and these neighbours. It is very difficult for Tanzania to secure completely this lengthy border to prevent people from crossing illegally. Tanzania enjoys trading relations with its neighbours, particularly fellow member countries in the East African Community (Kenya, Uganda, Rwanda and Burundi). Out of these trade relationships, there is a lot of smuggling of goods that takes place in an effort by traders to evade tax. There is also the trafficking of stolen goods across borders. Movement of goods in this manner takes place in both directions. I.e. there are goods that are moved into Tanzania and other goods that are moved out of Tanzania. Between 2011 and 2015, a total of 497 cases of smuggling of goods were detected and investigated out of which 1,533 people were convicted of illicit trafficking in stolen or other goods (Table 2.1). It is for this reason that some member countries within the East African Community pose a high cross border ML threat.

In a similar way, Tanzania faces high to medium high cross border ML threat from some Asian and Southern African countries, even though they are not direct neighbours to Tanzania. These countries are big trading partners and along with this trade are incidences of smuggling of precious metals and stones such as gold, diamonds and tanzanite from Tanzania to Asia, shipping of stolen cars from Southern Africa to Tanzania and smuggling of migrants, especially from the Horn of Africa to Southern Africa through Tanzania.

Tanzania also faces a big drug trafficking problem. Cocaine is usually trafficked through Tanzania from Latin America (where it is produced) to Southern Africa and Europe. Heroin is also trafficked from Asia, especially the Middle East (where it is produced) to North and Latin America through

Tanzania. It is for this reason that Tanzania faces a medium high cross border ML Threat from Latin America and Middle Eastern countries.

Tanzania also faces a big poaching problem. Wild animals such as rhinos and elephants are poached for their horns and tusks. These body parts fetch very high prices in the Far East where they are used for medicinal purposes and as prestigious collectible items (symbols of status). Rhinos and elephants are now threatened with extinction due to this problem. It is for this reason that some Far East countries pose high ML Threat.

Tanzania also faces a high ML Threat from some countries in the Horn of Africa due to illegal proceeds from hijacking and other crimes in the region. These proceeds are likely invested in Tanzania, especially the hospitality industry and real estate.

2.1.7 Money Laundering Vulnerability at the National Level

Money laundering vulnerability at the national level comprises National Combating Ability and Overall Sectoral Vulnerability (see Module 2 in Figure 1). National Combating Ability was rated MEDIUM (Figure 4) and Overall Sectoral Vulnerability was rated HIGH (Figure 5). Therefore, National ML vulnerability was **MEDIUM HIGH (MH)** (Figure 6)

Figure 4: National ML combating ability
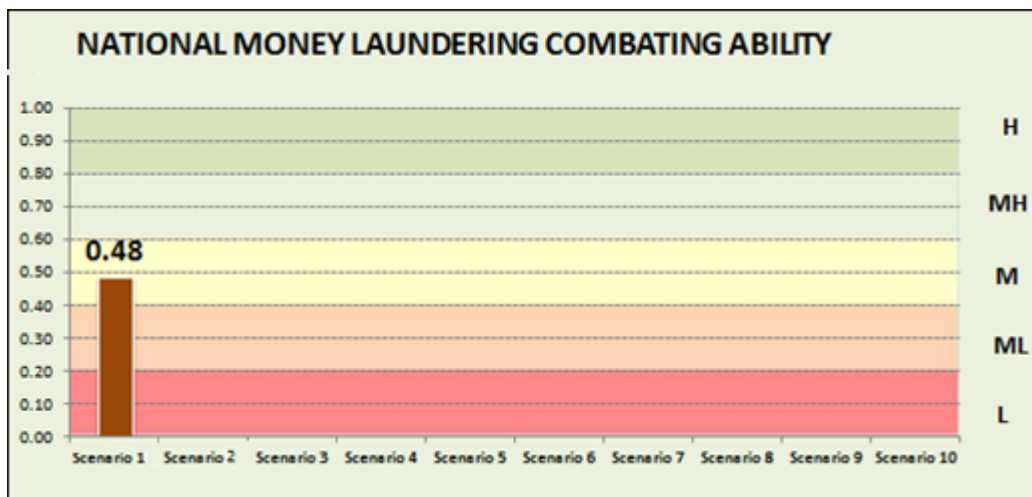
Figure 5: Overall sectoral ML vulnerability
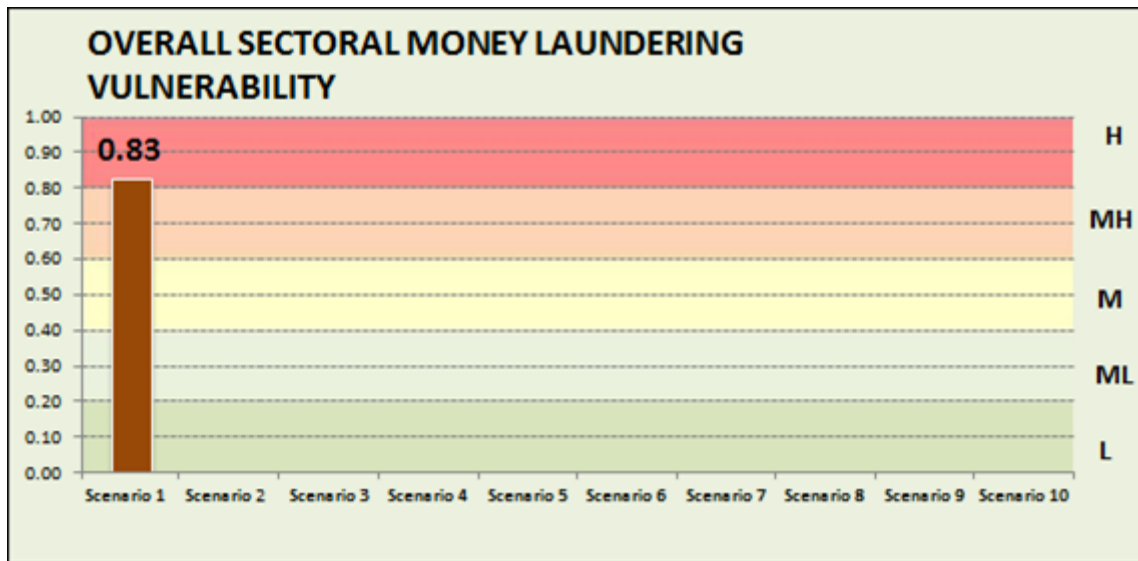
Figure 6: ML Vulnerability at national level
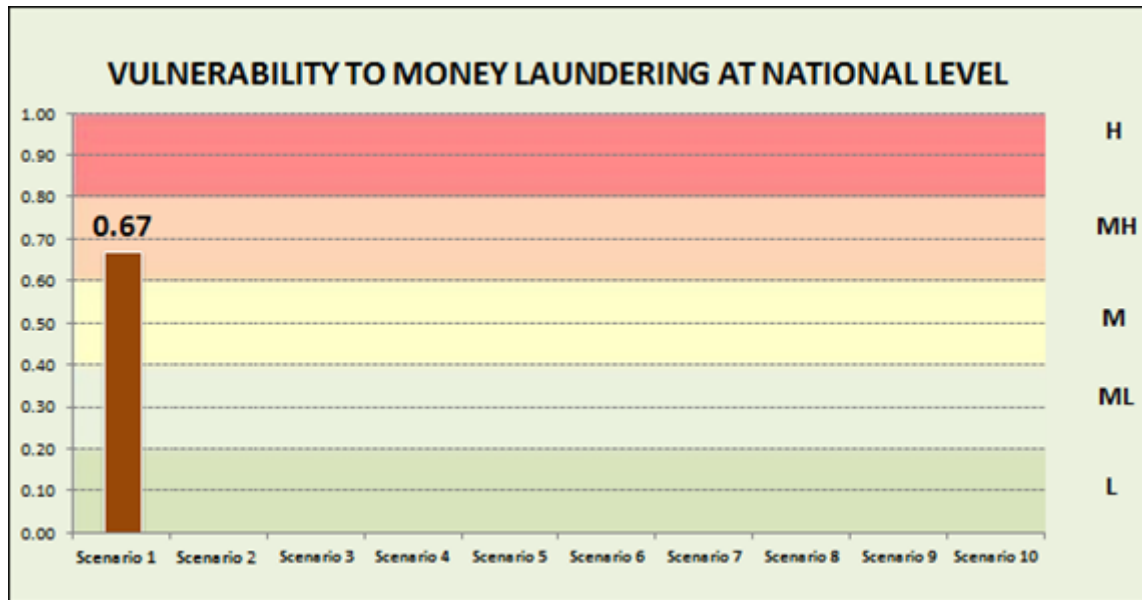
Figure 7: ML vulnerability map at the national level
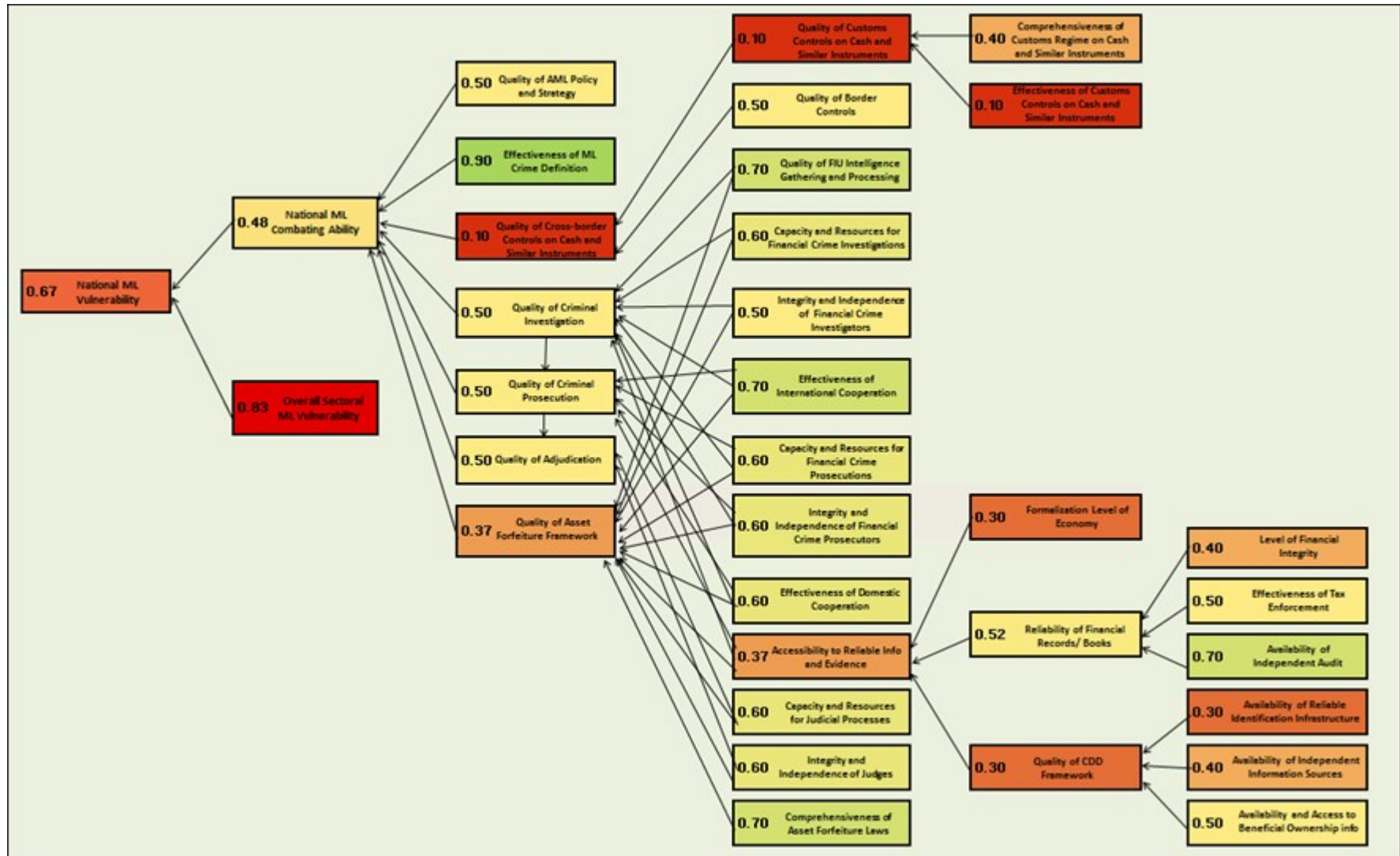
2.1.8 National ML Combating Ability

The national ML combating ability was determined through assessment of 22 input variables. Figure 8 below shows the rating of variables.

Figure 8: Assessment of national ML combating ability

A. INPUT VARIABLES/NATIONAL ML COMBATING ABILITY FACTORS	ASSESSMENT RATING	
Quality of AML Policy and Strategy	(0.5) Medium	0.5
Effectiveness of ML Crime Definition	(0.9) Close to Excellent	0.9
Comprehensiveness of Asset Forfeiture Laws	(0.7) High	0.7
Quality of FIU Intelligence Gathering and Processing	(0.7) High	0.7
Capacity and Resources for Financial Crime Investigations (incl. AF)	(0.6) Medium High	0.6
Integrity and Independence of Financial Crime Investigators (incl. AF)	(0.5) Medium	0.5
Capacity and Resources for Financial Crime Prosecutions (incl. AF)	(0.6) Medium High	0.6
Integrity and Independence of Financial Crime Prosecutors (incl. AF)	(0.6) Medium High	0.6
Capacity and Resources for Judicial Processes (incl. AF)	(0.6) Medium High	0.6
Integrity and Independence of Judges (incl. AF)	(0.6) Medium High	0.6
Quality of Border Controls	(0.5) Medium	0.5
Comprehensiveness of Customs Regime on Cash and Similar Instruments	(0.4) Medium Low	0.4
Effectiveness of Customs Controls on Cash and Similar Instruments	(0.1) Close to Nothing	0.1
Effectiveness of Domestic Cooperation	(0.6) Medium High	0.6
Effectiveness of International Cooperation	(0.7) High	0.7
Formalization Level of Economy	(0.3) Low	0.3
Level of Financial Integrity	(0.4) Medium Low	0.4
Effectiveness of Tax Enforcement	(0.5) Medium	0.5
Availability of Independent Audit	(0.7) High	0.7
Availability of Reliable Identification Infrastructure	(0.3) Low	0.3
Availability of Independent Information Sources	(0.4) Medium Low	0.4
Availability and Access to Beneficial Ownership Information	(0.5) Medium	0.5

The input variables are briefly discussed below showing strengths and weaknesses in the national ML combating ability.

i) **Quality of AML Policy and Strategy (Rated 0.5 - Medium) –** There is high political will and commitment to fight ML in Tanzania, but there is need to develop a national AML policy. Reporting persons are yet to conduct ML risk assessments in their respective areas and thereafter apply a risk based approach (RBA) to combating ML.

ii) **Effectiveness of ML Crime Definition (Rated 0.9 – Close to excellent) –** Criminalisation of ML is comprehensive enough in Tanzania AML laws (AMLA and AMLPOCA). However, to avoid the possibility of leaving out of the list of predicate offences some of the crimes that generate unlawful proceeds, it could be better if predicate offences are defined using the "*all crimes approach*".

iii) **Comprehensiveness of Asset Forfeiture Laws (Rated 0.7 - High) –** Asset forfeiture laws are comprehensive enough. There is however need to broaden coverage of properties that can be confiscated to include properties of corresponding value.

iv) **Quality of FIU Intelligence Gathering and Processing (Rated 0.7 - High) -** Quality of intelligence gathering is good, FIU staff have the required integrity and the FIU is a member of the Egmont Group of FIUs. However, the FIU needs to start receiving Cash Transaction Reports (CTR), Cross Border Declaration of Currency Reports (CBDCR) and Electronic Funds Transfer Reports (EFTR).

v) **Capacity and Resources for Financial Crime Investigations (including Asset Forfeiture) (Rated 0.6 – Medium High) –** Investigative agencies are adequately structured. However, there is need to allocate adequate budget for financial crime investigators. Investigators also need more capacity building to equip them with more investigative skills and techniques.

vi) **Integrity and Independence of Financial Crime Investigators (including Asset Forfeiture) (Rated 0.5 - Medium) –** Financial crime investigators are independent enough and they have the required integrity. However, procedures for managing

properties under provisional measures and forfeited assets should be provided for in asset forfeiture laws.

vii) **Capacity and Resources for Financial Crime Prosecutions (including Asset Forfeiture) (Rated 0.6 – Medium High) –** Generally, there is inadequate technical (Specialised training), human and financial resources in the prosecution service in Tanzania Mainland and in Zanzibar. In addition, there is a need for Zanzibar to establish a specialised asset forfeiture unit.

viii) **Integrity and Independence of Financial Crime Prosecutors (including Asset Forfeiture) (Rated 0.6 – Medium High)** – Generally, ML prosecutions are free from interference and the pace and outcome of ML prosecutions are free from interference. However, integrity and independence of prosecutors is not absolute due to incidences of corruption involving prosecutors.

ix) **Capacity and Resources for Judicial Processes (including Asset Forfeiture) (Rated 0.6 – Medium High) -** The criminal bench is adequately structured, however, budget is not always sufficient and the judiciary still needs to employ more staff and to train its staff continuously, especially in AML and asset forfeiture.

x) **Integrity and Independence of Judges (including Asset Forfeiture) (Rated 0.6 – Medium High) –** There are safeguards in place to preserve the integrity of the judges (at law and in practice) and generally, proceedings/trials are free from interference. However, integrity and independence of judges is not absolute due to allegations of corruption.

xi) **Quality of Border Controls (Rated 0.5 - Medium) –** Tanzania has long and porous borders. It neighbours eight (8) different countries and the Indian Ocean. Securing all the borders is therefore a challenge. There is therefore a need to allocate adequate financial and other resources to secure all the borders, and there is also a need for joint patrols between Tanzania border control personnel and personnel of the neighbouring countries. Additionally, there is need to harmonise all laws that curb smuggling.

xii) **Comprehensiveness of Customs Regime on Cash and Similar Instruments (Rated 0.4 – Medium Low)** – AML laws of Tanzania (AMLA and AMLPOCA) have provisions for the declaration of physical cross-border transportation of currency and bearer negotiable instruments. AMLPOCA has implementing regulations while AMLA does not have such Regulations.

xiii) **Effectiveness of Customs Controls on Cash and Similar Instruments (rated 0.1 – Close to Nothing)** – Cross border declaration of currency (CBDC) needs be operationalised as a matter of urgency.

xiv) **Effectiveness of Domestic Cooperation (rated 0.6 – Medium High)** – There are operational meetings among AML stakeholders on a case by case basis (LEAs, Regulators, Intelligence Services, FIU, Prosecutors, etc.). However, there is need for these stakeholders to meet on a regular basis.

xv) **Effectiveness of International Cooperation (rated 0.7 - High)** – Tanzania has all the Mutual Legal Assistance (MLA) laws in place and it cooperates very well with the international community. However, there is need to provide for non-conviction based asset forfeiture in our laws. There is also need to provide adequate financial, human and technical resources to relevant authorities for MLA operations.

xvi) **Availability of Reliable Identification Infrastructure (0.3)** – Tanzania identification infrastructure comprises the following Government institutions:
- a) National Identification Authority (NIDA) – They issue National Ids**.**
- b) Registration, Insolvency and Trusteeship Agency (RITA) for Tanzania Mainland and Registrar of Births and Deaths for Zanzibar - They issue birth and death certificates, they also register trusts.
- c) National Electoral Commission (NEC) for Tanzania Mainland and Zanzibar Electoral Commission (ZEC) for Zanzibar – They issue voters' Ids.
- d) Tanzania Revenue Authority (TRA) and Zanzibar Revenue Board (ZRB) – They issue driving licenses and Taxpayer Identification Numbers (TIN).

e) Immigration Services Department – They issue passports and residence permits.

f) Zanzibar Registration and Identification Office – They issue ZAN Ids.

g) Business Registration and Licensing Agency (BRELA) and Zanzibar Business and Property Registration Agency (BPRA) – They register and license companies.

With regards to the above identification authorities, only NIDA has plans in place to enable reporting entities verify customers identities online. ZAN ID already has links with ZEC, NIDA, ZRB, Registrar of Land Zanzibar and the President's Office, Labour and Public Service. It is soon to also link up with Registrar of Births and Deaths (Zanzibar). This has facilitated verification of residents information in various institutions. This verification mechanism will be extended to reporting persons. Others like BRELA, RITA and TRA need to follow this example.

xvii) **Availability of Independent Information Sources (0.4)** - Tanzania has two (2) credit reference bureaux, the Internet, water and electricity utility companies, telephone and mobile phone companies, TV subscription companies, TRA, ZRB, and a range of companies that already offer settlement of bills via mobile phones. However, the full potential of these information sources cannot be exploited successfully because of a number of challenges including limited roll out of the National ID to cover the entire eligible population, the relevant companies not taking advantage of the information they hold, a big percentage of the population is undocumented and is financially excluded, a small percentage of the population using the utilities, the cash based and informal nature of the economy.

xviii) **Availability and Access to Beneficial Ownership Information (rated 0.5 - Medium)** – Business registration and licensing authorities capture company information on directors and shareholders and this information can be obtained on request. However, information on company structure, management and beneficial ownership (especially where a company is owned by another legal entity) is not captured. Information on settler, beneficiary and trustee of locally registered trusts can be obtained on request.

2.1.9 Sectoral ML Vulnerability

Overall ML vulnerability at a national level is a function of ML combating ability and overall sectoral ML vulnerability. In this assessment, national ML vulnerability was found to be driven mostly by deficiencies in the sectors. The following is a brief discussion of each sector and its vulnerabilities.

i) Banking

ML vulnerability of the banking sector is MEDIUM (M). As at 30 June, 2015, the banking sector total assets was TZS 25.29 trillion, which was 33.33% of the country's GDP.

The banking sector is rated Medium due to comprehensiveness of AML legal framework, effectiveness of supervision as well as strong and effective entry controls. However, its vulnerability is increased by poor identification infrastructure, restricted access to beneficial ownership information and limited access to independent information sources. The banking sector also needs to improve its reporting of STRs to the FIU.

ii) Securities

ML vulnerability of the sector is MEDIUM LOW (ML). The securities sector is relatively new in Tanzania and it is still moderate in size in the economy. The capital market currently has one stock exchange with 22 listed companies. Products that are currently traded in the Tanzanian capital markets include equities, corporate bonds, government bonds and units from Unit Trust Schemes. As at the end of June 2014, domestic companies market capitalization was 13.8 percent of GDP, while total market capitalization (domestic and cross listed companies) was 38.7 percent. In 2015, the Commodity Exchange Act, No. 19/2015 was enacted. The Act established the Tanzania Mercantile Exchange (TMX) to facilitate sound management of commodity exchanges. However, at the time of this assessment, TMX was not operational.

In terms of vulnerability to ML, the sector's performance is held back by effectiveness of suspicious activity monitoring and reporting (rated Very Low), effectiveness of compliance function (rated Low) and the quality of CDD framework (rated Low). The quality of CDD framework is low because of low availability of reliable identification infrastructure and limited access to independent

information sources. Apart from custodians who tend to be banks, securities firms in Tanzania are small in size, and they do not always have resources to establish compliance functions.

iii) Insurance

ML vulnerability of the insurance sector is MEDIUM LOW (ML). The insurance sector is moderate in size and uptake of insurance is still low by the majority of the population, especially in the rural areas. In 2015, the insurance sector contributed 0.68% of GDP to the economy. The most vulnerable product to ML in the insurance industry is life insurance. However, there is a very low subscription to this product.

In terms of vulnerability to ML, the sector's performance is hampered by low effectiveness of suspicious activity monitoring and reporting, low quality of CDD framework because of low availability of reliable identification infrastructure and limited access to independent information sources. Vulnerability is also increased by low effectiveness of the compliance function and low AML knowledge of insurance company staff.

Designated Non-Financial Businesses and Professions

The category of Designated Non-Financial Businesses and Professions comprises eight (8) sectors. These are:

a) Real estate

b) Dealers in precious metals and stones

c) Casinos and other gaming activities

d) Accountants and auditors

e) Lawyers, notaries and other independent legal professionals

f) Auctioneers

g) Dealers in works of art, and

h) Motor vehicle dealers (Motor vehicle dealers are currently not yet designated as reporting persons by AMLA and AMLPOCA)

Economically, out of the eight sectors in the DNFBPs category, real estate, motor vehicle dealers and dealers in precious metals and stones turned out to be the most significant sectors. These sectors and the casinos and other gaming activities sector also turned out to be the most vulnerable to ML.

iv) Real Estate Sector

Despite the comprehensiveness of the AML legal framework, the real estate sector vulnerability is rated HIGH (H) because of lack of supervision or oversight of the sector for AML purposes, weak entry controls, low AML knowledge of real estate sector staff, lack of suspicious activity monitoring and reporting.

v) Dealers in Precious Metals and Stones Sector

Money laundering vulnerability in the dealers in precious metals and stones sector was rated HIGH (H). The sector is significant in the economy but it has no regulator for AML purposes. Precious metals and stones are among the favourable properties in which criminals like to invest their illegal proceeds. In Tanzania, it is possible for anyone to purchase precious metals and stones in big quantities without raising any attention, even from relevant authorities. The use of cash is also very prevalent in transactions to buy and sell precious metals and stones. Precious metals and stones are very liquid so that it is quite common for people in Tanzania to make long term investments or savings in these items, rather than putting the money in the bank.

vi) Casinos and Other Gaming Activities Sector

ML vulnerability of the casinos and other gaming activities sector is Medium High (MH). This sector is small in size but it is well regulated. Despite the sector being well regulated, it is likely to be abused for ML.

In terms of vulnerability to ML, the sector's performance is hampered by low quality of CDD framework, mainly because of low availability of reliable identification infrastructure and limited access to independent information sources. Vulnerability is also increased by poor effectiveness of the compliance function (rated Low) and poor AML knowledge among staff in the sector (rated Very Low). Gaming activity operators are usually medium to small in terms of size of the business, as a result, they usually do not have resources to establish compliance functions.

vii) Motor Vehicle Dealers Sector

Money laundering vulnerability in the motor vehicle dealers sector was rated HIGH (H). The sector is significant in the economy, but it is not designated for AML purposes and it has no regulator. Cars are among the favourable properties in which criminals like to invest their illegal proceeds. Cars are purchased as some of the luxurious items in life or as necessary accessories to help criminals further their criminal activities. The sector makes significant contribution to the country's economy and the use of cash is very prevalent in the sector.

Other Financial Institutions

The other financial institutions category comprises eight (8) sectors. These are:

a) Electronic money issuers

b) SACCOS

c) Micro credit institutions

d) Bureaux de change

e) Informal financial groups

f) Money or Value Transfer Services

g) Informal value transfer (Hawala) services.

h) Pension Fund Managers

Out of the eight (8) sectors in the Other Financial Institutions category, electronic money issuers, bureaux de change and SACCOS turned out to be significant and vulnerable sectors in the category. Informal value transfer (Hawala) services are very vulnerable (HIGH) but they are not significant in size.

viii)   Electronic Money Issuers Sector

ML vulnerability of electronic money issuers is MEDIUM HIGH (MH). This sector is significant in the economy. In the month of December 2014 alone, electronic money issuers handled close to 118 million transactions in Tanzania, which was worth about TZS 4.50 trillion (10.9% of GDP for that year). There are laws for this sector, a regulator, and the sector is well regulated.

In terms of AML compliance, the sector's performance is hampered by effectiveness of suspicious activity monitoring and reporting (rated Very Low), effectiveness of compliance function (rated Very Low) and the quality of CDD framework. The quality of CDD framework is low because of low availability of reliable identification infrastructure (rated Low) and limited access independent information sources (rated Medium Low).

ix) SACCOS Sector

ML vulnerability of Savings and Credit Cooperative Societies (SACCOS) is MEDIUM (M). SACCOS in Tanzania is moderate in size but it serves a good number of people in the middle and low income spectrum of the population, in rural as well as urban areas. As at December 2015, Tanzania had 4,309 SACCOS with some 754,923 members. They had accumulated some TZS 382,636,506,730 in savings and issued loans amounting to TZS 861,131,846,509.

In terms of vulnerability to ML, the sector's performance is hampered by low quality of CDD framework because of low availability of reliable identification infrastructure (rated Very Low) and limited access to independent information sources (rated Medium Low). Vulnerability is also increased by poor effectiveness of the compliance function (rated Close to nothing) and poor AML knowledge of SACCOS staff (rated Close to nothing). SACCOS usually do not have the necessary resources to establish compliance functions and to provide continuous AML training to staff. SACCOS are not yet designated by AMLA and AMLPOCA as reporting persons.

x) Bureaux de Change Sector

ML vulnerability of bureaux de change is MEDIUM HIGH (MH). The bureaux de change sector is moderate in size in the economy. In the period June to December, 2015, the amount of foreign currency purchased by bureaux de change in Tanzania amounted to USD 492.044 million while foreign currency sold amounted to 499.639 million.

In terms of vulnerability to ML, the sector's performance is hampered by effectiveness of compliance function (rated Very Low), low availability of reliable identification infrastructure and limited access to independent information sources. Bureaux de change are usually small in size, and

they usually do not have the necessary resources to establish compliance functions and to provide continuous AML training to staff.

2.1.10 Key Recommendations

Following are the key Recommendations:

1. There is need for regulators, LEAs, the FIU and reporting persons to allocate adequate resources to increase AML/CFT awareness in order to address the problem of low AML awareness in their respective areas and the general public.

2. There is a need to develop the country's AML/CFT policy, which, among other things, should adopt a risk based approach to combating ML/TF.

3. There is need to review the national AML/CFT Strategy, preferably after having in place an AML/CFT Policy. The last strategy was developed in 2010.

4. There is need to amend AMLA and AMLPOCA to address the deficiencies that were revealed by this assessment. The two laws need to be amended in order to:

    i.   Allow implementation of a risk based approach in combating ML/TF. E.g. risk based KYC/CDD, risk based AML/CFT supervision of reporting persons, etc.

    ii.   Accommodate all businesses/institutions qualifying to be reporting persons.

    iii. Extend the definition of PEPs to also include domestic PEPs and their immediate family members and close associates, as well as persons who are or who have been entrusted with prominent functions by an international organisation.

    iv.   Ensure that the misuse of technological developments in money laundering or terrorist financing schemes is prevented.

    v.   Give the FIU and regulators in their respective areas powers to register reporting persons for AML/CFT purposes.

    vi.   Enhance entry controls for reporting persons for AML purposes.

    vii. Make provisions allowing reporting persons to rely on third parties KYC/CDD and set conditions for such reliance.

    viii. Mandate regulators to issue AML/CFT guidelines in consultation with the FIU.

    ix.   Designate regulators for AML/CFT purposes in relation to reporting persons that do not fall in any of the current list of regulators.

    x.   Adopt an all crimes approach in defining predicate/specified offences.

5. There is a need to conduct a study on hawala to determine the extent of the usage of the service in the country.

6. There is need for the FIU and regulators to increase enforcement of AML compliance through, among other things, applying administrative sanctions.

7. All reporting persons need to conduct ML/TF risk assessment in their respective businesses. This will help them understand their ML/TF risks and accordingly allocate resources as per the identified risks. A good and clear understanding of ML/TF risks will also allow reporting persons to enact appropriate policies, controls and procedures. ML/TF risk assessments need to be kept up to date.

8. There is a need for all AML/CFT stakeholders (LEAs, the FIU, registries, prosecutors, the judiciary, regulators, etc.) to agree on the format for statistics, the type of data to be collected and the way to store and share such data.

9. NIDA should fast track the issuance of national IDs to ensure that all eligible persons countrywide have national IDs. This will tremendously enhance the KYC/CDD regime in Tanzania through having a common and uniform means of identifying and verifying customer identities. It will also solve the problem of the undocumented population.

10. There is need for LEAs to have automated and integrated criminal databases to allow for smooth sharing of information.

11. There is need to mandate company registration and licensing authorities to collect and update beneficial ownership information of legal persons and arrangements.

12. There is need for entity registration authorities and other authorities that maintain customer profiles and property information such as BRELA, BPRA, RITA, NIDA, ZAN ID, TRA and ZRB to share such information online to authorised AML/CFT stakeholders for easy access.

13. Companies holding transaction information such as telecommunication companies (e.g. Vodacom, Zantel) and utility companies (e.g. TANESCO, DAWASCO, ZAWA) could constitute independent information sources for the FIU, LEAs, reporting persons and other AML/CFT stakeholders. There is therefore a need to do whatever is necessary to permit these companies to avail such information to stakeholders. For instance, such companies could be advised to share such information at a fee, guidelines could be developed or laws could be amended to permit the sharing of such information.

14. There is need for Tanzania to expedite the reporting of CBDCR, EFTR and CTR as provided for in AMLA to help with monitoring of customer transactions. AMLA mandates the introduction of these reports but the reports are still to be introduced through among others, the relevant AML/CFT regulations.

15. There is need to introduce a civil asset forfeiture framework and to enforce implementation of asset forfeiture and confiscation in combating ML/TF.

16. Measures need to be put in place to combat Trade Based Money Laundering (TBML). Relevant organs including TRA, ZRB, FIU, Immigration Service and Ministries responsible for trade could be jointly tasked with recommending the required measures. Such measures may include establishing a Trade Transparent Unit to arrest the problem.

17. National ML/TF risk assessment is a continuous process. Therefore, this NRA needs to be updated regularly.

2.2   MONEY LAUNDERING RISK IN THE BANKING SECTOR

2.2.1   Introduction

The Tanzania Banking sector comprises 61 supervised institutions of which 36 are commercial banks, 12 are community banks, 3 are non-bank financial institutions, 3 deposit taking microfinance banks, 1 representative office, 1 development finance institution, 1 mortgage refinance company, 2 financial leasing companies and 2 credit reference bureaux. Out of the 61 supervised institutions, 55 are deposit taking institutions. Out of these 55 deposit taking institutions, 26 are locally owned while 29 are foreign owned. 2 commercial banks have subsidiaries outside Tanzania i.e. in Burundi, Comoro and Djibouti.

As at 30th June 2015, the Banking sector total number of branches stood at 709. The banking sector total assets as on that date was TZS 25.29 trillion, which was 33.33% of Tanzania's GDP.

Products offered

The banking sector offers a wide range of lending and deposit products to customers. These products can be broadly classified under corporate banking and retail banking. Key lending and deposit products offered by banks under these categories are as follows:

Table 2.5: *Key products in the banking sector*

Key Deposit Products
Demand deposits
Savings deposits
Term deposits

Key lending products
Overdrafts
Term loans
Housing loans
Personal loans
Leasing
Trade finance

2.2.2 Money Laundering Threat to the Banking Sector

Money laundering threat in the banking sector is HIGH (H) despite the fact that banking is the most highly regulated sector among all the reporting persons. ML Threat was rated high mainly because the banking sector remains the prime target to launder illicit proceeds. The sector is associated with several money laundering cases, the most risky sector as per the ML/TF Perception Survey by the NRAWG (Appendix F) and banking products and services are among the most risky as per that survey. As at 30th June 2015, the banking sector assets were equivalent to 33% of the GDP.

2.2.3 Money Laundering Vulnerability in the Banking Sector

Money laundering vulnerability in the banking sector was assessed through analysis of 13 general input variables and 19 different products for inherent vulnerabilities. **The combined rating for Money laundering vulnerability to the banking sector was rated MEDIUM (M)**.

ML vulnerability rating in the banking sector was mainly based on, among others, a comprehensive AML legal framework, high level market pressure to meet standards, high availability and effectiveness of entry controls, effectiveness of supervision procedures and practices as well as weaknesses in AML general controls such as deficiencies in the availability of reliable identification infrastructure and low availability of independent information sources. The rating was also affected by inherent vulnerability factors such as the high volume of the business, medium risk client profile and a high level of cash activity in the business.

2.2.4 Money Laundering Risk in the Banking Sector

Overall money laundering risk in the banking sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated HIGH and money laundering vulnerability was rated MEDIUM. Therefore, overall ML risk in the banking sector is **MEDIUM HIGH (MH)**. This is illustrated on a diagram below.

Figure 13: Overall money laundering risk in the banking sector
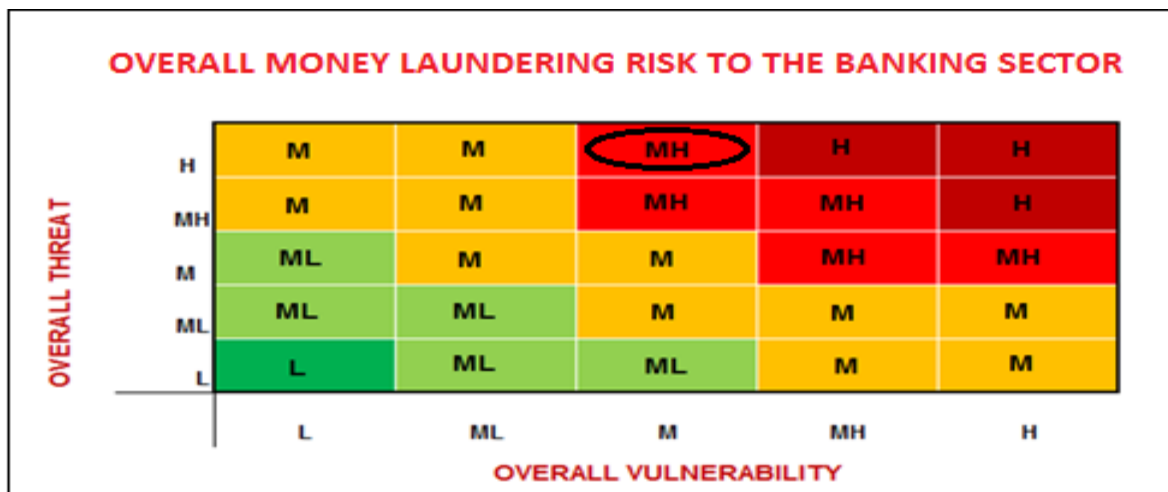
2.2.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the banking sector:

 (i)   Banks need to carry out a ML/TF risk assessment and to adopt a risk based approach.

 (ii)   There is need to enforce initial and ongoing mandatory AML training for bank staff as per AMLA, AMLPOCA and FIU Guidelines no. 2 (Banking Institutions).

(iii)   There is need to improve reporting of incidences of integrity failure among bank staff within the banking fraternity.

 (iv)   There is need for AML certification for key bank personnel such as MLROs.

 (v)   Banks need to implement customer screening systems and to subscribe to databases such as World check, Accuity and SWIFT to determine whether customers are sanctioned or PEPs.

 (vi)   Banks need to implement automated systems to monitor customer transactions in order to detect suspicious transactions.

2.3   MONEY LAUNDERING RISK IN THE REAL ESTATE SECTOR

2.3.1   Introduction

The total area of Tanzania is 947,303 sq. kilometres of which, 61,500 sq. kilometres is inland water (approximately 6.4%) and 885,803 sq. kilometres is land (Basic Facts and Figures on Human Settlements 2012 - Tanzania Mainland, NBS). In Tanzania Mainland, land is divided into three categories, these are village land comprising 70%, reserved or protected land comprising 28% and urban settlements and general land comprising 2% (The Land Policy, 1995). The urban settlements and general land is the part that comprises most of the surveyed area and formal settlements. The rural land is mostly not surveyed and it comprises mostly of informal settlements in terms of human settlements planning. According to the 2012 Population and Housing Census by NBS, Tanzania has a total population of 44,928,923. The rural population is 31,623,919 (approximately 70.4%) and urban population is 13,305,004 (approximately 29.6%). According to that census, the average annual intercensal growth rate (2002 – 2012) is 2.7%. Despite its small size, the urban population is actually what drives the real estate financial transactions in Tanzania. It is the urban area where the real estate sector attracts most of the business and financial transactions.

Real estate in Tanzania is one of the biggest sectors in the economy. It contributed 3.7% and 3.2% of the country's GDP for the year 2014 and 2015 respectively. Likewise, the sector employs many people, it handles big transactions and in most cases local government leaders and unregistered local agents "Madalali" are commonly used in real estate transactions.

Real estate agents in Tanzania are currently facing major challenges due to lack of legislation governing their business and the lack of a regulator. In general, lack of AML supervision, prevalence of cash transactions and non-reporting of real estate suspicious transactions make the real estate sector very attractive to criminals.

2.3.2 Money Laundering Threat to the Real Estate Sector

Money laundering threat to the real estate sector was rated HIGH mainly because the real estate sector remains one of the prime targets to launder illicit proceeds, the informal nature of real estate transactions and the cash based economy. The sector and its products and services are highly risky according to the ML/TF Perception Survey by the NRAWG (Appendix F).

2.3.3 Money Laundering Vulnerability in the Real Estate Sector

Money laundering vulnerability in the real estate sector was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability to the real estate sector was rated HIGH (H).**

Despite the comprehensiveness of the AML legal framework, ML vulnerability high rating in the real estate sector was mainly due to, among others, lack of a regulator and legislation governing the real estate business, weak entry controls for real estate agents, low AML knowledge and awareness among real estate agents, and low reporting of STRs to the FIU. The rating was also affected by inherent vulnerability factors such as the high volume of the business, medium risk client profile and a high level of cash activity in the business.

2.3.4 Money Laundering Risk in the Real Estate Sector

Overall money laundering risk in the real estate sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated as HIGH and money laundering vulnerability was also rated HIGH. Therefore, overall ML risk in the real estate sector is **HIGH (H)** as illustrated in the diagram below.

Figure 17: Overall money laundering risk in the real estate sector

OVERALL MONEY LAUNDERING RISK IN THE REAL ESTATE SECTOR

OVERALL THREAT	H	M	M	MH	H	H
	MH	M	M	MH	MH	H
	M	ML	M	M	MH	MH
	ML	ML	ML	M	M	M
	L	L	ML	ML	M	M
		L	ML	M	MH	H

OVERALL VULNERABILITY

2.3.5   Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the real estate sector:

(i)   There is need to enact a law to govern real estate agents that will, among others, establish a regulator and introduce licensing requirements for real estate agents

(ii)   The regulator of real estate agents needs to put in place a code of conduct and create awareness on integrity of staff

(iii)   Real estate agents need to carry out a ML/TF risk assessment and to adopt a risk based approach

(iv)   There is a need to conduct fit and proper tests to real estate agents

2.4 MONEY LAUNDERING RISK IN THE ELECTRONIC MONEY ISSUERS SECTOR

2.4.1 Introduction

According to the National Payment Systems Act, 2015, electronic money means monetary value as represented by a claim on its issuer, that is electronically stored in an instrument or device, issued against receipt of funds of an amount not lesser in value than the monetary value issued, accepted as means of payment by persons or entities other than the issuer and can be redeemed in cash. Electronic money is the second most prevalent mode of payment in Tanzania after cash. For instance, in the month of December 2015, the sector handled about 133 million transactions worth over TZS 5.90 trillion. Bank of Tanzania (the Central Bank of the United Republic of Tanzania) is mandated to regulate electronic money and issuers of electronic money. Electronic money issuers fall in the category of cash dealers in the list of reporting persons under AMLA and AMLPOCA. The 2013 FinScope Survey indicated that 49.9% of adults accessed mobile money in Tanzania.

As at December 2015, electronic money issuers included 19 banks (out of 55 banks in Tanzania), five Mobile Network Operators (MNOs) which were Vodacom, Airtel, Tigo, Zantel and Halotel, and less than 5 other service providers including SELCOM and MAXMALIPO. At that time, there was an estimated 50 million mobile network wallets in Tanzania.

2.4.2 Money Laundering Threat to the Electronic Money Issuers Sector

Money laundering threat to electronic money issuers was rated MEDIUM. Most of the transactions in the sector are low value and there are strict transaction and value limits. According to the ML/TF Perception Survey by the NRAWG (Appendix F), this sector has moderate risk and its products and services are considered among the least risky. However, the use of electronic money services is very high, making it likely to be abused by criminals to launder illicit proceeds.

2.4.3 Money Laundering Vulnerability in the Electronic Money Issuers Sector

Money laundering vulnerability in the electronic money issuers sector was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability in the electronic money issuers sector was rated MEDIUM HIGH (MH)**.

ML vulnerability rating in the electronic money issuers sector was mainly based on, among others, a comprehensive AML legal framework, high availability and effectiveness of entry controls and effectiveness of supervision procedures and practices. The sector was also affected by weaknesses such as deficiencies in the availability of reliable identification infrastructure, low effectiveness of compliance functions, low effectiveness of suspicious activity monitoring and reporting, as well as low availability of independent information sources.

2.4.4 Money Laundering Risk in the Electronic Money Issuers Sector

Overall money laundering risk in the electronic money issuers sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated as MEDIUM and money laundering vulnerability was rated MEDIUM HIGH. Therefore, overall ML risk in the electronic money issuers sector is **MEDIUM HIGH (MH)** as illustrated in the diagram below.

Figure 21: Overall money laundering risk in the electronic money issuers sector
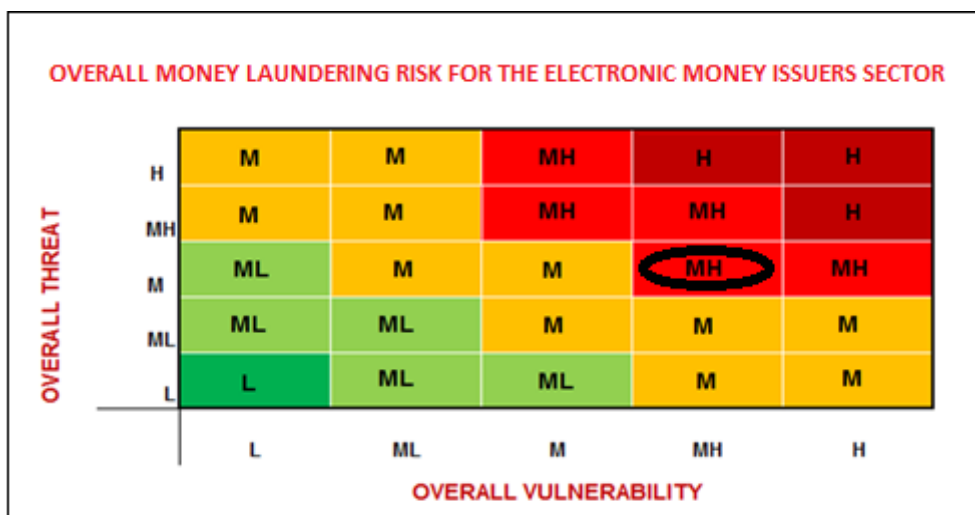
2.4.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the electronic money issuers sector:

(i)   Electronic money issuers need to carry out a ML/TF risk assessment and to adopt a risk based approach

(ii)   The regulator needs to enhance knowledge and skills of its staff on an ongoing basis through training, in order to enhance supervision of electronic money issuers for AML compliance.

(iii)   There is a need to enforce initial and ongoing AML training for staff of electronic money issuers as per the requirements of AMLA, AMLPOCA and the NPS Act, 2015.

(iv)   Electronic money issuers need to establish effective AML compliance policies and internal AML compliance functions.

(v)   Electronic money issuers need to monitor customer transactions in order to detect suspicious transactions.

(vi)   Electronic money issuers need to subscribe to sanctions and PEP screening databases such as World check, Accuity and SWIFT to determine whether customers are sanctioned or PEPs.

2.5 MONEY LAUNDERING RISK IN THE DEALERS IN PRECIOUS METALS AND STONES SECTOR

2.5.1 Introduction

Tanzania is endowed with various minerals, precious metals (metallic minerals) and precious stones (gemstones). In 2014, Tanzania exported $1.52 billion worth of precious metals that was equivalent to 24% of total exports (DTIS Extractive Industries Report, 2016). The minerals sector contributed 3.7% and 4% of the country's GDP for the year 2014 and 2015 respectively.

The Ministry of Energy and Minerals is mandated by Mining Act, No. 14 of 2010 to issue licenses to mineral dealers and brokers. As at 30th June 2016, there were 215 mineral dealers (i.e. 10 individuals and 205 companies) and 510 brokers, who are mostly individuals. Most of the mineral dealers are foreigners however, the law requires them to venture with locals whose undivided participating shares must amount to not less than twenty five per cent (25%). The Government through the State Mining Corporation (STAMICO) and National Development Corporation (NDC) also invests in various mining projects. Mineral dealers are authorized to buy, acquire, sell or otherwise dispose of minerals as per the Mining Act, 2010. They are also authorised to export minerals as specified in the licence. A broker is authorised to buy or acquire gold or as the licence may specify, gemstones from authorized miners and to sell or dispose of minerals so acquired to licensed dealers. A broker is not authorized to export minerals.

2.5.2 Money Laundering Threat to the Precious Metals and Stones Sector

Money laundering threat to the precious metals and stones sector is HIGH (H). According to Tanzania Minerals Audit Agency 2015 Annual Report, Monitoring of mineral exports at the major airports enabled the interception of smuggled minerals worth USD 1,512,186.61 and TZS 34,670,794 in 25 separate incidents. Furthermore, from statistics compiled by various law enforcement agencies for the period of January 2011 to December 2015, sixty six (66) cases involving precious metals and stones were detected and investigated, and 54 persons were convicted. USD 7,227,272.72 worth of proceeds were confiscated (Table 2.1). According to the ML/TF Perception Survey by the NRAWG (Appendix F), this sector is one of the most risky and products and services of the sector are considered among the most risky.

2.5.3 Money Laundering Vulnerability in the Precious Metals and Stones Sector
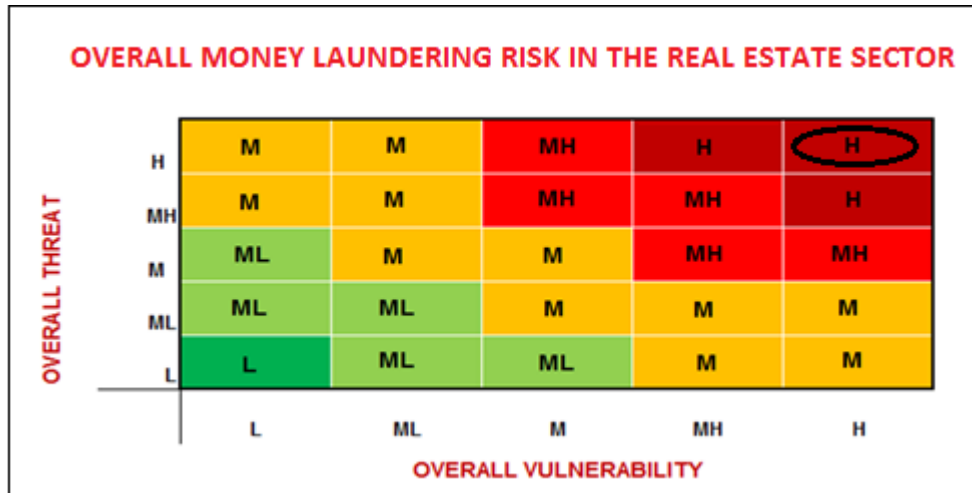
Money laundering vulnerability in the precious metals and stones sector was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability in the precious metals and stones sector was rated HIGH (H).**

Despite the comprehensiveness of the AML legal framework, the high ML vulnerability rating in the precious metals and stones sector was mainly due to, among others, lack of a regulator for the sector and low effectiveness of supervision procedures and practices, low AML knowledge and awareness among the sector practitioners, poor record keeping, weak entry controls and low monitoring and reporting of STRs to the FIU. The rating was also affected by inherent vulnerability factors such as the high volume of the business, high risk client profile and a high level of cash activity in the business.

2.5.4 Money Laundering Risk in the Dealers in Precious Metals and Stones Sector

Overall money laundering risk in the precious metals and stones sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated as HIGH and money laundering vulnerability was also rated HIGH. Therefore, overall ML risk in the precious metals and stones sector is **HIGH (H)** as illustrated in a diagram below.

Figure 25: Overall money laundering risk in the precious metals and stones sector
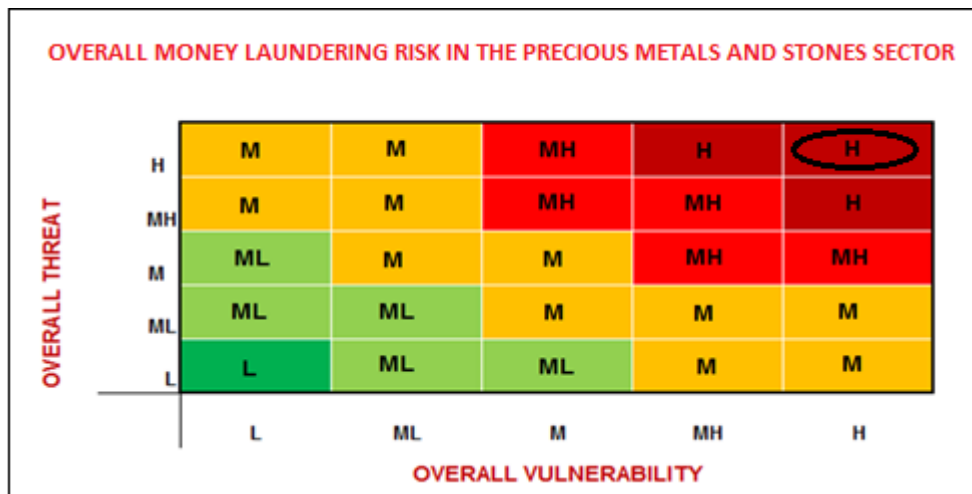
2.5.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the dealers in precious metals and stones sector:

(i)   Dealers in precious metals and stones need to carry out a ML/TF risk assessment and to adopt a risk based approach

(ii)   There is a need to designate a regulator for AML/CFT purposes for dealers in precious metals and stones.

(iii)   There is a need for regulators and LGAs staff to conduct fit and proper tests to precious metals and stones dealer licensees.

(iv)   The Regulator should enforce compliance with AML laws.

2.6   MONEY LAUNDERING RISK IN THE INSURANCE SECTOR

2.6.1   Introduction

The insurance industry in Tanzania as at December 2015 comprised 30 insurance companies (including 1 reinsurance company), 123 insurance brokers and 398 insurance agents. The sector is supervised and regulated by Tanzania Insurance Regulatory Authority (TIRA), which was established by the Insurance Act, 2009.

The country's insurance penetration (premiums as a percentage of GDP) remained largely at 0.7 percent during the years 2012-2015. This is mainly attributed to parallel growths that have been recorded in the national economy in both periods. The following was the share of the insurance sector in the country's economy (Tanzania Insurance penetration – premiums as a percentage of GDP).

Table 2.6: Contribution of the insurance sector to the economy

Description	2015	2014	2013	2012
Contribution of Insurance to GDP [%]	0.68%	0.70%	0.67%	0.66%

Insurance penetration (which is the measure of contribution of insurance to the national economy) in Tanzania in 2015 was 0.7% while in Kenya it was 2.8%, Nigeria 0.2%, Egypt 0.7%, Uganda 0.8% and Morocco 3.1%.

2.6.2   Money Laundering Threat to the Insurance Sector

Money laundering threat to the insurance sector is LOW mainly due to lack of threat to most of the insurance products. Life insurance, which is the product mostly under ML threat, is not popular in the country. In spite of high value transactions that are available in the insurance industry and the involvement of cash, the insurance sector is also quite well regulated and insurance penetration in Tanzania is low. The low number of policy holders also means the low number of potential criminals to abuse the insurance sector.

2.6.3 Money Laundering Vulnerability in the Insurance Sector

Money laundering vulnerability in the insurance sector was assessed through analysis of 13 general input variables and inherent vulnerability factors of one product – Life insurance. **Money laundering vulnerability to the insurance sector was rated MEDIUM LOW (ML).**

ML vulnerability rating in the insurance sector was mainly based on, among others, a comprehensive AML legal framework, strong and effectiveness of entry controls, effective supervision procedures and practices, availability and enforcement of administrative sanctions and medium low rating life insurance product inherent vulnerability. The sector was however affected by weaknesses such as low AML awareness of staff in the sector, low market pressure to meet AML standards, deficiencies in the availability of reliable identification infrastructure, low effectiveness of compliance functions, low effectiveness of suspicious activity monitoring and reporting, as well as low availability of independent information sources.

2.6.4 Money Laundering Risk in the Insurance Sector

Overall money laundering risk in the insurance sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated as LOW while money laundering vulnerability was rated MEDIUM LOW. Therefore, overall ML risk in the insurance sector was rated **MEDIUM LOW (ML)** as illustrated in a diagram below.

Figure 29: Overall money laundering risk in the insurance sector
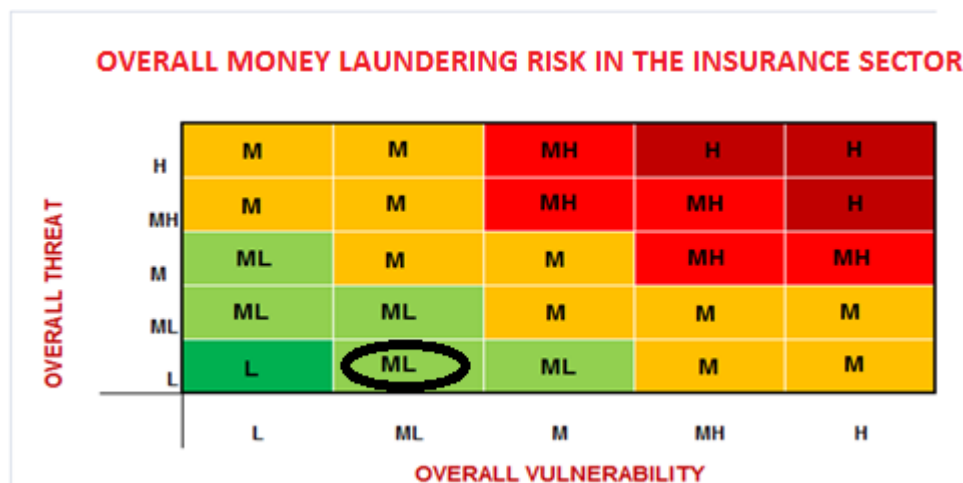
2.6.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the insurance sector:

(i) Insurance registrants need to carry out a ML/TF risk assessment and to adopt a risk based approach

(ii) There is need to increase AML knowledge of insurance registrants staff, especially brokers and agents.

(iii) Insurance registrants need to subscribe to sanctions and PEP screening databases such as World check, Accuity and SWIFT to determine whether customers are sanctioned or PEPs.

(iv) There is need to ensure that insurance registrants have AML internal audit functions.

2.7 MONEY LAUNDERING RISK IN THE SACCOS SECTOR

2.7.1 Introduction

A Savings and Credit Cooperative Society (SACCOS) is a member-owned financial cooperative, whose primary objective is to mobilise savings and to afford members access to loans as a way of enhancing their socio-economic wellbeing. A SACCOS is formed by people having a common bond.

In Tanzania mainland, SACCOS are governed by the Cooperative Societies Act, 2013 while in Zanzibar, they are governed by the Cooperative Societies Act, 1986. As at the end of December, 2015, Zanzibar had a total of 216 SACCOS with 21,047 members. These SACCOS had accumulated deposits and savings amounting to TZS 4,963,992,850 and they had issued loans to members amounting to TZS 6,787,029,363. Tanzania mainland on the other hand had 4,093 SACCOS with 733,876 members. These SACCOS had accumulated deposits and savings amounting to TZS 377,672,513,880 and they had issued loans to members amounting to TZS 854,344,817,146.

2.7.2 Money Laundering Threat to the SACCOS Sector

Money laundering threat to the SACCOS sector was rated LOW due to the peer monitoring mechanisms that exists in SACCOS, the low level of crime in the sector, pre-determined patterns of transactions, small value of transactions and SACCOS being member based groupings, whereby members have a common bond such as employees of the same organisation or villagers from the same village, which greatly enhances KYC/CDD.

2.7.3 Money Laundering Vulnerability in the SACCOS Sector

Money laundering vulnerability in the SACCOS sector was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability to the SACCOS sector was rated MEDIUM (M).**

ML vulnerability rating in the SACCOS sector was mainly based on, among others, a comprehensive AML legal framework, high integrity of staff in the sector as well as inherent vulnerability factors such as a low risk client base profile. The sector was also affected by

weaknesses such as low AML awareness of staff in the sector, deficiencies in the availability of reliable identification infrastructure, low effectiveness of suspicious activity monitoring and reporting, as well as low availability of independent information sources.

2.7.4   Money Laundering Risk in the SACCOS Sector

Overall money laundering risk in the SACCOS sector is a function of ML threat and ML vulnerability. Money laundering threat was rated as LOW and money laundering vulnerability was rated MEDIUM. Therefore, overall ML risk in the SACCOS sector was rated **MEDIUM LOW (ML)** as illustrated in a diagram below.

Figure 33: Overall money laundering risk in the SACCOS sector
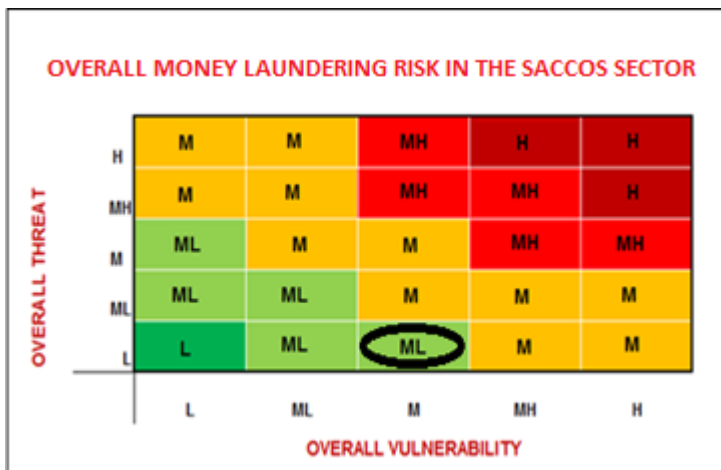
2.7.5   Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the SACCOS sector:

 (i)   There is need to designate SACCOS as reporting persons for AML purposes.

(ii)   As a matter of priority, the regulator needs to enforce AML compliance in the SACCOS sector.

(iii)   SACCOS need to carry out a ML/TF risk assessment and to adopt a risk based approach

2.8 MONEY LAUNDERING RISK IN THE ACCOUNTANTS AND AUDITORS SECTOR

2.8.1 Introduction

The accounting profession falls under the Professional, Scientific and Technical activities classification [The Economic Survey, June 2016]. This classification contributed 1.3% and 1.2% of the country's GDP for the year 2014 and 2015 respectively. As at July 31st, 2016 there were 196 accounting and auditing firms registered by the National Board of Accountants and Auditors (NBAA). Out of the 196 firms, 9 were affiliated with multinational auditing firms. The services offered by these firms included auditing, accounting and insolvency and consultancy/advisory services. Accountants and auditors sometimes deal with Trust and Company Service Provision (TCSP), though not as primary business, but rather as one of the consultancy/advisory services.

The accounting profession faces some challenges as far as AML compliance is concerned. This is due to lack of effective AML supervision, which results into non-compliance with AMLA and AMLPOCA and their implementing regulations. Furthermore, 88% of all accounting and auditing firms are small, and they have low capacity and inadequate resources to handle AML matters. With regards to the need for a comprehensive AML supervisory framework, AMLA and AMLPOCA and their respective regulations do not designate a regulator for accountants and auditors. However, NBAA and the Ministry of Finance and Planning in Zanzibar do register, authorise and monitor activities of accounting and auditing firms.

2.8.2 Money Laundering Threat to the Accountants and Auditors Sector

Money laundering threat to the accountants and auditors sector was rated MEDIUM. Accounting and auditing skills are often used to handle complex financial transactions that are almost always required to launder money and to confuse the audit trail. Furthermore, there are incidences of fraud and criminal cases in the country where accountants and auditors have been associated. This sector is considered moderately risky as per the ML/TF Perception Survey by the NRAWG (Appendix F).

2.8.3 Money Laundering Vulnerability in the Accountants and Auditors Sector

Money laundering vulnerability in accountants and auditors sector was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability in the accountants and auditors sector was rated MEDIUM (M).**

ML vulnerability rating in the accountants and auditors sector was mainly based on, among others, a comprehensive AML legal framework, high availability and effectiveness of entry controls as well as inherent vulnerability factors such as a medium risk client base profile, the low level of cash activity in the sector and the low use of agents. The rating was also affected by weaknesses such as lack of supervision and oversight of the sector for AML purposes, deficiencies in the availability of reliable identification infrastructure, low effectiveness of compliance functions, low effectiveness of suspicious activity monitoring and reporting, as well as low availability of independent information sources.

2.8.4 .Money Laundering Risk in the Accountants and Auditors Sector

Overall money laundering risk in the accountants and auditors sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated MEDIUM and money laundering vulnerability was also rated MEDIUM. Therefore, overall ML risk in the accountants and auditors sector was rated **MEDIUM (M)** as illustrated in a diagram below.

Figure 37: Overall money laundering risk in the accountants and auditors sector

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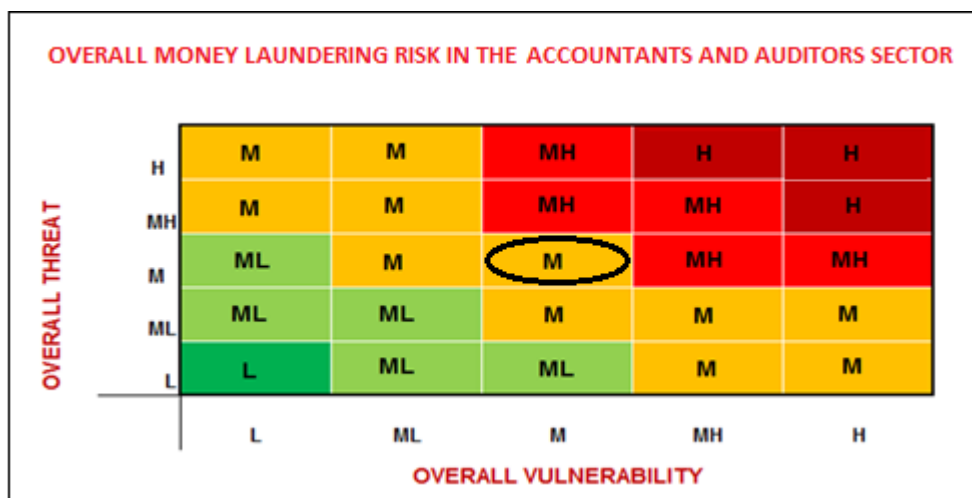
2.8.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the accountants and auditors sector:

(i)   There is need to designate Regulators for the Accountants and Auditors sector.

(ii)   Regulators need to enforce compliance with AML laws.

(iii)   Accountants and Auditors need to carry out a ML/TF risk assessment and to adopt a risk based approach

2.9 MONEY LAUNDERING RISK IN THE LAWYERS, NOTARIES AND OTHER INDEPENDENT LEGAL PROFESSIONALS SECTOR

2.9.1 Introduction

Lawyers, notaries and other independent legal professionals sector falls under the Professional, Scientific and Technical activities classification, which altogether contributed 1.3% and 1.2% of the country's GDP for the year 2014 and 2015 respectively. In Tanzania Mainland, the sector has no regulator for AML purposes but there is Tanganyika Law Society (TLS), which is a Bar association founded in 1954 by the Tanganyika Law Society Ordinance, Cap 344 to oversee legal professionals. In Zanzibar, the Zanzibar Law Society (ZLS) is designated as a regulator for AML purposes as mandated by AMLPOCA. ZLS was registered in 1999 by the Societies Act No. 6 of 1995. As at December 2015, TLS had more than 5,000 members while ZLS had more than 112 members (advocates).

For Tanzania Mainland, law firms are required to obtain a business license from the Ministry of Industries, Trade and Investment (MITI), as per the Business License Act, No. 25 of 1972. In Zanzibar, they are required to obtain a business license from the Ministry of Industries, Trade and Marketing as per the Business Licensing Act, No. 3 of 1983.

Generally, challenges facing the sector as far as AML is concerned include the lack of effective supervision of the sector in Tanzania Mainland due to lack of a regulator for that purpose.

2.9.2 Money Laundering Threat to Lawyers, Notaries and Other Independent Legal Professionals Sector

Money laundering threat to the lawyers, notaries and other independent legal professionals sector is MEDIUM HIGH (MH). Lawyers, notaries and other independent legal professionals are often used in setting up complex and opaque corporate structures. These structures are subsequently used to confuse the audit trail and to launder money. In the ML Perception Survey by the NRAWG (Appendix F), this sector and its products and services were considered moderately risky however, in the recent past, Tanzania has had numerous cases and incidents involving complex and opaque corporate structures.

2.9.3 Money Laundering Vulnerability in the Lawyers, Notaries and Other Independent Legal Professionals Sector

Money laundering vulnerability in the lawyers, notaries and other independent legal professionals sector was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability to the lawyers, notaries and other independent legal professionals sector was rated MEDIUM HIGH (MH).**

ML vulnerability rating in the lawyers, notaries and other independent legal professionals sector was mainly based on, among others, the comprehensiveness of the AML legal framework as well as inherent vulnerability factors including the low use of agents and the medium level of cash activity in the sector. The sector was also affected by, among others, low effectiveness of the compliance function, lack of a regulator for Tanzania Mainland and low effectiveness of supervision procedures and practices, and low monitoring and reporting of STRs to the FIU.

2.9.4 Money Laundering Risk in the Lawyers, Notaries and Other Independent Legal Professionals

Overall money laundering risk in the lawyers, notaries and other independent legal professionals sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated as MEDIUM HIGH and ML vulnerability was also rated MEDIUM HIGH. Therefore, overall ML risk in the lawyers, notaries and other independent legal professionals sector is **MEDIUM HIGH (MH)** as illustrated in the diagram below.

Figure 41: Overall money laundering risk in the lawyers, notaries and other independent legal professionals
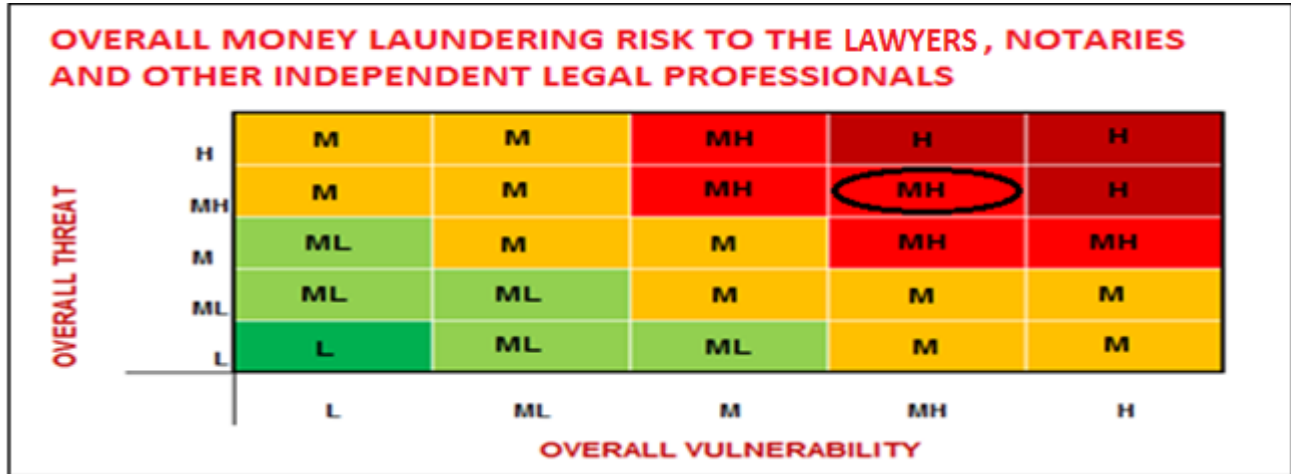
2.9.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the lawyers, notaries and other independent legal professionals sector:

(i)   There is need to designate a Regulator for lawyers, notaries and other independent legal professionals for Tanzania mainland.

(ii)   Lawyers, notaries and other independent legal professionals need to carry out a ML/TF risk assessment and to adopt a risk based approach

(iii)   There is need for ZLS to enhance supervision of lawyers, notaries and other independent legal professionals for AML compliance.

2.10   MONEY LAUNDERING RISK IN THE MICRO CREDIT INSTITUTIONS SECTOR

2.10.1   Introduction

There are various institutions involved in micro credit activities ranging from companies, partnerships, sole proprietors to financial NGOs. Micro credit businesses are registered by various authorities. For Tanzania Mainland, sole proprietors, companies and partnerships are registered by BRELA and financial NGOs are registered by Registrar of NGOs. In Zanzibar, BPRA is responsible for all types of registration. However, microcredit activities are not regulated save for microfinance banks which are regulated by Bank of Tanzania.

2.10.2   Money Laundering Threat to the Micro Credit Institutions Sector

Money laundering threat to the micro credit institutions is MEDIUM HIGH (MH) primarily because the sector is not regulated, it is cash intensive and there are no limits in this sector in terms of value and number of transactions. The sector attracts people from all walks of life including high net worth individuals.

2.10.3   Money Laundering Vulnerability in the Micro Credit Institutions Sector

Money laundering vulnerability in micro credit institutions was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability to the micro credit institutions sector was rated MEDIUM LOW (ML).**

ML vulnerability rating in the micro credit institutions sector was mainly based on, among others, the comprehensiveness of the AML legal framework as well as inherent vulnerability factors including the low use of agents, the medium low size of the sector, low frequency of international transactions and the low risk client base profile. The sector was also affected by, among others, low effectiveness of supervision procedures and practices, weak entry controls, low effectiveness of the compliance function and low monitoring and reporting of STRs to the FIU

2.10.4   Money Laundering Risk in the Micro Credit Institutions Sector

Overall money laundering risk in micro credit institutions is a function of ML threat and ML vulnerability. Money laundering threat was rated as MEDIUM HIGH and money laundering

vulnerability was rated MEDIUM LOW. Therefore, overall ML risk in the micro credit institutions sector was rated **MEDIUM (M)** as illustrated in the diagram below.

Figure 45: Overall money laundering risk in micro credit institutions
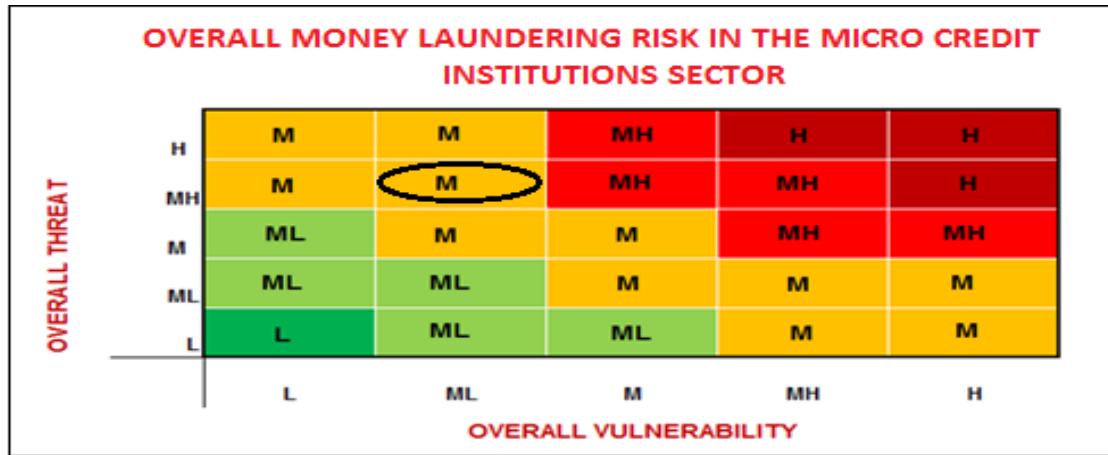
2.10.5   Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the micro credit institutions sector:

(i)   There is need to designate a regulator for unregulated micro credit institutions.

(ii)   Micro credit institutions need to carry out a ML/TF risk assessment and to adopt a risk based approach

(iii)   There is need to require relevant registration/licensing bodies to strengthen entry controls.

2.11 MONEY LAUNDERING RISK IN THE BUREAUX DE CHANGE SECTOR

2.11.1 Introduction

Bureaux de change provides foreign exchange services to the general public, especially travellers and the business community. Foreign exchange business in Tanzania is governed by the Foreign Exchange Act, 1992 and the Foreign Exchange (Bureaux de change) Regulations of 2015. Bank of Tanzania (BOT) is the regulator for the sector and under BOT supervision, the foreign exchange business is sufficiently regulated. The bureaux de change sector is small in size in the country's economy. Foreign currency is normally used by foreigners and Tanzanian's who need foreign exchange to travel abroad or to import goods and services from abroad. As at December 2015 there were 280 bureaux de change in operation in Tanzania. In the period of June to December, 2015, the amount of foreign currency purchased by bureaux de change in Tanzania amounted to USD 492.044 million while foreign currency sold amounted to 499.639 million.

2.11.2 Money Laundering Threat to the Bureaux de Change Sector

Money laundering threat to the bureaux de change sector was rated MEDIUM HIGH (MH) due to Intelligence reports used in the exercise which link many bureaux de changes to unlawful hawala schemes and other unlawful transfers. This business is highly cash intensive and there is no enforcement of transaction limits. In the ML/TF Perception Survey by the NRAWG (Appendix F), this sector and products and services were considered to be among the most risky.

2.11.3 Money Laundering Vulnerability in the Bureaux de Change Sector

Money laundering vulnerability in the bureaux de change sector was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability to the bureaux de change sector was rated MEDIUM (M).**

ML vulnerability rating in the bureaux de change sector was mainly based on, among others, a comprehensive AML legal framework, high effectiveness of supervision procedures and practices, high availability and effectiveness of entry controls as well as inherent vulnerability factors including the medium low size of the sector and the low use of agents. The sector was also affected by weaknesses such as deficiencies in the availability of reliable identification infrastructure, low effectiveness of compliance functions, low effectiveness of suspicious activity monitoring and

reporting, low integrity of staff in the sector, the high level of cash activity in the sector as well as low availability of independent information sources.

2.11.4 Money Laundering Risk in the Bureaux de Change Sector

Overall money laundering risk in the bureaux de change sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated as MEDIUM HIGH (MH) and money laundering vulnerability was rated MEDIUM. Therefore, overall ML risk in the bureaux de change sector is **MEDIUM HIGH (MH)** as illustrated in the diagram below.

Figure 49: Overall money laundering risk in the bureaux de change sector
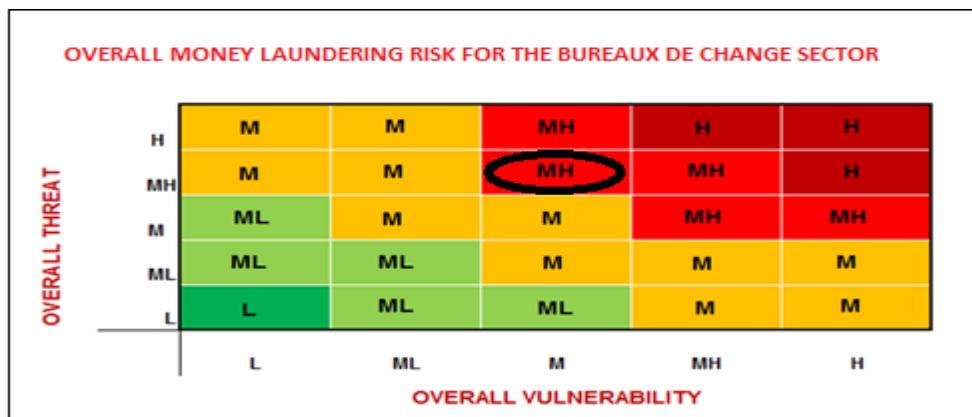
2.11.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the bureaux de change sector:

(i)   Bureaux de change need to carry out a ML/TF risk assessment and to adopt a risk based approach

(ii)   The regulator and LEAs need to rigorously enforce the Foreign Exchange Control Act to prevent unlicensed foreign exchange business.

(iii)   The Regulator needs to ensure that bureaux de change do not engage in activities unlicensed for bureaurx de change including hawala business.

2.12 MONEY LAUNDERING RISK IN THE SECURITIES SECTOR

2.12.1 Introduction

The capital markets sector is supervised by the Capital Markets and Securities Authority (CMSA), which was established in 1995 under the Capital Markets and Securities, Act 1994, to regulate the capital markets and securities sector in Tanzania. The main securities market operators include securities dealers/brokers and the Dar es Salaam Stock Exchange (DSE). The DSE was incorporated in 1996. All these operators are licensed by CMSA. As at the time of this assessment (2015/2016), the capital market had one stock exchange with 22 listed companies (15 local companies and seven (7) companies cross listed from other markets), 10 licensed stock brokers, four (4) securities custodian banks, 10 fund managers, 23 investment advisers, five (5) collective investment schemes managers, managing 10 authorized schemes and one real estate investment trust scheme. Products that were traded in the Tanzanian capital markets included equities, corporate bonds, government bonds and units from Unit Trust Schemes. In 2015, the Commodity Exchange Act, No. 19/2015 was enacted. The Act established the Tanzania Mercantile Exchange (TMX) to facilitate sound management of commodity exchanges. However, at the time of this assessment, TMX was not operational.

As at the end of June 2014, domestic companies market capitalization was 13.8% of GDP, while total market capitalization (domestic and cross listed companies) was 38.75. Total market capitalization amounted to TZS 22,166.4 billion at the end of September 2015. As at the end of December 2015, the DSE had 6 outstanding corporate bonds valued at TZS 60.9 billion, several government bonds with maturities ranging from 2 to 15 years valued at TZS 4,337.40 billion.

There are various securities institution types in the Tanzania securities market. The following five (5) were considered to be of significance and were used in the assessment:

(1) Securities brokers/dealers
(2) Securities custodians.
(3) Collective investment schemes (CIS).
(4) Nominated advisors (NOMADS), and
(5) Fund managers.

2.12.2   Money Laundering Threat to the Securities Sector

Money laundering threat to the Securities sector was rated LOW primarily because the sector attracts a few participants, it is new to many in Tanzania, it is not well known and there are few incidences of criminal abuse of the sector. This sector is one of the least risky and products and services are also considered to be among the least risky according to the ML/TF Perception Survey by the NRAWG (Appendix F).

2.12.3   Money Laundering Vulnerability in the Securities Sector

Money laundering vulnerability in the securities sector was assessed through analysis of 13 general input variables and inherent vulnerability factors. The 13 general input variables were assessed for each of the five (5) institution types. These institution types are securities dealers/brokers, collective investment schemes (CIS), nominated advisors (NOMADS), custodians and fund managers. **Money laundering vulnerability to the securities sector was rated MEDIUM (M).**

ML vulnerability rating in the securities sector was mainly based on, among others, a comprehensive AML legal framework, high integrity of staff in the sector, availability and enforcement of sanctions, availability and effectiveness of entry controls, as well as inherent vulnerability factors including the low level of cash activity in the sector, the medium low complexity and diversity of the portfolio and low frequency of international transactions. The sector was also affected by weaknesses such as deficiencies in the availability of reliable identification infrastructure, low effectiveness of compliance functions, low effectiveness of suspicious activity monitoring and reporting, as well as low availability of independent information sources.

2.12.4   Money Laundering Risk in the Securities Sector

Overall money laundering risk in the securities sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated LOW and money laundering vulnerability was rated MEDIUM. Therefore, overall ML risk in the securities sector was rated **MEDIUM LOW (ML)** as illustrated in the diagram below.

Figure 51: Overall money laundering risk in the securities sector
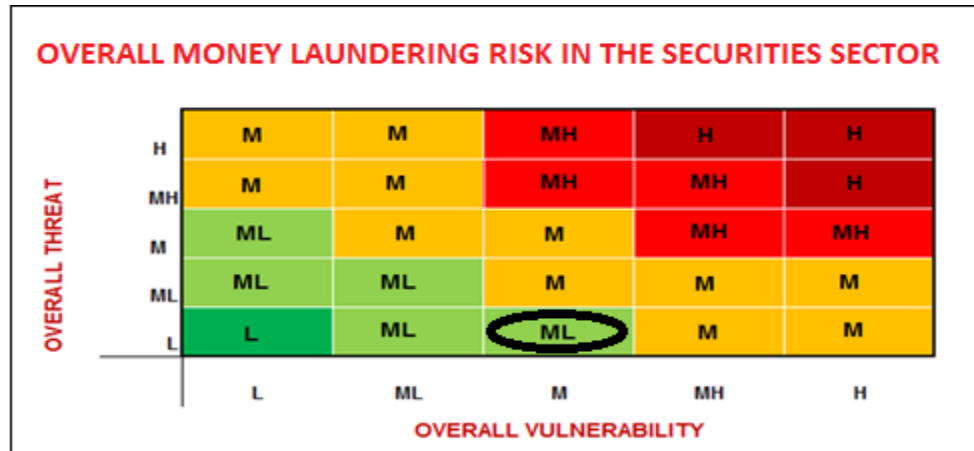
2.12.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the securities sector:

(i) Securities market intermediaries need to carry out a ML/TF risk assessment and to adopt a risk based approach

(ii) Securities market intermediaries need to establish effective AML compliance functions.

(iii) Securities Market intermediaries need to subscribe to sanctions and PEP screening databases such as World check, Accuity and SWIFT to determine whether customers are sanctioned or PEPs.

2.13   MONEY LAUNDERING RISK IN THE INFORMAL FINANCIAL GROUPS SECTOR

2.13.1 Introduction

Informal financial groups comprise Accumulated Savings and Credit Association (ASCAs), Rotating Savings and Credit Associations (ROSCAS), Village Savings and Loan Associations (VSLAs), Funeral Societies, and Savings and Credit Associations (SACAS). Informal financial groups are not registered or licensed and they are not regulated for AML purposes.

According to data provided by the National Economic Empowerment Council (NEEC), in the year 2015, it was estimated that there were over 200,000 informal financial groups in Tanzania, with 80 percent of the members of these groups being women. Investment capital was estimated to reach about TZS 500 billion.

2.13.2   Money Laundering Threat to the Informal Financial Groups Sector

Money laundering threat to the informal financial groups sector was rated LOW due to the peer monitoring mechanisms that exists in informal financial groups, the low level of crime in the sector, pre-determined patterns of transactions, small value of transactions and informal financial groups being member based groupings, whereby members have a common bond such as employees of the same organisation or villagers from the same village, which greatly enhances KYC/CDD.

2.13.3   Money Laundering Vulnerability in the Informal Financial Groups Sector

Money laundering vulnerability in the informal financial groups sector was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability to the informal financial groups sector was rated MEDIUM LOW (ML).** It is worth noting that, informal financial groups are not reporting persons and hence are not covered by the AML legal and regulatory framework.

ML vulnerability rating in the informal financial groups sector was mainly based on, among others, the comprehensiveness of the AML legal framework, high integrity of staff in the sector as well as inherent vulnerability factors including the small size of the sector, the very low risk client base

profile, the lack of use of agents, lack of anonymous use of the products and the lack of international transactions. However, the rating was affected by, among others, lack of oversight for AML purposes, weak entry controls, low effectiveness of the compliance function, low monitoring and reporting of STRs to the FIU, as well as inherent vulnerability factors including the high level of cash activity in the sector.

2.13.4 Money Laundering Risk in the Informal Financial Groups Sector

Overall money laundering risk in the informal financial groups sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated LOW and money laundering vulnerability was rated MEDIUM LOW. Therefore, overall ML risk in the informal financial groups sector was rated **MEDIUM LOW (ML)** as illustrated in the diagram below.

Figure 55: Overall money laundering risk in informal financial groups
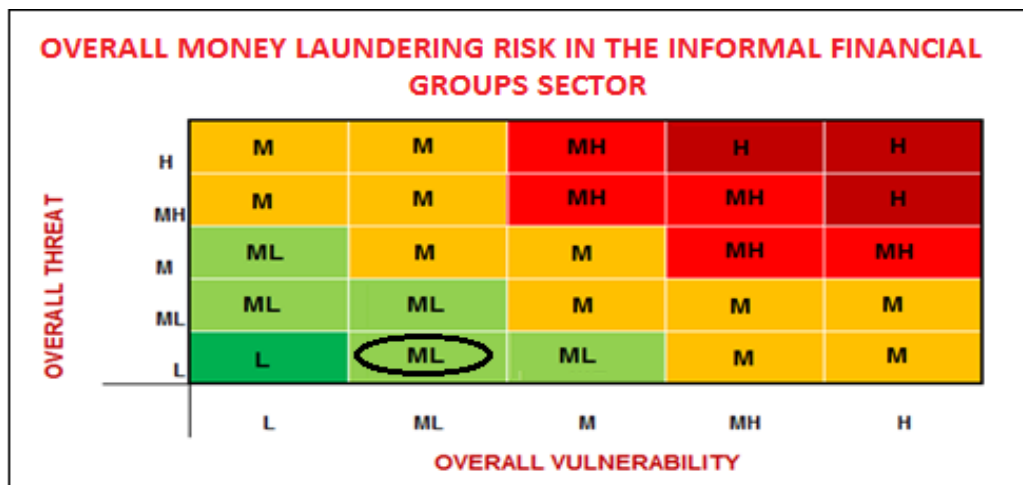
2.13.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the informal financial groups sector:

(i)   Due to the fact that IFGs pose insignificant ML risk, they should continue to remain undesignated for AML purposes

(ii)   The Government through the Ministries responsible for finance should device means to formalise IFGs and for self-regulation.

2.14   MONEY LAUNDERING RISK IN THE MONEY OR VALUE TRANSFER SERVICES SECTOR

2.14.1 Introduction

Money or Value Transfer Services (MVTS) in Tanzania are regulated by Bank of Tanzania (BOT) as payment systems under the National Payment Systems Regulations. According to Bank of Tanzania, as at June 2015, there were seven (7) licensed MVTS in Tanzania. These were Coinstar, Express Money, Money Gram, Africash, Western Union, World Remit and SWIFT. MVTS in Tanzania are usually affiliated to banks and BOT supervises them as one of the bank products. According to BOT, in the financial year July 2015 to June 2016, MVTS providers remitted a total of TZS 465.24 billion, of which TZS 295.71 billion were inbound transactions (from abroad) and TZS 169.53 billion were outbound transactions.

2.14.2 Money Laundering Threat to Money or Value Transfer Services Sector

Money laundering threat to the MVTS sector was rated MEDIUM (M) mainly due to a few incidents of criminal activities in the sector and a small number of service providers. The reported incidents are mostly of customers being defrauded. However, the services are highly cash intensive and cross border.

2.14.3 Money Laundering Vulnerability in the Money or Value Transfer Services Sector

Money laundering vulnerability in the MVTS sector was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability to the MVTS sector was rated MEDIUM (M).**

ML vulnerability rating in the money or value transfer services sector was mainly based on, among others, a comprehensive AML legal framework, high availability and effectiveness of entry controls, high AML awareness of sector staff, effectiveness of supervision procedures and practices, integrity of staff in the sector, effectiveness of the compliance function as well as inherent vulnerability factors including small size of the sector, the lack of use of agents and the lack of anonymous use of the product. However, the sector was affected by weaknesses such as deficiencies in the availability of reliable identification infrastructure, low effectiveness of

suspicious activity monitoring and reporting, low availability of independent information sources as well as inherent vulnerability factors including high level of cash activity in the sector and the high frequency of international transactions.

2.14.4 Money Laundering Risk in the Money or Value Transfer Services Sector

Overall money laundering risk in the MVTS sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated MEDIUM and money laundering vulnerability was also rated MEDIUM. Therefore, overall ML risk in the money or value transfer services sector was rated **MEDIUM (M)** as illustrated in the diagram below.

Figure 59: Overall money laundering risk in the MVTS sector
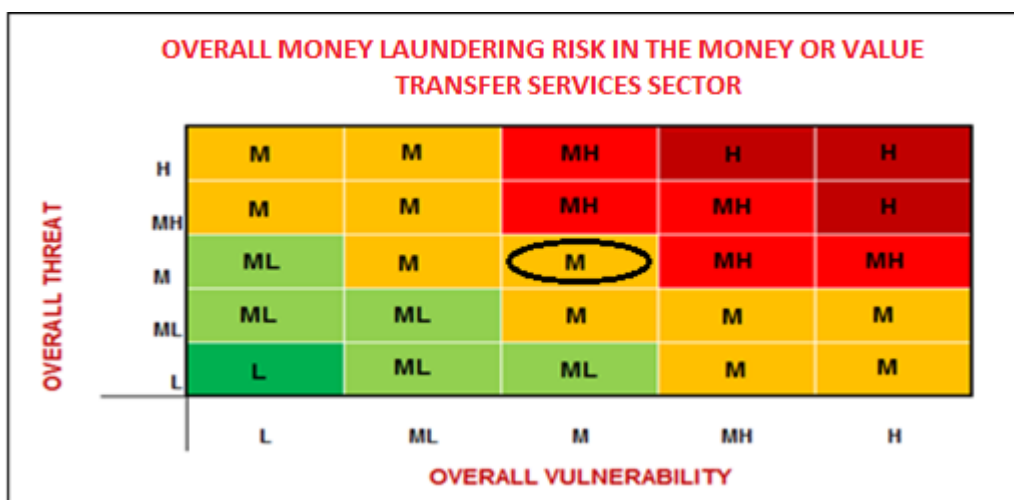
2.14.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the money or value transfer services sector:

(i)   MVTS need to carry out a ML/TF risk assessment and to adopt a risk based approach

(ii)   There is need to enhance monitoring of MVTS transactions.

(iii)   There is need for MVTS transactions to be subjected to sanctions lists and screening for PEPs using databases such as World check, Accuity and SWIFT.

2.15 MONEY LAUNDERING RISK IN THE PENSION FUND MANAGERS SECTOR

2.15.1 Introduction

As at December 2016, Tanzania had seven (7) pension funds, these were National Social Security Fund (NSSF), National Health Insurance Fund (NHIF), Public Service Pensions Fund (PSPF), LAPF Pensions Fund, PPF Pensions Fund, GEPF Retirement Pensions Fund and Zanzibar Social Security Fund (ZSSF). Social security coverage in Tanzania is still low. This is the case at least when compared to the total labour workforce that should be covered. As at June 2015, the total social security coverage stood at about 10% of the labour force. Membership to pension schemes stood at 2,142,350 people. At that time, the total annual contributions amounted to TZS 2.27 trillion while benefits payments were TZS 1.53 trillion. The number of pensioners stood at 109,949.

2.15.2 Money Laundering Threat to Pension Fund Managers

Money laundering threat to the pension fund managers sector was rated MEDIUM LOW (ML) primarily due to the low level of crime in the sector. Products within pension fund managers are not known to many and this creates difficulties for criminals to abuse these products. Furthermore, social security coverage in Tanzania is still low due to the low level of pension schemes awareness among the population. This sector is one of the least risky and products and services are also considered to be among the least risky according to the ML/TF Perception Survey by the NRAWG (Appendix F).

2.15.3 Money Laundering Vulnerability in the Pension Fund Managers Sector

Money laundering vulnerability in the Pension Fund Managers sector was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability in the pension fund managers sector was rated MEDIUM LOW (ML).**

ML vulnerability rating in the pension fund managers sector was mainly based on, among others, a comprehensive AML legal framework, high availability and effectiveness of entry controls, integrity of staff in the sector, as well as inherent vulnerability factors including the medium low size of the sector, lack of use of agents, low level of cash activity in the sector, lack of international transactions and the lack of anonymous use of products. However, the sector was affected by

weaknesses such as low AML knowledge of staff, low effectiveness of suspicious activity monitoring and reporting, deficiencies in the availability of reliable identification infrastructure, low effectiveness of compliance functions and low availability of independent information sources.

2.15.4 Money Laundering Risk in Pension Fund Managers

Overall money laundering risk in the pension fund managers sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated MEDIUM LOW and ML vulnerability was also rated MEDIUM LOW. Therefore, overall ML risk in the pension fund managers sector is **MEDIUM LOW (ML)** as illustrated in the diagram below.

Figure 63: Overall money laundering risk in the pension fund managers sector
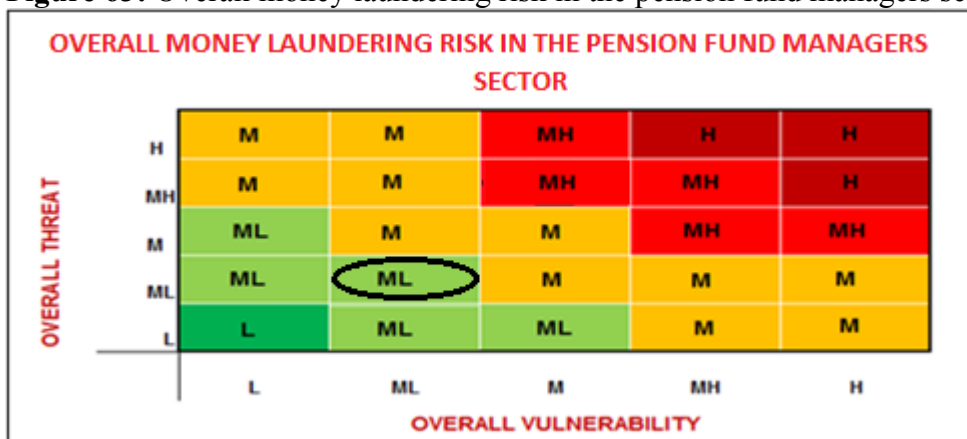
2.15.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the pension fund managers sector:

  (i)   Pension fund managers need to carry out a ML/TF risk assessment and to adopt a risk based approach

  (ii)   There is need to raise AML awareness of staff of pension fund managers

2.16 MONEY LAUNDERING RISK IN THE CASINOS AND OTHER GAMING ACTIVITIES SECTOR

2.16.1 Introduction

Casinos and other gaming activities (Gaming) in Tanzania Mainland are governed by the Gaming Act, 2003, but they are not allowed in Zanzibar. The gaming sector is regulated by the Gaming Board of Tanzania (GBT), which is mandated to issue licences, to collect gaming taxes, and to inspect and enforce compliance among licensees. Gaming activities so far attract only a small percentage of the population because they are mostly new to people. In the financial year 2015/16, gaming licensees included 9 casinos, 3 forty machines sites (Mini-Casinos), 19 route operators, 10 sports betting operators with a sum of 104 Sports betting centres, 1 national lottery, 58 promotional lotteries and 559 other minor games. In the financial year 2015/2016, the gaming sector contributed TZS 1.2 trillion to the GDP. In that year, casinos contributed 85.3% of the gaming industry income, followed by sports betting, while in the previous year its contribution was 92.1%.

2.16.2 Money Laundering Threat to Casinos and other Gaming Activities

Money laundering threat to the gaming sector was rated MEDIUM HIGH (MH) mainly due to sector being highly cash intensive, it attracts foreigners, it involves high value transactions often without transaction limits. The sector is considered to be among the most risky according to the ML/TF Perception Survey by the NRAWG (Appendix F).

2.16.3 Money Laundering Vulnerability in Casinos and other Gaming Activities

Money laundering vulnerability in casinos and other gaming activities was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability to the sector was rated MEDIUM HIGH (MH).**

ML vulnerability rating in the casinos and other gaming activities sector was mainly based on, among others, a comprehensive AML legal framework, effectiveness of supervision procedures and practices, availability and effectiveness of entry controls as well as inherent vulnerability factors including the small size of the sector and lack of use of agents. However, the sector was affected by weaknesses such as low AML knowledge of staff in the sector, low effectiveness of compliance

functions, deficiencies in the availability of reliable identification infrastructure, low effectiveness of suspicious activity monitoring and reporting, low availability of independent information sources, as well as inherent vulnerability factors including the high level of cash activity, the very high risk client base profile and the anonymous use of product.

2.16.4 Money Laundering Risk in Casinos and other Gaming Activities

Overall money laundering risk in the gaming sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated as MEDIUM HIGH and money laundering vulnerability was also MEDIUM HIGH. Therefore, overall ML risk in the gaming sector is **MEDIUM HIGH (MH)** as illustrated in the diagram below.

Figure 67: Overall money laundering risk in casinos and other gaming activities
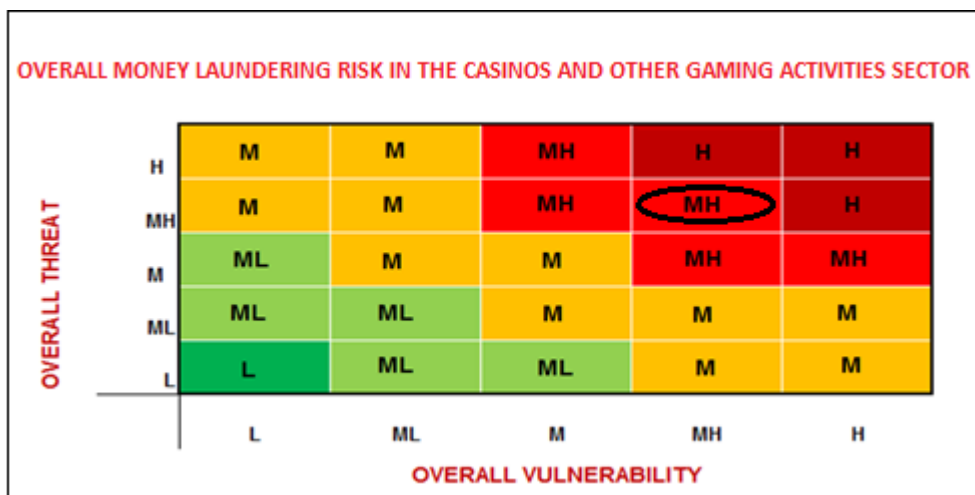
2.16.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the casino and other gaming activities sector:

 (i)   Casino and other gaming activities need to carry out a ML/TF risk assessment and to adopt a risk based approach

 (ii)   The regulator needs to enhance enforcement of compliance with AML laws.

 (iii)   The regulator needs to create AML awareness of staff

(iv)   Casinos and other gaming activity operators need to subscribe to sanctions and PEP screening databases such as World check, Accuity and SWIFT to determine whether customers are sanctioned or PEPs.

2.17 MONEY LAUNDERING RISK IN THE INFORMAL VALUE TRANSFER (HAWALA) SERVICES SECTOR

2.17.1 Introduction

Informal value transfer (Hawala) service is a way of transferring value without any actual movement of money. Hawala services are not lawfully recognised in Tanzania and as such, it is difficult to obtain formal information and statistics that may lead to understanding the extent and size of the business. Assessment of this sector was carried out using information that was obtained from intelligence authorities. Most hawala businesses are associated with cross border transactions. The use of services provided by electronic money issuers has discouraged the use of hawala domestically.

2.17.2 Money Laundering Threat to Informal Value Transfer Services

Money laundering threat to the hawala services sector was rated HIGH mainly due to potentially hawala being the preferred means of illegal funds transfers because of the confidentiality and anonymity involved. It is cash intensive, it is mostly cross border in the case of Tanzania, high value, unlimited transactions and it is unregulated.

2.17.3 Money Laundering Vulnerability in the Informal Value Transfer (Hawala) Services Sector

Informal value transfer services (hawala) are not reporting persons and hence are not covered by the AML legal and regulatory framework. Money laundering vulnerability in the informal value transfer services sector was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability to the informal value transfer services sector was rated MEDIUM HIGH (MH).**

ML vulnerability rating of the informal value transfer services sector was based on, among others, lack of legal coverage of the sector, the high level nature of informality of the sector (no entry controls), lack of supervision of the sector, lack of suspicious activity monitoring and reporting of STRs and altogether, there is very little information on the way the sector operates. ML

vulnerability rating in the sector was however alleviated by inherent vulnerability factors including the small size of the sector and the low use of agents.

2.17.4 Money Laundering Risk in the Informal Value Transfer (Hawala) Services Sector

Overall money laundering risk in the informal value transfer (Hawala) services sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated as HIGH and money laundering vulnerability was also rated MEDIUM HIGH. Therefore, overall ML risk in the informal value transfer (Hawala) services sector is **HIGH (H)** as illustrated in the diagram below.

Figure 71: Overall money laundering risk in informal value transfer services
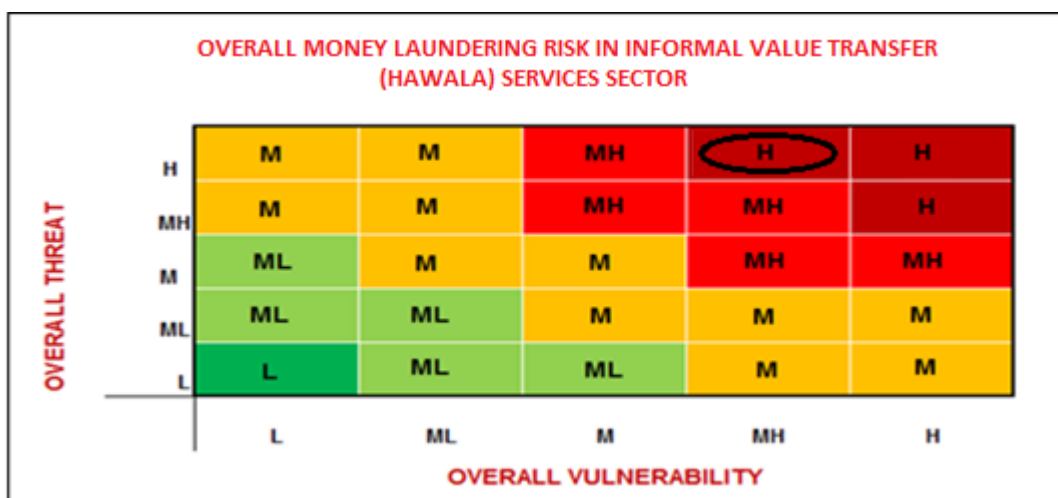
2.17.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the informal value transfer (Hawala) services sector:

(i)   There is a need to conduct a study on hawala to determine the extent of the usage of the service in the country.

2.18   MONEY LAUNDERING RISK IN THE AUCTIONEERS SECTOR

2.18.1 Introduction

Auctioneers services are governed by the Auctioneers Act, 1928, Cap. 227. According to the Act, Permanent Secretary to the Treasury (PST) is mandated to issue licenses to auctioneers. According to the Economic Survey of June 2016, auctioneers fall under the classification called Administrative and Supportive Services. This classification contributed 2.5% and 2.4% to the country's GDP for the year 2014 and 2015 respectively.

Auctioneers may apply for the Court Broker licenses from the Registrar of High Court as per the Court Brokers and Process Servers (Appointment, Remuneration and Discipline) Rules G.N. No. 315 of 1997. The Registrar of District Land and Housing Tribunal is empowered by Land Disputes Courts (The District land and Housing Tribunal) Regulations, 2003 to appoint Tribunal Brokers from either amongst court brokers or licensed auctioneers. In 2016, there were 187 auctioneers, 45 court brokers and 82 tribunal brokers in Tanzania mainland. In Zanzibar, there were two (2) auctioneers, one in Unguja and one in Pemba, who also served as court brokers.

The auctioneers sector faces various challenges including the fact that it has no regulator. Consequently, no effective AML supervision has been conducted so far in the sector.

2.18.2 Money Laundering Threat to Auctioneers

Money laundering threat to the auctioneers sector was rated LOW mainly due to the fact that auctions are not commonly used in Tanzania. Auctions in Tanzania are mainly carried out at the request of customers to dispose properties by way of auction. This sector is considered to be among the least risky due to lack of incidences of criminal abuse and the small size of the sector. Furthermore, the ML perception Survey by the NRAWG (Appendix F) considered the sector to be among the least risky.

2.18.3 Money Laundering Vulnerability in the Auctioneers Sector

Money laundering vulnerability in the auctioneers sector was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability to the auctioneers sector was rated MEDIUM (M).**

ML vulnerability rating in the auctioneers sector was mainly based on, among others, a comprehensive AML legal framework as well as inherent vulnerability factors including the small size of the sector, the lack of use of agents, the lack of anonymous use of products and lack of non-face to face use of products in the sector. The rating was also affected by weaknesses such as lack of supervision procedures and practices, lack of compliance functions, low AML knowledge of staff, low effectiveness of suspicious activity monitoring and reporting, as well as inherent vulnerability factors including high level of cash activity in the sector and difficulty in tracing transaction records.

2.18.4 Money Laundering Risk in the Auctioneers Sector

Overall money laundering risk in the auctioneers sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated as LOW while money laundering vulnerability was rated MEDIUM. Therefore, overall ML risk in the auctioneers sector was rated **MEDIUM LOW (ML)** as illustrated in the diagram below.

Figure 75: Overall money laundering risk in the Auctioneers sector
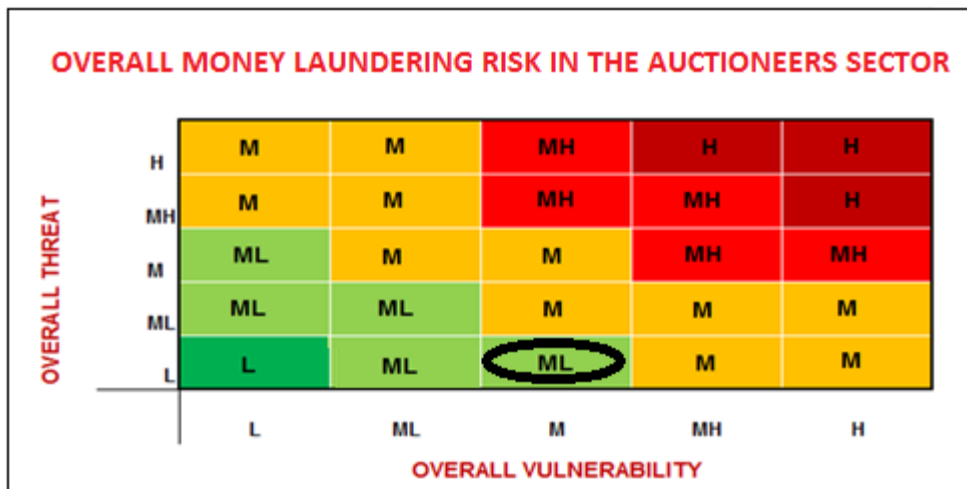
2.18.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the auctioneers sector:

(i) Auctioneers need to carry out a ML/TF risk assessment and to adopt a risk based approach

(ii) There is need to designate regulators for auctioneers for AML purposes.

2.19   MONEY LAUNDERING RISK IN THE DEALERS IN WORKS OF ART SECTOR

2.19.1 Introduction

Dealers in works of art are governed by National Arts Council Act, No. 23 of 1984, while in Zanzibar they are governed by Zanzibar Art and Censorship Act, No. 7 of 2015. Dealers in works of art are registered by the National Arts Council (Baraza la Sanaa la Taifa - BASATA) in Tanzania Mainland while in Zanzibar, they are registered by Zanzibar Art and Censorship Council. According to the Economic Survey of June 2016, the sector falls under the classification called Art, Entertainment and Recreation. This classification contributed 0.3% of Tanzania's GDP in the year 2014 and in 2015.

There are four categories of arts in Tanzania. These are music, theatre, film and visual arts and crafts. Music includes vocal, instrumental, audio or video recorded, written compositions, choral, gospel, brass and traditional music, opera or dramatic performance. Theatre includes stage and radio drama, mime, dance and dance choreography, acrobatic, circus, playing, stage arts including scenery, setting, costumes, lighting and sound. Film includes feature films, documentaries, television drama and dramatic advertisements as well as electronically created dramatic animations. Visual arts and Crafts include paintings, drawings, etchings, lithographs, woodcuts, engravings and prints, maps, plans and diagrams, work of sculpture, computer produced designs, works of architecture in the form of buildings or models; works of artistic craftsmanship including pictorial woven tissues and articles of applied and industrial art. This assessment was particularly limited to visual arts and crafts.

During the financial year 2015/2016, a total of 570 artists were registered by the National Arts Council of Tanzania, out of which 408 were individual artists, art groups and associations, 97 art promoters and 65 were those who own entertainment halls.

Dealers in works of art encounter a number of challenges which include the lack of a regulator for the sector and low AML/CFT awareness. The use of cash is also very prevalent in transactions to buy and sell art products.

2.19.2 Money Laundering Threat to the Dealers in Works of Art Sector

Money laundering threat to dealers in works of art sector was rated LOW mainly to lack of incidences of criminal abuse of the sector and the small size of the sector. Furthermore, the sector products (wood carvings and woven materials) are of relatively low value. The dealers in works of art in question (wood carvings and woven materials) are usually local traders with modest capital.

2.19.3 Money Laundering Vulnerability in the Dealers in Works of Art Sector

Money laundering vulnerability in the dealers in works of art sector was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability to the dealers in works of art sector was rated MEDIUM (M).**

ML vulnerability rating in the dealers in works of art sector was mainly based on, among others, a comprehensive AML legal framework as well as inherent vulnerability factors including the small size of the sector, the low risk client base profile, the lack of use of agents, the lack of anonymous use of products and lack of non-face to face use of products in the sector. However, the sector was affected by weaknesses such as lack of supervision procedures and practices, low AML knowledge of staff, lack of compliance functions, low effectiveness of suspicious activity monitoring and reporting, as well as inherent vulnerability factors including high level of cash activity in the sector.

2.19.4 Money Laundering Risk in the Dealers in Works of Art Sector

Overall money laundering risk in the dealers in the works of art sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated LOW while money laundering vulnerability was rated MEDIUM. Therefore, overall ML risk in the dealers in works of art sector was rated **MEDIUM LOW (ML)** as illustrated in the diagram below.

Figure 81: Overall money laundering risk in the dealers in works of art sector
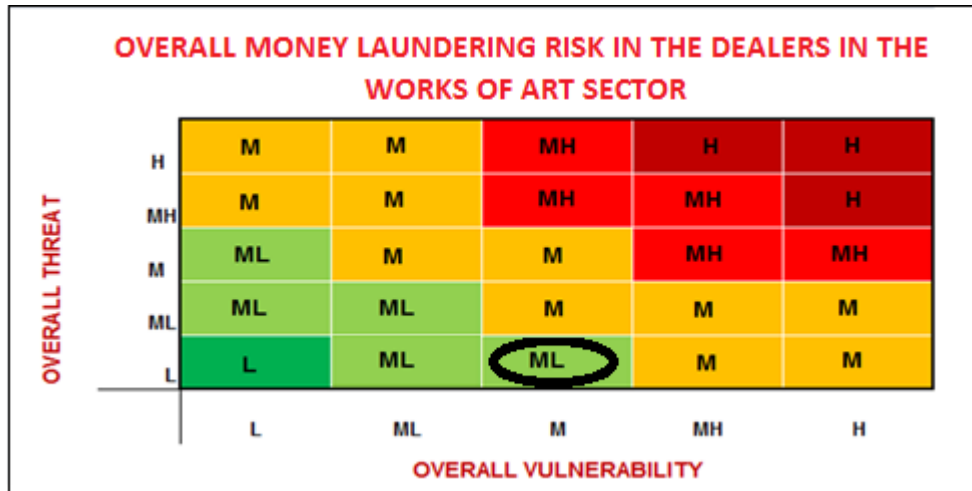
2.19.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the dealers in works of art sector:

(i) There is need to define the scope of dealers in works or art for AML purposes

(ii) There is need to designate a regulator for AML/CFT purposes

(iii) Dealers in works of art need to carry out a ML/TF risk assessment and to adopt a risk based approach

2.20 MONEY LAUNDERING RISK IN THE MOTOR VEHICLE DEALERS SECTOR

2.20.1 Introduction

In Tanzania Mainland, car/motor vehicle dealers are licensed by the Ministry of Industries, Trade and Investment (MITI), as per the Business Licensing Act, No. 25 of 1972. In Zanzibar, they are licensed by the Ministry of Trade, Industry and Markets [MTIM], as per the Business Licenses Act No. 3 of 1983. According to the Economic Survey of June 2016, the sector falls under the classification called Wholesale and Retail Trade and Repairs. In total, this classification contributed 10.5% and 10.7% of the country's GDP for the year 2014 and 2015 respectively.

For the financial year 2015/2016, there were 221 motor vehicle dealers (companies) registered in Tanzania Mainland, out of which 95 were companies dealing with the importation of brand new and/or used motor vehicles, spare parts and motorcycles; 67 were motor vehicle dealers (i.e. those which deal with buying and selling motor vehicles within the country); 48 were commission agents; 3 were dealing with exportation of motor vehicles; 4 were dealing with assembling of motor vehicles and 4 companies were dealing with facilitation of importation of motor vehicles.

Motor vehicle dealers are not designated as reporting persons and the sector is not regulated for AML purposes. The cash based economy provides room for criminals to engage in motor vehicle dealership business (importation and exportation of new and/or second hand motor vehicles and motorcycles) as it is not easy for law enforcement agencies to detect sources of illegal proceeds.

2.20.2 Money Laundering Threat to the Motor Vehicle Dealers Sector

Money laundering threat to the motor vehicle dealers sector was rated HIGH (H) mainly due to reported incidences of crime such as theft and the use of illegal proceeds in the sector, as well as smuggling of stolen vehicles from neighbouring countries into Tanzania. There is generally lack of information on the source of funds that are invested in motor vehicle businesses, and the lack of sources of funds by customers purchasing the motor vehicles.

2.20.3 Money Laundering Vulnerability in the Motor Vehicle Dealers Sector

Money laundering vulnerability in the motor vehicle dealers sector was assessed through analysis of 12 general input variables and inherent vulnerability factors. **Money laundering vulnerability to the motor vehicle dealers sector was rated HIGH (H).**

The high ML vulnerability rating of the motor vehicle dealers sector was based on, among others, lack of supervision of the sector, lack of AML knowledge among staff, weak entry controls, lack of compliance functions, lack of suspicious activity monitoring and reporting of STRs as well as inherent vulnerability factors including the big size of the sector, high level of cash activity in the sector, difficulty in tracing transaction records, the use of agents and non-face to face use of the products.

2.20.4 Money Laundering Risk in the Motor Vehicles Dealers Sector

Overall money laundering risk in the motor vehicle dealers sector is a function of ML threat to the sector and ML vulnerability in the sector. Money laundering threat was rated HIGH and money laundering vulnerability was also rated HIGH. Therefore, overall ML risk in the motor vehicle dealers sector was rated **HIGH (H)** as illustrated in the diagram below.

Figure 85: Overall money laundering risk in the motor vehicle dealers sector
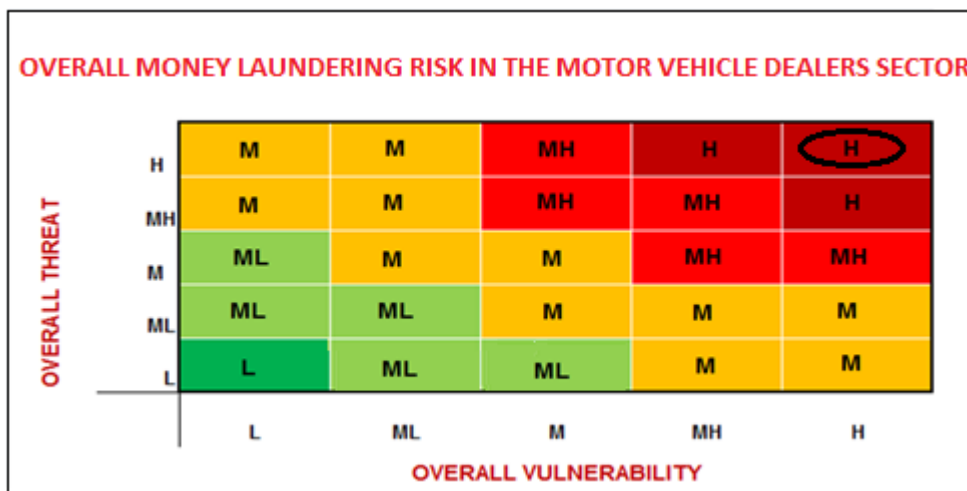
2.20.5 Key Recommendations

Apart from general recommendations, the following are key recommendations specific to the motor vehicle dealers sector:

(i)   There is need to define the scope of motor vehicle dealers to be covered as reporting persons for AML purposes

(ii)   There is need to designate motor vehicle dealers as reporting persons for AML purposes

(iii)   There is need to designate a regulator for motor vehicle dealers.

(iv)   There is a need to create AML awareness to the motor vehicle dealers sector

(v)   Motor vehicle dealers need to carry out a ML/TF risk assessment and to adopt a risk based approach.

3. SECTION 2: TERRORIST FINANCING RISK

3.1 TERRORIST FINANCING RISK AT THE NATIONAL LEVEL

3.1.1 Country Context for Terrorist Financing

The laws dealing with terrorist financing in Tanzania are Prevention of Terrorism Act, 2002 (POTA), the Anti-Money Laundering Act, 2006 (AMLA) and the Anti-Money Laundering and Proceeds of crime Act, 2009 (AMLPOCA). POTA criminalises terrorist financing and it empowers the Tanzania Police Force to investigate terrorism and terrorist financing in Tanzania. AMLA and AMLPOCA designate terrorist financing as a predicate offence and empower the Financial Intelligence Unit (FIU) to deal with terrorist financing issues. AMLA is applicable in Tanzania Mainland, AMLPOCA in Tanzania Zanzibar while POTA is applicable in both Tanzania mainland and Tanzania Zanzibar.

In order to further address the problem of terrorism and terrorist financing, the National Counter Terrorism Centre (NCTC) was setup administratively to coordinate counter terrorism initiatives. NCTC is accountable to Chiefs of Defence and Security Organs. NCTC is made up of staff from the defence and security organs with the Police Force as the leading agency.

The United Republic of Tanzania acceded to the International Convention for the Suppression of Financing of Terrorism (1999). Tanzania is also a party to the following international Conventions and Protocols:-

i.   Convention for the Suppression of Unlawful Seizure of Aircraft, 16 December 1970.

ii. Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, 23 September 1971.

iii. Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, 24 February 1988.

iv.   Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents, 14 December 1973.

v.   International Convention against the Taking of Hostages, 17 December 1979.

vi.   Convention on the Physical Protection of Nuclear Material, 3 March 1980.

vii. Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, 10 March 1988.

viii. Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf, 10 March 1988.

ix.   International Convention for the Suppression of Terrorist Bombings, 15 December 1997.

3.1.2   Overall Assessment of Terrorist Financing Risk

Overall terrorist financing risk is a function of TF threat and TF vulnerability. TF threat was rated as MEDIUM and TF vulnerability was also rated MEDIUM. Therefore, the overall TF risk is **MEDIUM (M)**. This is illustrated on a diagram below.

Figure 86: Overall terrorist financing risk in Tanzania.
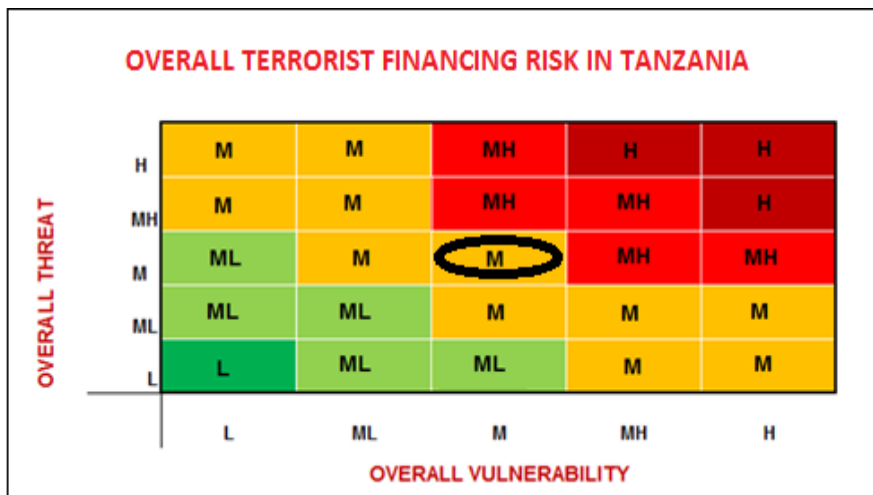
3.1.3 Terrorist Financing Threat Analysis

Overall terrorist financing threat was rated MEDIUM (M) mainly due to Tanzania bordering countries that face terrorist threat from different terrorist groups, cross border activities and free movement of people within East African and SADC states. Furthermore, Tanzania suffered a terrorist bomb attack by Al-Qaeda at the US embassy in Dar es Salaam in 1998.

3.1.4 National Vulnerability to Terrorist Financing

Terrorist financing vulnerability assessment was carried out through analysis of over 18 factors categorised into quality of legislation, quality of intelligence, effectiveness of TF-related Suspicious Transaction Reporting, monitoring and analysis, adequacy of resources, effectiveness of international cooperation, awareness and commitment to fight TF, and geographic and demographic factors. **Overall TF vulnerability was rated Medium (M)** due to the fact that Tanzania has all the relevant laws to combat terrorist financing and it has acceded and ratified all the relevant international conventions and protocols. There is also good cooperation between domestic agencies involved in combating terrorism and TF as well as border patrol operations. There has been one terrorist financing Suspicious Transaction Report that has been submitted to the FIU, however, there is limited CFT knowledge, mainly among reporting persons.

3.2 TERRORIST FINANCING RISK AT SECTORAL LEVEL

Assessment of terrorist financing risk at a sectoral level was mainly based on intelligence reports and interviews carried out with staff of relevant sectors. The findings were also backed by the analysis conducted by threat analysis subgroup and the national vulnerability assessment subgroup. Accordingly, the following ratings were assigned: TF threat from cash couriers was rated Medium (M), Non Profit organisations (NPOs) - Medium Low (ML), Hawala - Medium (M) and Mobile Network Operators (MNOs) – Medium High (MH).

Key Recommendations

(i) There is need to create more CFT awareness and training to reporting persons, LEAs and all the other relevant stakeholders

(ii)   There is need for reporting persons, LEAs and all the other relevant authorities to collect and maintain statistics on TF, as well as develop TF indicators for every sector

(iii) There is need for relevant sectors to carry out specific and detailed sectoral TF risk assessment.

4. APPENDICES

A) REFERENCES

1. 2012 Population and Housing Census, Volume I, National Bureau of Statistics (NBS), March 2013

2. 2015 Annual Report, Tanzania Minerals Audit Agency (TMAA)

3. Annual Report 2015, 19th Edition, Directorate of Banking Supervision, Bank of Tanzania

4. Annual Insurance Market Performance Report for the year ended 31st December, 2015, Tanzania Insurance Regulatory Authority (TIRA)

5. Annual Report 2015/16, Bank of Tanzania (BOT)

6. Annual Report for the Financial year 2014/2015, Capital Markets and Securities Authority (CMSA)

7. Annual Report 2014/2015, Social Security Regulatory Authority (SSRA)

8. Basel AML Index 2016 Report, Basel Institute on Governance

9. Crime Statistics Report, January – December 2014, Tanzania Police Force

10. Corruption Perceptions Index, 2015, Transparency International

11. Mutual Evaluation Report of the United Republic of Tanzania on Anti-Money Laundering and Combating the Financing of Terrorism, Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), December 2009

12. ML/TF Perception Survey, National Money Laundering and Terrorist Financing Risk Assessment Work Group, September 2015

B) LAW ENFORCEMENT AGENCIES AS PER AMLA AND AMLPOCA

LAW ENFORCEMENT AGENCIES			
No.	As per AMLA	No.	As per AMLPOCA
1	Tanzania Police Force (TPF)	1	Tanzania Police Force (TPF)
2	Tanzania Immigration Services Department	2	Tanzania Immigration Services Department
3	Tanzania Revenue Authority (TRA)	3	Tanzania Revenue Authority (TRA)

4	Prevention and Combating of Corruption Bureau (PCCB)	4	Zanzibar Revenue Board (ZRB)

C) AVERAGE ANNUAL EXCHANGE RATES (USD/TZS) FOR YEARS 2011 TO 2014

(As per Bank of Tanzania)

Year	Average Annual Exc. Rate for 1 USD [TZS]
2011	1,557.4
2012	1,571.7
2013	1,598.6
2014	1,653.1

D) REGULATORS AS PER AMLA AND AMLPOCA

REGULATORS			
No.	As per AMLA	No.	As per AMLPOCA
1	Bank of Tanzania (BOT)	1	Bank of Tanzania (BOT)
2	Tanzania Insurance Regulatory Authority (TIRA)	2	Tanzania Insurance Regulatory Authority (TIRA)
3	Tanzania Communications Regulatory Authority (TCRA)	3	Tanzania Communications Regulatory Authority (TCRA)
4	Capital Markets and Securities Authority (CMSA)	4	Zanzibar Investment Promotion Authority (ZIPA)
5	Business Registration and Licensing Agency (BRELA)	5	Registrar General's Office
6	Tanzania Investment Centre (TIC)	6	Zanzibar Law Society (ZLS)
7	Gaming Board of Tanzania (GBT)		
8	Registration, Insolvency and Trusteeship Agency (RITA)		
9	Social Security Regulatory Authority (SSRA)		
10	Energy and Water Utilities Regulatory		

	Authority (EWURA)		
11	Registrar of Cooperatives		
12	Registrar of Titles		
13	Registrar of Non-Governmental Organisations		
14	Registrar of Political Parties		

E)   REPORTING PERSONS AS PER AMLA AND AMLPOCA

REPORTING PERSONS			
No.	As per AMLA	No.	As per AMLPOCA
1	Banks and financial institutions	1	Banks and financial institutions
2	An accountant, real estate agent, dealer in precious stones, work of art or metals	2	An accountant, real estate agent, dealer in precious stones or metals
3	A regulator	3	A regulator
4	Customs officer	4	Customs officer
5	Lawyers, notaries and other independent legal professionals	5	Lawyers, notaries and other independent legal professionals
6	A person who carries on a business of an insurer, an intermediary insurance broker, a securities dealer or broker	6	A person who carries on a business of an insurer, an intermediary insurance broker, a securities marketing or a futures broker
7	A person who carries on a business of dealing in gold bullion, of issuing, selling or redeeming travellers cheques, money orders or similar instruments, or of collecting, holding and delivering or transmitting money	7	A person who carries on a business of dealing in gold bullion, of issuing, selling or redeeming travellers cheques, money orders or similar instruments, or of collecting, holding and delivering or transmitting money
8	An operator of a gaming activity	8	An operator of a gaming activity
9	A trustee or manager of a collective	9	A trustee or manager of a collective

	investment scheme		investment scheme
10	An operator of a bureau de change	10	An operator of a bureau de change
11	Auctioneers		
12	Pension fund managers		
13	Securities market intermediaries		
14	Financial leasing entities		
15	Micro financing institutions and companies		
16	Financing housing companies		

F) ML/TF PERCEPTION SURVEY BY THE NATIONAL RISK ASSESSMENT WORKGROUP

ML/TF Perception survey is the results of the brainstorming session that was held in Bagamoyo at the NRA preparatory meeting, 13-14 July, 2015. Answers were provided independently by 100 out of the 127 NRAWG members.

1. Do you think your country detects:

Response	Score
A. All incidents of money laundering	0
B. Most incidents	17
C. Some incidents	54
D. Just a few incidents	28
E. Almost none	1
TOTAL	100

Incidents of Money Laundering Detected in the Jurisdiction
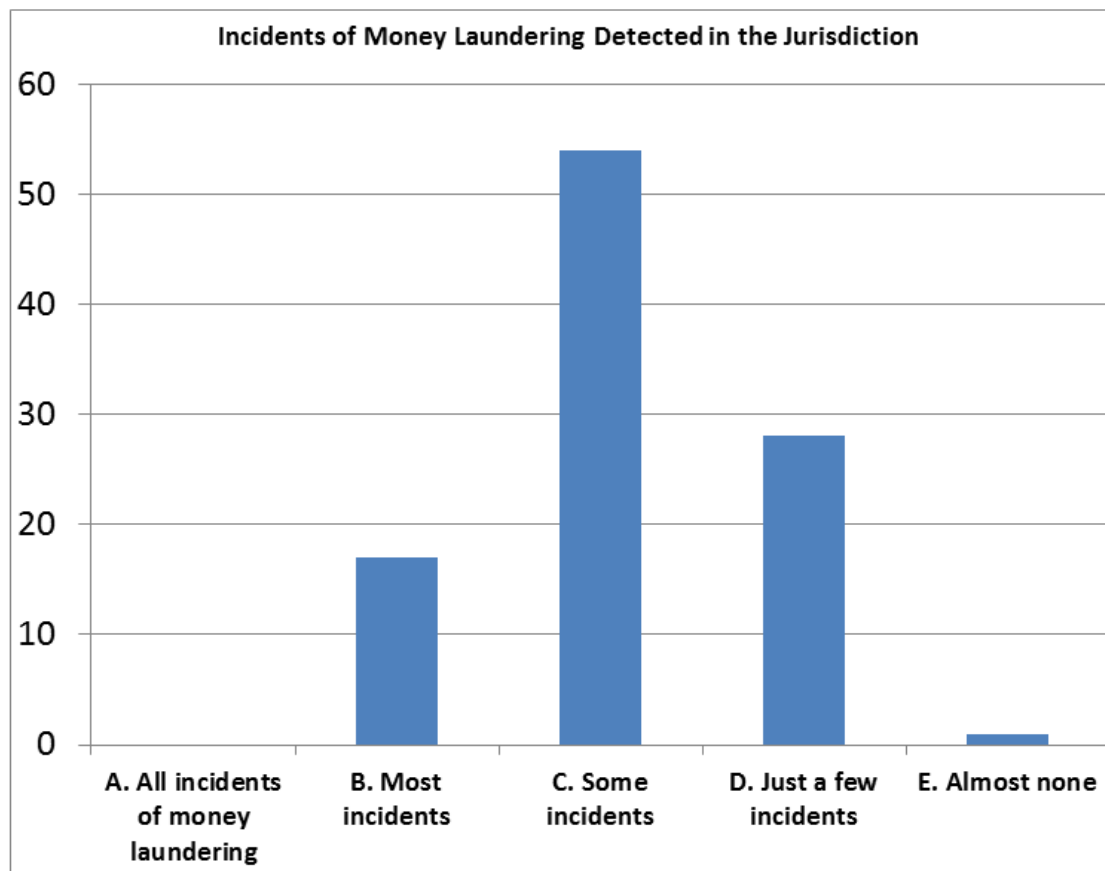
2. What factors in your country hinder the effectiveness of the ML/TF regime?

Response	Score
Corruption	90
Public awareness	76
Political commitment	69
Law enforcement agencies	51
Laws and regulations	45
The prosecution/judicial system	44
The supervisory agencies	21
Domestic or international cooperation	18
The commitment of the private sector	10
The FIU and its leadership	3
TOTAL	**427**

Factors that hinder the effectiveness of the ML/TF Regime
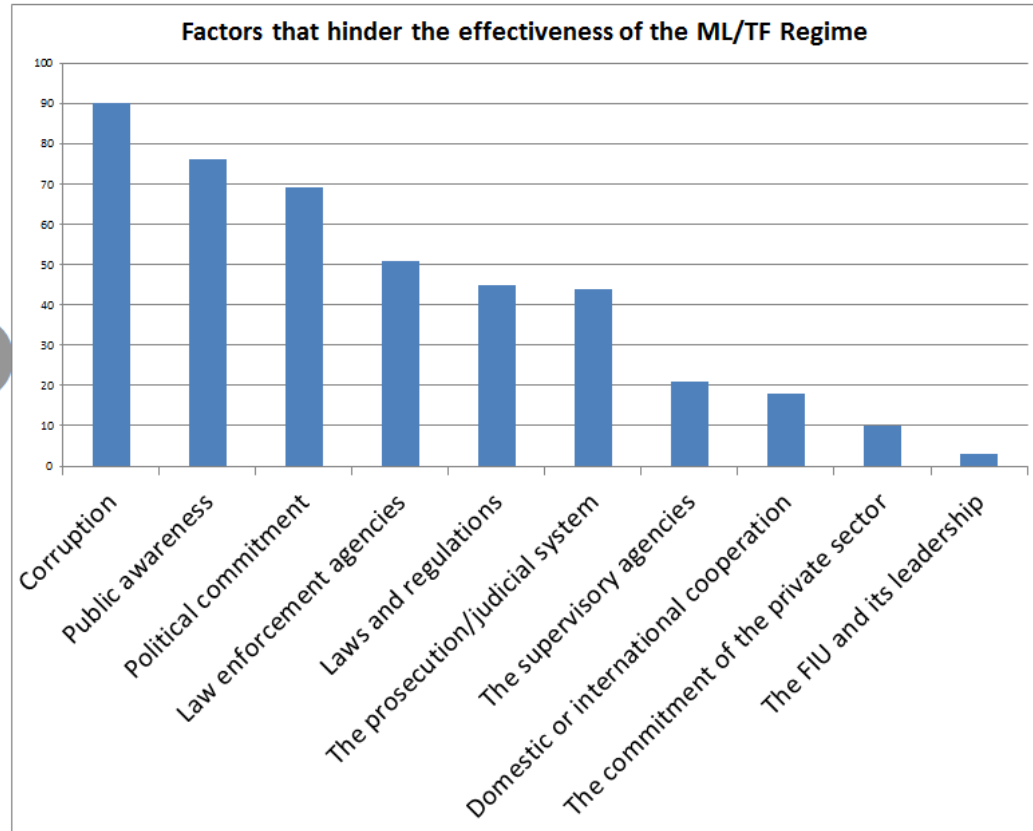
3. Estimate the size of the proceeds of crime in your country

Response	Score
A. Low	8
B. Medium Low	11
C. Medium	36
D. Medium High	33
E. High	12
TOTAL	100

Size of the Proceeds of Crime in the Jurisdiction
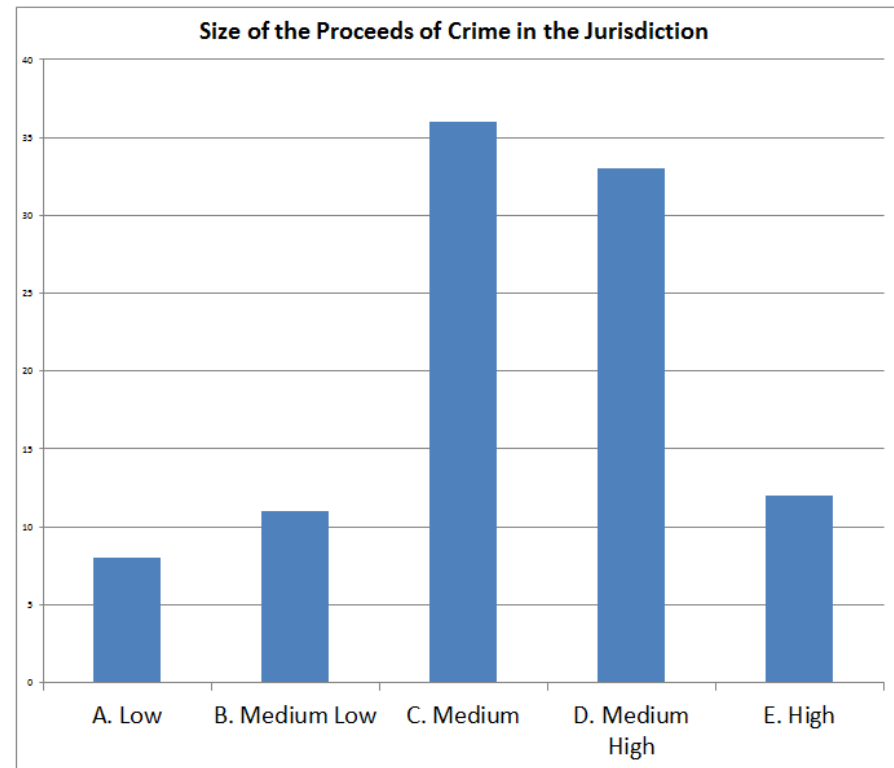
4. Which crimes are the main sources of illicit proceeds in your country

Crime	Count
Corruption or Bribery	362
Drugs Trafficking	303
Poaching	182
Tax Evasion	139
Smuggling	63
Theft	58
Armed Robbery	52
Fraud	45
Terrorism Including Financing	33
Illegal Mining	33
Organised Criminal Activities	26
Environmental Crimes	22
Forgery	22
Misappropriation of Funds	21
Human Trafficking	13
Counterfiting	9
Insider Dealing and Market Manipulation	7
Real Estate	7
Illegal Fishing	7
Piracy of Goods	6
Illicit Trafficking and Dealing in Human Organs	6
Trading in Flora and Fauna	6
Customs Bonded Warehouse	5
Cybercrimes	5
Illegal Trade	4
Kidnapping and Illegal Restraint	4
Trading in Precious Stones	4
Importation of Used Vehicles	3
Sexual Exploitation	3
Illegal Timber Harvesting	3
Conspiracy to Commit any Predicate Offence	2
Dealing in Conflict Minerals	2
Illegal Exchange of Foreign Currency	2
Piracy	1
Pyramid Schemes	1

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5. From which countries of origin do most illegal proceeds come to your jurisdiction (forming the biggest money laundering threat)?

	Value
	186
	111
	90
	70
	65
	59
	53
	49
	45
	39
	34
	29
	29
	27
	27
	25
	24
	23
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	4
	4
	4
	4
	4
	3
	3
	2
	2
	1
	1
	1

6. Which countries/regions are the main destinations for the proceeds of crimes from your jurisdiction?

The bar chart shows values (country/region names redacted):
214, 145, 128, 71, 64, 54, 45, 41, 41, 39, 36, 24, 18, 17, 17, 16, 16, 15, 12, 12, 11, 10, 9, 7, 7, 6, 6, 6, 5, 5, 5, 5, 5, 4, 4, 4, 3, 3, 3, 3, 3, 2, 2, 2, 2, 2, 1, 1, 1, 1

7. What are the high-risk sectors within your country? And why?

Sector	Value
Banking	315
Real Estate	163
Mining	76
NGOs	68
Gambling/ Gaming	61
Cash Dealers Including Bureaux de Change	56
Politics and PEPs	50
Insurance Industry	41
Construction Industry	41
Tourism	40
Dealing in Precious Metals and Stones	37
Money Transfer Services Including Hawala	36
International Trade	33
Faith Based Organisations	26
Hospitality Industry	23
Financial Institutions	23
Accounting and Auditing	21
Microfinance	21
Societies	19
Entertainment Industry	19
Transportation Services	18
Lawyers	18
Mobile Payment Methods	16
Securities	16
Cash Intensive Businesses	15
Wildlife	15
Courier Services Including Cross Border Transportation of Cash	14
Bonded Warehousing	13
Tax/ Revenue Collection	11
Public Procurement	10
Police	10
Offshore/ Shell Companies	9
Dealing in Works of Art	9
Investment	8
Dealing in Used Vehicles	8
Judiciary	8
Customs	8
Pension and Retirement Benefits	7
Financial Leasing	5
Financing	5
Trust Company Service Providers	4
Professional Consultancy Firms	4
Auctioneers	4
Internal Trade	4
Academic Institutions	4
Sports and Games	3
Telecommunication Industry	3
Oil and Gas	3
Fishing	3
Data Processing Institutions	3
DNFBPs	2
Immigration Services	2
Environment	2
Company Services	2
Communication/ Media	1
Agriculture	1

8. What are the most risky products/services in your country? And why?

Score

Product/Service	Score
Real Estate	101
Banking Services and Products	99
Money/ Funds Transfer Services including Hawala	73
Mining and Minerals	57
Financial Services	48
Government Trophies and Wildelise Products	42
Car Sale	39
Jewelerly and Precious Stones	34
Mobile Payment Services	32
Transportation Services	31
Insurance Services	30
Hospitality Services	27
Currency Exchange	27
Religious Services	22
NGOs	20
Contracts Management and Legal Services	20
Gaming/ Gambling	19
Funding/ Contribution to Political Campaigns	18
Tax/ Revenue Collection	17
Money/Cash Lending/ Credit only Services	17
Securities	17
Electronic Money Transfers	17
Entertainment	16
Construction Services	16
Cash Intensive Services	14
Oil and Gas Services	14
Pension Services	13
Cash Couriers Including Cross Border Transportation of Currency	13
Microfinance Products and Services	12
Housing Finance	11
Schools and Academic Scholarships	11
Public Procurement	11

Plot Area

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Public Procurement	11
Forestry Products	11
Telecommunication/ Mobile Services	10
International Trade	9
Phamaceutical Services	9
Sports and Games	8
Social Services	8
Shell/ Offshore Companies	7
Proffessional Farming	7
Private Banking	7
Life Insurance	7
Environmental Products	7
Used Clothes	6
Industrial Services	6
Tourism Services	5
Fishing	5
Customs Services	5
Natural Resources	5
Electronic Items	5
Corresponding Banking Services	5
Cloves	5
Accounting and Auditing	5
Precursor Chemicals	4
Informal Businesses	4
Clearing and Forwarding	4
National Identification Services	3
Media	3
Livestock	3
Film and Music	3
Pyramid Schems	2
Petrol Stations	1
International Business	1
Foods	1
e-commerce	1
Auctioneering	1

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9. Is the terrorism risk...

Response	Score
A. Low	19
B. Medium Low	13
C. Medium	38
D. Medium High	19
E. High	11
TOTAL	100

The Risk of Terroriism in the Jurisdiction

10.Is the terrorist financing risk...

Response	Score
A. Low	22
B. Medium Low	19
C. Medium	31
D. Medium High	17
E. High	11
TOTAL	100

The Risk of Terrorisk Financing in the Jurisdiction
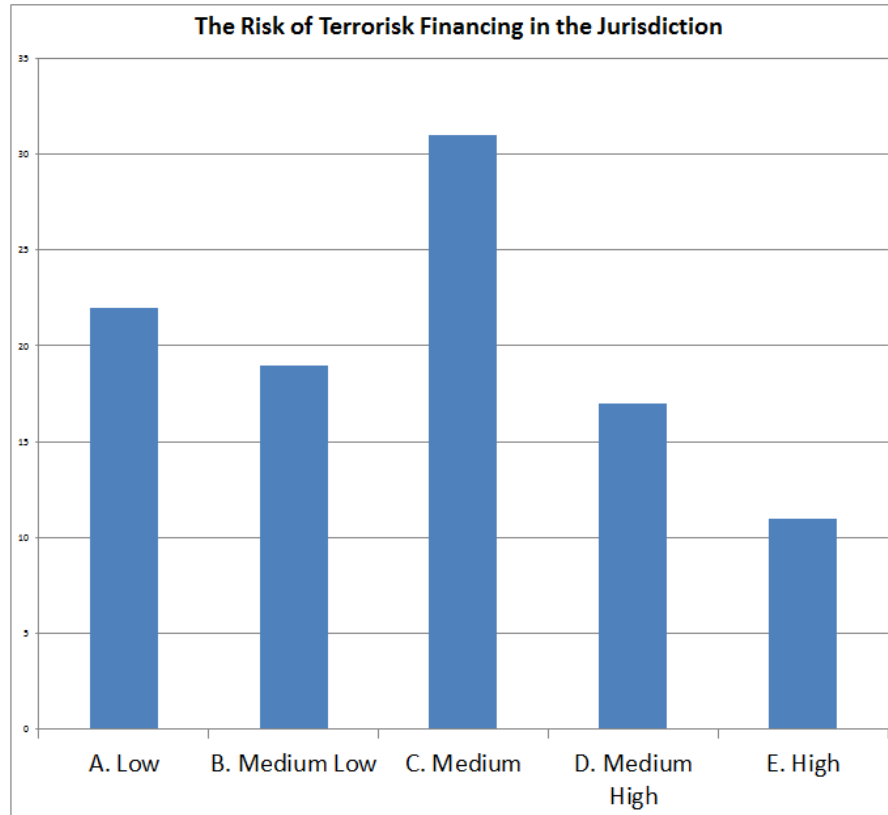
G)   NATIONAL RISK ASSESSMENT WORKGROUP

	Threat Analysis Subgroup	
No.	Name of Organisation	Number of Participants
1	Tanzania Police Force	2
2	High Court, Zanzibar	1
3	Tanzania Prisons Service	1
4	National Prosecution Service, Tanzania Mainland	1
5	National Prosecution Service, Zanzibar	1
6	Financial Intelligence Unit	1
7	Prevention and Combating of Corruption Bureau	1
8	Zanzibar Anti-Corruption and Economic Crimes Authority	1
9	National Audit Office	1
10	National Audit Office, Zanzibar	1
11	Commission for National Coordination and Drug Control, Zanzibar	1
12	Drugs Control Commission	1
13	Tanzania Immigration Services Department	1
14	Tanzania Revenue Authority	1
15	President's Office	1
16	Institute of Education for Offenders, Zanzibar	1
17	Tanzania People's Defence Forces	1
18	National Counter Terrorism Centre	1
19	Anti-Smuggling Unit, Zanzibar	1
20	Tanzania Communications Regulatory authority	1
21	Tanzania Bureau of Standards	1
22	Ministry of Agriculture, Natural Resources, Livestock and Fisheries	1
23	Tanzania National Parks Authority	1
24	Ngorongoro Conservation Area Authority	1
25	Ministry of Information, Culture, Tourism and Sports	1

No.	Name of Organisation	Number of Participants
26	Bank of Tanzania	1
27	Attorney General's Chambers, Zanzibar	1
28	National Environmental Management Council	1
29	Ministry of Lands, Water, Energy and Environment, Zanzibar	2
30	Ministry of Energy and Minerals	2
31	Capital Markets and Securities Authority	1
32	Ministry of Finance and Planning	1
33	Gaming Board of Tanzania	1
34	Tanzania Insurance Regulatory Authority	1
35	Ministry of Lands, Housing and Human Settlements Development	2
36	Internal Auditor General Division	1
37	Ministry of Agriculture, Natural Resources, Livestock and Fisheries	1
38	Tanzania High Court	1
	TOTAL SUBGROUP PARTICIPANTS	**42**

National Vulnerability Assessment Subgroup		
No.	Name of Organisation	Number of Participants
1	National Prosecution Service	1
2	National Prosecution Service, Zanzibar	1
3	Tanzania Police Force	3
4	Financial Intelligence Unit	2
5	Ministry of Tourism and Natural Resources	1
6	Prevention and Combating of Corruption Bureau	1
7	Zanzibar Anti-Corruption and Economic Crimes Authority	1
8	Tanzania Immigration Services Department	1
9	Tanzania Revenue Authority	1
10	Zanzibar Revenue Board	1

No.	Name of Organisation	Number of Participants
11	President's Office	1
12	Registrar of Political Parties	1
13	Ministry of Lands, Housing and Human settlements Development	2
14	Ministry of Home Affairs	2
15	Ministry of Foreign Affairs and International Cooperation	1
16	President's Office, Ethics Secretariat for Public Leaders	1
17	Ministry of Foreign Affairs and East African Cooperation	1
18	Ministry of Finance and Planning	1
19	Business Registration and Licensing Authority	1
20	Zanzibar Business and Property Registration Agency	1
21	Registration, Insolvency and Trusteeship Agency	1
22	Registrar of Births and Deaths, Zanzibar	1
23	National Identification Authority	1
24	Zanzibar Identity Cards Registration Office	1
25	Bank of Tanzania	1
	TOTAL SUBGROUP PARTICIPANTS	**30**

Banking Subgroup		
No.	Name of Organisation	Number of Participants
1	Bank of Tanzania	1
2	Tanzania Bankers Association	1
3	Financial Intelligence Unit	1
4	Social Security Regulatory Authority	1
5	Bank of Tanzania	1
	TOTAL SUBGROUP PARTICIPANTS	**5**

Insurance Subgroup		
No.	**Name of Organisation**	**Number of Participants**
1	Tanzania Insurance Regulatory Authority	1
2	Financial Intelligence Unit	1
3	National Identification Authority	1
4	Association of Tanzania Insurers	1
5	Prevention and Combating of Corruption Bureau	1
6	President's Office, Regional Administration and Local Government	1
	TOTAL SUBGROUP PARTICIPANTS	**6**

Securities Subgroup		
No.	**Name of Organisation**	**Number of Participants**
1	Capital Markets and Securities Authority	1
2	Dar es Salaam Stock Exchange PLC	1
3	Financial Intelligence Unit	1
4	Bank of Tanzania	2
5	Tanzania Stock Exchange Brokers Association	1
	TOTAL SUBGROUP PARTICIPANTS	**6**

Designated Non-Financial Businesses and Professions Subgroup		
No.	**Name of Organisation**	**Number of Participants**
1	Gaming Board of Tanzania	2
2	Financial Intelligence Unit	1
3	Registrar of NGOs	2
4	Ministry of Lands, Housing and Human settlements	1
5	Zanzibar Law Society	1

No.	Name of Organisation	Number of Participants
6	Tanganyika Law Society	1
7	Zanzibar Contractors Registration Board	1
8	National Board of Accountants and Auditors	1
9	Zanzibar Association of Accountants and Auditors	1
10	National Board of Accountants and Auditors	1
11	Land Registration Office, Zanzibar	1
12	Tanzania Minerals Audit Agency	1
13	Tanzania Institute of Valuers and Estate Agents	1
14	Export Processing Zones Authority	1
15	President's Office, Regional Administration and Local Government	1
16	Energy and Water Utilities Regulatory Authority	1
17	Tanzania Institute of Valuers and Estate Agents	1
	TOTAL SUBGROUP PARTICIPANTS	**19**

Other Financial Institutions Subgroup		
No.	Name of Organisation	Number of Participants
1	Ministry of Finance, Zanzibar	1
2	Bank of Tanzania	1
3	Financial Intelligence Unit	1
4	Tanzania Revenue Authority	1
5	Zanzibar Revenue Board	1
6	Tanzania Cooperatives Development Commission	1
7	Ministry of Finance and Planning	1
8	Ministry of Empowerment, Social Welfare, Youth, Women and Children, Zanzibar	2
	TOTAL SUBGROUP PARTICIPANTS	**9**

Financial Inclusion Subgroup		
No.	**Name of Organisation**	**Number of Participants**
1	Bank of Tanzania	2
2	Tanzania Bankers Association	1
3	Financial Intelligence Unit	2
4	Social Security Regulatory Authority	1
5	President's Office, Regional Administration and Local Government	1
6	Tanzania Communications Regulatory authority	1
7	Tanzania Investment Centre	1
8	Zanzibar Investment Promotion Authority	1
9	Ministry of Finance and Planning	2
10	Ministry of Finance, Zanzibar	1
11	Office of the Chief Government Statistician	1
12	Zanzibar Bureau of Standards	1
13	Ministry of Communication, Science and Technology	1
14	Ministry of Empowerment, Social Welfare, Youth, Women and Children, Zanzibar	1
	TOTAL SUBGROUP PARTICIPANTS	**17**