



# NATIONAL MONEY LAUNDERING AND TERRORIST FINANCING RISK ASSESSMENT

2024 - REPORT



# CONTENTS

ACRONYMS	5
EXECUTIVE SUMMARY	7
KEY FINDINGS OF THE NATIONAL ASSESSMENT REPORT	8
1. INTRODUCTION	11
2. ASSESSMENT OF MONEY LAUNDERING RISK	15
3: TERRORIST FINANCING RISK ASSESSMENT	53
4: LEGAL PERSONS AND LEGAL ARRANGEMENTS RISK ASSESSMENT	64
5: VIRTUAL ASSETS AND VIRTUAL ASSETS SERVICE PROVIDERS ML/TF RISK ASSESSMENT	75
6. FINANCIAL INCLUSION PRODUCT RISK ASSESSMENT	81
7. TAX CRIMES ML RISK ASSESSMENT	87
8. NON-PROFIT ORGANISATION TERRORIST FINANCING RISK ASSESSMENT	94
9. ENVIRONMENTAL AND NATURAL RESOURCE CRIMES RISK ASSESSMENT	101
10. GENERAL KEY RECOMMENDATIONS	105
11. CONCLUSION	108
12. APPENDICES	109

## **DISCLAIMER**

The National Money Laundering and Terrorist Financing (ML/TF) Risk Assessment of Rwanda has been conducted as a self-assessment by Rwanda authorities, using the National ML/TF Risk Assessment Tools that have been developed and provided by the World Bank Group. The World Bank Group project team's role was limited to delivery of the tools, providing guidance on the technical aspects of the tools, and review/feedback to assist with the accurate use of it. Data, statistics, and information used for completing the National ML/TF Risk Assessment Tool, as well as findings, interpretation, and judgment under the scope of National ML/TF Risk Assessment, completely belong to the Rwanda authorities and do not reflect the views of the World Bank Group.



# Foreword

Rwanda remains firmly committed to combating money laundering (ML) and terrorist financing (TF) through robust legal, institutional, and operational frameworks. To better understand the country's exposure to ML/TF risks, take appropriate mitigating actions and ensure alignment with evolving international standards, Rwanda updated its National Money Laundering and Terrorist Financing Risk Assessment in November 2024.

This update built upon the foundation established in the initial risk assessment conducted in 2017/18, incorporating new data, emerging threats, and lessons learned. The updated assessment aimed to provide a more comprehensive and nuanced understanding of national threats and vulnerabilities and sector-specific vulnerabilities, enabling the identification of priority areas for intervention.

By updating its risk assessment, Rwanda reaffirmed its commitment to strengthening AML/CFT systems and tackling evolving financial crime risks. The updated insights will inform targeted countermeasures, while continuous updates and proactive strategies will address emerging threats. These efforts are designed to bolster financial integrity, enhance resilience against illicit activities, and position Rwanda as a secure and trusted financial hub on the global stage.

## **Yusuf MURANGWA**

***Minister of Finance and Economic Planning and Chairperson of Coordination Council responsible for preventing and fighting money laundering, financing of terrorism and financing of proliferation of weapons of mass destruction***

# ACRONYMS

<b>ADF/ISCAP</b>	Allied Democratic Force/ Islamic State-Central Africa Province
<b>AEOI</b>	Automatic exchange of information
<b>ISCAP</b>	Islamic State-Central Africa Province
<b>AML/CFT</b>	Anti-Money Laundering/Countering the Financing of Terrorism
<b>CFT</b>	Countering the Financing of Terrorism
<b>ATAF</b>	African Tax Administration Forum
<b>BNIs</b>	Bearer Negotiable Instruments
<b>BO</b>	Beneficial Ownership
<b>CBFs</b>	Common Benefit Foundations
<b>CBDC</b>	Central Bank Digital Currency
<b>CDD</b>	Customer Due Diligence
<b>CNRD-FLN</b>	Conseil National pour le Nouveau et la Démocratie-Force Libération Nationale
<b>CMA</b>	Capital Market Authority
<b>CT</b>	Counter Terrorism
<b>CTF</b>	Counter Terrorist Financing
<b>DTAAs</b>	Double Taxation Avoidance Agreements
<b>DNFBPs</b>	Designated Non-Financial Businesses and Professions
<b>EAC</b>	East African Community
<b>ECDD</b>	Enhanced Customer Due Diligence
<b>EOIR</b>	Exchange of information on request
<b>FATF</b>	Financial Action Task Force
<b>FBOs</b>	Faith-Based Organizations
<b>FDLR</b>	Forces Démocratiques de Libération du Rwanda
<b>FIC</b>	Financial Intelligence Centre
<b>GDP</b>	Gross Domestic Product
<b>ICPAR</b>	Institute of Certified Public Accountants of Rwanda
<b>JOC</b>	Joint Operations Centre
<b>KIFC</b>	Kigali International Financial Centre
<b>LEA</b>	Law Enforcement Agency
<b>ML</b>	Money Laundering
<b>MINIJUST</b>	Ministry of Justice

<b>MLA</b>	Mutual Legal Assistance
<b>MINICOM</b>	Ministry of Trade and Industry
<b>MINAFFET</b>	Ministry of Foreign Affairs and International Cooperation
<b>NBR</b>	National Bank of Rwanda
<b>CC</b>	Coordination Council
<b>NGOs</b>	Non-Governmental Organizations
<b>NPPA</b>	National Public Prosecution Authority
<b>NPO</b>	Non-Profit Organization
<b>NRA</b>	National Risk Assessment
<b>MFIs</b>	Micro-Finance Institutions
<b>PEP</b>	Politically Exposed Person
<b>PF</b>	Proliferation Financing
<b>RBA</b>	Risk Based Approach
<b>RBA</b>	Rwanda Bar Association
<b>RDB</b>	Rwanda Development Board
<b>RGB</b>	Rwanda Governance Board
<b>RG</b>	Registrar-General
<b>RIB</b>	Rwanda Investigation Bureau
<b>RNC</b>	Rwanda National Congress
<b>RWAREB</b>	Rwanda Association of Real Estate Brokers
<b>STR</b>	Suspicious Transaction Report
<b>TF</b>	Terrorist Financing
<b>TFS</b>	Targeted Financial Sanctions
<b>TCSPs</b>	Trust and Company Service Provider (s)
<b>TF</b>	Terrorist Financing
<b>UNSC</b>	United Nations Security Council
<b>UNSCR</b>	United Nations Security Council Resolution
<b>VAs</b>	Virtual Assets
<b>VASPs</b>	Virtual Assets Service Provider (s)
<b>MoE</b>	Ministry of Environment

# EXECUTIVE SUMMARY

Rwanda, a rapidly growing economy in East Africa, is striving to establish itself as a regional financial hub in alignment with its Vision 2050. The country made significant strides in modernizing its financial and legal systems, developing a robust AML/CFT framework that includes the establishment of the Financial Intelligence Centre (FIC) and elaboration or revision of relevant legal and regulatory instruments. These efforts aimed to strengthen the detection, disruption, and penalization of ML and TF, fostering a more secure and transparent financial environment.

The 2024 National Risk Assessment (NRA) builds on the 2018 National Risk Assessment, incorporating updates from previous findings, addressing recommendations from the second round of Mutual Evaluation (MER), and aligning with Financial Action Task Force (FATF) standards to address emerging risks. The assessment focused on enhancing risk mitigation strategies for financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs), advancing the development of a robust AML/CFT framework.

The 2024 NRA utilized World Bank Assessment Tools to evaluate ML risks at national and sectoral levels, focusing on the financial sector, DNFBPs, financial inclusion, virtual assets, environmental resources, tax crimes, legal structures, NPOs, and terrorist financing.

A multidisciplinary team from the public and private sectors conducted the assessment, with the World Bank providing tools and technical guidance. A public perception survey was also conducted to gather insights. This collaborative approach enabled a comprehensive assessment of Rwanda's AML/CFT landscape, identifying key vulnerabilities and areas for improvement.

In addition, NRA action plan was developed as a strategic roadmap to guide the implementation of key recommendations. This plan aimed to further enhance Rwanda's AML/CFT framework, ensuring a proactive and adaptive response to evolving financial crime threats.

# KEY FINDINGS OF THE NATIONAL ASSESSMENT REPORT

Rwanda's 2024 NRA on ML and TF covers the assessment period from July 2019 to June 2024, serving as an updating to the 2018 NRA. It identifies key threats, vulnerabilities, and risks for ML and TF, and highlights the emerging criminal methods for laundering and proposes targeted measures to enhance Rwanda's AML/CFT framework.

## 1. National Money Laundering risk

The assessment evaluated Rwanda's ML threats and vulnerabilities, considering both domestic and international factors.

The domestic ML threat assessment analyzed the prevalence of predicate offenses, the amount of illicit proceeds generated and associated ML cases identified. The assessment identified embezzlement, fraud, tax crimes, and cybercrimes as the top four predicate offenses with large amounts. The international ML threat assessment examined inflows and trading partners. However, no money laundering-related cases were identified in connection with inflows or trading partners. As a result, the overall ML threat was rated Medium.

The national ML vulnerability assessment considered the country's ML combating ability and sectoral vulnerabilities. It highlighted notable improvements since the 2018 NRA, including amendment of AML/CFT legislation, developments of other relevant regulatory instruments, the establishment of the Financial Intelligence Centre (FIC) and Coordination Council (CC), and improvements in supervision. Despite these achievements, some gaps were identified in areas of beneficial ownership transparency, implementation of risk-based approaches, investigative

and prosecutorial capacities, and asset recovery. As a result, the overall ML vulnerability was rated Medium.

The combination of the analysis of overall ML threat (rated Medium) and the overall ML vulnerability (rated Medium) leads to rating of the overall ML risk as Medium.

## 2. Terrorist Financing risk

Rwanda's TF risk assessment rated the overall TF risk as Medium, derived from a Medium threat level and a Medium-Low vulnerability rating. The overall TF threat rating stemmed from a Low domestic threat and a Medium-High external threat. The external threat was driven by the presence of active terrorist groups in neighboring countries, which may engage in cross-border activities to support militant operations and, at times, carried out terror attacks to Rwanda.

The overall TF vulnerability rating reflected improvements in vigilance, stakeholder information sharing, strengthened border controls, awareness campaigns, increased efforts by law enforcement agencies in countering TF, and the commitment of reporting entities to implement Counter Terrorist Financing (CTF) measures.

## 3. Sectorial ML/TF Risk Financial sector risk assessment

Financial sector risk assessment highlighted varying levels of exposure to ML and TF. The banking sector, e-money issuers, and forex bureaus were identified as having the highest exposure to ML risks, with their risk level rated Medium. Moreover, e-money issuers and the money remittance services were also found to be more susceptible to TF abuse, with their risk assessed as Medium-Low.

#### **4. DNFBPs sector risk assessment**

The assessment determined that within the DNFBP category, the real estate sector is the most exposed to ML, rated Medium-High mainly due to ML cases involving the sector and the absence of legal and regulatory framework governing the sector. Similarly, the Bailiffs sector was also identified as being more vulnerable to ML, with a rating of Medium-High. The rest of the DNFBPs were rated Low to ML. TF abuse within the DNFBP sector was also rated as Low.

#### **5. Legal persons and legal arrangements risk assessment**

The assessment rated the threat of ML through the abuse of legal structures as medium-low and the overall vulnerability to ML as medium, resulting in a Medium overall ML risk score. Foreign companies and private companies limited by shares were identified as more likely to be exploited for ML, primarily due to the limited liability for shareholders, significant financial flows and assets as well as their involvement in predicate offenses and ML related cases.

#### **6. Virtual asset and VASPs assessment**

The Virtual Assets (VA) and Virtual Asset Service Providers (VASPs) sector in Rwanda has a Medium-Low exposure to ML. This rating is based on a combined Low threat level and Medium-Low vulnerability. The sector's vulnerabilities stem from the absence of regulatory frameworks and limited expertise among law enforcement, regulators, and financial service providers. The primary crimes linked to virtual assets in Rwanda are fraud, including fraudulent investment schemes and fake coin exchanges.

They were no TF cases involving VAs and VASPs identified during the assessment. The sector's TF vulnerability is rated

Medium-Low resulting from the absence of regulatory frameworks and the limited expertise among law enforcement, regulators, and financial service providers. Hence VAs and VASPs risk is medium-low.

#### **7. Financial Inclusion Product Risk**

The assessment rated the overall exposure of financial inclusion products to ML and TF risks as Medium-Low. This is attributed to a strong legal framework supporting both financial inclusion and AML/CFT compliance. The threat was rated Low due to the absence of suspicious financial crime cases involving financial inclusion products, the low volume and value of transactions, income levels, thresholds, and KYC requirements while the vulnerability was Medium-Low resulting from the lack of clear definitions for financial inclusion products and the absence of specific guidelines for simplified KYC requirements.

#### **8. Tax crimes risk assessment**

The overall ML risk related to tax crimes was rated as Medium, with the tax crime threat assessed as Medium and vulnerability as Medium-Low. The relatively low rating is primarily due to the inadequate institutional capacity to effectively combat tax evasion. Moreover, although Rwanda has strong legal, institutional, and operational frameworks, tax evasion remains a significant challenge, accounting for 20% of the total proceeds of crime from 2019 to 2024.

#### **9. NPOs sector TF abuse risk**

The assessment revealed that the overall risk of TF abuse in the Non-Profit Organization (NPO) sector was Low, with both the ML threat and the sector's ML vulnerability assessed as Low. The assessment determined that the total number of NPOs registered in Rwanda is 2366. NPOs falling under definition of FATF

are 1,888 including 1,089 National NGOs, 198 International NGOs, 531 Faith-Based Organizations (FBOs) and 70 Common Benefit Foundations (CBFs).

From the above categories, FBOs were found to be more exposed to TF abuse mostly because they exchange cash in hands through fund raisings and offertories, followed by the CBFs and national NGOs, while international NGOs were found to be at the lowest level of TF abuse.

## 10. Environment and natural resource crime risk

The ML risk related to Environmental and Natural Resource Crimes was rated Medium-Low, with the threat rated Medium and vulnerability Low. Weaknesses identified include the absence of indicators to detect environmental crimes in financial transactions, limiting reporting persons' ability to report suspicious activities.

The medium rating threat was largely due to number of domestic cases, with a few cases that originated from the neighbouring countries generating higher proceeds of crime compared to domestic cases.



# INTRODUCTION



## 1. Country context

The Republic of Rwanda, known as the “Land of a Thousand Hills,” is a mountainous country at the heart of Africa’s Great Lakes region, covering 26,338 sq.km bordered by the Democratic Republic of Congo (DRC) to the west, Uganda to the north, the United Republic of Tanzania to the east and Burundi to the south. Rwanda’s population is estimated 13.2 million in 2022, according to the fifth Population and Housing Census (NISR, 2023).

Rwanda’s economy is growing and currently witnessed a notable growth of 9.7% in the first quarter of 2024. This surge is attributed to the robust performance of the industry and services sectors. The agriculture sector demonstrated significant improvements during the first season of 2024 compared to the same season in 2023, particularly in the production of food crops, which experienced substantial growth.

The real Gross Domestic Product (GDP) growth stabilized at 8.2% in 2022 and 2023 and expanded at 1.50 % in the second quarter of 2024 over the previous quarter. The GDP growth rate averaged 2.35% from 2000 until 2024, reaching an all-time high of 13.20% (NISR, 2024).

Rwanda is ranked second safest country in Africa, and it experiences comparatively high levels of stability and security by regional standards, and it has continued to protect its political stability (Global Finance Safety Index, 2024). Rwanda maintains its standing as the fourth least corrupt country in the Sub-Saharan Africa region, securing the top position in East Africa, and attaining the 49th spot globally (Corruption Perception Index 2023). The Rwandan government

has put in place various incentives to facilitate commercial exchanges with other countries and attract international investors through the establishment of the Kigali International Financial Centre (KIFC); thereby positioning Rwanda as a regional financial services hub.

The Government of Rwanda has put considerable efforts in establishing and maintaining quality relationships with other countries for peace, security and stability of the country, including collaboration and exchange of information with foreign countries on the basis of Mutual Legal Assistance (MLA) and the MoUs signed by competent authorities with their counterparts. In addition, FIC started application process to become a member of the Egmont Group to facilitate prompt exchange of information.

To strengthen compliance with international standards against ML, TF, and proliferation financing (PF)—particularly the FATF Recommendations—Rwanda has implemented comprehensive legal and institutional frameworks. These include development of laws and policies and adoption of strategic initiatives to enhance the capacity and skills of key stakeholders. In addition, a number of institutions were established namely FIC, Rwanda Investigation Bureau (RIB) has dedicated divisions responsible for economic and financial crimes, Rwanda National Police has specialized anti-terrorism unit, and National Public Prosecution Authority (NPPA) has prosecutors dedicated to money laundering cases.

Additionally, supervisory authorities have been designated to oversee the activities of financial institutions (FIs), Designated Non-Financial Businesses and Professions (DNFBPs). These include the Central Bank and Capital Market Authority

for FIs, Rwanda Revenue Authority for Tax Advisors, Rwanda Mines and Petroleum and Gas Board (RMB) for Precious stones and metals, Rwanda Development Board (RDB) for Casinos, and the Ministry of Justice for Notaries. The Self-Regulatory Bodies such as ICPAR and Rwanda Bar Association are also responsible to ensure compliance with AML/CFT obligations by accountants and lawyers respectively.

Moreover, Rwanda Governance Board (RGB) monitors the operations of NPOs to ensure that they are not abused for TF, and the Registrar General (RG) is responsible for registering companies and managing legal arrangements, among other duties.

Rwanda's regime to combat AML/CFT is enshrined in its primary AML/CFT law<sup>1</sup>, supporting legal and regulatory instruments, relevant policies and strategies including the AML/CFT policy and anti-corruption policy. The anti-corruption policy constitutes the overall policy framework of zero tolerance to corruption and national planning that seeks to support the implementation of government policies in the area of good governance. The country is embarked on the development/review of important laws and regulations to address different technical deficiencies.

FATF Recommendation<sup>1</sup> requires countries to identify, assess and understand ML/TF risks for country and implement appropriate risk-based measures. Rwanda, as a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) is obliged to comply with the FATF 40 Recommendations including the requirement to update its NRA.

Acknowledging the need for a unified approach, Rwanda conducted its first ML/TFNRA in 2018 providing the country with an understanding of its ML/TF risk. According to the 2018 NRA, the ML risk was Medium while TF risk was Medium Low. Recognizing that the ML/TF risk may change with time, Rwanda has updated the risk assessment through the conduct of 2024 NRA.

The 2024 NRA is informed by the 2018 NRA and the 2nd round MER 2024 which has indicated that the country has some understanding of its ML risks and limited understanding of TF risks.

To ensure a comprehensive understanding of the current risks at national level and across all relevant sectors, the country decided to update the NRA. This 2024 NRA expanded its scope significantly to include areas that were not covered in the previous NRA, such as legal persons and arrangements, tax crimes, environment and natural resources crimes, VA and VASPs and the TF risk assessment for NPOs.

## **2. Objectives of the National Risk Assessment**

The 2024 NRA aims to identify, assess, and understand Rwanda's current ML/TF risks and to take appropriate mitigation measures in order to protect the country's economy and financial system from criminal exploitation and also to promote national security.

---

<sup>1</sup>Law n° 001/2025 of 22/01/2025 on the prevention and punishment of money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction

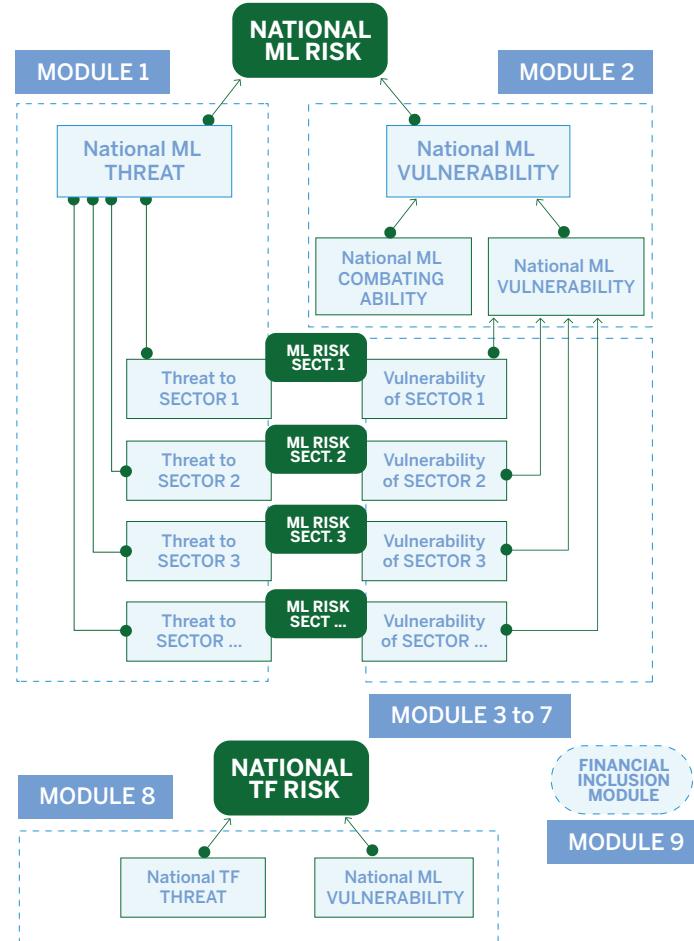
### 3. The National Risk Assessment Methodology

The assessment followed the FATF Methodology and used the World Bank's Risk Assessment Tools to assess and evaluate ML/TF Risks and country's capacity to mitigate those risks. The exercise was conducted by a multi-agency team, comprising of public and private sector representatives, coordinated by FIC under the guidance of the CC which is responsible for combating money laundering, terrorism financing, and the proliferation of weapons of mass destruction.

The assessment covered Money Laundering Risk (Threat assessment, National vulnerability, Banking sector vulnerability, Security sector vulnerability, Insurance sector vulnerability, other financial institutions vulnerability, DNFBPs sector Vulnerability), Terrorist Financing Risk assessment, Financial inclusion products Risk assessment, Legal Persons and Arrangements, Money Laundering Risk Assessment, Virtual Assets and Virtual Asset Service Providers ML/TF Risk assessment, Environmental and Natural Resources Risk assessment, Non-Profit Organizations TF Risk Assessment, and Tax Crimes and Proceeds Threat Assessment.

To supplement the World Bank's Risk Assessment Tools, this NRA also utilized additional methodologies including, a public perception survey and interviews conducted with stakeholders from both the public and private sectors to gather insights on key variables. This process aimed to validate findings and provide a comprehensive comparison of qualitative and quantitative analysis.

**Figure 1: The structure of the WB's Risk Assessment tool**



# 2

## ASSESSMENT OF MONEY LAUNDERING RISK



## 1. Money Laundering Risk at National Level

### 2.1.1 Country context for money laundering risk assessment

The 2018 NRA indicated that the overall ML Risk was *Medium*; this was derived from overall threat rated *Medium-Low* while Vulnerability was rated *Medium*. The analysis identified that the predominant predicate offenses were corruption/bribery and embezzlement of funds while offenses generating the highest proceeds of crime were tax evasion and embezzlement.

The assessment of ML risks at the sectoral level revealed that the banking, real estate, and money transfer sectors were *Medium-High*, while for the securities, electronic money, and microfinance institutions (MFIs) were *Medium-Low*. Other sectors

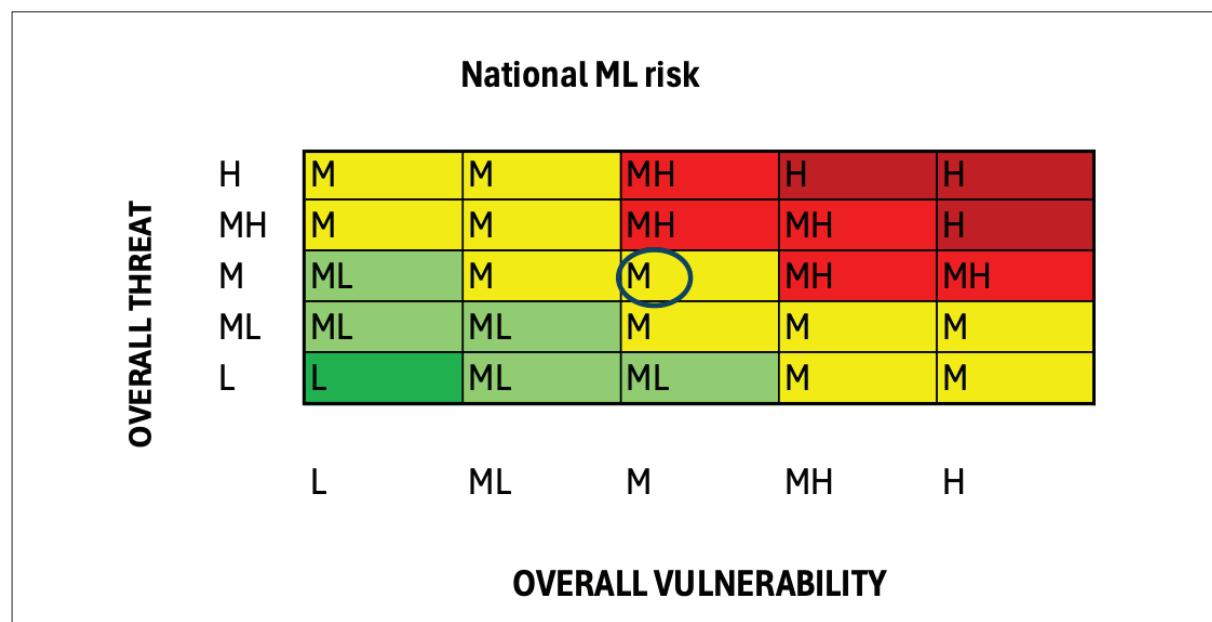
such as: life insurance, pension schemes, forex bureaus, accountants and auditors, lawyers, casinos, and precious metal and stone dealers, were rated *Low*.

In addition, the second round MER<sup>2</sup> highlighted that the country has some understanding of its ML risks. Nonetheless, the ML risks from Legal persons and arrangement, VASPs were not understood.

### 2.1.2 Overall Money Laundering Risk

The overall risk is determined based on the rating of threat and vulnerability ratings. The analysis has indicated that both overall ML threat and vulnerability are **medium**. Hence, the overall ML risk is rated **medium** as indicated in the figure below.

Figure 2: Overall ML Risk



<sup>2</sup>Rwanda MER is found on [https://www.esaamlg.org/index.php/Countries/readmore\\_members/Rwanda](https://www.esaamlg.org/index.php/Countries/readmore_members/Rwanda)

The national rating of ML threat was based on the assessment of the predicate offences generating highest proceeds and the most prevalent predicate offenses at the national and sectorial levels, along with vulnerability assessment of different sectors to ML and the national ability to combating the same. This combined analysis of threats and vulnerabilities formed the basis for the risk rating.

## 2. Money Laundering Threats at National Level

Rwanda's overall ML threats level has increased to **Medium (M)**, from the **Medium-Low (ML)** rating since the 2018 NRA. This shift is attributed to a change in the approach for selecting predicate offences. While the 2018 NRA focused on cases involving amounts of at least 20,000 USD, the current NRA lowered the threshold to Frw 5 million (3,500 USD), thereby broadening the scope of the analysis. In addition, improvements in crime detection methods have led to a higher number of registered cases, further contributing to the increased ML threat level.

Money Laundering Threats at National Level was assessed considering the domestic threats and External threats.

### 2.2.1 Domestic threats assessment

Money laundering is a sophisticated crime that continually adapts to advancements in technology, finance, and global dynamics. A domestic threat assessment plays a crucial role in identifying and analysing emerging trends and vulnerabilities specific to the country.

The domestic threats assessment focused on investigated predicate offences, prosecuted and convictions from July 2019 to June 2024. Predicate offences were selected based on a threshold of Frw 5 million and above<sup>3</sup>. These include embezzlement, fraud, tax crime/tax evasion, cyber-crime, drug trafficking, corruption, environmental crimes, terrorism, human trafficking and terrorist financing and the illegal operations of currency sale or exchange.

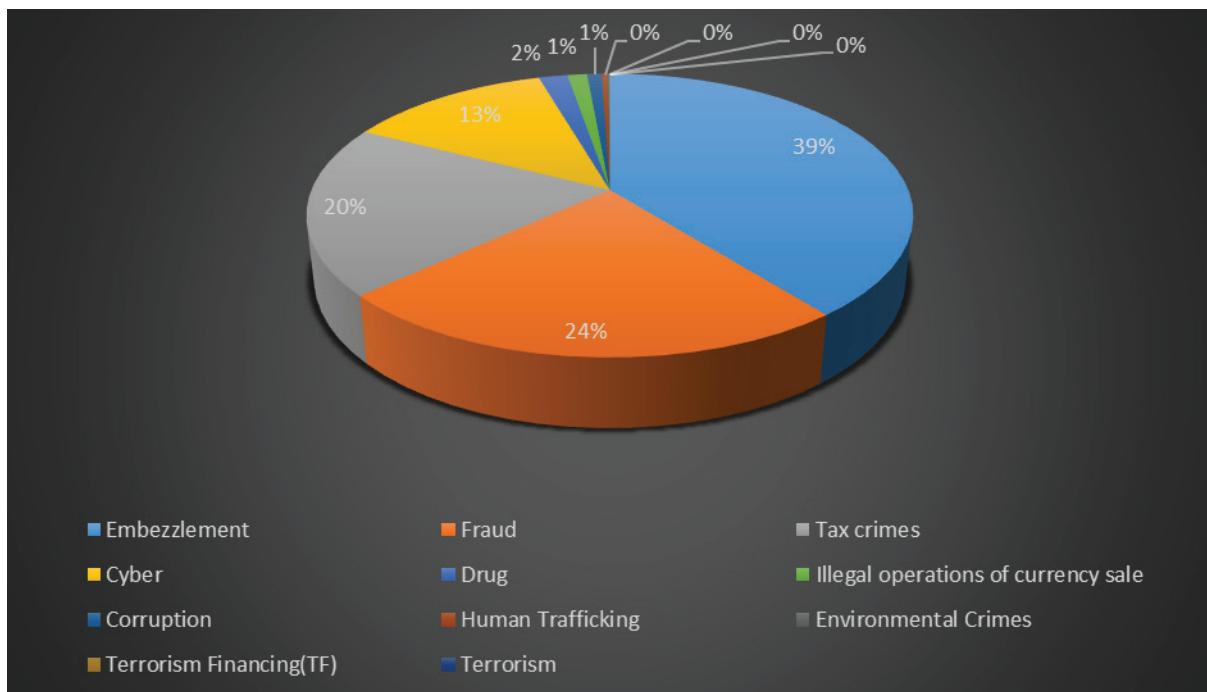
#### 2.2.1.1 High Proceeds Generating Predicate Offenses

The assessment indicates that the top four high proceeds generating predicate offenses are Embezzlement (39%), Fraud (24%), tax crime (20%) and cybercrime (13%), as illustrated in the figure below.

---

<sup>3</sup>In the 2024 NRA assessing the domestic threat, eleven (11) predicate offences with a threshold of Frw 5 million were considered. This approach differs from the 2018 NRA that used a sample of fifty (50) cases selected on a threshold of USD 20,000. The 2024 assessment expanded its scope to include human trafficking, terrorism, terrorist financing, and environmental crimes, which are primarily driven by non-financial motives. Consequently, a larger number of cases were investigated, influencing the overall findings.

**Figure 2: Percentage share of predicate offences with large amount of money**

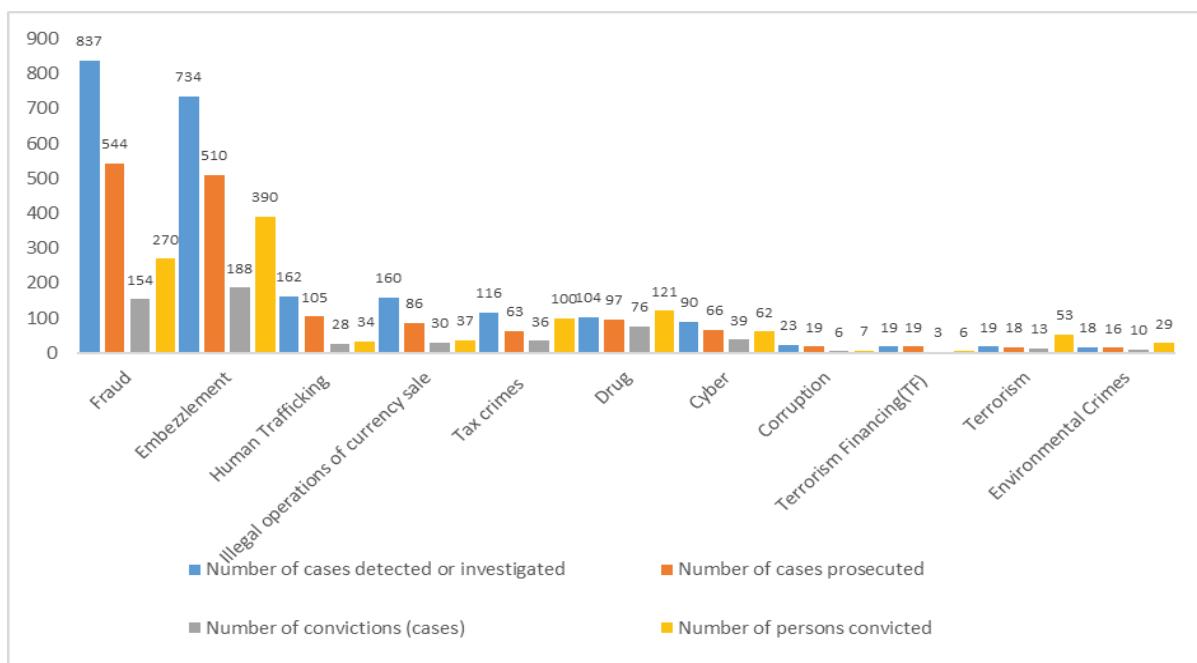


Source: RWA-IECMS

#### 2.2.1.2. The most prevalent predicate offences

The assessment covered 11 predicate offences, highlighting the following four as the most prevalent offences: fraud, embezzlement, human trafficking and illegal operations of currency sale or exchange as the top four most prevalent predicate offenses investigated as indicated in the following figure

**Figure 3: The most prevalent predicate offences investigated from July 2019 to June 2024**



Source: RWA-IECMS

### 2.2.1.3. The predicate offenses per level of risk

The ranking of predicate offences per risk was based on the amount of proceeds and prevalence. Basing on the amount of proceeds, embezzlement tops the list, followed by fraud in the 2<sup>nd</sup> position, then tax crime and cybercrime in 3<sup>rd</sup> and 4<sup>th</sup> position respectively which pose a high risk. Considering the prevalence in convictions, embezzlement, fraud, drugs and cyber-crimes were assessed as high risk. The other predicate offences assessed include corruption, human trafficking, environment and natural resources crimes, and terrorist financing due to their nature and impact on national economy, security and citizens' lives.

#### • Embezzlement

Embezzlement<sup>4</sup> is the major high-risk predicate offence in the country, affecting both public and private sectors. The majority of cases are committed by individuals. In the past five years, 734 embezzlement cases were investigated, representing 35% of the 2,122 total predicate offenses and involving 39% of total amount of proceeds of crime. As a result, embezzlement has been rated as **medium-high**.

#### • Fraud

Fraud accounted for 24% of the total proceeds of crime, making it the second-largest predicate offense by proceeds. During the assessment period, 837 fraud-related cases were registered, and the associated money laundering risk is considered high due to the frequency of cases and the substantial financial

impact. This is partly due to of emerging technologies such as mobile money, the rise in pyramids schemes, misuse of virtual assets and other scams facilitating fraudulent activities. Fraud has been rated as **medium-high**.

#### • Tax crimes

Tax-related crimes, such as tax evasion, illegal exemptions, fraudulent VAT claims, and non-payment of withholding tax, accounted for 20% of the total proceeds of crime, with 116 cases recorded during the assessment period. This represents an increase from the 80 cases involving Frw 18.77 billion reported in the 2018 NRA. The tax detection and preventives measures were enhanced. As a result, tax crimes have been rated as **Medium**.

#### • Drug trafficking

The assessment highlighted that 104 cases of drug trafficking were investigated, resulting in 76 convictions, accounting for 2% of the total proceeds of crime. The large amount of proceeds from drug is related to the two cases of cocaine and heroin with estimated value of 250,000 USD seized transiting to foreign countries. As a result, drug trafficking has been rated as **Medium** due to amount involved and the international nexus.

#### • Cybercrimes

In the 2024 NRA, 90 cyber-crime cases involving 13% of total proceeds of crime in the last five years were detected and investigated. Out of these, 66 cases were prosecuted, resulting in 39 cases involving 62 suspects being convicted. As digital transactions and online banking become

<sup>4</sup>Article 10 of the Law No 54/2018 of 13/08/2018 Law on fighting against corruption defines embezzlement as an offence committed by any person, whether public servant or any employee of private institution, a company or a cooperative, or of non-government organization who embezzles for personal or someone else's interests property, funds or securities entrusted to him or her by virtue of his or her office, or any person who uses for personal gains, the staff under his or her authority.

more prevalent driven by increased internet access<sup>5</sup>, criminals exploit these technologies to facilitate illicit activities. Cyber-criminals use hacking, phishing, and malware to gain unauthorized access to financial systems, allowing them to manipulate or steal funds. Cyber related crimes<sup>6</sup>, were rated **Medium**.

- **Corruption**

During the assessment period, 23 cases were investigated, leading to 15 prosecutions and 6 convictions. Corruption accounted for 2% of total proceeds of crime. As a result of combined efforts to combat corruption that involved a multi-faceted approach including strong legislative measures, institutional reforms, transparency initiatives, public engagement, and international cooperation, corruption prevalence has decreased. Thus, corruption was rated **Medium Low**.

- **Illegal operations of currency sale or exchange**

The assessment revealed that 160 cases of illegal currency sales operations were investigated which constitutes 1% of the total proceeds of crime. 86 cases were prosecuted and 30 convictions involving 37 suspects were secured. Illegal currency sales or exchange operations were rated **Medium-Low risk**.

- **Human Trafficking**

The risk of money laundering related to human trafficking is rated **Low**. Over the assessment period, 162 cases were investigated, with 105 cases prosecuted, resulting in 28 convictions, while others remain pending in court. While human trafficking ranks **Low** in terms of proceeds generated from predicate offenses, this crime should be treated with special consideration due to its impact on human lives.

- **Terrorist Financing**

During the assessment period, 19 cases were investigated and resulted into 2 convictions. The threat of money laundering related to terrorist financing is rated as **Low**. It is important to note that terrorist financing often involves modest amounts, some of which may not originate from illicit sources.

#### 2.2.1.4 Money laundering cases

Over the last five fiscal years (July 2019 to June 2024), 44 money laundering (ML) cases were investigated, 42 were prosecuted with 9 convictions with confiscations totaling Fwr 780, 934,906

---

<sup>5</sup>There were 4.91 million internet users in Rwanda at the start of 2024, when internet penetration stood at 34.4 percent.

<sup>6</sup>Cyber related crimes include cyber-enabled fraud targeting financial institutions, such as online banking fraud, carding (using stolen credit card information), payment fraud, impersonation, blackmailing, unauthorized access to computer systems, networks, or data and social engineering Law n° 60/2018 of 22/8/2018 on prevention and punishment of cyber crimes

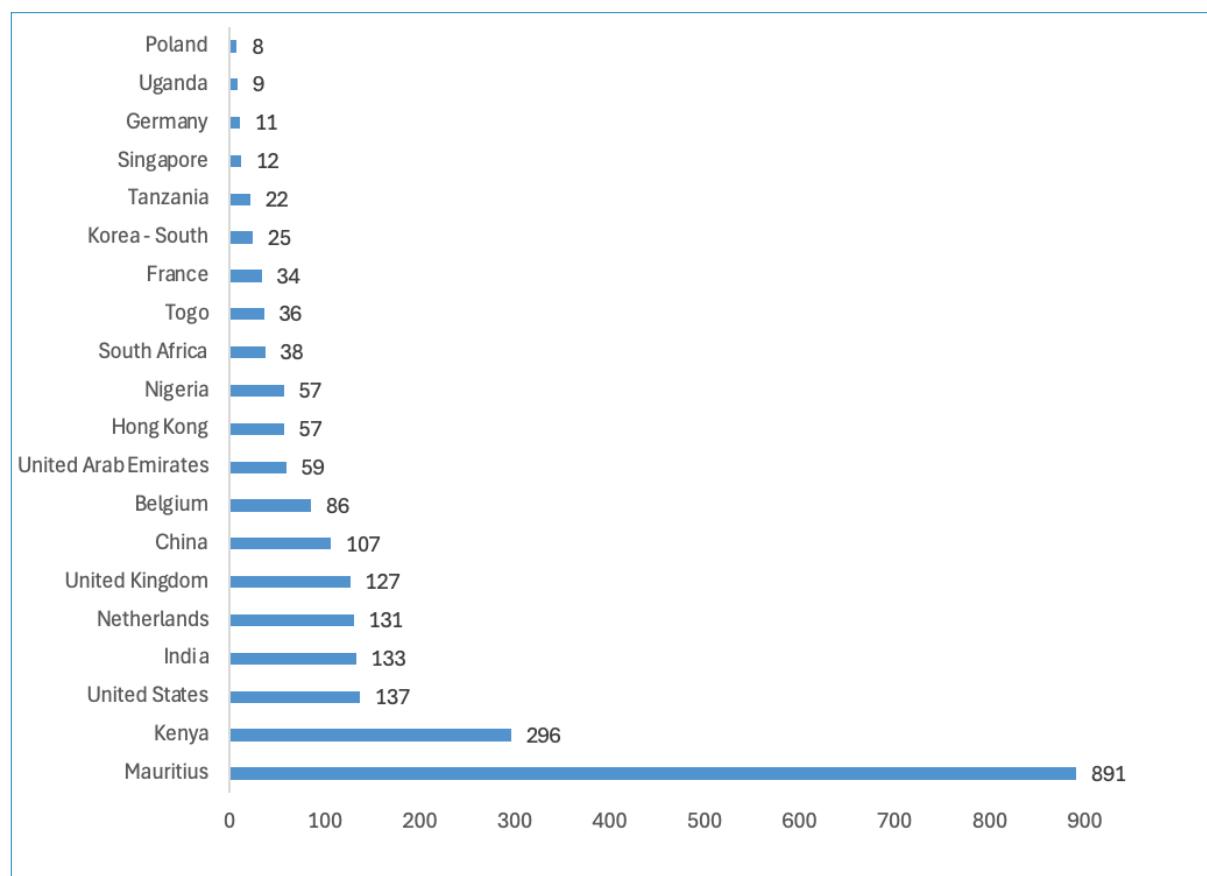
## 2.2.2 International/External Threat

The external threat assessment analyzed cross-border risks, considering financial inflows from foreign capital, exports, and outflows related to imports. The assessment covered (a) predicate offenses committed within Rwanda, with the proceeds laundered in foreign jurisdictions, and (b) predicate offenses committed abroad, with the proceeds laundered through or within Rwanda.

- **Foreign capital inflows (foreign private capital)**

Foreign Private Capital (FPC) is composed of Foreign Direct Investment (FDI), Foreign Portfolio Investment (FPI), Financial Derivatives and Employee Stock Options, and Other Investments (OI)<sup>7</sup>. This excludes capital inflows for exportation, and capital outflows for importation. The following chart illustrates the foreign private capital inflows in Rwanda from 2018 to 2022.<sup>8</sup>

**Figure 4: Foreign private capital inflows in Rwanda from 2018 to 2022 (Million USD)**



Source: FPC 2023 Survey

<sup>7</sup>IMF, *Official Financial Flows, Capital Mobility, and Global Imbalances*, IMF Working paper, October 2014, p. 12.

<sup>8</sup>The published data used in the assessment from FPC 2023 Survey span from 2018 to 2022 though NRA assessment period uses data between July 2019 to June 2024. The new survey report is under process.

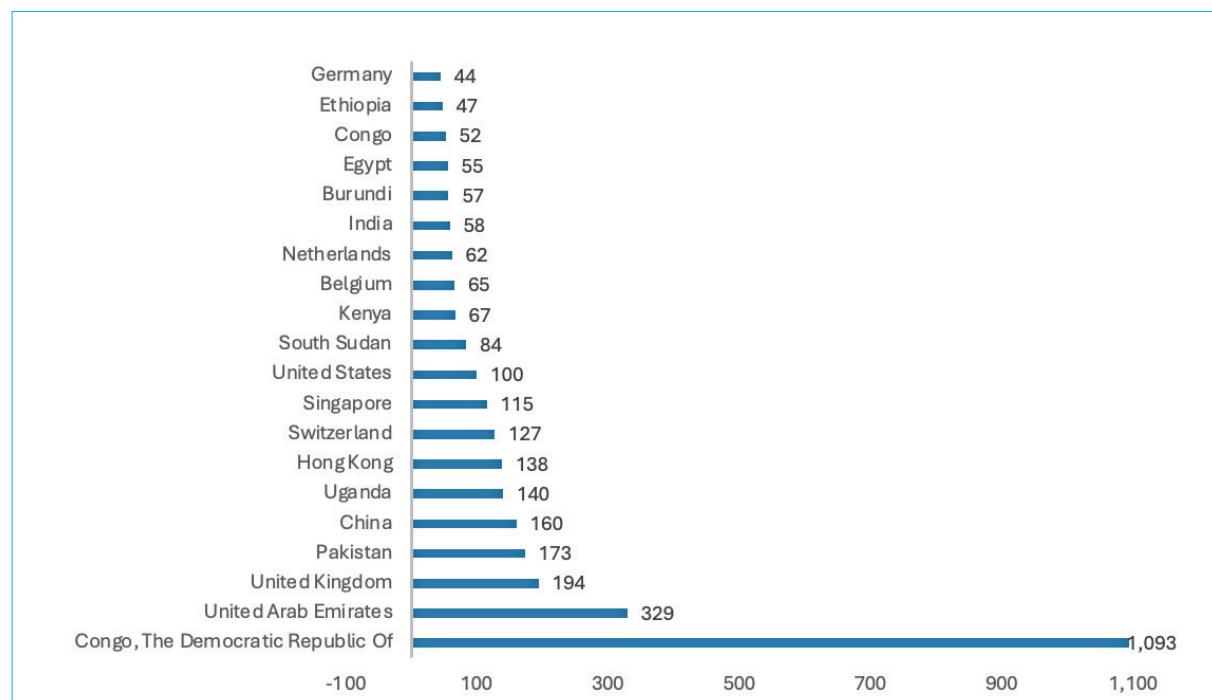
As illustrated in the figure above, Mauritius tops the list of foreign capital inflows from 2018 to 2022 with the total inflows of 891 million USD. This is channeled in the ICT, manufacturing, and electricity sectors. Kenya is in the second position with about 296 million USD channeled through finance and wholesale sectors followed by United States of America 137 million USD.

Rwanda's foreign capital inflows are driven by a favorable investment climate, supported by substantial investments in business reforms. These reforms have streamlined procedures, making it easier to start and operate businesses. Key favorable factors include simplified regulations, reduced bureaucracy, and the digitization of public services, all contributing to a positive trend in the country's ease of doing business (EB, 2024).

- **Rwanda's trading partners (Exports & Imports)**

Democratic Republic of Congo (DRC) tops the list of Rwanda's exporting partners with exports valued at USD 1,093 billion. DRC is also the largest market for livestock and food products from Rwanda. United Arab Emirate is Rwanda's second leading export partner, receiving exports including various minerals such as cassiterite, wolfram, and coltan, as well as tea and coffee<sup>9</sup>. See the NISR figure below:

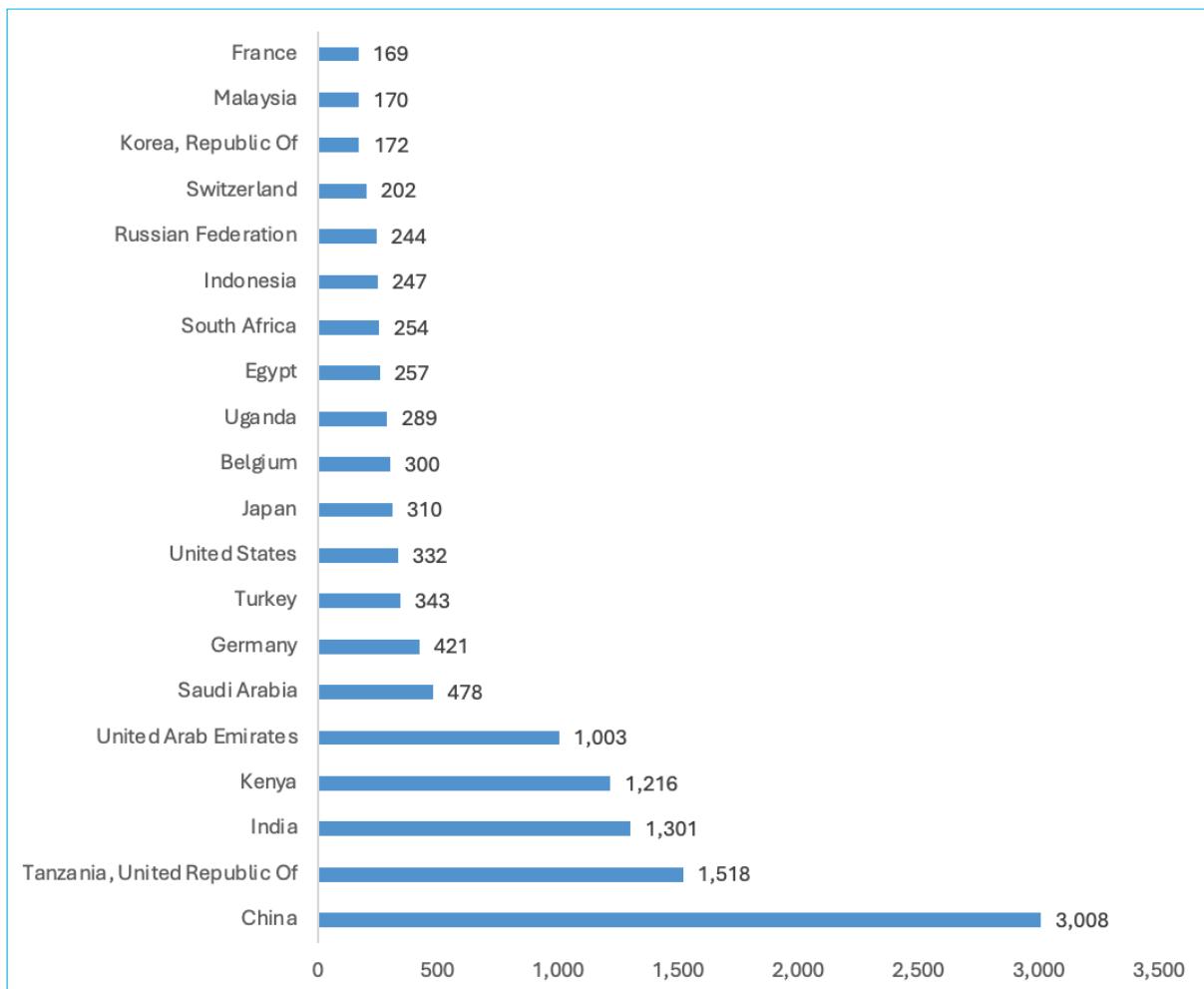
**Figure 5: Top 20 export flow partners, value in USD Million**



Source: NISR, 2024

<sup>9</sup><https://www.statistics.gov.rw/publication/2127>

**Figure 6: Top 20 import flow partners, value in USD Million**



Source: NISR, 2024



Rwanda's primary source of imports is China, which supplies construction materials, machinery, textiles, and automotive products, making China its leading import partner. Tanzania ranks second, exporting mainly foodstuffs such as rice, groundnuts, and maize. Moreover, Rwanda imports various products from India, such as rice, petroleum, sugar, pharmaceuticals, and construction materials.

There have been no reported cases of money laundering or terrorist financing linked to foreign capital or trade flows, indicating a low threat level from these trading partners.

- **Foreign predicate offences**

During the period of assessment, six foreign predicate offenses were investigated from a total of 2,282.<sup>10</sup> The individuals involved in these crimes are nine including five Zambians, one Cameroonian, one Nigerian, and two Rwandans. These foreign offenses represent 0.28% of the total predicate offense, with confiscated funds amounting to Frw 40,451,706 (USD) representing 1.23% of the total amount confiscated during the assessment period.

There have been no reported cases of money laundering or terrorist financing linked to foreign capital or trade flows. The assessment of external threats was considered Low

### **2.2.3 Methods of laundering funds**

The assessment has identified that criminals mostly launder the illicitly gotten funds through real estate, gaming and casino, structuring bank transactions to avoid detection, making international fund transfers, using mobile money and agent banking networks, acquiring other assets and using proxies to hide the origin of those funds and the beneficial owner. This was highlighted by the public survey results as indicated in the annex 2. The following cases illustrates methods used for money laundering.

---

<sup>10</sup>For all 6 predicate offences were committed outside of Rwanda involving foreigners. 5 cases are still pending with one convictions

- **Money Laundering case studies**

#### **Case study: Self Laundering**

The case involved an employee of X Company, a platform facilitating online government service requests handling tourism services, specifically the issuance of permits for gorilla visits. He was charged with unauthorized access to the computer data and embezzlement of USD 478,086 in cash, which he received from tourists but failed to deposit it into the company's account. The suspect had created fake accounts to access the system, and issue permits and got paid without the knowledge of his employer.

The accused bought different properties (immovable and movable) and some of them were registered under his name. The court sentenced culprit to ten years in prison and fined USD 2,390,430. In addition, court ordered him to refund the embezzled amount of USD 478,086 to X Company as established by the audit. Furthermore, the court mandated the confiscation and sale of four houses, along with other seized properties, as they were deemed proceeds from the crime.

#### **Case study: Stand-alone/ Third Party ML**

ML case was filed against a foreign national, who hacked bank accounts and credit cards of victims in the U.S. and Germany, sending stolen funds amounting USD 3,970 to Rwanda via XOOM, a money transfer company. The criminal recruited 14 people to withdraw the money using their own names and identity cards; each was rewarded with RWF 20,000 (USD 17) for their involvement. The criminal was convicted and sentenced to 4 years of imprisonment and fined of RWF 5,000,000 equivalent to USD 4,176.



### 3. Money Laundering Vulnerability at National Level

#### 2.3.1. Overall Money Laundering Vulnerability

Rwanda has enacted various laws that align with international standards to enhance its legal framework to combat ML and related predicate offences. The government has actively worked to raise awareness among key stakeholders, including reporting person, regulatory bodies and law enforcement agencies on AML/CFT matters. However, there are some weaknesses identified in the performance of relevant authorities responsible for AML.

The national ML vulnerability is rated Medium (0.41), stemming from the overall sectoral ML vulnerability rated Medium (0.42) and the national ML combating

ability also rated Medium (0.60). This vulnerability rating is largely a result of deficiencies identified in the DNFBPs sector and Forex Bureau within the financial sector. Additionally, weaknesses in the quality of investigations, prosecutions, adjudications, and asset forfeitures further contributed to the heightened ML vulnerability.

#### 2.3.2 The National Combating ability

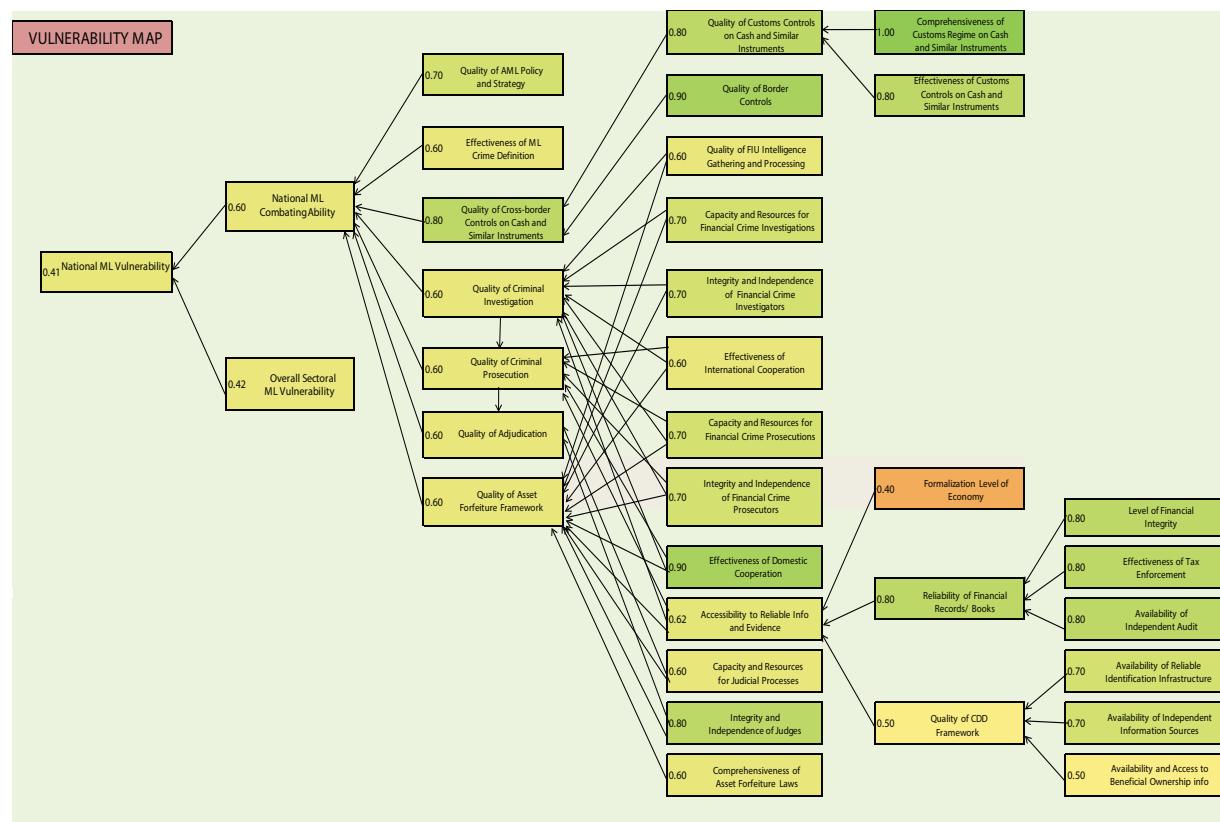
The national ability to combat money laundering is rated Medium (0.60). The rating is based on 22 AML control variables, yielding seven (7) intermediate variables including AML policy and Strategy, effectiveness of ML crime definition, cross-border controls, investigations, prosecutions, adjudications, and asset forfeiture framework.



**Figure 7: Assessed national ML combating ability factors**

A. INPUT VARIABLES/NATIONAL ML COMBATING ABILITY FACTORS	ASSESSMENT RATING
Quality of AML Policy and Strategy	(0.7) High 0.7
Effectiveness of ML Crime Definition	(0.6) Medium High 0.6
Comprehensiveness of Asset Forfeiture Laws	(0.6) Medium High 0.6
Quality of FIU Intelligence Gathering and Processing	(0.6) Medium High 0.6
Capacity and Resources for Financial Crime Investigations (incl. AF)	(0.7) High 0.7
Integrity and Independence of Financial Crime Investigators (incl. AF)	(0.7) High 0.7
Capacity and Resources for Financial Crime Prosecutions (incl. AF)	(0.7) High 0.7
Integrity and Independence of Financial Crime Prosecutors (incl. AF)	(0.7) High 0.7
Capacity and Resources for Judicial Processes (incl. AF)	(0.6) Medium High 0.6
Integrity and Independence of Judges (incl. AF)	(0.8) Very High 0.8
Quality of Border Controls	(0.9) Close to Excellent 0.9
Comprehensiveness of Customs Regime on Cash and Similar Instruments	(1.0) Excellent 1
Effectiveness of Customs Controls on Cash and Similar Instruments	(0.8) Very High 0.8
Effectiveness of Domestic Cooperation	(0.9) Close to Excellent 0.9
Effectiveness of International Cooperation	(0.6) Medium High 0.6
Formalization Level of Economy	(0.4) Medium Low 0.4
Level of Financial Integrity	(0.8) Very High 0.8
Effectiveness of Tax Enforcement	(0.8) Very High 0.8
Availability of Independent Audit	(0.8) Very High 0.8
Availability of Reliable Identification Infrastructure	(0.7) High 0.7
Availability of Independent Information Sources	(0.7) High 0.7
Availability and Access to Beneficial Ownership Information	(0.5) Medium 0.5

**Figure 8: Vulnerability Map**



The input variables (Figure 8) led to the ratings of seven intermediate variables, as shown in the vulnerability map above, which visually represents the strengths and weaknesses in key areas of the national AML framework.

### 2.3.2.1. Quality of AML Policy and Strategy

Rwanda has strengthened its national capacity to combat money laundering through a robust AML policy, strategy, and legal framework, supported by strong political commitment. This is

demonstrated through the elaboration of key policies and strategies and the establishment of (CC responsible for the formulation, coordination, and implementation of AML policies and strategies and FIC that plays a key role in overseeing AML/CFT activities and policy development and implementation. Moreover, relevant authorities; supervisory authorities and Law Enforcement Authorities (LEAs) has incorporated in their strategies AML specific strategic actions.

Rwanda has also enacted several key legal instruments to support AML/CFT efforts, including;

- Law N° 028/2023 of 19/05/2023 on prevention and punishment of money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction
- Law N° 045/2021 of 18/08/2021 governing the Financial Intelligence Centre
- Regulation n° 002/fic/2023 of 26/06/2023 relating to anti money laundering, combating the terrorist financing and financing of proliferation of weapons of mass destruction
- Law N° 037/2021 of 28/07/2021 governing recovery of offence related assets;
- Law N° 005/2021 of 05/02/2021 governing mutual legal assistance in criminal matters.

Rwanda developed a comprehensive AML policy (National AML/CFT Policy 2023), informed by the findings of the 2018 NRA and the 2014 MER. However, given the time frame, the policy now requires updating to incorporate mitigation measures proportionate to the current ML risks the country faces.



### 2.3.2.2. Money Laundering crime definition

Money Laundering crime definition is rated **Medium High**. Money laundering offenses are comprehensively defined in Art 2(q) of AML/CFT Law N° 028/2023 of 19/05/2023. Rwanda has adopted all offences approach to criminalize ML and predicate offenses. The penalties apply to both natural and legal persons. The penalties provided for in Art 54 (1) & (2) of AML/CFT Law N° 028/2023 of 19/05/2023 are proportionate and dissuasive. However, the assessment identified that some penalties imposed are to some extent not proportionate neither dissuasive and are not in conformity with penalties provided by the law. (See the

#### Case box : On proportionality and Dissuasive

A ML case was filed against a foreign national, Mr. K, who hacked bank accounts and credit cards of victims in the U.S. and Germany, sending stolen funds to Rwanda. The criminal recruited 14 people to withdraw USD 3,970 from A bank through Z money transfer company. Mr. K was convicted and sentenced to 4 years of imprisonment and fined USD 4,176. **The sanction imposed is not in conformity with penalties provided for ML case neither dissuasive.**

### 2.3.2.3 Quality of customs controls on cash and similar instruments

Rwanda has strengthened customs controls on cash and similar instruments, significantly to improve border security. This is supported by regulations on the declaration of cross-border cash and bearer negotiable instruments (BNIs), with collective efforts from the tax authority, immigration, national police, and community policing. An MOU was signed by key agencies including FIC, RNP, RIB, RRA, and DGIE, indicating the responsibility of each to ensure the enhanced control of cross border cash movement. Over the last five years, 1,902 cross-border cash declaration reports were received. Thus, the quality of customs controls on cash and similar instruments was rated **high**.

### 2.3.2.4. Quality of criminal investigations, prosecution and adjudication

The quality of criminal investigations, prosecution and adjudication is **Medium High**. This is evidenced by well-coordinated Rwanda's criminal justice system with distinct roles of RIB, NPPA, and Judiciary.

However, challenges include insufficient training in handling money laundering cases, gaps in operating standards procedures (SOPs) for ML investigation and prosecution, limited investigative tools, particularly for cryptocurrency-related crimes and insufficient skills to conduct parallel financial investigations of offenses linked to criminal proceeds.

### 2.3.2.5. Quality of Asset Forfeiture Framework

Rwanda comprehensiveness of Asset Forfeiture Framework is **Medium High**. The country has Law No 037/2021 of 28/07/2021 governing recovery of offence-related assets. However, the assessment identified the following gaps in relation to asset recovery: Competent authorities do not efficiently pursue provisional measures and the confiscation of proceeds and property, lack clear guidance on managing seized assets, and the insufficient human resource responsible for asset seizure. While pursuing confiscation for domestic offenses, property of corresponding value has not been seized, and there is no focus on recovering proceeds moved abroad.

### 2.3.2.6. Domestic and International Cooperation

#### • Domestic Cooperation

Rwanda domestic cooperation is rated **Close to excellent**. This is due to the fact that all the relevant AML agencies cooperate effectively and coordinate domestically with each other to combat money laundering crime. Competent authorities, supervisory authorities and other relevant authorities signed MoUs on collaboration and exchange of information. There are also AML forums such as the forum of AML/CFT compliance officers, forum of AML/CFT supervisory authorities as well as fraud forums in the financial sector.

#### • International Cooperation

Rwanda has a **medium-high** rating in international cooperation on AML/CFT. The country has set up the collaboration framework including signing agreements or MoUs with international counterparts. However, the Mutual Legal Assistance (MLA) framework is not effective due to some weaknesses and there is no case management system for handling and following up requests and feedback; the MLA framework lacks timeframes. Moreover, the implementation of signed MoUs faces some challenges especially the provision of timely responses to the requests and lack of follow up mechanisms on requests.

### 2.3.2.7. Formalization of Economy

The formalisation of Rwanda's economy is rated **Medium Low**, with informal

activities contributing 52% to GDP. The informal sector, including unregistered businesses and those without regular financial records, accounted for 91.9% of businesses in 2022<sup>11</sup>. Dominated by trade (60%) and food services (21%), this sector is at risk of facilitating money laundering through cash-based operations, poor to no records, and practices like over- or under-invoicing, complicating detection and enabling tax evasion.

### 2.3.2.8. Quality of FIC in intelligence gathering and processing

Quality of financial intelligence gathering and processing is **Medium High**. Rwanda's FIC is operational, receives, analyses STRs/SARs and other threshold reports, and disseminates intelligence to law enforcement authorities and other competent authorities. FIC has acquired goAML system and has started using it for receiving and analysing reports. However, institution still face challenges related to human resources. Moreover, FIC has not yet been admitted to the Egmont Group which is a barrier to the exchange of information with other FIUs.

### 2.3.2.9. Availability and access to Beneficial Ownership information

Availability and access to Beneficial Ownership (BO) information is rated **Medium**. The registry of beneficial ownership information on legal structures is available and shall be accessed by competent authorities as per relevant laws. However, the BO registry is not yet available to all BO information.

<sup>11</sup>Rwanda Integrated Business Survey report, 2022, NISR

### 2.3.3. Recommended actions for handling the National ML vulnerability

To address the identified key deficiencies in the ML national combatting ability, the following are key recommended actions:

#### i. Quality of AML Policy and strategy

Rwanda strives to enhance the quality of its AML Policy and strategy. In this regards Rwanda must:

- Update its AML policy and strategy, based on the updated NRA findings;
- Amend the AML related laws, regulations and orders to address the identified technical compliance deficiencies in the mutual evaluation report (MER); and comply with the FATF 40 Recommendations;
- Ensure that all the Reporting persons must regularly update their ML risks assessment and update their AML Policy and strategies.

#### ii. ML Crime definition

Rwanda should ensure that the relevant authorities appreciate the definition of money laundering crime broadly and its impact, to that end, it should:

- Develop sentencing guidelines to assist or guide to determine and apply appropriate penalties.
- Train investigators, prosecutors and judges on the complexity of ML crime and its implications and how to successfully investigate it and apply proportionate and dissuasive penalties.

#### iii. Quality of customs controls on cash and similar instruments

- Enhance public awareness on obligations to declare transported cash and BNIs, and the consequences of non-compliance.
- Provide adequate detection tools to identify non-declarations.

- Establish a centralized cash and BNIs declaration system, managed by DGIE, accessible to relevant institutions.

#### iv. Quality of criminal investigation, prosecution and adjudication

- Enhance training to investigators, prosecutors, and judges on handling ML cases.
- Acquire specialized and advanced technologies for investigations, including software to trace virtual assets and other emerging crimes.
- Investigators and prosecutors should conduct parallel investigations on predicate offenses involving proceeds of crime and ensure proper categorization of ML cases by type.

#### v. Effectiveness of domestic and international cooperation

- Enhance effective collaboration with foreign counterparts
- Each competent authority should establish the Standard Operating procedure on management of request of information and feedback
- Competent authority should establish an efficient case management system for MLA and extradition, including tracking requests and actions taken.
- Competent authorities should proactively seek MLA and extradition based on the jurisdiction's ML risk profile, including for asset recovery

#### vi. Quality of FIU Intelligence Gathering and Processing

- FIC should be capacitated by filling the vacant positions and modify the structure to increase the number of staff
- FIC staff should be trained sufficiently on AML with the possibility of enrolling them in AML certified courses (e.g: ACAMS, and other related professional courses)

- FIC should address all deficiencies identified to speed up the application of Egmont Group Membership
- FIC should engage with relevant authorities on the need to have direct access to source intelligence information.

### **vii. Comprehensiveness of Asset Forfeiture**

- NPPA should develop and implement SOPs on provisional measures and confiscation to ensure consistency in seeking confiscation and to ensure effective recovery
- RIB should expand SOPs to include guidance on identifying and locating proceeds moved to other jurisdictions.
- Develop asset management system to preserve asset value and enable facilitate confiscation by inventorying seized, frozen, and confiscated assets, and conducting timely auctions
- Strengthen the Seized and Confiscated Assets unit by providing adequate human resources, equipment and appropriate infrastructure
- and dissuasive sanction for falsely or non-declared cross-border currency and BNIs

### **viii. Availability and Access to Beneficial Ownership Information**

- Explore the feasibility of providing direct access to basic BO information to the reporting persons and others with a legitimate interest.
- To enhance capacity building activities on BO requirements and implementation to relevant authorities

### **ix. Formalization of Economy**

- Rwanda should strive to formalize its economy by adopting strong measures, such as implementing strong digital payment systems to enhance transparency and reduce reliance on cash transactions.
- Educate informal businesses about the risks of money laundering for them to adopt safer practices;
- Encourage partnerships between informal sectors and regulatory bodies to improve oversight and compliance.

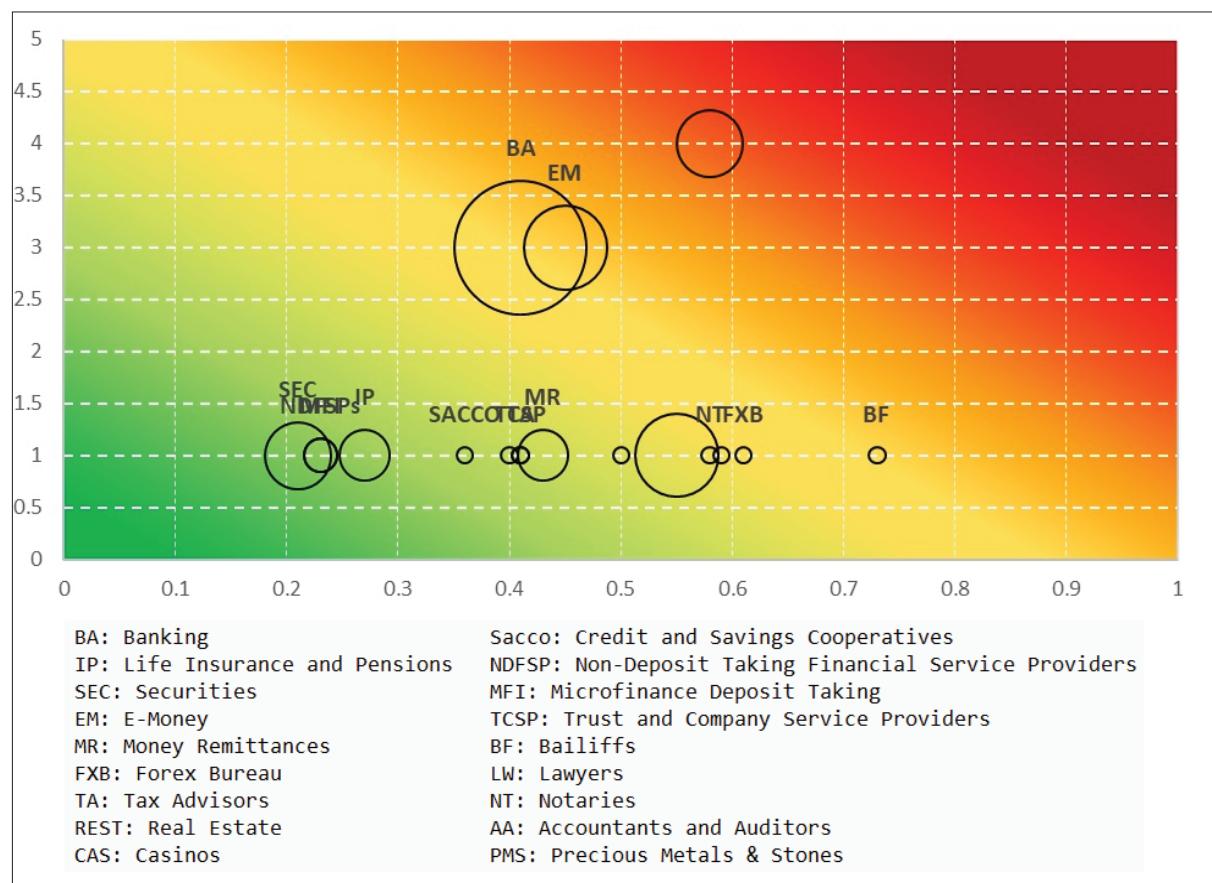
## **4. Money Laundering Risk at Sector Level**

### **2.4.1. Introduction**

Money Laundering sectorial risk assessment focused on 18 sectors from both the financial and DNFBPs categories. The purpose of assessment was to determine the sector's exposure to ML risk.

The assessment revealed that real estate sector is the most exposed sector to ML risk rated Medium High, followed by banking (BA), e-money issuers and foreign exchange sectors that are rated Medium. Insurance, Pension, Securities, Money Remittance and Precious metal and stones all rated Medium Low. The remaining sectors such as non-deposit taking Financial Service Providers (NDFSPs), Deposit taking microfinance companies (Plc.), Deposit Taking Microfinance cooperatives (SACCOs), TCSPs (Trust and company service providers) Bailiffs, Lawyers, Tax Advisors, Notaries, Accounts and Auditors are rated Low

Figure 9: Master map for ML Sectorial risk



- **Overall sectorial threat**

The overall sectorial ML threat assessed 18 sectors from financial institutions and DNFBPs categories. Real estate sector possesses a **Medium High** threat rate, followed by Banking, Forex Bureau and e- money sectors which have a **Medium** threat rate. The threat in the rest of the sectors remain **Low**.

- **Overall sectorial vulnerability**

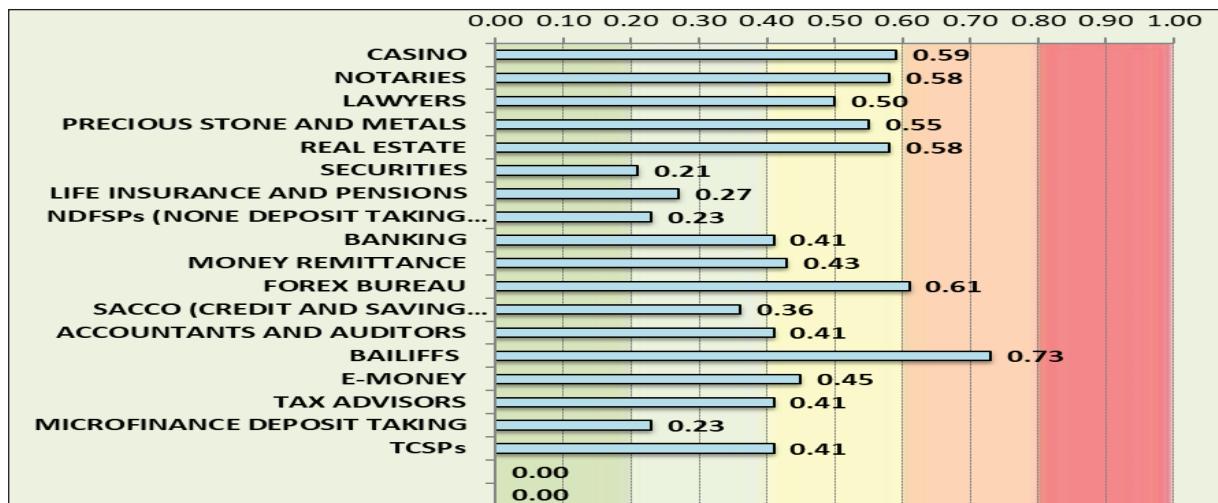
The overall sectorial vulnerability is rated **Medium**. The financial sector is generally the least vulnerable, except for the Forex Bureau sub-sector, which has a **Medium-High** vulnerability rating. In contrast, the DNFBPs sector is the most vulnerable, with the Bailiffs sub-sector rated as the most vulnerable with the rating of **Medium-High**, the figure below provides a detailed vulnerability rating for each sector:

**Table 1:** Sectoral ML risk ratings

Sector	Threat Rating	Vulnerability	Weight	Risk Level
Real Estate	4	0.58	4	MH
Banking	3	0.41	8	M
Forex Bureau	3	0.61	1	M
E- Money issuers	3	0.45	5	M
Insurance	1	0.27	3	ML
Pensions	1	0.20	3	ML
Securities	1	0.21	4	ML
Money Remittances	1	0.43	3	ML
Precious Metal & Stones	1	0.55	5	ML
NDFSPs (Non deposit taking financial service providers)	1	0.23	2	L
Microfinance Deposit Taking cooperatives (SACCOs)	1	0.36	1	L
Microfinance Deposit Taking companies (PLCs)	1	0.23	2	L
TCSP (Trust and company service providers)	1	0.41	1	L
Bailiffs	1	0.73	1	L
Lawyers	1	0.5	1	L
Tax Advisors	1	0.41	1	L
Notaries	1	0.58	1	L
Casinos	1	0.59	1	L
Accountants and Auditors	1	0.4	1	L

The table above indicates that the real estate sector faces the highest ML risk with a **Medium-High** rating, followed by banking, Forex bureau and e-money at **Medium risk**. The Sectors such as dealers in precious metals and stones, money remittances, securities, and insurance and pensions are rated **Medium-Low while** other sectors are rated **Low**.

**Figure 10: Vulnerability rate of each sector**



## 2.4.2. Money Laundering risk in financial sector

### 2.4.2.1. Overview of the financial sector in Rwanda

The financial sector experienced sustained growth in both size and number of institutions. The total number of regulated financial institutions increased from 603 in June 2019 to 687 by June 2024. During this period, the sector's total assets more than doubled, rising from FRW 4,945 billion in June 2019 to FRW 11,664 billion by June 2024. This expansion brought the sector's asset-to-GDP ratio (depth) to 66.7%. However, despite this significant growth, the financial sector's direct contribution to GDP remained stable at 2%. The Financial sector is composed of different sub-sectors including banking and non-banking institutions.

The assessment covered the following sectors: banking, securities, insurance, pensions, deposit-taking microfinance companies, e-money issuers, money remittance services, forex bureaus, and other financial institutions (including deposit-taking microfinance cooperatives, insurance intermediaries, non-deposit-taking service providers—such as lending-only entities, factoring and finance lease). The National Bank of Rwanda (BNR) regulates and supervises these sub-sectors, except for securities, which fall under the supervision and regulation of the Capital Market Authority (CMA). The table below summarizes the ML risk rating for each sub-sector:

**Figure 11: Assessed ML risks**

SECTOR	THREAT	VULNERABILITY	WEIGHT	RISK LEVEL
Banking	3	0.41	8	Medium
Insurance	1	0.27	3	Medium Low
Pensions	1	0.21	1	Low
Securities	1	0.21	4	Medium Low
E- Money issuers	3	0.45	5	Medium
Money Remittances	1	0.43	3	Medium Low
Foreign exchange Bureau	3	0.61	1	Medium
NDFSPs	1	0.23	2	Low
Microfinance Cooperatives (SACCOs)	1	0.36	1	Low
Microfinance Deposit Taking companies PLCs	1	0.23	2	Low

## 2.4.2.2. Banking sector assessment

### • Overview

As of June 2024, the banking sector is the largest within the financial sector, holding assets equivalent to FRW 7,861 billion, which represents 67.5 % of the total financial sector assets. The sector comprises 11 banks, including 9 commercial banks, 1 development bank, and 1 cooperative bank.

These banks are distributed across the country, with a network of 316 branches, 10 sub-branches, 162 outlets, and 9,335 banking agents<sup>12</sup>.

### • Threat assessment of banking sector

The banking sector is the largest sector in terms of balance sheet size, the nature and complexity of transactions (including international wire transfers), thus being significantly exposed to ML threats.

In this assessment, the threat level in the banking sector was rated **Medium**, down from the previous **High** rating in the 2018 NRA. From 2019 up to 2024, a total number of 575 STRs was received from banks. From these STRs, 11 ML cases were identified and investigated prompting prosecution of 10 cases which led to 2 convictions.

#### Case study in Banking sector

On 14 August 2023, a Rwandan bank reported STR involving \$3.4 million the suspect was XXX Ltd, a fake cryptocurrency bank led by a foreign citizen. The scheme used 48 shell companies for money laundering, the case involves different countries including Zambia, Italy, and Canada the suspects were charged of fraud, money laundering, and criminal association with \$2.4 million frozen, highlighting the global nature of financial crime and the need for joint efforts.

#### Case study in Banking sector

Between 2019 and 2021, **Mr. NK**, a Rwandan bank manager, embezzled 289 million Rwandan Francs by reactivating dormant accounts and falsifying documents. He instructed bank tellers to transfer the funds into an internal account, "Front Office Western Union," falsely claiming compliance with National Bank regulations.

**Mr. NK** was convicted of forgery, embezzlement, and money laundering, sentenced to 7 years in prison and fined 867,889,398 Rwandan Francs. His accomplice, convicted of illicit enrichment, was also sentenced to 7 years in prison. This case underscores the severe abuse of trust within the banking system.

<sup>12</sup>BNR, MPFSS March 2024

- **Vulnerability assessment in Banking sector**

The assessment of this sector's vulnerability was based on two factors, which are AML variables controls and inherent vulnerability. Banking sector vulnerability to ML is rated **Medium**.

- **AML variable controls in banking sector**

Rwanda's AML law aligns with FATF and Basel standards, featuring provisions on Customer Due Diligence (CDD), risk-based approaches, Beneficial Ownership (BO) identification and verification, and enhanced monitoring of high-risk individuals and jurisdictions.

AML Law requires supervisory authorities to conduct risk based supervision and ensure reporting persons compliance with AML/CFT requirements. That Law empowers supervisory authorities to impose sanctions for non-compliance with those requirements. However, low application of a risk-based Approach (RBA) to supervision and sanction enforcement remain challenge.

Despite a strong legal framework, Rwanda's second mutual evaluation highlighted key gaps, including the need for regulatory guidance on ML risk assessment and standardized qualifications for AML/CFT compliance officers. The banking sector, dominated by foreign subsidiaries, follows parent bank AML policies and is influenced by foreign correspondent banks to adopt robust AML practices.

The NBR has developed a risk-based supervision manual, and employs various supervisory measures, including guidelines, inspections, and external audits, to manage and reduce ML risks. Local banks have effective compliance functions with regular training to enhance staff knowledge on AML requirements, their implementation, STRs detection and reporting. Banks use national identification systems, commercial screening tools, and independent data sources for CDD, but they face a challenge of not having access to beneficial owner registries and passport verification.

**Figure 12: AML variable controls in banking sector**

BANKING SECTOR	ASSESSMENT RATING	
<b>A. GENERAL INPUT VARIABLES</b>		
Comprehensiveness of AML Legal Framework	(0.7) High	0.7
Availability and Enforcement of Criminal Sanctions	(0.6) Medium High	0.6
Level of Market Pressure to Meet AML Standards	(0.9) Close to Excellent	0.9
Availability and Effectiveness of Entry Controls	(0.9) Close to Excellent	0.9
Effectiveness of Supervision Procedures and Practices	(0.8) Very High	0.8
Availability and Enforcement of Administrative Sanctions	(0.7) High	0.7
Integrity of Banks' Staff	(0.8) Very High	0.8
AML Knowledge of Banks' Staff	(0.8) Very High	0.8
Effectiveness of Compliance Systems	(0.8) Very High	0.8
Effectiveness of Suspicious Activity Monitoring and Reporting	(0.9) Close to Excellent	0.9
Availability and Access to Beneficial Ownership Information	(0.7) High	0.7
Availability of Reliable Identification Infrastructure	(0.8) Very High	0.8
Availability of Independent Information Sources	(0.8) Very High	0.8

- **Inherent vulnerability**

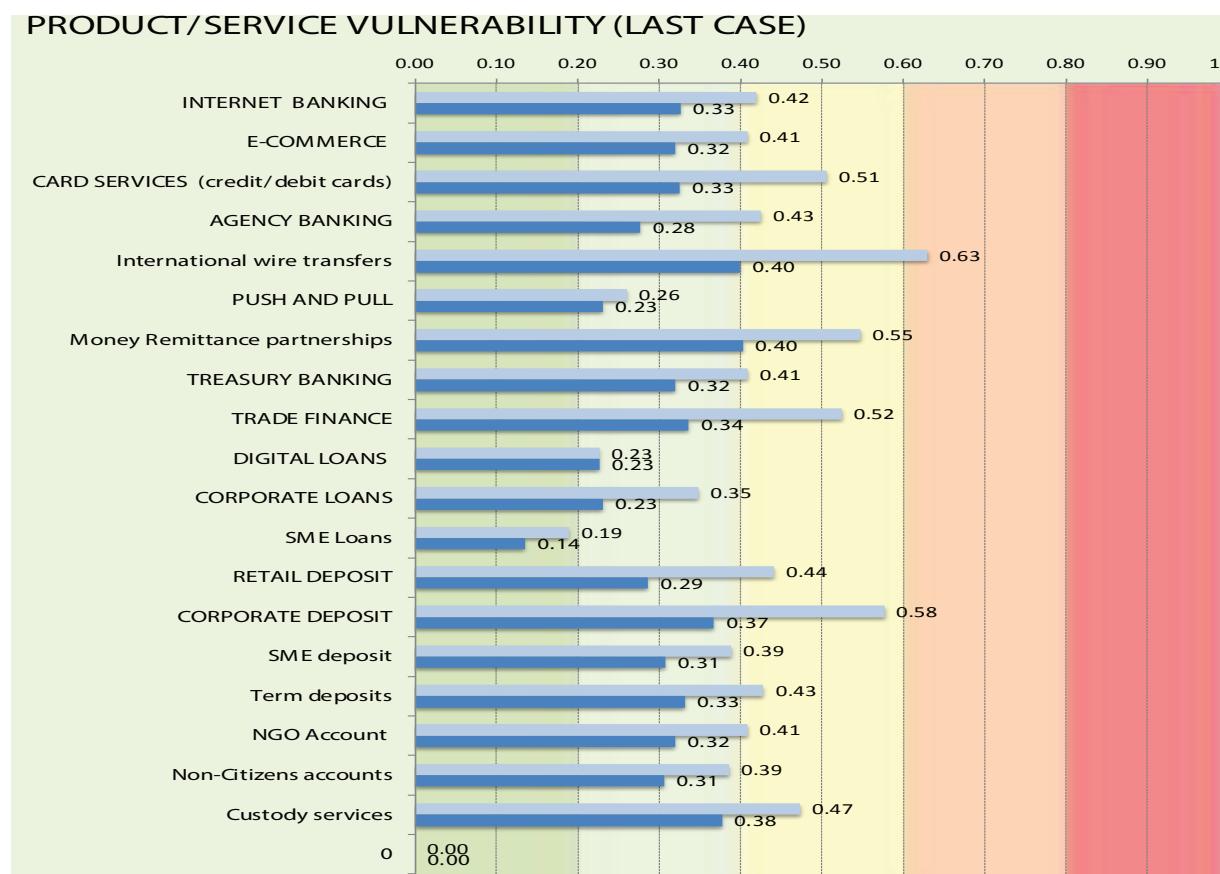
An assessment was made on the vulnerabilities in banking sector focused on 19 banking products/services based on the transaction volume, client profile, cash activity, and exposure to laundering risks. The selection of these products was based on their potential exposure to money laundering risks.

International wire transfers were rated as the most vulnerable, with a **Medium-High risk** level due to large transaction volumes, cross-border transfers, and

ease of converting funds into cash. Other products, including corporate deposits, money remittance, trade finance services, and card services were also identified as posing **Medium** vulnerabilities.

The inherent vulnerability of banking sector to ML is **Medium**. This vulnerability is primarily due to the large volume of transactions, significant cross-border transfers and the ease with which these transfers can be converted into cash. All these factors increase the risk of misuse and fraud, creating opportunities for laundering illicit funds.

**Figure 13: Product risk rating**



The risk of money laundering in the banking sector is rated **Medium**. This is derived from the combination of ML threats (**Medium**) and ML vulnerability (**Medium**)

- **Recommendations**

The following key recommendations are made for the banking sector improvement: Enhance the implementation of risk-based supervision in the banking sector; Conduct and ensure the improved quality of institutional risk assessment;

Enhance financial inclusion products;

- Facilitate banks to access BO registry, NPOs registry and domestic issued passport data base for verification of customer identification information;
- Ensure close monitoring of product/ services that are rated most vulnerable to ML to ensure that they are not abused for ML;
- Provide advanced skills to Compliance Officers in AML;
- Enforce administrative sanctions which are proportionate, dissuasive and deterrent for non-compliance with AML/CFT obligations; and
- Foster the cashless culture in financial transactions.

#### 2.4.2.3. The insurance sector assessment

The insurance sector is regulated and supervised by the National Bank of Rwanda. It is categorized into two main types: general insurers (17) and life insurers (3). In addition, there are three other special categories: micro insurance, captive insurance, and health maintenance organizations (HMOs). The insurance sector also includes insurance intermediaries such as: insurance brokers, insurance agents, loss adjusters and bancassurance entities. At the time of the assessment, the insurance assets represented a share of 9 percent of total assets of the financial sector<sup>13</sup>.

The assessment examined Life insurance category, which offers investment-based products and long terms policies featuring cancellation options and saving functionalities.

- **Threat assessment of insurance sector**

The government has established a comprehensive legal framework, including the AML/CFT law and other regulatory measures, which outlines obligations for financial institutions, including insurance companies.

Potential indicators of insurance sector exposure to money laundering threat include premium overpayments, early fund withdrawals, and misuse of investment products. However, the assessment indicated no ML case involving this sector. Thus, the threat in insurance sector was rated Low.

- **Vulnerability assessment of insurance sector**

The assessment of the vulnerability in insurance sector was based on AML variables controls and inherent vulnerability as detailed in the sub-sections below.

#### **AML variable controls**

The insurance companies are designated as reporting persons and obliged to comply with AML standards. However, the assessment revealed some weaknesses such as inadequate training and staff on AML/CFT knowledge, and no application and enforcement of administrative / criminal sanctions for non- compliance.

---

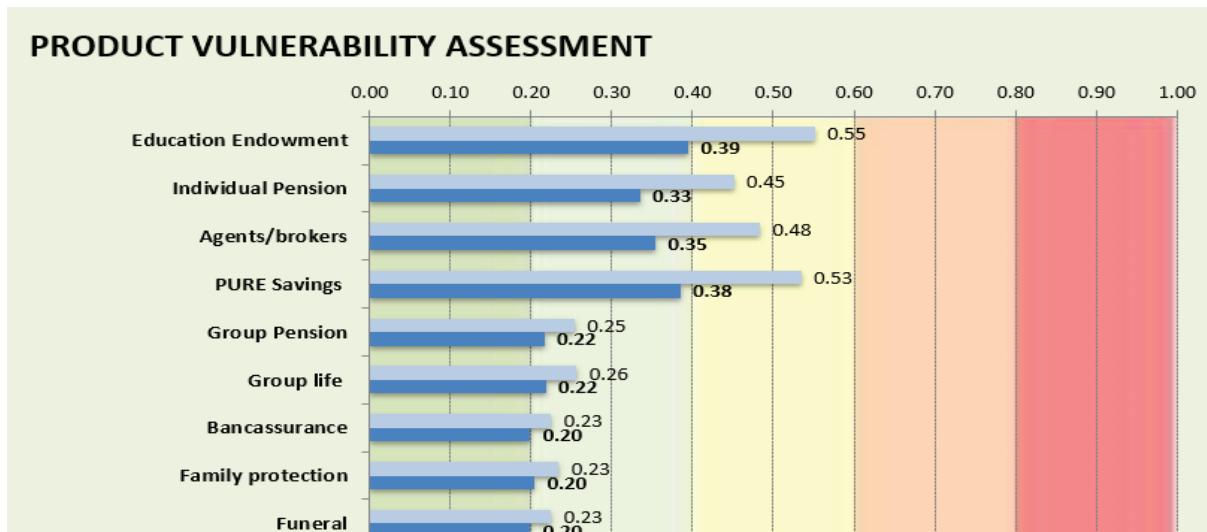
<sup>13</sup>BNR,2024.

- **Inherent vulnerability**

The assessment focused on several factors including; number of insured individuals and their premiums, total asset value, average transaction size, client base profile, availability of investment-type policies, and the extent of cash-based activities.

The assessment considered products that are more susceptible to ML, by taking into account the availability of investment type and long-term insurance policy. It was identified that education endowment and pure savings are highly vulnerable to money laundering. The following table outlines the products assessed and their corresponding vulnerability ratings.

**Figure 14: Product risk rating**



The overall money laundering vulnerability in the insurance sector was rated Medium-Low, due to AML control measures and the sector's inherent vulnerabilities. Consequently, the money laundering risk for this sector was rated Medium-Low, reflecting the combined assessment of both threat (Low) and vulnerability (Medium Low).

- **Recommendations**

The following are key recommendations to mitigate ML risks in the insurance sector:

- Conduct institutional risk assessment and apply mitigation actions to the products vulnerable to ML
- Provide AML-CFT training to staff members
- Enhanced monitoring of AML/CFT compliance within the sector and apply sanctions for non-compliance by the regulator.

#### 2.4.2.4. Securities sector assessment

- **Overview of the securities market**

The securities sector in Rwanda is regulated by CMA which was established by Law N° 057/2021 Bis of 18/09/2021 as modified to date. It is responsible for regulating and developing the capital markets industry, commodities exchange and related contracts, collective investment schemes as well as warehouse receipts system.

The available products in the capital market of Rwanda are non-complex securities including equities, bonds and units in collective investment schemes. There are 10 listed companies comprised of 5 domestic companies and 5 cross-listed companies. Market players include 6 Securities Broker, 1 Sponsoring Brokers, 4 Investment Advisors, 10 Investment

Managers, 3 Investment Banks, 3 Credit Rating Agencies and 3 Custodians that are primarily licensed as banks by the National Bank of Rwanda. Additionally, there are 2 approved collective investment schemes (unit trusts). By end of June 2024, the market capitalization stood at \$ 2.8 billion with 50,003 investors including 28,865 participants in the 2 approved collective investment schemes

- **Threat in the Securities sector**

The assessment of threats referred to the scale and characteristics of the proceeds of crime involving the sector. There has not been much development since the last assessment of 2017/2018 in terms of size, low frequency of transactions, liquidity or complexity of the market. The listed companies increased from 8 in 2018 to 10 in 2024 with the cross-listing of RH Bophelo Plc from South Africa and the listing by introduction of Cimerwa PLC. The annual average number of transactions in the market is 553 (from 2018 to 2024) while the total turnover over GDP in 2023 was 0.35% from 0.26% in 2018. Asset under management from the 2 approved unit trusts stood at Frw 64 billion as of June 2024.

Moreover, there are no any STR filed with the FIC and the available statistics indicate that there is no case of ML committed in the securities sector. Therefore, the rating of threat in securities market remained Low.

- **Vulnerability assessment of securities sector**

#### **AML control**

Rwanda has established a robust legal framework for AML that applies to the securities sector. The Capital Market Authority (CMA) oversees the securities market and ensures compliance with AML obligations. It monitors transactions and enforces rules that require transparency and accountability. There is a strong emphasis on collaboration between financial sector regulators, as well as with LEAs, especially in sharing of information and experience on strategies for combating money laundering. The combined efforts aim to enhance the integrity of Rwanda's securities market and ensure it remains resistant to financial crimes.

The assessment of ML vulnerability in the securities sector was focused on three types of institutions: investment banks, securities brokers and investment managers as they are susceptible to abuse by ML risk. Custodians were included in the assessment of the banking sector, while sponsoring brokers, investment advisors and credit rating agencies were assessed separately, given that their services do not involve handling of clients' funds.

In evaluating the overall AML controls within the securities sector, the type of institution was taken into consideration, and the following input variables were assessed and subsequently rated as presented in the table below:

**Figure 15: AML variable controls in Securities sector**

SECURITIES INSTITUTIONS	ASSESSMENT RATING		
A. GENERAL INPUT VARIABLES	INVESTMENT BANKS	INVESTMENT MANAGERS	SECURITIES BROKERS
Comprehensiveness of AML Legal Framework	0.7	0.7	0.7
Effectiveness of Supervision Procedures and Practices	0.5	0.5	0.5
Availability and Enforcement of Administrative Sanctions	0.5	0.5	0.5
Availability and Enforcement of Criminal Sanctions	0.5	0.5	0.5
Availability and Effectiveness of Entry Controls	0.8	0.8	0.8
Integrity of Staff in Securities Firms	0.5	0.5	0.5
AML Knowledge of Staff in Securities Firms	0.4	0.5	0.5
Effectiveness of Compliance Function (Organization)	0.5	0.5	0.4
Effectiveness of Suspicious Activity Monitoring and Reporting	0.5	0.5	0.5
Level of Market Pressure to Meet AML Standards	0.8	0.8	0.8
Availability and Access to Beneficial Ownership Information	0.3	0.3	0.3
Availability of Reliable Identification Infrastructure	0.5	0.7	0.4
Availability of Independent Information Sources	0.3	0.7	0.3

The assessment revealed a low level of understanding and implementation of AML obligations in the securities firms. Most reporting entities in the sector are small firms that lack robust compliance programs, many of which have only recently developed their internal controls. Additionally, the sector has limited access to the BO information database as well as access to reliable identification infrastructure. Furthermore, the CMA has just started conducting AML/CFT inspections and has not yet enforced administrative sanctions to non-compliant securities firms. Besides, the MER for Rwanda indicated that the CMA's risk-based framework was flawed while the scope of the onsite inspections was generally inadequate and not commensurate with the risk profile of the institutions. As a result of the MER, CMA revised its risk-based supervision framework in December 2024 to align it with international standards and to enhance the effectiveness and efficiency of its oversight. By providing a structured supervisory framework for identifying,

assessing, and prioritizing AML/CFT risks within the securities sector, CMA not only ensures that supervisory efforts are directed toward the areas of highest risk but also allocates resources where they are most needed.

From this assessment, the quality of AML controls was rated Medium for both Securities brokers and investment managers, while for the investment banks, it was rated Medium Low.

### ***Inherent vulnerability***

The assessment covered investment banks, securities brokers and investment managers. The specific focus is on the number of customers and managed funds, the total value of assets, average transaction size, client base profile and level of cash activities. It was noted that custodial services are moderately vulnerable to money laundering, largely due cross-border transactions involving jurisdictions with varying level of regulation and oversight (See figure 11 on banking above).

The vulnerability ratings for securities market players vary based on their exposure to money laundering risks:

- Securities brokers, primarily involved in trading domestic stocks and government bonds, were rated **Medium Low** due to the simplicity and low liquidity of the products traded, making them less susceptible to exploitation by money launderers.
- Investment banks, engaged in brokerage, fund management, and advisory services, with a focus on domestic stocks and government bonds, were rated **Medium-Low** due to their broader range of activities and slightly higher exposure.
- Investment managers, a small sector with only two open-ended unit trusts primarily offered to domestic investors and focused on domestic treasury bonds, also received a **Low** rating.

The overall vulnerability, resulting from both the AML controls and inherent vulnerability is rated **Medium-low**. Consequently, considering the sector's low exposure to money laundering threats and its medium-low vulnerabilities, the sector's money laundering risk is rated **Medium-Low**.

#### • **Recommendations**

The following key recommendations have been made:

- The supervisory authority to ensure application of risk-based approach and enforce administrative/criminal sanctions.

- To enhance staff training and awareness on AML/CFT standards.
- The sector to enhance the application of appropriate system for customer screening and reporting STRs to FIC.

#### 2.4.2.5 E-Money issuers assessment

##### • **Overview**

The e-money sector is composed of 7 players. The sector is mainly dominated by one mobile money service provider (MTN Mobile money ltd). As of December 2023, the sector had 447,223 active subscribers and 140,899 mobile money agents.

The e-money issuers provide the following<sup>14</sup>: services enabling cash deposits and withdrawals, execution of payment transactions, issuing payment instruments, acquiring payment transactions, money remittance services, payment initiation services, issuance and management of e-money services.

##### • **E-Money Issuers threat assessment**

E-money platforms often handle numerous transactions in a short time, making it easier for illicit/suspicious activities to go undetected. The ability to conduct small-value transactions can facilitate layering and integration stages of money laundering.

**Table 2: STRs received by FIC**

Reporting institutions	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
<b>E-money issuers</b>	0	0	10	32	55	169

<sup>14</sup>Regulation No: 05/2018 Of 27/03/2018 Governing Payment Services Provider

From July 2019 to June 2024, STRs from e-money issuers increased significantly, indicating an increase in ML threat within the sector as indicated in the above table.

During this period, 10 ML cases were investigated and prosecuted, resulting in one conviction. This case was initiated after getting information from the population, the e-money issuers weren't the channel rather the ATM cards. It is important to highlight that this case involved money laundering, with no evidence of terrorism financing. The ML threat rating of e-money issuers sector was rated Medium.

- Vulnerabilities assessment of E-Money Issuers**

The assessment of the sector vulnerability was based on AML variable controls and the inherent vulnerability.

#### **General AML Controls**

The assessment highlighted the following weaknesses: low level of understanding of AML/CFT obligations, ineffective monitoring and reporting of suspicious activities, and inadequate supervision of

AML/CFT compliance. Additionally, the issue of not involving service provider agents in the institutional AML/CFT program and trainings was noted. Hence, the assessment concluded that the quality of AML controls in the sector is Medium.

#### **Inherent Vulnerability**

Four (4) products and services commonly offered by the sector were considered for this exercise due to level of cash activity and frequency of international transactions: agent (cash in/out), tax collections, payment collection and money transfers remittance. These products represented almost all activities undertaken by the E-money issuers sector. The selection of the products was based on the likelihood of ML occurring through them.

The assessment highlighted that mobile money agents (cash in/out) are the most vulnerable to ML with medium-high rating due to high level of cash activities, and possible anonymity use of the product. Money transfer was rated medium due to the presence of international remittances, while tax collections and payment collection were rated medium-low.

**Figure 16: Product vulnerability**



The overall ML vulnerability in the e-money issuers sector was rated Medium. Consequently, the ML risk for this sector was rated Medium, reflecting the combined assessment of both threat (Medium) and vulnerability (Medium).

- Recommendations**

The following are key recommended actions:

- The regulator should apply risk-based supervision activities in the sector to ensure compliance with AML requirements; and apply sanctions for non-compliance;
- E-money issuers are required to conduct the institutional risk assessment and include their agents in AML programs;
- Improve monitoring and reporting of suspicious activities/transactions; and
- Provide AML related trainings to service provider staff and agents.

#### 2.4.2.6. Foreign Exchange Bureau risk assessment

- Overview**

The sector consists of 78 licensed foreign exchange bureaus supervised by the National Bank of Rwanda. In terms of assets, transaction volume, and value, this sector is relatively small compared to other areas of the financial sector.

- ML Threat assessment**

Forex Bureaus primarily buy and sell foreign currencies, mostly through cash transactions. They fall under the definition of reporting persons and must therefore comply with AML/CFT obligations.

Due to their cash-intensive, anonymous nature of money-changing, the sector is vulnerable to ML threat and is rated Medium. This vulnerability primarily stems from the potential handling of criminal proceeds and the increase in illegal exchange activities. Over the assessment period, 160 cases of illegal foreign currency exchange were investigated as illustrated in the following table.

---

**Figure 17: Illegal exchange cases**

Investigated cases	Prosecuted cases	Conviction cases	Conviction suspects
160	86	30	37

---

- Vulnerability assessment of Forex Bureau sector**

The assessment of this sector's vulnerability was based on AML variables controls and inherent vulnerability.

#### **General AML Controls**

The assessment identified key weaknesses, including limited staff understanding of AML requirements, a low level of supervisory activity in the

sector, and inadequate enforcement of administrative sanctions. Furthermore, inadequacies in the compliance function impact the monitoring and reporting of suspicious activities.

Customer due diligence measures are not effectively applied; service providers do not rely on identification infrastructure or any independent data sources to verify client identities. As a result, the assessment rated the quality of AML controls as Medium.

## ***Inherent Vulnerability***

The assessment demonstrated currency exchange as the most vulnerable mainly due to high level of involvement of cash.

The overall money laundering vulnerability in the sector was rated Medium high, due to inadequate AML control measures and products inherent vulnerabilities. Consequently, the money laundering risk for this sector was rated Medium derived from the level of threat (Medium low) and vulnerability (Medium high) in the sector.

### **• Recommendations**

The following are key recommendations:

- The regulator should enhance supervisory activities in the sector in order to ensure effective compliance with key AML requirements;
- The regulator should strengthen its monitoring mechanisms to identify those operating in the sector without authorization/license and apply dissuasive measures; and
- The Supervisory authority should organise specific trainings for players in the sector in order to increase their understanding of AML obligations.

### **2.4.2.7. Money remittance risk assessment**

#### **• Overview**

The money remittance sector comprises 8 licensed companies that provide services for sending and receiving money on behalf of clients, both domestically and internationally and they are under the supervision of the NBR.

#### **• Threat assessment of Money Remittances**

The sector threat level was rated Low due to the fact that no money laundering cases involving money remittance were

identified. However, findings from a public perception survey indicated that money remittance services are particularly vulnerable to ML abuse.

These services enable international money transfers, allowing criminals the possibility to quickly and easily move funds, either directly or through third parties, between countries. This makes it easier to transfer illicit funds to jurisdictions with weak AML/CFT measures.

#### **• Vulnerabilities assessment of Money remittances**

The assessment of this sector's vulnerability was based on AML variables controls and product inherent vulnerability.

## ***General AML Controls***

The assessment noted that all operators in the sector have developed AML/CFT policies and procedures to enable them to comply with AML-CFT obligations. However, the assessment identified some weaknesses such as inadequate supervision, limited AML knowledge of staff, ineffectiveness of compliance function and inadequate suspicious activity monitoring and reporting. Hence, the assessment concluded that the quality of AML controls in the sector is Medium.

## ***Inherent Vulnerability***

Money remittance products are inherently vulnerable to ML abuse mainly due to their cross-border nature. The assessment revealed that the client base in this sector primarily consists of individuals.

The overall money laundering vulnerability in the sector is rated Medium, due to inadequate AML control measures and products inherent vulnerabilities. Consequently, the money laundering risk for this sector was rated Medium low derived from threat rating (Low) and vulnerability rating (**Medium**).

**Table 3: Remittance in USD Million**

Personal transfers	2018	2019	2020	2021	2022	2023
Receiving	253	252	274	379	461	505
Sending	52	42	36	37	46	47

The sector is growing and is predominantly driven by inflows, primarily from the diaspora sending back home to support their families.

- Recommendations**

The following key recommendations have been made:

- Enhance compliance with reporting obligations and ensure compliance with other requirements specifically CDD and records keeping;
- The regulator should apply the risk base approach to ensure effective supervision in the sector;
- Money remittance companies are required to conduct ML risk assessment and keep it updated; and
- Participants in the sector must develop AML compliance programs.

#### 2.4.3 . ML risk in DNFBPs Sector

##### 2.4.3.1. Overview of DNFBPs

The Designated Non-Financial Businesses and Professions (DNFBPs) operating in Rwanda include: real estate agents, casinos, dealers in precious stones and precious metals, accountants and auditors, lawyers, notaries, bailiffs, Trusts and Company Services Providers (TCSP), and tax advisors. All of them are supervised for AML purpose and are required to comply with AML Legal obligations.

- Real estate sector**

Real estate operators in Rwanda are coordinated under the Rwanda Association of Real Estate Brokers (RWAREB), which aims to promote professionalism within the sector. However, it remains a voluntary association, and the sector does not have a designated regulator or supervisory authority. As of 2023, in the real estate sector had 74 active members registered with RWAREB. However, some real estate operators chose to operate independently, opting not to join the association for various reasons. According to 2023 statistics, the real estate sector contributes 5% to the GDP (NISR, 2023).

For AML/CFT regulatory purposes, the real estate sector is under the supervision of FIC as per article 7 of the FIC Law N° 045/2021 of 18/08/2021 governing FIC. Through the supervisory activities FIC monitors the sector's compliance with AML/CFT obligations.

- Precious Metals and Stones Dealers**

The mining sector, governed by Law N° 072/2024, has expanded its mineral portfolio, including emerging resources like lithium and beryllium. They are 75 registered dealers in Precious Metals and Stones. This sector contributes 2% to GDP (NISR, 2023). The sector falls under the supervision of the Rwanda Mines and Petroleum Board (RMB) for AML/CFT regulation.

- **Casinos<sup>15</sup>**

The Ministry of Trade and Industry (MINICOM) had been overseeing gaming activities, including casinos, regulated by Law No. 58/2011 until 15 June 2024. In 2024, only 13 gambling licenses remain active, down from 26 in 2021, largely due to COVID-19 disruptions and the suspension of slot machine licenses. These include 6 licenses for sports betting and 2 licenses for casinos. After the regulatory transition to Rwanda Development Board (RDB), 10 casino applications are pending for approval.

- **Accountants & Auditors**

The Institute of Certified Public Accountants of Rwanda (ICPAR) is a self-regulatory body for accountants and the auditors. The current number of registered professional accountants/auditors is 94. Although the sector's exposure to money laundering risks is minimal, a sectoral risk assessment identified the need for greater awareness of AML vulnerabilities and threats.

- **Advocates/Lawyers**

Lawyers in Rwanda are regulated by the Rwanda Bar Association (RBA), comprising 1,370 advocates, including 155 pupils. Currently, there is no clear distinction between law firms that handle real estate transactions or manage clients' funds, --areaswhich poses potential ML risks in the legal sector. RBA has published AML/CFT sanctions and conducted supervision of its members to ensure compliance with their AML/CFT obligations.

- **Notaries**

Notaries in Rwanda are governed by Law No.13bis/2014 and perform duties such as authenticating legal documents. There are

482 private notaries, with 72 involved in real estate transactions. No private notary has been convicted of economic crimes, but one was administratively sanctioned. Notaries fall under the supervision of Ministry of Justice for the purposes of AML/CFT regulation.

- **Tax Advisors**

The Tax procedure law No 020/2023 of 31/03/2023, specifically article 98, establishes the legal framework for licensing tax advisors. A desk review risk assessment on AML/CFT threats revealed that licensed tax advisors have limited understanding of money laundering risks, highlighting the need for increased awareness efforts.<sup>16</sup> Currently, the Rwanda Revenue Authority (RRA) has licensed 269 tax advisors, who play a vital role in promoting tax compliance.

- **Trust and Company Service Providers (TCSPs)**

TCSPs, regulated by the National Bank of Rwanda (BNR), offer services such as company incorporation and nominee shareholder functions. The sector remains small and specialized, with nine licensed TCSPs in Rwanda.

- **Bailiffs**

Based on Law N° 12/2013 of 22/03/2013, which governs bailiffs' functions, Article 4 establishes the Professional Bailiff Association as an independent body. There are 436 registered professional bailiffs. The NRA assessment revealed that at least five (5) bailiffs were involved in ML-related crimes, with two convicted and three cases still pending in court.

<sup>15</sup>Rwanda Gambling Policy October 2024

<sup>16</sup>XXX

#### 2.4.3.2. ML Threat in DNFBPs

To assess ML threat in DNFBPs, the analysis focused on predicate offences committed within DNFBPs sectors to identify the sector with the highest prevalence of ML predicate offences. The findings revealed that the real estate sector is the only DNFBP in this category rated as having a **high** threat to ML due to the significant occurrence

of ML predicate offences. In contrast, the threat level in other DNFBPs sub-sectors was rated **low**.

During the assessment period, 19 ML cases involving money laundering through the real estate were investigated, 18 were prosecuted resulting in 5 convictions.

##### **Case study: Real estate**

In this case, the prosecution accuses Mr. XY of illicit enrichment, money laundering and terrorist financing, primarily due to his inability to explain the origin of his assets despite his long career as a government employee in different hospitals. The prosecution argues that his income over the period does not match the wealth or properties he then possessed, charging him with illicit enrichment and possible illegal financial activities.

In this case, the investigation revealed that Mr. XY illicitly owned substantial assets, including houses valued at Frw 543,644,500, land registered in seven plots, a Jeep, two trucks, and large sums of money transacted through various accounts, which were determined to be beyond his legitimate means.

The court convicted him of illicit enrichment, sentencing him to four years of imprisonment and ordering the confiscation of all properties deemed to be proceeds of the crime. However, the suspect was acquitted of the charges of money laundering due to insufficient evidence to prove those accusations.

##### **Case study: Real estate**

Mr. AB, who had occupied the position of Land Officer in District, was charged with illicit enrichment. The assets in question include: a house valued at 81,603,800 Rwandan Francs, a piece of land valued at 26,424,000 Rwandan Francs and a piece of land valued at 23,075,000 Rwandan Francs which the accused was unable to justify the source based on his legitimate earnings.

The prosecution accused him illicit financial activities and charged him with using forged documents, illicit enrichment, money laundering.

The court found both the suspect and his accomplice guilty, sentencing them to 12 years and 9 months of imprisonment. In addition to the prison sentence, the court ordered the confiscation of all properties linked to the crimes. These confiscated assets were proceeds of illegal activities, acquired with forged documents and other illicit means.

#### 2.4.4.3. ML Vulnerability in DNFBPs

All DNFBPs are designated as reporting persons and obliged to comply with the AML/CFT requirements. While there are strong legal frameworks in place and most of their supervisory authorities undertake supervisory activities, the application of risk-based approaches and provision of training on AML obligations remains inadequate.

Additionally, many DNFBPs lack an independent compliance function, don't have AML programs, have not designated Money Laundering

Compliance Officers (MLCOs) and generally their level of understanding of AML/CFT obligations is low. The real estate sector is more vulnerable due to the lack of dedicated regulator and ineffective entry controls while the sector is highly attractive to criminals who want to launder their illicit funds.

The overall ML vulnerability of the DNFBPs sector is rated Medium, where Bailiffs sub-sector is the most vulnerable rated Medium High, with the rest of the sectors vulnerabilities being Medium. As illustrated in the table immediately below.

**Figure 18: Money laundering risk in DNFBPs**

<b>Sector</b>	<b>Threat</b>	<b>Vulnerability</b>	<b>Importance</b>	<b>Risk Level</b>
TCSPs	1	0.41	1	L
Bailiffs	1	0.73	1	L
Lawyers	1	0.5	1	L
Tax Advisors	1	0.41	1	L
Notaries	1	0.58	1	L
Casinos	1	0.59	1	L
Precious Metal& Stones	1	0.55	5	ML
Real Estate	4	0.58	4	MH
Accountants and Auditors	1	0.4	1	L

The assessment identified that within the DNFBPs sector, the real estate sub-sector is rated Medium-High, followed by Precious Metals and Stones at Medium-Low. These two sectors are considered the most at risk compared to other DNFBPs sectors, which are generally rated Low in terms of ML risk.

#### 2.4.4.4. Key recommended actions

To ensure the protection of DNFBPs sector from being misused for money laundering and enhance compliance with AML standards the following recommendations:

- There should be established regulatory mechanisms for real estate operators and put in place licensing requirement to ensure control of entry into the sector;
- All DNFBPs' Supervisors are required to enhance risk-based supervision of reporting persons under their supervision

- FIC in collaboration with supervisory authorities should conduct awareness campaigns for DNFBPs regarding AML/CFT obligations
- There should be risk-based supervision manual customised to each sub-sector
- Undertaking AML/CFT trainings by staff members should be made compulsory to all staff and considered as a performance evaluation indicator
- DNFBPs supervisors should ensure that the reporting persons conduct independent audits of their AML programs,
- All DNFBPs should update their internal policies and procedures deploying a risk-based approach.



# 3

## **TERRORIST FINANCING RISK ASSESSMENT**



## 1. Terrorist Financing Risk at National Level

### 3.1.1 Country context for terrorist financing

Rwanda's location within the region with a history of conflict and the presence of active militant groups, particularly in neighbouring countries, heightens its potential exposure to TF risks.

Rwanda has taken proactive steps to address the gaps and recommendations outlined in the MER of 2023, by conducting TF risk assessment, revising the regulatory framework, establishing institutional reforms (CFT institutions), strengthening border security and enhancing CFT public awareness. Despite these efforts, regional militant groups like the Democratic Forces for the Liberation of Rwanda (FDLR) and the Conseil National pour le Renouveau et la Democratie – Forces de Liberation Nationale (CNRD-FLN) continue to engage in cross-border smuggling and other illegal activities, potentially funding terrorism.

In addition, the country has strengthened its AML/CFT framework, aligning its terrorism financing definition with FATF standards and collaborating with international partners to combat terrorism and its financing. However, challenges remain, including limited effectiveness in investigating and prosecuting terrorist financing and difficulties in tracking financial flows due to an informal economy.

Given regional instability and porous

borders, Rwanda has strengthened collaboration with neighbouring countries and regional organizations to combat cross-border TF. The government remains vigilant in detecting, preventing, and addressing terrorism and its financing at both domestic and international levels. Terrorist incidents within the country have resulted in loss of life and property destruction. During the assessment period, 19 terrorist financing cases were investigated and prosecuted. However, the cases are at the appeal level.

Rwanda's national TF risk assessment examined both threat and vulnerability variables. TF threats relate to activities or individuals potentially financing terrorism, while TF vulnerabilities involve the effectiveness of control frameworks designed to prevent such financing.

### 3.1.2 Overall Terrorist Financing risk

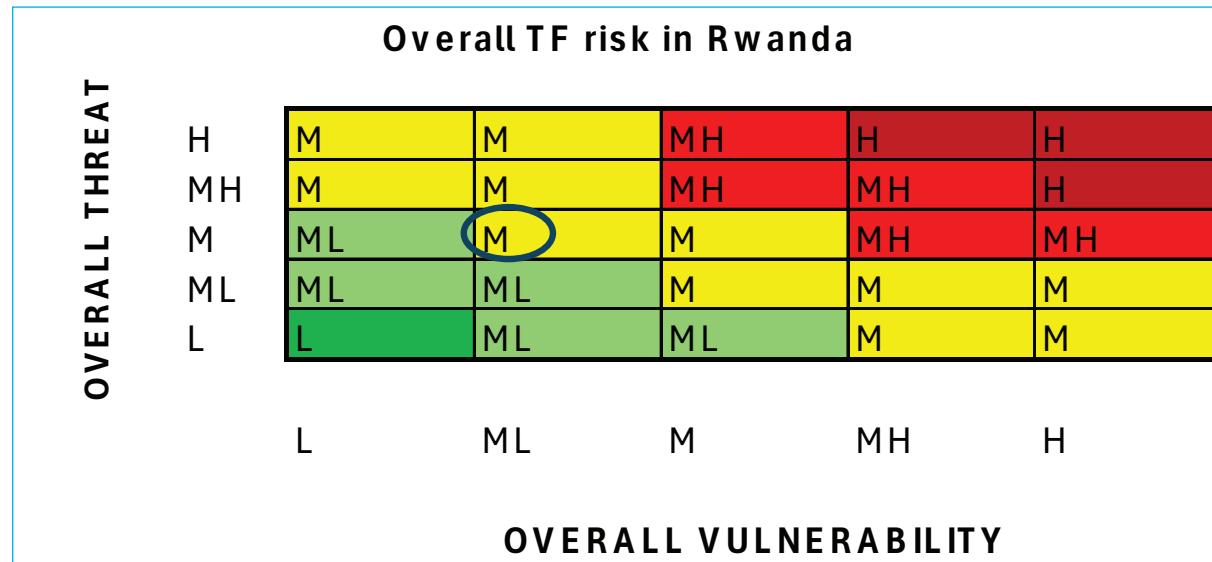
Rwanda's terrorist financing threat is primarily associated with regional groups such as the FDLR, CNRD-FLN, RNC-P5, and ADF-ISCAP operating within the region. While the majority of these groups are politically motivated, the ADF-ISCAP is driven by a religious ideology. Although these groups lack a direct operational presence within Rwanda, their geographical proximity to its borders heightens the risk of recruitment and radicalization. This threat is compounded by the influence of political and religious ideologies, which create exploitable vulnerabilities for sympathizers and affiliates, both regionally and internationally.

The national TF risk was rated **Medium**,

emanating from the overall threat rated **Medium** and the overall vulnerability rated **Medium-Low**. This rating reflects enhanced vigilance, stakeholder information

sharing, strengthened border controls, awareness campaigns, and the enhanced LEAs' efforts and quick interventions. A summary is provided in the figure below:

**Figure : Overall TF risk in Rwanda**



## 2. Terrorist Financing Threat

TF threats was assessed taking into account FATF recommendations and the understanding of TF risks in the specific sectors. While rating the TF threat, the following variables were considered: active terror groups, politically unstable neighbouring jurisdictions, terrorist sympathizers and other factors.

Rwanda is vigilant against TF activities at both domestic and international levels, as active terror networks in neighbouring countries heighten its TF risk. While the domestic TF threat is rated **Low**, the external threat is **Medium-high**, resulting in an overall TF threat level of **Medium**.

### 3.2.1. Domestic Terrorist Financing Threat Analysis

The domestic TF threat in Rwanda is linked to the regional groups that directly target the country. While ADF-ISCAP focuses on the Ugandan government, it also attempted attacks on Rwanda. Domestic TF threat is rated as **Medium-Low**, with 19 cases recorded over the past (review period of five years). These cases involve financing from foreign jurisdictions, particularly related to groups like FDLR, CND-FLN, and sympathizers of ADF.

The assessment revealed that terrorist financiers primarily use cash couriers, mobile money, and money remittances (e.g., Western Union and MoneyGram) for fund transfers.

### Case Study

In the case accusing four co-accused FDLR-FOCA sympathizers, the defendants were charged with conspiracy to recruit and raise funds for the terror group. Two of the accused offered Frw 3,000 and Frw 2,000 as transport fare for new recruits traveling from one District to join FDLR in Eastern DRC. A total of Frw 5,000 contributes to the recruits' preparation for training and execution of terror attacks in Rwanda. All the four were convicted of terrorism and terrorist financing; Two were sentenced to 7 years in prison each, one sentenced for 4 years, while the other was sentenced up to 4 years in prison.

The successful apprehension of the suspects was attributed to the vigilance of security organs and timely information sharing, which helped disrupt the planned attack.

### 3.2.2 External Threat (Regional & International)

The external threat stems from foreign terror groups that have established hideouts in neighbouring countries. During the assessment period, intelligence and open-source information revealed incidents of terrorists targeting Rwanda.

The threat from foreign jurisdictions has been rated as **Medium-High**, as most recorded terror attacks and terrorist financing cases since 2019 have been linked to armed groups based in the DRC and Burundi. Notable groups include FDLR-FOCA and its affiliates, CNRD-FLN, and ADF/ISCAP, which have previously conducted or attempted attacks on Rwanda. Some of those groups and some terrorists have been designated by UNSC such as the FDLR, while other armed groups operating in neighboring countries such as CNRD-FLN and RNC-P5 have been listed by the Government of Rwanda. Similarly, the Allied Democratic Forces (ADF), active in the DRC, has been designated by Uganda, as noted in reports from the UN Experts Group on Eastern DRC.

The UNSC has condemned support for these armed groups, emphasizing the need to cease such assistance. This was reiterated in a statement by the President of the Security Council during its 9437th meeting on October 16, 2023.<sup>17</sup> Overall, these regional terrorist groups pose significant threats to Rwanda's security at different levels.

Since 1994, FDLR has been the most active armed group that continues to plan and execute terror activities against Rwanda. FDLR receives funding for its operations through the plundering of natural resources, illegal taxation, and donations from local and international sympathizers, as well as substantial support from the host state. The 2024 UN Group of Experts report highlighted the looting of natural resources by FDLR, including carrying out of illegal activities such as logging, and taxation estimated to generate approximately \$340,000 per year for the group. Reports from the UN Group of Experts on DRC indicate that the Government of the Democratic Republic of the Congo has continued to support North Kivu armed groups, including sanctioned FDLR commanders, enabling them to carry out attacks against Rwanda.

<sup>17</sup><https://press.un.org/en/2023/sc15443.doc.htm>

Terrorist financing threat posed by FDLR-FOCA and its affiliates is rated as **Medium-High**.

The CNRD-FLN, a splinter faction of the FDLR, operates actively in the DRC and Burundi. From 2018 to 2020, the group carried out multiple attacks on Rwandan territory. It gets financial support and supplies from sympathizers and certain elements within its host country. Threat from the CNRD-FLN has been rated as **Medium-High**.

The ADF, an Islamic fundamentalist armed group based in eastern DRC, targets the Ugandan government but has expanded its violence across the region, engaging in killings and resource looting. The group now represents IS in Central Africa—locally known as Islamic State Central Africa Province (ISCAP) and linked to Mozambique's Ansar Al Sunna, active in Cabo Delgado. Following the deployment of Rwanda Security Forces (RSF) to Mozambique, which dislodged Ansar Al Sunna from their stronghold, ADF collaborators retaliated by attempting to launch an attack on Rwanda.

Reports indicate that ADF gets external financing from South Africa and Europe, with funds directed to terror groups like FDLR, CNRD-FLN, and ADF. Consequently, the ADF threat was rated **Medium-High**.

The RNC-P5 group operates from bases in South Kivu, DRC, with leadership based in Southern Africa and active members dispersed throughout the region. During 2010 and 2013, the group carried out minor attacks in Rwanda. Although the group remains politically active, its military strength has significantly weakened, resulting into a **Low** rating.

Rwanda's strong counter-terrorism measures and stakeholders collaboration have been key in reducing the TF threat, which is rated **Medium**. During 2019 and 2024, Rwanda recorded 19 terrorism and terrorist financing cases. 13 terrorism cases resulted into convictions, with 43 individuals convicted on terrorism-related charges, some involving TF offenses.

### Case study

In 2019, RUD-Urunana, an FDLR-affiliated terror group, collaborated with RNC-P5 to launch a deadly attack in Rwanda. The assault claimed the lives of civilians and injured others. Several attackers were captured and brought before a military court, facing charges of terrorism, murder, and forming an irregular armed group. Additionally, charges of terrorist financing were filed against suspected financiers. In 2022, six of the accused were convicted.

### Case study

In 2021, ADF planned attacks on two busy public sites in Kigali, which was intended as retaliation against Rwanda for its intervention in Mozambique's Cabo Delgado province, supporting Ansar Al Sunna. However, the attacks were not executed, as its operatives were apprehended before they could execute their mission to detonate a bomb.

ADF operatives were recruited and financed by senior commanders in Eastern DRC. The lead coordinator received Frw 50,000 from ADF commander Saraudin via Mobile Money, which was used for transportation and to purchase materials for an Improvised Explosive Device (IED). These operatives used Moto-cycle transportation, which is fast and very affordable.

The 13 suspected ADF operatives and sympathizers were brought before court for terrorism and terrorist financing. The case was adjudicated; 12 suspects were convicted for terrorism charges. The terrorist financing related cases are under appeal process.

### 3.2.3. Other Factors affecting Terrorist Financing threat

- **Geographic and Demographic factors**

The free movement of armed groups within the neighboring countries, cross-border population ties, the presence of foreign asylum seekers, and high levels of human mobility are factors that may contribute to facilitating TF activities. Rwanda's youthful population, comprising 27% of the demographic, combined with its knowledge and innovation in IT, positions the country as a leading investment destination in the region. To mitigate associated threats, Rwanda implements strong border controls and ensures prompt exchange of information between competent authorities. As a result, the TF risk posed by these factors was rated **Medium-Low**, based on countermeasures in place to combat TF.

- **Cross border cash movement**

Despite the growth of digital payments and money transfer, cash remains a primary financial settlement method in the region, with both legal and illegal cross-border cash movements which may facilitate TF, particularly in conflict-affected neighbouring areas.

Pending cases indicate that €53,199 and \$30,782 were funnelled into Rwanda from abroad, while Frw 561,000 was generated domestically.

- **Threat from neighbouring countries**

The neighbouring DRC and Burundi host active terrorist groups namely, FDLR, CNRD-FLN, and ADF, which launch attacks on Rwanda. These groups control territories for resource extraction and engage in illegal activities such as mining, logging, wildlife trade, extortion, and drug trafficking.

The 2024 UN report on DRC revealed that on April 8, 48-armed group leaders from conflict regions met with the DRC

president to discuss, among other issues, ongoing cooperation with the FDLR-FOCA, despite international calls for the DRC to end such alliances.

### **3. National vulnerability to TF**

The TF vulnerability assessment examined various aspects, including domestic and external vulnerabilities, as well as the capabilities to combat TF threats. It identified strengths and weaknesses that influence the country's overall vulnerability to TF. These are discussed in seriatim in sections below:

#### **3.3.1. National strengths to counter TF**

The country has strengthened its counter-terrorist financing measures through the establishment of legal and institutional frameworks. It has also established coordination and collaboration framework for the sharing of information.

- Legal framework**

Rwanda has elaborated comprehensive legal and regulatory instruments to prevent and control terrorist financing and has also ratified several relevant international conventions and protocols. These efforts encompass a range of the following instruments:

#### ***International instruments***

- Convention on the Physical Protection of Nuclear Material and Nuclear Facilities:** Adopted in Vienna on October 26, 1979, and ratified by Presidential Order No. 45/01 on April 14, 2002.
- International Convention Against the Taking of Hostages:** Adopted by the United Nations General Assembly on December 17, 1979, and ratified by Presidential Order No. 41/01 on April 14, 2002.

- Convention on the Prohibition of the Development, Production, Stockpiling, and Use of Chemical Weapons and on Their Destruction:** Adopted in Paris, France, on January 13, 1993, and ratified by Presidential Order No. 32 ter/01 on October 17, 2003.
- International Convention for the Suppression of Terrorist Bombings:** Adopted by the United Nations General Assembly on December 15, 1997, and ratified by Presidential Order No. 40/01 on April 14, 2002.
- OAU Convention on the Prevention and Combating of Terrorism:** Signed in Algiers on July 13, 1999, and ratified by Presidential Order No. 39/01 on April 14, 2002.
- International Convention for the Suppression of the Financing of Terrorism:** Adopted by the United Nations General Assembly on December 9, 1999, and ratified by Presidential Order No. 43/01 on April 14, 2002.

In addition to the above instruments, Rwanda has also ratified the following optional protocols to strengthen its CTF legal framework:

- The Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf, adopted in Rome, Italy, on 10/03/1988, ratified by Presidential Order n° 42/01 of 14/04/2002. However, the list is not exhaustive

## **Domestic instruments**

The aforementioned international legal instruments above have been domesticated through the implementation of the following national legalisation:

- Counter Terrorism Law No 46/2018, (as amended), designates “terrorism,” and supporting or promoting terrorism as capital offences, punishable by imprisonment for a term of not less than fifteen (15) years but not more than twenty (20) years.
- Law n° 028/2023 of 19/05/2023 on the prevention and punishment of money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction.
- Regulations n° 001/fic/2021 of 26/08/2021 on targeted financial sanctions related to terrorism, terrorist financing, and proliferation of weapons of mass destruction and its financing.

## **Institutional framework**

The following institutions/organs have been established and are mandated to address issues relating to TF:

- The Coordination Council responsible for preventing and fighting Money Laundering, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction. governed by **Presidential Order No. 100 of 2021**
- National Counter Terrorism Committee governed by the **Prime Minister's Order 18 of 2021**
- Financial Intelligence Centre, the national Centre receiving, analysing STRs and other information on TF and disseminating the results of such analysis to competent authority. It is governed by **Law N° 045/2021 of 18/08/2021**.
- The specialized team in Law Enforcement Agencies and Security organs handling Terrorism/ TF

## **• Collaboration framework**

The National cooperation on TF is strengthened through enhanced collaboration among key stakeholders, including LEAs and other relevant authorities. This is facilitated by a Joint Operations Centre (JOC) and MOUs between supervisory and competent authorities, which promote information sharing and ensure the effective implementation of existing frameworks.

### **3.3.2. National weaknesses identified in countering TF**

The assessment considered several variables in determining the country capabilities to combat TF. These include the quality of legislation and intelligence, the adequacy of resource, effectiveness of collaboration, awareness and commitment to fight TF, the effectiveness of institution in implementing TF related requirements.

#### **• Effectiveness of Legislation**

While the legal framework is in place to counter TF, some gaps can still be identified including the lack of a definition that thoroughly addresses all the essential elements of the crime of TF to meet the international standards; gaps in implementing Targeted Financial Sanctions (TFS) related to TF. Further, though the relevant law provides for the publication of the domestic list of designated persons, that list has not been prepared and published. Thus, the effectiveness of the legislation impact on TF vulnerability was rated **Medium High**.

#### **• Effectiveness of Intelligence**

The effectiveness of intelligence gathering and processing for TF in Rwanda is assessed based on institutional capabilities and collaboration, particularly the cooperation of FIC and intelligence

agencies in sharing information. Intelligence is shared and is verified across all agencies for consistency and accuracy. The institutional collaboration is supported by the Joint Operation Center (JOC), MoU signed for information sharing, and the establishment of the National Counter Terrorism Committee (NCTC) and Coordination Committee (CC) and their technical committees.

However, there are still weaknesses in technological resources (no access to commercially held database) and the operationalization of frameworks, as some key authorities, like the National Cyber Security Authority, are not yet included in the cooperation framework. Additionally, limited resources of some authorities impact the effectiveness of TF intelligence gathering and analysis. Another weakness noted is that LEAs don't routinely request for information from FIC to support the investigation etc. As a result, the quality of intelligence in reducing TF vulnerability is rated as **Medium**.

- **Adequacy of Resources**

The human and financial capacity and skills of investigators, prosecutors, and judges to effectively address TF cases remain inadequate. Specialized TF investigation sections have been established, yet effectiveness is hindered by insufficient skills of dedicated team and limited resources.

Additionally, the insufficiency of strategic analysis, absence of research and typologies on TF further impact effectiveness. Consequently, the adequacy of resources for TF-related tasks was rated **Medium -Low**.

- **Effectiveness of International Cooperation**

Rwanda's AML/CFT law and domesticated treaties support international cooperation on TF matters. There is legal framework on MLA and Extradition as well as bilateral agreements on international cooperation. Formal requests for MLA and extradition are channelled through the Ministry of Foreign Affairs and International Cooperation (MINAFFET). RIB, NPPA and MINIJUST are competent Authority for MLA. MINAFFET, through the Central Authority registers all incoming and outgoing MLA and extradition requests. However, there is no case management system to facilitate this process. Moreover, authorities face challenges in seeking timely MLA and extradition due to the inefficiency in making follow-ups on requests; there is no guidance on requests follow-up and on prioritization. Despite three TF-related MLA requests sent to regional and international counterparts, none received responses. This, reveals gaps in implementation and transmission effectiveness. Consequently, effectiveness of international cooperation was rated **Medium Low**.

#### **Case study**

In prosecuting a case against a member of the terrorist group CNRD-FLN. A formal request for MLA was made to a foreign country, however, to date no response has been given.

- **Awareness and Commitment to fight TF**

Relevant authorities are allocated funds within their budgets to support efforts to counter TF. These funds are earmarked for use in capacity building, awareness raising on TF and conducting other relevant activities related to TF within the mandate of the respective authorities. These institutions have a mandate to ensure that the country's financial system is not abused for TF. Specialized trainings were provided to LEA's staff and the compliance officers. However, ME has indicated that the understanding of TF is varied among institutions and generally is limited. Hence, capacity building activities have to be increased and cover all sectors. As a result, the effectiveness of this measure was rated TF **Medium Low**.

- **Effectiveness of TF-related Suspicious Transactions Reporting, Monitoring and Analysis**

The assessment revealed significant gaps in understanding TF risks and inadequate enforcement of Targeted Financial Sanctions under UN Security Resolutions.

Additionally, the reporting of suspicious transactions and activities related to TF remains low

#### 4. Terrorist Financing risk at Sectoral Level

Rwanda's financial sector faces TF risks due to neighboring high-risk jurisdictions with prevalent terrorist activities and minimal transaction oversight. Rwanda's geographic and geopolitical position exposes its financial sector to TF risks due to high-risk neighboring countries with limited TF controls and active armed groups.

The analysis of TF cases and analysis of other data indicate that the E-Money Issuers and Money Remittances sectors at the risk of TF were rated **Medium-Low**. These sectors were commonly used to transfer funds both domestically and internationally, with some cash also being transferred through couriers. The table below summarizes the TF risk rating per sector:

**Table 4: Rating of terrorist Financing Risk at Sectoral level**

SECTOR	RATING
Banking	Low
Real Estate	Low
Forex Bureaus	Low
Casinos	Low
Lawyers	Low
Accountants	Low
Dealers in precious stones & metals	Low
Insurance	Low
Securities	Low
E-Money	Medium Low
Money Remittance	Medium Low
Microfinance Institutions	Low
Virtual Asset Service Providers	Low
NPOs	Low

E-Money Issuers and Money Remittances were rated **Medium-Low** while other sectors were rated **Low**.

## 5. Methods used for Terrorist Financing

The analysis of terrorist financing cases investigated, the views from group discussions and public consultations indicate that terrorist/terrorist groups get money from the plundering of natural resources, illegal taxation, and donations from local and international sympathizers and some elements from the host country, receiving substantial support from the host state.

The funds raised are moved in cash by human couriers or through e-money issuers (Mobile Money) or money remittance channels. Additional support is provided through availing the transport facilities. Mainly, these funds are used for transportation, recruitment/training of fighters and to purchase arms and weapons.

## 6. Key Recommended actions

The Following are key recommended actions for mitigating risks associated with terrorist financing:

- Enhance collaboration on TF by establishing mechanisms to follow-up and prioritise requests and establishing appropriate requests management systems;

- Enhance border control mechanisms and ensure compliance with cross border cash and BNI declaration/disclosure requirements
- Intensify capacity building activities on TF with specialised training on TF detection, investigation and prosecution
- Promote joint investigation on TF to ensure the good quality and timely investigation
- Produce strategic analysis to identify possible techniques and methods used for TF in order to inform policy and decision makers
- Revise existing legal instruments in order to address technical deficiencies in relation to TF and TFS and ensure effective implementation of TFS without delay
- Create and disseminate the domestic list of designated to relevant stakeholders
- Increase public awareness on TF, especially to youth on their risk of being used for Terrorism and/or radicalization
- Ensure close monitoring of E-money issuers and Money remittance services

# 4

## LEGAL PERSONS AND LEGAL ARRANGEMENTS RISK ASSESSMENT



## 1. Introduction

Legal persons and legal arrangements, also known as legal structures are used to conduct a wide range of commercial activities and they play an essential role in the global economy.

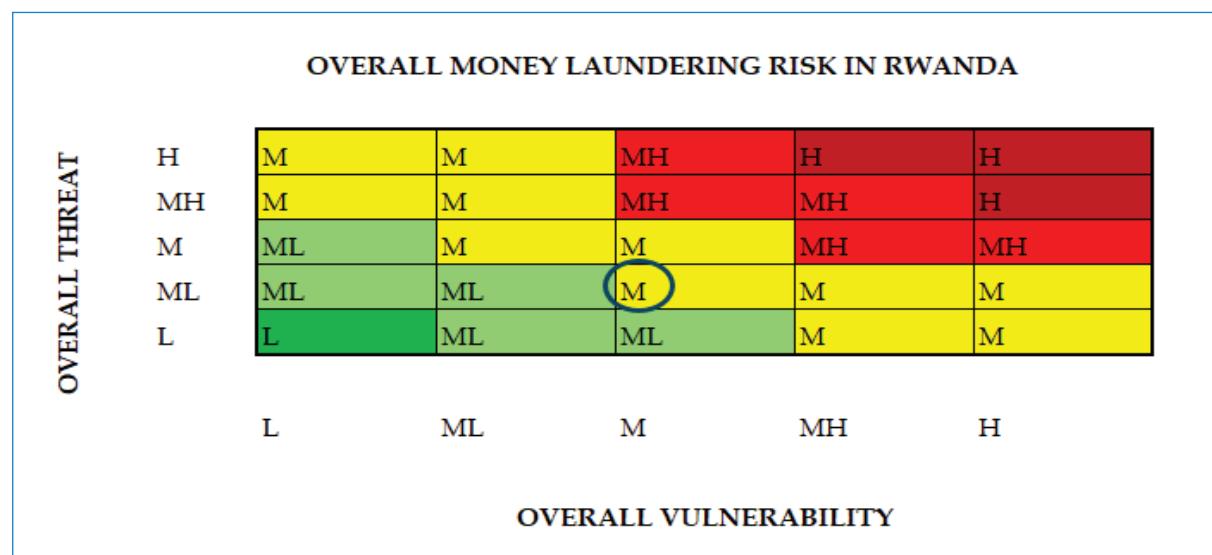
Legal structures can be easily established and swiftly gain access to the financial system by opening bank accounts, obtaining loans, and utilizing other financial products, and they may also be misused for laundering illicit funds.

This chapter is a report of the ML vulnerabilities and threats posed by legal persons and legal arrangements sector.

### 4.1.1. The Overall ML Risk in Legal structure

The assessment rated the overall ML risk for legal persons and legal arrangements in the country, Medium. This derives from the rating of ML threat posed by the abuse of legal structures as **medium low**, and the jurisdiction's overall vulnerability to ML abuse rated **medium**.

**Figure 21: Overall ML risk in legal structure**



### 4.1.2. Mapping Legal Persons and Legal Arrangements

The mapping exercise facilitated the collection of data on registration, formation requirements, basic information, beneficial ownership information, the use of nominees and bearer shares, as well as common business activities to provide a comprehensive overview of all legal structures.

The legal structure in the context of Rwanda is made up of legal persons and arrangements. The laws governing their registration and responsible institutions for enforcing compliance is highlighted in the Figure 22 below:

**Figure 22. Structure of Legal persons and arrangements in Rwanda**

Legislations	Legal Structures	Name of government agency responsible for maintaining registry & enforcing compliance
Law N° 007/2021 of 05/02/2021 governing companies, as amended and completed to date.	Private Company limited by shares; Public Company limited by shares; Company Limited by Guarantee; Company Limited by Shares and by Guarantee; Foreign Company; Unlimited Company; Community Benefit Company; Protected Cell Company (PCC).	Rwanda Development Board/ Office of the Registrar General
Law N° 008/2021 of 16/02/2021 governing partnerships as amended and completed to date.	<ul style="list-style-type: none"> <li>General partnership;</li> <li>Limited Liability Partnership;</li> <li>Limited Partnership.</li> </ul>	Rwanda Development Board/ Office of the Registrar General
Law N° 059/2021 of 14/10/2021 governing foundations	<ul style="list-style-type: none"> <li>Private-benefit foundation;</li> <li>Mixed-Benefit Foundation;</li> </ul>	Rwanda Development Board/ Office of the Registrar General
	<ul style="list-style-type: none"> <li>Common Benefit Foundation.</li> </ul>	Rwanda Governance Board
Law N° 063/2021 of 14/10/2021 governing trusts	Trusts	Rwanda Development Board/ Office of the Registrar General
Law n° 057/2024 of 20/06/2024 governing cooperatives in Rwanda	Cooperatives	Rwanda Cooperative Agency
Law N°72/2018 of 31/08/2018 determining the organisation and functioning of faith-based organisations	Faith-Based Organizations	Rwanda Governance Board
Law n° 058/2024 of 20/06/2024 governing non-governmental organisations	<ul style="list-style-type: none"> <li>National Non-Governmental Organisations;</li> <li>International Non-Governmental Organisations</li> </ul>	Rwanda Governance Board

The mapping exercise revealed that no legal structure is exempted from registration and the detailed registration requirements are provided in their respective legislation.

Although legal structures have been required to collect and submit beneficial ownership (BO) information since 2021, implementation remains in its early stages. Notably, for cooperatives, the obligation to report BO information was introduced only recently, under the new law enacted in 2024.

It was also noted that the sanctions prescribed by law for non-compliance with BO requirements have not been fully enforced in practice. Therefore, there is a need to strengthen enforcement of the existing compliance measures.

Rwanda is implementing transparency measures, including BO identification, verification and reporting requirements for foreign legal structures established in other jurisdictions that wish to operate in Rwanda. However, due to the absence of cooperation frameworks for the expedited exchange of BO information, Rwanda would rely on standard MLA processes.

On the other hand, Rwanda has effectively prohibited companies from issuing bearer shares, a critical measure to prevent the misuse of legal structures for ML. Additionally, company law mandates that nominee shareholders or directors disclose information identifying their nominator and the natural person they ultimately represent, with such details recorded in the register of beneficial owners.

Furthermore, Rwanda has established regulations governing TCSPs that may act as nominee shareholders or directors.

#### **4.1.3. The Scale of Legal Structures**

All registered legal persons and legal arrangements as of 30 June 2024 were 179, 512 made of 179, 487 legal persons and 25 legal arrangements.



Table 5: The scale of the legal structures

No	Legal Structures	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	All registered as of 30th June 2024
<b>Legal Persons</b>							
1	Private Company Limited by shares	11,311	16,883	17,735	18,923	18,344	162,750
2	Cooperatives	433	368	171	171	481	11,105
3	Public Companies limited by shares	108	131	115	124	134	1,045
4	Private Unlimited Company	68	248	196	179	214	1,020
5	Companies Limited by Guarantee	84	145	155	147	92	850
6	Foreign Companies	43	50	63	65	63	779
7	National NGOs	115	112	81	95	121	777
8	Company Limited by shares and Guarantees (Both Private &Public)	58	68	67	60	99	463
9	Faith-Based Organizations	31	24	37	33	19	398
10	International NGOs	11	16	11	15	21	120
11	Community benefit companies	0	0	15	35	32	110
12	Common Benefit Foundations	0	0	0	25	32	57
13	Mixed Benefit Foundations	0	0	0	1	8	9
14	Limited Liability Partnerships	0	0	0	0	3	3
15	Protected cell company	0	0		1	0	1
16	Private Benefit Foundation	0	0	0	0	0	0
<b>Legal arrangements</b>							
17	Trusts	2	1	1	3	2	20
18	Limited Partnerships	0	0	0	2	3	5
19	General Partnerships	0	0	0	0	0	0

Source: RDB, RCA, and RGB

## 2. ML threat assessment for Legal Persons and Legal arrangements

During the assessment period, one ML case involving 48 legal structures, was detected, and court proceedings are still ongoing. The assessment focused on predicate offenses involving legal structures.

The overall ML threat level was determined based on: level of ML abuse based on enforcement data that was rated "**Low**"; and the level of ML abuse based on threat perceptions and open sources that was rated "**Medium**". Therefore, the overall ML threat posed by the legal structures was rated "**Medium Low**".

In the assessment, 73 legal structures including 59 companies, 1 national NGO,

1 cooperative and 12 companies not registered in Rwanda were cited in the reported STRs. Compared to the 179, 512 registered legal structures (as shown in Figure22 above), the number of legal structures cited in reported STRs remains relatively **low**.

Based on available data, no MLA requests have been sent or received regarding legal structures involved in ML. However, the only issued five MLA requests were related to fraud, and only one fraud-related MLA request was received.

A total of 122 legal structures were investigated for involvement in ML and predicate offenses. Of these, 48 were investigated and prosecuted for ML, 62 for tax evasion (with 32 prosecuted

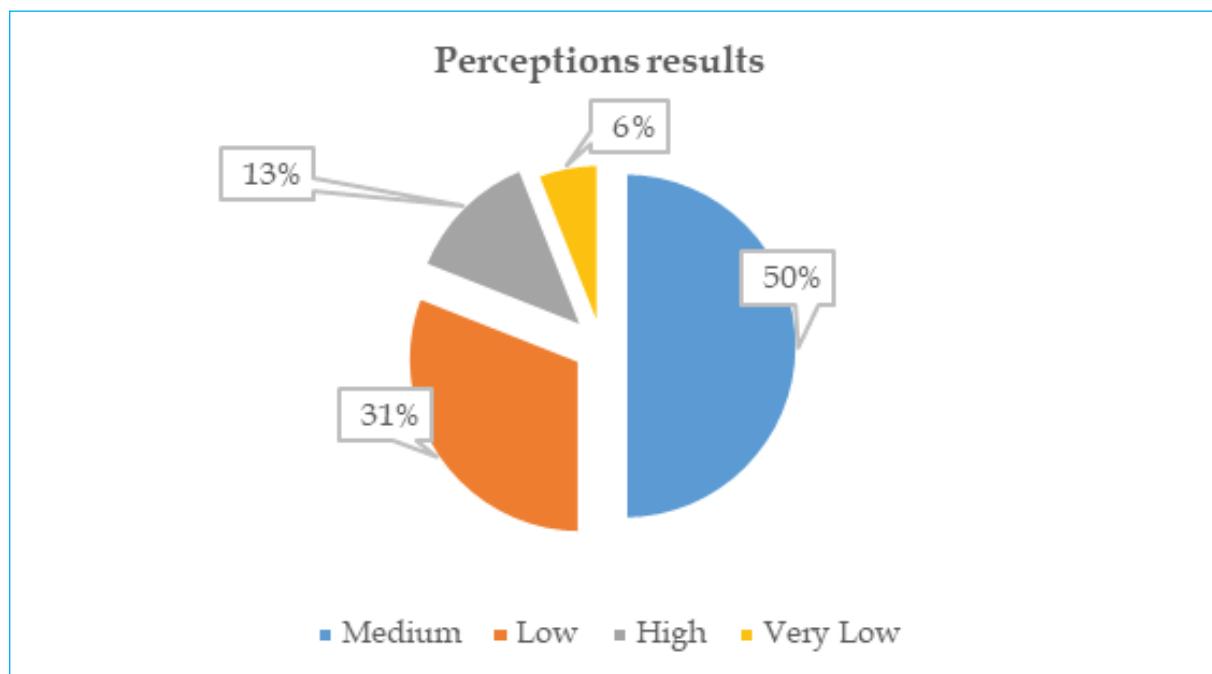
and 30 convicted), and 12 for fraud (with 7 prosecuted and 1 convicted). All the legal structures under investigation were private companies limited by shares.

Therefore, the level of criminal investigations, prosecution and conviction into money laundering that have involved legal structures in Rwanda was rated **Low**.

- **Perceptions and open sources**

The overall level of ML abuse to legal structures, as assessed through perceptions by public sector experts, academic experts, and private sector professionals, combined with insights from open sources, has been rated as **Medium**.

**Figure 11: Perceptions and open source**



## Case study

The prosecution filed a lawsuit against individuals X, Y, and Z, claiming they met as shareholders in a company called A Ltd, which operates in consultancy services. From late 2021 to late 2022, as shareholders of A Ltd, they created an online cryptocurrency platform. They called upon people to invest their money, deceiving them into believing that their investments would double within three months. However, after collecting people's money — which amounts to over 3,000,000,000 Rwandan Francs — the platform was dissolved, and they failed to account for the funds.

Company A Ltd faced the charge of fraud only. However, its shareholders faced charges including fraud, illegally trading or exchanging money, money laundering, and forming or joining a criminal organization.

The court sentenced X to six (6) years and six (6) months in prison and fined him 68,305,196 Rwandan francs; Y to one (1) year and six (6) months in prison and fined him 750,000 Rwandan francs; and Company A Ltd to a fine of 3,000,000 Rwandan francs.

### 3. ML vulnerability assessment for Legal Structures

The National ML Vulnerability Assessment for legal structures aims to assess Rwanda's vulnerability to ML abuse, review existing mitigation measures, identify gaps in the beneficial ownership framework, and determine where additional safeguards are needed, all while minimizing any burden on legitimate business activities.

The ML vulnerability assessment evaluated Rwanda's attractiveness for non-resident incorporation (ANRI) and assessed the strength of its mitigation measures against the illicit abuse of legal structures. As a result, the overall national ML vulnerability of Rwanda's legal structures was rated **Medium**.

#### 4.3.1. Attractiveness for Non-Resident Incorporation (ANRI) to ML

Rwanda has taken significant steps to position itself as a business-friendly destination for non-residents and foreign-registered legal entities and legal arrangements. Key highlights include:

- Regulation of TCSPs:** Since 2022, TCSPs have been registered and licensed, alongside law firms, to assist non-residents and foreign entities in forming domestic companies and branches. Non-residents can still directly register legal structures in Rwanda, facilitated by a growing network of professional service providers.
- Investment Promotion:** Rwanda's initiatives to attract foreign investors include establishing the Kigali International Financial Centre (KIFC), the "Visit Rwanda" campaign, economic zones, and participation in international forums. These efforts, coupled with private sector support, have enhanced Rwanda's reputation

as a destination for specialized legal structure formation. Additionally, the law on Investment promotion and facilitation of 2021 was enacted and support foreign investment.

- **Political and Economic Stability:** Rwanda ranks highly for political stability, rule of law, and governance, with a corruption perception score of 53 in the 2023 CPI. The economy grew by 8.2% in 2023, supported by stable currency performance, fostering investor confidence.
- **Beneficial Ownership Framework:** Legal and regulatory frameworks now require all registered entities to disclose beneficial ownership information, aligning with global standards. This strengthens transparency and minimizes ML risks.
- **Tax Competitiveness:** Rwanda has reduced the corporate income tax rate to 28%, with a goal of 20% in the medium term. Preferential rates, including a 0% tax for international headquarters, enhance the country's investment attractiveness.
- **Asset Protection:** Rwanda provides strong legal protections for foreign investors, including clear processes for acquiring land and safeguarding intellectual property rights. These frameworks ensure robust asset protection, further boosting investor confidence.

#### 4.3.2. Strengths of national mitigation measures

In Rwanda, the existing mitigation measures against abuse of legal structures are deemed effective overall. However, there are certain areas that need improvement to reduce the potential for abuse of legal structures.

Rwanda has a robust regulatory and supervisory system for TCSPs and legal persons supported by strong legal

frameworks and enforcement actions. TCSPs are licensed and supervised by the National Bank of Rwanda (NBR). As of June 2024, there are 9 registered TCSPs. Additionally, other intermediaries involved in the formation or administration of legal entities are subjected to comply with AML/CFT requirements, including conducting CDD and filling of STRs.

Rwanda has established measures to ensure compliance with BO reporting obligations, all legal persons and arrangements are required to register and regularly update their information. While enforcement actions have been taken, no criminal sanctions have been imposed to non-compliant legal structures.

There is a central register for beneficial ownership information, however, only competent authorities have direct access, limiting the ability of reporting entities to conduct effective due diligence and verify the identity of their clients.

The country prohibits bearer shares, and there are requirements for the disclosure of beneficial owners, including the obligation for nominee directors or shareholders to disclose their nominator. Despite these measures, the effectiveness of enhanced CDD and BO identification and verification remains inconsistent and requires improvement.

#### 4. Entity Risk Assessment

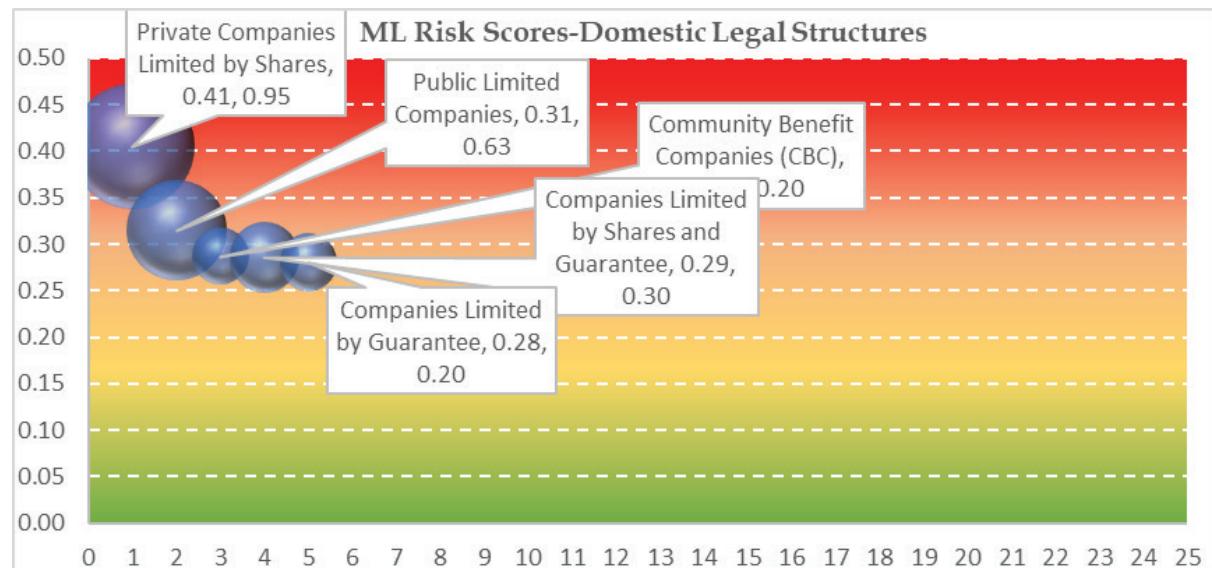
The risk score for each legal structure was obtained based on the following factors: Attractiveness for Non-Resident Use; Cross-Border Risk Exposure; Ease, speed and cost of formation; Existence of ML/TF typologies; Incidence in analysed ML/TF cases; Quality & Accessibility of BO Information; Quality and accessibility of Basic Information; Effectiveness of International Cooperation with Foreign Jurisdiction and Scale.

The assessment covered domestic and foreign legal structures. Some legal structures were not included in the entity risk assessment due to factors such as their limited or no registrations, lack of any identified money ML incidents, or because they are newly introduced in the country.

#### 4.4.1. Domestic legal structures

Domestic legal structures assessed were Private Companies Limited by Shares, Public Limited Companies, Companies Limited by Shares and Guarantee, Community Benefit Companies (CBC) and Companies limited by guarantee. The following charts illustrate ML risk scores:

**Figure 12: ML Risk Score-Domestic legal structure**



The assessment highlighted the overall ML risk score for private companies limited by shares as **Medium-Low**. This rating is attributed to several factors as analysed hereinafter.

Private companies limited by shares make up the majority of registered legal structures, primarily due to the limited liability for shareholders. These companies often have significant financial flows and assets, operating mainly in high-income and regulated sectors like hospitality, mining, transportation, real estate, construction, energy, and oil. Registry data indicates that most of these companies are based in Rwanda and focus on domestic operations, though some of them engage also in activities

across other jurisdictions.

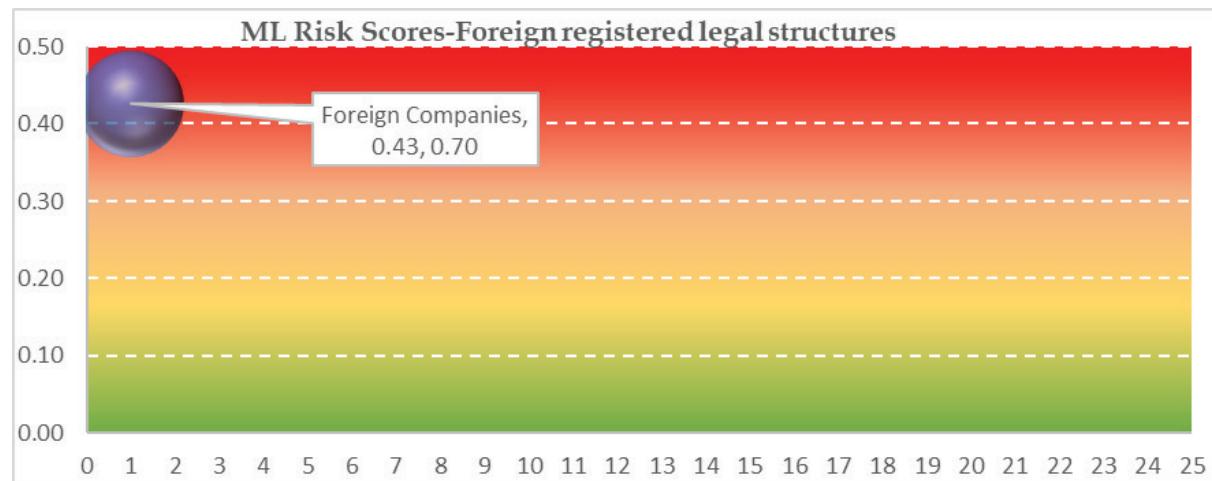
Foreign company subsidiaries often opt for private companies limited by shares due to the tax and non-tax incentives offered under Rwanda's investment law, making this structure especially appealing to non-residents. While the company registry provides comprehensive basic information on these companies, the accuracy and quality of the data are considered moderate, as companies do not consistently update their records.

#### 4.4.2. Foreign legal structures

The foreign-created legal structures assessed were only foreign companies. The assessment highlighted overall ML

risk score for Foreign companies (Limited Liability Companies) as **Medium-Low**. This rating is attributed to several factors as analysed hereinafter.

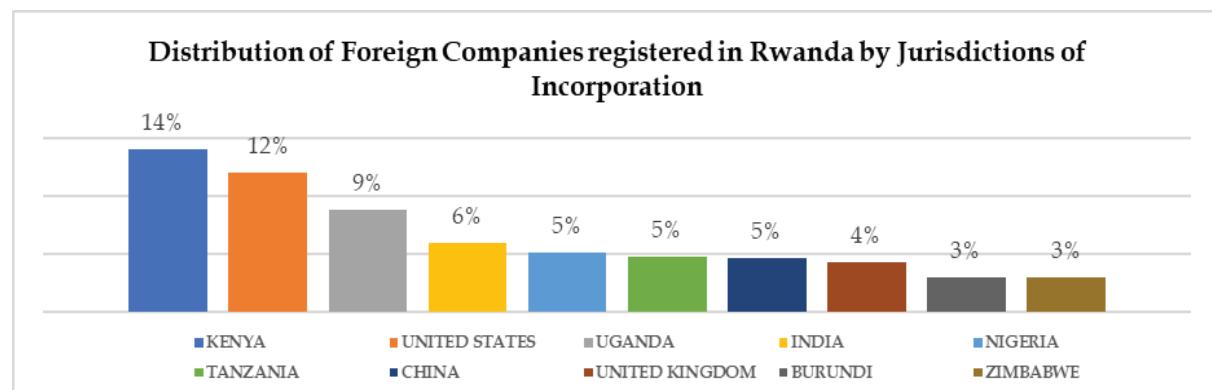
**Figure 13:ML Risk score-foreign registered legal structure**



The number of foreign registered legal structures in Rwanda has been increasing over the years. This growth is primarily attributed to key factors such as attractive tax and non-tax incentives, strong rule of law, political stability, robust economic growth, Rwanda's high ranking in ease of doing business and others.

The following are the top 10 jurisdictions where foreign companies registered in Rwanda are incorporated:

**Figure 14: Distribution of foreign companies registered in Rwanda**



Source: RDB

Although the number of foreign companies registered in Rwanda is lower than that of private limited companies, these entities possess substantial assets and high financial flows. They are typically involved in sectors of information technology and computer services, construction, financial services, transportation, and mining and quarrying. As a result, they are considered to attract a higher risk of ML.

The findings of the entity risk assessment revealed that while all legal structures are susceptible to potential abuse for ML, foreign companies and private companies limited by shares were specifically rated as “medium-low” risk. These company types are notably more likely to be exploited for ML purposes compared to other legal structures, which were assessed as less vulnerable. As such, this should prompt the implementation of control mechanisms on foreign companies and private companies limited by shares, ensuring they are not misused for illicit activities. Moreover, analysis of ML incidents revealed that these company types appeared in cases.

## 5. Recommended actions

The following are key recommended actions to be implemented to mitigate the risks identified in the legal persons and legal arrangements:

- Organise a comprehensive training and awareness Programs to all relevant authorities on legal structures ML potential abuse;
- Explore the feasibility of providing access to BO basic information to all reporting persons
- Increase compliance with BO Reporting obligations: conduct further awareness activities targeting legal structures, corporate service providers, and the public on BO obligations and enforce legal sanctions to improve compliance
- Applying Risk-Based approach and consider enhanced verification measures for legal structures to address quality of CDD
- Applying strong control mechanisms on foreign companies and private companies limited by shares, to ensure that they are not misused for ML activities.

# 5

## VIRTUAL ASSETS AND VIRTUAL ASSETS SERVICE PROVIDERS ML RISK ASSESSMENT



## 1. Introduction

A virtual Asset (VA) is defined as a digital representation of value that can be digitally traded or transferred and can be used for payment or investment purposes.<sup>18</sup> Virtual assets do not include digital representations of fiat currencies, Central Bank Digital Currency (CBDC) and securities. Virtual assets include: digital currencies, stable coins, or cryptocurrencies.

The term Virtual Asset Service Providers (VASPs) refers to any natural or legal person who is, as a business, conducts one or more of the following activities or operations for or on behalf of another natural or legal person: exchange between virtual assets and fiat currencies; exchange between one or more forms of virtual assets; transfer of virtual assets; safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets; and participation in and provision of financial services related to an issuer's offer and/or sale of a virtual asset.<sup>19</sup>

Rwanda conducted a national risk assessment on ML/TF associated with VAs and VASPs in accordance with FATF Recommendation 15.

The assessment identified four of the most commonly traded virtual assets: USDT, Bitcoin, USDC, and Ether. Among these, USDT as the most prominent, as highlighted in the perception survey, where 63.9% of the respondents indicated having invested in it. Additionally, several other

altcoins, such as XRP, SOL, Doge, Litecoin, and others, are also used to some extent. The risk assessment identified 9 VASPs commonly accessed in Rwanda, offering a range of services. These VASPs engage in one or more virtual asset related activities, including virtual asset exchanges, virtual asset broking/payment processing, and virtual asset investment.

## 2. The Overall VA/VASPs Risk

This section analyses Rwanda's VA sector, covering VASPs, the services they offer, and associated risks. It assesses inherent risks, including threats and vulnerabilities, and evaluates mitigation strategies, resulting in a summary of residual risks.

- **Drivers for Virtual asset adoption in Rwanda**

Despite domestic restrictions on VAs, their adoption in Rwanda is growing, particularly among younger generations attracted to block-chain technology. Social media has significantly contributed to the growing interest in VAs, mainly for investment purposes. However, the absence of regulation and public warnings from the Central Bank have led many Rwandans to perceive VAs as high-risk and opt for alternative investments. For those who engage with VAs, the primary motivator is the potential for high returns on investment.

The chart below shows the reasons for investing in VAs as highlighted by the respondents:

---

<sup>18</sup>FATF General Glossary.

<sup>19</sup>Ibid.

**Figure 15: Reasons for adopting/engaging in virtual assets**

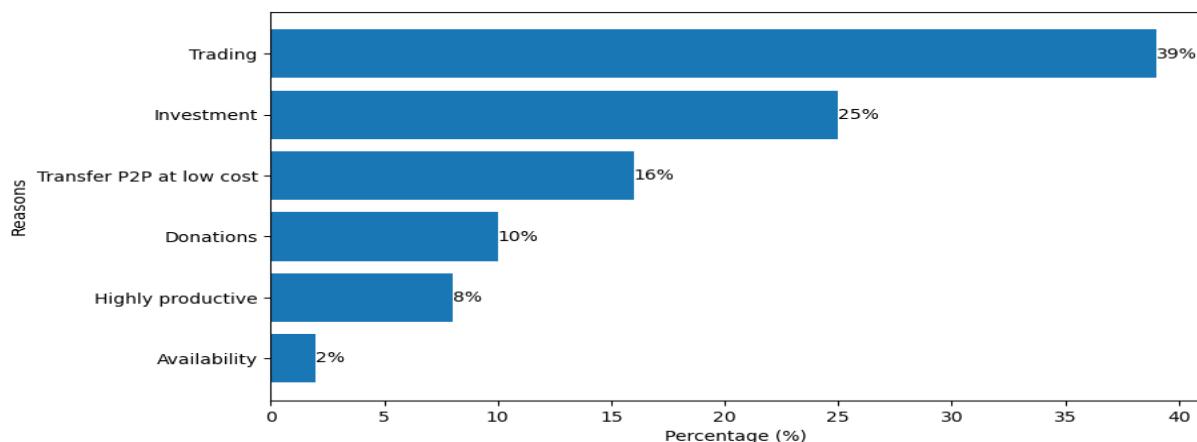
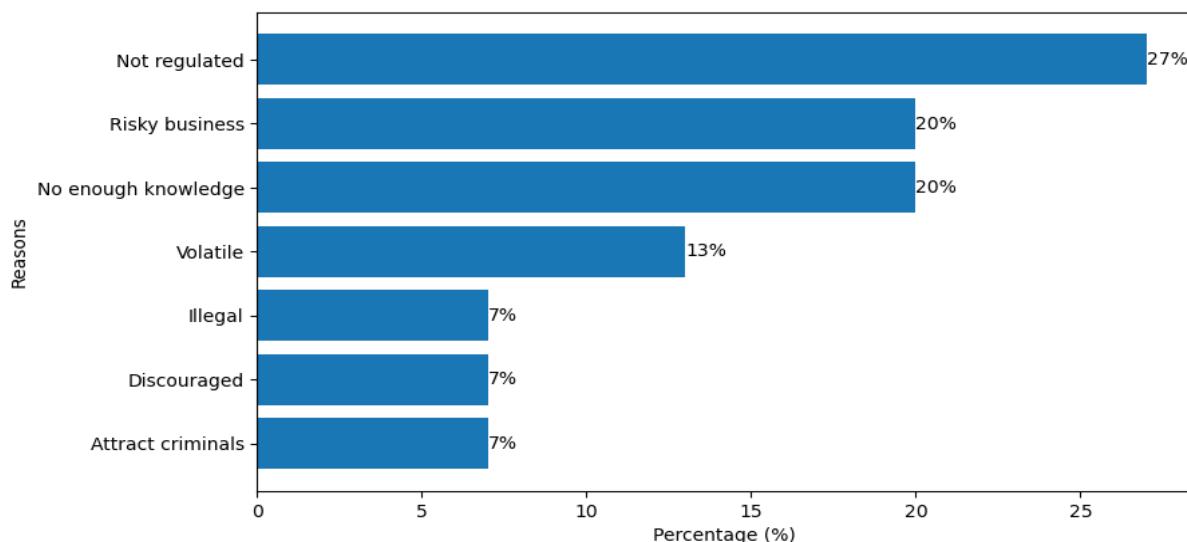


Figure above indicates that reasons for trading VA are dominated by investment, high productivity, and low cost with instant settlement. However, the adoption rates are significantly lower than non-adoption rates as reflected in the reasons in the figure below:

**Figure 16: Reasons for non-adoption of virtual assets**



- Types of VASPs Operating in Rwanda**

The assessment identified one decentralized exchange that is Paxfull and eight centralized including crypto-exchange platforms namely Leaf Fintech, MEXC, Trust Wallet, Kraken, Kucoin, Bybit, Yellow Card, and Binance, accessible in Rwanda for acquiring and trading crypto assets.

Most of the identified VASPs facilitate peer-to-peer transactions allowing traders to

engage directly with one another, without the need for centralized third party. During the perception survey 69% of respondents emphasized that the VASPs accessed in Rwanda also operate in multiple countries.

- Overall exposure of VA/VASPs to ML/TF risks**

The overall exposure of Rwanda to ML/TF risks arising from VA and VASPs was rated **Medium Low**, as a result of **Low** threat and **Medium-Low** vulnerability.

**Table 6:overall rating ML/TF risks**

Summary of overall rating		RATINGS
<b>Threat assessment</b>	Product and services threat	Moderate
	VA & VASPs ML threat	Low
	VA & VASPs TF threat	Low
<b>Vulnerability assessment</b>	VA types of vulnerability rating	Medium low
	VA & VASPs ML vulnerability	Low
	VA & VASPs TF Vulnerability	Low
Mitigating controls effectiveness		Moderate
<b>Overall VA/VASPs exposure to ML-TF risk</b>		Medium low

### 3. VA and VASPs threat assessment

The threat assessment examined the nature and the exposure of VAs/ VASPs in relation to ML predicate offences. The threat analysis considered domestic predicate offences involving VA&VASPs as well as their exposure to foreign predicates offences.

The assessment highlighted that VAs related cases in Rwanda were fraud and forgery usually characterized by fraudulent investment schemes, fake coin offerings and fake exchanges using imposter websites.

Within the assessment period, 44

Suspicious Transaction Reports (STRs) related to VAs were submitted, 24 STRs originated from Mobile Money Service Providers, while 20 were reported by banks. Note that 6 of the reported STRs implicated foreign jurisdictions.

Investigations were conducted on 35 fraud cases related to VAs<sup>20</sup>. Only one case was related to ML and it is still under investigation. Below are some of the fraud cases.

The threat of ML/TF involving virtual assets

<sup>20</sup>Ten cases were prosecuted, leading to one ML conviction (at first instance), currently under appeal and 6 fraud conviction. The remaining cases are still pending. The offenses involved fraud and money laundering, with no terrorist financing.

### **Case Box: Fraudulent Investment Scheme Involving VAs in Rwanda**

In 2024, investigation was initiated against a company on allegation of fraud using someone else's property without permission

To join this company, the investor had to be given a link to access it and promptly after registration had to buy a package. These packages include packages worth 25 USDT, 75 USDT, and 225 USDT. And the investor should be a Rwandan citizen, live in Rwanda, and use the Rwandan network.

The investor had to choose one package out of the three, pay for it, and become an employee of Company, then given tasks to perform, mainly involving operating a robot that does crypto trading and earn according to the package bought daily. The 25 USDT package earns 0.7 USDT, the 75 USDT package earns 2.4 USDT, and the 225 USDT package earns 7.7 USDT. The company closed the applications with people's money.

The Central Bank has consistently maintained their stance advising Rwandans to refrain from decentralized cryptocurrencies, emphasizing that they are not accepted in the financial system and lack supervision by any regulatory entity.

### **Case Box : Fake coins Disguised as crypto**

A Company Ltd, created a Cryptocurrency Platform accessed on a created website through a marketing platform (YouTube channel), the investors were promised to get their investment multiplied by two every three months, however later the website system was closed and none have access to his/her invested amount.

More than 250 persons were victims of fraud and theft by deception that business the Company Ltd management were arrested together with another involved suspect from another company. Through that social media channels, it was created a group whatsup and massive networking within inner circles; most victims were required to join the business with investments from each person ranging from \$50, \$100, \$500, \$1000, \$3000, \$5000 and up to \$10.000.

VAs is a growing global concern, driven by factors such as anonymity, pseudonymity, borderless transactions, and limited regulatory frameworks.

Financial sector players in Rwanda remain cautious toward VAs, abstaining from VA-related activities or investments and not developing technology for the VA ecosystem, in line with a cautionary notice from the National Bank of Rwanda (NBR). This caution has limited regulated

financial service providers interactions with VAs and VASPs. Nonetheless, 84% of sector respondents recognized that their financial products and services could potentially support VA and VASP activities. However, the assessment in Rwanda found no reported cases of ML or TF related to VAs, based on available reports and open sources. As a result, the overall threat posed by VAs and VASPs for ML/TF activities in Rwanda was rated **Low**.

#### 4. VA&VASPs sector Vulnerability assessment

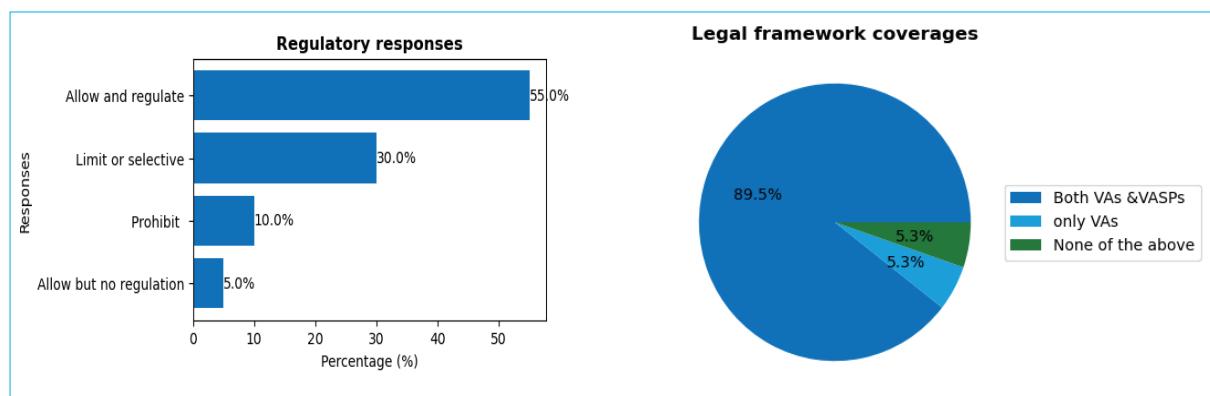
All the identified VASPs in Rwanda operate without registration nor licensing, as there is no regulatory framework governing the activities of VAs and VASPs in the country. Additionally, there is inadequate skills on VAs and VASPs for LEAs, regulators of financial sectors and financial service providers.

- The overall ML vulnerability rating for VAs was rated **Medium-Low**, reflecting the lack of regulatory infrastructure and licensing provisions, the limited capacity in identifying, investigating, and prosecuting offences involving

VA, coupled with a very low adoption rate (Rwanda ranks 142<sup>nd</sup> out of 155 countries according to the 2023 Chainalysis report). **The overall TF vulnerability Medium low General Public Perception Survey**

The general public have shown interest in regulating crypto asset business in Rwanda, 50% of participants emphasized on allowing and regulating crypto business and propose the framework to include both VAs and VASPs.

**Figure 17: Regulatory responses to VA activities in Rwanda**



Overall, 89.5 % of the respondents, recommended the regulatory frameworks to cover both VAs and VASPs.

#### 5. Recommendations

As global investor interest in Rwanda increases, the unregulated status of VAs presents risks, including Ponzi schemes and scams. This highlights the need for heightened vigilance to prevent the misuse of financial services by virtual asset entities. The following are key recommended actions to mitigate those risks:

- To comply with FATF Recommendation 15, Rwanda should designate VASPs as reporting entities within its AML/CFT frameworks.
- To establish legal framework governing VA&VASPs in Rwanda. Meanwhile, VASPs should be registered for AML/CFT compliance and supervision
- To conduct training and awareness programs related to VA&VASPs to LEAs, regulators and other competent authorities
- To develop a blockchain national policy to boost innovation and attract tech-professionals, while advising consumers to be vigilant about scams and seek financial advice when engaging with virtual assets.

# 6

## FINANCIAL INCLUSION PRODUCT RISK ASSESSMENT



## 1. Introduction

The purpose of this risk assessment is to evaluate the ML/TF risks associated with financial inclusion products available in Rwanda. This involves identifying the unique features of these products, assessing their associated risks, and aligning with national priorities in applying AML/CFT measures.

Additionally, the assessment evaluates the applicability of AML/CFT principles to these financial products. The findings from this assessment will inform the development of national policies aligned with the objectives of the National Financial Inclusion Strategy.

The assessment of the ML/TF for financial inclusion products targeted specific product features, the overall ML/TF risk environment and indicates initial risk levels for each product. It also offers guidance on managing high risks products.

### 6.1.1 Financial inclusion overview

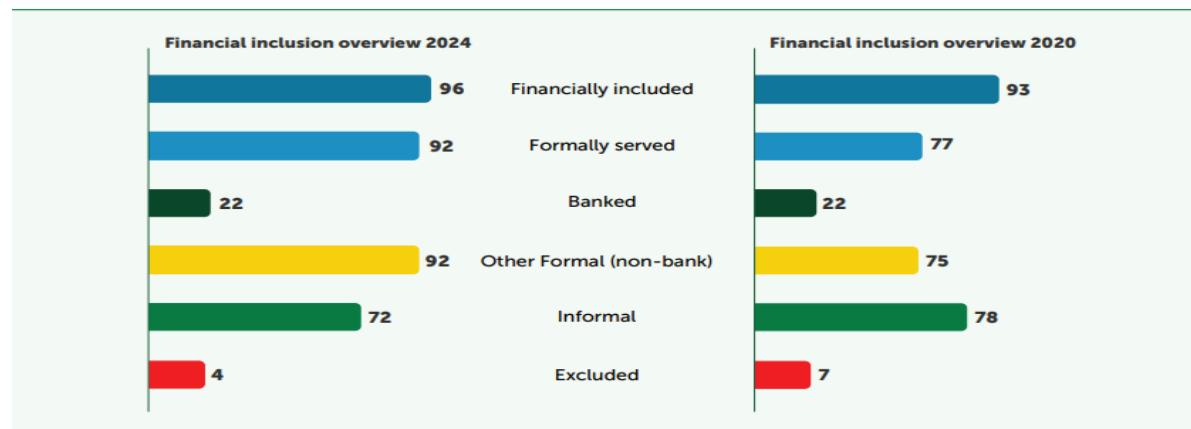
Rwanda Vision 2050 and National Strategy for Transformation (NST-2) aim to position the country as a leading financial

services hub in Africa. To support this vision, Rwanda adopted Fintech Policy (2022–2027) to promote a robust fintech ecosystem, contributing to a cashless society and inclusive financial access. Additionally, the establishment of reliable identification infrastructure such as the National Identity Card and the company registry facilitates due diligence, boosts financial inclusion, and improved access to financial services.

Moreover, Rwanda has adopted the National Financial Inclusion Strategy 2022-2026. This Strategy defines financial inclusion as the ability of individuals and businesses to effectively access a wide range of useful and affordable financial products and services that meet their needs, offered by both formal and informal institutions, and delivered in a responsible and sustainable manner. The strategy aims to expand access to more advanced financial products for those with limited access.

The 2024 Rwanda Finscope survey reveals that, 96% of Rwandan adults (7.8 million people) are financially included. This only leaves a mere 4% (358,000) who rely on informal mechanisms.

**Figure 18: Overview of financial products/services (%)**



Source: Finscope 2024 survey report.

- **Formally served** refers to individuals or businesses using financial services from regulated institutions, such as banks, insurers, e-money issuers, and agents of formal financial service providers. Consumers often use formal services alongside informal ones.
- **Informally served** indicates individuals or businesses using financial services from unregulated institutions, such as moneylenders, tontines, and community-based groups. These providers may or may not have official recognition.
- **Excluded** refers to individuals or businesses who rely solely on personal relationships to manage their financial needs, without access to formal financial institutions or informal mechanisms, such as saving at home or borrowing from family and friends.

### 6.1.2. Factors influencing Financial Inclusion in Rwanda

The FATF emphasizes that financial exclusion occurs when individuals lack access to affordable formal financial services, forcing them to rely on informal providers. It stresses that improving financial inclusion among underserved groups strengthens AML/CFT measures. In this regard, Rwanda has implemented frameworks to promote financial inclusion.

Regulatory sandboxes introduced by the National Bank of Rwanda (BNR) and the Capital Market Authority (CMA) foster fintech innovation. Mobile money services provide accessible financial services like cash in/cash out, money transfers, bill payments, and government transactions. Through extensive agent network, banks and mobile money providers reach underserved and remote areas.

Banks support financial inclusion by offering tailored products and digital solutions, while Umurenge SACCOs, established in 2008, drive rural savings

and provide loans, especially to those with irregular incomes. Regulation N° 65/04/2023 for non-deposit taking financial service providers enables services like peer-to-peer lending, credit guarantees, and mortgage finance, expanding access to credit.

Micro-insurance, particularly through partnerships with mobile operators and fintech's, offers affordable risk protection for low-income populations. Pension schemes like the EJOHEZA long-term saving scheme, launched by the government, encourages voluntary savings for salaried and self-employed individuals, providing a secure future for diverse population segments, including children.

To promote and ensure financial inclusion, there is a strong public awareness campaign encouraging the adoption of a cashless economy.

## 2. Financial inclusion products risk assessment

### 6.2.1. General AML/CFT control measures

The assessment focused on the market entry controls, the establishment of monitoring mechanisms, policies, procedures and guidelines to examine and/or monitor risks arising from financial inclusion products, geographical-country risk and AML/CFT training and awareness programs.

Financial inclusion products, in Rwanda, are offered by regulated institutions. Before entering the sector, the market entry control mechanisms such as "Fit and Proper" test are applied to the providers of financial inclusion products. They are also required to comply with the AML-CFT requirements, including CDD, detection and reporting of suspicious transaction requirement.

However, local legislation does not provide a formal definition of financial inclusion products, and there are no specific guidelines outlining KYC requirements for these products.

### 6.2.2. Financial inclusion product threat

The financial inclusion product threat was rated **Low** due to absence of suspicious financial crime cases involving financial inclusion products, the low volume and value of transactions, income levels, thresholds, and KYC requirements. Bank savings, microloans, micro-insurance, and pensions assessed were deemed not exposed to ML/TF threat. On the other hand, mobile money and agency banking exposure to ML/TF threat was rated **medium** due to high transaction thresholds, cross-border transactions, agent usage, their involvement in fraud cases and low understanding of AML/CFT obligations among their agents and the use of agents in itself further exposes them to ML/TF abuse.

### 6.2.3. Financial inclusion product vulnerability

Financial inclusion in Rwanda is guided by the National Financial Inclusion Strategy, underpinned by regulatory frameworks. Key stakeholders in Rwanda's financial inclusion ecosystem include banks, mobile money operators, other financial service providers, insurers, pension providers, regulators, public institutions and various development partners.

The financial inclusion products in the banking and other financial institutions sector are mainly savings, credit and payments channels and from the assessment undertaken, financial inclusion products fall in either of the following categories: (i) deposit and loan products; (ii) Money remittances; (iii) mobile money and remittances; (iv) Informal village savings and loan associations; and (vi) Insurance and pension funds.

**Table 7: Product features and vulnerability**

Product	Product features and vulnerability	Vulnerability rating
<b>Bank Savings</b>	Banks, mobile money and other deposit-taking financial institutions have expanded the functionalities of regular savings and introduced new methods to facilitate saving through agents' networks. However, have inadequate knowledge on AML/CFT requirements.	<b>Low</b>
<b>Microloans</b>	The value and number of loan transactions are limited, with most products having threshold limits for both the value and frequency of transactions. Additionally, the product features are clearly defined, and risk mitigation measures are in place. Anonymous use of the product is not permitted, as institutions require customer identification prior to onboarding	<b>Low</b>
<b>Micro insurance</b>	Microinsurance products do not permit a cross-border transactions, are not offered to non-residents, and anonymous use of the product is not possible.	<b>Low</b>
<b>Remittance Services</b>	Thresholds have been set for both the amount of remittance and on the number of transactions. Cross-border transactions with high-risk jurisdictions are very unlikely due to rigorous scrutiny.	<b>Low</b>
<b>Mobile money</b>	Customers can use mobile phones to transfer funds between devices, regardless of the service provider, and also between mobile phones and bank accounts. However, cross-border transactions and the use of agents may increase the ML/TF risk. The low level of AML-CFT understanding among agent users increases the product's vulnerability to ML/TF abuse.	<b>Medium</b>
<b>Agent banking</b>	The high-value threshold, combined with the low level of AML-CFT understanding among agent users and inadequate knowledge on regulatory requirements, makes this service vulnerable to ML/TF abuse.	<b>Medium</b>

The analysis of financial inclusion products revealed that most products have limits on transaction value and frequency. In addition, service providers ensure compliance with AML/CFT standards, including customer identification processes and screening processes and they provide regular training to agents and

users. Hence, financial inclusion product vulnerability was rated **Medium-Low**.

The findings from the perception survey rated Mobile money service as highly vulnerable to ML/TF, due to the convenience it offers to the users. This derives from its non-face-to-face

customers, wide geographical access, cross-border transactions, and the use of agents.

### 3. The overall ML/TF risk environment

The assessment revealed that the overall financial inclusion products exposure to ML and TF risk was rated **Medium-Low**, owing to the existing legal frameworks that promote financial inclusion and AML/CFT compliance.

The banking sector and mobile money operators are central to financial inclusion, serving as the primary financial service providers for a wide range of economic agents. They play a central role in facilitating transactions across other sub-sectors, including insurance, securities, and pensions. The Central Bank conducts risk-based supervision to ensure compliance and mitigate risks.

However, the assessment highlights that stringent KYC requirements pose a major challenge for providing financial inclusion products. Many of these products do not have the option to apply simplified due diligence measures on low risk customers, lack of credit scoring alternatives and the lack of awareness in low-income segments.

### 4. Recommendations

Key recommended actions for enhancing financial inclusion and mitigate associate ML/TF Risks include the following:

- Update and approve the financial inclusion National Strategy
- Define financial inclusion product to provide guidance to reporting persons
- Promote the application of Risk-based due diligence measures — Regulators and Supervisors should allow agents to open a full operational account for low-income earners classified as low risk customers and apply simplified KYC requirements for FI products assessed as low risk
- Conduct ML/TF risk reviews of financial inclusion products
- Organize capacity building and raising awareness activities on AML/CFT Requirements to the facilitators of financial inclusion.

# 7

## TAX CRIMES ML RISK ASSESSMENT



## 1. Introduction

Rwanda's 2018 National Risk Assessment (NRA) on Money Laundering and Terrorism Financing (ML/TF) identified notable vulnerabilities with tax offenses rated as a **Medium-Low** due to limited monitoring and compliance. Subsequent to the publication of Rwanda's 2018 National Risk Assessment (NRA), Rwanda adopted a risk-based approach, implementing initiatives including manning CCTV cameras at strategic borders, deploying the surveillance police, and whistleblower programs to support tax fraud reporting.

The assessment conducted aimed at evaluating **current ML risk** related to tax crimes<sup>21</sup> by analysing threats and vulnerabilities

## 2. Tax system in Rwanda

Rwanda's taxation system emphasizes self-assessment, voluntary disclosure, and fostering accurate tax reporting by promoting honesty among taxpayers.

However, those who evade taxes are subject to both administrative and criminal penalties.

To enhance tax compliance and boost revenue collection, Rwanda has introduced several initiatives focused on modernizing tax administration, expanding the tax base, and utilizing technology for greater efficiency. These efforts include the implementation of digital tax services through the E-tax system, the use of electronic billing machines (EBM), the deployment of business intelligence systems, and the introduction of cargo tracking systems, all aimed at improving tax compliance and streamlining processes.

The initiatives and systems in place highlight the country's commitment to modernization and boosting tax revenue, which reached 15% of GDP and contributed 50.8% to the national budget in the 2022/2023 fiscal year as illustrated in the following figure



<sup>21</sup>Under Rwanda context tax crime means tax evasion.

**Figure 19: Contribution of tax to GDP and the National Budget**



Source: RRA Annual activity report 2022/2023

The notable influence of taxes on GDP and the national budget is reflected in the steady increase in net revenue collections, which has closely aligned with the overall growth of the economy as shown in figure below

**Figure 20: Revenue collections and contribution to the national treasury**



Source: Rwanda: RRA Tax statistics, Fiscal year 2022/2023, 6th Edition

The figure above shows a significant increase in revenue collections and contribution to the national treasury from 2016 up to 2022.

To further promote transparency in the tax system and strengthen tax policy, various initiatives have been introduced, including the signing of agreements with the global tax community and active participation in tax forums. The agreements include:

#### **Double Taxation Agreements (DTAs)**

Rwanda signed Double Taxation Avoidance Agreements (DTAAs) with countries like South Africa, Belgium, Mauritius, Singapore, Turkey and the UAE to prevent double taxation and boost international trade. Efforts to expand these agreements continue with other countries in Africa, Asia, and Europe.

### **East African Community (EAC) Tax Agreements**

As an East African Community (EAC) member, Rwanda has signed agreements to harmonize tax policies, customs procedures and VAT regulations with other member states.

### **Global Forum on Transparency and Exchange of Information for Tax Purposes**

Rwanda, as a member of the Global Forum on Transparency, follows international tax transparency standards enabling information sharing through Exchange of information on request (EOIR) & Automatic exchange of information (AEOI) to combat cross-border tax evasion and fraud.

### **African Tax Administration Forum (ATAF)**

Rwanda, as a member of the African Tax Administration Forum (ATAF), collaborates with African tax authorities to enhance tax transparency, combat illicit financial flows and strengthen tax policy frameworks. Through ATAF, Rwanda aligns its tax administration with international best practices.

Other initiatives involve legal frameworks aimed at improving tax compliance while curbing tax evasion and fraudulent activities. According to Rwandan law (Articles 90 and 91 of Law No. 020/2023 of 31/03/2023 on tax procedures), offenses such as tax evasion and falsified VAT refund claims are prohibited and subject to both administrative and criminal penalties.

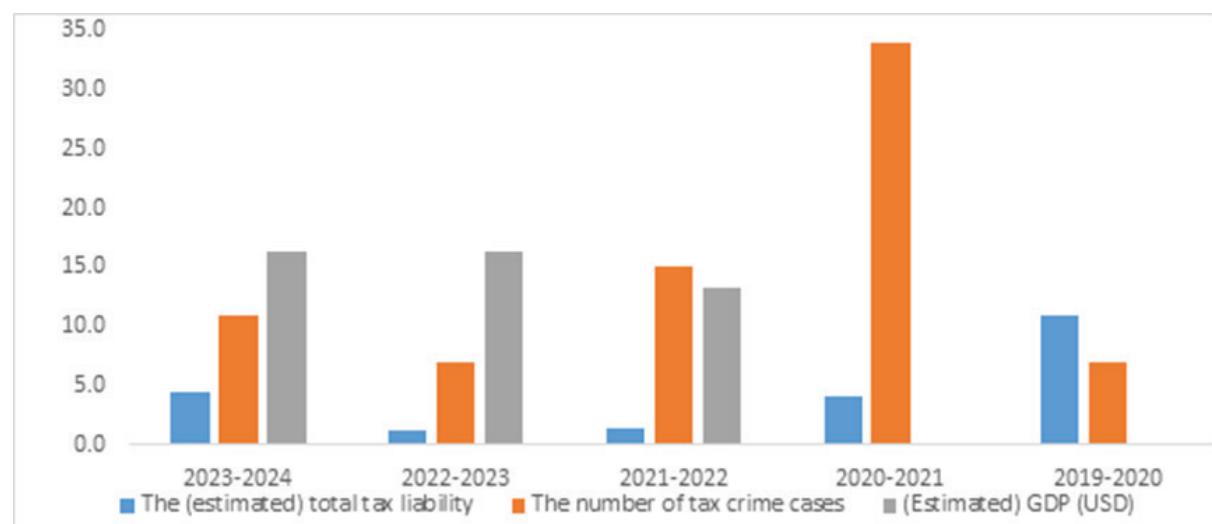
### **3. The Tax Crimes and Proceeds Threat Assessment**

The Tax Crimes and proceeds ML threat assessment evaluated the scale through determining the magnitude of known tax crimes, proceeds and frequency in Rwanda, their connection to money laundering and evaluated the impact of tax evasion on macroeconomic indicators (Estimated GDP).

#### **7.3.1 The magnitude of tax crime threat in terms of incidences and proceeds**

The assessment analysed enforcement data considering the frequencies of tax crimes and proceeds involved as well as their impact on GDP.

**Figure 24: Determining the scale of tax crime threats**



Source: RRA

The above figure illustrates the number of tax crimes investigated, the proceed involved and estimated impact to GDP. From 2019 to 2024, 116 tax evasion cases totalling 23 billion Rwandan francs were identified and investigated, 63 prosecuted resulting into 36 convictions involving FRW **432,189,137**.

The analysis of these cases shows that all of them have been committed domestically, there was no international nexus.

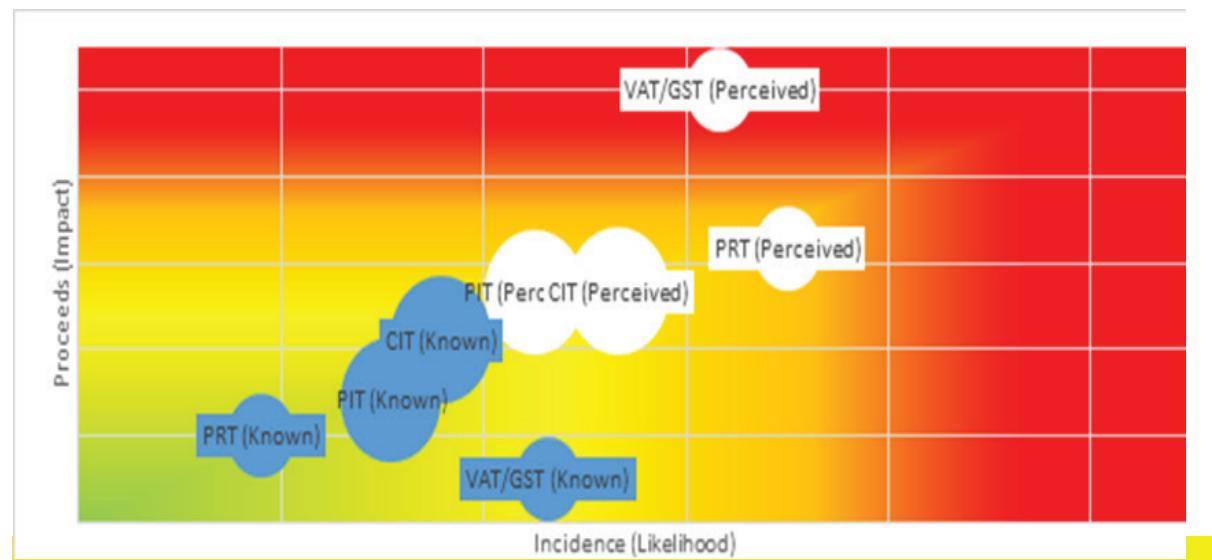
The previous NRA of 2018 had identified 31 tax evasion cases with worth 18 billion Rwandan francs. The increase in number

of identified cases from 31 to 116, identified in the current national risk assessment is due to effective systems that identify tax evasion cases. However, it's also worth noting that, the proportion of involved proceeds tremendously reduced compared to the previous NRA tax evasion proceeds.

### 7.3.2 The threat assessment on revenue stream

The analysis focused on specific revenue streams—PIT, CIT, payroll tax, and VAT—highlighting areas where tax crimes are most prevalent, ensuring a logical flow from broader context to detailed findings.

**Figure 25: The heat map visuals level of tax crime threat among the revenue streams**



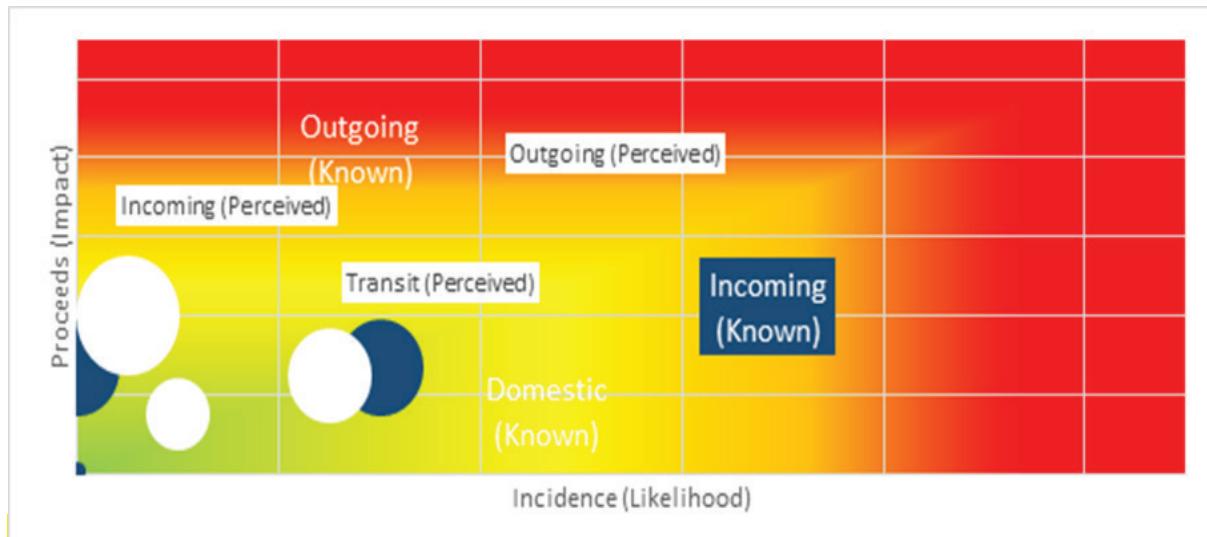
From the analysis of both known and perceived crimes, VAT incidences and proceeds involved (70% of total liability and incidence) and this revenue stream emerge to pose higher threat than other revenue streams.

Subsequently, the heat map identifies both known and perceived VAT crimes to possess a medium threat compared to other revenue streams as illustrated in figure below.

### 7.3.3 Assessing Money Laundering Threat

The analysis of money laundering threats examined the link between offshore money laundering and offshore tax crimes as well as incidence of proceeds in money laundering cases connected to the tax crimes. The analysis reviewed both known and perceived incoming and outgoing activities as shown in the heat map below.

**Figure 26: Heat map data visual showing money laundering threat level**



From the heat map above, there's no threat of money laundering resulting from tax crimes. The analysis of law enforcement data indicated no money laundering case related to tax crimes either identified or investigated. However, the perception is that tax crime can lead to money laundering.

#### 7.3.4 Business sectors at risk of tax crime

The analysis of tax crime typologies indicated wholesale, retail, and construction sectors as the most vulnerable to tax evasion.

#### Case study: Tax evasion case

A corporation (Z Company Ltd) was transiting goods through Rwanda from Neighbouring Country A destined to Neighbouring Country B. Official declarations of transiting goods were done under normal procedures given to cross border transit goods (T1) under declaration of 1M7 where the transiting goods are put seal until the final destination where tax authority verifies and remove the seal. By contrast the vehicle in transit manoeuvred and tried to evade by dumping goods through forging documents to accompany the goods for local consumption making declaration of 1M4. Breaking seal without consent of tax authority is an offence. The vehicle was surveyed and tracked by tax authority.

Nature of tax crime: Unaccustomed goods (tax evasion in customs)

Subsequently, goods were confiscated and auctioned and accomplices criminalized. Amount involved: Rwf 49,220,084.

The findings from the general tax crimes and proceeds threat assessment indicate that the overall threat of tax crime to ML is assessed medium

#### 4. Vulnerability assessment

Addressing tax evasion requires evaluating legal strength, tax authority capacity, technological use, international cooperation and procedures that detect and prevent offenses. Domestic Tax Vulnerability assessment aims to identify and evaluate the weaknesses within the tax systems framework that could be exploited for tax-related offenses. Assessing the maturity and effectiveness of a country's legal, institutional and operational frameworks. The domestic vulnerability was assessed using the prevailing tax laws, regulations and guidelines and legal instruments.

- **Legal framework Assessment**

The legal framework sets the foundation for tax administration and assess its adequacy and alignment with best practices by examining laws and regulations governing tax collection, enforcement, and penalties to ensure they are clear, consistent, and comprehensive. Those legal instruments are in place and they are updated regularly to enhance tax compliance. However, the implementation is still having some gaps.

- **Institutional framework Assessment**

Rwanda Revenue Authority was established and empowered to ensure transparency and accountability and integrity of tax system. In its operations, it assesses tax abuse, monitors the implementation of tax policies, laws and procedures against best practices and works hand in hand with relevant authorities. However, there is need to improve and capacitate staff who examine tax offenses, need to improve tax systems for effective detection of tax crimes.

- **Operational areas vulnerable to tax evasion**

The vulnerability assessment identified operational areas of transfer pricing, underreporting, and non-filing as effective functional areas, while falsehood, obstruction, and offshore schemes emerged as particularly vulnerable areas requiring greater focus.

The assessment rated the tax crime ML vulnerability **medium-low**.

#### 5. Conclusion

The findings from the Tax Crime threat and vulnerability assessment subsequently indicated that the current tax system face a **medium** level risk derived from **medium low** vulnerability and **medium** threat.

#### 6. Recommendations

- Tackling tax offenses is essential for a fair tax system, better revenue collection, and public trust. Despite progress in managing vulnerabilities, more work is needed. Hence, the following are key recommended actions:
- Strengthening Tax Enforcement through enhancing the institutional capacity in combating tax evasion
- Implement sector-specific interventions in high-risk areas
- Educate taxpayers on the importance of compliance and the consequences of tax evasion.
- Strengthening collaboration with both international and local partners to address cross-border tax evasion.
- Keep improving systems to always detect and identify tax crime cases

Two empty circles, one above the other, intended for drawing a face.

# NON-PROFIT ORGANISATION TERRORIST FINANCING RISK ASSESSMENT



## 1. Introduction

The non-profit sector is a vital contributor to society and the global economy, not only in Rwanda but worldwide. It provides essential services and functions that improve the quality of life for many, often in challenging and dire circumstances.

According to the Financial Action Task Force (FATF), an Non-Profit Organization(NPO) is defined as any legal person, arrangement, or organization primarily engaged in raising or disbursing funds for charitable, religious, cultural, educational, social, or fraternal purposes, or for carrying out other types of "good works."

This assessment was conducted to identify which subset of organizations that fall within the FATF definition of NPO, identify the features and types of NPOs which by virtue of their activities or characteristics, are likely to be at risk of terrorist financing abuse and to identify the nature of threats posed by terrorist entities to the NPOs which are at risk as well as how terrorist actors can abuse those NPOs.

## 2. Registered NPOs subsets in Rwanda

In Rwanda, NPOs address a wide range of social, economic, and humanitarian needs (charitable services) across various thematic areas, including agriculture; energy; urbanization and rural settlement; transport; environment and natural resources; private sector development; youth empowerment; financial sector development; ICT; education; health; social protection; water and sanitation; decentralization and governance; justice, reconciliation, law and order; advocacy; economic governance/PFM; sport; culture; religious (Evangelism); socio/Fraternal purposes; and good works (Humanitarian actions). NPOs are allowed to participate in more than one among these different sectors.

The assessment, noted that all NPOs intervening in below activities are not falling under FATF definition, this includes Agriculture, Energy, urbanization and rural settlement, Transport, Private Sector development, Environmental and natural resources, advocacy, Economic governance and financial sector development while the remaining categories fall within the NPO definition as per FATF.

During the assessment there were 2,366 NPOs registered in Rwanda. Out of these registered NPOs, 1,888 NPOs were found meeting the FATF NPO definition (1,089 National NGOs, 198 International NGOs, 531 Faith-Based Organizations (FBOs) and 70 Common Benefit Foundations) and 478 NPOs are not falling under FATF definition due to the nature of their works.

## 3. TF Inherent Risk in the Non-Profit Organisations sector

The assessment evaluated the nature of the terrorist financing (TF) threat to Non-Profit Organizations and determined which NPO activities may be at risk of TF abuse.

### 8.3.1. Nature of the TF Threat to NPOs

The findings of the assessment indicated that NPO, due to their activities, are threatened for Terrorist Financing by the following factors:

- The abuse by those who want to promote extremist ideologies
- Politically instability in neighboring jurisdictions
- Terrorist Sympathizers

### 8.3.2. NPO's activities that may be at risk of TF abuse

- Alternative sources of funds (donations in cash and religious offerings)
- Cash fund-raising from anonymous sources.
- Trainings and workshops

Generally, the assessment revealed that NPO sector was at **Low Risk** of TF abuse. However, Faith Based Organisations were found to be more exposed to TF abuse, followed by Common Benefit Foundations and National NGOs, while International

NGOs were found to be at the lowest level of TF abuse. TF abuse is mostly due to use of cash especially FBO coupled by complex control and other initiatives such as fund raisings and offerings.

**Table 8: Inherent TF risk assessment**

No	Intermediary variables	3. Inherent risk assessment											
		Inherent risk	Assessment	Rating	Assessment	Rating	Assessment	Rating	Assessment	Rating	Assessment		
	Input variables	National NGOs		International NGOs		Faith Based Organisations		Common Benefit Foundation					
1	Threat	TF Typologies	Diversion of funds	Low	0.2	Low	0.2	Low	0.2	Low	0.2		
2			Affiliation with a terrorist entity	Low	0.2	Low	0.2	Low	0.2	Low	0.2		
3			Abuse of programming	Low	0.2	Low	0.2	Medium	0.5	Low	0.2		
4			Support to recruitment efforts	Low	0.2	Low	0.2	Low	0.2	Low	0.2		
5			False representation/Sham NPO	Low	0.2	Low	0.2	Low	0.2	Low	0.2		
6		Proximity to active terrorist threat	Collection of funds	Low	0.2	Does not exist	0.0	Low	0.2	Does not exist	0.0		
7			Transfer of funds	Low	0.2	Low	0.2	Low	0.2	Low	0.2		
8			Expenditure of funds	Low	0.2	Low	0.2	Low	0.2	Low	0.2		
1	Inherent vulnerability	NPO Profile	Size	Large	1.0	Medium	0.5	Large	1.0	Small	0.2		
2			Activity type	Service	1.0	Service	1.0	Service	1.0	Service	1.0		
3			Offshore/complex control structure	Low	0.2	High	1.0	Low	0.2	Low	0.2		
4			Level of accountability required by funding sources	Low	1.0	Medium	0.5	Low	1.0	Low	1.0		
5			Level of verifiability of fundraising methods	Low	1.0	Medium	0.5	Low	1.0	Low	1.0		
6			Level of cash transfers, valuable in-kind goods	Low	0.2	Low	0.2	Medium	0.5	Low	0.2		
7		Operational features	Level of risk appetite	Low	0.2	Low	0.2	Low	0.2	Low	0.2		
8			Complexity / length of operational chains	Low	0.2	Low	0.2	Low	0.2	Low	0.2		
9			Reliance on transitory or informal workforce	Low	0.2	Low	0.2	Low	0.2	Low	0.2		
10			Level of professionalism	Low	1.0	Medium	0.5	Low	1.0	Low	1.0		
11		Methods to transfer funds	Use of cash	Low	0.2	Low	0.2	Low	0.2	Low	0.2		
12			Use of virtual currency	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0		
13			Use of informal money transfer system	Low	0.2	Low	0.2	Low	0.2	Low	0.2		
Overall inherent risk rating of category of NPOs:			Summary rating	0.20	Summary rating	0.18	Summary rating	0.24	Summary rating	0.22			
THREAT summary result (using an OPEN DOOR approach)			Summary rating	0.20	Summary rating	0.20	Summary rating	0.50	Summary rating	0.22			
INHERENT VULNERABILITY summary result			Summary rating	0.62	Summary rating	0.43	Summary rating	0.64	Summary rating	0.62			

As shown in the above table on inherent risk, threat level in Faith-Based Organizations was rated **Medium** and **Low** in International NGOs and National NGOs as well as Common Benefit Foundations. Additionally, the **inherent vulnerability** rated **high** in the Faith-Based Organizations, National NGOs and Common Benefit Foundations while International NGOs was rated **low**. Overall the inherent risk was assessed **Low** across all NPO sector in Rwanda.

#### 4. Evidence of TF abuse of the NPO sector

The assessment highlighted that:

- From 2019 to 2024, no Suspicious Transaction Reports (STRs) related to TF within NPOs were submitted to the Financial Intelligence Centre (FIC). Additionally, the FIC intelligence reports did not indicate any NPO involvement in TF or terrorism cases during this period.
- The assessment revealed that there were no cases of TF/Terrorism Convictions, Prosecutions, Investigations and Intelligence involving NPOs.
- No credible open-source information or allegations surfaced regarding terrorism or TF involving NPOs.

**Figure 21: Level of TF abuse of NPO**

No	Input variables	2. Evidence of level of terrorist financing abuse of NPO							
		Assessment		Rating		Assessment		Rating	
		International NGOs		National NGOs		Faith Based Organisations		Common Benefit Foundation	
1	Number of TF/terrorism Convictions	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
2	Number of TF/terrorism Prosecutions	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
3	Number of TF/terrorism Investigations	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
4	Number of TF/terrorism Intelligence	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
5	Number of TF/terrorism STRs	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
6	Number of TF/terrorism Allegations in credible open sources	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
	Open Door approach	Summary rating	0.00	Summary rating	0.00	Summary rating	0.00	Summary rating	0.00

While TF remains a global threat, the evidence indicates that the NPO sector in Rwanda is at **low** risk of TF abuse.

## 5. The effectiveness of mitigating measures

The NPO sector in Rwanda is regulated and supervised by Rwanda Governance Board (RGB), an independent public institution with primary mandate to promote good governance, monitor service delivery, and regulate Non-Governmental Organizations (NGOs) and political parties in Rwanda.

NPOs sector is categorized into four main groups: National Non-Governmental Organizations (NNGOs), International Non-Governmental Organizations (INGOs), Faith-Based Organizations (FBOs), and Common Benefit Foundations (CBFs), each category governed by specific legislation. National Non-Governmental Organizations and International Non-Governmental Organizations are regulated under Law N°058/2024 of 20/06/2024, which outlines the management framework for both domestic and foreign NGOs operating in Rwanda. Common Benefit Foundations are governed by Law No 059/2021 of 14/10/2021, setting out provisions for foundations

established for the public good. Faith-Based Organizations (FBOs) operate under Law N°72/2018 of 31/08/2018, which determines the organization and functioning of faith-based Organizations.

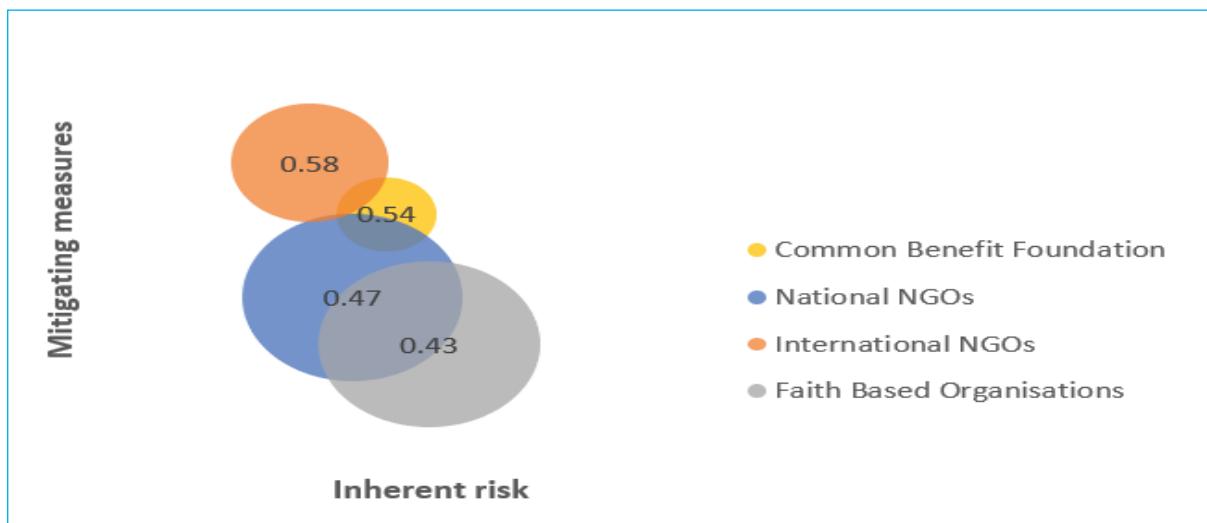
Through its regulatory framework, RGB conducts monitoring, and supervision aiming to enhance accountability, ensure transparency and compliance, and prevent the misuse or exploitation of NPOs, thereby strengthening the integrity of the sector in Rwanda.

Rwanda 2nd round of MER 2024 noted that the NPO sector has not been assessed for purposes of determining those NPOs at risk of TF abuse and concluded the TF risk from NPOs are not well understood. Additionally, assessment highlighted number of deficiencies including: diversion of funds, lack of comprehensive due diligence for donors and supports, lack of sanctions screening mechanism, inadequate monitoring of NPOs activities and inadequate outreach and awareness program to NPOs.

Table 9: **Mitigating measures**

No	Intermediary Variable	Mitigating measures	4. Mitigating measures assessment							
			ASSESSMENT RATING		ASSESSMENT RATING		ASSESSMENT RATING		ASSESSMENT RATING	
			National NGOs	International NGOs	Faith Based Organisations	Common Benefit Foundations	Rating	Rating	Rating	Rating
GENERAL INPUT VARIABLES										
1	Government measures	Quality of outreach and education	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5
2		Quality of NPO policies	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5
3		Scope of registration of FATF NPOs	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5
4		Availability and accessibility of accurate NPO information	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5
5		Avoiding disruption of NPO activities	High	1.0	High	1.0	High	1.0	High	1.0
6	NPO measures	Quality of Governance	Medium	0.5	Medium	0.5	Low	0.2	Medium	0.5
7		Quality of Financial management	Low	0.2	Medium	0.5	Low	0.2	Medium	0.5
8		Quality of Project management	Low	0.2	Medium	0.5	Low	0.2	Medium	0.5
9		Quality of staff vetting and oversight	Low	0.2	Medium	0.5	Low	0.2	Low	0.2
10		Level of commitment to ethics and transparency	Low	0.2	Medium	0.5	Low	0.2	Medium	0.5
11		Level of self-regulation (incl. implementation)	Low	0.2	Medium	0.5	Low	0.2	Low	0.2
Overall mitigating measures rating of category of NPOs:			Summary rating	0.47	Summary rating	0.58	Summary rating	0.43	Summary rating	0.54

**Figure 22:**Overall mitigating measures in NPO



Overall rating per NPO Category				
Indicators	National NGOs	International NGOs	Faith Based Organisations	Common Benefit Foundations
	Ratings			
Inherent Risk	Low (0.20)	Low(0.18)	Low(0.24)	Low(0.22)
Evidence of the level of TF abuse	Does not exist (0.0)	Does not exist (0.0)	Does not exist (0.0)	Does not exist (0.0)
Quality of Mitigating measures	Low (0.47)	Medium(0.58)	Low (0.43)	Medium(0.54)

The overall mitigating measures in NPOs were rated **Medium**. This is derived from the International NGOs and Common Benefit Foundations rated **medium** and the National NGOs and Faith Based Organizations were rated **Low**

## 6. Overall NPOs RISK assessment

The assessment revealed that the overall terrorist financing (TF) inherent risk in Non-Profit Organization (NPO) sector was rated **Low**. The TF threat was rated **Low** while inherent vulnerability across the sector was rated **Medium**. In addition, the

mitigating measures were rated **Medium**. Hence, TF risk in NPOs is **Medium Low**.

- **The assessment highlighted the following key challenges and weaknesses**
- Some NPOs have limited understanding of terrorism financing risks and their Counter Terrorist Financing obligations;
- Insufficient capacity to conduct due diligence on funding sources and donors;
- Some NPOs were found to be using cash in hand instead of using bank accounts in conducting financial transactions.

- Some NPOs were found to be reallocating their budget to unplanned activities which would otherwise lead this budget into the hands of terrorists.

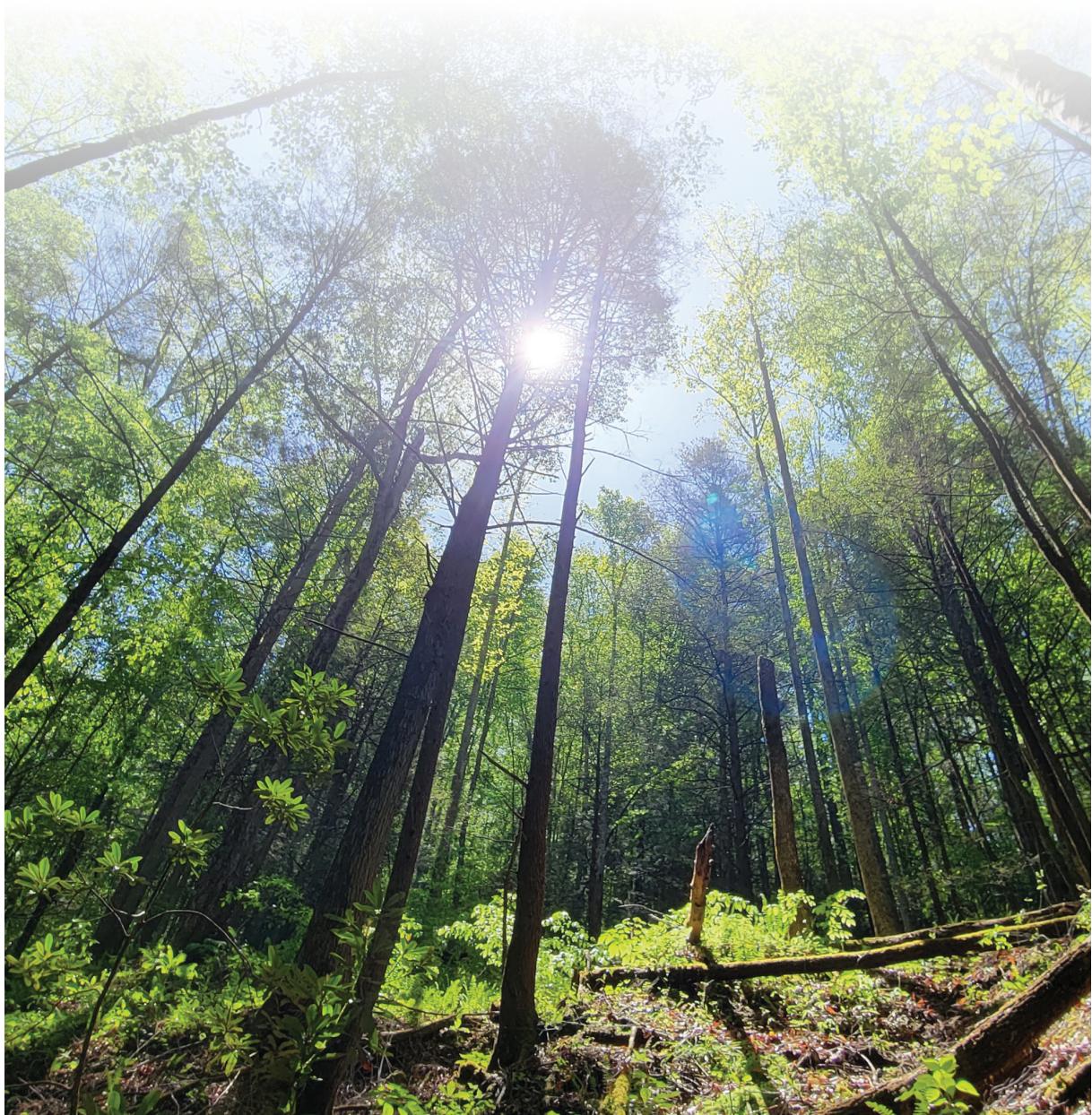
## 7. Recommendations

Key recommended actions include the following:

- Apply Risk Based Approach (RBA) in AML/CFT monitoring and supervision of NPOs
- The regulator should establish the procedures to approve all needed NPO budget reallocation/diversion and enhance budget implementation through monitoring and inspections
- NPOs to establish sound procedures to approve all needed budget reallocation/diversion and enhance budget implementation.

- NPOs should conduct due diligence on funders and donors before entering into relationship
- Enhance outreach and engagement with the NPO sector to raise awareness of TF abuse within the sector.
- Ensure that all transactions are conducted via regulated financial and payment channels.

# ENVIRONMENTAL AND NATURAL RESOURCE CRIMES RISK ASSESSMENT



## 1. Introduction

The Environmental and Natural Resource Crimes Risk Assessment seeks to identify key threats and vulnerabilities within the sector, while providing strategic recommendations to strengthen regulatory controls, prevent environmental crimes, and effectively tackle the risks of associated money laundering.

The environmental sector has evolved due to human activities, technological changes, and shifting land use, contributing to environmental degradation and crime. The sector plays a crucial role in Rwanda's economy, promoting sustainable resource use and environmental stewardship. Rwanda's Constitution (Article 22) mandates the state to provide a clean, healthy environment and highlights the duty of all citizens to protect it (Article 53).

The Ministry of Environment (MoE) oversees Rwanda's environmental protection and sustainable management of resources, supported by various agencies. Wildlife crimes and offenses in forestry, fisheries, pollution, and mining are investigated, prosecuted, and penalized. Violations such as illegal plastic use and buffer zone breaches also face legal consequences.

## 2. Environmental and natural resources threat assessment

Natural resources in Rwanda, including land, water, forests, mines, and geology are under the Ministry of Environment (MoE). The Ministry is responsible for among others; coordinating the environment and Natural Resources sector aiming to protect green spaces and climate resilience while utilising natural resources optimally.

The threat assessment considered the rate of environmental crimes investigated, prosecuted and analysed the amount of money involved and recovered.

During the assessment period, 18 wildlife crime cases were investigated involving illegal hunting, selling, injuring, or killing protected animal species. There were 16 cases that were prosecuted with 10 convictions. At the time of the assessment, 6 cases were still pending in courts, 2 were closed by the prosecution while other 2 were acquitted. The confiscation was 291.5 kgs of ivory worth Frw 135,064,800.

In addition, other administrative fines and non-criminal actions were taken for various sector offenses. No case of ML in the sector was investigated.

**Figure 23: Criminal sanctions and fines**



Rwanda investigation bureau (RIB) data

The figure above shows that the offense that is predominant is the use of plastic and polythene bags followed by violating buffer zones, illegal fishing and illegal mining. Based on the analysis of quantitative and qualitative data, environmental sector offenses are assessed to have a moderate likelihood and impact on the ecosystem, economy, and criminal environment.

The overall threat to the sector is considered **Medium**. This rating is derived from the fact that the majority of the identified cases were committed in Rwanda, with a few that originated from the neighbouring countries generating higher proceeds of crime compared to domestic cases. Rwanda was used as a transit point to other destinations, particularly Asia, Australia, and the EAC region.

### 3. Vulnerability sector assessment

The vulnerability assessment highlights Rwanda's strong legal and institutional frameworks for addressing environmental crimes, including effective preventive and criminal law enforcement, as well as robust customs and border controls, enabling the country to combat environmental criminal activities effectively.

#### 9.3.1. Institutional Framework

- In addition to the Ministry of Environment, Rwanda has set up various institutions to manage natural resources including: RNRA which manages and promotes natural resources. Rwanda Environment Management Authority Responsible for environmental protection, along with provincial and district committees.

- Rwanda Water Resources Board (RWB) Responsible for improving the quality and productivity of water resources; and
- Integrated Water Resources Management (IWRM). Rwanda's national water resources policy, which promotes the coordinated development and management of water, land, and related resources.

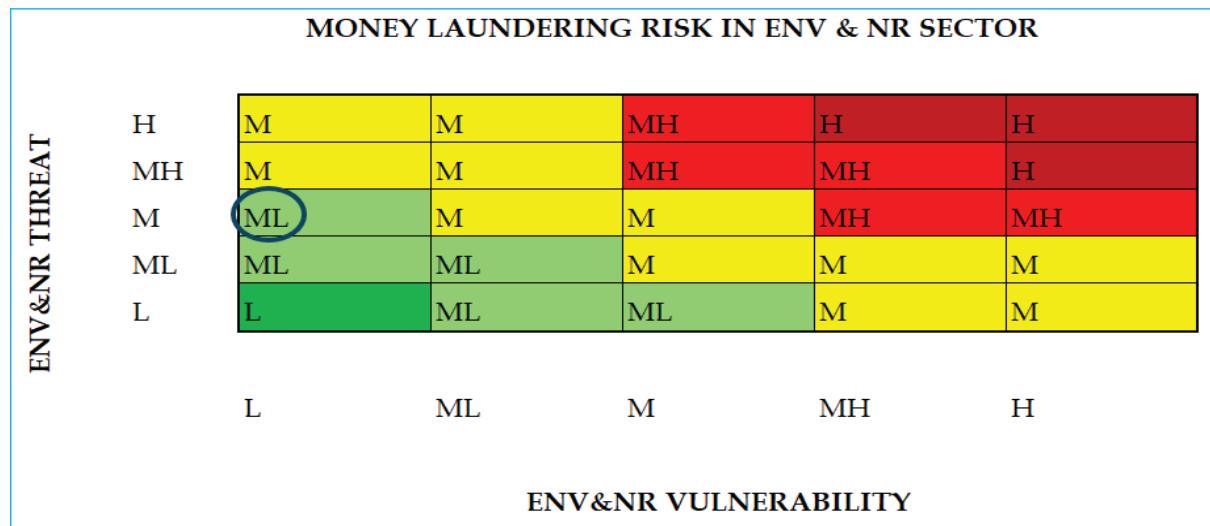
#### 9.3.2. Legal Framework

To ensure that the environment is well protected, different legal instruments have been put in place by the government of Rwanda and other stakeholders. It includes but not limited to the following: the Constitution of the Republic of Rwanda in its article 22 and 53. Established Law n°48/2018 of 13/08/2018 on environment, Law N° 064/2021 of 14/10/2021 governing biological diversity. Other provisions concerning environmental crimes include: Law N° 064/2021 of 14/10/2021 governing biological diversity, Law N° 58/2018 of 13/08/2018 on mining and quarry operations, LAW N°48/2018 of 13/08/2018 on environment, Law N° 27/2021 of 10/06/2021 Law governing land and Law N°49/2018 of 13/08/2018 determining the use and management of water resources in Rwanda.

The assessment of ML vulnerability in the Environmental and Natural Resource Crimes Sector was rated **Low**.

#### 4. Money Laundering risk of the environmental and natural resource crimes sector

**Figure 24: The overall ML risk in environmental and Natural Resources sector**



The assessment of ML risk in the Environmental and Natural Resource Sector was rated **Medium Low**; this derived from environmental natural resources threat, which is rated **Medium** while the vulnerability is **Low**.

The risk assessment highlighted the following weaknesses:

- Absence of indicators to detect these crimes in financial transactions or activities, which limits the institutions' ability to report suspicious activities.
- Low understanding among stakeholders about their AML responsibilities;
- Not conducting parallel financial investigation while investigating/prosecuting environmental crimes
- Lack of clear collaboration guidelines, and ineffective remote witness testimony for environmental crimes.

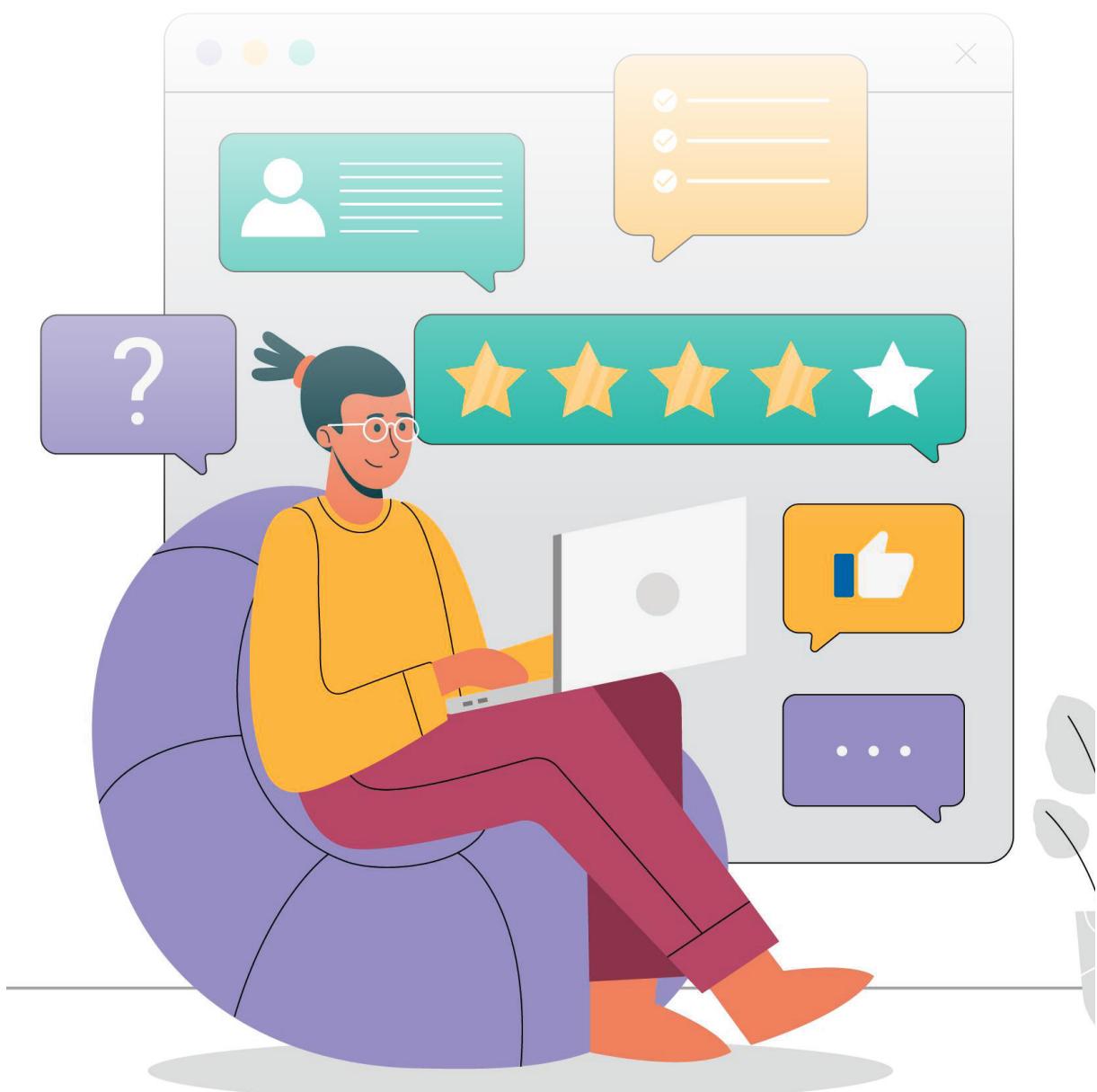
#### 5. Recommendations

The following are key recommended actions:

- To create clear indicators to help reporting persons to detect and report suspicious transactions and activities related to environment and natural resources;
- To raise awareness among stakeholders about AML obligations to enhance compliance;
- To improve Data Systems: Strengthen the Ministry of Environment's database to distinguish between criminal and administrative sanctions;
- To ensure that LEAs conduct parallel financial investigation while investigating environmental crimes;
- To clarify Asset Management Roles: Establish detailed guidelines for the Seized and Confiscated Property Unit to ensure effective collaboration;
- To enable Real-Time Information Sharing: Implement a secure system for timely access to beneficial ownership and directorship details; and
- To establish domestic collaboration framework ensuring prompt exchange of information and joint activities whenever necessary.

10

## GENERAL KEY RECOMMENDATIONS



## 1. Recommendations to policy makers

### **The following key recommendations have been made:**

- Government of Rwanda should strive to formalize its economy by adopting strong measures, such as implementing strong digital payment systems to enhance transparency and reduce reliance on cash transactions
- Government of Rwanda should strengthen the capacity and resource allocation to FIC and the law enforcement agencies to enable them adequately to counter the emerging ML / TF threat
- Government of Rwanda should Update and approve the financial inclusion National Strategy
- Government of Rwanda should develop a comprehensive legal and regulatory framework governing VAs/VASPs
- Government of Rwanda should develop legal and regulatory framework governing real estate agents/operators
- VASPs should be designated as reporting person
- Build the capacity of the supervisory bodies to supervise and ensure compliance with ML/TF preventive measures
- the AML/CFT laws, relevant regulations and Orders should be revised to address the identified technical compliance deficiencies in the mutual evaluation report (MER); and comply with AML/CFT International Standards
- Ensure harmonization of TCSP Regulations: Resolve regulatory conflicts regarding TCSPs serving as nominee directors, as company law restricts directorship to natural persons.
- Establish the system for management of assets seized and frozen in order to maintain their values
- Enhance the asset recovery measures

## 2. Recommendations to Stakeholders

- Competent authorities should develop a mechanism to collect and document ML/TF related data in a manner which allows for easy retrieval and access
- Supervisory authorities to enhance the supervision by applying risk-based supervision
- Supervisory authorities should ensure that the reporting persons understand and implement their AML/CFT obligations and ML/ TF risks in order to be able to manage them
- the competent authority should explore the feasibility of providing direct access to basic information (via online) to all reporting persons and the public at large
- All reporting persons, particularly financial institutions, to conduct institutional risk assessment of their customers, products, services, transactions, and delivery channels, based on the findings of the NRA relevant to them
- FIC in collaboration with competent authorities should organise AML/CFT awareness campaign targeting key AML/ CFT stakeholders
- FIC should develop an elaborate guidance on PEP and communicate it to reporting persons for easy screening
- Issue the national sanction list and make it available to reporting persons
- Ensure laws governing Notaries and Bailiffs are amended in line with the AML/CFT law requirements to resolve the issue of conducting CCD and reporting of STRs

### **3. Sectoral Recommendations**

- Financial sector regulators should adopt risk-based AML/CFT supervision to appropriately target entities that are more vulnerable to ML/TF abuse.
- Financial institutions should develop training programs for their staff, and continuously review the effectiveness of trainings conducted, to improve AML/CFT knowledge among staff.
- Financial sector service providers should enhance training for their staff/employees.
- RGB to enhance Risk based supervision of the NPO sector and to put in place guidance and best practices to NPOs on how they shall prevent the TF and enhance supervision.
- RDB, to ensure all legal structures have submitted accurate and updated BO information and enhance compliance with BO Reporting, conduct further awareness on BO obligations and enforce legal sanctions to improve compliance.
- LEAs to conduct parallel investigation for ML cases and ensure that when handling terrorism case, related terrorist financing case is investigated.

# CONCLUSION

Rwanda is dedicated to collaborating with both international and domestic stakeholders to prevent, detect, and take action against ML/TF. As a growing hub for business, finance, and trade in the region, Rwanda must remain proactive in addressing the rapidly changing ML threat landscape and evolving criminal techniques, ensuring its AML/CFT framework remains robust and adaptive.

To this end, Rwanda is continuously enhancing its comprehensive approach to combating ML/TF through prevention, detection, and enforcement. This includes strengthening its AML/CFT legal and regulatory frameworks, closely supervising AML/CFT obligated entities across all sectors, and fostering strong partnerships between public and private stakeholders. Such collaboration will enable quicker identification of risks and more coordinated responses to emerging threats.

The NRA offers a consolidated view of the primary ML threats, vulnerabilities and risks facing the country. FIs and designated non-financial businesses and professions DNFBPs in Rwanda are encouraged to integrate the findings of this NRA into their risk mitigation strategies to fortify their own AML measures.

Risk assessment is an ongoing process, and Rwanda remains committed to continuously monitoring and evaluating risks. This approach ensures that the country maintains an up-to-date understanding of threats and the effectiveness of its mitigation strategies. The findings of the assessment informed the development of a strategic action plan aimed at guiding both the Government and the private sector in prioritizing resource allocation to address ML/TF risks. (see ANNEX 3: 2024 NRA ACTION PLAN).

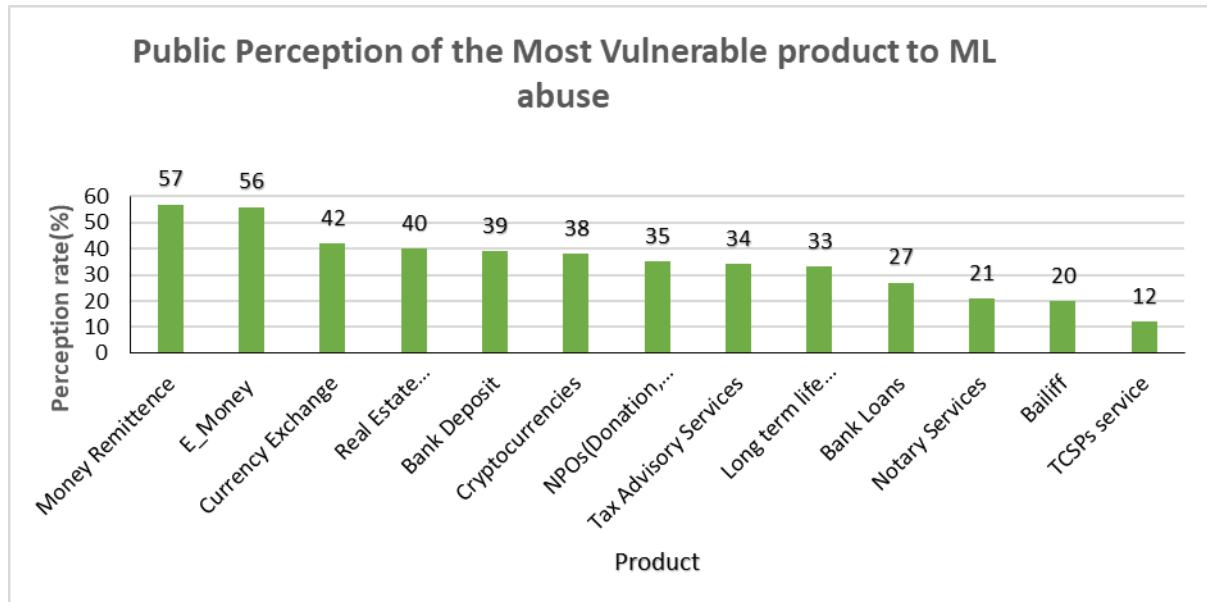
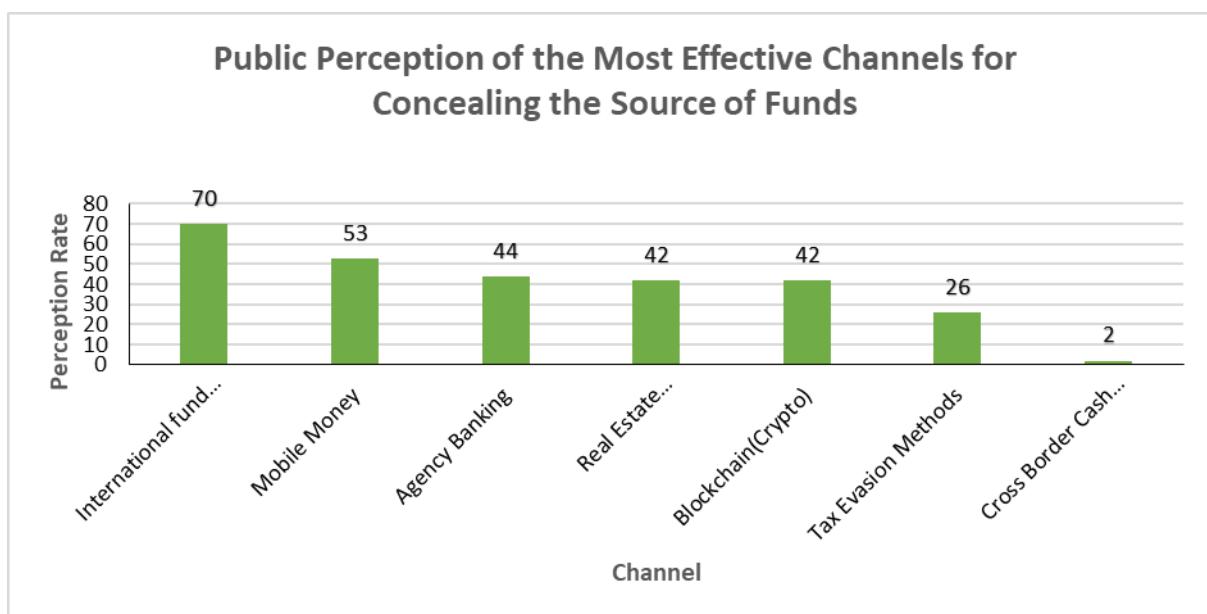
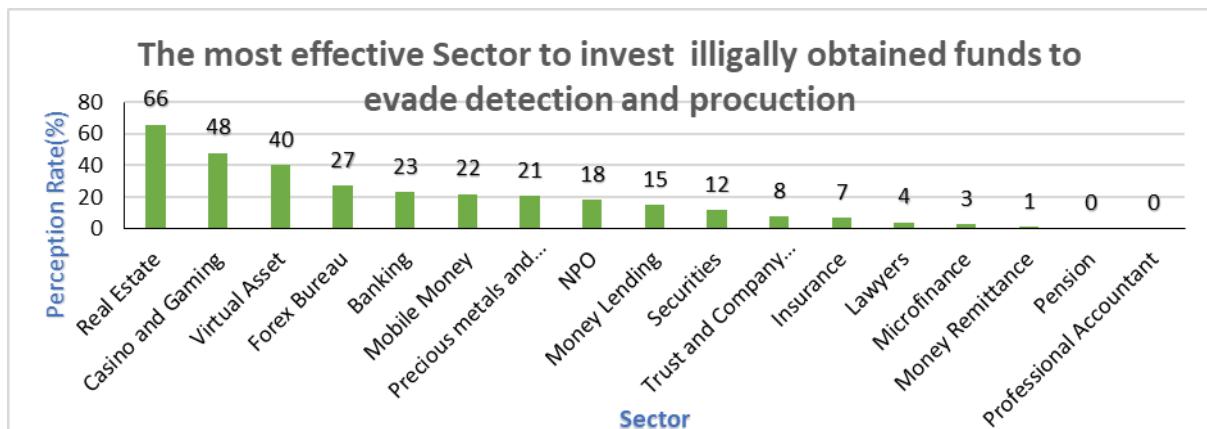


# APPENDICES

## ANNEX 1: List of stakeholders engaged in providing inputs to the NRA

• Ministry of Finance and Economic Planning	• Rwanda National Police
• Ministry of Foreign Affairs and International Cooperation	• Rwanda Revenue Authority
• Ministry of Trade and Industry	• Financial Intelligence Centre
• Ministry of Justice	• Notary and Bailiffs Representatives
• Judiciary	• Rwanda Bar Association
• The Office of Ombudsman	• Rwanda association of Real estate brokers
• National Bank of Rwanda	• Rwanda bankers' Association
• National Intelligence and Security Service	• Banks Representatives
• National Public Prosecution Authority	• Insurance and pension Representatives
• Transparency international Rwanda	• Cooperatives Representatives
• Rwanda Development Board	• Microfinance Representatives
• Rwanda Forex Bureaus Association	• Rwanda Civil Society Platform
• Rwanda Governance Board	• Money Transfers Representatives
• Rwanda Gas and Petroleum Board	• Real Estate Brokers and Agency Representatives
• Rwanda Investigation Bureau	• E-Money issuers Representatives
• Capital Market Authority	• Accountant and Auditors Representatives
• Ministry of Environment	• Directorate of immigration and emigration

## ANNEX 2: Public perception



### ANNEX 3: 2024 NRA ACTION PLAN

No	Recommended actions/ Activities	Responsible Institutions	Feb- June/25	Timeline		
				2025/ 2026	2026/ 2027	2027/ 2028
<b>ENHANCING UNDERSTANDING OF ML/TF RISK</b>						
1	Disseminate NRA findings and conduct awareness activities	FIC(lead) Supervisory & Competent Authorities	V			
2	Update AML/CFT National policy and strategy	FIC(lead) NCC	V			
3	Update the strategic plans of competent and supervisory authorities aligning their priorities, objectives and activities with the risks identified	LEAs Supervisory authorities FIC	V			
4	Conduct Institutional risk assessment for their customers, products, services, transactions, and delivery channels.	Reporting persons		V		
<b>ENHANCING AML/CFT LEGAL AND REGULATORY FRAME WORK</b>						
5	Update financial inclusion National Strategy	MINECOFIN(Lead) BNR		V		
6	Develop a comprehensive legal and regulatory framework governing VAs/VASPs	CMA (lead) BNR			V	
7	Develop legal and regulatory framework governing real estate agents/operators	MINICOFIN(Lead) FIC				V
8	Revise TCSP Regulations to be harmonized with provisions of the company law	BNR (lead) RBD			V	
9	Develop and publish a Ministerial order on PEP	MINICOFIN(Lead) FIC		V		
10	Amend laws governing Notaries and Bailiffs to align with the AML/CFT requirements	MINIJUST		V		
11	Develop sentencing guidelines for ML/TF Cases	Judiciary		V		
<b>STRENGTHEN INSTITUTIONAL CAPACITY</b>						
12	Organize training for Investigators, prosecutors and Judges on investigation and prosecution of ML/TF cases.	LEAs (Lead) Judiciary		V		

13	Organize specialized training for Investigators, Prosecutors on identification of TF and the conduct of parallel financial investigations	LEAs		V		
14	Organize specialized training for Investigators, Prosecutors on investigating cases involving Virtual Assets	LEAs			V	
15	Develop or acquire advanced and specialized tools to investigate ML/TF cases, including software for tracking virtual assets and emerging crimes.	LEAs			V	
16	Establish BNI and cash declaration systems, and develop tools to identify non-declarations.	FIC Competent Authorities operating at borders			V	V
17	Provide guidance to investigators and prosecutors on prioritizing and categorizing ML/TF cases, with a focus on identified high-risk predicate offenses	LEAs		V		
18	Allocate adequate resources to law enforcement agencies to effectively combat the evolving ML/TF threat.	LEAs		V	V	V

#### IMPROVING FINANCIAL INTELLIGENCE GATHERING, PROCESSING ,SHARING AND ACCESSING

19	Revise the FIC structure to expand staffing in core departments and establish any other necessary additional departments	FIC MINICOFIN		V	V	
20	Acquiring intelligence gathering tool	FIC		V		
21	Organize training for FIC staff on operational and strategic analysis and other relevant areas	FIC		V	V	V
22	Provide guidance on accessing and using Finance intelligence for investigating ML/TF and predicate offenses.	RIB NPPA	V			

INCREASING THE UNDERSTANDING AND IMPLEMENTING OF AML/CFT OBLIGATIONS						
23	Develop a customised risk based supervisory manual	Supervisory Authorities		V		
24	Implement risk based supervision activities	Supervisory Authorities		V	V	V
25	Organize training for Reporting persons on AML/CFT obligations	Supervisory Authorities		V	V	
26	Develop and implement training programs for reporting persons staff on AML/CFT	Reporting persons		V	V	V
27	Issue the Domestic sanction list and make it available to reporting persons	NCTC FIC		V	V	V
28	Establish and implement Risk based supervision framework for NPOs identified at risk of abuse for TF	RGB		V	V	V
29	Monitor the implementation of AML/CFT obligations and enforce sanctions for non-compliance	Supervisory Authorities RGB		V	V	V
30	Establish the system for maintaining comprehensive AML/CFT related statistics	LEAs, FIC	V			
31	Strengthen digital payment systems to enhance transparency and reduce reliance on cash transactions	BNR		V	V	V
IMPROVING ASSET MANAGEMENT AND RECOVERY MEASURES						
32	Establish asset management system to preserve asset value and enable confiscation by inventorying and properly managing seized, frozen, and confiscated assets, and conducting timely auctions	LEAs MINIJUST(Lead)		V	V	
33	Develop and implement procedures on provisional measures and confiscation to ensure uniformity in pursuing confiscation and to enhance effective recovery	NPPA		V	V	

34	Issue guidance on identifying and locating proceeds moved to other jurisdictions.	RIB		V	V	
35	Strengthen the Seized and Confiscated Assets unit by providing adequate human resources, equipment and appropriate infrastructure	NPPA MINIJUST		V	V	
<b>ENHANCING DOMESTIC AND INTERNATIONAL COOPERATION</b>						
36	Establish a comprehensive case management system for MLA and extradition requests.	MINAFFET(Lead) MINIJUST RIB NPPA		V		
37	Develop and implement processes and procedures on other forms of cooperation and exchange of information.	NPPA, RIB, FIC, Supervisory Authorities		V		
38	Establish collaboration framework for joint investigation of ML/TF and predicate offenses to ensure prompt exchange of information, good quality and timely investigation	LEAs FIC		V	V	
39	Expedite the Egmont Group membership	FIC		V	V	
<b>IMPROVING THE UNDERSTANDING, THE ACCESSIBILITY AND USE OF BO INFORMATION</b>						
40	Organize awareness activities on BO to all relevant authorities	RDB Supervisory authorities		V		
41	Maintain accurate and updated BO information and Establish accessibility measures to BO basic information	RDB RGB		V	V	V
42	Enhance due diligence measures for legal structures at high risk	RDB RGB Supervisory authorities		V	V	V
43	Comply with CDD measures in relations to BO	Reporting persons	V	V	V	V

ENHANCING TAX COMPLIANCE						
44	Strengthening Tax Enforcement through enhancing the institutional capacity in combating tax evasion.	RRA		V	V	V
45	Educate taxpayers on the importance of compliance and the consequences of tax evasion.	RRA		V	V	V
46	Strengthening collaboration with both international and local partners to address cross-border tax evasion	RRA		V	V	V
47	Develop an advanced monitoring system	RRA			V	
MANAGING ML/TF RISKS RELATED TO ENVIRONMENTAL AND NATURAL RESOURCES						
48	Develop indicators for suspicious transaction reports related to ML/TF activities involving environmental and natural resources	MoE REMA FIC		V		
49	Raising awareness on ML/TF risk associated with environmental and natural resources.	MoE REMA FIC		V	V	V
50	Improve Data Systems for monitoring comprehensive statistics on sanctions for non-complying with environmental and natural resources protective measures.	MoE REMA FIC		V	V	
51	Establish the specific guidelines for management of Seized and Confiscated assets related with environmental and natural resources.	MoE REMA FIC		V	V	
52	Establish a domestic collaboration framework to ensure prompt exchange of information and coordinate joint activities in combating illegal wildlife trade	MoE REMA FIC		V	V	

