



## **Mutual Evaluation/Detailed Assessment Report**

### **Anti Money Laundering and Combating the Financing of Terrorism**

#### **Republic of Uganda**

**August, 2007**

The AML/CFT Assessment of Republic of Uganda has been undertaken by the World Bank under the Financial Sector Assessment Program. In line with agreed procedures for ESAAMLG Mutual Evaluations the Detailed AML/CFT Report and the Executive Summary were adopted by the Task Force of Senior Officials and the Council Ministers in August 2007.

**ESAAMLG Secretariat**

# **REPUBLIC OF UGANDA**

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## **DETAILED ASSESSMENT REPORT ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM**

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**August, 2007**

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## ACRONYMS

ADF	Allied Democratic Forces
AML	Anti-Money Laundering
ATA	Anti-Terrorism Act (2002)
BFID	Bank Fraud Investigation Department
BOU	Bank of Uganda
CAMEL	Capital Assets Management Equity Liquidity
CDD	Customer Due Diligence
CFT	Combating the Financing of Terrorism
CID	Criminal Investigation Division
CMA	Capital Markets Authority
DNFBP	Designated Non-Financial Businesses and Professions
DRC	Democratic Republic of Congo
ESAAMLG	Eastern and Southern Africa Anti Money Laundering Group
FATF	Financial Action Task Force
FIA	Financial Institutions Act (2004)
FIU	Financial Intelligence Unit
FSAP	Financial Sector Assessment Program
JAT	Joint Anti-Terrorism Task Force
LEA	Law Enforcement and Intelligence Agencies
KYC	Know Your Customer
LRA	Lord's Resistance Army
MDI Act	Micro-Finance Deposit-taking Institutions Act
MDI	Micro-Finance Deposit-taking Institution
MJCA	Ministry of Justice and Constitutional Affairs
ML	Money Laundering
MOF	Ministry of Finance
NGO	Non-Governmental Organization
NGO Board	Non-Governmental Organizations Board
NTF	National Task Force
PCA	Penal Code Act
POCA	Prevention of Corruption Act
SB	Special Branch
STR	Suspicious Transaction Report
TF	Terrorist Financing
URA	Ugandan Revenue Authority
UAMLC	Uganda Anti-Money Laundering Committee
UCB	Uganda Commercial Bank
UN	United Nations
U.S.	United States
USE	Uganda Stock Exchange

## A. PREFACE

1. This assessment of the anti-money laundering (AML) and combating the financing of terrorism (CFT) regime of Uganda was based on the 2003 Forty Recommendations on Money Laundering and the Nine Special Recommendations on Terrorist Financing of the Financial Action Task Force (FATF) (FATF 40+9), and was prepared using the AML/CFT Methodology of 2004. The assessment considered the laws, regulations and other materials supplied by the authorities, and information obtained by the assessment team during its mission from February 14 – 23, 2005.<sup>1</sup> During the mission, the assessment team met with officials and representatives of relevant government agencies and the private sector. A list of the bodies met is set out in Annex 2 to the detailed assessment report.

2. The assessment was conducted by a team of assessors consisting of: Mr. Theodore Greenberg (Head of Mission – Legal Expert, World Bank), Mr. Martin Comley (Law Enforcement Expert, World Bank), Ms. Janet Love (Financial Expert, South African Reserve Bank), and Mr. Martin Josefsson (Junior Professional Associate, World Bank). Due to the resignation of Ms. Love from the South African Reserve Bank after the on-site mission, Paul Allan Schott (Financial Expert, World Bank) assisted in the drafting and completion of this report. The assessors reviewed the institutional framework, the relevant AML/CFT laws, regulations, guidelines and other requirements, and the regulatory and other systems in place to deter money laundering (ML) and the financing of terrorism (FT) through financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs), as well as examining the capacity, the implementation and the effectiveness of all these systems.

3. This report provides a summary of the AML/CFT measures in place in Uganda as of the date of completion of the on-site the mission, February 23, 2005. After describing and analyzing those measures, it provides recommendations on how certain aspects of the system could be strengthened (see Table 3). It also sets out Uganda's levels of compliance with the FATF 40+9 Recommendations (see Table 2).

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<sup>1</sup> This assessment is based upon information that is as of date of completion of the on-site mission, including materials provided during that mission and subsequently taken into consideration for purposes of this assessment. Therefore, any references to “at this time,” “as of this date” or similar references are to be interpreted to be as of the date of completion of the on-site mission – February 23, 2005.

## **B. EXECUTIVE SUMMARY**

### **General**

4. There have been some efforts, especially by the Ministry of Finance and the Bank of Uganda to facilitate putting in place an AML/CFT regime, although much more work is required to meet international standards. Uganda has been, and still is, the victim of domestic terrorism. As a result of Uganda's geographic position, it is also susceptible to being used as a transit point for funds and resources that may be used to destabilize central African countries and to perpetuate war in these areas. Arms trafficking involving Somalia, southern Sudan and eastern Democratic Republic of Congo (DRC) is prevalent. Human trafficking (including children) and smuggling (including protected species) are significant components of the cross-border criminal activity, which sometimes use Uganda as a transit stage. Drug trafficking is also emerging as a major problem.

5. Acquisitive crime has shown a sharp rise in recent years. Duty fraud and smuggling are estimated to be of a scale that is causing serious loss of revenue to the Ugandan authorities and the size and frequency of these crimes suggest that they are undertaken by organized crime groups. Generally, the proceeds from these crimes, and corruption, are being expended on land, buildings, houses, cars, shops and other forms of businesses, which are used to disguise the origins of criminal proceeds.

6. Uganda is a largely cash based economy. Only a small proportion of the population has bank accounts and the percentage having insurance policies or owning securities is even lower. As a result, the absence of effective AML/CFT controls in the formal financial sector gives rise to a major vulnerability in practice. (The CFT position is harder to assess). However, there are plans for the development of the economy which would lead to more transactions being effected through the formal financial sector. The use of cash for transactions within the country and across the borders remains a significant risk area. Ugandan shillings are accepted as 'legal' tender in neighboring countries such as southern Sudan, Rwanda and eastern DRC. This encourages cross-border movement of cash and increases Uganda's vulnerability to AML/CFT.

### **Legal Systems and Related Institutional Measures**

7. Uganda has deployed significant resources to institutions established to combat corruption. Ugandan officials recognize that money laundering and corruption are inextricably linked. Although Ugandan anti-corruption agencies have broad powers of investigation, prosecution and forfeiture, anti-money laundering legislation would significantly enhance the ability to combat corruption and related crimes.

8. On 11 December 2002, the Cabinet approved the principles for the Uganda Anti-Money Laundering Framework, which formed the basis of the "Proposed Anti-Money

Laundering Bill, 2004" (draft AML bill 2004). On 27 January 2005, the Cabinet approved the draft AML Bill 2004. It also set up a Sub-Committee, which is to:

- a. Work with the relevant Parliamentary Committee in studying the Bill to assess its impact on "the economy, politics, and security in Uganda ..."
- b. Consult with the private sector; and
- c. Identify possible amendments to the Non-Governmental Organizations Act to make it consistent with FATF Special Recommendation VIII<sup>2</sup>.

9. According to Government authorities, the Ugandan Parliament is facing significant Constitutional issues. The focus of Government and Parliament is on the Constitutional Amendment Bill, which is due to be debated and decided upon in time for both Presidential and Parliamentary elections to be held around March 2006. The Mission has been told that it is unclear when the AML Bill is likely to be dealt with by Parliament. The MOF was waiting to receive the extract of the minutes of the proceedings of Cabinet." Thereafter, the MOF will forward the Bill to Parliament<sup>3</sup>. While the Cabinet Memorandum included a section on financial implications, the MOF and the AML Committee have informed the AML/CFT FSAP Team that the financial implications of the Act are yet to be addressed in detail. The FSAP Team was assured that resolution of cost issues will not slow the process of submitting the Bill to Parliament.

10. Although Uganda passed the amended Financial Institutions Act 2004 (FIA) and the Anti-Terrorism Act of 2002, these measures do not adequately address the core issues of the 40 Recommendations on Money Laundering and the 9 Special Recommendations on Terrorist Financing. Indeed, Uganda has been working on a draft anti-money laundering law for at least two years and the draft still has not been introduced into the Parliament or had a date been set for hearings and passage. Government authorities have also not undertaken sessions to build awareness and educate Parliamentarians on features and implications of the law and why it is necessary. Discussions were conducted with donors on possible assistance to undertake such efforts.

11. The FIA has a number of provisions that could be used to help detect and deter money laundering as a "stop gap measure" until proper legislation is enacted. However, to date, it has not been used by the BOU to introduce and enforce measures in this area.

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<sup>2</sup>Letter of the Minister of State, MOF, dated February 7, 2005. The Sub-Committee of Cabinet is scheduled to meet the Sub-Committee of Parliament to address issues raised (1-3) only after the draft bill has been presented to the floor of Parliament for the first reading. Thereafter, as is the procedure, the Speaker of Parliament is supposed to pass it to the Sub-Committee of Parliament for in-depth scrutiny, at which stage the meeting with the Sub-Committee of Cabinet is held.

<sup>3</sup> Following the on-site visit, the team was advised by Ugandan authorities that the draft bill was forwarded to the office of the First Parliamentary Counsel on March 1, 2005, Thereafter, the team was informed that it would be submitted to Parliament for consideration and debated subject to Parliament's time table. As of October 18, 2005, it had not been submitted to Parliament.

12. Ugandan authorities clearly state that they have the necessary political will and support from the Cabinet of Ministers to pass legislation that will meet the 40+9 FATF Recommendations. Yet the bill has not been introduced into Parliament. Until legislation is passed which meets the international standards, Uganda will, as in this assessment, be non-compliant with the international standards.

13. During the assessment, the mission team did not enough time to review the draft money laundering law in detail. However, at the request of the BOU, the mission did identify some comments following the on-site mission visit. There are several deficiencies that need to be addressed in the draft. For example the draft law does not comply with FATF Recommendation. 1 in that the necessary predicate offenses are not included. In many instances this is apparently because such predicate offences do not yet exist as offenses in the Penal Code or related laws.

14. In view of the considerable time that had already passed since Uganda's initial commitment to the implementation of a FATF Compliant regime in August 1999 and the fact that Uganda is vulnerable to ML and TF, the prospect of a further significant delay in the enactment of appropriate legislation is a major concern.

15. Although there is an Anti-Terrorism Act, No. 14/ 2002, its coverage, among other things, does not include any person or entity on the UN Terrorist Lists except "Al Qaeda". The Minister of Internal Affairs has the power to expand the list but, to date, has not done so. A decision has been taken to amend the Anti-Terrorism Act, but there is no timeframe for drafting or enacting the legislation.

16. There are some legislative provisions for seizure and confiscation powers for corruption cases, domestic terrorism and drug crimes. The FIA Act (S.8) provides for freezing of proceeds of crime but does not deal with forfeiture.

### **Preventive Measures – Financial Institutions**

17. The Bank of Uganda (BOU) is the institution responsible for supervising banks, other financial institutions and micro-finance deposit-taking institutions (MDIs)<sup>4</sup>. Money remitters operating through other licensed financial institutions are also covered by BOU supervision. Non-bank financial institutions that are subject to supervision by BOU, under the Financial Institutions Act (FIA) include Credit Institutions, Acceptance, Discount and Finance Houses. Regulations, guidance notes and annual reports on supervision are issued regularly. The BOU conducts an on-site annual examination of each bank at least once a year. Off-site supervision involves an electronic reporting system and the FIA requires all supervisory returns to be verified by external auditors. Consolidated supervision is being implemented.

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<sup>4</sup> During the on-site meetings BOU representatives agreed to provide the mission team with the information that, in their view, should have been included by them in the pre-visit Questionnaire. This information was never provided.

18. There has been a major change of emphasis in the supervisory processes from compliance with regulation to identifying the risks faced by financial institutions and assessing the capacity of the institutions to manage those risks. Risk management is regulated through the 'Risk Management Guidelines' (2003) which, *inter alia*, require banks to prepare and the Board to approve the risk management policies. At this stage, such policies are not specifically required to deal with AML/CFT. The CAMEL (Capital, Assets, Management, Equity and Liquidity) rating system is still used to assess performance.

19. In 2002, BOU issued the Anti-Money Laundering Guidelines, for financial institutions and, in 2003, it issued such guidelines for foreign exchange bureaus. These guidelines can be enforced through the use of Section 126 (2) of the 1994 version of the FIA, which entitles the BOU to impose civil money penalties in the event it found that a bank was failing to comply with an order (which term includes guidelines) of the BOU. Section 134 of the FIA provides that orders issued prior to the adoption of the FIA amendments remain in effect until changed or rescinded. It was only after the FIA amendments of 2004, that the BOU believed that it had the necessary statutory authority to enforce the AML Guidelines. In addition, the FIA of 2004 makes direct reference to money laundering<sup>5</sup> and, on the basis of this, the BOU has drafted regulations to address AML matters, although these draft regulations have not been finalized.

20. The amended FIA 2004 is comprehensive, clearly written, and, together with the Micro Finance Deposit-taking Institutions Act 2004 (MDI Act), provide the basis for the BOU's supervision of financial institutions and micro finance deposit-taking institutions (MDIs). The process of drafting and making the consequential regulations is now well advanced, although not yet complete. While these regulations have not yet been promulgated, they cover a number of aspects of AML requirements, although they do not yet meet all international standards. Amongst others, the existing draft deals with CDD requirements; disallows anonymous accounts; and disallows tipping off in the event of a suspicion being reported. In addition, the BOU's supervisory principles are stipulated in sufficient detail to enable banks to know to a large extent what is expected of them.

21. Banks obtain and keep customer identification documents on opening accounts, and make further reference to this information either in monitoring or updating of accounts. This is required by the FIA of 2004 and the Anti-Money Laundering Guidelines of 2004. In addition, Uganda does not have a national identity document and the documents that need to be relied upon to ascertain identity are not controlled and are easy to abuse. Internal control systems, including the appointment of AML Compliance Officers, are supervised by the BOU as part of the AML procedures.

22. Two sections in the FIA 2004 require banks to report "to the national law enforcement agencies any suspected money laundering activity related to any account held with the financial institution."<sup>6</sup> Money laundering is defined as including "all

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<sup>5</sup> s129-130

<sup>6</sup> s129(1)(b) and s130(1). The text is repeated exactly in 2 separate sections of the legislation for no reason.

activities and procedures designed to change the identity of illegally obtained money so that it appears to have originated from a legitimate source."<sup>7</sup> Any institution that fails to make such reports is liable to "a fine not exceeding two hundred and fifty currency points."<sup>8</sup> Under the FIA 2004, the BOU has enforcement powers. These enable it and/or any of its officials, without warning, to enter, search and/or seal any premises in which it has reason to believe that the business of a financial institution business is being conducted without a license. Such officials can copy or seize any document (including money) and question any person present on the premises. Any person obstructing or failing to comply with a request, including the refusal to answer questions, is liable to a fine of around \$1,175<sup>9</sup> and/or one year in prison. Furthermore, the BOU can instruct, in writing, any financial institution to freeze any account of a person the BOU believes is carrying out such unlicensed financial institution business<sup>10</sup>. Unfortunately, procedures for freezing and/or unfreezing and subsequent forfeiture are not set out in the Act.

23. The BOU has played the key role in the establishment and on-going facilitation of the Uganda Anti-Money Laundering Committee (UAMLC), which comprises a core of 9 different agencies.<sup>11</sup> The UAMLC developed a work-plan and established five sub-committees: legal, public awareness, training and capacity building, funding and technical assistance, and typologies, strategy and statistics. It has committed itself to initiating a process to develop a clear direction in order to have greater certainty about the most appropriate structure and location of the FIU, the resource implications and the possible phasing in of the legislation.<sup>12</sup> Although the UAMLC has inadvertently failed to include several agencies, and experienced uneven attendance at its meetings, the UAMLC has always had a quorum for its meetings and key AML/CFT stakeholders are adequately represented at its meetings. The team was told that in the coming period there would be concerted efforts to ensure that all relevant agencies are fully involved. In order to facilitate the work of UAMLC, it should have adequate funding. The team was advised that this could only be accomplished by giving them a legal status in the AML law. The team recommends that this change should be effected.

24. BOU has since August of 2000 been the Chair of the UAMLC, which spearheads AML activities in Uganda. However, in respect of the AML Bill 2004, the BOU did not have any direct responsibility in terms of the finalization of the Bill and the formulation of its implementation plan. (Legislation is the responsibility of the Ministry of Finance.) BOU officials, continued efforts to build skills of its staff, particularly staff of the Supervision Department, who received training from the U. S. Treasury Department in

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<sup>7</sup> s130(2)

<sup>8</sup> Which is around \$3,000- as one currency point equals Ush20,000. S130(3)

<sup>9</sup> The FIA specifies the fine in terms of 100 currency points.

<sup>10</sup> s8.

<sup>11</sup> From time to time, the UAMLC has invited the participation of other organizations.

<sup>12</sup> The UAMLC indicated that this process will be concluded by June 2005.

2004 in AML examination procedures. This training covered, among other things, all aspects of suspicious transaction reporting. BOU officials receive, analyze and take follow-up action on suspicious transaction reports that are filed by commercial banks and Forex bureaus, although almost all such reports involve fraud against banks. Banks also have AML/CFT compliance officers, an indication of their willingness to adopt AML/CFT compliance programs. In the absence of an appropriate law, however, enforcement efforts are limited to moral suasion.

25. Although both the Capital Markets Authority (CMA) and the Insurance Commission have issued AML guidelines for their respective sectors, they have not assumed their AML/CFT regulatory and supervisory obligations (See explanation below).

### **Preventive Measures – Designated Non-Financial Businesses and Professions**

26. There is no AML or CFT supervision of lawyers, accountants, casinos, real estate agents or dealers in precious metals and stones. According to the Economist Intelligence Unit Uganda Country Profile 2004, Uganda exported approximately US\$ 35million worth of “gold and gold compounds” in 2002. The mission team asked for more details (i.e. verification of amount, where gold is mined, and how it is exported). The authorities did not elaborate on the subject.

### **Legal Persons and Arrangements & Non-Profit Organizations**

27. Registration of non-profit organizations or Non-Governmental Organizations (NGOs) is undertaken by the National Board for Non-Governmental Organizations (NGO Board), which was formed in 1989. The NGO Board is under the Ministry of Internal Affairs, through its Immigration Service, and undertakes the role of secretariat and registry. In total, there are 5,563 NGOs registered with the Board.

28. The process of registration is manual. For domestic NGOs, registration requires the completion of a basic application form, a letter of support from district councils and other documentation regarding the NGO (its establishment, budget and function for year one), registration of the NGO name, plus the payment of a fee. For foreign NGOs, there must be supporting documentation from the NGO’s home government and, thereafter, the same process that applies to a domestic application needs to be followed.

29. The secretariat of the NGO Board, upon receipt of an application, manually registers and administers the file for review by the Board, which sits once a month to consider on average, approximately 90 new cases and 90 renewals. If the application is accepted, a certificate of registration is issued. The secretariat also deals with all enquiries regarding the registration process, “walk-in” visitors at the office, enquiries from other government departments and the day-to-day administration of the registry and registration process, which involves a manual book ledger and paper file system.

30. The secretariat of the NGO Board is very understaffed and under-resourced. The complete secretariat and registry function is carried out by 3 immigration officers and one administrative support officer who are effectively on loan to the secretariat. In cases of urgency these Immigrations Officers have been recalled to undertake other work within their parent organization. With these limitations, the staff is only able to act as a registration agency and has no capacity to undertake detailed vetting of applications, supervision of registered applicants or keep meaningful statistics.

## **C. GENERAL**

### **General information on Uganda**

31. While the BOU is Chair of the UAMLC, the Ministry of Finance (MOF) is the Ugandan agency responsible for overseeing the development and enactment of AML/CFT legislation. However, it appears to the Mission Team that the MOF itself requires additional personnel and capacity-building to handle AML/CFT matters.

32. Uganda has not done an internal assessment to determine its vulnerability to money laundering or terrorist financing by type, magnitude, geographic location; nor has it identified the resources currently deployed against the vulnerabilities or determined what new resources are necessary. However, whenever asked, government officials and citizens alike state that government corruption at all levels is the greatest challenge that they face.

33. It is certainly the case that there are many qualified and dedicated public officials in all the agencies who are determined to address money laundering and terrorist financing as soon as the promised AML/CFT legislation is passed. The authorities on the UAMLC recognize that they must start the work of training on AML/CFT now and that they must begin a vulnerability assessment and draft a national strategy for AML/CFT. This strategy should be a blueprint for how Ugandan authorities use the regulatory powers that they have and how they expect to use the AML law to detect, deter, disrupt, prosecute, seize and freeze and confiscate assets of money launderers and terrorists.

34. At the time of the mission, Uganda did not have the basic legislative tools to fight money laundering or terrorist financing. Nonetheless, according to government officials Uganda has taken serious steps to work with Sudan in addressing the cross border movement of The Lords' Resistance Army, a Uganda-designated terrorist group.

35. While some forward planning has been discussed in the Uganda Anti-Money Laundering Committee, it lacks the funds and authority to implement the proposed public awareness and internal training programs. A great deal of work must go into developing a realistic implementation plan to carry out the comprehensive draft anti-money laundering law. This must be accompanied by the necessary resources and a clear commitment by senior leaders of government that the law must be vigorously enforced.

This should be preceded by a strong and vigorous public education campaign for Parliamentarians and the public, so that they understand the principles behind the law and how it can be used to fight corruption, organized crime and financial fraud, etc.

### **General Situation of Money Laundering and Financing of Terrorism**

36. Uganda is very vulnerable to being used by terrorists and other criminals to launder money. Uganda recognizes its problems. In 1999, it helped establish the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) and served as its President in 2003. In its October 2003 submission to the UN 1373 Committee, Uganda stated: "Uganda has suffered acts of terrorism since 1988 committed by the so called Lord's Resistance Army (LRA) and since 1994 by the Allied Democratic Forces (ADF). From 1997 to 2001, 50 people died and 200 were injured from bombing terrorist attacks in Kampala and surrounding areas. There is evidence that the simultaneous terrorist attacks against United States Embassies in Dar-es-Salaam and Nairobi had also been planned to include the US Embassy in Kampala."

37. An interview with the Customs Service showed duty fraud, which is causing substantial loss of revenue arising from the smuggling of cigarettes, petrol and drugs, to be their most significant threat. Of a lesser degree, but still of significance, is illegal trade in endangered/protected species and in counterfeit goods. Assessment by the Customs Service based on the amount and frequency of these events is that they are controlled by organized crime groups.

### **Overview of the Financial Sector and DNFBCs**

#### **Banks**

38. The financial sector of Uganda is small. It was estimated that only 1.5 million people (out of a population of around 25 million) have bank accounts. There are 15 licensed banks, most of which are foreign-owned, having a total of approximately 130 branches. The banks comprise: commercial banks, merchant banks and mortgage banks. In addition, the Post-Office Savings Bank operates about 21 branches. Nearly 80 Foreign Exchange Bureaus are registered as Authorized Dealers.

39. The sale of Uganda Commercial Bank (UCB) to Stanbic Bank resulted in Stanbic's retention of all the branches of the UCB and the introduction of Automatic Teller Machines throughout their branch network.

40. There are no restrictions on the importation or exportation of currency under Ugandan law. Monies over US\$5000 are required to be declared to Customs officials. Licensed Foreign Exchange Bureaus can be found in most towns and are concentrated in Kampala. These bureaus are not permitted to do money transfers, unless specifically

authorized by the BOU, either as an agent or sub-agent for Western Union or Moneygram or as permitted to do so through commercial banks.

41. There are also approximately 600 Cooperative Societies, 5 Credit Institutions and about 500 microfinance institutions operating either as community based organizations or NGOs, covering virtually the whole country. In 2003, the Micro-Finance Deposit-taking Institutions Act, 2003 (MDI Act) was passed. The implementing regulations of the MDI Act 2003 were gazetted in 2004. The MDI Act regulates only those micro-finance institutions that take deposits from the public, in order to protect depositors. Those micro-finance institutions that do not take deposits from the public are governed by the MDI Act that enables them to obtain a license to operate. From the information presented, it appears that non-deposit taking micro-finance institutions are not subject to the AML guidelines of the BOU.

42. The FIA requires credit reference bureaus to be licensed by the BOU. Credit reference arrangements are somewhat ineffective because of the inability to verify individual identities in the absence of a national ID system.

43. Sale of UCB and the closure of some weak, small banks have led to improvement in the structure of the banking system, prompting increased competition. Pressures are likely to exist to hasten new product development and the widening of access to the financial system. Attempts are being made to create a forward foreign exchange market and the provision of forward exchange options. Licensing regulations require that the BOU ensure that home supervisory authorities have no objection to the licensing of the respective foreign subsidiary bank in Uganda. The BOU does not impose limits on cross border transactions.

44. The Post Bank has been licensed as a non-bank credit institution, although the FIA, section 10 (3) (b), does envisage a class of bank licensed for the ‘business of a post-office savings bank’.

45. Ugandan banks currently have no foreign affiliates or subsidiaries.

### **Securities**

46. The securities sector is supervised by the Capital Markets Authority (CMA). The securities sector in Uganda is nascent and the percentage of the Ugandan population owning shares is very low. There are currently seven listed companies on the Uganda Stock Exchange (USE) and trading is conducted two days per week. While some shares often do not trade for months, the average monthly trading volume averages between Ush 7 – 20 million (approximately USD 4,500 – 12,500). The CMA issued a regulatory notice regarding Anti-Money Laundering in 2003. The notice emphasized the importance for Broker/Dealers to comply with the Capital Markets (Conduct of Business) Regulations, specifically with respect to identification of clients, maintenance of records, handling large cash transactions and unusually large investments

47. As of the time of the mission, the CMA had received only one Suspicious Transaction Report (STR). The transaction involved a large fraudulent check and the broker handling the transaction informed both the CMA and the relevant bank, which acted on the matter. A current concern of the CMA is the lack of a central institution to report suspicious transactions to. The CMA conducts annual (announced) onsite inspections and uses the Bank of Uganda Forex Bureaus guidelines when carrying out these inspections

### **Insurance**

48. The insurance sector is supervised by the Uganda Insurance Commission. The Commission's responsibilities and powers are outlined in the Insurance Statute No. 7 [Cap 213, Laws of Uganda]. According to the Commission, the size of the insurance sector is Ush 60 billion. The sector has expanded during the recent past and the Commission believes the sector will continue to grow in the future. As part of its supervision, the Commission organized, in June 2003, a money laundering workshop for the insurance sector. During the workshop the Commission also issued AML guidelines. The workshop was conducted by a representative from the Bank of Uganda and the AML guidelines issued to the insurance sector were revised guidelines initially provided by the Bank of Uganda. The guidelines emphasize the importance of customer identification, record keeping and suspicious transactions.

49. In the letter attached to the guidelines, the Uganda Insurance Commission notes that policies and practices developed by the insurance companies will be checked by the Commission. Although the Uganda Insurance Commission has the power to impose AML requirements, it has not done so. The Uganda Insurance Commission has since its inception not received any suspicious transaction reports. The Uganda Insurance Commission has carried out an AML/CFT self-assessment as required by the International Association of Insurance Supervisors and the Commission conducts annual onsite inspections and uses its guidelines when carrying out these inspections. The Commission has sent its officers to attend AML seminars organized by the IMF and Law Reform Commission

### **Casinos**

50. There are currently two casinos in Kampala. Casinos fall loosely under the control of the Finance Department, more for purposes of compliance with regulations on taxation. But no particular department within the ministry, or any other official body, is charged with day-to-day supervision of operations of casinos. The current law governing casinos has not sought to adequately identify ownership or source of funds to open a casino and there are no underpinning regulations or rules governing day-to-day operations of a casino. The current law was also introduced before AML/CFT requirements come to the fore and, therefore, do not take account of any AML/CFT risks.

The current law also allows the licensing of further casinos. While various applications have been made, these applications are currently not being processed as a result of general concerns regarding crime and other matters that were raised by the security service. However these specific concerns were not provided to the evaluation team. There are new drafts of casino and gaming laws being considered which, it was reported, would radically overhaul and modernize the gaming laws, based on international experience. However, these do not include AML/CFT provisions. No timeframe was given for the passage of these proposed bills.

### **Overview of Commercial Laws and Mechanisms Governing Legal Persons and Arrangements**

51. The administration of company registration has recently moved from the Ministry of Justice to a new autonomous agency, the Ugandan Registration Services Bureau. This new agency incorporates the Company Registry, Civil Registry (Births, Marriages, Deaths and Political Parties), Bankruptcy, Official Receivers and Company Liquidation, and Intellectual Property Rights Registration. The Ugandan Registration Services Bureau is understaffed and under-resourced with only 42 employees to undertake all of its functions and poor computer systems to aid this work.

52. The Company Registry oversees registration of: Sole Proprietors; Partnerships; Limited liability (Private and Public) and NGO<sup>13</sup> name registration. There are 70,000 companies (Private and Charities), 500 Public Companies, 160,000 Business names and 2000 foreign companies registered. Like other functions within the Bureau, the company registry only acts as a registry: receiving, (correctly completed forms), registering and issuing the registration number and associated paperwork and storing of the original documents in manual files. It does not undertake any further vetting or investigative process regarding applications. It has a computer system which stores only basic company names, registration numbers and little else. Its search and ability to cross reference data is quite poor with the rest of the system relying on the paper files. These files are not held in secure accommodation and there is fairly open access to these files. Other departments within the Bureau also have their own basic computer systems; however, these various systems are not interconnected and are not cross-searchable.

53. Company formation is routinely undertaken by lawyers and accountants (for their clients) and the use of shadow (or nominee) directors is commonplace. This makes it difficult to identify the true beneficiary of a company.

54. Whilst company law requires notification to the Bureau of any changes of company officials or change of registered office and the filing of annual returns, it is common practice that such changes are neither notified nor annual returns filed, which means records are mostly outdated and inaccurate. With only 42 staff in the whole

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<sup>13</sup> NGO Registration is undertaken by the NGO Board. The Ugandan Registration Services Bureau is only responsible for the recording of the NGO's name.

Bureau, undertaking work beyond company registration, there is no capacity to follow-up on any of these omissions.

55. The Registrar General believes corruption is common place within the Bureau with applicants using friends, relatives or contacts with the Bureau to process their applications as opposed to using the official channels. In cases where law enforcement authorities have needed to access official records, in fraud or other investigations, the evaluation team was informed that it was common place to find relevant papers had been removed from the relevant registry file.

## **Overview of Strategy to Prevent Money Laundering and Terrorist Financing**

### **AML/CFT Strategies and Priorities**

56. Uganda does not have a strategy to address money laundering or terrorist financing. At the regional level, Uganda is an active member of the East and southern African Anti-Money Laundering Group (ESAAMLG) which is in process of drafting a strategy plan for the Group, which is expected to be finalized by the end of 2005.

### **The institutional Framework for Combating Money Laundering and Terrorist Financing**

57. There is no AML law. The Anti-Terrorist Law, 2002 addresses domestic terrorist problems. The team was advised that amendments were being prepared to update the law, but the team was not provided with the text. The Minister for Internal Affairs has not used his authority to amend Schedule Two to add any new terrorist organizations.

### **Risk-Based Approach to Combating ML and TF**

58. The BOU has not adopted any clear guidelines with regard to an approach in relation to combating money laundering and terrorist financing, including a risk based approach. While the Bank Supervisors are required to examine AML compliance as a part of the on-site inspection, the focus is on prudential issues and the protection of depositors. The issue of ML/FT is not integrated into the BOU's risk framework as outlined in its Risk Management Guidelines, and there is thus no systematic framework for supervision of this area. Money laundering is mentioned within the context of operational risk where prevalence of money laundering - and other activities such as rogue trading and fraud - is listed as evidence of a need for operational controls<sup>14</sup>.

59. Without a vulnerability study or strategy, Uganda cannot adequately measure its risk for ML/TF, nor take the necessary measures to mitigate the risk.

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<sup>14</sup> p.28-9, BOU Risk Management Guidelines

**Progress Since the Last WB/IMF Assessment or Mutual Evaluation**

60. Uganda has not undergone a previous AML/CFT mutual evaluation or detailed assessment.

**D. DETAILED ASSESSMENT**

**Table 1: Detailed Assessment**

**Legal System and Related Institutional Measures**

<b>Criminalization of Money Laundering (R.1 &amp; 2)</b>		
Description and analysis		
There is currently no law criminalizing money laundering. The proposed legislation in this regard is expected to be tabled in the legislature in 2005, but had not been tabled as of the date of the mission.		
Recommendations and comments		
Comprehensive AML legislation that meets the FATF 40+9 needs to be enacted as soon as possible.		
Compliance with FATF Recommendations		
<b>R.1</b>	Non-compliant	No law criminalizing money laundering exists.
<b>R.2</b>	Non-compliant	No law criminalizing money laundering exists.
<b>Criminalization of terrorist financing (SR.II)</b>		
Description and analysis		
<p>Under the Anti-Terrorist Act of 2002 (ATA), terrorist financing (TF) is generally criminalized in a manner consistent with Article 2 of the Terrorist Financing Convention. TF offenses extend to any person who willfully provides or collects funds with the intention that the funds should be used , in full or in part;</p> <ul style="list-style-type: none"> <li>• To carry out a terrorist act or acts (section 12(2)(b));</li> <li>• By a terrorist organization (section 13); or</li> <li>• By an individual (section 8).</li> </ul> <p>Under SR II, TF offenses should extend to “any funds,” as that term is defined in the TF Convention. In this regard, section 14 uses the term funds, but does not define the term consistently with the TF Convention.</p> <p>Under the ATA, TF offenses include attempts to commit the offense of TF (section 23)</p> <p>Under SR II, TF offenses should be predicate offenses for ML. By definition, since there is no AML law in Uganda, TF is not a ML predicate offense there.</p> <p>Under the ATA, TF offenses apply, regardless of whether the person alleged to have committed the offense is located in the same country or a different country from the one in which the terrorist/terrorist organization is located or where the terrorist act did or will occur.</p>		

Finally, criteria 2.2 through 2.5 above do not apply the offense of TF under the ATA.

Uganda ratified the International Convention for the Suppression of Terrorism in May of 2003. That Convention has not, however, been implemented through the adoption of domestic legislation. As a result, the requirements of FATF SR. II are not satisfied:

- There is no AML law and, thus, TF cannot be a predicate ML offence.
- Sections 8 and 12 of the Anti-Terrorism Act 2002 (ATA) prohibit the financing of terrorist organizations, terrorist acts and individual terrorists; however, there is no definition of terrorist funds and it is unclear what types of funding activities are covered.
- Attempts to commit TF are not covered in the Penal Code or the ATA.
- TF does apply whether committed in or outside of Uganda.

The Ugandan Joint Terrorism Task Force does excellent and understands the issues and typologies of TF. Currently it does not have the capacity to pursue TF investigations.

ATA Art. 19 addresses, among other things, the right of officers to intercept communications and conduct surveillance of bank accounts. The ability to obtain other financial records is not clearly set out in the law. For example, ATA Schedule 3 (Information and Investigation Relating to Terrorism Etc.) prohibits officials from obtaining “personal records that a person has acquired or created in the course of any trade, business, profession or other occupation, or for the purposes of any paid or unpaid office and that he or she holds in confidence.”

**Recommendations and comments**

The ATA should be amended, among other things, to:

- Enact an AML law that contains TF as a predicate offense
- With respect to the ATA, define funds and financing consistent with the TF Convention.
- Define “mobilizing” in ATA Art. 9 so that it is clear what types of funding activities are involved.
- Clarify the exceptions regarding lawyers.
- Establish procedures for innocent owner/third party rights to contest forfeiture of assets.
- Refine the spousal exception in Act 28 (2).

**Compliance with FATF Recommendations**

<b>SR.II</b>	Partially compliant	The Uganda law sets out a general framework but has significant deficiencies. While the framework for terrorist financing exists, there is no evidence that the law has been used to prosecute financiers of terrorism. There is no evidence of effectiveness to
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		<p>be taken into consideration. The International Convention for the Suppression of Terrorism has not been implemented through domestic legislation.</p>
<p><b>Confiscation, freezing and seizing of proceeds of crime (R.3)</b></p>		
<p>Description and analysis</p>		
<p>There are provisions in the FIA 2004 which permit the BOU to freeze accounts that the BOU believes holds funds which are the proceeds of crime. However, the Act is deficient in that there are no procedures set forth in the Act and unfreezing and forfeiture are not provided for. There also appear to be no provisions in the Drug Act (1993) relating to confiscation, freezing and seizing of proceeds.</p>		
<p>In general, the Penal Code (PCA) addresses compensation for victims, rather than confiscation, freezing and seizing of proceeds. of crime. Section 270, which deals with corruption, and Section 275, which deals with theft and other acquisitive crimes, of the Penal Code Act (PCA) are the relevant provisions of the law. Section 275, provides that the DPP can apply for a court order imposing restrictions on the operations of any bank account of an “accused person or a person suspected of having committed an offence or any person associated with such offence or the disposal of any property of the accused person...” The principal purpose of this article appears to be for ensuring that assets are not dissipated pending conviction and subsequent award of compensation to victims.</p>		
<p>In summary:</p>		
<ul style="list-style-type: none"> <li>• Uganda has not yet enacted specific legislation to cover forfeiture. Preparations are being made to draft legislation.</li> <li>• The courts have power on application of the DPP to restrict operations on a bank account or disposal of property. The money may be paid out or the property sold and the proceeds be applied in payment of compensation awarded by court.</li> <li>• Under S7 of the Prevention of Corruption Act (POCA) a person convicted of corruption may be ordered to pay as a Penalty an amount equal to the amount of bribe in addition to any other punishment. See also PCA Section 87 (abuse of office) where anything received may be forfeited.</li> <li>• The procedure for forfeiture involves the laying out of the proceeds and instrumentalities, where applicable, before the court and the application to the court by the prosecution for a forfeiture order.</li> <li>• Property of equivalent value to property traceable directly to the offence can be forfeited with respect to offences or bribery under POCA 1970.</li> <li>• There is no provision for non-conviction based forfeiture.</li> <li>• The standard of proof required to achieve forfeiture is “Beyond Reasonable Doubt.”</li> <li>• There are no formal procedures for the handling of property pending forfeiture, except that the property is kept in court/police custody.</li> <li>• Forfeited property is disposed off through public auction and banking of proceedings on the government consolidated fund in the Central Bank.</li> <li>• In fraud and other cases where there are identifiable victims, there is legal provision for compensation under S270 and 275 of the PCA.</li> </ul>		
<p>Recommendations and comments</p>		
<p>Uganda needs to enact and implement legislation to comply with Recommendation 3.</p>		

Compliance with FATF Recommendations		
<b>R.3</b>	Non-compliant	<p>While several different laws provide confiscation authority in drug, corruption and terrorist financing cases, they fall short of the international standards.</p> <ol style="list-style-type: none"> <li>1. There is no overall AML/CFT confiscation legislation.</li> <li>2. In existing laws the scope of property subject to confiscation is inadequate.</li> <li>3. There are no procedures for tracing and identification.</li> <li>4. There is no uniform protection of bona-fide third parties.</li> <li>5. No confiscation action has been taken under existing law which brings into question the effectiveness of existing measures.</li> </ol> <p>The definition of funds subject to confiscation in the various laws does not address adequately funds indirectly held and controlled. There are no safeguards for bona fide third parties.</p>
Freezing of funds used for terrorist financing (SR.III)		
Description and analysis		
<p>Uganda does not have adequate laws or procedures to implement UNSCR 1267. The same is the case for UNSCR 1373.</p> <p>The ATA does not address freezing the assets of terrorist or financiers listed in UNSCR 1267. At present, there are only 4 organizations on the list, one of which is al-Qaeda and the three others are Ugandan based. ATA, Part IV, Art. 10 provides that the Minister of the Interior with the approval of the Cabinet, may list terrorist organizations. The Parliament has 21 days to approve the list. If Parliament does not object, then the terrorist organization is listed on the second schedule to the law. Assuming that Uganda could use this method to freeze the assets of anyone on the 1267 list, there is no way that Uganda can meet the standard to freeze “without delay” as required by the UN and FATF.</p> <p>The law fails to address any procedure for removal from the Ugandan list. As set out below, the BOU does circulate the UN lists to its regulated institutions. In addition, there is no penalty for failing to freeze.</p> <p>The Anti-Terrorism Act has provisions related to confiscation but it does not outline any administrative or procedural mechanisms to carry it out. Schedule 2 of the Act provides for an updating of terrorist organizations to which the Act applies. The Minister for Internal Affairs, however, has not updated the list to conform with UN Security Council lists. Therefore, Uganda does not comply with Special Recommendation III as explained by the Interpretative Note and Best Practices paper issued by FATF.</p>		
Recommendations and comments		
<p>The Anti-Terrorism Act needs to be amended in accordance with FATF Special Recommendation III, UNSCR 1267 and 1373 need to be implemented.</p>		
Compliance with FATF Recommendations		

<b>SR.III</b>	Non-compliant	<p>The definition of funds subject to confiscation in the various laws does not address adequately funds indirectly held and controlled. There are no safeguards for bona fide third parties. There is no process for delisting or reviewing the decisions to freeze mistakenly frozen funds or to unfreeze funds. The process of informing the banks and other relevant persons of their obligations and how to implement them is not adequate. No procedures have been established to ensure access to the frozen funds where necessary consistent with Resolution 1452 (2002). There is no implementation of UNSCR 1267 and 1373.</p>
<b>The Financial Intelligence Unit and its functions (R.26, 30 &amp; 32)</b>		
Description and analysis		
<p>There is no FIU in Uganda. Thus, the country is not compliant with Recommendation 26.</p> <p>The Bank of Uganda BOU ML 2002 Guidelines to the financial institutions and the ML 2003 Guidelines to Forex Bureaus attempted to create a ML/TF reporting regime by asking that reports be submitted to the Bank of Uganda. BOU has received a small number of suspicious transaction reports (STRs), which were channeled to the relevant officers of BOU for appropriate handling. Further attempts to strengthen reporting requirements were made in the FIA which require (under two separate sections) reporting to relevant law enforcement authorities. However, this Act did not provide protection for breach of confidentiality in making any such report to law enforcement. Consequently reports are not currently submitted in accordance with this Act.</p> <p>The few reports that have been received are mainly allegations of fraud against the institution or of receipt of counterfeit currency-both of which are allegations of crime, but not true reports of suspicious transactions for AML or CFT purposes. It is also common practice for the reporting institution to overtly question the client where such reports are made, freeze the account and then await further instructions from the Bank of Uganda. The overt questioning and temporary freezing of accounts were the reports to be ‘true’ suspicion based reports to an FIU, would ‘tip off’ the customer and make it difficult to conduct any subsequent law enforcement operation. The legal basis in the FIA in relation to freezing accounts for money laundering is dealt with in terms of S118 (1) which states: “The Central Bank shall if it has reason to believe that any account held in any financial institution has funds on the account which are the proceeds of crime, direct in writing the financial institution at which the account is maintained to freeze the account in accordance with the direction.” The process for unfreezing or forfeiture is not dealt with and the basis does not extend to terrorist funding. The Terrorist Act (Art. 16) does provide for forfeiture after conviction for terrorist financing.</p> <p>There is no indication of whether or not, having made a Suspicious Transaction Report (STR), the institution should proceed with the transaction. Neither the existing legislation nor the Guidelines provide any certainty and/or protection to the financial institutions in terms of client confidentiality and/or civil liability.</p> <p>The lack of clarity on reporting requirements and lack of enforcement of the guidelines and provisions within the FIA Act has not created the required level of urgency within financial institutions as to the risks posed by ML or TF or that there is a need to have measures in place</p>		

to identify and report suspicious transactions.

While the Anti-Money Laundering Guidelines and the FIA require suspicious transaction reporting (STR), no statistics were provided. However, the BOU has agreed to compile relevant statistics. There were approximately 10-12 cases that were reported during the last two years, but a review of the reports by the team shows that these related to various forms of fraud that had been uncovered by the banks and did not reflect an understanding of suspicious transactions for AML or CFT purposes.

Currently, the FIA (2004) (S130) requires financial institutions to report any “suspected money laundering activity related to any account” to national law enforcement agencies. No specific focal point is identified. In terms of the draft Financial Institutions Act Regulations and the BOU’s Anti-Money Laundering Guidelines, the BOU should receive, analyze and disseminate suspicious transaction reports and to direct these to the police as they see fit. Institutions are required to follow the instructions from and cooperate with the BOU and/or the law enforcement authorities without in any way defining the nature of these instructions or forms of cooperation. However, there is no indication whether or not, having made a Suspicious Transaction Report (STR), the institution should proceed with the transaction. In practice, the BOU does not have proper resources and training to properly process such reports and the link to the law enforcement authorities does not appear to include feedback with regard to progress in dealing with reports and evident typologies. In sum, the Bank of Uganda’s efforts, in absence of a money laundering law, could not provide an effective substitute for an FIU as set forth in the FATF Recommendations.

The FIA does not provide protection for breach of confidentiality in making any such report to those law enforcement agencies, consequently reports are not currently submitted in accordance with this Act and if they were, there is no designated body/department within law enforcement to receive them.

As ML and TF legislation has yet to be introduced, accordingly, there are no prosecutions or mutual legal assistance matters dealing with ML.

Recommendations and comments

<p>As a matter of priority Ugandan authorities need to set-out a strategic framework (Implementing Plan) to establish an overall AML/CFT regime that:</p> <ul style="list-style-type: none"> <li>• Seeks to establish requirements that AML and CFT reporting be provided to one clearly defined body: an operational FIU. This should ensure that the FIU is free from undue influence and interference.</li> <li>• Sets-out a legal framework that includes necessary gateways to enable the FIU to co-operate and co-ordinate with other bodies and also enables those bodies to be able to share information, etc. with the FIU.</li> <li>• Sets out clear reporting requirements and guidance supported by a legal/supervisory framework for FI and DNFBP.</li> <li>• In co-ordination with the competent authorities, sets up a framework that meets AML/CFT training needs and requirements.</li> <li>• In co-ordination with the competent authorities, sets out a framework for the collection, holding and analysis of AML/CFT statistics and the production of typologies and other reports.</li> </ul>		
<p><b>Compliance with FATF Recommendations</b></p>		
<b>R.26</b>	Non-compliant	<p>No national centre exists for the receipt, analysis and dissemination of STRs.                      No guidance is issued regarding reporting requirements.                      Where information is provided to the Bank of Uganda there is no established mechanism to access LEA and other administrative information.                      The reporting regime, as it is, has no operational independence as it is currently undertaken as an ad-hoc function of the Bank of Uganda.                      There are no public reports, statistic, nor are typologies conducted..</p>
<b>R.30</b>	Non-compliant	<p>There are no administrative or operational structures, including no provision for training, in place within the law enforcement and or prosecution agencies to effectively deal with ML or TF. The BOU has adequate financial, human and technical resources with which to conduct supervision and does include AML as an area of supervision. However, because the BOU has no effective enforcement authority, its effectiveness is limited..</p>
<b>R.32</b>	Non-compliant	<p>There are no mechanisms for measuring effectiveness.</p>
<p><b>Law enforcement, prosecution and other competent authorities—the framework for the investigation and prosecution of offences, and for confiscation and freezing (R.27, 28, 30 &amp; 32)</b></p>		
<p>Description and analysis</p>		

Law enforcement agencies (LEA) generally have limited physical and technical resources at their disposal. Interviews revealed inter-agency co-operation by way of regular meetings and secondments of staff to other agencies, particularly in the areas of specialist/serious crimes, and good, common working practice.

There is little or no evidence that either a single LEA structure or the combined force is making use of anti-money laundering or counter terrorist financing investigative techniques to assist in targeting the use of limited LEA resources or as a preventative and/or detection tool in criminal (including terrorism) investigations. Such techniques can be partially employed, as a stop gap, under existing legislation prior to the introduction of more substantive AML / CFT provisions.

Whilst there is no legislative underpinning for AML or CFT, the overall situation could be assisted by a national strategic plan in relation to AML/CFT. Despite the existence of the National Task Force on Anti Money Laundering (NTF) under the direction of the Ministry of Finance with the Central Bank serving as Secretary, there is no current national AML/CFT plan. This affects all the individual agencies and any cross-cutting agency initiative/response to AML/CFT. Consequently there is a lack of structure and coordinated response, poorly defined training requirements, no AML/CFT risk assessment and no statistical analysis of the limited statistics available.

The lack of clearly defined policies in these areas will also affect overall credibility and future work in AML/CFT as corruption remains a problem across all sectors. Whilst strong efforts are under way to combat corruption, this could be underpinned by clear policies / strategies to minimize the risks across AML/CFT areas.

The use of specialist investigation techniques within the police, other than the use of traditional 'informants', is not common and availability is very limited. The drug squad has some capability to perform undercover operations whilst other investigative and intelligence gathering techniques are rarely available and would be reliant on the use of Special Branch resources. Future plans to target ML and or TF would also be reliant on these already overstretched resources.

The ATA prohibits the government from obtaining legally privileged materials. Having done this, there are no exceptions set out, for example, for counseling the commission of a crime. SEE UNSCR 1373 (1)(d) and FATF SR III, Best Practices paper, footnote 3.

ATA Art. 28 (2), which exempts spouses from being accessories, appears overly broad.

The BOU has conducted a training program with regard to AML/CFT but, to be effective, such training needs to go hand-in-hand with legislation that enables implementation.

Currently none of the law enforcement agencies (LEA) are designated to have responsibility for AML /CFT. The Bank Fraud Investigation Department (BFID) in the case of ML and the joint DPP/Police unit and the Joint Anti-Terrorism Task Force (JAT) in regard TF both have undertaken enquires, in their respective fields. But this approach has been ad-hoc and reactive (responding to external requests for assistance) in nature. The power of the LEAs to require

production of documents, search and seize is limited to old legislation contained within the Police and Evidence Acts and the Criminal Procedure Code which do not meet current requirements. AML/CFT and/or financial investigation training requirements are approached on an ad-hoc basis and undertaken usually in response to a donors offering such training but without any long-term plan or sustainability being built in.

### **Police**

Uganda is not compliant with Recommendation 30 or 32. There are no administrative or operational structures in place within the law enforcement and prosecution agencies to deal with ML or TF. Overall effectiveness and efficiency of the service is seriously hampered by a lack of resources. The little training that has been provided in these areas comes from external donors with little or no evidence of these agencies having a structured/cohesive training plan or policies in these areas.

The Ugandan Police maintain relatively good statistics on acquisitive crime, but these statistics do not address ML, since ML is not criminalized.

Uganda has a national police force of approximately 12,500 police officers. The headquarters is based in Kampala. The country is administratively divided into 12 regions each of which has a Regional Office (a Regional HQ). The regions are further divided into 64 Districts/Divisions. The headquarters, in Kampala, has 4 command areas: Administration; Criminal Investigation Division (CID); Special Branch (SB) and Operations. Money Laundering and Terrorist Financing responsibilities fall primarily between the CID and SB.

Whilst the general command and administrative structures appear to be in place and operating, the overall effectiveness and efficiency of the service is seriously hampered by a lack of resources: both personnel and technical. For example, the national CID establishment is 8,000 officers and there are only 2,500 officers who operate at both the HQ level, where they are split between specialist units: Drugs; Terrorism; Fraud; Serious Crime; Criminal Intelligence and at regional and district level where 'general' criminal investigation duties is undertaken. There are generally not sufficient cars, radios and other technical resources and training available and where they are needed, such resources have to be drawn from the SB. The police indicated a need to have an MOU between CID and the banks to allow for timely interventions/follow-up of cases of fraud in particular as well as other AML/CFT matters in general.

### **Fraud Squad and Bank Fraud Investigation Department**

The fraud squad has some 150 officers nationally at HQ and district level (each district having one fraud investigations). They also contribute staff to the Bank Fraud Investigation Department (BFID) a joint project with the DPP office which has a total of 60 staff. The BFID has the additional advantage of being able to call on other resources such as accountants where necessary. They also participate in formal discussions / information sharing groups with the financial sector.

Whilst the police, Customs, DPP and JAT are reasonably well structured within their individual agencies and there is evidence of interagency co-operation in certain crime areas, such structure and cooperation is not reflected in the areas of AML or CFT. Technical and other specialist

resources are already scarce and will be further stretched when AML and/or CFT legislation is introduced.

The understaffing of the police (including CID) functions is possibly reflected in the Ugandan Police crime statistics which show a 195% increase in cases of domestically reported crime between 1992 and 2004. Acquisitive crime forms a substantial part of these statistics and accounts for much of the increase. Figures from 2003-4 alone show an increase in reported crime 31.5% with acquisitive crime continuing to form the large proportion of the increase: for example, 'simple robbery' has increased by 49.9%, burglary and theft by 28.9%, house breaking 29.1%, theft of motor vehicles 50.1%, cheque offence by 116.2% and drug offences up by 16.9%. Whilst not reflected in the crime statistics, interviews with police reveal that profit from such crimes is invested in land, buildings, houses, cars, shops and other businesses which are used to disguise the origins of criminal funds.

### **Joint Anti-Terrorism Task Force (JAT)**

As the name suggests the JAT is a multi-agency meeting/operational decision- making forum with representatives from the "Department of Military Intelligence (lead agency), the Police Criminal Investigation Department (CID) and Special Branch (SB), the External Security Organization (ESO) and the Internal Security Organization (ISO)." Interview with members of JAT reveals there is a past, present and ongoing threat of domestic terrorism within Uganda. Intelligence drawn from domestic terrorist operations reveals that funding is coming from what appear on the face of it to be legitimate businesses. Examples quoted were secondhand car businesses and the misuse of some NGO's, Direct funding from sympathetic groups or individuals abroad and from domestic crimes such as robbery were also identified as sources of funds. Members of JAT also assess some of the methods used to move such funds to be: cross-border cash couriering; the use of domestic foreign exchange bureaus which illegally offer remittance services and other unlicensed remittance service providers.

Some operational intelligence has been gathered regarding the financing of domestic terrorism but there is no dedicated response within the JAT dealing with FT issues. Whilst they have available to them all the various law enforcement and intelligence agency 'tools' to undertake their work, little priority has been given to the financial aspects of this crime. They indicated they are weak in both the collection and use of financial intelligence. Resources to date have mainly focused on groups or individuals involved in the act(s) of terrorism. JAT members believe that the AML law will be very useful for their enforcement activities.

### **Customs**

The Ugandan Revenue Authority (URA) has approximately 3,000 employees who are divided between 5 departments: Customs Service; Domestic Tax; Corporate Services; Intelligence, Audit and Internal Affairs; and Legal and Board Affairs. The Customs service itself has approximately 600 of the 3000 employees who are deployed in either the HQ or one of the 5 Regions, the largest being Entebbe which employs 100 of the officers. Other principal responsibilities are at the container ports as well as for inbound and transit lorry points.

Whilst it would be fair to say the Customs Service is under-resourced they are assisted by and

work closely with the Police (on drugs cases), other departments of the URA, Chemist Section (drugs and other chemicals matters), Regional Intelligence Unit (Immigration Matters) and the Special Revenue Protection Service (who cover both remote areas of the country and special operations). The use of special investigative techniques, such as undercover and technical supports, where needed and available, would be provided mainly by these partner agencies. The Custom's training requirement, in enforcement areas, is provided by the police service and through donor support.

An interview with the Customs division showed duty fraud which is causing substantial loss to the domestic revenue, through the smuggling of cigarettes, petrol and drugs to be their most significant threat. Of a lesser degree, but still of significance, is illegal trade in endangered/protected species and in counterfeit goods. Assessment by the Customs Service based on the amount and frequency of these events is that they are controlled by organized crime groups.

Corruption of customs officers remains a challenge for the senior management. A comment by one of the senior customs officials interviewed summed this situation up as: "we do not feel we are on top of the situation". There are currently about 3 – 4 cases per year investigated (each of the cases may involve up to 6 officers at a time). Staff is routinely moved between different customs posts and duties, with postings sometimes as short as 6 months, to reduce the risks of corruption. Whilst this is one tool to assist in fighting institutional corruption it also has a knock-on effect of having a service of many generalists and no specialists which will be a further challenge as the Customs Service has to deal with border issues concerning ML and TF.

Whilst the Customs Service is engaged at the NTF level with AML matters and is quite well informed on these issues, the Service itself does not currently have an AML/CFT strategy particularly where it affects border interdiction of cash and/or other ML or TF instruments. They do acknowledge weaknesses in the areas of drug controls, anti-money laundering, intelligence development, combating commercial fraud and in risk assessment areas of their work. Technical assistance is sought across all these areas.

#### **Department of Public Prosecutions (DPP)**

The DPP is a Constitutional Office (Art. 120 of the 1995 Constitution).The Constitution provides: "In the exercise of the functions conferred on him or her by this article, the Director of Public Prosecutions shall not be subject to the direction or control of any person or authority."

The DPP has the authority to direct the police in their investigations and to prosecute all cases in Ugandan courts. The DPP has the authority to obtain bank records. The DPP has no authority to plea bargain or for granting immunity, but the DPP has complete discretion on initiating or prosecuting cases. There is nothing in the Ugandan law which prohibits the prosecution of legal persons, but the team was not cited with instances where companies have been prosecuted. The DPP has the authority to obtain bank and other financial records. The DPP has been using

various types of interagency groups to help coordinate investigations and for other matters.

The DPP has a professionally trained prosecution staff of 69 lawyers and 162 state prosecutors to serve 57 districts, in addition to the Head Office.<sup>15</sup> The DPP has taken steps to work in tandem with the CID in investigating complex cases. The DPP believes that the police attitude of informing the DPP of cases only when they believe they are ready for prosecution has changed as a result of their close cooperation. The continued involvement of DPP staff at the earliest stage would allow a more sound approach with a higher chance of successful prosecution. This will involve a change of mind-set for officers.

In addition, the DPP has set up a special Fraud Unit within the DPP's office.<sup>16</sup> Once the AML legislation is enacted, the DPP plans to set up a special unit to handle money laundering investigations and prosecutions. He plans to assign 5 prosecutors to this unit.

### **Inspectorate of Government**

Uganda has moved aggressively to try and address corruption. The anti-money laundering law will help in this fight. The Constitution of the Republic of Uganda (1995) established the independent Inspectorate of Government (IGG) (Ss223-232) and a Leadership Code of Conduct (Ss233-236) that, among other things, requires yearly reporting of financial assets by senior members of government and parliament. The Constitutional provisions were supplemented by the Inspectorate of Government Act, 2002 and the Leadership Code Act, 2002.

The objective of the IGG is to fight corruption. In order to achieve its objective, the IGG is provided with prosecution, freezing and confiscation powers. Specifically, the Inspectorate of Government Act, 2002, outlines the functions of the Inspectorate. According to Section 8, Article 1 (b) these functions include: "to eliminate and foster the elimination of corruption, abuse of authority and of public office." The Inspectorate of Government, within which the Inspector General of Government (IGG) operates, was created in 1986. It was established as a constitutional office in the 1995 Constitution. It has a special responsibility for working towards the elimination of corruption and abuse of public office. It has powers to investigate, arrest or cause the arrest and prosecution of individuals found to be involved in corrupt practices.

The IGG has its own investigators and prosecutors. Their prosecution staff work in collaboration with the DPP prosecutors and there is a DPP prosecutor detailed to work with the IGG on a full-time basis. The IGG has authority to use informants and does so on a regular basis. These informants can be paid, but the IGG does not have sufficient funds to use the informants in the pro-active way he would like to. The IGG's Legal Affairs office has 20 lawyers.

The IGG has 360 members of staff in HQ and 10 regional offices. As a Constitutionally mandated independent agency, the IGG is appointed by the President with the approval of

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<sup>15</sup> There are 3 Assistant DPPs. One has been seconded to work in the Pretoria office of the UN Organization for Drugs and Organized Crime.

<sup>16</sup> The DPP informed the Mission about 8 recent high-profile corruption/fraud cases as well as 4 mutual assistance cases that it had dealt with.

Parliament.

Earlier legislation has subsequently been replaced by the Inspectorate of Government Act of 2002. Under this Act the Inspectorate of Government is mandated to investigate corruption, abuse of office, occasioning injustice and neglect of duty by persons in public office. Furthermore it has responsibility for enforcement of the Leadership Code of Conduct that was strengthened and formalized by the Leadership Code Act 2002. However there has been a legal challenge regarding the IGG's enforcement of the Code of Conduct resulting in concerns about its effectiveness. [Mission is still awaiting a copy of the Solicitor General's Opinion and related materials].

A similar picture to that emanating from Customs is painted by the IGG's Office, namely that abuse of office / corruption cases were generally for personal gain of the individual. Such gains were then used to purchase of houses, land and cars.

### **Obtaining Records**

There are Penal Code and Drug, Corruption and Anti-Terrorism Acts that allow the government to obtain records. These provisions are, however, phrased differently and inconsistent with each other. The DPP advises that, in practice, necessary financial and other records are obtainable through a court order after submission of an appropriately predicated affidavit. The DPP was not able, however to provide any statistics in this area.

Government authorities explained that they can obtain bank records during the course of a criminal investigation by applying to the court for the records using a sworn affidavit. The affidavit must be reviewed / approved by the DPP's office. The courts appear to rely on the Evidence (Bankers' Books (Act)). There are also provisions in the Prevention of Corruption Act (12 June, 1970) which permits the DPP to: order the inspection of records of the public official being investigated, his or her spouse or child or any nominee (Article 16). The DPP may also "notwithstanding anything in any written law to the contrary, by written notice...require the manager of any bank to give copies of the accounts of that person or of the spouse or son or daughter of that person at the bank" Article 20 (f). As related elsewhere "an authorized officer" (a security officer designated by the Minister of the Interior) may obtain access to bank records of any person. Terrorism Act, Article 19 (5)f. The Drug Act (1993) includes powers of entry and seizure of drugs and documents without warrant or court approval.

While Ugandan authorities appear to have used their authority to obtain bank records, the team was not made aware of any other situations in which they have used the same, or similar, authority to obtain records from any other type of financial institution.

Electronic surveillance and interception of letters and postal packages etc is authorized to be carried out under the Terrorist Act.

### **Recommendations and comments**

As a matter of priority Ugandan authorities need to set-out a strategic framework (Implementing Plan) to establish an overall AML/CFT regime that:

- Seeks to define and co-ordinate the work of the LEA and prosecution services. Best practice, such as the interagency work of the BFID, would serve as a good model to begin to

build such a framework on.

- In support of the first bullet point, policies and strategies would benefit from being reflected within a legal, regulatory or administrative framework that includes necessary gateways to enable the interagency co-operation and co-ordination and defines procedures to minimise risks of corruption.
- Immediate, medium and long-term/sustainable AML/CFT training needs and requirements should be set out.

In co-ordination with the other competent authorities, set out a framework for the collection, holding and analysis of AML/CFT statistics.

With regard to Recommendation 30, the mission suggests the following:

- The DPP also needs capacity building in investigating and prosecuting the following areas: money laundering, fraud, drug trafficking, human trafficking, terrorism and corruption.
- Prosecutors need training in investigating and prosecuting financial crime cases.
- Judges would benefit from awareness rising in money laundering and financial crime cases including special training regarding the nature of bank and other financial data that are routinely involved in money laundering and terrorist financing prosecutions.
- Training in forensic accounting and document examination.
- Computer hardware and analytical software are needed by all agencies. Training in exploitation of information stored in computers and techniques for searching of seized computers for evidence is needed by all agencies.
- Training in investigating and prosecuting cyber crime cases.
- Prosecutors need practical and legal training in handling wiretaps and other forms of technical surveillance.
- DPP needs training in the techniques of identifying, tracing and seizing the proceeds and instrumentalities of crime under current law and as it will be enhanced under the AML legislation.
- The DPP needs practical assistance in methods for addressing mutual legal assistance.
- The DPP wants training in case management generally, and in particular how to manage the development of law enforcement generated leads, extraction of financial information from intelligence operations and coordination of interviews.

With regard to Recommendations 27 and 28, it is suggested that the ATA be amended to include, among other things:

- Authority to forfeit property and instrumentalities destined to be used or used in a terrorist attack; as well as any funds collected on behalf of a terrorist organization that are destined for use by the terrorist organization and not necessarily related to carrying out any specific attack.
- Broadening Art. 19 to cover all financial records, not just bank records.
- Specifying the standard of proof magistrates are to use in issuing surveillance orders under Acts 18 and 19.

With Regard to Recommendation 28, the mission suggests that Uganda enact a single, comprehensive statutory provision that provides authority for investigators and prosecutors to obtain financial and other records to conduct AML and CFT investigations.

- The government needs assistance in the creation of a special Task Force to be made up of DPP, CID, URA, ISO, ESO, military intelligence, etc., which can serve as a special fusion center to extract and collate financial information collected in all criminal investigations and information forwarded by the Financial Intelligence Unit [when it is established].
- Provide TA to establish a multi-agency sub-committee (possibly led by a Senior Police officer) under the AML Committee be set-up as a matter of urgency to assess and report on the domestic situation regarding ML and TF.
- Assist the AML Committee in producing an implementation strategy document to assist phased implementation of the Bill as/when it becomes an Act.
- On submission of the AML Bill to parliament, preliminary training should be given to selected Law Enforcement Authorities / intelligence agency staff to increase capability in financial investigation in preparation for the introduction of a comprehensive STR reporting regime.

Compliance with FATF Recommendations		
<b>R.27</b>	Non-compliant	There is no LEA or other competent authority designated with responsibility for AML or CFT
<b>R.28</b>	Partially compliant	The Penal Code and Drug, Corruption and Anti-Terrorism Acts provide differing and inconsistent authorities for investigators and prosecutors to gain access to financial and other records needed to conduct investigations adequately. It appears that law enforcement has adequate authority to search and seize.
<b>R.30</b>	Non-compliant	LEA and other competent authorities do not have AML or CFT components or regimes. There is no practice of inter-agency taskforces. Consideration has not yet been given to integrity and other issues, such as training and technical resources, that would affect an efficient AML/CFT regime.
<b>R.32</b>	Non-compliant	The only statistics currently held are crime statistics which do not reflect AML CFT components. Limited statistics, that there are, have never been analyzed to assess AML or CFT risks.

**Cash couriers (SR. IX)**  
Description and analysis

<p>There are currently no provisions regarding cash couriers. The customs service (along with all other LEA) has not received any training in this area. Cash couriering is a particular risk as the economy is largely cash based and the transport of cash across border a frequent event.</p> <p>Whilst the Customs service is informed on AML/CFT, it does not have an AML/CFT strategy particularly where it affects border interdiction of cash and or other ML or TF instruments. They do acknowledge weaknesses in these areas. Nonetheless, there is no evidence of consideration of measures to detect cross-border transportation of cash, currency or bearer instruments. Compliance with the cash courier requirements of SR IX should address this area</p>		
<p><b>Recommendations and comments</b></p>		
<p>The authorities should develop a compliance mechanism, which should include appropriate legislation, that is consistent with SR IX to detect cross-border transportation of currency and bearer instruments. This would involve, among other things, choosing either a declaration or disclosure system for both entering and leaving the country with a threshold of no more than \$15,000.</p>		
<p><b>Compliance with FATF Recommendations</b></p>		
<p><b>SR. IX</b></p>	<p>Non-compliant</p>	<p>No provisions exist regarding cash couriers.</p>

### Preventive Measures–Financial Institutions

<p><b>Risk of money laundering or terrorist financing</b></p>		
<p><b>Description and analysis</b></p>		
<p>As a general matter, risk management provisions for financial institutions are discussed in the BOU’s ‘Risk Management Guidelines’ (2003) which, <i>inter alia</i>, require banks to prepare and have approved their own risk management policies for all areas. The Guidelines mention ML within the context of operational risk in cases where there is prevalence of money laundering. However, ML/FT is not integrated into the BOU’s risk framework as outlined in the Risk Management Guidelines and there is no framework for AML/CFT supervision. Thus, there is an inconsistency in the BOU’s general risk-based approach because AML, despite evidence of risks, is not treated in a similar manner as other areas of supervision.</p> <p>The CAMEL rating system is used to assess performance.</p> <p>The lack of clarity on reporting requirements and lack of enforcement of the guidelines / provisions within the Financial Institutions Act 2004 Act has not created the required level of awareness within financial institutions as to the risks posed by ML or TF or that there is a need to report suspicious transactions.</p>		
<p><b>Customer due diligence, including enhanced or reduced measures (R.5 to 8)</b></p>		
<p><b>Description and analysis</b></p>		
<p>Ugandan officials stated that financial institutions in Uganda do not maintain anonymous accounts. They noted that a banks or other credit institution subject to the BOU supervision is required to “demand proof of and record the identity of its clients or customers, whether usual or occasional, when establishing business relations or conducting transactions....” In addition, paragraph 6 of the 2002 BOU AML Guidelines contains a specific prohibition against financial</p>		

institutions keeping anonymous accounts.

Based upon the provisions of the 2002 BOU AML Guidelines, financial institutions are required to identify, on the basis of an official or other reliable identifying document, and record the identity of their customers, either occasional or usual, when establishing business relation or conducting large cash transactions. The Guidelines, among other things, require financial institutions to have policies and procedures for:

- Accepting new customers acceptance that provides for enhanced due diligence for higher risk customers;
- Understanding the intended nature and purpose of the business relationship;
- Ongoing monitoring of accounts and transactions in order to detect (i)suspicious transactions, (ii) those that do not appear to make economic or commercial sense, (iii) unusually large transactions, and (iv) those that are inconsistent with normal and expected transactions of the customer;
- Verification of legal persons and those individuals acting on behalf of legal persons; and
- Identities of beneficial owners.

The guidelines do not address:

- Applying enhanced due diligence to politically exposed persons (PEPs); PEPs are not discussed at all;
- Understanding the ownership and control structure of legal persons;
- Determining what natural person ultimately controls legal persons;
- Establishing procedures where there has been a failure to obtain satisfactory identification or verification, e. g., not opening the account, or not engaging in substantial transactions;
- Applying CDD requirements to existing customers; and
- Establishing AML due diligence for correspondent banking relationships.

The enforceability of the 2002 and 2003 AML Guidelines was resolved by the 2004 amendments to the FIA Act. These guidelines can be enforced through the use of Section 126 (2) of the 1994 version of the FIA, which entitles the BOU to impose civil money penalties in the event it found that a bank was failing to comply with an order (which term includes guidelines) of the BOU. Section 134 of the FIA provides that orders issued prior to passage of the FIA amendments remain in effect until changes or rescinded. It was only after the FIA amendments of 2004, that the BOU believed that it had the necessary statutory authority to enforce the AML Guidelines. In addition, the FIA specifically refers to money laundering and requires suspicious transaction reporting. As a consequence of those amendments, BOU is in the process of issuing new regulations to cover CDD matters.

Uganda does not have a national identity document and the documents that need to be relied upon to ascertain identity are not controlled and are easy to abuse. With regard to legal persons, the requirement for the identification of persons acting on an institution's behalf and of the beneficial owner exists. In practice, there are significant inconsistencies in the application of this requirement. One example which gave cause for concern was the uninterrupted business of

a bank which, although being confronted by the BOU, took some time to produce all of required information regarding beneficial ownership for more than two years. The BOU requires banks to establish information with regard to a client's business although this does not expressly include AML/CFL controls. Senior management is involved in approving such relationships. Internal control systems relating to AML and the content of institutions' policies do not appear to be part of the aspects supervised.

In terms of the proposed BOU's Draft AML Guideline Regulations, any cash transaction of \$10,000 and above must be reported to the BOU on a monthly basis. Money remitters are within the group of regulated institutions and remittances of over \$10,000 require notification to the BOU. However, the remittance companies have also set their own limits in accordance with their internal rules. One company set a transaction limit for \$3,000 and requires its staff to retain a copy of identification for any transaction that exceeds \$500. Foreign currency exchange of \$5,000 and above requires identification to be provided together with the completion of a form, which advises on the basis for the exchange, and a report of these exchange transactions must be made on a weekly basis to the BOU. Currently, forex bureaux are required to retain their records for only two years. Section 4(5) of the Foreign Exchange Act empowers the Governor to issue guidelines in relation to the business of foreign exchange and so these guidelines have the force of law. There were no statistics or information to attest to any enforcement of the guidelines.

Although the size of the financial sector and extent that technology is used is limited, there are currently a number of indications that the country is moving towards a significant expansion of financial sector scope and opportunity. In the face of this, the absence of any policies in place that address non-face to face business is a problem. The Financial Institutions Act AML Regulations have yet to be promulgated. In the 5<sup>th</sup> draft (latest version available) the text dealing with non-face to face business focuses only on account opening by post and does not permit this for "local applicants".

With regard to securities, the Capital Markets Authority issued a regulatory notice regarding Anti-Money Laundering in 2003. The CMA stated that it uses these guidelines in terms of anti-money laundering but expressed uncertainty as to whether any money laundering occurred in Uganda. The notice emphasizes the importance for Broker/Dealers to comply with the Capital Markets (Conduct of Business) Regulations, specifically with respect to identification of clients, maintenance of records and handling large cash transactions and unusually large investments.

The Insurance Commission has issued AML guidelines to the insurance sector. These guidelines were a revised version of the guidelines initially provided by the Bank of Uganda. The guidelines emphasize the importance of customer identification, record keeping and suspicious transactions. In the letter attached to the guidelines, the Uganda Insurance Commission noted that policies and practices developed by the insurance companies will be checked by the Commission. While the guidelines are helpful, they do not have the effect of binding and enforceable regulations. The Uganda Insurance Commission has the power to impose AML binding requirements, but has not done so.

Recommendations and comments		
<p>Comprehensive AML legislation needs to be enacted as soon as possible. Regulations, implementing comprehensive legislation, including regulations currently under consideration by the BOU, should be promulgated as soon as possible. Therefore, the urgency of this legislation cannot be over-emphasized. In addition, the need for AML to be properly integrated into the supervisory process and for statistics to be compiled is essential.</p> <p>The existing Guidelines (or the new regulations in addition to the items covered by the Guidelines) should address:</p> <ul style="list-style-type: none"> <li>• Politically exposed persons;</li> <li>• The ownership and control structure of legal persons;</li> <li>• Identification of the natural person(s) who ultimately controls a legal persons;</li> <li>• Procedures where there has been a failure to obtain satisfactory identification information or verification of such information;</li> <li>• CDD requirements for existing customers; and</li> <li>• AML due diligence for correspondent banking relationships.</li> </ul> <p>The Capital Markets Authority and the Insurance Commission should promulgate enforceable regulations that are comprehensive and consistent with FATF recommendations.</p>		
Compliance with FATF Recommendations		
<b>R.5</b>	Partially compliant	CDD requirements, while enforceable, do not cover all of the criteria of this recommendation.
<b>R.6</b>	Non-compliant	The notion of PEPs is not factored in as a heightened risk.
<b>R.7</b>	Non-compliant	There are no specific AML/CFT requirements in place to address cross border correspondent banking relationships.
<b>R.8</b>	Non-compliant	There are no requirements in place that address ML threats that could arise from new technologies, including addressing non-face to face business transactions.
<b>Third parties and introduced business (R.9)</b>		
Description and analysis		
<p>The existing CDD guidelines do not authorize third parties to conduct CDD on behalf of financial institutions. As a practical matter, such practices do not appear to be used in Uganda and, therefore, this area is not problematic. Such practices do not exist in similarly situated jurisdictions in this African region.</p>		
Recommendations and comments		
<p>Regulations in terms of the Financial Institutions Act and the MDI Act that deal with AML/CFT need urgent promulgation. Should this area become an issue for institutions conducting business relationships, such regulations should address third parties serving as intermediaries in conducting CDD on behalf of Ugandan institutions.</p>		
Compliance with FATF Recommendations		
<b>R.9</b>	Not Applicable	Intermediaries are not utilized to conduct CDD on behalf of Ugandan institutions.
<b>Financial institution secrecy or confidentiality (R.4)</b>		
Description and analysis		

An examination of relevant laws revealed no financial institution secrecy laws that would inhibit the implementation of AML/CFT measures.		
Recommendations and comments		
Compliance with FATF Recommendations		
<b>R.4</b>	Compliant	There are no financial institution secrecy laws that would inhibit the implementation of AML/CFT measures.
<b>Record keeping and wire transfer rules (R.10 &amp; SR.VII)</b>		
Description and analysis		
<p>Section 46(6) of the FIA Act requires financial institutions to maintain records for a minimum of 10 years. This does not seem to be regarded as burdensome by the financial institutions. Record keeping requirements for AML purposes apply only to BOU-supervised entities.</p> <p>Currently, foreign exchange bureaus are required to retain their records for only two years.</p> <p>With regard to wire transfers, there is no regulatory requirement that such transactions include meaningful originator information and related messages or that such information remain with the transaction throughout the payment chain. In addition, there is no evidence of BOU supervision or monitoring of wire transfers.</p> <p>Remittances of over \$10,000 require notification to the BOU. There is evidence that cash transfers and foreign exchange take place through alternate unlicensed remittance channels, which are not monitored or regulated.</p> <p>The source of funds brought into the country by inward investors is only scrutinized where the source is obviously suspect and not as a matter of routine.</p>		
Recommendations and comments		
The requirement relating to record keeping by foreign exchange bureaus should be extended to at least 5 years. In addition, record keeping requirements should be made applicable to covered financial institutions and DNFBPs.		
Compliance with FATF Recommendations		
<b>R.10</b>	Partially compliant	All financial institutions and DNFBPs are not covered by record keeping requirements.
<b>SR.VII</b>	Non-compliant	There is no regulatory requirement for the inclusion by banks of originator information in wire transfers and related messages. In addition, there is no BOU monitoring or supervision with regard to wire transfers.
<b>Monitoring of transactions and relationships (R.11 &amp; 21)</b>		
Description and analysis		
<p>There is no regulatory requirement that financial institutions pay special attention to all complex, unusual large transactions, and unusual patterns of behavior that have no apparent economic or visible lawful purpose. Nor is there any regulatory requirement for financial institutions to pay special attention to relationships and transactions from countries that do not sufficiently apply the FATF recommendations.</p> <p>The Financial Institutions Act AML Regulations have yet to be promulgated. In the 5<sup>th</sup> draft</p>		

<p>(latest version available) the text deals with transactions “with no apparent or visible economic purpose”. The draft has been circulated for comment to only a limited number of stakeholders. There is evidence however that some of the financial institutions do recognize the need to pay special attention to the types of transactions described above.</p>		
<p><b>Recommendations and comments</b></p>		
<p>The draft Financial Institutions Act AML Regulations need to be finalized and promulgated as soon as possible. They should be consistent with the requirements of FATF Recommendations 11 and 21</p>		
<p><b>Compliance with FATF Recommendations</b></p>		
<p><b>R.11</b></p>	<p>Non-compliant</p>	<p>No requirement currently exists for financial institutions to pay special attention to complex, large or unusual patterns of transactions.</p>
<p><b>R.21</b></p>	<p>Non-compliant</p>	<p>No requirement exists for special attention to be given to transactions/business relationships involving persons from countries that do not apply sufficiently the FATF Recommendations.</p>
<p><b>Description and analysis</b></p>		

While the BFID acts as the recipient point for STRs within the police, it does not have designated officers to deal with STRs. The limited number (3) of STRs that have been received were all from the same bank (whose HQ is outside Uganda and operates to higher AML standards). A number of informal STRs have been received by telephone at the BFID from other banks. It is anticipated that 5 staff from the BFID will eventually be seconded to the FIU (when formed). These officers have already received some training in financial crime investigation from foreign donors. There is a high level of awareness of financial fraud matters within this department which would ultimately benefit any future AML/CFT unit.

The Guidelines issued to the financial institutions by the BOU in 2002 and to Foreign Exchange Bureaus in 2003, require these institutions to submit reports and to disclose information on suspicious grounds to the BOU. Unlike the Guidelines, the Financial Institutions Act of 2004 FIA, directs the financial institutions to make STRs to the national law enforcement agencies but locates the responsibility for monitoring such reporting with the BOU. The draft FIA's AML Regulations deal with this by requiring institutions to report to law enforcement and copy to the BOU.

It is common practice for the reporting institution to overtly question the client where such reports are made and freeze the account and then await further instructions from the Bank of Uganda. The overt questioning and temporary freezing of accounts, where the reports to be 'true' suspicion based reports to an FIU, would 'tip off' the customer and make any subsequent law enforcement operation difficult to conduct.

No STR statistics were provided.

Neither the existing legislation nor the Guidelines provide any certainty and/or protection to the financial institutions in terms of client confidentiality and/or civil liability whether they proceed with a transaction or hold it back. The commercial banks indicated that they do not receive guidance with regard to what action to take. The Guidelines do not provide for reporting of STRs that relate to FT.

Upon receipt of lists from the UN1267 Committee, the BOU circulates the names to banks and requires monthly reports to be submitted to the BOU relating to existing and/or new accounts of listed names. No hits were reported by the banks.

Recommendations and comments

The requirements for STRs should be clearer and more extensive with a view to assisting financial institutions in prevention and detection of ML/FT.

The ATA should be amended to provide:

- Authority for administrative freezing and penalties for failure to freeze.
- Authority and procedures for unfreezing funds, for example to pay for basic necessities such as food, shelter, clothing, etc.

**Compliance with FATF Recommendations**

<b>R.13</b>	Non-compliant	There is no FIU. The current structure does not meet FATF requirements. There is a need for certainty about which agency should receive STRs.
<b>R.14</b>	Non-compliant	There is no protection for financial institutions, directors, officers and employees from civil or criminal liability for suspicious transaction reporting.
<b>R.19</b>	Non-compliant	There is no evidence of consideration of measures to detect cross-border transportation of cash, currency or bearer instruments
<b>R.25</b>	Non-compliant	In the absence of AML/CFT legislation, there is no requirement for DNFBPs to make suspicious transaction reports.
<b>SR.IV</b>	Non-compliant	The law does not provide for STRs in terms of FT.

**Internal controls, compliance, audit and foreign branches (R.15 & 22)**

**Description and analysis**

Financial institutions supervised by the BOU are required, by the terms of the AML 2002 and 2003 Guidelines, to establish internal procedures with regard to ML. These include CDD, record keeping and suspicious transaction reporting. There is a requirement for (i) an AML/CFT compliance officer at the management level, and (2) education and training of employees.. While internal auditing of AML procedures is not a Guidelines requirement, the BOU examination manual does contain a provision for examining the AML internal audit function. The mission was informed by banks that the examination process does not regularly assess and test AML/CFT internal audit procedures.

Ugandan banks do not currently have affiliates, branches or subsidiaries operating on a cross-border basis.

The FIA empowers the BOU to satisfy itself with regard to the integrity and capacity of proposed directors, board members and senior management of financial institutions, although there is no systematic coordination with LEA to help with background checks for past criminal activity. The existing Guidelines do not specifically address screening procedures for employees.

As noted previously, the AML Guidelines are not currently enforceable. This is a significant problem in terms of complying with FATF standards. Nonetheless, it would appear that covered institutions are, in large part, abiding by such guidelines and that implementation is to a measurable degree, effective.

**Recommendations and comments**

<p>The new BOU regulations, which would be enforceable, should include provisions for satisfying all internal policies and procedures, including the appointment of an AML/CFT compliance officer, employee screening procedures and internal audit requirements.</p> <p>BOU should supplement its supervision by including review of financial institutions internal procedure and controls.</p> <p>Procedures should be put in place to enable the LEA to assist the BOU to assess the high standards of employees in financial institutions.</p>		
<p><b>Compliance with FATF Recommendations</b></p>		
<p><b>R.15</b></p>	<p>Partially compliant</p>	<p>Until the FIA regulations are promulgated, the internal procedure requirements of the AML Guidelines are not enforceable. CFT is not currently addressed by those Guidelines or elsewhere.</p>
<p><b>R.22</b></p>	<p>Not applicable</p>	<p>Ugandan banks currently have no foreign affiliates or subsidiaries.</p>
<p><b>Shell banks (R.18)</b></p>		
<p>Description and analysis</p>		
<p>No regulations, guidance notes or legislation address the issue of shell banks. The BOU made it clear that they have not and will not allow the licensing of shell banks.</p>		
<p>Recommendations and comments</p>		
<p>The FIA regulations need to disallow relationships to be entered into with shell banks.</p>		
<p><b>Compliance with FATF Recommendations</b></p>		
<p><b>R.18</b></p>	<p>Non-compliant</p>	<p>Shell banks are currently not addressed.</p>
<p><b>The supervisory and oversight system—competent authorities and SROs: Role, functions, duties and powers (including sanctions) (R.17, 23, 29 &amp; 30)</b></p>		
<p>Description and analysis</p>		
<p>The Insurance Act established the Uganda Insurance Commission. According to Article 15 “the object of the commission is to ensure the effective administration, supervision, regulation and control of the business of insurance in Uganda. The Act gives the Commission the power to suspend or the revoke the license of an insurer who ignores the requirements of the Commission. Although the Commission has issued AML guidelines, they are not enforced and to date there are no anti-money laundering and combating the financing of terrorism regulations for the insurance sector.</p> <p>The Capital Markets Authority Statute, 1996, establishes the Capital Markets Authority (Article 5). The Statute (Article 25) also provides for the Authority to approve a stock exchange. According to Article 45, the Authority has the power to revoke or suspend a license. Although the Authority has issued AML guidelines, they are not enforced and to date there are no anti-money laundering and combating the financing of terrorism regulations for the securities sector.</p> <p>Although both the Insurance Commission and the Capital Markets Authority have the power to assume anti-money laundering supervision in their respective sectors they have not yet assumed this responsibility. Capacity to deal with AMLCFT supervision and enforcement is a relevant issue</p>		

<p>The BOU has the possibility in terms of existing legislation to enforce a range of effective administrative sanctions for non-compliance with the AML guidelines and, when promulgated, with the FIA Regulations. This includes oversight over the appointment of directors and senior management. The FIA also enables the BOU to monitor and require the production of relevant documentation. However there is no effective criminal sanction in the absence of specific AML/CFT legislation. In addition, CFT is not adequately covered in the current Guidelines used by the financial sector. The BOU has 25 staff members to carry out on-site inspections.</p>		
<p>Currently, AML is not fully integrated into the supervisory process and CFT is not provided for. The BOU at this stage does not compile statistics nor does it consistently compile documentation relating to AML. While the BOU has fulfilled some of the functions of an FIU on an interim basis, including the development of guidelines and provision of information/training (the latter with the help of the US Treasury), there are considerable gaps. Capacity to deal with AML/CFT supervision and enforcement is a concern.</p>		
<p>Due to the lack of legislative enforcement authority for the 2002 Guidelines, existing enforcement authority by the BOU has been limited primarily to moral suasion and some licensing. Finalization of regulations should strengthen and clarify requirements and enhance supervision and enforcement. There are no sanctions for all relevant violations of an AML regime because there is no AML law. For example, no criminal sanctions exist for “tipping-off” customers when an STR has been filed in the absence of AML/CFT legislation.</p>		
<p><b>Recommendations and comments</b></p>		
<p>FT needs to be specifically included in the existing Guidelines and the FIA Regulations and AML/CFT needs to be integrated in the supervisory risk matrix used. Technical assistance to training supervisors with regard to AML/CFT.</p>		
<p><b>Compliance with FATF Recommendations</b></p>		
<b>R.17</b>	Non-compliant	There are no sanctions which are effective, proportionate and dissuasive provided in law.
<b>R.23</b>	Partially compliant	There is little effective supervision or implementation of FATF Recommendations for financial institutions, especially insurance companies and capital markets firms.
<b>R.29</b>	Partially compliant	FT not addressed and supervision of AML not consistently applied among the different types of financial institutions.
<b>R.30</b>	Non-compliant	<p>There are no administrative or operational structures in place within the law enforcement and or prosecution agencies to effectively deal with ML or TF. The BOU has adequate financial, human and technical resources with which to conduct supervision and does include AML as an area of supervision. However, its application of AML supervision is inconsistent.</p> <p>LEA and other competent authorities have structures within their current organizations. Unfortunately they do not have AML or CFT components or regimes. There is some work but not on ML.</p> <p>Consideration has not yet been given to integrity and other issues such as training that will affect an efficient AML/CFT regime.</p>

<b>Financial institutions–market entry and ownership/control (R.23)</b>		
Description and analysis		
<p>In terms of existing legislation, the BOU has the authority to supervise and has oversight over ownership and the appointment of directors and senior management for all banking institutions. It can access relevant documentation, but there is currently inadequate coordination with LEA in the carrying out of ‘fit and proper’ assessments. Thus, the BOU relies to a great extent on information submitted by applicants, such as curriculum vitae.</p> <p>Both the Insurance Commission and Capital Markets Authority have authority to suspend and revoke licenses for institution under their respective jurisdictions. There is no evidence of exercising such authority with regard to fit and proper issues.</p>		
Recommendations and comments		
BOU needs to establish systematic coordination with LEA in order to assure that criminals are not able to gain access to control or management of financial institutions.		
Compliance with FATF Recommendations		
<b>R.23</b>	Partially compliant	FIA regulations have yet to be promulgated. Supervisory authority needs to be exercised more fully.
<b>AML/CFT Guidelines (R.25)</b>		
Description and analysis		
<p>The AML/CFT guidelines that exist for financial institutions are based on those developed by the BOU in 2002 and 2003. These guidelines are based on the 1996 FATF Recommendations on AML and do not deal with CFT. In addition, no guidelines for DNFBPs have been developed.</p> <p>There is little, if any, feedback, especially with respect to reporting of suspicious transactions (there is limited circulation of proposed new rules with request for comment), on compliance efforts, due largely to the lack of effective supervision</p>		
Recommendations and comments		
<p>The new guidelines and regulations, which should be based on FATF’s 2003 ALM Recommendations and 2001 Special Recommendations, need to be promulgated in order to strengthen and enhance all compliance requirements and supervision efforts.</p> <p>DNFBPs should be covered by guidelines and regulations</p>		
Compliance with FATF Recommendations		
<b>R.25</b>	Partially-compliant	Guidelines have been issued for banking institutions, insurance companies and capital markets firms. Such guidelines do not deal with CFT. There are no guidelines for DNFBPs. There appears to be little, if any, feedback or assistance with STRs.
<b>Ongoing supervision and monitoring (R.23, 29 &amp; 32)</b>		
Description and analysis		

The BOU has the authority in terms of existing legislation to supervise and monitor compliance with regard to AML through legislation, guidelines and, when promulgated, with the FIA Regulations. CFT is not dealt with in the current Guidelines used by the financial sector. AML is also not fully integrated into the supervisory process.

In practice, the BOU has monitored for compliance despite the lack of statutory enforcement powers but results have been inconsistent. While some banks have been found to have AML/CFT deficiencies, to date, there do not appear to have been any penalties for such deficiencies. The lack of effective AML/CFT enforcement power provides no incentive for Ugandan banks to adopt rigorous AML/CFT programs.

The CMA and the Insurance Commission have not exercised their respective authorities to provide effective supervision and enforcement of AML/CFT.

Statistics are not maintained other than for general criminal purposes and do not reflect AML/CFT efforts.

See also discussion on supervision and oversight system.

**Recommendations and comments**

- The guidelines and regulations need to be promulgated consistent with the FAFT AML Recommendations and CFT Special Recommendations
- The BOU, CMA, and the Insurance Commission need to exercise effective supervision and apply enforcement sanctions with respect to AML/CFT requirements.
- Statistics need to be compiled and maintained for STRs received and disseminated; AML/CFT investigations, prosecutions and convictions; property frozen, seized and confiscated; and on mutual legal assistance and other international cooperation.

**Compliance with FATF Recommendations**

<b>R.23</b>	Partially compliant	The guidelines are based on the 1996 Recommendations and do not address CFT at all. The FIA regulations still to be promulgated and made consistent with the 2003 FATF Recommendations and take into account CFT Supervision and monitoring of financial institutions has not been effective.
<b>R.29</b>	Partially compliant	BOU, CMA and the Insurance Commission, especially CMA and the Insurance Commission, have not exerted their full powers to supervise AML/CFT and have not exercised enforcement powers.
<b>R.32</b>	Non-compliant	The only statistics currently held are crime statistics which do not reflect AML/CFT components.

**Money or value transfer services (SR.VI)**

**Description and analysis**

The BOU is charged with supervision of all money remitters, which are required to be licensed and comply with AML requirements. Despite the licensing requirement, there is evidence that cash transfers and foreign exchange take place through unlicensed remittance channels, which are not monitored or regulated. Unlicensed money remitters can operate due to a lack of enforcement against those who fail to obtain a license and abide by guidelines.

All authorized remitters and dealers are, however, subject only to the AML requirements; CFT requirements do not exist.		
Wire transfer services have to be licensed by the BOU. However, there is evidence of informal remittance flows. The BOU does not record remittances for the balance of payments. It estimates the flows as a residual in the Ugandan balance of payments		
Recommendations and comments		
<ul style="list-style-type: none"> <li>• All money remitters and foreign exchange dealers should be covered by AML/CFT requirements.</li> <li>• Enforcement efforts need to be strengthened to assure compliance by all covered entities.</li> <li>• CFT compliance requirements should be incorporated in the legislation and new FIA regulations.</li> </ul>		
Compliance with FATF Recommendations		
<b>SR.VI</b>	Partially compliant	Not all money remitters or foreign exchange dealers are subject to AML requirements due to a lack of enforcement efforts and legislative coverage for CFT.

### Preventive Measures–Designated Non-Financial Businesses and Professions

<b>Customer due diligence and record-keeping (R.12)</b>		
Description and analysis		
Current law does not cover DNFBPs with respect to any AML/CFT requirements.		
Recommendations and comments		
Legislation should be considered that would address CDD, record keeping and all other AML/CFT requirements for DNFBPs.		
Compliance with FATF Recommendations		
<b>R.12</b>	Non-compliant	No AML/CFT provisions currently exist and no official body is charged with supervision with respect to AML/CFT.
<b>Monitoring of transactions and relationships (R.12 &amp; 16)</b>		
Description and analysis		
DNFBPs do not have any AML/CFT provisions applicable to them. Thus, no monitoring of transactions and relationships takes place.		
Recommendations and comments		
Uganda should enact the necessary legislation in order to apply the FATF Recommendations with respect to monitoring as well as other requirements to DNFBPs.		
Compliance with FATF Recommendations		
<b>R.12</b>	Non-compliant	No AML/CFT provisions exist for DNFBPs.
<b>R.16</b>	Non-compliant	No AML/CFT provisions exist for DNFBPs.
<b>Suspicious transaction reporting (R.16)</b>		
Description and analysis		
DNFBP do not have any AML/CFT reporting requirements so no reporting takes place.		

Recommendations and comments		
Uganda should enact the necessary legislation in order to comply with the recommendation.		
Compliance with FATF Recommendations		
<b>R.16</b>	Non-compliant	No AML/CFT provisions exist within or for DNFBP
<b>Internal controls, compliance &amp; audit (R.16)</b>		
Description and analysis		
DNFBPs do not have any AML/CFT control requirements applicable to them.		
Recommendations and comments		
Uganda should enact the necessary legislation in order to comply with the recommendation.		
Compliance with FATF Recommendations		
<b>R.16</b>	Non-compliant	No AML/CFT requirement exist for DNFBPs
<b>Regulation, supervision and monitoring (R.17, 24-25)</b>		
Description and analysis		
DNFBPs do not have any AML/CFT requirements applicable to them.		
Recommendations and comments		
Uganda should enact the necessary legislation in order to comply with the recommendations.		
Compliance with FATF Recommendations		
<b>R.17</b>	Non-compliant	Existing enforcement authority is not being exercised appropriately and certainly not to its fullest extent. Finalization of regulations should strengthen and clarify requirements and enhance supervision and enforcement. No criminal sanctions exist in the absence of AML/CFT legislation
<b>R.24</b>	Non-compliant	No AML/CFT provisions exist and no supervisory or other body oversees set-up or operations.
<b>R.25</b>	Non-compliant	FIU is not yet established. Guidelines do not deal with CFT and no guidelines address DNFBPs.
<b>Other non-financial businesses and professions—Modern secure transaction techniques (R.20)</b>		
Description and analysis		
Uganda has not assessed the vulnerabilities of local businesses and professions to money laundering and terrorist financing. There are no measures underway to encourage less reliance on cash.		
Recommendations and comments		
The AML/CFT law should address DNFBP's. An assessment should be made to assess the vulnerability of businesses and professions to ML and TF.		
Compliance with FATF Recommendations		

<b>R.20</b>	Non-compliant	Uganda should assess vulnerabilities of its businesses and professions to ML and FT, and should consider measures to be less cash dependent.
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### Legal Persons and Arrangements & Nonprofit Organizations

<b>Legal Persons–Access to beneficial ownership and control information (R.33)</b>	
Description and analysis	
	<p>The administration of company registration has recently moved from the Ministry of Justice to a new autonomous agency: Ugandan Registration Services Bureau. This new agency incorporates the Company Registry, Civil Registry (Births, Marriages, Deaths and Political Parties), Bankruptcy, Official Receivers and Company Liquidation, and Intellectual Property Rights Registration. The whole of the Bureau’s work is undertaken by 42 employees, it is understaffed and under-resourced.</p> <p>The Company Registry deals with: Sole Proprietors; Partnerships; Limited liability (Private and Public) and NGO<sup>17</sup> name registration. There are 70,000 companies (Private and Charities), 500 Public Companies, 160,000 Business names and 2000 foreign companies registered. These are administered using a basic computer system that only stores company names and registration numbers and little else. Its search and ability to cross reference data is quite poor. The main records are held in paper files in a registry that has relatively poor security and fairly open access. As the name ‘Registry’ suggests it only acts as a registry; receiving, (correctly completed forms), registering and issuing the registration number and associated paperwork and storing the original documents in manual files. They do not undertake any further vetting or investigative process regarding applications.</p> <p>Company formation is routinely undertaken by lawyers and accountants (for their clients) with the use of shadow (or nominee) directors being commonplace thus making it difficult to identify the true beneficiary of the company. Whilst company law requires notification of any changes of company officials or the registered office and the filling of annual returns, it is common practice that such changes are not notified nor are annual returns filed, which means records are outdated and inaccurate.</p> <p>Corruption and bad practice are common place within the Bureau with applicants using friends, relatives or contacts with the Bureau to process their applications as opposed to using the official channels There are no adequate systems and controls that would prevent unlawful use of legal arrangements by money launderers or those that finance terrorism. The use of ‘nominee’ directors is commonplace and combined with the fact that company records are outdated and or inaccurate, there is little opportunity to identify beneficial ownership.</p> <p>Moreover, there is no mechanism in place to compel the disclosure of beneficial ownership. Company registrar information is not retrievable in any fashion which would assist in the</p>

<sup>17</sup> NGO Registration is undertaken by the NGO Board. The Ugandan Registration Services Bureau is only responsible for the recording of the NGO’s name.

identification of beneficial ownership.		
Recommendations and comments		
Measures should be taken, including enacting legislation that would prevent legal persons from money laundering. Such measures should include proper identification of ownership and beneficial ownership of such entities.		
Compliance with FATF Recommendations		
<b>R.33</b>	Non-compliant	The use of ‘nominee’ directors is commonplace and combined with the fact that company records are outdated and/or inaccurate, there is little opportunity to identify beneficial ownership. There is no mechanism in place to compel the disclosure of beneficial ownership. Company registrar information is not retrievable in any fashion which would assist identify beneficial of ownership of multiple entities.
<b>Legal Arrangements–Access to beneficial ownership and control information (R.34)</b>		
Description and analysis		
The AML/CFT FSAP Team was unable to determine that there are any mechanisms in place to prevent the unlawful use of legal arrangements by money launderers. Nor was the Team provided any information in this area by government authorities.		
Recommendations and comments		
A comprehensive review of legal arrangements and administration procedures should be undertaken, perhaps within the context of the newly formed Ugandan Registration Services Bureau as sponsor. Upon completion of such review, Uganda should enact appropriate legislation to install preventative mechanisms.		
Compliance with FATF Recommendations		
<b>R.34</b>	Non-compliant	There are no adequate systems and controls that would prevent unlawful use of legal arrangements by money launderers or those that finance terrorism
<b>Nonprofit organizations (SR.VIII)</b>		
Description and analysis		
<p>Registration of Non Profit Organizations is undertaken by the National Board for Non-Governmental Organizations (NGO Board) which was formed in 1989. The Board falls under the Ministry of Internal Affairs who, through its Immigration Service, undertake the role of secretariat and registry. There are a total 5,563 registered NGO’s.</p> <p>The process of registration is manual. In domestic cases registration requires the completion of a basic application form, letters of support from the district councils and other documentation regarding the NGO set-up, budget and function for year one, registration of the NGO’s name and the payment of a fee. In cases involving foreign NGOs, there must be supporting documents from the NGO’s home government and thereafter follows the same process as a domestic application.</p> <p>The secretariat, on receipt of an application, manually registers and administers the file for review by the Board which sits once a month to consider approximately 90 new cases and 90 renewals. If the application is accepted a certificate of registration is issued. The secretariat also deals with all enquiries regarding the registration process, callers at their office, enquiries from other government departments and the day to day administration of the registry. The</p>		

<p>registration process uses a manual book ledger and paper file system.</p> <p>The secretariat is wholly understaffed and under-resourced. The complete secretariat and registry function is carried out by 3 immigration officials and one administrative support officer who are effectively on loan to secretariat from the Immigration Service. In cases of urgency, the Immigrations Officers have been recalled to undertake other work within their parent organization. With these limitations, the staff is only able to act as a registration agency and have no capacity to undertake detailed vetting of applications, supervision of registered applicants or keep meaningful statistics. The accommodation, whilst within the Ministry of Internal Affairs compound, does not have any security for registry files which are on open shelves in a room that they also use as a boardroom, general meeting room and a work area. There is very limited space. The three immigration officer's offices have barely room for their desks and three chairs although they have to double-up as their day-work areas and the space to see visitors / applicants in. None of the offices have any facilities for secure storage.</p>		
<p><b>Recommendations and comments</b></p>		
<p>The Secretariat to the NGO Board needs the resources necessary to carry out the mission including adequate budget, staff, physical facilities, computers, and vehicles to conduct inspections.</p>		
<p><b>Compliance with FATF Recommendations</b></p>		
<p><b>SR.VI II</b></p>	<p>Partially-compliant</p>	<p>While there is a legal framework for registering NPOs and obtaining information on their ownership and some management structure, the system is under-resourced and does not serve the function effectively.</p>

## National and International Cooperation

<p><b>National cooperation and coordination (R.31)</b></p>		
<p><b>Description and analysis</b></p>		
<p>There is evidence of domestic co-operation and co-ordination at the operational LEA level: in the combating of fraud by the BFID; police, customs, and immigration co-operation at borders regarding drugs and other smuggling issues; and the JAT on terrorism matters. Whilst the basis for co-operation exists. There has only been some general discussion about extending these approaches to ML.</p> <p>At the higher strategic / policy level there is no evidence that the National Task Force on Anti Money Laundering (NTF) has set out or looked at co-operation / co-ordination across the various competent authorities.</p>		
<p><b>Recommendations and comments</b></p>		
<p>The lack of a comprehensive national AML/CFT strategic plan affects both national and international co-ordination.</p> <p>The priority should be to look at both domestic and international co-operation in the context of a national implementation plan. There are good examples of operational co-operation that can be built on to form the basis of ML and TF operations. Strategic and policy co-operation and co-ordination must be one of the priorities in any national policy.</p>		

Compliance with FATF Recommendations		
<b>R.31</b>	Non-compliant	While operational co-operation exists, this does not extend to ML or TF matters. There is no evidence of co-operation or co-ordination at a higher policy level.
The Conventions and UN Special Resolutions (R.35 & SR.I)		
Description and analysis		
<p>The following international conventions and protocols have been ratified<sup>18</sup>:</p> <ol style="list-style-type: none"> <li>1. Convention on Offences and certain other committed on Board Aircraft. Tokyo, 14 September, 1963.</li> <li>2. Convention for the Suppression of Unlawful Seizure of Aircraft. The Hague, 16 December 1970.</li> <li>3. Convention for the Suppression of Unlawful acts against the Safety of Civil Aviation. Montreal, 23 September 1971.</li> <li>4. Convention on the prevention and punishment of crimes against internationally protected persons, including Diplomatic Agent. 4 December 1973.</li> <li>5. Convention on the physical protection of nuclear material. Vienna, 26 October 1979.</li> <li>6. International Convention against the taking the hostages. New York, 17 December 1979.</li> <li>7. Protocol for the suppression of Unlawful Acts of violence at Airport serving international Civil Aviation. Montreal, 24 February 1989.</li> <li>8. Convention for the suppression of Unlawful Acts against the safety of maritime navigation. Rome, 10 March 1988.</li> <li>9. Protocol for the suppression of Unlawful Acts against the safety of fixed platforms located on the continental shelf. Rome, 10 March 1988.</li> <li>10. Convention for the making of plastic explosives for the purpose of detection. Montreal, 1 March 1991.</li> <li>11. International convention for the suppression of terrorism bombing, 5 November 2003</li> <li>12. International convention for the suppression of the financing of terrorism, 5 November 2003.</li> <li>13. Convention against Illicit Traffic in Narcotic Drugs and Psychotropic substances (Vienna Convention), 20 August 1990.</li> <li>14. International Convention against Transnational Organized Crime (Palermo Convention), 12 December 2000.</li> </ol> <p>Uganda has made a significant effort to ratify UN conventions and protocols. A country can not stop at the point of ratification. Fully implementing UN conventions and protocols is a necessary as part of participation in the international community. In this regard, the Vienna, Palermo and Terrorism Financing Conventions have not been implemented because there are no AML or CFT statutes.</p>		

<sup>18</sup> Source: *Report to the UN Counter Terrorism Committee*, number [S/2003/1041](https://www.un.org/counterterrorism/2003/1041), <http://daccessdds.un.org/doc/UNDOC/GEN/N03/586/87/IMG/N0358687.pdf?OpenElement>; US Department of State, Bureau for International Narcotics and Law Enforcement Affairs. *International Narcotics Control Strategy Report. Volume II. MoneyLaundering and Financial Crimes*. March 2006; UN

<b>Recommendations and comments</b>		
Uganda should take measures to update its legal system consistently with its various obligations under the Vienna Convention and the Palermo Convention, and UNSCR 1373 and to fully implement such instruments.		
<b>Compliance with FATF Recommendations</b>		
<b>R.35</b>	Partially compliant	The relevant AML/CFT conventions must be domesticated and fully implemented.
<b>SR.I</b>	Partially compliant	The relevant AML/CFT conventions must be domesticated and fully implemented.
<b>Mutual Legal Assistance (R.32, 36-38, SR.V)</b>		
<b>Description and analysis</b>		
<p>There are no laws that address mutual legal assistance in AML/CFT matters. Nonetheless, government official stated that they will provide mutual legal assistance upon request. However, government official could provide any concrete examples of having done so in the AML/CFT area.</p> <p>There are no laws regarding confiscation of assets upon request of a foreign government. No representations were made by government officials regarding assistance provided internationally with such confiscation.</p>		
<b>Recommendations and comments</b>		
<ul style="list-style-type: none"> <li>• Uganda should introduce a statutory framework for mutual legal assistance that guarantees consistency and efficiency of cooperation.</li> <li>• The statutory framework for mutual legal assistance should adopt a non-restrictive principle of dual criminality.</li> <li>• MLA in freezing, seizing and confiscation matters should be clarified and established on statutory basis.</li> </ul>		
<b>Compliance with FATF Recommendations</b>		
<b>R.32</b>	Non-compliant	Only general crime statistics are available and have been addressed earlier. There is no AML/CFT regime, so cannot be measured at that time.
<b>R.36</b>	Non-compliant	There are no laws or other mechanisms in place.
<b>R.37</b>	Non-compliant	There are no laws or other mechanisms in place.
<b>R.38</b>	Non-compliant	There are no laws.
<b>SR.V</b>	Non-compliant	See comments in mutual legal assistance.
<b>Extradition (R.32, 37 &amp; 39, &amp; SR.V)</b>		
<b>Description and analysis</b>		
The Extradition Act (1968) does not address AML/CFT. The Extradition Act needs to be amended to include AML and CFT offences. Under the Extradition Act as currently written, dual criminality is a requirement for extradition. The Minister may, by statutory instrument,		

<p>amend the schedule of extraditable offences (adding, editing, and altering) at his discretion. But no changes have been made. AML/CFT are not addressed in the Act or by Ministerial discretion.</p>		
<p><b>Recommendations and comments</b></p>		
<p>When AML legislation is considered, the Extradition Act also needs to be amended. ML and TF needs to be added as extraditable acts. Also, Uganda should enter into treaties and bilateral agreements as appropriate. Thorough data and statistics on extradition and legal assistance should be kept.</p>		
<p><b>Compliance with FATF Recommendations</b></p>		
<p><b>R.32</b></p>	<p>Non-compliant</p>	<p>Only general crime statistics are available and have been addressed earlier. There is no AML/CFT regime, so effectiveness cannot be measured at that time.</p>
<p><b>R.37</b></p>	<p>Partially compliant</p>	<p>There are statements of government officials that they will provide mutual legal assistance upon request. However, there are no laws that address mutual legal assistance in AML/CFT matters.</p>
<p><b>R.39</b></p>	<p>Non-compliant</p>	<p>The Extradition Act (1968) does not address AML/CFT. The Extradition Act needs to be amended to include AML and CFT offences. As written, dual criminality is a requirement for extradition. The Minister may, by statutory instrument, amend the schedule of extraditable offences (adding, editing, and altering) at his discretion. But no changes have been made. AML/CFT are not addressed in the Act or by Ministerial discretion.</p>
<p><b>SR.V</b></p>	<p>Non-compliant</p>	<p>This cannot be measured as there is no AML/CFT regime</p>
<p><b>Other Forms of International Cooperation (R.32 &amp; 40, &amp; SR.V)</b></p>		
<p><b>Description and analysis</b></p>		
<p>With regards to Recommendation 40, Ugandan authorities informed the team that Uganda renders mutual legal assistance and other cooperation to any country through either informal Diplomatic channels or Interpol. There is currently no domestic legislation on mutual legal assistance. All requests for cooperation are transmitted either through the Ministry of Foreign Affairs to the Attorney General or to Interpol or directly to the DPP. Any of these agencies can execute requests. No treaty is required to give mutual legal assistance.</p> <p>The police assert that they make use of Interpol channels for communication and are also part of an East African group. They also regularly participate in border to border co-operation meetings with their counterparts. The BFID also asserts that it has also been able to assist with requests for assistance and obtained evidence from financial institutions for use in other jurisdictions. The assessment team was not able to conduct an independent review of this and no concrete examples were provided.</p> <p>The Anti-Terrorism Act does not contain any provisions authorizing international cooperation with regard to TF.</p>		
<p><b>Recommendations and comments</b></p>		
<p>Channels and mechanisms for information sharing with foreign counterparts should be developed and implemented in accordance with Recommendations 32 and 40, and Special Recommendation V.</p>		

Compliance with FATF Recommendations		
<b>R.32</b>	Non-compliant	General crime statistics are addressed earlier. There is no AML/CFT regime, so they cannot be measured at that time.
<b>R.40</b>	Partially compliant	There is no law There is no for mechanism for providing assistance in a consistent manner.
<b>SR.V</b>	Non-compliant	There is no law.

**Table 2. Ratings of Compliance with FATF Recommendations**

[The rating of compliance vis-à-vis the FATF Recommendations should be made according to the four levels of compliance mentioned in the 2004 Methodology (Compliant (C), Largely Compliant (LC), Partially Compliant (PC), Non-Compliant (NC)), or could, in exceptional cases, be marked as not applicable (na)]

<b>Forty Recommendations</b>	<b>Rating</b>	<b>Summary of factors underlying rating</b>
<b>Legal systems</b>		
1. ML offence	NC	No law criminalizing money laundering exists.
2. ML offence—mental element and corporate liability	NC	No law criminalizing money laundering exists.
3. Confiscation and provisional measures	NC	While several different laws provide confiscation authority in drug, corruption and terrorist financing cases they fall short of the international standards. 1. There is no overall AML/CFT confiscation legislation. 2. In existing laws the scope of property subject to confiscation is inadequate. 3. There are no procedures for tracing and identification. 4. There is no uniform protection of bona-fide third parties. 5. No confiscation action has been taken under existing law which brings into question the effectiveness of existing measures.
<b>Preventive measures</b>		
4. Secrecy laws consistent with the Recommendations	C	There are no financial institution secrecy laws that would inhibit the implementation of AML/CFT measures.
5. Customer due diligence	PC	Financial institutions do not maintain anonymous accounts in Uganda. Banks obtain and keep customer identification documents on opening accounts, despite the fact that there is an issue about enforceability. There is no identification of higher risk categories for ML. Beneficial ownership of accounts and the

		identification of ultimate control of legal persons are deficient.
6. Politically exposed persons	NC	The notion of PEPs is not factored in as a heightened risk.
7. Correspondent banking	NC	There are no specific AML/CFT requirements in place to address cross-border correspondent banking relationships.
8. New technologies & non face-to-face business	NC	There are no requirements in place that address ML threats that could arise from new technologies, including non-face to face business..
9. Third parties and introducers	NC	Intermediaries are not utilized to conduct CDD on behalf of Ugandan institutions..
10. Record keeping	PC	The documents that need to be relied upon to ascertain/verify identity are not controlled and are easy to abuse.
11. Unusual transactions	NC	No requirement currently exists for financial institutions to pay special attention to complex, large or unusual patterns of transactions..
12. DNFBP–R.5, 6, 8-11	NC	No AML/CFT provisions currently exists and no official body is charged with supervision with respect to DNFBPs.
13. Suspicious transaction reporting	NC	There is no FIU. The current structure does not meet FATF requirements. There is a need for certainty about which agency should receive STRs. There is currently no monitoring over the use of cash to acquire high value goods in Uganda; DNFBPs are not subject to suspicious transaction reporting.
14. Protection & no tipping-off	NC	There is no protection from civil liability for suspicious transaction reporting.
15. Internal controls, compliance & audit	PC	No AML/CFT provisions exist for DNFBPs. A specific internal audit requirement for AML should be required and enforced through examination.
16. DNFBP–R.13-15 & 21	NC	No AML/CFT provisions exist for DNFBPs.
17. Sanctions	NC	Existing enforcement authority for institutions regulated by the BOU is limited to moral suasion and licensing. Finalization of regulations should

		strengthen and clarify requirements and enhance supervision and enforcement. No criminal sanctions exist in the absence of AML/CFT legislation. DNFBPS are not covered by any sanctions.
18. Shell banks	NC	Shell banks are currently not addressed.
19. Other forms of reporting	NC	There is no evidence of consideration of measures to detect cross-border transportation of cash, currency or bearer instruments.
20. Other NFBP & secure transaction techniques	NC	Uganda has not assessed the vulnerabilities of local businesses and professions to money laundering and terrorist financing. There are no measures underway to encourage less reliance on cash.
21. Special attention for higher risk countries	NC	No requirement exists for special attention to be given to transactions/business relationships involving persons from countries that do not apply sufficiently the FATF Recommendations.
22. Foreign branches & subsidiaries	NA	Ugandan banks currently have no foreign affiliates or subsidiaries.
23. Regulation, supervision and monitoring	PC	Supervisory authority needs to be exercised more fully. The guidelines are based on the 1996 Recommendations and do not address CFT at all. The FIA regulations still to be promulgated and made consistent with the 2003 FATF Recommendations and take into account CFT. Supervision and monitoring of financial institutions has not been effective.
24. DNFBP - regulation, supervision and monitoring	NC	No AML/CFT provisions exist and no supervisory or other body oversees set-up or operations.
25. Guidelines & Feedback	NC	FIU is not yet established. Guidelines do not deal with CFT and no guidelines address DNFBPs.
<b>Institutional and other measures</b>		
26. The FIU	NC	No national centre exists for the receipt, analysis and dissemination of STR's No guidance is issued regarding reporting requirements. Where information is provided to the Bank of Uganda there is no established mechanism to access LEA and other

		<p>administrative information.</p> <p>The reporting regime, as it is, has no operational independence as it is currently undertaken as a function of the Bank of Uganda.</p> <p>Public reports, statistic, typologies are not collected.</p>
27. Law enforcement authorities	NC	<p>There are no law enforcement authorities or other competent authorities designated with responsibility for AML or CFT. Electronic surveillance and interception of letters and postal packages etc is authorized to be carried out under the Terrorist Act.</p>
28. Powers of competent authorities	PC	<p>Government authorities explained that they can obtain bank records during the course of a criminal investigation by applying to the court for the records using a sworn affidavit. The affidavit must be reviewed / approved by the DPP's office. The courts appear to rely on the Evidence (Bankers' Books (Act)) which became effective in October 1930. There are also provisions in the Prevention of Corruption Act (12 June, 1970) which permits the DPP to: order the inspection of records of the public official being investigated, his or her spouse or child or any nominee (Article 16). The DPP may also "notwithstanding anything in any written law to the contrary, by written notice...require the manager of any bank to give copies of the accounts of that person or of the spouse or son or daughter of that person at the bank" Article 20 (f). (Drug Act information to be provided). As related elsewhere "an authorized officer" (a security officer designated by the Minister of the Interior) may obtain access to bank records of any person. Terrorism Act, Article 19 (5)f.</p> <p>Ugandan authorities appear to have used their authority to obtain bank records. However, the team is unaware of situations in which they have used the same, or similar, authority to obtain records from</p>

		<p>any other type of financial institution.</p> <p>Notwithstanding the referenced authorities Uganda must, in order to adequately investigate money laundering and terrorist financing, provide a statutory basis for the prosecutor and law enforcement to obtain access to all financial records necessary to conduct an investigation adequately. The same is also true for all types of fraud cases. This statutory authority should also include the appropriate review by the DPP and his designees. It appears that law enforcement has adequate authority to search and seize. This should be further expanded in the new money laundering law with adequate prosecutorial and judicial supervision.</p>
29. Supervisors	PC	<p>BOU, CMA and the Insurance Commission, especially CMA and the Insurance Commission, have not exerted their full powers to supervise AML/CFT and have not exercised enforcement powers, due to a lack of statutory authority. BOU has monitored compliance and exercised its moral suasion as its main enforcement tool. .</p>

30. Resources, integrity and training	NC	<p>There are no administrative or operational structures in place within the law enforcement and or prosecution agencies to effectively deal with ML or TF. The BOU has adequate financial, human and technical resources with which to conduct supervision and does include AML as an area of supervision. However, its application of AML supervision is inconsistent.</p> <p>LEA and other competent authorities have structures within their current organizations. Unfortunately they do not have AML or CFT components or regimes. There is no practice of inter-agency taskforces.</p> <p>Consideration has not yet been given to integrity and other issues such as training that will affect an efficient AML/CFT regime.</p> <p>No FIU has been established although a number of the functions are fulfilled by BOU</p>
31. National co-operation	NC	<p>Whilst operational co-operation exists, this does not extend to ML or TF matters.</p> <p>There is no evidence of co-operation or co-ordination at a higher policy level.</p>
32. Statistics	NC	<p>The only statistics currently held are crime statistics which do not reflect AML CFT components.</p>
33. Legal persons–beneficial owners	NC	<p>The use of ‘nominee’ directors is commonplace and combined with the fact that company records are outdated and/or inaccurate, there is little opportunity to identify beneficial ownership. There is no mechanism in place to compel the disclosure of beneficial ownership. Company registrar information is not retrievable in any fashion which would assist identify beneficial of ownership of multiple entities.</p>
34. Legal arrangements – beneficial owners	NC	<p>There are no adequate systems and controls that would prevent unlawful use of legal arrangements by money launderers or those that finance terrorism.</p>

<b>International Cooperation</b>		
35. Conventions	PC	<p>Uganda has ratified the Vienna and Palermo Conventions but it has not taken measures to implement them through domestic law.</p> <p>Vienna Convention 1988 (ratified)</p> <p>International Convention for the Suppression of the Financing of Terrorism 1999 (ratified 5/11/2003)</p> <p>Palermo Convention, 2000 (signed 12/12/2000)</p> <p>Convention against Corruption 2003 (signed 9/12/2003)</p>
36. Mutual legal assistance (MLA)	NC	<p>There are no legal prohibitions or conditioning on rendering mutual legal assistance upon request. There is, however, no statutory or other mechanism in place for providing mutual legal assistance. While assertions were made that such assistance would be provided, no concrete examples were provided.</p> <p>The Extradition Act (1964) provides legal for assistance as common and civil proceedings.</p>
37. Dual criminality	PC	<p>The 1964 Extradition Act provides for taking evidence in criminal and civil matters pending in foreign courts or tribunals. However, that law also requires dual criminality as a prerequisite for such extraction. In addition, there is no law with regard to AML or CFT. Nor is there any other mechanism in place to authorize mutual legal assistance as explained above with regard to Recommendation 36.</p>
38. MLA on confiscation and freezing	NC	<p>There is no clear statutory framework for confiscation in general or for mutual legal assistance in confiscation matters.</p> <p>The Uganda legal framework on confiscation is vague and leaves many questions with regard to the scope of confiscated property and value confiscation without answers.</p> <p>There are no arrangements for coordinating confiscation measures with other countries.</p>
39. Extradition	NC	<p>The list of extraditable crimes does not</p>

		<p>include money laundering or terrorist financing. While the Act permits the Minister (not identified) to amend the schedule of extraditable crimes by adding or deleting there have been no amendments.</p> <p>The application of the Act is contingent on the existence of bilateral arrangements confirmed by a presidential decree. This may render money laundering offences un-extraditable in the absence of an extensive web of bilateral arrangements confirmed by decrees. Uganda has not taken action yet to implement the extradition provisions of the Vienna and Palermo Conventions. There is no case law to suggest alternative practice on this matter.</p>
40. Other forms of co-operation	PC	The channels and mechanisms for exchange of information between counterparts is deficient. Some cooperation takes place relying on the flexibility of the procedural system, but it is not sufficiently clear so as to guarantee consistency.
<b>Nine Special Recommendations</b>	<b>Rating</b>	<b>Summary of factors underlying rating</b>
SR.I Implement UN instruments	PC	No effort to implement UNSCR 1373 The International Convention for the Suppression of Terrorism has not been implemented through domestic legislation.
SR.II Criminalize terrorist financing	PC	The Uganda law does not include a criminal offense on money laundering, and therefore does not include one for terrorist financing as a predicate offense. While the overall framework for terrorist financing exists, there is no evidence that the law has been used to prosecute financiers of terrorism. There is no evidence of effectiveness to be taken into consideration.
SR.III Freeze and confiscate terrorist assets	NC	The definition of funds subject to confiscation in the various laws does not address adequately funds indirectly held and controlled. There are no safeguards for bona fide third parties.

		<p>There is not a clear process for delisting or reviewing the decisions to freeze mistakenly frozen funds.</p> <p>The process of informing the banks and other relevant persons of their obligations and how to implement them is not adequate.</p> <p>No clear procedures have been set up to ensure access to the frozen funds where necessary consistently with Resolution 1452 (2002).</p>	
SR.IV	Suspicious transaction reporting	NC	The law does not provide for STRs in terms of FT.
SR.V	International cooperation	NC	<p>There is no statutory framework for mutual legal assistance in general or in relation to terrorist financing.</p> <p>The Joint Anti-Terrorism Task Force somewhat enhances the exchange of information in counter-terrorism matters. This role is not, however, sufficient to compensate for the general lack of channels and powers to cooperate with counterparts.</p>
SR.VI	AML requirements for money/value transfer services	PC	Not all money remitters or foreign exchange dealers are subject to AML/CFT requirements due to a lack of enforcement efforts and legislative coverage.
SR.VII	Wire transfer rules	NC	There is no regulatory requirement for the inclusion by banks of originator information in wire transfers and other related messages..
SR.VIII	Nonprofit organizations	PC	While there is a legal framework for registering NPOs and obtaining information on their ownership and some management structure, the system is under-resourced and does not serve the function effectively.
SR.IX	Cash Couriers	NC	No provisions exist regarding cash couriers.

**Table 3. Recommended Action Plan to Improve Compliance with FATF Recommendations**

FATF 40+9 Recommendations	Recommended Action (listed in order of priority)
<b>1. General</b>	See Detailed Assessment Report
<b>2. Legal System and Related Institutional Measures</b>	
Criminalization of Money Laundering (R.1 & 2)	Legislation needs to be enacted as soon as possible. The legislation on money laundering needs to include a clear list of predicate offences, which is at least as broad as the list in revised FATF Recommendation 1. More particularly, the Penal Code Act does not contain all of the types of offences or conduct referenced in Recommendation 1. The mission orally provided some detailed comments during the course of meeting with some of the agencies.
Criminalization of Terrorist Financing (SR.II)	The Anti-Terrorism Act (2002) needs to be amended. “Funds” provided should be defined broadly to cover all possible forms and regardless of the legitimate or illegitimate source of the funds. The area of exempted documents should be reviewed.  Uganda has yet to provide information on which UN conventions they have ratified. Ugandan authorities did not specify what steps they have taken to meet the requirements of Special Recommendation II. See the interpretative note.
Confiscation, freezing and seizing of proceeds of crime (R.3)	Uganda needs to enact and implement legislation to comply with Recommendation 3.
Freezing of funds used for terrorist financing (SR.III)	The Anti-Terrorism Act needs to be amended in accordance with the FATF recommendations
The Financial Intelligence Unit and its functions (R.26, 30 & 32)	As a matter of priority Ugandan authorities need to set-out a strategic framework (Implementing Plan) to establish an overall AML/CFT regime that: <ul style="list-style-type: none"> <li>• Seeks to establish one reporting requirement for AML and CFT to one clearly defined body; an operational FIU. (And ensuring the FIU is free from undue influence and interference).</li> <li>• In support of the first bullet point, set-out a legal framework that includes necessary gateways to enable the FIU to co-operate and co-ordinate with other bodies and also enables those bodies to be</li> </ul>

	<p>able to share information, etc. with the FIU.</p> <ul style="list-style-type: none"> <li>• Sets out clear reporting requirements and guidance supported by a legal/supervisory framework for FI and DNFBP.</li> <li>• In co-ordination with the competent authorities sets up a framework that meets AML/CFT training needs and requirements.</li> <li>• In co-ordination with the competent authorities set out a framework for the collection, holding and analysis of AML/CFT statistics and the production of typologies and other reports.</li> </ul>
<p>Law enforcement, prosecution and other competent authorities (R.27, 28, 30 &amp; 32)</p>	<p>As a matter of priority Ugandan authorities need to set-out a strategic framework (Implementing Plan) to establish an overall AML/CFT regime that:</p> <ul style="list-style-type: none"> <li>• Seeks to define and co-ordinate the work of the LEA and prosecution services. Best practice, such as the interagency work of the BFID, would serve as a good model to begin to build such a framework on.</li> <li>• Policies and strategies would benefit from being reflected within a legal, regulatory or administrative framework that includes necessary gateways to enable the interagency co-operation and co-ordination which defines procedures to minimise risks of corruption.</li> <li>• AML/CFT training needs and requirements should be set out.</li> </ul> <p>In co-ordination with the other competent authorities, set out a framework for the collection, holding and analysis of AML/CFT statistics.</p> <p>With regard to Recommendation 30 the mission suggests the following:</p> <ul style="list-style-type: none"> <li>• The DPP also needs capacity building in investigating and prosecuting the following areas: money laundering, fraud, drug trafficking, human trafficking, terrorism and corruption.</li> <li>• Prosecutors need training in investigating and prosecuting financial crime cases.</li> <li>• Judges would benefit from training to increase their awareness in money laundering and financial crime cases including special training regarding</li> </ul>

	<p>the nature of bank and other financial data that are routinely involved in money laundering and terrorist financing prosecutions.</p> <ul style="list-style-type: none"><li>• Training in forensic accounting and document examination.</li><li>• Computer hardware and analytical software are needed by all agencies. Training in exploitation of information stored in computers and techniques for searching of seized computers for evidence is needed by all agencies.</li><li>• Training in investigating and prosecuting cyber crime cases.</li><li>• Prosecutors need practical and legal training in handling wiretaps and other forms of technical surveillance.</li><li>• DPP needs training in the techniques of identifying, tracing and seizing the proceeds and instrumentalities of crime under current law and as it will be enhanced under the AML legislation.</li><li>• The DPP needs practical assistance in methods for addressing mutual legal assistance.</li><li>• The DPP wants training in case management generally, and in particular how to manage the development of law enforcement generated leads, extraction of financial information from intelligence operations and coordination of interviews.</li><li>• Provide awareness training on AML-CFT legislation that has been approved by Cabinet.</li><li>• A special Task Force to be made up of DPP, CID, URA, ISO, ESO, military intelligence, etc which can serve as a special fusion center to extract and collate financial information collected in all criminal investigations and information forwarded by the Financial Intelligence Unit [when it is established].</li><li>• Provide TA to establish a multi-agency sub-committee (possibly led by a Senior Police officer) under the AML Committee be set-up as a matter of urgency to assess and report on the domestic situation regarding ML and TF.</li><li>• Assist the AML Committee in producing an implementation strategy document to assist phased implementation of the Bill as/when it becomes an Act.</li><li>• Provide TA to establish a multi-agency sub-</li></ul>
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	<p>committee (possibly those that undertook the risk assessment) tasked to undertake preliminary work on operational establishment of the operational FIU.</p> <ul style="list-style-type: none"> <li>• On submission of the AML Bill to parliament, preliminary training be given to Law Enforcement Authorities / intelligence agency staff to increase capability in financial investigation in preparation for the introduction of a comprehensive STR reporting regime.</li> <li>• The BOU needs training with regard to implementing on-site, risk based supervision of AML-CFT in general. Training and guidance with regard to suspicious transactions would greatly assist in this process.</li> <li>• The insurance sector needs awareness training with regards to AML/CFT. The Uganda Insurance Commission needs training and software that would allow it to monitor insurance transactions online.</li> </ul> <p>The Secretariat to the NGO Board needs the resources necessary to carry out the mission including adequate budget, staff, physical facilities, computers, and vehicles to conduct inspections.</p>
Cash couriers (SR IX)	Any strategic document (implementation plan) should take account of cash courier as part of the strategy which should also includes legal and training provisions as well as means of collecting/reporting required information.
<b>3. Preventive Measures– Financial Institutions</b>	
Customer due diligence, including enhanced or reduced measures (R.5 to 8)	AML legislation and the associated regulations that are envisaged would go a long way to dealing with a number of the gaps above. Therefore the urgency of this legislation cannot be over-emphasized. In addition, the need for AML to be properly integrated into the supervisory process and for statistics to be compiled is essential.
Third parties and introduced business (R.9)	Regulations in terms of the Financial Institutions Act and the MDI Act that deal with AML/CFT need to be promulgated urgently.
Financial institution secrecy or confidentiality (R.4)	Regulations in terms of the Financial Institutions Act and the MDI Act that deal with AML/CFT need urgent promulgation.
Record keeping and wire	Regulations in terms of the Financial Institutions Act

transfer rules (R.10 & SR.VII)	and the MDI Act that deal with AML/CFT need urgent promulgation.
Monitoring of transactions and relationships (R.11 & 21)	The draft Financial Institutions Act AML Regulations need to be promulgated as soon as possible.
Suspicious transaction reports and other reporting (R.13-14, 19, 25 & SR.IV)	The requirements for STRs should be clearer and more extensive with a view to assisting financial institutions in prevention and detection of ML/FT. Technical assistance to the Customs service with regard to AML/CFT.
Internal controls, compliance, audit and foreign branches (R.15 & 22)	The BOU needs to ensure that both internal and external audits assess and test AML/CFT procedures. Procedures should be put in place to enable the LEA to assist the BOU to assess the high standards of employees in financial institutions.
Shell banks (R.18)	The FIA regulations need to disallow relationships to be entered into with shell banks.
The supervisory and oversight system—competent authorities and SROs (R. 17, 23, 29 & 30).	FT needs to be specifically included in the existing Guidelines and the FIA Regulations and AML/CFT needs to be integrated in the supervisory risk matrix used. Technical assistance to training supervisors with regard to AML/CFT.
Financial institutions - market entry and ownership/control (R.23)	See recommendations above regarding Supervisory and Oversight system
AML/CFT Guidelines (R.25)	See recommendations above regarding Supervisory and Oversight system
Ongoing supervision and monitoring (R.23, 29 & 32)	See recommendations above regarding the FIU and the Supervisory and Oversight system
Money value transfer services (SR.VI)	See recommendations above regarding the FIU and the Supervisory and Oversight system
<b>4. Preventive Measures – Non-Financial Businesses and Professions</b>	
Customer due diligence and record-keeping (R.12)	Any proposed legislation regarding casinos/gaming should look at and take account of AML/CFT requirements during drafting, parliamentary proceedings and implementation.
Monitoring of transactions and relationships (R.12 & 16)	Uganda should enact the necessary legislation in order to comply with the recommendations.
Suspicious transaction reporting (R.16)	Uganda should enact the necessary legislation in order to comply with the recommendations.

Internal controls, compliance & audit (R.16)	Uganda should enact the necessary legislation in order to comply with the recommendations.
Regulation, supervision and monitoring (R.17, 24-25)	Uganda should enact the necessary legislation in order to comply with the recommendations. See earlier comments regarding casino.
Other designated non-financial businesses and professions (R.20)	The AML/CFT DNFBP's Law must address measures to assess the vulnerability of business and professions to ML/TF.
<b>5. Legal Persons and Arrangements &amp; Nonprofit Organizations</b>	
Legal Persons–Access to beneficial ownership and control information (R.33)	<p>The forms associated with formation of a company in Uganda apparently date from 1958 and earlier. The authorities provided no information with respect to the operations of the Companies Act and Companies Ordinance in practice. Government authorities did not even have copies of the papers necessary to form a company and the team had to buy these from a stationary store. There appears to be no way to ascertain beneficial ownership or other relevant information set out in Recommendation 33 and 34.</p> <p>A comprehensive review of company formation and administration procedures is needed within the newly formed Ugandan Registration Services Bureau.</p>
Legal Arrangements–Access to beneficial ownership and control information (R.34)	Measures need to be put into place to prevent the unlawful use of legal persons. Such measures include identification of all types of beneficial ownership.
Nonprofit organizations (SR.VIII)	The Secretariat to the NGO Board needs the resources necessary to carry out the mission including adequate budget, staff, physical facilities, computers, and vehicles to conduct inspections.
<b>6. National and International Cooperation</b>	
National cooperation and coordination (R.31)	<p>The lack of a comprehensive national AML/CFT strategic plan affects both national and international co-ordination.</p> <p>The priority should be to look at both domestic and international co-operation in the context of a national implementation plan. There are good examples of operational co-operation that can be built on to form</p>

	the basis of ML and TF operations. Strategic and policy co-operation and co-ordination must be one of the priorities in any national policy.
The Conventions and UN Special Resolutions (R.35 & SR.I)	Uganda should take measures to update its legal system consistently with its various obligations under the Vienna Convention and the Palermo Convention and Resolution 1373.
Mutual Legal Assistance (R.32, 36-38, SR.V)	<ul style="list-style-type: none"> <li>• Uganda should introduce a statutory framework for mutual legal assistance that guarantees consistency and efficiency of cooperation.</li> <li>• The statutory framework for mutual legal assistance should adopt a non-restrictive principle of dual criminality.</li> <li>• MLA in freezing, seizing and confiscation matters should be clarified and established on statutory basis.</li> </ul>
Extradition (R.32, 37 & 39, & SR.V)	When AML Legislation is enacted the Extradition Act needs to be amended, JL and TF needs to be added as extraditable acts. Enter into treaties and bilateral agreements as appropriate. Thorough data and statistics on extradition and legal material should be kept.
Other Forms of Cooperation (R.32 & 40, & SR.V)	Channels and mechanism for information sharing with foreign counterparts should be designed and implemented in accordance with R.49 and R. 32.
<b>7. Other Issues</b>	
Other relevant AML/CFT measures or issues	None.

**Annex 1: Listing of All Meetings Held During the On-Site Mission - Details of attendees, dates and time of all meetings.**

**Introductory meeting with Ministry of Finance. Monday, February 14, 2005, 9 am.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
N.A. – Minister not available.		

**AML/CFT Legislative Drafting Committee. Monday February 14, 2005 at 11 am.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
L.J. Ghinery Hesse	Ministry of Justice and Constitutional Affairs	Legislative Drafting Expert / Advisor
Denis Kibirige	Ministry of Justice and Constitutional Affairs	State Attorney

**Central Bank. Monday February 14, 2005 at 2:30 & 4:30 pm.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Justine Bagyenda	Bank of Uganda	

**Introductory meeting with Ministry of Finance. Tuesday, February 15, 2005, 9 am.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
N.A. – Minister not available.		
Michael Tukei	Ministry of Finance, Planning and Economic Development	
Lawrence Kizza	Director Economic Affairs	

**Directorate of Public Prosecutions. Tuesday February 15, 2005 at 11 am.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Vincent Wagona	DPP	Principle State Attorney
Betty Khisa	DPP	Senior Principle State Attorney
George E. Ongom	DPP	Under Secretary
Richard Buteera	DPP	DPP
Amons Ngolobe	DPP	Deputy DDP
Michael Wamasebu	DPP	Assistant DPP

**Bank of Uganda. Tuesday February 15, 2005 at 2 pm.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Justine Bagyenda	Bank of Uganda	Director, Commercial Banking
Godfrey Yiga Masajja	Bank of Uganda	Deputy Director, Commercial Banking
Titus W. Mulindwa	Bank Uganda	Ag. Asst. Legal Counsel, Office of Legal Affairs
David L. Kalyango	Bank of Uganda	Supervision Function, Microfinance Division
Robinah Nakato	Bank of Uganda	Ag. Assistant Director, Micro Finance
Beffede J.	Bank of Uganda	Director
Ntale Alex	Bank of Uganda	Deputy Director, TEDD
Francis Senwadda	Bank of Uganda	Ag. A/D

**Ministry of Internal Affairs. Tuesday February 15, 2005 at 4 pm.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
S.P. Kagoda	Ministry of Internal Affairs	Permanent Secretary
Elizabeth Kuteesa	Uganda Police Headquarters	Assistant Inspector of General Police (Director of Criminal Investigations Directorate)
Amadia Fabian	Police	Detective Asp
Apollo Ntarirwa	Police CID	Principal Government Analyst
Ezati Samuel	Police	Document Examiner
John Bwango	Police CID	Det. SSP

**Directorate of Ethics and Integrity. Wednesday February 16, 2005 at 9 am.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Ashaba Aheebwa	Directorate for Ethics and Integrity	Director Ethics Education
Linda Mugisha Tumusime	Directorate for Ethics and Integrity	Deputy Director Legal

**Internal Security Service. Wednesday February 16, 2005 at 11 am.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
N.A. The Director was not ready to meet with the team		

**Inspectorate of Government. Wednesday February 16, 2005 at 2 pm.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Martin Olobo	IGG	Permanent Secretary
Dr. Arinaitwe Raphael	IGG	Senior Principal Inspectorate Officer
T.S. Ismgaho	IGG	Secretary to the Inspectorate

**Capital Markets Authority. Wednesday February 16, 2005 at 3:45 pm.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Japheth B. Katto	Capital Markets Authority	CEO
Winifred Tarinyeba	Capital Markets Authority	Legal and Compliance Manager

**Uganda Investment Authority. Wednesday February 16, 2005 at 5 pm.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Byaruhanga K. Joel	Uganda Investment Authority	Director Finance and Administration

**Bank of Uganda. Thursday February 17, 2005 at 9 am.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Titus W. Mulindwa	Bank Uganda	Ag. Asst. Legal Counsel, Office of Legal Affairs
Robinah Nakato	Bank of Uganda	Ag. Assistant Director, Micro Finance
Anthony Opio	Bank of Uganda	Director, NBFi
Francis Senwadda	Bank of Uganda	Ag. A/D
Godfrey Yiga Masajja	Bank of Uganda	Deputy Director, Commercial Banking
Justine Bagyenda	Bank of Uganda	Director, Commercial Banking

**Land Registry (Ministry of Water, Lands & Environment). Thursday February 17, 2005 at 11 am.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Eng. Bezalel K. Kabanda	Ministry of Water, Lands & Environment (MWLE)	Permanent Secretary
Aragudu Nale	MWLE	Principal Assistant Secretary
Stephen Ojiambo	MWLE	Senior Accountant

Robert V. Nyombi	MWLE	Registrar of Titles
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**Uganda Revenue Authority. Thursday February 17, 2005 at 2:30 pm.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Peter Mbubui Malinga	URA	Commissioner (CUE)
Willis Bashaasha	URA	Principal Revenue Officer (Customs and Excise Department)
Richard Kamajugo	URA	Assistant Commissioner (Trade)
Geoffrey Tindimarebisa	URA	SPRO Chemist
Deborah Nabongo	URA	SRO (Corporate Planning)

**PricewaterhouseCoopers. Thursday February 17, 2005 at 4:30 pm.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Uthman Mayanja	PWC	Manager (Assurance and Business Advisory Services)

**Barclays. Friday February 18, 2005 at 9:00 am.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Nick Mbuvi	Barclays	Managing Director
David Mayeku	Barclays	Compliance Officer

**Crane Bank. Friday February 18, 2005 at 10:30 am.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Robert Warlow	Crane Bank	Managing Director
A.R. Kalan	Crane Bank	Deputy Managing Director
T.K. Thomas	Crane Bank	Senior Manager International

**Western Union (Nile Bank). Friday February 18, 2005 at 12:00 pm.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Richard Byarugaba	Nile Bank	Managing Director
John Kamanyire	Nile Bank	Head of Internal Audit
Evelyn Akol	Nile Bank	Head of Western Union

**Joint Anti-Terrorism Taskforce (JAT). Friday February 18, 2005 at 2:00 pm.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Lt. Alex B. Tumushabe	JAT/MI	Analyst
Pius Alitema	ISO	Director
Joel Agaba	ISO	H/Department
Mugisa Robert	ISO	Analyst
George Ochieng	ISO	Deputy Director

**Uganda Institute of Bankers (UIB). Friday February 18, 2005 at 4:00 pm.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Edna Kanabahita	Stanbic Bank	Heads of Risk Management
Jacqueline Kasiiku	UIB	Head, Banking and Finance Training Services
Moses Opio Ogal	UIB	Executive Director
Dorean (Assistant)	UIB	

**The Commissioner Tax Policy Department, Ministry of Finance. Monday February 21, 2005 at 9:00 am.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
N.A.		

**Company Register. Monday February 21, 2005 at 11:00 am.**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
N.A.		

**Uganda Law Society. Monday February 21, 2005 at 2:00 pm and 7:00 pm**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Moses Adriko	Uganda Law Society	President

**Ministry of Justice and Constitutional Affairs, Solicitor General. Tuesday February 22, 2005 at 9:00 am**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Lucian Tibaruha	Ministry of Justice and Constitutional Affairs	Solicitor General

Joseph Matsiko	Ministry of Justice and Constitutional Affairs	Ag. Director Civil Litigation
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**Uganda Anti-Money Laundering Committee. Tuesday February 22, 2005 at 11:00 am**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Geoffrey B. Tindimwebwa	Uganda Revenue Authority	SPRO (Investigations and Chemist)
Alex Ntale	Bank of Uganda	Deputy Director, Trade & External Debt Dept., Private Flows and Forex Bureau
Samuel Wandera	Ministry of Finance	S.E.
Michael Tukei	Ministry of Finance	Ass. Commissioner
Willis Bashaasha	URA	Principal Revenue Officer (Customs and Excise Department)
Justine Bagyenda	Bank of Uganda	Director, Commercial Banking
Kamugisha Ludovic	Ministry of Internal Affairs	Senior Immigration Officer
Emmanuel T. Kikoni	Uganda Bankers Association	Executive Director
E. Kalule	Bank of Uganda	Director
Titus W. Mulindwa	Bank Uganda	Ag. Asst. Legal Counsel, Office of Legal Affairs
Michael Wamasebu	DPP	Assistant DPP
Deborah Nabongo	URA	SRO (Corporate Planning)
Were Michael	CID Police	Superintendent
Joseph Matsiko	Ministry of Justice and Constitutional Affairs	Ag. Director Civil Litigation

**Uganda Insurance Commission. Tuesday February 22, 2005 at 2:00 pm**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
F.F. Magezi	Uganda Insurance Commission	Commissioner
George S. Okoth	Uganda Insurance Commission	Deputy Commissioner (Technical)
Bernerd Obel	Uganda Insurance Commission	Ag. Asst. Commissioner (Finance and Investment)

Evelyn Nkalubo – Muwemba	Uganda Insurance Commission	Secretary to the Commission / Deputy Commissioner (Finance & Admin.)
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**Ministry of Internal Affairs. Secretary NGO Board. Tuesday February 22, 2005 at 3:00 pm**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Rosemary Nabifo Wamimbi	Ministry of Internal Affairs	Senior Immigration Officer, Secretary NGO Board

**Ministry of Finance. Wednesday February 23, 2005 at 9:00 am**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Isaac Isanga Musumba	Minister of State for Finance, Planning and Economic Development	Minister
Michael Tukei	Ministry of Finance	Ass. Commissioner
Justine Bagyenda	Bank of Uganda	Director, Commercial Banking
Titus W. Mulindwa	Bank Uganda	Ag. Asst. Legal Counsel, Office of Legal Affairs

**Ministry of Finance. Wednesday February 23, 2005 at 10:30 am**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Moses Kaggwa	Minister of State for Finance, Planning and Economic Development	Tax Policy Department
Michael Wamibu	Minister of State for Finance, Planning and Economic Development	Ag Assistant Commissioner / Tax Policy
Michael Tukei	Ministry of Finance	Ass. Commissioner

**Company Registry. Wednesday February 23, 2005 at 12 pm**

<b>Name</b>	<b>Organization</b>	<b>Title</b>
Bisereko Kyomuhend	Company Registry	Ag. Registrar General

## **Annex 2: Listing of All Laws, Regulations, Guidelines and Other Material Received**

### **Ministry of Finance, Planning and Economic Development**

- Cabinet Memorandum CT (2004) 202. Submitted by the Hon. Minister of Finance, Planning and Economic Development. Proposed AML Bill 2004.
- Ant-Money Laundering Bill – Cabinet Subcommittee. Invitation for a meeting regarding the Bill. February 7, 2005.
- Non-Governmental Organisations Act
- Casino and Gaming Bill 2004
- Gaming Machines (Control) Bill 2004

### **Directorate of Public Prosecutions**

- Constitution of the Republic of Uganda, 1995
- The Constitution (Amendment) Bill, 2005
- Constitutional Petition No 8 of 2003 between (i) Fox Odoi – Oywelowo and (ii) James Akampumuza and the Attorney General.
- Transmittal letter outlining list of material requested by World Bank of the DPP.
- Terms of Reference for the Taskforce on Law Reform of Anti-Corruption Legislation.
- Extradition and Mutual Assistance Cases
- The Penal Code Act
- The Evidence Act
- The Trial on Indictments Act
- The Police Act
- The Extradition Act
- The Prevention of Corruption Act
- The Advocates Act
- Current staffing position in the Directorate of Public Prosecutions
- Recent years high profile corruption / fraud case in court – Directorate of Public Prosecutions
- Assistance required by the DPP
- Drug Act (1993)
- Patents Act
- The Copyright Act
- The Evidence (Bankers' Books Act)

### **Uganda Police**

- Annual Crime Reports 2002, 2003 and 2004

### **Bank of Uganda**

- Remarks by the Hon. Minister of Finance, Planning and Economic Development, during the inauguration of the Uganda Anti-Money Laundering Committee (UAMLC). (Terms of Reference for UGAMLC, 25/8/2000.)
- Financial Institutions (Corporate Governance) Regulations, 2004.
- Financial Institutions (Anti-Money Laundering) Regulations, 2004.

- Bank of Uganda to All Commercial Banks and Credited Institutions: Accounts of Listed Persons. 18 January, 2005.
- Example: Accounts of listed persons. Standard Chartered. February 2, 2005.
- The Micro Finance Deposit-Taking Institutions (Licensing) Regulations, 2004.
- The Micro Finance Deposit-Taking Institutions (Liquidity and Funds Management) Regulations, 2004.
- Micro Finance Deposit-Taking Institutions (Capital Adequacy) Regulations, 2004.
- The Micro Finance Deposit-Taking Institutions (Asset Quality) Regulations, 2004.
- The Micro Finance Deposit-Taking Institutions (Reporting) Regulations, 2004.
- Financial Institutions (Insider Lending Limits) Regulations, 2004.
- Financial Institutions (Limits on Credit Concentrations and Large Exposures) Regulations, 2004.
- Financial Institutions (Capital Adequacy Requirements) Regulations, 2004.
- Financial Institutions (Licensing) Regulations, 2004.
- Financial Institutions (Credit Classification and Provisioning) Regulations, 2004.
- Financial Institutions (Ownership and Control) Regulations, 2004.
- Financial Institutions (Liquidity) Regulations, 2004.
- MoneyGram Payment Systems Inquiry.
- Financial Institutions (Foreign Exchange Business) Regulations, 2004.
- Financial Institutions (Consolidated Supervision) Regulations, 2004.
- Financial Institutions (Prompt Corrective Actions) Regulations, 2004.
- Financial Institutions (External Auditors) Regulations, 2004.
- Bank of Uganda Anti-Money Laundering Guidelines, 2002.
- Bank of Uganda Anti-Money Laundering Guidelines for Forex Bureaux, 2003.
- Bank of Uganda Risk Management Guidelines.
- Bank of Uganda: Freezing of accounts under Section 118(1) of FIA 2004. February 15, 2005.
- Bank of Uganda Policy Statement on Micro-Finance Regulations – July 12, 1999.
- The Micro Finance Deposit-Taking Institutions Act, 2003
- The Financial Institutions Act, 2004.
- The Foreign Exchange Act, 2004
- Examination Reports of two banks.
- IMF Comments on the Anti-Money Laundering Bill. Transmittal letter signed by Executive Director Supervision (Ruth Emunu). December 7, 2004.
- Letter from Bank of Uganda Governor regarding IMF comments on the AML Bill (provided December 1, 2004) sent December 9, 2004. Outlining Bank of Uganda's response to comments and attaching revised bill. Revised bill not attached to copy of letter provided to the World Bank.
- Transmittal letter from AG. Deputy Governor (D.G. Opiokello) to the Minister of Finance (October 6, 2004) outlining the main highlights of the final bill.
- Minutes of the UAMLC Meeting held on 3<sup>rd</sup> February, 2005 at the Bank of Uganda, Level, 3, New Building.
- The Anti-Terrorism Act, 2002
- Planning for 2004 – Uganda Work Plan

- Building and Operating FIUs for AML: National Level. A Student Handbook by FinCEN. November 20, 1997
- Draft Strategy Plan for Uganda on Anti-Money Laundering Financing of Terrorism (AML/CFT)
- The Micro Finance Deposit-Taking Institutions Act, 2003. Act Supplement 2d May 2003.
- Minutes of the 11<sup>th</sup> meeting of the UAMLC on 20<sup>th</sup> June 2002 at the Bank of Uganda, Level 3, New Building.
- Planning for 2004 – Uganda Work Plan

### **Western Union**

- Daily Operations procedures

### **Capital Markets Authority**

- Prospectus 2004. Offer for sale of 10,200,000 Ordinary Shares of “New Vision Printing and Publishing Company Limited.”
- Capital Markets. The Journal for the Capital Markets Industry, Uganda. Volume 6 NO. 3. 3<sup>rd</sup> Quarter, 2004.
- The Capital Markets Corporate Bonds Guidelines, 2003.
- The Capital Markets (Cross Border Introductions) Regulations, 2004.
- The Capital Markets (Fund Managers) Regulations, 2004.
- The Collective Investment Schemes (Financial and Accounting) Regulations, 2003.
- The Collective Investment Schemes (Licensing) Regulations, 2003.
- The Collective Investment Schemes (Unit Trusts) Regulations, 2003.
- The Collective Investment Schemes (Open-Ended Investment Companies) Regulations, 2003.
- Capital Markets Authority: Inspection Checklist for Investment Advisers (Including Fund Managers and Advisers on Off-Shore Investments).
- Capital Markets Authority: Inspection Checklist for Broker/Dealers.
- Capital Markets Authority: Regulatory Notice No. 2/2003 Regarding Anti-Money Laundering.
- The Capital Markets (Conduct of Business) Regulations, 1996.
- The Capital Markets (Prospectus Requirements) Regulations, 1996.
- The Capital Markets (Licensing) Regulations, 1996.
- The Capital Markets (Exempt Dealers) Regulations, 1996.
- The Capital Markets (Accounting and Financial Requirements) Regulations, 1996.
- The Collective Investment Schemes (Conduct of Business and Miscellaneous) Regulations 2003.
- The Collective Investment Schemes Act, 2003.

### **Directorate for Ethics and Integrity – Office of the President**

- Mainstreaming Ethics and Integrity in Local Governments in Uganda. November, 2004.
- Local Governance Issues in Uganda.

- Skills in Ethical Decision Making. A report on Training for Trainers Workshops For Public Officials.
- National Strategy. To Fight Corruption and Rebuild Ethics and Integrity in Public Office 2004 – 2007.
- Anti Corruption Progress Report on Government’s Strategy and Plan of Action to Fight Corruption and Rebuild Ethics and Integrity. May 2001 – October 2004.
- Government Strategy and Plan of Action to Fight Corruption and Build Ethics and Integrity in Public Office. Fiscal Years 2000/1 – 2002/3.

### **Barclays**

- Barclays Africa Anti-Money Laundering Accreditation Test No 1.
- Suspicious Transaction Monitoring and Anti-Money Laundering Procedures.
- Know Your Customer. Training Workbook Exercise. Question Paper.

### **Land Registry**

- Example: Certificate of Title. Owner and Land Registry copy.

### **Uganda Investment Authority**

- CD E-Directory: Uganda. Featuring Investment Opportunities: Investment Opportunities in Privatization. Uganda: A presidential Tour. CD-ROM.
- Investing in Uganda – Mining.
- Application form investment license (Form UIA 1)

### **Inspectorate of Government**

- Report to Parliament: July – December 2003.
- Final Report: Second National Integrity Survey. March 5, 2003.
- Corporate and Development Plan (CADP) 2004 – 2009. “Aspiration for Yet Better Outcomes” – April 2004.

### **Crane Bank**

- Customer Due Diligence (CDD) Form. Know Your Customer (KYC) Checklist – Non Individuals.
- Customer Due Diligence (CDD) Form. Know Your Customer (KYC) Checklist – Individuals and Sole Proprietorship.
- Account Opening Requirements.
- Money Laundering Prevention. Bank Policy and Standards of Best Practices.

### **Insurance Commission**

- Circular Letter dated June 12, 2003
- AML Guidelines
- Comments from Uganda Insurance Commission regarding the Proposed AML Bill.
- Report/Agenda AML/CFT Supervision Workshop
- Self assessment questionnaire.

- Report on a public lecture on money laundering by professor Angela Jane Itzikonitz held at 3:00 PM on Monday, 5h May 2003 in the boardroom of Uganda law reform commission. (21<sup>st</sup> May 2003).
- Cover note outlining “some of the efforts the Uganda Insurance Commission has put in place to combat money laundering and combating the financing of terrorism.”
- Inspection Manual – Uganda Insurance Commission
- Application for licensing/renewal of license as an insurer or reinsurer for the year ending 31 December 2005 – Uganda Insurance Commission
- Application for licensing/renewal of license as an insurance/ reinsurer broker for the year ending 31<sup>st</sup> December 2005 – Uganda Insurance Commission
- Application for licensing/renewal of license as an agent. For the year ending 31<sup>st</sup> December 2005 – Uganda Insurance Commission
- Application for license/renewal of license as a risk manager loss assessor / loss adjuster /insurance surveyor claims settling agent for the year ending 31<sup>st</sup> December 2005 – Uganda Insurance Commission
- The Insurance Regulations, 2002
- The Insurance Act
- List of licensed insurance companies for the year 2004
- Gross Premium Written - 2003

#### **Company Register**

- Sample registration form. “Statement of Particulars required to be given pursuant to the Business Name Registration Act IN CASE OF A FIRM.”