



# **Anti-money laundering and Counter-terrorist financing measures**

## **ZIMBABWE**

**10<sup>th</sup> Enhanced Follow Up Report and  
4<sup>th</sup> Technical Compliance Re-rating**

**April 2024**

Follow - Up Report





The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) was officially established in 1999 in Arusha, Tanzania through a Memorandum of Understanding (MOU). As at the date of this Report, ESAAMLG membership comprises 21 countries and also includes a number of regional and international observers such as COMESA, Commonwealth Secretariat, East African Community, Egmont Group of Financial Intelligence Units, FATF, GIZ, IMF, SADC, United Kingdom, United Nations, UNODC, United States of America, World Bank and World Customs Organization.

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

For more information about the ESAAMLG, please visit the website: [www.esaamlg.org](http://www.esaamlg.org)

This document and/or any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

**This report was approved by the ESAAMLG Task Force of Senior Officials at the April meeting in Lubango, Angola, 2024.**

Citing reference:

ESAAMLG (2024), <i>Anti-money laundering and counter-terrorist financing measures - Zimbabwe, 10<sup>th</sup> Enhanced Follow-up Report &amp; 2<sup>nd</sup> Technical Compliance Re-Rating</i> , ESAAMLG, Dar es Salaam <a href="http://www.esaamlg.org">http://www.esaamlg.org</a>
---

© 2024 ESAAMLG. All rights reserved.

No reproduction or translation of this publication may be made without prior written permission. Applications for such permission, for all or part of this publication, should be made to the ESAAMLG Secretariat, P.O. Box 9923, Dar es Salaam-United Republic of Tanzania

Tel: +255 22 2221350/51

Email: [executivesec@esaamlg.org](mailto:executivesec@esaamlg.org)

## ZIMBABWE: 10<sup>TH</sup> FOLLOW-UP REPORT AND 4<sup>TH</sup> TECHNICAL COMPLIANCE RE-RATING

### I. INTRODUCTION

1. The Mutual Evaluation Report (MER) of Zimbabwe was approved by the Council of Ministers in September 2016. This follow-up report assesses the progress made by Zimbabwe to resolve the technical compliance shortcomings identified in its MER. New ratings are given when sufficient progress has been made. This report also assesses the progress made in implementing the FATF Recommendation 7 for the existing legal frameworks that have been amended since the adoption of the April 2022 FUR. In general, countries are expected to have corrected most or all of their technical compliance shortcomings by the end of the third year of follow-up at the latest. This report does not cover progress made by Zimbabwe to improve its effectiveness.
2. The assessment of Zimbabwe request for technical compliance re-ratings and the preparation of this report were undertaken by the following experts (Supported by ESAAMLG Secretariat: Muluken Yirga Dubale, Vanevola Otieno, and Valdane João from the Secretariat):
  - Mr Bheki Khumalo (Eswatini);
  - Mrs Abby Dinka (Ethiopia);
  - Mr. Mitleshkumarsingh Roopchund (Mauritius),
  - Mrs. Nomfanelo Kunene;
  - Ms. Phephile Dlamini;
  - Matsebula Babhekile (Eswatini) and
  - Mr. Thomas Mongella (Tanzania).
3. Section III of this report summarises the progress made by Zimbabwe on technical compliance. Section IV sets out conclusions and contains a table of Recommendations for which a new rating has been given.

## II. KEY FINDINGS OF THE MUTUAL EVALUATION REPORT

4. The MER<sup>1</sup> rated Zimbabwe's technical compliance as set out in Table 2.1 below. In light of these results, Zimbabwe was placed in the enhanced follow-up process<sup>2</sup>.

**Table 2.1. Technical compliance ratings<sup>3</sup> September 2019**

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

## III. OVERVIEW OF PROGRESS IN TECHNICAL COMPLIANCE

5. Since the adoption of its MER in September 2016, Zimbabwe has taken measures aimed at addressing the technical compliance deficiencies identified in its MER. As a result of this progress, three (3) Recommendations were re-rated (upgraded) to LC as shown in Table 3. 1 below:

**Table 3.1: Technical compliance following revision of ratings, April 2022**

<i>R.1</i>	<i>R.2</i>	<i>R.3</i>	<i>R.4</i>	<i>R.5</i>	<i>R.6</i>	<i>R.7</i>	<i>R.8</i>	<i>R.9</i>	<i>R.10</i>
<i>LC</i>	<i>PC</i> <i>PC</i>	<i>C</i>	<i>C</i>	<i>LC</i>	<i>C</i>	<i>PC</i> <i>PC</i>	<i>PC</i>	<i>C</i>	<i>C</i>
<i>R.11</i>	<i>R.12</i>	<i>R.13</i>	<i>R.14</i>	<i>R.15</i>	<i>R.16</i>	<i>R.17</i>	<i>R.18</i>	<i>R.19</i>	<i>R.20</i>

<sup>1</sup> Mutual Evaluation Report of Zimbabwe, September 2016 available at [https://www.esaamlg.org/index.php/Mutual\\_Evaluations/readmore\\_me/25](https://www.esaamlg.org/index.php/Mutual_Evaluations/readmore_me/25)

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

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

C	C	LC	C	PC	C	LC	C	C	C
R.21	R.22	R.23	R.24	R.25	R.26	R.27	R.28	R.29	R.30
C	C	C	LC	LC	PC LC	LC	PC LC	LC	C
R.31	R.32	R.33	R.34	R.35	R.36	R.37	R.38	R.39	R.40
LC	LC	C	PC LC	LC	C	C	LC	C	LC

6. ESAAMLG commends Zimbabwe for the progress made to improve its technical compliance with Recommendations 26, 28 and 34. Following this, Zimbabwe has submitted a request for re-rating of Recommendation 7. This section of the report summarises further progress made by Zimbabwe to improve its technical compliance by addressing the TC deficiencies identified in its MER.

**3.1.1 Recommendation 7- Targeted Financial Sanctions related to Proliferation (Originally rated PC – re-rated to LC)**

7. Under its Second Round MER, Zimbabwe was rated Non-Compliant with the requirements of Recommendation 7. The major deficiencies were that Zimbabwe did not have measures in place to implement requirements relating to prevention of proliferation financing. In September 2019, Recommendation 7 was re-rated PC as it was noted that Zimbabwe had issued Suppression of Foreign and International Terrorism Regulations (Statutory Instrument no. 56) to facilitate implementation of the requirements of the Recommendation. However, there were still some moderate shortcomings yet to be addressed. Subsequent to this, in April 2022, Zimbabwe enacted the Suppression of Foreign and International Terrorism Regulations (Statutory Instrument (SI) 110 of 2021) and Recommendation 7 was re-assessed and Reviewers concluded that the rating should remain as PC. The major deficiency was that Zimbabwe was not able to implement the TFS in relation to PF without delay. In addition, the Zimbabwe SI 110 of 2021 did not require all natural and legal persons within the country to freeze, without delay and without prior notice, the funds or other assets of designated persons and entities.
8. In order to address the above deficiencies, Zimbabwe issued the Suppression of Foreign and International Terrorism Regulations (Statutory Instrument (SI) 164 of 2023) in terms of Section 17 of the Suppression of Foreign and International Terrorism Act (as amended) to implement targeted financial sanctions related to proliferation

financing. Regulation 6 of the Statutory Instrument (S.I) 164 of 2023 outlines the process from receipt of the UN List by the Ministry of Foreign Affairs to issuing an order by the Director General of the FIU to financial institutions (FIs) and DNFBPs to freeze funds and other assets. Both the Ministry of Foreign Affairs and Ministry of Home Affairs are required to disseminate the list of designated persons and entities without delay. Upon receipt of the UN list, the Director General of the FIU is required to make a freezing order immediately and without prior notice to any named individual or entity, and disseminate the order without delay to competent supervisory authorities, FIs and DNFBPs. For the avoidance of doubt the process from receipt of the list from the UN by the Minister of Foreign affairs to issuing an order to freeze funds and other assets by the Director-General by financial institutions or designated non-financial businesses or professions must happen in not more than twenty-four (24) hours [Regulation 6(6) of SI 164 of 2023]. ***Based on this, criterion 7.1 is Met.***

9. **The April 2022 FUR rated c.7.2(a) as Mostly Met.** The major deficiency was that the TFS related obligations under Regulation 6(3) of SI 110 of 2021 were only applicable to FIs and DNFBPs and do not cover other types of natural and legal persons. Zimbabwe has now amended the Regulations to apply similar obligations on all natural and legal persons in terms of Regulation 6(4) of SI 164 of 2023 [. The term “Persons” refers to both natural and legal persons as provided for in Section 3 of the 2001 Interpretation Act. ***Hence, c.7.2(a) has been Met.***
10. **The September 2019 and April 2022 FURs rated c.7.2 (b-e) as Met<sup>4</sup>.** No part of the Regulations against the sub-criteria have been changed. **Hence, the ratings for these criteria remain Met.**
11. **The April 2022 FUR rated c.7.2(f) as Mostly Met<sup>5</sup>.** The Regulation 8(2) of SI 110 of 2021 protects the rights of bona fide third parties acting in good faith in relation to freezing of funds and other assets. However, the protection of bona fide third parties is limited to the freezing obligations only and there is no protection of the same parties

---

<sup>4</sup> See paras 13-20 (pp.8-10) of the September 2019 FUR (<https://www.esaamlg.org/reports/FUR%20Zimbabwe-September%202019.pdf>) and paras 18-20 (pp.7-8) of the April 2022 FUR (<https://www.esaamlg.org/reports/Zimbabwe%20FUR%20-April%202022.pdf>)

<sup>5</sup> See para 20 (pp. 7-8) of the April 2022 FUR.

against other obligations under Recommendation 7. *Hence, the rating for c.7.2(f) has been maintained as Mostly Met. Thus, the overall rating for criterion 7.2 is maintained as mostly met.*

12. The April 2022 FUR rated c.7.3 as Met.<sup>6</sup> No part of the Regulations against the sub-criterion has been changed as a result of the 2023 amendments to the Statutory Instrument. *Hence, the rating for c7.3 remains as Met.*
13. The April 2022 FUR rated c.7.4 as Met.<sup>7</sup> No part of the Regulations against the sub-criterion has been changed as a result of the 2023 amendments to the Statutory Instrument. *Hence, the rating for c7.4 remains as Met.*

The April 2022 FUR rated c.7.5 as Met.<sup>8</sup> No part of the Regulations against the sub-criterion has been changed as a result of the 2023 amendments to the Statutory Instrument. *Hence, the rating for c7.4 remains as Met.c.7.3, c7.4 and c7.5. he ratings for these criteria remain Met.*

#### *Weighting and Conclusion*

14. Zimbabwe has introduced the amendments to the Suppression of Foreign and International Terrorism Regulations Statutory Instrument through SI 164 of 2023 which addresses most of the remaining deficiencies under Recommendation 7. The regulation provides legal basis for Zimbabwe to implement the TFS in relation to PF without delay. Moreover, the regulation enables Zimbabwe to require all natural and legal persons within the country to freeze, without delay and without prior notice, the funds or other assets of designated persons and entities. There is a minor shortcoming remaining that there is no protection of third parties in good faith against other obligations than freezing under Recommendation 7.

**Based on the foregoing analysis, the Review Group recommends that the rating of PC for Recommendation 7 should be upgraded to LC.**

---

<sup>6</sup> See para 21 (p. 8) of the April 2022 FUR.

<sup>7</sup> See para 23 (p. 9) of the April 2022 FUR.

<sup>8</sup> See para 23 (p. 9) of the April 2022 FUR.

**I. CONCLUSION**

15. Zimbabwe has made significant progress in addressing deficiencies identified in Recommendation 7 to warrant an upgrade. Therefore, Recommendation 7 is upgraded to LC.
16. Considering overall progress made by Zimbabwe since the adoption of its MER, its technical compliance with the FATF Recommendations has been revised as shown in Table 4.1 below.

**Table 4.1 Technical Compliance Re-rating, April 2024**

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

17. Zimbabwe will remain in enhanced follow-up and will continue to inform the ESAAMLG of the progress made in improving and implementing its AML/CFT measures.