



# Anti-money laundering and counter-terrorist financing measures **Central African Republic**

## Mutual Evaluation Report

November 2023



**Chad**

**Sudan**

**Cameroon**

**Democratic Republic  
of Congo**

**Congo**

## TABLE OF CONTENTS

LIST OF ACRONYMS .....	5
PREAMBLE .....	10
<u>EXECUTIVE SUMMARY .....</u>	<u>11</u>
A- KEY FINDINGS.....	11
B- RISKS AND GENERAL SITUATION.....	13
C- OVERALL LEVEL OF EFFECTIVENESS AND TECHNICAL COMPLIANCE .....	14
D- PRIORITY MEASURES .....	18
E- EFFECTIVENESS AND TECHNICAL COMPLIANCE RATINGS .....	20
<u>CENTRAL AFRICAN REPUBLIC MUTUAL EVALUATION REPORT .....</u>	<u>21</u>
FOREWORD.....	21
<u>1. ML/TF RISKS AND CONTEXT .....</u>	<u>23</u>
1.1. ML/TF RISKS AND SCOPING OF HIGHER RISK ISSUES .....	24
1.2. ITEMS OF SPECIFIC IMPORTANCE (MATERIALITY) .....	30
1.3. STRUCTURAL ELEMENTS .....	33
1.4. OTHER CONTEXTUAL FACTORS .....	34
<u>2. NATIONAL AML/CFT POLICIES AND COORDINATION.....</u>	<u>52</u>
2.1. KEY FINDINGS AND RECOMMENDATIONS .....	52
2.2. IMMEDIATE OUTCOME 1 (RISK, POLICY AND COORDINATION).....	53
<u>3. LEGAL SYSTEM AND OPERATIONAL ISSUES.....</u>	<u>59</u>
3.1. KEY FINDINGS AND RECOMMENDATIONS .....	59
3.2. IMMEDIATE OUTCOME 6 (FINANCIAL INTELLIGENCE).....	62
3.3. IMMEDIATE OUTCOME 7 (ML INVESTIGATION AND PROSECUTION).....	68
3.4. IMMEDIATE OUTCOME 8 (CONFISCATION) .....	71
<u>4. TERRORIST FINANCING AND PROLIFERATION FINANCING.....</u>	<u>76</u>
4.1. KEY FINDINGS AND RECOMMENDATIONS .....	76
4.2. IMMEDIATE OUTCOME 9 (TF INVESTIGATION AND PROSECUTION) .....	78
4.3. IMMEDIATE OUTCOME 10 (TF PREVENTIVE MEASURES AND FINANCIAL SANCTIONS).....	81
4.4. IMMEDIATE OUTCOME 11 (PF FINANCIAL SANCTIONS).....	83
<u>5. PREVENTIVE MEASURES .....</u>	<u>85</u>

5.1. KEY FINDINGS AND RECOMMENDATIONS .....	85
5.2. IMMEDIATE OUTCOME 4 (PREVENTIVE MEASURES).....	88
<b><u>6. SUPERVISION .....</u></b>	<b><u>111</u></b>
6.1. KEY FINDINGS AND RECOMMENDATIONS .....	111
6.2. IMMEDIATE OUTCOME 3 (SUPERVISION) .....	113
<b><u>7. LEGAL PERSONS AND ARRANGEMENTS .....</u></b>	<b><u>125</u></b>
7.1. KEY FINDINGS AND RECOMMENDATIONS .....	125
7.2. IMMEDIATE OUTCOME 5 (LEGAL PERSONS AND ARRANGEMENTS).....	126
<b><u>8. INTERNATIONAL COOPERATION .....</u></b>	<b><u>132</u></b>
8.1. KEY FINDINGS AND RECOMMENDATIONS .....	132
8.2. IMMEDIATE OUTCOME 2 (INTERNATIONAL COOPERATION) .....	133
<b><u>ANNEX ON TECHNICAL COMPLIANCE .....</u></b>	<b><u>138</u></b>
RECOMMENDATION 1: ASSESSING RISKS AND APPLYING A RISK-BASED APPROACH .....	138
RECOMMENDATION 2: NATIONAL COOPERATION AND COORDINATION .....	140
RECOMMENDATION 3: MONEY LAUNDERING OFFENCE.....	141
RECOMMENDATION 4: CONFISCATION AND PROVISIONAL MEASURES .....	143
RECOMMENDATION 5: MONEY TERRORIST FINANCING OFFENCE.....	144
RECOMMENDATION 6: TARGETED FINANCIAL SANCTIONS FOR TERRORISM AND TERRORIST FINANCING.....	146
RECOMMENDATION 7: TARGETED FINANCIAL SANCTIONS RELATING TO PROLIFERATION .....	150
RECOMMENDATION 8: NON-PROFIT ORGANIZATIONS (NPOs) .....	151
RECOMMENDATION 9: FINANCIAL INSTITUTIONS SECRECY LAWS .....	153
RECOMMENDATION 10: CUSTOMER DUE DILIGENCE (CDD).....	154
RECOMMENDATION 11: RECORD KEEPING .....	161
RECOMMENDATION 12: POLITICALLY EXPOSED PERSONS (PEPS).....	162
RECOMMENDATION 13: CORRESPONDENT BANKING .....	164
RECOMMENDATION 14: MONEY OR VALUE TRANSFER SERVICES (MVTs) .....	165
RECOMMENDATION 15: NEW TECHNOLOGIES.....	166
RECOMMENDATION 16: WIRE TRANSFERS .....	170
RECOMMENDATION 17: RELIANCE ON THIRD PARTIES.....	175
RECOMMENDATION 18: INTERNAL CONTROLS AND FOREIGN BRANCHES AND SUBSIDIARIES .....	176
RECOMMENDATION 19: HIGHER RISK COUNTRIES .....	178
RECOMMENDATION 20: SUSPICIOUS TRANSACTION REPORT(ING).....	179
RECOMMENDATION 21: TIPPING-OFF AND CONFIDENTIALITY .....	180
RECOMMENDATION 22: DESIGNATED NON-FINANCIAL BUSINESSES AND PROFESSIONS: CUSTOMER DUE DILIGENCE.....	180
RECOMMENDATION 23: DESIGNATED NON-FINANCIAL BUSINESSES AND PROFESSIONS: OTHER MEASURES .....	182

<b>RECOMMENDATION 24: TRANSPARENCY AND BENEFICIAL OWNERSHIP OF LEGAL PERSONS .....</b>	<b>184</b>
<b>RECOMMENDATION 25: TRANSPARENCY AND BENEFICIAL OWNERS OF LEGAL ARRANGEMENTS .....</b>	<b>188</b>
<b>RECOMMENDATION 26: REGULATION AND SUPERVISION OF FINANCIAL INSTITUTIONS .....</b>	<b>190</b>
<b>RECOMMENDATION 27: POWERS OF SUPERVISORS .....</b>	<b>195</b>
<b>RECOMMENDATION 28: REGULATION AND SUPERVISION OF DESIGNATED NON-FINANCIAL BUSINESSES AND PROFESSIONS .....</b>	<b>198</b>
<b>RECOMMENDATION 29: FINANCIAL INTELLIGENCE UNITS (FIUS) .....</b>	<b>200</b>
<b>RECOMMENDATION 30: RESPONSIBILITIES OF LAW ENFORCEMENT AND INVESTIGATIVE AUTHORITIES .....</b>	<b>202</b>
<b>RECOMMENDATION 31: POWERS OF LAW ENFORCEMENT AND INVESTIGATIVE AUTHORITIES ...</b>	<b>203</b>
<b>RECOMMENDATION 32: CASH COURIERS .....</b>	<b>204</b>
<b>RECOMMENDATION 33: STATISTICS .....</b>	<b>206</b>
<b>RECOMMENDATION 34: GUIDANCE AND FEEDBACK.....</b>	<b>207</b>
<b>RECOMMENDATION 35: SANCTIONS.....</b>	<b>207</b>
<b>RECOMMENDATION 37: MUTUAL LEGAL ASSISTANCE.....</b>	<b>209</b>
<b>RECOMMENDATION 38: MUTUAL LEGAL ASSISTANCE: FREEZING AND CONFISCATION .....</b>	<b>211</b>
<b>RECOMMENDATION 39: EXTRADITION .....</b>	<b>212</b>
<b>RECOMMENDATION 40: OTHER FORMS OF INTERNATIONAL COOPERATION .....</b>	<b>213</b>
<b><u>TECHNICAL COMPLIANCE SUMMARY - KEY DEFICIENCIES.....</u></b>	<b><u>217</u></b>

## LIST OF ACRONYMS

<b>ANIF:</b>	National Agency for Financial Investigation
<b>AML/TF:</b>	Anti-Money Laundering and Combating the Financing of Terrorism
<b>AML:</b>	Anti-Money Laundering
<b>ANTE:</b>	National Agency for the Regulation of Electronic Transactions
<b>AR:</b>	Automatic Reporting
<b>ASTROLAB:</b>	Questionnaire on Assistance to Surveillance, Treatment and Organization of Anti-Money Laundering
<b>ATM:</b>	Automated Teller Machine
<b>AUDCG:</b>	Uniform Act Relating to General Commercial Law
<b>AUSC:</b>	Uniform Act Relating to Cooperative Societies
<b>AUSCGIE</b>	Uniform Act Relating to Commercial Companies and Common Interest Groups
<b>BEAC:</b>	Bank of Central African States
<b>BECDOR:</b>	Gold and Diamond Control Valuation Office
<b>BNI:</b>	Bearer Negotiable Instrument
<b>BNI:</b>	Bearer Negotiable Instrument
<b>BO:</b>	Beneficial Owner
<b>BVMAC:</b>	Central African Stock Exchange
<b>C:</b>	Compliant
<b>CAR:</b>	Central African Republic
<b>CCSRS/RCA:</b>	Coordination Committee responsible for monitoring and ensuring compliance with the Sanctions Regime on CAR based on Resolution 2117 of 2013
<b>CDD:</b>	Customer Due Diligence
<b>CEMAC Regulation:</b>	Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and repression of money laundering and terrorist financing in Central Africa
<b>CEMAC:</b>	Central African Economic and Monetary Community
<b>CFAF:</b>	Franc of the Financial Community in Africa
<b>CFT:</b>	Combating the Financing of Terrorism
<b>CIMA:</b>	Inter-African Conference of Insurance Markets
<b>CLAB:</b>	Franc Zone Anti-Money Laundering Liaison Committee

<b>CMCA:</b>	Caisses Mutuelles de Centrafrique
<b>CNLC:</b>	National Anti-Corruption Committee
<b>CNS:</b>	National Monitoring Committee for the implementation of the Kimberly Process recommendations
<b>COBAC:</b>	Central African Banking Commission
<b>COSUMAF:</b>	Central African Financial Market Supervisory Commission
<b>CRCA:</b>	Regional Insurance Control Commission
<b>CREDAF:</b>	Tax Administrations Think Tank
<b>DAFMAM:</b>	Department of Financial, Monetary, Insurance and Microfinance Affairs of the Ministry of Finance and Budget
<b>DG:</b>	Director General
<b>DNA:</b>	National Directorate of Insurance
<b>DNFBPs:</b>	Designated Non-Financial Businesses and Professions
<b>DRC:</b>	Democratic Republic of Congo
<b>ECCAS:</b>	Economic Community of Central African States
<b>EITI:</b>	Extractive Industries Transparency Initiative
<b>EU:</b>	European Union
<b>FATF:</b>	Financial Action Task Force
<b>FATF-SRB</b>	FATF-style Regional Body
<b>FAVRs:</b>	Fire, Accidents and Various Risks
<b>FDPC:</b>	Front Démocratique du Peuple Centrafricain
<b>FI:</b>	Financial Institution
<b>FIA:</b>	Financial Investment Adviser
<b>FINTRAC:</b>	Financial Transactions and Reports Analysis Centre of Canada
<b>FIU:</b>	Financial Information Unit
<b>FRPC:</b>	Front Populaire pour la Renaissance de la Centrafrique
<b>FSTSP:</b>	Funds or Securities Transfer Service Provider
<b>GABAC:</b>	Task Force on Anti-Money Laundering in Central Africa
<b>GDP:</b>	Gross Domestic Product
<b>GIMAC:</b>	Central African Interbank Monetics Group
<b>GO AML:</b>	Integrated financial intelligence management and processing software
<b>GUFE:</b>	One-stop Business Formalities Office

<b>HDI:</b>	Human Development Index
<b>ICASEES:</b>	Central African Institute for Statistics and Economic and Social Studies
<b>ICPO-Interpol:</b>	International Criminal Police Organization
<b>ICT:</b>	Information and Communication Technology
<b>IMF:</b>	International Monetary Fund
<b>INTERPOL-NCB:</b>	Interpol National Central Bureau
<b>IO:</b>	Immediate Outcome
<b>JPO:</b>	Judicial Police Officer
<b>KP:</b>	Kimberly Process
<b>KPPS:</b>	Kimberly Process Permanent Secretariat
<b>KYC:</b>	Know Your Customer
<b>LC</b>	Limited company
<b>LC:</b>	Largely Compliant
<b>LLC:</b>	Limited Liability Company
<b>LRA:</b>	Lord's Resistance Army
<b>MER:</b>	Mutual Evaluation Report
<b>MFI:</b>	Microfinance Institution
<b>MFSP:</b>	Mobile Financial Service Provider
<b>ML/TF:</b>	Money Laundering and Terrorist Financing
<b>ML:</b>	Money Laundering
<b>MLCJ:</b>	Mouvement des Libérateurs Centrafricains pour la Justice
<b>MONEYVAL:</b>	Committee of experts on the evaluation of measures to combat ML/TF
<b>MPC:</b>	Mouvement Patriotique Centrafricain
<b>MTC:</b>	Money Transfer Company
<b>NBFI</b>	Non-Banking Financial Institution
<b>NC:</b>	Non-Compliant
<b>NGO:</b>	Non-Governmental Organization
<b>NGOPS</b>	Non-Governmental Organizations Permanent Secretariat
<b>NPM</b>	New Payment Methods
<b>NPO:</b>	Non-Profit Organization

<b>NRA:</b>	National Risk Assessment
<b>OECD:</b>	Organization for Economic Co-operation and Development
<b>OFAC:</b>	Office of Foreign Assets Control (United States Department of the Treasury)
<b>OHADA:</b>	Organization for the Harmonization of Business Law in Africa
<b>ONECCA:</b>	Central African National Order of Chartered Accountants
<b>OTA:</b>	Fungible Treasury Bonds
<b>PC:</b>	Partially Compliant
<b>PEP:</b>	Politically Exposed Person
<b>PF:</b>	Proliferation Financing
<b>PGI:</b>	Office of the Public Prosecutor
<b>PP:</b>	Professional Partnership
<b>R:</b>	Recommendation
<b>R:</b>	Return, Claim and Rehabilitation
<b>RCPCA:</b>	Central African Republic National Recovery and Peacebuilding Plan
<b>RJ:</b>	Revolution and Justice
<b>Sangocoin :</b>	Central African Republic's official crypto-currency
<b>SR:</b>	Special Recommendation
<b>SRB:</b>	Self-Regulatory Body
<b>STR:</b>	Suspicious Transaction Report(ing)
<b>SVT:</b>	Primary Dealer
<b>SYSCOHADA:</b>	Accounting System of the Organization for the Harmonization of Business Law in Africa
<b>TF:</b>	Terrorist Financing
<b>TFS:</b>	Targeted Financial Sanction
<b>TGI:</b>	High Court
<b>TPPCR:</b>	Trade and Personal Property Credit Register
<b>UA:</b>	Uniform Act
<b>UMAC:</b>	Central African Monetary Union
<b>UNDP:</b>	United Nations Development Programme
<b>UNO:</b>	United Nations Organization
<b>UNSC:</b>	United Nations Security Council



<b>UNSCR:</b>	United Nations Security Council Resolution
<b>UPC:</b>	Unité pour la Paix en Centrafrique
<b>USAF:</b>	Special Anti-Fraud Unit of the Ministry of Mines and Geology
<b>USD:</b>	United States Dollars
<b>VASPs:</b>	Virtual Asset Service Provider
<b>WCO:</b>	World Customs Organization
<b>XAF:</b>	Franc of the Financial Community in Central Africa

## **PREAMBLE**

The Task Force on Anti-Money Laundering in Central Africa (GABAC) is a specialized institution of the Central African Economic and Monetary Community (CEMAC) and a Financial Action Task Force (FATF)-style Regional Body (FATF-SRB) that promotes norms, instruments and standards for combating money laundering, terrorist financing and the proliferation of weapons of mass destruction, as well as other threats, including related methods and trends, to ensure the integrity of the financial systems of member and associated States.

The States under GABAC's jurisdiction have formally recognized the FATF standards as the benchmark for combating money laundering and the financing of terrorism and the proliferation of weapons of mass destruction.

GABAC was admitted as a FATF-SRB in 2015. Its mission, among others, is to evaluate the anti-money laundering and combating the financing of terrorism (AML/CFT) systems of the States under its jurisdiction in order to assess, on the one hand, their compliance with international standards and, on the other hand, the effectiveness of the measures taken.

After successfully completing the first round of mutual evaluations of its Member States and starting the second round with the evaluation of the AML/CFT systems in the Democratic Republic of Congo, Cameroon, Congo, Gabon and Chad, GABAC is continuing the cycle with the evaluation of the Central African AML/CFT system.

This Report, and any data and maps it may contain, are without prejudice to the status of any territory, the sovereignty over it, the delimitation of international boundaries and limits, and the name of any territory, city or area. It has been prepared on the basis of the 2013 FATF Methodology, updated in November 2020, and the GABAC Round 2 Mutual Evaluation Procedures Manual. It incorporates the new requirements introduced in the 2012 revision of the FATF Recommendations and contains provisions on technical compliance and effectiveness.

This report has been reviewed by the FATF Secretariat; **Ms Catherine HACHE**, Expert Policy Analyst, International Relations/Partnerships, Policy and Analysis at the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC); **Ms Irina TALIANU**, Unit Head and **Ms Lorena UNGUREANU**, Project Manager at the Executive Secretariat of the Committee of Experts on the Evaluation of Anti-Money Laundering and Terrorist Financing Measures (MONEYVAL).

The evaluation report was adopted by the 19<sup>th</sup> plenary session of the GABAC Technical Committee on 28<sup>th</sup> and 29<sup>th</sup> September 2023, in Brazzaville.

## **EXECUTIVE SUMMARY**

1. This document summarizes the anti-money laundering and counter-terrorist financing measures in place in the Central African Republic at the time of the on-site visit (29 August to 14 September 2022). It analyses the level of compliance with the FATF 40 Recommendations and the effectiveness of the country's AML/CFT system, and sets out priority recommendations for strengthening the system.

### **A- KEY FINDINGS**

- (a) Overall, CAR has shown a low level of understanding of the ML and TF risks. This is due to the fact that no assessment has been carried out in any sector, either in terms of ML or TF. In particular, no sector risk assessment has been carried out in the sectors most at risk, including the virtual assets sector. At the same time, the authorities have not demonstrated any understanding of ML/TF risks in this sector. Nevertheless, the evaluation mission found that the authorities do not have the same level of understanding of the ML/TF risks to which the country is exposed. This is particularly true of ANIF, which has demonstrated a good understanding of the risks, whereas the understanding is moderate for investigative and prosecution authorities, and low for other authorities, including supervisors.
- (b) In June 2020, the country launched its NRA with the help of the World Bank, to identify its real risks and improve its understanding of these risks. However, the mission found that some key players from government services and the private sector are not involved in conducting the NRA. This is likely to affect the inclusiveness of the NRA process and impact on the quality of the outcomes.
- (c) With regard to national coordination, Central African authorities have shown a willingness to define a national policy and coordinate the actions of the relevant authorities to combat ML/TF. To this end, they set up a national AML/CFT policy coordination committee in April 2018. However, more than four years later, the committee is still not operational due to insufficient operating resources and the unavailability of some of its members. The country does not yet have a national AML/CFT policy;
- (d) CAR's ANIF receives STRs from banks only (which is not consistent with the country's risk profile) and, where appropriate, forwards the findings of analyses of these STRs to the judicial authorities. It is housed within the Directorate General of the Treasury, with which it shares unsecured offices that do not guarantee confidential treatment or optimal storage of information. In addition, it does not have its own IT system, and the few data available (in particular data on Automatic Reports) are stored in the database of the Ministry of Finance, to which the ANIF has access. The FIU's human resources are inadequate and lack the required training. ANIF is also suffering from a shortage of financial resources. At the time of the site visit, it was not yet a member of the Egmont Group;
- (e) CAR does not adequately and sufficiently identify ML cases arising from predicate offences or systematically use parallel investigations due to the absence of an AML/CFT criminal policy and the lack of expertise of the investigative and prosecuting authorities.

The consistency between the predicate offences prosecuted and the country's threats and risk profile could not be assessed due to a lack of available statistical data.

- (f)** The investigative and prosecuting authorities do not identify or locate assets that may be seized and confiscated as part of their investigations into the underlying money laundering offences. Nor is there a formal mechanism for managing seized and confiscated assets or an entity dedicated to this task;
- (g)** No case of terrorist financing has been investigated and resulted in a conviction. This is not in line with the country's risk profile. Prioritization in investigations and prosecutions is still a timid practice within courts and tribunals. Similarly, parallel investigations are not yet effective in matters relating to TF;
- (h)** Despite the Community's regulatory framework, CAR has not set up a competent authority or a mechanism for implementing the TFS on the basis of Resolutions 1267, 1373 et seq. of the United Nations Security Council;
- (i)** The Central African authorities have not identified the sub-group of NPOs most vulnerable to abuse for TF purposes and are not applying a risk-based approach. Major weaknesses were noted in the supervision of a large number of NPOs. There is a major lack of awareness among NGOs of the risk of their being exploited for TF purposes;
- (j)** CAR has not established a legal framework or a dissemination mechanism, nor designated competent authorities to enable the effective implementation of the TFSs relating to the financing of the proliferation of weapons of mass destruction;
- (k)** Banks have a good understanding of the ML/TF risks in their sector and apply stricter standards in the groups to which they belong when assessing their risks and categorizing their customers according to their profiles and transactions. However, their understanding of risk does not always translate into effective, up-to-date risk maps, which makes it difficult to determine customer risk profiles. Their implementation of reinforced measures to reduce the risks identified is not enough to meet this challenge;
- (l)** Banks are fulfilling their duty of vigilance more or less acceptably, although the modest number of STRs emanating from them seems out of all proportion to the criticality of the risk inherent in this sector and the central role it plays in CAR's financial context. The same applies to money transfer service providers, which are part of international groups and whose operations and regulatory obligations are assumed by the banks with which they have signed agreements;
- (m)** For non-bank FIs, understanding of AML/CFT risks and duties is patchy. It is acceptable for MFIs and PSFTCs, while it is more limited for the insurance sector, MFIs and STFVs. There are no licensed foreign exchange bureaux. However, there is nothing to show that the old foreign exchange bureaux, formally disqualified by the strict criteria of the new foreign exchange regulations, are not continuing to operate clandestinely. CAR has not taken the appropriate measures to identify and sanction them in accordance with Article 166 of Regulation No. 02/18/CEMAC/UMAC/CM of 21 December 2018 on foreign exchange regulations in CEMAC;
- (n)** Regarding DNFBPs, some of which are exposed to very high ML/TF risks in the Central African context, their understanding of ML/TF risks is very diverse and is still in its

infancy overall, with the notable exception of notaries. Most of them are unaware of the provisions of the CEMAC Regulation and, consequently, of their AML/CFT duties. It goes without saying, therefore, that the implementation of these measures is still a vast undertaking;

- (o) The promulgation of Law No. 22/001 of 22 April 2022 governing crypto-currencies in CAR and the launch of the Sango coin, a national digital currency that is legal tender in CAR on the same footing as the CFA franc and backed by the country's natural resources, have not yet been accompanied by more specific implementing measures to regulate the activities of this sector. The ML/TF risks to which the activities of VAs are exposed remain in their raw state, further evading the meshes of the Central African AML/CFT system, and all the more so in a context of low financial inclusion rates, favourable to massive reliance on VAs;
- (p) The evaluation of control functions highlighted shortcomings in the control and supervision system for financial institutions and DNFBPs in CAR. Supervisors of financial institutions carry out generally satisfactory due diligence despite the weak system for identifying beneficial owners. It is clear that AML/CFT supervisory actions are not sufficiently effective. It should also be noted that there are no competent authorities designated to monitor non-compliance with AML/CFT obligations in respect of DNFBPs as a whole. In short, the control functions to prevent the exploitation for AML/CFT purposes of the various entities subject to AML/CFT regulations in CAR are inadequate;
- (q) There are shortcomings in the mechanisms set up to ensure the transparency of legal entities and arrangements in CAR and to prevent their misuse for ML/TF purposes. The collection, storage and updating of information on legal entities and legal arrangements are not sufficiently robust, and checks on the authenticity of information are empirical and inadequate. Information on beneficial owners is lacking. CAR did not provide evidence of the application of effective sanctions for non-compliance with information and transparency obligations. Access to information collected on legal entities and arrangements is limited;
- (r) The country has a suitable general legal framework for mutual legal assistance and extradition. A central authority and a directorate in charge of mutual assistance and extradition have been set up. However, there is no centralized system for archiving and managing files, which means that it is not possible to provide information on the collection and processing times. The country has neither requested nor granted international cooperation in matters of mutual legal assistance and extradition in the field of AML/CFT. Data provided for the evaluation period indicates that the country has made a few requests relating to the underlying offences. However, these requests remained unanswered.

## **B- RISKS AND GENERAL SITUATION**

2. CAR is facing major security and political challenges that are having a significant impact on economic and social development. Since gaining independence in 1960, the country has experienced periods of political instability interspersed with episodes of armed conflict. Today, although Bangui and many of the country's towns are largely under the control of the Central

African authorities, the security situation remains fragile. Following these various conflicts, Government drew up a Central African Republic National Recovery and Peacebuilding Plan (RCPCA) which, in the medium term, should establish lasting peace and stability with the establishment of State authority throughout the country. To bring fresh impetus to its economy, in April 2022 the country passed a law governing transactions linked to crypto-currencies and establishing bitcoin as an official currency.

3. In this context, CAR is exposed to a range of ML/TF risks. In this respect, the ML threat manifests itself in the commission of a range of recurrent underlying offences that generate huge financial profits. These include misappropriation of public funds, illicit trafficking in precious stones and metals, drug trafficking, corruption, trafficking in wildlife and wood products, breach of trust, illicit property transactions, tax fraud, smuggling, trafficking in munitions, weapons of war and small arms, forgery and human trafficking.

4. TF threat is characterized by the existence of armed groups on Central African territory (mainly 7: FRPC, RJ, 3 R, UPC, MPC, FDPC and MLCJ) and CAR's proximity to some countries where terrorist groups and armed gangs operate (Cameroon, Chad, DRC and Sudan). Attacks by the terrorist group referred to as the Lord's Resistance Army (LRA), currently active in the border triangle bounded by South Sudan, the Central African Republic and the DRC, are a perfect illustration of this threat. Similarly, there are terrorist and mercenary recruitment points in neighbouring countries (Uganda, Chad, Cameroon, Sudan, Niger and the DRC).

5. The main factors of vulnerability which increase CAR's exposure to ML/TF are inherent in the absence of State authority in some areas, porous borders coupled with the activity of gangs and armed groups at the borders, weak customs controls at the borders and transhumance, an economy essentially characterized by cash transactions, low financial inclusion, a large informal sector, the use of Hawala-type transfer systems, low capacity to control the exploitation of natural resources, the limited resources of the entities responsible for AML/CFT, and the absence of national AML/CFT policies.

### **C- OVERALL LEVEL OF EFFECTIVENESS AND TECHNICAL COMPLIANCE**

6. The Central African AML/CFT system has made appreciable progress since the 2010 evaluation. These include, but are not limited to, operationalization of the National Anti-Corruption Committee and ANIF, with an increase in the number of STRs received; implementation of criminal sanctions for cases of drug trafficking and misappropriation of public funds; development of guidelines for reporting entities; strengthening of the border declaration system; AML/CFT training and awareness-raising activities; establishment of the National AML/CFT Policy Coordination Committee; establishment of the Good Governance High Authority, etc.

7. However, it was noted that the overall level of effectiveness of the AML/CFT system is still low due to some shortcomings. These include the absence of: a designated authority for the supervision of DNFBPs in AML/CFT matters, a national ML/TF risk assessment, a mechanism for disseminating lists of sanctions to reporting entities for the prompt implementation of TFS, formalized bilateral cooperation on TF with countries affected by the phenomenon of terrorism and its financing, a mechanism for identifying beneficial owners, appropriate and sufficient identification of ML cases arising from underlying offences, weak targeted AML/CFT controls by supervisors, the inadequacy of the confiscation regime and the fact that ANIF is not yet a member of the Egmont Group.

**8.** In terms of technical compliance, the legal framework underwent a number of changes after 2010, with the adoption of the CEMAC AML/CFT Regulation in 2016, the code of transparency and good governance in the management of public finances, the new 2018 foreign exchange regulations, and the 2019 law on NGOs, in order to comply with international standards, in particular the FATF Recommendations. However, there are shortcomings in the production of statistics, the regulation and monitoring of DNFBPs, the monitoring of NPOs, the TFS framework, national coordination and mutual legal assistance for freezing and confiscation of assets.

***Risk assessment, coordination and policy sitting (Chapter 2 – IO.1; R.1, R.2, R.33)***

**9.** To control its ML/TF risks, the Central African Republic, with technical support from the World Bank and assistance from GABAC, began a National Risk Assessment (NRA) on 25 June 2020. The NRA which is coordinated by ANIF, began with the launch seminar and the formation of working groups. At the time of the mission, the assignment was at the stage of consolidation of the draft report. Furthermore, the authorities have not carried out a risk assessment in the sectors most at risk, notably virtual assets, precious stones and metals, and financial sectors. At the same time, they have not demonstrated any understanding of the risks in this sector.

**10.** The Central African authorities have shown a clear desire to set up a mechanism for defining and coordinating national AML/CFT policies. To this end, they set up a committee to coordinate national policies on anti-money laundering and combating the financing of terrorism and the proliferation of weapons of mass destruction on 5 April 2018, by Presidential Decree No. 18.079. However, more than four years later, the committee is still not operational.

***Financial intelligence, money laundering investigations, prosecutions and confiscation (Chapter 3 – IO.6-8; R.3, R.4, R.29-32)***

**11.** CAR has an FIU referred to as the National Agency for Financial Investigation (ANIF). It was set up in 2005 by decree of the President of the Republic, which lays down its organization and functioning. It performs the traditional duties of an FIU.

**12.** CAR's ANIF forwards the findings of the financial intelligence analysis to the competent judicial authorities, as required. At the time of the mission, no action had been taken on the intelligence sent to the judicial authorities. The judicial authorities do not inform ANIF of the outcome of the intelligence transmitted to them, nor does ANIF provide feedback to reporting entities (which, for now, are banks) that have filed suspicious transaction reports. In the same vein, there has been no real interaction between ANIF and the other players in the sharing and search of financial intelligence.

**13.** The various investigative and prosecution services carry out investigations into the main underlying offences without systematically targeting ML, due to a lack of expertise in in-depth financial investigation. In the absence of statistics, the consistency between the predicate offences prosecuted and the country's threats and risk profile could not be assessed.

**14.** Judicial police officers with general or special jurisdiction seize assets arising from offences falling within their respective remits, but no seizures have yet been made in relation to ML. Similarly, court rulings relate only to the seizure and confiscation of property derived from the original offence and the instrumentalities of the crime.

**15.** CAR has no single entity or mechanism for managing seized or confiscated assets. While customs have a precise procedure for managing seized or confiscated assets, as laid down by the CEMAC customs code, such is not the case for other government services, which are subject to the decisions of the prosecuting or trial authorities, following lengthy procedures that generally lead to the deterioration of perishable goods.

***Terrorist financing and proliferation financing (Chapter 4 – IO.9-11; R.5-8) RI.9-11; R.5-8)***

**16.** It is clear that the State's weak judicial and security response, the poor control of the activities of many NPOs operating in the country, and the weak capacity of the competent authorities to identify potential cases of terrorist financing are all factors that increase CAR's exposure to terrorist financing risks.

**17.** In addition to these factors, there is no institution dedicated to the application of targeted financial sanctions in relation to UN Security Council Resolutions 1267, 1373 et seq. and inadequate allocation of resources, lack of training and the low level of awareness among those involved in dealing with the financing of terrorism and proliferation.

**18.** CAR has not established a legal framework or a dissemination mechanism, nor designated competent authorities to enable the control and implementation of the targeted financial sanctions (TFS) relating to the financing of the proliferation of weapons of mass.

**19.** There is no mechanism for identifying the funds or other assets of individuals and entities designated by UNSC targeted sanctions.

***Preventive measures (Chapter 5 – IO.4; R.9-23)***

**20.** On the whole, the vast majority of reporting entities in CAR face the challenges of identifying beneficial owners, accessing reliable sources of information on the identity of customers and the people who make up companies' governance bodies, ensuring that the intermediaries and agents they use comply with their AML/CFT obligations, and providing adequate AML/CFT training and awareness-raising, in the absence, to date, of the findings of a national risk assessment.

**21.** The four banks operating in CAR, which belong to international groups subject to more stringent standards, and the money transfer service providers linked to them by agreement, understand and assess the ML/TF risks to which they are exposed fairly well. However, these assets are not accompanied by regularly updated risk maps, nor by reinforced measures commensurate with the risks identified, and even less by suspicious transaction reports that are quantitatively and qualitatively commensurate with the criticality of the risk inherent in the respective sub-sectors concerned.

**22.** The situation is similar for the other financial sub-sectors. Indeed, despite an acceptable knowledge of ML/TF risks by microfinance institutions, major shortcomings were noted in the identification of customers at the time of entering into a business relationship, as well as the absence of internal risk assessments and satisfactory implementation of their due diligence obligations. Although electronic money issuers assess risks before launching new products, they do not themselves implement most of their regulatory obligations and risk mitigation measures. One of the reasons for this is the lack of sufficient staff to ensure that alerts are handled properly. ML/TF risk control, although low in their sector, and implementation of



regulatory obligations in this area by insurance companies appear to be very moderate. As for foreign exchange bureaux, officially disqualified by the criteria of the new foreign exchange regulations instituted by Regulation No. 02/18/CEMAC/UMAC/CM of 21 December 2018 on foreign exchange regulations in CEMAC, which came into force in January 2019,<sup>1</sup> there is no evidence that they do not continue to operate underground.

**23.** With regard to VASPs, in the absence of implementing measures for Law No. 22/001 of 22 April 2022 governing crypto-currencies in CAR and the operationality of the National Agency for the Regulation of Electronic Transactions (ANTE), the body responsible for overseeing and regulating electronic transactions and crypto-currencies, the ML/TF risks to which VA activities are exposed, at the time of the on-site visit, remain raw.

**24.** For their part, DNFBPs in Central Africa are exposed to very high ML/TF risks. However, their understanding of these risks is still very elementary, with the notable exception of notaries. Most of them are unaware of the provisions of the CEMAC Regulation and, consequently, of their AML/CFT duties.

#### ***Supervision (Chapter 6 – IO.3; R.26-28, R.34-35)***

**25.** Supervisors in the Central African Republic have adopted mechanisms to mitigate the risks associated with money laundering and terrorist financing, but such mechanisms are not sufficiently effective. There are shortcomings in the procedures for applying for authorization or licensing for financial institutions and designated non-financial businesses and professions, as well as in the mechanisms for monitoring and controlling the various players in the mining sector, particularly dealers in precious stones and metals.

**26.** It should also be noted that the national agency for the regulation of electronic transactions and crypto-currency has not yet been established. On-site inspections are inadequate and are not systematic. Financial institutions are not doing enough to correct the shortcomings identified. Checks on insurance and reinsurance companies do not factor the risks associated with money laundering and terrorist financing. Similarly, supervisors have not taken any specific action in response to the new regulations governing currency exchange bureaux. In short, the actions of supervisors have had no significant impact on FIs in terms of correcting the shortcomings identified.

#### ***Transparency of legal persons and beneficial ownership (Chapter 7 – IO.5; R.24-25)***

**27.** The procedures for setting up commercial companies in the Central African Republic (CAR) contain loopholes that make it impossible to collect and make available information on the identification of the natural persons who own or control the legal entities. Basic information on legal entities is archived by the Registry or the notary's office, but is not accessible to the public. There are no adequate mechanisms for identifying and collecting information on the beneficial owners of legal persons and arrangements.

---

<sup>1</sup> The new foreign exchange regulations provide for two types of manual foreign exchange activity: direct and indirect. "Direct" exercise of this activity, for which the administrative, accounting, display and AML requirements have been tightened, is reserved for credit and microfinance institutions, post offices and bureaux de change. Manual foreign exchange is carried out "indirectly", in the performance of obligations arising from a mandate or sub-delegation, through the intermediary of an individual, referred to as the mandated agent, and some entities, in particular hotels, travel agencies, airport shops and casinos, referred to as sub-delegated agents, which, by virtue of their activities, receive payments in foreign currency from foreign travellers.

**28.** CAR's legal framework does not provide for the establishment of legal arrangements, and there are no mechanisms in place to guarantee their transparency. Information on penalties for non-compliance with information and transparency obligations is not available, which makes it difficult to assess their effectiveness.

***International cooperation (Chapter 8 – IO.2; R.36-40)***

**29.** CAR is a post-conflict country facing the rise of terrorism and its financing. The porous nature of its borders, its economy dominated by the informal sector and the use of cash in transactions, and the presence of armed groups along its borders expose it to the development of ML activities with links abroad. It has understood that international cooperation is a vital tool for ensuring that all offences with foreign ramifications are punished, but it has not demonstrated its ability to use it.

**30.** The Central African Republic has a suitable legal framework for mutual legal assistance and extradition. However, no data on the use of these mechanisms has been provided. The country has neither requested nor granted international cooperation in matters of mutual legal assistance and extradition in the field of AML/CFT. Data provided for the evaluation period indicates that the country has made a few requests relating to the underlying offences. However, most of the requests have remained unanswered.

**31.** The country has a central authority and a directorate responsible for mutual assistance and extradition in the Ministry of Justice. However, there is no centralized system for archiving and managing files, which means that it is not possible to provide information on the collection and processing times.

**D- PRIORITY MEASURES**

Based on these general conclusions, the following priority actions are recommended to the Central African authorities:

- (a)** Conduct an assessment of the sector risks inherent in virtual asset activities in CAR, in particular those relating to anonymity, transaction traceability and emerging products; Issue implementing measures for Law No. 22/004 of 22 April 2022 governing crypto-currencies in CAR in line with AML/CFT requirements, train and raise awareness among key players about the risks and their obligations relating to crypto-currencies and render operational the National Agency for the Regulation of Electronic Transactions (ANTE), specifying its duties in regulating and controlling crypto-currency transactions as well as the licensing conditions and obligations of all players in the sector, in accordance with FATF Recommendation 15;
- (b)** Speed up data collection, complete the NRA as quickly as possible, ensuring the involvement of all relevant public and private sectors stakeholders, and disseminate the conclusions thereof to all AML/CFT;
- (c)** Based on the findings of the NRA, draw up a national strategy and action plan whose objectives are captured by the competent authorities, including the supervisors, in particular by encouraging them to integrate into their control procedures an approach based on the risks to which the reporting entities in their respective sectors are exposed;

- (d)** Clearly designate the competent authorities responsible for supervising DNFBPs with regard to AML/CFT and formally specify the duties incumbent on the professions of dealers in precious stones and metals, lawyers, notaries and real estate agents under AML/CFT, in particular as regards knowledge of the origin of funds and securities covered by contracts;
- (e)** Make the Coordination Committee operational by granting it a substantial operating budget and by appointing an authority to chair the meetings to compensate, if necessary, for the unavailability of the Committee's Chairperson and Vice-Chairperson;
- (f)** Provide ANIF with secure premises, human and financial resources and the data processing software it needs to perform its duties; Initiate CAR's ANIF application to join the Egmont Group and train ANIF staff in financial analysis;
- (g)** Organize awareness-raising, training and information sessions with reporting entities, to encourage STRs, on the one hand, and with other national players, to make known ANIF and its role in the AML/CFT system, and the instruments in force;
- (h)** Strengthen the human and material resources of the competent investigative authorities and increase their capacity for financial analysis and investigation, as well as for detecting the various types of ML and appropriate investigation techniques to identify, track and confiscate the proceeds of crime; Raise awareness of the need for the said authorities to use financial intelligence proactively and to systematize reliance on parallel financial investigations;
- (i)** Provide ordinary and specialized training to investigative and prosecution authorities in matters relating to TF with a view to initiating TF investigations consistent with the country's risk profile and allocate the necessary logistical and financial resources to them;
- (j)** Set up a management body and a centralized computerized system for statistical data that includes investigations for ML and associated underlying offences, prosecutions and convictions, seizures, freezes and confiscations; Establish a body or mechanism to manage seized and confiscated assets;
- (k)** Identify the sub-group of NPOs most vulnerable to abuse for TF purposes and ensure application the risk-based approach. Train and raise the awareness of NPO sector stakeholders, and ensure that Activity Reports and Financial Reports are submitted to the SPONG on an annual basis;
- (l)** Designate an authority responsible for implementing the TFS relating to TF and PF and set up a mechanism for the immediate dissemination of the UNSC sanction lists to reporting entities; Confer sufficient powers on this authority to carry out checks on the implementation of the TFS;
- (m)** Issue measures for non-bank financial institutions and each category of DNFBP specifying the AML/CFT due diligence they must carry out, in particular beneficial owner identification at the outset and during the management of their customer relationships, with regard to PEPs, the implementation of a risk-based approach and application of due diligence measures on transactions and customers according to the criticality of their risks;

- (n) Take measures to register and give appropriate authorization to money transfer companies, mobile money service providers, foreign exchange bureaux and real estate agents operating in CAR and identify natural or legal persons who provide money or value transfer, foreign exchange or real estate services without being authorized or registered, as well as dealers in precious stones and metals who have not been exporting for some time although holding an authorization, in order to apply proportionate and dissuasive sanctions;
- (o) Establish a register of beneficial owners or an appropriate mechanism for collecting information on beneficial owners, listing the identity of individuals who are the true owners and/or beneficiaries of legal entities established or operating in CAR; Connect the TPPR to the OHADA server for wider access to shared information on the beneficial owners of legal entities and legal arrangements being set up in CAR;
- (p) Make greater use of international mutual legal assistance and other forms of international cooperation to prosecute ML, predicate offences and TF with transnational ramifications, and keep statistics thereon; Establish mechanisms with the relevant authorities to monitor incoming and outgoing requests so that they are processed in a timely manner;

## E- EFFECTIVENESS AND TECHNICAL COMPLIANCE RATINGS

**Table 1. Level of effectiveness<sup>2</sup>**

RI 1	RI 2	RI 3	RI 4	RI 5	RI 6	RI 7	RI 8	RI 9	RI 10	RI 11
<b>Low</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>

**Table 2. Technical compliance level<sup>3</sup>**

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

<sup>2</sup> The ratings for the level of effectiveness are "high, significant, moderate or low".

<sup>3</sup> Technical compliance ratings are C - compliant, LC - largely compliant, PC - partially compliant, NC - non-compliant or NA - not applicable.

# CENTRAL AFRICAN REPUBLIC MUTUAL EVALUATION REPORT

## Foreword

This report summarizes the AML/CFT measures in force in CAR at the time of the on-site visit (29 August to 14 September 2022). It analyses the level of compliance with the FATF 40 Recommendations and the effectiveness of CAR's AML/CFT system, and makes recommendations for strengthening the country's AML/CFT system.

The evaluation, based on the 2012 Recommendations of the Financial Action Task Force, was prepared using the 2013 Methodology (updated in October 2021). It was carried based on the information provided by the Central African Republic and information obtained by the evaluation team during its on-site visit from 29 August to 14 September 2022.

The evaluation was carried out by a team made up of:

### Legal experts:

- Mr Salomon NDJE (Cameroon);
- Ms Stella Claudine NIMA WANGA (DRC).

### Financial experts:

- Mr AIGONGUE DJINGUEBAYE (Chad);
- Mr Léon MAMBUKU (DRC).

### Investigative and prosecution experts:

- Mr Issa SASSOU NGAÏSSOU (Chad);
- Mr Jacques RANOZINAULT (Gabon).

### Operational experts:

- Mr Jean Bertin MEBA (Cameroon)

The team was supported by the GABAC Permanent Secretariat represented by Mr Frank-Régis TOUNDA OUAMBA, Director of Legal Affairs and Litigation, Mr Alphonse NLOZEH, Head of the Anti-Money Laundering Division and Mr Bokhit HOUNO TEIRO, Assistant Legal Officer of the Director of Legal Affairs and Litigation.

The Central African Republic was evaluated by the World Bank in 2010. The evaluation, which was part of the Financial Sector Assessment Programme, was carried out in accordance with the FATF Methodology of 2004. GABAC has been responsible for monitoring the implementation of the recommendations in the Detailed Evaluation Report (DER) since 2012. The CAR 2010 DER, adopted in 2010, was published by GABAC and is available at [www.spgabac.org](http://www.spgabac.org).

The evaluation concluded that of the 40+9 Recommendations, the Central African Republic was:

Largely Compliant (LC) for eleven (11) Recommendations relating solely to ML; Partially Compliant (PC) for fourteen (14) Recommendations, twelve (12) of which relate to ML and two (2) to TF; Non-Compliant (NC) for twenty-three (23) Recommendations, sixteen (16) of

which relate to ML and seven (7) to TF and one (1) Recommendation Not Applicable (NA) relating to ML.

Following the approval of its plan in 2015 and the submission of its first monitoring and evaluation report in September 2016, CAR was placed under the Regular Monitoring regime, requiring the country to submit an annual report. However, as early as the second monitoring report, the Technical Committee considered that the country had not made sufficient efforts to correct the shortcomings identified by the evaluation team. CAR was therefore kept in the accelerated monitoring regime from September 2017 to March 2021.

The Central African Republic was removed from the monitoring process in March 2021 to prepare for the evaluation of the second round of its AML/CFT system. In October 2021, the plenary meeting of the Technical Commission took note of CAR's progress report, which described the country's progress in implementing most of the recommendations made by the evaluation team to improve its AML/CFT system. The progress report showed that most of the shortcomings identified by the evaluators had been corrected by the adoption at community level of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and repression of money laundering and terrorist financing in Central Africa.

## 1. ML/TF RISKS AND CONTEXT

1. The Central African Republic (CAR) is a landlocked country covering an area of 622,984 km<sup>2</sup> with an estimated population of 5,464,000 (2020) and an average life expectancy at birth of 50.1 years. The country shares borders with Cameroon to the west, Chad to the north, Sudan to the north-east, South Sudan to the east and the Democratic Republic of Congo (DRC) and the Republic of Congo to the south. Most of the country's southern border is marked by River Oubangui and its upstream tributary, the Mbomou. The northern part of the country is the upper Chari River basin. Bangui is the country's capital and Sängö and French are the two official languages.
2. The country is a member of the African Union (AU), the Community of Sahel-Saharan States (CEN-SAD), the Economic Community of Central African States (ECCAS) and the Central African Economic and Monetary Community (CEMAC), which includes Cameroon, Congo, Gabon, Equatorial Guinea and Chad. All these countries share a common currency, the Franc of the Financial Community in Central Africa (XAF), which has a fixed parity with the Euro.
3. CAR has a wealth of natural resources, including uranium, gold and diamonds. Oil and hydroelectric power are other potentially significant but untapped resources. Deforestation, illegal logging and the smuggling of minerals are just some of the problems undermining the country's economy. According to the Central African Institute for Statistics and Economic and Social Studies (ICASEES), the country's GDP is estimated at 1442.6 billion CFA francs, with per capita GDP estimated at 271,623 CFA francs. The country also has 5,200,000 hectares of dense tropical forests, but the use of firewood is decimating these forests. Although endowed with impressive agricultural potential, enormous mineral resources and vast forests, the local population does not benefit from these opportunities. The country has a very low rate of bank penetration. As a result of the low level of financial inclusion, the bulk of transactions are cash-based with a predominance of informal economic activities.
4. CAR faces major political and development challenges. Since gaining independence in 1960, the country has experienced a period of political instability interspersed with episodes of armed conflict. This is the backdrop to the civil wars referred to as the "First War" (2004-2007), the "Second War" (2012- to March 2013) and the "Third War" (September 2013 to August 2014). Today, although Bangui and many of the country's numerous towns are largely under the control of the Central African authorities, the security situation remains fragile.
5. After these various conflicts, which devastated the country and traumatized the population, a transition in 2015 led to the adoption by referendum of a new constitution and the holding of democratic elections in 2016. Government then drew up a Central African Republic National Recovery and Peacebuilding Plan (RCPCA), which in the medium term should establish lasting peace and stability.
6. The new constitution proclaims the Central African Republic as a unitary, secular and democratic State governed by the rule of law. Democracy is exercised within the framework of a multi-party system. The constitution provides for an institutional and political system with an executive, a legislative and a judicial branch.

**7.** The President of the Republic, head of the executive, is elected by direct universal suffrage for a 5-year term, renewable once only. Legislative power is exercised by a bicameral parliament comprising a National Assembly and a Senate. Parliament is made up of 140 members elected by direct universal suffrage for a 5-year term, and senators whose number has yet to be determined. To date, the senators have not yet been elected.

**8.** In the Central African Republic, justice is administered throughout the country on behalf of the Central African people by the Court of Cassation, the Council of State, the Audit Bench, the Court of Conflicts, Courts and Tribunals. The independence of the judiciary is guaranteed by the Higher Judicial Council, the Consultative Commission of the Council of State, the Conference of Presidents and the Attorney General of the Audit Bench. The country operates on a bijural system, with a judicial order at the apex of which is the Court of Cassation and an administrative order at the apex of which is the Council of State. Alongside this is the Constitutional Court, which is the country's supreme jurisdiction in constitutional matters. The Court of Conflicts is responsible for settling conflicts of jurisdiction between the two orders.

**9.** In implementation of the fundamental principles proclaimed by the Constitution, the country has adopted a series of international instruments and agreements to establish an effective AML/CFT system that complies with international standards. In order to combat money laundering and terrorist financing in a harmonized and concerted manner, the political authorities of CEMAC decided to promote the AML/CFT mechanism at Community level so that it would be directly applicable or transposable into the domestic/internal AML/CFT legal framework of each Member State, depending on whether it is a Regulation or a Directive. Regulation No. 01/16/CEMAC/UMAC/CM of 11 April 2016 on the prevention and repression of money laundering, terrorist financing and proliferation in CEMAC was therefore adopted.

**10.** The specific Community Regulations and domestic AML/CFT laws therefore derive from and supplement the general framework established by the CEMAC Regulation. This legal framework systematically incorporates international AML/CFT norms and standards, in particular the FATF Recommendations and the United Nations Security Council Resolutions, as well as international agreements to which CAR is a party, including its regional commitments under CEMAC, ECCAS and the African Union.

**11.** In terms of security, a dozen armed groups have been occupying parts of the country for years. Terrorist groups based in other neighbouring countries are also making incursions into the west, north, south and south-east. Nevertheless, the thirteenth peace agreement in the Central African Republic, referred to as the "Khartoum Agreement", signed in February 2019 with all the armed groups, factions and rebels, has made it possible to establish more or less relative peace in the country.

## **1.1. ML/TF risks and Scoping of Higher Risk Issues**

### **1.1.1. Overview of ML/TF risks**

**12.** CAR is exposed to a range of ML/TF risks. The country's central and geostrategic position, together with the illegal exploitation of natural resources, low financial inclusion, the large size of the informal sector and the use of Hawala-type transfer systems, are factors that make ML



and TF easy. In addition, the country's borders are not entirely watertight, with other countries facing cases of terrorism and its financing on the one hand, and armed groups operating along its borders on the other. This undoubtedly exposes it to cross-border flows of funds and illicit trafficking. These vulnerabilities are further exacerbated by the inadequate anti-TF entities and the inherent limitations of the country's overall AML/CFT policy.

**13.** This is compounded by the ML/TF risks inherent in the misuse of virtual assets, particularly since the adoption of bitcoin as an official currency by Law No. 22.004 of 22 April 2022<sup>4</sup> and the introduction of sango-coin<sup>5</sup> (a national token backed by bitcoin). This initiative includes the establishment of a free trade zone, and allows foreign investors to: (i) purchase Central African citizenship for \$60,000 in cryptocurrency, provided they hold equivalent sango-coins for at least 5 years; (ii) purchase e-residency for \$6,000 in sango-coins held for at least 3 years ; (iii) buy a 250 square metre plot of land for \$10,000 in sango-coins held for at least a decade; (iv) acquire, via the tokenization of natural resources, the said natural resources for a price and quantities not yet disclosed. At the time of the on-site visit, the Constitutional Court had ruled<sup>6</sup> that the above points were unconstitutional.<sup>7</sup> It should be noted that the Community authorities, in particular BEAC, are opposed to the legal tender of bitcoin in the CAR, without prior supervision. In this context, at the time of the on-site visit, a joint team from BEAC and Central African authorities was considering ways of supervising the VA sector in compliance with the provisions of the UMAC Convention, which gives BEAC the exclusive right to issue legal tender in CEMAC countries.

**14.** While it is acknowledged that there is no assessment of the level of ML risk in CAR, the crime prone environment dominated by corruption and misappropriation of public funds shows that the risk of ML is high in CAR. The ML threat manifests itself in a range of recurrent underlying offences that generate huge financial profits. This inevitably drains huge illicit financial flows into the country's legal financial system. These include misappropriation of public funds, illicit trafficking in precious stones and metals, drug trafficking, corruption, trafficking in wildlife and wood products, breach of trust, scam, illicit property transactions, tax fraud, smuggling, trafficking in munitions, weapons of war and small arms, forgery and human trafficking, etc.

**15.** The ML mechanisms observed are the use of fund transfers, followed by currency conversion/collection activities and the splitting up of funds from crime in order to escape the vigilance of VMTS. The report by the High-Level Group on Illicit Financial Flows from Africa, drawn up under the aegis of the African Union, estimated that between 1% and 3% of Central African GDP was drained by illicit financial flows from the country.

---

<sup>4</sup> Amended and supplemented by Law No. 23.005 of 6 April 2023, that is after the on-site visit.

<sup>5</sup> <https://sango.org> and "SANGO GENESIS PAPER".

<sup>6</sup> Decision No. 008/CC/22 of 29 August 2022, see also <http://centrafrique-presse.over-blog.com/2022/08/la-cour-constitutionnelle-dit-niet-au-projet-de-cryptomonnaie-sango.html> and <http://centrafrique-presse.over-blog.com/2022/09/en-centrafrique-la-cour-constitutionnelle-est-sous-pression.html>

<sup>7</sup> However, after the on-site visit, the National Assembly adopted Law No. 23-010 of 24 July 2023 on the tokenization of natural resources and land in CAR.

**16.** TF threat is characterized by the existence of armed groups on Central African territory (mainly 7: FRPC, RJ, 3 R, UPC, MPC, FDPC and MLCJ)<sup>8</sup> and CAR's proximity to some countries where terrorist groups and armed gangs operate (Cameroon, Chad, DRC and Sudan). Attacks by the terrorist group referred to as the Lord's Resistance Army (LRA), currently active in the border triangle bounded by South Sudan, the Central African Republic and the DRC, are a perfect illustration of this threat. The absence of a comprehensive legal framework, particularly for the implementation of TFS, weak border controls and the existence of terrorist and mercenary recruitment points in neighbouring countries (Uganda, Chad, Cameroon, Sudan, Niger and the DRC) are all factors that increase these risks. In view of these factors, the risk of TF can be considered high.

### ***1.1.2. Country's risk assessment and Scoping of Higher Risk Issues***

**17.** CAR has not yet carried out a national ML/TF risk assessment. Nor has the country carried out a sector risk assessment. Despite the unprecedented situation regarding virtual assets in the country, no study has been conducted to assess the inherent and potential ML/TF risks arising from the use of bitcoin and sango-coin. Nevertheless, at the time of the on-site visit, the evaluators noted that the country was in the process of conducting a national risk assessment (underway since October 2020) with the support of the World Bank, in particular through the use of its assessment tool. A team made up of delegates from all AML/CFT stakeholders has been set up, coordinated by ANIF. The findings of the assessment have not yet been made public.

**18.** In the absence of an overall assessment of ML/TF risks, the evaluators used the findings of the various typology studies conducted by GABAC at regional level and the sector studies conducted by some reporting entities in CAR to determine the overall level of understanding of the risks. These are, respectively, the study on "the misuse of non-profit organizations for terrorist financing purposes" carried out in March 2016; on "new means of payment in the face of AML/CFT challenges in the CEMAC zone" carried out in August 2017; on "terrorist financing in Central Africa" carried out in April 2017; on "the risks of money laundering and terrorist financing inherent in manual foreign exchange and the transfer of funds in Central Africa" carried out in August 2018 and on "the ML/TF risks associated with the real estate sector", carried out in October 2020.

**19.** In short, these various sector studies conclude that the ML/TF risks relating to the issues addressed are high in the Central African Republic. With regard to the risks of misuse of NPOs for TF purposes, the relatively old, porous and permissive regulations, the inappropriate administrative control procedures for NPOs, the domiciliation of funds in MFIs with little regard for CDD, the transport of rebels in vehicles belonging to NPOs, the massive presence of charities and humanitarian organizations due to the resurgence of armed conflicts, etc. are the most decisive risk factors.

**20.** With regard to ML/TF risks linked to new payment methods, the absence of a specific regulatory system for NPMs and the regulation of their use, the absence of controls on the origin

---

<sup>8</sup> FRPC: Front Populaire pour la Renaissance de la Centrafrique ; RJ: Révolution et Justice ; 3 R: Retour Réclamation Réhabilitation ; UPC: Unité pour la Paix en Centrafrique ; MPC: Mouvement Patriotique Centrafricain ; FDPC: Front Démocratique du Peuple Centrafricain ; MLCJ: Mouvement des Libérateurs Centrafricains pour la Justice.

of funds deposited in exchange for the issue of electronic money, the absence of controls on real-time transactions via NPMs, the absence of threshold limits on transaction volumes, the anonymity of prepaid cardholders, the failure to comply with loading, withdrawal, payment, transfer or per-transaction ceilings, the poor control of electronic money platforms and the counterfeiting of NPMs are the main risk factors identified.

**21.** With regard to TF, the transfer of money to returnees, internally displaced persons or refugees outside camps, the use of foreign exchange bureaux located in areas controlled by armed groups; the use of foreign currency in cash at border crossings; cattle raids; the proximity of some PEPs to some leaders of armed groups and the sale and bartering of poaching products were identified as major vulnerabilities in the country. The main sources of TF are gold and diamond mines located in regions controlled by armed groups. There are also proceeds from wildlife crimes and poaching. The diamond sector represents a significant risk, given the high quality of CAR diamonds, their easy transportability and the volumes traded on the informal market and in neighbouring countries, despite the ban imposed by the Kimberley Process.

**22.** The offences that generate huge illicit revenues are corruption, embezzlement, misappropriation of public funds, trafficking in wildlife and wood products, scam, ransom payments from kidnappings, drug trafficking and currency smuggling. All these offences generate resources that are recycled, in particular for investment in the real estate sector, investment in NPOs, the transfer of funds to tax havens, the creation and financing of political parties, and the purchase of valuables and foreign currency.

**23.** The reasons behind the choice of these offences as major offences are rooted in the Central African Republic's crime-prone environment. Corruption, embezzlement of public funds and financial fraud are largely due to the inadequacy of the penalties applied. Drug trafficking, trafficking in the products of protected species and illegal mining are dependent on the existence of areas not controlled by the State.

**24.** The evaluation team identified the most significant areas and issues of concern that deserve greater attention, given their impact on the Central African AML/CFT system. This identification is based on typology studies, the 2010 MER, monitoring and evaluation reports, analysis of information provided by the Central African authorities on technical compliance and effectiveness, as well as statistics provided. The evaluation team also drew on available information on the country's legal and institutional environment and ML/TF context, including points of potential vulnerability raised by open and reliable sources. The issues and areas listed below were discussed in depth during the on-site visit:

**25. Understanding ML/TF risks and applying a risk-based approach:** Mechanisms for the identification and understanding of ML/TF risks by the country, and their real impact on the AML/CFT system. The types, number and frequency of sectoral studies carried out. Mechanisms for updating the findings of risk studies. The fields and sectors of study. The actors concerned, their degree of involvement and understanding of risks.

**26. Coordination of national AML/CFT policies:** The country has had a Coordination Committee responsible for national AML/CFT policies since April 2018. The Committee has set up working groups dedicated to specific themes. However, the operability of this entity

remains to be verified. The team focused in particular on the implementation of the Committee's statutory tasks, as well as the measures and efforts made by the authorities to coordinate national AML/CFT policies. The team also examined the appropriateness and consistency of the policies and actions implemented with the country's ML/TF risk profile. The items examined included the exchange of useful information, the effectiveness of transmission of necessary information within reasonable time frames, the coordination of the actions of players from different services, the method of managing and sharing information at national level, including operational intelligence, obstacles to the exchange of information, confidentiality guarantees, etc.

**27. Illicit cross-border movement and transport of cash:** Given the prevalence of armed conflict in the country in recent years and the prevalence of financial crime in neighbouring countries, the team paid particular attention to the measures adopted by CAR to control the cross-border movement of cash, BNIs and securities, in particular to prevent the illicit cross-border physical transport of cash and other bearer payment instruments, notably through cash couriers. The team sought to determine the origin and destination of incoming/outgoing flows and the types of individuals transporting XAF or other currency, as well as the reasons behind these physical transports of funds.

**28. Operationality of the FIU:** The latest monitoring reports do not exhaustively highlight<sup>9</sup> the data processed by ANIF in order to know whether or not the STRs processed are considerable and consistent with the country's risks. In addition, ANIF is not yet a member of the Egmont Group. As a result, it does not benefit from extensive international cooperation. Thus, there was emphasis on the number and type of STRs processed over the last 3 years, the number of disseminations and the authorities receiving ML/TF files, the level of confidentiality of financial intelligence processing and the intensity of national and international cooperation. The evaluation team also checked whether ANIF's resources (human, financial, material and logistical) were sufficient for the tasks assigned to it.

**29. DNFBPs:** Sustained attention was also given to the issue of DNFBP compliance with AML/CFT measures which, according to the typologies in the sub-region<sup>10</sup> and the characteristics of CAR, present high AML/CFT risks. Such is the case for mining traders and operators, real estate agents and developers, notaries and lawyers, casinos and gambling service providers. Particular attention was paid to dealers in precious metals and stones. Several sources<sup>11</sup> indicate that CAR has significant mineral resources, which are the subject of major trafficking, and that there is a chain of traders in precious metals and stones in the country, ranging from small-scale miners to buying offices. In particular, the evaluation team verified the implementation of preventive measures and the effective designation of supervisory and control authorities for these categories of DNFBPs as well as, where appropriate, the frequency of checks on compliance with AML/CFT requirements.

---

<sup>9</sup> Analyses of the Seventh and Eighth Monitoring Reports.

<sup>10</sup> "New payment methods in the face of AML/CFT challenges in the CEMAC zone", carried out in August 2017; "ML/TF risks associated with the real estate sector", carried out in October 2020, etc.

<sup>11</sup> AMPR\_IPIS\_Cartographie\_sites\_Ouest\_RCA.pdf (ipisresearch.be) ; Une Chasse aux Pierres -- Contrebande de diamants en République centrafricaine (RCA) | Global Witness; Reports of the United Nations Group of Experts on the CAR (Reports | United Nations Security Council); UNICEF-UNDP-CAR-mining-report\_final.pdf (delvedatabase.org).

**30. Virtual Asset Service Providers (VASPs):** On 22 April 2022, the CAR Parliament adopted a law regulating crypto-currency transactions and establishing bitcoin as an official currency.<sup>12</sup> The Central African authorities expressed their intention to make their country a "hub" for crypto-currencies with the issue of a national crypto-currency (sango coin) and the introduction of various mechanisms to encourage the purchase of this asset ("tokenization" of natural resources, programme for obtaining citizenship and e-residency, creation of a free trade zone, etc.)<sup>13</sup> – see paragraph 13.

**31.** In the absence of a Community normative framework on VAs and VASPs, the evaluation team focused on the measures taken by the country to assess the risks associated with the use of these new products and those aimed at mitigating the risks identified. The team also focused on the preventive measures likely to be implemented by possible VASPs, as well as the supervision and sanction mechanisms applicable in this area.

**32. Terrorist financing:** CAR shares its borders with countries which are under threat from terrorism and terrorist financing (Cameroon, Chad and DRC), on the one hand, and is faced with armed groups operating along its borders and within its borders, on the other. Some criminal gangs operating in these countries have claimed membership of the Daesh and Al-Qaeda groups, while several of the members and entities linked to Boko Haram appear on the list of the 1267 Sanctions Committee.<sup>14</sup> As a result of the subsequent security crises, a multitude of foreign and domestic NPOs are intervening to mitigate the harmful consequences of war. However, some studies indicate that the risks of TF via NPOs remain high due to the vulnerabilities of these types of legal entities and their areas of operation.

**33.** To this end, the evaluation focused on the efforts made to identify the subset of NPOs falling within the FATF definition and which, because of their activities or characteristics, are likely to be used for TF purposes, and tried to ascertain how the targeted monitoring or control measures - if taken - are based on the risks identified. The team sought to determine the effectiveness of the implementation, without delay, of TFS, in particular asset freezing measures and confiscation decisions.

**34.** Similarly, the evaluators examined CAR's law enforcement activity in relation to its TF risk profile, in particular the operational efforts of the investigation and prosecution authorities to investigate TF cases. In this regard, the following elements were discussed in depth: the channels used to finance terrorism and the capacity of the authorities to disrupt terrorist networks; the means deployed to control areas occupied by armed groups; the difficulties in defining mechanisms for TFS; the tracking, freezing, seizure and confiscation of funds; policies and mechanisms for managing confiscated assets and strategies for combating TF.

**35. Misappropriation of public funds and corruption:** Priority given to these two offences by prosecutors and law enforcement services. The effectiveness of measures taken to mitigate

---

<sup>12</sup> Press release from the Presidency of the Republic, 26 April 2022. [Sango https://fb.watch/el6ulcvg9i/](https://fb.watch/el6ulcvg9i/)  
[https://m.facebook.com/story.php?story\\_fbid=pfbid0HqeYpyc3GuC6V13gFynYFMDds91d56Lb3iSwzyUJ74eGmtGXyKdW6CsdhL5aWtGxl&id=100068314766662](https://m.facebook.com/story.php?story_fbid=pfbid0HqeYpyc3GuC6V13gFynYFMDds91d56Lb3iSwzyUJ74eGmtGXyKdW6CsdhL5aWtGxl&id=100068314766662)

Press release from the Presidency of the CAR, 23 May and 21 July 2022.

<sup>14</sup> [https://www.un.org/securitycouncil/fr/sanctions/1267/aq\\_sanctions\\_list](https://www.un.org/securitycouncil/fr/sanctions/1267/aq_sanctions_list)

the risks of misappropriation of public funds and corruption in order to eradicate them. The work of the National Anti-Corruption Committee. The integrity and ethics of the members of the bodies responsible for combating these offences. The promotion of transparency and good governance.

**36. Precious stones and metals:** The country's efforts to comply with mining standards. Controls on purchasing offices and the predominance of cash in transactions. Measures taken to understand and mitigate risks. Control and supervision of the mining and sale of precious metals and stones. Diamond certification. Measures for the identification, control and seizure of diamonds and precious metals at the borders. Cooperation with countries of destination of exported precious metals.

**37. International cooperation:** The procedures and mechanisms for implementing international, regional and national legal instruments for judicial and institutional cooperation in cross-border ML and TF offences and predicates. The procedures established for the timely processing of cooperation requests (mutual assistance, extradition, exchange of information, etc.). Mechanisms for managing confiscated property and sharing confiscated assets with third countries. Implementation of TFS.

## **1.2. Items of specific importance (materiality)**

**38.** With a national GDP of around USD 2.6 billion and a per capita GDP of USD 468.08 in 2021, CAR is considered to be a lower-income country. The economy of the Central African Republic is heavily dependent on exports (15% of GDP), particularly timber, gold, diamonds, cocoa, coffee and cotton (which together account for 90% of its export earnings). According to the IMF's latest forecasts in its World Economic Outlook, published on the sidelines of the Annual Meetings, CAR's contribution to the CEMAC's GDP is just 2%, the lowest share ever. CAR's tax revenue is less than 4% of GDP. In 2017, the volume of loans per financial year was estimated at 143 million US dollars. Overall, the primary sector, comprising agriculture, livestock, hunting and fishing, contributes 53% of GDP. Similarly, in 2020, grants from international donors accounted for 12.6% of GDP, or more than 60% of total State revenue.

**39.** Agriculture accounts for almost 70% of employment in the country, with industry and the service sector accounting for 6% and 24% respectively. According to World Bank estimates, CAR is one of the countries with the highest poverty level. Around 71% of the population was living below the international poverty line (USD 1.90 per day) in 2020. It is estimated that in 2021, 2.8 million Central Africans, or more than half the country's population, will need humanitarian aid, including 1.9 million in a situation of severe humanitarian need. As a result of the crises in the country, there has been significant international financial support and increased intervention by humanitarian organizations.

**40.** At 31 December 2021, the Central African financial sector comprised eight (8) financial institutions, including four (4) banks, which hold around 93% of the financial system's assets, and four (4) savings institutions or savings banks. However, three of these banks are branches of credit institutions governed by the laws of non-CEMAC Member States.<sup>15</sup> There are also two (2) money and value transfer services (MVTs).

---

<sup>15</sup> Morocco, Togo and Libya.

**41.** The sector also includes microfinance institutions (12 in total, including 8 in category 1 and 4 in category 2), two branches of two insurance companies specializing in life insurance,<sup>16</sup> foreign exchange bureaux<sup>17</sup> (17 incorporated but operating informally) and a social security fund. None of these financial institutions appears on the list of systemically significant credit institutions in CEMAC drawn up by COBAC for 2019.<sup>18</sup> CAR does not play a leading role in the sub-regional financial market, as it does not have any stock exchange companies. However, the regional financial market has one (1) intermediary incorporated under Central African law, authorized on 25 March 2022 as a Financial Investment Adviser (FIA). Moreover, some banks also provide financial intermediation services.

**42.** With regard to virtual asset service providers (VASPs), the mission notes that bitcoin and the Sango coin have official currency status in CAR, though their effectiveness was not established by the evaluation team. However, the evaluation team treats these currencies as virtual assets in accordance with FATF standards. In this respect, it was noted that the country has not regulated the sector sufficiently for players to start operating. Despite the stuttering of a regulatory framework for virtual asset activities, no provider of these services is established in CAR, at least not formally with a licence or authorization.

**43.** The uneven geographical coverage of the country by MSIs is apparent and characterized by an imbalance between the capital Bangui and the rest of the country. The players are mainly concentrated in the capital to the detriment of rural areas. Of the country's 20 prefectures, only four (4) are covered by more or less structured institutions, even though these structures are supposed to be local financial services.

**44.** According to World Bank data from the Global Findex Database 2017,<sup>19</sup> more than 98% of the population aged 15 and over in the Central African Republic has access to a bank account, but only 14% has an account with a financial institution. Only 2% of this category use Mobile Money services to access financial services, while 4% use credit cards. Similarly, the bank penetration rate is very low (8%), to the extent that around 23,000 civil servants and private sector employees have access to banking services. Over 75% of the population live in rural areas and have no access to financial services. Lastly, microfinance is limited to Crédit Mutuel de Centrafrique (CMCA), which has more than 18 primary outlets.

**45.** At 31 December 2021, the DNFBP sector was essentially made up of twelve (12) full notaries, 132 lawyers registered with the CAR Bar Association, 15 chartered accountants, 10 of whom were in the form of chartered accountancy firms, and 5 individuals. There are also 11 unlicensed real estate agents and 6 gambling establishments, including slot machines and online casinos. However, other players operate informally. Similarly, there are 791 traders in precious metals and stones, broken down as follows: 204 diamond and gold collectors, 462 mining cooperatives, 23 import-export purchasing offices for rough diamonds and gold, 74 mining companies and cooperatives holding mining titles, 8 gold smelters, 19 jewellers and one cutter.

---

<sup>16</sup> However, the team noted that the second life insurance company was licensed as a branch on 10 June 2021. This branch actually started operations in January 2022. During the on-site visit, it was not yet operational.

<sup>17</sup> There are a number of independent foreign exchange bureaux operating informally throughout the capital.

<sup>18</sup> [http://www.sgcobac.org/jcms/mbm\\_7105/fr/liste-des-etablissements-de-credit-d-importance-systemique-dans-la-cemac-pour-l-annee-2019](http://www.sgcobac.org/jcms/mbm_7105/fr/liste-des-etablissements-de-credit-d-importance-systemique-dans-la-cemac-pour-l-annee-2019) consulted on 14 October 2022 at 11:53.

<sup>19</sup> <https://globalfindex.worldbank.org/> consulted on 12 September 2022 at 14:50.

**46.** CAR is not a major regional or international financial centre. As a low-income country, the activities carried out by players in the FI and DNFBP sectors are geared towards Central African citizens living inside the country. Given the small share of CAR economy's contribution to the sub-region, the financial sector and the DNFBP sector do not play a major role outside the country. International trade accounted for 66% of the country's GDP in 2019, but the country's protectionist policies have limited its openness. The rules for incorporating legal entities applicable in CAR are those set out in the OHADA Uniform Acts, which apply uniformly to all OHADA Member States.

**47.** Furthermore, the country has one of the lowest scores (0.404) on the Human Development Index (HDI) and is ranked 188<sup>th</sup>, just ahead of Niger out of 189.<sup>20</sup> Also, the low level of financial inclusion and the predominance of cash transactions in most commercial transactions make it difficult to distinguish between the proceeds of criminal activities and the proceeds of legal activities. Nevertheless, the informal sector is very dynamic in this country and plays a key role in employment and wealth creation.

**48.** According to the 2019 data from the International Trade Centre, CAR's trade is diversified. In terms of exports, France and the United Arab Emirates are CAR's leading customers, while France and China are its main suppliers. CAR's main imports include mineral fuels (24.27% of total imports), machinery (10.44%), medicines (10%), electrical equipment (8.03%), vehicles (5.39%), tobacco, meat, plastics and clothing.<sup>21</sup> In addition, according to WTO data<sup>22</sup> in 2019, CAR exported USD 154 million in goods and imported USD 616 million. In 2018, services exports reached USD 53 million, while imports amounted to USD 433 million.

---

<sup>20</sup> <https://hdr.undp.org/en/countries/profiles/CAF> consulted on 14 October 2022 at 11:03.

<sup>21</sup> <https://www.intracen.org/country/central-african-republic/sector-trade-performance/> consulted on 10 September 2022 at 19:27.

<sup>22</sup> See [https://www.wto.org/french/thewto\\_f/countries\\_f/central\\_african\\_republic\\_f.htm](https://www.wto.org/french/thewto_f/countries_f/central_african_republic_f.htm) consulted on 13 April 2022.



Table 1.1 Key trading partners of CAR<sup>23</sup>

No.	Country	% share	Value of trade in millions of USD
<b>Exports</b>			
1	France	17.2%	26.4
2	China	11.8%	18.1
3	Cameroon	8.1%	12.4
4	Nepal	7.8%	12
5	India	7.1%	10
6	Japan	5.1%	7.8
7	Other countries	42.9%	66
<b>Imports</b>			
1	France	33%	203.2
2	United Arab Emirates	16.4%	101
3	Cameroon	13.1%	80.6
4	China	12.7%	78.2
5	Niger	4.5%	27.7
6	Vietnam	4.2%	25.8
7	Other countries	16.1%	99.1

### 1.3. Structural elements

**49.** Between 2004 and 2014, CAR went through a period of armed conflicts that considerably weakened State institutions. These conflicts paralysed the functioning of the AML/CFT system put in place following the first-round evaluation in 2010. Nevertheless, the transition in 2015 and the new constitution in 2016 have restored relative political stability. This was consolidated by the Central African Republic National Recovery and Peacebuilding Plan (RCPCA), which in the medium term should establish lasting peace and stability. The implementation of this plan led to a degree of independence of the judiciary from other powers.

**50.** Since the detailed evaluation in 2010, AML/CFT entities have been set up to strengthen the existing system. These include the AML/CFT National Policy Coordination Committee, the High Authority for Good Governance, etc. Similarly, the National Anti-Corruption Committee has drawn up a ten-year strategic action plan from 2021 to 2031 to curb corruption. The action plan focuses on 5 main strategic areas and envisages, among other things, the drafting of an anti-corruption law and the establishment of a specialized anti-corruption unit.

**51.** In any case, CAR has the necessary structural elements to ensure effective implementation of an AML/CFT system. Most of the entities responsible for laying down and implementing policies are stable and accountable. There is a strong commitment from the country's highest authorities to set up these mechanisms to deal effectively with AML/CFT issues.

**52.** Furthermore, it was noted that the country has not yet established mechanisms or bodies responsible for the implementation and enforcement of terrorism- and proliferation-related TFS under UNSCRs. This shortcoming has a considerable impact on the State's ability to deprive terrorists and other armed rebel groups of their sources of funding.

<sup>23</sup> Concerns goods only. Commercial services exports and imports are not included.

## 1.4. Other contextual factors

**53.** CAR is the only country in the CEMAC zone that does not export oil, but its subsoil abounds in enormous mineral resources (diamonds, gold, etc.), the exploitation of which generates conflicts. Over the past twenty years, the country has faced major and lasting challenges that have had an impact on its economy in general and AML/CFT policies in particular. Insurgent movements, armed vigilante groups and the weakness of the State have plunged the country into bloody fighting, resulting in thousands of displaced persons and refugees. To date, State authority is still not effective throughout its territory.

**54.** The country's level of corruption remains high despite colossal investments in bodies and policies to combat this scourge. According to Transparency International's 2021 Corruption Perceptions Index report, CAR is ranked 154<sup>th</sup> out of 180 countries, along with Lebanon and Nigeria, with a score of 24 points out of 100.<sup>24</sup> If we compare these indicators with those for 2020, the country has dropped -2 points. The country is also ranked at the very bottom of the UN HDI (188<sup>th</sup> out of 189 countries in 2020), which could have serious consequences for the public sector's exposure to corruption.

**55.** CAR is a member of CEMAC, EITI, OHADA, the Kimberley Process and CIMA. As such, it benefits from a continuous improvement of its instruments with the other members and a great sharing of experiences within these institutions. The framework for supervising and regulating FIs is therefore the responsibility of COBAC, COSUMAF, CIMA, etc., depending on the players involved.

**56.** One of the most influential vulnerability factors is the use, preservation and transportation of cash funds. Because the principle of the free movement of people and goods in the CEMAC zone is inadequately regulated, the risks associated with the physical cross-border transport of cash are considerable. Individuals crossing borders do not declare to customs sums held in cash that exceed the regulatory thresholds set by the Community. In a few rare cases, foreign currency is declared at the border.

**57.** The Central African Republic also has a system of informal cooperatives, particularly in the form of family "tontines", which are relatively well developed in rural and urban areas. These entities compensate for the lack of coverage of the country by the formal financial sector. The mechanisms for collecting and redistributing tontine funds present a twofold challenge from the point of view of combating ML/TF, as they replace the formal financial system and are likely to facilitate the recycling of proceeds from underlying offences.

**58.** As regards manual foreign exchange, despite the relevant provisions of the 2018 foreign exchange regulations, the sector is marked by the presence of unregulated economic operators who carry out foreign exchange transactions informally. These include hotels, merchants or itinerant moneychangers operating airport lobbies and other large shops.

### 1.4.1. AML/CFT strategy

**59.** As the NRA had not been completed at the time of the site visit, the country does not yet have a formal AML/CFT strategy. Thus, no document defines the priority actions to be implemented by each AML/CFT stakeholder in the country. However, the GABAC action plan sets out a number of actions to be implemented by the country. The GABAC Permanent Secretariat regularly monitors the status of implementation.

---

<sup>24</sup> <https://www.transparency.org/en/cpi/2021/index/caf> consulted on 22 February 2022 at 14:30.

**60.** Similarly, since 2018, the national plan known as the RCPCA has included a focus area on reforming the judiciary and promoting an end to impunity, on the one hand, and strengthening good governance, on the other. This thrust may include a strategy to eradicate the underlying offences that generate huge amounts of illegal revenue, in particular tax and customs fraud, misappropriation of public funds, etc.

**61.** In addition to these elements, there is a set of relevant policies and strategies and State entities that directly or indirectly contribute to the prevention of the underlying offences. These include the National Anti-Corruption Committee, the High Authority for Good Governance, the Inspectorate General of Finance, etc. However, there is no synergy of action between these various institutions, so as to make the policy of combating economic crime in CAR effective.

#### **1.4.2. Institutional framework**

**62.** The main government services, agencies and State authorities responsible for the development, supervision and implementation of AML/CFT policies and strategies in CAR are the following:

**63. The Ministry of Finance and Budget** is responsible for the overall AML/CFT issue at national level as the supervisor of the FIU. In the areas of customs, currency, credit, public finance, some FIs and insurance, this Ministry is responsible for preparing and implementing regulations. It is also responsible, together with the Ministry of Justice and the Ministry of Security, for the overall implementation of the appropriate AML/CFT legal and institutional framework.

**64.** The National Agency for Financial Investigation (ANIF) is CAR's Financial Intelligence Unit. Established in 2005 as an autonomous administrative service, it is attached to the Ministries of Finance and Budget. It is the sole recipient of STRs in the country. To this end, it collects and centralizes all other financial information and documents sent to it. It is also responsible for receiving, processing and, where appropriate, transmitting to the judicial authorities any information that may help to establish the origin of the sums or the nature of the transactions that are the subject of an AML/CFT suspicious transaction report.

**65. The AML/CFT National Policy Coordination Committee** is the central authority for coordinating the country's AML/CFT activities. The Committee, which was set up in 2018 under the supervision of the Ministry of Finance and Budget, is the formal cooperation and coordination mechanism set up to support the development and coordination of AML/CFT policies. Its main task is the concerted implementation of the Central African AML/CFT system with a view to ensuring better coordination of the Government services involved in AML/CFT. It also supports the work of ANIF. The committee ensures that CAR applies the decisions taken by regional and international bodies in the field of AML/CFT. Among other things, it is responsible for assisting the FIU in implementing ML/TF risk self-assessment, conducting risk assessment and drawing up national AML/CFT strategies, contributing to the strengthening of AML/CFT infrastructures, etc.

**66. The Central African Banking Commission (COBAC)** is the supervisory and control authority for credit institutions, microfinance institutions, payment institutions and financial holding companies. **To this end, it has administrative, regulatory, supervisory and**

**sanctioning powers over its reporting entities.** COBAC has various powers and responsibilities in terms of the regulation and organization of banking activities. It verifies the compliance of the AML/CFT systems of its reporting entities during its documentary and on-site inspections.

**67. The Bank of Central African States (BEAC)** is responsible for conducting the UMAC's exchange rate policy. To this end, it works with the Ministry of Finance and Budget to ensure that economic agents, particularly foreign exchange bureaux, comply with the foreign exchange regulations applicable in CAR. As part of its supervisory mission, BEAC ensures that foreign transactions and operations comply with foreign exchange regulations. To this end, with the assistance of COBAC and the Ministry of Finance and Budget, it carries out documentary and on-site checks to ensure that authorized intermediaries and other economic agents comply with all the provisions relating to foreign exchange regulations, including those on AML/CFT. It records breaches of this law and imposes administrative penalties on offending economic agents.

**68. The Central African Financial Market Supervisory Commission (COSUMAF)** is the Community body responsible for supervising and regulating the regional financial market. As the market's supervisory, regulatory and control authority, it has three main missions: protecting savings invested in transferable securities and other financial instruments issued through public offerings, informing investors and ensuring the smooth operation of the market. It has exclusive jurisdiction in this area and carries out documentary audits of entities under its jurisdiction. However, AML/CFT requirements are not systematically audited, especially as the AML/CFT regulations do not adequately cover this aspect.

**69. The Ministry of Justice, Human Rights and Keeper of the Seals** is responsible for the organization and functioning of the judicial system, the administration of justice in criminal matters and human rights, the drafting of criminal laws to punish financial crime, laying down the criminal policy and management of issues relating to international judicial cooperation, in particular mutual legal assistance and extradition. Courts and Tribunals as well as the magistrates who run them are under the supervision of this Ministry.

**70. The Ministry of the Interior in charge of Public Security** is responsible for protecting people and property, providing security to institutions, law enforcement and maintaining peace and public order. The National Police, which has specific powers to investigate ML/TF and ML underlying offences, is under the authority of this Ministry. Judicial police officers and agents responsible for combating economic and financial crime operate under the authority of the Public Prosecutor's Office. This Ministry also supervises casinos.

**71. The Directorate of Territorial Surveillance of the Ministry of public security** is responsible for financial intelligence in connection with national defence. It provides the decision-making authorities with information on the sources of funding for terrorists and other armed groups. It also identifies TF threats and vulnerabilities.

**72. The Ministry of Foreign Affairs and Central Africans Abroad** is responsible for implementing the country's foreign policy and coordinating international cooperation. As part of AML/CFT, it is responsible for implementing the various international legal instruments to

which CAR has acceded and the various United Nations Security Council Resolutions. This authority is the entry point for requests for mutual legal assistance and extradition.

**73. The Special Anti-Fraud Unit (USAF) of the Ministry of Mines and Geology** is an authority made up of judicial police officers with special jurisdiction in mining matters. It is made up of gendarmes and police officers whose role is to seek out information relating to fraud; to establish and prosecute offences relating to the mining, possession, transfer, trade, transport and import of stones, special or semi-special metals and other mineral substances.

**74.** The mission of the **Kimberley Process Permanent Secretariat (KPPS)** is to oversee domestic internal controls and rough diamond certification in compliance with KP requirements in order to reduce the existence of conflict diamonds (rough diamonds used to finance wars fought by rebels to destabilize governments) around the world. It has established a red zone where diamond mining is prohibited.

**75. The Permanent Secretariat for NGOs (SPONG) of the Ministry of Economy, Planning and Cooperation** is responsible for granting operating permits to NGOs and NPOs. As such, it ensures that these reporting entities comply with AML/CFT measures. It has powers to control and sanction its reporting entities.

**76. The National Anti-Corruption Committee (CNLC)** set up by Decree No. 08.133 of 31 March 2008, with the main task of drawing up the National Anti-Corruption Strategy Paper. In particular, it is responsible for collecting, centralizing and using information referred to it concerning practices, facts or acts of corruption and similar interactions; carrying out studies or investigations and proposing measures likely to prevent or curb corruption; identifying the causes of corruption; disseminating and popularizing anti-corruption instruments, etc. In short, it is responsible for the prevention and repression of fraud, corruption, malpractices and misappropriation of public funds.

**77. The Police, Gendarmerie, Customs, Water and Forestry Services, Tax Services and other specialized services** are responsible for implementing strategies to combat financial, tax, mining and wildlife crime. They are responsible for investigating breaches of the regulations in force. To this end, they establish offences, gather evidence, track down the perpetrators and bring them before the competent judicial authorities, including in ML/TF matters. These services may seize the proceeds and instrumentalities of crimes and offences by order of the investigating judge.

**78.** The mission of the **High Authority for Good Governance** is to promote transparency in the management of political, administrative, economic and financial affairs, and to prevent and combat bad governance. To this end, it ensures the implementation of policies, programmes and strategies to prevent and combat corruption and related offences, the misappropriation of public funds and good governance. In conjunction with the CNLC, this authority is responsible for receiving reports, processing them and taking legal action on all issues relating to corruption and similar offences, money laundering, illicit enrichment and misuse of corporate assets. Lastly, where necessary, it draws the attention of public authorities to the risks of corruption or other similar practices.

### 1.4.3. Financial institutions, DNFBPs and virtual asset service providers (VASPs)

79. This section provides general information on the size and composition of CAR's financial and DNFBP sectors. The importance of these sectors in the country's economy and the risks facing them vary from sector to sector. The evaluation team examined their respective relevance and the risks involved in the various sectors.

80. The evaluators classified the sectors according to their relative importance, taking into account their respective materiality and their exposure to ML/TF risks. They used these classifications to back their findings throughout this report, weighting the positives and negatives of implementation more heavily for very important sectors than for less important ones. This approach applies to the entire report, but more specifically to Chapter 5 on IO 4 and Chapter 6 on IO 3.

Table 1.2. Financial Institution

Types of FIs	Number of entities	Key figures (in 2021, except as otherwise specified)	Licensing/registration and control authorities	Sanction authority
Banks	4	354 billion CFAF (total balance sheet)	COBAC	COBAC
Microfinance Institution	12	31 billion CFAF (deposits)	COBAC	COBAC
Insurance companies and brokers	6	10,095,841,755 CFAF	CRCA-DNA	CRCA-DNA
Caisses d'épargne communales	0	-	-	Ministry of Finance
Foreign exchange bureaux	17	-	Ministry of Finance - BEAC	Ministry of Finance - BEAC- COBAC
Stock exchange companies	0	-	COSUMAF	COSUMAF
Financial investment advisers	1	-	COSUMAF	COSUMAF
Money and value transfer companies	2	-	None	Ministry of Finance
Payment service companies	0	-	COBAC	COBAC
Mobile money service companies	2	108 billion (transaction/year)	COBAC	COBAC

Table 1.3. Designated Non-Financial Businesses and Professions

Types of FIs	Number of entities	Key figures (in 2021, except as otherwise specified)	Licensing/registration and control authorities	Sanction authority
Real estate agents/companies	11	3,298,425,328 CFAF	None	Ministry of Town Planning
Notaries	12	-	Presidency of the Republic	Notaries Chamber
Lawyers	153	-	Ministry of Justice	Bar Association/Public Prosecutor's Office
Chartered Accountants	15	352,842,028 CFAF	ONECCA	ONECCA
Diamond and Gold Collectors	224	-	Ministry of Mines	Ministry of Mines
Mining Cooperatives	462	-	Ministry of Mines	Ministry of Mines
Rough diamond and gold buying offices	23	10,779,687,155 CFAF	Ministry of Mines	Ministry of Mines
Diamond import-export	12	103 648.01 Carats	Ministry of Mines	Ministry of Mines
Gold import-export	11	857 881.94 Grammes	Ministry of Mines	Ministry of Mines

Mining companies and cooperatives holding mining titles	74	-	Ministry of Mines	Ministry of Mines
Gold smelters	11	5,772,283,000 CFAF	Ministry of Mines	Ministry of Mines
Jewellery shops	19	-	Ministry of Mines	Ministry of Mines
Cutting factory (Mini cutting factory)	01	-	Ministry of Mines	Ministry of Mines
Casinos/gambling establishments	6	620,287,311 CFAF	Ministry of Interior	Ministry of Interior
Service provider for trusts and companies	0	0	None	None

**81.** Information obtained by the mission reveals that there are no electronic money institutions, electronic money distributors or electronic money issuers operating in the Central African Republic. In addition, the CEMAC Regulation has extended the scope of reporting entities to include hardware stores, sports agents, voluntary furniture auctioneers, cash-in-transit companies, security companies, travel agencies, car dealers, stevedoring companies and building materials dealers.

**82.** With regard to VASPs, the situation of CAR with regard to bitcoin and the Sango coin is unique in the sub-region. This could therefore have a major impact on the risk, context and relative importance of the virtual assets sector. Despite the milestones of a legal framework governing the operation of VAs and VASPs in CAR, the team did not notice the existence of VASPs in the country. Due to the embryonic nature of the sector and the suspension of implementation of these virtual currencies at the time of the on-site visit, the authorities were unable to identify any VASPs. CAR has not undertaken a thorough assessment of the size and scope of the use of virtual assets across all sectors in the country. The ML/TF risks associated with virtual assets are therefore unknown to the country under evaluation.

### Highly rated weighting

**83.** For the purpose of this report, the banking sector, the MFI sector, the precious stones and metals trading sector, the foreign exchange bureaux sector and the VASP sector are weighted as the most significant sectors in CAR, based on their materiality and their exposure to ML/TF risks.

### **Banking sector**

**84.** At 31 December 2021, the Central African banking sector consisted of 4 licensed banking institutions, all subsidiaries of major international financial groups with African capital. The Central African State holds significant shares in most of these banks.

**85.** With an estimated contribution of 4% of GDP, banking is of vital significance to the Central African financial sector. In 2021, banks recorded a total balance sheet estimated at more than 354 billion CFA francs, including customer deposits of around 265 billion CFA francs, more than 87% of which were private deposits. However, it should be noted that one of the banks alone holds 39% of total outstanding assets. In terms of geographical coverage, the CAR banking network has 17 branches, including 4 in the provinces, mainly in the west and south-west, and 13 in the capital. To date, a total of 182,391 customers have opened bank accounts. A single bank currently holds 34.88% of all customers.

**86.** In addition, several factors indicate that players in this sub-sector are exposed to considerable ML/TF risks. These include the weak AML/CFT measures put in place, the interconnection with the domestic and international financial system, etc. Similarly, the development of new banking products, the mismatch of supervisory procedures and practices, the lack of integrity of bank staff and the unavailability of independent sources of information make this sector attractive to criminals who are constantly on the lookout for niches in which to recycle funds derived from criminal activities.

### **Microfinance sector**

**87.** The microfinance sector in the Central African Republic had 12 microfinance institutions in operation at 31 December 2021, including 8 first-category institutions and 4 second-category institutions. Deposits in this sector reached 31 billion CFAF, compared with 8 billion CFAF in net loans granted. The sector is much in demand by the public because of the many financial services it offers its customers and the portfolio of people with low purchasing power. This is compounded by the weak supervision in this sector. Indeed, according to information received from COBAC, from 2016 to 2021, no targeted or thematic audit including an AML/CFT component has been carried out. Only two (2) general audits including an AML/CFT component were carried out during the same period. In addition, the sector has significant ramifications for the banking sector. Similarly, MFIs have a high level of exposure to ML/TF risks. This is accentuated by the weak AML/CFT due diligence carried out by MFIs.

**88.** Furthermore, it should be noted that in CAR the microfinance sector is an element in the development of financial inclusion, as it makes it possible to open up financial services to populations that do not have access to banking services, thanks to its wide geographical coverage. These services, particularly the savings banks, are designed to be close to rural populations, but also to meet their needs. In many respects, this shows the importance of this sector in the country's economy. In addition, there are informal microfinance institutions such as tontines, which amass huge sums of money that deserve closer attention from the country's competent authorities. These players operate informally and are totally unaware of AML/CFT measures.

### **Precious metals and stones dealers' sector**

**89.** Thanks to the CAR's enormous mineral resources, the mining and export of diamonds, gold and copper are highly developed. There are more than 750 dealers in precious stones and metals, including buying offices, collectors, smelters, jewellers, cutters, mining cooperatives and import-export offices. All of these players, as listed in Table 1.3, conduct trading operations relevant to R. 22 and 23. According to the information received, the total number of workers on mining sites throughout the country is between 150,000 and 200,000. The mining sector contributes 6% of GDP. According to ICASEES data, minerals are the Central African government's third largest source of revenue, after agriculture and forestry. Although the Ministry of Mines is the sector's supervisory authority, its controls do not particularly target AML/CFT.

**90.** These factors are compounded by the fact that players in the sector are totally unaware of the AML/CFT measures to be implemented, and the vulnerabilities inherent in the sector,



notably the absence of controls, the existence of areas not controlled by the State, and transactions between players based largely on trust and therefore outside the legal financial circuit. In the not-too-distant past, some traders were sanctioned by the UN Sanctions Committee for terrorist financing and placed on the sanctions list. However, the sanctions had already been lifted at the time of the on-site visit. Lastly, in terms of control, the team notes that, given the potential of the Central African mining sector, the mismatch of the instruments and mechanisms for monitoring and controlling the various players in the field creates significant vulnerability and major risks of exploitation of precious stones and metals for ML/TF purposes.

**91.** In addition, the sector is plagued by offences such as illegal mining, illegal trade in precious stones and metals, corruption and fraud linked to mining activities. According to statistics from the Specialized Unit for Mining Affairs (USAF), the estimated value of seizures for 2018, 2020 and 2021 is 600 million CFAF. For the same period, BECDOR and the Ministry of Mines' Department of Statistics estimate the loss of revenue for the Central African State at more than 5 billion CFAF. In 2021 alone, more than 103,000 carats of diamonds with an estimated value of 6 billion CFAF were exported. As for gold, from January to September 2022, more than 1,000 kg of gold worth more than 18 billion CFAF was exported.

**92.** These criminals use unconventional mining methods. Others, who only hold mining and gold prospecting permits, are illegally involved in the extraction, mining and fraudulent export of precious stones. Criminals hide behind regularly constituted associations and cooperatives to illegally buy, sell and export precious stones and metals. Other criminal techniques are used by political and military groups in mining areas under their control, not to mention the military and similar groups operating under the banner of humanitarian NGOs. Still others use diplomatic and consular facilities to evade any control, supervision or taxation.

#### **Manual foreign exchange bureaux**

**93.** In the Central African Republic, at the time of the on-site visit, only banks and MFIs have been authorised to carry out manual foreign exchange activities, since 1 March 2019, the date of entry into force of Regulation No. 02/18/CEMAC/UMAC/CM on foreign exchange regulation in the CEMAC zone. The old foreign exchange bureaux that operated before the new regulations came into force have not yet complied with the new requirements. As their licences have lapsed, these bureaux are operating clandestinely. On site, the evaluation team was able to count a good fifteen of them. It should be pointed out that, in addition to these bureaux, there are "itinerant agents" roaming around hotels, airports and other business centres offering manual foreign exchange services. In the absence of new licences for these bureaux, no controls are carried out in this sector, which is now exposed to the risk of developing informal foreign exchange activities, likely to constitute conditions favourable to ML/TF.

**94.** In addition, it should be noted that the level of use of liquid assets is very high in this area. Added to this is the vulnerability associated with the unspecified profile of the customer base. Factors that explain this level of vulnerability include the extent of the clandestine distribution of this product. Worse still, no system has been adopted to determine the stock of foreign currency held by these foreign exchange bureaux, let alone the volume of foreign currency sold

or the means by which these bureaux are supplied. This sector appears in this important category mainly because of its level of ML/TF risk.

### **VASP sector**

**95.** CAR has officially authorized the use of virtual assets by economic players for business transactions. Thus, crypto-currencies (sango coin and bitcoin) are official currencies and can be used in the country as payment instruments. However, given that the promulgation of Law No. 22/001 of 22 April 2022 governing crypto-currencies in CAR and the launch of the Sangö coin, a national digital currency that is legal tender in CAR on the same footing as the CFA franc, are not yet followed by more specific implementing measures to regulate activities in this sector, and the ML/TF risks to which this sector is exposed have not yet been assessed by the country. Nevertheless, given that economic agents, including banks, MFIs,<sup>25</sup> insurance companies and DNFBPs, are free to use virtual assets without any supervision measures, the team believes that ML/TF risks are high. These risks are exacerbated by the absence of a VASP AML/CFT supervisor and the low level of financial inclusion, which may lead a number of players who do not have access to the financial system to resort to virtual assets. The National Agency for the Regulation of Electronic Transactions (ANTE), a supervisory and regulatory body for electronic transactions and crypto-currencies provided for by law, has not yet been set up.

### **Microfinance sector**

**96.** The real estate sector is considered significant because of the steady growth in real estate activity in CAR in recent years, the surge in the number of real estate transactions and its level of exposure to financial and economic crime. In fact, this is a high-risk sector in that no real estate agency has been approved by the competent authority to carry out this activity. However, the team found that a good ten real estate agencies operate underground, which does not rule out the risk of ML/TF. Added to this is the massive influx of foreign investors into the real estate sector, for whom the identity, origin and traceability of assets and funds remain difficult to establish and their legality uncertain. Worse still, a number of diamond and gold buying offices operate under the guise of real estate agents without having the status of such agents. The latest typology study on ML/TF risks inherent in the real estate sector carried out by GABAC in 2020 indicates that the risks are very high.

**97.** According to available data, the consolidated turnover of 11 real estate agencies operating in the informal sector is estimated at more than 3 billion CFAF. However, given the intense activity and new investments, the team believes that these figures could be doubled, or even tripled, if they are to reflect reality. At the same time, the team noted that due to the obsolescence of the instruments governing real estate activity, no authority has been designated to control and monitor the activities of real estate agents. The 1960 Law on the land and property code does not include any AML/CFT provisions, let alone the promotion of real estate agents'

---

<sup>25</sup> However, for COBAC reporting entities, COBAC Decision No. D-2022/071 prohibits them from holding, using, exchanging or converting crypto-currencies or crypto-assets.

activities. Nevertheless, this law is currently being reviewed. Similarly, a plethora of legal cases relating to real estate is pending before the courts.

**98.** The threat in this area concerns laundering of the proceeds of offences such as corruption, misappropriation of public funds, breach of trust, tax fraud, swindling and drug trafficking. This sector therefore has the potential to provide a niche for laundering funds illegally acquired through corruption, tax and customs fraud or fictitious public contracts. In short, all these factors give this sector considerable weighting.

### Moderate weighting

**99.** The evaluation team attaches moderate weighting to the Mobile Financial Service Providers (MFSPs), casinos, real estate agents and chartered accountants and lawyers sectors, either because of their involvement in financial transactions involving large sums of money, the number of their players operating in the country's informal market, or their insufficient knowledge of AML/CFT preventive measures, leading to considerable vulnerabilities.

### **Mobile money financial service providers sector**

**100.** In CAR, mobile money services are a real catalyst for financial inclusion, for the development of the digitalization or digitisation of payments and therefore for the country's economic development. As such, providers of these services are considered by COBAC to be payment service providers. In practice, these services are used by almost the entire population with access to network coverage, across all age groups and professional categories.

**101.** To date, there are mainly two companies providing payment services, but they are not sufficiently implementing AML/CFT measures. Similarly, despite the existence of internal risk assessment tools, these players do not have a good understanding of the risks to which their sector is exposed. According to a BEAC report,<sup>26</sup> there has been a remarkable take-off in e-money activity, with the number of payment accounts opened rising from 4,8549 in 2019 to 1,2964 in 2020. Similarly, the value of transactions has risen from nearly 32 billion CFAF in 2019 to more than 108 billion CFAF in 2020. All these data provide ample evidence of the pace of business expansion, which is not without risk.

**102.** There has been no assessment of the risks inherent in mobile money services to determine their level. The team was able to note that access to these accounts and the movement of funds via these services are not subject to any AML/CFT measures. However, transactions are limited to 1 million CFAF per day and per account. Added to this are the risks associated with interoperability within the CEMAC zone, made possible by GIMAC. It is possible to transfer funds between CEMAC countries using these tools without the operator having any information about the beneficiary of the transaction. There is no mechanism to detect the origin or destination of funds, which considerably increases the risk of ML/TF. This is particularly true in a country where armed groups are looking for discreet funding channels.

---

<sup>26</sup> <https://www.beac.int/wp-content/uploads/2021/10/Services-de-paiement-par-la-monnaie-%C3%A9lectronique-dans-la-CEMAC-EN-2020.pdf>

**103.** Among the vulnerabilities noted by the team were the possibility of supplying or sending funds using huge sums of cash, the use of anonymous transactions and the use of mobile money services in areas controlled by armed groups.

#### **Chartered accountants and lawyers sector**

**104. Chartered accountants:** In CAR, there are more than 15 chartered accountants, 10 of whom are registered with the Order of Chartered Accountants. Turnover is estimated at over 352 million CFAF. However, according to information obtained in situ, there are firms and other similar groups operating as chartered accountants without being registered with the Order. Chartered accountants have no knowledge of AML/CFT due diligence. No ML/TF risk assessment has been carried out in this sector. Given the volume of audit and certification services provided by these players, the risks are not negligible. There is no AML/CFT compliance function in this sector.

**105.** Similarly, controls and other self-regulatory measures are carried out under the yoke of specific instruments governing the corporation. Unfortunately, these do not specifically take into account the AML/CFT aspect, apart from the general obligations set out in the CEMAC Regulation. Despite the risks weighing on the sector, no STR has been sent to ANIF. Moreover, these players do not have any significant relations with ANIF.

**106. Lawyers:** At the time of the evaluators' visit, 152 lawyers were registered with the Bar Association. Lawyers play a central role in their clients' transactions of all kinds, particularly real estate transactions. They also play a major role in concluding contracts with considerable economic implications. In practice, lawyers place their clients' funds in the firm's business accounts. Often, however, clients provide the funds in cash.

**107.** Admittedly, there are insufficient figures on the size and contribution of the lawyers' sector to the country's economy, but factors such as ignorance of AML/CFT instruments, the use of professional secrecy as a reason for refusing to carry out STR and the predominance of cash in transactions with clients mean that the weighting of this sector is no less significant, despite the fact that lawyers in CAR do not provide trust-type legal arrangement services.

#### **Notaries sector**

**108.** Notaries are of moderate significance, partly because of their average weight in the country's system and partly because of their level of interconnection with significant sectors, particularly the real estate sector, where all transactions go through notaries. There are 12 notaries for the whole country. They are organized into a chamber that ensures self-regulation. No figures are available for the number of transactions processed during the period under review.

#### **Low weighting**

**109.** The insurance sector is of low significance in that life insurance services are not provided by all market players. In fact, only two insurance companies provide this service. Most players in the CAR insurance market are insurance brokers. Compared with other sectors, the insurance sector is not prominent in terms of its contribution to CAR's GDP.

**110.** The stock market sector is classified in this category because of the embryonic state of the market in CAR. This is because, despite the fact that the country is involved in the public

securities market, local FIs do not make frequent use of this product. Similarly, ML/TF risks can be considered low due to the low volume of transactions in this sector.

**111.** Casinos are not of considerable significance, as they are not highly developed in CAR. The gaming establishments identified tend to operate in sports and horse betting. There are only two casinos in the whole country. In addition, ANIF has carried out several awareness-raising activities in the sector.

#### **1.4.4. Preventive measures**

**112.** Since the 2010 evaluation, CAR's AML/CFT legal framework has undergone significant improvements, notably with the reviews of the CEMAC AML/CFT Regulation in October 2010 and April 2016. Accordingly, the AML/CFT preventive measures applicable to all reporting entities in CAR are governed mainly by a new Community instrument whose provisions are directly applicable: Regulation No. 01/16/CEMAC/UMAC/CM of 11 April 2016 on the prevention and repression of AML/CFT in the CEMAC zone. It contains AML/CFT due diligence obligations, internal risk assessment, adoption of a risk-based approach, cash payment prohibitions, suspicious transaction reporting, record keeping and retention for a certain period of time, additional due diligence or circumstances of simplification of obligations. However, this instrument also contains provisions that refer to the domestic instruments of each Member State with a view to being supplemented by specific provisions. Unfortunately, the country has not yet sufficiently enacted the relevant implementing instruments.

**113.** However, for some sectors, the competent regulatory, supervisory or control authorities have taken more specific measures to provide a precise framework for AML/CFT activities that fall within their remit. For example, preventive measures are stronger at the level of financial institutions than at the level of designated non-financial businesses and professions. On the other hand, some of the provisions of the CEMAC Regulations have been overtaken by the latest innovations in international AML/CFT standards.

**114.** With regard to FIs supervised by COBAC, it was observed that the preventive measures provided for in the above-mentioned CEMAC Regulation are supplemented by COBAC Regulations. Such is particularly the case for COBAC Regulation R-2005/01 of 1 April 2005 on due diligence by reporting institutions in relation to AML/CFT in Central Africa; COBAC Instruction I-2006/01 relating to information on the system for preventing money laundering and terrorist financing; Regulation No. 02-18-CEMAC-UMAC-CM on the regulation of foreign exchange in the CEMAC zone (for foreign exchange activities), etc. The mission was not provided with any statistical data on the foreign exchange market, but the information gathered during the evaluation team's discussions with reporting professionals point to the existence of an informal foreign exchange sector.

**115.** With regard to FIs supervised and controlled by CIMA and the Directorate of Financial, Monetary, Insurance and Microfinance Affairs (DAFMAM) of the Ministry of Finance and Budget, Regulation No. 001/CIMA/PCMA/PCE/SG/21 of 2 March 2021 to lay down the procedures applicable by insurance undertakings in CIMA Member States as part of AML/CFT also supplements and clarifies the general provisions of the CEMAC Regulation concerning insurance.

**116.** Similarly, COSUMAF's General Regulations are part of the same approach, but concern only financial market players. The COSUMAF Regulations contain provisions relating to prudential rules, ethical principles and rules of good conduct applicable to all those subject to the Regulations. However, the evaluation team noted that the COSUMAF Regulations do not contain specific provisions on AML/CFT and on the manner in which reporting entities should fulfil their due diligence obligations in this area. Similarly, the latest review of the COSUMAF Regulations in July 2022 does not include an AML/CFT component.

**117.** In addition to FIs supervised by COBAC, COSUMAF, CIMA or BEAC, there are also money transfer companies. Remittance services are offered by international companies that are backed by already licensed banking institutions, but are not subject to regular, in-depth controls, particularly with regard to AML/CFT. There is no clearly identified authority in charge of such controls. At the same time, money transfer activities seem to be offered without prior authorization by people in the informal sector. No statistics were provided to the evaluation mission, but it was noted that there are a large number of roadside stalls offering such services.

**118.** As far as the DNFBPs are concerned, the country has not yet designated a central authority to control and supervise reporting entities. However, it was noted that many of these sectors have internal regulations, charters, guides to good practice, ethical instruments, codes of conduct and other specific instruments containing general prudential provisions. These include Law No. 10.006 to lay down the rules and regulations governing the profession of lawyers in the Central African Republic, Law No. 02/002 to institute the National Order of Chartered Accountants, the 2009 Mining Code, Order No. 82/001 of 4 January 1982 to lay down the rules and regulations governing notaries, etc. In addition, internal systems for preventing and detecting suspicious transactions in these sectors are still in their infancy.

**119.** As regards virtual asset service providers (VASPs), Law No. 22.004 of 22 April 2022 governing crypto-currency in the Central African Republic contains provisions to regulate, control and supervise VASPs. This law officially recognizes bitcoin as a reference currency. However, it does not cover Fintech and contains no provisions for AML/CFT preventive measures. Nevertheless, it does contain provisions relating to the protection of personal data in accordance with the general principles in this area.

**120.** However, apart from this law on virtual assets, the country has not taken any other regulatory measures to regulate the sector. Similarly, no details have been provided on the ATMs installed by the State, which should be controlled by the National Agency for the Regulation of Electronic (ANTE). More worryingly, there are no additional measures indicating that bitcoin and sango coin are legal tender in CAR (see paragraph 13). The country has postponed the implementation of this virtual currency pending a period of brainstorming on the supervision of this sector.

#### **1.4.5. *Legal persons and arrangements***

##### ***(a) Legal persons***

**121.** As CAR is a party to the Treaty establishing the Organization for the Harmonization of Business Law in Africa (OHADA), which institutes the Uniform Acts directly applicable in Member States notwithstanding any domestic provisions repugnant thereto, commercial legal

entities in CAR are generally governed by the Uniform Act Relating to the Law of Commercial Companies and Economic Interest Groups (AUSCGIE) and the Uniform Act Relating to General Commercial Law. Alongside these commercial companies, there are other forms of legal entity: associations, foundations, political parties and NPOs, which may be created in accordance with the country's domestic laws. This category is governed either by Law No. 61.233 of 27 May 1961 regulating associations in CAR, or by the electoral code, or by Law No. 19.002 of 16 January 2019 relating to NGOs. There are also cooperative societies and professional civil societies governed by separate instruments.

**122.** Under the provisions of the aforementioned Uniform Acts, several types of company may be set up in the Central African Republic, including limited companies (LC), simplified joint stock companies (SAS), limited partnerships (SCS), limited liability companies (LLC), cooperative societies, general partnerships (SNC) and economic interest groups (GIE).

**123.** The table below shows the categories of legal entities in the Central African Republic.

**Table 1.4. Types of legal persons that may be set up in CAR**

Types of legal persons	Characteristics/Description	Purpose/Nature
LC	A company in which the shareholders are liable for the company's debts only up to the amount of their contributions and whose shareholders' rights are represented by shares. Except where registered shares are authorized, shares are bearer shares. The securities representing the bearer shares do not mention the name of the holder. The anonymous nature of the company and the freedom to transfer shares make it unique.	Commercial
LLC	A company in which the shareholders are liable for the company's debts only up to the amount of their contributions and whose shareholders' rights are represented by shares. It is a hybrid company whose risks are limited to the amount of capital contributed.	Commercial
SAS	A simplified joint stock company is a flexible company with variable capital set up by one or more partners, the organization and functioning of which are freely set out in the Articles of Association, subject to mandatory rules. The partners of a simplified joint stock company are liable for the company's debts only up to the amount of their contributions, and their rights are represented by shares.	Commercial
SNC	This is a company in which all the partners are traders and are bound by their private assets indefinitely and jointly and severally by any debts incurred by the company. Any person who acquires shares during the life of the company is liable for the liabilities existing at the date on which he becomes a partner. This form of company is best suited to activities in the informal sector, such as crafts, agriculture or trade.	Commercial
SCS	A company in which there are one or more partners with unlimited joint and several liability for the company's debts (general partners) and partners whose liability for the company's debts is limited to the amount of their contributions (limited partners).	Commercial
EIG	An association whose exclusive purpose is to implement, for a specific period, all means likely to facilitate or develop the economic activity of its members, or to improve or increase the output of this activity. In practice, these are intermediary groups between companies and associations, whose purpose is to facilitate cooperation between companies and enable them to provide some joint services.	Economic
Cooperative	Is an autonomous group of persons united voluntarily to meet their common economic, social and cultural needs and aspirations, through a collectively owned and managed enterprise in which power is exercised democratically and in accordance with co-operative principles. Agricultural cooperatives are the most common type of cooperative in rural areas of the Central African Republic. They are a major component of the vision for the development of agriculture by 2050, in accordance with the RCA 2050 prospective study that the government has been implementing for some time.	all branches of human activity (economic, social and cultural)
Association	A group of people who volunteer to work together on a common project or to share activities, but who are not seeking to make a profit. To set it up, all that is required is for at least two people to agree on its purpose and comply with the necessary administrative formalities. They draw up the articles of association, which specify the purpose, the governing bodies and the person authorized to represent the association, and indicate the registered office or address.	sports, artistic, humanitarian...
Foundation	A private law non-profit-making legal entity established by one or more donors, who may themselves be natural or legal persons, to carry out a work of general interest. In the context of CAR, its formation is established by a notarial deed, but it does not acquire legal personality until it has been authorized (often by order) by the competent authority.	Culture, health, education, art, humanitarian, social etc.

NGO	A non-discriminatory, non-political and non-profit-making legal entity, established on the initiative of natural or legal persons motivated by a spirit of voluntary action, with the aim of carrying out, alone or as part of a network, activities of public interest and solidarity with a view to contributing to the achievement of sustainable development goals.	Humanitarian, development Partnership etc.
Professional civil society	A special legal entity created for individuals practising a liberal profession. It is a group of partners who do not accept the multidisciplinary form and whose partners are jointly and severally liable for debts and professional acts on their personal assets.	Liberal

**124.** Due to a lack of statistics, and the diversity of activities carried out by the different types of legal entity (some of which are not reporting entities), the evaluation team was unable to determine the assets of these various types of legal entity.

**125.** A combined reading of the provisions of the Uniform Acts relating to commercial companies, those governing NGOs, cooperatives, associations and foundations, and those of the CEMAC Regulations makes it possible to subject legal entities to AML/CFT obligations in accordance with FATF requirements.

**126.** Legal entities governed by the above-mentioned Uniform Act are registered in the Trade and Personal Property Credit Register (TPPCR). Court registries keep this register and record all information relating to the life and dissolution of companies. The TPPCR provides basic information on the formation of commercial companies, but the information is kept manually in a physical location. Because the registry and the TPPCR are not computerized, the information contained in the TPPCR is not easily accessible to the public and can only be accessed for a fee. For other types of legal entity, the various ministries that oversee and supervise them maintain lists of approved legal entities. However, public access to and updating of the information contained in these registers remain the major challenges to transparency in this area.

**127.** No study has revealed any cases of abuse of some types of legal entity for ML/TF purposes. Nevertheless, a plethora of international legal entities operate on Central African territory in the humanitarian field. This increases the risk of these people being exploited for TF purposes, particularly by associations and NGOs. There is no indication of the extent to which the country acts as an international centre for the creation or administration of legal entities, but the team noted the massive establishment of NGOs created in other jurisdictions but operating in areas such as health, education, training, agriculture and food security, energy and water, sanitation, rural and urban development, the environment, population and social welfare.

**128.** None of the instruments takes measures to enforce the offences provided for in the OHADA Uniform Act on General Commercial Law by providing for penalties for breaches of specific provisions of the Uniform Act, in particular failure to keep shareholders' registers and failure to update information in the TPPCR. In addition, those responsible for incorporating legal entities and maintaining trade registers, in particular court registrars, notaries and lawyers, have a limited understanding of the money laundering risk posed by the misuse of legal entities.

### *(b) Legal arrangements*

**129.** Although the Community provisions of the CEMAC Regulation envisage the hypotheses of legal constructions to make the providers of these services liable, the domestic legal arsenal of CAR does not provide for the creation of legal arrangement or even their functioning. In



practice, legal arrangement services may be provided by some independent legal professions. Members of these professions become reporting entities when they represent or assist clients outside of any legal proceedings, particularly in the context of the activities of trusts, express trusts or entities similar to AML/CFT obligations.

**130.** However, the evaluators were unable to obtain information on the legal regime applicable to trusts and legal arrangements. While it is acknowledged that Central African law does not provide for the creation of legal arrangements and trusts, there appears to be nothing to prohibit their use in Central African territory when they are set up abroad or under the law of another jurisdiction (including entering into business relationships with CAR FIs and DNFBPs).

**131.** Furthermore, Central African law does not recognize trusts and CAR is not a party to The Hague Convention of 1 July 1985 on the Law Applicable to Trusts and on their Recognition. The trust cannot therefore be created or recognised as such in that country. However, reporting entities are required (under Community provisions) to take preventive measures against ML/TF for trusts created in foreign countries. At the time of the on-site visit, the evaluators were not made aware of the existence of any trusts or similar legal arrangements in compliance with the FATF definitions and requirements.

#### **1.4.6. Supervisory arrangements**

##### ***Financial Institution***

**132.** COBAC is the authority responsible for the regulation, control and supervision of financial institutions and for international cooperation in the regulation of financial institutions. It has administrative, regulatory, supervisory and sanctioning powers. COBAC carries out on-site and documentary inspections of banks and non-banking financial institutions to ensure compliance with the relevant prudential obligations, in particular AML/CFT measures.

**133.** With regard to the financial market, COSUMAF is the authority responsible for the regulation, control and supervision of all participants in the securities market, in accordance with the provisions of COSUMAF's General Regulations. As such, it has exclusive powers to verify procedures, the regularity of transactions in the securities markets, controls and verifications of approvals issued to securities institutions, etc. This authority may impose sanctions, without prejudice to judicial sanctions issued by State authorities, in the event of non-compliance with AML/CFT provisions.

**134.** CIMA, a Community body, is the supervisory, control and regulatory authority for the insurance and reinsurance industries. To be closer to its reporting entities, some of its tasks have been delegated to the National Directorate of Insurance. In CAR, the insurance sector authority is the Ministry of Finance which, through the National Directorate of Insurance (DNA), is responsible for supervision in conjunction with the Regional Insurance Control Commission (CRCA). As part of its specific duties, the DNA ensures compliance with insurance regulations, as well as the implementation of AML/CFT preventive measures.

### ***DNFBPs***

**135.** In CAR, there are as yet no authorities designated to supervise and monitor the implementation of AML/CFT requirements by DNFBPs. However, self-regulatory authorities monitor compliance with the standards by members of their professions. These include the Council of the Order of Lawyers, the Council of the Order of Chartered Accountants, the Notaries Chamber and associations of some professions.

**136.** In addition, there are a number of Ministries that provide traditional oversight of some sectors of activity, for example to check approvals, compliance of facilities, tax returns, etc. These include the Ministry of Mines for dealers in precious stones and metals, the Ministry of Town Planning for real estate agents, and the Ministry of the Interior for casinos and other games of chance. In any case, these authorities did not demonstrate to the evaluation team that they monitor and control the implementation of AML/CFT measures in their respective reporting entities.

### ***VASPs***

**137.** The activities of virtual asset service providers, in particular crypto-currencies, are supervised, controlled and monitored by the National Agency for the Regulation of Electronic Transactions (ANTE), established by Law No. 22.004 of 22 April 2022. This body is responsible for controlling and managing all public ATMs installed by the State on the national territory. However, this authority has not yet been set up and there is no provision specifying ANTE's powers to monitor and sanction compliance with AML/CFT obligations.

### ***1.4.7. International cooperation***

**138.** Central African Republic has adequate mechanisms, including a vast network of multilateral and bilateral treaties to provide and request the widest possible mutual legal assistance and extradition in relation to ML/TF and related predicate offences. This cooperation is much more intense with CEMAC Member States<sup>27</sup> than with other countries in the world.

**139.** The Ministry of Foreign Affairs and Central Africans Abroad is the central authority for receiving and sending requests for international cooperation. This authority in turn forwards requests for mutual legal assistance and extradition to the Directorate General of Judicial Services of the Ministry of Justice, which processes and executes them.

**140.** However, as mentioned above, CAR faces significant cross-border risks of money laundering and terrorist financing due to its economy based on the export of significant natural resources and its global interconnection.

**141.** Similarly, porous borders and border areas controlled by rebel movements create favourable conditions for the illegal transport of goods and currency by criminals. This situation increases the risks of corruption, drug and wildlife trafficking, human trafficking, smuggling of migrants, illegal cross-border transport of goods and currency, and diamond and gold smuggling. In addition, the risks involved in transferring funds via Hawala-type systems are inherently international, which increases the need for CAR to actively pursue international

---

<sup>27</sup> Judicial Cooperation Agreement between the CEMAC Member States of 28 January 2004.

cooperation. It is because of these factors that large sums are transferred out of the country and laundered abroad (tax havens, European countries, neighbouring countries with less stringent AML/CFT requirements, etc.), in particular for the purposes of corruption and other major financial crimes. To this, the team adds the risks associated with the use of virtual assets, which have just been adopted. In this case, too, there are risks of misuse of VAs by individuals based outside Central African territory for TF or ML.

**142.** Investigative authorities use direct cooperation mechanisms with their counterparts. Supervisors, particularly those of the Community, can, where appropriate, benefit from various CEMAC mechanisms and those arising from the country's membership of international organizations. It is with this in mind that the 1961 Tananarive Convention enables CAR to cooperate in due course, outside the CEMAC zone, with Côte d'Ivoire, Benin, Madagascar, Burkina-Faso, Mauritania, Niger and Senegal.

**143.** ANIF regularly exchanges information with its counterparts in Central Africa and elsewhere in the world under the cooperation platform between FIUs in the region. Other competent authorities, such as the Police, a member of Interpol, and Customs, a member of the WCO, cooperate with their foreign counterparts via secure information exchange platforms. Most of the information exchange concerns only ML/TF underlying offences.

**144.** In terms of informal cooperation, CAR's main international anti-money laundering partners are Sudan, the DRC and Morocco. However, it is clear from the available statistics that there has been little feedback on international cooperation. This is because the relevant authorities do not sufficiently seek out other forms of international cooperation. Similarly, they do not actively participate in various international AML/CFT forums and networks, particularly those relating to the recovery of illicit assets.

**145.** Overall, to a lesser extent, CAR ensures the constructive and timely exchange of information and proactively seeks international cooperation where necessary. Nevertheless, it appears that, apart from ANIF and the police, the competent authorities make relatively little use of international cooperation in all areas relating to AML/CFT and the underlying offences.

## 2. NATIONAL AML/CFT POLICIES AND COORDINATION

### 2.1. Key findings and recommendations

#### *Key findings*

- (a) Overall, CAR has demonstrated a low level of understanding of ML and TF risks respectively due to the fact that no assessment has been carried out in any sector regarding ML or TF. In particular, no sector risk assessment has been carried out in the sectors most at risk, including the virtual assets sector. At the same time, the authorities have not demonstrated any understanding of ML/TF risks in this sector. Nevertheless, the evaluation mission found that the authorities do not have the same level of understanding of the ML/TF risks to which the country is exposed. This is particularly true of ANIF, which has demonstrated a good understanding of the risks, whereas the understanding is moderate for investigative and prosecution authorities. It is low for other authorities, including supervisors;
- (b) In June 2020, the country launched its NRA with the help of the World Bank and assisted by GABAC, to identify its real risks and improve its understanding of these risks. However, the mission found that some key players from government services and the private sector are not involved in conducting the NRA. This is likely to affect the inclusiveness of the NRA process and impact on the quality of the outcomes. Similarly, at the time of the mission, no significant progress had been made on this work due to the unavailability of logistical and financial resources;
- (c) The country does not yet have a national AML/CFT policy; However, there is a set of relevant policies and strategies and State entities that directly or indirectly contribute to the prevention of the underlying offences. These include the National Anti-Corruption Committee (CNLT), the High Authority for Good Governance, the Inspectorate General of Finance, etc. However, there is no synergy of action between these various institutions, so as to make the policy of combating economic crime in CAR effective;
- (d) In the absence of an NRA, there is still no exemption from the application of enhanced or simplified measures. Similarly, the authorities have not yet aligned their objectives and activities with the risks identified;
- (e) With regard to national coordination, Central African authorities have shown a willingness to define a national policy and coordinate the actions of the relevant authorities to combat ML/TF. To this end, they set up a national AML/CFT policy coordination committee in April 2018. However, more than four years later, the committee is still not operational due to insufficient operating resources and the unavailability of some of its members. Nevertheless, the mission was able to observe forms of sectoral cooperation, particularly in the fields of mining and water and forestry.

### ***Recommendations***

CAR should:

- (a) Carry out, as soon as possible, an assessment of ML/TF risks in the sectors most at risk, namely virtual assets, banking and microfinance, precious stones and metals, and forestry, in order to improve the authorities' understanding of the risks in these sectors and implement appropriate risk mitigation measures;
- (b) Speed up data collection, complete the NRA as quickly as possible, ensuring that all the key AML/CFT players in the public and private sectors are involved, and disseminate the findings of the NRA to all the relevant players;
- (c) Based on the findings of the NRA, draw up national AML/CFT policies and strategies in conjunction with a subsequent action plan; guarantee and ensure their proper implementation by allocating the necessary resources;
- (d) On the basis of the findings of the NRA, introduce simplified due diligence measures or exemptions in relevant cases to encourage financial inclusion;
- (e) Pending the findings of the NRA work, organize vast awareness-raising, information and explanation campaigns on AML/CFT issues and ANIF's central role and missions in this area for all relevant State and private players.
- (f) Make the Coordination Committee operational by granting it a substantial operating budget and by appointing an authority (e.g. ANIF National Director) to chair the meetings to compensate, if necessary, for the unavailability of the Committee's Chairperson and Vice-Chairperson;
- (g) Encourage the competent authorities to cooperate strategically and operationally, through spontaneous exchanges of information, between themselves in general and specifically with ANIF;
- (h) Strongly encourage, through separate instruments and for each of the stakeholders in their area of competence, the collection and maintenance of reliable, comprehensive, consolidated, up-to-date and available AML/CFT statistics, in particular on STRs, releases, investigations, prosecutions, convictions, freezes, seizures and confiscations.

**146.** The chapter on risk, policies and coordination relates to Immediate Outcome RI.1. The effectiveness of this chapter is assessed in relation to the following Recommendations: R.1, R.2, R.33, R.34 and some elements of R.15.

## **2.2. Immediate Outcome 1 (Risk, policy and coordination)**

### ***2.2.1 Country understanding of ML/TY risks***

**147.** To control the risks of money laundering and the financing of terrorism and proliferation, the Central African Republic, with technical support from the World Bank and assistance from GABAC, began a National Risk Assessment (NRA) on 25 June 2020. The Director General of

ANIF was appointed Coordinator of the assessment. The evaluation mission was able to see that the NRA had effectively begun, with the launch seminar, the holding of meetings, the formation of working groups and the initial gathering of information.

**148.** The supervisors and regulators have not yet carried out an analysis of the risks to which the reporting professions in their respective sectors are exposed. Such is the case with COBAC which, although involved in the NRA, told the mission that it had not yet analysed and mapped ML/TF risks. At the time of the mission, COBAC was still in the process of finalizing the AML/CFT due diligence regulations for credit institutions and thirteen related directives. CIMA was not involved in the NRA. Similarly, although CIMA adopted its AML/CFT Regulations on 2 March 2021 to bring them into line with the 2016 CEMAC Regulations, it does not yet apply an approach based on AML/CFT risks.

**149.** In addition, the team noted that typology studies had been carried out by GABAC at regional level and a number of sector studies had been carried out by some reporting entities in CAR in order to determine the overall level of understanding of risks. All these typology studies have been disseminated to all GABAC Member States, including CAR. A status report on the implementation of the recommendations resulting from these typology studies is drawn up at each GABAC Technical Commission meeting. However, despite the dissemination of these findings, the country's competent authorities do not have the same level of understanding of the risks. Ultimately, while ANIF and the National AML/CFT Policy Coordination Committee have an overall view of the country's ML/TF risks, such is not the case for the country's other AML/CFT stakeholders, who have a limited understanding thereof.

**150.** During the interviews, the mission was able to identify a number of ML/TF threats and vulnerabilities to which the country is exposed. These are mainly linked to the most common underlying offences: corruption, misappropriation of public funds, swindling, breach of trust, criminal conspiracy, looting, armed robbery, illegal trafficking in species and wildlife products, illegal logging, mineral trafficking, drug trafficking, smuggling, customs fraud, and trafficking in arms and munitions. In the opinion of the stakeholders we met, and in the light of these underlying offences, the ML risk in CAR is considered high. Added to this is the recent adoption of the law on virtual currency (see paragraph 13), for which no ML/TF risk assessment has been carried out.

**151.** Regarding vulnerabilities, the evaluation team noted the military-political crisis that raged between 2013 and 2018, porous borders, the predominance of cash in financial transactions, the lack of financial resources and the shortage of qualified and trained human resources, the absence of State authority in some parts of the territory controlled by armed groups, the lack of prosecutions and investigations for ML, and some key players' ignorance of the ML regulations in force.

**152.** With regard to terrorist financing, in addition to the above findings from interviews with the authorities, the report on the analysis of vulnerabilities in the banking sector referred to above shows that TF risk in CAR is "high", due to the consequences of the political and military crisis, the proliferation of rebel groups, the lack of control over the entire country and the advent of new methods of transferring money via mobile phone companies, which offer the advantage of sending or withdrawing funds even in areas not controlled by State authorities.

**153.** Overall, at the current stage of the NRA, CAR has shown a low level of understanding of the ML and TF risks respectively. In the light of the interviews, the mission found that only ANIF has a good knowledge of ML/TF risks and of the concept of a risk-based approach, due to its involvement in the GABAC Technical Committee, where these issues are regularly discussed. All the other authorities have not yet carried out a sector assessment of the risks to which their activities are exposed. These include authorities in the mining, forestry and financial sectors, particularly with the recent adoption of the law on virtual currencies (bitcoin and the Sango coin), all of which present clear ML/TF risks. The authorities have not demonstrated any understanding of the risks in these sectors. Regarding virtual assets, the mission attributes this to the recent adoption of the law (see paragraph 13).

### ***2.2.2. National policies to address identified ML/TF risks***

**154.** At the time of the mission, CAR had not yet adopted a clear policy to address ML/TF risks. Such a policy should result from the findings of the NRA, which is still in progress.

**155.** In the absence of an ML/TF risk management policy, the mission observed a certain willingness on the part of the authorities to implement AML/CFT measures. Among other things, the commitment has resulted in the establishment of ANIF (FIU) in 2005, the acceptance of the first mutual evaluation in 2010, the submission of various evaluation follow-up reports, the adoption of the 2016 CEMAC Regulation, and the establishment of a committee to conduct the NRA in 2020.

**156.** With regard to the fight against terrorism and its financing, the mission again notes that CAR does not have a clear policy to address TF risks. The country has set up a coordination committee responsible for monitoring and ensuring compliance with the CAR sanctions regime (CCSRS/RCA) based on Resolution 2117 of 2013. The country also has a platform for combating the proliferation of small arms and ammunition. None of these bodies is responsible for combating the financing of terrorism. This issue (TF) does not seem to be of concern to the authorities, notwithstanding the existence of indicators and vulnerability factors in the system.

**157.** With regard to virtual assets, although the regulatory framework is recent, the country has planned to set up ANTE to supervise VA-related activities. However, the authorities mentioned that this body was not yet operational (see IR.3).

**158.** Added to this is the multitude of NGOs operating in CAR. At the time of the mission and following discussions with SPONG (Permanent Secretariat for NGOs), CAR had around 308 NGOs working in the humanitarian sector. The authorities we met stated that they had no clear idea of the sources of funding, let alone the actual destination of the funds made available to them, which means that there is a huge and real risk of NGOs being used to fund terrorism.

**159.** More generally, CAR has set up a number of institutions to combat economic crime. These include the Inspectorate General of Finance, which has the task of controlling, auditing and combating corruption (in public procurement), the public procurement regulatory authority, the High Authority for Good Governance and the National Anti-Corruption Committee. However, following the discussions, the evaluation team noted that there was no synergy of action between these different institutions, so as to make the policy of combating economic

crime in CAR effective. Adoption of the national anti-corruption strategy paper currently being drawn up by the National Anti-Corruption Commission would be one of the first steps towards ensuring consistency in the actions of all those involved in the fight against economic crime in CAR.

### *2.2.3. Exemptions, Enhanced and Simplified Measures*

**160.** At the time of the mission, CAR had not yet taken steps to adopt the enhanced and simplified measures to be implemented by financial institutions and DNFBPs. Such measures should result from risk assessments carried out at national level, following the example of the NRA, or at sector level by the supervisory and self-regulatory bodies or by each reporting entity.

**161.** In the same vein, and still in the absence of a risk assessment, the authorities have not yet defined cases of exemption which would allow FIs and DNFBPs not to implement some FATF Recommendations which require them to adopt some measures.

**162.** However, it should be noted that banks profile their customer accounts to establish a map of qualified customers who present a high risk, given the nature of their activities or the volume of their financial flows. Banks in CAR are exercising heightened vigilance over this type of customer. These include PEPs, non-trading property companies, accounts held by microfinance institutions and, above all, NGOs.

### *2.2.4. Objectives and activities of competent authorities*

**163.** The evaluation team was unable to identify or establish the objectives and activities of the authorities responsible for implementing the risk-based approach to ML/TF. The only activity in this area remains the ongoing NRA, which is still at the information gathering stage. This should enable the authorities to set objectives and define the activities to be carried out to apply the risk-based approach to ML/TF.

**164.** Notwithstanding this lack of objectives and activities, the mission noted one thing: the authorities' determination to combat economic and financial crime as a whole. This has resulted in the establishment of some of the institutions mentioned above. A synergy of their actions would certainly lead to concrete outcomes that would considerably reduce this crime which, incidentally, underlies the ML and TF.

### *2.2.5. National cooperation and coordination*

**165.** Regarding national cooperation and coordination, the Central African authorities set up a committee to coordinate national policies on anti-money laundering and combating the financing of terrorism and the proliferation of weapons of mass destruction, by Presidential Decree No. 18.079 of 5 April 2018.

**166.** At the time of the mission, the committee had held only three sessions, the last of which, on 11 September 2020, was devoted to the formation of three (3) thematic sub-groups, namely: Group 1 on money laundering; Group 2 on terrorist financing; and Group 3 on arms proliferation.



**167.** None of these thematic sub-groups has yet held a working session, two years after being set up. The Committee members we met attributed the rarity of the sessions, on the one hand, to the lack of operating resources for the committee, which still does not have a budget and, above all, the unavailability of the Chairperson and Vice-Chairperson, who have a tight ministerial agenda, on the other.

**168.** Operationalization of the coordination committee therefore remains a major challenge for the efficient and effective implementation of the national cooperation and coordination policy in CAR.

**169.** In addition to this lack of operationalization of the coordination committee, the mission was able to observe forms of sector cooperation, through the functional establishment of cooperation platforms. These platforms bring together government and private sector players involved in a given sector. Such is the case in the mining sector, with the platform to combat fraud and smuggling of mining resources, the water and forestry platform, and the BNC Interpol taskforce. It should be noted that ANIF CAR has a representative on each of these platforms.

**170.** AML/CFT coordination in particular is carried out by ANIF, through its network of correspondents in some government services, namely: the Police, Gendarmerie, Customs, Justice and Taxation. However, the mission was unable to assess the effectiveness of this form of cooperation, in the absence of information exchanges between ANIF and the government services where it has correspondents.

**171.** ANIF exchanges information with the reporting professions, in particular banks and notaries. This is not the case with other reporting professions, and even less so with supervisors such as COBAC, CIMA and COSUMAF which, during discussions, stated that they had not yet had opportunities for collaboration and cooperation with ANIF.

#### ***2.2.6. Private sector's awareness of risks***

**172.** CAR's ANIF has carried out a number of AML/CFT awareness campaigns, the most prominent of which is the information and dissemination campaign on the CEMAC Regulation carried out in association with GABAC. However, these actions remain insufficient and have had no real impact on the private sector's awareness of ML/TF risks. The authorities have not taken any specific action to raise awareness of some risks, including virtual assets - due to the recent adoption of the regulatory framework.

**173.** Apart from banks and notaries, all other private sector players are unaware of the ML/TF risks to which they are exposed. This state of affairs could be improved with the ongoing NRA and possibly an information and awareness campaign that ANIF could run.

**174.** The mission found that some key players in the private sector have taken an active part in the NRA, through participation in the various sector groups. By way of illustration, the mission was able to consult two of the ten sector reports resulting from group deliberations in which the private sector took part. These were the financial market sector report and the banking sector report.

***Overall Conclusion on IO 1***

**175.** CAR has launched its NRA to enable public authorities and private sector players to know and understand the ML and TF risks to which the country in general and each sector of activity are exposed. At the time of the mission, the NRA was at the stage of consolidating the general report. Apart from this NRA, no sector of activity had undergone an ML/TF risk assessment, notwithstanding the real existence of several threats and the vulnerability of several key sectors (including virtual assets, forestry, mining and finance). As a result, the authorities have not yet adopted a strategy for aligning activities with potential risks, nor have they so far defined the enhanced or simplified measures to be implemented by FIs and DNFBPs, let alone measures exempting them from the implementation of some measures depending on the degree of risk. Accordingly, the general level of awareness and understanding of ML and TF risks respectively remains low in CAR.

**176.** With regard to national cooperation and coordination, and notwithstanding the existence of a few sector cooperation platforms, the mission unfortunately notes that the national coordination committee for AML/CFT policies is not operational, such that, in the mission's opinion, CAR does not yet have an overall, central or national framework for operational cooperation between the various players, which should serve as a basis for coordinating AML/CFT actions.

**177. CAR is rated as having a low level of effectiveness for IO 1.**

### 3. LEGAL SYSTEM AND OPERATIONAL ISSUES

#### 3.1. Key findings and recommendations

##### *Key findings*

##### **IO 6**

(a) CAR has an FIU referred to as the National Agency for Financial Investigation (ANIF). ANIF received a relatively small number of STRs and only from banks. ANIF analysed and transmitted a total of seven (7) reports to the judicial authorities. It has not disseminated any financial intelligence to the other competent authorities. Banks are reluctant to submit STRs to ANIF and there is a real problem in keeping STR statistics, resulting in disparity between the number of STRs sent by banks and the figures reported by ANIF. There is also inconsistency between the number of STR submissions and the country's risk profile.

(b) ANIF receives automatic declarations (AD) from reporting entities. The declarations have given rise to 14 referrals to the judicial authorities. However, this number is small given the country's risk profile.

(c) ANIF does not have its own secured premises; this calls into question the independence and confidential management of information. Its human and financial resources are insufficient. ANIF staff lack appropriate training.

(d) CAR's ANIF is not yet a member of the Egmont Group. However, it has demonstrated its ability to cooperate with other FIUs.

(e) Apart from ANIF, the prosecution authorities have no other sources of financial intelligence. The information sent by ANIF to courts, which is considered to be of average quality, has not led to any court decision, due to a lack of sufficient evidence and the unavailability of additional information.

##### **RI 7**

(a) CAR does not adequately and sufficiently identify ML cases arising from predicate offences or systematically use parallel financial investigations due to the non-existence of an AML criminal policy and the lack of expertise of the investigative and prosecuting authorities.

(b) The reports sent by ANIF to judicial authorities did not lead to any prosecutions or convictions for ML.

(c) The data provided by the country does not highlight the consistency between the underlying offences prosecuted and the country's threats and risk profile.

(d) Given the lack of convictions for ML, the mission concludes that the country's investigation and prosecution system is not effective.

(e) Alternative criminal justice measures have not been implemented in CAR.

**RI 8**

- (a) The investigative and prosecuting authorities do not initiate financial investigations to identify and locate assets that may be seized and confiscated as part of their investigations into the underlying money laundering;
- (b) There is no mechanism common to all authorities investigating seized assets, to enable the tracing of such assets. Perishable goods may therefore be irretrievable at the end of legal proceedings;
- (c) The customs service does not cover all of the country's borders because of its small staff and insecurity. It seizes cash and bearer negotiable instruments. However, it does not pass on information on the seizures to ANIF. It cooperates with neighbouring States;
- (d) There is no formal mechanism for managing seized and confiscated assets, nor is there an entity devoted to this task.

***Recommendations******Immediate Outcome 6***

CAR should:

- (a) Provide ANIF with secure premises that are not accessible to any outsider;
- (b) Provide ANIF with the substantial financial and human resources it needs to perform its duties and set up a secure IT system to protect the confidentiality of the STRs and other information in its possession.
- (c) Improve the use of financial intelligence by the competent authorities through continuous training and regular feedback between the competent authorities and the FIU in order to continuously improve and promote the use of financial intelligence produced by ANIF;
- (d) Ensure that ANIF has access to the financial and other information necessary to carry out an effective analysis in line with ML/TF risks, on the one hand, and ensure that ANIF makes greater use of this power to collect financial and other information useful to its mission, on the other;
- (e) Improve the quality of STR enrichment by training and strengthening analysts;
- (f) Organize awareness-raising, training and information sessions with reporting entities, to encourage STRs, on the one hand, and with other national players, to make known ANIF and its role in the AML/CFT system, the instruments in force and initiate the start of effective collaboration between ANIF and these players;
- (g) Initiate the admission of CAR's ANIF to the Egmont Group.
- (h) Review the 2005 Decree on the organization and functioning of ANIF to bring it in line with the provisions of the 2016 CEMAC Regulation and R. 29 with a view to extending ANIF's remit to include the conduct of strategic analyses;

### ***Immediate Outcome 7***

CAR should:

- (a) Adopt a consistent criminal policy on AML and consistent with the country's risk profile to clearly define the priority of ML investigations, including: systematization of opening a parallel financial investigation in cases relating to the underlying offences, strengthening of human and material resources, capacity-building in financial analysis and investigation, training in the detection of different types of ML and appropriate investigative techniques, and prioritization of ML cases;
- (b) Revitalize the existing economic and financial pool within the PGI and ensure that magistrates are specialized in AML matters to enable them to proactively seek out and collect evidence of ML.
- (c) Build the capacity of specialized AML government services (customs, taxation, water and forestry).
- (d) Raise awareness among investigative authorities of the need to use financial intelligence proactively.
- (e) Set up a task force (an operational unit) bringing together the various players in the criminal justice system with a view to conducting parallel financial investigations and recovering criminal assets, and exchanging and sharing information to guarantee the success of investigations and prosecutions.
- (f) Set up a management body and a centralized computerized system for statistical data that includes investigations for ML and associated underlying offences, prosecutions and convictions, seizures, freezes and confiscations.
- (g) Implement alternative criminal justice measures when it is not possible to obtain a conviction for ML.

### ***Immediate Outcome 8***

CAR should:

- (a) Train the investigative and prosecuting authorities in identifying and tracking property to be seized and confiscated as part of financial investigations into ML and predicate offences, so that the confiscation of the proceeds and instrumentalities of crime and property of equivalent value is a priority in their investigations;
- (b) Produce statistics on seizures and confiscations carried out as part of investigations, prosecutions and convictions in relation to ML and underlying offences, in terms of property and valuables;
- (c) Instruct customs to systematically transmit to ANIF seizures of cash and bearer negotiable instruments and improve the detection capacity of its staff;
- (d) Set up a mechanism for managing seized and confiscated assets or establish an administrative structure responsible for this task.

**178.** The Immediate Outcomes relevant to this chapter are IO.6, 7 and 8. Relevant Recommendations for the assessment of effectiveness under this section are R.1, R.3, R.4, R.29, R.30, R.31, R.32 and some elements of R.2, 8, 9, 15, 34, 37, 38, 39 and 40.

**3.2. Immediate Outcome 6 (Financial Intelligence)**

**3.2.1 Access and use of financial intelligence and other information**

**179.** CAR's ANIF has access to financial intelligence and other information. To this end, it may exercise the right of communication conferred on it by Article 75 of the CEMAC Regulation, whereby it may request any information from reporting professions, government services, public establishments, local authorities, private sector entities or any other person entrusted with a public service mission. At the time of the mission, this right of communication had only been exercised in respect of banks, following suspicious transaction reports. CAR's ANIF may also have access to financial intelligence through the cooperation mechanism with other ANIFs in the GABAC jurisdiction or with its foreign counterparts. The mission found that this mechanism for accessing foreign information had not yet been implemented.

**180.** ANIF's one and only source of financial information is the Suspicious Transaction Reports (STRs) it receives solely from banks. No other reporting profession has yet submitted an STR to ANIF. To process these STRs, and as it does not have direct or indirect access to any databases, it deems that it has satisfactorily exercised its right of communication.

**181.** Until now, ANIF's reports have been the only source of information for the prosecuting authorities. Until the date of the mission, these reports had not been processed in any way that would have led to a court decision, because they were considered to be of average quality. In practice, ANIF reports are forwarded spontaneously to the prosecution authorities after analysis and enrichment of the STRs. However, several of such reports have been closed due to a lack of evidence and the unavailability of other sources of information. The team did not obtain any information about other sources of intelligence that could be used by the prosecuting authorities.

**182.** In addition to STRs, banks send ANIF information on a monthly basis, in the form of "Automatic Reports" (AR), on cash transactions of five million (5,000,000) CFAF or more. ADs are spontaneous transmissions or disclosure of transactions in cash or bearer securities in accordance with the above threshold. As such, no examination of their quality is required. This information should be used as a database for any additions to the STRs. ANIF has built up a database of this information. Between 2018 and 2022, this database contains 29,667 items of information, broken down as follows:

**Table 3.1. Statistics of automatic reports received by ANIF**

Year	Number of ARs received
2022	4951
2021	7832
2020	6275
2019	5759
2018	4850

<b>Total</b>	<b>29667</b>
--------------	--------------

**183.** The use of these automatic reports has resulted in 14 referrals to the competent judicial authorities. However, the team does not know when the transmission took place or the underlying offences involved.

**184.** CAR's ANIF is not yet a member of the Egmont Group, which restricts its access to financial intelligence held by its foreign counterparts. Nevertheless, ANIF has exchanged information with a number of FIUs, responding to requests made by them, in particular the FIUs of France, Cameroon and Congo. It therefore cooperates with its counterparts despite the fact that it is not a member of the Egmont Group.

**185.** Apart from the STRs, which contain information transmitted solely by banks, ANIF has not yet received any financial information from other sources at national level (customs, taxation, police, gendarmerie, forestry, etc.). Similarly, ANIF does not receive any information relating to declarations of cash and bearer negotiable instruments at border crossings.

**186.** At the time of the mission, ANIF had drawn up a total of 21 reports, including 7 from STRs and 14 from ADs. To date, only judicial authorities, in particular the Bangui High Court, have received these reports. The mission did not find any reports sent to the other competent authorities. In practice, ANIF reports can be sent to any authority with jurisdiction, i.e. the judicial authorities for criminal cases, the investigative services for issues relating to the identification of people and property, and the Customs and Tax authorities for customs and tax fraud.

**Table 3.2. Processing of Suspicious Transaction Reports over 5 years**

Year	Received	Forwarded to the Office of the Prosecutor	Closed	Awaiting a decision	Being processed	Total	Total processed with court decision
2022	00	00	00	00	00	00	00
2021	01	01	-	-	-	01	-
2020	02	02	-	-	-	02	-
2019	01	01	-	-	-	01	-
2018	03	03	-	-	-	03	-
Total	7	7	0	0	0	7	0

**Table 3.3. Processing of Suspicious Transaction Reports over 5 years**

Year	Received	Forwarded to the Office of the Prosecutor	Closed	Awaiting a decision	Being processed	Total	Total processed with court decision
2022	4951	00	-	-	-	-	-
2021	7832	05	-	-	-	05	-

2020	6275	03	-	-	-	03	-
2019	5759	04	-	-	-	04	-
2018	4850	02	-	-	-	02	-
Total	29667	14	-	-	-	-	-

**187.** At the time of the mission, no action had been taken on the 21 reports sent by ANIF to the judicial authorities. The reasons given by the authorities during the interviews are threefold: firstly, the lack of training of the authorities, notwithstanding their participation in a few awareness-raising meetings, including the information and popularization campaign on the CEMAC Regulations and the participation of some officials in GABAC meetings, in particular the Technical Commission on Prosecutions. The second reason is the shortage of staff. The third reason is the quality of the information transmitted by ANIF. The authorities we met stated that some of the reports had simply been set aside due to insufficient evidence.

### *3.2.2 Reports received and requested by the competent authorities*

**188.** ANIF should receive suspicious transaction reports from reporting professions under Articles 6 and 7 of the CEMAC Regulation. ANIF reported to the evaluation team that it had received STRs only from banks, i.e. a total of 7 STRs between 2018 and 2022, according to the STR table above. However, the team notes that this STR rate is considerably low given the country's risk profile as described in Chapter 1 of this report.

**189.** The STRs are sent directly to the ANIF National Director in a sealed, confidential mail and personally by the compliance officer of the relevant bank or reporting entity. The National Director, who acknowledges receipt, entrusts them to analysts<sup>28</sup> who, not having a processing and analysis tool like GOAML, analyse or enrich the STRs, by examining additional information. The outcome of the analysis is forwarded to the Director in the form of a report, which the National Director, together with the Member Magistrate, submits directly to the Prosecutor. Furthermore, there is no evidence to suggest that ANIF treats STRs on the basis of risk criteria or any risk-based approach.

**190.** On the other hand, interviews with the banks revealed that they sent a total of 27 STRs to ANIF. This figure appears in the sector report on the analysis of the banking sector's vulnerability to ML/TF (part of the NRA). The STRs are as follows between 2018 and 2020:

---

<sup>28</sup> ANIF CAR has a total of 14 analysts.



Table 3.4. STRs transmitted by banks in 3 three years

Year	Number of STRs transmitted
2018	07
2019	09
2020	11
<b>Total</b>	<b>27</b>

**191.** Taking into account 2021 and 2022, this figure could be reviewed upwards. In fact, and taking into account only the data from one bank that submitted detailed statistics, this bank sent ANIF 3 STRs in 2021 and 1 STR in 2022; this brings to at least 31 the number of STRs sent to ANIF by banks at the date of the mission. There appears to be a huge disparity between ANIF's statements on the STRs received and the data provided by banks to the evaluation team. This disparity is said to be the outcome of the poor management of STRs within ANIF, and the poor keeping of statistics which, in the opinion of the mission team, poses a real problem of the confidential management of STRS within ANIF.

**192.** On analysis and whatever the figure taken into account, the number of STRs is relatively low in the opinion of the evaluators, due to the large number of operations likely to give rise to STRs and in view of the country's risk profile in terms of financial crime.

**193.** ANIF finds the quality of the STRs to be fairly satisfactory. They mainly concerned suspicions of misappropriation of public funds, fraud, breach of trust, various types of fraud and criminal conspiracy. None of these STRs concerned TF. The reports are analysed and forwarded to the appropriate authorities where necessary. The table above shows the number of STRs received by ANIF over the period from 2018 to 2020, i.e. the last three years. During the discussions, the mission observed some reluctance on the part of banks to send more STRs to ANIF. Some cited the issue of confidentiality, while others, as stated in the sector report, stated that “the concept of reporting is not well perceived by bank staff, who see it as a way of losing customers”. ».

**194.** ANIF interacts with the relevant authorities through its involvement in three platforms: the BNC Interpol Task Force on smuggling and cross-border crime, the mining sector stakeholders' platform and the forestry sector stakeholders' platform. In the same vein, ANIF exchanges information on administrative aspects with Customs, Taxation, the Water and Forestry Administration and the Treasury, all of which have important information that could be used in ML/TF cases, but which have never forwarded same to ANIF either on request or spontaneously. It should also be noted that these entities, within which ANIF has correspondents, are reporting professions under the 2016 CEMAC Regulation. However, the authorities we met were completely unaware of the provisions of the CEMAC Regulation.

**195.** At the time of the mission and apart from banks, no other reporting profession had sent a STR to ANIF. At the end of discussions and on analysis, this situation stems from a lack of awareness of the AML/CFT legislation, the required due diligence, inadequate training, and the inadequacy or absence of AML/CFT training for staff. ANIF has not carried out any awareness among reporting entities about the quality of STRs, not even feedback.

### ***3.2.3 Operational needs supported by FIU analysis and dissemination***

**196.** An analysis of the information received by ANIF in the form of STRs or ARs between 2018 and 2022 showed 21 reports sent to judicial authorities. However, there is nothing to indicate that the information transmitted is relevant to the tasks of the judicial authorities.

**197.** The evaluation team considers that the number of transmissions is relatively low, taking into account the hypothesis that, in order to compensate for the low rate of STRs, ANIF has opted to use the analysis of ARs to obtain the financial information to be transmitted to judicial authorities. However, according to the statistics provided to the evaluation team, ANIF received 29,667 items of information in the form of STRs, the analysis of which gave rise to only 14 transmissions to judicial authorities. This situation could be explained by four factors: (i) lack of adequate training for ANIF staff; (ii) inadequacy of the financial and technical resources required to perform its duties, which constitutes a real obstacle to its operational independence and a significant deterrent to the accomplishment of its missions; (iii) the working environment, in particular its proximity to the Treasury services, does not guarantee staff concentration, confidential treatment and secure storage of information as required by FIU standards; (iv) involvement of ANIF officials in several platforms, which does not allow them to concentrate on the primary and essential tasks of analysing and processing STRs.

**198.** Sufficient resources should enable ANIF to make good these shortcomings by training its staff, setting up a secure information system and providing secure premises.

**199.** Furthermore, at the time of the mission, CAR's ANIF had not yet carried out a strategic analysis. This function, which does not appear in the 2005 Organic Decree, is nevertheless provided for in Article 66 of the 2016 CEMAC Regulation and in the FATF standards.

### ***3.2.4 Cooperation and exchange of financial information/intelligence; confidentiality***

**200.** ANIF is housed within the Directorate General of the Treasury, with which it shares unsecured offices. This working environment does not guarantee confidential processing and secure storage of information. In addition, in the absence of its own IT system, and the few data available (in particular data on Automatic Reports) are stored in the database of the Ministry of Finance, to which the ANIF has access. ANIF's human and financial resources are insufficient. The staff lack appropriate training. Under these conditions, it is difficult, if not impossible, for the Central African authorities to guarantee the confidentiality of the information processed. Nevertheless, it occasionally collaborates with the competent authorities in charge of AML/CFT in CAR.

**201.** With regard to cooperation and exchange of financial information and intelligence and confidentiality, it should be noted that CAR's ANIF has an extended right of communication at national level, in accordance with Article 75 of the CEMAC Regulation. At international level, Article 80 on cooperation between FIUs within the GABAC jurisdiction and Article 83 on international cooperation of the CEMAC Regulation provide CAR's ANIF with the possibility of exchanging information with other FIUs.

**202.** At the time of the mission, none of these cooperation possibilities had been used by ANIF, apart from requests for additional information sent to banks following STRs, or responses to requests from some foreign FIUs.

**203.** Apart from the ongoing NRA, the evaluation team did not note any exchange of information between ANIF and the supervisory or self-regulatory authorities, in particular COBAC, CIMA or COSUMAF.

**204.** CAR's ANIF is not yet a member of the Egmont Group, which restricts its scope for cooperation with other FIUs and consequently access to external financial intelligence.

**205.** Articles 70 (confidentiality) and 71 (disclosure of information transmitted to ANIF) of the CEMAC Regulation govern the (confidential) management of information held by ANIF. The evaluation team was not able to assess the implementation of the confidentiality procedures, given the disparities noted in the number of STRs, the working environment, in particular the excessive proximity with the services of the Directorate general of Treasury, with which ANIF shares premises, without any watertight and secure separation, the absence of a biometric system and armoured doors, the absence or non-existence of office computers and a secure IT system, the storage of data in the Ministry of Finance's IT system and the absence of safes for storing and securing documents.

**206.** Not being a member of the Egmont Group to use the secure network "EGMONT SECURE WEB", the transmission of information to foreign FIUs through Internet networks which do not guarantee optimal security, does not militate in favour of the confidential management of information by CAR's ANIF.

#### ***Overall Conclusion on IO 6***

**207.** CAR's ANIF is the only competent authority to receive, analyse and disseminate financial information sent to it in the form of STRs. The STRs come exclusively from the banks.

**208.** At the time of the mission, ANIF had sent its reports only to judicial authorities, the rate of transmission being considered low compared with the flow of information received on the basis of STRs and for which ANIF has chosen to carry out analyses to make up for the inadequacy of the STRs.

**209.** The quality of the reports sent by ANIF to judicial authorities is deemed to be poor, which has led to several reports being shelved for lack of sufficient evidence.

**210.** ANIF has not made full use of the right of communication conferred on it by the CEMAC Regulation, apart from the requests for additional information sent to banks following STRs.

**211.** The mission noted a lack of collaboration, synergy of action and spontaneous communication of information between the various players, especially between ANIF and Customs, Taxation and the investigative authorities (Police and Gendarmerie). The same applies to sub-regional supervisory and self-regulatory authorities such as COBAC, CIMA and COSUMAF.

**212. CAR is rated as having a low level of effectiveness for IO 6.**

### **3.3. Immediate Outcome 7 (ML investigation and prosecution)**

#### **3.3.1 ML identification and investigation**

**213.** In CAR, the authorities claim that combating financial crime is their major concern, which justifies the setting up of investigative and repressive entities to curb this scourge. To this end, all the relevant authorities in the criminal justice system are involved (Gendarmerie, Judicial Police, Public Prosecutor's Office, examining magistrate, High Court and Court). However, during the on-site visit, the mission noted that investigations are focused on the offences underlying the ML.

**214.** Overall, criminal policy is defined in the form of circulars based on activity reports sent to the Minister of Justice by the competent authorities in the criminal justice system (particularly the High Court). Specifically, there is no criminal law policy on ML to enable a clear statement of the priority of investigations for ML. No action has been taken on the reports that ANIF has sent to the Prosecutor (21 for the evaluation period).

**215.** According to Central African authorities, courts and tribunals frown at the way public affairs are managed. However, in practice, the police, the gendarmerie and other specialized services such as customs and taxation, which investigate underlying offences that may generate a large number of profits likely to be laundered or which may identify cases linked to ML, do not systematically open investigations into ML. For example, in a case of misappropriation of public funds that led to the conviction of the accused, the Public Prosecutor's Office did not think of investigating for ML (Criminal Judgement No. 004/22 of 5 May 2022). Yet, this procedure can be considered as a trigger for ML investigations.

#### **Parallel investigations**

**216.** In CAR, the detection of ML through parallel financial investigations is not common practice. In all the proceedings relating to the prosecution of the underlying offences, ML has never been targeted. This state of affairs is corroborated by the comments made by the judicial authorities interviewed, who state that they do not systematically think about ML when conducting investigations and prosecutions.

**217.** Discussions with investigative authorities (Judicial Police, Gendarmerie, Customs, Taxation) reveal that parallel financial investigations are non-existent. The Judicial Police, which has a service responsible for economic and financial affairs, and the Gendarmerie, which has two brigades, one economic and one judicial, acknowledge that they do not conduct parallel financial investigations. The customs administration stated that customs investigations do not give rise to ML cases; the customs code gives priority to transactions in cases of customs fraud. The tax authorities also acknowledged that they are more content to collect funds for the Treasury as part of tax adjustments than to check the origin of the funds. The mission notes the criminal sanctions are not implemented.

**218.** At the time of the on-site visit, the evaluation team was able to note that the Directorate of Judicial Police Services had just been set up and that all those in charge had been relieved of their respective duties. However, some JPOs stated that training on financial crime was

organized but not on a permanent basis. However, they acknowledged that ML was a difficult offence to detect.

**3.3.2 Consistency of ML investigations and prosecutions with threats and risk profile, and national AML policies**

**219.** CAR is in the middle of its National Risk Assessment (NRA) process. As a result, it has not yet identified the main threats to which it is exposed. However, the most common underlying offences are the following: corruption, misappropriation of public funds, swindling, breach of trust, criminal conspiracy, looting, armed robbery, illegal trafficking in wildlife species and products, illegal logging, mineral trafficking, drug trafficking, smuggling, customs fraud, trafficking in arms and ammunition.

**220.** The absence of statistics on the ML investigations carried out by the Bangui Public Prosecutor's Office and on the cases referred to the Court makes it difficult for the mission to assess the consistency between ML investigations and prosecutions and the country's threats. As the NRA is still in progress, the difficulty remains intact. However, given the cases reviewed and consulted and the risks noted by the authorities, there is no consistency between the types of ML activities being investigated and prosecuted and the country's threats and risk profile.

**3.3.3 Types of ML cases pursued (prosecution)**

**221.** From 2018 to 2022, ANIF sent 21 reports to the judicial authorities following its financial analyses. At the time of the mission, no action had been taken on these reports. This lack of prosecution means that there has been no conviction for ML. This does not shed any light on the types of ML. As a result, the perpetrators of this form of delinquency remain unpunished to this day.

**222.** The Public Prosecutor at the Bangui High Court told the mission that there is a financial pool within his office for financial crimes. However, no statistics were provided on investigations and prosecutions. He stated that the examining magistrates were specialized. The dean of the examining magistrates provided the mission with a number of cases investigated in his office, as indicated in the table below. However, there was no indication of the period, nor the outcome thereof. The mission notes that the investigations are not carried out alongside those for ML.

**223.** To date, no cases of CB have been recorded. The mission noted that even though the Public Prosecutor at the Bangui Court of Appeal stated that service instructions are being issued to encourage parallel financial investigations, nothing concrete has been done yet.

**Table 3.5. Cases processed at the Office of the Dean of Investigating Magistrates**

Nature of offence	Number	Prison situation	Status of the proceedings	Decision
Criminal conspiracy	48	174 MD	16 left at the Office and 31 out	
Misappropriation of public funds	7	7 MD and 5 SMD	6 left at the Office and 1 out	
Forgery and use of forged documents	5	3 MD and 3 SMD	2 left at the Office and 1 out	

Breach of trust	8	3 MD and 5 SMD	6 left at the Office and 1 out	
Scam	4	2 MD and 3 SMD	3 left	
Theft	12	9 MD and 7 SMD	1 left	
Total	84		30 left at the Office and 34 out	-

### 3.3.4 Effectiveness, proportionality and dissuasiveness of sanctions applied for ML

**224.** Although the legal provisions (the CEMAC Regulation and the Central African Penal Code) provide for penalties that are sufficiently dissuasive (5 years' imprisonment and a fine of between 5 and 10 times the value of the laundered assets or funds), with the possibility of doubling the penalties in the event of aggravating circumstances for natural persons and in the case of legal persons, to date, no conviction has been handed down in any ML prosecution. In the absence of a conviction, the proportionality and dissuasiveness of the applicable penalties cannot be assessed. Consequently, in the absence of a conviction for ML, the sanctions regime is not effective.

### 3.3.5 Use of alternative measures

**225.** Customs, tax, water and forestry authorities and other government services confiscate goods in the course of their respective duties. However, they do not systematically transmit these procedures to judicial authorities to assess the existence of ML. Because there is no link with the offence of ML, the implementation of such measures cannot be considered as an alternative to conviction for ML.

**226.** The mission was not told that, on the basis of sufficient evidence gathered, confiscation can be implemented when a conviction for ML is not possible. The country therefore does not have any criminal justice measures which, like confiscation without prior conviction, would allow confiscation to be carried out even if it is difficult to obtain a conviction for ML. Confiscation is always attached to a conviction (principal penalty) in that it constitutes an additional penalty (Sections 20 and 24 of the Central African Penal Code).

#### ***Overall Conclusion on IO 7***

**227.** Central African authorities do not prioritize ML investigations and prosecutions. No ML investigation has been revealed.

**228.** Investigations are focused on the underlying offences. Parallel financial investigations are not conducted. The authorities are not demonstrating effectiveness in the absence of sentencing.

**229.** The country does not implement alternative criminal justice measures when a conviction for ML is not possible. The lack of statistics implies that it is not possible to reveal the types of ML being investigated and prosecuted, but only the prosecution of underlying offences suggests that they are in line with the country's main threats.

**230.** CAR is rated as having a low level of effectiveness for IO 7.

### 3.4 Immediate Outcome 8 (Confiscation)

#### 3.4.1 *Confiscation of proceeds, instrumentalities and property of equivalent value as a policy objective*

**231.** The Central African authorities have made the seizure and confiscation of the instrumentalities and proceeds of crime an important part of their crime-fighting policy. Articles 104 and 105 of the CEMAC Regulation provide for precautionary measures in AML/CFT matters, in particular the seizure and freezing of funds, financial transactions and property relating to the offence. In addition, at national level, Section 201 of the Criminal Code makes confiscation of the assets involved in the offence, including the income and other benefits derived therefrom, an additional penalty. Similarly, Section 24 of the same code prescribes the seizure of the item that was used or intended to be used to commit the offence. Sections 36, 45 and 64 of the Code of Criminal Procedure go even further, requiring the judicial police officer and the investigating judge to seize all objects, weapons, documents and papers used in committing the offence. The objects seized are listed out and placed under seal (Sections 36(3) and 64(4) of the Code of Criminal Procedure).

**232.** The authorities we met maintained that they effectively apply these instruments with regard to the underlying offences, without backing up their statements with statistics, which they deplore as being poorly kept.

**233.** However, these legal provisions are not applied to money laundering. The judicial authorities do not initiate financial investigations to identify and locate assets that may be seized and confiscated in prosecutions for underlying offences. They concentrate their efforts on proving the original offence and seize only the assets within their reach, in addition to the instrumentalities of crime. In so doing, they do not actually deprive the criminals of the proceeds of their acts.

**234.** This situation is all the more worrying in view of the conviction handed down in the case of misappropriation of public funds, where the Bangui Criminal Court merely confiscated the convicted person's assets, even though they had not been identified or located beforehand.

#### **Box 3.1. Conviction decision: Bangui Criminal Court Judgement No. 004/22 of 5 May 2022**

**The Court,**

Finds Y guilty of the crime of misappropriation of public funds under Section 364 of the Penal Code;

**Penalty:**

Sentences him to 10 years' hard labour under Section 363 of the Penal Code and prohibits him from holding any financial office for 15 years;

**Civil claims:**

Admits Z as a civil party, consequently orders Y to pay him the principal sum of 83,500,000 CFA francs and 20,000,000 CFA francs as damage; orders the confiscation of his assets; reserves the interests of the Central African State; quashes the provisional release order; orders him to pay the costs.

**235.** In another ruling handed down on 4 May 2022 under No. 003/22, the same Criminal Court did not impose the additional penalty of confiscation for misappropriation of public funds, remaining silent on the fate of the misappropriated assets and their proceeds.

**Box 3.2. Conviction decision: Bangui Criminal Court Judgement No. 003/22 of 4 May 2022**

**The Court:**

Finds the accused guilty of the crimes of misappropriation of public funds, forgery of State seals and forgery and use of forged documents; crimes provided for and punished by Sections 361, 350 and 344 of the Penal Code;

**Repression:**

Sentences him to 10 years' hard labour and payment of a fine of 3,000,000.

**Additional penalty:**

Prohibits him from being called or appointed to public office, to administrative positions or to exercise such functions for a period of 3 years from the expiry of his sentence; reserves the interests of the State; orders the accused to pay the costs.

**236.** Over and above the Court's responsibility, it is clear that the shortcoming lies with the prosecuting authorities, who failed to identify the assets to be confiscated in order to launder misappropriated public funds.

**3.4.2 Confiscation of proceeds from foreign and domestic predicates, and proceeds located abroad**

**237.** The judicial authorities state that confiscated property concerns the instrumentalities of the crime and the property that was the subject of the offence. In the case of misappropriation of public funds, confiscation may extend to the proceeds of the crime and involve the entire estate of the convicted person. Such confiscations do not, however, relate to assets of equivalent value because of the absence of prior identification of the assets or confiscation in proportion to the assets embezzled or laundered, the sole objective being to punish the original offence.

**238.** No international letters rogatory have been sent or received concerning the confiscation of property and assets in relation to original offences or money laundering.

**239.** Forest guards are empowered by Section 206 of the Forestry Code to seize the instrumentalities and materials used to commit offences, as well as the proceeds of the offences. The other JPOs carry out the same procedures and hand over the seized products to the forestry and wildlife administration. After an unsuccessful transaction, the matter is referred to the competent public prosecutor. This system works relatively well in areas under State control.

**240.** However, due to insecurity, a large proportion of protected areas are not under the control of the Forestry and Wildlife Department. It lacks the means of transport to get there, and is faced with armed groups even though it has no weapons of war of its own, due to the arms embargo imposed by the United Nations Security Council. This makes the sector vulnerable, as money from trafficking in conflict zones can be introduced into the economic and financial circuit without major controls. The forestry and wildlife authorities stated that they have thus received a Nile crocodile seized by customs and pythons seized by the police. It



has not been possible to produce the requested statistical data, which would in any case be incomplete due to the incomplete controls carried out by the authorities throughout the country.

**241.** Central African customs collaborate with other counterpart government services, particularly those of Cameroon and Congo, through which the bulk of goods transit and with which it has signed cooperation agreements. Another agreement with Nigeria is being finalized.

**242.** The authorities we met are unaware of AML/CFT. They explain this shortcoming by the inadequacy of the State's financial resources, which implies that capacity-building depends solely on support from international organizations. The mechanisms for identifying assets liable to seizure and confiscation are poorly understood, and the procedures initiated focus on the asset subject to seizure and possibly the instruments used, without extending to the proceeds of crime and their other beneficiaries.

**243.** The Directorate General of the Treasury and Public Accounting has a department responsible for recovering and centralizing public revenue, one of whose roles is to record the seizures and deposits made into the Treasury.

**244.** In 2020, outstanding funds awaiting a court decision amounted to 78,572,500 CFA francs.

**245.** The CEMAC Customs Code contains relevant provisions on the management of seized and confiscated assets. Articles 298 et seq. list all the procedures from seizure to sale of the goods and any appeals. The customs administration maintains that it regularly applies these regulatory provisions, but it did not provide any statistics to back up its assertions despite the evaluation team's request. For the other government services, it is up to the Public Prosecutor to decide on the destination of the seized goods and, after him, to the investigating judge and the trial court to make the final decision. Protective measures depend on the will of the Head of the Public Prosecutor's Office. The judicial authorities state that perishable goods are sometimes handed over to an orphanage or the prison administration for the benefit of prisoners, with the Treasury paying compensation in the event of a subsequent claim. Motor vehicles are thus parked in the public prosecutor's yard or in private garages while awaiting a final court decision on their fate. This situation makes any subsequent request for sharing or restitution by a foreign State or a third party uncertain.

### ***3.4.3 Confiscation of falsely or undeclared cross-border transaction of currency/BNIs***

**246.** Cross-border movements of cash and bearer negotiable instruments subject to false declarations are governed by the provisions of the Customs Code and CEMAC-UMAC Regulation No. 02.18 on foreign exchange regulations. Article 78 of the latter regulation requires travellers outside the CEMAC region to declare to customs any cash in excess of five million francs. False or incomplete declarations are considered as failure to declare and are punishable under Article 168 of the said Regulation. This instrument imposes a fine equal to 15% of the amount by which the threshold is exceeded, together with the confiscation of the undeclared sums and, where applicable, the tools used to conceal them, without prejudice to the sanctions relating to CEMAC's AML/CFT legislation. However, the authorities we met did not

provide any data that would enable us to assess the dissuasiveness or not of any sentences handed down.

**247.** The customs service deplored the shortage of staff in relation to the vastness of the country, which shares its borders with several countries. There are several hundred officials and agents to cover a border stretching over 623,000 km<sup>2</sup>. In addition, the presence of armed groups in some parts of the country precludes any customs presence and any proper control of the movement of cash and bearer negotiable instruments.

**248.** Central African customs seize cash and bearer negotiable instruments at borders in cases of false declarations, as well as precious stones and metals and protected animals. It transfers the currency to the Treasury and hands over the other items to the relevant technical authorities for auction. The customs services did not produce any statistics on seizures made, although they maintain that these procedures are common.

**249.** Central African customs distinguish between seizures of prohibited and non-prohibited goods. In the case of prohibited goods, such as drugs, criminal proceedings are brought against the accused, after which the products seized are confiscated and then destroyed. In the second case, currency is deposited with the Treasury and goods entrusted to the custody of the relevant technical ministry. Prosecutions for customs offences may result in confiscation, followed by sale by public auction for the benefit of the Treasury, or possibly in the return of the seized goods if the facts brought before the courts by the defendant contesting them or the penalty imposed find favour with the courts seized.

**250.** The General Directorate of Customs and Excise maintains cooperative relations with ANIF as regards the exchange of information through an ANIF member drawn from the customs administration. However, declarations of cash and bearer negotiable instruments are not transmitted, which deprives the administration of information that could have led to prosecution for ML/TF.

#### ***3.4.4 Consistency of confiscation results with ML/FT risks and national AML/CFT policies and priorities***

**251.** Discussions with the authorities revealed that confiscations are carried out mainly by the special judicial police, particularly customs, forestry and wildlife, the Central Office for Combating Drugs and USAF, and relate to original offences. The fact that no statistics are kept on confiscations relating to original offences and that no consideration is given to the confiscation of the proceeds of these crimes suggests that CAR has not made this measure a national AML/CFT priority.

***Overall Conclusion on IO 8***

**252.** CAR has made great efforts to have a significant legislative arsenal in terms of confiscation and protective measures, in particular the CEMAC Regulation, the CEMAC Customs Code, the Penal Code and the Code of Criminal Procedure.

**253.** CAR has no statistical data on freezes, seizures and confiscations, and the authorities do not confiscate the proceeds of crime, which suggests that the country does not consider these measures to be a priority in its AML/CFT policy.

**254.** The authorities do not initiate investigations to identify and locate assets that may be seized and confiscated in prosecutions for underlying offences, in order to deprive criminals of the proceeds of their acts. They lack expertise in this area and would benefit from capacity building.

**255.** CAR does not have an entity to manage seized or confiscated assets or a clearly defined mechanism for managing such assets as part of AML/CFT.

**256. CAR is rated as having a low level of effectiveness for IO 8.**

## 4. TERRORIST FINANCING AND PROLIFERATION FINANCING

### 4.1. Key findings and recommendations

#### *Key findings*

##### **Immediate Outcome 9**

- (a) The many vulnerabilities linked to CAR's criminal environment increase its exposure to terrorist financing. The fact that there have been no cases of terrorist financing to date in no way corresponds to the country's risk profile. This inconsistency can be explained by a need for training. It can also be explained by the inoperability of the Coordination Committee and the lack of a better understanding of TF risks by the Central African AML/CFT stakeholders;
- (b) As CAR's investigative and prosecution authorities have not dealt with any cases of terrorist financing, it seems difficult to identify the specific role of offenders in terrorist financing;
- (c) At the time of the on-site visit, there was no prioritization of investigations and prosecutions. Similarly, parallel investigations are not effective;
- (d) The country does not have a national counter-terrorism strategy that includes TF investigations;
- (e) CAR has not handed down any convictions for terrorist financing. As a result, the mission was unable to assess the effectiveness, proportionality and dissuasiveness of the sanctions for terrorist financing. Nevertheless, the mission concludes that the country is not effective in this area;
- (f) CAR has not implemented alternative measures aimed at hindering terrorist financing when a conviction for TF cannot be obtained.

##### **Immediate Outcome 10**

- (a) Despite the Community's regulatory framework, CAR has not set up a competent authority or a mechanism for implementing the TFS on the basis of Resolutions 1267, 1373 et seq. of the United Nations Security Council;
- (b) The Central African authorities have not identified the sub-group of NPOs most vulnerable to abuse for TF purposes and are not applying a risk-based approach. Major weaknesses were noted in the supervision of a large number of NPOs. There is a major lack of awareness among NGOs of the risk of their being exploited for TF.
- (c) The lack of training and insufficient staff, combined with limited financial resources, compromise the effectiveness of NPO supervisory bodies. There is no co-ordination framework to promote better collaboration between all the players involved in the creation, operation, supervision and investigation of the NPO sector.
- (d) The authorities have not adopted effective measures to deprive terrorists, terrorist organizations and those who finance terrorism of their assets and instrumentalities related to TF activities;

(e) The measures taken by the country are not sufficiently consistent with the TF risk profile.

#### **Immediate Outcome 11**

(a) The CAR has not established a legal framework or a dissemination mechanism, nor designated competent authorities to enable the effective implementation of the TFSs relating to the financing of the proliferation of weapons of mass destruction;

(b) In CAR, there is in practice no formal mechanism for identifying the funds or other assets of designated persons and entities subject to TFS linked to the PF in general.

(c) The mission noted that only banks have a good knowledge of asset freezes in general. They have the technical tools (software) to detect, identify and check the designated persons and entities subject to the UNSC's TFS. This general system seems satisfactory for applying equally to the implementation of targeted financial sanctions linked to the financing of the proliferation of weapons of mass destruction;

(d) Investigative and prosecution authorities have a very limited understanding of the risks of financing the proliferation of weapons. Their attention is limited to the fight against the proliferation of small arms.

(e) Customs border controls do not focus on precursors and other assets likely to be part of the PF.

#### ***Recommendations***

##### ***Immediate Outcome 9***

CAR authorities should:

(a) Based on the findings of NRA currently under way, organize awareness-raising seminars to ensure that investigative and prosecuting authorities have a good understanding of TF risks;

(b) Provide investigative and prosecuting authorities with human, financial and logistical resources, and provide them with AML training and specialization to improve their ability to detect various types of TF and various risk factors;

(c) Raise awareness among investigative and prosecuting authorities of the importance of conducting regular TF investigations in terrorism cases, as well as stand-alone TF investigations based on the underlying offences.

(d) Develop a counter-terrorism strategy that incorporates TF investigations;

(e) Boost national collaboration between counter-terrorist financing stakeholders and develop cooperation channels to create a synergy of action between them;

(f) Encourage the competent authorities to use alternative measures to interrupt TF activities when it is not possible to obtain a conviction for TF.

### ***Immediate Outcome 10***

CAR authorities should:

- (a) Establish mechanisms for the dissemination of sanctions lists adopted by the United Nations under Resolution 1267 and establish a mechanism for the consideration of lists under Resolution 1373 that may be submitted to it by a third State in order to implement without delay the TFS under Resolutions 1267, 1373 et seq;
- (b) Identify the sub-group of NPOs most vulnerable to abuse for TF purposes and ensure application the risk-based approach;
- (c) Train and raise the awareness of NPO sector stakeholders, and ensure that Activity Reports and Financial Reports are submitted to the SPONG on an annual basis;
- (d) Strengthen the financial and human resources of the SPONG to improve its capacity to supervise NPOs.

### ***Immediate Outcome 11***

- (a) Develop and implement a legal framework and mechanism specific to combating proliferation in order to apply without delay targeted financial sanctions linked to the financing of the proliferation of weapons of mass destruction.
- (b) As part of implementation of this legal framework, CAR should identify and designate competent authorities responsible for (dedicated to) the control and implementation of the targeted financial sanctions (TFS) relating to the financing of the proliferation of weapons of mass destruction;
- (c) Invite the supervisory and oversight authorities to verify the proper application and implementation without delay by reporting entities of the PF - TFS under the UNSCRs.
- (d) Raise awareness among FIs and DNFBPs operating in CAR of their obligations to combat the proliferation of weapons of mass destruction with a view to their implementation.

**257.** The Immediate Outcomes relevant to this chapter are IO.9, 10 and 11. Relevant Recommendations for the assessment of effectiveness under this section are R.1, 4, 5- 8, 30, 31, and 39 and some elements of R.2, 14, 15, 16, 32, 37, 38 and 40.

## **4.2 Immediate Outcome 9 (TF investigation and prosecution)**

### ***4.2.1 Prosecution/conviction of types of TF activity consistent with the country's risk profile***

**258.** Since CAR was evaluated in 2010 as part of the first round, terrorist financing has been absent from the AML statistics. However, the criminal environment in recent years has been conducive to the constant manifestation of terrorist financing (see Chapter 1, section 1.1.1).

**259.** Environmental crime, drug trafficking and trafficking in precious metals, as well as other criminal activities, in particular cross-border crime, which could fuel terrorist financing, are investigated and prosecuted solely on the basis of the underlying offences they constitute, without parallel investigations. The cases of underlying offences handled by ANIF and the other players in the criminal chain could have led to investigations into terrorist financing if the

practice of parallel investigations was a reality. The search for the origin of funds and their destination are not sufficiently present in the minds of those involved.

**260.** CAR has a Community and national legal arsenal and an appropriate institutional framework for prosecuting TF offences. In addition to the improved legal framework resulting from the adoption of the CEMAC Regulation of 11 April 2016, in particular Articles 9, 121 and 127, there are still a number of shortcomings, notably Article 9 which does not specifically criminalize the financing of foreign terrorist fighters' travel. This shortcoming has a negative impact. The said Article provides that the TF offence is also constituted even if the funds provided or collected are of licit origin. The instrument does not expressly refer to "other assets" that could be of concern. Despite some weaknesses in the Community and domestic legal arsenal, awareness of the risk should lead the investigative and prosecuting authorities to initiate TF investigations in view of the country context.

**261.** The lack of investigations, prosecutions and convictions in relation to TF is not due to the absence of this criminal phenomenon in CAR. The investigative and prosecution authorities are not sufficiently trained, and the coordination committee set up in April 2018 does not yet instil the synergy that should exist between the stakeholders to successfully investigate and prosecute TF. According to a GABAC typology study,<sup>29</sup> investigations by the Central African security services revealed that the ivory tusks stockpiled on Central African territory are bartered by LRA elements for uniforms, weapons, magazines and ammunition supplied by the Janjaweed militia from Darfur. The latter deliver the ivory to intermediaries who sell it on the international market. One example is the discovery of a cache of elephant tusks in the Central African jungle.

**262.** It is clear that this situation, which needs to be corrected, is completely inconsistent with the country's risk profile. The criminal environment and CAR's weak institutional response to the country's risk in terms of terrorist financing is a major item of vulnerability in the national CFT system.

#### ***4.2.2 TF case identification and investigation***

**263.** At the time of the mission, none of the competent authorities referred to above had identified any TF cases. Similarly, no investigation has been conducted for TF. Nevertheless, investigations and prosecutions are carried out into the underlying offences without extending to TF. In addition, the absence of parallel investigations makes it impossible to identify natural or legal persons likely to finance and benefit from terrorism.

**264.** The political and military crisis in CAR has created confusion over the perception of the concept of terrorism. It is clear that the numerous incursions by armed gangs into uncontrolled areas generally meet the criteria of a terrorist act, but these acts are read through a political-military prism, which obscures the perception of terrorist financing.

---

<sup>29</sup> Study of typologies on terrorist financing in Central Africa conducted in April 2017, available at <https://gabac.org/rapports-des-exercices-de-typologies/>

**265.** The latest GABAC study on terrorist financing in Central Africa<sup>30</sup> and various open sources<sup>31</sup> perfectly identify cases of terrorist financing in CAR, whereas the Central African authorities claim not to know of a single case of terrorist financing on their territory.

**266.** In CAR, the authorities responsible for the detection and repression of TF are ANIF, the police, the Gendarmerie, courts and tribunals, the Directorate for the Coordination of Military Intelligence, the entities with specialized Judicial Police Officers, i.e. Customs, Taxation, Mines (USAF), Water Resources and Forestry.

**267.** With regard to national cooperation in identifying TF cases, the mission noted that despite the willingness of the country's authorities to define a national policy of cooperation between the competent authorities to effectively combat ML/TF and the existence of the Coordination Committee, which has been slow to go operational, no form of cooperation was observed between TF investigation authorities and other authorities. The Directorate for the Coordination of Military Intelligence and the Coordination Committee's working group on terrorist financing could have provided a framework for cooperation in this area. But alas!

**268.** Overall, the competent authorities have little understanding of the TF risks and lack training and synergy of action. In this respect, they raised the issue of insufficient resources to perform their duties, particularly logistical resources.

#### ***4.2.3 TF investigation integrated with – and supportive of – national strategies***

**269.** At the time of the on-site visit, the team of evaluators noted that Central African authorities had a confused perception of the concept of terrorism. There is no national counter-terrorism strategy that incorporates investigations into terrorist financing.

#### ***4.2.4 Effectiveness, proportionality and dissuasiveness of sanctions applied for TF***

**270.** The Central African system provides for prison sentences (from 10 to 20 years) and fines (equal to at least five times the amount of the sums in question) against any natural or legal person found guilty of TF.

**271.** In the absence of a conviction TF, the effectiveness, proportionality and dissuasiveness of the applicable TF penalties cannot be assessed. Therefore, the country does not demonstrate the effectiveness of its TF sanctions.

#### ***4.2.5 Alternative measures used where TF conviction is not possible***

**272.** Due to the absence of cases of investigation and prosecution, there is no evidence to suggest that the country has implemented alternative measures to interrupt TF when a conviction cannot be obtained. However, such measures exist in the Central African system and it is theoretically possible to implement them, as appropriate. By way of illustration, there are cases of administrative seizures, residence bans as well as entry and exit bans.

---

<sup>30</sup> Study of typologies on terrorist financing in Central Africa conducted in April 2017, available at <https://gabac.org/rapports-des-exercices-de-typologies/>

<sup>31</sup> <https://siccfm.mc/Actualites/Arretes-Ministeriels-et-Sanctions-Economiques/Republique-Centrafricaine-Sanctions-Economiques>



### ***Overall Conclusion on IO 9***

**273.** The criminal environment in CAR is conducive to the constant occurrence of terrorist financing. However, to date, the country has not recorded a single case of investigation, prosecution or conviction for terrorist financing.

**274.** The authorities have demonstrated a poor understanding of the TF risks to which the country is exposed and a lack of synergy of action between stakeholders. This explains their poor ability to identify and investigate TF cases.

**275.** These shortcomings are compounded by a lack of training, human, financial and logistical resources.

**276.** The Coordination Committee, which is not operational, has not yet enabled the authorities responsible for investigating terrorist financing to cooperate on TF cases. There has been no cooperation between them or with the other competent authorities.

**277.** Regarding cooperation between the authorities responsible for investigating terrorist financing, despite the existence of a favourable institutional framework, no cooperative action was noted. Each of the entities works in isolation in its own field.

**278.** CAR's weak institutional response to the prevailing criminal environment is inconsistent with the country's risk profile.

**279.** **CAR is rated as having a low level of effectiveness for IO 9.**

### **4.3. Immediate Outcome 10 (TF preventive measures and financial sanctions)**

#### ***4.3.1 Implementation of targeted financial sanctions for TF without delay***

**280.** CAR has a Community legal framework for implementing the United Nations' TFS resulting from Resolutions 1267, 1373 et seq. However, the country has not set up a competent authority for this purpose.

**281.** Despite the absence of an adequate institutional framework, CAR's Ministry of Foreign Affairs receives the UNSC sanctions lists and disseminates them to a lesser extent. CAR does not have national procedures for disseminating lists adopted by the UN under Resolution 1267 or a mechanism for considering lists under Resolution 1373 that may be submitted to it by a third State.

**282.** Consequently, CAR cannot implement relevant targeted financial sanctions without delay.

#### ***4.3.2 Targeted approach, outreach and oversight of at-risk non-profit organizations***

**283.** The Central African authorities have not identified the sub-group of NPOs most vulnerable to abuse for TF purposes and are not applying a risk-based approach. Major weaknesses were noted in the supervision of a large number of NPOs. There is a major lack of awareness among NPOs of the risk of their being exploited for TF.

**284.** The various typology studies carried out by FATF and GABAC on NPOs recognize the risk of misuse of NPOs for terrorist financing purposes. The post-armed conflict situation and the attractiveness of the country's mining sector are factors that increase the country's vulnerability to TF.

**285.** The mapping of NPOs in CAR shows that there are 308 NGOs, including 82 international and 226 national, with 75% of all NGOs working in humanitarian aid and 25% in development. Supervision of NPOs is the responsibility of the Ministry of Planning and the Economy through the Non-Governmental Organizations Permanent Secretariat (SPONG). SPONG's supervisory powers vis-à-vis NPOs are hardly used, due to a lack of training and human and financial resources. Supervision is not limited to checking the regularity of NPOs' activities, but also to raising awareness among these players of the risks of misuse of their activities for TF purposes. Another no less important task is to identify the sub-groups most vulnerable to use for TF purposes.

**286.** Few NPOs comply with the legal obligation to file annual reports, i.e. the activity report and the financial report. Most NPOs are unaware of their obligations of vigilance in combating TF and are unable to identify the real source of the funds made available to them by donors to finance their activities, with the exception of a few, particularly international NPOs.

**287.** The country has adopted a comprehensive and sustained training and awareness-raising strategy for at-risk NPOs. Nevertheless, involvement in the NRA activities has enabled those involved to have an overall idea of the risks associated with the sector.

#### **4.3.3** *Deprivation of TF assets and instrumentalities*

**288.** The authorities have not adopted effective measures to deprive terrorists, terrorist organizations and those who finance terrorism of their assets and instrumentalities related to TF. Targeted financial sanctions are not implemented. However, some freezes have been imposed on individuals sanctioned by the United Nations Sanctions Committee, i.e. outside the Central African Courts and Tribunals.

#### **4.3.4** *Consistency of measures with overall TF risk profile*

**289.** The country has a Community regulatory framework and provisions in its domestic legal arsenal criminalizing terrorist financing, but CFT stakeholders are barely able to implement TF investigations and prosecutions. The absence of TF investigations prevents the authorities from identifying and depriving terrorists and terrorist organizations of their sources of funding.

**290.** The country has no mechanism for implementing the TFS under UNSCRs 1267 and 1373. This is a major shortcoming given the particular context of CAR, characterized by the presence of terrorist organizations.

**291.** There is a significant disparity between the overall level of TF risk, which is high, and the lack of TF measures taken by the country.

### ***Overall Conclusion on IO 10***

- 292.** CAR has not implemented UNSCRs 1267 and 1373 on TFS.
- 293.** Despite a large NPO corporation, CAR has not only failed to make these actors aware of the risks of abusive of their activities for TF purposes, but also and above all, it has not identified the sub-groups most vulnerable to use for TF purposes.
- 294.** SPONG, which is the NPO supervisory body, lacks training and human and financial resources. All this implies that the annual activities of the NPOs are unclear, and financial reports are virtually non-existent.
- 295.** The authorities have not adopted effective measures to deprive terrorists, terrorist organizations and those who finance terrorism of their assets and instrumentalities related to TF.
- 296.** The measures taken by the country are not sufficiently consistent with the TF risk profile.
- 297.** **CAR is rated as having a low level of effectiveness for IO 10.**

#### **4.4. Immediate Outcome 11 (PF financial sanctions)**

##### ***4.4.1 Implementation of targeted financial sanctions related to proliferation financing without delay***

**298.** CAR does not have a formal legal framework or a dissemination mechanism for the immediate implementation of prohibitions against States under UNSC sanctions in relation to the CPF. Nor has it designated an authority to manage the mechanism for implementing these targeted financial sanctions. It has not disseminated any list of sanctions to the FIs, DNFBPs and VASPs.

**299.** However, despite this institutional shortcoming, some banks affiliated to major financial groups are able to receive sanction lists using the IT tools at their disposal. It was not possible to assess the time taken to implement these sanctions. The mission therefore concludes that these measures are not being implemented without delay, as required by the relevant standards.

##### ***4.4.2 Identification of assets and funds held by designated persons/entities and prohibitions***

**300.** In practice, there is no mechanism for identifying the funds or other assets of individuals and entities designated by UNSC targeted sanctions. Moreover, no steps have yet been taken in this direction. Nevertheless, as stated under Q.11.1, banks affiliated to the major international financial groups certainly have filtering software that can enable them to give effect to PF-related TFS, but in practice no identification of the funds or other assets of designated persons and entities, or measures taken in their regard, have been demonstrated by institutions established in CAR.

#### *4.4.3 FIs, DNFBPs and VASPs understanding of and compliance with obligations*

**301.** Financial institutions, particularly banks, generally have a good understanding of their TFS obligations and have satisfactory internal procedures and technical tools for implementing PF targeted financial sanctions. On the other hand, non-bank FIs and DNFBPs neither comply with nor understand their obligations in terms of PF-related TFS. For the VA sector, there are no approved VASPs operating on Central African territory. Consequently, the mission was unable to assess compliance with and understanding of their TFS obligations.

#### *4.4.4 Competent authorities ensuring and monitoring compliance*

**302.** The supervisory and control authorities of financial institutions do not verify reporting entities' compliance and understanding of their obligations with regard to Pf-related TFS, during their off-site and on-site inspections. As there is no designated AML/CFT supervisory and control authority for DNFBPs, no monitoring or verification of compliance by these entities has been observed. As for the VASP sector, its legal framework is not yet complete. The designated supervisory authority was not yet operational at the time of the on-site visit. As a result, no verification of compliance with these obligations was observed.

#### ***Overall Conclusion on IO 11***

**303.** CAR does not have a suitable legal framework for the immediate implementation of TF-related TFS. Likewise, the country has not designated an authority or set up a mechanism to give effect to TF-related TFS. The mission noted that only banks have a good knowledge of asset freezes in general. They have the technical tools (software) to detect, identify and filter the transactions and accounts of persons and entities subject to TF-related TFS. This general system seems satisfactory for applying equally to the implementation of TF-related targeted financial sanctions.

**304.** No awareness-raising or training activities have been organized for reporting entities to inform them of their obligations with regard to PF-related TFS.

**305. CAR is rated as having a low level of effectiveness for IO 11.**

## 5. PREVENTIVE MEASURES

### 5.1. Key findings and recommendations

#### *Key findings*

- (a) Banking institutions operating in CAR have a good understanding of ML/TF risks in their sector. They apply stricter standards in the groups to which they belong when assessing their risks and categorizing their customers according to their profiles and transactions. However, they do not always draw up effective and up-to-date risk maps, which makes it difficult to determine customer risk profiles. Their implementation of enhanced measures to reduce the risks identified is not enough to meet this challenge. Banks fulfil their duty of vigilance more or less acceptably, although the modest number of suspicious transaction reports emanating from them seems out of all proportion to the criticality of the risk inherent in this sector and the central role it plays in CAR. The same applies to money transfer service providers, which are part of international groups and whose operations and regulatory obligations are assumed by the banks with which they have signed agreements.
- (b) As regards microfinance institutions, despite an acceptable knowledge of the ML/TF risks to which they are exposed by their activities, they do not carry out internal risk assessments and do not satisfactorily implement their due diligence obligations and the related mitigation measures. Overall, compliance with the obligation to identify customers suffers from shortcomings at the time of entering into a business relationship, internal procedural methods for profiling customers are largely hampered in their application, and the detection and reporting of suspicious transactions remain a challenge.
- (c) As for e-money issuers, which are not autonomously authorized, while they comply with risk assessments prior to launching new products, they leave it to their partner banks to implement most of their regulatory obligations and risk mitigation measures. They are beginning to consider acquiring stand-alone tools for screening transactions and profiling customers, but suffer from inadequate staff numbers to ensure a proper handling of alerts.
- (d) Although ML/TF risks appear to be low, the insurance industry's control of such risks is not satisfactory. To date, the sole insurance company has only very moderate control over and implementation of the measures laid down by the CEMAC and CIMA regulations in this area. These shortcomings are echoed by intermediaries, some of whom are subsidiaries of international groups and two of whom handle life insurance, and even more so by brokers.
- (e) To date, there is no foreign exchange bureau licensed as such, although there is nothing to show that the old foreign exchange bureaux, formally disqualified by the criteria of the new foreign exchange regulations, are not continuing to operate clandestinely. CAR has also failed to demonstrate that it has taken the necessary measures to identify and punish, in accordance with Article 166 of the aforementioned foreign exchange regulations, the clandestine foreign exchange bureaux.

- (f) Regarding DNFBPs, some of which are exposed to very high ML/TF risks in the Central African context, their understanding of the said risks is very diverse and is still in its infancy overall, with the notable exception of notaries. Most of them are unaware of the provisions of the CEMAC Regulation and, consequently, of their AML/CFT duties. It goes without saying, therefore, that the implementation of these measures is still a vast undertaking.
- (g) As for VASPs, Law No. 22/001 of 22 April 2022 governing crypto-currencies in CAR and the launch of the Sango coin, a national digital currency that is legal tender in CAR on the same footing as the CFA franc and backed by the country's natural resources, have not yet been accompanied by more specific implementing measures to regulate the activities of this sub-sector, on the one hand, and as the National Agency for the Regulation of Electronic Transactions (ANTE), the body responsible for supervising and regulating electronic transactions and crypto-currency, was not yet operational at the time of the on-site visit, on the other hand, the ML/TF risks to which VA activities are exposed remain in their raw state, further evading the meshes of the Central African AML/CFT system, and all the more so in a context favourable to massive reliance on virtual assets, due to the low financial inclusion rates, as well as the shortcomings of the precious stones and metals dealers sector and the identification of beneficial owners.
- (h) On the whole, internal control systems are not as effective as expected, with the notable exception of those of banks, and enhanced due diligence measures are only timidly implemented by reporting entities, regardless of the services/products, transactions, customers or risk areas concerned and requiring this type of processing.
- (i) The vast majority of reporting entities in CAR face the challenges of identifying beneficial owners, accessing reliable sources of information on the identity of customers and the people who make up companies' governance bodies, ensuring that the intermediaries and agents they use comply with their AML/CFT obligations, and providing adequate AML/CFT training and awareness-raising, in the absence of the findings of a national risk assessment of the country at the time of the on-site visit.
- (j) Despite the confidentiality of ANIF's procedures for handling STRs, the fact that the person's surname is mentioned in the reference assigned to an STR, the lack of feedback from ANIF to banks on the outcome of the STRs and the presumed information leakage mentioned in the banking sector, may have had an influence on the decline in trust and STR statistics in 2021 and 2022.

### ***Recommendations***

CAR authorities are called upon to implement the following actions:

- (a) Issue implementing measures of national legislation relating to the VA activities and, in particular, the current provisions of Law No. 22/004 of 22 April 2022 governing crypto-currencies in CAR in accordance with FATF Recommendation 15, based on the findings of an assessment of the sector risks inherent in activities relating to virtual assets in CAR, in particular those relating to anonymity, transaction traceability and emerging

products, particularly in connection with the precious stones and metals and real estate sub-sectors;

- (b)** Enjoin banking institutions to adopt documented, regularly reviewed and validated risk maps, resulting from a prior identification, assessment and treatment of the risks of their activities, their sector and their environment, as well as non-bank financial institutions and DNFBPs to regularly assess the ML/TF risks inherent in their activities and adopt adequate mitigation measures for said risks;
- (c)** Issue measures for non-bank financial institutions and each category of DNFBPs (prioritizing dealers in precious stones and metals, lawyers, notaries and real estate agents) specifying their AML/CFT due diligence they must carry out to allow, in particular, knowledge of the origin of funds and values subject to the signing of contracts, the identification of the beneficial owner, the implementation of a risk-based approach and application of due diligence measures on transactions and customers according to the criticality of their risks;
- (d)** Initiate and/or intensify grouped ongoing training and awareness-raising modules for stakeholders in all reporting professions, with priority given to the application of the preventive measures set out in the AML/CFT regulations;
- (e)** Ensure that reporting entities have a better understanding of the concept of beneficial owner, and require reporting entities to identify the beneficial owners of legal entities established or operating in CAR from the outset and during the management of their customer relationships, including PEPs, particularly in the sub-sectors of precious stones and metals, real estate, legal and accounting professions;
- (f)** Encourage reporting entities to fulfil their obligations to identify their customers effectively, by verifying credible information about their identity and, where appropriate, using reliable sources, the availability of which should be ensured by the Central African authorities, and independent sources in the case of legal entities;
- (g)** Enjoin those liable to sanctions to implement the measures of the United Nations Security Council relating to targeted financial sanctions by drawing up guides and organizing appropriate training;
- (h)** Take measures to register and give appropriate authorization to money transfer companies, mobile money service providers, foreign exchange bureaux and real estate agents operating in CAR and identify natural or legal persons who provide money or value transfer, foreign exchange or real estate services without being authorized or registered, as well as dealers in precious stones and metals who have not been exporting for some time although holding an authorization, in order to apply proportionate and dissuasive sanctions;
- (i)** Require reporting entities, whether financial institutions or DNFBPs, that use intermediaries or agents to include them in their AML/CFT programmes and monitor their compliance;

- (j) Strengthen ANIF's mechanisms and procedures for dealing with STRs in total confidentiality, as well as the mutual trust between ANIF and reporting entities and, in accordance with Article 97 of the CEMAC Regulation, systematically provide feedback on the follow-up to STRs or ML/TF mechanisms to the banks sending the STRs.
- (k) Remedy the technical shortcomings identified under Recommendations 9 to 23, in particular by ensuring:
1. Incorporation into the AML/CFT instruments in force of the concept of beneficial owner with regard to the origin of funds or assets for PEPs, as well as the beneficiaries of the insurance policy or, as appropriate, the beneficial owner of a life insurance policy for this category of customers;
  2. Review current Community regulations to require the filing of a suspicious transaction report in all countries concerned by a suspicious electronic transfer.

**306.** The Immediate Outcomes relevant to this chapter is IO 4. Relevant Recommendations for the assessment of effectiveness under this section are R. to 23 and some elements of R.1, 6 and 29.

## 5.2. Immediate Outcome 4 (Preventive measures)

**307.** The findings relating to Immediate Outcome 4 are the outcomes of analyses carried out by the evaluation team following discussions with a large number of representatives in CAR of the reporting professions designated by Article 6 of the CEMAC Regulation, public and private sector stakeholders, regulatory and supervisory authorities and professional associations. The information gathered from these discussions was compared with the statistics concurrently provided by the various categories of interlocutors and cross-checked with data and information obtained from various neutral sources.

**308.** With regard to AML/CFT, CAR has legal and regulatory instruments, which may be perfectible in some respects, but which clearly enshrine prevention measures applicable by FIs and DNFBPs. Depending on the sectors and sub-sectors concerned, these instruments are either reinforced by more specific regulatory standards (the overall situation in the financial sector, with the exception of the virtual assets sub-sector), or are vague or even limited in their implementation (generally the case in the DNFBP sector).

**309.** The Central African financial sector is relatively simple. It is based mainly around **four (4) commercial banks**, regularly registered on the lists maintained by the Conseil National du Crédit (CNC) and COBAC, all subsidiaries of foreign groups with African capital established in the country for decades and which, due to the relative size of their equity capital and their balance sheet total (**354 billion FCFA** at end December 2021), dominate market share in the sector. The other FIs, which share a smaller cumulative transactional surface area, are made up of: **twelve (12) microfinance institutions (MFIs)** - eight (8) of which are in the first category and four (4) in the second category - and **one (1) insurance company**,<sup>32</sup> resulting from the 2019 merger of the two others that existed until then, which shares the insurance sub-sector with five

---

<sup>32</sup> SUNU-IARD.



(5) other companies (subsidiaries of foreign groups) - only two of which are involved in the life branch<sup>33</sup> - and insurance brokers...

**310.** Since Articles 81 to 85 of Regulation No. 02/18/CEMAC/UMAC/CM of 21 December 2018 on foreign exchange regulations in the CEMAC zone, which came into force in January 2019, tightened the conditions for authorization, the seventeen (17) foreign exchange bureaux established in the country have been defenestrated from the regulatory beacons in force and, as a result, forfeited their respective authorizations.<sup>34</sup> Although banks and MFIs, the only other FIs authorized, along with the Post Office,<sup>35</sup> to carry out direct foreign exchange operations, are prohibited from selling foreign currency to foreign exchange bureaux subject to this forfeiture, it should be noted that this situation is likely to intensify informal manual foreign exchange operations by encouraging the said foreign exchange bureaux to branch off into the blind spot that is clandestine operation. The authorities we met expressed concern about the risk of laundering the proceeds of currency trafficking in the informal sector, which generates substantial profits and is introduced into the formal economic and financial circuits of CEMAC, thus giving it the appearance of being of legal origin. Central African authorities did not report any measures to identify and penalize illegal foreign exchange bureaux that continue to operate informally, in accordance with Article 166 of the above Regulation. However, the evaluation team was informed that some of these foreign exchange bureaux, having made substantial efforts in the meantime to comply with the Foreign Exchange Regulations, have once again initiated the licensing procedure with the Ministry in charge of Money and Credit. The said procedure was not yet completed at the time of the on-site visit.

**311.** The money and value transfer sub-sector is occupied by two international companies,<sup>36</sup> which are neither licensed nor legally constituted in CAR and operate as "sub-agents" through a contractualization of their mooring to the legal arrangements of two local commercial banks. Mobile money activities are booming, with two Mobile Financial Service Providers (MFSPs) on the market,<sup>37</sup> though neither has a licence in CAR, operating in the shadow of those of partner banks. To date, no institution established in CAR has received COBAC approval to operate as a payment institution. The evaluation team also noted the absence of a stock exchange or investment company in CAR; the financial market occupies only a marginal place in the financing of the country's economy and is essentially made up of public securities (fungible

---

<sup>33</sup> The two subsidiaries of insurance companies with a life branch (ACAM-vie and SUNU-vie) have a turnover of 1.5 billion CFA francs.

<sup>34</sup> The new foreign exchange regulations provide for two types of manual foreign exchange activity: direct and indirect. "Direct" exercise of this activity, for which the administrative, accounting, display and AML requirements have been tightened, is reserved for credit and microfinance institutions, post offices and bureaux de change. Manual foreign exchange is carried out "indirectly", in the performance of obligations arising from a mandate or sub-delegation, through the intermediary of an individual, referred to as the mandated agent, and some entities, in particular hotels, travel agencies, airport shops and casinos, referred to as sub-delegated agents, which, by virtue of their activities, receive payments in foreign currency from foreign travellers.

<sup>35</sup> At the time of the on-site visit, CAR did not have a postal bank. However, it has a Post Office Chequebook Centre (CCP), which the evaluation team did not visit and which is reported to be facing considerable difficulties.

<sup>36</sup> Western Union and Moneygram.

<sup>37</sup> By Decisions of the Governor of BEAC, authorizing each of the two banks to carry on the business of issuing electronic money, in partnership with two telephone operators, Telecel and Orange respectively. A domiciliation account agreement for funds received in exchange for units of electronic securities issued has been signed between the two respective parties.

Treasury bills and bonds) with open subscription in CEMAC, with, at 31 August 2022, a total outstanding treasury securities in CAR amounting, according to BEAC, to 56,529,710,000 CFA francs, made up solely of OTAs; COBAC reported some reluctance on the part of banks with SVT status to subscribe to these securities, following the enactment of the law establishing bitcoin as an official currency in CAR. However, COSUMAF pointed out to the evaluation team that the regional financial market has one (1) intermediary approved on 25 March 2022 as a Financial Investment Adviser (FIA),<sup>38</sup> constituted as a legal person under Central African law, with its registered office in Bangui, which the evaluation team did not visit.

**312.** With regard specifically to the activities of VASPs, although their existence has not been reported in the country, since 3 July 2022 CAR has nonetheless launched the Sango coin, a national digital currency backed by the country's natural resources and legal tender in the same way as the CFA franc; the other reporting entities questioned on this subject by the evaluation team were not very forthcoming about their perception of the risks associated with activities linked to virtual assets (VAs), probably in view of the political stakes involved in the launch of the Sango coin project, which the Government sees as a guarantee of attracting foreign investors and speeding up the country's development. At the time of the on-site visit, open sources reported that 7% of the expected investment had already been staked, i.e. 14,000,000 Sango coins out of a total of 200,000,000.

**313.** As regards activities of DNFBPs, which contribute significantly to development and creation of national wealth, it was noted that the weight of the activities of the mining sub-sector is quite significant and appears to be predominant, compared with the other non-financial professions which, with the notable exception of real estate agents and companies (none of which had their own legal personality at the time of the on-site visit) as well as the accountancy and legal professions, appear to be of very marginal significance.

**314.** In view of the criticality of the risks inherent in the sectors concerned, the evaluation team weighted the implementation of preventive measures higher for credit institutions, MFIs, the virtual assets sub-sector, foreign exchange bureaux and dealers in precious stones and metals, and real estate agents; moderate for MFSPs, lawyers, notaries and the accounting professions; and low for insurance, the financial market, casinos and other DNFBPs. Details of the weighting of each sector are presented in Chapter 1 of this MER.

### ***5.2.1 Understanding of ML/TF risks and AML/CFT obligations by FIs, DNFBPs and VASPs***

**315.** Due to a number of contextual and structural factors described in greater detail in Chapter 1 above, including the country's volatile security situation since 2013, heightened by the issues surrounding natural and mining resources and the number of border countries on the security crest line in recent years, the permeability of the borders, the geographical extent and under-administration of the national territory,<sup>39</sup> the high need for capital investment, the level

---

<sup>38</sup> The company in question is "CONTINENTAL FINANCE SARL".

<sup>39</sup> More than 75% of the Central African population lives in rural areas, with extremely difficult access to financial services. Indeed, there are no credit institutions or branches of credit institutions in sixteen (16) of the country's twenty (20) prefectures.

of corruption in the country,<sup>40</sup> drug trafficking and the prevalence of all forms of underlying crime, CAR, by virtue of its context and its major vulnerabilities, faces very high risks of ML and TF. The seriousness of these pitfalls highlights the importance for the reporting professions operating in this country to have, at their core, a relevant understanding of the ML/TF risks to which they are exposed.

**316.** Since December 2021, CAR has been carrying out a National Risk Assessment (NRA), which should eventually lead to the mapping of ML/TF risks in the country. However, the process has not yet been completed and, as a result, the assessment report had not yet been published at the time of the on-site visit, which makes it more difficult to assess the ML/TF risks associated with the activities of the stakeholders in the various sectors met.

#### **BEAC/ND**

**317.** Through its CAR National Directorate, BEAC is one of the reporting entities under Article 6 of the CEMAC Regulation and has implemented AML/CFT requirements in its procedures, in line with Decision No. 001/GR/2017 of 3 January 2017 of the Governor of BEAC on the framework procedure for AML/CFT preventive measures. Its understanding of risks seems to be in tune, both in the context of its own operations and in its central role of verifying the compliance of FIs' financial transactions and operations with the outside world, in accordance with its statutory tasks of conducting foreign exchange policy and managing foreign exchange reserves. However, it does not yet seem to have focused its attention on the risks associated with the use of VAs and its obligations in this regard. Nor does it appear to be paying sustained attention to its obligations to identify and constantly monitor its customers, in proportion to their respective risk profiles.

#### **Financial institutions**

**318.** Commercial banks have a good understanding of the specific risks inherent in their activities and of their obligations to identify and constantly monitor their customers according to their profile and transactions. They implement the standards inspired or imposed by their groups, which are generally more stringent than those prescribed in CAR, and they have procedures and tools enabling them to identify and classify their customers according to risk (in particular via forms such as the "customer information sheet" and "Know Your Customer" (KYC), inserted in the customer relationship files) and to carry out their due diligence obligations wisely. In applying the KYC principle, as some customers may expose the bank to more risks than others depending on the sector of activity, the geographical environment in which they operate, the functions performed or the type of banking and financial products used, banks determine the risks to which they are exposed, which are generally four (4): *high risk, sustained risk, standard risk and low risk*. Nevertheless, the evaluation team noted, as did COBAC (which regularly carries out documentary checks by means of the questionnaire "Assistance to Surveillance, Treatment and Organization of Anti-Money Laundering", abbreviated to ASTROLAB), in its latest reports made available to the team, most banks do not yet have documented risk maps that are regularly reviewed and validated, based on prior identification, assessment and treatment of the risks in their business, sector and environment. They prefer to rely on risk maps drawn up by their own

---

<sup>40</sup> CAR ranked 146th in the Transparency International Corruption Perceptions Index in 2021.

groups, whose relevance to the Central African context remains questionable. This situation affects the banks' objectivity in classifying customers in their portfolios by risk. With regard to their perception of the risks represented by VAs, questions are asked within banks, but in a very confidential manner. Supervision of the activity of VASPs is not yet regulated in the banking sector and, as such, constitutes a significant vulnerability.

**319.** Mobile Financial Service Providers (MFSPs) have an acceptable understanding of risks and the AML/CFT obligations inherent in their activities. The same is true of MFIs, although they often categorize their customers on the basis of the subjective information available to their staff, without any prior objective analysis. The risk management procedures in place do not define specific vigilance measures for customers classified as "high risk". For example, PEPs, provided they are identified, and NGOs, are systematically classified as "high risk" customers, but MFIs dispense with drawing up and updating procedures for lists of these customer categories. Similarly, enhanced due diligence measures to manage the risks inherent in the operations of these categories of customers remain chimerical. There is also a lack of tools for filtering and profiling customer transactions, which means that alerts are processed manually and the identification of some high-risk customers is blurred.

**320.** Despite the development of internal anti-money laundering policies and procedures, insurance professionals in CAR have a perfectible knowledge of their AML/CFT obligations and there are some shortcomings in the management of the ML/TF risks inherent in their activities. Notwithstanding their obligation to carry out an annual assessment under the CEMAC and CIMA Regulations, no player in this sub-sector has yet carried out an assessment of its ML/TF risks. In the case of insurance brokers in particular, their understanding of obligations as reporting entities is a very marginal concern, which they consider to be the prerogative of the insurance company, which in turn has admitted that it does not collaborate with brokers in any way, particularly with regard to customer identification.

**321.** As for other financial sector reporting entities, their understanding of money laundering risks is even more mixed, despite the publication of various reports sanctioning the typology studies carried out by GABAC in the sub-region, with the quality of dissemination to them by the authorized national bodies questionable. Moreover, as the NRA process had not been completed at the time of the on-site visit, it had not yet had the expected leverage effect on a better understanding of ML/TF risks by the various professionals.

### *Virtual Asset Service Providers*

**322.** The evaluation team did not meet any VASP operating in CAR and was therefore unable to assess their understanding of risks. However, although some platforms using Sango Coin seem to want to establish there in the wake of the enactment of Law No. 22/001 of 22 April 2022 governing crypto-currencies in CAR, no risk assessment has been undertaken in the country in this sub-sector and the regulation of VA-related activities remains patchy, both in CAR and within the CEMAC zone. COSUMAF has confined itself to expressing an opinion on placement and investment offers relating to crypto-assets (digital assets including, in particular, crypto-currencies and tokens), by assimilating, in its Release of 27 May 2021, the provision of services on crypto-assets to activities relating to "public offerings and financial instruments (therefore subject, a priori, to its approval). However, this position seems to be at variance with

COBAC's latest pronouncements, in particular the spirit of Decision No. D-2022/071 of 6 May 2022 on the holding, use, exchange and conversion of crypto-currencies or crypto-assets by reporting institutions. However, it should be noted that despite its potential for innovation, crypto-currencies pose risks to the integrity of the monetary and financial system, as well as to consumers and investors, by involving unregulated players, in addition to the anonymity offered in the context of its transactions (encryption of the identities of beneficiaries and originators). However, CAR has not demonstrated that the players who would use virtual assets in its territory have a developed understanding of the ML/TF risks specific to this sub-sector, in particular those inherent in anonymity, transaction traceability and emerging products, or that they have mastered their AML/CFT obligations. This situation exposes CAR, the first African country to "officialize" crypto-currencies as legal tender, to the risk of seeing it become a suction pump for all kinds of capital, including toxic capital and/or capital from questionable sources, which would put the country in a position to collude with unscrupulous investors capable of circumventing the good faith of its government.

### *Designated Non-Financial Businesses and Professions*

**323.** Generally, with the exception of notaries, who have demonstrated an understanding of the risks and an acceptable command of their AML/CFT obligations, DNFBPs have an experimental understanding of ML/TF risks, with relatively varied levels of maturity, but all in all well below the regulatory requirements. Not all DNFBPs carry out internal risk assessments, and the leverage effect of the publication and dissemination of the findings and recommendations of the current NRA on improving the understanding of DNFBPs' risks may not be fully achieved, given the inconsistent and discontinuous involvement of DNFBPs in the NRA process.

**324.** More specifically, the evaluation team noted that traders in precious stones and metals (buying offices, collectors, craftsmen, gold smelters) have a theoretical and truncated understanding of the ML/TF risks to which they are exposed, which are undoubtedly exacerbated by the clandestine exploitation of mining resources and the precarious political and security situation in the country; they are even less familiar with their AML/CFT obligations, as most of them, particularly gold smelters, clearly stated that they are unaware of the very existence of the CEMAC Regulation and the role of ANIF.

**325.** The evaluation team was informed of the existence of non-trading property companies, real estate developers and agents operating in CAR without any authorization, sometimes as an adjunct to the main activities of gold and diamond buying offices; they consider themselves unconcerned by AML/CFT. Accounting professionals (Chartered Accountants) even take part in the audit of the AML/CFT systems of some of their clients, in application of SYSCOHADA rules, but have an atrophied understanding of their own obligations under the CEMAC Regulation, the relevant provisions of which they have only a superficial knowledge.

**326.** Lawyers, too, have only a very limited grasp of the ML/TF risks associated with their activities, and the due diligence and procedures they are responsible for implementing in this area seem to them to be a distant curiosity. Casinos, which the evaluation team did not meet, and gaming operators also failed to demonstrate the ability to identify their vulnerabilities and meet their obligations.

### *5.2.2 Application of proportionate risk mitigation measures*

**327.** The various sectors and sub-sectors concerned implement very erratic measures to mitigate the ML/TF risks to which they are exposed, with banks appearing to be better off than DNFBPs, which are lagging behind overall.

#### *Financial institutions*

**328.** Most FIs have a service (or at least one person) dedicated to compliance. They draw up a risk profile of their customers in order to define the level of due diligence measures to be applied and those for filtering atypical transactions. Some (particularly banks) train and/or raise awareness among all or part of their staff and state that they carry out internal assessments that are more or less relevant and exhaustive. However, updating risk profiles and using them to monitor transactions remains a challenge. According to COBAC, contrary to Article 12 of the CEMAC Regulation, FIs in the banking sector do not receive joint advice from the monetary control and supervisory authorities on the ML/TF risk specific to the Community's domestic market; under these conditions, updates to the content of training are therefore dependent on each institution and do not always factor the realities of their AML/CFT environment. Again, according to COBAC sources, at least annually, frauds involving FI staff members are published in the media, leading to a reinforcement of the measures taken by the institutions concerned. However, cases of internal fraud, which are not published in the media, are detected within banking entities, but their exact number is not known, nor their impact, or whether proportionate mitigation measures are taken to prevent their recurrence. Ultimately, together with COBAC, the evaluation team concluded that FIs are not keeping pace with the development of risks and their risk assessment does not comply with the risk-based approach.

**329. Banks:** More specifically, Central African credit institutions offer several ranges of products to their customers, some of which are exposed to ML/TF risk, including: deposit transactions, savings accounts, term deposits, domestic transfers, international transfers, foreign exchange transactions, e-money transactions, money transfer transactions, Visa Prepaid card transactions and home loans. As they are all subsidiaries of foreign groups, these institutions implement group-wide AML/CFT programmes. The evaluation team found that their risk assessment frameworks are of good quality, subject to improvement after incorporation of the relevant findings of the ongoing NRA. Depending on the case, they take measures to mitigate the risks identified in their business relationships with the financial and non-financial customers in their portfolios. These measures vary from one bank to another and are based on their respective compliance policies. The related files are not systematically included in reason-based centralized statistics. Banks state that they carry out an institutional risk assessment to better understand the ML/TF risk to which they are exposed and implement risk-proportional mitigation measures in their systems. This profiling begins at the start of the relationship and, particularly for corporate customers operating in some sectors classified or deemed to be at risk (NGOs, mining, etc.), gives rise to exceptional validation by Senior Management, for example when opening accounts. As part of anti-money laundering, banks ensure that they do not deal with people under sanctions before opening an account or entering into a relationship. They adopt appropriate filtering tools and the lists of targeted financial sanctions are updated either at the level of the financial group or by other solutions acquired on the market, which make it

possible to filter the entire customer base and attach a screen capture of the search carried out on the customer to each account opening file. On the whole, transactions over a certain amount are subject to automated filtering by the compliance services. However, banks' watertight systems for dealing with PEPs seems questionable, due to the difficulties in drawing up and updating lists of domestic and foreign PEPs, even though ANIF stated that it keeps lists of domestic PEPs up to date. Even some of the banks met admitted that knowledge of their customers at the start of a business relationship is still far from perfect and does not give them a 360-degree view of all the risks.

**330. Microfinance institutions:** In a context of low banking sector coverage, microfinance is a natural factor for financial inclusion. The MFIs met by the evaluation team have a compliance unit, but the classification of customers according to risk is close to empirical. For example, people identified as PEPs are classified de facto as "high-risk customers", without necessarily being subject to proportionate due diligence measures. Discussions with APEM revealed that the fact that MFIs do not have access to a risk registry obscures the identification of customers when they enter into a relationship and hampers the implementation of proportionate measures. The evaluation team was informed that the last COBAC on-site inspection of Central African MFIs, which was of a general nature but included an AML/CFT component, took place in 2018.

**331. Money and value transfer services:** Under the terms of the service agreements between MVTs and banks, the latter are responsible for implementing proportionate risk mitigation measures and AML/CFT due diligence obligations, even though the MVTs provide them with a transaction profiling platform controlled by a centre located abroad (notably in Casablanca, Morocco),<sup>41</sup> which does not allow the systems in place to be truly effective. Lastly, the predominance of the informal economy, a high use of cash and a low rate of bank penetration (less than 5% of the country's 5 million inhabitants have access to financial services) are incubators in CAR for an active informal sector of Hawala-type money transfer operations, particularly to neighbouring countries. On this subject in particular, the traders in precious stones and metals we met made no secret of their resignation to the Hawala method of recovering their export proceeds, given the enormous difficulties experienced by economic operators and approved intermediaries in CAR in executing some foreign currency transactions with foreign countries.

**332. Mobile Financial Service Provider:** According to their service agreements with partner banks, the two mobile money issuers make the latter responsible for implementing AML/CFT requirements in terms of risks and STRs. The platforms for managing mobile money transactions appear to be secure, and using the products requires customer identification, which is the responsibility of the mobile phone companies' databases.<sup>42</sup> Each account is linked to a mobile phone number, and transaction details (sender and recipient telephone numbers, amounts and dates) are recorded and tracked by the platforms. The platforms are expected to incorporate filtering tools for individuals and entities subject to targeted financial sanctions, as well as high-risk countries and PEPs. They are also aware of a number of incidents, particularly

---

<sup>41</sup> The case of Western Union.

<sup>42</sup> Orange and Telecel, whose accounts are not separate from those of the FSTSPs.

among sub-agent operators, linked in particular to their negligence. Furthermore, there was nothing to demonstrate that the launch of a new product is subject to a prior risk assessment. One of the FSTSPs is audited every six months by the partner bank, while the other has never been audited by its partner bank. However, in terms of training, although the staff of the FSTSPs were trained by the partner banks at the start of their activities, the training has not been repeated for them, nor has it been given to their various distributors, which means that they have limited knowledge of their obligations under the CEMAC Regulation.

**333. Securities sector:** As no Central African company is listed on the BVMAC, this sector is confined to Treasury securities. Three of the four local banks are approved as Primary Dealers (SVT) and have a good understanding of ML/TF risks. However, the effectiveness of measures to mitigate these risks is low.

**334. Insurance companies:** In 2020, the insurance company operating in the country appointed the Head of General Accounting as the person in charge of AML/CFT. The appointment was communicated to the National Directorate of Insurance (DNA), the Regional Insurance Control Commission (CRCA) and ANIF, in accordance with Article 8 of the CEMAC Regulation. However, no sector risk assessment framework was identified and the implementation of risk mitigation measures, which is essentially in its infancy, is modulated according to whether players belong to groups or not. The only two intermediaries involved in the life insurance sector are aligned with the policies of their foreign groups, without further indication.

#### *Designated Non-Financial Businesses and Professions*

**335.** Overall, DNFBPs in CAR do not master the ML/TF risks of their sector of activities; some of them are even unaware of the existence of the CEMAC Regulation and their status as reporting entities. As a result, they do not assess their ML/TF risks, do not mitigate their risks and do not implement their regulatory obligations. The compliance system is inadequate and staff are not trained or made aware of the issue, and the involvement of some of them in the NRA process is only the first step in discovering the risks in their environment.

**336.** More specifically, **lawyers** manage customer accounts, incorporate companies, act as administrators and manage company operations, all of which obviously involve significant ML/TF exposure risks. However, they have very limited knowledge of their AML/CFT obligations and of the risks to which their activities are exposed; the professionals we met had only a superficial knowledge, if any, of the CEMAC Regulation. So far, they believe that their obligations are limited to compliance with Central African legislation (customer identification through identity documents for natural persons and articles of association for legal entities) and they do not seem to be interested in the risks associated with their financial operations, particularly the origin of their customers' funds, nor do they have the tools to implement targeted financial sanctions effectively, for example. They have therefore not carried out any internal risk assessment and are not implementing proportionate measures.

**337. The notaries** interviewed seemed to be generally aware of ML/TF risks and their AML/CFT obligations, although their knowledge of the CEMAC Regulation is not extensive (work with ANIF has been underway since 2021 to reverse this trend) and they have no



framework for assessing the ML/TF risks they face as reporting entities. Notaries are active in drafting contracts, drawing up and authenticating deeds transferring private property and registering them, and in incorporating and transferring companies. They confine themselves to formalizing agreements, without interfering in the negotiations, and are dependent on the customer for any information about the sums involved in the transaction, which makes it difficult to know the source of the funds. Customers are generally identified on the basis of an identity document (which is made more complex by the fact that there has been no national identity card for a number of years, and it is still being obtained piecemeal) or, in the case of legal entities, on the basis of their memorandum and articles of association. In practice, identifying the beneficial owner and accessing reliable sources of information on the identity of customers remain challenges for notaries. Notaries are, in particular, aware that many real estate transactions escape their accounting; despite the prohibition in Article 17 of the CEMAC Regulation on cash payments in real estate transactions, cash and private deeds are still widely used in CAR by their potential clients. All in all, notaries are not implementing proportionate measures to mitigate the risks to which they are exposed.

**338. Chartered accountants** in CAR generally offer their clients assistance or advisory services, whereby they support them in the organization, production and use of their financial and accounting information, and control services, which they carry out, within a legal or contractual framework, to verify the effectiveness and efficiency of the organization of their customers' financial and accounting information. In effect, all businesses operating in the CAR are legally obliged to keep an account, and all SARLs and SAs are required to have their accounts audited by an independent firm. To this end, Central African chartered accountants do not have a risk management framework and have not carried out any ML/TF risk assessment. The professionals interviewed complained of a lack of support from the authorities, particularly in terms of training and awareness-raising on AML/CFT issues, with particularly infrequent contacts with ANIF. That being the case, knowledge of their AML/CFT risks and legal obligations is very limited. This professional category, grouped together within the Council of the Order of Chartered Accountants of the Central African Republic, has, to date, only eight (8) approved members, all natural persons. The Société d'Expertise Comptable, which is responsible for approving legal entities, has not yet set the conditions, which means that SARLs and SAs established in CAR have to turn to large foreign firms that are neither represented nor approved in CAR, including those in the Big Four.<sup>43</sup>

**339.** The evaluation team did not meet any **real estate agents or property developers** as such. However, it did, incidentally, come across some who operate as property developers, without any authorization and under cover of another activity, in particular diamond and gold import-export purchasing offices. The Directorate General of Tax and Customs reported the existence of many non-trading property companies, whose true owners it does not know, as no serious investigation had been carried out into this matter. CAR has therefore failed to demonstrate that real estate agents and developers operating in the country are aware of AML/CFT requirements and understand the ML/TF risks they face. Nor was the team informed

---

<sup>43</sup> The Big Four are the four largest financial audit and advisory groups in the world, particularly in terms of turnover: DELOITTE TOUCHE Tohmatsu, ERNST & YOUNG (EY), KPMG and PRICE WATERHOUSE COOPERS (PWC).

of any known entity that regulates this sector in terms of AML/CFT, even though it is potentially vulnerable to money laundering, in the opinion of all the reporting entities met. This state of affairs leads us to conclude that this sector is dominated by informal sector players, who are beyond the control of any authority, that the required AML/CFT due diligence is ignored during operations carried out by these professionals, that identification of the origin of funds and of the beneficial owners of property acquisitions, as well as the particular attention due to operations carried out for or on behalf of PEPs, in particular, are written off.

**340. Casinos and other games of chance:** Risk mitigation measures in this sub-sector are non-existent and ignored, and no assessment of the risks of this sub-sector, although still insignificant, has been carried out. The players we met, in this case a Lotto and sports betting company, to which the Ministry of the Interior merely grants a licence, have very limited knowledge of their obligations in this area and admitted to having no knowledge of the provisions of the CEMAC AML/CFT Regulation, which highlights the vulnerability of this sector to being used for money laundering purposes, by customers (winners who do not wish to identify themselves could sell their tickets to potential money launderers, who could use the cheques representing the winnings to recycle dirty funds into official channels) and company owners, including those encountered who are foreign nationals.

**341. The precious stones and metals sub-sector:** This sub-sector appeared to the evaluation team to be particularly vulnerable in CAR, especially as although the export of products is regulated and subject to very specific restrictions and controls, production escapes all control and regulation, even in regions not controlled by the central authority. This sub-sector, where the use of cash is the rule, is dominated by small-scale mining, particularly gold panning (although semi-mechanized mining is beginning to take shape), and is dominated by relationships of interpersonal trust, even intergenerational trust, between owners (CEOs and shareholders) of buying offices, collectors and artisans (the true identity of some of whom is questionable, especially since the military-political crisis of 2013).<sup>44</sup> The Ministry of Mines and Geology admitted that there is still insecurity in the central and eastern mining areas, as well as fraudulent exports with the complicity of armed groups and the absence of or poor studies to authenticate reserves. In this context, customer identification and all transactions are carried out orally and in cash, no risk mitigation measures are implemented by sub-sector players, no AML/CFT awareness campaign has been specifically conducted and relations between sub-sector players and ANIF are non-existent. The sector has no specific AML/CFT supervision and control mechanism. Gold smelters are subject to controls by USAF and the Ministry of Commerce, but only with regard to taxes and regularity; although gold is CAR's leading export resource, no controls are exercised over the areas from which this material comes, or over the actual beneficiaries. One of the major Central African companies in the sector was even placed on the United Nations list for financing armed groups from 2015 to 2021. For the diamond sub-sector, only the operational framework of the Kimberley Process currently allows the inherent risks to be partially assessed. This framework was resumed with the amendment of the "Administrative Decision [Temporary Suspension]" of 23 May 2013, to allow the resumption

---

<sup>44</sup> Most of the players interviewed reported the presence of several clearly unauthorized collectors' offices on the borders with Chad.

of trade in rough diamonds from the eight (8) "compliant areas" (Boda, Berberati, M'Baïki, Boganagone, Boganda, Gadzi, Carnot and Nola), with four (4) other areas (Baoro, Bouar, Abba and Sosso-Nakombo) subject to validation, since 5 November 2020. The National Monitoring Committee (CNS) has organized several missions to implement the recommendations of the Process and monitor traceability. However, BEC D'OR informed the evaluation team that it was not in a position to certify in full that the diamonds exported by CAR do not come from or transit through areas classified as "red". Lastly, players in the sector have stigmatised the presence of traders who have not been exporting for years, but whose authorization has not been withdrawn by the authorities.

### ***5.2.3 Application of customer due diligence and record-keeping requirements***

**342.** The sub-regional regulatory corpus specifies, structures and breaks down "vigilance" into expected diligences.

**343.** At the outset, it should be noted that neither the international or sub-regional regulatory corpus, nor the regulations specific to credit institutions have a definition of the concept of "due diligence". However, these instruments specify it, structure it and break it down into expected diligences. Vigilance is implemented satisfactorily when it is carried out independently, according to the five differentiated levels: simplified vigilance, permanent vigilance, special vigilance, enhanced vigilance and supplementary vigilance.

**344.** The BEAC National Directorate told the evaluation team that it was implementing specific procedures for constant vigilance with regard to services and products considered to be at risk.

**345.** Operational AML/CFT due diligence is based on three pillars: identification, vigilance and reporting. An analysis of the findings of COBAC's documentary controls and interviews conducted during the on-site visit shows that, overall, application of due diligence measures is the most satisfactory in the banking sector, although COBAC considers that vigilance has the lowest compliance rate compared with other AML/CFT due diligence measures. Banking institutions demonstrated their understanding of CDD measures, following a risk-based approach by customer category and product. In accordance with the CEMAC and COBAC Regulations, they have introduced internal procedures and policies based on those of the Groups. They have automated systems for profiling customers and filtering transactions, as well as for communicating, storing and archiving documents. Account opening procedures include essential information about the customer, his or her activities, sources of income, partners, etc. In line with Article 14 of the COBAC Regulation, which obliges all reporting institutions to close accounts on which inextricable identification problems arise during operation, as well as those of customers who demand anonymity or present themselves under a false name, and Article 23(2) of the CEMAC Regulation, which prohibits the obligation to maintain anonymous accounts and accounts under obviously fictitious names, all the banks declared to the evaluation team that entry into customer relations is not admissible in the absence of the required documents. Although they did not provide evidence of the preparation and regular updating of AML/CFT risk maps, the banks classify risk levels according to the nature of their activities and the types of customers, and state that they step up vigilance measures according to the risk

level. However, the banks stated that they face serious difficulties in identifying customers, due to the small number of Central Africans who had a national identity card at the time of the on-site visit, as well as in ensuring constant vigilance of rights within client companies or in accessing some information relating to persons based abroad. VTS banks, as securities market makers, are also finding it difficult to implement the necessary measures with regard to investors, whether natural or legal persons, resident or not. Similarly, identifying the beneficial owner remains a challenge for them, especially for fund transfer transactions. The availability of and access to information on beneficial owners remains relatively limited for the banking sector, as such information comes mainly from customers themselves. However, in the event of persistent doubt, banks can request certification of shareholding entities and beneficial owners from notaries or company directors (where applicable, the compliance officer). In accordance with Article 39 of the CEMAC Regulation, documents relating to customer identification obligations are communicated to the competent State authorities and employees upon request.

**346.** FVTS are sub-agents of banks. Therefore, even though their groups provide the necessary tool for customer due diligence on a risk basis, it is the compliance officer of the super-agent bank that assumes responsibility for due diligence, with the exception of one out of two FVTSs, which assured the evaluation team that its compliance officer located in Casablanca, Morocco, had exclusive control over due diligence measures.

**347.** The other FIs ensure that they fulfil their basic obligations in terms of knowing the customer and monitoring the relationship. When they carry out transactions on behalf of customers, they check the information according to more or less formalized procedures, which are not always as rigorous as they could be. Implementation of due diligence measures is not always consistent and the inaccessibility of information on beneficial owners remains a challenge. In particular, MFIs and TCSPs are experiencing serious difficulties in reconciling their due diligence obligations with those of financial inclusion. MFIs state that they accept service identification cards, school identity cards, receipts for national identity cards, badges and voters' cards in lieu of passports or identity cards.

**348.** As for PSFTCs, their KYC process is summarized in the following table:

Table 5.1. PSCFTC KYC Process

Documents required	Passport, NIC, PC, refugee card, residence card, military service card, student identity card...
Full name	-
Nationality	-
Date of birth	-
Place of birth	-
Civil status	-
Identification document No.	-
Phone (account) number	-
City	-
Neighbourhood	-
Mail	-
Signature	-

Source: PSFTF

**349.** Specifically, the insurance company and the intermediary companies implement the vigilance measures set out in the CIMA Regulation and additional enhanced measures. These additional requirements include the obligation to exercise enhanced vigilance with regard to any cash payment in excess of one (1) million CFA francs. Vigilance is heightened if the policyholder is different from the beneficiary. Some insurance companies use targeted sanction lists and lists of designated high-risk countries in implementing their AML/CFT obligations. Other companies also have conditions for selecting customers and operations to be financed from the outset, dictated by their Group according to the nature of their portfolio. The insurance company stated that it was confronted with the problem of powers of attorney, which are used recurrently by customers. However, the sub-sector players did not submit any statistics on refusals or terminations of relationships as a result of the filters applied.

**350.** With regard to their obligation to retain documents, FIs generally comply with the requirements of Article 38 of the CEMAC Regulation, by fulfilling this obligation for at least ten (10) years after the end of the relationship with the customer or from the date of execution of a transaction. Specifically, banks have software to trace customer transactions and keep records for CDD/KYC in electronic format, coupled with physical storage. Other FIs are more familiar with the latter storage format. Such data are more or less accessible to all the competent authorities. However, the archives are not centralized in an appropriate location or kept in ideal conditions, which makes it difficult to provide documents on request. MFIs, in particular, revealed that they are facing major difficulties in preserving records, especially after the riots in CAR and the ensuing climate of insecurity.

**351.** For DNFBPs, the ones we met had major shortcomings regarding their vigilance obligations. Most did not implement due diligence measures relating to customer identification

and even less to beneficial owner identification. Although they do not have any specific identification procedures, especially for legal entities and PEPs, only notaries seem to be making efforts, which, however, are hampered by the inaccessibility of reliable sources of information. With the exception of the registry of the trade tribunal, to a lesser extent, there are no other public and/or private entities that provide reporting entities or professions with services for collecting, centralizing and making available reliable information on legal entities incorporated or registered in the country and on their beneficial owners. This is all the more of a handicap given that in CAR, companies or regulated professions (lawyers and notaries, in particular) may be required to set up, register or administer a legal entity.

**352.** Regarding record keeping, the requirements are diversely understood by professionals of law, accounting and auditing. The President of the Chamber of Notaries stated that notaries, who mainly file documents manually, keep minutes and documents for one hundred (100) years, although they are faced with the challenges of keeping and communicating documents. Lawyers are not expressly obliged by the instruments governing their profession to keep records, but they endeavour to keep track of their accounts for ten (10) years. The interviewed officials of the lottery and sports betting company stated that they do not systematically identify their customers and that they do not keep records of their transactions.

#### ***5.2.4 Use of enhanced or specific measures***

**353.** Banks, MFIs and insurance companies interviewed stated that they had adopted internal policies and procedures enabling them to implement enhanced due diligence measures depending on the risks associated with the customer (including PEPs) or with products and services, which are assessed more or less periodically by internal mechanisms (internal audit and statutory auditors) and by supervisory bodies.

**354.** Banks in particular have access to some information on customers, including their status in relation to the Central Payment Incident Database supplied by BEAC, notwithstanding significant delays in the transmission of the statement; their previous banking relationship via certificates of non-indebtedness or bank statements; their status with social security bodies on simple request. However, other information remains inaccessible and therefore difficult to compare, in particular that relating to the tax status of legal entities vis-à-vis the Directorate General of Taxes and Property. In particular, the MFIs surveyed stated they were implementing enhanced due diligence measures for transfers from NGOs in their customer portfolios.

**355.** The other FIs and DNFBPs did not demonstrate this type of specific measure and their implementation seems hypothetical. Consequently, they have not implemented any enhanced or specific measures.

#### ***Politically Exposed Persons***

**356.** FIs begin the identification process with a declaration form filled out by the customer when the account is opened, before screening the commercial databases. The Groups provide Central African banks with platforms to facilitate the detection and monitoring of PEPs and, in particular, those with a bad press. Internal procedures have also been drawn up to ensure that senior management, and even the Board of Directors, are notified before any business relationship with a PEP is approved. This category of customer is systematically included on

the list of customers under enhanced surveillance, so that an alert can be triggered for each transaction. On the other hand, some banks mentioned the practical constraints involved in identifying PEPs and, above all, the persons attached to them. It is worth noting the absence of a credible and regularly updated list of national PEPs (even though ANIF claims to have one), compounded with the difficulty of covering the entire scope of the definition of a PEP, as given by Article 1(55) of the CEMAC Regulation, when carrying out due diligence in the context of business relationships and transactions involving a PEP or members of his family (points b and k of the definition in Article 1, or Article 3(w) of the COBAC Regulation, which states that "all natural or legal persons who are clearly linked or associated with them shall fall within the scope of this definition". Furthermore, in some cases, the time limit on PEP status affects the effectiveness of the specific measures, as virtually all FIs continue to consider the customer as a PEP more than a year after he has left office or at least to assign him a higher risk rating, which implies other types of enhanced measures, but which are not commensurate with the specific measures of the FATF Recommendation in this area (see R12). Banks claim to draw up internal lists, which are updated regularly and supplemented by databases obtained using external service providers to which they subscribe, which infers varying degrees of application of measures with regard to PEPs.

**357.** Operators in the insurance sector that are subsidiaries of groups stated that they apply the requirements of their Groups and have produced seven reports concerning PEPs over the last five years, one of which ended up being sanctioned. The other FIs stated that they use other forms of research via public sources, or even the personal information of one or other of their human resources, to determine whether their customer is politically exposed (in the case of the MFIs interviewed, which stated that they suffer from the lack of access to a central risk registry). PEPs are not subject to any particular vigilance, despite their categorization as high-risk customers, and no effective due diligence is carried out to ensure that existing customers do not fall into the PEP category. As for DNFBCs, the very notion of PEPs is understood in different ways, and enhanced or specific measures to detect and monitor relationships with PEPs seem a distant curiosity.

### *Correspondent banking services*

**358.** All correspondent banking in CAR is conducted with French banks, through BEAC National Directorate. Most local banks maintain relationships with correspondent banks, which require them to comply with international AML/CFT standards, making bank management acutely sensitive to reputational risks. The CEMAC Regulation requires reporting entities to adopt enhanced due diligence measures from the outset of the relationship. In so doing, they gather information on the nature of the correspondent banks' activities and ensure that they apply CDD measures equivalent to those implemented by their own institutions, in particular through periodic exchanges of compliance monitoring sheets. All the banks established in CAR consider the corresponding cross-border relationships to be significant, requiring them to comply with international AML/CFT standards. To ensure this, the correspondent banks periodically assess the compliance of their customers (banks based in CAR) and their AML/CFT systems. These assessments may be carried out on the basis of documentary evidence and sometimes on site. CAR banks are aware that cases of serious irregularities may result in the severing of relations with their correspondent banks and cause a contagion effect

of "derisking" among other partners. The management of Central African banks is therefore sensitive to the international and national reputational risks associated with AML/CFT, insofar as the parent companies must ensure that all their subsidiaries comply with AML/CFT requirements in all the jurisdictions in which they operate. This interest also stems from the quality of their customer portfolios, which include large multinational companies that are particularly sensitive to AML/CFT issues and which often include reputational risk as a selection criterion before entering into a banking relationship. In peer-to-peer relationships, banks define criteria such as the level of compliance, the quality and extent of the network and the country of establishment, in accordance with the FATF Recommendations and regulatory requirements. Other specific due diligence measures are applied, including approval by a designated senior authority.

**359.** Only banks apply enhanced due diligence measures depending on the nature of the risks. Relationships with high-risk customers are generally validated by the Compliance Service, and in the case of PEPs, they are subject to authorization by senior management. However, no statistics on the refusal or termination of relationships were presented to the evaluation team for the purpose of assessing the effectiveness of this measure.

#### *Targeted financial sanctions*

**360.** The majority of FIs interviewed stated that they use regularly updated commercial screening tools that take into account the lists of the United Nations Sanctions Committee (Security Council Resolutions 1267 et seq.), and even those of the European Union or OFAC, to detect customers subject to asset freezing measures. However, there is no national register of frozen assets and reporting entities do not receive lists of persons and entities from the competent authorities under UN Resolution 1267. This leads to the conclusion that the financial sanctions targeted by the FIs, in particular the asset freeze measures required in respect of designated persons and entities, are being implemented in a truncated, modulated or even delayed manner. Nor is there a national list of persons or entities designated under Resolution 1373.

**361.** In the insurance sub-sector, group subsidiaries apply the requirements of the groups to which they belong, and screening linked to targeted financial sanctions is satisfactory and recorded in Group control reports. As regards the life insurance branch in particular, 70% of the figures come from bank loans, where an initial screening is carried out by the banking institutions. Other operators in the insurance sub-sector are not aware of the United Nations sanctions lists. CIMA informed the evaluation team that the AML/CFT component was not covered by DNA controls, which focus exclusively on insurance premiums; under these conditions, DNA does not give sufficient emphasis to its role as CIMA's relay for raising awareness and controlling operators in this sub-sector in CAR.

**362.** Although they are aware of the existence of the United Nations Sanctions Committee lists, not all MFIs have filtering tools to implement measures to identify and freeze the assets of listed individuals and entities, so they are content to comply with this obligation manually; the few MFIs that do have them use screening tools or commercial asset freeze lists that are not updated. Groups provide the MVTs based in CAR, which are sub-agents of banks, with the necessary identification tools, via the compliance service of the super-agent bank, with the



exception of one MVTs out of two, which ensures that it retains control for this purpose via the Group's compliance agent, located in Casablanca, Morocco. As for MTSPs, they rely exclusively on their partner banks' systems for this purpose. Similarly, with the exception of some dealers in precious stones and metals, DNFBPs are not aware of the United Nations sanctions lists. However, they all rely on their banks to carry out checks on their customers.

### *New technologies*

**363.** Regarding the introduction of new innovative products or services, FIs, in particular banks and MTSPs, when developing them, back them up with new technologies, for which they indicate that they ensure, via their Compliance or Risk services, the assessment of the risks before the launch. Senior management and/or the Board of Directors approve the conclusions of this assessment in advance. FIs recognize the high risks in this area, especially in the wake of the COVID-19 health crisis and the political and security crises that have shaken the country, including identity theft. However, they have not demonstrated the implementation of enhanced vigilance measures with regard to these products using new technologies.

**364.** During the on-site visit, the evaluation team particularly noted a certain attention, albeit muted, of banks with regard to virtual assets (VAs), in line with Article 5 of COBAC Decision D-2022/071 of 6 May 2022, on the holding, use, exchange and conversion of crypto-currencies or crypto-assets by institutions subject to COBAC, which requires institutions subject to COBAC to identify transactions carried out or rejected in connection with crypto-currencies (originators, beneficiaries, amounts, legal transaction currency, crypto-currency equivalents, purpose of the transaction, etc.). DNFBPs, for their part, do not apply any enhanced or specific measures for new technologies.

### *Identification of beneficial owners and application of obligations with regard to BOs*

**365.** Banking institutions are aware of their duty to identify BOs, the implementation of which remains a constant challenge for all reporting entities, especially in the country's political and security context and in the face of the lack of information on BOs. Banks are also aware of their obligation to terminate their business relationship or not to carry out a transaction within this framework, if they are obstructed in implementing the required due diligence measures, in particular for the determination of BEs. However, they did not provide any information on the occurrence of refusals or terminations.

### *Higher-risk countries identified by FATF*

**366.** BEAC National Directorate and the banks interviewed seemed alert to the countries listed by FATF as appearing on their lists of high-risk countries. Some groups duplicate the lists at their level, for the benefit of banks and insurance intermediaries established in CAR, and in some cases, refrain from any transaction involving some countries. These lists are taken into account when processing transfers. For example, one bank reported an in-depth analysis of cases of money transfers to Yemen, before realizing that the feared risk did not exist. The other FIs and DNFBPs seem to be aloof on this issue.

## *Wire transfers*

**367.** FIs, primarily banks, have implemented the necessary filtering measures to identify the senders and beneficiaries of wire transfers. In addition, FIs check the correspondence between the type of message and the transfer to be executed and also verify the completeness of the information accompanying the transfer. However, significant shortcomings in the regulatory framework were noted by the evaluation team regarding wire transfer requirements, which cast a shadow over the effectiveness of the measures implemented. Essentially, these concern the obligation on the originator's FI to transmit, on request, the information accompanying the transfer to the beneficiary's FI or to the prosecution authorities within three working days, or the obligation on the intermediary FI to keep the information received from the originator's FI for at least five years. The same applies to FIs' obligations to adopt risk-based policies and procedures for deciding when to execute, reject or suspend wire transfers that are deficient in the required originator or beneficiary information and the appropriate consequential actions to be taken. There is also no provision for reasonable measures, which may include post-monitoring or real-time monitoring where possible, to detect cross-border wire transfers lacking the required originator or beneficial owner information. Lastly, FIs are under no obligation to file a STR for all the countries involved in electronic transfers.

### *5.2.5 Reporting obligations and tipping-off*

**368.** All the FIs met by the team have tools or systems for ongoing or occasional vigilance, with varying degrees of sophistication depending on their size, to identify transactions or funds likely to be the subject of ML/TF suspicions. At the same time, some FIs also rely on the vigilance of their staff and their knowledge of their customers to identify suspicious transactions and attempts to perpetrate them. FIs have a good understanding of their regulatory duty to report suspicious transactions to ANIF, but show a profound lethargy in its implementation. To date, only banks have complied with this obligation, albeit timidly. As for DNFBPs, they have an extremely limited understanding of their duty to report suspicious transactions.

**369.** With regard to banks, they stated that they had submitted a total of twenty-seven (27) STRs between 2018 and 2022, translating into an annual average of 6.75 reports, which seems insignificant given CAR's exposure to crime and criminal reality. The scale of the black figure is all the more worrying given that in the last two years (2021 and 2022), no STR was sent to ANIF. It is worth noting the ratio, from simple to quadruple, between the number of STRs sent to the Public Prosecutor's Office by ANIF and the number of STRs sent to ANIF by banks, which is symptomatic of the low level of relevance and content of the said STRs.

**370.** The three banks that are authorized as primary dealers are, as such, subject to AML/CFT obligations. To date, ANIF has not received any Suspicious Transaction Report (STR) in the field of securities, on the transactions of all natural or legal persons who subscribe to them and who must go through these banks.

**371.** As for measures to guarantee the confidentiality of STRs, banks stated that, internally, information relating to STRs is only accessible to compliance service staff. However, during discussions with banks and ANIF, the evaluation team noted, for some banks, that the internal audit services can have access to the STRs issued during their missions and that the STRs are

subject to the signature of the Top Managers before transmission to ANIF, which reflects an impediment to the independence of the compliance officers in their due diligence in transmitting STRs and the tolerance of a management censorship mechanism. In addition, despite the procedures established by ANIF to ensure that STRs are handled in total confidentiality (ANIF staff are sworn in and subject to strict professional secrecy during and after the completion of assignments), inclusion of the surname of the person concerned in the ANIF reference assigned to the relevant STR, as well as the presumption of information leakage, explain the reluctance of reporting entities in the banking sector with regard to the confidentiality of the process, which resulted in STRs not being issued in 2021 and 2022, unlike in previous years (see Table 5. 2, paragraph 367). Furthermore, contrary to Article 97 of the CEMAC Regulation, banks are still waiting for feedback from ANIF on the follow-up to STRs or ML/TF mechanisms.

**372.** The other reporting entities, specifically MTSPs, are aware of their duties and have fairly sophisticated tools for detecting suspicious transactions, notwithstanding a quantitative shortfall in resources dedicated to processing the alerts generated. But they stated that they do not report suspicious transactions to ANIF, preferring the tacit compromise of abandoning this prerogative to banks, to which they report suspicious cases and from which they wait in vain for feedback. They make do with the blockages provided by the platforms according to the nature of the transaction, the customer base and, in particular, the individual and cumulative limits of 2 million CFA francs per week. Transactions are capped at 200,000 CFA francs per distributor and per person.

**373.** In the insurance sub-sector, in addition to the lack of awareness on the subject, the absence of STRs can be explained by the fact that the main insurance business in CAR concerns the casualty (IARD) branch, and not the life branch, which is the most exposed to risk, and in which only two intermediaries have an interest.

**374.** As regards DNFBPs, the absence of STRs is justified by the lack of awareness and information among professionals in this sector about the ML/TF risks to which they are exposed, the absence of a compliance mechanism, the weak regulatory pressure and failure to apply administrative and criminal penalties in the event of failure to comply with AML/CFT obligations, as well as the absence of AML controls within the remit of the self-regulatory and supervisory authorities of these professions.

**Table 5.2. Breakdown of STRs issued by category of reporting entities (2018-2022)**

	2018	2019	2020	2021	2022	Total	Percentage
Banking institutions	7	9	11	0	0	27	100%
BEAC/ND	0	0	0	0	0	0	0
Treasury	0	0	0	0	0	0	0
Non-banking financial institutions	0	0	0	0	0	0	0
Customs	0	0	0	0	0	0	0
DNFBPs	0	0	0	0	0	0	0
<b>Total</b>	<b>7</b>	<b>9</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>100%</b>

Source: Approved statistics provided by reporting entities, 2022

### ***5.2.6 Internal controls and legal/regulatory requirements impeding implementation***

**375.** Since December 2016, BEAC has defined a framework procedure formalizing the elements of knowledge and vigilance enabling its entities, including its National Directorate in CAR, to organize controls and thus strengthen the ML/TPF prevention process, in accordance with the CEMAC Regulation. The National Director and his Deputy have been appointed ANIF Correspondents.

**376.** The pressure exerted by the Groups and the Correspondents has a significant influence on the banks to adopt internal procedures in order to comply with AML/CFT obligations. In general, the banking institutions met by the evaluation team have set up regulatory internal control and compliance mechanisms. A compliance officer is appointed by each bank, his/her name communicated to COBAC and s/he reports directly to and interacts independently with the Group's Compliance Officer. Banks generally have Compliance Charters, Policies, internal anti-money laundering procedures, procedures for managing relations with PEPs, etc. The internal procedures are supposed to be reviewed more or less regularly, and exceptionally when incidents occur. They apply from the moment a customer enters into a relationship with the bank and to all customer transactions.

**377.** Internal control systems exist at three levels: the first consists of controls carried out by operational staff (customer assistants, account managers, branch managers), the second of permanent control and compliance and risk management, and the third of periodic controls by internal audit and the regulator. The deployment of a risk-based approach, intended to enable optimum allocation of resources, is effective virtually in all banks in the sector, in accordance with Article 14 of the CEMAC Regulation. Compliance control policies and procedures, including ML/TF, have been formalized and implemented. Their implementation and effectiveness are audited during controls initiated by COBAC, the Statutory Auditors, Group Auditors and Internal Auditors.

**378.** Training programmes are sometimes initiated and implemented for all or part of the staff and governance bodies. Banks stated that they organize awareness campaigns, training sessions for their staff and sub-agents (MVTs and MTSPs), although the frequency thereof is questionable in practice, refresher sessions, training for new recruits and ongoing training for the control and compliance functions.

**379.** Bank procedures generally provide for various types of reporting, including: weekly updates to the Management Committee, monthly reporting to Management and to the Group, quarterly reporting to the Group on transactions with embargoed countries, quarterly reporting to the Group on financial security and regulatory compliance, reporting to the Risk Committee (on average three times a year), the annual report on AML/CFT and on non-compliance risk to COBAC and the annual internal control report to COBAC. Relations with the Regulator and ANIF are generally based on administrative cooperation, in particular the exchange of general information and the exchange of information relating to suspicious transactions. Reports on transactions of five million (5,000,000) CFA francs or more are sent monthly to ANIF, whose requests are dealt with promptly, within a maximum of eight (8) days. Transactions are recorded

by the Compliance Service and, at branch level, registers are generally kept of cash transactions in excess of 10,000,000 CFA francs and a register of cash transactions in excess of 50,000,000 CFA francs.

**380.** It emerged from the various discussions that compliance officers and internal control officers are appointed at other FIs. Their identities are communicated to the Secretariat General of COBAC (Articles 54 and 55 of COBAC Regulation 2016/04), DNA, CRCA and ANIF (Article 8 of the CIMA Regulation). However, there are weaknesses in the definition and implementation of compliance programmes, particularly with regard to AML/CFT. These compliance units do not have sufficient quantitative and qualitative resources to perform their duties.

**381.** The CEMAC, COBAC and CIMA Regulations enshrine the protection of managers and employees of FIs against any criminal or civil liability for breach of any rule relating to the disclosure of information imposed by contract or by any legislative, regulatory or administrative provision, when they report their suspicions in good faith to ANIF. The rules of professional secrecy governing FIs may not prevent them from complying with their obligation to provide information to the supervisors and NAFI or to report suspicious transactions.

**382.** Most DNFBPs do not have internal control mechanisms or resources dedicated to implementing their AML/CFT regulatory obligations.

**383.** No legal or regulatory provision was identified by the evaluation team as an obstacle to the implementation of internal controls for compliance with AML/CFT obligations in CAR.

**384.** However, from exchanges with COBAC in particular, the evaluation team learned that the information systems of credit and microfinance institutions do not allow effective monitoring of customer transactions in relation to their profile, nor appropriate controls when these transactions are unusual and complex. BOs and PEPs are not satisfactorily handled by their internal compliance systems. The evaluation team noted a lack of appropriate AML/CFT procedures and risk mapping for banks and MFIs. The promotion of an internal control culture to control risks in general, and non-compliance risks in particular, is still struggling to become an integral part of the various management bodies in institutions. In many establishments, front office staff are still the primary target of AML/CFT training, but the training needs expressed by this category of staff in the prevention and detection of ML/TF risks are slow to be fully met. In cases where specific AML/CFT training is provided, the frequency of such training undermines the updating of related knowledge.

**385.** Furthermore, risk management is often diluted and/or assimilated to the exclusive analysis of credit risk; it is common to observe insufficient coverage of the risk of non-compliance by the scope of intervention of internal audit in AML/CFT matters. This situation is further exacerbated by the fact that the information system is still characterized by the absence or anachronism of tools dedicated to monitoring all transactions and profiling customers. The statutory auditors' duty to alert the authorities as part of their regulatory due diligence is not being fulfilled satisfactorily; as regards the disclosure of criminal acts in the exercise of their duties, over the last three years, no specific communication from the statutory auditors to the

COBAC Secretariat General has been noted, despite numerous failings relating to due diligence in the area of ML/TF.

**386.** It has also been noted that banks are reluctant to comply with their obligation to share information with other competent authorities, in particular the Revenue Repatriation Unit. Only requests from public prosecutors seem to be carried out without delay by banks.

***Overall Conclusion on IO 4***

**387.** With the exception of banks and, to a lesser extent, insurance intermediary companies that are subsidiaries of foreign groups, reporting entities generally do not understand their ML/TF risks and the obligations incumbent on them in terms of AML/CFT and ML/TF risks. The lack of an assessment of ML/TF risks, particularly with regard to crypto-currency activities, the potential or proven intensification of the informal manual foreign exchange sector and the real estate sector, the difficulties in striking the right balance between the rigour of customer identification measures and the needs of financial inclusion, as well as the lack of sufficient training and awareness-raising among reporting entities, cast a significant shadow over the picture and mean that preventive measures are generally weaker and suspicion reports non-existent, with the exception of the banking system, which does very little.

**388.** Despite their importance in the creation of national wealth and the level of risk that their sector represents, DNFBPs show an overall rudimentary understanding of the risks and obligations associated with ML/TF and generally have major gaps in their AML/CFT systems.

**389. CAR was rated as having a low level of effectiveness with regard to IR 4.**

## 6. SUPERVISION

### 6.1. Key findings and recommendations

#### *Key findings*

- (a) The measures taken by the supervisors and the procedures for applying for authorization or prior authorization, as well as those relating to modifications, enable FIs to mitigate risks by preventing, to some extent, criminals and/or their accomplices from holding or becoming the beneficial owners of significant shares therein or from taking control thereof or occupying a management position therein.
- (b) Since the advent of the new foreign exchange regulation, and in the absence of a foreign exchange bureau that complies with the new requirements, no controls have been carried out in this sector, which is now exposed to the risk of the development of informal foreign exchange activities, likely to constitute nests conducive to money laundering and the terrorist financing, especially as CAR has not adopted measures to sanction informal manual foreign exchange activities.
- (c) As far as designated non-financial businesses and professions (DNFBPs) are concerned, no authority or self-regulatory body in CAR has the powers to ensure that AML/CFT requirements are implemented, which goes a long way towards justifying the fact that these concerns are not factored when considering applications for authorization to operate in these sectors. However, for liberal professions that are well organized into orders, such as notaries, lawyers and chartered accountants, the conditions and criteria for access provide reassurance that criminals or their accomplices cannot take control of them. As these requirements are not satisfactory for other categories, there is a real risk that they will be used for ML/TF purposes.
- (d) Given the potential of the Central African mining sector, the mismatch of the instruments and mechanisms for monitoring and controlling the various players in the field creates significant vulnerability and major risks of exploitation of precious stones and metals for ML/TF purposes.
- (e) CAR has adopted a law governing crypto-currency transactions, which provides for the creation of a National Agency for the Regulation of Electronic Transactions (ANTE), a body responsible for monitoring and regulating electronic transactions and crypto-currencies. However, the evaluation team noted that it was not yet established.
- (f) On-site inspections by COBAC are not regular and are not carried out using a risk-based approach. During the period under review, there were few inspections of banking institutions and even fewer of microfinance institutions. Ongoing documentary controls do not give rise to interaction with reporting entities, so that the latter could lower their level of vigilance and compliance with their AML/CFT obligations. This laxity led the evaluation mission to note that financial institutions are not making consistent efforts to correct the shortcomings identified.
- (g) For insurance and reinsurance companies and brokers, controls carried out by the CIMA Regional Insurance Control Commission (CRCA) and the dedicated services of the

Ministry in charge of insurance do not sufficiently take into account verification of compliance with AML/CFT requirements.

- (h) The mission was unable to meet with COSUMAF, but the financial markets sector does not appear to be subject to AML/CFT supervision.
- (i) DNFBPs as a whole are not subject to control of compliance with their AML/CFT obligations, in the absence of an authority or self-regulatory body with powers in this area.
- (j) Lastly, the supervisors as a whole hardly ever impose sanctions for non-compliance with AML/CFT obligations, as a result of insufficient supervisory action in this area. Implementing sanctions thus remains a major challenge in these sectors.
- (k) The supervisors and regulators have not yet carried out an analysis of the risks to which the reporting professions in their respective sectors are exposed.

### ***Recommendations***

CAR authorities are called upon to implement the following actions:

- (a) Establish a supervisory authority for the virtual assets sector and lay down clear and precise AML/CFT supervisory mechanisms for VASPs;
- (b) Designate the AML/CFT supervisory authority for money and value transfer companies (MVTCs) and postal financial services, and provide it with sufficient resources to implement supervision in these sectors;
- (c) Identify and formally designate, for each category of DNFBP, the supervisory authority responsible for implementing AML/CFT requirements with powers to sanction non-compliance with these requirements;
- (d) Raise awareness among the various supervisors of the need to systematically check the status of implementation of the targeted financial sanctions and to impose sanctions for non-compliance;
- (e) Provide USAF with adequate resources to enable it fully perform its duties;
- (f) Eliminate all obstacles to the proper performance of control functions, in particular with regard to access to the sites of dealers in precious stones and metals;
- (g) Withdraw the authorization of any trader in precious stones and metals who no longer complies with its specifications, in particular the cessation of mineral exports;
- (h) Multiply the number of forums dealing with AML/CFT issues for the various categories of players (supervisors, reporting entities, CSOs) so as to build their capacity to better identify and understand their AML/CFT obligations;
- (i) Build the capacity of supervisors in high-risk sectors to produce and disseminate guidelines for reporting entities on specific topics, to help them better understand, identify and assess ML/TF risks in their environment, and to equip them to take appropriate measures to mitigate such risks;



- (j) Strengthen the existing control system to make it truly operational and encourage supervisory bodies and regulatory authorities to incorporate into their control procedures an approach based on the risks to which the reporting entities in their respective sectors are exposed;
- (k) Identify manual money changers operating in the informal sector and provide them with appropriate support with a view to their formalization;
- (l) Accelerate and finalize the approval process to ensure compliance with current foreign exchange regulations for foreign exchange bureaux that have already been approved;
- (m) Strengthen ML/TF monitoring and control instruments and mechanisms in the precious stones and metals dealers' sector;
- (n) Sensitize supervisors to reinforce and diligently apply, in practice, the sanction regimes provided for in the various instruments against reporting entities that have failed to fulfil their AML/CFT obligations.

**390.** The Immediate Outcome relevant to this chapter is IO.3. Relevant Recommendations for the assessment of effectiveness under this section are R.14, 15, 26- 28, 34-35 and some elements of R.1 and 40.

## **6.2. Immediate Outcome 3 (Supervision)**

**391.** The analyses and conclusions presented in this chapter are based on discussions with the supervisory and self-regulatory authorities, the reporting entities and the findings of the on-site visit, which took place from 29 August to 14 September 2022. The analyses also take account of the significance of the various sectors and their respective levels of ML/TF risk, as explained in the first chapter of this report.

**392.** The Central African Republic is going through a post-conflict period and is rich in mining, wildlife and timber resources, to name but a few. As a result, it is particularly coveted and attracted by criminals and their accomplices who can perpetrate their criminal activities, recycle illicit financial resources or finance terrorist acts.

**393.** Furthermore, the Central African economy is still essentially characterized by cash transactions, low financial inclusion, the significant development of the informal sector and the use of informal transfer systems. In addition, State authority is not present in some areas with porous borders, but also CAR has for some time experience a proliferation of activities by gangs and armed groups within its territory and on the borders with some countries which are also experiencing various activities inherent in terrorism and mercenary activities.

**394.** Apart from the enactment of Law No. 22/001 of 22 April 2022 governing cryptocurrencies in the Central African Republic, there is no Community regulatory framework for virtual assets and virtual asset providers. In addition, the Central African Republic has not yet adopted a regulatory framework or an institutional mechanism capable of establishing appropriate supervision and control in the virtual assets sector.

**395.** All of the above factors constitute vulnerability factors to ML/TF, thus contributing to higher exposure to ML/TF risks for the banking, precious metals and stones trading, virtual asset, real estate and microfinance sectors. The money or value transfer, manual foreign exchange and gambling sectors, as well as lawyers and chartered accountants, have a moderate level of exposure to ML/TF risks. Lastly, mobile money payment service providers, the insurance and securities sectors, notaries and other reporting sectors not mentioned elsewhere have a low exposure to ML/TF risks. As a result, greater attention has been paid to sectors with a high level of exposure to ML/TF risks.

#### ***6.2.1. Licensing, registration and controls preventing criminals and associates from entering the market***

##### **Financial Institutions**

**396.** Whether COBAC, BEAC, CIMA, COSUMAF or the relevant departments of the national monetary authority, these authorities responsible for regulating, supervising and controlling financial institutions implement, to the best of their ability, vigilance measures to prevent criminals and accomplices from acquiring significant shareholdings, holding directorships or executive positions with a view to taking control of financial institutions. However, these vigilance measures are weakened by the insufficient implementation of requirements regarding the collection, preservation and updating of information on beneficial owners.

**397.** The weak beneficial owners' information system is inherent in the procedures implemented when legal entities are set up, in particular through the One-stop Business Formalities Office and their registration with the TPPCR, which do not allow information on beneficial owners to be collected exhaustively, checked for accuracy or updated regularly. In addition, the fact that the TPPCR of CAR is not connected to the OHADA server to enable timely screening for dishonest persons may potentially constitute an additional risk in relation to the identification of beneficial owners.

**398.** **For banking, microfinance and payment services activities,** prior to the exercise of these activities, an application for authorization for institutions in these fields, their managers and their statutory auditors is submitted to the Ministry of Finance and Budget (national monetary authority) and received by the Department in charge of financial and monetary affairs. This Department checks that the application is complete and, where it is not, may send a reminder to the applicant to provide the missing information.

**399.** Once the application is deemed complete, it is forwarded to COBAC for review and opinion. COBAC examines the application on its merits before giving its opinion. The licence application file must include a criminal record less than 3 months old for natural persons applying for a licence, and the composition of holdings and shareholder information for legal entities. Based on this information, COBAC verifies, among other things, the criminal background of applicants, their good repute and their integrity by extending searches to various sources to which it has access. To this end, it may consult the databases of BEAC, the Central Risk Database, the Central Balance Sheet Office and the Central Payment Incident Database, among others, or access information held by national monetary authorities by means of

requests. Where the applicants or shareholders are nationals of countries outside the CEMAC zone, COBAC refers to its foreign counterparts and to any foreign supervisor whose contribution may prove useful. The verification procedures implemented by COBAC ensure that criminals or their accomplices cannot hold or become the beneficial owners of a significant shareholding or control the financial institutions under its supervision. The national monetary authority may only issue a licence if COBAC's opinion is favourable.

**400. In the area of manual foreign exchange**, since the new regulation came into force in 2019, the competent services of the Ministry of Finance and Budget have registered one application for authorization. Upon receipt of applications for authorization, they generally check that the required documents are complete, and then the applications are regularly forwarded to BEAC for review and approval.

**401.** The licence application file must include, among other things, a copy of a valid identity document and a criminal record that is less than 3 months old (valid for the manager/executive director as well as for individual shareholders), a sworn statement in which the applicant/manager certifies that he/she is not subject to any of the prohibitions provided for by the regulations. Individual shareholders are required to make a sworn statement that the funds they invest do not come from illegal activities. All promoters who are legal entities must also provide a list of their shareholders, detailing for each of them the number of shares held, the nominal value of the shares and the corresponding percentage holding and equivalence in terms of voting rights, and must indicate the ascending shareholders until the final individual shareholders are identified. When reviewing applications for authorization, BEAC uses all this information and ensures that criminals and/or their accomplices cannot participate in the ownership of foreign exchange bureaux, take control thereof or hold a management position therein.

**402.** At the time of the on-site visit, the evaluation team was informed that no formal foreign exchange bureaux were operating in CAR. Only one bureau had met the requirements of the new regulations and its licence application was still being reviewed by BEAC. To this end, banks are prohibited from selling foreign currency to manual money changers. This situation undoubtedly leads to informal manual foreign exchange activity, and discussions with the various authorities show that they are not in a position to assess the scale of informal manual foreign exchange activity.

**403. In the case of money and securities transfer companies**, transfer operations are carried out under the cover of banking institutions established in CAR, which act as super agents for these international firms, thereby avoiding the need for the latter to be directly authorized by the national monetary authority.

**404.** For companies subject to COBAC supervision, all major changes that occur during in course of operations and significantly affect their legal situation (change in shareholding, change in share capital, change in company name, sale of business, merger, demerger, sale of significant shareholdings, etc.) are subject to prior authorization by COBAC or the national monetary authority. Through this request for prior authorization, the supervisors ensure that

criminals and/or their accomplices cannot hold or become beneficial owners of a significant shareholding or control the institution or hold a management position within it.

**405. In the insurance sector**, applications for authorization sent to the Minister in charge of insurance are registered and undergo a preliminary study by the National Directorate of Insurance. After this stage, the application is forwarded to CRCA for review and approval. The information documents required under Articles 328, 329 and 330 of the CIMA Code, in particular an extract from the criminal record not more than 3 months old; a list of the main shareholders and the percentage of share capital held by each of them; proof that the applicant has not been convicted of any ordinary law crime, theft, breach of trust, fraud or any offence punishable by law as fraud, embezzlement by a public official, extortion of funds or securities, issuing bad-faith cheques without sufficient funds, or damage to the credit of the Member State, for receiving goods obtained by means of these offences and included in the authorization application file make it possible, in addition to the supplementary investigations carried out by consulting various sources when the file is being investigated, to prevent criminals and/or their accomplices from acquiring a significant shareholding in the ownership of an insurance company or from taking control thereof or occupying management positions within it. Very often, insurance companies are set up by other insurance companies or investment banks, which are themselves subject to adequate supervision, which significantly limits the scope available to criminals to recycle their funds of illicit origin. CIMA stated that the origin of the funds that are generally invested in the sector remains easy to perceive because of the categories of people who take holdings as mentioned above. Similarly, the problem of governance rarely arises because the applicants are generally well known in the industry, having already held similar positions in an insurance company, given the way the groups are organized, and having been subject to due diligence. In addition, discussions with the supervisory authorities revealed that the property and casualty insurance market in CAR is in its infancy, with only one insurance company and four intermediaries, one of which has been operating in the life insurance sector for about two years with a small market share.

**406. COSUMAF** examines applications for authorization from **financial market players**. Unfortunately, the mission was unable to exchange views with the supervisor to enable it form an accurate opinion of the quality of the due diligence carried out in this area. However, given that the main players in this sector, in particular banks and/or their extensions, are subject to AML/CFT due diligence elsewhere, there is good reason to believe that, to some extent, it would be difficult for criminals and/or their accomplices to acquire significant holdings in or take control of players in the financial market sector or to occupy a management position therein.

#### **DNFBPs**

**407.** The various categories of DNFBPs operating in CAR are subject to obtaining prior authorization, a licence or an authorisation before commencing their activities. From the various authorities in charge of examining applications or issuing the authorization or licence that the mission was able to meet, it emerged from the discussions that due diligence relating to AML/CFT is not carried out at the various stages of the process. Moreover, some of these

authorities are not so well informed about the issue, to the point that they are unaware of their AML/CFT obligations.

**408.** However, for liberal professions that are well organized into orders, such as notaries, lawyers and chartered accountants, the requirements laid down in their separate instruments that must be met before entering the profession contain sufficient elements to verify the good character and integrity of applicants, which to some extent prevents criminals and/or their accomplices from acquiring a significant shareholding, taking control of the entity or occupying a management position within it. Aspirants to these professions are required to include a criminal record less than 3 months old with their application. They are trained in specific areas, particularly in the case of notaries, where access to the Ecole Notariale is subject to special requirements. They are required to spend some time training in other firms and must take an oath before carrying out their activities.

**409. For gaming establishments, including casinos,** the administrative authorities responsible for reviewing applications for authorization to operate and issuing licences do not pay much attention to AML/CFT issues during entry into the market. At the time of the on-site visit, there were no casinos in CAR, but rather urban betting and other gambling establishments. These supervision shortcomings could potentially open up loopholes allowing criminals and/or their accomplices to recycle illegally acquired funds.

**410.** As regards the **other categories of DNFBP**, dealers in precious stones and metals, real estate agents, business service providers, etc., discussions with the various major players responsible for their respective supervision revealed that the systems adopted to review applications for authorization or licences to enter the market do not take account of AML/CFT concerns to prevent criminals and/or their accomplices from acquiring significant holdings or taking control of these entities or even occupying a management position. This state of affairs makes these DNFBPs more vulnerable to ML/TF and more likely to be used and controlled by criminals and/or their accomplices.

#### **VASPs:**

**411.** Although CAR enacted Law No. 22/001 governing crypto-currencies on 22 April 2022, followed by the launch of the Sango coin, the national digital currency with legal tender status, it has not yet established an institutional framework to supervise virtual asset service providers and regulate virtual asset services, nor carried out an assessment of the ML/TF risks to which the sector could be exposed. At the time of the on-site visit, CAR was unable to provide any information on the virtual asset sector or provide any response to the evaluators' concerns on the subject. Under these conditions, should virtual asset service providers be set up in CAR, these regulatory and institutional shortcomings constitute significant risks that the virtual asset sector could host criminals and/or their accomplices who could invest in taking significant holdings or control of these entities or even occupy a management position within them.

#### **6.2.2. Supervisors' understanding and identification of ML/TF risks**

**412.** In CAR, COBAC monitors credit and microfinance institutions' compliance with AML/CFT obligations. It supervises four banking institutions, all belonging to groups, and

twelve microfinance institutions. These are the banking institutions which, in partnership with the mobile phone companies (Orange and Telecel), provide electronic payment services. At the same time, they act as super agents for the money and value transfer companies.

**413.** Given the particular situation in CAR, COBAC has not carried out regular on-site inspections. On the other hand, documentary checks are carried out on a regular basis, in particular as regards banking institutions, which are required to self-assess using the Questionnaire on Assistance to Surveillance, Treatment and Organization of Anti-Money Laundering (ASTROLAB). This is a compliance check, which is not sufficient to enable COBAC to adequately identify and understand the risks to which the banking sector is exposed. In addition, COBAC has not yet carried out a sector risk assessment for the categories of entities subject to its supervision and required to cover the products they offer. However, based on the supervision of prudential standards, COBAC seems to have an acceptable and comprehensive understanding of ML/TF risks in the sectors in which it operates.

**414.** The same is true of BEAC and the services of the Ministry of Finance and Budget (national monetary authority), which have not yet conducted risk assessments in the financial sectors under their regulatory and supervisory remit, so that they do not have a sufficient and ongoing understanding of the ML/TF risks to which these entities and the products they offer are exposed. Nevertheless, BEAC, by virtue of its strategic position and its involvement in AML/CFT matters, seems to have an average understanding of the ML/TF risks to which CAR's financial sector is exposed.

**415.** CRCA has not yet carried out a risk assessment of the Central African insurance market. Discussions with CIMA revealed that this market is very underdeveloped, with only one branch acting as an intermediary in the life sector. In so doing, it did not pay particular attention to the insurance sector, with the result that potential ML/TF risks in the sector could escape the supervisor's vigilance. The same is true of the National Directorate of Insurance, which essentially focuses its supervision of intermediaries on insurance premiums. Aspects relating to AML/CFT obligations were not a major concern for the supervisory authorities until the time of the on-site visit. As a result, the authorities responsible for regulating and supervising the insurance sector in CAR have not yet adopted an adequate system enabling them to have a good understanding on an ongoing basis of the ML/TF risks to which the insurance market as a whole could be exposed.

**416.** As far as the financial market is concerned, the evaluation team was not able to discuss with COSUMAF to get a full picture of the measures taken in this area. Nevertheless, it emerges from discussions with market participants and from additional research that the financial market supervisor has not yet undertaken an assessment of ML/TF risks in the sector or developed an adequate system to enable it identify and ensure a good understanding of ML/TF risks to which financial market participants and products could be exposed in CAR.

**417.** As far as DNFBPs are concerned, in the absence of self-regulatory authorities or bodies designated to monitor compliance with AML/CFT obligations for each of the categories operating in CAR, it was not possible for the evaluation mission to verify the implementation of the principles of identification and understanding on an ongoing basis of the ML/TF risks to

which the various players could be exposed. Moreover, following the discussions held during the on-site visit, no concrete action has been taken to identify and understand ML/TF risks in the DNFBP sector in particular, even though CAR has embarked on a national risk assessment process, the findings of which could help to remedy some of these shortcomings.

**418.** Apart from introducing the legal framework governing crypto-currencies, adopting bitcoin as the benchmark digital currency and creating a national digital currency, the sango coin, no mechanism is in place in CAR to monitor the virtual assets sector. Faced with this shortcoming, CAR has consequently not adopted any system enabling it to identify and ensure an ongoing understanding of the ML/TF risks to which the virtual assets sector could be exposed.

### ***6.2.3 Risk-based supervision of compliance with AML/CFT requirements***

**419.** Between 2016 and 2021, COBAC carried out eleven on-site inspections during which AML/CFT issues were addressed out of a total of 72 inspections, i.e. an average of 15%. A total of six general audits, including four at credit institutions and two at microfinance institutions, included an AML/CFT component. In 2016 and 2021, none of the 16 and 15 on-site inspections carried out included an AML/CFT component (see Table 6.1 below). The general audit enables COBAC to review the implementation of the entire system and the requirements relating to the exercise of activities in the financial sector. AML/CFT issues include, but are not limited to, compliance with AML/CFT training for staff, the existence of formal procedures for reporting suspicions and the frequency with which they are updated, the state of risk management and compliance functions, the inclusion of AML/CFT concerns in statutory auditors' reports, and the status of implementation of due diligence obligations. Despite these controls, the level of compliance by reporting entities with their AML/CFT obligations remains low, which in practice points to the weakness of the control function over reporting entities in achieving the expected outcomes.

**420.** Documentary control is essentially carried out through the half-yearly submission by banking institutions of answers to the ASTROLAB questionnaire dealing with information and data on ANIF correspondent, subsidiaries and branches of the reporting institution established outside the CEMAC zone, statistics relating to the reports recorded and the training provided to staff during the last half-year, internal procedures and the operation of the preventive system adopted by the reporting institution as part of AML/CFT. However, despite the information collected by COBAC, and in the absence of a risk assessment of the sector under its supervision, the programming of controls of reporting entities is not based on a risk-based approach.

Table 6.1 Summary of supervision missions conducted by COBAC in CAR from 2016 to 2021

Type of mission and category of institution	2016	2017	2018	2019	2020	2021	Total
<b>Thematic supervision with AML/CFT component</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>5</b>
Credit institution	0	1	0	4	0	0	5
Microfinance institution	0	0	0	0	0	0	0
<b>General audit with an AML/CFT chapter</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>6</b>
Credit institution	0	4	0	0	0	0	4
Microfinance institution	0	0	1	0	1	0	2
<b>Number of missions addressing AML/CFT issues</b>	<b>0</b>	<b>5</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>11</b>
Credit institution	0	5	0	4	0	0	9
Microfinance institution	0	0	1	0	1	0	2
<b>Total number of missions</b>	<b>16</b>	<b>9</b>	<b>13</b>	<b>14</b>	<b>5</b>	<b>15</b>	<b>72</b>
<b>Share of missions addressing AML/CFT component</b>	<b>0%</b>	<b>56%</b>	<b>8%</b>	<b>29%</b>	<b>20%</b>	<b>0%</b>	<b>15%</b>

Source: COBAC

**421.** The national monetary authority, the Ministry of Finance and Budget, has operational services that monitor, among other things, credit institutions, microfinance institutions and insurance intermediaries, but their scope of supervision is limited and essentially focused on aspects relating to their administrative compliance to operate in CAR. As a result, the audits carried out by these services hardly address AML/CFT issues. Consequently, these services do not incorporate into their control systems an approach based on knowledge of the ML/TF risks to which the supervised reporting entities are exposed.

**422.** As far as CRCA is concerned, monitoring compliance by insurance companies established in CAR with their AML/CFT obligations is not a major concern for two main reasons: the small size of the Central African insurance market, with only one property and casualty insurance company, and the still fragile security situation in the country. It should be pointed out that CIMA has not conducted any on-site control of the insurance sector in the last ten years. CIMA stated that most groups carry out group monitoring and that, for that reason, there has been no particular remarks. In the absence of an assessment of the ML/TF risks to which the sector could be exposed, CIMA is content with the arguments given above, and do not programme monitoring based on the risks of reporting entities under its supervision prerogatives.

**423.** During the on-site visit, the evaluation team could not discuss with COSUMAF which, moreover, does not carry out monitoring based on the ML/TF risks to which financial market players could be exposed in CAR.

**424.** With regard to DNFBPs as a whole, risk-based monitoring of the degree of compliance with their AML/CFT obligations is not yet carried out in CAR since no authority or self-regulatory body has been designated to monitor compliance with their AML/CFT obligations. Risk-based supervision cannot be implemented.



**425.** In the mining sector in particular, gold and diamond activities are monitored by the *Bureau d'Evaluation et de Contrôle du Diamant et de l'Or* (BECDOR), supported by a Special Anti-Fraud Unit (USAF). However, the lack of adequate resources and means prevents this unit from performing its duties properly and effectively. Its role is almost limited to transporting diamond parcels from the production areas to BECDOR. In addition, the geographical location of some entities, in particular within diplomatic representations, is not such as to facilitate access by control bodies in a timely manner. Moreover, the two entities do not have the powers to monitor, let alone sanction, non-compliance by dealers in precious stones and metals with their AML/CFT obligations.

**426.** Similarly, in the absence of an established authority to regulate and supervise the virtual assets sector and having had no interlocutors to discuss the subject during the on-site visit, the mission concludes that, at this stage, there is no supervision of the virtual assets sector and even less supervision incorporating a risk-based approach.

#### ***6.2.4 Remedial actions and effective, proportionate and dissuasive sanctions applied***

**427.** For the supervisory authorities designated to monitor financial institutions' compliance with their AML/CFT obligations, an analysis of the existing instruments annexed to this report (in particular Recommendation 35) shows that they have sanctioning powers. On the other hand, it was shown that there are no competent authorities designated to monitor DNFBPs and VASPs compliance with their AML/CFT obligations. This major shortcoming observed in the DNFBP and VASP sectors therefore makes it impossible to verify the effective, proportionate and dissuasive nature of the corrective actions and/or sanctions applied to them. The analysis will therefore focus on the FI supervisory authorities only.

**428.** With regard to COBAC, Table 6.2 below shows the sanctions imposed by COBAC on the institutions under its supervision and their managers over the period from 2016 to 2021. These data show that over the entire period, COBAC applied only four sanctions in 2018 against one institution and three managers, and issued three injunctions with fines in 2019. Discussions with COBAC during the on-site visit showed that the entities subject to its supervision were slow to make timely and substantial corrections to the shortcomings identified. In addition, the non-existent on-site inspections and the lack of interaction between the supervisor and reporting entities during documentary checks (reporting entities receive little feedback from the supervisor on the questionnaires submitted, which seem to be automatically validated) help to explain, to some extent, the low rate of sanctions, the effective, proportionate and dissuasive nature of which cannot be demonstrated.

Table 6.2 Sanctions pronounced by COBAC against reporting institutions and their managers from 2016 to 2021

Type of sanctions and categories sanctioned	2016	2017	2018	2019	2020	2021	Total
<b>Types of sanctions pronounced</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
Warning	0	0	0	0	0	0	0
Reprimand	0	0	4	0	0	0	4
Disciplinary withdrawal of manager's approval	0	0	0	0	0	0	0
<b>Sanctioned categories</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
General Manager (reprimand)	0	0	1	0	0	0	1
Assistant General Manager (reprimand)	0	0	1	0	0	0	1
Board Chairperson (reprimand)	0	0	1	0	0	0	1
Institution	0	0	1	0	0	0	1
<i>Warning</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Reprimand</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1</i>
<i>Disciplinary withdrawal of manager's approval</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>AML/CFT-related injunctions issued</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>3</b>
With payment of fines	0	0	0	3	0	0	3
Without payment of fines	0	0	0	0	0	0	0

Source: COBAC

**429.** Discussions with the services of the national monetary authority responsible for supervising FIs revealed their limited capacity to implement this requirement in practice. These prerogatives generally fall within the remit of supranational supervisory institutions (COBAC, COSUMAF, BEAC, CIMA), and these services are more involved in monitoring the sanctions imposed by these institutions. From the above, it was therefore not possible for the evaluators to objectively assess the effectiveness, proportionality and dissuasiveness of the corrective actions and/or sanctions applied.

**430.** BEAC has not applied any sanctions or taken any AML/CFT corrective action in respect of its reporting entities, in particular manual money changers. In particular, no formal money changers have been operating since the new foreign exchange regulations came into force in 2019, so the evaluation team does not have enough concrete evidence to be able to give an opinion on the effectiveness, proportionality and dissuasiveness of the corrective action taken.

**431.** CIMA, for its part, pointed to the special nature of the insurance market in CAR to justify the weak supervision and the little attention paid thereto, especially as the only insurance company operates in the property and casualty sector, which is less at risk of ML/TF. Also, and in practical terms, it emerged from the videoconference discussions at the time of the on-site visit that CIMA has not taken any action in relation to the failure of established insurance companies to comply with their AML/CFT obligations. In these circumstances, the evaluation team does not have the evidence to objectively assess and make a statement on the effectiveness, proportionality and dissuasiveness of the corrective actions or sanctions applied.

**432.** Given that the evaluators were not able to discuss with COSUMAF at the time of the on-site visit, and taking into account the weak AML/CFT supervision in the financial market

sector, they deduce that there is no evidence to enable them assess the effectiveness, proportionality and dissuasiveness of the corrective actions or sanctions applied.

**433.** As mentioned above, the absence of designated competent authorities for the various categories of DNFBPs means that de facto the requirements for monitoring compliance with their AML/CFT obligations are not implemented. As a result, and for all the DNFBPs, the evaluators are not in a position to assess the effective, proportionate and dissuasive nature of the corrective actions or sanctions applied.

**434.** Similarly, in the absence of an institutional framework to oversee the virtual asset sector outside the legislative framework governing crypto-currencies in CAR, the evaluators simply deduce that sanctions have not been implemented and that no corrective action can be envisaged at this stage.

#### ***6.2.5 Impact of supervisory actions on compliance***

**435.** From the discussions that the evaluators had with the various stakeholders, and with the various supervisors in particular, it should be noted that the actions undertaken by these authorities have not yet produced the expected impact on the level of compliance of FIs, DNFBPs and, to a lesser extent, VASPs. This can be largely justified by the weakness or non-existence, depending on the case, of AML/CFT controls and the virtual absence of sanctions applied following non-compliance by the various entities with their AML/CFT obligations.

**436.** However, it is important to stress that the few improvements in the level of compliance of banking institutions are essentially attributable to the requirements and control exercised at the level of their respective groups, given that all banks established in CAR are subsidiaries of groups.

#### ***6.2.6 Promoting a clear understanding of AML/CFT obligations and ML/TF risks by financial institutions, DNFBPs and VASPs***

**437.** At the end of the on-site visit, the evaluators were not aware of any guidelines produced for any category of reporting entities to help them better understand their AML/CFT obligations and to identify and understand the ML/TF risks to which they are exposed.

**438.** Similarly, the evaluator noted a shortcoming in the implementation by the competent authorities of their obligations regarding feedback in accordance with Recommendation 34, which could contribute to promoting reporting entities' good understanding of their AML/CFT obligations, but also of the ML/TF risks to which their sectors and/or activities are exposed.

**439.** The shortcomings noted above concern financial institutions, designated non-financial businesses and professions and virtual asset service providers.

### ***Overall Conclusion on IO 3***

**440.** With the exception of money and securities transfer companies, which are not licensed in CAR because they enter into agreements with super agents, i.e. banks established in CAR, in order to carry out their activities, the various FI supervisors take steps that are generally satisfactory, despite the weakness of the system for identifying beneficial owners, to prevent criminals and/or their accomplices from holding or becoming beneficial owners of a significant stake in the market, from controlling these financial institutions or from occupying a management position therein them. Furthermore, even though COBAC seems to have a better understanding of the AML/CFT risks to which the players under its supervision are exposed, it does not monitor the rare AML/CFT-related supervisory actions on the basis of their risks, and does not often use binding actions/sanctions to bring them to make positive changes in terms of bringing their AML/CFT arrangements into compliance. These weaknesses also apply to other financial sector supervisors, notably BEAC, CIMA, COSUMAF and the supervisory services of the national monetary authority.

**441.** For DNFBPs, apart from the liberal professions that are well organized into orders such as notaries, lawyers and chartered accountants, the entry verification system does not appear to be sufficiently watertight to prevent criminals and/or their accomplices from acquiring a significant stake, taking control of DNFBPs or occupying a management position within them. The absence of competent authorities designated to monitor the failure of DNFBPs to comply with their AML/CFT obligations is a major shortcoming that hampers the implementation of AML/CFT requirements in this sector.

**442.** Similarly, no mechanism has been adopted to ensure the supervision of VASPs in CAR, despite the country's enactment of a law on 22 April 202 giving legal tender status to crypto-currencies in the Central African Republic and adopting bitcoin as legal tender.

**443.** From the foregoing, it can be seen that the functions for monitoring non-compliance by the various entities subject to AML/CFT regulations with their obligations in this area in CAR are poorly implemented, revealing major shortcomings in the supervisory system capable of preventing FIs, DNFBPs and VASPs from being misused for AML/CFT purposes by criminals and/or their accomplices.

**444. CAR is rated as having a low level of effectiveness for IO 3.**

## 7. LEGAL PERSONS AND ARRANGEMENTS

### 7.1. Key findings and recommendations

#### *Key findings*

- (a) The procedures in place for the establishment of commercial companies in CAR do not allow for the collection and availability of information on the identity of the natural persons who ultimately own or control the legal entities at the time of completing the formalities for the establishment of the latter.
- (b) Basic information on legal entities is archived by the Registry or the notary's office as appropriate, but is not directly accessible to the public despite the legal obligation to do so. They may only be disclosed to a third party at the request of the public prosecutor. Furthermore, the TPPCR is not connected to the OHADA server, which would give wider access to databases to facilitate the detection of dishonest reporting entities.
- (c) Overall, the checks carried out when legal entities are set up are not sufficiently watertight to prevent criminals and their accomplices from taking control of legal entities. Archiving of legal entity files is manual and verification of the authenticity of the required documents is done empirically, so that it cannot offer sufficient guarantees as to its effectiveness.
- (d) In CAR, there are no adequate mechanisms for identifying and collecting information on the beneficial owners of legal persons and arrangements. Under these conditions, it is difficult to meet the need for information on beneficial owners at the time of ML/TF investigations because it is not available in full.
- (e) The Central African authorities involved in the chain of creation, monitoring, control and regulation of legal entities have little understanding of the ML/TF risks to which these various legal entities could be exposed.
- (f) CAR's legal framework does not provide for the creation of legal arrangements. However, there is no provision expressly prohibiting the performance of legal arrangement services by some independent legal professionals and/or by foreign legal arrangements and similar arrangements. In these circumstances, there are no mechanisms in place to ensure their transparency.
- (g) CAR did not provide information on the application of sanctions for non-compliance by legal persons and arrangements with their information and transparency obligations. In the absence of such information, the evaluation team was unable to assess the effectiveness, proportionality and dissuasiveness of the sanctions applied in this respect.

#### *Recommendations*

CAR authorities are called upon to implement the following actions:

- (a) Carry out an assessment of the risks of abuse of all legal entities and arrangements in relation to ML/TF and see to the appropriate reinforcement of suitable control measures together with their effective implementation to mitigate the risks identified;

- (b) Build the capacity of the various players involved in collecting and storing information on beneficial owners (GUFÉ, FIs and DNFBPs) to better identify, collect, store and update in a timely and comprehensive manner information on the beneficial owners of legal persons and arrangements whenever a relationship is entered into;
- (c) Connect the TPPR kept by the Registry in the One-stop Business Formalities Office to the OHADA server for wider access to shared information on the beneficial owners of legal entities and legal arrangements being set up in CAR;
- (d) Set up information-sharing mechanisms and make them more accessible to the public in order to guarantee the transparency of legal persons and legal arrangements;
- (e) Strengthen the sanctions regime and apply sanctions whenever breaches of the obligations of legal persons and arrangements are observed;
- (f) Build the capacity of the various competent authorities involved in the process of creating legal entities and arrangements with regard to AML/CFT issues so that they can understand their own obligations and implement them.

**445.** The Immediate Outcome relevant to this chapter is IO.5. Relevant Recommendations for the assessment of effectiveness under this section are R.24, R.25 and some elements of R.1, R.10, R.37 and R.40.

## **7.2. Immediate Outcome 5 (Legal persons and arrangements)**

**446.** The various categories of legal entity recognized by the OHADA Uniform Acts may be established in CAR, including sole proprietorships, limited liability companies, single-member limited liability companies, public limited companies, single-member public limited companies, non-trading property companies, cooperatives, economic interest groups, branches, etc. The formalities for their creation, modification or dissolution are carried out at the One-stop Shop for Business Formalities (GUFÉ). From 2017 to 2021, GUFÉ completed 9,447 formalities of all types, i.e. an annual average of around 1,900 formalities, of which start-ups accounted for 86.41%. Furthermore, CAR has not ratified the Hague Convention of 1 July 1985 on the law applicable to trusts and their recognition, nor does it have any specific legislation on legal arrangements. However, there is no legal provision prohibiting trusts set up abroad from operating on Central African territory or from being administered there.

**447.** The formalities for recognition and authorization to operate as non-profit organizations, including associations and foundations, are the prerogative of the Ministry responsible for territorial administration.

### ***7.2.1 Public availability of information on the creation and types of legal persons and arrangements***

**448.** Useful and practical information on the different types of legal entity that can be set up in CAR is available and can be consulted on the One-stop shop web portal (Assistance formalités - GUFÉ ([gufe-](http://gufe-)

rca.org)).<sup>45</sup> The information, which is accessible to the public, sheds light on the characteristics of the company, the main legal obligations depending on the type of company, the various conditions and formalities for setting up this type of company, and the various authorizations required to perform an activity in CAR.

**449.** The information and documents collected at the time of completion of formalities at GUFÉ are kept at the Registry of the Commercial Court located at the GUFÉ premises. As the Trade and Personal Property Credit Register (TPPCR) in CAR is not connected to the OHADA server, information on legal entities created in CAR cannot be consulted online, thus limiting its accessibility to the public.

**450.** GUFÉ has seven (7) external services, but they were still not operational at the time of the on-site visit. All formalities concerning legal entities are carried out at the GUFÉ in Bangui. It should be noted that notaries are also authorized to carry out acts of creation, modification or dissolution of legal entities in CAR. Whether the Registry or Notaries are involved, information on the creation and types of legal entities is only accessible to anyone other than the representative of the legal entity itself by requisition from judicial authorities.

**451.** Insofar as a request in due form is presented, the information requested is made available immediately, and otherwise, within a period not exceeding 48 hours.

**452.** Generally, information on the creation and types of non-profit organizations can be obtained from the services of the Ministry in charge of territorial administration. As far as NGOs in particular are concerned, information on their creation, type and areas of intervention can be obtained from the Permanent Secretariat for NGOs and is also accessible to the public via the SPONG web portal (ONG nationales et internationales, les dossiers à renseigner (spong-rca.org)).<sup>46</sup>

**453.** After discussions with the various Central African authorities, no information was provided on the creation and types of trusts, as there are no provisions allowing the creation of legal arrangements in CAR. Nor was any information provided on the setting up or transferring a foreign trust to CAR.

### ***7.2.2 Identification, assessment and understanding of ML/TF risks and vulnerabilities of legal entities***

**454.** CAR has not yet initiated a national ML/TF risk assessment. At the time of the on-site visit, CAR was unfortunately unable to demonstrate the existence of operational mechanisms in place to identify, assess and understand the vulnerabilities and risks of using legal entities for ML/TF purposes. As a result, it also failed to demonstrate the existence of any operational measures in place to identify, assess and understand the vulnerabilities to which legal entities created in CAR could be diverted for ML/TF purposes.

**455.** It should be noted that the main public players involved in the creation, monitoring, control and even regulation of legal entities in CAR are, in most cases, unfamiliar with

---

<sup>45</sup> <https://www.gufe-rca.org/assistance-formalites/>

<sup>46</sup> <https://www.spong-rca.org/vos-demarches-et-services/>

AML/CFT requirements, with the result that this area does not receive any attention when it comes to implementing the prerogatives devolved on them.

**456.** As a result of the above-mentioned shortcomings, it should be noted that virtually no adequate measures have been taken to protect legal entities from the risks of being abused for ML/TF purposes.

**457.** During the on-site visit, various discussions were held with the services in charge of setting up and storing information on legal entities. It was noted that these services have a low level of awareness of AML/CFT issues and have virtually no understanding of the ML/TF risks to which legal entities set up could be exposed. As a result, the formalities they follow to set up legal entities do not include minimum checks of AML/CFT requirements. However, the formalities carried out by notaries include minimum AML/CFT requirements.

**458.** Generally, CAR authorities have little understanding of the risks that legal entities created in CAR run of being abused for ML/TF purposes.

### ***7.2.3 Mitigating measures to prevent the misuse of legal persons and arrangements***

**459.** In CAR, information relating to the creation of legal entities is registered with the Registry of the Commercial Court at the GUFÉ in the Trade and Personal Property Credit Register (TPPCR). This process provides a database that can be filtered by cross-referencing with other sources to search for and flush out potential criminals, which should mitigate the risks of misuse of legal entities for ML/TF purposes. However, there is no effective mechanism for identifying applicants in terms of AML/CFT or for verifying the origin of funds to ensure that legal entities are not used for ML/TF purposes. In addition, there is a lack of archiving, which affects the quality of the preservation of documents and information on these legal entities.

**460.** In practice, when doing business with legal entities, FIs and some DNFbps request and collect information enabling them to identify the beneficiaries of the transactions involved. This can go some way to identifying beneficial owners, but it can also mitigate the risk of legal entities being misused for ML/TF purposes.

**461.** Public limited companies may issue bearer shares and are obliged, in accordance with Article 746 of the AUSCGIE, to convert them into registered shares in the event of a public offering on the financial market. It is also possible for shares to be registered under nominees, or for an administrator to be appointed by proxy to act on behalf of another person. There are no mechanisms in place to oblige shareholders or administrators acting on behalf of another person to disclose to the company the identity of the person who appointed them, so that the risks of misuse of legal entities for ML/TF purposes are not significantly mitigated.

**462.** While it is possible for foreign trusts to carry out their activities through national intermediaries in CAR, and despite the fact that the country is not a party to the Convention of 1 July 1985 on the Law Applicable to Trusts and on their Recognition, CAR has not established mechanisms to help mitigate the risks of legal arrangements being exploited for ML/TF purposes.



**463.** When it comes to incorporating legal entities, whether this involves notaries or GUFÉ directly, the main concern is the completeness of the documents required and making up the company incorporation file. Consequently, no particular attention is paid to AML/CFT concerns throughout the procedure. This state of affairs is likely to result in insufficient and incomplete information on the beneficial owners of these legal entities or potential managers.

**464.** Discussions with the various competent authorities involved in the creation of legal entities in CAR during the on-site visit highlighted the weakness of appropriate measures to prevent these legal entities from being misused for money laundering and terrorist financing purposes. Moreover, some of the information provided to the evaluators raised serious suspicions that some legal entities were being used for ML/TF purposes, in particular legal entities operating in the mining and real estate sectors, as well as NGOs. However, the authorities were unable to demonstrate appropriate treatment that could lead to investigations, prosecutions and convictions for ML/TF.

**465.** In the NPO sector in particular, and in view of CAR's post-conflict context, discussions with the main stakeholders and competent authorities suggest that there is a risk that they could be abused for ML/TF purposes. However, CAR has not yet really implemented operational mechanisms and appropriate measures to mitigate these risks as much as possible.

#### ***7.2.4 Timely access to adequate, accurate and current basic and beneficial ownership information on legal persons***

**466.** The basic information on the creation of legal persons is contained in the TPPCR file, which is kept manually only by the Registry located within the GUFÉ. The information is updated as and when legal persons are required to fulfil certain obligations vis-à-vis various authorities (administrative, tax, customs, etc.). Notarial offices also hold and store basic information about the legal persons for which they were involved in the procedures for their creation.

**467.** The various competent authorities can also obtain basic information on legal persons available from the Registry in the TPPCR by means of a request from the judicial authorities. The information, which is kept on physical media, can be obtained immediately or within a period not exceeding 48 hours.

**468.** There are no appropriate mechanisms for collecting accurate and up-to-date information on beneficial owners in CAR. Furthermore, the information contained in the TPPCR does not consistently include information on beneficial owners. In light of the above, it should be noted that the lack of adequate mechanisms for collecting, storing and updating beneficial owner information is a serious impediment to the ability of the competent authorities to obtain satisfactory, accurate and timely information on beneficial owners of all types of legal persons created in CAR.

**469.** As far as NPOs are concerned, basic information on their managers and members is generally contained in their articles of association, which are available from the competent services of the Ministry in charge of territorial administration, as well as from the Permanent Secretariat for NGOs in particular. The weakness of appropriate mechanisms for collecting,

keeping and updating information on beneficial owners also makes it difficult to access and make available information on the identification of beneficial owners of NPOs.

**470.** CAR authorities have not been able to demonstrate the effectiveness of the identification of beneficial owners and the exchange of information on the transparency of legal persons with foreign countries through international cooperation.

#### ***7.2.5 Timely access to adequate, accurate and current basic and beneficial ownership information on legal arrangements***

**471.** CAR is not a signatory to the Hague Convention of 1 July 1985 on the law applicable to trusts and their recognition. Discussions with the various Central African authorities and other key players showed that there are no legal arrangements such as trusts or other similar wealth management entities.

**472.** However, CAR authorities have not demonstrated the existence of a legal framework prohibiting foreign trusts from operating in CAR, nor professionals established in CAR from providing services to foreign trusts. This lack of clarification may open up opportunities for foreign trusts to operate in CAR and for professionals established in CAR to provide services to foreign trusts.

**473.** From the foregoing, the competent authorities have demonstrated no ability to obtain satisfactory, accurate and up-to-date information on the beneficial owners of the legal arrangements in a timely manner.

#### ***7.2.6 Effectiveness, proportionality and dissuasiveness of sanctions applied***

**474.** Based on discussions with the various competent authorities, there was no evidence of the effective application of sanctions against persons who had not complied with their information obligations to meet the requirements of this immediate outcome.

**475.** Thus, in the absence of sanctions imposed on legal persons and arrangements for non-compliance with their information obligations, it was not possible for the evaluation team to determine and assess the effective, proportionate and dissuasive nature of the sanctions applied to legal persons and arrangements established in CAR.

***Overall Conclusion on IO 5***

**476.** Ultimately, the mechanisms implemented in CAR are not sufficiently robust to enable the collection, storage and updating of information on legal persons and legal arrangements so as to guarantee their transparency and thus prevent them from being exploited for criminal purposes, particularly their misuse for ML/TF purposes. The basic information provided at the time of completing the formalities for setting up a company is recorded in the TPPCR, which is kept solely by the Registry of the Commercial Court at the One-stop Shop for Business Formalities. Their authenticity is verified empirically, and is insufficiently watertight to detect all information on dishonest individuals. Information on the beneficial owners of legal persons and arrangements is also lacking.

**477.** Also, CAR has not conducted thematic studies that would provide relevant information for identifying and understanding the risks of misuse of the categories of legal persons created in the country for ML/TF purposes. As a result, no appropriate measures have been taken at CAR level to mitigate the risks that would have been identified beforehand.

**478.** Similarly, the competent authorities in charge of NPOs do not have sufficient information on beneficial owners to ensure that they are not abused for ML/TF purposes.

**479.** Access to the information collected on legal persons and arrangements may only be granted by means of a request from the judicial authorities. This information is not accessible on a shared platform to enable the public to consult it in a timely manner.

**480.** It should also be noted that CAR has not provided any information that would make it possible to decide on the application of effective, proportionate and dissuasive sanctions for non-compliance by legal persons and arrangements with their information and transparency obligations.

**481. CAR is rated as having a low level of effectiveness for IO 5.**

## 8. INTERNATIONAL COOPERATION

### 8.1. Key findings and recommendations

#### *Key findings*

- (a) The Central African Republic has a suitable legal framework for mutual legal assistance and extradition. However, no data on the use of these mechanisms has been provided. The country has neither requested nor granted international cooperation in matters of mutual legal assistance and extradition in the field of AML/CFT. Data provided for the evaluation period from 2018 to 2022 indicates that the country has made a few requests relating to the underlying offences. Most requests have remained unsuccessful.
- (b) There is no formal bilateral cooperation on TF with countries affected by terrorism and its financing. There have been no formal requests for cooperation on TF with neighbouring countries or anywhere else in the world, which is not consistent with the country's risk profile.
- (c) The country has a central authority and a directorate responsible for mutual assistance and extradition in the Ministry of Justice. However, there is no centralized system for archiving and managing files, which means that it is not possible to provide information on the collection and processing times. No information was provided on the prioritization of files.
- (d) ANIF is not yet a member of the Egmont Group. It may have access to intelligence through the cooperation mechanism with other FIUs in the GABAC jurisdiction or with its foreign counterparts. However, this mechanism for accessing foreign information has not yet been implemented.
- (e) Some competent authorities, such as the national police through the Interpol NCB, Customs through the WCO and the tax authorities through CREDAF, exchange information with their foreign counterparts and request support for their investigations. However, data relating to such cooperation is not systematically kept. As a result, the authorities have not been able to demonstrate that they exchange information in an appropriate and timely manner.
- (f) COBAC has cooperation agreements enabling it to exchange information on the supervision of reporting entities, including on AML/CFT aspects, with its foreign counterparts. However, data relating to such cooperation is not systematically kept. As a result, COBAC has not been able to demonstrate that it exchanges information in an appropriate and timely manner.
- (g) The country can exchange basic information on legal persons. However, the manual filing system for information at the registry of the commercial court, which has been relocated to the GUFÉ, may lengthen the time required to process requests or make it difficult to gather the information requested. In addition, the absence of a mechanism for identifying beneficial owners limits exchanges in this area.

### ***Recommendations***

CAR should:

- (a) Make greater use of international mutual legal assistance and other forms of international cooperation to prosecute ML, predicate offences and TF with transnational ramifications;
- (b) Extend the scope of its international cooperation, in particular by concluding agreements with countries confronted with terrorism and its financing, at regional level and throughout the world;
- (c) Set up a centralized IT system for collecting, managing and archiving data relating to international cooperation, taking into account data on mutual legal assistance and extradition, exchanges of basic information on the beneficial owners of legal persons and all other forms of international cooperation;
- (d) Build the capacity of the competent authorities, particularly the investigative and prosecution authorities, specialised services (customs, tax, water and forestry administration), and control and supervision authorities;
- (e) Establish mechanisms with the competent authorities for monitoring requests received and sent so that they are processed in a timely manner and prioritised effectively;
- (f) Encourage the control and supervisory authorities to make use of and grant constructive international cooperation within the framework of their missions.

**482.** The Immediate Outcome relevant to this chapter is IO.2. Relevant Recommendations for the assessment of effectiveness under this section are R. 36 to 40 and some elements of R.9, 15, 24, 25 and 32.

## **8.2. Immediate Outcome 2 (International Cooperation)**

**483.** CAR is a post-conflict country facing the rise of terrorism and its financing. The porous nature of its borders, particularly its proximity with its neighbours facing terrorism and its financing, its economy dominated by the informal sector and the use of cash in transactions, and the presence of armed groups along its borders expose it to the development of money laundering activities and terrorist financing. As such, international cooperation is a vital tool for ensuring that all offences with foreign ramifications are punished. Through such cooperation, information may be requested or granted by the investigative and prosecution authorities, ANIF and the supervisory authorities.

### ***8.2.1. Providing constructive and timely mutual legal assistance and extradition***

**484.** CAR has acceded to several international conventions and agreements on which its international cooperation is based (Vienna Convention, Palermo Convention, International Convention for the Suppression of TF and the United Nations Convention against Corruption) and regional agreement (ECCAS, CEMAC). As a result, its legal framework for mutual legal

assistance and extradition is extensive. However, in terms of AML/CFT, the country does not make very active use of international cooperation. No information indicating that it has received requests for mutual legal assistance or extradition in relation to ML/TF in the period under evaluation (2018-2022) was provided to the mission.

**485.** Similarly, the country did not provide any information relating to the management and follow-up of requests to assess the relevance and promptness of responses to requests from foreign countries. The country indicated that it had granted mutual legal assistance to the Republic of Congo in 2019 for blood crimes, without providing any further details, and in 2020 Equatorial Guinea sent a request, but the case is still pending.

**486.** In terms of extradition, the country stated that from 2020 to 2022, it collaborated with the ICC in accordance with the Rome Statute and extradited 3 of its own nationals and two other subjects, one Sudanese and one Ugandan. In the absence of details of all these cases, the mission was unable to assess the relevance of the facts. No information was provided on multilateral or bilateral cooperation on TF with neighbouring countries facing the same phenomenon of terrorism and its financing.

**487.** The Minister of Justice is the central authority responsible for managing international judicial cooperation. Within the Ministry of Justice, there is a department responsible for international cooperation issues, which the mission was unable to meet due to the unavailability of its coordinator. As a result, the mission was unable to find out how requests for mutual legal assistance and extradition are received and processed or forwarded to judicial authorities. However, there is no centralized system for data recording and management. This makes it impossible to provide information on the collection and the time for processing requests. In practice, the Ministry of Foreign Affairs receives requests for mutual legal assistance from requesting States and forwards them to the Ministry of Justice which, in turn, forwards them to the competent judicial authorities for processing. The authorities at the Ministry of Foreign Affairs referred the mission to the Ministry of Justice for further information on the specific cases of international cooperation mentioned during the discussions. However, the mission did not have access to the information. The mission noted that international cooperation is essentially based on the underlying offences.

**488.** The General Directorate for Legal Affairs of the Ministry of Foreign Affairs informed the mission that requests for mutual legal assistance and extradition are handled in total confidentiality, as its staff are bound by ethical rules of confidentiality. In practice, there are no clearly established procedures for prioritizing the processing of requests.

### ***8.2.2. Seeking timely legal assistance to pursue domestic ML, associated predicates and TF cases with transnational elements***

**489.** The Ministry of Foreign Affairs remains the channel for transmitting requests made by the country to foreign counterparts. However, in urgent cases, the competent authorities may refer the matter directly to their foreign counterparts, even if such referral has to be regularized through the ordinary procedure.

**490.** The country made use of mutual legal assistance mechanisms to support the investigation and prosecution of the underlying offences for the period under evaluation, but most of its requests remained unanswered. The authorities did not demonstrate any follow-up action with their foreign counterparts. No information was provided on letters rogatory.

**491.** The country stated that it had requested mutual legal assistance from the Republic of Congo in terrorism matters in 2018, and that the latter had responded favourably. However, no details were given as to how this mutual legal assistance works in practice.

**492.** With regard to extradition, CAR has not requested any formal extradition request in respect of either ML or related underlying offences or TF.

**Table 8.1. Cases of requests from the country to foreign counterparts**

YEAR	COUNTRY REQUESTED	OUTCOME	OFFENCE
2018	Republic of Congo	Favourable	Terrorism
2019	-	-	-
2020	Madagascar	Rejected	Terrorism
	Chad	Rejected	Attack on State security
2021	Togo	Agreement and extradition	- Forgery and use of forged documents and breach of trust
	Cameroon	Rejected	- Forgery and use of forged bank documents
2022	Cameroon	Rejected	Forgery and use of forged documents

**493.** The table above shows the data collected from the Public Prosecutor at the Bangui High Court, with no further details.

**8.2.3. Seeking other forms of international cooperation for AML/CFT purposes**

**494.** CAR’s ANIF is not yet a member of the Egmont Group, which restricts its access to financial information held by its foreign counterparts. However, it may have access to such intelligence through the cooperation mechanism with other ANIFs in the GABAC jurisdiction or with its foreign counterparts. The mission found that this mechanism for accessing foreign information had not yet been implemented.

**495.** During the on-site visit, the mission noted that the police, the NCB-Interpol, the customs and tax authorities and the supervisors (COBAC and CIMA) have cooperation tools that could enable them to request information from their foreign counterparts, if necessary, in the performance of their respective duties. However, no information was made available to the mission to show that cooperation had been requested by these various entities or by the supervisory authorities.

#### ***8.2.4. Providing other forms of international cooperation for AML/CFT purposes***

**496.** At Article 80 on cooperation between FIUs within the GABAC jurisdiction and Article 83 on international cooperation of the CEMAC Regulation provide ANIF with the possibility of exchanging information with other FIUs. In this regard, CAR's ANIF has exchanged information with a number of FIUs, responding to requests made by the latter, in particular the FIUs of France, Cameroon and Congo. ANIF stated that its responses were provided in a timely manner. However, no files were made available to the mission to enable it assess ANIF's assertions.

#### **National Police**

**497.** The national police, through Interpol, request support for their investigations. It carries out international police co-operation missions. During the on-site visit, the INTERPOL-NCB officers we met said that they had cooperated with their foreign counterparts. The head of the department gave the mission a presentation on a number of concrete cases of such cooperation. However, at the time of the mission, their database was being reconfigured. This did not allow the mission to assess the quality of this cooperation.

#### **Customs**

**498.** The Customs administration, through WCO, exchanges information with its foreign counterparts. However, no information on the provision of such cooperation was made available to the mission for the purpose of assessing its existence and relevance.

#### **Taxation**

**499.** As a member of CREDAF (Tax Administrations Think Tank), the tax authorities also exchange information with their foreign counterparts. However, no information was provided to the mission as to whether or not requests are made by this administration to foreign services or vice versa.

#### **COBAC**

**500.** COBAC, the authority responsible for international cooperation in the regulation of financial institutions, cooperates and exchanges information with other supervisory authorities. In this context, it stated that it had signed agreements on the supervision of reporting entities with its foreign counterparts, including on AML/CFT issues. However, it was unable to provide the mission with concrete examples of such cooperation to enable it assess the quality of the exchanges and its effectiveness in providing the cooperation.

#### ***8.2.5. International exchange of basic and beneficial ownership information of legal persons and arrangements***

**501.** In CAR, the creation of legal persons is the responsibility of the One-stop Shop for Business Formalities (GUFÉ). The Trade and Personal Property Credit Register (TPPCR), which is kept by the commercial court registry and is housed at GUFÉ, records and stores all information relating to legal persons. The competent Central African authorities may, on request, collect and transmit to their foreign counterparts the information available on legal



persons. Information is updated in the event of major changes. The registry responsible for archiving said that it provides information in a relatively short time.

**502.** The formalities for setting up companies in CAR do not provide information on beneficial owners. In the absence of a formal mechanism for identifying the beneficial owners of legal persons, exchanges of information between the competent national authorities and their foreign counterparts are limited.

***Overall Conclusion on IO 2***

**138.** The Central African Republic has a suitable legal framework for mutual legal assistance and extradition. Indeed, the technical compliance is quite positive. However, CAR has unsuccessfully requested mutual legal assistance to prosecute underlying offences. The authorities did not demonstrate that they have followed up to obtain answers.

**139.** ANIF does not cooperate actively with its foreign counterparts. Cooperation frameworks exist for other competent authorities with their foreign counterparts as well as for supervisory authorities, notably COBAC. However, the elements of this cooperation were not reported.

**140.** There is no mechanism for collecting and processing statistics on international judicial cooperation and exchanges of information by the competent authorities. The lack of a formal mechanism for identifying the beneficial owners of legal persons has a negative impact on the country's ability to provide effective assistance to other countries.

**141. CAR is rated as having a low level of effectiveness for IO 2.**

## ANNEX ON TECHNICAL COMPLIANCE

### INTRODUCTION

This annex provides a detailed analysis of the level of compliance of the Central African Republic with the 40 FATF Recommendations. It does not describe the country situation or risks, but focuses on the analysis of the technical criteria for each Recommendation. It should be read in conjunction with the Mutual Evaluation Report (MER).

Where FATF obligations and national laws or regulations have remained unchanged, this report refers to the analysis carried out as part of the previous mutual evaluation conducted in July 2010. The report can be consulted on the following website: [www.spagabac.org](http://www.spagabac.org)

Since the last mutual evaluation, CAR's AML/CFT system has recorded significant legal and institutional improvements which have helped to correct the shortcomings identified, in particular through the adoption of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and the financing of terrorism and proliferation in Central Africa, which incorporated the new obligations arising from the revised FATF Recommendations in 2012.

### Recommendation 1: Assessing risks and applying a risk-based approach

CAR was first evaluated in 2010, for the first round of mutual evaluations, which did not yet take into account the risk-based approach.

### COUNTRY OBLIGATIONS AND DECISIONS

#### *Risk assessment*

**Criterion 1.1-** In accordance with Article 13 of the CEMAC Regulation on National Risk Assessment, each CEMAC Member State, including CAR, is required to take appropriate measures to identify, assess, understand and mitigate ML/TF risks. At the time of the on-site visit, the NRA for CAR was in progress. Consequently, the ML/TF risks to which the country is exposed have not been identified or assessed.

**Criterion 1.2** - CAR is in the process of conducting its NRA, under the coordination of ANIF, which is the competent authority for coordinating risk assessments.

**Criterion 1.3** - In accordance with the relevant provisions of the CEMAC Regulation, States are obliged to keep their national risk assessments up to date (Art. 13(1)). 1er As the NRA for CAR is still in progress, no update is possible at this stage.

**Criterion 1.4** - Article 13(2) of the CEMAC Regulation provides for an obligation to communicate the findings of the risk assessment to all competent authorities and self-regulatory bodies, as well as to FIs and DNFBPs. However, as the NRA has not yet been finalized, CAR has no dissemination mechanism for this purpose.

#### *Risk mitigation measures*

**Criterion 1.5** - CAR, whose NRA is in progress, does not yet apply an approach based on the actual or potential risks to which it is exposed, although this obligation is provided for Article

13(3) of the CEMAC Regulation, which states that "each Member State shall apply a risk-based approach to allocate its resources and implement measures to prevent or mitigate the risks of money laundering and terrorist financing or proliferation".

**Criterion 1.6** - CAR applies the FATF Recommendations in their entirety, in accordance with the preamble to the CEMAC Regulation, which recognizes the FATF Recommendations.

**Criterion 1.7** - Articles 56 to 59 of the CEMAC Regulation require reporting entities to take enhanced due diligence measures in some circumstances, in particular in the context of cross-border correspondent banking or when the ML/TF risk presented by a customer, product or transaction is high. However, in the absence of the NRA, CAR has not yet identified higher risks and taken measures to address those risks to fully meet the requirements of points (a) and (b) of this criterion.

**Criterion 1.8** - Pursuant to Articles 52 to 55 of the CEMAC Regulation, CAR may authorize FIs and DNFBPs to reduce the intensity of due diligence measures in some circumstances (customers presumed to be low-risk, products presumed to be low-risk), provided that a low ML/TF risk can be demonstrated. However, it is not expressly stated that the low risk identified is consistent with the ML/TF risk assessment carried out by the country. In addition, CAR's NRA is still in progress.

**Criterion 1.9** - Article 12(4) of the CEMAC Regulation obliges supervisory authorities and self-regulatory bodies to ensure that FIs and DNFBPs implement mechanisms to identify, assess and understand the ML/TF risks to which their sector of activity is exposed under Recommendation 1. Supervisory and self-regulatory authorities are required to ensure that the private sector implements mechanisms that enable them to identify, assess and understand the ML/TF risks to which their sector of activity is exposed. However, DNFBPs do not have a designated supervisor to ensure that they comply with their AML/CFT obligations. Similarly, the SRBs have no supervisory powers in this area.

## **OBLIGATIONS AND DECISIONS FOR DESIGNATED NON-FINANCIAL BUSINESSES AND PROFESSIONS**

### ***Risk assessment***

**Criterion 1.10** - The provisions of Article 14 fulfil points a, b, c and d of Criterion 1.10, in that reporting professions are obliged to identify and assess ML and TF risks. This Article obliges reporting professions to:

- (a) Document risk assessments (paragraph 2);
- (b) Take risk factors into account (paragraph 1);
- (c) Keep risk assessments up to date (paragraph 2);
- (d) Communicate to the competent authorities and self-regulatory bodies (paragraph 2).

### ***Risk mitigation measures***

**Criterion 1.11** - Article 14 of the CEMAC Regulation requires FIs and DNFBPs to:

- (a) Have policies, controls and procedures, approved by senior management, to manage and mitigate the risks identified (either by the country, the financial institution or the designated non-financial business or profession);

- (b) Monitor the implementation of these controls and strengthen them where necessary; and
- (c) Where higher risks are identified, take enhanced measures to manage and mitigate such risks.

In addition, Articles 6, 10, 12 and 14 of COBAC Regulation 2016 on the internal control of credit institutions, Article 10 of COBAC Regulation 01-17 EMF R-2017 on the operating and control conditions of microfinance institutions and Articles 2, 4, 5, 6, 7, 8 and 9 of COBAC Regulation EMF R2017/06 on internal control in microfinance institutions also apply to this criterion.

**Criterion 1.12** - Pursuant to Articles 52 to 55 of the CEMAC Regulation, CAR may allow FIs and DNFBPs to take simplified due diligence measures with regard to some customers and products when they perceive the risk of ML/TF to be low. However, as soon as ML/TF is suspected, FIs and DNFBPs are required to implement or enhance due diligence measures. However, the shortcoming noted in Criterion 1.9 relating to the absence of a supervisory authority for DNFBPs has an impact on compliance with this criterion.

There is no provision in the CEMAC Regulation authorizing financial institutions and DNFBPs to take simplified measures.

### ***Weighting and Conclusion***

CAR has not yet carried out a comprehensive assessment of the ML/TF risks to which it is exposed and, as a result, does not yet apply a risk-based approach to AML/CFT policies. The country does not yet apply enhanced due diligence measures. The authorization of simplified due diligence measures in low-risk situations does not explicitly take into account their consistency with the findings of the NRA. Lastly, there is no designated authority responsible for monitoring DNFBPs' compliance with their AML/CFT obligations and the existing SRBs have no powers in this area.

***CAR is rated as Non-Compliant with Recommendation 1.***

### **Recommendation 2: National cooperation and coordination**

Recommendation 2 corresponds to the former Recommendation 31 (national cooperation). At the time of its first assessment in 2010, CAR was rated Non-Compliant with R31 because of the lack of a mechanism for coordination and cooperation between the competent authorities in anti-money laundering and combating the financing of terrorism. Since then, CAR's legal framework has been partially improved to take into account some of the requirements of this Recommendation.

**Criterion 2.1** - CAR does not yet have national AML/CFT policies that take account of the risks identified and regularly reviewed.

**Criterion 2.2** - Car has set up a Committee to coordinate national policies on anti-money laundering and combating the financing of terrorism and the proliferation of weapons of mass destruction, set up by Presidential Decree No. 18.079 of 5 April 2018. It is chaired by the Minister in charge of finance.

**Criterion 2.3** - At the strategic level of policy development, Car has set up a Committee to coordinate national policies on anti-money laundering and combating the financing of terrorism

and the proliferation of weapons of mass destruction. At the operational level, CAR authorities have set up sector cooperation platforms (mines, water and forestry, INTERPOL NCB). ANIF also has correspondents in some public administrations with which it collaborates.

**Criterion 2.4** - The remit of the Coordination Committee set up by CAR extends to the fight against proliferation financing. A sub-committee specifically dedicated to the fight against proliferation financing has been set up to coordinate actions in this area.

**Criterion 2.5** - CAR authorities did not demonstrate the existence of cooperation and coordination between competent stakeholders to ensure the compatibility of AML/CFT requirements with data protection and privacy measures or other similar provisions.

### ***Weighting and Conclusion***

CAR has not yet laid down national AML/CFT policies that take account of the risks identified and regularly reviewed. Nevertheless, the country has set up a national AML/CFT policy coordination committee with mechanisms for improved cooperation and coordination of actions between the various competent authorities, at policy development and operational levels. However, there is no cooperation or coordination between competent authorities to ensure that AML/CFT requirements are compatible with data protection and privacy measures and other similar provisions.

***CAR is rated as Partially Compliant with Recommendation 2.***

### **Recommendation 3: Money laundering offence**

At the previous evaluation in 2010, CAR was rated as largely compliant with the requirements of this Recommendation (former R1). The shortcoming identified was that stock market offences were not criminalized and there was no implementation of the relevant provisions of the Penal Code (case law needed to clarify certain elements relating to implementation, in particular the issue of proof of the link between the underlying offence and the assets laundered and of the illicit origin).

**Criterion 3.1** - CAR has included the money laundering offence in its 2010 Penal Code (Section 198), supplemented by the CEMAC Regulation. The definition given in this provision is in line with the relevant provisions of the Vienna and Palermo Conventions.

**Criterion 3.2** - In CAR, money laundering applies to any property or proceeds derived from an illicit activity (Article 1 point 20 of the CEMAC Regulation). In its legislation, there is a range of underlying offences covering all serious offences, with the exception of stock market offences, which do not constitute an underlying offence.

**Criteria 3.3** - The country applies the offence of money laundering to the proceeds of any criminal activity, in accordance with the CEMAC Regulation. There is no indication in its domestic law whether it has adopted the threshold method or a combination of methods.

**Criterion 3.4** - Article 1, point 18 of the CEMAC Regulation includes, in its definition, all goods that are directly or indirectly the proceeds of crime, regardless of their value.

**Criterion 3.5** - Under Article 120 of the CEMAC Regulation, the provisions of this Part shall apply even if the perpetrator of the original offence is neither prosecuted nor convicted, or even if he fails to meet a condition for taking legal action as a result of the said offence.

**Criterion 3.6** - From the combination of Articles 1 point 42 and 8(2) of the CEMAC Regulation, the underlying offences of money laundering extend to acts committed in another country where they constitute an offence and which would have constituted an underlying offence if they had been committed in CAR.

**Criterion 3.7** - In its domestic law, the country extends the offence of money laundering to the persons who commit the underlying offences. Article 120 in fine of the CEMAC Regulation states that the perpetrator of the original offence may also be prosecuted for the money laundering offence.

**Criterion 3.8** - Article 8(3) of the CEMAC Regulation states that knowledge or intent, as elements of the aforementioned activities, may be deduced from objective factual circumstances. The provisions applicable in the country consider objective factual circumstances as an element of intent (Section 198 of the Penal Code).

**Criterion 3.9** - Individuals convicted of money laundering are liable to custodial sentences of between 5 and 10 years and fines of between 5 and 10 times the value of the laundered assets. These penalties are doubled in the case of aggravating circumstances. Additional penalties are applied to deprive offenders of certain rights, if necessary (Articles 114, 116, 118 of the CEMAC Regulation). The Penal Code provides for the same penalties. They are proportionate and dissuasive.

**Criterion 3.10** - Article 126 of the CEMAC Regulation provides for criminal liability and the application of penalties to legal persons on whose behalf or for whose benefit a money laundering offence has been committed, without prejudice to the conviction of their representatives or agents (natural persons). They are punishable with a fine at a rate equal to five times those incurred by natural persons, without prejudice to the conviction of the latter as perpetrators or accomplices in the same acts (5 to ten times the value of the assets or funds involved in the money laundering operations. These penalties are reinforced by optional additional penalties (Article 126 of the CEMAC Regulation) and mandatory additional penalties (Art 130 of the CEMAC Regulation). All penalties are proportionate and dissuasive.

**Criterion 3.11**- Articles 114 and 115 of the CEMAC Regulation punish attempt, agreement and conspiracy with a view to money laundering. Aiding, abetting, advising or facilitating the commission of an offence is covered by the concept of complicity and is punishable by the same penalty as that applied to the offender (Article 198(4) of the Penal Code). 4 of the penal code).

### ***Weighting and Conclusion***

CAR has largely met the requirements of Recommendation 3. However, the shortcoming identified in 2010 concerning the non-criminalization of stock market offences has not been remedied. Stock market offences are not an underlying offence.

***CAR is rated as Largely Compliant with Recommendation 3.***

#### **Recommendation 4: Confiscation and provisional measures**

Central African Republic's AML/CFT system was deemed PC in the 2010 evaluation with regard to confiscation requirements and provisional measures due to the impossibility of confiscating property of equivalent value to the proceeds or instrumentalities of crime and the lack of implementation of the CEMAC Regulation. Since then, the country has improved its legal regime for confiscation and provisional measures with the adoption in 2016 of the new CEMAC Regulation, which provides for the confiscation of goods of equivalent value.

**Criterion 4.1-** The legal provisions in force in the Central African Republic allow for the confiscation of the following assets, whether or not they are held by defendants in criminal proceedings or by third parties:

- (a) laundered assets (Articles 104 and 105 of the CEMAC Regulation);
- (b) the proceeds of the offence (income or other benefits derived from these proceeds) or instruments used or intended to be used for the purpose of money laundering or underlying offences (Article 130 of the CEMAC Regulation, Sections 20, 24 and 201 of the Penal Code);
- (c) property constituting the proceeds of, used for or intended to be used for the purpose of or allocated to the financing of terrorism, terrorist acts or terrorist organizations (Article 131 of the CEMAC Regulation);
- (d) property of corresponding value (Articles 130 and 131 of the CEMAC Regulation).

Sections 20, 24 and 201 of the Central African Penal Code reinforce the provisions of the CEMAC Regulation by requiring the competent courts to confiscate the property that is the subject of the offence and the income and other benefits derived therefrom, in cases of conviction for money laundering or attempted money laundering and when it is committed habitually or using the facilities provided by the exercise of a professional activity or it is committed by an organized gang.

**Criterion 4.2-** Investigative authorities have powers that can be used in the context of confiscations.

- (a) There are no measures in place to identify, trace and value assets subject to confiscation.
- (b) Articles 104 and 105 of the CEMAC Regulation provide for the implementation of precautionary measures of seizure and freezing of funds and property in relation to the offences of money laundering, terrorist financing and proliferation to preserve the availability of funds, property and instruments that may be subject to confiscation. They are implemented without prior notification.
- (c) There are no measures to prevent or reverse actions that compromise the country's ability to freeze, seize or recover property subject to confiscation.
- (d) Articles 98 and 99 of the CEMAC Regulation contain investigative techniques that may be implemented, by decision of the judicial authority, for the purpose of obtaining evidence of money laundering and terrorist financing and proliferation and tracing of the proceeds of crime.

**Criterion 4.3-** Articles 110, 112, 130 and 131 of the CEMAC Regulation and Section 64(4) of the Penal Code provide for prerogatives and mechanisms for administrative and judicial appeal that guarantee protection of the rights of bona fide third parties.

**Criterion 4.4** - Sections 36(3) and 64(4) of the Code of Criminal Procedure stipulate that items seized by the judicial police officer or investigating judge are listed and placed under seal at the Registry of the competent court. What happens to these seals is a matter for the court of last resort, as confiscation is considered an additional penalty in the Central African Penal Code (Section 20(9)). These instruments are not sufficiently detailed on the disposal of consumable assets such as foodstuffs, and on the procedures for sharing confiscated assets.

### ***Weighting and Conclusion***

The CEMAC Regulation and the country's Code of criminal Procedures corrected some of the existing shortcomings with regard to the rules on precautionary measures and the confiscation of proceeds and instrumentalities of crime. However, there are still gaps in the confiscation of laundered assets and assets of equivalent value in the case of ML. There are no measures in place to identify, track and value assets subject to a confiscation measure. There are also no measures to prevent or reverse actions that compromise the country's ability to freeze, seize or recover property subject to a confiscation measure. The mechanism for managing seized or confiscated property is not sufficiently detailed to cover all situations, particularly perishable property.

***CAR is rated as Partially Compliant with Recommendation 4.***

### **Recommendation 5: Money terrorist financing offence**

On the basis of the latest Mutual Evaluation Report of July 2010, CAR was rated Partially Compliant (PC) with regard to the absence of criminalization of the financing of a "terrorist organization" and the financing of a "terrorist". The same Evaluation Report concludes that there has been no implementation.

**Criterion 5.1** - CAR criminalizes TF in accordance with Article 2 of the International Convention for the Suppression of TF (Article 9 of Regulation No. 01/CEMAC/UMAC/CM OF 11 April 2016 and Section 332 of the Penal Code). These provisions criminalize TF as the act by any natural or legal person, by whatever means, directly or indirectly, unlawfully and deliberately, of providing or raising funds with the intention that they should be used, or in the knowledge that they will be used in whole or in part, for the commission of one or more terrorist acts by a terrorist organization, terrorist or group of terrorists, or with a view to providing support to a terrorist or terrorist group.

**Criterion 5.2** - Under Article 9 of the CEMAC Regulation of 11 April 2016 on the prevention and repression of money laundering, terrorist financing and proliferation, terrorist financing is established against any person who deliberately, by any means whatsoever, directly or indirectly, provides or collects funds with the unlawful intention that they be used in whole or in part:

- (a) To the commit one or more terrorist acts;
- (b) By a terrorist organization or by a terrorist, including support for a terrorist or terrorist group without any link to a specific terrorist act or acts.



However, the CEMAC Regulation does not expressly cover "other property".

**Criterion 5.2 bis** - The financing of foreign terrorist fighters' travel is not an offence under the CEMAC Regulation or the Central African Penal Code.

**Criterion 5.3** - Article 9 in fine of the CEMAC Regulation provides that the TF offence is also constituted even if the funds provided or collected are of licit origin. According to Article 1(38), the concept of "funds" refers to all financial assets and economic benefits of any kind, regardless of how they were acquired. However, as in C.5.2, this instrument does not expressly specify that "other property" is to be taken into account.

**Criterion 5.4** - Under Central African positive law, the TF offence is constituted:

- (a) Even if the funds were not used to commit or attempt to commit the planned terrorist acts (Article 9(2) of the CEMAC Regulation); 2 CEMAC Regulation:
- (b) Even if the funds are not linked to one or more specific terrorist acts (Article 9(1)(d) of the CEMAC Regulation). 1 CEMAC Regulation:

However, the shortcoming noted in C.5.2 has a negative impact on full compliance with this criterion.

**Criterion 5.5** - To establish proof of the TF offence, criminal intent is inferred from objective factual circumstances (Article 9, last paragraph of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016).

**Criterion 5.6** - Articles 121 to 125 of the CEMAC Regulation deal with criminal sanctions applicable to terrorist financing. As a result, natural persons guilty of a terrorist financing offence are punishable by ten (10) to twenty (20) years' imprisonment and a fine equal to at least five times the value of the assets or funds involved in the terrorist financing transactions (Article 121). In the event of aggravating circumstances, these penalties are doubled (Article 122). Natural persons guilty of terrorist financing offences may incur additional penalties (Article 124), and are not entitled to benefit from the provisions of domestic law on suspended sentences and amnesty measures (Article 125).

**Criterion 5.7-** The CEMAC Regulation provide for proportionate and dissuasive criminal sanctions against legal persons that commit terrorist financing offences. Article 127 provides that legal persons on whose behalf or for whose benefit a terrorist financing offence has been committed shall be punished by a fine at a rate equal to five times that incurred by natural persons, without prejudice to the conviction of natural persons who committed these acts as perpetrators or accomplices to the same acts. Legal persons may also be sentenced to one or more of the following penalties:

- (a) Permanent exclusion from public contracts or exclusion for a period of ten (10) years;
- (b) Confiscation of the property used or intended for use in committing the offence, or of the property produced by the offence, or of property of equivalent value;
- (c) Placement under judicial supervision;
- (d) Prohibition, permanently or for a period not exceeding ten (10) years, from directly or indirectly exercising one or more professional or social activities in the course of which the offence was committed;

- (e) Permanent closure, or closure for a maximum of ten (10) years, of the establishments or one of the establishments of the company used to commit the offence;
- (f) Dissolution, where they were set up to commit the offences.

Without prejudice to criminal sanctions, the competent supervisory authority may also act on its own initiative and impose administrative and disciplinary sanctions where the legal person is a reporting entity.

All these penalties are proportionate and dissuasive.

**Criterion 5.8** - The following conducts are also incriminated as terrorist financing by CAR:

- (a) Attempting to commit a TF offence (Article 9 of the CEMAC Regulation);
- (b) Participating as an accomplice in a TF offence or attempted TF offence (Article 9 of the CEMAC Regulation);
- (c) Committing, or instructing others to commit, an offence or attempted offence of TF (Articles 9 and 121 of the CEMAC Regulation), and
- (d) Contributing to the commission of one or more TF offences, or attempted TF offences, by a group of persons acting in concert (Article 9(c) and (d) of the CEMAC Regulation).

**Criterion 5.9** - According to Article 1(20) of the CEMAC Regulation, terrorist financing is an offence underlying money laundering.

**Criterion 5.10** - Under Article 9 of the CEMAC Regulation, the offence of terrorist financing is established and the criminal sanction incurred even if the perpetrators of terrorist financing acts reside in a different territory from that of the perpetrators of terrorist acts.

### ***Weighting and Conclusion***

CAR meets the main criteria of Recommendation 5 on the criminalization of TF. However, the financing of foreign terrorist fighters' travel is not criminalized in CAR, nor is the suppression of TF through "other property" covered by the legislation in force.

***CAR is rated as Largely Compliant with Recommendation 5.***

### **Recommendation 6: Targeted financial sanctions for terrorism and terrorist financing**

On the basis of the last Evaluation Report of July 2010, CAR was rated Non-Compliant (NC). The lack of a relevant legal framework and the absence of dedicated mechanisms are factors that compromise the implementation of targeted financial sanctions.

However, CAR has Law No. 06.014 of 3 July to authorize ratification of the United Nations Convention on Transnational Organized Crime, ratified on 14 September 2004, and Law No. 06.24 of 29 August 2006 to authorize ratification of the International Convention for the Suppression of the Financing of Terrorism, signed on 14 February 2004 and ratified on 6 October 2006.

### ***Identifying and designating***

**Criterion 6.1-** With respect to designating under the sanctions regimes related to UN Security Council Resolutions 1267/1989 (Al Qaida) and 1988 (hereinafter the "UN sanctions regimes"), CAR:

- (a) Has not identified an authority or tribunal competent to propose the designation of persons or entities to the 1267/1989 Committee or proposed the designation of persons or entities to the 1988 Committee;
- (b) Does not have mechanisms in place to identify targets for designation, based on the criteria for designation set out in United Nations Security Council Resolutions (UNSCRs);
- (c) Should apply "reasonable grounds" or "reasonable basis" standards of proof when deciding whether or not to make a designation proposal (Article 105(3) of CEMAC Regulation); However, CAR does not have a designation mechanism for this purpose;
- (d) Failing (a) and (b), has not provided any information to demonstrate that the country follows the listing procedures and templates (in the case of UN sanctions regimes) adopted by the relevant committee (1267/1989 Committee or 1988 Committee); and
- (e) Failing (a) and (b), has not provided any evidence that the country has provided as much relevant information as possible on the proposed name; as detailed as possible a statement of reasons for listing; and (in the case of proposed names to the 1267/1989 Committee) whether the country specifies that its status as designating State may be made public.

**Criterion 6.2** - With regard to designations under UNSCR 1373, CAR:

- (a) Has not established a competent authority or tribunal with responsibility for proposing the designation of persons or entities that meet the specific criteria for designation as described in UNSCR 1373; at the country's own initiative or after consideration and, where appropriate, giving effect to a request from another country;
- (b) Does not have one or several mechanisms in place to identify targets for designation, based on the criteria for designation set out in UNSCR 1373;
- (c) Failing (a) and (b), has not provided any information to assess that when it receives a request, the country has the capacity to ensure promptly, under applicable domestic (supra) principles, that the request is backed by reasonable grounds or a reasonable basis to suspect or believe that the person or entity proposed for designation meets the criteria for designation in UNSCR 1373;
- (d) Should apply "reasonable grounds" or "reasonable basis" standards of proof when deciding whether or not to make a designation (Article 105(3) of CEMAC Regulation); 3 CEMAC Regulation: However, CAR not has designated any authority to implement administrative freeze;
- (e) In the absence of (a) and (b), has not provided any information enabling it to assess that, when another country is asked to give effect to actions taken under the freezing mechanisms, CAR provides all possible information for identification purposes, as well as specific information to back the decision.

**Criterion 6.3** - CAR has not designated competent authorities for the implementation of UNSCRs, nor defined the powers and procedures or legal mechanisms they should have to:

- (a) Gather or solicit information to identify persons and entities that meet the criteria for designation, on reasonable grounds, or for which there is a reasonable basis to suspect or believe that they meet such criteria; and

- (b) Intervene ex parte against a person or entity that has been identified and whose designation (or proposed designation) is under review.

### **Freezing**

**Criterion 6.4** - Article 105 of the CEMAC Regulation states that financial institutions and any other person or entity holding funds subject to a freezing order shall freeze them immediately upon notification of the order, until otherwise decided by the United Nations Security Council or by another decision taken under the same procedure or by a competent authority. However, CAR does not have a competent authority designated to order freezing measures.

Article 105(6) of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 covers the criterion.

**Criterion 6.5** - CAR has not designated the competent national authorities responsible for implementing and enforcing targeted financial sanctions. However, the CEMAC Regulation applicable in this country sets out the legal framework for the implementation of TFS in accordance with the following procedures and measures:

- (a) Article 105(5) of Regulation No. 01/16/CEMAC/UMAC/CM states that “The financial institutions and any other person or entity holding such funds shall freeze them immediately upon notification of the said decision, until otherwise decided by the United Nations Security Council”. However, these provisions do not expressly state that the measures must be taken without "prior notification";
- (b) Extension of the freeze to all financial assets and economic benefits of any kind, however acquired (Article 1(38) linked to terrorists, terrorist organizations or persons or organizations associated with them (Art. 105(6). 6. However, the property, funds and other resources of persons and entities acting on behalf or at the direction of designated persons are not targeted.
- (c) Prohibition on reporting entities from directly or indirectly making frozen funds available to or for the benefit of natural or legal persons, designated entities or bodies; from providing or continuing to provide services to or for the benefit of natural or legal persons, designated entities or bodies (Article 105(7)(1) and (2). However, this prohibition is limited to reporting entities and does not apply to all nationals or any other person or entity in the territory. The deprivation of funds therefore directly concerns designated natural or legal persons, entities or bodies and does not extend to entities owned or controlled directly or indirectly by designated persons or entities; and to persons and entities acting on behalf of or on the instructions of designated persons or entities, without any licence, authorization or notification to the contrary, in accordance with the applicable UNSCRs.
- (d) There is no specific mechanism for communicating designations to the financial sector and to DNFBPs and VASPs as soon as such measures occur, and for providing clear instructions, in particular to FIs and other persons and entities, including DNFBPs and VASPs, that may hold designated funds and other assets, as to their obligations under the freezing mechanisms.
- (e) In accordance with Under Article 105(6) of the CEMAC Regulation, financial institutions and other reporting entities shall notify ANIF without delay of the existence of funds derived from money laundering or linked to terrorists, terrorist organizations or persons or organizations associated with them, in accordance with the decisions of

the Ministerial Committee or the Ministers of Finance of the Member States relating to the list of persons, entities or bodies subject to the freezing of funds and other financial resources, in particular, the list drawn up by the United Nations Security Council and kept up to date. However, the obligation to report attempted transactions does not appear in the Regulation.

- (f) The CEMAC Regulation prescribe an obligation to publish freezing orders so that they can be brought to the attention of the public (Article 106) and provide for procedures for challenging administrative measures to freeze funds, open to any natural or legal person who considers that the freezing order is the result of an error or lacks legal basis (Article 112).

***Delisting, unfreezing and providing access to frozen funds and other assets***

**Criterion 6.6** - CAR has not yet developed and implemented publicly known procedures for delisting and unfreezing funds and other assets of individuals and entities that do not meet or no longer meet the designation criteria, in order to comply with sub-criteria (a), (c), (d), (e) and (g) of this criterion. Nevertheless:

- (a) There are provisions for powers and procedures or mechanisms to de-list and release funds or other assets of persons and entities, designated pursuant to UNSCR 1373, that no longer meet the criteria for designation. Article 112 of the CEMAC Regulation organizes procedures or mechanisms to enable any natural or legal person that no longer meets the conditions and whose funds or other financial resources have been frozen to lodge an appeal against this decision within one month of publication of the decision in the official gazette or in a legal notices journal. The request must be sent to the competent authority, providing all the objective elements likely to demonstrate the error;
- (b) For persons and entities whose funds have been inadvertently frozen, Article 112(1) of the CEMAC Regulation provides that any natural or legal person whose funds or other financial resources have been frozen and who considers that the decision to freeze them was based on an error or lacked a legal basis may appeal against the decision within one month of publication in the Official Gazette. The appeal is lodged with the authority that ordered the freezing or, if the appeal is based on the lack of a legal basis, with the emergency judge with territorial jurisdiction.

However, the competent authority for administrative freezing has not been designated, which limits the implementation of these procedures.

**Criterion 6.7** - Article 108 of the CEMAC Regulation states that the competent authority may authorize, under the conditions it deems appropriate, the person, body or entity concerned, at his request, to have at his disposal a monthly sum of money fixed by the said authority. This sum is intended to cover, in the case of a natural person, the current expenses of the family home or, in the case of a legal person, expenses enabling it to pursue an activity compatible with the requirements of public order.

However, the competent authority is not designated. No mention is also made of access to funds and other property when freezing measures are applied to persons and entities designated by a

country or (supra) national jurisdiction in application of Resolution 1373 of the United Nations Security Council.

### ***Weighting and Conclusion***

The lack of a designated competent authority and the absence of appropriate mechanisms and procedures are factors that compromise the implementation of targeted financial sanctions relating to terrorist financing in CAR.

***CAR is rated as Non-Compliant with Recommendation 6.***

### **Recommendation 7: Targeted financial sanctions relating to proliferation**

This Recommendation did not exist at the time of the previous evaluation. The obligations it prescribes were introduced when the FATF Recommendations were reviewed in 2012.

**Criterion 7.1** - CAR does not have a legal framework to ensure the timely implementation of proliferation-related targeted financial sanctions.

**Criterion 7.2** - CAR has not designated competent national authorities responsible for the implementation and enforcement of proliferation-related TFS, nor defined the powers of such authorities to implement the procedures and standards set out in (a), (b), (c), (d), (e), and (f).

**Criterion 7.3** - CAR has not adopted any measures to monitor and ensure compliance by FIs, DNFBPs and VASPs with applicable laws and binding means implementing the obligations set out in Recommendation 7.

**Criterion 7.4** - CAR has not yet developed and implemented publicly available procedures for submitting de-listing requests to the Security Council for designated individuals and entities that, in the country's view, do not or no longer meet the criteria for designation.

**Criterion 7.5** - With regard to contracts, agreements or obligations entered into prior to the date on which the accounts were subject to targeted financial sanctions:

- (a) Article 107 of the CEMAC Regulation provides that "funds or other financial resources due under contracts, agreements or obligations concluded or arising prior to the entry into force of the procedures for freezing funds shall be drawn from the frozen accounts. The income generated by the aforementioned funds, instruments and resources as well as accrued interest shall be paid into the said accounts".
- (b) No provision for freezing measures taken pursuant to Resolution 1737 and followed by Resolution 2231, or taken pursuant to Resolution 2231 which should not prevent a designated person or entity from making any payment due under a contract entered into prior to the listing of such person or entity, provided that: (i) the countries concerned have determined that the contract does not involve any of the prohibited items, materials, equipment, goods, technology, assistance, training, financial assistance, investments, brokering services and other services covered by Resolution 2231 or any subsequent resolution; (ii) the countries concerned have determined that the payment is not received directly or indirectly by a person or entity subject to the measures set out in paragraph 6 of Annex B to Resolution 2231; (iii) the countries concerned have notified the Security Council in advance of their intention to make or receive the

payments or to authorize, as appropriate, the release of funds, other financial assets and economic resources for such purposes, ten working days prior to such authorization.

### ***Weighting and Conclusion***

CAR does not meet the requirements of Recommendation 7. Nevertheless, the regulatory framework provides for control and monitoring measures applicable to FIs to ensure that they comply with the laws and binding measures applicable to the implementation of TFS-related obligations relating to proliferation, and for regulations concerning contracts, agreements or obligations entered into prior to a TFS measure to enable them to be added to frozen accounts in accordance with UNSCR 1718 or 1737.

***CAR is rated as Non-Compliant with Recommendation 7.***

### **Recommendation 8: Non-profit organizations (NPOs)**

The 2010 evaluation concluded that CAR was not compliant with R.8 (former SR VIII). The evaluators noted the following shortcomings: lack of awareness in the associations sector of the risks of misuse for terrorist financing purposes, lack of obligation to keep supporting documents of their financial transactions and to publish annual financial statements, and lack of a system for monitoring and controlling associations. Since then, several of these shortcomings have been corrected, notably by the January 2019 Law on NPOs.

#### ***Taking a risk-based approach***

**Criterion 8.1** - The NPO sector is governed in CAR by Law No. 19.002 of 16 January 2019 and implementing Decree No. 19.231 of 10 August 2019. However, CAR has not adopted any measures to meet the requirements of sub-criteria (a), (b), (c) and (d) of this criterion.

#### ***Sustained outreach concerning terrorist financing issues***

##### **Criterion 8.2 -**

(a) The provisions of Articles 44 to 46 of the CEMAC Regulation, which define the obligations of NPOs as well as control and monitoring measures, aim to promote the accountability and integrity of NPOs so as to strengthen public confidence in their management and operation.

(b) CAR has not demonstrated awareness and education campaigns to encourage and deepen knowledge within NPOs and the donor community of the potential vulnerabilities of NPOs to exploitation for terrorist financing purposes and the risks of terrorist financing, and the measures NPOs can take to protect themselves from such exploitation;

(c) CAR has not demonstrated initiatives to work with NPOs to develop best practices to address TF risks and vulnerabilities and thereby protect them from exploitation for TF purposes;

(d)- NPOs established in CAR are required by law and encouraged to conduct their operations through regulated financial channels (Article 46(6) of the CEMAC Regulation). 6 CEMAC Regulation:

#### ***Targeted risk-based supervision or monitoring of NPOs***

**Criterion 8.3** - Article 44 of the CEMAC Regulation states that any NPO that collects, receives, donates or transfers funds as part of its philanthropic activity is subject to appropriate supervision by its competent supervisor.

However, these arrangements do not provide for risk-based monitoring of NPOs that may be exploited for terrorist financing purposes.

**Criterion 8.4 -**

- (a) The supervisory measures applied to NPOs in CAR do not take into account the requirements of this Recommendation, in particular risk-based supervisory measures;
- (b) The range of administrative sanctions is wide and variable. In particular, Article 46(7) of the CEMAC Regulation states that the competent authority may order the temporary suspension or dissolution of NPOs that knowingly encourage, foment, organize or commit money laundering, terrorist financing or proliferation financing offences. They are applied without prejudice to legal proceedings and sanctions against the NPO or its managers and members.

***Effective information gathering and investigation***

**Criterion 8.5 -**

- (a) The information held by any service in charge of NPOs may be consulted by ANIF, judicial authorities, JPOs in charge of a criminal investigation, upon request, or any NPO supervisor (Article 46(3) of the CEMAC Regulation). 3 CEMAC Regulation: However, no effective information exchange cooperation and coordination mechanism has been established.
- (b) By virtue of the general powers they have in conducting investigations, the investigative and prosecuting authorities in CAR have the ability to investigate NPOs suspected of being used for TF purposes or by terrorist organizations or of actively supporting terrorist activities or organizations.
- (c) The investigative and prosecution authorities may directly access information relating to the administration and management of any NPO, including financial information (Article 46(3) of the CEMAC Regulation). 3 CEMAC Regulation:
- (d) The CEMAC Regulation have introduced an obligation for any competent authority to report to ANIF any donation to an NPO where the funds are likely to relate to a terrorist or TF enterprise (Article 46(5). 5. ANIF is therefore empowered to investigate when an NPO is suspected of being used for illegal purposes. Apart from this, there are no mechanisms for rapidly sharing such information with the competent authorities.

***Effective capacity to respond to international requests about an NPO of concern***

**Criterion 8.6 -** The country has not designated or established a specific contact point and has not defined appropriate procedures for responding to international requests for information concerning any NPO suspected of financing or otherwise supporting terrorism. To respond to requests from third countries in this specific area, the country relies on the traditional international cooperation mechanisms.

***Weighting and Conclusion***

CAR applies a legal regime that does not take into account the risk-based approach to identifying NPOs vulnerable to TF and guaranteeing them sufficient and appropriate protection against abuse by terrorists or terrorist organizations for TF purposes. There are also significant shortcomings in terms of raising awareness of TF issues among NPOs.

***CAR is rated as Non-Compliant with Recommendation 8.***



## **Recommendation 9: Financial institutions secrecy laws**

At the end of the last evaluation of CAR's AML/CFT system in July 2010, the country was rated as largely compliant (LC) with the obligations relating to professional secrecy laws (former R.4). The shortcomings identified concerned, in essence, the absence of regulatory provisions guaranteeing that professional secrecy does not hinder the exchange of information between financial institutions, when required, as well as measures guaranteeing that professional secrecy protecting some data is only lifted in cases provided for by the regulatory provisions.

**Criterion 9.1** - Article 75 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and repression of money laundering and terrorist financing and proliferation in Central Africa (the so-called CEMAC Regulation) provides a suitable framework for the exchange of information between ANIF and the competent authorities, at national and international level (paragraph 1), on the one hand, and confers an imperative and broad right of communication in favour of, ANIF, in particular, by providing that *under no circumstances may professional secrecy be invoked against requests from ANIF* (paragraph 2), on the other hand. Article 101 of the Regulation also states that, notwithstanding any legislative or regulatory provisions repugnant thereto, *professional secrecy may not be invoked by professionals subject to AML/CFT obligations to refuse to provide information to supervisors and ANIF or to submit a report as provided for in the Regulation. The same shall apply to information required as part of an investigation into AML/CFT offences, ordered by the judicial authority or carried out under its supervision by the State employees responsible for detecting and punishing such offences.*

COBAC Regulation R-2005/01 of 1 April 2005 on the due diligence of reporting institutions with regard to AML/CFT (the COBAC Regulation) is consistent with the CEMAC Regulation with regard to the transmission of data to ANIF, judicial or investigative authorities and COBAC (Article 40).

The CEMAC Regulation requires supervisors to cooperate and exchange information with other competent authorities, as well as to assist in AML/CFT investigations, prosecutions or other proceedings (Article 91(4)).

Article 96 sets out the terms and conditions for sharing information between supervisors and between financial institutions belonging to the same group, as part of AML/CFT due diligence.

However, CAR lacks specific provisions for the exchange of AML/CFT information between financial institutions at national level.

### ***Weighting and Conclusion***

Under the CEMAC Regulation, CAR has the necessary provisions to implement the FATF Recommendations, despite the professional secrecy laws governing financial institutions. The only gap identified is the lack of specific provisions for the exchange of information between financial institutions not belonging to the same group at national level, as part of AML/CFT.

***CAR is rated as Largely Compliant (LC) with Recommendation 9.***

## **Recommendation 10: Customer due diligence (CDD)**

On this Recommendation (former R.5), CAR was rated Non-Compliant (NC) at its last evaluation in 2010, due to the following shortcomings: (i) absence of an obligation to identify beneficial owners for all financial institutions; (ii) absence of an obligation, for non-bank financial institutions, relating to categories of at-risk customers; (iii) limited implementation by the banking sector and absence of implementation of the system by non-bank financial institutions and (iv) absence of an obligation relating to existing customers.

The CEMAC Regulation, opportunely adopted in April 2016, has enabled CAR to eliminate several shortcomings identified in Recommendation 10.

**Criterion 10.1** - Article 23(2) of the CEMAC Regulation prohibits financial institutions from maintaining anonymous accounts or accounts in fictitious names. COBAC Regulation R-2005/01 of 1 April 2005 on the due diligence of reporting institutions with regard to AML/CFT in Central Africa follows the same approach, requiring reporting institutions to close any account in which customers request anonymity or present themselves under a false name (Article 14).

### ***When Customer due diligence is required***

**Criterion 10.2** - Chapter II of the CEMAC Regulation puts into perspective the duty of vigilance by reporting entities to their customers. The same applies, more specifically, to COBAC Regulation R2005-1 of 1 April 2005 relating to the due diligence of reporting institutions with regard to AML/CFT in Central Africa (Chapter III, in particular Articles 4 and 5), Regulation 001/CIMA/PCMA/PCE/SG/2021 of 2 March 2021 to lay down procedures applicable by insurance undertakings in CIMA Member States in the context of AML/CPF (Part III on provisions relating to due diligence obligations, Articles 13 to 22) and the COSUMAF General Regulation (Articles 227 to 229).

According to the CEMAC Regulation, FIs are subject to due diligence obligations when:

- (a) they establish business relationships: FIs are required to identify their customer and, where applicable, the beneficial owner of the business relationship by appropriate means and to verify the identification details on presentation of any documentary evidence (Article 21).
- (b) they carry out occasional transactions of an amount exceeding ten million (10,000,000) CFA francs, i.e. the equivalent of 15,000 Euros, for persons other than manual money changers or the legal representatives and directors responsible for gaming operators, or of an amount equal to or greater than five million (5,000,000) CFA francs, i.e. the equivalent of 7,500 Euros, whether it concerns a single transaction or several transactions that appear to be linked. If there is any doubt as to the legality of the origin of the funds, identification is also required even if the amount of the transaction is below the set threshold (Articles 29, 32 and 42);
- (c) they carry out occasional transactions in the form of a national or international transfer of funds (Articles 29 and 36);

(d) there is a suspicion of ML/TF even if the amount of the transaction is below the threshold (Article 29).

(e) the financial institution doubts the veracity or relevance of the customer identification data previously obtained (Article 29).

### ***Due diligence measures required for all customers***

**Criterion 10.3** - The CEMAC Regulation lays down the preconditions for entering into a business relationship, requiring reporting entities to identify customers and, where applicable, the beneficial owners of the business relationship, using appropriate means and verifying identification details on presentation of any documentary evidence (Article 21). It requires financial institutions to identify their customers, even occasional, and to ascertain the identity and authority of persons acting on their behalf by means of independent and authenticated documents, sources, data or information (Articles 29 and 32), and to re-identify them when the identity of their customers and the identification details previously obtained are no longer accurate or relevant (Article 34).

COBAC Regulation R-2005 of 1 April 2005 also incorporates the obligation to identify a permanent or occasional customer, a natural or legal person, and to verify their identity using documents, data and information from reliable and independent sources (Articles 4 and 5).

Regulation No. 001/CIMA/PCMA/PCE/SG/2021 of 2 March 2021 to lay down the procedures applicable by insurance undertakings in CIMA Member States in the context of AML/CFT, makes the same provision for insurance undertakings (Article 13).

On the other hand, none of these instruments expressly provides for due diligence in the case of a legal arrangement; as a result, FIs are not required to identify customers who are or act on behalf of a legal arrangement.

**Criterion 10.4** - The CEMAC Regulation requires financial institutions to identify their customers and, where appropriate, to ascertain the identity and authority of persons acting on their behalf, by means of independent and authenticated documents, sources, data or information (Article 29(1)). In the event that the customer does not appear to be acting on his own behalf, the financial institution must obtain information, by any means, on the identity of the true originator (Article 33(1)).

These obligations are relayed by COBAC Regulation R-2005 (Articles 4 and 5) and by Regulation No. 001/CIMA/PCMA/PCE/SG/2021 of 2 March 2021 (Article 13) with regard to the insurance sector.

**Criterion 10.5** - The CEMAC Regulation requires financial institutions, before entering into a business relationship with their customer or assisting same in preparing or carrying out a transaction, to identify their customer and the beneficial owner of the business relationship, when the customer is not acting on their own behalf, by appropriate means and to verify the identification details on presentation of any documentary evidence. They shall identify, under the same conditions, their occasional customers and the beneficial owner of the business relationship. Lastly, in the event of doubt as to whether the customer is acting on his/her own

behalf, the financial institution inquires about the identity of the real originator using any means (Articles 21 and 33).

Article 1, point 16 of the same Regulation defines the *beneficial owner* as *the natural person who ultimately owns or controls a customer and/or the natural or legal person on whose behalf a transaction is carried out. Beneficial owner also comprises persons who, ultimately, exercise effective control over a legal person or a legal arrangement.* This definition of BO is consistent with the one in the glossary of the FATF Methodology.

However, there is no provision governing the requirement of the relevance of the information or data obtained on the beneficial owner or the reliability of the source of such information or data.

**Criterion 10.6** - Articles 22 and 31 of the CEMAC Regulations set out the obligations relating to understanding the purpose and nature of the proposed business relationship and obtaining the relevant information. Indeed, before entering into a business relationship with a customer, *financial institutions must gather and analyse the pieces of information from among those featuring on the list drawn up for that purpose by a competent authority,<sup>47</sup> and required for knowledge of their client as well as the object and nature of the business relationship* (Article 22). They must also implement mechanisms to understand the intended nature of the business relationship, the nature of the activity of legal persons and legal arrangements and their ownership and control structure (article 31). However, the lack of a list of information drawn up by a competent authority that must be collected by financial institutions undermines the CAR's compliance with this criterion.

**Criterion 10.7** - The CEMAC Regulation requires financial institutions to exercise constant vigilance with regard to the business relationship (Articles 22 and 23), in particular by:

- i. Exercising permanent vigilance with regard to any business relationship and carefully examining the transactions carried out in order to ensure that they are consistent with what they know about their customers, their business activities, their risk profile and, where applicable, the source of their funds (Article 23(1));
- ii. Gathering, updating and analysing, throughout the duration of the business relationship, information from a list drawn up for this purpose by a competent authority, which enables them to maintain an appropriate knowledge of their customer. The collection and storage of such information must be carried out in a manner consistent with the objectives of assessing the ML/TF risk and of surveillance appropriate to that risk (Article 22(2)). However, the absence of a list drawn up by an authority affects the country's compliance with this criterion.

In addition, COBAC Regulation R-2005/1 of 1 April 2005 requires customer identification data to be periodically reviewed throughout a business relationship, and measures to preserve the confidentiality of customers and their transactions must not prevent them from subjecting these customers and their transactions to an examination and supervision as rigorous as those usually implemented (Articles 12 and 13).

---

<sup>47</sup> Also Articles 4 and 5 of COBAC Regulation R-2005 of 1 April 2005.

### ***Specific CDD measures required for legal persons and legal arrangements***

**Criterion 10.8** - The CEMAC Regulation requires financial institutions to also implement mechanisms to understand the intended nature of the business relationship and to understand the nature of the activity of legal persons and arrangements and their ownership and control structure (article 31(3)).

As for COBAC Regulation R-2005 of 1 April 2005, it requires financial institutions to understand the nature of the customer's activities and its ownership and control structure, where customers are legal persons or legal arrangements (Articles 5 and 7).

**Criterion 10.9** - A cross-reading of the CEMAC Regulation (Article 31) and COBAC Regulation R-2005/1 (Article 5(3)) highlights the responsibility of financial institutions to identify and verify the identity of the customer, a legal person, by means of the following information:

- (a) the articles of association and any document establishing that it has been legally constituted and that it really exists at the time of identification, any deed or official register recording its name and legal form;
- (b) the powers that govern and bind the legal person (articles of association), the powers of the persons acting on its behalf, determination of the source of funds and the identification of their beneficiaries and of the persons who control the funds;
- (c) the address of the registered office.

This obligation also applies to companies whose capital consists of bearer shares or is held by agents (COBAC Regulation R-2005/1, Article 5(4)).

Article 13 of Regulation No. 001/CIMA/PCMA/PCE/SG/2021 sets out this obligation for insurance companies.

However, the aforementioned instruments omit any obligation to identify the address of one of the main centres of activity, if it is different from the address of the registered office, as well as any identification of a legal structure and, therefore, any obligation on financial institutions to identify customers who are or who act on behalf of legal arrangements.

**Criterion 10.10** - For legal entity customers:

- (a) Pursuant to Article 21 of the CEMAC Regulation, financial institutions must identify the beneficial owner of the business relationship (as defined in Article 1, point 16) and verify his or her identity on presentation of any documentary evidence;
- (b) There are no provisions requiring financial institutions, where there is doubt about the identity of the beneficial owner or where no natural person exercises control through a holding, to identify the natural persons, if any, who exercise control over the legal person or arrangement by other means;
- (c) Nor is there any provision requiring financial institutions, where no natural person is identified after the implementation of the measures in points (a) or (b) above, to identify the relevant natural person who holds the position of key manager.

**Criterion 10.11-** It is true that Central African law does not regulate the creation of legal arrangements. However, it is not a matter of course that legal arrangement services are provided by independent legal professionals or that foreign legal structures or similar arrangements may operate in the country or be administered there. However, there is no obligation on financial institutions to identify the beneficial owners of legal arrangements and to take reasonable steps to verify the identity of such persons, using the following information:

- (a) for trusts: the identity of the settlor of the trust, the trustee(s), the protector (if any), the beneficiaries or class of beneficiaries and any other natural person ultimately exercising effective control over the trust (including through a chain of control/ownership);
- (b) for other types of legal arrangements: the identity of persons holding equivalent or similar positions.

***CDD for beneficiaries of life insurance policies***

**Criterion 10.12** - Article 42 of the CEMAC Regulation does, of course, lay down specific obligations for insurance companies, in this case identification procedures only above the cumulative annual premium threshold of five million CFA francs or a single premium of ten million CFA francs or, under certain conditions, for pension insurance. Apart from the general measures of due diligence and identification of the beneficial owner contained in Articles 29, 30 and 31, there are no specific provisions for the beneficiaries of life insurance policies and other insurance-linked investment products.

- (a) Article 13.1 of Regulation No. 001/CIMA/PCMA/PCE/SG/2021 of 2 March 2021 requires insurance companies and undertakings, before entering into a long-term or occasional contractual relationship, or assisting their customer in preparing or carrying out a transaction, to ascertain the identity of their contracting party, in particular, for beneficiaries who are natural persons, by recording the identity of all contracting parties (full name, date and place of birth, nationality) regardless of the amounts paid. This provision does not apply to other categories of financial institutions.
- (b) The same provisions apply to policyholders, principals and any person paying a premium. Where the policyholder is different from the insured, the insurance company may also record the identity of the latter if it deems this necessary. Pursuant to Article 13.4 of the CIMA Regulation, when a transaction appears to be carried out on behalf of a third party, the insurance undertaking must enquire as to the true identity of that third party.

However, no provision meets the requirements of the criterion under review. In fact, the identification requirement set out in Article 13.1 above only concerns the list of co-contractors and therefore does not cover the identification of the beneficiary of the life insurance, i.e. the person who receives the insurance money once the "customer" or the person for whom the life insurance was taken out has died.

**Criterion 10.13** - The CEMAC Regulation establishes a general obligation for reporting entities to take appropriate measures to identify and assess the ML/TF risks to which they are exposed, taking into account risk factors such as customers, countries or geographical areas, products, services, transactions or distribution channels (Article 14). These measures must be

proportionate to the nature and size of the reporting entities. However, there is no regulatory provision requiring financial institutions to consider the beneficiaries of life insurance contracts as a relevant risk factor when determining whether enhanced due diligence measures are applicable. There are no obligations to identify and verify the identity of the beneficial owner of life insurance contracts and other insurance-related investment products at the time of payment of benefits.

### ***Timing of verification***

**Criterion 10.14** - The CEMAC Regulation (Articles 21, 22, 23 and 32) and the COBAC Regulation (Articles 4(4) and (5)) require financial institutions to verify the identity of the customer and the beneficial owner before or during the establishment of a business relationship or the execution of transactions in the case of occasional customers. Furthermore, the fact that no provision is made for the “possibility” of finalizing the verification of the identity of the customer and the beneficial owner after the business relationship has been established or transactions carried out in the case of occasional customers, does not alter the compliance of the regulatory framework with this criterion.

Furthermore, Article 13 of Regulation No. 001/CIMA/PCMA/PCE/SG/2021 specifies that insurance undertakings must, before entering into a contractual relationship or assisting their customer in preparing or carrying out a transaction, ascertain the identity of their co-contractor.

**Criterion 10.15** - Pursuant to Article 95 of the CEMAC Regulation, financial institutions shall adopt systems to assess and manage ML/TF risks and take measures proportionate to their risks, nature and size, including applicable data protection requirements. Cases where a customer benefits from the business relationship prior to verification are not covered by this provision or by any other instrument in force in the Central African legal system. Consequently, in CAR, the customer cannot benefit from the business relationship prior to verification.

### ***Existing customers***

**Criterion 10.16** - The CEMAC Regulation requires financial institutions to apply due diligence measures to existing customers throughout the business relationship (constant vigilance, Article 22), to apply CDD measures to all customer transactions (Article 23(1)), to re-identify the customer when they have good reason to believe that the identity of their customer and the identification elements previously obtained are not accurate or relevant (Article 34), to apply due diligence measures to existing customers and to implement due diligence measures relating to these existing relationships in a timely manner, taking into account the existence of previous due diligence measures (underlying Articles 35 and 43).

COBAC Regulation R-2005/01 (Articles 7, 18 and 21) and Regulation No. 001/CIMA/PCMA/PCE/SG/2021 (Article 14) appropriately supplement the above provisions.

### ***Risk-based approach***

**Criterion 10.17** - Pursuant to the CEMAC Regulation (Articles 25, 43 and 56 to 61), COBAC Regulation R-2005/01 (Articles 7, 22 and 24) and Regulation No. 001/CIMA/PCE/SG/2021 (Article 4), financial institutions have a duty to implement risk management systems and enhanced due diligence measures if the ML/TF risks are higher.

**Criterion 10.18** - Pursuant to Article 52 of the CEMAC Regulation, when the ML/TF risk appears low to them, and provided that there is no suspicion of ML or TF, financial institutions may reduce the intensity of due diligence measures, in which case they must justify to their supervisor that the extent of the measures is consistent with these risks.

#### ***Failure to satisfactorily complete CDD***

**Criterion 10.19** - The CEMAC Regulation makes transactions by occasional customers, above certain thresholds and under certain conditions, subject to due diligence (Article 32) and requires financial institutions to close their business relationships if there is any doubt as to the identity of the beneficial owner (Article 33). However, these provisions do not cover transactions that exceed the thresholds, nor the absence of a clear and formal prohibition on opening an account, entering into a business relationship or executing a transaction in the event of failure to comply with due diligence obligations.

In addition, the COBAC Regulation (Article 14) stipulates that all reporting institutions must close accounts where identification problems arise that cannot be resolved during operation (...). However, all other reporting entities not covered by these regulations are obviously not concerned.

#### ***Customer due diligence and tipping-off***

**Criterion 10.20** - Article 83(9) provides that *where a transaction that should be the subject of a suspicious transaction report has already been carried out, either because it was impossible to postpone its execution, or because its postponement could have hindered investigations into a suspected ML or FTP transaction, or because it became apparent after it had been carried out that it was subject to such report, the reporting entity shall inform ANIF without delay*. However, there is no provision allowing financial institutions, if they suspected that a transaction was related to ML or TF, and thought that by fulfilling their due diligence they would alert the customer, to choose not to pursue the CDD process and instead make an STR.

#### ***Weighting and Conclusion***

In CAR, appropriate provisions that comply with FATF requirements provide a framework for customer due diligence for financial institutions, mainly through the CEMAC Regulation. However, a number of shortcomings identified cast a shadow over this picture, including a provision requiring the reliability of the source of information obtained by reporting entities on the beneficial owner, provisions requiring financial institutions, in the event of doubt as to the identity of the beneficial owner, to identify the natural persons, if any, who exercise control over the legal person or legal arrangement by other means, the list of information drawn up by a competent authority that must be collected by financial institutions, the obligation for financial institutions to identify the beneficiary of a life insurance policy and to include the beneficiary of a life insurance policy among the relevant risk factors when determining whether enhanced CDD measures are applicable, the regulatory provision requiring financial institutions to consider the beneficiaries of life insurance policies as relevant risk factors when determining whether enhanced due diligence measures are applicable, particularly explicit provisions for the beneficiaries of life insurance policies and other insurance-linked investment products, or on the obligation for financial institutions to draw up a list of information drawn up by the competent authorities, or on the express provision requiring financial institutions to provide the



beneficiaries of life insurance policies and other insurance-linked investment products with a list of information drawn up by the competent authorities, and an express provision requiring financial institutions not to continue with the CDD process and instead to file as STR when they have a suspicion of ML/TF and they reasonably believe that carrying out the CDD process would arouse the customer's attention.

***CAR is rated as Partially Compliant with Recommendation 10.***

### **Recommendation 11: Record keeping**

At the end of its first-round mutual evaluation in July 2010, CAR was rated PC with regard to the obligations of this Recommendation (former R.10 ), due to the lack of : (i) details of the nature and availability of the documents to be kept, (ii) details of the type of information to be collected to enable transactions to be reconstructed (apart from some operations), (iii) an explicit obligation for financial institutions to ensure that they are able to make the information and documents they keep available to the competent national authorities in a timely manner, (iv) effectiveness, particularly for the non-bank financial sector, and (v) implementation specific to AML/CFT.

**Criterion 11.1** - The CEMAC Regulation requires financial institutions, without prejudice to provisions prescribing more stringent obligations, to preserve all documents and records relating to transactions carried out by their customers and confidential reports drawn up following the special monitoring of some transactions, for ten (10) years after the transaction (Article 38).

Article 39 of COBAC Regulation R-2005/01 of 1 April 2005 and Article 18 of Regulation No. 01/CIMA/PCMA/PCE/SG/2021 also include this obligation to keep documents for a period of five years.

**Criterion 11.2** - The CEMAC Regulation (Article 38) requires that the findings of the review of the implementation of enhanced due diligence measures be kept for at least ten years. Pursuant to Article 61 of the CEMAC Regulation, with regard to the recording and storage of the findings of the implementation of the enhanced due diligence measures, the findings of the review of the implementation of the enhanced due diligence measures prescribed in Article 59 of the CEMAC Regulation are recorded in writing and preserved in accordance with the procedures set out in Article 38 of the same instrument.

Article 39 of COBAC Regulation R-2005/01 prescribes a period of five (5) years for keeping documents relating to the identity of its regular or occasional customers as well as the characteristics of these transactions.

However, the Regulation does not explicitly cover the scope of the documents to be kept, i.e. "documents obtained as part of customer due diligence measures, account books and customer business correspondence, as well as the findings of any analysis carried out".

**Criterion 11.3** - Within the meaning of Article 39 of the CEMAC Regulation, the documents and records relating to the identification obligations set out in the instruments are communicated by financial institutions to the judicial authorities, to State employees responsible for detecting and punishing ML-related offences, acting within the framework of

judicial proceedings, to supervisors and to ANIF, at their request. Under paragraph 2 of this Article, the purpose of the obligation is to enable the reconstruction of transactions carried out by a natural or legal person and linked to a transaction that has been the subject of a suspicious transaction report or whose characteristics have been recorded in the confidential register as part of the implementation of enhanced due diligence obligations.

Articles 39 and 40 of COBAC Regulation R-2005 and Article 18 of Regulation No. 01/CIMA/PCMA/PCE/SG/2021 address the same issue.

**Criterion 11.4** - The CEMAC Regulation provides for the disclosure of documents by financial institutions to the competent national authorities and to ANIF (Article 39 on the disclosure of documents and records). However, there is no general provision setting out the deadlines for the speed with which such disclosure must be made. In fact, Article 75, which deals with ANIF's right of communication, specifies that the documents are to be sent to it by the financial institutions "within the time limits that it shall set" and Article 91(7) merely obliges the supervisors to notify ANIF "without delay" of any information relating to suspicious transactions or facts that could be linked to money laundering or terrorist financing.

#### ***Weighting and Conclusion***

CAR largely meets the requirements of Recommendation 11, as most of the FATF's record keeping obligations are contained in the country's AML/CFT laws, except that none of these laws expressly require financial institutions to preserve their customers' books of account and business correspondence and to disclose documents within specific time limits.

***CAR is rated as Largely Compliant (LC) with Recommendation 11.***

#### **Recommendation 12: Politically exposed persons (PEPs)**

At the time of the July 2010 mutual evaluation, CAR was rated NC for this Recommendation (former R.6) because of: (i) the absence of any obligation for non-bank financial institutions relating to PEPs, (ii) the absence of any such obligation for insurance and manual exchange institutions and (iii) the imperfect implementation of the system and the lack of effectiveness, particularly for non-bank financial institutions.

**Criterion 12.1** - The CEMAC Regulation establishes due diligence obligations for reporting entities with regard to PEPs in general, including foreign PEPs (Articles 25 and 60).

- (a) These provisions require financial institutions to implement appropriate risk management systems to determine whether the customer (Article 25) or the beneficial owner (Article 60) is a PEP, without however providing unequivocally for the identification of beneficial owners who are PEPs.
- (b) Financial institutions are required to obtain the authorization of senior management before entering into or continuing a business relationship with a PEP customer (Article 25).
- (c) Financial institutions are also required to take all reasonable measures to identify the origin of the funds or assets of PEPs, without however targeting the beneficial owner as regards the origin of the funds or assets.

(d) Financial institutions are required to carry out enhanced and ongoing monitoring of the business relationship.

**Criterion 12.2 -**

(a) Articles 25 and 60 of the CEMAC Regulation require financial institutions to implement appropriate risk management systems to determine whether the customer or beneficial owner is a PEP, including domestic PEPs or PEPs that perform or have performed a significant function within or on behalf of an international organization.

(b) The aforementioned provisions require financial institutions, for both domestic and foreign PEPs, to obtain the authorization of senior management before entering into or continuing a business relationship, to take all reasonable measures to identify the origin of the funds or assets of PEPs, and to ensure enhanced and ongoing monitoring of the business relationship. However, there are gaps in the provisions on the origin of funds and assets in cases where the beneficial owner is a PEP.

**Criterion 12.3 -** Articles 1 (point 55), 25 and 60 of the CEMAC Regulation require financial institutions to extend the enhanced due diligence requirements applied to PEPs to their close relations, in particular their spouses, any partner considered as equivalent to a spouse, descendants and their spouses or partners, ascendants, privileged collaterals and persons known to be closely associated with them. Article 8 of COBAC Regulation R-2005/01 lays down the same requirements before admitting a PEP, including one of his or her relatives, to the counters.

Financial institutions are therefore obliged to apply the relevant requirements of Criteria 12.1 and 12.2 to family members of all types of PEPs and persons closely associated with them, as specified in Article 1 (55) of the CEMAC Regulation, except that the provisions on the origin of funds and assets do not cover cases where the beneficial owner is a person closely associated with a PEP.

**Criterion 12.4 -** The CEMAC Regulation (Article 42) requires insurance companies and insurance agents and brokers carrying on life insurance business to identify their customers and verify their identity in accordance with Article 31 thereof, whenever the amount of premiums payable during a year reaches a certain threshold, or premium payments are made in accordance with certain terms and conditions. However, no identified provision determines whether the policyholder or, as the case may be, the beneficial owner of the policyholder of a life insurance policy are PEPs. Regulation No. 01/CIMA/PCMA/PCE/SG/2021 deals with the specific due diligence applicable to PEPs in Article 13.5, while leaving, nevertheless, the specific issue of life insurance policies unresolved.

***Weighting and Conclusion.***

The CEMAC Regulation and other AML/CFT legislation applicable in CAR include specific provisions for managing relationships with PEPs and particular due diligence requirements for contracting and monitoring relationships with this category of customer.

However, these instruments leave unanswered the questions of the beneficial owner as regards the origin of the funds or assets as well as the determination of the PEP status of the beneficiaries of the insurance policy or, as the case may be, of the beneficial owner of the contract of a life insurance policy.

***CAR is rated as Partially Compliant (PC) with Recommendation 12.***

### **Recommendation 13: Correspondent banking**

In its latest mutual evaluation report, CAR was rated Partially Compliant (PC) with the Recommendation on correspondent banking (former R.7) because of: (i) the absence of an obligation for non-banking financial institutions concerning correspondent relationships and (ii) the lack of operational implementation by reporting entities.

**Criterion 13.1-** Article 41 of the CEMAC Regulation requires financial institutions, with regard to cross-border correspondent banking relationships and other similar relationships, in addition to the normal customer due diligence measures, to:

1. identify and verify the identification of customer institutions with which they have correspondent banking relationships;
2. gather information on the nature of the customer institution's activities;
3. assess the reputation of the customer institution and the degree of supervision to which it is subject, on the basis of publicly available information (even if this does not clearly involve knowing whether the correspondent has been the subject of an investigation or action by an ML/TF supervisor);
4. obtain the authorization of senior management before entering into a relationship with the correspondent bank;
5. assess the controls established by the customer institution to combat money laundering and terrorist financing.

In addition, Article 11 of COBAC Regulation R-2005, on relations with correspondent banks, requires all reporting institutions to obtain sufficient information on the nature of the correspondent credit institutions, their procedures for preventing and detecting money laundering, the purpose of the account to be opened, and the state of banking regulations and supervision in the country where these institutions are located.

However, a clear understanding of each institution's respective AML/CFT responsibilities is not a requirement.

**Criterion 13.2 - Concerning payable-through accounts:**

(a) Article 59(5) of the CEMAC Regulation provides that “where financial institutions receive services from correspondent banks directly used by independent third parties to carry out transactions on their own behalf, they must ensure that the contracting credit institution has verified the identity of the customers having direct access to these correspondent accounts and has taken due diligence measures for these customers in accordance with those provided for in Articles 24 and 25 of the Regulation”;

(b) However, no requirement obliges financial institutions to ensure that the correspondent is able to provide the relevant information on payable-through accounts upon request by the correspondent bank.

**Criterion 13.3** - Under Article 58 of the CEMAC Regulation, financial institutions are prohibited from entering into or maintaining a correspondent banking relationship with a credit institution or a company carrying out equivalent activities incorporated in a State where this institution has no effective physical presence allowing it to carry out management activities, if it is not attached to a regulated institution or group. Financial institutions must take appropriate measures to ensure that they do not enter into or maintain correspondent banking relationships with a person who himself maintains correspondent banking relationships enabling a shell bank to use his accounts.

#### ***Weighting and Conclusion***

CAR largely complies with the provisions of the Recommendation on correspondent banking, notwithstanding the absence of a provision requiring financial institutions to ensure that the correspondent is able to provide the relevant information relating to payable-through accounts at the request of the correspondent bank. Also, intra-CEMAC correspondent banking relationships are not considered as cross-border correspondent relationships.

***CAR is rated as Largely Compliant (LC) with Recommendation 13.***

#### **Recommendation 14: Money or value transfer services (MVTS)**

The last mutual evaluation in July 2010 gave CAR a Non-Compliant (NC) rating for the former Special Recommendation VI on the obligations applicable to money or value transfer services. The following deficiencies were noted in the country's evaluation: (i) no issuance of authorization by the competent authorities for the provision of MVT services, (ii) lack of supervision of the activities of MVT services, (iii) lack of a list of agents, (iv) lack of authorization by the competent authorities to provide MVT services, (v) lack of supervision of the activities of MVT services and (vi) lack of a list of agents.

**Criterion 14.1-** Pursuant to Article 92(1) of the CEMAC Regulation, the professional activity of transferring or transporting money and securities is subject to authorization by the competent authority of the Central African Republic, subject to the application of this provision being referred to the "regulations in force".

As regards banks and microfinance institutions, the Convention of 12 January 1992 on the harmonization of banking regulations in the Central African States (Articles 12 and 13) and Regulation No. 01/17/CEMAC/UMAC/COBAC of 27 September 2017 relating to conditions for the exercise and supervision of microfinance activities (Articles 20, 23 and 47) make them

subject to authorization by the Central African Monetary Authority. The provision of payment services is also subject to authorization by the Monetary Authority, in accordance with Article 23 of Regulation No. 04/18/CEMAC/UMAC of 21 December 2018 on payment services in the CEMAC zone.

However, no domestic instrument specifies the conditions for the authorization or registration of MVTs.

**Criterion 14.2** - CAR has not issued any measures to identify and punish, in a proportionate and dissuasive manner, natural and legal persons who provide money and value transfer services without being licensed or registered.

**Criterion 14.3** - Articles 91 and 92 of the CEMAC Regulation require the supervisory and control authorities to ensure that financial institutions comply with the ML/TF prevention requirements.

However, in CAR, MVTs providers are not subject to supervision by a designated authority.

**Criterion 14.4** - Article 92 of the CEMAC Regulation states that "no person may engage in the professional activity of transferring or transporting funds and valuables unless s/he has obtained the authorization of the competent authority of the State on whose territory s/he is required to carry on the activity, which authority shall lay down by order or any other appropriate legal act the operating conditions, in particular as regards the regular inspection of MVTs...". Paragraph 3 states that the provisions of paragraph 1 shall also apply to any natural or legal person operating as an agent in a CEMAC State. Paragraph 5 states that MVTs providers are required to send a list of their agents to the competent authority of the country in which they operate.

However, there is no specific instrument on the competent authority for authorizing agents of money transfer service providers in CAR.

**Criterion 14.5** - CAR has not provided for any measures obliging MVTs providers who use agents to include them in their AML/CFT programmes and to monitor their compliance with such programmes.

### ***Weighting and Conclusion***

The CEMAC Regulation does contain a number of provisions relating to the supervision and monitoring of MVTs. However, CAR does not have its own legal framework covering the authorization or registration and monitoring of MVTs. Furthermore, no measures have been taken by the country to identify and sanction MVTSPs operating without approval or registration. Lastly, MVTSPs that may use agents are not required to include them in their AML/CFT programmes and to monitor compliance with such programmes.

***CAR is rated as Non-Compliant (NC) with Recommendation 14.***

## **Recommendation 15: New technologies**

At the time of its first-round evaluation in July 2010, CAR was rated Partially Compliant (PC) with the Recommendation relating to new technologies and remote business relationships (former Recommendation 8). Complaints included (i) the lack of clarity regarding the possibility or not of establishing remote business relationships, particularly for resident customers, including in the banking sector, and (ii) the inadequacy of the obligations regarding the establishment of remote business relationships or the execution of remote transactions.

**Criterion 15.1** - Article 40 of the CEMAC Regulations stipulates that, with regard to the management of risks related to new technologies, financial institutions must identify and assess ML/TF risks likely to result from:

1. the development of new products and commercial practices, including new distribution mechanisms;
2. the use of new or developing technologies in connection with new or pre-existing products.

However, these provisions are limited to financial institutions and do not apply "country-wide", as recommended by FATF.

**Criterion 15.2** -

- (a) Article 40(2) of the CEMAC Regulation states that the risks inherent in new technologies must be assessed before new products or business practices are launched or before new or developing technologies are used.
- (b) Financial institutions must take appropriate measures to manage and mitigate such risks.

***Virtual Assets and Virtual Asset Service Providers***

At the outset of the analysis, it should be noted that in CAR, Bitcoin and the Sango coin are considered official currencies, in the same way as the CFA franc, in accordance with Law No. 22/001 of 22 April 2022 governing crypto-currencies in CAR.

**Criterion 15.3** -

- (a) Article 13 of the CEMAC Regulation requires CAR to take appropriate measures to identify, assess, understand and mitigate the ML/TF risks to which it is exposed. However, there are no standards dealing specifically with the obligations to identify and assess ML/TF risks arising from activities relating to virtual assets and VASPs operations by the State, as the new Law No. 22/001 of 22 April 2022 governing crypto-currencies in CAR has not specifically addressed this issue. As a result, the country has adopted *bitcoin* and *Sango coin* as official currencies without having carried out any risk assessment or having implemented adequate mitigation measures (such as transaction reporting or the imposition of a threshold for large transactions in bitcoin), which is a major shortcoming. Regulation No. 01/22/CEMAC/UMAC/CM/COSUMAF of 21 July 2022 on the organization and functioning of the Central African Financial Market merely (Articles 14 and 76) extends the scope of COSUMAF's prerogatives beyond the supervision of share/bond fund-raising operations to include the supervision of other assets (including crypto-assets) and the establishment of new players (VASPs).

(b) Article 13(3) of the CEMAC Regulation requires the State to apply a risk-based approach to allocate its resources and implement measures to prevent or mitigate ML/TF. However, this provision does not specifically address the risks inherent in activities relating to virtual assets and the activities or operations of VASPs. No other specific provision covering this concern has been identified in the regional and national legal frameworks. And in practice, no measures have been taken.

(c) There is no specific provision for VSPs to take appropriate measures to identify, assess, manage and mitigate their BC/FT risks.

#### **Criterion 15.4 -**

(a) (i) No specific measure is identified requiring VASPs to be authorized or registered, where the VASP is a legal person, in the jurisdiction in which it was established, or

(ii) where the VASP is a natural person, in the jurisdiction where its place of business is located.

Neither Regulation No. 04/CEMAC/UMAC/CM of 21 December 2018, relating to payment services in the CEMAC zone, nor Law No. 22/001 of 22 April 2022 governing crypto-currency in CAR take into account the particular concern of the licensing or registration of VASPs, whether natural or legal persons, nor that of barriers to criminals being the holder of a significant interest or beneficial owner.

(b) No instrument obliges the competent authorities to take the legal or regulatory measures necessary to prevent criminals or their associates from holding, or being the beneficial owners of, a significant or controlling stake, or from holding a management position, in a VASP. Law No. 22/001 of 22 April 2022 governing crypto-currencies in CAR does not set out any specific responsibilities in this regard for the National Agency for the Regulation of Electronic Transactions (ANTE), whose remit is limited to controlling and managing all public ATMs installed by the State on national territory.

**Criterion 15.5 -** Section 2 of Law No. 22/001 of 22 April 2022 governing crypto-currencies in CAR merely states that it applies to public or private law natural or legal persons:

- who provide online trading activities relating to crypto-currencies;
- whose activity is to offer access to crypto-currency services to the public via information and communication technologies;
- which offer services using BLOCKCHAIN technology, giving rise to the conclusion of smart-contracts for the purchase of goods or the provision of services.

As things stand, there is no provision obliging CAR to take measures to identify natural or legal persons who carry out VASP activities without being approved or registered, as required, and to apply appropriate penalties to them.

#### **Criterion 15.6 -**

(a) Under Article 91 of the CEMAC Regulation, the supervisory and control authorities



monitor compliance with AML/CFT requirements. However, there is no provision dealing specifically with the regulation and supervision of VASPs.

- (b) There is no provision requiring supervisors to have the necessary powers to control or monitor VASPs to ensure that they comply with their AML/CFT obligations, including the power to carry out inspections, to require the production of any relevant information and to impose a range of disciplinary and financial sanctions, including the power to withdraw, restrict or suspend the VASP's licence or registration.

**Criterion 15.7** - Pursuant to Article 97 of the CEMAC Regulation, reporting entities receive from ANIF the information at its disposal on ML/TF mechanisms as well as the follow-up given to their suspicious transaction reports. However, there is no provision obliging the competent authorities and the supervisors, if they are established, to draw up guidelines and provide feedback to assist the VASPs in applying domestic AML/CFT measures and, in particular, to detect and report suspicious transactions.

**Criterion 15.8** -

- (a) Section 19 of Law No. 22/001 of 22 April 2022 governing crypto-currencies in CAR provides that, in addition to the provisions of the Penal Code and the instruments in force, any contravention of the provisions of this law shall be punishable by a prison sentence of between ten (10) and twenty (20) years and/or a fine of between 100,000,000 and 1,000,000,000 CFA francs. However, there is no provision in force for a range of proportionate and dissuasive criminal, civil or administrative penalties to be applied to VASPs that fail to comply with their AML/CFT obligations.

- (b) Nor is there a provision for the aforementioned penalties to be applicable not only to VASPs, but also to members of the administrative organ and senior management.

**Criterion 15.9** -

- (a) Article 29 of the CEMAC Regulation requires financial institutions to take appropriate due diligence measures for occasional transactions of five million CFA francs or more. However, there is no provision dealing specifically with the threshold of occasional transactions above which VASPs would be obliged to take due diligence measures.

- (b) (i) Article 36 provides that financial institutions shall obtain and verify the name, account number, address, national identification number, place and date of birth of the originator and beneficiary of the transfer, including the name of the originator's financial institution. Article 5 of COBAC Decision D-2022/071 of 6 May 2022, on the holding, use, exchange and conversion of crypto-currencies or crypto-assets by institutions subject to COBAC, requires institutions subject to COBAC to identify transactions carried out or rejected in connection with crypto-currencies (originators, beneficiaries, amounts, legal transaction currency, crypto-currency equivalents, purpose of the transaction, etc.). But CAR has not enacted any specific measures requiring the originator's VASP to obtain and preserve the required and accurate information on the originator and the required information on the beneficiary of the virtual asset transfer, to submit such information to the beneficiary's VASP

or its financial institution immediately and securely, and to make such information available to the appropriate authorities when requested.

- (ii) Similarly, there are no measures specifically requiring the beneficiary's VASP to obtain and preserve the required and accurate information from the originator and the required and accurate information from the beneficiary of the beneficiary virtual asset transfer, and to make such information available to the appropriate authorities upon request.
- (iii) There are also no specific provisions on virtual assets concerning monitoring of the availability of information. With regard to freezing measures and the prohibition of transactions with designated persons and entities, Article 105 of the CEMAC Regulation sets out these requirements for all funds and property, including virtual assets.
- (iv) There are no specific obligations for financial institutions when sending or receiving a transfer of virtual assets on behalf of a customer. Article 5(2) of COBAC Decision D-2022/071 of 6 May 2022 on the holding, use, exchange and conversion of crypto-currencies or crypto-assets by institutions subject to COBAC, merely requires institutions subject to COBAC to take all appropriate measures and lay down procedures and internal control measures so that their information systems can identify transactions involving crypto-currencies at any time.

**Criterion 15.10** - Article 106 of the CEMAC Regulation provides that any decision to freeze or unfreeze funds must be made public. The same applies to the procedures to be followed by any natural or legal person included on the list of persons, entities or bodies covered by the decision. However, there are no specific provisions concerning the mechanisms for implementing targeted financial sanctions appropriate to VASPs.

**Criterion 15.11**- There is no specific standard requiring VASP supervisors to have a legal basis for exchanging information with their foreign counterparts, regardless of their nature or status and the differences in nomenclature or status of the VASPs, despite the provisions of Article 91(4) of the CEMAC Regulation, which requires each supervisory and control authority to cooperate and exchange information with other competent authorities.

### ***Weighting and Conclusion***

Admittedly, CAR is covered by certain provisions relating to the identification and assessment of ML/TF risks inherent in the use of new technologies. However, although it has recently passed a law governing crypto-currencies, there are no provisions governing transactions linked to virtual assets or carried out by virtual asset providers, or designating an authority specifically responsible for authorizing and supervising VASPs. Given the status of *bitcoin* and *Sango coin* in CAR following the aforementioned law, it is a major shortcoming that financial institutions cannot comply with their obligations regarding targeted financial sanctions, given that they can make transfers in virtual assets without needing to know the details of the issuer and the beneficiary. It should be noted that *bitcoin* and *Sango coin* are treated, according to the FATF Standards, as virtual assets and not as fiat currencies.

***CAR is rated as Non-Compliant (NC) with Recommendation 15.***

### **Recommendation 16: Wire transfers**

At the end of its last evaluation, CAR was rated Non-Compliant (NC) with the former Special Recommendation VII on the rules applicable to wire transfers, due to the absence of an obligation to circulate information relating to the originator.

### *Ordering financial institutions*

#### **Criterion 16.1 -**

- (a) Article 36 of the CEMAC Regulations requires financial institutions whose activities include domestic or cross-border wire transfers to obtain and verify, regardless of the amount:
- i. the full name of the originator;
  - ii. the originator's account number, or if there is no account, a single reference number for the transaction;
  - iii. the originator's address or, if there is no address, the originator's national identification number or place and date of birth.
- (b) For wire transfers, financial institutions are also required to obtain:
- i. the name of the beneficiary of the transfer;
  - ii. the account number of the beneficiary of the transfer; or in the absence of an account, a single reference number for the transaction.

This information must appear in the message or payment form accompanying the transfer. If there is no account number, a single reference number must accompany the transfer.

**Criterion 16.2** - Article 36 of the CEMAC Regulation requires financial institutions whose activities include wire transfers to obtain and verify the full name, account number and address or, in the absence of an address, the national identification number or place and date of birth of the originator and beneficiary of the transfer including, if necessary, the name of the originator's financial institution. Where there is no account number, a single reference number must accompany the transfer.

In practice, this provision applies to individual transfers and to batch transfers carried out by the same originator.

**Criterion 16.3** - CAR does not apply thresholds. The provisions of Article 36 of the CEMAC Regulations apply to all wire transfers.

**Criterion 16.4** - Pursuant to Articles 29(2) and 36 of the CEMAC Regulation, in the event of suspicions as to the veracity or relevance of previously obtained customer identification data, suspicion of ML, TPF, the financial institution must verify the information relating to its customer as soon as there is a suspicion of ML/TF.

**Criterion 16.5** - Article 36 of the CEMAC Regulation stipulates that financial institutions whose activities include wire transfers are required to obtain and verify all information on the originator, whether for domestic or cross-border wire transfers and, if necessary, the name of the originator's financial institution.

**Criterion 16.6** - Article 36 of the CEMAC Regulation stipulates that the required information on the originator and beneficiary must be included in the message or payment form

accompanying the transfer. Where there is no account number, a single reference number must accompany the transfer.

However, there is no obligation on the originator's financial institution to transmit, on request, the information accompanying the transfer to the beneficiary's financial institution or to the prosecution authorities within three (3) working days of receipt of the request from either the beneficiary's financial institution or the appropriate competent authorities.

**Criterion 16.7** - Article 38 of the CEMAC Regulation requires financial institutions to keep documents relating to their identity for ten (10) years from the closure of their accounts or the termination of their relations with their regular or occasional customers. They must also keep records and documents relating to the transactions they have carried out and enhanced due diligence reports for ten (10) years after the transaction has been carried out.

**Criterion 16.8** - Article 37 of the CEMAC Regulation states that "where financial institutions receive wire transfers that do not contain complete information on the originator, they shall take steps to obtain the missing information from the issuing institution or the beneficiary in order to complete and verify it. Where they do not obtain such information, they shall refrain from executing the transfer".

#### *Intermediary financial institutions*

**Criterion 16.9** - Under Article 36 of the CEMAC Regulation, financial institutions acting as intermediaries in cross-border wire transfers must ensure that all information on the originator and beneficiary accompanying a wire transfer remains attached thereto. It is stated that information on the originator and beneficiary must appear in the message or payment form accompanying the transfer. Where there is no account number, a single reference number must accompany the transfer. However, the shortcoming noted in R.11 above (Criterion 11.2) casts doubt on the relevance of Article 36 of the CEMAC Regulation for the analysis of this criterion.

**Criterion 16.10** - Article 38 of the CEMAC Regulation requires financial institutions to keep documents relating to their identity for ten (10) years from the closure of their accounts or the termination of their relations with their regular or occasional customers. They must also keep records and documents relating to the transactions they have carried out for ten (10) years after the transaction has been carried out.

However, no obligation has been identified expressly requiring the intermediary financial institution to preserve for at least five (5) years the information received from the originator's financial institution or from the other intermediary financial institution in the event that some technical restrictions prevent the required information on the originator or beneficiary accompanying a cross-border wire transfer from remaining attached during a corresponding domestic wire transfer.

**Criterion 16.11**- Article 37 of the CEMAC Regulation generally requires financial institutions receiving wire transfers with incomplete sender information to take the necessary steps to obtain the missing information from the sending financial institution or the beneficiary in order to complete and verify the information. However, there is no obligation to cover incomplete beneficiary data or for intermediary financial institutions to take reasonable steps, consistent

with end-to-end processing, to identify cross-border wire transfers lacking the required originator or beneficiary information.

**Criterion 16.12** - The CEMAC Regulation requires financial institutions to have policies and controls in place to effectively mitigate and manage ML/TF risks (Articles 14, 28, 37 and 95). Such policies, procedures and controls must be proportionate to the nature and size of these institutions and the volume of their activities. However, no specific provision has been identified requiring them to: (a) have risk-based policies and procedures in place to decide when to execute, reject or suspend wire transfers that do not include the required originator or beneficiary information and (b) appropriate consequential actions to be taken.

#### *Beneficiary financial institutions*

**Criterion 16.13** - Article 37 of the CEMAC Regulation requires financial institutions receiving wire transfers that do not contain complete information on the originator to take steps to obtain the missing information from the issuing institution or the beneficiary in order to complete and verify it. Where they do not obtain such information, they shall refrain from executing the transfer. However, there are no formal provisions requiring the financial institution to take reasonable steps, which may include ex post monitoring or real-time monitoring where practicable, to detect cross-border wire transfers lacking the required originator or beneficial owner information.

**Criterion 16.14** - Article 36 of the CEMAC Regulation requires the financial institution to verify the identity of the beneficiary in all cases, regardless of the amount of the transaction, while Article 38 requires the financial institution to keep the information resulting from such verification for at least ten (10) years. To date, however, there is no specific provision obliging a beneficiary financial institution, in the case of a cross-border transfer of an amount equal to or greater than 1,000 dollars/euros, to verify the identity of the beneficiary who has not been previously identified and to keep this information in accordance with Recommendation 11.

**Criterion 16.15** - Article 37 of the CEMAC Regulation requires financial institutions receiving wire transfers containing incomplete information on the issuer to take the necessary measures to obtain from the issuing financial institution or the beneficiary the missing data, to verify it and to refrain from executing the transaction if they do not obtain such information. This obligation does not, however, imply the obligation to have risk-based policies and procedures for deciding:

- (a) when to execute, reject or suspend wire transfers that do not include the required originator or beneficiary information,
- (b) appropriate follow-up action.

#### *Money or value transfer service operators*

**Criterion 16.16** - Pursuant to Article 92 of the CEMAC Regulation, no person may engage in the professional activity of transferring or transporting funds and securities unless they have obtained the authorization of the competent authority of the State in whose territory they are required to carry out their activity. The said authority lays down, by order or any other appropriate legal act, the operating conditions, particularly with regard to the regular inspection

of money or value transfer services (in CAR, however, no order or act of this nature appears to have been issued). These provisions also apply to any legal or natural person operating as an agent in a CEMAC State. Money and value transfer service providers are required to communicate the list of their agents to the competent authority of the country in which they operate. The provisions of Articles 62 and 63 supplement these requirements with regard to the use of third parties. Similarly, Articles 32, 62 and 63 are consistent with Recommendation 16.

**Criterion 16:17 -**

- (a) Article 63 of the CEMAC Regulation contains measures relating to the implementation of due diligence obligations by third parties. Article 83(4) requires reporting entities to report to ANIF any transaction for which the identity of the originator or beneficial owner remains in doubt despite the due diligence carried out;
- (b) Article 83 of the CEMAC Regulation barely states that money or value transfer service providers must file a suspicious transaction report and provide the FIU with all information on the transaction. However, there is no standard requiring suspicious transaction reports to be filed in all the countries concerned by suspicious wire transfers.

*Implementation of targeted financial sanctions*

**Criterion 16.18** - The competent authority orders, by written decision, the freezing of funds and seizure for the purpose of confiscation of laundered assets, proceeds of money laundering, predicate offences and the terrorist financing, of persons, entities or terrorist organizations designated by the United Nations Security Council acting under Chapter VII of the Charter of the United Nations (Article 105 of the CEMAC Regulations). In addition, Article 38 of COBAC Regulation R-2005/01 instructs institutions subject to COBAC to freeze without delay funds and other assets belonging to persons on the lists drawn up under Resolutions 1267 and 1373 of the United Nations Sanctions Committee. This criterion would have been met if CAR had formally provided for a mechanism to disseminate the lists and designated an Authority to implement the targeted financial sanctions.

***Weighting and Conclusion***

On the one hand, CAR meets some of the requirements of Recommendation 16. On the other hand, there are significant shortcomings which temper this assessment, particularly with regard to the obligation on the originator's financial institution to transmit, on request, the information accompanying the transfer to the beneficiary's financial institution or to the prosecution authorities within three working days, and the obligation on the intermediary financial institution to keep the information received from the originator's financial institution for at least five years. The same applies to financial institutions' obligations to adopt risk-based policies and procedures for deciding when to execute, reject or suspend wire transfers that do not have the required originator or beneficiary information and the appropriate consequential actions to be taken. There is also no provision for reasonable measures, which may include ex post monitoring or real-time monitoring where possible, to detect cross-border wire transfers lacking the required originator or beneficial owner information. Furthermore, there is no provision requiring FIs to file a suspicious transaction report in all countries involved in the wire transfer.

***CAR is rated as Partially Compliant (PC) with Recommendation 16.***

## **Recommendation 17: Reliance on third parties**

At the end of the mutual evaluation of CAR in July 2010, with regard to the former R9 on third parties and intermediaries, the country was rated Non-Compliant (NC), due to shortcomings in the provisions of Community instruments and a general lack of implementation and effectiveness in the banking and non-bank financial sector.

**Criterion 17.1** - Article 62 of the CEMAC Regulation authorizes financial institutions to use third parties to carry out due diligence, without prejudice to their ultimate responsibility for compliance with these obligations. Article 12 of Regulation No. 001/CIMA/PCMA/PCE/2021 of 2 March 2021 also contains provisions relating to reliance on third parties by insurance companies.

- (a) In accordance with Article 64 of the CEMAC Regulation, the third party that applies the due diligence obligations must provide the financial institutions without delay with information relating to the identity of the customer, the beneficial owner and the purpose and nature of the business relationship.
- (b) The third party is required to transmit, at the first request, a copy of the documents identifying the customer and the beneficial owner, as well as any document relevant to the performance of this due diligence, in accordance with Article 64(2) of the CEMAC Regulation. This article does not expressly mention the requirement to transmit the documents without delay.
- (c) Article 63 requires financial institutions that rely on third parties to ensure that they are subject to equivalent AML/CFT obligations. However, there is no provision requiring the financial institution to formally ensure that the third party is subject to AML/CFT regulation, supervision or oversight.

**Criterion 17.2** - Under Article 14(1) of the CEMAC Regulation, reporting entities take appropriate measures to identify and assess the ML/TPF risks to which they are exposed, taking into account risk factors such as customers, countries or geographical areas, products, services, transactions or distribution channels. These measures, in synergy with those set out in Article 63, place the onus on third parties to assess risks relating to their country of establishment. However, they do not explicitly provide that countries using third parties must factor the information available at country level.

**Criterion 17.3** -

- (a) Article 96 of the CEMAC Regulation obliges financial institutions to apply measures at least equivalent to those provided for in Chapter 3 of Part II, with regard to customer due diligence and account keeping in their foreign branches.
- (b) Articles 63 and 96 require financial institutions using the services of a third party that is part of the same financial group to implement customer due diligence and record keeping measures and AML/CFT programmes. However, there is no specific provision requiring these measures to be monitored at group level by a competent authority.
- (c) To prevent ML/TF risks, Article 96 of the CEMAC Regulation requires branches or subsidiaries established in a third country to apply the group's AML/CFT measures if

they are more stringent than those of the host country. However, there are no specific provisions specifying that any risk linked to a higher-risk country is satisfactorily mitigated by the group's AML/CFT policies when the financial institution uses a third party that is part of the same financial group.

### ***Weighting and Conclusion***

The legislation in force in CAR allows financial institutions to use third parties to carry out due diligence and sets out the due diligence procedures to be followed by them and their third parties in implementing due diligence obligations. However, there is no obligation on financial institutions to take measures to ensure that the third party transmits the documentation; on the contrary, the CEMAC Regulation places the obligation on the third party itself, which may apply if the third party is under the country's jurisdiction.

***CAR is rated as Largely Compliant (LC) with Recommendation 17.***

### **Recommendation 18: Internal controls and foreign branches and subsidiaries**

At the end of its mutual evaluation in July 2010, CAR was rated Partially Compliant (PC) with the former Recommendation 15 on internal controls, compliance and audit. The country was found not to have: (i) arrangements applicable to all parts of the financial sector; (ii) effective implementation of internal control requirements relating to AML; (iii) arrangements applicable to all parts of the financial sector; and (iv) effective implementation of internal control requirements relating to AML.

In the area of foreign branches and subsidiaries, CAR had been rated Non-Compliant (NC) with the former Recommendation 22, because of the fragmented obligation for the banking financial sector and the absence of any obligation to inform the banking or non-banking supervisor.

### **Criterion 18.1 -**

- (a) Article 27(1) of the CEMAC Regulation requires financial institutions to draw up and implement ML and TF prevention programmes. The programmes include, in particular, the appointment of a compliance officer at head office, each branch and each agency or local office. This obligation is captured in Articles 54 and 55 of COBAC Regulation R-2016/04 of 8 March 2016 on internal control in credit institutions and financial holding companies, as well as Regulation No. 001/CIMA/PCMA/PCE/SG/2021, Article 8 of which provides for the appointment of officers responsible for implementing AML/CFT programmes.
- (b) With the notable exception of insurance companies, required by Article 10 of Regulation No. 001/CIMA/PCMA/PCE/SG/2021 to implement appropriate procedures when hiring employees, to ensure that this is done in accordance with stringent criteria, it should be noted that in CAR, there is no legal provision requiring financial institutions to have selection procedures to guarantee that employees are recruited in accordance with stringent criteria, and whose staff recruitment procedures and codes of ethics should be reflected in the internal legal structure of financial institutions.
- (c) Article 27(1)(3) of the CEMAC Regulation requires financial institutions to implement AML/CFT programmes that include an ongoing staff training programme to help them



detect transactions and actions that may be linked to ML/TF. Article 46(3) of COBAC Regulation R-2005/01 and Article 11 of Regulation No. 001/CIMA/PCMA/PCE/SG/2021 capture this obligation.

- (d) Article 14(4), 2<sup>nd</sup> bullet, of the CEMAC Regulation requires financial institutions to implement AML/CFT programmes that include an independent audit function responsible for testing policies, procedures and controls. COBAC Regulation R-2016/04 of 8 March 2016 on internal control in credit institutions and financial holding companies also provides for the internal audit function within reporting institutions (Articles 6, 10, 12, 44 to 48, 54 and 55). The same applies to COBAC EMF Regulation R-2017/06 of 24 October 2017 on internal control in microfinance institutions (Articles 8, 31 and 32) and Regulation No. 001/CIMA/PCMA/PCE/SG/2021 (Article 8).

### **Criterion 18.2 -**

- (a) Article 94(1) of the CEMAC Regulation requires financial institutions that are part of a group to implement group-wide policies and procedures, including data protection policies and policies and procedures relating to information sharing within the group, for AML/CFT purposes. Article 96 stipulates that financial institutions shall apply measures at least equivalent to those in force domestically with regard to customer due diligence and record keeping in their subsidiaries located abroad.
- (b) Article 94 of the CEMAC Regulation sets out procedures for sharing information within the group. However, CAR has not demonstrated the existence of specific provisions on the provision of information from branches and subsidiaries relating to customers, accounts and transactions, when necessary for AML/CFT purposes, to compliance, audit and/or AML/CFT functions at group level, including data and analyses of transactions or activities that appear unusual or for risk management purposes.
- (c) Article 94(1) of the CEMAC Regulation stipulates that financial institutions are required to implement data protection measures. Paragraph 3 states that the relevant supervisory authorities shall inform each other of cases where the legislation of a third country does not allow appropriate minimum AML/CFT measures to be applied to their branches and subsidiaries located abroad. However, satisfactory guarantees of confidentiality and use of the information exchanged are not formally provided for.

Furthermore, COBAC Regulation R-2016/04 of 8 March 2016 on internal control in credit institutions and financial holding companies (Articles 6, 10, 12, 54 and 55), COBAC-EMF Regulation R-2017/06 of 24 October 2017 on internal control in microfinance institutions (Articles 8, 31 and 32) and Regulation No. 001/CIMA/PCMA/PCE/SG/2021 all support the above provisions.

**Criterion 18.3 -** Article 94(2) of the CEMAC Regulation requires financial institutions to ensure the application of AML/CFT measures consistent with those of the home country, where the minimum AML/CFT requirements of the host country are less stringent than those of the home country, to the extent permitted by the laws and regulations of the host country. Paragraph 3 of the same Article specifies that where the host country does not permit the appropriate implementation of AML/CFT measures consistent with those of the home country, financial

groups should be obliged to implement appropriate additional measures to manage ML/TF risks and inform the home country supervisors accordingly.

Moreover, Articles 6, 10, 12, 54 and 55 of COBAC Regulation R-2016/04 of 8 March 2016 on internal control in credit institutions and financial holding companies support the requirements of this Recommendation.

### ***Weighting and Conclusion***

CAR largely meets the obligations relating to internal controls and foreign branches and subsidiaries, except that the absence of an obligation to implement programmes that take into account selection procedures guaranteeing the recruitment of employees according to stringent criteria and the lack of satisfactory measures relating to confidentiality and the use of information exchanged, are slight drawbacks.

***CAR is rated as Largely Compliant (LC) with Recommendation 18.***

### **Recommendation 19: Higher risk countries**

CAR was rated in its previous mutual evaluation as Non-Compliant (NC) with the former Recommendation 21 on the attention given to higher risk countries, due to the following shortcomings: (i) the scope of business relationships and transactions was too narrowly defined; (ii) there were no additional countermeasures for countries that did not apply or insufficiently applied the FATF Recommendations; (iii) there were no measures to raise concerns about deficiencies in the AML/CFT systems of countries other than those identified by FATF; (iv) due diligence measures relating to transactions with no apparent economic or lawful purpose not expressly applicable to transactions with legal and natural persons resident in countries that do not apply or insufficiently apply the FATF Recommendations.

**Criterion 19.1** - Article 14 of the CEMAC Regulation establishes a general obligation for reporting entities to take appropriate measures to identify and assess the ML/TPF risks to which they are exposed, taking into account risk factors such as customers, countries or geographical areas, products, services, transactions or distribution channels. These measures must be proportionate to the nature and size of the reporting entities. However, financial institutions are not expressly required to apply enhanced due diligence measures proportionate to the risks, in their business relations and transactions with natural and legal persons (and in particular financial institutions) from countries for which the FATF so requires.

The CEMAC Regulation also stipulates that reporting entities must implement additional due diligence measures when a transaction relates to a State or territory whose legislation or practices are insufficient to comply with AML/CFT requirements (Article 43).

COBAC Regulation R-2005/01 lays down the same special due diligence requirements for any transaction originating from or destined for institutions located in countries that are not members of FATF or classified as non-cooperative with regard to AML/CFT (Article 24).

Regulation No. 001/CIMA/PCMA/PCE/SG/2021 requires insurance undertakings to pay particular attention to transactions with countries and/or jurisdictions declared by FATF as non-cooperative (Article 19).

**Criterion 19.2** - Apart from enhanced due diligence measures, there are no provisions in CAR requiring the application of counter-measures proportionate to risks (a) when FATF so requests and (b) independently of any request from FATF.

**Criterion 19.3** - Although Article 14(2) of the CEMAC Regulation provides that the assessments referred to in paragraph 1 shall be documented, kept up to date, and made available to the supervisory and regulatory bodies, ANIF and the competent authorities, no explicit measure has been found requiring financial institutions to implement measures to ensure that they are informed of concerns raised by deficiencies in the AML/CFT systems of other countries.

### ***Weighting and Conclusion***

CAR satisfies the requirements of Recommendation 19 insofar as the CEMAC Regulation provides for the country factor to be taken into account in ML/TF risk identification and assessment by financial institutions. However, certain deficiencies relating to the application of counter-measures proportionate to the risks identified in relations with high-risk countries, when so requested by FATF, the application of counter-measures proportionate to the risks, when so requested by FATF or independently of any request by the FATF, and the obligation to put in place measures to ensure that financial institutions are informed of concerns arising from deficiencies in the AML/CFT arrangements of other countries, cast a shadow over this picture.

***CAR is rated as Partially Compliant (PC) with Recommendation 19.***

### **Recommendation 20: Suspicious Transaction Report(ing)**

The conclusions of CAR's previous mutual evaluation, under the first-round evaluations, reveal that CAR had been rated Non-Compliant (NC) and Partially Compliant (PC) respectively with the Recommendations relating to suspicious transactions reporting (R. 13 and SR. IV). IV. The country was blamed for: (i) identified weaknesses in compliance with the corresponding recommendations for the financial sector; (ii) the lack of practical application of the CEMAC Regulation by DNFBPs; (iii) the lack of obligation to report attempted transactions; and (iv) the lack of implementation of the system outside the banking sector.

**Criterion 20.1-** Article 83 of the CEMAC Regulation, Articles 26 and 28 of COBAC Regulation R-2005/01, Article 21 of Regulation 001/CIMA/PCMA/PCE/SG/2021 and Articles 230 and 231 of the COSUMAF General Regulation of 23 July 2008 require financial institutions to file suspicious transaction reports to NAFI when they know, suspect or have good reason to suspect that the transaction or attempted transaction in question may fall within the scope of ML or the TPF. However, the obligation to **immediately** report suspicious transactions to ANIF is not clearly stated, which is a significant shortcoming.

**Criterion 20.2** - Article 83(1) of the CEMAC Regulation requires financial institutions to report to ANIF attempted transactions that they know, suspect or have good reason to suspect are the result of customs or tax fraud, when at least one criterion defined by the regulations in force is met. This measure appears restrictive and hardly seems to extend to all attempted suspicious transactions relating to ML/TPF.

### ***Weighting and Conclusion***

In CAR, regulatory provisions require financial institutions to report suspicious transactions to ANIF. However, certain shortcomings have been noted, in particular with regard to precision of the obligation to immediately file a STR and the limited framework of the obligation to report attempted transactions.

***CAR is rated as Partially Compliant (PC) with Recommendation 20.***

### **Recommendation 21: Tipping-off and confidentiality**

CAR was rated Partially Compliant (PC) with former Recommendation 14 on the protection of those filing reports and prohibition on notifying customers. The country was criticized for: (i) lack of measures in the sector regulations protecting managers and employees against any professional or disciplinary liability for breaches of confidentiality rules; (ii) lack of exceptions to the ban on informing third parties when exchanges take place between financial institutions belonging to the same group; and (iii) discrepancy between the secrecy measures instituted by the CEMAC Regulation and the transmission of the suspicious transaction report to the public prosecutor instituted by the CIMA Regulation.

**Criterion 21.1** - Articles 88 and 89 of the CEMAC Regulation and Articles 30 and 31 of COBAC Regulation R-2005/01 provide for exemptions from criminal or civil liability for breach of any rule relating to the disclosure of information imposed by contract or by any legislative, regulatory or administrative provision, for financial institutions, their directors and employees, when they submit in good faith their suspicious reports to ANIF, even where they did not know specifically what the underlying criminal activity was or where the illegal activity that was the subject of the suspicion did not actually occur.

**Criterion 21.2** - Pursuant to Article 87(2) of the CEMAC Regulation and Article 21.3 of Regulation No. 001/CIMA/PCMA/PCE/SG/2021, financial institutions, their directors and employees are prohibited from disclosing the fact that a suspicious transaction report or related information has been communicated to ANIF.

### ***Weighting and Conclusion***

CAR meets all the criteria for Recommendation 21.

***CAR is rated as Compliant with Recommendation 21.***

### **Recommendation 22: Designated non-financial businesses and professions: customer due diligence**

At the end of the last evaluation of CAR's AML/CFT system, the country was rated Non-Compliant (NC) with the recommendation on customer due diligence for DNFBPs (former R.12), due to the following major shortcomings, which have since been partly remedied by the adoption of Regulation No. 01/16/CEMAC/UMAC/CM of 11 April 2016: (i) weaknesses identified in compliance with the corresponding recommendations for the financial sector and (ii) lack of practical application of the CEMAC Regulation by DNFBPs.

**Criterion 22.1 -**

- (a) Article 47 of the CEMAC Regulation requires casinos to observe customer due diligence by keeping and updating information relating to players who purchase, bring in or exchange chips or plaques for an amount equal to or greater than 1,000,000 CFA francs. However, this is not equivalent to obtaining and verifying information as in R.10.
- (b) Pursuant to Article 48 of the CEMAC Regulation, persons who carry out, control or advise on real estate transactions are required to identify the parties (identification of a natural and a legal person) when they are involved in the purchase or sale of real estate and when the transaction is carried out, and that amounts in excess of 3,000,000 CFA francs be paid by cheque or bank transfer.
- (c) Dealers in precious metals and stones are required by Article 50 of the CEMAC Regulation to comply with the obligations relating to customer identification when they carry out a cash transaction equal to or greater than the threshold set by the Monetary Authority or, failing that, by the Ministerial Committee, which threshold has not been set to date.
- (d) Pursuant to Article 49 of the CEMAC Regulation, lawyers, notaries, other independent legal professionals and accountants must observe customer due diligence requirements when preparing or carrying out transactions for their customers relating to the following activities: (i) purchase and sale of real estate; (ii) management of customers' capital, securities or other assets; (iii) management of current, savings or securities accounts; (iv) organization of contributions for the creation, operation or management of companies; and (v) creation, operation or administration of legal persons or arrangements, and the purchase and sale of business entities.
- (e) Under Article 51 of the CEMAC Regulation, customer due diligence obligations are imposed on trust and company service providers when they prepare or carry out transactions for a customer in connection with the following activities: acting as an agent in the formation of a legal person; acting (or arranging for another person to act), as an officer or company secretary of a company, as a partner of a partnership or in a similar capacity for other types of legal persons; they provide a registered office, a business address or premises, an administrative or postal address to a capital company, a partnership or any other legal person or legal arrangement; they act (or take steps so that another person acts) in the capacity of trustee of an express trust or exercise an equivalent function for another form of legal arrangement; they act (or take steps so that another person acts) in the capacity of shareholder acting on behalf of another person.

However, it is clear that these provisions do not clearly address the issue of identifying the beneficial owner and the origin of the funds.

**Criterion 22.2** - Article 47(3) of the CEMAC Regulation requires casinos and gaming establishments to keep accounting documents for ten (10) years after the last recorded transaction, to identify customers whose transactions are greater than or equal to one million (1,000,000) CFA francs, their nature and amount with an indication of the full names of the players as well as the number of the document presented in a register. However, other DNFBPs, such as dealers in precious stones and/or metals, lawyers, notaries, chartered accountants and

other independent legal professionals, and providers of services to trusts and real estate companies, are not required to keep documents for at least five (5) years.

**Criterion 22.3** - Article 25 of the CEMAC Regulation obliges DNFBPs to adopt an appropriate risk management system to determine whether the customer is a politically exposed person (PEP) and, if so, to comply with the obligations of Recommendation 12 concerning PEPs. This requirement does not factor the holder of a life insurance policy and/or, where applicable, the beneficial owner of the holder of a life insurance policy, where s/he is a PEP. Nor does the due diligence requirement take into account domestic PEPs and family members or any type of persons closely associated with PEPs.

**Criterion 22.4** - The evaluation team did not identify any provisions requiring DNFBPs to implement the due diligence requirements relating to new technologies set out in FATF Recommendation 15.

**Criterion 22.5** - The same applies to the obligations on DNFBPs regarding the use of third parties set out in Recommendation 17 or the obligation to ensure that the third party is subject to AML/CFT regulation and supervision.

#### ***Weighting and Conclusion***

CAR meets most of the criteria for Recommendation 22. However, with the exception of casinos and real estate agents, the other categories of DNFBPs are exempt from the record keeping obligations set out in R.11. Also, the CEMAC Regulation does not oblige DNFBPs to implement the due diligence obligations relating to new technologies set out in R.15 and to comply with the requirements of third parties set out in R.17.

***CAR is rated as Partially Compliant (PC) with Recommendation 22.***

#### **Recommendation 23: Designated non-financial businesses and professions: other measures**

CAR was rated Partially Compliant (PC) with R.16 of the previous methodology because of the absence of: (i) an obligation for DNFBPs to set up internal AML/CFT programmes; (ii) a mechanism for disseminating information on deficiencies in the AML/CFT systems of third countries and additional countermeasures; and (iii) a clear regime for legal professionals with regard to the protection of privileged professional relationships.

**Criterion 23.1**- DNFBPs are required to report suspicious transactions in accordance with Recommendation 20 in the following circumstances:

- (a) In relation to lawyers, notaries, other independent legal professionals and accountants, where they assist their client in the preparation or execution of transactions involving: (1) the purchase and sale of real estate or business enterprises; (2) the management of funds, securities or other assets belonging to the client; (3) the opening or management of current, savings or portfolio accounts; (4) the organization of contributions necessary for the formation, management or control of companies; (5) the formation, management or control of companies, trusts or similar legal arrangements; (6) the formation or management of endowment funds.

However, in the exercise of an activity relating to the transactions referred to above, lawyers, when the activity relates to legal proceedings or when they give legal advice; other members of the independent legal professions, when they give legal advice, and chartered accountants, when they give legal and tax advice, are not subject to the STR obligation, unless the advice was provided for ML/TF purposes or at the client's request.

- (b) Dealers in precious stones and metals are subject to the general STR obligation, with no threshold limit.
- (c) As regards trust and company service providers, they are bound by the general STR obligation without any indication of the circumstances or assumptions referred to in C. 22.1(e).

**Criterion 23.2** - Article 28(3) of the CEMAC Regulation states that reporting entities other than financial institutions shall implement the AML/CFT internal control procedures and measures laid down by their supervisors. This obligation is subject to the supervisors' definition, in accordance with Recommendation 18, of the AML/CFT internal control procedures and measures to be implemented. However, these authorities have not been identified or designated for CAR's DNFBPs.

**Criterion 23.3** - There is no provision requiring DNFBPs to comply with the obligations relating to higher-risk countries set out in Recommendation 19.

**Criterion 23.4** - Articles 88 and 89 of the CEMAC Regulation stipulate that when a suspicious transaction has been carried out, reporting entities are relieved of all liability and no criminal proceedings may be brought against them. Article 87(2) prohibits, under penalty of sanctions, DNFBPs, their directors and employees from disclosing the fact that a suspicious transaction report or information relating thereto has been communicated to ANIF or from giving information on the action taken thereon.

### ***Weighting and Conclusion***

The CEMAC Regulation subjects DNFBPs to rigorous measures and meets many of the requirements of R. 23. However, attempted suspicious transaction reports are not fully covered and DNFBPs are not required to file an STR immediately in the event of suspicion, or simply to file an STR: such is the case for lawyers when their activity relates to legal proceedings or when they provide legal advice, for other independent legal professionals when they provide legal advice, and for chartered accountants when they provide legal and tax advice. Dealers in precious stones and metals are required to do so without any threshold, while trust and company service providers are required to do so without any indication of the circumstances or assumptions referred to in C.22.1(e). Lastly, there is no designation of supervisory authorities for DNFBPs, as they are not required to comply with the obligations of R.19 relating to higher risk countries presenting.

***CAR is rated as Partially Compliant with Recommendation 23.***

## **Recommendation 24: Transparency and beneficial ownership of legal persons**

The first-round mutual evaluation report of the Central African Republic mentions that the Recommendation on transparency and beneficial ownership of legal persons (former R33) was rated non-compliant (NC). The evaluation team noted that the information entered in the registers under OHADA instruments did not make it possible to identify the beneficial owners within the meaning of R.33 (now R.24), that implementation of OHADA law had not been completed in CAR and that the scale of informal activity made it impossible to obtain appropriate, relevant and up-to-date information on all economic operators.

The 2016 amendment of the CEMAC Regulation on the Prevention and Repression of Money Laundering, Terrorist Financing and Proliferation in Central Africa and the 2014 amendment of the OHADA Uniform Acts have therefore helped to improve the country's legal framework.

### **Criterion 24.1-**

(a) With regard to commercial companies and economic interest groups (EIGs), Part 3 of the revised Uniform Act relating to the Law on Commercial Companies and Economic Interest Groups on Articles of Association, Article 10 et seq., and Book 1 of the Uniform Act relating to General Commercial Law on the status of traders and entrepreneurs provide for mechanisms that identify and describe the different types, forms and basic characteristics of legal persons that may be established in CAR. As for the other types of legal entity (associations, NPOs, foundations, SCIs, SCPs and NGOs), CAR has not adopted an appropriate legal mechanism to identify them and describe their various types, forms and basic characteristics.

(b) These same provisions describe the procedures for creating these legal entities and the methods for obtaining and keeping basic information about them. These procedures are generally carried out by a notary. The Uniform Acts are available online on OHADA's official website ([www.ohada.com](http://www.ohada.com)) and laws are published in the Official Gazette. However, there is no mention of the obligations to collect and keep information on beneficial owners in the same way.

**Criterion 24.2** - The ML/TF risks associated with the various categories of legal persons created in CAR have not been assessed.

### ***Basic information***

**Criterion 24.3** - The relevant provisions of the Uniform Act Relating to General Commercial Law, in particular Articles 44 et seq. thereof, and those of the Uniform Act Relating to the Law on Commercial Companies and Economic Interest Groups, in particular Articles 97 et seq. thereof, cover this criterion by highlighting the obligation to register with the TPPCR, which requires information on: the company name, the legal form, the address of the registered office, the main elements governing the operation and the list of members of the board of directors.

For other types of legal entity (associations, NPOs, foundations, SCIs, SCPs and NGOs), there is no legal instrument to ensure that these concerns are taken into account.

Articles 36 and 72 of the AUDCG require information on companies contained in the TPPCR to be made available to the public.



With regard to other companies not covered by the OHADA Uniform Act, CAR has not provided documentation to prove that information concerning them is collected, centralized and made available to the public.

**Criterion 24.4** - There is no provision in CAR that expressly requires companies, whether governed by the OHADA instruments or not, to keep the information set out in Criterion 24.3, and to keep a register of their shareholders or members containing the names of the shareholders and members, and the number of shares held by each shareholder as well as the class of shares (including the nature of the voting rights associated therewith).

**Criterion 24.5** - Under the relevant provisions of the OHADA Uniform Acts, the registry in charge of the TPPCR shall verify the accuracy and update of the information referred to in Criterion 24.3. Under these provisions, it ensures that applications are complete and compliant, and is also required to check that the information is accurate at all times. However, these provisions do not cover the elements of Criterion 24.4.

Furthermore, no obligation relating to the requirements of this criterion is made in respect of other types of legal persons which are not governed by the OHADA Uniform Acts.

#### *Beneficial ownership information*

**Criterion 24.6** - Apart from the obligation imposed mainly on FIs and some DNFbps by Article 27 of the CEMAC Regulation to centralize information on the identity of originators, beneficial owners, beneficiaries and holders of powers of attorney and agents, CAR has not set up mechanisms to ensure that information on the beneficial owners of a company is obtained by that company and available at a designated place in the country, or can otherwise be identified in a timely manner by a competent authority, so as to meet the requirements of this criterion. Furthermore, implementation of this obligation by FIs and some DNFbps is weakened by the absence of provisions which can guarantee the reliability of the source of the information, the absence of a binding framework for these reporting entities, in the event of doubt as to the identity of the beneficial owner, to identify by other means the natural persons who exercise control over the legal person or arrangement. Lastly, the absence of any obligation to keep documents in respect of some DNFbps means that the information is not available to facilitate the identification work of the competent authorities at the appropriate time.

**Criterion 24.7** - There are no provisions in CAR to require that information on beneficial owners be accurate and kept up to date to the greatest extent possible.

**Criterion 24.8** - There are no provisions in CAR to ensure that companies cooperate to the fullest extent possible with the competent authorities in identifying beneficial owners, with the implication of:

(a) requiring one or more natural persons resident in the country to be authorized by the company to disclose all basic and available information on beneficial owners and to provide any other form of assistance to the competent authorities, and to be accountable to those authorities; and/or

(b) requiring a designated non-financial business or profession in the country to be authorized by the company to disclose all basic and available information on beneficial owners and to provide further assistance to the authorities, and to be accountable to those authorities; and/or

(c) taking other comparable measures specifically identified by the countries.

**Criterion 24.9** - There is no express provision in CAR requiring natural and legal persons involved in the dissolution of a company to keep information and other documents for at least five years after the date on which the company is dissolved or ceases to exist, or for at least five years after the date on which the company ceases to be a customer of the professional intermediary or financial institution.

#### *Other requirements*

**Criterion 24.10** - Article 39 of the CEMAC Regulation empowers judicial authorities, supervisors and ANIF to have timely access to basic and beneficial ownership information held by reporting entities. ANIF's powers in this area are also extended by the right of communication provided for in Article 75 of the same Regulation. Lastly, COBAC Regulation R-2005/01 gives the FI supervisor the power to demand the disclosure of information.

However, the scope of such powers is watered down by the shortcomings in the collection and preservation of beneficial owner information.

**Criterion 24.11** - Articles 744-1 and 745 of the AUSCGIE stipulate that all securities must be registered in an account in the name of their owner and must be transferred from account to account.

Each company is required to have a record of registered or bearer securities, and in the event that a bearer security is issued on the financial market, the owner is required to convert it into a registered security in accordance with Article 746 of the AUSCGIE. CAR has not adopted legal instruments requiring the dematerialization of such shares, nor has it set up mechanisms to ensure that legal persons able to issue bearer shares or warrants are not misused for ML/TF purposes.

**Criterion 24.12** - The issue of shares registered under nominees is not permitted in CAR. However, directors acting on behalf of another person may be appointed by proxy.

(a) Such directors are required to disclose to the company the identity of the person appointing them, but are not required to enter such information in the company's register or any other relevant register.

(b) Such directors are required to produce a proxy duly authorizing them to act on behalf of another person, but are not required to keep information identifying the person who appointed them or to make such information available to the competent authorities on request.

(c) No other mechanism was identified by the country.

**Criterion 24.13** - No legal mechanism in CAR provides for liability or dissuasive and proportionate sanctions against any legal or natural person who fails to comply with these requirements.

**Criterion 24.14** - The various competent Central African authorities (police, customs, tax authorities, ANIF, FI supervisors, etc.) use the various existing regional and international cooperation agreements on mutual legal assistance and the exchange of information, under CEMAC, Interpol, CCPAC, WCO, etc., to provide rapid international cooperation on basic information and on beneficial owners. Such cooperation entails in particular:

- (a) Facilitating access by foreign competent authorities to basic information in company registers;
- (b) Exchanging information on shareholders; and
- (c) Using the investigative powers of competent authorities, in accordance with domestic laws, to obtain information on beneficial owners on behalf of foreign counterparts.

However, the absence of requirements for the collection, preservation and updating of comprehensive information on beneficial owners limits the scope of these provisions.

**Criterion 24.15** - There is no mechanism in place in CAR to monitor the quality of assistance it receives from other countries in response to requests for basic information and information on beneficial owners or requests for assistance in locating beneficial owners resident abroad.

### ***Weighting and Conclusion***

In CAR, legal persons governed by OHADA law are subject to registration and recording obligations and procedures. However, CAR does not have an appropriate system for collecting, storing and updating information on beneficial owners, and there is no mechanism to ensure that information on beneficial owners is up to date and available in a timely

There is no binding framework to ensure that legal persons cooperate to the fullest extent possible with the various competent authorities to identify beneficial owners. Also, CAR has not set up mechanisms to collect and sanction failures to provide basic and up-to-date information on legal persons, including nominee shareholders and directors.

There are no provisions obliging directors acting on behalf of another person to record information on the identity of the person appointing them in the company register, or to keep such information in any other relevant register, or to make such information available to the competent authorities on request. There is no provision for sanctions against directors for non-compliance with the obligation to provide information on their proxy.

In the absence of an assessment of the ML/TF risks associated with the various categories of legal persons, CAR was not able to demonstrate that it has taken the necessary measures to mitigate such risks.

Other types of legal persons not governed by the OHADA Uniform Acts are not subject to any of these requirements. Lastly, CAR cannot control the quality of assistance it receives from other countries in response to requests for basic and beneficial owner information.

***CAR is rated as Non-Compliant with Recommendation 24.***

## **Recommendation 25: Transparency and beneficial owners of legal arrangements**

At the time of its first mutual evaluation, CAR stated that it did not allow trust-type mechanisms to be set up and that foreign trusts were not recognized on its territory. Recommendation 34 on transparency and beneficial ownership of legal arrangements (current R25) was rated as not applicable.

**Criterion 25.1** - In its body of law, CAR does not allow trust-type arrangements to be set up, nor does it recognize foreign trusts to carry on or establish business relationships on its territory, as it is not a signatory to the Hague Convention of 1 July 1985 on the Law Applicable to Trusts and on their Recognition, nor does it have any specific legislation governing trusts. However, there is no provision expressly prohibiting a trust established abroad from managing assets located in the Central African Republic.

(a) Not Applicable, as there are no trusts governed by Central African law.

(b) Not Applicable, as there are no trusts governed by Central African law.

(c) Some categories of DNFBPs, in particular independent legal professionals who administer assets under the same conditions as trusts, as well as trustees and professional service providers are required to identify and verify the identity of some actors involved in the transaction, namely the client and the beneficial owner of the business relationship, and to keep the information collected up to date (Articles 7 and 51 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016). However, apart from the fact that there are no trusts governed by Central African law, there is no provision expressly requiring professional trustees to keep the required information previously collected by them for a period of at least five years after they cease to be involved in the trust.

**Criterion 25.2** - Pursuant to Articles 22(2) and 51 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and the financing of terrorism and proliferation in Central Africa, all information held in accordance with Criterion 25.1 must be accurate and as up to date as possible, and updated in a timely manner.

**Criterion 25.3** - The combined provisions of Articles 21 to 25, 29, 49 and 51 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and the financing of terrorism and proliferation in Central Africa ensure that providers of services to trusts and trustees declare their status to FIs and DNFBPs when they establish a business relationship or carry out an occasional transaction of an amount above the set threshold.

**Criterion 25.4** - There is no legal or regulatory provision in CAR that prevents trustees from providing the competent authorities or FIs and DNFBPs, upon request, with information on the beneficial owners and the trust assets held or managed under the business relationship.

**Criterion 25.5** - In CAR, the relevant provisions of the Code of Criminal Procedure on the general powers of the prosecuting authorities and the CEMAC Regulations (Article 39) provide these authorities with necessary and sufficient powers to access, in a timely manner, basic

information held by trustees and other parties, in particular information held by FIs and DNFBPs on:

- (a) the beneficial owners of trusts;
- (b) the residence of the trustee;
- (c) any assets held or managed by the FI or the DNFBP in relation to any trustee with whom they have a business relationship or for whom they carry out an occasional transaction.

**Criterion 25.6** - Considering the provisions of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and the financing of terrorism and proliferation in Central Africa, CAR can provide prompt international cooperation regarding information on trusts and other legal arrangements, including information on beneficial owners, in accordance with Recommendations 37 and 40. Such cooperation entails in particular:

- (a) facilitating access by foreign competent authorities to basic information held in registers or held by other national authorities (see Article 141);
- (b) exchanging information available at national level on trusts or other legal arrangements (Article 141); and
- (c) using, in accordance with domestic law, the investigative powers available to their competent authorities to obtain information on beneficial owners on behalf of foreign counterparts (Articles 80 and 82).

**Criterion 25.7** - Articles 51, 113, 117 and 123 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and the financing of terrorism and proliferation in Central Africa as well as Sections 208 to 212 of the Central African Penal Code provide for sanctions and liabilities in the event of reporting entities' non-compliance with their AML/CFT obligations. This helps to ensure that:

- (a) trustees are legally liable for any breach of their obligations;
- (b) proportionate and dissuasive criminal penalties are applicable to them in the event of breaches of their ML/TF obligations.

**Criterion 25.8** - There are no expressly written binding provisions, whether statutory or regulatory, which provide for sanctions in the event of non-compliance with the obligation to make available to the competent authorities, in a timely manner, information on trusts as referred to in Criterion 25.1.

### ***Weighting and Conclusion***

The legal framework in place in CAR, in particular Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and the financing of terrorism and proliferation in Central Africa meets the requirements of the criteria of Recommendation 25. However, in the context of trust services, apart from the basic information on the customer and the beneficial owner, the provisions in force do not require professional

trustees to hold basic information on the other regulated agents and trust service providers involved in the transaction. Nor is there any express binding provision regarding sanctions in the event of non-compliance with the obligation to make information on trusts available to the competent authorities in a timely manner.

*CAR is rated as Partially Compliant with Recommendation 25.*

### **Recommendation 26: Regulation and supervision of financial institutions**

During the first-round evaluation of its AML/CFT system, CAR was rated Highly Compliant with the Recommendation relating to regulation and supervision of financial institutions (former Recommendation 23). The country was criticized for failing to implement the system as a whole.

**Criterion 26.1** - In CAR, Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016, in particular Article 91 thereof, provides for and establish the principle of supervision and control of financial institutions' compliance with AML/CFT requirements by the designated competent authorities. In addition, there are other specific instruments that supplement these provisions while designating the competent authorities responsible for the supervision and control of categories of financial institutions. These include:

- the **Central African Banking Commission (COBAC)**, which is the authority that regulates, supervises and controls reporting institutions (credit institutions, banking intermediaries, microfinance institutions, foreign exchange bureaux and issuers of electronic payment instruments) in COBAC Regulation R-2005/01 relating to the due diligence of reporting institutions in terms of AML/CFT in Central Africa and Regulation No. 04/18/CEMAC/UMAC/COBAC of 21 December 2018 relating to payment services in CEMAC. Article 2(2) of Regulation R-2005/01 empowers COBAC to exercise its supervisory and disciplinary powers over reporting institutions, with a view to ensuring compliance with the appropriate AML/CFT due diligence measures set out in the said Regulation. Articles 32 and 38 of the Convention of 17 January 1992 on the Harmonization of Banking Regulations in Central African States give COBAC responsibility for regulating and supervising reporting credit institutions. In addition, Articles 4, 7, 8, 9 and 13 of Regulation No. 01/17/CEMAC/UMAC/COBAC of 27 September 2017 relating to conditions for the exercise and supervision of microfinance activity provide that the regulation and supervision of microfinance institutions are carried out jointly by COBAC and the **Ministry in charge of finance**. These authorities ensure that the operations and services authorized to microfinance institutions on a principal and accessory basis are carried out in compliance with the legal and regulatory provisions relating to AML/CFT.
- The **Bank of Central African States (BEAC)**, in accordance with Article 10 of the Annex to the 1990 Convention establishing COBAC, is authorized to organize and carry out documentary and on-site inspections of credit institutions on behalf of the Banking Commission. National authorities are called upon to assist BEAC in its controls as required. It also ensures, with the assistance of COBAC and the Ministry in charge of money and credit, that manual money changers comply with the requirements of foreign

exchange regulations, in accordance with Regulation No. 02/18/CEMAC/UMAC/CM of 21 December 2018 on foreign exchange regulations in the CEMAC zone and Instruction No. 011/GR/2019 of 10 June 2019 on the conditions and procedures for carrying out manual foreign exchange activities in the CEMAC zone.

- The **Inter-African Conference on Insurance Markets (CIMA)** has sufficient powers to regulate insurance companies and undertakings (insurance and reinsurance companies, insurance and reinsurance brokers) in accordance with the Treaty of 10 July 1992 establishing CIMA and Regulation No. 001/CIMA/PCMA/PCE/SG/2021 of 2 March 2021 to lay down the procedures applicable by insurance undertakings in CIMA Member States in the fight against money laundering and the financing of terrorism and the proliferation of weapons of mass destruction. Supervision and control is carried out by the **Regional Insurance Control Commission (CRCA)** at supranational level, while compliance with AML/CFT requirements by insurance intermediaries is monitored by the **Ministry in charge of insurance through the National Insurance Directorate**.
- The **Insurance Markets Supervision Commission (COSUMAF)** regulates, monitors and supervises financial market participants in CAR in accordance with Regulation No. 06/03-CEMAC-UMAC of 12 November 2003 on the organization, operation and supervision of the Central African Financial Market and the COSUMAF General Regulations of 15 January 2009.
- CAR has not provided information on the supervision of the financial services of the postal administration.

### *Market entry*

**Criterion 26.2** - In CAR, financial institutions are required to be licensed before they can operate.

Article 12 of the Annex to the Convention of 17 January 1992 on the Harmonization of Banking Regulations in Central African States stipulates that institutions governed by domestic law or branches of institutions headquartered abroad must obtain authorization from the monetary authority, after receiving the assent of COBAC, before carrying on any **credit institution business**. Article 13 of the same Annex specifies that opening on Central African territory of offices for the purposes of information, liaison or representation of credit institutions headquartered abroad is subject to approval by the monetary authority, with the assent of COBAC.

As regards **microfinance**, Article 47<sup>1</sup>) of Regulation No. 01/17/CEMAC/UMAC/COBAC of 27 September 2017 relating to conditions for the exercise and supervision of microfinance activity in the CEMAC zone provides that the exercise of microfinance activity on the territory of a CEMAC Member State, including CAR, is subject to authorization by the Monetary Authority, issued after the assent of the Banking Commission.

With regard to the **Financial Market**, Article 6 of COSUMAF's General Regulations of 15 January 2009 also requires market operators, intermediaries, issuers and any other person or

entity to apply to COSUMAF for prior approval, licence or authorization before taking any action on the Regional Financial Market, particularly with regard to activities, service provision or the initiation of transactions relating to the financial market.

In the **insurance sector**, Section 326 of the Insurance Code requires insurance companies to obtain authorization before commencing business. The authorization is issued by the Ministry in charge of insurance after receiving the assent of CRCA.

With regard to **manual money exchangers**, Articles 14, 19 and 82 of Regulation No. 02/18/CEMAC/UMAC/CM of 21 December 2018 on foreign exchange regulations in CEMAC and Article 15 of Instruction No. 011/GR/2019 of 10 June 2019 require foreign exchange bureaux, before carrying out manual foreign exchange activities, to have obtained an authorization issued by the Ministry in charge of money and credit, after obtaining the assent of BEAC.

In CAR, as in all CEMAC Member States, Regulation No. 04/18/CEMAC/UMAC/COBAC of 21 December 2018 on payment services in CEMAC (in particular Article 23) requires any service provider to obtain prior authorization issued by the Monetary Authority after obtaining the assent of COBAC before offering **payment services**.

There are no laws or regulations governing the financial activities carried out by the Post Office in CAR.

The exercise of money and value transfer activities is governed in CAR by Article 92 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016, which states *that no one may engage in the professional activity of transferring or transporting money and value if they have not obtained authorization from the competent authority of the State in whose territory they are required to carry out their activity.*

The instruments setting out the conditions for authorization/licensing that allow the various categories of FI to carry out their activities neither provide for nor permit the establishment or continuation of the activities of shell banks in CAR.

**Criterion 26.3** - Article 91 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 require supervisory and control authorities to make arrangements required to lay down appropriate criteria for ownership, control or direct or indirect participation in the running, management or operation of a financial institution.

For **credit institutions**, the provisions of the instruments governing them, in particular the Convention on the Harmonization of Banking Regulations in Central Africa, COBAC Regulation R-2016/01 and Regulation No. 02/15/CEMAC/UMAC/COBAC, require shareholders, managers or auditors to provide documents, including an extract from a criminal record less than 3 months old, when submitting their applications to the competent authorities. In the case of individual shareholders, they are required to submit a notarized statement of their assets and liabilities, as well as an exhaustive list of the holdings they have in other credit institutions or any other company. Shareholders (individuals and legal persons) are also required to submit a sworn statement specifying the origin of the funds to be invested and certifying that such funds are not derived from illegal activities.



With regard to **microfinance institutions**, COBAC EMF Regulation R-2017/05 setting out the terms and conditions for the approval of microfinance institutions, their managers and their statutory auditors establish a list of documents making up an application for approval. When considering the application for authorization, COBAC scrutinizes the information to assess the quality and good repute of the shareholders, directors and managers and also ensures that the applicant managers are not subject to any prohibitions provided for by the regulations in force.

For the **Financial Market**, the COSUMAF General Regulations and Regulation 06/03-CEMAC-UMAC of 12 November 2003 stipulate that persons who have been convicted of a felony or misdemeanour or persons on whom the banking and financial system of the CEMAC zone has doubtful debts may not be directors, managers, shareholders or perform internal control functions of a brokerage company.

According to the relevant provisions of the Insurance Code, persons who have been convicted of committing or attempting to commit, or who have been accomplices in the commission of reprehensible acts detrimental to their good repute, are prohibited from founding, running, administering or managing companies subject to the supervision of the Regional Insurance Control Commission. These provisions also prohibit persons convicted of felonies or misdemeanours from working as general agents or insurance brokers.

With regard to **manual foreign exchange**, Instruction No. 011/GR/2019 of 10 June 2019 on the conditions and procedures for carrying out manual foreign exchange activities in CEMAC requires applicants who are managers or directors to produce a set of documents, including an extract from the judicial record less than 3 months old and a sworn statement attesting that they have not been under any of the prohibitions or incompatibilities provided for by the regulations in force. Individual shareholders are required to produce an extract from a criminal record, while corporate shareholders are required to produce a detailed list of shareholders and the number of shares they hold, the nominal value of such shares and the corresponding percentage holding, as well as the equivalence in voting rights. These provisions also require any legal person shareholder to state all ascending shareholders until the final natural person shareholders have been identified.

With regard to **payment services**, Regulation No. 04/18/CEMAC/UMAC/COBAC of 21 December 2018 on payment services in the CEMAC zone subject applicants who are directors and auditors of payment service providers to the same provisions of the various instruments regulating credit and microfinance institutions.

On the whole, these various provisions do not address the issue of collecting and updating sufficient information in a timely manner to identify the beneficial owners of a significant shareholding in a financial institution. This leaves a possible gateway that could be used by criminals or their accomplices to own or control a financial institution or hold a management position therein.

## *Risk-based approach to supervision and monitoring*

### **Criterion 26.4 -**

(a) For financial institutions subject to the core principles, whether institutions subject to supervision by COBAC or insurance companies subject to supervision by CIMAC, the instruments regulating the activities of credit institutions and insurance companies provide for a structuring of controls in accordance with these fundamental principles and including consolidated supervision at group level for AML/CFT purposes. When examining applications for authorization, where the applicant entity belongs to a group headquartered outside their jurisdiction, these supervisory bodies ensure that the counterpart authority in the home country ensures consolidated supervision at group level. Financial institutions are required by the regulations on the prevention and suppression of money laundering, terrorist financing and proliferation to communicate the appropriate minimum AML/CFT measures to their branches and subsidiaries abroad.

However, the instruments regulating the financial market sector in CAR do not explicitly prescribe such provisions.

(b) Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016, in particular Article 12 thereof, subject all other financial institutions not subject to the core principles to regulation and supervision or oversight that factors the ML/TF risk of the sector in which they operate. Supervisory and self-regulatory authorities are required to ensure that the private sector implements mechanisms that enable them to identify, assess and understand the ML/TF risks to which their sector of activity is exposed.

**Criterion 26.5 -** In the Central African Republic, there is no provision specifying that the frequency and extent of on-site and remote AML/CFT controls exercised over financial FIs or groups must be determined on the basis of the risk profile, namely:

(a) ML/TF risks and the institution's or group's internal policies, controls and procedures, as identified in the supervisor's assessment of the institution's or group's risk profile;

(b) ML/TF risks present in the country;

(c) The characteristics of financial institutions and financial groups, in particular the diversity and number of financial institutions and the degree of discretion granted to them under the risk-based approach.

**Criterion 26.6 -** There are no provisions requiring the supervisor to review the assessment of the ML/TF risk profile of a financial institution or financial group, including non-compliance risk, on a regular basis and as soon as significant events or developments in the management and operations of the financial institution or financial group occur.

### ***Weighting and Conclusion***

With the exception of the Post Office's financial services, the other categories of FIs are under a designated authority responsible for regulating and monitoring compliance with the AML/CFT obligations to which they are subject. However, it should be noted that the various laws in force contain loopholes in terms of covering the requirements for entry into the market by international money and securities transfer companies, which are not licensed but carry out their activities through local banks established as super-agents. Apart from the manual foreign exchange sector, the instruments in force do not address the issue of collecting and updating sufficient information in a timely manner to identify beneficial owners in order to prevent criminals or their accomplices from holding or becoming beneficial owners of a significant stake in, or controlling a financial institution or holding a management position therein. Similarly, the requirements for supervision and control that take into account the risk profile of institutions are not sufficiently taken into account in the instruments governing anti-money laundering and combating the financing of terrorism.

***CAR is rated as Partially Compliant with Recommendation 26.***

### **Recommendation 27: Powers of supervisors**

In 2010, during the first-round evaluation of its AML/CFT system, CAR was rated Highly Compliant with the Recommendation relating to the powers of supervisors (former R.29). At this evaluation, CAR was criticized for failing to implement the system.

**Criterion 27.1** - Under Article 91 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016, the various supervisors are vested with powers to monitor financial institutions' compliance with their AML/CFT obligations.

With regard to anti-money laundering and combating the financing of terrorism, COBAC has the powers to issue standards and to monitor compliance with such standards by the financial institutions under its control, in accordance with the relevant provisions of the Annex to the Convention of 16 October 1990 establishing a Banking Commission for Central Africa, COBAC Regulation R-2005/01 of 1 April 2005 on due diligence by institutions subject to AML/CFT requirements, and the regulations governing the microfinance, payment services and manual foreign exchange sectors. It exercises these powers by carrying out documentary and on-site inspections of credit institutions, microfinance institutions, payment service providers and foreign exchange bureaux. Its supervisory powers extend to all legislative and regulatory instruments issued either by the UMAC Ministerial Committee, the Monetary Authority, BEAC or COBAC itself. Under the terms of the relevant instructions from the Governor, BEAC also carries out on-site and documentary monitoring of compliance with AML/CFT requirements in the areas of foreign exchange, electronic payment instruments and activities relating to foreign securities in the CEMAC zone.

Pursuant to Article 181 of its General Regulations, COSUMAF is vested with the power to carry out on-site and documentary inspections of brokerage firms as well as the staff and Authorised Representatives of brokerage firms.

With regard to insurance, the CIMA Regional Insurance Control Commission and the services of the Ministry in charge of insurance are empowered to carry out documentary and on-site inspections of insurance and reinsurance companies, and insurance and reinsurance brokers (Regulation No. 001/CIMA/PCMA/PCE/SG/2021 of 2 March 2021 to lay down the procedures applicable by insurance undertakings in CIMA Member States in anti-money laundering and combating the financing of terrorism and the proliferation of weapons of mass destruction).

However, there is no provision empowering any competent authority to carry out on-site and documentary checks on compliance with AML/CFT obligations by the Post Office's financial services.

**Criterion 27.2** - The supervisors have powers to carry out inspections of financial institutions in accordance with Articles 27 and 28 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and terrorist financing and proliferation in Central Africa, and the specific instruments governing the various categories of FIs, with the exception of the Post Office's financial services, which do not have a supervisory authority in this sense.

**Criterion 27.3** - Articles 38, 39, 91 and 101 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and the financing of terrorism and proliferation in Central Africa authorize the supervisors to require the production of any relevant information to monitor financial institutions' compliance with their AML/CFT obligations.

Article 9 of the 1990 Convention establishing COBAC and Article 44 of COBAC Regulation R 2005-01 of 1 April 2005 on the due diligence of reporting institutions with regard to AML/CFT give COBAC the power to require credit institutions to produce all the documents and information it deems necessary for the proper performance of its duties.

Similarly, Articles 9, 14, 52, 62 and 68 of Regulation No. 01/17/CEMAC/UMAC/COBAC relating to the operating and supervisory conditions of MFIs and Article 44 of the aforementioned COBAC Regulation R 2005-01 authorize COBAC to require the production of any information relevant to monitoring microfinance institutions' compliance with their AML/CFT obligations.

Under Article 15 of Regulation No. 04/18/CEMAC/UMAC of 21 December 2018 on payment services in the CEMAC zone, COBAC is authorized to request from payment service providers, their statutory auditors, technical partners, distributors, sub-distributors and any other person or body whose assistance may be required, any information or evidence useful for the exercise of its supervisory mission.

Regulation No. 02/18/CEMAC/UMAC/CM of 21 December 2018 regulating foreign exchange in the CEMAC zone, and Instruction No. 011/GR/2019 of 10 June 2019 relating to the conditions and procedures for the exercise of manual foreign exchange activity in the CEMAC zone require manual money changers to make available to the Ministry in charge of money and credit, BEAC and COBAC and, where applicable, any other person duly authorized by virtue

of the legislative and regulatory provisions, the information and documents necessary for the proper conduct of controls.

Article 12 of Regulation No. 06/03-CEMAC-UMAC on the organization, functioning and supervision of the Central African financial market, and Article 328 of COSUMAF's General Regulations, authorize COSUMAF, as part of its ongoing supervision of financial market participants, to require the production of all documents and information necessary to carry out its supervision.

The CIMA Code authorizes the Regional Insurance Control Commission (CRCA) to request any information necessary for the performance of its duties from the entities subject to its supervision. The CRCA may therefore request auditors' reports and, in general, all accounting documents.

The absence of an authority to monitor compliance with AML/CFT obligations by the Post Office's financial services limits the verification of the latter's ability to require the production of all relevant information during supervision.

**Criterion 27.4** - Articles 113 and 119 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and the financing of terrorism and proliferation in Central Africa authorize the supervisors with disciplinary powers to impose sanctions in case of their reporting entities' non-compliance with AML/CFT obligations. Such disciplinary and financial sanctions may go as far as the withdrawal, limitation or suspension of the financial institution's licence and are applied under the conditions set out in the specific laws and regulations in force.

In the event of non-compliance with AML/CFT obligations, COBAC may initiate disciplinary proceedings against the financial institutions under its supervision (Article 60 of COBAC Regulation R-2005/01). Under COBAC Regulation R-2019/03 of 23 September 2019 on the application and collection of financial penalties by the Central African Banking Commission, it is authorized, in the event of non-compliance with regulations, to impose a range of disciplinary and financial penalties on credit, microfinance and payment institutions, as well as on their managers. COBAC may also withdraw a banking institution's licence (COBAC Charter for the conduct of on-site inspections, Annex to COBAC Decision D-2010/004 of 15 February 2010).

Article 153 of Regulation No. 02/18/CEMAC/UMAC/CM of 21 December 2018 on foreign exchange regulation in the CEMAC zone authorize BEAC, the Ministry in charge of money and credit and COBAC to impose administrative and pecuniary sanctions on manual money changers in the event of failure to comply with their obligations.

In the event that a player in the insurance sector subject to supervision by CRCA or the Ministry in charge of insurance has breached the regulations, the CIMA Code authorizes the supervisory authority to impose a range of disciplinary sanctions and fines.

Part 8 of COSUMAF's General Regulations on sanctions authorizes it to impose financial penalties on financial market participants who fail to comply with the regulations.

However, the sanctions do not apply to the Post Office's financial services, which lack an authority to monitor compliance with their AML/CFT obligations.

### ***Weighting and Conclusion***

The supervisors have broad powers to carry out on-site and documentary inspections of the financial institutions under their supervision. They are authorized to require the production of any relevant information to monitor financial institutions' compliance with their AML/CFT obligations. They are also empowered to impose a range of disciplinary and financial sanctions where they find breaches. Such sanctions can be imposed on financial institutions as well as on their managers. Nevertheless, the absence of an authority to monitor Post Office financial services' compliance with their AML/CFT obligations suggests that there are no supervisory powers in this sector.

***CAR is rated as Largely Compliant with Recommendation 27.***

### **Recommendation 28: Regulation and supervision of designated non-financial businesses and professions**

During the first-round evaluation, CAR was rated Non-Compliant with the Recommendation on the regulation and supervision of Designated Non-Financial Businesses and Professions (former R 24). CAR was criticized not only for failing to implement the CEMAC Regulation, but also for the fact that the supervisors and self-regulatory bodies for DNFBPs are not in a position to exercise effective supervision over their members' compliance with their obligations under the CEMAC Regulation.

#### ***Casinos***

##### **Criterion 28.1-**

(a) There is no legislative or regulatory framework governing casinos in CAR. As a result, there is no requirement for prior authorization to operate a casino.

(b) In the absence of casino regulation, there are no appropriate measures to prevent criminals or their accomplices from holding or becoming the beneficial owners of a significant shareholding or control of a casino, from occupying a management position therein or from operating it.

(c) No authority has been designated to monitor casinos' compliance with their AML/CFT obligations.

#### ***DNFBPs other than casinos***

**Criterion 28.2** - No legislative or regulatory provision designates a supervisory or self-regulatory body as the competent authority responsible for monitoring and ensuring DNFBPs' compliance with their AML/CFT obligations.

**Criterion 28.3** - Article 91 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and financing of terrorism and proliferation in Central Africa require DNFBPs supervisory and regulatory authorities to ensure that they comply with their AML/CFT obligations. Given that no authority is designated to monitor

compliance with the AML/CFT obligations incumbent on DNFBPs, no supervisory mechanism has been set up to ensure that DNFBPs comply with their AML/CFT obligations.

**Criterion 28.4** - There is no competent authority or self-regulatory body formally designated to:

(a) have the necessary powers to perform these duties, including compliance monitoring powers in accordance with Articles 91 and 93 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and repression of money laundering and the financing of terrorism and proliferation in Central Africa;

(b) take the necessary measures to prevent criminals or their accomplices from accessing the status of registered professional, or from holding a significant or controlling stake, from becoming the beneficial owners of such a stake, or from occupying a management position in a designated non-financial business or profession;

(c) provide for sanctions in accordance with Recommendation 35 in the event of non-compliance with AML/CFT obligations.

***All designated non-financial businesses and professions***

**Criterion 28.5** - In the absence of a competent supervisor or self-regulatory body for the AML/CFT supervision of DNFBPs and an assessment of the risks to which they are exposed, DNFBPs are not subject to supervision by, inter alia:

(a) determining the frequency and extent of AML/CFT supervision of designated non-financial businesses and professions based on their understanding of ML/TF risks and taking into account their characteristics, including their diversity and number;

(b) taking into account the ML/TF risk profile of these designated non-financial businesses and professions, and the degree of discretion granted to them under the risk-based approach, when assessing the adequacy of the designated non-financial businesses' and professions' AML/CFT internal controls, policies and procedures.

***Weighting and Conclusion***

There is no legislative or regulatory framework governing casinos in CAR nor provisions designating a supervisory or self-regulatory body as the competent authority responsible for monitoring and ensuring DNFBPs' compliance with their AML/CFT obligations. These shortcomings de facto hinder the implementation of all AML/CFT requirements concerning DNFBPs as a whole.

***CAR is rated as Non-Compliant with Recommendation 28***

## **Recommendation 29: Financial intelligence units (FIUs)**

CAR was rated PC in the 2010 evaluation. The shortcomings criticized in this Recommendation (former R.26) include the incomplete operationality of the ANIF, the imperfect protection of the confidentiality of data contained in STRs and requests for additional information, the FIU's geographically limited scope of action, the lack of synergies with other AML/CFT stakeholders, the absence of sanctions in the event of refusal or non-execution of a request for information from ANIF, etc.

**Criterion 29.1** - CAR has an FIU referred to as National Agency for Financial Investigation, abbreviated to ANIF. CAR's FIU was established in 2005, by Decree No. 05 042. Article 65 of CEMAC Regulation also institutes ANIFs in CEMAC Member States.

### **Criterion 29.2** -

(a) CAR's ANIF is the central body for receiving suspicious transaction reports issued by reporting entities pursuant to Articles 6 and 7 of the CEMAC Regulation, in accordance with Article 83 on the obligation to report suspicious transactions.

(b) Article 18 of the CEMAC Regulation requires reporting entities to report to ANIF all transactions in cash or bearer securities for an amount equal to or greater than 5,000,000 CFA francs. Article 83 of the aforementioned Regulation (paragraphs 4 and 7) also requires reporting entities to report to ANIF, on the one hand, any transaction for which the identity of the originator or the beneficial owner or the settlor of a trust fund or any other instrument for the management of earmarked assets remains doubtful despite the due diligence carried out in accordance with their obligation to exercise due diligence and, on the other hand, information relating to fund transfer transactions carried out using cash or electronic money.

### **Criterion 29.3** -

(a) Article 72 of the CEMAC Regulations (handling of suspicious transaction reports) "ANIF... shall, if necessary, request additional information from the reporting party, as well as from any public and/or private authority". Article 9 of the ANIF decree states that "the Agency shall analyse the suspicious transaction reports received on the basis of any additional information...". These provisions are supplemented by Articles 66(3) and 75, which give ANIF broad powers to obtain documents from all reporting entities, without limiting itself to the entity filing the report.

(b) Article 75 of the CEMAC Regulation gives ANIF extended right of communication which allows it to request information from any public or private authority. Article 8 of the ANIF Decree provides that it may, upon request, obtain from any public authority or any natural or legal person, the communication of information and documents, within the framework of investigations that it undertakes following a suspicious transaction report.

### **Criterion 29.4** -

(a) Article 66 (1)(1) provides that "ANIF shall be responsible for collecting, analysing, enriching and using any information likely to establish the origin of funds...". Similarly, Article 72 of the CEMAC Regulation refers to operational analysis when processing a suspicious transaction report.



(b) Article 66(4) contains provisions that comply with this sub-criterion, as it states that "ANIF shall carry out or commission periodic studies on the development of techniques used for the purposes of money laundering and terrorist financing at national level". Similarly, Article 12 of the ANIF Decree states that "the Agency shall prepare quarterly reports on its activities. The report shall list the money laundering techniques identified on the national territory and shall contain proposals aimed at strengthening AML/CFT".

**Criterion 29.5-** The provisions of the CEMAC Regulation, in particular Article 71, give ANIF the power to transmit information and the findings of its analyses, spontaneously or on request, to the competent AML/CFT authorities, notably judicial authorities, the customs administration, the tax authorities and specialized intelligence services. In practice, these reports are transmitted in sealed envelopes or delivered directly to the premises of the relevant services.

However, these transmission channels only provide a limited level of security and protection. .

**Criterion 29.6 -**

(a) Article 11 of the ANIF Decree states that "the Agency shall implement, in compliance with the laws and regulations on the protection of privacy and on computer databases, a database containing all relevant information on the suspicious transaction reports provided for in the CEMAC Regulation, the transactions carried out and the persons who carried out the transaction, either directly or through intermediaries. The information shall be updated and organized in such a way as to optimize searches to substantiate or dispel suspicions". Articles 70 (confidentiality), 71 (1) (disclosure of information to ANIF), 73(1) (referral to the Public Prosecutor) and 82(1,2) (transmission of information to foreign FIUs) also comply with Criterion 29.6 (a).

(b) Neither the ANIF Decree nor the CEMAC Regulation deal with authorizations for access to sensitive information.

(c) ANIF-CAR premises are not secure, nor is access regulated. ANIF uses the Ministry of Finance's database to store its information. This does not rule out access to the information by Ministry officials.

**Criterion 29.7 -**

(a) Pursuant to Article 2 of the ANIF Decree, "ANIF has financial and budgetary autonomy, as well as autonomous decision-making power on matters within its remit". Article 65 of the CEMAC Regulation enshrines the autonomy of ANIF in its functions of receiving, analysing and disseminating specific information;

(b) Articles 79 (cooperation with national authorities), 80 (cooperation with ANIFs of CEMAC member countries) and 82 (cooperation with foreign FIUs) allow CAR's ANIF to collaborate independently with national and foreign authorities.

(c) Although under the supervision of the Ministry of Finance and Budget (Art 2 ANIF Decree), ANIF enjoys operational independence in the exercise of its missions, which are separate from those of the supervisory authority.

(d) Article 13 of the Decree states that: “each year, ANIF draws up its budget for the following year, within the limits set by the Minister of Finance”. Article 41 of ANIF's Internal Regulations states that ANIF enjoys financial autonomy. It has an annual budget whose resources are derived from State subsidies, CEMAC institutions and development partners. Its Director is the authorizing officer. These resources are made available gradually, which is likely to affect functioning of ANIF.

**Criterion 29.8** - CAR’s ANIF has not yet applied to join the Egmont Group.

***Weighting and Conclusion***

CAR's institutional and legal arrangements enable it to partially meet the criteria of R29. Criteria 29.6 and 29.7 and 29.8 affect CAR's R29 rating.

***CAR is rated as Partially Compliant with Recommendation 29.***

**Recommendation 30: Responsibilities of law enforcement and investigative authorities**

During the July 2010 evaluation, Recommendation 30 (former R.27) was given a PC rating because of the following complaints: ineffectiveness in detecting and investigating assets; investigations and prosecutions are not sufficiently focused on the financial aspect and the recovery of criminal assets; lack of specialization in ML/TF matters, especially at police level, and lack of interaction and coordination with ANIF.

**Criterion 30.1**- In CAR, several criminal prosecution authorities are responsible for conducting ML/TF investigations or investigations into ML underlying offences. These designated competent authorities are: the National Police, the National Gendarmerie, the Customs Administration, the Public Prosecutor's Office and Investigating Judges.

**Criterion 30.2** - Prosecuting and investigative authorities in CAR are authorized to conduct parallel asset and financial investigations, in connection with investigations into money laundering, ML and TF underlying offences.

**Criterion 30.3** - Under the general provisions of the Code of Criminal Procedure and the specific provisions of the CEMAC Regulation (Articles 104 and 105), the prosecution authorities in CAR have the power to identify, trace and initiate procedures to freeze or seize assets subject or likely to be subject to confiscation, or suspected of being the proceeds of crime.

**Criterion 30.4** - Other institutions that are not prosecuting authorities per se may conduct financial and asset investigations and initiate the seizure of the proceeds of crime. The Customs Administration is competent to hold back funds as part of controls on the cross-border transport of funds.

**Criterion 30.5** - The National Anti-Corruption Committee is not empowered to investigate ML/TF offences arising from corruption offences.

***Weighting and Conclusion***

Prosecuting authorities are designated with powers and responsibilities to ensure that ML, underlying offences and TF are sufficiently investigated.

***CAR is rated as Compliant with Recommendation 30.***

### **Recommendation 31: Powers of law enforcement and investigative authorities**

At the end of the first-round evaluation, CAR was rated PC with R.31 (former R.28) due to shortcomings relating to the lack of enforcement in for ML/TF and a lack of protection of the identity of witnesses filing reports. Since then, the country has made many improvements to its AML/CFT provision.

**Criterion 31.1-** In accordance with the legal provisions in force, the competent Central African authorities have, in the course of investigations into ML, related underlying offences and TF, the power to access, including by coercion, necessary documents and information to be used in the context of the said investigations and related prosecutions and actions. To this end:

(a) the production of documents held by FIs, DNFBPs or other natural or legal persons stems from the application of the provisions of the CEMAC Regulation, which provide that: "the documents and records relating to identification obligations (...) shall be communicated upon request, by the persons referred to in Articles 6 and 7 (reporting entities), to judicial authorities, State employees responsible for detecting and suppressing ML-related offences, acting in the context of judicial proceedings, to supervisors and to ANIF" (Article 39) and "for the purposes of obtaining evidence of money laundering and the financing of terrorism and proliferation, and of tracing the proceeds of crime, the competent judicial authority may order, (...) without professional secrecy being enforceable against it, various measures, in particular: ...(3) the communication or seizure of authentic or private documents, banking, financial and commercial documents...".

According to the CEMAC Regulation, as a result of the lifting of professional secrecy, information held by reporting entities must be made available to the prosecuting authorities during investigations. However, in the event of refusal, ANIF may refer the matter to the emergency judge, who will order the service concerned to comply (Article 75 paragraph 3);

(b) in accordance with the general provisions of the Code of Criminal Procedure, the investigating authorities have the power to carry out searches of persons, searches of premises and visits to people's homes;

(c) the relevant provisions of the Code of Criminal Procedure governing investigation in flagrante delicto and preliminary investigation and the CEMAC Regulation (Article 95) give the investigative authorities the power to take evidence and conduct hearings.

(d) the investigative authorities also have the power, under the same provisions, to proceed with seizure to obtain evidence.

**Criterion 31.2** - Pursuant to Articles 98 and 99 of the CEMAC Regulation, the competent authorities in charge of investigations have at their disposal a wide range of investigative techniques adapted to the investigation of ML, related underlying offences and TF. These techniques include in particular:

(a) undercover operations;

(b) interception of communications;

(c) access to computer systems; and

(d) controlled delivery.

### **Criterion 31.3 -**

(a) The CEMAC Regulation requires reporting entities to communicate, upon request and without invoking professional secrecy, documents relating to the fulfilment of their identification obligation, to the judicial authorities, to officials responsible for the detection and repression of ML-related offences, acting as part of judicial proceedings, to supervisors and to ANIF (Articles 39, 75 and 101).

(b) The legal powers and investigative techniques available to the competent authorities, in the course of their investigations, to locate or identify property do not require prior notification to the owner.

**Criterion 31.4** - Article 71 of the CEMAC Regulation authorizes ANIF to communicate information in its possession to the customs, tax and law enforcement authorities when it relates to facts that may be the subject of a suspicious transaction report. Article 73 Indeed, Article 73(3) of the CEMAC Regulation specifies that in the context of an investigation relating to ML/TF, the Public Prosecutor may request information from ANIF.

### ***Weighting and Conclusion***

All criteria are met.

***CAR is rated as Compliant with Recommendation 31.***

### **Recommendation 32: Cash couriers**

In 2010, the Central African Republic was rated as NC with Recommendation 32 (former Special Recommendation IX), due to the absence of a system of reporting or communication relating to cross-border transportation of cash and other financial instruments as part of AML/CFT. However, regulations and legislation have changed since the 2010 evaluation, with the adoption at Community level of the CEMAC Regulation and Regulation No. 02/18/CEMAC/UMAC/CM on foreign exchange regulations of 21 December 2018.

**Criterion 32.1** - Article 15 of the CEMAC Regulation establishes a system for declaring cash in an amount equal to or greater than 5,000,000 CFA francs or the equivalent in foreign currency, an obligation incumbent on any person coming from a third country who enters the territory of a CEMAC Member State or who leaves the territory of a CEMAC Member State bound for a third country. In addition, Article 78 of Regulation No. 02/18/CEMAC/UMAC/CM on foreign exchange regulations requires a declaration to be made to the customs authorities for any sum in excess of 5 million CFA francs. The customs services must ensure that the relevant controls are carried out. However, the declaration system only applies to travellers entering and leaving CEMAC territory. No declaration or communication obligation is required for physical cross-border transport by courier or freight.

**Criterion 32.2** - The written declaration system is provided for in Articles 76 to 80 of Regulation No. 02/18/CEMAC/UMAC/CM on foreign exchange regulations in the CEMAC zone. The system is designed for travellers carrying sums in excess of a certain threshold. For the CEMAC zone, the threshold is set at an amount equal to or greater than 5 million (Article 15 of the CEMAC Regulation and 78 of Regulation No. 02/18/CEMAC/UMAC/CM).

**Criterion 32.3** - Article 15 of the CEMAC Regulation and Article 78 of Regulation No. 02/18/CEMAC/UMAC/CM on foreign exchange regulations of the CEMAC zone require travellers to make declarations in good faith. Where the information provided by the traveller is incorrect or false, the traveller will be subject to the penalties provided for in this regard.

**Criterion 32.4** - Article 15 of the CEMAC Regulation requires the competent authorities to request additional information on the origin of cash or bearer instruments. The same applies to Article 78(3) of Regulation No. 02/18/CEMAC/UMAC/CM on the CEMAC foreign exchange regulations.

**Criterion 32.5** - The perpetrators of false declarations or communications are subject to penalties as provided for by the foreign exchange regulations and the CEMAC Regulation. Article 168 of the Foreign Exchange Regulations punishes non-declaration or false declaration as follows: a fine of 15% of the amount exceeding the authorized threshold, confiscation of the undeclared sums and the tools used to conceal them, without prejudice to the penalties provided for in the AML/CFT regulations. Article 15 of the CEMAC Regulation also provides for sanctions such as seizure of all undeclared or falsely declared cash.

**Criterion 32.6** - Article 79 of the CEMAC Regulation provides for the reporting of suspicious cases to the FIU, as well as statistical reports on AML/CFT. There is no mechanism for notifying the FIU of information gathered under the cross-border transport reporting/communication system, enabling either (a) the notification of suspicious incidents; or (b) the direct communication of this information in any other way.

**Criterion 32.7** - The country has not implemented satisfactory coordination between customs services, immigration services and any other relevant authority.

**Criterion 32.8** - Articles 15 of the CEMAC Regulation and 168 of Regulation No. 02/18/CEMAC/UMAC/CM establishing the CEMAC foreign exchange regulations, grant the competent authorities powers to be able to stop or detain cash or BNIs for a reasonable period of time to enable them establish whether evidence of ML/TF is likely to be found. Article 15 of the CEMAC Regulation provides that cash or BNIs may be detained for no more than 72 hours if further information is required, and Article 168 of the Foreign Exchange Regulations provides for the confiscation of cash or BNIs.

**Criterion 32.9** - The country does not have in place a declaration/communication system that allows for international cooperation and assistance, ensuring the preservation of information relating to: (a) reporting or disclosure of amounts in excess of the prescribed limit; or (b) false reporting or disclosure of false information; or (c) suspicion of ML/TF, to facilitate international cooperation and assistance in accordance with Recommendations 36 to 40.

**Criterion 32.10** - The Central African Republic has not demonstrated that it has taken strict precautions to ensure the proper use of information collected through the reporting/communication systems and not to restrict in any way either: (i) payments relating to trade in goods or services between countries, or (ii) the free movement of capital.

**Criterion 32.11** - Persons carrying out cross-border physical transport of cash and BNIs in connection with ML/TF are liable to the criminal penalties provided for in the CEMAC Regulation. Administrative sanctions are provided for in Article 168 of the Foreign Exchange

Regulations, which provides for a fine equal to 15% of the amount in excess of the authorized threshold, and the confiscation of undeclared sums and the tools used to conceal them, without prejudice to the sanctions provided for in the CEMAC Regulation. Seizure and confiscation measures may also be ordered pursuant to Articles 15, 130 and 131 of the CEMAC Regulation. These penalties are proportionate and dissuasive. However, the country has not specified the penalties applicable to the underlying offences relating to physical cross-border transport of cash and BNIs.

### ***Weighting and Conclusion***

Adoption of the CEMAC Regulation and Regulation No. 02/18/CEMAC/UMAC/CM on CEMAC exchange regulations of 21 December 2018 has improved the Central African Republic's compliance with the requirements of Recommendation 32. However, this declaration/communication system does not apply to travellers to or from another CEMAC State. The declaration or communication obligation is not required for physical cross-border transport by courier or freight. The country has not demonstrated satisfactory coordination between the entities concerned for implementation of the requirements of this Recommendation. Similarly, there are shortcomings in the reporting system regarding the collection and storage of information on reports of amounts above the threshold, false reports or suspicions of ML/TF for the purpose of facilitating international cooperation and assistance. It has also not demonstrated that it has taken strict precautions to ensure the proper use of the information collected through the declaration/communication systems. The country has not specified the penalties applicable to the underlying offences relating to physical cross-border transport of cash and BNIs. Lastly, in addition to the improvements and shortcomings mentioned, there is still no operational declaration/communication system for the cross-border transport of cash and NPIs.

***CAR is rated as Partially Compliant with Recommendation 32.***

### **Recommendation 33: Statistics**

Recommendation 33 is the equivalent of Recommendation 32 in the old methodology. In its 2010 evaluation, CAR was rated Non-Compliant with R. 32 due to the absence of statistics.

**Criterion 33.1-** No statistical data has been provided by CAR authorities on issues relating to the effectiveness and efficiency of their AML/CFT system.

The only data that emerge from the monitoring-evaluation reports are the statistics of the Judicial Police on the various crimes, the outcome of criminal and correctional hearings on various cases that have nothing to do with:

- (a) the STRs received and disseminated;
- (b) investigations into money laundering and terrorist financing, prosecutions and convictions relating to money laundering and terrorist financing;
- (c) frozen, seized or confiscated assets;
- (d) mutual legal assistance or other international requests for cooperation made or received.

### ***Weighting and Conclusion***

No statistics available on AML/CFT.

***CAR is rated as Non-Compliant with Recommendation 33.***

### **Recommendation 34: Guidance and Feedback**

CAR was rated non-compliant with the requirements of this recommendation to establish guidelines and provide feedback to assist FIs and DNFBPs in the application of national AML/CFT measures and, in particular, to detect and report suspicious transactions (former Recommendation 25) due to the lack of guidelines and feedback.

**Criterion 34.1-** Article 91 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the Prevention and Repression of Money Laundering and the Financing of Terrorism and Proliferation in Central Africa prescribes the obligation for supervisory and control authorities to issue instructions, guidelines or recommendations to assist FIs and DNFBPs in complying with their AML/CFT obligations. Article 97 of the said Regulation stipulates that those subject to AML/CFT regulations as well as the supervisory and control authorities shall receive from ANIF the information it has on AML/CFT mechanisms as well as the follow-up given to their suspicious transaction reports. These provisions do not require supervisors, self-regulatory bodies and other competent authorities to provide feedback to assist FIs and DNFBPs in detecting and reporting suspicious transactions. In addition, the absence of a competent authority designated to oversee DNFBPs limits the application of the above provisions.

#### ***Weighting and Conclusion***

Pursuant to Article 91 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the Prevention and Repression of Money Laundering and the Financing of Terrorism and Proliferation in Central Africa, supervisory and control authorities are requested to issue instructions, guidelines or recommendations to assist FIs and DNFBPs in complying with their AML/CFT obligations. Only ANIF is mentioned as being responsible for providing feedback on AML/CFT mechanisms and on the action taken on suspicious transaction reports from AML/CFT regulators and supervisory authorities. However, the absence of a competent authority designated to oversee DNFBPs limits the application of the above provisions.

***CAR is rated as Partially Compliant with Recommendation 34.***

### **Recommendation 35: Sanctions**

During CAR's first-round mutual evaluation, the country was rated Largely Compliant with the Recommendation on sanctions (former Recommendation 17). CAR was criticized for failing to implement the mechanism in each component of the financial sector and for the lack of sanctions provided for in the COSUMAF Regulation.

**Criterion 35.1** - The provisions of the chapter on administrative, disciplinary and criminal sanctions (Articles 113 to 132) of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the Prevention and Suppression of Money Laundering and the Financing of Terrorism and Proliferation in Central Africa list a whole range of proportionate and dissuasive criminal, civil or administrative sanctions, applicable to natural and legal persons for failure to comply with their AML/CFT obligations as referred to in Recommendations 6 and 8 to 23. Application of these provisions is limited by the absence of a competent authority designated to ensure the supervision of DNFBPs in AML/CFT matters and thus to enforce its disciplinary powers against them.

**Criterion 35.2** - Articles 117, 119 and 123 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and the financing of terrorism and proliferation in Central Africa provide for sanctions applicable to the senior management of FIs and DNFBPs for non-compliance with their AML/CFT obligations. No legislative or regulatory framework explicitly provides for sanctions against members of the governing bodies of FIs and DNFBPs for breaches of AML/CFT obligations committed by these legal persons. Similarly, the fact that DNFBPs are not covered in terms of supervision and the application of sanctions means that sanctions cannot generally be applied to the senior management of DNFBPs.

### ***Weighting and Conclusion***

Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and the financing of terrorism and proliferation in Central Africa provides for a range of proportionate and dissuasive criminal, civil or administrative sanctions applicable to natural or legal persons subject to AML/CFT regulations. These sanctions also apply to the senior management of FIs and DNFBPs for money laundering or financing of terrorism and proliferation. However, members of the management body have not been explicitly targeted. As the DNFBP sector is not covered by supervision, the sanctions provided for would not have applied either to them or to the members of their management body or senior management.

***CAR is rated as Partially Compliant with Recommendation 35.***

### **Recommendation 36: International instruments**

In its previous evaluation report, CAR was rated as largely compliant on the basis of a lack of data relating to the effective implementation of mutual legal assistance.

**Criterion 36.1** - CAR is party to the following relevant AML/CFT conventions:

- The Vienna Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances: accession on 15 October 2001;
- The Palermo Convention against Transnational Organized Crime: accession on 14 September 2004;
- The Merida Convention against Corruption: signed on 11 February 2004, ratified on 6 October 2006;
- The New York Convention for the Repression of the Financing of Terrorism: signed on 19 December 2001, ratified on 19 February 2008.

**Criterion 36.2** - CAR has implemented the various conventions by adopting specific laws and including specific provisions in the Penal Code and the Code of Criminal Procedure.

The Vienna Convention was transposed through Law No. 01.011 to adopt the harmonized law relating to drug control, extradition and mutual legal assistance in matters of illicit trafficking in narcotic drugs and psychotropic substances.



The Palermo Convention is implemented through the CEMAC Regulations, the Code of Criminal Procedure and the Penal Code. The latter punishes trafficking in persons (Article 151), smuggling of migrants (Article 256) and trafficking in firearms (Article 264). What is lacking is implementation of the additional protocol on trafficking in persons with regard to assistance, protection granted, status and repatriation of victims (Articles 6, 7 and 8 of additional protocol), prevention of trafficking in persons (article 9) and exchange of information, training and border measures (Articles 10 and 11 of aforementioned protocol). The Merida Convention is implemented through the CEMAC Regulation, which contains provisions relating to anti-money laundering.

At institutional level, CAR set up a National Anti-Corruption Committee by Decree No. 08.133 of 31 March 2008, which is responsible for developing and implementing the national anti-corruption strategy and ensuring that it is disseminated to public and private stakeholders, as well as coordinating, supervising and helping to formulate the various government anti-corruption, transparency and good governance actions. In addition, Article 150 of the Constitution of 30 March 2016 establishes the High Authority for Good Governance, an independent institution whose composition, organization and functioning were adopted by Law No. 17.005 of 15 February 2017. Furthermore, Law No. 17.023 establishes a code of transparency and good governance in public finance management. Last, but not least, Law No. 21.011 of 26 November 2021 on the declaration of assets sets out the procedures for asset declaring by persons appointed to public office to the Constitutional Court or the High Courts, as well as the penalties applicable in the event of failure to comply with this obligation.

With regard to the fight against the financing of terrorism, CAR relies on the CEMAC Community Regulation, which applies directly in States. There is no other national instrument in this specific area.

### ***Weighting and Conclusion***

CAR is a party to all the relevant United Nations AML/CFT conventions. This legal arsenal enables it to cooperate internationally with many States. The country has also adopted a national strategy to combat corruption, as advocated by the Merida Convention, through the drafting of laws and the establishment of good governance institutions. The additional protocol on trafficking in persons remains to be fully implemented in terms of prevention, investigation and prosecution, and victim protection.

***CAR is rated as Largely Compliant with Recommendation 36.***

### **Recommendation 37: Mutual legal assistance**

During the 2010 evaluation of the AML/CFT system, the country was rated Partially Compliant for lack of a legal basis for executing letters rogatory (former R. 36 and SR. V).

**Criterion 37.1-** With regard to Articles 141 to 158 of the CEMAC Regulation, the country can promptly provide the widest possible range of mutual legal assistance for investigations, prosecutions and related proceedings in relation to money laundering, related predicate offences and terrorist financing. As the country has also signed agreements with other States (bilateral

or multilateral) such as the judicial cooperation agreement between CEMAC Member States of 28 January 2004, mutual legal assistance may also be granted on this basis.

**Criterion 37.2** - The central authority in CAR for transmitting and executing requests for mutual legal assistance is the Minister of Justice (Section 364 of the Code of Criminal Procedure). However, there is no evidence of clear procedures for prioritizing and executing requests for mutual legal assistance in a timely manner. No case management system is in place to monitor the progress of requests.

**Criterion 37.3** - Article 143 of the CEMAC Regulation lists the grounds for refusing mutual legal assistance that do not constitute unreasonable or unduly restrictive grounds.

**Criterion 37.4** -

(a) The grounds for refusal to execute a request for mutual legal assistance listed in Article 143 of the CEMAC Regulation do not include a refusal relating to an offence involving tax matters;

(b) With regard to paragraph 2 of the same provision, obligations of professional secrecy or confidentiality may not constitute grounds for refusal to execute a request for mutual legal assistance.

**Criterion 37.5** - The competent authority is required to maintain secrecy concerning the request for mutual assistance, its content and the documents produced, as well as the actual fact of mutual assistance. Furthermore, where it is not possible to execute the said request without disclosing the confidentiality, the said authority is required to inform the requesting State, which will then decide whether to maintain the request (Article 144 of the CEMAC Regulation).

**Criterion 37.6** - Under Article 143 of the CEMAC Regulation, which lists the grounds for refusing to execute a request for mutual legal assistance, dual criminality is not a condition for executing requests for mutual legal assistance that do not involve coercive action.

**Criterion 37.7** - The act which forms the basis of the offence is covered, regardless of terminology or category.

**Criterion 37.8** -

(a) The competent national authorities have at their disposal investigative powers and techniques that may be used in the execution of a request for mutual legal assistance, in particular the taking of evidence or statements, the handing over of judicial documents, searches, seizures, examination of premises or objects, the provision of supplies, etc. (Article 141 of the CEMAC Regulation);

(b) Article 98 of the CEMAC Regulation offers a range of investigative techniques and powers that can be used by investigative authorities as part of mutual legal assistance.

### ***Weighting and Conclusion***

The country's legal framework does not include clear procedures for the prioritization and timely execution of mutual legal assistance requests. No case management system in place to monitor the progress of requests.

***CAR is rated as Largely Compliant with Recommendation 37.***

### **Recommendation 38: Mutual Legal Assistance: Freezing and Confiscation**

At the time of the previous evaluation in 2010 (R.3 and R.32), CAR was rated Partially Compliant, as the confiscation of goods of equivalent value to the proceeds or instrumentalities of crime was not possible and due to the lack of implementation of the CEMAC Regulation.

**Criterion 38.1-** In application of the relevant provisions of the CEMAC Regulation (Articles 130 and 131) as well as those of the Central African Code of Criminal Procedure, the country's authorities have the power to take expeditious action in response to requests from foreign countries to identify, freeze, seize, and confiscate:

- (a) laundered assets;
- (b) the proceeds of money laundering, predicate offences and terrorist financing;
- (c) instruments used; or
- (d) instruments intended to be used in connection with such offences; or
- (e) property of corresponding value.

**Criterion 38.2** - No mechanism is in place to enable the country provide assistance in requests for cooperation based on non-conviction-based confiscation proceedings and related provisional measures in circumstances where the offender is dead, at large, absent or unknown.

#### **Criterion 38.3-**

- (a) No provision allowing the country to coordinate seizure and confiscation actions with other countries by means of agreements;
- (b) According to Articles 130 and 131 of the CEMAC Regulation, courts order confiscation for the benefit of the Treasury in the event of conviction for money laundering and terrorist financing; this makes the State the owner of the confiscated assets. However, there is no mechanism for managing these frozen, seized or confiscated assets.

**Criterion 38.4** - Article 154 of the CEMAC Regulation empowers the country to dispose of confiscated assets unless an agreement with the requesting State provides otherwise. However, there is no provision on sharing.

#### ***Weighting and Conclusion***

There are no procedures on cooperation requests for confiscation without prior conviction. Similarly, there is no mechanism for coordinating seizure and confiscation actions with other countries or for sharing confiscated assets with these countries.

***CAR is rated as Partially Compliant with Recommendation 38.***

### **Recommendation 39: Extradition**

CAR was rated Largely Compliant with Recommendation 39 in the previous evaluation in 2010 because of the absence of the obligation to submit cases to the competent judicial authorities in the event of refusal to extradite on grounds of nationality. Also, in the absence of statistical data, it was impossible to assess the efficiency and speed of the extradition procedure.

**Criterion 39.1-** The country has an entire chapter (III) on extradition in its domestic legal arsenal (Sections 377 to 403 of the Code of Criminal Procedure) in addition to the CEMAC Regulation, which is immediately applicable (Chapter IV, provisions 159 to 164).

The country therefore has a system and mechanisms enabling it to execute AML/CFT extradition requests without undue delay. In particular:

(a) The Central African legal system, which is based on the CEMAC Regulation, makes money laundering and terrorist financing extraditable offences (Articles 159 to 164).

(b) A simplified extradition procedure is provided for in Article 160 of the CEMAC Regulation, which derogates from the principle of receiving the file through diplomatic channels as provided for in the Code of Criminal Procedure, with a view to the timely execution of extradition requests and the setting of priorities. This procedure entails transmission to the competent Public Prosecutor, with a copy to the Minister of Justice. However, procedural deadlines are not sufficiently regulated to determine the priority given to the processing of cases.

(c) Neither the CEMAC Regulation nor the provisions of the Central African Penal Code impose such conditions on the execution of extradition requests. The conditions are limited to production of the decision or the arrest warrant or any other act having the same force, the indication of the legal provisions and the description of the person sought, in particular his or her identity, location and nationality.

#### **Criterion 39.2 -**

(a) The country does not extradite its nationals (Section 382.1 of the Code of Criminal Procedure).

(b) Where extradition is refused on grounds of nationality, the case is referred to the competent domestic courts so that proceedings can be brought against the person concerned by the offence for which the request was made (Article 164 of the CEMAC Regulation).

**Criterion 39.3 -** Pursuant to Article 159 of the CEMAC Regulation, extradition is subject to the rules of ordinary law. And under Section 379.2 of the Code of Criminal Procedure, the country makes extradition subject to double criminality. In addition, Section 380 of the Code of Criminal Procedure specifies that cases which may give rise to extradition are those punishable by a criminal or correctional sentence.

**Criterion 39.4 -** The country has simplified extradition procedures that even include cases of provisional arrest (Articles 160 and 162 of the CEMAC Regulation), for which the request may be sent by post or electronically. Similarly, Section 390 of the Code of Criminal Procedure

provides that when the indictee declares to the public prosecutor that he consents to his extradition, the case is immediately referred to the Indictments Division, which shall rule within 5 days.

### ***Weighting and Conclusion***

CAR mostly meets the criteria of R.39. However, the procedures for prioritizing extradition requests are not clearly defined.

***CAR is rated as Largely Compliant with Recommendation 39.***

### **Recommendation 40: Other forms of international cooperation**

In its previous evaluation report, CAR was rated largely compliant with Recommendation 40 due to the absence of a legal basis allowing ANIF to exercise all its investigative powers at the request of a third-party FIU.

### ***General principles***

**Criterion 40.1** - The Merida, Vienna and Palermo Conventions, to which CAR is a party, oblige States Parties to cooperate. In addition, Articles 133 to 163 of the CEMAC Regulation allow the competent authorities to grant the widest possible international cooperation. The same is true of Articles 80 to 82 of the same Regulation, particularly with regard to FIUs, which stipulate that, at their request or on its own initiative, ANIF may communicate to its foreign counterpart FIUs, the information it holds on sums or transactions that appear to have as purpose the laundering of the proceeds of criminal activity or the financing of terrorism and proliferation, in accordance with the Charter of the Egmont Group of FIUs.

However, as ANIF is not yet a member of this Group, it cannot yet take full advantage of this cooperation.

### **Criterion 40.2** -

(a) CAR has a legal basis for its cooperation, in particular the conventions to which it is a party, the CEMAC Regulation and the Code of Criminal Procedure.

(b) Sections 164 et seq. of the Central African Code of Criminal Procedure authorize the judicial authorities to use the most effective means to cooperate.

(c) Requests for mutual legal assistance from foreign judicial authorities are sent through diplomatic channels to the Central African judicial authorities, more specifically to the Ministry of Justice. Sections 364 and 365 of the Central African Code of Criminal Procedure even provide that in urgent cases, the request should be sent directly to the competent judicial authority.

The Central African Police Force is a member of INTERPOL, and the Central African Customs is a member of the WCO. These international bodies have secure cooperation channels and circuits. CAR's ANIF is not yet a member of the Egmont Group. As a result, it does not benefit from this Group's secure website.

(d) However, this legal instrument does not provide for clear procedures for establishing priorities. Execution of requests is subject to the same conditions as those set out in the Central African Code of Criminal Procedure (Section 367), unless the requesting State wishes otherwise.

(e) In accordance with Article 144 of the CEMAC Regulation, the competent authority shall maintain the secrecy of the request for mutual legal assistance and the documents produced, and this secrecy may only be lifted with the assent of the requesting State.

**Criterion 40.3** - The CEMAC Regulation allows CAR's ANIF to negotiate and sign cooperation agreements with its foreign counterparts.

**Criterion 40.4** - The Community Regulation and the Central African Code of Criminal Procedure do not make express provision for feedback in mutual assistance matters.

**Criterion 40.5** - CAR has not attached unduly restrictive conditions to the exchange of information. Article 143 of the CEMAC Regulation does not exclude mutual legal assistance:

(a) when the request relates to tax matters;

(b) paragraph 2 states that professional secrecy may not be invoked to refuse to execute the request;

(c) paragraph 1(3) excludes mutual legal assistance when the facts to which it relates are the subject of criminal proceedings or have already been the subject of a final court decision on the national territory. This is undoubtedly based on the "*non bis in idem*" principle, since facts that have been the object a final judgement cannot be brought before the courts again;

(d) mutual assistance may be refused if it does not emanate from an authority that is competent under the law of the requesting State. The assessment of this competence is incumbent on the requesting State rather than the requested State (paragraph 1(1)).

**Criterion 40.6** - Article 144 of the CEMAC Regulation concerns the secrecy of the request for mutual legal assistance and the condition for lifting this secrecy, i.e. the prior information of the requesting State in the event that execution of the mutual assistance would lead to its disclosure. It does not entail control or protection of the information, which must be used only by the requesting authority and for the purposes for which it is intended. The secrecy of the request for mutual assistance nevertheless constitutes a form of protection, albeit an insufficient one.

**Criterion 40.7** - Article 144 of the CEMAC Regulation requires the competent authority to maintain secrecy regarding the request for mutual assistance, its content and the documents attached thereto, as well as the fact of the request itself. The same applies to the various other agreements to which CAR is a party, in particular INTERPOL, WCO, etc.

**Criterion 40.8** - All the competent authorities of CAR have the capacity to make requests on behalf of a foreign counterpart acting within the framework of its missions and exchange all the information that could be obtained as if these requests were made internally (See also C.40.9, C.40.11, C.40.15 and C.40.18).

### *Exchange of information between FIUs*

**Criterion 40.9** - Articles 80 and 82 of the CEMAC Regulation allow ANIF-CAR to cooperate in ML/TF cases with CEMAC member FIUs and with foreign FIUs. However, this cooperation is limited by the fact that ANIF-CAR does not belong to the Egmont Group, which does not yet give it access to the global network of FIUs.

**Criterion 40.10** - There is no legal requirement for ANIF-CAR to provide feedback to its foreign counterparts. Nevertheless, nothing prevents ANIF from fulfilling this obligation in the event of a request and, in practice, on the basis of agreements and the principle of reciprocity.

**Criterion 40.11**- ANIF-CAR communicates with the Community member FIUs, all useful information and data relating to investigations undertaken following an STR (Article 80 of the CEMAC Regulation). It may also communicate to any other FIU information that it holds on sums or transactions relating to ML/TF under certain conditions, in particular confidentiality and the protection of fundamental rights and freedoms (Article 82 of the CEMAC Regulation).

### *Exchange of information between financial sector supervisors*

**Criterion 40.12** - The supervisory and control authorities of financial institutions and designated non-financial businesses and professions cooperate with their foreign counterparts on the basis of Articles 8 and 91 of the CEMAC Regulation, in accordance with the standards for the exchange of information relating to AML/CFT supervisions.

**Criterion 40.13** - The preceding provisions of the CEMAC Regulation (paragraphs 4 and 8) allow financial sector supervisors to exchange with their foreign counterparts the information to which they have access at national level.

In addition, the Central African Banking Commission has joined regional and international supervisory groups, which gives it the opportunity to exchange information with its counterparts on a reciprocal basis.

**Criterion 40.14** - Article 91(2)(4) and (8) of the CEMAC Regulation empowers the financial sector supervisor, COBAC, to cooperate and exchange information with other competent authorities and to assist in investigations, prosecutions or proceedings relating to ML, underlying offences and TF; to provide prompt and effective cooperation to bodies performing similar functions in other Member States or third countries, including through the exchange of information. This provision covers:

- (a) regulatory information;
- (b) prudential information;
- (c) AML/CFT information.

**Criterion 40.15** - To seek information for foreign counterparts, COBAC relies on the bilateral cooperation agreements that it has been authorized to enter into pursuant to Regulation No. 02/09/CEMAC/UMAC/COBAC of 28 September 2009 granting COBAC the power to enter into cooperation and information exchange agreements with the supervisors of financial systems. Thus, pursuant to Article 14 of the cooperation agreement between COBAC and the WAMU Banking Commission and Article 7 of the agreement with the Central Bank of Nigeria,

an authority may, at the request of its counterpart, alone or with the latter, carry out controls in institutions within its jurisdiction that have capital or other links with an institution subject to the requesting authority.

**Criterion 40.16** - The provisions governing the dissemination of information gathered are included in the cooperation agreements concluded between COBAC and its foreign counterparts. In accordance with the agreements concluded between COBAC and its counterparts in WAMU, the Central Bank of Nigeria, the Central Bank of Congo and the Central Bank of Sao-Tomé and Príncipe, the information exchanged between the authorities may not be used for purposes other than those for which it was requested and in the event that it could be used for the purposes of a procedure, the requested authority should inform its counterpart in advance.

#### *Exchange of information between law enforcement authorities*

**Criterion 40.17**- The ICPO-INTERPOL police cooperation agreements and the Agreement on Cooperation in Criminal Police Matters between the Central African States allow for broad cooperation between authorities in the context of intelligence or investigations into ML/TPF. This cooperation is reinforced by Article 134 of the CEMAC Regulation, which even provides for the transfer of proceedings from one authority to another.

**Criterion 40.18** - Prosecuting authorities use their powers, including investigative techniques, to obtain information on behalf of their counterparts. Such is the case for investigative measures (Article 145 of the Regulation), search and seizure (Article 150), confiscation (Article 151) and precautionary measures (Article 152).

These provisions are not limited by current practices based solely on membership of ICPO-INTERPOL.

**Criterion 40.19** - Article 145(3) allows the judicial or police authorities of the requested State, in collaboration with the Central African authorities, to carry out investigations or take evidence as part of AML/CFTP.

This provision is also included in the Agreement on Cooperation in Criminal Police Matters between the Central African States and in the ICPO-INTERPOL cooperation system.

#### *Exchange of information between non-counterparts*

**Criterion 40.20** - CAR has not formally ruled out indirect exchange of information between non-counterpart authorities. The requested authority is still free to decide whether or not to respond to a request for information from its counterpart.

#### *Weighting and Conclusion*

CAR has an effective legal framework that enables the competent authorities to cooperate widely on AML/CFTP and related underlying offences. However, provisions for prioritization and feedback are lacking. ANIF's non-membership of the Egmont Group considerably reduces its scope for cooperation.

***CAR is rated as Partially Compliant with Recommendation 40.***



## *TECHNICAL COMPLIANCE SUMMARY - KEY DEFICIENCIES*

Annex Table **Compliance with FATF Recommendations**

Recommendation	Rating	Rating Factor(s)
1. Assessing risks and applying a risk-based approach	<b>NC</b>	<ul style="list-style-type: none"> <li>• The identification and assessment of the ML/TF risks to which the country is exposed has not been carried out because the NRA had not been completed at the time of the on-site visit;</li> <li>• Non-application of a risk-based approach;</li> <li>• DNFBPs do not have a designated supervisor to ensure that they comply with their AML/CFT obligations. Similarly, the SRBs have no supervisory powers in this area.</li> </ul>
2. National cooperation and coordination	<b>PC</b>	<ul style="list-style-type: none"> <li>• Absence of national AML/CFT policies that take account of the risks identified and regularly reviewed.</li> <li>• Absence of cooperation or coordination mechanism between competent authorities to ensure that AML/CFT requirements are compatible with data protection and privacy measures and other similar provisions.</li> </ul>
3. Money laundering offence	<b>LC</b>	<ul style="list-style-type: none"> <li>• Stock market offences are not an underlying offence..</li> </ul>
4. Confiscation and provisional measures	<b>PC</b>	<ul style="list-style-type: none"> <li>• There are no measures in place to identify, track and value assets subject to a confiscation;</li> <li>• There are no measures to prevent or reverse actions that compromise the country's ability to freeze, seize or recover property subject to a confiscation measure;</li> <li>• Absence of a mechanism for managing consumable assets and procedures for sharing confiscated assets.</li> </ul>
5. Money terrorist financing offence	<b>LC</b>	<ul style="list-style-type: none"> <li>• The financing of 'foreign terrorist fighters' travel is not an offence under the CEMAC Regulation or the Central African Penal Code.</li> </ul>
6. Targeted financial sanctions for terrorism and terrorist financing	<b>NC</b>	<ul style="list-style-type: none"> <li>• No authority responsible for designations to the Sanctions Committee under UNSCR 1267;</li> <li>• No authority responsible for designations in implementation of UNSCR 1373;</li> <li>• Lack of designation of a competent authority for the dissemination of lists for the application of TFS;</li> <li>• Lack of mechanisms for de-listing and freezing funds and other assets of persons and entities that no longer meet the designation criteria;</li> <li>• Absence of a mechanism for implementing TFs.</li> </ul>
7. Targeted financial sanctions relating to proliferation.	<b>NC</b>	<ul style="list-style-type: none"> <li>• Notwithstanding the presence in the normative framework of control and supervision measures applicable to FIs to ensure their compliance with applicable laws and binding means for the implementation of TFS obligations and in relation to contracts, agreements or obligations entered into prior to a TFS measure to enable the addition to accounts frozen in accordance with UNSCR 1718 or 1737, the country does not meet the basic requirements of the criteria of this Recommendation.</li> </ul>
8. Non-profit organizations	<b>NC</b>	<ul style="list-style-type: none"> <li>• Lack of identification of the sub-group of NPOs likely to be abused for FT purposes;</li> <li>• Lack of identification of the threats to which the most vulnerable NPOs are exposed;</li> <li>• Lack of risk-based supervision measures;</li> <li>• Lack of a designated contact point and procedures for responding to international requests for information regarding any NPO suspected of funding terrorism or supporting them by any means.</li> </ul>
9. Financial institutions secrecy laws	<b>LC</b>	<ul style="list-style-type: none"> <li>• Lack of specific provisions for the exchange of AML/CFT information between financial institutions at national level.</li> </ul>
10. Customer due diligence	<b>PC</b>	<ul style="list-style-type: none"> <li>• Absence of provisions on the requirement for reliability of the source of information obtained by reporting entities on the beneficial owner, on the obligation of FIs in case of doubt as to the identity of the beneficial owner, to identify the natural persons, if any, who exercise control over the legal person or arrangement by other means;</li> <li>• Lack of obligation for FIs to identify the beneficiary of life insurance and to include the beneficiary of a life insurance policy in the relevant risk factors for determining whether enhanced CDD measures are applicable; to identify the beneficiary of life insurance and to include the beneficiary of a life insurance policy in the relevant risk factors for determining whether enhanced CDD measures are applicable.</li> <li>• Lack of regulatory provision compelling financial institutions to consider the beneficiaries of life insurance contracts as a relevant risk factors when determining whether enhanced due diligence measures are applicable;</li> <li>• Lack of express provision requiring financial institutions not to proceed with the CDD process and instead to file a STR when they have a suspicion of ML/TF and they reasonably believe that proceeding with the CDD process would arouse the customer's attention.</li> </ul>

Recommendation	Rating	Rating Factor(s)
11. Record keeping	LC	<ul style="list-style-type: none"> <li>The CEMAC Regulation does not explicitly cover the scope of the documents to be kept, i.e. "documents obtained as part of customer due diligence measures, account books and customer business correspondence, as well as the findings of any analysis carried out".</li> <li>There is no general provision setting out the deadlines for the speed with which such disclosure must be made.</li> </ul>
12. Politically Exposed Persons	PC	<ul style="list-style-type: none"> <li>The CEMAC Regulation and other AML/CFT-related instruments applicable in CAR leave unanswered the questions of the beneficial owner as regards the origin of the funds or assets as well as the determination of the PEP status of the beneficiaries of the insurance policy or, as the case may be, of the beneficial owner of the contract of a life insurance policy.</li> </ul>
13. Correspondent banking services	LC	<ul style="list-style-type: none"> <li>Absence of requirement obliging financial institutions to ensure that the correspondent is able to provide the relevant information on payable-through accounts upon request by the correspondent bank. Also, intra-CEMAC correspondent banking relationships are not considered as cross-border correspondent relationships.</li> </ul>
14. Money or value transfer services (MVTs)	NC	<ul style="list-style-type: none"> <li>No own legal framework covering the authorization or registration and monitoring of MVTs. Furthermore, no measures have been taken by the country to identify and sanction MVTSPs operating without approval or registration.</li> </ul>
15. New technologies	NC	<ul style="list-style-type: none"> <li>No provisions governing transactions linked to virtual assets or carried out by virtual asset providers, or designating an authority specifically responsible for authorizing and supervising VASPs;</li> </ul> <p>Given the status of <i>bitcoin</i> and <i>Sango coin</i> in CAR following the aforementioned law, it is a major shortcoming that financial institutions cannot comply with their obligations regarding targeted financial sanctions, given that they can make transfers in virtual assets without needing to know the details of the issuer and the beneficiary.</p>
16. Wire transfers	PC	<ul style="list-style-type: none"> <li>Non-compliance by financial institutions with the obligation to adopt risk-based policies and procedures for deciding when to execute, reject or suspend wire transfers that do not have the required originator or beneficiary information and the appropriate consequential actions to be taken;</li> <li>Absence of a provision on reasonable measures, which may include ex post monitoring or real-time monitoring where possible, to detect cross-border wire transfers lacking the required originator or beneficial owner information.</li> <li>Absence of a provision requiring FIs to file a suspicious transaction report in all countries involved in the wire transfer.</li> </ul>
17. Reliance on third parties	LC	<ul style="list-style-type: none"> <li>No obligation on financial institutions to take measures to ensure that the third party transmits the documentation; on the contrary, the CEMAC Regulation places the obligation on the third party itself, which may apply if the third party is under the country's jurisdiction.</li> </ul>
18. Internal controls and foreign branches and subsidiaries	LC	<ul style="list-style-type: none"> <li>No obligation to implement programmes that take into account selection procedures guaranteeing the recruitment of employees according to stringent criteria and the lack of satisfactory measures relating to confidentiality and the use of information exchanged.</li> </ul>
19. Higher risk countries	PC	<ul style="list-style-type: none"> <li>Existence of deficiencies relating particularly to the application of counter-measures proportionate to the risks identified in relations with high-risk countries, when so requested by FATF, the application of counter-measures proportionate to the risks, when so requested by FATF or independently of any request by the FATF, and the obligation to put in place measures to ensure that financial institutions are informed of concerns arising from deficiencies in the AML/CFT arrangements of other countries.</li> </ul>
20. Suspicious Transaction Report(ing)	PC	<ul style="list-style-type: none"> <li>Existence of shortcomings have been noted, in particular with regard to precision of the obligation to immediately file a STR and the limited framework of the obligation to report attempted transactions.</li> </ul>
21. Tipping-off and confidentiality	C	<ul style="list-style-type: none"> <li>The country meets the requirements of this Recommendation.</li> </ul>
22. Designated non-financial businesses and professions: customer due diligence	PC	<ul style="list-style-type: none"> <li>Casinos and real estate agents, the other categories of DNFBPs are exempt from the record keeping obligations set out in R.11. Also, the CEMAC Regulation does not oblige DNFBPs to implement the due diligence obligations relating to new technologies set out in R.15 and to comply with the requirements of third parties set out in R.17.</li> </ul>
23. Designated non-financial businesses and professions: other measures	PC	<ul style="list-style-type: none"> <li>Attempted suspicious transaction reports are not fully covered, and DNFBPs are not obliged to file an STR immediately in the event of suspicion, or simply to file an STR;</li> <li>Dealers in precious stones and metals are required to do so without any threshold, while trust and company service providers are required to do so without any indication of the circumstances or assumptions referred to in C.22.1(e);</li> <li>No designation of supervisory authorities for DNFBPs, as they are not required to comply with the obligations of R.19 relating to higher risk countries presenting.</li> </ul>

Recommendation	Rating	Rating Factor(s)
24. Transparency and beneficial ownership of legal persons	<b>NC</b>	<ul style="list-style-type: none"> <li>• The country does not have an appropriate system for collecting, storing and updating information on beneficial owners, and there is no mechanism to ensure that information on beneficial owners is up to date and available in a timely manner.</li> <li>• There is no binding framework to ensure that legal persons cooperate to the fullest extent possible with the various competent authorities to identify beneficial owners. Also, the country has not set up mechanisms to collect and sanction failures to provide basic and up-to-date information on legal persons, including nominee shareholders and;</li> <li>• There are no provisions obliging directors acting on behalf of another person to record information on the identity of the person appointing them in the company register, or to keep such information in any other relevant register, or to make such information available to the competent authorities on request. There is no provision for sanctions against directors for non-compliance with the obligation to provide information on their proxy;</li> <li>• Other types of legal persons not governed by the OHADA Uniform Acts are not subject to any of these requirements. Also, the country cannot control the quality of assistance it receives from other countries in response to requests for basic and beneficial owner information.</li> </ul>
25. Transparency and beneficial owners of legal arrangements	<b>PC</b>	<ul style="list-style-type: none"> <li>• The context of trust services, apart from the basic information on the customer and the beneficial owner, the provisions in force do not require professional trustees to hold basic information on the other regulated agents and trust service providers involved in the transaction. Nor is there any express binding provision regarding sanctions in the event of non-compliance with the obligation to make information on trusts available to the competent authorities in a timely manner.</li> </ul>
26. Regulation and supervision of financial institutions	<b>PC</b>	<ul style="list-style-type: none"> <li>• The various laws in force contain loopholes in terms of covering the requirements for entry into the market by international money and securities transfer companies, which are not licensed but carry out their activities through local banks established as super-agents;</li> <li>• Apart from the manual foreign exchange sector, the instruments in force not address the issue of collecting and updating sufficient information in a timely manner to identify beneficial owners in order to prevent criminals or their accomplices from holding or becoming beneficial owners of a significant stake in, or controlling a financial institution or holding a management position therein;</li> <li>• The requirements for supervision and control that take into account the risk profile of institutions are not sufficiently taken into account in the instruments governing AML/CFT.</li> </ul>
27. Powers of supervisors	<b>LC</b>	<ul style="list-style-type: none"> <li>• Absence of an authority to monitor Post Office financial services' compliance with their AML/CFT obligations.</li> </ul>
28. Regulation and supervision of designated non-financial businesses and professions	<b>NC</b>	<ul style="list-style-type: none"> <li>• There is no legislative or regulatory framework governing casinos nor provisions designating a supervisory or self-regulatory body as the competent authority responsible for monitoring and ensuring DNFBPs' compliance with their AML/CFT obligations.</li> </ul>
29. Financial intelligence units (FIUs)	<b>PC</b>	<ul style="list-style-type: none"> <li>• No provision, neither the ANIF Decree nor the CEMAC Regulation, deal with authorizations for access to sensitive information.</li> <li>• There is no provision in the ANIF Decree, and even less in the CEMAC Regulation on access to ANIF facilities, including its IT systems. ANIF has not yet applied to join the Egmont Group.</li> </ul>
30. Responsibilities of law enforcement and investigative authorities	<b>C</b>	<ul style="list-style-type: none"> <li>• The country meets the requirements of this Recommendation.</li> </ul>
31. Powers of law enforcement and investigative authorities	<b>C</b>	<ul style="list-style-type: none"> <li>• The country meets the requirements of this Recommendation.</li> </ul>
32. Cash couriers	<b>PC</b>	<ul style="list-style-type: none"> <li>• The declaration or communication obligation is not required for physical cross-border transport by courier or freight;</li> <li>• There are shortcomings in the reporting system regarding the collection and storage of information on reports of amounts above the threshold, false reports or suspicions of ML/TF for the purpose of facilitating international cooperation and assistance;</li> <li>• The country did not demonstrate that it has taken strict precautions to ensure the proper use of the information collected through the declaration/communication system;</li> <li>• The country has not specified the penalties applicable to the underlying offences relating to physical cross-border transport of cash and BNIs. Lastly, in addition to the improvements and shortcomings mentioned, there is still no operational declaration/communication system for the cross-border transport of cash and NPIs.</li> </ul>

<b>Recommendation</b>	<b>Rating</b>	<b>Rating Factor(s)</b>
33. Statistics	<b>NC</b>	<ul style="list-style-type: none"> <li>• No statistics available on AML/CFT.</li> </ul>
34. Guidance and Feedback	<b>PC</b>	<ul style="list-style-type: none"> <li>• Lack of guidelines issued by the competent authorities, supervisors and SRBs.</li> </ul>
35. Sanctions	<b>PC</b>	<ul style="list-style-type: none"> <li>• Members of the management body have not been explicitly targeted;</li> <li>• As the DNFBP sector is not covered by supervision, the sanctions provided for by the CEMAC Regulation would not have applied either to them or to the members of their management body or senior management.</li> </ul>
36. International instruments	<b>LC</b>	The Protocol on trafficking in persons remains to be fully implemented in terms of prevention, investigation and prosecution, and victim protection.
37. Mutual legal assistance	<b>LC</b>	<ul style="list-style-type: none"> <li>• The country's legal framework does not include clear procedures for the prioritization and timely execution of mutual legal assistance requests;</li> <li>• No case management system in place to monitor the progress of requests.</li> </ul>
38. Mutual Legal Assistance: Freezing and Confiscation	<b>PC</b>	<ul style="list-style-type: none"> <li>• There are no procedures on cooperation requests for confiscation without prior conviction;</li> <li>• There is no mechanism for coordinating seizure and confiscation actions with other countries or for sharing confiscated assets with these countries.</li> </ul>
39. Extradition	<b>LC</b>	<ul style="list-style-type: none"> <li>• The procedures for prioritizing extradition requests are not clearly defined.</li> </ul>
40. Other forms of international cooperation	<b>PC</b>	<ul style="list-style-type: none"> <li>• Absence of provisions for prioritization and feedback.</li> <li>• ANIF's non-membership of the Egmont Group considerably reduces its scope for cooperation.</li> </ul>