

THE UNITED REPUBLIC OF TANZANIA

FINANCIAL INTELLIGENCE UNIT



TERRORIST FINANCING AND HAWALA RISK ASSESSMENT REPORT, 2022

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ACRONYMS

AML	-	Anti-Money Laundering
AMLA	-	Anti-Money Laundering Act (For Tanzania Mainland)
AMLPOCA	-	Anti-Money Laundering and Proceeds of Crime Act (For Zanzibar)
NPO	-	Non-Profit Organization
CBDC	-	Cross Border Declaration of Currency
CDD	-	Customer Due Diligence
DNFBPs	-	Designated Non-Financial Services Businesses and Professions
ESAAMLG	-	Eastern and Southern Africa Anti-Money Laundering Group
FATF	-	Financial Action Task Force
CFT	-	Combating Financing Terrorism
FIU	-	Financial Intelligence Unit
URT	-	United Republic of Tanzania
KYC	-	Know Your Customer

EXECUTIVE SUMMARY

In simple parlance, terrorist financing is the financing of terrorist acts, terrorists, and terrorist organizations. This involves the generation and movement of funds for the sole purpose of committing terrorist acts or sustaining a terrorist network and organization.

Terrorism financing typically involves three stages the first being raising of funds, through donations, self-funding micro-loans, or criminal activity; the second stage involves transferring funds, to a terrorist, terror network, organization, or cell and third stage is using the funds, for instance, to purchase weapons or bombs, to make payments to terrorists or insurgents, or to fund expenses of terror networks.

In United Republic of Tanzania, Terrorist Financing Risk Assessment was first conducted in 2015 with the general National AML/CFT Risk Assessment. The exercise that is defined as a comprehensive process of identifying and analyzing the main threats, vulnerabilities of ML/ TF in the country and determining the risk levels as a result of identified threat and vulnerabilities. The 2015 Assessment not take into consideration key aspects of NPOs vulnerability to TF and the vulnerability of legal persons and legal arrangements. This is a deficiency that is intended to be addressed in this current TF Assessment.

The objective of conducting Risk Assessment on Terrorist Financing and Hawala is: to identify the overall Threats and Vulnerabilities of the country to terrorist financing; to Review the adequacy of measures in URT to prevent Terrorism and Terrorist Financing and to prioritize actions that will improve the country's ability to combat terrorist financing in order to develop risk Counter-Terrorist Financing (CTF) actions, so as to facilitate the allocation of available resources in the most effective way.

The assessment was conducted on the basis of a self-assessment by Tanzanian authorities, using the World Bank methodology tool with FIU customization of the following steps; development of a specific questionnaires; formulation of working groups; identifying threat and vulnerability and assigning risk rating after the assessment of the threats and vulnerabilities.

The Financial Intelligence Unit (FIU) on behalf of the National Multi-Disciplinary Committee on Anti-Money Laundering (NAMLC) coordinated the exercise and worked in close collaboration with the Bank of Tanzania. The exercise involved 50

participants from key government and private sector institutions from Tanzania mainland and Zanzibar. The Assessment process was carried out over a period of 5 months from January 2022 up to May 2022 including the following activities; Preparation of methodology (January-February), Consultative meeting with stakeholders (14 – 18 March 2022), Collecting statistics and Report writing (March-May).

The methodology tool customized defines Terrorist Financing risk at the national level as a function of National TF Threat and National TF Vulnerability. Terrorist Financing risk at the national level was assessed to be MEDIUM LOW whereby, TF Threat was medium while TF Vulnerability was low.

Overall terrorist financing (TF) risk is rated Medium-Low. This is out of TF threats that are rated as medium and TF vulnerabilities that are rated low. Generally, Tanzania is considered to face TF threat from Al-Qaeda and Al-Shabaab. In 2012, Al-Shabaab became an affiliate of Al-Qaida and adopted a more regional strategy involving increased clear-cut terrorist tactics such as attacking civilian’s targets in neighboring countries resulting into a major transnational threat. In the US embassy bombing in Dar es Salaam in 1998, Al-Qaeda had managed to recruit some Tanzanians to perpetrate the attack.

The extent of threat from Somalia was experienced between 2016 and 2019 as studies indicated the following status of acts of violence perpetuated by various non-state actors such as terrorist groups, clan militant, community militant and unidentified armed groups.

Table 1: Violent incidences in the four E.AC Countries

	2016	2017	2018	2019	TOTAL
KENYA	54	225	145	42	466
SOMALIA	854	1,007	1224	1,062	4,137
TANZANIA	13	25	9	10	57
UGANDA	36	40	59	36	171

Source: Global Terrorism Database

Tanzania experienced significantly fewer cases when compared to other neighboring countries.

Given Tanzania's proximity to countries where al-Qaida, al-shabab other terrorist organizations, the fear is that the increasing presence of al-shabab in neighboring Kenya presents a serious spill over risk for radicalization and recruitment in Tanzania. Indeed, Tanzania's have been reported to have been among the foreigners fighting for Al-Shabaab in Kenya and Somalia. In 2015, Tanzanian was involved in the Al-shabab attack in Garissa university College in Kenya killing 150 people mostly students. However, Tanzania itself has not been the target of direct attack by al-shabab. This reflects the remote proximity of Tanzania to Somalia and the fact that Tanzania did not contribute to troops and combat Terrorism in the region¹.

The ISIS-Mozambique situation is worth taking note of and currently it poses the greatest threat to Tanzania, having conducted at least two attacks inside Tanzania in between 2019 and 2020.

Generally, the sectors that are vulnerable to TF include money transfer services, non-profit organizations, informal value transfer (hawala) services, and electronic money issuers.

The present assessment makes recommends that Inter-Agency Cooperation and exchange of information among stakeholders should be strengthened to ensure the TF offences are investigated, prosecuted and the funds and assets owned or belonging to terrorists are dealt with properly; TF Awareness initiatives should be conducted and Sanction List dissemination and updates to be made in timely manner and should be applicable without delay.

This report comprises the current Terrorist Financing Risk Assessment needs to be used as guide to effective implementation of the AML/CFT regime. The recommended actions to taken should be implemented by stakeholders to alleviate the vulnerabilities to TF. This assessment updates the National Risk Assessment Report of 2016 and will continue to be update to keep up with the evolving nature of the crimes of terrorist financing and terrorism.

¹ Source: *Preventing violent extremism in East Africa East Africa Report 26 September, 2019* Isel van yi Maran Mahli, *Institute for security Studies*.

PART I INTRODUCTION

1 THE RATIONALE FOR THE STUDY

The Terrorist Financing Risk assessment is based on the recommendation of the Financial Action Task Force (FATF) and the Mutual Evaluation recommendations which was conducted in 2019/20. The FATF is an intergovernmental body set up by the G7 in 1989 that focuses on the global prevention and suppression of money laundering, terrorist financing, and other related threats to the integrity of the international financial system. Members of FATF including URT through Regional body ESSAMLAG are bound by recommendations stipulating that reporting institutions must take appropriate preventive and suppressive measures and measures for improving national legal systems and international cooperation. In addition, the FATF monitors the correct functioning and effectiveness of these measures.

FATF recommendation one requires members state to implement a risk-based approach for money laundering, terrorist financing and proliferation financing and to perform the national risk assessment. In 2016 URT conducted National Risk Assessment which was evaluated in 2019 by ESSAMLAG to have note the risks identified being reviewed and having a number of deficiencies including not being properly aligned with AML/CFT/CFP various initiative's and did not assess important sectors such as NPOs, TF and legal arrangements. It was recommended that the NRA be reviewed to address the deficiencies.

1.1 CONCEPT OF TERRORIST FINANCING

Pursuant to section 3 of Anti Money Laundering Act (Cap.423) as amended by Act No: 2 of 2022, Terrorist Financing (TF) is the provision of finance or economic resources or making available financial or related services to a terrorist, terrorist group, terrorist entity, terrorist course, a terrorist act, an individual, a group, or entity that is concerned with a terrorist, terrorist group, terrorist entity, terrorist course, or a terrorist act; Conducting a financial transaction or facilitating a financial transaction directly or indirectly, in order to deal with property that is owned or controlled by a terrorist, terrorist group, or terrorist entity; Conducting financial transactions or facilitating a financial transaction directly or indirectly, in order to deal with property on behalf of a terrorist, terrorist group, or terrorist entity; Financing or facilitating the travel of any individual or a group of individuals to a

country other than their country of residence or nationality in order to participate in a terrorist course, terrorist training, or terrorist act, or in order to directly or indirectly conduct, perpetrate, plan or prepare terrorist acts; Organizing or directing others to commit any of these acts or participating in any of those acts as an accomplice, or an attempt to commit any of those acts.

Terrorism financing typically involves three stages of raising of funds, through donations, self-funding micro-loans, or criminal activity; transportation of funds, to a terrorist, terror network, organization or cell and using the fund, for instance, to purchase weapons or bombs, to make payments to terrorists or insurgents, or to fund expenses of terrorist networks.

1.2 OBJECTIVES

The objective of conducting Risk Assessment on Terrorist Financing and Hawala were:

- 1.2.1 to identify the overall Threat and Vulnerability of the country to terrorist financing;
- 1.2.2 to Review the adequacy of measures in URT to Prevent Terrorism and Terrorist Financing;
- 1.2.3 to prioritize actions that will improve the country's ability to combat terrorist financing;
- 1.2.4 to update the NRA with a view to have an up to date of the Risks and vulnerabilities associated with terrorist financing and put in place appropriate measures to alleviate the Risks.

1.3 PARTICIPANTS

The exercise involved 50 participants from 34 Government and Private sector institutions. Participants were selected from the institutions listed in **Appendix 1**.

1.4 THE METHODOLOGY

The TF Risk Assessment was carried out using the World Bank's TF Assessment Methodology that was customized by FIU. The Methodology Tool defines National TF Risk as a function of national TF threat and National TF vulnerability. The Methodology tool steps and activities are attached hereto as Appendix II.

PART II

OVERVIEW OF TERRORIST FINANCING VULNERABILITIES AND SOURCES

1 BACKGROUND

As is experienced worldwide the detection of funds to support terrorist or terrorist acts in Tanzania is usually a complex undertaking since the size and nature of the transactions involved are not easy to detect as planning and committing terrorist acts or providing financial support does not require substantial amount of money. Where financial institutions such as banks are used, the transaction would normally involve small amount and an uncomplicated layering of funds. A good sample is the 1998 US embassy bombings in East Africa which was estimated to have amounted to an overall cost of less than US \$ 10,000.

The global and transnational nature and reach of financial institutions, the greater role of intermediaries, and the uneven development, even divergence, of the world's economic systems combine to magnify the challenges of combating terrorist financing.

Informal economic sectors account for a large number of financial and business transactions in Tanzania and are far more economically active than the formal sectors. Also known as the 'parallel market', 'unrecorded trade', or the 'cash economy', these sectors provide for the livelihood of millions of Tanzanians, although their magnitude is undetermined. Direct interaction between the informal sector and formal financial institutions is insignificant. Tanzania has a vibrant informal economy such that a mere 6% of the population use banks for depository purposes.

1.1 SOURCES OF TERRORIST FINANCING

An examination of trends on sources of terrorist financing reveals that some terrorist organizations have legitimate business operations that generate profits and can also be used as fronts for financing terrorist activities. However, proceeds from criminal activities such as bank robberies, kidnapping for ransom, extortion, smuggling, and drug trafficking are widely used to finance terrorism.

The illicit drug trade including methamphetamine has been identified as the largest source of terrorist income. Afghanistan's poppy crops are responsible for as much as 86% of the world's opium supply and is widely believed to be a major contributor to terrorist coffers. The cocaine trade is also used to finance terrorist operations.

Donations from local and foreign supporters, including emigrants and charitable organizations, and cash infusions from wealthy individuals or organizations are also source that have been used in various parts of the world to finance terrorism. Donations originating from charities, NGOs, and wealthy individuals have been identified as the largest source of terrorist financing.

Charitable organizations are believed to play role in the financing and operation of terrorist grouping and religious Charitie have come under increasing scrutiny and severe restriction since the 9/11 US terrorist attacks. Many Muslim charities in the financing and operations of terrorist groupings have been identified to have been used to finance or rather support terrorist in various parts of the world. It is important to recognize, however, that there have only been a few instances of NGO s or charitable organization being positively linked to terrorist financing in Tanzania.

1.2 ASSISTANCE FROM FOREIGN SYMPATHETIC STATES

Research has proved that a number of countries in the developing world have provided support to terrorist organizations for political and military reasons. When terrorist organizations have the full range of state-controlled financial services at their disposal, large sums of money can be integrated into the international financial system whether the state or some other legal or illicit source is the funding agency. This scenario is not applicable in Tanzania.

1.3 REVENUES FROM LEGITIMATE BUSINESS OPERATIONS

Some terrorist organizations operate legitimate business operations which generate their own profits and can also be used as a front for financing terrorism. Ties to terrorism have been identified in the livestock, fish, and leather trades. Those behind the 1998 US embassy bombs in East Africa had moved to the region in the early 1990s, engaging in small business deal such as the transporting of clothing between Dar es Salam and the Kenyan port city of Mombasa. In 2001, the New York Times reported that Osama Bin Laden was operating a string of retail honey shops throughout the Middle East and Pakistan. Not only did the honey generate revenue, but it also was used to conceal shipments of money and weapons.

1.4 EVIDENCE OF TERRORIST FINANCING IN TANZANIA

Most financial experts agree that the financing of terrorism can occur in any country in the world, whether or not it has complex financial systems. Since complex international transaction can be abused to facilitate terrorist financing

it may occur in a host of different countries. Despite the country's apparent vulnerability to terrorist financing, evidence of terrorist funding within or from URT is scanty and mostly subjective hearsay or unreliable.

1.4.1 PRECIOUS STONES AND METALS DEALINGS

Tanzania is very rich in mineral resources, such as gold, diamonds, uranium, and gemstone. There is allegation that gemstone and gold smuggled outside Tanzania to Dubai and other destinations may be used to support terrorist networks. There is however no direct evidence of a link between the gemstone and gold trade or illicit gold and gemstone smuggling and terrorist networks or other terrorist groups although clandestine arrangements involving the gemstones and gold trade create suspicion to the use of this trade or financing terrorists in other parts of the world.

The tanzanite scandal in 2001 exposed by two Wall Street Journal reporters suggested that al-Qaeda controlled a sizeable trade in tanzanite from Tanzania. No evidence however was found of such a connection although the publication led major US retailers to drop tanzanite from their sale offering in February 2002. Tanzania had to assure dealers at a major gem trade show in Tucson, Arizona, that no terrorist group was involved in tanzanite trade. As a result of this scandal, a system of warranties guaranteeing the gems were mined and exported legally was established. The United Republic of Tanzania to date has declared the mining site of Mererani a controlled area where no visitors are allowed without a dealer's license and other identification.

1.4.2 ABUSE OF CHARITIES

Incidences of the abuse of charities to fund terrorism turned out to be unfounded in Tanzania. And there is no evidence that the funds are being channeled to the terrorist network.

1.4.3 CROSS BORDER CURRENCY TRANSPORTATION

Tanzania's long, porous and unpatrolled borders may also be a vulnerable area. Police forces have encountered, and at times arrested, suspects attempting to export huge amounts of US dollars from Tanzania. However, it has been proved that most cases that involve the illegal smuggling of currency across national borders are attempts to bypass or flout tough foreign exchange and currency regulations.

1.4.4 ALTERNATIVE REMITTANCE SYSTEMS/HAWALA

Alternative remittance systems take the form of non-bank institutions that transfer funds on behalf of clients through their own networks. Many of their transactions are paperless. Unregistered lenders move money across borders with no written record. Part of the attraction of this system lies in the fact that there is no proper trail to the source or destination of the funds. It has been alleged that al-Qaeda has exploited the global hawala network by using it to transfer funds around the world. However, given rare or fewer occurrences of terrorist acts in URT, it only remains suspicious that hawala is used as means of transferring funds to terrorist. Hawala operations are said to take place in Malawi, Mozambique, and Tanzania, and is common for diaspora communities to collect money in the developed world and send it to their poorer brothers and sisters in Tanzania. There are variants of hawala used by Tanzanians. However, there has been no evidence of links to terrorism. Indeed, Tanzania is usually at the receiving, not the donating end of remittances.

PART III

RISK ASSESSMENT OF TERRORIST FINANCING IN TANZANIA.

2 ASSESSMENT OF ABUSE OF NON-PROFIT ORGANIZATION (NPO) SECTOR FOR TF
An NPO refers to legal person or legal arrangement or organization that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social, or fraternal purposes, or for the carrying out of other types of “good works”²

NPOs play a vital role in society and in a country’s economy because they complement the government’s efforts to provide services and assistance to those in need. In cases where government support is lacking, NPOs usually fill in the gap, particularly in areas where the government has difficulty reaching. As such, NPOs enjoy the confidence of governments and the public, with both governments and businesses funnelling funds into NPOs for their “good works” and programs.

In URT there are three regulators for the NPOs i.e. Registrar of NGOs mainland, Registrar of Societies mainland, and Registrar of NGO’s Zanzibar.

Registrar of NGO’s mainland was established under Section 3(1) of the Non-Governmental Organizations Act, 2002 (CAP.24) with a view to coordinate and regulate activities of Non-Governmental Organizations (NGOs) and to provide for related matters in Mainland Tanzania. There are about 12,350 NGOs registered in Tanzania Mainland.

The Registrar of Societies in Tanzania Mainland is established under Section 5 of the Society Act, (Cap 337). The Registrar of Societies registers religious and non-religious associations including charitable, educational and recreation and philanthropically associations.

The Registrar of NGOs in Zanzibar is established under the Constitution of Zanzibar of 1984 (Cap. 3) under Article 20 to coordinate and regulate activities of Non-Governmental Organizations and Civil Societies and for related matters. There are about 2,600 NGOs registered in Zanzibar.

² FATF standards

2.1 Threats

The Assessment revealed that NPO's are prone to be abused by TF/T through the following:

- (a) Raising illegal funds to finance terrorism, (Presence of foreign NPO from foreign countries); and
- (b) Misuse for radicalization to finance terrorism.

2.2 Vulnerability

The assessment revealed that NPO are vulnerable to being abused by perpetrators due to the following;

- (a) Access to received contributions from different sources of funds;
- (b) Ability to operate in the conflict zone, example DRC (Democratic Republic of Congo);
- (c) Cash intensiveness;
- (d) Ability to operate Globally networks (Global networks).

The above threat and Vulnerability are minimized/controlled by the registrars in URT through their legal framework mandating them to conduct targeted inspection/supervision for AML/CFT/CPF compliance and issuing administrative sanctions for AML/CFT/CPF non-compliance. The vulnerability is also be minimized through AML/CFT/CPF risk assessment by the relevant NPO of their activities.

2.3 Specific Recommendation

It is recommended that-

- (a) Registrars should apply risk-based supervision of their licensees (NPOs) so that they understand and assess the risks and put in place mitigation measures.
- (b) Registrar should at the time of licensing and upon any changes to the particulars, screen NPO's and their staff responsible for managing NPO against local and foreign sanction list provided by UNSC.

- (c) Registers should conduct more outreach to the higher-risk NPO to increase awareness of key TF indicators and educate them through the sharing of typologies.

3 ASSESSMENT OF ORGANIZED CRIME RISK FOR TF

Organized crime is a continuing criminal enterprise that rationally works to profit from illegal activities that are often in great public demand. Its continuing existence is maintained through corruption of public officials and the use of intimidation, threats, or force to protect its operations.

To constitute organized crime, a group of individuals, either local, national or international, engage in criminal enterprises for profit. The rationale behind this alliance varies because they may be politically motivated, financially motivated, criminally oriented (with intend to commit crime).

Under the United Nations Convention Against Transnational Organized Crime³, an "organized criminal group" is defined using four criteria:

- (a) A structured group of three or more persons;
- (b) The group exists for a period of time;
- (c) It acts in concert with the aim of committing at least one serious crime;
- (d) To obtain, directly or indirectly, a financial or another material benefit.

Terrorism is a form of "organized" criminal behaviour, but it is distinct from organized crime in that it involves; crimes committed with the objective of intimidating a population or compelling a government or international organization with a view to achieving political or social objectives, terrorist groups always declare incidences of attack made by specific terrorist group or affiliate with their intended objectives.

In URT there is no declaration made from any terrorist groups or affiliate, no request made to compel or stop the government from doing its activities that indicate terrorist activities in URT.

Example of Organized crime include terrorism, drugs trafficking, trafficking in wildlife, illegal Smuggling of mining and trafficking in timber and charcoal.

³ Article 2 (a)

3.1 Threat

The risk assessment revealed that URT faces threats on the following organized crimes:

- (a) Trafficking in wildlife and poaching.
- (b) Trafficking in timber and charcoal from Mozambique.
- (c) Drugs trafficking.
- (d) Illegal Smuggling of mining.
- (e) Trafficking in Counterfeit Goods.
- (f) Smuggling of Immigrants.

3.2 Vulnerabilities

Organized crime operates beyond the jurisdiction limits in an organized way. URT is among the jurisdictions that are prone to be abused by organized crime and TF, because of, among other things, porous borders with 7 neighbouring countries of Democratic Republic of Congo, Zambia, Malawi, Mozambique, Burundi, Rwanda, Uganda and Kenya. This geographical position increases Tanzania's vulnerability of being abused by organized criminals for TF/T purposes.

URT has extradition and mutual legal assistance mechanism in place to mitigate its vulnerability to international organized crime. For example, in 2015 URT extradited to Uganda Mr. Jamil Mukulu, Mr. Mohamed Matovu and Mr. Omari Abdallah Mtuka who were alleged to have committed Murder and were involved in TF related offences. In 2017 URT disseminated evidence through mutual legal assistance relating to TF offences committed by the mentioned extradited persons.

In addition, following insecurity threat incidences by ISIS-Mozambique in Mtwara Region by organized criminals, the URT Inspector General of Police signed an MOU with counterpart Inspector General of Police of Mozambique to share information so as to strengthen security along the border.

3.3 Specific Recommendations

- (i) LEA's should conduct TF/T investigations parallel with organized crimes, the financial flow from all organized crimes so as to understand the sources and destination related to TF.

- (ii) URT should increase patrol to the borders of the countries with terror attacks to minimize free movements of criminals.

4 AN ASSESSMENT OF PRECIOUS STONES AND METALS DEALERS' TF RISKS

Precious stones are defined as visually appealing gemstones created from rocks or minerals. Often used for jewelry and fashion accents. This term was created in the mid-1800s to refer to four specific stones; diamonds, rubies, emeralds, and sapphires. All precious stones are translucent and are valued by the richness of their color, except for the diamond, which has a higher value based on being colorless.

Precious stones include diamonds, sapphires, rubies, emeralds, jade, and pearls. Precious metals include gold, silver, and platinum. International and regional typologies studies indicate relatively few instances of terrorist financiers using precious stones and precious metals to move or raise funds for terrorism. However, precious stones and metals have high intrinsic value in a relatively compact form and tend to maintain or increase their value over time. Precious stones and metals are a good store of value and accepted as an alternative to money, easily transported and concealed, and easily converted to cash. Criminals may purchase precious stones to hide the illicit sources or purposes of their funds. This exposes dealers to TF risks.

4.1 Threat

The risk assessment revealed that the trends of illegal smuggling of precious stones and metals are decreasing and there is no evidence to associate the smuggling of precious stones and metals with terrorist financing. However, dealers and brokers of precious metals and stones in Tanzania are not aware of the TF risks in their business and they have not started applying preventive measures when conducting businesses or submitting suspicious transactions or suspicious activities reports to FIU.

4.2 Vulnerabilities

The risk assessment of terrorist financing revealed that URT is vulnerable to illegal smuggling of precious stones and metals to trade due to the following facts;

- (a) Porous borders and
- (b) Un stability of neighbouring countries like the Democratic Republic of Congo and Mozambique.

URT has a legal framework (The Mining Act (Cap:123)) for trading of precious stones and metals which requires all small miners to trade the precious stones and

metals at the district's mineral markets where proper KYC/CDD and all relevant information of the dealers are kept and maintained. Pursuant the Anti Money Laundering Act (Cap:423) dealers are reporting persons and hence subject to CDD, recording keeping, filing STR and other preventive measures. These requirements mitigate the vulnerabilities in this sector.

4.3 Specific Recommendation.

- (a) There is a need for awareness to Brokers and Dealers of precious metals and stones on applying AML/CFT/CPF preventive measures, filing suspicious transactions/activities reports on TF and generally on using the UNSC sanctioned list when dealing with their clients.
- (b) FIU should conduct outreach programs to apprise dealers and brokers of precious metals and stones on their legal obligations under the law.
- (c) FIU should consider, applying sanctions to compel compliance with the requirements of the law.

5 ASSESSMENT OF TRANSPORTATION OF FUNDS FOR TF

5.1 Banks

Terrorist financiers are known to use the banking sector to move funds into and out of countries. These typologies are well reported in the region and around the world. Based on investigations and cases prosecuted by law enforcement agencies to date, TF activities through banks in URT have not been experienced. Nevertheless, URT remains vigilant to the risk of the banking system being used as a conduit by terrorists and their financiers, given that URT is bordered with countries faces terror attacks (Mozambique, Uganda, DRC (Democratic Republic of Congo) and Kenya).

5.1.1 Threats

The assessment revealed that the financial systems of URT are at risk of being abused as a conduit by the terrorist and their financiers due to being close to the countries facing terror attacks.

5.1.2 Vulnerability

The assessment revealed that banks in URT remain as a major conduit for transfer of value and funds and remain vulnerable for TF purposes

5.1.3 Specific Recommendation

Reporting persons should continue to conduct Risk Assessment of their businesses, apply CDD measures consistent with identified risks and continue to screen their customers against available Targeted Financial Sanctions List.

5.2 Money Value Transfer Services (MVTs)

MVTs means financial services that involve the acceptance of cash, cheques, other monetary instruments, or other stores of value and the payment of a corresponding sum in cash or other forms to a beneficiary by means of communication, message transfer, or through a clearing network to which the relevant financial service provider belongs. Transactions performed by such service may involve one or more intermediary transactions and final payment to a third party and may include any new payment methods. A terrorist financier can abuse MVTs by transporting funds from originator/ source to Terrorist group due to its less stringent KYC requirements.

5.2.1 Threats

Traditionally, MVTs have had less stringent KYC requirements when compared to their banking counterparts. For example, for a bank to process an outgoing payment the originator is typically an existing customer that has passed a stringent on-boarding process. With MVTs, the originator does not need to be an existing customer and the presentation of an ID document is generally sufficient. This approach to KYC, coupled with the speed in which payments can be processed, makes MVTs products an attractive option for criminals deterred by banks' AML controls.

5.2.2 Vulnerability

In URT Money or Value Transfers Services uses commercial banks platform or have sub agency contract with commercial banks to render their services and they are obliged to observe reporting person's obligation as other financial services providers; KYC/CDD for both sender and receiver. The use of commercial bank platform reduces the MVTs vulnerability to be abused.

5.2.3 Specific Recommendation

MVTs should conduct Risk Assessment of their business and should report suspicious transactions to FIU.

5.3 Cross Border Transportation of Cash

"Cross border transportation" means any physical transportation of currency or bearer negotiable instrument from mainland Tanzania to another country or vice versa and includes: -

- (a) physical transportation by a natural person, or in that person's accompanying luggage or vehicle;
- (b) shipment of currency or bearer negotiable instrument through containerized cargo; or the
- (c) mailing of currency or bearer negotiable instrument by the natural or legal person;

Cross-border transportation of cash is therefore the movement of hard cash from one jurisdiction to another. Terrorist financiers around the world have been known to use hard cash couriers as a means to physically move funds across borders to finance their activities. Unlike transactions in regulated sectors, cash movement transactions do not leave physical or digital footprint.

URT has a legal framework (*i.e. The Anti-money laundering - Cross border declaration of Currency and bearer negotiable instruments Regulations of 2016*) G.N. NO. 38 of 2016 deters the silent transportation of hard cash from or to URT. The law imposes proportionate and dissuasive sanctions for non-compliant and the customs department of the Tanzania Revenue Authority are the enforcers of cross-border declaration of currency. Regulation 5 (1) AML Regulations of 2016 prohibits a person's entering or departing the territory of the United Republic of Tanzania while in possession of currency or Bearer Negotiable Instrument amounting to **Ten Thousand US Dollars (USD 10,000)** Regulation 4 (1) requires such person to declare to the customs authority any transportation of cash exceeding the threshold. Regulation 7 (1) requires customs officers to report to FIU within seven working days from the date of receipt of the declaration, on every declaration made under Regulations. Although the submission of the report to FIU takes longer than seven days.

5.3.1 Threats

The risk assessment revealed that Terrorist financiers prefer the illegal ways of transporting money in hard cash from the jurisdiction source to the jurisdiction that is target for the terrorist attack. terrorist financiers prefer to transport hard cash because it enables;

- (a) the receiver of the fund (terrorist) to be liquid without leaving traces as opposed to the bank system. Without trails investigation and evidence relied on prosecution is rendered difficult.
- (b) perpetrators not to disclose the sources of funds as opposed to the bank system.

5.3.2 Vulnerability

Assessment revealed that URT is vulnerable to being abused by terrorist financiers because it has porous borders which increase vulnerability for perpetrators to circumvent the cross-border declaration legislation and move cash and other goods to other destinations.

5.3.3 Specific Recommendation

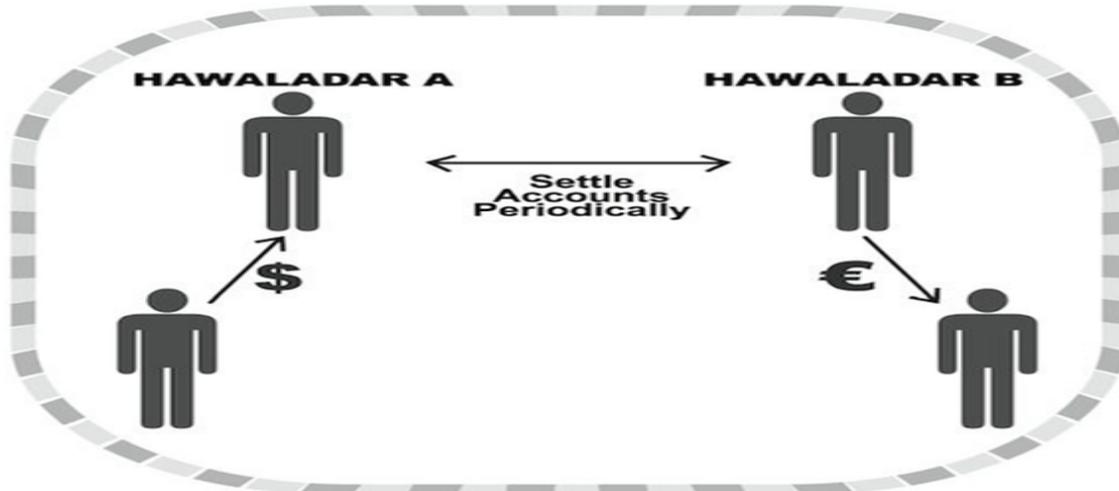
- (a) URT needs to increase patrol of the porous borders;
- (b) URT needs to automate the submission of CBDC to FIU to be within seven days as stipulated in Legislations.

5.4 Hawala

Hawala is the transfer of money without actually moving it and is based on trust. Simply stated, hawala is *“money transfer without money movement”*. It is a popular and informal value transfer system based not on the movement of cash, or on telegraph or computer network wire transfers between banks, but instead, it is based on the performance and honor of a huge network of money brokers (known as hawaladars). While hawaladars are spread throughout the world, they are primarily located in the Middle East, North Africa, the Horn of Africa, and the Indian subcontinent. They operate outside of or parallel to, traditional banking, financial channels, and remittance systems.

In the most basic variant of the hawala system, money is transferred via a network of hawala brokers or hawaladars as is shown in the diagram below:

HAWALA TRANSACTION



Principally hawala practices allow anonymity of sender and receiver of the transaction, and their information cannot be traced so it can be abused easily by terrorist financiers.

It was presumed during the Risk Assessment that hawala practices are present in URT due to the following circumstantial evidence, however, the magnitude and threats are not well known.

- i. Presence of foreign immigrants,
- ii. Immigrants of foreign origin who become a citizen of Tanzania for generation
- iii. Presence of Tanzania diasporas

5.4.1 Specific Recommendation

More research needs to be done so as to reveal the magnitude and its TF/T threat.

6 OVERALL RECOMMENDATIONS

The assessment of various vulnerabilities to TF indicates that URT could be used by Terrorists and their financiers particularly through its porous borders and the existence of cash economy. It is therefore generally recommended that Interagency cooperation and coordination should be strengthened to ensure effective implementation of the counter FT measures. It is also recommended that stakeholder's awareness be emphasized to ensure that they understand and apply the TF preventive measures effectively. Last but not least, stakeholders in URT to effectively use the Sanction List to screen their customers and the

authorities should devise mechanism of ensuring that the sanction list is shared with all stakeholders and reporting persons in particular.

PART IV
TERRORIST FINANCING RISK LEVEL IN URT

TERRORIST FINANCING THREATH SCALE.



KEY:

HIGH – **40** and above

MEDIUM-HIGH **30 – 39**

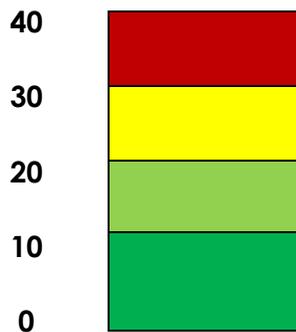
MEDIUM **20 – 29**

MEDIUM-LOW **10 – 20**

LOW **0 -9**

Threat score is 13. Therefore, Threat was rated as MEDIUM LOW (ML).
(Appendix 3)

TERRORIST FINANCING VULNERABILITIES SCALE.



KEY:

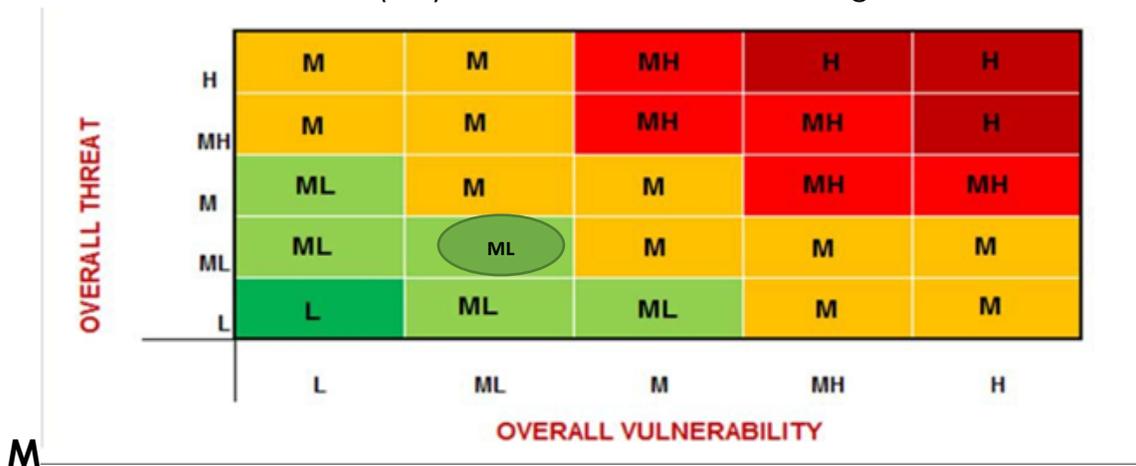
- HIGH – 40 and above
- MEDIUM - HIGH 30 – 39
- MEDIUM - 20 – 29
- MEDIUM-LOW - 10 – 19
- LOW - 0 -9

Vulnerability score is 17. Therefore, Vulnerability was rated as MEDIUM LOW (ML). (Appendix 3)

The Threat score is 13 (below the scale of 20 in the scale above) and therefore, given the above scale and the key provided above, the Threat is rated as **MEDIUM LOW(ML)**.

XY PLANE

Overall Assessment of Terrorist Financing Risk and the overall terrorist financing risk is a function of TF threat and TF vulnerability. TF threat was rated as MEDIUM LOW(ML) and TF vulnerability was also rated MEDIUM LOW(ML). Therefore, the overall TF risk is MEDIUM LOW (ML). This is illustrated in the diagram below.



7 CONCLUSION

The TF Risk Assessment in URT is ML (medium-low). The assessment also noted some deficiencies. These include inadequate AML/CFT knowledge for both supervisory authorities and reporting entities especially for DNFBPs, improper distribution of the

UN sanction list to the stakeholders, and lack of inter-agency communication among the stakeholders which impede the war against Terrorist financing and Terrorism as well.

The assessment made various recommendations and it came up with an action plan. The action plan is documented separately from this report. There are recommendations at the national level which are applicable universally, and there are recommendations at a sector level, which are applicable to specific sectors to assist both Government and other Stakeholders to prioritize their allocations of resources to mitigate TF risks

APPENDIXES

APPENDIX 1:

TF risk assessment participating Institutions organizations:

1.	FIU	21.	MVTS (TCB)
2.	Bank of Tanzania (BOT)	22.	Zanzibar Law Society (ZLS)
3.	Tanzania Bankers Association (TBA).	23.	Tanganyika Law Society (TLS)
4.	Tanzania Police Force (TPF)	24.	Tanzania Revenue Authority (TRA)
5.	National Counter Terrorism Centre (NCTC)	25.	Zanzibar Revenue Authority (ZRB)
6.	National Prosecution Services (NPA).	26.	Register of NGO's (Mainland)
7.	Director of Public Prosecution (Zanzibar)	27.	Register of NGO's (Zanzibar)
8.	Director of Criminal Investigation (DCI)	28.	Registers of Societies (MOHA)
9.	Interpol	29.	NACONGO
10.	Tanzania Intelligence and Security Services (TISS)	30.	ANGOZA
11.	Immigration Services Department	31.	RITA
12.	Ministry of Foreign Affairs.	32.	PBZ (Peoples Bank of Zanzibar)
13.	Tanzania Mining Commission	33.	Tanzania Gaming Board (TGB)
14.	BRELA	34.	Gaming Board Apex Board/ Representative
15.	BPRA	35.	TIRA
16.	MNO's	36.	Insurance Apex Board/ Representative
17.	Tanzania Investment Centre (TIC)	37.	CMSA

18.	Zanzibar Investment Centre (ZIPA)	38.	Capital and Securities Apex Board/ Representative
19.	Tanzania Drug Control and Enforcement Authority.		
20.	Tanzania Communication Regulatory Authority (TCRA)		

APPENDIX 2

Methodology

STEP A	Formulation of Task Force.
STEP B	Developing Questionnaire
STEP C	To Identify Terrorist Financing Threat.

	ORGANIZATION	THREAT FEATURES	PROBABILITY / SCORE
1.	FINANCIAL INTELLIGENCE UNIT (FIU)	<ul style="list-style-type: none"> Does FIU receive STR with Terrorist or Terrorist Financing clues? 	Yes – 1 No - 0
		<ul style="list-style-type: none"> Does FIU disseminate Intelligence with Terrorist or Terrorist Financing clues? 	Yes – 1 No - 0
		<ul style="list-style-type: none"> Does FIU receive Currency declarations for passengers crossing URT borders? 	Yes – 0 No - 1
		<ul style="list-style-type: none"> Does FIU comply with FATF standard regarding sharing of information in TF? 	Yes – 0 No - 1
		<ul style="list-style-type: none"> Does FIU have skilled personnel for TF analysis? 	Yes – 0 No - 1
2.	TANZANIA POLICE FORCE (TPF)	<ul style="list-style-type: none"> Does TPF have MoU with counterpart institutions within a Regional and Global for exchanging/sharing information in TF/T. 	Yes – 0 No - 1

		<ul style="list-style-type: none"> Does URT have an incidence of Institutions recruiting Tanzanian Citizens to join Terrorist Groups as Foreign Terrorist fighters. 	Yes - 1 No - 0
		<ul style="list-style-type: none"> Does TPF have skilled personnel for TF investigation? 	Yes - 0 No - 1
3.	IMMIGRATION DEPARTMENT OF TANZANIA	<ul style="list-style-type: none"> Does URT have foreign residences from high-risk countries 	Yes - 1 No - 0
		<ul style="list-style-type: none"> Does Immigration have MoU with counterpart institutions within a Regional and Global for exchanging/sharing information in TF/T. 	Yes - 0 No - 1
		<ul style="list-style-type: none"> Does Immigration screen the foreigners requesting residence permit against United Nation sanction/Blacklisted list? 	Yes - 0 No - 1
		<ul style="list-style-type: none"> Does URT have People who travel to High-Risk Countries? 	Yes - 1 No - 0
		<ul style="list-style-type: none"> Does URT have Foreign experts with working permit from High-Risk Countries? 	Yes - 1 No - 0
4.	NATIONAL PROSECUTION SERVICES (NPS)	<ul style="list-style-type: none"> Does Immigration department have skilled personnel for TF investigation? 	Yes - 0 No - 1
		<ul style="list-style-type: none"> Does NPS have MoU with counterpart NPS within a regional or global for extradition of TF suspects? 	Yes - 0 No - 1
		<ul style="list-style-type: none"> Does URT have citizens who prosecuted abroad for TF/T? 	Yes - 1 No - 0
		<ul style="list-style-type: none"> Does NPS have skilled personnel for the Prosecution of TF cases? 	Yes - 0 No - 1
5.	DPP ZANZIBAR	<ul style="list-style-type: none"> Does DPP have MoU with counterpart DPP within a regional or global for deportation or importation of TF suspects? 	Yes - 0 (narrate) No - 1
		<ul style="list-style-type: none"> Does DPP have skilled personnel for the Prosecution of TF cases? 	Yes - 0 No - 1
6.	NATIONAL COUNTER-TERRORISM CENTER (NCTC)	<ul style="list-style-type: none"> Does NCTC have MoU with counterpart NCTC within a regional or global for exchanging of TF information? 	Yes - 0 No - 1

		<ul style="list-style-type: none"> Does URT have individuals returned from fighting as a Foreign Terrorist Fighter? 	Yes - 1 No - 0
7.	DRUGS CONTROL ENFORCEMENT AUTHORITY (DCEA)	<ul style="list-style-type: none"> Does DCEA MoU with counterpart institutions within a Regional and Global for exchanging/sharing suspects information.? 	Yes - 0 No - 1
		<ul style="list-style-type: none"> Does DCEA have an interagency relationship with other Law Enforcement Agencies? 	Yes - 0 No - 1
		<ul style="list-style-type: none"> Does DCEA Screen names of Suspects against Blacklisted / Sanction list? 	Yes - 0 No - 1
8.	MINISTRY OF WORKS	<ul style="list-style-type: none"> Does URT monitor Foreign experts (from High-risk Countries) after being granted a Work or resident permit? 	Yes - 0 No - 1
9.	MINISTRY OF FOREIGN AFFAIRS	<ul style="list-style-type: none"> Does URT have neighbours Countries that have Terrorist Activities? 	Yes - 0 No - 1
		<ul style="list-style-type: none"> Does URT have an incidence of Tanzanians Citizen to Terrorist Activities? 	Yes - 1 No - 0
10.	BANK OF TANZANIA (BOT)	<ul style="list-style-type: none"> Does BOT have MOU with counterpart Bank within Region and Global for exchange information related to TF. 	Yes - 0 No - 1
11.	GAMING BOARD OF TANZANIA (GBT)	<ul style="list-style-type: none"> Does GBT vet Gaming operator CEO's against sanctioned list? 	Yes - 0 No - 1
12.	TANZANIA INSURANCE REGULATORY AUTHORITY (TIRA)	<ul style="list-style-type: none"> Does TIRA vet the company names and CEO's against the sanctioned list before issuing a license? 	Yes - 0 No - 1
13.	CAPITAL MARKETS SECURITIES AUTHORITY (CMSA)	<ul style="list-style-type: none"> Does CMSA vet the company names and CEO's against the sanctioned list before licensed? 	Yes - 0 No - 1
14.	MINISTRY OF FOREIGN AFFAIRS	<ul style="list-style-type: none"> Does URT receive a sanction list from UN 	Yes - 0 No - 1
15.	PEOPLES BANK OF ZANZIBAR (PBZ)	<ul style="list-style-type: none"> Does PBZ have a secured EFT services/product 	Yes - 0 No - 1
16.	TANZANIA COMMERCIAL BANK (TCB)	<ul style="list-style-type: none"> Does TCB have secured bureau de change services 	Yes - 0 No - 1
17.	REGISTER OF NGO's (Mainland)	<ul style="list-style-type: none"> Does registrar of NGO's screen NGO's against sanctioned list? 	Yes - 0 No - 1

		<ul style="list-style-type: none"> Does registrar of NGO's conduct targeted supervision and monitoring to NPO? 	Yes - 0 No - 1
18.	REGISTER OF SOCIETIES (Mainland)	<ul style="list-style-type: none"> Does registrar of Civil societies screen the leaders of civil societies against sanctioned list? 	Yes - 0 No - 1
		<ul style="list-style-type: none"> Does registrar of Civil societies conduct targeted supervision and monitoring to NPO? 	Yes - 0 No - 1
19.	REGISTER OF NGO's (Zanzibar)	<ul style="list-style-type: none"> Does registrar of NGO's Zanzibar screen NGO's against sanctioned list? 	Yes - 0 No - 1
		<ul style="list-style-type: none"> Does registrar of NGO's Zanzibar conduct targeted supervision and monitoring to NPO? 	Yes - 0 No - 1
20.	REGISTER OF NGO's (Mainland)	<ul style="list-style-type: none"> Does registrar of NGO's screen NGO's against sanctioned list? 	Yes - 0 No - 1
21.	TANZANIA COMMUNICATION REGULATORY AUTHORITY (TCRA)	<ul style="list-style-type: none"> Does TCRA have control over the registration of sim cards? 	Yes - 0 No - 1

KEY:

1 = Risk of T/TF.

0 = No Risk if T/TF.

STEP D: To Identify Terrorist Financing Vulnerabilities.

S/N	ORGANIZATION	VULNERABILITY FEATURES	PROBABILITY/SCORE
1.	NATIONAL PROSECUTION SERVICES (NPS) DPP ZANZIBAR	<ul style="list-style-type: none"> Does URT criminalize TF? 	Yes - 0 (cite section) No - 1
		<ul style="list-style-type: none"> Does URT sanctions to TF offense are they proportionate and dissuasive? 	Yes - 0 No - 1
		<ul style="list-style-type: none"> Does URT criminalize Foreign Terrorist Fighters? 	Yes - 0 (cite section) No - 1
		<ul style="list-style-type: none"> Does URT has MoU of exchanging TF suspect 	Yes - 0 No - 1

		with Regional and Global counterparty?	
		<ul style="list-style-type: none"> Does URT have in place a legal framework for freezing the Terrorist Asset. 	Yes – 0 No – 1
2.	FINANCIAL INTELLIGENCE UNIT (FIU)	<ul style="list-style-type: none"> Does URT have in place a legal framework for defreezing the freed Assets suspected for TF. 	Yes – 0 No – 1
		<ul style="list-style-type: none"> Does URT have law and Regulations which insist on the identification and verification of customers according to the risk? 	Yes – 0 No – 1
		<ul style="list-style-type: none"> Does AMLA/AMLAPOCA have a section in place to conduct an inspection to enforce AML/CFT Compliance. 	Yes – 0 No – 1
		<ul style="list-style-type: none"> Does URT have Law in place which requires declaration of cash before crossing the border (CBDC). 	Yes – 0 No – 1
3.	IMMIGRATION DEPARTMENT OF TANZANIA	<ul style="list-style-type: none"> Does Immigration have a Legal framework which allows screening the foreigners requesting residence or work permits against the sanction/Blacklisted list? 	Yes – 0 No – 1
4.	TANZANIA REVENUE AUTHORITY (TRA)	<ul style="list-style-type: none"> Does TRA submit Cross Border Declaration of Currency within seven days? 	Yes – 0 No – 1
	ZANZIBAR REVENUE BOARD (ZRB) MINISTRY OF WORKS	<ul style="list-style-type: none"> Does URT have a legal framework that allows monitoring Foreign experts (from High-risk Countries) after being 	Yes – 0 No – 1

		granted a Work or resident permit?	
5.	BANK OF TANZANIA (BOT)	<ul style="list-style-type: none"> Does BOT have law in place which deter his licensee to issue Service / Product which offer anonymity? 	Yes -0 No - 1
		<ul style="list-style-type: none"> Does BOT has a legal framework to ensure secured EFT services to his licensee? 	Yes -0 No - 1
		<ul style="list-style-type: none"> Does BOT has Legal framework which allow to conduct vetting to CEO's of the Bank? 	Yes -0 No - 1
		<ul style="list-style-type: none"> Does HAWALA operate in URT 	Yes – 1 (evidence) No – 0 (evidence)
6.	GAMING BOARD OF TANZANIA (GBT)	<ul style="list-style-type: none"> Does GBT have law in place which deter his licensee to issue Services / Products which offer anonymity? 	Yes -0 No - 1
		<ul style="list-style-type: none"> Does GBT have law in place for conducting vetting of Gaming operator CEO's? 	Yes -0 No - 1
7.	TANZANIA INSURANCE REGULATORY AUTHORITY (TIRA)	<ul style="list-style-type: none"> Does TIRA have law in place which deter his licensee to issue Services / Products which offer anonymity? 	Yes -0 No - 1
		Does TIRA has Legal framework which allow to conduct vetting to CEO's of the Insurance Companies?	Yes -0 No - 1
8.	CAPITAL MARKETS SECURITIES AUTHORITY (CMSA)	<ul style="list-style-type: none"> Does CMSA have law in place which deter his licensee to issue Services / Products which offer anonymity? 	Yes -0 No - 1
		<ul style="list-style-type: none"> Does CMSA has Legal framework which 	Yes -0 No - 1

		allow to conduct vetting to CEO's of the Companies?	
9.	Registrar of NGO Mainland	• Does registrar have MoU for an interagency relationship?	Yes – 0 No - 1
		• Does registrar have MoU with regional and global counter party institution?	Yes – 0 No - 1
		• Does sanctions imposed by registrars dissuasive and proportionate?	Yes – 0 No – 1
		• Does URT have a law/regulation that requires NGO to transact via banks?	Yes – 0 No – 1
		• Does Registrars have a legal framework that allows conducting of targeted supervision and monitoring to NPO?	Yes – 0 No – 1
10.	Registrar of NGO's Zanzibar,	• Does registrar have MoU for an interagency relationship?	Yes – 0 No – 1
		• Does registrar have MoU with regional and global counter party institution?	Yes – 0 No – 1
		• Does sanctions imposed by registrars dissuasive and proportionate?	Yes – 0 No – 1
		• Does Register of NGO Zanzibar have a law/regulation that requires NGO to transact via banks?	Yes – 0 No – 1
		• Does Registrar have a legal framework that allows conducting of targeted supervision and monitoring to NPO?	Yes – 0 No – 1

11.	Registrar of Civil Society Mainland	<ul style="list-style-type: none"> Does registrar have MoU for an interagency relationship? 	Yes – 0 No – 1
		<ul style="list-style-type: none"> Does registrar have MoU with regional and global counter party institution? 	Yes – 0 No – 1
		<ul style="list-style-type: none"> Does sanctions imposed by registrars dissuasive and proportionate? 	Yes – 0 No – 1
		<ul style="list-style-type: none"> Does URT have a law/regulation that requires NGO to transact via banks? 	Yes – 0 No – 1
		<ul style="list-style-type: none"> Does Registrar have a legal framework that allows conducting of targeted supervision and monitoring to NPO? 	Yes – 0 No – 1
12.	BUSINESS REGISTRATION AND LICENCING AGENCY (BRELA)	<ul style="list-style-type: none"> Does BRELA have the legal framework to access the ultimate beneficiary owners of the company? 	Yes – 0 No - 1
13.	BUSINESS PROPERTY REGISTRATION AGENCY (BPRA)	<ul style="list-style-type: none"> Does BPRA have the legal framework to access the ultimate beneficiary owners of the company? 	Yes – 0 No - 1
14.	REGISTRATION AND TRUSTEESHIP AGENCY (RITA)	<ul style="list-style-type: none"> Does RITA have the legal framework to access the ultimate beneficiary owners of the company? 	Yes – 0 No - 1
15.	TANZANIA COMMUNICATION REGULATORY AUTHORITY (TCRA)	<ul style="list-style-type: none"> Does TCRA have a Legal framework that enforces his licensees to have proper registration of sim cards? 	Yes -0 No - 1

KEY:

1 = Risk of T/TF.

0 = No Risk if T/TF.

STEP E. Formulation of Groups.

STEP F. Group Discussion

- Group Discussion on Threats and Vulnerabilities
- Responding to the Questionnaire and scoring.
- Review of Legislation – Policies, Laws, Guidelines (Adequacy of measures in URT to prevent Terrorism and Terrorist Financing)
- Group Recommendation.
- To prepare Group Report.

STEP G. Group Presentation.

- Score of Threat and Vulnerabilities.
- Explanation of cited Laws.
- Group Recommendation.

STEP H. Overall Risk Assessment rating

- Plug scores against XY plane (Risk rating)

STEP I. To prioritize actions that will improve the country's ability to combat terrorist financing. (Overall Recommendations)

STEP J. Draft Risk Assessment Report.

APPENDIX 3

MARKED QUESTIONNAIRE FOR GROUP A, B AND C

RISK ASSESSMENT ON TERRORIST FINANCING AND HAWALA

FOCUS GROUP DISCUSSION – QUESTIONNAIRE (GROUP A)

Table: Threats

ORGANIZATION		THREATS FEATURES	PROBABILITY/ SCORE	Total Score
1.	FINANCIAL INTELLIGENCE UNIT (FIU)	<ul style="list-style-type: none"> Does FIU receive STR with Terrorist or Terrorist Financing clues? 	Yes – 1√ No – 0	Yes -1
		<ul style="list-style-type: none"> Does FIU disseminate Intelligence with Terrorist or Terrorist Financing clues? 	Yes – 1√ No – 0	Yes – 1
		<ul style="list-style-type: none"> Does FIU receive Currency declarations for passengers crossing URT borders? 	Yes – 0√ No - 1	Yes – 0
		<ul style="list-style-type: none"> Does FIU comply with FATF standard regarding sharing of information in TF? 	Yes – 0√ No – 1	Yes – 0
		<ul style="list-style-type: none"> Does FIU have skilled personnel for TF analysis? 	Yes – 0√ No – 1	Yes – 0
2.	TANZANIA POLICE FORCE (TPF)	<ul style="list-style-type: none"> Does TPF have MoU with counterpart institutions within a Regional and Global for exchanging/sharing information in TF/T. 	Yes – 0√ No – 1	Yes – 0
		<ul style="list-style-type: none"> Does URT have an incidence of Organization recruiting Tanzanian Citizens to join Terrorist Groups as Foreign Terrorist fighters. 	Yes – 1√ No -0	Yes – 1
		<ul style="list-style-type: none"> Does TPF have skilled personnel for TF investigation? 	Yes – 0√ No - 1	Yes – 0
3.	IMMIGRATION DEPARTMENT OF TANZANIA	<ul style="list-style-type: none"> Does URT have foreign residences from high-risk countries 	Yes – 1√ No -0	Yes – 1

ORGANIZATION		THREATS FEATURES	PROBABILITY/ SCORE	Total Score
		<ul style="list-style-type: none"> Does Immigration have MoU with counterpart institutions within a Regional and Global for exchanging/sharing information in TF/T. 	Yes - 0√ No - 1	Yes - 0
		<ul style="list-style-type: none"> Does Immigration screen the foreigners requesting residence permit against United Nation sanction/Blacklisted list? 	Yes - 0√ No - 1	Yes - 0
		<ul style="list-style-type: none"> Does URT have People who travel to High-Risk Countries? 	Yes - 1√ No - 0	Yes - 1
		<ul style="list-style-type: none"> Does URT have Foreign experts with working permit from High-Risk Countries? 	Yes - 1√ No - 0	Yes - 1
		<ul style="list-style-type: none"> Does Immigration department have skilled personnel for TF investigation? 	Yes - 0√ No - 1	Yes - 0
4.	NATIONAL PROSECUTION SERVICES (NPS)	<ul style="list-style-type: none"> Does URT have citizens who were prosecuted abroad for TF/T? 	Yes - 1√ No - 0	Yes - 1
		<ul style="list-style-type: none"> Does NPS have skilled personnel for the Prosecution of TF cases? 	Yes - 0√ No - 1	Yes - 0
5.	NPS/DPP ZANZIBAR	<ul style="list-style-type: none"> Does DPP have skilled personnel for the Prosecution of TF cases? 	Yes - 0√ No - 1	Yes - 0
6.	NATIONAL COUNTER-TERRORISM CENTER (NCTC)	<ul style="list-style-type: none"> Does NCTC have MoU with counterpart NCTC within a regional or global for exchanging of TF information? 	Yes - 0√ No - 1	Yes - 0
		<ul style="list-style-type: none"> Does URT have individuals returned from fighting as a Foreign Terrorist Fighter? 	Yes - 1√ No - 0	Yes - 1
7.	DRUGS CONTROL ENFORCEMENT AUTHORITY (DCEA)	<ul style="list-style-type: none"> Do DCEA MoU with counterpart institutions within a Regional and Global for exchanging/sharing suspects information.? 	Yes - 0√ No - 1	Yes - 0

ORGANIZATION		THREATS FEATURES	PROBABILITY/ SCORE	Total Score
		<ul style="list-style-type: none"> Do DCEA have an interagency relationship with other Law Enforcement Agencies? 	Yes - 0√ No - 1	Yes - 0
		<ul style="list-style-type: none"> Do DCEA Screen names of Suspects against Blacklisted / Sanction list? 	Yes - 0 No - 1√	No - 1
8.	MINISTRY OF WORKS	<ul style="list-style-type: none"> Does URT monitor Foreign experts (from High-risk Countries) after being granted a Work or resident permit? 	Yes - 0√ No - 1	Yes - 0
9.	MINISTRY OF FOREIGN AFFAIRS	<ul style="list-style-type: none"> Do URT have neighbors Countries that have Terrorist Activities? 	Yes - 0√ No - 1	Yes - 0
		<ul style="list-style-type: none"> Does URT have an incidence of Tanzanians Citizen to Terrorist Activities? 	Yes - 1√ No - 0	Yes - 1
		<ul style="list-style-type: none"> Does HAWALA operate in URT 	Yes - 1√ No - 0	Yes - 1
10.	MINISTRY OF CONSTITUTION AFFAIRS AND LEGAL AFFAIRS	<ul style="list-style-type: none"> Does NPS have MoU with counterpart NPS within a regional or global for extradition of TF suspects? 	Yes - 0√ No - 1	Yes - 0

Table: Vulnerabilities

S/N	ORGANIZATION	VULNERABILITY FEATURES	PROBABILITY/SCORE	TOTAL SCORE
1.	NATIONAL PROSECUTION SERVICES (NPS)	<ul style="list-style-type: none"> Does URT criminalize TF? 	Yes - 0√ (cite section) No - 1	Yes - 0
	DPP ZANZIBAR	<ul style="list-style-type: none"> Does URT sanctions to TF offense are they proportionate and dissuasive? 	Yes - 0√ (explain) No - 1	Yes - 0
		<ul style="list-style-type: none"> Does URT criminalize Foreign Terrorist Fighters? 	Yes - 0√ (cite section) No - 1	Yes - 0
		<ul style="list-style-type: none"> Does URT has MoU of exchanging TF suspect with 	Yes - 0√ (narrate) No - 1	Yes - 0

S/N	ORGANIZATION	VULNERABILITY FEATURES	PROBABILITY/SCORE	TOTAL SCORE
		Regional and Global counterparty?		
		<ul style="list-style-type: none"> Does URT have in place a legal framework for freezing the Terrorist Asset. 	Yes – 0√ (narrate) No – 1	Yes – 0
		<ul style="list-style-type: none"> Does URT have in place a legal framework for defreezing the frozen Assets suspected for TF. 	Yes – 0√ (narrate) No – 1	Yes - 0
2.	FINANCIAL INTELLIGENCE UNIT (FIU)	<ul style="list-style-type: none"> Does URT have law and Regulations which insist on the identification and verification of customers according to the risk? 	Yes – 0√ (narrate) No – 1	Yes - 0
		<ul style="list-style-type: none"> Does AMLA/AMLPOCA have a section in place to conduct an inspection to enforce AML/CFT Compliance. 	Yes – 0√ (narrate) No – 1	Yes – 0
		<ul style="list-style-type: none"> Does URT have Law in place which requires declaration of cash before crossing the border (CBDC). 	Yes – 0√ (narrate) No – 1	Yes - 0
3.	IMMIGRATION DEPARTMENT OF TANZANIA	<ul style="list-style-type: none"> Do you have a Legal framework which allows screening the foreigners requesting residence or work permits against the sanction/Blacklisted list? 	Yes – 0 (narrate) No – 1√	Yes - 0
4.	TANZANIA REVENUE AUTHORITY (TRA) ZANZIBAR REVENUE BOARD (ZRB)	<ul style="list-style-type: none"> Does TRA submit Cross Border Declaration of Currency within seven days? 	Yes – 0 (narrate) No – 1√	Yes - 0
5.	MINISTRY OF WORKS	<ul style="list-style-type: none"> Does URT have a legal framework that allows monitoring Foreign experts (from High-risk Countries) after being granted a Work or resident permit? 	Yes – 0 (narrate) No – 1√	NO - 1

**RISK ASSESSMENT ON TERRORIST FINANCING NA HAWALA
FOCUS GROUP DISCUSSION – QUESTIONNAIRE (GROUP B)**

Table: threats

S/N	ORGANIZATION	THREAT FEATURES	PROBABILITY / SCORE	TOTAL SCORE
1.	BANK OF TANZANIA (BOT)	<ul style="list-style-type: none"> Does BOT have MOU with counterpart Bank within Region and Global for exchange of information related to TF. 	Yes – 0 No – 1	Yes – 0
2.	GAMING BOARD OF TANZANIA (GBT)	<ul style="list-style-type: none"> Does GBT vet Gaming operator CEOs against sanctioned list? 	Yes – 0 No – 1	Yes – 0
3.	TANZANIA INSURANCE REGULATORY AUTHORITY (TIRA)	<ul style="list-style-type: none"> Does TIRA vet the company names and CEO's against the sanctioned list before issuing a license? 	Yes – 0 No – 1	Yes – 0
4.	CAPITAL MARKETS SECURITIES AUTHORITY (CMSA)	<ul style="list-style-type: none"> Do CMSA vet the company names and CEO's against the sanctioned list before licensed? 	Yes – 0 No – 1	Yes – 0
5.	MINISTRY OF FOREIGN AFFAIRS	<ul style="list-style-type: none"> Does URT receive a sanction list from UN 	Yes – 0 No – 1	Yes – 0
6.	TANZANIA COMMUNICATION REGULATORY AUTHORITY (TCRA)	<ul style="list-style-type: none"> Does TCRA have Control over registration of Sim Card. 	Yes – 0 No – 1	Yes – 0
7.	PEOPLES BANK OF ZANZIBAR (PBZ)	<ul style="list-style-type: none"> Does PBZ have a secured EFT services/product 	Yes – 0 No – 1	Yes – 0
8.	TANZANIA COMMERCIAL BANK (TCB)	<ul style="list-style-type: none"> Does TCB have secured bureau de change services 	Yes – 0 No – 1	Yes – 0

Table: vulnerabilities

S/N	ORGANIZATION	VULNERABILITY FEATURES	PROBABILITY/SCORE	TOTAL SCORE
1.	BANK OF TANZANIA (BOT)	<ul style="list-style-type: none"> Does BOT have law in place which deter his licensee to issue Service / 	Yes -0 No - 1	No - 1

S/N	ORGANIZATION	VULNERABILITY FEATURES	PROBABILITY/SCORE	TOTAL SCORE
		Product which offer anonymity ?		
		<ul style="list-style-type: none"> Does BOT has a legal framework to ensure secured EFT services to his licensee? 	Yes -0 No - 1	Yes -0
		<ul style="list-style-type: none"> Does BOT has Legal framework which allow to conduct vetting to CEO's of the Bank? 	Yes -0 No - 1	Yes -0
2.	GAMING BOARD OF TANZANIA (GBT)	<ul style="list-style-type: none"> Does GBT have law in place which deter his licensee to issue Services / Products which offer anonymity? 	Yes -0 No - 1	Yes -0
		<ul style="list-style-type: none"> Does GBT have law in place for conducting vetting of Gaming operator CEO's? 	Yes -0 No - 1	Yes -0
3.	TANZANIA INSURANCE REGULATORY AUTHORITY (TIRA)	<ul style="list-style-type: none"> Does TIRA have law in place which deter his licensee to issue Services / Products which offer anonymity? 	Yes -0 No - 1	No - 1
		<ul style="list-style-type: none"> Does TIRA has Legal framework which allow to conduct vetting to CEO's of the Insurance Companies? 	Yes -0 No - 1	Yes -0
4.	CAPITAL MARKETS SECURITIES AUTHORITY (CMSA)	<ul style="list-style-type: none"> Does CMSA have law in place which deter his licensee to issue Services / Products which offer anonymity? 	Yes -0 No - 1	No - 1
		<ul style="list-style-type: none"> Does CMSA has Legal framework which allow to conduct vetting to 	Yes -0 No - 1	Yes -0

S/N	ORGANIZATION	VULNERABILITY FEATURES	PROBABILITY/SCORE	TOTAL SCORE
		CEO's of the Companies?		

RISK ASSESSMENT ON TERRORIST FINANCING AND HAWALA

FOCUS GROUP DISCUSSION – QUESTIONNAIRE (GROUP C)

Table Threats

SN	ORGANIZATION	THREAT FEATURES	PROBABILITY/SCORE	TOTAL SCORE
1	REGISTER OF NGO (Mainland)	Does registrar of NGO's screen NGOs against sanction list?	Yes – 0 No – 1	No - 1
		Does registrar of NGO's conduct target /periodic supervision and monitoring to NPO and provide reports?	Yes – 0 No – 1	Yes – 0
2.	REGISTER OF SOCIETIES (Mainland)	Does registrar of civil societies screen the leaders of civil societies against sanctioned list ?	Yes – 0 No – 1	Yes – 0
		Does registrar of civil societies conduct targeted supervision and Monitoring to NPO?	Yes – 0 No – 1	No – 1
3.	REGISTER OF NGO (Zanzibar)	Does registrar of NGO's screen NGO's against sanction list?	Yes – 0 No – 1	N0 - 1
		Does registrar of NGO's conduct target /periodic supervision and monitoring to NPO and provide reports?	Yes – 0 No – 1	Yes - 0

Table: Vulnerabilities

SN	ORGANIZATION	VULNERABILITY FEATURES	PROBABILITY /SCORE	TOTAL SCORE
1.	Registrar of NGO Mainland	Does registrar have MoU/ Communication strategy for an interagency relationship?	Yes – 0 No – 1	Yes - 0
		Does registrar have MoU with regional and global counter party institution?	Yes – 0 No – 1	No -1
		Does sanctions impose by registrar dissuasive and proportionate?	Yes – 0 No – 1	No – 1
		Does URT have a law/regulation that requires NGO to transact via banks?	Yes – 0 No – 1	No - 1
		Does Registrar have a legal framework that allows conducting of targeted supervision and monitoring to NPO's	Yes – 0 No – 1	Yes - 0
2	Registrar of NGO Zanzibar	Does registrar have MoU/ Communication strategy for an interagency relationship?	Yes – 0 No – 1	N0 - 1
		Does registrar have MoU with regional and global counterparty institution?	Yes – 0 No – 1	No - 1
		Does sanctions impose by registrar dissuasive and proportionate?	Yes – 0 No – 1	No - 1
		Does URT have a law/regulation that requires NGO to transact via banks?	Yes – 0 No – 1	No - 1
		Does Registrar have a legal framework that allows conducting of targeted supervision and monitoring to NPO's	Yes – 0 No – 1	N0 - 1
3	Registrar of Civil Society Mainland	Does registrar have MoU/ Communication strategy for an interagency relationship?	Yes – 0 No – 1	No – 1

SN	ORGANIZATION	VULNERABILITY FEATURES	PROBABILITY /SCORE	TOTAL SCORE
		Does registrar have MoU with regional and global counter party institution?	Yes – 0 No – 1	No - 1
		Does sanctions impose by registrar dissuasive and proportionate?	Yes – 0 No – 1	No – 1
		Does URT have a law/regulation that requires NGO to transact via banks?	Yes – 0 No – 1	No -1
		Does Registrar have a legal framework that allows conducting of targeted supervision and monitoring of NPO's	Yes – 0 No – 1	No - 1
4	Business Registration and Licensing Agency (BRELA)	Does BRELA have the legal framework to access the ultimate beneficiary owners of the company	Yes – 0 No – 1	[Yes – 0
5	Business Property Registration Agency (BPRA)	Does BPRA have the legal framework to access the ultimate beneficiary of the Company?	Yes – 0 No – 1	No - 1
6	Registration Insolvency and Trusteeship Agency (RITA)	Does RITA have the legal framework to access the ultimate beneficiary owners of the trustee	Yes – 0 No – 1	Yes - 0