INTER-GOVERNMENTAL ACTION GROUP AGAINST
MONEY LAUNDERING IN WEST AFRICA

Twelfth Follow Up Report

Mutual Evaluation



SIERRA LEONE

MAY 2015

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I. INTRODUCTION

1. The Tenth Mutual Evaluation Follow-Up report of Sierra Leone was presented at the 21st plenary session of GIABA in May 2014 wherein progress made by the country in relation to compliance with FATF standards was highlighted. Notable among the progress reported were measures taken in improving the resourcing of the Financial Intelligence Unit, the initiation of a national sensitisation campaign to raise awareness on money laundering and terrorism financing, exploratory discussions with key DNFBPs as a precursor to the roll out of AML/CFT preventive measures within the sector, drafting of a consolidated Bank Examination Manual, installation and usage of AML/CFT analytical software component of the Financial Crime and Compliance Management system, intensification of Anti-Corruption strides to recover stolen funds, the endorsement of the National Counter Terrorism Strategy by the National Security Council and reforms within the Immigration Department to strengthen border controls anchored within the ECOWAS protocol on free movement of its citizens.

2. In view of the progress highlighted in the Tenth Follow-Up Report (FUR), the Plenary reached a conclusion that Sierra Leone is indeed taking steps aimed at strengthening its AML/CFT regime however these steps were not considered to have significant impact on compliance with SRI, SRIII and R36 which are key FATF Recommendations. Sierra Leone was therefore enjoined to put in place mechanisms and procedures for implementing UNSCRs 1267 and 1373 and ensure the ratification of the Palermo Convention without delay. In addition, the country was requested to strengthen supervision to ensure that all reporting entities including designated non-financial businesses and professions (DNFBPs) and non-bank financial institutions comply with AML/CFT obligations and are monitored for this purpose.

3. This report catalogues the actions already taken to address the key deficiencies identified following the presentation of the Tenth Follow-Up Report (FUR). The Parliament of the Republic of Sierra Leone on 24th July 2014 ratified the Palermo convention affirming the country's commitment to the global call to the fight against transnational organised crime. The ratified convention was deposited at the United Nations on 12th August 2014. The said convention has already been domesticated in various legislative provisions including the ACC Act, 2008 and the AML/CFT Act, 2012.

4. Sierra Leone commenced a national AML/CFT risk assessment in May 2014 with the aim of identifying and analysing the sources and drivers of money laundering and terrorism financing risks and inherent vulnerabilities. The process is at it second phase as various working Groups constituted for the process are engaged in the collection of relevant data and information. However, due to the outbreak of the Ebola Virus Disease in the country, field activities for the administration of questionnaire and collection of other data stalled during the second phase of the project.

5. Measures were taken by the Central bank to strengthen regulation on over the counter transaction on foreign currencies whilst at the time embarking on a strategy of luring the informal money changers to regularise their operation with the central bank. Over the period under review the central Bank of Sierra Leone relaxed registration requirements for Bureau de Change which saw – money changers registering to operate Bureau de Change thus bringing the activities of the illegal money changers under regulatory oversight.

6. The Anti Corruption Commission launched a national strategy to fight corruption within the public sector. This is the first strategy that engaged all relevant stakeholders in the identification of gaps and design of counter measures against graft in all Ministries, Departments and Agencies of Government. The strategy therefore confers responsibilities on various MDAs with specific timelines.

7. The FIU conducted a total of nine (9) onsite examinations of commercial banks to assess their compliance with AML/CFT standards. The examination highlighted weaknesses in Know Your Customer and Customer Due Diligence, identification of PEPs and their subjection to enhanced due diligence, inadequacies in their AML policies and control environment and documentation relating to outside wire transfers for imports. The respective banks were requested to remedy the identified weaknesses within 90 days and the Central bank was duly informed to monitor and undertake follow-up actions on the issues. As a demonstration of effective supervision, the bank of Sierra Leone imposed penalties on five Commercial banks for various violations resulting in a total monetary fine of Le260 Million or $59,000.

8. The Unit continues its nationwide sensitisation campaign by engaging major radio stations in the four regions of Sierra Leone to air jingles on the FIU, money laundering and terrorism financing issues and the ongoing National Risk assessment process. The FIU signed a Memorandum of Understanding with AIRTEL (SL) Ltd, a leading mobile phone telecommunication company to provide bulk messaging service for sensitisation on money laundering issues.

9. The Eleventh Follow-Up Report is being resubmitted by Sierra Leone following the decision at the 22nd GIABA Technical Commission/Plenary meeting to defer the discussion of the said report. This report is submitted in line with the requirements of the enhanced follow-up process, and highlights key developments since the 21st plenary meeting held in May 2014.

10. The country was subjected to a Mutual evaluation in 2006 and the assessment was based on the then FATF 40+9 recommendations. The report rated the Country as follows:

COMPLIANT	LARGELY COMPLIANT(LC)	PARTIALLY COMPLIANT (PC)	NON-COMPLIANT (NC)
R.4: Secrecy laws consistent with the Recommendations	R.23: Regulation, supervision and monitoring	R.1: ML Offence	R.5: Customer Due Diligence
R. 29: Supervisors		R.2: ML Offence-mental and corporate liability	R.6: Politically Exposed Persons
		R.3: Confiscation and Provisional Measures	R.7: Correspondent Banking
		R.10: Record Keeping	R.8: New technologies and non face-to-face business
		R.20: DNFBPs & Secure Transaction Techniques	R.11: Unusual Transactions
		R.25: Guidelines & Feedback	R.12: DNFBPs-R.5,6,8-11

COMPLIANT	LARGELY COMPLIANT(LC)	PARTIALLY COMPLIANT (PC)	NON-COMPLIANT (NC)
		R.33: Legal Persons-beneficial owners	R.13: Suspicious Transaction Reporting
		R.35: Conventions	R.14: Protection and no tipping-off
		R.37: Dual Criminality	R.15: Internal controls, compliance & audit
			R. 17: Sanctions
			R.18: Shell Banks
			R.19: Other forms of reporting
			R.21: Special attention for higher risk countries
			R.22: Foreign branches & subsidiaries
			R.24: Regulation, supervision and monitoring
			R.26: The FIU
			R.27: Law enforcement authorities
			R.28: Powers of competent authorities
			R.30: Resources, integrity and training
			R.31: National co-operation
			R.32: Statistics
			R.34: Legal arrangements-beneficial owners
			R.36: Mutual Legal Assistance (MLA)
			R.38: MLA on confiscation and freezing
			R.39: Extradition
			R.40: Other forms of co-operation
			SR.1: Implement UN Instruments
			SR.II: Criminalize terrorist financing
			SR.III: Freeze and confiscate terrorist assets
			SR.IV: Suspicious transaction reporting
			SR.V: International cooperation
			SR.VI: AML requirements for money/value transfer services
			SR.VII: Wire transfer rules
			SR.VIII: Non-profit organizations
			SR.IX: Cross Border Declaration & Disclosure

II. SUMMARY OF THE PROGRESS MADE BY SIERRA LEONE (MAY 2014 - FEBRUARY 2015)

(A) CONDUCT OF A NATIONAL AML/CFT RISK ASSESSMENT

11. The Financial Intelligence Unit in collaboration with the Inter-Ministerial Committee and the Technical Committee of AML/CFT stakeholders initiated a National Risk Assessment (NRA) project aimed at identifying and analyzing the sources and drivers of money laundering and terrorism financing risks.

12. The NRA process involved three stages; the first stage being a 3 day workshop held from 20th -22nd May 2014 with the support of the World Bank and Inter-Governmental Action Group against Money Laundering in West Africa (GIABA). The workshop provided a brief summary of the NRA concepts, an introduction of the NRA tool followed by an explanation of the assessment methodologies and use of the tool and templates.

13. Eight Working Groups were constituted during the workshop to look at various modules of the NRA tool. The working groups constituted include:

	MODULE
Working Group 1	Proceeds of Crime
Working Group 2	National Vulnerability
Working Group 3	Banking Sector Vulnerability
Working Group 4	Securities Sector Vulnerability
Working Group 5	Insurance Sector Vulnerability
Working Group 6	Other Financial Institutions Vulnerability
Working Group 7	Designated Non-Financial Businesses and Professions (DNFBP)
Working Group 8	Financial Inclusion products

14. The second stage of the process which is currently ongoing requires working groups to collect relevant data and information and to populate the said data into the NRA templates. The end product of this stage is for each working group to draft a report based on results generated from the tools.

15. The third and final stage of the NRA process will involve a joint validation workshop. This workshop will provide avenue for final review of the consolidated report, discuss recommendations and way forward. The net result of the NRA will see the development of our National Strategy Plan for the fight against money laundering and terrorism financing.

(B) RATIFICATION OF THE PALERMO CONVENTION

16. One notable deficiency in Sierra Leone's AML/CFT regime singled out by the 21st Plenary was the failure to ratify the Palermo Convention. The country was therefore urged to take the necessary measures to ensure its ratification before the 22nd Plenary. This Convention otherwise

referred to as the "**UNITED NATIONS CONVENTION AGAINST TRANSNATIONAL ORGANISED CRIME**" whose purpose is to promote cooperation to prevent and combat transnational organized crime more effectively was ratified by the Parliament of the Republic of Sierra Leone on Thursday 24th July 2014 in compliance with FATF Recommendation 35. Whilst most of the provisions of the convention have been adequately domesticated in various legislations such as the Anti-Corruption Act, 2008 and The AML/CFT Act, 2012, its ratification signals the demonstration of political will by Sierra Leone to respond to the global call for a concerted effort in dealing with the menace of transnational organized crime. In line with the rules and procedure of the United Nations treaty depositary notification, the ratified convention was deposited with the United Nations on 12th August 2014. These actions address fully the GIABA 21st Plenary demand that Sierra Leone ratifies the PALERMO Convention.

(C) STRENGTHENING SUPERVISION OF REPORTING ENTITIES TO ENSURE COMPLIANCE WITH AML/CFT STANDARDS.

17. Several measures have been adopted by various stakeholder institutions to strengthen effective oversight of reporting entities in order to improve compliance with applicable regulatory framework which impacts directly or indirectly on AML/CFT regime. The Financial Intelligence Unit during the period under review conducted nine (9) onsite examinations of commercial banks. Exceptions on the application of standards relating to AML/CFT were highlighted in the examination reports and the reporting entities were given a-90 day period to remedy the identified exceptions.

18. The Bank of Sierra Leone through its onsite examination and offsite surveillance of commercial banks noted breaches of compliance regulations by five (5) entities. Appropriate penalties were therefore imposed in line with the provisions of the Banking Act, 2011 and Prudential Guidelines.

19. Three banks were fined the sum of Le50 million each or $11,300 for granting credit without reference to the Credit Bureau. This failure could be linked to weak customer due diligence process. One bank was penalised with the sum of Le100 million or $22,600 for misreporting of their total risk exposure and another bank fined Le50million or $11,300 for non-reporting of foreign transaction. These actions address the onus placed on Sierra Leone by the GIABA 21st Plenary to strengthen supervision and monitoring of financial institutions' compliance with AML/CFT standards.

(D) LAUNCH OF THE NATIONAL ANTI-CORRUPTION STRATEGY

20. Sierra Leone completed the development of the 3rd generation roadmap in the fight and control of corruption - the National Anti-Corruption Strategy covering the period 2014 to 2018 and was launched in July 2014.

21. The development of the new strategy was much more inclusive; it aligned with the Agenda for Prosperity and builds on the policy triangle of growth, poverty reduction and good governance. The strategy relies on a combination of prevention, enforcement, and suppression measures, embedded in the ethical, legal, institutional, social and systemic framework of governance in Sierra

Leone. It further provides concrete steps and actions to be undertaken in order to progressively eliminate corruption and by extension curb potential illegal resources from being laundered.

(E) SIGNING OF MEMORANDUM OF UNDERTANDING BETWEEN THE FIU AND AIRTEL (SL) LTD TELECOMMUNICATION COMPANY FOR USE OF BULK SMS PLATFORM FOR AML SENSITISATION.

22. In the spirit of private sector corporate social responsibility cooperation the FIU in October signed a memorandum of understanding with one of Sierra Leone's leading telecommunication company AIRTEL (SL) LTD for the provision of free SMS services on the company's bulk SMS platform over a six month period in order to boost the national sensitisation drive on money laundering and terrorism financing. Given the decent penetration rate of mobile telephony in Sierra Leone with a subscriber base in excess of 1.3 million customers, the use of SMS platform will enhance the FIU's outreach in the ongoing national sensitisation campaigns.

(F) THE MINISTRY OF FINANCE EMBARKS ON REFORM OF PUBLIC FINANCIAL MANAGEMENT.

23. The Government of Sierra Leone through the Ministry of Finance and Economic Development (MOFED) embarks on the implementation of a medium term strategy in reforming public financial management with the aim of improving on systems and processes that would positively impact aggregate fiscal discipline, strategic allocation of resources and efficient public service delivery. The reform will seek to create an efficient and transparent public financial management system that minimizes opportunities for corruption.

24. A key plank of the reform is the rollout of the Integrated Financial Management Information System (IFMIS) and the establishment of the Treasury Single Account (TSA). Inclusion of all donor and central government funds in IFMIS and the TSA is central to effective Revenue resource management, cash, debt, and aid management, and predictable funding for Ministries, Departments and Agencies. By establishing the TSA ultimately all government accounts held shall be consolidated into a single account in the long-term.

(G) FINANCIAL INTELLIGENCE UNIT PROVIDES CAPACIITY BUILDING TRAINING TO COMMERCIAL BANKS ON AML/CFT COMPLIANCE.

25. Over the period under review two Commercial banks requested the support of the FIU in training their staff. The respective training needs of the requesting banks were delivered by the Compliance and Prevention Department covering the following issues:

- Fundamentals of AML/CFT Compliance for Commercial Banks.
- Penalties for breaches of provisions of the AML/CFT Act, 2012
- Banks and their relationship with Politically Exposed Persons
- Risk classification and application of Know Your Customer and customer Due diligence

(H) SECOND MEETING OF THE TECHNICAL COMMITTTE FOR THE YEAR 2014

26. The stakeholders and policy development platform, the Technical Committee of the FIU, held its second meeting on 15th August 2014. The committee deliberated on the Unit's Budget, Staff Welfare, Recruitment of additional staff and the Unit's official logo and Motto. The Committee endorsed the FIU logo and motto and recruitment of additional staff to enhance the FIU's capacity so as to deliver on the challenges of effective coordination and monitoring as the country continues to take measures aimed at addressing remaining deficiencies in the AML/CFT regime.

(I) FIRST MEETING OF THE INTER-MINISTERIAL COMMITTEE (IMC)

27. The non-functioning of the Inter-Ministerial Committee was another deficiency identified in Sierra Leone's AML/CFT regime at the GIABA 21st Plenary. Sierra Leone was therefore urged to take steps to ensure the effective functioning of the IMC. The maiden meeting of the IMC was held on 16th September, 2014 and was chaired by the Hon. Minister of Finance and Economic Development. The meeting deliberated on a range of issues including matters referred to it for approval by the Technical Committee. It approved the logo and amended motto, 2015 strategic business plan and budget, short to medium term organogram, expansion of DNFBPs reporting entities, FIU Status Report and laying in Parliament of the Draft Regulation for the implementation of UNSCRs 1267 & 1373. It also directed the FIU to form an AML/CFT Inter-Agency Intelligence Committee to enhance closer information sharing and to put measures in place to monitor foreign inflows and outflows. The meeting of the IMC did not only signal Sierra Leone's political commitment to combat money laundering and terrorism financing but it also addressed the concerns of the 21st GIABA plenary meeting.

(J) EXPLORATORATORY DISCUSSION WITH REGULATORY BODY FOR THE ACCOUNTANCY PROFESSION

28. A cross section of the management of the Financial intelligence Unit led by the Director and the President of the Institute of Chartered Accountants of Sierra Leone (ICASL) held discussion on the roll out of AML/CFT standards to the accountancy profession. During the discussion the Director FIU acknowledge the contribution of ICASL to the ongoing National risk assessment and entreat the profession to work with the FIU in developing a roadmap for the roll out of AML/CFT measures to the profession. The President of ICASL welcomed the initiative and noted that the profession has a role to play in the AML/CFT regime and committed to working with the FIU in fulfilling that role. The visit and discussions reinforce the FIU's strategy of engagement with vital stakeholders in the fight against money laundering and terrorism financing.

(K) ACTIONS BY THE ANTI-CORRUPTION COMMISSION IN THE RECOVERY OF STOLEN FUNDS.

29. The Anti-Corruption Commission (ACC) for the first time since the enactment of the ACC Act, 2008 successfully prosecuted and obtained convictions for unexplained wealth and failure to declare assets in the matter of Solomon Katta et al.

30. For the period May 2014 - February 2015 total recovery of stolen funds amounted to **Le386,792,000** or an equivalent of **US $ 87,907.** The judgement on unexplained wealth establishes a precedent that would be useful in the prosecution of tainted assets and the seizure and confiscation of assets derived from unexplained wealth.

ACTIVITY	NUMBER
Total Cases Investigated	41
Cases Charged to court	4
Completed Prosecutions	4
Convictions	4(10 persons convicted)

(L) CURRENCY TRANSACTIONS AND SUSPICIOUS TRANSACTIONS REPORTS RECEIVED BY THE FIU.

31. For the period May 2014 – February 2015, the FIU received a total of 86,979 currency transactions reports from thirteen (13) commercial banks. Total suspicious transaction reports received was eleven (11); two (2) STRs settled, five (5) STRs were escalated to Law Enforcement; One (1) STR charged to court but no conviction.

SUSPICIOUS TRANSACTION(s) REPORT MAY 2014 TO FEBRUARY 2015

MONTH	MAY 2014	JUNE 2014	JULY 2014	AUG 2014	SEP 2014	OCT 2014	NOV 2014	DEC 2014	JAN 2015	TOTAL
STR RECEVIED	Nil	1	2	Nil	1	-	-	3	4	11
STR SETTLED	Nil	Nil	Nil	Nil	-	-	-	-	2	2
STR ESCALATED TO LEA	Nil	1	2	Nil	1	-	-	1	-	5
STR CASE CHARGED TO COURT	Nil	1	Nil	Nil	-	-	-	-	-	1
STR CASES CONVICTED	Nil	Nil	Nil	Nil	-	-	-		-	Nil

(M) REPORTING OF FOREIGN TRANSACTIONS BY BANKS

32. In November Commercial Banks began reporting foreign transactions separate from currency transactions as directed by the Unit in consultation with the Bank of Sierra Leone. These reports highlight transactions related to inflows and outflows of capital. For capital outflows the reports provide information on foreign transactions intended for imports and maintenance. The information on foreign exchange for imports is shared with the National Revenue Authority to enable the Authority project its taxes against what is declared by importers for custom duty

purposes. For the period November 2014 to January 2015 total FTRs rendered by all commercial banks stood at 4119 transactions disaggregated as follows:

MONTH	NO. OF TRANSACTIONS
NOVEMBER 2014	1808
DECEMBER 2014	928
JANUARY 2015	1383

(N) CASES HANDLED BY THE TRANSNATIONAL ORGANISED CRIME UNIT (TOCU)

33. For the period under review, TOCU handled one case relating to financial crime (attempted larceny) involving the sum of $11,600 from a Commercial bank. The case is under investigation.

(O) RECRUIMENT OF ADDITIONAL STAFF TO AUGMENT FIU

34. To further ensure the effective functioning of the FIU as demanded at the GIABA 21st plenary meeting, the Unit completed its second recruitment drive in order to enhance its service delivery capacity. Eleven (11) new core staff were recruited including replacement of the Head of Legal affairs; one Head of Operations; two Intelligence Officers; one Analyst; six Case Officers and one IT Administrator. The recruitment brings the Unit's overall core staff strength to eighteen (18). With this enhanced capacity, the Unit has developed an ambitious work programme for 2015 that will see the introduction of AML/CFT requirements to some reporting entities within the designated Non- Financial Businesses and Professions (DNFBP). The increased capacity invariably attests to the political will to enhance the FIU's operational readiness and thus provides adequate impetus for its effectiveness. This development addressed another key concern of the 21st Plenary.

(P) PASSAGE OF THE TERRORISM PREVENTION REGULATION 2013

35. Sierra Leone's past failures to institute mechanisms and procedures for the implementation of UNSCRs 1267 & 1373 evidently stalled the country's AML/CFT regime's progress over the years. The Terrorism Prevention Regulation 2013 for the implementation of UNSCRs 1267 and 1373 was formally laid before parliament on 9th October 2014 (see Parliamentary order Paper). In accordance with Parliament's Standing Orders, a Statutory Instrument derived from an enabling statute is laid before the House for a period of 21 days and if no motion for debate is raised within the said 21days then the regulation is deemed to have been passed. The Terrorism Prevention Regulation 2013 therefore passed on 30th October 2014 by efffluxion of time. This development has addressed a perennial deficiency in our AML/CFT regime.

(Q) CREATION OF AN OFFICIAL WEBSITE FOR THE FIU.

36. The Unit embarked on developing a website to give visibility to its mandate and share relevant information on AML/CFT issues with the wider public including its partners both domestically and at international level. The website which is at an advanced stage of its

development can be accessed at www.fiu.gov.sl With the completion of the website the FIU intends to use it as a platform to reach out to Reporting Entities, the general public and its numerous domestic and foreign partners.

(R) FORMATION OF AML/CFT INTER-AGENCY INTELLIGENCE COORDINATING COMMITTEE

37. The Financial Intelligence Unit acting on the advice of the Inter-Ministerial Committee (IMC), in November 2014 constituted the AML/CFT Inter-Agency Intelligence Coordinating Committee comprising the Unit and the leading intelligence and law enforcement agencies: Central Intelligence and Security unit (CISU), Transnational Organised Crime Unit (TOCU), Sierra Leone Police (SLP), Anti-Corruption Commission (ACC), National Revenue Authority (NRA), National Drugs Law Enforcement Agency (NDLEA), Immigration, Forces Intelligence and Security Unit (FISU) and Interpol. This body meet once every month to share relevant information that is germane to ongoing investigations by the Financial Intelligence Unit. The forum is also used to discuss issues relating to effective inter-agency cooperation on matters of mutual interest. In a bid to formalize the processes of information sharing and cooperation a broad memorandum of understanding (MOU) has been developed that commits member agencies to the process of requesting information, responding to request, use of requested information and caveats in handling third party information and documentation. This coordinating committee further enhances coordination and implementation of policies to combat money laundry and terrorist financing activities within the context of FATF recommendation 2.

(S) AUDIT SERVICE SIERRA LEONE, AUDITOR GENERAL'S REPORT ON THE ACCOUNTS OF SIERRA LEONE 2013

38. As part of government's determination to fight corruption in the public sector and ensure transparency and probity in the use of public funds and thereby potentially combat money laundering and terrorism financing, the Audit Service Sierra Leone which is responsible for auditing government ministries, departments and agencies' (MDAs) finances and fiscal activities has published its Report for the financial year 2013 in which it highlighed lapses in many areas of fiscal activities. This has led Parliament's oversight committee on Public Accounts and the Anti Corruption Commission to commence robust scrutiny of the financial activities of MDAs with a view to prosecuting defaulters.

(T) PROPOSAL FOR ACCESSION TO THE COUNCIL OF EUROPE CONVENTION ON CYBERCRIME 2001 AND COUNCIL OF EUROPE CONVENTION ON LAUNDERING, SEARCH, SEIZURE AND CONFISCATION OF THE PROCEEDS OF CRIME AND ON THE FINANCING OF TERRORISM, 2005.

39. In furtherance of Sierra Leone's determination to strengthen her AML/CFT regime and compliance with FATF Recommendation 36 and SRI, the Financial Intelligence Unit has submitted to the stakeholder platform, the Technical Committee for its consideration, proposals for Sierra Leone's accession to the Council of Europe Convention on Cybercrime 2001 and Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the proceeds from Crime and on the Financing of Terrorism, 2005.

(U) DIRECTIVES AND EXPLANATORY NOTES/GUIDELINES FOR FINANCIAL INSTITUTIONS

40. In its efforts to further strengthen the culture of compliance with FATF standards by financial institutions, the FIU has revised the old Guidelines into new Directives with penal sanctions for non-compliance in accordance with Section 53 (2) of the AML/CFT Act 2012. The new Directives and Explanatory Notes are being perused by the Unit's new Head of Legal Affairs and they shall be forwarded to the Secretariat for comments before they are issued to FIs.

(V) EXPANSION OF DNFBP REPORTING ENTITIES

41. At its first meeting the Inter—Ministerial Committee approved the recommendation of the Technical Committee for the incorporation of Car Dealers, Non-Profit Organisations (NPOs), Clearing and Forwarding Agencies and Shipping Companies and agencies into the reporting entities' fold which were omitted in the Schedule of reporting entities. This will require an amendment of PART II of the First Schedule which the Unit's Head of Legal Affairs is now doing.

III. CONCLUSION

42. The ratification of the Palermo Convention; the passage of the Terrorism Prevention Regulation, 2013; the strengthening of supervision of reporting entities by the Bank of Sierra Leone and the FIU through onsite examination and offsite surveillance; the effective functioning of the Inter-Ministerial Committee and the strengthening of the capacity of the FIU underscore a strong political commitment to address the deficiencies highlighted in her AML/CFT regime by the GIABA 21st Plenary Meeting. In addition to these developments Sierra Leone has embarked on the conduct of a national ML/TF Risk Assessment as required by FATF Recommendation 1, this provides the basis for identifying and analysing the drivers and sources of money laundering and terrorism financing risks and vulnerabilities that will feed into the design of a risk based approach in the fight against money laundering and terrorism financing. Efforts aimed at strengthening supervision and monitoring of reporting entities has been enhanced and accelerated by the review of the old Guidelines into new Directives and the Bank of Sierra Leone continues to remain alert to defaulting banks for various violations. These developments are in direct response to the conclusion reached at the Tenth Plenary of GIABA. Additionally other notable progress made by Sierra Leone during the review period includes the launch of the third generation National Anti-Corruption Strategy that provides an inclusive framework to tackle the issue of corruption in a holistic manner. The strategy aligns well with the Agenda for Prosperity and builds on the policy triangle of growth, poverty reduction and good governance.

43. The attached matrix summarizes the actions taken to ensure compliance with the recommendations.

MUTUAL EVALUATION IMPLEMENTATION ACTION PLAN OF SIERRA LEONE

Name of Country: **SIERRA LEONE**

Reasons for initial referral to ICRG: Ten out of the sixteen core and key Recommendations, were rated as non-compliant and four partially compliant.

Date of on-site Mutual Evaluation: **June 2006**

Name of Assessor Institution: **IMF/World Bank**

Date of adoption of last Mutual Evaluation: **June 2007**

Date of Follow-up/Progress Report: **Eleventh Follow-up Report for the Period: May 2014 – February 2015**

Ratings for Core and Key Recommendations																
Rec.	1	3	4	5	10	13	23	26	35	36	40	I	II	III	IV	V
	PC	PC	C	NC	PC	NC	LC	NC	PC	NC	NC	NC	NC	NC	NC	NC

Recommended Action (as listed in the 6th FUR)	**Timetable for adoption of corrective measures**	**Action(s) already taken**	**Remaining Actions to be taken (with timelines, if known)**	**Responsible Institution**	**Technical Assistance Required**
R1. Self laundering not explicitly criminalised in the Act No judicial decision yet to test the effectiveness of the law	Implemented Short-Term	Status remain unchanged Establishment of the AML/CFT Inter-agency Coordinating Committee will work together to ensure effective prosecution of ML/TF cases.	Signing of MOU by members of the AML/CFT Inter-agency Coordinating Committee Effective cooperation between key law enforcement agencies and International cooperation and Mutual legal assistance.	FIU/Attorney General/Police/Judiciary	Capacity building in the adjudication of ML/FT. cases.
R3. There have been no ML or FT related cases to determine how effective and efficient the system is.	Short-Term	Status remain unchanged	Cooperation between Law enforcement and the Attorney General to resolve the issue of ML charges.	Police/Attorney General/ Judiciary	Cooperation between Law enforcement agencies and office of Attorney general to enhance the

Recommended Action (as listed in the 6th FUR)	Timetable for adoption of corrective measures	Action(s) already taken	Remaining Actions to be taken (with timelines, if known)	Responsible Institution	Technical Assistance Required
		Passage of the Terrorism Prevention Regulation as mechanism for the implementation of UNSCRs 1267 and 1373			effectiveness of ML investigation and Prosecution
R5. The AML/CFT Act does not explicitly stipulate the modality on how financial institutions are to identify the beneficial owners using relevant information The MER noted ineffective implementation of certain requirements of MLR particularly in respect of Foreign Exchange dealers	Implemented	Status Remain the same. The Bank of Sierra Leone has begun receiving application from illegal money changers wishing to operate a Forex Bureau. This follows the central bank's enforcement of regulation regarding **Over The Counter Dealings** in Foreign currencies and upon extensive dialogue between the street money changers and the Central bank. This will bring this hitherto informal and unregulated sector under supervision.	Review the MLR so that it will meet FATF Recommendations relating to the identification of beneficial owners Bank of Sierra Leone to fully roll-out the new consolidated examination manual.	FIU/BSL FIU/BSL	Assistance needed on the review of the MLR
R10.There is an ineffective implementation of record keeping requirements. Financial Institutions maintained only basic customer records and the lack of implementation of any requirements by foreign exchange dealers.	Implemented	The recent onsite examination on four commercial banks reinforces the fact that record keeping requirements are been complied with by commercial banks.			

Recommended Action (as listed in the 6th FUR)	Timetable for adoption of corrective measures	Action(s) already taken	Remaining Actions to be taken (with timelines, if known)	Responsible Institution	Technical Assistance Required
	Short term	Status remain unchanged	Implementation of requirements by foreign exchange dealers.	FIU/BSL	
R13. There is no provision for reporting of suspicious Financing of Terrorism transactions in the AML Act 2005. There is no effective implementation of many key MLR. There is no effective implementation of MLR requirements by FOREX dealers. .	Implemented Short -Term	Status remain the same Status remain unchanged	Rollout of MLR requirements to Forex Dealers	FIU/BSL	
R23.Limited and ineffective AML/CFT Supervision.	On-going	Supervision and monitoring of reporting entities is being stepped up by regulatory bodies such as the Bank of Sierra Leone, SLICOM, National Mineral Agencies and complimented by the FIU in order to enforce compliance with AMl/CFT regulations The FIU has also undertaken a exploratory visit to the Insurance sector in preparation for the roll-out of AML/CFT compliance requirements. The consolidated examination manual has been revised to ensure common	The ongoing engagement with some DNFBPs sectors such Accountants, Legal professionals and Casinos to be further strengthen to enhance the rollout of AML/CFT standards for these sectors.	FIU/ SLICOM/ ICASL/ General Legal Council	Provide substantial AML/CFT training for supervisory bodies.

Recommended Action (as listed in the 6th FUR)	Timetable for adoption of corrective measures	Action(s) already taken	Remaining Actions to be taken (with timelines, if known)	Responsible Institution	Technical Assistance Required
		structure and approach, ensure consistency and clarity and definition of terms	The revised manual to be forwarded to the Secretariat after Central Bank inputs and comments on the revised draft.	FIU/BSL	Technical review of the revised manual by GIABA
R26. Pertinent issues regarding the operations of the FIU have not been addressed.	Implemented	The Technical Committee endorsed the recruitment of additional 12 staff to boost the capacity of the unit. The job adverts were put out on the 16th through 29thn August 2014. The recruitment process will be completed by end of September 2014.			
R35. Palermo convention has not been ratified.	Implemented	The Parliament on Thursday 24th July 2014 ratified the Palermo Convention and in line with the Treaty depositary standard, the ratified treaty was lodged with the United Nations.			
R36. The absence of MLA for FT purposes.	Implemented	Status remain the same			
R40. There is minimal agency to agency co-operation.	Implemented	Interagency cooperation has been improved considerably. The participation of a large number of agencies in the ongoing National ML/TF Risk Assessment is a testimony of the cooperation among agencies that are regarded as stakeholders in the AML/CFT regime. The formation of the AML/CFT Inter-agency Coordinating committee further attest to the improved domestic cooperation The FIU signed MOU with the following FIUs:	Signing of bi-lateral Memoranda of Understanding with key agencies and other FIUs.	FIU/relevant Agencies	

Recommended Action (as listed in the 6th FUR)	Timetable for adoption of corrective measures	Action(s) already taken	Remaining Actions to be taken (with timelines, if known)	Responsible Institution	Technical Assistance Required
		Burkina Faso Cape Verde Ghana FIC Nigeria FIU Niger			
SRI. The CFT Conventions and UN Special Resolutions have not been implemented.	implemented	Passage of the Regulations for the implementation of UNSCRs 1267 and 1373.	Effective implementation of the regulation by all competent authorities	FIU/CISU/Supervisory bodies	GIABA Diplomatic and political support for the approval of the regulation
SRII. FT has not been criminalized. Further more the Act dost not stipulate that terrorists financing offences should not require that funds were actually used to carry out or attempt a terrorist act or be limited to specific terrorist act	Implemented	Status remains the same.			
SRIII. There is no comprehensive procedure for the effective implementation of UNSCR 1267 & 1373.	Implemented	Regulation endorsed by parliament			
SRIV.	implemented				
SRV.No agency co-operation with regard to FT matters.	Implemented	Establishment of a Terrorism Prevention Committee within the framework of the UNSCRs 1267 and 1373 Regulations			

Summary of other Recommendations rated PC or NC

Recommended Action (as listed in the 6th FUR)	Timetable for adoption of corrective measures	Action(s) already taken	Remaining Actions to be taken (with timelines, if known)	Responsible Institution	Technical Assistance Required
R2. The prescribed sanctions are not proportionate and dissuasive.	Implemented	Status Remain the same			
R6. There are no specific provisions regarding appropriate risk management systems to address PEPs. There is no effective implementation of ML requirements, including PEPs.	Implemented	Status remain the same The Compliance and Prevention Division conducted Thirteen (13) on-site AML/CFT examinations of commercial banks. Among the issues examined is that of risk classification of customers and relationship with PEPs. There are indications to suggest that banks are moving towards risk based approach in the conduct of KYC/CDD and monitoring. The parameters used for risk assessment were adjudged to rational and appropriate by FIu Examiners.			
R7. There are no rules concerning documenting CDD by correspondent banks. There are no rules concerning payable through accounts.	Implemented	Status remain the same			
R8. There are no rules regarding policies on the specific risk faced by non-face-to-face transactions.	Implemented	Status remain the same			

Recommended Action (as listed in the 6th FUR)	Timetable for adoption of corrective measures	Action(s) already taken	Remaining Actions to be taken (with timelines, if known)	Responsible Institution	Technical Assistance Required
There are no risks regarding policies on the misuse of technological developments in ML or non-face-to-face IT schemes.					
R11.There is no effective implementation of most of the ML requirements. Supervision of compliance does not extend to foreign exchange dealers.	Implemented	Status remain the same			
R12.There are serious gaps in the rules with respect to customer Due Diligence. There has been no implementation of the AML Act.	Implemented	Status remain the same			
R14. Only good faith reporting of a STR under AML Act 2005. Section 6(4) is protected against criminal and civil liability. There is no tipping off provision in relation to reports made pursuant to AML Act 2005, Section 14(6).	implemented	Section 41(1) of AML/CFT Act, 2012 imposes reporting obligations on Reporting Entities. Section 45 of AML/CFT Act, 2012 prohibits tipping off and criminalised the act.			
R15. There is no effective implementation	Implemented.	Status remain the same			

Recommended Action (as listed in the 6th FUR)	Timetable for adoption of corrective measures	Action(s) already taken	Remaining Actions to be taken (with timelines, if known)	Responsible Institution	Technical Assistance Required
of requirements of the AML Act 2005 and the MLR.					
R16. No Implementation of the AML /CFT Act 2012 by DNFBPs to assess its effectiveness.	Short-term	The ongoing engagement with key DNFBPs will be accelerated to bring the sector under full compliance supervision with AML/CFT standards.			
R17.There is no comprehensive system of sanctions application for failure to comply with AML/CFT rules.	Implemented	Status remain unchanged	Finalisation of schedule of penalties and Enforcement of Sanctions.	FIU/Regulatory bodies	
R18. There are no rules with respect to correspondent banking with shell banks and use of shell banks. There is no effective implementation of requirements of the AML Act 2005 and the MLR.	Implemented	Status remain the same			
R19.Officials have not considered feasibility of reporting all transactions in currency above a fixed threshold.	Implemented.	Status remain the same			
R20.No assessment on the need to extend AML/CFT requirements to non-financial businesses and professions other than those listed in the FATF standards.	Short-term	The FIU made a policy proposal for the amendment of the First Schedule to the AMl/CFT Act, 2012 to incorporate other enties such Shipping Agencies, Clearing and Forwarding houses and Car dealers as reporting Entities. The proposal was endorsed and approved by the IMC.	Roll out AML/CFT requirements for other DNFBPs	FIU/GOSL	

Recommended Action (as listed in the 6th FUR)	Timetable for adoption of corrective measures	Action(s) already taken	Remaining Actions to be taken (with timelines, if known)	Responsible Institution	Technical Assistance Required
Efforts have not been made to reduce the reliance upon cash for transactions.	Short-term	The ongoing National Risk assessment will look at the issue of Financial inclusion to reduce on cash base economy.	Review of the AML/CFT Act, 2012 Developing a strategy after the conduct of National risk Assessment Toolkit		
R21.There are no effective measures in place to ensure that financial institutions are advised of concerns about weaknesses in the AML/CFT systems of other countries.	Short-term	Status remain the same			
R22.The Law does not explicitly require branches and subsidiaries in host countries to apply the highest standard, where AML/CFT standards of home and host countries differ.	implemented	Status remain the same			
R24.Licensing requirement and supervision of casinos do not relate to any gaming or financial transactions performed by them. There are no effective measures to prevent	Short-Term	Status remain the same			

Recommended Action (as listed in the 6th FUR)	Timetable for adoption of corrective measures	Action(s) already taken	Remaining Actions to be taken (with timelines, if known)	Responsible Institution	Technical Assistance Required
ownership, control or operation of the casino by criminals.					
R25.There is no formal feedback process for either financial institutions or DNFBPs. There are currently no AML/CFT guidelines for DNFBPs.	Short –Term On-going	Status remains the same Guidelines developed were forwarded to the Secretariat for review. Still awaiting response.			
R27.There is no law enforcement agency which has full investigative powers and has been assigned responsibility to investigate ML and TF cases. No ML investigations have been conducted to date.	Implemented On-going	The Anti-Corruption Commission received judgement in the case of Katta et la on the offence of unexplained wealth and failure to declare assets. The first since the enactment of the ACC act, 2008.			Capacity Building for the investigation and prosecution of ML/TF cases for other LEAs
R28.There is no evidence to demonstrate the effective implementation and use of the investigative powers of the AML Act 2005.	On-going	It has been demonstrated by the ACC in the case of Katta etc. la	Proper investigation and effective prosecution of cases for other LEAs	Law Enforcement/ Judiciary/police	

Recommended Action (as listed in the 6th FUR)	Timetable for adoption of corrective measures	Action(s) already taken	Remaining Actions to be taken (with timelines, if known)	Responsible Institution	Technical Assistance Required
R30.FIU – current resources are insufficient. Law Enforcement – there are significant resources and capacity constraints which limit the relevant agencies capabilities to effectively conduct investigations into ML and TF issues. Supervisors – the BSL needs additional AML/CFT training.	Implemented	Status remain the same	TOCU now designated for ML/TF cases	International Parterns	
R31.No agency has been mandated to coordinate the government's AML/CFT policies and international relations. No implementation of the national Strategy on AML/CF	Implemented	The intensification of the activities of the Technical Committee evident by three meetings in 2014 has boosted cooperation on AMl/CFT issues. The participation of large number of Regulatory bodies, LEAs and prvate sector in the ongoing National Ml/TF Assessment is a testimony to the improved cooperation among agencies in advancing the frontier of compliance on AML/CFT issues.	The NRA will provide a realistic strategic framework to address all identified deficiencies	FIU/TC/Stakeholders	GIABA support to the NRA

Recommended Action (as listed in the 6th FUR)	Timetable for adoption of corrective measures	Action(s) already taken	Remaining Actions to be taken (with timelines, if known)	Responsible Institution	Technical Assistance Required
R32.**FIU** Current resources are insufficient. **Law Enforcement** The absence of ML or TF investigation means the collection of statistics has not been conducted. There is no system to maintain statistics on investigations and prosecutions of ML and TF, or of the use of powers under AML Act 2005 with regard to asset recovery. MLA and Extradition – there are no statistics available.	Implemented Short-term	Status remain unchanged Status remains the same	Assisting the FIU to gain membership of Egmont. Collect and compile statistics	GIABA and other Partners FIU/LEAs	
R33.	Implemented				
R37.MLA in relation to ML has never been tested.	On-going	Status remain the same	Egmont membership to enhance Mutual Legal Assistance	GIABA/FIU	
R38.There is no provision for the seizure of instrumentalities of crime. There is no provision for FT	Implemented Implemented	Status remain the same			

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There has been no consideration of establishing an asset forfeiture fund.	Implemented	The creation of asset forfeiture fund is articulated in the regulations for the implementation of UNSCRs 1267 and 1373 awaiting parliamentary approval.			
R39.	Implemented				
SRVI. The Act does not provide for MVT operators to maintain list of their Agents for examination.	Implement	Guidelines for MVT addressed the deficiency.			
SRVII. There is no effective implementation of wire transfer rules.	Implemented	Onsite and Off-site examination of FIs to assess the effectiveness of wire transfers requirements.	Compliance monitoring of Financial institutions on implementation of wire transfer requirements.	BSL/FIU	
SRVIII. There is no legal framework for the supervision of NPOs. The sanctions are not dissuasive and proportionate.	Implemented Implemented	Status remain unchanged	Implementation of the Act		
SRIX.	Implemented				