

## Uganda’s National Risk Assessment Improves Uganda’s Capacity to Counter Money-Laundering

Uganda’s Financial Intelligence Agency (FIA), with input from SUGAR TAF experts, completes a seminal assessment of Uganda’s risks related to money-laundering and the financing of terrorism.

“Our NRA has been cited as one of the best because of the quality of the analysis and the credibility of the report. Many self-assessment reports tend to be biased, too soft, sweeping things under the carpet. But ours was an honest assessment.”

- Mr. Sydney Asubo,  
Executive Director, FIA

Soon after it was established in 2014, the FIA began a critical undertaking: conducting a National Risk Assessment (NRA), in line with the international standards on Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT). Mr. Sydney Asubo, Executive Director of the FIA, saw the strategic importance of conducting an NRA and prioritized it. As he explains, “Everything centers on risk, everything we do. When Uganda’s Mutual Evaluation Report was done in 2015, we scored very poorly. The way the international standards are measured, a country must understand its risk in anti-money laundering. The NRA is best way to do that.”

In 2017, the FIA completed the NRA, and the NRA action plan was adopted by Cabinet in August 2017. Completing an NRA is a major undertaking for any country. For Uganda’s FIA to undertake it so soon after beginning operations showed bold leadership. This boldness has paid off and created a strong foundation for the FIA’s future endeavours. Further, the NRA has been lauded internationally as a solid and credible piece of work.

To conduct the NRA, the FIA decided to use a tool developed by the World Bank. UKAID paid for the right to use the tool on behalf of the FIA, and SUGAR TAF experts provided support in applying analysis. The result of the assessment is a 229-page document that systematically outlines the risks posed to and by actors in Uganda with respect to money laundering and the financing of terrorism. It considers the regulatory environment for financial and related institutions, the ability of Uganda to regulate the movement of goods and financial transactions over its borders, the banking system, unregulated financial sector (including informal money lenders), and key non-financial actors such as casinos, real estate agents, and gem dealers. From this, the FIA was able to identify the crimes generating most money laundered (corruption and fraud top the list), the sectors affected (in Uganda, money is most frequently laundered through real estate), and systemic weaknesses that create vulnerabilities to money laundering and the financing of terrorism: the informal nature of financial transactions, the cash economy, and the porous nature of the national borders.

Knowing these elements allows Uganda to propose long-term solutions, such as promoting the use of electronic payments. It also allows the country to identify and prioritize the actions needed to tackle effectively the identified risks. In turn, this has guided the support provided by SUGAR TAF to the FIA. The NRA has demonstrated the credibility of the FIA whilst providing a blueprint for further action.