Mr Speaker Sir, with your permission, I wish to make a statement to inform the House of the outcome of the review by the Financial Action Task Force (FATF) of the Mauritius Post Observation Period Report which sets out the progress made by Mauritius in implementing the recommended actions contained in the ESAAMLG Mutual Evaluation Report (MER), published in September 2018.

Mr Speaker Sir, I led a delegation to the FATF Meetings which were held in Paris from 16 to 21 February, 2020. The FATF considered the progress made by Mauritius in improving its technical compliance with the FATF Recommendations and increasing the level of effectiveness of its Anti Money Laundering and Countering the Financial Terrorist (AML/CFT) system during the one year observation period which started in October 2018 and ended in October 2019.

Mr Speaker Sir, I wish to remind the House that Mauritius underwent a prior assessment in 2007 under the FATF Methodology of 2004. The assessment was focused on technical compliance with the then FATF 40 + 9 Recommendations and the MER was published in August 2008. Several deficiencies were identified therein, in particular regarding the AML/CFT regulation of the Designated Non-Financial Businesses and Professions (DNFBPs), including casinos, real estate agents, legal and accounting professionals. However, limited action was taken to address these deficiencies. Worse still, in 2012, the FATF reviewed its Recommendations and countries were requested to initiate actions to ensure compliance with the revised recommendations, that is what we now call the 40 FATF Recommendations. But again no action was initiated by the authorities at that time and this resulted in the
2018 MER with modest ratings. Mauritius was rated largely compliant or compliant with only 14 out of the 40 FATF Recommendations. With respect to effectiveness assessment, the FATF has adopted an approach focusing on a hierarchy of 11 defined outcomes and Mauritius was found to have either a low or moderate level of effectiveness against all the 11 Immediate Outcomes.

Consequently, following the adoption of its MER, Mauritius embarked on an extremely ambitious exercise to overhaul the AML/CFT legal framework to ensure compliance with the FATF standards. This exercise was fully supported by the Prime Minister and resulted in the adoption of new laws and regulations, a comprehensive National AML/CFT Strategy and a National Action Plan.

Mr Speaker Sir, the FATF noted that since the adoption of its MER in 2018, Mauritius has made significant progress in addressing most of its MER recommended actions to improve technical compliance with the FATF 40 Recommendations and to increase the level of effectiveness of its AML/CFT system, including by completing its national Money Laundering and Terrorist Financing risk assessment, enhancing domestic coordination and international cooperation, developing and implementing an AML/CFT risk based supervision framework for financial institutions and the implementation of the United Nations targeted financial sanctions related to terrorism and proliferation. The FATF also recognized that Mauritius has taken measures to enhance the transparency of legal persons by amending the legal framework to require legal persons to disclose beneficial ownership information and improve the processes for identifying and confiscating proceeds of crimes.

After a period of one year, we are now rated **compliant** or **largely compliant** with 35 out of 40 FATF Recommendations, including the so called Big Six Recommendations. The House will recall that the MER identified technical deficiencies in three out of the 6 Big Six Recommendations namely, Recommendation 5 on criminalizing terrorist financing, Recommendation 6 on
targeted financial sanctions related to terrorist financing, and Recommendation 10 on customer due diligence.

Mr Speaker Sir, with respect to effectiveness, let me be clear: in practice, after a country has undergone its mutual evaluation, it is expected that it will address all its technical deficiencies within the first two years following the adoption of its MER. Thereafter, the country has up to three (3) years to improve its level of effectiveness. In fact, given our inaction from 2008 and subsequently 2012, a large number of technical deficiencies were highlighted in the Mauritius MER and we were rated low or moderate against all the 11 Immediate Outcomes.

To address this situation, we created working groups involving all relevant competent authorities for each of the 11 Immediate Outcomes. These working groups have reviewed, developed and implemented comprehensive measures and practices to improve the level of effectiveness including by enhancing national coordination at both policy and operational levels.

As at date, that is, within a period of one year, Mauritius has been able to fully or largely address about 80 per cent of the key Recommended Actions, that is 53 of the 58 actions identified in the MER to improve the level of effectiveness of its AML/CFT system.

Mr Speaker Sir, the FATF has recognised our substantial progress in relation to Immediate Outcomes 1, 2, 6, 8 and 9, as well as on some Recommended Actions relating to the other remaining Immediate Outcomes.

Mr Speaker Sir, Mauritius remains committed to uphold the integrity of the domestic and international financial systems and as such is and will continue to fully implement measures to improve the level of effectiveness of its AML/CFT regime. Mauritius has made a high-level political commitment to the FATF to resolve swiftly the remaining shortcomings and will work closely with the FATF.
and the ESAAMLG to implement its action plan within agreed timeframes. In its public statement, the FATF has identified five action items which Mauritius must implement to improve the level of effectiveness of its AML/CFT system.

Mr. Speaker Sir, to conclude I would like to reassure the House that my Ministry is coordinating the implementation of the FATF Action Plan and has already obtained technical assistance from international partners, including the European Union and the Government of Germany, to further support the work that has already started. We are also embarking on a recruitment process to ensure that all our institutions are fully manned to undertake their AML/CFT obligations.

Thank you.