



REPUBLIC OF ANGOLA

EXECUTIVE SUMMARY OF THE RISK ASSESSMENT OF MONEY LAUNDERING, TERRORIST FINANCING AND PROLIFERATION OF WEAPONS OF MASS DESTRUCTION OF LEGAL PERSONS AND LEGAL ARRANGEMENTS



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TABLE OF CONTENTS

GENERAL FRAMEWORK	1
CREATION AND COMPOSITION OF THE TECHNICAL WORKING SUB-GROUP	1
METHODOLOGY	1
MAPPING OF THE TYPE OF DOMESTIC AND FOREIGN LEGAL STRUCTURES AND LEGAL ARRANGEMENTS OPERATING IN ANGOLA.....	3
DESCRIPTION OF DOMESTIC AND FOREIGN LEGAL STRUCTURES AND LEGAL ARRANGEMENTS RELEVANT TO ML/FT RISK ASSESSMENT	3
ASSESSING THE THREAT OF ML/TF TO DOMESTIC AND FOREIGN LEGAL STRUCTURES	4
RESULTS OF THE THREAT LEVEL ASSESSMENT FOR EACH TYPE OF DOMESTIC LEGAL STRUCTURE AND FOR EACH GROUP OF FOREIGN LEGAL STRUCTURES	6
RESULTS OF THE CALCULATION OF THE INDIVIDUAL THREAT LEVEL FOR EACH TYPE OF NATIONAL LEGAL STRUCTURE AND FOR EACH GROUP OF FOREIGN LEGAL STRUCTURES	8
RESULTS OF THE CALCULATION OF THE OVERALL LEVEL OF THREAT TO JURISDICTION FOR ALL NATIONAL LEGAL STRUCTURES AND ALL GROUPS OF FOREIGN LEGAL STRUCTURES.....	8
ASSESSING ML/TF VULNERABILITIES TO LEGAL STRUCTURES.....	9
VULNERABILITIES OF NATIONAL AND FOREIGN LEGAL STRUCTURES.....	10
- LEVEL OF VULNERABILITY OF NATIONAL LEGAL STRUCTURES.....	10
THE LEVEL OF VULNERABILITY OF FOREIGN LEGAL STRUCTURES	12
RESULTS OF THE CALCULATION OF THE RISK OF VULNERABILITY FOR EACH TYPE OF NATIONAL AND FOREIGN LEGAL STRUCTURE	16
RESULTS OF THE CALCULATION OF THE GENERAL JURISDICTION VULNERABILITY LEVEL FOR ALL DOMESTIC AND FOREIGN LEGAL STRUCTURES	17
MITIGATION EFFORTS.....	18
RESULT OF CALCULATING THE OVERALL LEVEL OF MITIGATION EFFORTS FOR THE JURISDICTION (FOR ML AND FT)	19
SUMMARY OF LPS/ALS INHERENT RISK ASSESSMENT RESULTS	20
RESULT OF THE CALCULATION OF THE OVERALL LEVEL OF INHERENT RISK OF ML AND FT FOR THE JURISDICTION	22
RESULTS OF THE CALCULATION OF THE OVERALL LEVEL OF RESIDUAL RISK OF ML AND FT FOR THE JURISDICTION	23
KEY RECOMMENDATIONS	24
FORMULATED PROPOSAL	26

GENERAL FRAMEWORK

Within the scope of the Mutual Evaluation process, and in view of the results obtained, the Republic of Angola was submitted to the Enhanced Monitoring process and, therefore, the FATF Action Plan was approved, which defines a set of strategic measures to be implemented. In this sense, the Angolan State assumes the responsibility of adapting its current legal framework to international requirements in terms of preventing and combating money laundering, terrorist financing and the proliferation of weapons of mass destruction, as guided by the International Cooperation and Review Group (ICRG) for Africa.

With the aim of preventing and combating the misuse of Legal Persons and Legal Arrangements for the practice of ML/TF, and in accordance with FATF Recommendations 1, 24 and 25, this assessment also aims to identify the Beneficial Owner, assess and understand the main risks of Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction, in relation to Legal Persons and Legal Arrangements, through supervisors and similar institutions, and in the definition and implementation of strategies to mitigate the risks existing in the country.

To this end, by Order No. 6,501/23, of 27 October, of the Economic Coordination of the Auxiliary Bodies of the President of the Republic, the Working Group was created in charge of the materialization of the actions and tasks related to the National ML/TF Risk Assessments and Mutual Evaluation of Angola, coordinated by the Director General of the Financial Intelligence Unit (FIU).

CREATION AND COMPOSITION OF THE TECHNICAL WORKING SUB-GROUP

In light of the above-mentioned Order, the working sub-group was created, in charge of the materialization of the actions and tasks related to the National ML/TF Risk Assessments, which is composed of a multi-sectoral team under the coordination of the Ministry of Justice and Human Rights, assisted by an Evaluation Committee (Financial Intelligence Unit and National Bank of Angola), the aforementioned multi-sectoral team includes institutions such as: Gaming Supervision Institute, Association of Banks, Commercial Banks, Supreme Court, Attorney General's Office, National Authority for Economic Inspection and Food Safety, Angolan Bar Association, National Housing Institute, Ministry of Culture, Angolan Insurance Regulation and Supervision Agency, Ministry of Transport, Ministry of Youth and Sports, Ministry of Social Action, Family and Promotion of Women (Institute for the Supervision of Community Activities), Criminal Investigation Service, General Tax Administration and Capital Markets Commission.

METHODOLOGY

In the present work, the Jurisdiction used the ESAAMLG risk assessment tools methodology to assess the risks of Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction, Legal Persons and Legal Arrangements with the support of the *EU-Global Facility*, for the assessment of the risks.

Threats – these are situations likely to endanger the financial system, mainly arising from crimes, with a negative impact on the economy, society and state security.

Vulnerabilities – consists of the set of deficiencies and gaps identified in a given system, involving everything that can be exploited by the threat or that can support or facilitate its activities.

Inherent Risk is considered a combination of two factors: threats and vulnerabilities. The methodology also takes into account consequences, which are integrated into the threat and vulnerability assessment through the use of weightings and the overall assessment framework.

Mitigation Efforts involve assessing the quality of measures implemented by a country to reduce the Money Laundering and terrorist financing (ML/TF) risks associated with legal frameworks.

Residual Risk refers to the level of ML/TF risk that remains after mitigating measures have been applied to address the inherent risks.

The levels of **Threat**, **Vulnerabilities**, **Inherent Risk**, **Residual Risk** are classified from **Low** to **Extremely High** (1- Low, 2- Medium, 3- High or 4 - Extremely High) for the purpose of risk assessment, with the following thresholds:

Level of risk (threat, vulnerabilities, and inherent risk)	Thresholds		
Low	1	-	1,75
Medium	1,76	-	2,5
High	2,51	-	3,25
Extremely High	3,26	-	4

The quality rating of **Mitigation Efforts** is defined from **Poor** to **Strong** (Poor, Poor, Satisfactory, or Strong), with the following thresholds:

Level of Mitigation Efforts	Thresholds		
Unsatisfactory	-2	-	-1,01

Weak	-1	-	-0,26
Satisfactory	-0,25	-	0,25
Strong	0,25	-	1

MAPPING OF THE TYPE OF DOMESTIC AND FOREIGN LEGAL STRUCTURES AND LEGAL ARRANGEMENTS OPERATING IN ANGOLA

For the Evaluation process, the methodology first guides us to map all national and foreign legal structures and Legal Arrangements existing in the jurisdiction, whether they are considered relevant or not for ML and FT. After due analysis, only those that are considered relevant to the abusive use of ML and TF were considered and evaluated, based on data collection surveys with various institutions that make up the working group.

Risk factors consist of elements on which the variables necessary for the calculation of risk are collected. They are also considered as a place where threat, vulnerability and impact are exercised with the aim of finding the "partial" risk within a risk factor where this result will be added to the results found in all the other selected risk factors, so that in the end an arithmetic average is found among all the partial results.

DESCRIPTION OF DOMESTIC AND FOREIGN LEGAL STRUCTURES AND LEGAL ARRANGEMENTS RELEVANT TO ML/FT RISK ASSESSMENT¹

For the ML/TF Risk assessment, the following National and Foreign Legal Entities and Legal Arrangements were considered relevant, as listed below:

1. Private Limited Companies;
2. Public Limited Companies;
3. Grouping of Companies;
4. Cooperatives;
5. Law Firms;
6. Bar Associations;
7. Private Associations;
8. Religious Associations or Organizations;

¹ See page 13 of the report

- 9. Sports Clubs;
- 10. Foundations;
- 11. Political Parties;

Different types of foreign legal structures existing with a continuous relationship in the jurisdiction:

- 1. Foreign Law Companies (commercial companies under Angolan law that hold foreign capital, representative offices or other authorized forms of autonomous legal representation of commercial companies and branches);
- 2. Non-Governmental Organizations; and
- 3. Trust.

Different types of legal structures that were excluded from the assessment:

- a) Trade Union Associations;
- b) Civil Societies;
- c) Chambers of Commerce;
- d) Professional Associations (Orders); and
- e) Government Agencies.

a) Threat Level Based on Enforcement Statistics - of Domestic and Foreign Legal Frameworks

In this section, the threat level was assessed based on application statistics on all RAS/STR, MLA applications sent and received by the PGR and information from the FIU, regarding the involvement of legal structures in money laundering and terrorist financing².

Statistical data on all criminal investigations of the competent authorities were also analysed in order to access data on criminal investigations, prosecutions, civil enforcement actions, criminal proceedings and convictions for ML and TF that involved legal structures.

b) Open Source Reliable Information Level - of Domestic and Foreign Legal Frameworks

For this section, we took into account credible and open-source sources of information (academic experts, civil society, as well as the review of open sources), where during the evaluation process, the subjective character of their opinions served as the basis for the classification for each type of national and foreign legal structure,

c) Level of Threat Perception Based on Expert Opinion from the Public and Private Sectors of Domestic and Foreign Legal Structures

In this section, the ML and TF risk for each type of national and foreign legal structure was evaluated based on the opinion of experts from the public and private sectors, obtained through meetings, consultations, structured interviews or surveys. Public sector specialists include relevant agents of financial intelligence units, law enforcement authorities, B/C officials, prosecutors, judges, officials of the Ministry of Justice and other competent entities and tax authorities, while private sector specialists may include tax advisors and bank representatives (compliance and fraud analysts).

² See Chapter II, pages 38 to 59 of the report

RESULTS OF THE THREAT LEVEL ASSESSMENT FOR EACH TYPE OF DOMESTIC LEGAL STRUCTURE AND FOR EACH GROUP OF FOREIGN LEGAL STRUCTURES

#	Domestic legal vehicles	Assessment Criteria - ML						Assessment Criteria - TF							
		THs			THi			THs			THi			THe	
		Threat Level Based on Application Statistics			Open Source Trusted Information Level - Legal Frameworks			Threat Level Based on Application Statistics			Open Source Trusted Information Level - Legal Frameworks			Level of Threat Perception Based on the Opinion of Public and Private Sector Experts	
		W			50			25			50			25	
	ML/FT			ML			ML			Team Fight			Team Fight		
Domestic legal vehicles (Extremely High = 4, High = 3, Medium = 2 or Low = 1)															
1	Private Limited Company		3		3		4		3		3		3		
2	Public Limited Companies		3		4		4		4		4		3		
3	Grouping of Companies		1		3		4		1		3		3		
4	Cooperatives		1		2		4		1		3		2		
5	Law Firms		1		4		3		1		4		2		
6	Bar Association		1		4		3		1		4		2		
7	Private Associations		1		2		3		1		2		2		

8	Religious associations or organizations	3	4	3	2	4	3
9	Sports clubs	1	2	3	1	1	1
10	Foundations	1	2	3	1	2	1
11	Political Parties	1	2	3	1	2	3

#	Groups of foreign-registered legal structures	Assessment Criteria - ML			Assessment Criteria - TF		
		THs	THi	THe	THs	THi	THe
		Threat Level Based on Application Statistics	Open Source Trusted Information Level - Legal Frameworks	Level of Threat Perception Based on the Opinion of Public and Private Sector Experts	Threat Level Based on Application Statistics	Open Source Trusted Information Level - Legal Frameworks	Level of Threat Perception Based on the Opinion of Public and Private Sector Experts
	W	50	25	25	50	25	25
	ML/FT	ML	ML	ML	Team Fight	Team Fight	Team Fight
Groups of foreign-registered legal structures (Extremely High = 4, High = 3, Medium = 2 or Low = 1)							
1	Foreign Law Companies	1	3	3	1	3	3
2	Non-Governmental Organizations	1	1	3	1	1	3
3	Trust	1	1	3	1	1	3

RESULTS OF THE CALCULATION OF THE INDIVIDUAL THREAT LEVEL FOR EACH TYPE OF NATIONAL LEGAL STRUCTURE AND FOR EACH GROUP OF FOREIGN LEGAL STRUCTURES

#	Domestic legal vehicles	Calculated threat level - BC			Calculated threat level - FT			
		THv			THv			
		Threat level for particular domestic legal vehicles	W		Threat level for particular domestic legal vehicles	W		
	Formula	THv = THs · W/100+ THi · W/100+THe · W/100						
	BC/FT	BC			FT			
Domestic legal vehicles (THv)								
1	Private Limited Company	3,25	High	40		3	High	40
2	Public Limited Companies	3,5	Extremely High	20		3,75	Extremely High	20
3	Grouping of Companies	2,25	Medium	10		2	Medium	10
4	Cooperatives	2	Medium	30		1,75	Low	30
5	Law Firms	2,25	Medium	15		1,75	Low	15
6	Bar Association	2,25	Medium	15		1,75	Low	15
7	Private Associations	1,75	Low	20		1,5	Low	20
8	Religious associations or organizations	3,25	High	20		2,75	High	20
9	Sports clubs	1,5	Low	10		1	Low	10
10	Foundations	1,75	Low	10		1,25	Low	10
11	Political Parties	1,75	Low	10		1,25	Low	10

#	Groups of foreign-registered legal structures	Calculated threat level - ML			Calculated threat level - TF		
		THn			THn		
		Threat level for particular group of foreign-registered legal structures		W	Threat level for particular group of foreign-registered legal structures		W
		Formula					
	ML/FT	THn = THs ·W/100+ THi ·W/100+THe ·W/100					
		ML			Team Fight		
Groups of foreign-registered legal structures (THn)							
1	Foreign Law Companies	2	Medium	50	2	Medium	50
2	Non-Governmental Organizations	1.5	Low	20	1.5	Low	20
3	Trusts	1.5	Low	30	1.5	Low	30

RESULTS OF THE CALCULATION OF THE OVERALL LEVEL OF THREAT TO JURISDICTION FOR ALL NATIONAL LEGAL STRUCTURES AND ALL GROUPS OF FOREIGN LEGAL STRUCTURES³

³ See page 60 of the report

The result of calculating the overall threat level for domestic legal entities and legal arrangements is considered **high** for ML and **medium** for FT, for foreign-created legal structures operating in the jurisdiction it is **low** for ML and FT. Therefore, the overall level of Threat for the jurisdiction is considered **medium**, as shown in the table below.

Indicator	The general level of Threat for all legal persons and domestic legal arrangements				The overall Threat level for all foreign-created legal structures operating in the jurisdiction				The overall level of Threat to the jurisdiction			
	THvg				THng				TH			
Formula	$THvg = THv1 \cdot W/100 + THv2 \cdot W/100 + THv3 \cdot W/100 + THv4 \cdot W/100 + THv5 \cdot W/100 + \dots + THv\# \cdot W/100$				$THng = THn1 \cdot W/100 + THn2 \cdot W/100 + THn3 \cdot W/100$				$TH = THvg \cdot W/100 + THng \cdot W/100$			
W	60				40							
BC/FT	BC		Team Fight		BC		Team Fight		BC		Team Fight	
Level of Calculation	2,51	High	2,26	Medium	1,75	Low	1,75	Low	2,21	Medium	2,06	Medium

The threat level for national legal structures is considered high in relation to foreign legal structures, and the national legal structures with the threat level considered high are: Private Limited Companies, Corporations and Religious Organizations.

The biggest problem identified during the Threat Assessment – the quality of the data and the limitation of information (especially for foreign Trusts) Dispersion of information, due to the fact that there are several entities providing the same type of service (incorporation and registration of for-profit legal persons); Inefficient technological system and incapable of providing accurate and up-to-date information; Use of record books in some services; Poor interoperability between databases; Lack of the legal regime and the central registry of the beneficial owner; Lack of human capital capacity building and technical resources in ML/TF; and Unavailability of access to credible and open source opinions.

ASSESSING ML/TF VULNERABILITIES TO LEGAL STRUCTURES⁴

At this point, the vulnerabilities of domestic and foreign legal structures are assessed, as well as the size of the national legal structures sector. To this end, the following types of risk exposure were analysed: business, geographic and cross-border, potential concealment of the beneficial owner through the use of

⁴ See Chapter III of the report

representatives and bearer instruments, ease, speed and cost of registration. The levels of attractiveness of legal vehicles for ML and TF, transparency of basic information, transparency of beneficial ownership information, customer due diligence (CDD) and beneficial ownership-related checks by obliged entities were also analysed.

VULNERABILITIES OF NATIONAL AND FOREIGN LEGAL STRUCTURES.

- LEVEL OF VULNERABILITY OF NATIONAL LEGAL STRUCTURES

a) The Size of the Sector-Specific Legal Structures

In this section, we look at the sector dimension of specific national legal structures. The larger the size of a given legal sector, the greater the scale of potential risk exposure in that sector. The evaluation is carried out on the basis of statistical data collected during the mapping phase.

b) The exposure of the Type of Enterprise Risk

In this section, we analyse the specific economic activities of the relevant legal structures to assess the level of vulnerabilities, especially the extent to which they operate in high-risk economic sectors, and to this end we draw on the jurisdiction's national risk assessment as well as the experience of the competent authorities and the FIU, thus a list of high-risk economic sectors has been drawn up: **Commerce, Gaming and betting, Real estate, Insurance, Service provision, Religious worship, Non-profit organizations (NGOs).**

c) Geographic and Cross-Border

In this section, we analyse how the significant multi-jurisdictional diversity of ownership and activities of legal structures will increase levels of vulnerability. For this purpose, indicators of legal structures linked to offshore jurisdictions and other "popular" locations, opaque offshore structures controlled by legal managers or beneficial owners located in those high-risk countries with regard to ML/TF were used.

Due to the fact that the National Risk Assessment (NRA) is ongoing, the jurisdiction does not have official data on jurisdictions with high risk for both ML/TF and offshore jurisdictions and foreign jurisdictions with a high level of corruption, weak corporate transparency and financial transparency rules, however we can conclude that, depending on the geographical position of the country (Angola), there are jurisdictions with significant deficiencies in ML/TF, namely:

- Democratic Republic of Congo;
- Republic of Namibia;

- Republic of South Africa;
- Lebanon;
- Republic of Mozambique.

d) Potential Concealment of Beneficial Ownership through the Use of Named and Bearer Instruments

In this section, we look at how legal structures can be easily used through different instruments for possible concealment of the B.E, using as instruments the appointed directors and shareholders, in particular informal appointees, bearer shares and *bearer share warrants* and other instruments that can be used by criminals to conceal beneficial ownership.

e) Ease, Speed and Costs of Formation/Registration of Legal Structures

In this section, we analyse the suitability of certain legal structures for the misuse of ML/TF which can vary significantly based on the specific legal requirements for the formation and registration of a legal structure. To this end, we will analyze the ease, speed and costs of training.

f) The Level of "Attractiveness" of Specific Legal Structures for ML/TF (ongoing activities)

In this section we look at how certain legal structures can be misused for ML/TF practice and can vary significantly based on the specific legal requirements for the ongoing functioning of a legal structure. By evaluating, for this purpose, the level of attractiveness.

g) The Level of Accuracy and Transparency of Basic Information

In this section, we look at how certain legal structures can be misused for ML/TF practice and may vary significantly based on specific legal requirements related to the transparency and accessibility of basic information in a legal structure.

h) The Level of Accuracy and Transparency of the B.E's Information

At this point, we analyze how the suitability of certain legal structures for abusive ML/TF crimes can vary significantly based on the specific legal requirements related to the definition, transparency of information and the availability of access to information from the B.E of a legal structure.

i) The Level of Controls Related to the CDD and the B.E. of the Subject Entities

At this point, we analyse how certain legal structures can be used to commit ML/TF crimes, based on the quality of the preventive measures to combat ML/TF of the entities required to provide information.

Insufficient control systems, inability to implement the necessary preventive controls, as well as possible cooperation with criminals, are significant vulnerabilities that increase the risk of misuse of legal structures for ML/TF purposes.

THE LEVEL OF VULNERABILITY OF FOREIGN LEGAL STRUCTURES

In this section, the level of vulnerability of foreign legal structures for each group (Companies, Foundations and Trusts) has been assessed. Each vulnerability risk category includes the analysis of all types of activities that can be applied to a particular group of foreign legal structures, namely:

- Bank accounts;
- Real Estate Property;
- Vessels and Planes;
- Branches and representative offices;
- Other significant ongoing business relationships.

a) The Sector Size of Specific Groups of Foreign Legal Structures

In this section, we analyse the size of each group of foreign legal structures, type of activity, the potential harm to civil society and the economy related to AML/TF/PF misuses (the size of specific groups of foreign legal structures and the scale of potential risk exposure).

b) The Exposure of the Type of Enterprise Risk

In this section, we have analysed how the specific economic activities of legal structures can be relevant for the assessment of the level of vulnerabilities, in particular the extent to which they operate in high-risk economic sectors.

Based on the results of the jurisdiction's National Risk Assessment, below is the list of high-risk economic sectors for ML and TF:

- Commerce;
- Real Estate;
- Provision of services;
- Civil Construction;
- Religious worship; and
- Non-profit organizations (NGOs).

c) Exposure to Geographic Risk

Due to the fact that the National Risk Assessment (NRA) is ongoing, the jurisdiction does not have official data on jurisdictions with high risk for both ML/TF and offshore jurisdictions and foreign jurisdictions with a high level of corruption, weak corporate transparency and financial transparency rules. However, we can conclude that, depending on the geographical position of the country (Angola), there are jurisdictions with significant deficiencies in terms of ML/TF, namely:

- Democratic Republic of Congo;
- Republic of Namibia;
- Republic of South Africa;
- Lebanon;
- Republic of Mozambique.

d) The Level of Specific Transparency Measures (Including Controls Related to Named and Bearer Instruments)

In this section, we have analysed how the beneficial owners of legal structures can be easily concealed through different instruments: designated directors and shareholders, bearer shares and *bearer* share warrants, as well as other instruments, can be used by criminals to conceal the beneficial owners.

e) The Level of "Attractiveness" of Jurisdictions for Foreign Legal Structures

In this paragraph, the level of attractiveness of foreign legal structures in terms of their misuse for ML/TF crimes was analysed on the basis of jurisdiction-specific legal requirements.

RESULTS OF THE VULNERABILITY LEVEL ASSESSMENT FOR EACH TYPE OF NATIONAL LEGAL STRUCTURE AND FOR EACH GROUP OF FOREIGN LEGAL STRUCTURES

#	Domestic legal vehicles and groups of foreign-registered legal structures	Assessment Criteria - ML/FT									
		VUd1	VUd2	VUd3		VUd4	VUd5	VUd6	VUd7	VUd8	VUd9
		The size of the sector of particular legal vehicles	The business risk type exposure	Geographical and Cross-Border Risk Exposure		Potential concealment of beneficial ownership through using nominees and bearer instruments	Ease, Speed, and Costs of Formation/Registration of legal vehicles	The level of attractiveness of specific legal vehicles for ML/FT (ongoing activities)	The level of basic Information transparency	The level of BO Information transparency	The level of CDD and BO related controls of obliged entities
		10	10	10		12	12	12	10	12	12
	W	ML/FT	ML/FT	ML	Team Fight	ML/FT	ML/FT	ML/FT	ML/FT	ML/FT	ML/FT
Domestic legal vehicles (Extremely High = 4, High = 3, Medium = 2 or Low = 1)											
1	Private Limited Company	4	4	3	3	3	3	2	2	3	3
2	Public Limited Companies	2	4	2	2	4	3	2	2	3	3
3	Grouping of Companies	1	2	2	1	3	3	2	2	3	3
4	Cooperatives	1	2	2	1	2	3	2	2	3	3
5	Law Firms	1	4	3	1	3	2	1	2	3	3
6	Bar Association	1	3	1	1	3	2	1	2	3	3

7	Private Associations	1	3	3	3	2	1	2	3	3	3
8	Religious associations or organizations	1	3	3	1	2	1	3	3	3	3
9	Sports clubs	1	3	3	1	2	1	1	3	3	3
10	Foundations	1	2	2	1	2	1	1	3	3	3
11	Political Parties	1	2	1	1	2	1	1	2	3	3

#	Groups of foreign-registered legal structures	Assessment Criteria - ML/FT						
		VUf1	VUf2	VUf3		VUf4	VUf5	
		The size of the sector of particular groups of foreign-registered legal structures	The business risk type exposure	Geographical Risk Exposure		The level of specific transparency measures (including nominees and bearer instruments related controls)	The level of attractiveness of jurisdiction for foreign-registered legal structures	
		20	20	20		20	20	
		ML/FT	ML/FT	ML	Team Fight	ML/FT	ML/FT	
Groups of foreign-registered legal structures (Extremely High = 4, High = 3, Medium = 2 or Low = 1)								
1	Companies	3	3	3	3	3	2	
2	Foundations	3	3	2	3	3	3	
3	Trust and trust-like arrangements	3	3	3	3	3	3	

RESULTS OF THE CALCULATION OF THE RISK OF VULNERABILITY FOR EACH TYPE OF NATIONAL AND FOREIGN LEGAL STRUCTURE

#	Domestic legal vehicles	Calculated vulnerability level - BC			Calculated vulnerability level - TF		
		VUv			VUv		
		Level of vulnerability for particular domestic legal vehicles		W	Level of vulnerability for particular domestic legal vehicles		W
		VUv =VUd1·W/100+ VUd2·W/100+ VUd3·W/100+ VUd4·W/100+ VUd5·W/100+ VUd6·W/100+ VUd7·W/100+ VUd8·W/100+ VUd9·W/100					
	BC/FT		BC		Team Fight		
Domestic legal vehicles (VUv)							
1	Private Limited Company	2,98	High	40	2,98	High	40
2	Public Limited Companies	2,8	High	20	2,8	High	20
3	Grouping of Companies	2,38	Medium	10	2,28	Medium	10
4	Cooperatives	2,26	Medium	30	2,16	Medium	30
5	Law Firms	2,44	Medium	15	2,24	Medium	15
6	Bar Association	2,14	Medium	15	2,14	Medium	15
7	Private Associations	2,32	Medium	20	2,32	Medium	20
8	Religious associations or organizations	2,44	Medium	20	2,24	Medium	20
9	Sports clubs	2,2	Medium	10	2	Medium	10
10	Foundations	2	Medium	10	1,9	Medium	10
11	Political Parties	1,8	Medium	10	1,8	Medium	10

#	Groups of foreign-registered legal structures	Calculated vulnerability level - BC			Calculated vulnerability level - TF		
		VUn			VUn		
		Level of vulnerability for particular group of foreign-registered legal structures		W	Level of vulnerability for particular group of foreign-registered legal structures		W
		VUn =VUf1·W/100+ VUf2·W/100+ VUf3·W/100+ VUf4·W/100+ VUf5·W/100					
	BC/FT		BC		Team Fight		
Groups of foreign-registered legal structures (VUn)							
1	Companies	2,8	High	50	2,8	High	50
2	Foundations	2,8	High	20	3	High	20
3	Trust and trust-like arrangements	3	High	30	3	High	30

RESULTS OF THE CALCULATION OF THE GENERAL JURISDICTION VULNERABILITY LEVEL FOR ALL DOMESTIC AND FOREIGN LEGAL STRUCTURES⁵

The result of the calculation of the overall level of Vulnerability for the jurisdiction's domestic legal persons and legal arrangements is considered **medium** for ML and FT, for legal structures created abroad and operating in the jurisdiction is **high** for both ML and FT. As such, the jurisdiction's overall Vulnerability level is considered **high**, as shown in the table below.

Indicator	The general level of Vulnerability for all domestic legal persons and legal arrangements				The general level of Vulnerability for all foreign-created legal structures working in the jurisdiction				The general level of Vulnerability for jurisdiction			
	VUvg				VUng				VU			
Formula	$VU_{vg} = VU_{v1} \cdot W/100 + VU_{v2} \cdot W/100 + VU_{v3} \cdot W/100 + VU_{v4} \cdot W/100 + VU_{v5} \cdot W/100 + \dots + VU_{v\#} \cdot W/100$				$VU_{ng} = VU_{n1} \cdot W/100 + VU_{n2} \cdot W/100 + VU_{n3} \cdot W/100$				$VU = VU_{vg} \cdot W/100 + VU_{ng} \cdot W/100$			
W	60				40							
BC/FT	BC		Team Fight		BC		Team Fight		BC		Team Fight	
Calculated level	2,45	Medium	2,38	Medium	2,86	High	2,90	High	2,62	High	2,59	High

The vulnerability of foreign legal structures is greater than the national one. The level of vulnerability is highest for Private Limited Companies, Public Limited Companies, and all foreign legal structures. The biggest problem identified during the Vulnerability Assessment is the fact that they constitute a greater number in our legal system, in which many of them do not have a supervisory body, others, despite having them, have deficiencies in supervision and inspection by the sectoral body. On the other hand, national legal structures in their transactions allow the receipt of cash values, facilitating complex and diverse operations making it difficult to identify transactions. However, the lack of information on customers, beneficial owner, identity and their transaction history facilitate money laundering.

⁵ See page 145 of the report

MITIGATION EFFORTS⁶

For the Mitigation Measures Efforts, 11 evaluation criteria were analyzed, namely:

- a) Criterion No. 1: Powers of Corporate Registrars to Obtain and Maintain Basic Information and the Quality of Corporate Registration is considered **satisfactory**.
- b) Criterion No. 2: Clear Legal Requirements Regarding the Transfer of Ownership/Beneficial Interest is considered **satisfactory**;
- c) CRITERION 3: Quality of Obligated Entities' AML/CFT Preventive Measures (Risk Assessment, Understanding of ML/TF, RAS/RTS Typologies) is considered **poor**;
- d) Criterion No. 4: Quality of Regulation and Supervision on the Issues of the B.E is considered **weak**;
- e) Criterion No. 5: Quality of Regulation and Supervision of TCSPs. Availability of Information from the B.E (Registry Approach) is considered **unsatisfactory**;
- f) Criterion 6: Availability of the B.E. (Registration Approach) Information is considered **unsatisfactory**;
- g) Criterion 7: Availability of information from the B.E. (Alternative Mechanism and Supplementary Measures) is considered **low**;
- h) Criterion 8: Existence and Effectiveness of the B.E. Verification Mechanisms is considered **unsatisfactory**;
- i) Criterion 9: Effectiveness of the National and International Information Exchange is considered **satisfactory**;
- j) Criterion 10: Effectiveness of the Enforcement of Sanctions/Fines is considered **weak**;
- k) Criterion 11: Level of Transparency of PEPs as Beneficial Owners is considered **low**.

⁶ See Chapter IV of the report

RESULT OF CALCULATING THE OVERALL LEVEL OF MITIGATION EFFORTS FOR THE JURISDICTION (FOR ML AND FT)⁷

The result of calculating the overall level of mitigation efforts for the jurisdiction is considered **weak**, as represented in the table below.

Indicator	Assessment Results			
	BC		FT	
ME	-0.980769231	Weak	-0.980769231	Weak

The level of mitigation efforts is not sufficient in Angola. Most of the criteria are classified as unsatisfactory or poor (Quality of the complainants' ML/TF preventive measures (risk assessment, understanding of ML/TF typologies, SARs/STRs), Quality of BO Regulation and Supervision, Quality of Regulation and Supervision of TCSPs, Availability of BO Information, (registration approach); Availability of BO Information (alternative mechanism and complementary measures), Existence and Effectiveness of the BO Verification Mechanisms, Effectiveness of the Application of Sanctions/Fines and Level of transparency on PEPs as BO.

Significant improvements are needed to improve the regulatory framework and the level of efficiency of mitigation measures related to BOO transparency.

⁷ Read page 154 of the report

SUMMARY OF LPS/ALS INHERENT RISK ASSESSMENT RESULTS

Result of Calculating the Inherent Risk of ML and TF of Different Types of National Legal Structures and Groups of Foreign Legal Structures

	Domestic legal vehicles	Threat level for particular domestic legal vehicles				Level of vulnerability for particular domestic legal vehicles				Level of Inherent Risk for particular domestic legal vehicles			
		THv				VUv				IRv			
		40				60				IRv =THv·W/100+ VUv ·W/100			
		BC		Team Fight		BC		Team Fight		BC		Team Fight	
Domestic legal vehicles													
1	Private Limited Company	3,25	High	3	High	2,98	High	2,98	High	3,088	High	2,988	High
2	Public Limited Companies	3,5	Extremely High	3,75	Extremely High	2,8	High	2,8	High	3,08	High	3,18	High
3	Grouping of Companies	2,25	Medium	2	Medium	2,38	Medium	2,28	Medium	2,328	Medium	2,168	Medium
4	Cooperatives	2	Medium	1,75	Low	2,26	Medium	2,16	Medium	2,156	Medium	1,996	Medium
5	Law Firms	2,25	Medium	2	Medium	2,44	Medium	2,24	Medium	2,364	Medium	2,144	Medium
6	Bar Association	2,25	Medium	2	Medium	2,14	Medium	2,14	Medium	2,184	Medium	2,084	Medium
7	Private Associations	1,75	Low	1,5	Low	2,32	Medium	2,32	Medium	2,092	Medium	1,992	Medium

8	Religious associations or organizations	3,25	High	2,75	High	2,44	Medium	2,24	Medium	2,764	High	2,444	Medium
9	Sports clubs	1,75	Low	1	Low	2,2	Medium	2	Medium	2,02	Medium	1,6	Low
10	Foundations	1,75	Low	1,25	Low	2	Medium	1,9	Medium	1,9	Medium	1,64	Low
11	Political Parties	1,75	Low	1,75	Low	1,8	Medium	1,8	Medium	1,78	Medium	1,78	Medium

#	Groups of foreign-registered legal structures	Threat level for particular group of foreign-registered legal structures				Level of vulnerability for particular group of foreign-registered legal structures				Level of Inherent Risk for particular group of foreign-registered legal structures			
		THn				VUn				IRn			
		40				60				THn = THn·W/100+ VUn ·W/100			
		BC		FT		BC		FT		BC		FT	
Groups of foreign-registered legal structures													
1	Companies	2	Medium	2	Medium	2,8	High	2,8	High	2,48	Medium	2,48	Medium
2	Foundations	1,5	Low	1,5	Low	3	High	3,2	High	2,4	Medium	2,52	High
3	Trust and trust-like arrangements	1,5	Low	1,5	Low	3	High	3	High	2,4	Medium	2,4	Medium

RESULT OF THE CALCULATION OF THE OVERALL LEVEL OF INHERENT RISK OF ML AND FT FOR THE JURISDICTION⁸

Given that the overall level of inherent risk is the sum of threats and vulnerabilities, the result of the calculation of the overall level of inherent risk for the jurisdiction is considered **average** for both ML and FT, as shown in the table below.

Indicator	The general level of Inherent Risk for all domestic legal persons and legal arrangements in the jurisdiction				The general level of Inherent Risk for all domestic legal persons and legal arrangements in the jurisdiction				The general level of Inherent Risk for all domestic legal persons and legal arrangements in the jurisdiction			
	THvg				VUvg				IRvg			
W	40				60				IR=TH·W/100+ VU ·W/100			
BC/FT	BC		Team Fight		BC		Team Fight		BC		Team Fight	
Calculated level	2,51	High	2,26	Medium	2,45	Medium	2,38	Medium	2,48	Medium	2,34	Medium

Indicator	The general level of Inherent Risk For all foreign-created legal structures working in the jurisdiction				The general level of Inherent Risk for all foreign-created legal structures working in the jurisdiction				The general level of Inherent Risk for all domestic legal persons and legal arrangements in the jurisdiction			
	THng				VUng				IRng			
BC/FT	BC		FT		BC		FT		BC		FT	
Calculated level	1,75	Low	1,75	Low	2,89	High	2,98	High	2,43	Medium	2,49	Medium

⁸ See page 157 of the report

Indicator	The general level of Threat for jurisdiction				The general level of Vulnerability for jurisdiction				The general level of Inherent Risk for jurisdiction			
	TH				VU				IR			
BC/FT	BC		Team Fight		BC		Team Fight		BC		Team Fight	
Calculated level	2,17	Medium	2,02	Medium	2,68	High	2,71	High	2,48	Medium	2,43	Medium

RESULTS OF THE CALCULATION OF THE OVERALL LEVEL OF RESIDUAL RISK OF ML AND FT FOR THE JURISDICTION⁹

Given that the overall level of residual risk consists of subtracting inherent risk and mitigation efforts, the result of the calculation of the overall level of residual risk for the jurisdiction is considered to be **extremely high** for both ML and TF, as represented in the table below.

Indicator	The general level of Inherent Risk for jurisdiction				The level of quality of Mitigation Efforts for Jurisdiction				The general level of the Residual Risk for jurisdiction			
	IR				VU				RR (RR = IR - WE)			
	BC		FT		BC		FT		BC		FT	
Calculated level	2,45	Medium	2,38	Medium	-0,98	Weak	-0,98	Weak	3,43	Extremely High	3,36	Extremely High

⁹ See page 158 of the report

Final Thoughts

In view of the facts listed in the report and in this executive summary, the technical group considers the result of the calculation of the **general level of residual risk** for the jurisdiction of national legal structures and legal arrangements. **extremely high** for both the Central Bank and the FT.

KEY RECOMMENDATIONS¹⁰

Competent Authorities:

- Carry out dissemination actions with obliged entities and competent authorities for the dissemination of the results of the National Risk Assessment of Legal Persons and Legal Arrangements;
- The creation of new legal instruments relevant to each sector and the conformity of the current ones to the 40 recommendations of the FATF;
- Creation of the Legal Regime for Trusts and the respective competent authority for licensing and monitoring;
- Creation of the Legal Regime and the respective institutionalization of the Beneficial Owner registration center;
- The jurisdiction must create discrepancy reporting mechanisms;
- Competent authorities should increase checks on the implementation of customer due diligence measures by obliged entities with regard to beneficial ownership information;
- Creation of technological solutions capable of producing and providing relevant information (statistical and other data);
- Competent authorities, the FIU and Registration Authorities, should intensify cooperation and expand data connection and information sharing in order to uncover new observed threat scenarios and develop risk mitigation measures.

Supervisors:

- Supervisory authorities should continue to carry out awareness-raising activities to ensure compliance with obligations.
- Train and empower its technicians, employees and supervised persons.
- Supervisory bodies should improve their intervention in relation to their supervised entities and to this end should develop supervisory manuals and other tools on ML and TF.

¹⁰ See Chapter VI of the report

- It is recommended to increase the quality of *on-site* supervision for TCSPs, guiding supervised entities to create instruments to materialize their obligations in ML and TF matters.
- It is recommended to apply the sanctions/fines set out in Law 11/24 of 4 July, a law that amends Law 05/20 on ML and FT.
- The court must create a competent and autonomous entity to supervise the exercise of the activities of legal structures in the field of commerce, the provision of autonomous services (lawyers, accountants and others) and the holding of events.

Registration Authorities:

- Registration authorities should consider the results of the risk assessment of Legal Persons and Legal Arrangements in their supervisory approach.
- Registration authorities must ensure uniformity for commercial registration, ensure that all information regarding Legal Persons incorporated and registered manually is transferred to digital format.
- They must ensure the operation, the interoperability of the Beneficial Owner's central registry.
- They must ensure the availability of information on foreign Legal Persons with comprehensiveness and precision so that not only statistical data but also other relevant information are available.
- The jurisdiction must create measures that promote the discontinuation of the use of bearer shares and warrants.
- The jurisdiction must create measures that ensure the supervision of agreements and other instruments for the appointment of corporate bodies and employees with relevant functions, ensuring that they are in compliance with the recommendations and the law.

Configuration of the Beneficiary Property Registry:

When institutionalizing the Beneficial Owner registration center, the competent authority for registration must ensure interoperability, authentication and access levels between the competent and subject authorities, effectiveness in the availability of information.

Financial Intelligence Unit (FIU):

The FIU should continue to enhance specific attention to STR/SARs where entities, Legal Persons or Legal Agreements are involved, in order to identify possible threats to the commission of Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction crimes.

Obligated entities:

- Obligated entities should familiarise themselves with the results of the risk assessment and pay extra attention to entities and legal arrangements where higher residual risk has been identified or where a threat scenario has been identified;
- Obligated entities should take into account the results of this risk assessment in their self-assessments of ML/TF, high-risk economic activities and the different levels of residual risks. They may also include cases of lesser threat and vulnerability;
- Obligated entities should, where informal appointment arrangements exist, take due care to make judgments based on specific indicators and circumstances and to consider that factor in order to make appropriate decisions on the level of ML/TF risk associated with the client and to distinguish between different situations in the extent of the measures applied, according to the ML/TF risks they present.

FORMULATED PROPOSAL

In view of what is set out in this executive summary of the report, the technical group presents the following proposal:

Single point: That this report be submitted to the competent authorities for due legal effects.