Section 1 - Executive Summary

Grey Lists: Mauritius is listed by FATF, & is proposed by the EU on their “Grey” list. Mauritius is not listed by the US as a “Country of Primary Concern” in respect of ML & FC.

NRA: Mauritius has published its National Risk Assessment in 2019. According to the NRA, the overall ML risk is Medium - High, based on a threat level rated Medium - High and a ML vulnerability rating of Medium - High. The main proceeds generating crimes were from drug trafficking, fraud, illegal bookmaking, high-value theft/robbery, tax crimes and corruption. The main threats externally affecting Mauritius originated from fraud (including tax fraud) and proceeds from corruption.

Organised Crime: According to the OC Index, Low Criminality - High Resilience. Criminality 4.16/10, (ranked 41st lowest of 54 African countries. Main markets are illegal drugs heroin (8/10) & synthetic drugs - (7/10), cannabis (5.5/10), wildlife crime (3.5/10) & people smuggling (3.5/10). The main “Criminal Actors” are “State Embedded Actors” (6/10), “Criminal Networks” (5.5/10), “Foreign Actors” (5/10) and “Mafia Style Groups” (2/10).

Corruption: TI CPI - 2019 - ranked 56/180, with a score of 52/100, an improvement from 2018, where Mauritius was still ranked 56/176 but with a score of 51/100.

Modern Slavery: The 2018 GSI Index: 47/51 African countries, with just 1,000 modern day slaves, and an incidence of under 1/1000 people and a “CCC” response. US Trafficking in Persons Tier 2 rating.

Sanctions & Terrorism: There are no sanctions against the country. Mauritius is a Tier 3 (lowest threat) PPI 2019 (Proliferation) Index Country with a “High” response score of 497/1,300. Mauritius has a “zero” impact (score 0/10) in Global Terrorism Index 2019. Mauritius is not included in US Country Reports on Terrorism.

Response & Resilience: FATF MER 4th round results by ESAAMLG were 83/100 for technical compliance (40 Recommendations) & 12/100 for effectiveness (11 Outcomes). Mauritius scored 6.42/10 for resilience (High), ranked 2/54 for Africa in the OC Index.

Indices: Mauritius scored 89/100 and was rated “free” in the 2019 Freedom in the World report and 74.9/100 for economic freedom (Heritage Foundation) described as “mostly free”. The Mo Ibrahim Index of African Governance (IIAG) scored Mauritius 1st in Africa at 79.5/100. The Basel AML Index 2017 ranked Mauritius with a score of 4.94/10.

Overall Ratings: Mauritius is rated overall the best rated Country in SSA and in Eastern Africa, with an overall score of 75/100, with 82/100 for Threats and 68/100 for Responses.

FCN Rating: “Low” Risk 75/100 “Neutral Trend”
Mauritius - Threat Assessment - 2020

**Mauritius**

**Neutral Trend**

**Capital & Population:** Port Louis / 1.3 million

**President:** Prime Minister Pravind Kumar Jugnauth (since 2017)

**GDP:** US$14.7 billion (2017) (0.9% of SSA GDP)

**Economic Sector Breakdown:** Agriculture (4%), Industry (22%), Services (74%)

**Exports:** US$2.36 billion in clothing and textiles, sugar, cut flowers, molasses, fish, primates (for research) to France 16.7%, US 12.5%, UK 12%, South Africa 9%, Madagascar 6.7%, Italy 6.6%, Spain 5.2% (2017)

**Imports:** US$5 billion in manufactured goods, capital equipment, foodstuffs, petroleum products, chemicals from India 17.9%, China 15.7%, France 11.1%,

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**Score: 75/100 “Low” FCN Risk Rating**

(Average Country Score is 43 – SSA)

**Rank: 1/40 SSA - 1/10 Region EA**

**Proceeds / Laundering**

range 5.5% - 8.5% GDP / 70 - 76% of Proceeds

**Organised Crime**

range up to approx 24 - 26% of Proceeds

(Scale Embedded 6/10, Criminal Networks 5.5/10, Foreign Actors 4/10 & Mafia Style 3/10)

**Costs of Corruption**

range up to approx 1 - 3% of Proceeds

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**Mauritius Inherent Higher Risk Factors**

<table>
<thead>
<tr>
<th>Customer Risks</th>
<th>Sector Risks</th>
<th>Geography Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers with elevated exposures to: Criminal activities such as: illegal drug trafficking (heroin, synthetics, cocaine &amp; cannabis) fraud, theft &amp; robbery, supported by corruption (eg PEPs &amp; Public Officials) that assist with facilitating these crimes &amp; also tax evasion (High, Med High or Med in NRA) &amp; Illegal fishing, Market Abuse, Human Trafficking &amp; Smuggling (Med Low in NRA) - Involving Higher Risk Sectors and/or Geography Risks</td>
<td>Banks (in particular retail and correspondent banks), Trust &amp; Company Service, Bureau de change, MSBs’ Gambling (All considered High Risk under NRA) Securities Sector, Second Hand Motor Vehicle Dealers (Med High Risk - NRA) Real Estate, Accountancy, Lawyers, Jewellery (Med Risk - NRA) Major export / import partner Countries (trade mispricing via IFF’s): Near Neighbour Countries in particular Madagascar Afghanistan Pakistan, SE Asia and Western Europe, as source and destination countries with East African Countries as transit Countries (heroin)</td>
<td></td>
</tr>
</tbody>
</table>

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**Total Criminal Proceeds in Sub Saharan Africa in US$ Billions - FCN 2020 (not including fraud and corruption and tax evasion)**

- **Mining** 10
- **Fishing** 2.9
- **Goods Piracy** 9
- **Logging** 12.5
- **Modern Slavery** 8.3
- **Theft** 15
- **Drugs** 3

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**FCN SSA Country Risk Rating - “Very Low” Threats - Mauritius**

- 82

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**FCN SSA Country Risk Rating - “High” Response - Mauritius**

- 68
People & Geography: Mauritius is a small island nation in the Indian Ocean with a multicultural population totalling almost 1.3 million (end 2019). The country is classified as “Small Island Developing States” by the United Nations and it is often dubbed as being the ‘Gateway to Africa’ or ‘The Singapore of the African continent’, because of the role the country plays for eastern countries to invest and also because Mauritius is among the most well governed and least corrupted country in the African region. The capital of Mauritius is Port Louis and the city is the administrative, economic, legislative and judicial nerve centre for the country. Of the 1.3 million population, Mauritius counts some 28,800 of migrants for 2019 and 188,300 emigrants.

Recent History & Leadership: Mauritius gained independence from the UK in 1968 and became a Republic in 1992. The MSM came into power in December 2014 with its leader, Sir Anerood Jugnauth as Prime Minister stepping down in 2017 to let his son Pravind Kumar Jugnauth hold office as Prime Minister. The country has witnessed substantial growth in its economy and its society as a whole and is considered as an upper middle-income economy.

Economy & Trade: In 2019, the GDP was USD14.70 billion, which represents 0.8% of the SSA economy and 0.02% of the world economy. The government revenues amount to USD 3.08 billion. The GDP per capita in 2018 was USD10,578.60, making Mauritius an upper middle-income country. Mauritius’ economy is made up of agriculture (primary) 4%, industry (secondary) 21.8%, services (Tertiary) 74.2% and these sectors encompass the sugar, tourism, textiles and apparel industries, and financial services, information and communications technology, education, and hospitality and property development. Mauritius exports clothing and textiles, sugar, cut flowers, molasses & fish, primates and imports manufactured goods, capital equipment, foodstuffs, petroleum products, chemicals.

Environment: According to the Environmental Performance Index Mauritius is ranked 90/180 countries, with a score of 56.63/100.

Tourism: Travel & tourism contributes MUR63.1 billion in 2019, which represents 12.5% of the GDP of Mauritius. The labour force for this sector is more than 56,700 in direct employment, which stands at 9.7% of the total workforce in the tourism industry. The significant markets for the tourism industry are from France (21.8%), United Kingdom (10.2%), Reunion Island (10%), Germany (9.3%), South Africa (8.6%), India (5.5%) & China (3.1%).

Finance: The Financial Services sector represents 11.9% of the GDP of Mauritius and the sector generated some 8,174 jobs, (end 2018) which amounts to 1.4% of the labour force in Mauritius. Being an IFC of international repute, Mauritius has a well-regulated legal and institutional framework. Mauritius has 21 banks, including 5 banks which are listed in the Africa’s Top 100 Banks 2019. In terms of remittances, both inward and outwards, the country has recorded USD179 million (1.2% of the GDP) and USD643 million (4.5% of the GDP) for the year 2018 according to the World Bank. Connectivity-wise, there is an internet penetration rate of 68% & 1.91 million mobile connections for the year 2019. With regard to the banking system access, in 2017, 89% of the population over 15 years of age hold bank accounts and 24% of the population over 15 years of age have a credit card.
### Section 4 - Country Ratings

<table>
<thead>
<tr>
<th>Source</th>
<th>Mauritius</th>
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<th>Mauritius</th>
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<th>Mauritius</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Economic Forum</td>
<td>74.6/10</td>
<td>Transparency International</td>
<td>32/100</td>
<td>Financial Credit Index - PPI Threat</td>
<td>Tier 2 Lowest Threat Level</td>
</tr>
</tbody>
</table>
| OC Index | Criminality | 6.16/10 | TI + Alliocrim 
Crime, Money Laundering & Fin. Crime Control | 9% | Financial Credit Index - PPI Controls | 497/1300 Controls Inadequate |
| OC Index | Criminal Actors | 4.36/10 | TRACE Bribery Risk Matrix | 43 | Global Terrorism Index GtI - Impact | 6/10 Tier 2 Impact |
| OC Index | State Embedded Actors | 6/10 | Global Slavery Index | 1/1,000 Incidence of human trafficking | US Dept. of State Country Reports on Terrorism | Not Included |
| OC Index | Criminal Networks | 3.5/10 | Global Slavery Index | No of estimated Modern Day Slaves | Global Cybersecurity Index 2018 | 6.88/10 (Increasing - deterioration) |
| OC Index | Foreign Actors | 5/10 | Global Slavery Index | Country Relevance Rating | “CCC” Rating (Ratings: AAA, AA, A etc) | 79.5/100 (Increasing deterioration) |
| OC Index | Mafia Style Gangs | 2/10 | US Dept. of Labor Child Labour | Rich | Freedom House Freedom Index | 89/100 “Free” |
| OC Index | Drugs Trafficking | Hawaii 8/10 & Synthetix’s 7/10 Canada 5.5/10 & Russia 2.5/10 | US Dept of State Trafficking in Persons | Tier 2 Noted | Heritage Foundation Economic Freedom Index | 74.9/100 “Mostly Free” |
| OC Index | Lao Trafficking | 2/10 | IOM Migration E - Integration + Migration | 1 - 20,800/5 - 188,300 | Basel AML Index | 3.92/100 (2017) |
| OC Index | People Smuggling | 3.5/10 | Illegal Unreported and Unregulated (IUU) - IUU Fishing Index | 8.5/5 | FRA Egmont Member | Yes |
| OC Index | Human Trafficking | 3.5/10 | EU Listing of Countries for Illegal Fishing | No | Interpol Member | Yes |
| OC Index | Illegel Tender | 2/10 | US Dept. - Wildlife Trafficking Focus - Countries of Concern | No | Asset Garnisons over 1% of proceeds | No |
| OC Index | Illegel Mining | 3/10 | EURO( & OECD) Counterfeit Goods Proportionality of Experts | 0.171 | Financial Information Sharing Partnership | No |
| OC Index | Biscuits | 6.43/10 | Tax Justice Network Financial Sanctions Index | 72 | US Dept. of State Country Risk Report | No |
| OC Index | AML | 6/10 | EU List of No Co-operative Jurisdictions for Tax purposes | Co-operative | European Union List | Yes |
| OC Index | Law Enforcement | 7/10 | OECD - Global Forum on Transparency & Exchange of Information for Tax Purposes | Compliance | FATF Standards 40 Recommendations | 82/100 |
| OC Index | International Co-operation | 6/10 | Global Financial Integrity | US$54.6 million - 18.1% (2017) | FATF Standards 11 4’s on Effectiveness | 12/100 |
| OC Index | Economic Regulatory Environment | 7/10 | EPA’s from K. Korea, Syria, Iran or Cuba | None | FATF Standards Core 10 Recommendations | 50/100 |
| OC Index | Drug Dependency / Disorders | 6.6/10 | EU Drugs - Country Sanctions (Comprehensive - UN, US, EU, UK) | None | FATF Standards Core 4’s on Effectiveness | 15/100 |
| Naciones Unidas Critea Survey 2020 | 37.83/100 | UNODC Listed Parties with Local Addresses | None | FATF Counter-Measures Strategic Deficiencies List | Yes (Strategic Deficiencies) |

### FCN Final Ratings - Mauritius

- Financial Crime News Threat Rating: **82/100 “Very Low” Threat**
- Financial Crime News Response Rating: **69/100 “High” Response**
- Financial Crime Rating: **75/100 “Low” Risk**

For more details on the scoring model for FCN Ratings contact the Editor FCN directly for access to the Methodology.
There are many threats that effect Mauritius, which are in most part targeted towards its resources, the people, crops and fish. The effect of corruption increases the threats and reduces the ability to effectively respond. For more details in summary form see the figures below.

**Drug Trafficking - Heroin**
According to the OC Index, “The most pervasive criminal market in Mauritius is the heroin trade,” which has “a severe negative influence on society,” and driven by “high levels of domestic consumption,” and considered to have “one of the highest rates of heroin use in the region.”

**Corruption**
TI CPI - 2019 ranked Mauritius 56/180, with a score of 52/100. According to TI & Afrobarometer’s Citizens Views & Experiences of Corruption, published in 2019, the bribery rate was estimated at 5%, when using public services.

**Wildlife Trafficking**
Mauritius illicit environmental markets are not deemed to be of major concern, although there is an illicit trade in wildlife such as birds and turtles, albeit on a small scale.

**Illegal Fishing**
The industry faces serious threats, such as illegal fishing which contributes to dwindling stocks caused by overfishing, especially from vessels coming from Asia.

**Drug Trafficking - Synthetics**
According to the OC Index, “High and growing levels of synthetic drugs” are reported. Mauritius “is a transhipment point for synthetic drugs being trafficked to neighbouring countries.”

**Drug Trafficking - Cannabis**
According to the OC Index, “whilst Mauritius is neither a large producer nor destination country for cannabis herb or resin, through increasing use of synthetic cannabis is of concern.”

**Tax Evasion**
Mauritius is a gateway to Africa & is at heightened risks regarding inward & outbound tax evasion. Mauritius continues to address secrecy & tax related concerns, with positive EU & OECD ratings.

**Human Trafficking**
According to the GSI 2018, Mauritius is estimated as having just 1,000 modern slaves living with an incidence of 1%. Government response is assessed at “CCC”. Mauritius is categorised as a Tier 2 Country in the US Trafficking in Persons Report 2019 which states that “human traffickers exploit domestic and foreign victims in Mauritius. Peers, significant others, family members, or businessmen offering other forms of employment will exploit girls from all areas of the country in child sex trafficking via prostitution. Taxi drivers allegedly transport child sex traffickers to their victims with whom they engage in commercial sex acts. Malagasy women transit Mauritius en route to employment as domestic workers in the Middle East, where traffickers subject many to forced labor and sex trafficking...” and “Mauritius’ manufacturing and construction sectors employ approximately 39,500 foreign migrant workers from India, Nepal, China, Sri Lanka, and Madagascar, with the vast majority from Bangladesh, some of whom traffickers subject to forced labor.”
THE ANSWER TO GLOBAL THREATS CONDITIONED BY CRIMINAL MARKETS

ILLEGAL WILDLIFE TRAFFICKING
Intelligence Briefing
September 2019

HUMAN TRAFFICKING
Intelligence Briefing
September 2019

ILLEGAL FISHING
Intelligence Briefing
September 2019
Section 5 - Key Threats

In this Section 5, the most important criminal markets, are assessed and summarised based on available sources.

5.1 National Risk Assessment (NRA):
Mauritius published its first-ever NRA in 2019. According to the NRA, the overall ML risk for Mauritius is Medium-High, based on a threat level rated Medium-High and a ML vulnerability rating of Medium-High. The NRA assessed both the internal and external ML threats, with the main proceeds generating crimes being drug trafficking, fraud, illegal bookmaking, high-value theft/robbery, tax crimes and corruption. The main threats externally affecting Mauritius originated from fraud (including tax fraud) and proceeds from corruption. The findings further demonstrated that in most of the ML cases that were assessed, Mauritius’ financial services sector, was used as a conduit to move funds either by the criminals themselves or through the use of professional money launderers, which could be local or foreign-based. Proceeds between 2012-2017 were estimated as follows:

- drug trafficking - US$100 million plus
- fraud - US$16 million
- theft/robbery - US$75 million
- illegal bookmaking - US$105,000
- tax evasion - US$572 million

5.2 US INCSR / CIA World Factbook:
Mauritius is not listed as one of 82 countries categorised by the US State Department as a “Country of Primary Concern” in respect of financial crimes in its 2020 Report (INCSR)7.

Mauritius is not listed
US INCSR 2019

According to the Central Intelligence Agency (CIA) Factbook8 “Mauritius is a consumer and transshipment point for heroin from South Asia; small amounts of cannabis produced and consumed locally; significant offshore financial industry creates potential for money laundering, but corruption levels are relatively low and the government appears generally to be committed to regulating its banking industry.”

Mauritius is ranked 56/180 countries
TI CPI - 2019

5.3 Corruption:
Transparency International Corruption Perception Index 20199 (CPI) ranked Mauritius 56th out of 180 countries assessed, with a score of 52, gaining 1 point as compared to the score of 51 in the CPI 2018. The rank and score fluctuated substantially in recent years, yet it tended to increase through 2005 - 2019 period.
Although Mauritius has improved its score since last year, going from 51 to 52 points, it stays in 56th place. Regionally, Mauritius comes in 5th place behind Seychelles, Botswana, Cape Verde, Rwanda and ties with Namibia.

According to TI's Overview of Corruption in Mauritius\(^\text{10}\), albeit from 2014, “the main drivers of corruption in Mauritius include the complicated relationship between business interests and politics, an opaque party financing system, lack of citizen oversight and the occasionally partisan nature of investigative bodies. While it is difficult to assess whether and the extent to which Mauritius’s offshore services industry is a driver of domestic corruption, observers note that the country’s corruption challenges have developed in the context of its increasing role as an offshore banking and financial service centre”, and that “in Mauritius, as elsewhere, corruption in the public sphere is often the result of bribery originating in the private sector. Nonetheless, Mauritius’s business-friendly environment has ensured that regulation and oversight of the private sector has a “light-touch”, leaving it up to individual companies to adopt good governance codes rather than "constrain" them with regulation.”

TI also reported on The United Nations office of Drugs and Crime 2014 estimate that public procurement losses in Mauritius (partially due to corruption) have been rising steadily since the 1990s and by 2011 reached US$500 million.

The TRACE Bribery Risk Matrix 2018 ranks Mauritius 59th out of 200 assessed countries, with an overall matrix score of 43 and is ranked 2nd on the African continent.

According to TI & Afrobarometer's Citizens Views & Experiences of Corruption\(^\text{11}\), published in 2019:

- 23% of the respondents think that Members of Parliament are mostly corrupt.
- 61% of the respondents think corruption increased in the previous 12 months.
- 5% of public service users have paid a bribe in the previous 12 months.
- 62% think the government is doing a bad job of tackling corruption.
- 47% of the respondents think that ordinary citizens can make a difference in the fight against corruption.
- 5% of public service users have paid a bribe in the previous 12 months.

**5.4 Organised Crime**: According to the Organised Crime (OC) Index (Africa 2019)\(^\text{12}\), Mauritius is rated as Low Criminality and High Resilience, ranked 41st out of 54 African
countries (higher ranking means lower criminality) with an overall criminality score of 4.16/10. Experts judge drug markets as being the most established. The frequent and growing use of narcotics, as well as the country’s role as a trans-shipment point, is noted with concern.

The OC Index identified the top 3 markets coming from drugs: Heroin (8/10), Synthetics (7/10), & Cannabis (5.5/10), followed by Illegal Wildlife & People Smuggling (3.5/10).

The main “Criminal Actors” are “State Embedded Actors” (6/10), “Criminal Networks” (5.5/10), “Foreign Actors” (4/10) and “Mafia Style Groups” (2/10).

5.5.1 Environmental or “Green” Crimes: Illegal Wildlife Poaching and Trafficking: Mauritius’ illicit environmental markets are not deemed to be of major concern, reporting a score of 3.5/10 in the OC Index. Experts report “illicit trade in wildlife such as birds and turtles, albeit on a very small scale.” Wildlife at particular risk include the African Grey Parrot, the Pink Pigeon, the Sago Plant and the Giant Tortoise.

TRAFFIC’s Runway to Extinction Report recently reported that Mauritius’s main airport was a transit hub for “specific types of wildlife traffickers” including for example, smuggled reptiles from Madagascar destined for South East or East Asia.

5.5.2 Environmental or “Green” Crimes: Illegal Fishing: Mauritius is a seafood hub with fishing, aquaculture and seafood processing, contributing 1.3% to GDP and accounting for 9.1% of export earnings (US$400 million), employing approx 16,000 people. Mauritius ranks among the topmost African Caribbean Pacific (ACP) exporters of canned tuna to the European Union (EU) and is the 3rd largest external supplier of tuna to the EU market. The industry faces serious threats, such as illegal fishing which contributes to dwindling stocks caused by overfishing.

According to the NRA, Mauritius is exposed to illegal fishing, especially from vessels coming from Asian countries, which account for US$400 million in losses per year in landings or nearly US$1 billion in processed products across the western Indian Ocean, affecting a number of countries (Tanzania, Comoros, France/La Reunion, Kenya, Madagascar, Mauritius, Mozambique and Seychelles).

According to the UN Food and Agricultural Organisation (FAO) “one out of every five fish
Mauritius has an estimated 8,810 people\textsuperscript{19} with illegal drug use disorders (2017), representing 0.71% of the population.

According to the OCI, Mauritius receives low scores in most criminal markets, apart from for illicit drugs, which are deemed to be the most significant problem. The most pervasive criminal market in Mauritius is the heroin trade, (8/10), suggesting a severe negative influence on Mauritian society. This score is in large part due to high levels of domestic consumption. Mauritius is reported to have one of the highest rates of heroin use in the region.

Other significant issues are the extent to which state institutions and systems are involved with drug trafficking organisations, and levels of corruption, both of which enable heroin trafficking to occur. High and growing levels of synthetic drug use are also reported, due in large part to low prices. Mauritius is a transhipment point for synthetic drugs (7/10) being trafficked to neighbouring countries. The chemicals used for the production of drugs are imported via the internet either in powder or liquid form, and it is estimated that about 95% of those ingredients are imported from China\textsuperscript{20}.

Unlike heroin or cocaine, synthetics can be produced at home with people using products such as pesticides, rubber, rat poison and detergents, among others.
The cannabis trade is viewed as less of a concern, (5.5/10). Mauritius is neither a large producer nor destination country, for cannabis herb or resin, though increasing use of synthetic cannabis is of concern.

According to the NRA, Mauritius has been experiencing serious drug use and a trafficking problem since the 1980s. This proliferation has benefitted from the development of extensive air and sea networks to the African continent, Asia, Europe and Madagascar. The NRA has rated the ML threat associated with the illicit trafficking in drugs as High.

According to the Mauritius Police Anti Drug & Smuggling Unit,

- heroin - locally known as “Brown Sugar” is smuggled mainly by human courier, concealed in double linings of suitcases, handicrafts products and other goods fit for this purpose

- cannabis - locally known as “Masse” is one of the product (leaves) of the Cannabis plant which is illegally cultivated in the mountains, forests and cane fields. Only the leaves are consumed when dry by smoking, with consumers coming from all walks of life and the problem existing islandwide.

- psychotropic substances are mostly legal pharmaceutical products, which are illegally acquired and consumed as a substitute for heroin and cannabis. A notable drug, “Subutex”, is used as a substitute for the treatment of opium addicts.

Heroin arrives into Mauritius from the African mainland, originating from Afghanistan to Pakistan’s Makran coast, where shipments set off to Africa’s eastern coast, mostly to Somalia, Kenya, Tanzania and Mozambique. From there, heroin is taken by land to South Africa and shipped or flown to Europe or America, with heroin arriving in Mauritius, for example from couriers from the Eastern Coast of Africa.

5.8 Modern Slavery: According to the Global Slavery Index (2018), Mauritius is ranked 161st out of the assessed 167 countries in the Prevalence Index and is further ranked best or 51st out of 51 African countries. The country has recorded 1,000 as the estimated number of people living in modern slavery and 0.96/1000 as the estimated proportion of the population. Mauritius has a rating of “CCC” response with a score of 34.9.

Mauritius has recorded 1,000 as the estimated number of people living in modern slavery and 0.96/1000 as the estimated proportion of the population. Global Slavery Index - 2018

Mauritius is categorised as a Tier 2 Country in the 2019 US Trafficking in Persons Report, stating that, “human traffickers exploit domestic and foreign victims in Mauritius. Peers,
significant others, family members, or businessmen offering other forms of employment will exploit girls from all areas of the country in child sex trafficking via prostitution. Taxi drivers allegedly transport child sex traffickers to their victims with whom they engage in commercial sex acts. Malagasy women transit Mauritius en route to employment as domestic workers in the Middle East, where traffickers subject many to forced labor and sex trafficking. Mauritius’ manufacturing and construction sectors employ approximately 39,500 foreign migrant workers from India, Nepal, China, Sri Lanka, and Madagascar, with the vast majority from Bangladesh, some of whom traffickers subject to forced labor. Employers operating small and medium sized businesses employ migrant workers, mainly from Bangladesh, that have been recruited through private recruitment intermediaries, usually former migrant workers now operating as recruiting agents in their country of origin; labor trafficking cases are more common in small and medium enterprises, rather than in larger businesses that recruit directly without the use of intermediaries. Despite the illegality, employers routinely retain migrant workers’ passports to prevent them from changing jobs and creating a vulnerability to forced labour.”

According to the NRA, there were no identified ML cases associated with modern slavery during the period under assessment, despite suspected links with organised crime. Proceeds from modern slavery are considered “insignificant” under the NRA and the overall ML threat is rated “Medium-Low”.

5.9 Theft and Robbery: According to the NRA the overall estimated proceeds generated from larceny cases has been valued at MUR2.5 billion (USD75 million) for the period 2014-2017 albeit actual numbers of cases remain low, indicating targeting of high value assets. The ML threat is rated at Medium-High.

5.10 Illegal Bookmaking: Based on the NRA, illegal bookmaking in Mauritius involves the taking of bets on horse racing and football. Bookmaking on horse racing is confined to local events, whereas football bookmaking involves matches outside Mauritius. The ML threat associated with illegal bookmaking is rated High, (with proceeds totalling MUR3.5 million (USD104,800) during 2014-17.

5.11 Fraud: Fraud was assessed in the NRA and rated High. The level of sophistication in most fraud cases is regarded as medium to high. An increase in the number of attempted “Business Email Compromise” cases has been noted in Mauritius (attempts to hack emails or penetrate other accounts to fraudulently transfer funds were observed). The value of the proceeds associated with fraud cases for the period under review was MUR543 million (USD16.1 million) with the highest proceeds generated by electronic fraud, swindling and embezzlement cases.

5.12 Tax Evasion: Despite media attention related to the so called “Mauritius Leaks” in 2017, when 200,000 records from a Mauritian
law firm were exposed by the ICIJ\textsuperscript{24}, Mauritius continues to address secrecy and tax related concerns.

Mauritius is ranked 51st/133 assessed counties, with a secrecy score of 72 & accounts for 0.03\% of the global market for offshore financial services. \textit{Financial Secrecy Index - 2020}

Mauritius is ranked 51st out of 133 assessed counties, with a secrecy score of 72 in the Financial Secrecy Index 2020\textsuperscript{25}. Nevertheless, according to the FSI, "Mauritius accounts for 0.03\% of the global market for offshore financial services making it a tiny player compared to other secrecy jurisdictions."

In 2017, the EU put Mauritius on its List of non-cooperative jurisdictions for tax purposes. In 2019, the EU removed Mauritius from the list completely as it was considered no longer non-compliant following Mauritius passing new legislation imposing economic substance requirements for corporations and new transfer-pricing rules.\textsuperscript{26} For details on illicit financial flows see Section 8 below.

For the period 2014-2017, according to the NRA, notices of assessment were sent to resident non compliant persons valued at \textbf{US$572.3 million} for tax purposes.

\textbf{5.13 Goods Piracy / Counterfeit Goods:} According to the Trends in Trade & Pirated Goods Report 2019\textsuperscript{27} by the EUIPO & OECD, 3.3\% of world trade in 2016 is made up from trade in counterfeit goods. Mauritius is estimated as having a low propensity to export counterfeit products with a score of 0.177/1.0 with export trade to the rest of the world & 0.437/1.0 for export trade with the EU.

\textbf{Mauritius is estimated as having a low propensity to export counterfeit products with a score of 0.177/1.0 with export trade to the rest of the world EUIPO & OECD - 2016}

\textbf{5.14 Cybercrime:} The OSAC 2019 Crime & Safety Report\textsuperscript{28} advises that, "instances of serious cybercrimes are low. The Mauritius Police Force (MPF) has a capable Cyber Crime Unit, which has received U.S. government training. Organised hacking operations by indigenous criminal groups are very limited, although the extent of hacking operations conducted by external actors is unknown."

According to the 2018 Global Cybersecurity Index\textsuperscript{29}, Mauritius fares the best in terms of cybersecurity in Africa, particularly when it comes to awareness raising and capacity building. These successes can be traced back to a few decades after independence, when the Mauritian government decided to diversify from agriculture (sugar and tea) to a services-based economy. The financial information and communication technology (ICT); and tourism sectors were identified as focus areas.

\textbf{5.15 Overall Threat Level:} According to FCN, the overall FC Threat Level in Mauritius is rated as a “Low” Threat with a score 82/100, ranked the lowest threat in Eastern Africa, and the lowest threat across all of SSA.
### CASPIAN AML INVESTIGATOR....PROBABLY THE BEST MACHINE INVESTIGATION IN THE WORLD

<table>
<thead>
<tr>
<th>Customer details</th>
<th>All transactions</th>
<th>Alerted transactions</th>
<th>Noted Alerted transactions</th>
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</thead>
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<table>
<thead>
<tr>
<th>DETAILS</th>
<th>DECISION RATIONALE</th>
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<tr>
<td>Alerted for</td>
<td>Unexpected large credit</td>
</tr>
<tr>
<td>Date</td>
<td>01 April 19 - 30 Apr 2019</td>
</tr>
<tr>
<td>Counterparty</td>
<td>ABC Trading</td>
</tr>
<tr>
<td>Details</td>
<td>Rtn(USA)/APR19</td>
</tr>
</tbody>
</table>

#### DECISION EVIDENCE

**Relationship**
- The relationship between Focal Entity and counterparty was determined as Employee due to Transaction Parties determining Person to Business. Focal Entity employer being ABC Trading Ltd, transaction counterparty name being ABC Trading, and transaction direction being credit.

**Purpose**
- The purpose of the transaction was determined as Salary due to Transaction Frequency determining Monthly. Relationship determining Employee, transaction amount being £5200 and Focal Entity salary being £5200.

**Source/destination of funds**
- Due to the alerted transaction being a credit, the utilisation of funds was investigated. It was determined to be legitimate, with the identified funds being 50% Regular expenses, and 25% Education.

**Affordability**
- The affordability of the transaction was determined by the within the means of the customer's profile. Due to Focal Entity salary being £5200 and Focal Entity employment status being Employee.

**Frequency**
- The frequency of the transaction was determined to be Monthly. This was due to seeing 5 similar transactions with a period of 26-29 days between them.

**Entity risk**
- The counterparty ABC Trading Ltd was determined as Low Risk. This was due to the company being identified as an individual resident in the UK. No current accounts or direct relationships identified, and full address submitted and infrequent changes of address, between locations that are not linked by any known networks.

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**CONTACT**

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T: +44 (0) 7986 104 639
E: john.atkinson@caspian.co.uk
In this Section 6, the focus is on sanctions and terrorism threats.

6.1 Sanctions: Mauritius is not subject to any international sanctions. The country is compliant with all the required UN Security Council Resolutions. According to the PP Index 2019, Mauritius is a Tier 3 Country. Mauritius is ranked 9/84 Tier 3 Countries with a score of 497/1,300 and 82/200 overall.

Proliferation Tier 3 Country
PP Index - 2019

There are no embassies for Iran, Syria, Cuba or North Korea in Mauritius.

The NRA rated terrorism financing as an overall “Medium” risk and provided examples of identified social media propaganda, recruitment attempts, and allegiances to terrorist groups in the last few years. Concerns have been raised in the media regarding increasing radicalisation in Mauritius and instances of Mauritians travelling to Syria to join militants. Authorities have been vigilant in monitoring for potential returning FTFs.

Medium risk for terrorism financing
NRA - 2019

The banking sector, MVTS and physical transportation of cash were singled out as key concerns. Illicit use of NPOs should also raise concerns due to the allocation of NC allocated to Recommendation 8. According to the NRA, a risk review of the NPO sector is in progress.

There are zero entries, listed by US OFAC with addresses in Mauritius.

6.2 Terrorism / Extremism: According to the 2019 Global Terrorism Index Mauritius is ranked 138/138 globally with a score of 0/10 (whereas 10 is maximum score - greatest threat) with an impact rating of “none”.

Mauritius ranked lowest threat at 138/138 globally/ No terrorism impact
Global Terrorism Index - 2019

According to the Ibrahim Index of African Governance (IIAG) 2018, Mauritius’s national security ranking is rated the highest (most safe) out of 54 African countries scoring the highest scoring for indicators and an overall score of 100/100:

- Absence of Government Involvement in Armed Conflict
- Absence of Domestic Armed Conflict or Risk of Conflict
- Absence of Cross-border Tensions
- Absence of Internally Displaced Persons
Section 7 - Money Laundering

In this Section 7, the focus is on Mauritius's vulnerability to money laundering.

7.1 National Risk Assessment: According to the NRA, "Mauritius is a major international financial centre with an estimated total asset size of over $618 billion. The financial services sector is an important component of the Mauritian economy, contributing around 12% of the countries GDP, 15% to government tax revenue and employing around 13,000 persons directly and many more indirectly."

Mauritius is a major international financial centre with an estimated total asset size of over $618 billion
NRA - 2019

Also that, "the overall money laundering risk for Mauritius is medium high. This is the product of the national email threat which is medium high and the national ML vulnerability which has a rating of medium-high. Given its unique and strategic location in the southern Indian Ocean, Mauritius is intimately tied to developments in both sub-Saharan Africa and south Asia and is as such bound to face both domestic and external ML threats. Furthermore given that Mauritius is an international financial centre it is also exposed to external spreads from the rest of the world. The overall national ML vulnerability rating is medium high. This rating is influenced by an overall national combating ability which is rated medium low mostly as a result of the absence of formal risk based AML CFT policies, as well as other shortcomings. Key weaknesses in the national ability to combat ML include lack of resources of authorities in charge of investigating ML offences and asset recovery, the absence of a national strategy and insufficient national coordination/cooperation. The prosecution of ML cases faces considerable delay due to the number of pending cases."

7.2 Higher Risk Areas: The NRA has determined that the ML threat to Mauritius is from offences committed domestically (Medium) and the laundering of funds from offences committed abroad (High).

<table>
<thead>
<tr>
<th>Customer Risks</th>
<th>Sector Risks</th>
<th>Geography Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers with elevated exposures to: Criminal activities such as: illegal drug trafficking (heroin, synthetics, cocaine &amp; cannabis) fraud, theft &amp; robbery, supported by corruption (eg PEPs &amp; Public Officials) that assist with facilitating these crimes &amp; also tax evasion (High, Med High or Med in NRA) &amp; Illegal fishing, Market Abuse, Human Trafficking &amp; Smuggling (Med Low in NRA) - Involving Higher Risk Sectors and/or geography Risks</td>
<td>Banks (in particular retail and correspondent banks), Trust &amp; Company Service, Bureau de change, MSB's Gambling (All considered High Risk under NRA) Securities Sector, Second Hand Motor Vehicle Dealers (Med High Risk - NRA) Real Estate, Accountancy, Lawyers, Jewellery (Med Risk - NRA)</td>
<td>Major export / import partner Countries (trade mispricing via IFF's), Near Neighbour Countries in particular Madagascar Afghanistan Pakistan, SE Asia and Western Europe, as source and destination countries with East African Countries as transit Countries (heroin)</td>
</tr>
</tbody>
</table>

According to the NRA, high risk offences are drug trafficking & fraud followed by Theft/Robbery, corruption and tax evasion. The gambling and Trust & Company Service Providers (TCSPs) sectors were highlighted as having the highest ML risks, rated as “High” risk, along with the banking sector. Proceeds from crimes such as drug trafficking are used
to conduct personal spending on consumable goods such as electronics, car rentals, overseas trips, entertainment at hotels / nightclubs and jewellery. Additionally, gambling, purchase of bloodstock, vehicles, real estate, boats, and running cash intensive businesses were also identified as “lifestyle laundering” methods.

7.3 Cash Based Money Laundering:
According to the FATF MER published in 2018[^44], "Mauritius is one of Africa’s largest international financial centres and the global business sector is one of the key pillars of the economy.

The number of FIs in the Global Business Sector was 1,699

FATF MER - 2018

As at 31st December 2015, there were 21,443 global business entities, with total assets of USD660.2 billion, representing nearly 60 times the size of the GDP (2015). The financial and insurance services sector is one of the major drivers of GDP growth for the past four years and, at 10.7%, has become the largest contributor in 2016. Within the financial sector, the number of financial institutions in the Global Business Sector was 1,699 and accounted for more than 80% of the total financial sector assets."

Based on findings from the NRA, cash dealers (FX dealers, money changing dealers, remitters and MVTS) are vulnerable to walk-in customers, a large number of cash transactions as well as transfer of funds and remittances overseas. Informal money changers and MVTSs are reported to be active in Mauritius. Mauritius does not have currency threshold reporting requirements and cross border currency detection and confiscation needs to be enhanced. Mauritius has a flourishing illegal betting market that is highly cash driven and anonymous, with the illegal activity thought to be greater than legal gambling.

7.4 Trade Based Money Laundering: Most trade arrives and leaves from Port Louis harbour, which handles about 99.5 percent of the total volume of external trade, equivalent to 8.1 million tons of cargo annually, contributing 2% to Mauritius’ GDP. In 2017, a new container terminal was opened with the capacity to handle 550,000 TEUs (Twenty-Foot Equivalent Unit) to around 1 million TEUs[^35]. Port Louis is also home to a free trade zone. The port land free trade zone benefit from their strategic location in the Indian Ocean, which lies at the crossroads of key maritime routes linking Asia, Africa, Australia and Europe, and as a result Mauritius has positioned itself as a regional shipping centre and transshipment hub for the region. Mauritius is also a regional financial centre and known as the “gateway” to Africa and South Asia. For these reasons Mauritius is considered exposed to Trade Based Money Laundering.

7.5 Other Money Laundering: Securities, transaction and virtual currency laundering are considered lesser threats, though the Securities sector was rated as Medium High risk in the NRA.
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Section 8 - Illicit Funds including Estimated Criminal Proceeds

In this Section 8, the focus is on Mauritius’ vulnerability to Illicit Financial Flows (IFFs) and illegal proceeds, and the laundering of criminal and other illicit funds.

According to the African Union it is estimated that Mauritius suffered from IFFs from 2004-2013, averaging **US$600 million** a year and according to Global Financial Integrity (GFI), almost **US$426 million** is estimated to have left the country in 2017.

Mauritius has a tax to GDP ratio of 19.2%, which exceeds the average African figure of 16.2, and rated across Africa as a “High” tax collection country.

According to GFI, the most common method for transferring illicit financial funds is through trade mis-pricing. GFI believe this method or series of techniques may represent up to 80% of illicit financial flows, and can involve abusive and or aggressive transfer pricing, trade mis-pricing and mis-invoicing, for example intentionally overpaying for imports of goods or services (or underpaying for exports or services) is a straightforward way of illegally transferring monies out of a country.

According to the sources and analysis carried out in this Threat Assessment, estimates for criminal proceeds, laundered funds and, funds generated by corruption and organised crime, amongst others, (see Appendix 1 for rationale) are as follows:

- Total estimates for criminal proceeds combined of **5.5% to 8.5% of GDP** and with **1 - 3%** of this estimated as costs of corruption.

- Total estimates for monies available for laundering through the formal sector is **70 - 76%** of criminal proceeds and **24 - 26%** involving organised crime, with most significant criminal actors being “State Embedded Actors” closely followed by “Criminal Networks,” “Foreign Actors” and “Mafia Style Groups”.

Additional criminal proceeds at risk of laundering via Mauritius from overseas will occur, particularly due its role as a regional finance and trade hub.

- The largest criminal markets in Mauritius include illicit drugs, in particular heroin and synthetics, facilitated by corruption and tax evasion as well as some of those crimes identified as the largest markets across Sub-Saharan Africa (see Pie Chart).
In this Section 9, the focus is on Mauritius's level of resilience and response.

9.1 FATF: The Mutual Evaluation Report (MER) for Mauritius (4th round MER) was published in July 2018. The report highlighted that although there had been significant reforms since the last evaluation a decade ago, shortcomings were observed relating to technical compliance, and a low level of effectiveness was achieved.

According to FATF when naming Mauritius as one of the “Jurisdictions under Increased Monitoring” they noted that “in February 2020, Mauritius made a high-level political commitment to work with the FATF and ESAAMLG to strengthen the effectiveness of its AML/CFT regime” and that Mauritius would work to implement its action plan to swiftly resolve strategic deficiencies identified. This action plan included: “(1) demonstrating that the supervisors of its global business sector and DNFBPs implement risk-based supervision; (2) ensuring the access to accurate basic and beneficial ownership information by competent authorities in a timely manner; (3) demonstrating that LEAs have capacity to conduct money laundering investigations, including parallel financial investigations and complex cases; (4) implementing a risk based approach for supervision of its NPO sector to prevent abuse for TF purposes, and 5) demonstrating the adequate implementation of targeted financial sanctions through outreach and supervision.”
According to the 2nd follow up report in August 2019, Mauritius had 9 Compliant and 26 Largely Compliant ratings and an overall score of 83/100. There was 1 Non Compliant rating related to R8 - (NPOs), and 4 Partially Compliant ratings related to R24 - (BO), R26 - (FI Supervision), R32 - (Cash Couriers), & R33 - (Statistics).

Focussing on 10 core elements of the 40 Recommendations 7 rated C, 1 LC, 1 PC & 1 NC as follows: R8 (NPOs) - NC, R10 (CDD) - C, R12 (PEP) - C, R13 (CBR) - C, R14 (MVTS) - C, R15 (NewTech) - C, R22 - (DNFPBs CDD) - C, R26 (FI Supervision) - PC, R28 (DNFPBs Supervision) - LC & R29 (FIU) - C. Taking these core elements, FCN scores Mauritius at 80%.

On Effectiveness, out of the 11 Immediate Outcomes (IOs), Mauritius was rated “Moderate Level of Effectiveness” on 4 IOs and “Low” on 7 IOs. The MER commented that “fundamental and major improvements are needed with respect to areas such as understanding of ML/TF risks, risk-based supervision of FIs and DNFBPs, confiscation and implementation of preventive measures by DNFBPs”.

Focussing on 4 core elements of the 11 Immediate Outcomes (2 rated Moderate, 2 rated Low) as follows: IO3 - (Supervision) L, IO4 - (Preventative Measures) M, IO6 - (Financial Intelligence) M & IO8 - (Proceeds Confiscated) L. Taking these core elements, FCN scores Mauritius at 17%.

Based on FCN's simple scoring mode Mauritius is rated at 83% for “Technical Compliance” and 12% for “Effectiveness”, (80% and 20% for core elements) with an overall average of 64% and 31% respectively across more than 80 countries where results have been reported to mid 2019. See later for more details.

With respect to confiscations and asset seizures, figures from the FATF 2018 Report showed that cases covering drug trafficking and corruption in particular had been carried largely between 2012-2017, and asset seizures overall were low, and consequently the rating for IO8 Confiscations was “Low.”

9.2 Resilience: According to the OC Index 2019, Mauritius is rated at “High Resilience,” with and overall score of 6.42/10. The OC Index states that “Mauritius has the second highest level of resilience to organised crime in Africa, ranked 2/54 & 1/13 Southern African Countries) however, concerns have been raised in relation to the “growing use of narcotics, as well as the country’s role as a trans-shipment point”. Key component ratings include:

- AML (6/10)
- Economic Regulatory Environment (7/10),
- Law Enforcement (7/10)
- International Co operation (6/10)

The OC Index commented that with almost all indicators scoring 6 or above, its suggests Mauritius, “is addressing organised crime

Mauritius - Threat Assessment - 2020
sufficiently well” and with an independent judiciary, strong anti-money laundering laws, and a supportive victim and witness support system “are all reasons for these high/good resilience scores”. The OCI also states that, “Mauritius has taken great steps to combat illicit flows and criminal actors, ratifying all international treaties related to organise crime, providing support for victims and witnesses and passing strong laws against organised crime. Although Mauritius does not score poorly in any category, experts nevertheless note possible areas of improvement for all indicators. These include tackling corruption, increasing funding in areas such as organised crime prevention, and having a clear national strategy against organised crime.”

9.3 Law Enforcement: The OSAC 2019 Crime & Safety Report advises that there is “minimal risk” of crime in the capital city of Port Louis and that “Mauritius is one of the safest countries in the region for residents and visiting foreigners”. The Mauritius Police Force (MPF) is reported to be “a well-trained, professional, and generally responsive national police force by regional standards”, although “petty” corruption is not considered to be on a par with other African counties, “it is known to exist”.

In the 2018 MER noted deficiencies by law enforcement agencies included only conducting limited parallel financial investigations (especially for drug trafficking and corruption) and tax offences not being investigated as a predicate offences and for purposes of ML. Additionally, it was noted that even though law enforcement agencies were receiving a lot of training, that more experienced officers were needed to investigate complex and complicated cases in respective law enforcement units.

The Independent Commission against Corruption (ICAC) is statutorily mandated to investigate ML and TF offences (to the extent that it relates to ML as a predicate offence). ICAC receives intelligence reports from the FIU, however they also receive corruption and other reports. From 2012 to 2017, ICAC conducted 718 ML and 2,781 corruption investigations.

9.4 Asset Seizures: According to the NRA:

- drug seizures from 2014-2017 was valued at around US$102 million, as well additional proceeds of US$2.4 million.
- proceeds from money laundering seized between 2014-2017 was valued at US$2.4 million
- proceeds from fraud & embezzlement seized between 2014-2017 was valued at US$2.7 million

Aggregate amounts are considered low and well below 1% of estimated criminal proceeds.

9.5 Financial Intelligence Unit: The Mauritius FIU was established in 2002 and was admitted as a member of Egmont in 2003. In addition to
its core mandate, the FIU is the AML/CFT supervisor for real estate and jewellery businesses as well as three branches of the legal profession. Since January 2016, the FIU is responsible for the functions of asset recovery. The 2018 MER found that the FIU “produces relatively good financial intelligence and information which is disseminated to the relevant LEAs”, however, they said that the FIU was limited in its ability to enrich their reports due to the absence of currency threshold reporting and access to tax information. Commendably, it was reported that the ICAC had used FIU reports to commence and investigate money laundering investigations. According to the MER, 1,496 STRs were reported between 2012 and May 2017 and the assessors commented that they were of the opinion that the number of STRs received was low for Mauritius, given the size of the global financial services sector and management companies (MCs) operating in Mauritius. The majority of reports (89)% were reported by banks followed by MCs with (7%).

Mauritius does not have a public-private financial information sharing partnership.

9.6 Freedom: Beyond the definitions ascribed to human trafficking and or modern slavery, a broader concept of freedom is described by Freedom House’s, Freedom in the World Index 2019, which ranks countries and their citizens as either, “free” “partly free” or “not free.” Mauritius scored 89/100, and is rated “Free”. According to the Heritage Foundation’s 2020 Index of Economic Freedom Mauritian’s economic freedom score is 74.9 making its economy one described as “mostly free”.

9.7 Governance: Ibrahim Index of African Governance (IIAG) 2018 scores Mauritius at 79.5 /100 (African average is 49.9) and 1st out of 54 in Africa, albeit with an “Increasing Deterioration” trend, indicating a slight decline from 2008 when the rating was 80.2. Whilst Mauritius is considered the best governed country in Africa it is also the only one to meet the requirements for a “full democracy.”

The Ibrahim Index of African Governance (IIAG) is an annually published index that provides a statistical measure of governance performance in every African country. Governance is defined by the Mo Ibrahim Foundation as the provision of the political, social and economic public goods and services that every citizen has the right to expect from their state, and that a state has the responsibility to deliver to its citizens.

9.8 Basel AML Index: Mauritius was not scored in the public edition of the 2019 index (5.86 only in expert edition due to lack of full information. In 2018 Mauritius was ranked 85/129 with a 4.94 score.

9.9 Overall Response Level: According to FCN, the overall FC Resilience & Response Level in Mauritius is rated as “High” with a score 68/100, ranked the 2nd highest across all SSA and the highest in Eastern Africa.
Based on the FCN Sub-Saharan Africa Risk Rating Model, Mauritius is rated overall at “Low” at 75/100, with threats at 82/100 “Very Low” and Response 68/100 “High.”

Ranges for individual components are summarised below, with Low Response - RED, Moderate Response - Amber and Higher Response - Green, (see Section 4 for actual ratings). Key component ratings showing the progress for the OC Index for Resilience, and in the Mo Ibrahim African Governance Index, the Basel AML index and results from the FATF 4th MER are also shown.
The Mutual Evaluation Report (MER) for Mauritius (4th round MER) was published in July 2018. In April 2019, Mauritius obtained re-ratings on technical ratings and thereafter in September 2019. The latest results are set out below.

### FATF 40 Recommendations - "Technical Compliance"

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<th>R1</th>
<th>R2</th>
<th>R3</th>
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</tr>
</tbody>
</table>

Key: C = Compliant, LC = Largely Compliant, PC = Partially Compliant, NC = None Compliant, * = core

### FATF 11 Immediate Outcomes - "Effectiveness"

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<tr>
<th>IO1</th>
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<th>IO3*</th>
<th>IO4*</th>
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</tr>
</tbody>
</table>

Key: HE = Highly Effective, SE = Substantially Effective, ME = Moderately Effective, LE = Low Effective, * = core

### FATF Overall Scores by FCN

1. FATF 40 Recommendations - "Technical Compliance" 83
2. FATF 10 Core* Recommendations - "Technical Compliance" 80
3. FATF 11 Immediate Outcomes - "Effectiveness" 12
4. FATF 4 Core* Immediate Outcomes - "Effectiveness" 17

Scoring by FCN = C/HE = 3, LC/SE = 2, PC/ME = 1, NO/LE = 0. Total score divided by total available score x 100

### FATF Strategic Deficiency List

Yes
Section 10 - Observations & Recommendations (O&Rs)

Based on this Mauritius Threat Assessment, the O&Rs are made as follows: Overall O&Rs:

- The FIU and designated institutions that conduct investigations and prosecutions should be working harder to target greater asset recoveries than those reported, which represent significantly less than 1% of estimated criminal proceeds generated in Mauritius, as well as targeting proceeds of crime and or money laundering via Mauritius.

- The Mauritius government should complete the work in the action plan agreed with FATF, including: “(1) demonstrating that the supervisors of its global business sector and DNFBPs implement risk-based supervision; (2) ensuring the access to accurate basic and beneficial ownership information by competent authorities in a timely manner; (3) demonstrating that LEAs have capacity to conduct money laundering investigations, including parallel financial investigations and complex cases; (4) implementing a risk based approach for supervision of its NPO sector to prevent abuse for TF purposes, and 5) demonstrating the adequate implementation of targeted financial sanctions through outreach and supervision.”

- Stakeholders should consider how to further enhance the response of the private sector and in so doing incentivise an improvement in “preventative measures” by moving beyond current FI / DNFPB assessments based on technical regulatory compliance to one based more broadly on implementing and testing effectiveness.

- Stakeholders should consider the formation of a Public-Private Financial Information Sharing Partnership in Mauritius.

O & R for Mauritius Financial Institutions:

Mauritius FIs may want to consider whether their AML/CTF/Proliferation Programmes reflect the threats identified here and/or if changes are needed.

O & R for Foreign Financial Institutions:

Foreign FIs that have exposure to Mauritius, from outside the country, may want to consider the following:

- Mauritius PEPs may be inherently higher risk, due to the potential for corruption and secrecy in Mauritius, and the State Embedded Actor scores in the OC Index, so FIs should consider undertaking EDD+ & heightened monitoring.

- Mauritius can be considered generally “Lower” FC risk from a Foreign FI perspective, relative to other countries, though as Mauritius remain on the FATF list (and is proposed to be added to an EU list in October 2020), enhanced due diligence may be required.

- Mauritius NPOs may require enhanced due diligence unless and until R8 - NPO Rated NC improves.
Appendix 1 - Range Matrices by FCN

In Section 8 Illicit Funds including Criminal Proceeds, estimates for criminal funds in % terms, and for costs of corruption, as well as estimates for laundering and organised crime are set out.

1. Criminal Proceeds and Corruption: Table A1 below illustrates how the final estimates for “Criminal Proceeds” and “Costs of Corruption” are estimated. By taking the level of “Criminality” in the OC Index 2019, and the score from TI’s Corruption Index 2019, FCN’s overall “Country Risk Rating”, and based on the aggregate of these 3 sources, a final range estimate for “Criminal Proceeds” can be established. For “Corruption”, the three sources are used, but ranges then depend on the level of corruption based on TI’s Corruption Perception Index 2019 score.

Table A1. Range Matrix for Estimating Criminal Proceeds & Corruption by FCN - 2020 - (Very High Rating is 4, High Rating is 3, Moderate Rating is 2 & Low Rating is 1 - with all scores aggregated for OCI Criminality, TI CPI & FCN Country Score

<table>
<thead>
<tr>
<th>Score</th>
<th>Bottom of the Range % of GDP</th>
<th>Top of the Range % of GDP</th>
<th>Corruption % of Proceeds If Very High Levels (CPI)</th>
<th>Corruption % of Proceeds If High Levels (CPI)</th>
<th>Corruption % of GDP If Moderate Levels (CPI)</th>
<th>Corruption % of GDP If Low Levels (CPI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>10.5%</td>
<td>12.5%</td>
<td>15-20%</td>
<td>10-15%</td>
<td>5%-10%</td>
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<td>11</td>
<td>10%</td>
<td>12%</td>
<td>15-20%</td>
<td>10-15%</td>
<td>5%-10%</td>
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<td>11.5%</td>
<td>15-20%</td>
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<td>11%</td>
<td>15-20%</td>
<td>10-15%</td>
<td>5%-10%</td>
<td>3-5%</td>
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<td></td>
<td>(Includes a V High)</td>
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<tr>
<td>9</td>
<td>8.5%</td>
<td>11.5%</td>
<td>15-20%</td>
<td>10-15%</td>
<td>5%-10%</td>
<td>3-5%</td>
</tr>
<tr>
<td>8</td>
<td>8%</td>
<td>11%</td>
<td>15-20%</td>
<td>10-15%</td>
<td>5%-10%</td>
<td>3-5%</td>
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<tr>
<td>7</td>
<td>7.5%</td>
<td>10.5%</td>
<td>15-20%</td>
<td>10-15%</td>
<td>5%-10%</td>
<td>3-5%</td>
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<tr>
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<td>(Includes a High)</td>
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<tr>
<td>6</td>
<td>7%</td>
<td>10%</td>
<td>15-20%</td>
<td>10-15%</td>
<td>5%-10%</td>
<td>3-5%</td>
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<tr>
<td>5</td>
<td>6%</td>
<td>9%</td>
<td>15-20%</td>
<td>10-15%</td>
<td>5%-10%</td>
<td>3-5%</td>
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<td>(No Highs)</td>
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<tr>
<td>4</td>
<td>5.5%</td>
<td>8.5%</td>
<td>15-20%</td>
<td>10-15%</td>
<td>5%-10%</td>
<td>3-5%</td>
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<tr>
<td></td>
<td>(Includes a Moderate)</td>
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<tr>
<td>3</td>
<td>5%</td>
<td>6%</td>
<td>15-20%</td>
<td>10-15%</td>
<td>5%-10%</td>
<td>3-5%</td>
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<tr>
<td></td>
<td>(No Moderates)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>4%</td>
<td>7%</td>
<td>15-20%</td>
<td>10-15%</td>
<td>5%-10%</td>
<td>3-5%</td>
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<tr>
<td>1</td>
<td>3.5%</td>
<td>6.5%</td>
<td>15-20%</td>
<td>10-15%</td>
<td>5%-10%</td>
<td>3-5%</td>
</tr>
</tbody>
</table>

Note: TI CPI scores below 50 are rated: 40-49 - Moderate to High, 30 to 39 - High, below 30 - Very High; OCI Criminality scores are rated: 6 or above - Very High, 5 - 5.9 - High, 4 - 4.9 - Moderate, and below 4 - Low; FCN scores are rated: 1-30 - Very High, 31 - 40 High, 41 - 51 Moderate - High, 51 - 70 Moderate, 71- 80 Low- Mod, 81 - 100 Low. For “Costs of Corruption”, ranges depend on the level of corruption based on TI’s Corruption Perception Index 2019 score. For more details on source information for the OC Index, see HERE47, for TI CPI Index see HERE48 and for the results for Mauritius for “Criminality” and the FCN Country Risk Rating score see Section 3 above.
2. **Monies available for Laundering**: Table A2 below illustrates how the final estimates for the range for “Monies available for Laundering” was established. The top of the estimated range is 76% of “Criminal Proceeds”, based on the findings of the UNODC 2011 Study, which found that of US$2.1 trillion estimated global proceeds, that US$1.6 trillion was available for laundering or 76%, and that most of this was expected to be available to be laundered via the formal financial sector. Based on the relatively low levels of financial inclusion in most Sub-Saharan African countries, compared with the rest of the world, and the size of the shadow and informal economies, as well as the dominance of cash within Sub-Saharan economies, the estimates available for laundering through the formal financial sector have been assessed with these factors in mind based on the range estimates set out below, from sources estimating bank account and mobile money penetration, Mauritius is rated “Higher” access. For more details on source information on financial access, see HERE\(^49\).

<table>
<thead>
<tr>
<th>Financial Access</th>
<th>Range % for Laundering Criminal Proceeds</th>
<th>Financial Access</th>
<th>Range % for Laundering Criminal Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>V Low Access Levels &lt; 30% bank accounts AND &lt;30% mobile money</td>
<td>40-50</td>
<td>Moderate Access Levels &gt;40% - 50% bank accounts OR &gt;40% - 50% mobile money OR vice versa</td>
<td>60-70</td>
</tr>
<tr>
<td>Lower Access Levels &gt;30% - 40% bank accounts OR &gt;30% - 40% mobile money</td>
<td>50-60</td>
<td>Higher Access Levels &gt; 50% bank accounts OR &gt; 50% mobile money</td>
<td>70-76</td>
</tr>
</tbody>
</table>

3. **Criminal Proceeds involving Organised Crime**: Table A3 below illustrates how the final estimates for the range for “Criminal Proceeds” involving organised crime was established. The top of the estimated range is 46% of “Criminal Proceeds”, based on the findings of the UNODC 2011 study, which found that of US$2.1 trillion, organised crime were involved in US$960 million or approximately 46%. Table A takes the different scores for organised crime in Sub-Saharan African countries reported by the OC Index and presents an estimate, or range as a % of “Criminal Proceeds”, established as set out in Appendix 1 Section 1 above. **Mauritius is rated 4.38/10.** For more details on organised crime information or financial access, see HERE\(^50\).
Message from the Editor - FCN

This Country Threat Assessment focuses on the financial crime threats and responses and is both a stand-alone publication, but can also be read in conjunction with the Global Threat Assessment, published in 2019 and the Sub-Saharan Threat Assessment to be published in 2020. The Sub-Saharan Threat Assessment has been supplemented by this country threat assessment, as well as for other countries in Sub-Saharan Africa. The individual threat assessments have been co-created with dedicated financial crime fighters from the countries covered, and/or with the help of professionals familiar with the country and the region, based on a consistent approach researching available open source information. Judgement has been applied in deciding what to include and what to emphasise. Each threat assessment follows the same structure and includes the same main sources, usually over 60 sources from important and credible agencies, in the form of reports, papers and or ratings. The threat assessments include the results from the FCN Sub-Saharan Africa 2020 Risk Rating Scorecard which includes a significant number of these sources to aggregate the threats and the responses to derive a final rating and a final ranking.

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John Cusack is a leading financial crime fighter, Founder & Editor of the Financial Crime News, former Global MLRO at UBS and Standard Chartered Bank, Two time Co-Chair of the Wolfsberg Group (to end 2019), Board Member of the Traffick Analysis Hub, a Human Trafficking NGO, & adviser to Leading Regtech Providers Quantexa and Caspian and to numerous FIs. Ashvin Ramgoolam is a Compliance Manager and Deputy MLRO with Banyan Tree Bank Limited in Mauritius. He is specialising in financial crime compliance, data protection (GDPR), governance, FATCA and CRS and has past experiences in the non-banking financial services sector. Ursula M’Crystal is a leading financial crime fighter, specialising in Sub Saharan Africa and in financial intelligence and Investigation, with prior leadership experience with both Standard Bank and Standard Chartered Bank.

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Information to Note: The information, provided in this Country Threat Assessment is designed to help those involved in combating financial crime. The Editor (John Cusack) takes responsibility for the contents of this document, including any opinions, observations or recommendations, but does not take responsibility for referenced materials, that are the responsibility of the authors and as appropriate. References are provided for information purposes and do not constitute endorsement of any information. Readers should be aware that website references listed may change.