



BELIZE NATIONAL
ANTI-MONEY LAUNDERING
COMBATING TERRORISM FINANCING
COUNTERING PROLIFERATION FINANCING

POLICY AND STRATEGY

UPDATED TO FEBRUARY 2023

**BELIZE NATIONAL
ANTI-MONEY LAUNDERING
COMBATING TERRORISM FINANCING
COUNTERING PROLIFERATION
FINANCING**

POLICY AND STRATEGY

UPDATED TO FEBRUARY 2023



TABLE OF CONTENTS

BACKGROUND AND INTRODUCTION	2
PURPOSE	5
POLICY STATEMENT	5
1. IMPORTANCE OF A NATIONAL AML/CFT/CPF FRAMEWORK	8
2. THE NATIONAL ANTI-MONEY LAUNDERING COMMITTEE	11
3. INSTITUTIONAL STRUCTURE FOR COMPETENT AUTHORITIES	13
4. POLICY OBJECTIVES	16
5. ACHIEVING POLICY OBJECTIVES	18
5.1 Legislative and Regulatory Framework	18
5.2 Effective Implementation of Legal and Regulatory Framework	19
5.2.1 Risk-Based Framework	19
5.2.2 Supervision Of Reporting Entities	21
5.2.3 Compliance by Reporting Entities	21
5.2.4 Taking the Profit out of Crime	22
5.2.5 Domestic and International Collaboration and Cooperation	22
5.2.6 Targeted Financial Sanctions	24
5.2.7 Policy on NPOs	25
6. CREATIVE APPROACHES TO RESOURCE MANAGEMENT	26
7. COMMUNICATION, PUBLIC AWARENESS AND OUTREACH	26
8. FINANCIAL INCLUSION	27
9. ADDITIONAL STRENGTHENING OF THE AML/CFT/CPF FRAMEWORK	28
10. REVIEW OF NATIONAL AML/CFT/CPF POLICY	29
11. APPLICABILITY OF POLICY TO NATIONAL AUTHORITIES	29
TABLE OF ACRONYMS	30
APPENDIX I	31

BACKGROUND AND INTRODUCTION

Belize has consistently maintained a strong commitment to securing the jurisdiction against financial crime, for the protection of its citizens and economy, and in full support of the global effort to counter not only money laundering, but also the financing of terrorism. With the revision of the Financial Action Task Force (FATF) Standards, Belize's focus has been broadened to also include the proliferation of weapons of mass destruction. The underlying policy of making Belize a hard-target for financial crime is reflected in the country's suite of legislation, national and sectoral policies and operational measures. These instruments and tools have been kept under review in line with revisions to the underlying policy in response to developments in the national and international landscapes.

This document follows the latest review of national anti-money laundering (AML), combatting the financing of terrorism (CFT), and combatting the financing of proliferation of weapons of mass destruction (CPF) (summarised as AML/CFT/CPF) policies by the National Anti-Money Laundering Committee and outlines Belize's overarching national policies. It has been adopted by Cabinet and provides direction to all national authorities on implementing the country's strategies for ensuring that Belize maintains a strong and effective AML/CFT/CPF framework. This includes alignment of sectoral and institutional policies and operational strategies with national AML/CFT/CPF policies.

The document also provides guidance to Reporting Entities (REs) (as defined in the Money Laundering and Terrorism (Prevention) Act (MLTPA), all of whom have a key role to play in AML/CFT/CPF) and should be taken into account in undertaking enterprise-wide risk assessments, as well as developing and implementing all key elements of the entity's compliance programme. At a more fundamental level, this document serves as a guide to all members of society to whom terrorism and counter-proliferation targeted financial sanctions apply¹, in line with Belize's

¹ While specific obligations are placed on REs, broader targeted financial sanctions apply to all nationals of Belize and Belizean entities, as well as all persons within Belize's territory.

commitment to fulfilling its obligations in accordance with Chapter VII of the Charter of the United Nations.

The adoption of a documented, focused, and sustained approach to AML/CFT/CPF was catalyzed by a range of domestic and international drivers, including:

- (i) sustained worldwide growth in criminal activity aimed at generating wealth outside of the legal system, as part of the post 1945 globalisation phenomenon, and a consequential need to disguise the criminal origins of wealth accumulation and income through domestic and cross-border money laundering techniques to enable the use of illegal assets as if they had been legally obtained. As a responsible member of the global financial system, Belize has consistently maintained its commitment to protecting its financial system from abuse by criminal, terrorist and proliferation actors, and by extension, reducing risks to the international financial system;
- (ii) the establishment of the FATF in 1989 and the preparation (and ongoing revision) of the FATF Recommendations as a critical element in the effort to address what was seen as a substantial and growing international threat to global stability posed by increasingly sophisticated cross-border criminal activity, and to deprive criminals from benefiting from the proceeds of crime. With the problem being global in scope, it was recognised that all countries participating in international trade and financial flows would need to be involved;
- (iii) the most recent peer review² of Belize's implementation of the FATF Recommendations was conducted in 2011 by members of the Caribbean Financial Action Task Force (CFATF)³, and identified areas where the AML/CFT legal and regulatory framework could be strengthened. Following the publication of Belize's Third Round Mutual Evaluation Report, the country undertook a number of legislative and administrative corrective actions that resulted in substantial improvement in the country's compliance with the FATF Recommendations,

2 Such peer reviews are conducted on all member jurisdictions on a rotating schedule.

3 CFATF is a FATF-style regional body headquartered in Trinidad and Tobago (of which Belize is a member),

- leading to Belize successfully exiting the Third Round evaluation process;
- (iv) substantial revisions to the FATF Standards leading to the adoption of revised FATF Recommendations 2012⁴ and the accompanying 4th Round Methodology⁵, which:
 - a. call for countries to have national AML/CFT policies which are informed by the risks identified, and which are regularly reviewed⁶; and
 - b. signal the FATF's increased focus on the potential breach, non-implementation or evasion of proliferation financing targeted financial sanctions⁷;
 - (v) the findings of Belize's first national risk assessment (NRA), completed in 2020, that identified priority areas for further risk mitigation, mainly reflecting ongoing changes in the structure of economic operations and of financial services, together with the emergence of new products and delivery modalities, as well as evolving typologies for ML, predicate offences, TF and targeted financial sanctions non-compliance.⁸ The results of that NRA inter alia, reinforced that:
 - a. regular risk assessments would be required, both at the national and sectoral levels, with a view to addressing current and emerging risks in a timely manner; and
 - b. continuing priority needs to be given to ongoing focused sensitization and outreach to key stakeholders including REs, the wider public sector and broader society, each of whom have a critical but unique role in protecting Belize's financial and related sectors from abuse and sanctions evasion.
 - (vi) Emerging risks faced by the jurisdiction outside the timeframe of the NRA, including those during the Covid-19 Global Pandemic.

4 International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation (The FATF Recommendations, 2012 – updated March 2022)

5 Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems – updated October 2021.

6 See FATF Methodology, Criterion 2.1

7 The FATF Recommendations were revised in October 2020, amending Recommendation 1 and its Interpretive Note as relates to proliferation financing. The FATF is also in the process of finalizing the methodology and procedures for the 5th Round of Mutual Evaluations and will amend these documents in line with the previous changes to the Recommendations.

8 The consolidation of a written AML/CFT/CPF policy and strategy was identified as a high priority action item in the NRA National Action Plan, 2020.

PURPOSE

This document has been developed by the Government of Belize to enable the mitigation of money laundering, terrorist financing and proliferation financing risks, based on its understanding of the risks identified in Belize. It sets out Belize's overall AML/CFT/CPF policies, as well as the key elements of the strategies to be followed to ensure that the policy focus is effectively maintained, and the desired objectives achieved. It describes the institutional arrangements to effectively implement the national AML/CFT/CPF framework, and key actions and activities to maintain and strengthen them.

POLICY STATEMENT

National, regional and global attempts to use the international financial system to launder money and finance terrorism and proliferation, is of great concern to the Government of Belize. It is therefore the Government's policy to implement legal, regulatory, and operational measures using a risk-based approach, to prevent, detect, prosecute, disrupt and otherwise dissuade ML/TF/PF and protect the national and international financial system from abuse. This is achieved by conducting timely national and sectoral risk assessments to identify, understand, assess and mitigate ML/TF/PF risks, among other measures.

NATIONAL VISION AND MISSION

The following statements summarise Belize's overall policy objectives in relation to ML/FT/PF activities:

Vision: A strong legal and regulatory framework and effective capacity, consistent with international standards, that identifies, seeks to prevent, and promptly applies proportionate and dissuasive sanctions for ML/TF/PF activities and related predicate offences, and deprives criminals of the proceeds and instrumentalities of crime, terrorism and proliferation, and that evolves and is responsive to changes in the operating environment and to changes in patterns of criminal and sanctioned behavior.

Mission: To develop and maintain full stakeholder participation to counter and discourage all forms of ML/TF/PF activities, and prevent criminals from benefiting from the proceeds of crime.⁹

⁹ Achievement of the mission involves the public sector, the private business sector, NPOs (including NGOs), and the general population, together with ongoing information sharing with competent authorities in partner jurisdictions.

Policy & Strategy



1. Importance of a National AML/CFT/CPF Framework

Separate and apart from the country's commitment to meet its global obligations as a responsible member of the international community, the critical importance to Belize of its full engagement in the global AML/CFT/CPF effort lies in both:

- (a) the direct nexus between financial crime and predicate offences, presenting risks to the safety and security of the citizens of Belize; and
- (b) its heavy dependence on international trade and the associated payments arrangements to maintain and develop its economic and social systems and arrangements.

Money laundering involves the set of activities designed to conceal the criminal origins of the proceeds of illegal activity. Anti-money laundering (AML) operations are thus intended to prevent criminals from benefiting financially from law-breaking, in effect attempting to discourage predicate offences from the outset by taking the profit out of crime. The funds and non-cash proceeds of crime are, by definition, tainted. On the other hand, resources used to finance terrorist activity may have been obtained by either unlawful or lawful means. It is the use of those resources to fund terrorists or terrorist organizations at which CFT is aimed, regardless of whether the funding can be tied to a particular terrorist act. Individual non-profit and non-governmental organisations¹⁰ (NPOs and NGOs) that have weak management structures and that receive foreign funding could be potentially exposed to being used as unwitting conduits for terrorist financing activities. While the 2020 NRA assesses the risk of terrorism financing abuse in Belize as medium-low, priority will continue to be given to inter-agency cooperation and capacity building for competent authorities, with particular emphasis on investigations.

Striking the balance between the full implementation of proliferation financing targeted financial sanctions and a risk-based approach to mitigating the potential breach, non-implementation or evasion of such CPF obligations is critical, particularly against the background of resource constraints and competing risk areas at the national, sectoral and institutional levels. Like CFT

¹⁰ While a special administrative regime governing NGOs exists in Belize, NGOs form a subset of the NPO sector for the purposes of CTF.

targeted financial sanctions, CPF targeted financial sanctions would apply to all Belizean natural and legal persons, as well as all persons and entities within Belize's territory. As such, competent authorities must take a broader approach to both compliance and outreach activities than applies to AML/CFT.

All persons in Belize are responsible for adhering to CPF targeted financial sanctions, proportionate to the risks to which they are exposed based on their individual circumstances. Such risks can arise based on the potential for intersection with weapons of mass destruction supply chains and proportionate measures to mitigate those risks should be adopted. REs owe a special duty of care granted their integral role in the financial system and the functioning of the economy. In line with the FATF requirements, Belize requires REs to identify, assess and take effective action to mitigate their proliferation financing risks¹¹, alongside money laundering and terrorist financing risks. CPF is still an emerging area for the FATF Global Community, and Belize, through the NAMLC, will remain vigilant with respect to how this regime continues to evolve, with a view to ensuring that the country remains in compliance with its international obligations.

Effective implementation of the FATF Recommendations, and similar measures to combat money laundering, the financing of terrorism, and proliferation, must remain a priority for all stakeholders in the country. As noted, the economy of Belize is heavily dependent on international trade, with cross-border financial flows mirroring the movement of goods and services in both directions. Compliance with global AML/CFT/CPF standards can provide the levels of reassurance to international public and private sector partners necessary to preserve and strengthen banking, business and trading relationships. Belize must however not simply be responsive to changes in the global landscape but must be proactive in anticipating threats to the financial system, both domestically and internationally. Continuing attention thus needs to be paid to business and technological developments, policy developments in the major economies, and to sanctioning action by international and other regulatory institutions which may ultimately precede multi-lateral targeted financial sanctions obligations to which Belize is bound.

¹¹ In the present context, "proliferation financing risk" refers only to the potential breach, non-implementation or evasion of applicable proliferation financing targeted financial sanctions.

As outlined earlier, the involvement of the private business sector (including non-profit and non-government organisations) and targeted outreach activities and information flow to the wider population, are integral parts of the AML/CFT/CPF programme. The policies and strategies identified, and the specific targeted activities, reflect not only the findings of Belize's first NRA, but also take account of the changes that have occurred in the domestic and international environment identified through ongoing sectoral risk analysis by competent authorities.

2. The National Anti-Money Laundering Committee

The NAMLC is comprised of various competent authorities charged with AML/CFT/CPF responsibilities and is at the core of Belize's AML/CFT/CPF efforts. NAMLC is responsible for developing policies to guide the national framework to combat ML/TF/PF and is also charged with fostering cooperation and coordination among supervisory, law enforcement, prosecutorial and intelligence agencies, at the operational level, to detect and deter ML/TF/PF. NAMLC's three sub-committees remain integral parts of the national combating efforts.

1. The Financial Crimes Working Group (chaired by a rotating Chair from membership) allows for strategic and operational cooperation and coordination between intelligence, investigative, prosecutorial and asset-forfeiture authorities.
2. The Group of Supervisory Authorities (GoS) (Chaired by a rotating Chair from membership) is a platform for all four SAs to coordinate, provide mutual assistance to each other and for information-sharing among them for both policy and operational purposes. These mechanisms are further strengthened through a joint Memorandum of Understanding among the four SAs.
3. The Policy and Legislative Drafting Working Group (PLDWG) is tasked with identifying legislative gaps in the national AML/CFT/CPF framework, monitoring changes to the FATF Standards and developing and updating policies (including this policy and strategy) suited to Belize's context, which will enable the country to comply with the Global Standard.

The structure and composition of NAMLC and its sub-committees shall be kept under review to ensure that they remain fit-for-purpose as threats and vulnerabilities evolve and emerge and the Global AML/CFT/CPF standard develops.

In keeping with its statutory mandate, NAMLC, through its Chairman, shall on an ongoing basis:

- (a)* advise the Minister in relation to the detection and prevention of money laundering, terrorist financing and the financing of proliferation, and on the development and updating of the national plan of action which includes recommendations on effective mechanisms to enable supervisory and law enforcement authorities in Belize to coordinate with each other concerning the development and implementation of policies and activities to combat money laundering, terrorist financing and the financing of proliferation;
- (b)* advise the Minister as to the participation of Belize in the international effort against money laundering, terrorist financing and the financing of proliferation;
- (c)* advise the Minister in the development of policies to combat money laundering, terrorist financing and the financing of proliferation; and
- (d)* keep the Minister and Cabinet informed of AML/CFT/CPF developments and in relation to matters involving the FATF and CFATF.

NAMLC and its sub-committees shall, in executing their mandate, ensure that the national AML/CFT/CPF framework reconciles with other high-level policies of the country, including financial inclusion and the right to privacy. With respect to the latter, NAMLC shall serve as a focal point for coordination and cooperation among Competent Authorities in developing policy and legislation, and implementing AML/CFT/CPF operational steps which are harmonized with legislative requirements on data protection and privacy and related matters for the time being in force. Such harmonization shall otherwise be the shared responsibility of all Competent Authorities.

3. Institutional Responsibilities of Competent Authorities

All Competent Authorities are required to implement institutional frameworks to effectively carry out their responsibilities.

3.1 SUPERVISORY AUTHORITIES

The Money Laundering and Terrorism (Prevention) Act (MLTPA) designates four public sector statutory entities as Supervisory Authorities (SAs) and assigns to them responsibility for risk-based AML/CFT/CPF supervision of a defined list of REs. Three of the SAs (the Central Bank of Belize (CBB), the Financial Services Commission (FSC), and the Supervisor of Insurance and Private Pensions (OSIPP), also have prudential regulatory responsibility for the proper management and operation of financial and economic enterprises registered in or operating in the country¹². The fourth SA, the Financial Intelligence Unit (FIU), does not have prudential regulation responsibility but oversees, for AML/CFT purposes, REs defined (in the MLTPA) as designated non-financial businesses and professions (DNFBPs). The main responsibilities of the SAs include:

- (i) **Licensing and Registration** – REs which are Core Principle Financial Institutions shall be licensed while other REs shall be licensed or registered. As a part of the licensing or registration process, SAs shall take necessary legal or regulatory actions to prevent criminals and their associates from holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function, in a RE.
- (ii) **Risk-Based Supervision and Monitoring** – SAs shall undertake on a risk-sensitive basis, on-site and off-site AML/CFT supervision of REs to ensure they comply with their AML/CFT responsibilities.
- (iii) **Sanctioning** – Violations/breaches of AML/CFT requirements shall be promptly identified, remedied, and sanctioned by SAs.

¹² These responsibilities are defined either in their own establishing legislation, or in the legislation governing the class of REs in respect of which they exercise prudential oversight.

- (i) **Outreach** – SAs shall provide REs with adequate risk-based feedback and guidance on compliance with AML/CFT requirements and ML/TF risks. Risk-based guidance on sanctions compliance shall also be provided to the general public.

3.2 THE FIU, POLICE DEPARTMENT AND OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTION

Besides its supervisory responsibilities, the FIU is also responsible for receipt and analysis of suspicious transactions reports filed by REs. Operational and strategic analysis must be conducted by the FIU and the results disseminated to relevant competent authorities spontaneously and upon request.

The FIU is also the lead institution responsible for investigating and prosecuting financial crime including ML/TF. The FIU works closely with the Financial Crimes Working Group for investigation and prosecution of financial crimes and this working group includes the Police Department for investigations and the Office of the DPP for prosecutions.

3.3 THE CUSTOMS AND EXCISE DEPARTMENT

The Customs and Excise Department is responsible for effectively enforcing customs laws and regulations to detect and deter false or non-declaration of cash and other negotiable instruments entering or leaving the country. This includes cash and negotiable instruments being transported into or out of the country by persons and in vehicles and shipping containers.

The Customs and Excise Department is also responsible for enforcing Customs Laws to detect and deter contraband smuggling of goods.

3.4 DEPARTMENT OF BORDER MANAGEMENT AND IMMIGRATION SERVICES

The Department of Border Management and Immigration Services is responsible for detecting and deterring the illegal crossing of borders which facilitates smuggling of people, arms, drugs and

trade goods. This department is also responsible for enforcing immigration laws on illegal entry of persons into the country.

3.5 BELIZE TAX SERVICE DEPARTMENT

The Belize Tax Service Department is responsible for full, fair and consistent enforcement of tax laws in the country. Tax Audits should be used to promote voluntary compliance with tax laws and maintain public confidence in the integrity of the tax system. A sanctioning regime should be used to deter and penalize non-compliance with tax laws.

The department is also responsible for cooperating with foreign states by exchanging tax information for tax compliance purposes.

3.6 THE ATTORNEY GENERAL'S MINISTRY

The Attorney General's Ministry has international cooperation responsibilities for coordinating mutual legal assistance to and from any foreign state whether on the basis of a treaty or not. This includes assistance in relation to money laundering, associated predicate offences, terrorist financing, related financial crimes investigations and prosecutions, and asset forfeiture.

4. Policy Objectives

The strength of Belize's commitment to counter ML/TF/PF is evident in actions taken by successive Administrations to build on past efforts, and to continue to mobilise the resources required to ensure that Belize fully meets its obligations to help to maintain global financial stability and discourage criminal activity. This effort has continued despite the major negative impact of the COVID-19 pandemic on the public sector, the private business sector, and the general population. Belize fully recognises the importance of continuously satisfying the technical compliance and effectiveness requirements of the FATF Recommendations and their related Immediate Outcomes. This is matched by high-level commitment at the political, administrative and technical levels. To this end, Belize has engaged in the amendment of existing legislation, the enactment of new legislation, the restructuring of processes and procedures, and in the development of new arrangements for internal cooperation and coordination within the public sector as well as with international partners, in parallel with increased involvement of the private business sector, NPOs (including NGOs), and enhanced outreach and the provision of information to the general population.

Satisfying the FATF Recommendations on an ongoing basis is only one aspect of the continuing effort, albeit a critically important one. As indicated above, the FATF Recommendations themselves are subject to ongoing review and revision to take account of, among other developments, new products and delivery mechanisms, especially in the financial sector; the need for enhanced cooperation and coordination both domestically and across international borders; and a stronger emphasis on the development of risk-based approaches on the part of both supervisory authorities and agencies, and REs themselves, in order to make more efficient and effective use of resources in mitigating financial crime and targeted financial sanctions risks.

A critical element in maintaining and enhancing the effectiveness of the entire AML/CFT/CPF framework is continuous monitoring and evaluation of developments in the domestic and international environments. Maintaining effectiveness also extends to ensuring that the legislative

and regulatory framework is kept up to date, and provides sufficient authority and capacity to supervisory authorities, regulators, and law enforcement entities to identify predicate offences and potential criminal activity, and to take appropriate action to prevent, prosecute, and penalise such activity in ways that minimise or eliminate the possibility of benefiting from criminally derived proceeds, and that dissuades others from participating in such activity. As identified in the NRA National Action Plan, 2020, high priority will be given to reviewing criminal penalties for ML and other serious offences to ensure they remain proportionate and dissuasive as Belize's AML/CFT/CPF risks and national context evolve.

In light of the foregoing, NAMLC will follow closely, changes to the FATF Recommendations, Interpretive Notes and Immediate Outcomes, as well as international best practices, together with developments in the global and domestic risk landscapes. Guided by NAMLC, Belize will continue to strengthen its policy, legislative, regulatory and operational frameworks in response to emerging and evolving risks and as global standards evolve. Belize will maintain the flexibility to quickly adjust components of the national framework, as well as regulatory and operational mechanisms in response to both ongoing evolution and rapid changes in the domestic and international landscapes.

5. Achieving Policy Objectives

Various measures carried out by a wide range of stakeholders will be taken to strengthen the AML/CFT/CPF framework of the country and allow the government to effectively detect and deter ML/TF/PF in accordance with the FATF Recommendations. These measures will contribute to:

- Understanding of national and sectoral risk by way of national risk assessments and *ad hoc* targeted risk assessments as required by significant trigger events;
- Timely implementation of Action Plans developed from the results of risk assessments;
- Emphasizing of a risk-based approach to AML/CFT/CPF at the policy and operational levels;
- Incorporation of a strong AML/CFT/CPF focus where appropriate in all relevant legislation;
- Further strengthening of cooperation, collaboration, and information-sharing among all relevant public sector agencies, with particular attention to those agencies responsible for licensing, regulating or supervising REs;
- Strengthening of intelligence-gathering, investigation, prosecution, asset forfeiture and judicial capacity¹³;
- Maintenance of mutual cooperation, support and information-sharing arrangements with external law enforcement and peer institutions; and
- Increased awareness and involvement of the private sector and the general population in combating financial crime and sanctions evasion.

¹³ The NRA National Action Plan, 2023 for example identifies enhancing the structure and staff of the FIU investigations department as a high priority for the country and the analysis of STRs as a medium priority.

5.1 LEGISLATIVE AND REGULATORY FRAMEWORK

The legal and regulatory framework is the foundation on which all effective AML/CFT/CPF measures are implemented. The main elements of the legal and regulatory framework in Belize, to meet global AML/CFT/CPF standards at the time of preparation of the 2020 NRA, consisted of the (MLTPA) and the Financial Intelligence Unit Act (FIU Act), together with,

- i. the enabling legislation establishing the individual Regulatory and SAs charged with responsibility in the MLTPA for AML/CFT matters in designated classes of REs; and
- ii. the regulatory power provided to SAs both by their enabling legislation and by the primary and subsidiary legislation governing the various classes of REs.

A critical element of the framework involves cooperation, coordination, and information-sharing arrangements among not only the SAs, but also among the broader set of public sector agencies, including those responsible for taxation, non-financial business regulation, and law enforcement that are provided through membership in NAMLC.

5.2 EFFECTIVE IMPLEMENTATION OF LEGAL AND REGULATORY FRAMEWORK

5.2.1 Risk-Based Framework

An understanding of risk is the foundation of steps to prevent or mitigate ML and TF and to implement financial sanctions, as highlighted in FATF's Recommendation 1. The likelihood of a risk-event results from the combination of threats and vulnerability to those threats, while likelihood, when taken together with the consequence of a risk-event, provides a gauge of risk. Given the likelihood of multiple threats and their different levels of potential to cause harm, on the one hand, together with varying levels of capacity to address different threats, on the other, jurisdictions need to assess each threat-set and its level of vulnerability to that set, and determine the resulting level of risk posed to the jurisdiction. A risk-based approach to the operationalization of Belize's national AML/CFT/CPF framework is therefore key to its effectiveness.

It is the policy of Belize that an NRA shall be undertaken at least every five years, and that between NRA cycles, respective Competent Authorities shall be responsible for undertaking sectoral risk assessments as necessary to ensure risks are identified and understood on an ongoing basis. Competent Authorities shall keep NAMLC apprised of such sectoral risk assessments to allow NAMLC to fulfill its mandate. The NRA and the respective Sectoral Risk Assessments shall, as appropriate, identify and assess the ML/FT/PF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products. All competent authorities, including regulatory, supervisory, law enforcement, and prosecutorial authorities, shall be guided by the NRA and sectoral risk assessment in applying a risk-based approach to developing and implementing institutional strategies, policies and work programmes, including revision and strengthening of the legislative framework as necessary.

Such assessments shall be taken into account by the Government in allocating resources to competent authorities, and shall guide competent authorities in prioritizing the use of available resources to prevent or mitigate ML, TF and PF risks.

The NAMLC in respect of NRAs and Competent Authorities in respect of Sectoral Risk Assessments shall provide appropriate targeted information on the results of such risk assessments to all relevant competent authorities, REs and the wider public.

The input of REs and other key members of the private sector is critical to gaining an accurate understanding of national risk. Belize will achieve this directly through appropriate integration of the private sector into the NRA and sectoral risk assessment processes. Indirectly, REs meeting their obligation to undertake an appropriate assessment of their risk of ML, TF and PF abuse, will feed into assessments of risk at the national and sectoral levels. As outlined elsewhere in this policy, pursuing compliance with this obligation will be a priority for SAs.

It is recognized that as both global AML/CFT/CPF standards and risks continue to evolve, it may

be practical for Belize to undertake stand-alone risk assessments of certain risk areas. Belize shall as far as practicable, develop integrated prioritized action plans for allocation of resources and implementing measures to prevent or mitigate competing risks. Such action plans, as approved by Cabinet, shall be regarded as forming part of this Policy. In this regard, the NRA National Action Plan, 2020 at Appendix I hereto (restricted circulation) forms part of this policy.

Responsible Stakeholders: NAMLC at the national level and all competent authorities at the institutional level

5.2.2 Supervision Of Reporting Entities

SAs will continue to intensify their work programs, providing guidance to and risk-based supervision of REs through desk-based reviews (relying on required periodic and other reports and documentation, as well as other accessible material), and on-site examinations as appropriate to ensure that REs are fulfilling the abovementioned requirements¹⁴. In respect of targeted financial sanctions, where lower risks are identified, commensurate measures may be approved but this shall be balanced against the requirement for full implementation of such sanctions.

Responsible Stakeholders: SAs – FIU, CBB, FSC, OSIPP

5.2.3 Compliance by Reporting Entities

The adoption of robust risk-based compliance programmes by REs is key to protecting Belize’s financial system from ML, TF and PF abuse¹⁵. This includes REs:

- i. Undertaking at an appropriate level, an assessment of the risk of ML, TF and PF abuse¹⁶. For financial institutions, this extends to conducting such assessments of new products and new business practices (including new delivery mechanisms, and the use of new or developing technologies for

¹⁴ See for example NRA National Action Plan, 2023, Attorneys – High Priority Action 1, International Financial Services (International Securities) – High Priority 1, Real Estate Agents – High Priority Action 2, and Gaming – High Priority Action 4.

¹⁵ See for example NRA National Action Plan, 2023, International Financial Services – High Priority Action 3.

¹⁶ See NRA National Action Plan 2023, Remittance Service Providers – High Priority Action 3.

- both new and pre-existing products) prior to their launch or use;
- ii. Adopting risk-based policies, procedures and controls;
 - iii. Appointing a Money Laundering Compliance Officer at management level;
 - iv. Conducting ongoing AML/CFT/CPF employee training¹⁷ tailored to the level of responsibility of the employee;
 - v. Applying robust screening procedures when hiring and retaining employees; and
 - vi. Establishing an adequately resourced and independent audit function to test compliance.

Responsible Stakeholders: REs as defined in the MLTPA

5.2.4 Taking the Profit out of Crime

Conducting parallel money laundering investigations will be prioritized by competent authorities, with the aim of disrupting and disincentivizing criminality, and holding both professional money launders and self-launderers to account by way of successful prosecutions of financial crimes and asset forfeiture. Taking the profits out of crime will remain a key pillar of Belize's anti-financial crime strategy. This will include through enactment and implementation of a comprehensive civil asset recovery and management of unexplained wealth framework. These mechanisms will work alongside existing mechanisms for conviction and non-conviction-based asset forfeiture, confiscation and other tools for depriving criminals of their proceeds and the instrumentalities of crime, the use of which will continue to be a priority.

Responsible Stakeholders: All law enforcement and prosecutorial authorities

5.2.5 Domestic and International Collaboration and Cooperation

The effectiveness of implementing the technical compliance arrangements involves the establishment or enhancement of processes and procedures in several areas. These include:

- i. enhanced domestic and international cooperation and collaboration;

¹⁷ Training should include obligations in respect of identification and reporting of suspicious transactions and the preparation of high-quality STRs. See NRA National Action Plan, 2023 Accountants & Auditors – High Priority Action 5.

- ii. full implementation of a risk-based analytical and mitigation approach;
- iii. robust intelligence-gathering, investigations¹⁸, enforcement, and a comprehensive and dissuasive sanctions regime; and
- iv. targeted outreach to key sectors and members of the wider public in order to reduce their vulnerability to profit-generating predicate offences and to enlist their participation in the overall anti-crime effort.

While the core membership of NAMLC form the hub of Belize's national AML/CFT/CPF defenses, other public sector agencies also play a critical role in this fight, including as sources of intelligence and evidence, platforms for collaboration with sectors, and preventing market access by money launderers, criminals, terrorists, proliferators and their associates. Greater coordination and collaboration between NAMLC and other agencies that have prudential licensing or other licensing and regulatory responsibilities for key sectors, shall therefore be prioritized. NAMLC shall institutionalize strategic partnerships with such other agencies through entering into memoranda of understanding or other formalized frameworks, providing sufficient detail of cooperative and collaborative arrangements.

Cooperation, collaboration, and information-sharing cannot be limited to domestic institutions given the cross-border nature of financial criminal activity, particularly in small, trade-dependent economies like Belize. Priority will be given to reviewing and strengthening the legislative and institutional framework for both formal and informal international cooperation. This will extend to mutual legal assistance in criminal matters, mutual legal assistance in the freezing and confiscation of criminal proceeds and instrumentalities of crime, and extradition. Legislation shall be supported by institutionalized bi-lateral and multi-lateral collaborative mechanisms with international partners, strengthening such existing arrangements and seeking out new arrangements prioritised on the basis of risk. Competent authorities shall utilize all available mechanisms to advise and inform international partners of the availability of such mechanisms within Belize, as well as to

¹⁸ As identified in the NRA National Action Plan, 2023 – high priority will be given to increased collaboration between investigators and prosecutors, with prosecutors providing guidance to investigators on a results-based approach to moving investigations forward.

understand how to access reciprocal support from such partners.

Belize will continue to seek out partnerships with allied nations to strengthen and supplement operational capacity. This will extend to supervisory, intelligence, investigative, prosecutorial and asset forfeiture and confiscation functions. In addition to capacity building through support for human resource development, mechanisms for embedding international experts within Competent Authorities as well as joint operations, leveraging the experience of international partners, will be actively pursued. Less-formal relationships with foreign counterpart agencies continue to be integral to effective international cooperation, particularly on operational matters. Competent Authorities in Belize shall pursue the institutionalizing of such arrangements where they prove to be most effective, and as a baseline shall keep appropriate records of such cooperation as far as possible.

Responsible Stakeholders: NAMLC at the national level and all competent authorities at the institutional level

5.2.6 Targeted Financial Sanctions

Belize has placed increasing importance on countering the financing of proliferation of weapons of mass destruction (CPF) as this issue has evolved internationally, led by the FATF. In line with the global standard, Belize will maintain as a baseline, full implementation of the proliferation financing targeted financial sanctions called for by the FATF Recommendations. Belize will take steps to identify, assess and understand the risks of potential breach, non-implementation and evasion of such sanctions through national and sectoral risk assessments. Belize will also adopt risk-based legislative, supervisory and enforcement measures requiring REs to appropriately identify, assess and take effective action to mitigate their proliferation financing risks. Risk-based measures will also be taken to mitigate proliferation financing risks in relation to non-REs.

Belize recognizes that while CPF continues to be a developing area, globally it lags behind AML and CFT in terms of emphasis. Focus will therefore be placed on building knowledge within Competent

Authorities, REs¹⁹ and other higher-risk sectors on CPF as a foundation for understanding PF targeted financial sanctions risks and identifying effective mitigation strategies.

For both PF and TF targeted financial sanctions, Belize will adhere to its international obligations in accordance with Chapter VII of the Charter of the United Nations and as called for by the FATF. Belize will balance these obligations with adherence to the rule of law in implementing such sanctions.

Responsible Stakeholders: NAMLC at the national level, all competent authorities at the institutional level and the general public

5.2.7 Policy on NPOs

Belize recognizes that Non-Profit Organizations (NPOs), which includes Non-Governmental Organisations (NGOs) as a subset, play a critical role in our society, bringing relief and opportunities to the most vulnerable. Protection of NPOs from abuse for the purposes of terrorism and terrorism financing is key to preserving public trust and confidence in the NPO sector, including by donors. Belize will strike a balance between mitigating the risk of such abuse and non-disruption of the good works that NPOs undertake. Belize will therefore adopt legislative, regulatory and law enforcement measures reflective of such balance. Achieving such a balance also requires a collaborative approach between national authorities, the NPO community and other key stakeholders in the NPO sector. In particular, such an approach in developing, adopting and refining best practices to mitigate the risk of terrorist financing abuse, will be institutionalized.

Responsible Stakeholders: NAMLC, Law Enforcement Authorities, Registrars of NPOs and NGOs, NPOs and NGOs and Donors to NPOs and NGOs

¹⁹ See for example NRA National Action Plan, 2023, Real Estate – High Priority Action 1, Gaming – High Priority Action 3 and Attorneys – Action Item 3.

6. Creative Approaches to Resource Management

Belize will continue to expand the use of technology, including regulatory technology, to increase the efficiency of AML/CFT/CPF intelligence gathering, analytical, investigative, supervisory and other supporting processes. Belize and competent authorities shall take a holistic view in organizational planning, considering the use of technology alongside human resource and other resource requirements.

7. Communication, Public Awareness and Outreach

Outreach and interaction with REs, NPOs (including NGOs) and the wider community, together with reactions to FIU's publishing of warnings and of scam and victimisation typologies, reinforce the importance of communication between competent authorities and their respective publics, including through targeted public awareness and outreach. Competent authorities will continue to implement aggressive awareness and outreach to key audiences, which shall be prioritized on the basis of risk.

While competent authorities serve as critical components of the national AML/CFT/CPF framework, REs are the first line of defence against financial crime. The role of REs in this regard goes beyond them being key sources of financial intelligence and critical stakeholders in the NRA and sectoral risk assessment processes. Public-private information sharing can serve as a springboard for effective supervision, advancing of strategic and operational analysis and identifying best practices in risk mitigation. Belize will therefore explore mechanisms for such collaboration as well as for appropriate information sharing between and among REs to support each other in implementing effective compliance programs.

8. Financial Inclusion

Financial inclusion (as is reflected in the National Financial Inclusion Strategy (NFIS)) and protecting the country from ML, TF and PF abuse, are complimentary national objectives, with both being essential to the sustainable development of Belize. Thus, Belize's NFIS Vision, has taken steps to ensure that underserved individuals in Belize can access a broad range of formal financial services. Enabling unserved and underserved groups of people to use regulated and supervised channels supports improved consumer protection and deter fraud, financial abuse, and other money laundering and terrorist financing (ML/TF) risks. While Belize remains committed to implementation of a robust anti-financial crime framework, particular emphasis shall be placed on ensuring that AML/CFT/CPF measures are not themselves misapplied to prevent the legitimate use of the formal financial system by the broadest cross-section of society.

9. Additional Strengthening of the AML/CFT/CPF Framework

In executing the national legislative agenda, AML/CFT/CPF considerations will be taken into account in developing the broader suite of primary and subsidiary legislation and regulatory and supporting administrative frameworks. Particular attention will be placed on this as the country undertakes its substantial ongoing structural changes to its general business framework. This includes:

- Digitization of domestic and offshore business registries;
- Requiring international business companies to have domestic economic substance, and to be subject to domestic taxation;
- Harmonizing companies and securities legislation with Global Standards on beneficial ownership²⁰ and “fit and proper” criteria at both ownership and management levels.
- Taking a prudent approach to regulation, supervision, monitoring and enforcement with respect to virtual assets (VAs) and virtual asset service providers (VASPs). Belize sees great potential in this sector, both for promoting financial inclusion and expanding the economy. Belize will adopt an approach of working with private sector towards enacting and implementing a robust risk-based regulatory and enforcement regime for this sector within the shortest possible time, pending which Belize will adopt a conservative approach by prohibiting such activities.
- Improving the administration of justice, by strengthening the judiciary through restructuring the senior levels, expanding the number of justices, and increasing the depth and range of expertise of judges, including the knowledge base of judges on AML/CFT/CPF and asset forfeiture²¹.

²⁰ See NRA National Action Plan, 2023, National Vulnerability – Medium-Priority Action 7.

²¹ See NRA National Action Plan, 2023, National Vulnerability – High Priority Action 6.

10. Review of National AML/CFT/CPF Policy

NAMLC is tasked with keeping this Policy under review, and shall undertake such an analysis at least once annually. In line with its responsibilities to keep abreast of changes to Global AML/CFT/CPF standards and the global and domestic risk landscape, this Policy shall also be reviewed and revised as necessary following any significant development, such as changes to the FATF Standards or the identification of new or emerging criminal typologies locally, or any such relevant typologies internationally.

11. Applicability of Policy to National Authorities

This Policy as approved by the Cabinet, shall constitute national policy of Belize and shall bind all national authorities accordingly.

TABLE OF ACRONYMS

AML	Anti-Money Laundering
CBB	Central Bank of Belize
CFATF	Caribbean Financial Action Task Force
CFT	Combating the Financing of Terrorism
CPF	Combating the Financing of Proliferation of Weapons of Mass Destruction
DNFBP	Designated non-Financial Businesses and Professions
EU	European Union
FATF	Financial Action Task Force
FCWG	Financial Crimes Working Group
FIU	Financial Intelligence Unit
FSC	Financial Services Commission
GoS	Group of Supervisors
ML	Money Laundering
MLTPA	Money Laundering and Terrorism (Prevention) Act
MoU	Memorandum of Understanding
NAMLC	The National Anti-Money Laundering Committee
NGO	Non-Government Organisation
NPO	Non-Profit Organisation
NRA	National Risk Assessment
OSI	Office of the Supervisor of Insurance and Private Pensions
PF	Financing the Proliferation of Weapons of Mass Destruction
RE	Reporting Entity
SA	Supervisory Authority
STR	Suspicious Transaction Report
TF	Terrorism Financing
UK	United Kingdom of Great Britain and Northern Ireland
UNSCR	United Nations Security Council Resolution
US	United States of America

APPENDIX I

NRA NATIONAL ACTION PLAN, 2023 (ATTACHED) (RESTRICTED CIRCULATION)

1. Threat Assessment
2. National Vulnerability
3. Banking Sector
4. Insurance Sector
5. Other Financial Services: Remittance Service Providers
6. Other Financial Services: Money Lenders
7. Other Financial Services: Credit Unions
8. Other Financial Services: Money Changers
9. International Financial Services Sector
10. Real Estate Agents
11. Gaming
12. Dealers in Precious Metals and Precious Stones
13. Accountants and Auditors
14. Attorneys
15. Free Zone Businesses
16. Vehicle Dealers

17.



BELIZE NATIONAL
ANTI-MONEY LAUNDERING
COMBATING TERRORISM FINANCING
COUNTERING PROLIFERATION FINANCING
POLICY AND STRATEGY