GUIDANCE NOTE ON COUNTERING PROLIFERATION FINANCING OF WEAPONS OF MASS DESTRUCTION TO AUTHORISED DEALERS WITH LIMITED AUTHORITY

FINANCIAL SURVEILLANCE DIVISION

2026



LIST OF ABBREVEATION

ADLAs	Authorised Dealers With Limited Authority
CPF	Counter Proliferation Financing
MLPC	Money Laundering and Proceeds of Crime Act
PF	Proliferation Financing
AML	Anti-Money Laundering
CFT	Counter Financing of Terrorism
FSD	Financial Surveillance Division
LEAs	Law Enforcement Agency
CSAs	Competent Supervisory Authority
WMD	Weapons of Mass Destruction
NPFRA	National Proliferation Financing Risk Assessment
MTA	Money Transfer Agency
BDC	Bureau de Change
TFS	Targeted Financial Sanctions
UNSCRs	United Nations Security Council Resolutions
DPRK	Democratic People's Republic of Korea
CDD	Customer Due Diligence
KYC	Know Your Customer
STR	Suspicious Transactions Reports
FIU	Financial Intelligence Unit
SRA	Sectoral Risk Assessment

Preamble

In accordance with FATF Recommendation 34 on Guidance, competent supervisors and regulatory bodies are required to establish guidelines and provide feedback to assist Financial Institutions in implementing national measures to combat money laundering and terrorist financing.

This Guidance note is issued by the Financial Surveillance Division to aid Authorised Dealers with Limited Authority (ADLAs) in understanding and fulfilling their statutory obligations regarding Combating Proliferation Financing (CPF). Section 12(B) of the Money Laundering and Proceeds of Crime (MLPC) Act mandates that every Financial Institution must identify, assess, and understand the ML/TF/PF risks they face and implement appropriate measures to mitigate these risks.

It is therefore essential for the Competent Supervisory Authority to issue this Guidance note to ensure that ADLAS comply with FATF Recommendation 1 on Assessing Proliferation Financing Risk which refers strictly to the potential breach, non-implementation or evasion of the Targeted Financial Sanctions (TFS) obligations.

The implementation of the measures in this Guidance note will result in an effective CFT system, characterized by its ability to detect, deter, prevent, disrupt, and punish Proliferation Financing activities and hence achieve the overarching objective of financial integrity.

Any enquiries regarding this Guidance Note should be channelled to:-

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1. INTRODUCTION AND BACKGROUND

1.1 This Guidance Note is issued by the Financial Surveillance Division (FSD) in terms of its mandate as a Competent Supervisory Authority (CSA) under Section 3 of the Money Laundering and Proceeds of Crime Act [Chapter 9:24]. Its objective is to assist Authorised Dealers with Limited Authority (ADLAs) in understanding, identifying, and mitigating risks associated with the Proliferation Financing (PF) of Weapons of Mass Destruction (WMD).

1.2 In line with FATF Recommendation 34, this guidance provides ADLAs with instructions to help them apply risk measures to combat Proliferation Financing effectively. This document is informed by the findings of Zimbabwe's inaugural National Proliferation Financing Risk Assessment (NPFRA) conducted in 2026.

2. SCOPE

2.1 The guidance applies to all ADLAs, which include:

(i) *Tier 1 Money Transfer Operators (MTOs):* Entities authorised to carry out both inward and outward international remittances and buy/sell foreign exchange.

(ii) *Tier 2 Money Transfer Agencies (MTAs):* Entities authorised to carry out inward international remittances only and buy/sell foreign exchange.

(iii) *Tier 3 Bureaux de Change (BDCs)*: Entities authorised only to buy and sell foreign currency on a spot basis.

3. KEY LEGAL FRAMEWORK

3.1 Money Laundering and Proceeds of Crime Act [Chapter 9:24] (MLPC Act): The principal legislation establishing AML/CFT/CPF obligations for reporting institutions.

3.2 Suppression of Foreign and International Terrorism Act [Chapter 11:21] and its associated regulations, notably Statutory Instrument 110 of 2021 and its amendment SI 164 of 2023, which provide the framework for implementing Targeted Financial Sanctions (TFS).

3.3 Exchange Control Act [Chapter 22:05] and the Exchange Control (Authorised Dealers with Limited Authority) Order, 2015 (Statutory Instrument 104 of 2015), which governs the licensing and operations of ADLAs.

4. UNDERSTANDING PROLIFERATION FINANCING

4.1 What is Proliferation Financing?

4.1.1 Proliferation Financing is the act of providing funds or financial services that are used, in whole or in part, for the manufacture, acquisition, possession, development, export, transport, transfer, stockpiling, or use of nuclear, chemical, or biological weapons and their means of delivery. This includes related materials like dual-use goods and technologies used for non-legitimate purposes.

4.2 What is Proliferation Financing Risk?

4.2.1 PF risk refers specifically to the potential for a breach, non-implementation, or evasion of the targeted financial obligations required by UN Security Council Resolutions (UNSCRs). For ADLAs, this means the risk of your services being used to move funds to or on behalf of sanctioned individuals, entities, or programs.

5. KEY FINDINGS FROM THE NATIONAL PF RISK ASSESSMENT (2026)

5.1 The 2026 NPFRA concluded that Zimbabwe has a Low overall PF risk[1] . However, it is crucial for ADLAs to understand the specific threats and vulnerabilities identified for the country and sector.

5.2 National Threat: Low. Zimbabwe is not involved in the development, acquisition, or transfer of WMD. No domestic proliferation networks have been identified.

5.3 National Vulnerability: Low. Zimbabwe has a strong counter-proliferation legal framework and effective measures for TFS implementation.

5.4 Primary Risk Drivers: Zimbabwe's PF risk is "opportunity driven." The key vulnerabilities stem from economic informality, smuggling, and the presence of mineral resources, which create channels that could be exploited by external actors.

6. PF RISK RATING FOR ADLAS

6.1 The NPFRA assessed the ADLA sector (comprising both MVTS and *Bureaux de Change*) as follows:-

Table 1: National PF ratings for the sector

Sector	Threat Level	Vulnerability Level	Overall PF Risk
Money Value Transfer Services (Tier 1 & 2)	Low	Moderate	Moderate Low
Bureaux de Change (Tier 3)	Low	Low	Low

Source: NPFRA and SRA document

7. UNDERSTANDING THREATS AND VULNERABILITIES FOR ADLAS

7.1 Key Findings for the MVTS Sector (Tier 1 & 2)

❖ Threat (Low)

7.1.1 Formal MVTS channels are not currently identified as being exploited by criminal networks linked to PF.

❖ Vulnerability (Moderate)

7.1.2 Primary Concern is informal mechanisms. The existence of informal transfer systems (e.g., malayicha, hawala, cross-border bus couriers) presents a structural vulnerability. These mechanisms operate outside formal regulatory oversight and can be opaque, making them a potential channel for illicit flows.

7.1.3 Client Base and Geographic (Low). Clients are primarily low-risk individuals, with no links to sanctioned jurisdictions like the DPRK or Iran.

8. SECTOR-SPECIFIC RED FLAGS FOR PROLIFERATION FINANCING

8.1 ADLAs should be aware of the following red flags[2] that may indicate a PF-related transaction. These indicators should be considered within the context of the customer's profile and business activities.

❖ Money Value Transfer Specific

Customer and Beneficiary Risk

(i) The customer or beneficial owner is a national of or has a business address in a jurisdiction subject to UN

[1] The National Proliferation Financing Risk Assessment Document can be found at FIU website

[2] Financial crime red flags are also provided in a risk based guideline to ADLAs issues in Jauary 2025, available at RBZ website

sanctions or identified as a proliferation concern.

(ii) The customer is evasive or reluctant to provide information about the purpose of the transfer or the identity of the ultimate beneficiary.

(iii) The customer is acting on behalf of a third party without a clear business reason.

(iv) The customer's stated occupation or source of wealth is inconsistent with the transaction volume.

Transaction and Activity Risk

(i) Suspicious patterns in cross-border transfers

(ii) Frequent or large or small value remittances to countries with weak AML/CFT controls or countries of proliferation concern.

(iii) Transactions to a single beneficiary from multiple unrelated senders, or vice-versa.

(iv) The customer requests structuring of a transfer into smaller amounts to avoid triggering reporting thresholds.

(v) The stated purpose of the transaction is vague, unclear, or not credible (e.g., "gift" or "donation" to a high-risk country).

(vi) A transfer to or from a country that is not consistent with the customer's normal activity or business profile.

(vii) Using agents to attempt outbound transactions.

Dual-Use Goods Risk

(i) Transfers where the stated purpose is to pay for chemicals, advanced materials, or industrial equipment that could have military or proliferation applications.

(ii) A lack of proper import/export documentation or shipping details for such goods.

❖ **Bureau de Change Specific**

(i) Unusually large cash purchases of foreign currency without a clear purpose or supporting documentation (e.g., travel, medical, education).

(ii) A customer attempting to purchase foreign currency on behalf of a third party without proper authority.

9. RISK-BASED MITIGATION MEASURES

9.1 All ADLAs must implement the following Risk-Based mitigation measures to counter proliferation financing, proportionate to the risks they face.

(i) *Board-Approved CPF Policy and Procedures*: ADLAs must have a board-approved policy and procedures covering PF risks, including specific obligations under SI 110 of 2021 and SI 164 of 2023.

(ii) *Sanctions Screening*: Implement automated or manual systems depending on volume and complexities of transactions, to screen customers, transactions, and counterparts against the UNSCR consolidated sanctions lists[3]. All ADLAs must screen their clients against the UNSCR sanctions lists relating to PF. This screening should occur in real-time or near real-time. SI 110/2021 mandates immediate freezing of assets without delay.

(iii) *Freezing Orders:* Immediately freeze any assets or funds where the customer or beneficiary is a designated person or entity on the UN list. ADLAs must then report the frozen assets to the FIU immediately.

(iv) *Customer Due Diligence (CDD)*: All ADLAs must effectively implement KYC/CDD procedures. For transactions

[3] The consolidated sanction list can be found at United Nations Security Council website under sanction committee sections

over a certain threshold, you must record and verify the identity of your customers.

(v) *Transaction Monitoring*: The system must be able to generate reports and have an efficient backup.

(vi) *Suspicious Transaction Reports (STRs):* If ADLAs encounter a red flag or have reasonable grounds to suspect a transaction involves PF or sanctions evasion, ADLAs must file an STR with the Financial Intelligence Unit (FIU) promptly but not latter than 72hrs.

(vii) *Training and Awareness:* Ensure all officers and staff are adequately trained and are aware of their CPF obligations.

(viii) *Record Keeping:* Keep all records of transactions and CDD documentation for a minimum of 5 years. Records must be made readily available to CSAs and LEAs.

(ix) Compliance function: the compliance officer must be appointed from senior management with sufficient authority to ensure compliance with all regulatory guidelines. The compliance function must have proportionate compliance resources (Human, financial and material resources.

10. CONCLUSION

10.1 Zimbabwe has a low PF risk, but ADLAs remain on the front line of financial integrity. The primary vulnerability for the sector is its potential use as a conduit for illicit funds, particularly through informal networks or the opacity of cross-border trade. By understanding the national risk assessment and implementing the robust, risk-based measures outlined in this guidance, ADLAs can fulfil their legal and ethical obligations to prevent the misuse of their services by proliferators.

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