

Press release

Aruba completes its Terrorist Financing and Proliferation Financing National Risk Assessment

July 7, 2021

Introduction

The Terrorist Financing (TF) and Proliferation Financing (PF) National Risk Assessment (TF/PF NRA), commissioned by the National AML/CFT Steering Committee, has recently been completed.

A methodology and tool developed by the World Bank have been applied to carry out the assessment, not only in compliance with the FATF Recommendations but also in preparation for the evaluation by the CFATF of the effectiveness of Aruba's AML/CFT framework taking place in the third quarter of 2021.

To date, Aruba has had no prosecutions or convictions in connection with terrorist financing or proliferation financing. Therefore, the TF and PF risk assessments were conducted based mostly on unusual transaction reports (UTRs) submitted to the FIU, intelligence information, information from the Public Prosecutor's Office, open source information, regional TF/PF typologies, and expert opinions. Weaknesses or gaps in Aruba's defenses against TF and PF ('vulnerabilities') were identified by assessing the quality of legislation, the quality of intelligence, the effectiveness of unusual transaction reporting, monitoring, and analysis, the adequacy of resources, the effectiveness of international cooperation, awareness and commitment to fight TF and PF, the quality of supervision, and the vulnerability of Aruba's Non-profit organizations (NPOs) to being misused for TF.

The Prime Minister as Chair of the National AML/CFT Steering Committee approved the TF/PF NRA report on June 10, 2021. The findings included in the report take into account Aruba's economic and geographical environment, its legal, judicial, and institutional framework, as well as potential or emerging regional crime trends. Because of intelligence information in the TF/PF NRA report, the report is classified as strictly confidential. Therefore, only the general conclusions are shared with the public via this press release.

TF/PF NRA rating results

An overall terrorist financing threat rating of **Medium-Low**, together with an overall terrorist financing vulnerability rating of **Medium**, led to an overall terrorist financing risk rating of **Medium** for Aruba. The Medium risk rating is mainly attributed to deficiencies in Aruba's legislative framework with regard to TF, the need for better awareness and commitment across relevant authorities for the combatting of TF, and the absence of effective (risk-based) supervision and monitoring of the NPO sector to prevent TF.

An overall proliferation financing threat rating of **Low**, together with an overall proliferation financing vulnerability rating of **High**, led to an overall proliferation financing risk rating of **Medium** for Aruba. The Medium risk rating is mainly attributed to deficiencies in Aruba's legislative framework with regard to PF, a low awareness in both the public and private sectors of PF red flag indicators and the absence of mitigating controls, and the need for better national cooperation and coordination among competent authorities in the prevention and combatting of PF.

Despite the Low threat level of PF in Aruba, the exposure of the financial system when conducting business in the international financial market poses PF risks. Countering those PF risks is important in view of their potential severe impact.

Key findings

Terrorism threat

The current terrorism threat level in Aruba is considered **Low**. To date, no terrorist attacks have occurred in Aruba, and no known terrorist groups (foreign or domestic) or terrorist cells (foreign or domestic) presently are active in Aruba. In addition, no local terrorist groups or terrorist cells have been designated under the Sanctions State Decree to Combat Terrorism and Terrorist Financing (AB 2010 no. 27).

Although Aruba has no history of terrorist attacks, future terrorist attacks cannot be completely ruled out. The terrorism threat to Aruba stems mainly from regional or global terrorist groups as

well as from individuals influenced by global jihad ideology possibly acting on their own (lone wolves).

Terrorist financing risk

During the period under review (2013-2018), eleven cases were designated by the FIU as possibly related to terrorist financing and subsequently disseminated to Law Enforcement Authorities. The underlying transactions showed some red flags and typologies that are recognized globally as potentially being related to terrorist financing. However, after further investigation the competent authorities concluded that none of the transactions was linked to terrorist financing.

Aruba's geographic location makes it subject to a terrorist financing threat stemming from the possibility of the financial system of Aruba being misused by terrorist groups to launder illicit money obtained through the sales of cocaine from South America. The proceeds from such sales may, subsequently, be used for the financing of terrorism.

Proliferation financing risk

Aruba is not considered a weapons manufacturing jurisdiction or an international trade center for proliferation goods. No indications were found of proliferation threats stemming from the region or domestically. Due to its geographical location, Aruba can be targeted as a transshipment center for dual-use goods, proliferation-sensitive items, or military goods.

Because Aruba has a solid and reliable financial sector, the proliferation financing threat derives primarily from the possibility that Aruba's financial system could be misused to launder illicit monies, which then could be used to finance the proliferation of weapons of mass destruction.

Follow-up actions

The Government of Aruba is in the process of designing a comprehensive AML/CFT/CFP strategy to mitigate the identified risks in order of priority. The intention is to repeat the TF/PF NRA every 5 years. However, if certain developments trigger a need for an earlier assessment at the national level, such an assessment will be carried out expeditiously.