GIABA

INTER-GOVERNMENTAL ACTION GROUP AGAINST MONEY LAUNDERING IN WEST AFRICA



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GIABA







CONTENTS

ACKNOWLEDGEMENT 4
ABBREVIATIONS 6
FOREWORD 8

CHAPTER 1 INTRODUCTION 10
Background 10
GIABA's Mandate 11
Membership of GIABA 12
Main Organs of GIABA 12
Regional Strategic Framework 13
Staffing and Accommodation 13
Priorities for Technical Assistance 14
Implementation of the Action Plan in 2008 14
Contribution to Drug Control 16
Conclusion 17

CHAPTER 2 OVERVIEW OF THE AML/CFT SITUATION IN WEST AFRICA 18
Introduction 18
Country by Country review 19
Conclusion 44

Table 1
Ratification of Conventions 45

CHAPTER 3 COUNTRY ASSESSEMENTS 49
Introduction 49
Enactment/Upgrading of AML and CFT laws 49
Mutual Evaluations 51

Table 2 :
MER Calendar 52
On-site Missions 52
Policy on Publication and Dissemination of Mutual Evaluation Reports 53
Working Group on Mutual Evaluation (WGME) 53
Evaluation Review Group (ERG) 54
Training for Regional Mutual Evaluation Assessors 54
Finalization of Technical Assistance Needs Assessment (TANA) Exercise 55
Conclusion 55

CHAPTER 4 TYPOLOGIES, STUDIES & PROJECTS 57
Introduction 57
Typologies Report 57
Projects and Reviews 59
- Compliance Manual 59
- Money Laundering Risk and vulnerability Assessment 60
- Corruption - Money Laundering and nexus 60
- Money Laundering and Small Arms 60
- Awareness Raising Programme 61

Conclusion 61

CHAPTER 5 TECHNICAL ASSISTANCE TO MEMBER STATES 62
Introduction 62
TANA Report Compendium 62
Support for the establishment and maintenance of FIUs 62

National AML/CFT Committees and Strategies 65
Regional AML/CFT Training/Capacity Enhancement Workshops 66
FIT workshops, Abuja and Abidjan 71
FIUs for french speaking african countries, Tunis 72
Regional typoligies workshop, Accra 72
ME pre-evaluation traning, Accra 73
International Drug control conference, Praia 73
Continued Contribution to Drug Control 73
Conclusion 75

CHAPTER 6 REGIONAL INTEGRATION & INTERNATIONAL COOPERATION 76
Introduction 76
Regional and International Cooperation 76
FATF Activities 77
GIABA Plenary Meetings 77
AML and CFT Guidelines 78
Conflict Prevention Framework 78
Training of Regional Police Officers 78
UCAD Seminars 79
Cooperation with UN-IDEP 79
Cooperation with other Diplomatic Missions 80
GIABA Website, E-newsletter and ICT support 80
Multi-Media Campaign on the impact of ML 81
Outreach to International Partners 82
Annual Report 82
Staff Travel 82
Conclusion 83

CHAPTER 7 ADMNISTRATION AND SUPPORT SERVICES 84
Introduction 84
Organizational Structure 84
Organogramme 85
Staffing 86
New GIABA Premises 87
Staff Retreat 87
Staff Training 88
Financial & Administrative Audit 88
Technical Adviser 88
Information and Communication Technology 89
Conclusion 90

CHAPTER 8 CHALLENGES AND PRIORITIES FOR 2009 91
Introduction 91
Challenges Ahead 92
Priorities for 2009 93
Conclusion 94

ANNEXES

ANNEXE 1 : Guidelines for the Establishment of Inter-Ministerial Committees 96
ANNEXE 2 : Guidelines for the Establishment of Financial Intelligence Unit (FIU)) 98
ANNEXE 3 : 2009 GIABA Work Plan 100

ACKNOWLEDGEMENT

For the most part, this report is essentially based on the various activities undertaken by the Inter-Governmental Action Group against Money Laundering in West Africa in 2008. Among its numerous accomplishments in the year under review are the finalization and publication of the comprehensive Technical Assistance Needs Assessment (TANA) Compendium report on its 15 member States; the ongoing establishment of the regional network of FIUs and the related AML/CFT Committees in many member States; the publication of a second typologies report on ML through the real estate sector; the production of material for a vast sensitization campaign; the preparation and publication of a regional Compliance Manual for FIs; and the approval of five additional Mutual Evaluation reports, including the publication of a previously quarantined report. Other issues were addressed and resolved, while new project proposals were launched. It has indeed been an intensive and crucial year in so many respects.

It is impossible to acknowledge each and every contribution to this report. However, a few should be singled out and mentioned here. GIABA would like to acknowledge the particular contributions of Stella Attakpah, Juliet Ibekaku, Karim Okanla, Elpidio Freitas and Modibbo Usman for providing timely reports on programme activities that were carried out during the year 2008. Special thanks also go to Michel Amiot, our international consultant, who was instrumental in formulating and preparing this report, and in supporting and mentoring our staff in their various endeavors. Also acknowledged are the administrative and support services provided by Amélie Koné Blé, Amadou Lamine Sène and Alhaji Barry. Of course, GIABA would not have been able to function at all without the devoted commitment and the dedication of each one of our support staff, too numerous to mention individually here.

This report was also made possible through the contributions of many of our stakeholders and partners. First and foremost, special thanks go to our National Correspondents, whose support and cooperation enabled the Secretariat to carry out all the planned programmes and projects according to schedule. Their cooperation and assistance was highly instrumental in the provision of technical assistance to member States. GIABA further acknowledges the ongoing support of the member States themselves and of the ECOWAS Commission, who strived to provide credibility and recognition for GIABA's programmes.

Among our esteemed international partners and collaborators, it is important to mention the FATF, UNODC, the World Bank, the IMF and Interpol, who were very supportive during the course of the year. GIABA particularly notes the assistance of the World Bank in the conduct of mutual evaluations of Niger and Mali ; Portugal and Brazil in the conduct of the mutual evaluation of Guinea Bissau, as well as the assistance of the OGBS in the evaluation of The Gambia. GIABA also applauds the assistance received from the FATF Secretariat, the French Ministry of Economy, DFID, the UK Financial Services Authority, the Belgian FIU and the US Government Treasury Department, who provided technical/expert support to GIABA programmes throughout the year. A very special thank you goes to the French Government and to the Commonwealth Secretariat for each sponsoring one of our in-house Legal Experts.
These and other significant contributions that could not be enumerated here are deeply

appreciated and acknowledged. GIABA also recognizes the strong support of civil society organizations, including the mass media, academia and NGOs, who showed keen interest and collaborated with GIABA in some of its activities. This is most encouraging to us in promoting the importance of AML/CFT awareness and preparedness to control money laundering and terrorism in West Africa.

GIABA also acknowledges the support of various individuals and groups who participated in our programmes this year, including studies on the risk of ML and FT in the region; on the nexus between ML and Corruption; on raising public awareness of ML and the impact of dirty money in the region; and on making two public presentations to hundreds of University students in Dakar.

Finally, GIABA wishes to acknowledge and to thank those who took the time to read this report. This is a demonstration of your special interest in understanding what GIABA represents and what it is striving to do towards combating money laundering and terrorist financing in West Africa. We sincerely hope that you will continue to sustain this momentum.

ABBREVIATIONS

ABCON	Association of Bureaux de Change of Nigeria
ACSS	Africa Centre for Strategic Studies
ACTU	Anti-Corruption and Transparency Unit
AML/CFT	Anti-Money Laundering/Counter Financing of Terrorism
ANSI	Agence Nationale de Stratégie et d'Intelligence
AFRCD	Armed Forces Revolutionary Council Decree
ATIF	Agence de Traitement des Informations Financières
AU	African Union
AUSTRAC	Australian Financial Transactions Analysis Center
BEAC	Banque Centrale des États de l'Afrique Centrale
BCEAO	Banque Centrale des États de l'Afrique de l'Ouest
BOAD	Banque Ouest Africaine de Développement
CAPEFRANCE	Centre d'Accueil de la Presse Étrangère de France
CBL	Central Bank of Liberia
CBN	Central Bank of Nigeria
CDD	Customer Due Diligence
CENTIF	Cellule Nationale de Traitement des Informations Financières
CFA	Communauté Financière d'Afrique
COCOLAB	Committee for Cooperation between Law Enforcement Agencies and the Banking Community
CCJ	Community Court of Justice (ECOWAS)
COMSEC	Commonwealth Secretariat
CRF	Cellule de Renseignements Financiers
CTED	Counter Terrorism Executive Directorate (UN)
DAR	Detailed Assessment Report
DG	Director-General
DDG	Deputy Director-General
DNFBP	Designated non-financial businesses and professions
DNFI	Designated non-financial institution
ECPF	ECOWAS Conflict Prevention Framework
ECOWAS	Economic Community of West African States
EFCC	Economic and Financial Crimes Commission
ERG	Evaluation Review Group
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FSAP	Financial Sector Assessment Program
FSRB	FATF-Style Regional Body

GIABA	Groupe Inter-Gouvernemental d'Action contre le Blanchiment d'Argent en Afrique de l'Ouest (Inter-Governmental Action Group against Money Laundering in West Africa)
IMF	International Monetary Fund
INTERPOL	International Criminal Police Organization
IT	Information technology
JP	Judicial Police
KYC	Know Your Customer
MER	Mutual Evaluation Report
MEF	Ministry of the Economy and Finance
ML	Money Laundering
MLPA	Money Laundering (Prohibition) Act 2004 (Nigeria)
MOU	Memorandum of Understanding
NAICOM	National Insurance Commission (Nigeria)
NCS	Nigeria Customs Service
NGO	Non-governmental organization
OGBS	Off-shore Group of Banking Supervisors
OTA	US Treasury - Office for Technical Assistance
PANAFSTRAG	Pan African Strategic and Policy Research Group
PNDCL	Provisional National Defence Council Law
RCMP	Royal Canadian Mounted Police
SALW	Small Arms and Light Weapons
SCUML	Special Control Unit against Money Laundering (Nigeria)
STR	Suspicious Transaction Report
SEC	Securities and Exchange Commission
TANA	Technical Assistance Needs Assessment
UEMOA	Union Économique et Monétaire Ouest-Africaine
UN	United Nations
UNDP	United Nations Development Programme
UK	United Kingdom
UNODC	United Nations Office on Drugs and Crime
USA	United States of America
USAID	United States Agency for International Development
USPIS	United States Postal Inspection Service
WABA	West African Bar Association
WAEMU	West African Economic and Monetary Union
WAPO	West African Police Organization
WGMEI	Working Group on Mutual Evaluation and Implementation

FOREWORD



Dr. Abdullahi Y. SHEHU, Director General

Within the framework of its Plan of Action for 2007-2009, GIABA undertook a comprehensive Technical Assistance Needs Assessment (TANA) in all its member States in 2007. The main thrust of the TANA was to determine the capacity of countries in West Africa to respond to the challenges of money laundering and terrorist financing, as well as their specific needs to improve their AML/CFT regimes. The key findings of this exercise include deficiencies and problems associated with (1) political will; (2) lack of awareness of the problems and impact of money laundering and terrorist financing among the populations; (3) the absence of Financial Intelligence Units (FIUs) in many countries and shortage of personnel and equipment where the FIU existed; and (4) inadequate training and (5) insufficient coordination amongst government agencies and the private sector. Almost all these findings were further confirmed in all the mutual evaluation reports that were produced and published.

In order to address these problems in a systematic manner, GIABA focused its technical assistance activities on these specific areas of need in the year 2008. It is obvious that without a strong political commitment, which would result in more resource allocation for AML/CFT, greater cooperation and collaboration among integers and other stakeholders at the national level, little can be achieved at the regional level. Thus, Government support needs to be made clear through the provision of staff, funding, material supply and a strong official commitment to combat the threats of money laundering and terrorist financing. GIABA's objective of establishing a Regional Plan of Action must necessarily be based on each country's concrete adherence to the stated objectives of GIABA. The establishment of AML/CFT Inter-Ministerial Committees, which GIABA is spearheading in all countries, can play a major role in ensuring these tasks are indeed fulfilled. This report shows a significant progress in these areas across the region.

The FIU is one of the new elements in AML/CFT efforts. At the beginning of 2008, only two FIUs (in Nigeria and Senegal) were functional. Based on the findings of the TANA, promoting the establishment and effective functioning of FIUs in all countries was a priority for GIABA in 2008. By the end of the year, the FIUs in Benin, Burkina Faso, Côte d'Ivoire, The Gambia, Mali and Niger had been established and were either running effectively or very close to that goal. Other countries, including Cape Verde, Guinea Bissau and Sierra Leone had nominated members of the FIU and designated office premises, but were yet to commence full operation. Ghana and Liberia had also designated their Central Banks as the location for their proposed FIUs.

Coordination on AML/CFT matters has relatively improved in all member States. Almost all countries have established their Inter-Ministerial

Committees consisting of the relevant ministries and government departments. Nevertheless, the effective functioning of these Committees in some countries remains a source of concern. The mutual evaluation process has so far proved to be facilitating greater coordination. As this needs to be sustained and improved upon, it remains a priority for GIABA in the coming year and even beyond.

With regard to the mutual evaluation of member States, significant progress was made in the year under review. The mutual evaluation reports of Nigeria, Senegal, The Gambia and Mali were adopted and published in addition to those of Sierra Leone and Cape Verde, which were adopted in 2007. The assessment reports on Niger and Guinea Bissau had been finalized by end of 2008 pending plenary discussion in 2009. Although the on-site visits to Côte d'Ivoire and Ghana were postponed due to elections in those countries. This report shows a steady and consistent implementation of the mutual evaluation calendar.

The conduct of typologies to determine the methods and trends of money laundering and terrorist financing is one of the core functions of GIABA. In 2008, the typologies exercise on money laundering through the real estate sector was finalized. The report has since been adopted and published on the GIABA website: www.giaba.org.

In order to raise awareness about the negative impact of money laundering and terrorist financing in the region, a number of sensitization programmes were undertaken, among others, for specific groups and professions, advocacy visits and dialogue with professional bodies in the private sector, as reflected in this report. Suffice it to say that a full and effective roll-out of the FATF standards in all countries is a major goal of GIABA. The uniform and consistent application of these standards is essential to make it more difficult for criminals to penetrate the system. Although the FATF has developed comprehensive guidance and best practice papers to assist in the implementation of these standards, low capacity countries still face daunting challenges in doing so. The specific challenges of low income countries in implementing these standards include:

1) Competing priorities for scarce government resources ;

2) Severe lack of resources and skilled workforce to implement government programs, including AML/CFT programs ;

3) Overall weakness in legal institutions ;

4) The dominance of the informal sector and a cash based economy ;

5) Poor document and data retention systems ;

6) In some cases, very small financial sector with limited exposure to the international financial system.

GIABA's technical assistance to member States was therefore focused on their specific needs and was aimed at ameliorating these weaknesses.

In conclusion, I would say that the fight against money laundering or any profit motivated crime is not an easy task and we do not assume the contrary. Nevertheless, the activities of GIABA during the year have further strengthened collective will and commitment of all ECOWAS Members to tackle organized crime head-on, in particular money laundering and terrorist financing, within the framework of acceptable international standards. Despite the challenges, the prospects abound for success through this regional alliance. I do hope readers would find this report informative and interesting!

Abdullahi Y. SHEHU
Director General

CHAPTER 1

INTRODUCTION

Background

1. Year after year, transnational organized crimes continue to threaten international peace and security. Money laundering (ML) and financing of terrorism (FT) are significant manifestations of this threat. Money laundering is of course a derivative crime, stemming from a predicate offense; the financing of terrorism is rather a 'reversed' form of money laundering since it may involve both legitimate and illegitimate funds. Well-documented evidence exists which demonstrates that both money laundering and terrorist financing are highly detrimental to peace and security, and in fact undermine the overall stability and development of society. Concerted, coordinated efforts to eradicate these phenomena are increasingly important globally. Technological advancement and the globalization of communication, together with world economic interdependence, have changed the social and political landscape of the planet. Organized criminals are at the forefront of these changes and take advantage of the powerful instruments of technology and globalization to perpetrate their unwholesome activities with relative impunity. While criminals respect no territorial boundaries, law enforcement must act within the confines of the law in order to counter these criminal activities. Because of the difficulties in responding rapidly to the threat of transnational organized crime, even in the most advanced countries, law enforcement always seems to be a step behind the complex modus operandi of criminals. Therefore, no country can effectively tackle the menace of transnational organized crime by itself. At the outset, it is clear that criminals explore and exploit the socio-economic conditions of societies, taking particular advantage of the weak links in regulation and enforcement, such as inadequate legislation and opportunities to corrupt.

2. Money laundering and financing of terrorism are not new phenomena in West Africa. Typologies had identified a good number of ML cases in the region while cases of FT are now beginning to be identified in several countries. This is the reason why States in this region have a duty to act together with other concerned nations and international bodies to combat these threats. This has to be done not only as part of protecting the world economies against criminal infiltration, but also to enhance the rule of law, deepen regional integration and maintain regional peace and security. Our countries are under serious threat of social dislocation or worse and we have to act now.

3. West Africa is one of the poorest and most neglected regions of the world. It is now faced with a huge challenge, due to its vulnerability to transnational organized crime and because of its limited capacity to respond effectively to this challenge. The continued regular outbreak of conflict and civil unrest are holding the region hostage to outside influence, making the realization of sustainable economic development objectives very difficult in those countries where conflict occurs. This renders

the overall regional integration programme all but unattainable. Given this scenario, it becomes easy for criminals to exploit a crisis to launder the proceeds of crime and provide avenues for the financing of terrorism – as evidenced in the ongoing proliferation of small arms in parts of the region. These are most often obtained from illegal sources and are used to perpetrate and perpetuate conflicts in the region, thus contributing to additional ML predicate offences.

4. Money laundering and the financing of terrorism severely undermine sustainable development by eroding social and human capital, threatening social and political stability, causing an artificial rise in the cost of business, and driving away investment. This undercuts the ability of the States to initiate or accelerate development. The proceeds of crime fuel corruption, which in turn facilitates the commission of other crimes and undermines the rule of law. The result of inadequate rule of law is a sense of general insecurity, which renders a state incapable of attracting enough foreign direct investment. Government can no longer guarantee the safety of its financial system. Over the past few years, political upheavals due to resource control or simple greed have left some parts of the region in total chaos, with resources for reconstruction inadequate or simply unavailable. Meanwhile, the criminal justice systems, including law enforcement and the overall administration of justice, remain too weak and lack capable human and material resources to make any meaningful or lasting difference.

5. For several years now, the international community has expressed serious concerns about the spectacular upsurge of drug trafficking in West Africa. This region is neither a producer nor, at this juncture at least, a major consumer of narcotic drugs. Over the past few years, however, cocaine traffickers especially from Latin America have used this region as a transit point for trafficking drugs to Europe. This may result in money laundering and terrorist financing, as well as the inevitable use and abuse of drugs by local population. The political leaders of this region have realized this danger, hence the decision to establish the Inter- Governmental Action Group against Money Laundering in West Africa (GIABA) in the year 2000, to promote and facilitate regional efforts to combat money laundering and terrorist financing. Sequel to that, the ECOWAS has also taken more decisive actions through the organization of an International Conference on the drug problem as it affects human security in the region and has adopted a Plan of Action against Drug Trafficking and Abuse in West Africa. This will be addressed later in the report.

GIABA's Mandate

6. GIABA was established by the Authority of Heads of State and Government of the Economic Community of West Africa States (ECOWAS) with the mandate to:

- Ensure the adoption of standards against money laundering and the financing of terrorism in accordance with acceptable international standards and practices, including the FATF 40+9 Recommendations;

- Facilitate the adoption and implementation by member States of measures against ML and FT, taking into account specific regional peculiarities and conditions;

- Function as a forum where members can discuss matters of regional interest and share experiences;

- Organize self-evaluations and mutual evaluations to determine the efficacy of measures adopted, including their conformity to acceptable international standards; and

- Coordinate and provide support to member States to establish and implement AML/CFT regimes, including the implementation of laws against the proceeds of crime through mutual legal assistance, and also in the establishment and maintenance of financial intelligence units (FIUs);

7. The continued support of ECOWAS to GIABA, is therefore a demonstration of the strong commitment of the member States to the fight against organized crime, particularly money laundering and terrorist financing. In June 2006, GIABA was recognized as a Financial Action Task Force (FATF)-Style Regional Body (FSRB). In practice, GIABA operates on the one hand as an ECOWAS specialized institution, and on the other hand as an FSRB. Apart from performing the core functions of an FSRB, including mutual evaluations to determine its members' compliance with the FATF standards, and typologies exercises to determine money laundering trends and methods, GIABA is the only FSRB with a technical assistance mandate. In this way, the mandate of GIABA is a historic response to a changing world and to the specific and unique circumstances of the ECOWAS member States.

Membership of GIABA

8. GIABA's membership consists of member States of the ECOWAS: Republic of Bénin, Burkina Faso, Republic of Côte d'Ivoire, Republic of Cape Verde, Republic of The Gambia, Republic of Ghana, Republic of Guinea, Republic of Guinea Bissau, Republic of Liberia, Republic of Mali, Republic of Niger, the Federal Republic of Nigeria, Republic of Sénégal, Republic of Sierra Leone, and the Republic of Togo.

9. Observer status within GIABA is granted to African and non-African States, as well as Inter-Governmental Organizations that support the objectives and actions of GIABA and which apply for observer status. For example, the Republic of Sao Tome and Principe has had observer status in GIABA since 2007.

10. Organizations with observer status within GIABA are: the Central Banks of Signatory States, the regional Securities and Exchange Commissions, the Union Économique et Monétaire Ouest-Africaine (UEMOA), the Banque Ouest-Africaine pour le Développement (BOAD), the French Zone Anti-Money Laundering Liaison Committee (Conseil Régional de l'Épargne Publique et des Marchés Financiers), the African Development Bank (ADB), the United Nations Office on Drugs and Crime (UNODC), the World Bank, the International Monetary Fund (IMF), the FATF, Interpol, the WCO, the Commonwealth Secretariat and the Egmont Group. Other major donor countries, including the UK, US, France and Portugal also have observer status within GIABA.

Main Organs of GIABA

11. GIABA operates through the following four main organs:

- An Ad Hoc Ministerial Committee consisting of the three ministers responsible for Finance, Justice and Interior/Security of each member State;

- The Secretariat, which is located in Dakar, Republic of Sénégal;

- The Technical Commission, which consists of experts drawn from the above-mentioned ministries of member States; and

- A network of national correspondents. The functions of each organ are clearly stated in the GIABA Statute[1].

(1) For details, go to GIABA website www.giaba.org

Regional Strategic Framework

12. In order to exercise the mandate and achieve objectives of GIABA, a three-year Strategic Plan of Action (2007–09) was approved by the ECOWAS Council of Ministers in December 2006. This year (2008) is thus the central year of the Plan. The Secretariat is implementing the Plan in collaboration with national stakeholders and international development partners. The Plan is based on the six strategic objectives and work areas:

- Support to ECOWAS member States to enact legislation, where there is none, and strengthen existing legislation in order to conform to acceptable international standards and best practice, including the 40+9 Recommendations of the FATF and relevant international conventions;
- Undertake mutual evaluation of member States based on the FATF Revised Methodology 2006;
- Undertake typologies exercises to determine possible methods, intermediaries and patterns of money laundering and terrorist financing in the region;
- Support member States to establish and maintain FIUs and other relevant AML/CFT measures;
- Promote strategic partnership with the civil society and other stakeholders; and
- Strengthen regional and international cooperation.

Staffing and Accommodation

13. In view of its steadily increasing commitment to fulfill its mandate with regard to member States capacity to combat ML and FT, GIABA undertook to revise its staffing needs and to upgrade its capacity to respond with professionalism and celerity to these needs and requests. With a newly approved manning table and more comprehensively balanced organogram, including redefined structural arrangements, GIABA proceeded to advertise for both G and P level staff members to fill newly created positions and to also fill other vacant positions without delay. This positions were advertised in the media and candidates shortlisted for interview. Thus, in late 2008 and early 2009, numerous candidates were interviewed and appointed, thus providing GIABA with the needed capacity to deliver technical assistance, according to the needs and desires of its members. It is hoped that within six months, GIABA's ability to deliver as directed and expected would have increased significantly. Carrying out the established Work Plan will become much easier.

14. However, much depends on the rapid availability of a suitable physical office accommodation. As the host Government, the Senegalese authorities have promised to provide GIABA with a new and larger accommodation, in order to house the increased number of staff required to fulfill its mandate with maximum efficiency and results. In fact, the new premises were to be handed over in the autumn of 2008. However, delays in completing work on the office accommodation have not yet allowed GIABA to move into its new Headquarters bulding. As a result, newly hired staff members are not adequately accommodated and several new personnel are on hold, pending the move. It is ardently hoped that the new accommodation will be handed over to GIABA without delay, so as to allow the office to consolidate around its new staff contingent and to proceed with its work plan for 2009 with minimal disruption.

Priorities for Technical Assistance

15. As the threat of money laundering and the financing of terrorism increases with globalization, criminals continue to adapt their behavior, taking advantage of the weak links that create opportunities for them to operate with relative impunity. The goal of GIABA is to prevent and control these dangers in West Africa and to reduce impunity of the perpetrators. GIABA therefore aims to protect the economies of member States in order to attract direct foreign investment in West Africa. In this connection, GIABA is a leader, not only working to curb these menaces, but also in promoting a regional alliance to achieve this goal. GIABA's strategic niche is therefore to enhance the capacity of regulatory authorities, of financial and non-designated financial businesses and professions (DNFBPs), of law enforcement and of judicial authorities in member States, in order to enlighten, prepare and strengthen them for this crucial battle.

16. The specific priorities for technical assistance to member States include:

- Training and manpower development;
- Dissemination and promotion of international good practices and standards;
- Comprehensive AML/CFT framework, including support for the establishment and operation of AML/CFT Committees and of FIUs;
- Institutional and human resource capacity building; and
- Research, Monitoring and Evaluation.

17. Since the problems are enormous and the challenges formidable, GIABA seeks to achieve results through a comprehensive, integrated, all-inclusive and impact-oriented approach. This approach recognizes that any regional effort would be meaningless unless member States demonstrate strong political will and commitment and establish the minimum standards required to prevent and control money laundering and terrorist financing in their respective jurisdictions. It is also based on the understanding that States ought to show acute awareness of the deleterious effects of these scourges on their economic and social systems, and therefore must take ownership of GIABA technical assistance programmes.

Implementation of the Action Plan in 2008

18. The target of the Strategic Action Plan for 2007–09 continues to be the translation of its vision into concrete actions. Following the approval of the three-year Action Plan by the ECOWAS Council of Ministers in December 2006, GIABA immediately and diligently embarked on its implementation. Within the last year (2008), building on the achievements of 2007, this has resulted in more notable successes in all the strategic cluster areas. A summary record of the programme implementation is given below.

19. As to the enactment of legislation, it must be noted that prior to 2006, many countries in this region did not have stand-alone legislation against money laundering. As of 2008, all member States have promulgated laws criminalizing ML. Although some of the laws still require improvement to conform to acceptable international standards, this is a significant progress in the regional efforts to combat ML. On the financing of terrorism, GIABA had elaborated a model law which was adopted by member States in June 2007. The West African Economic and Monetary Union (WAEMU or UEMOA)

Commission has, since July 4, 2007, issued a directive for its members to domesticate this draft law and enact stand-alone legislation on FT in their respective countries. During the course of 2008, a number of both UEMOA and non-UEMOA countries, in fact enacted or updated FT laws. It is expected that all member States will have such legislation enacted by the end of the programme cycle.

20. On mutual evaluation, a revised calendar of mutual evaluation on-site missions was approved by the Ad Hoc Ministerial Committee in May 2007. During the year under review, the mutual evaluation of Mali was conducted with the support of the World Bank. The Gambia was also evaluated in April 2008. Both mutual evaluation reports (MERs) have been adopted and published. The mutual evaluation of Guinea Bissau was undertaken by GIABA and discussion of the report will take place in May 2009. The on-site visit to Niger was undertaken in June with the World Bank, but the draft report will also be presented in May 2009. The reports of Senegal (July–August 2007) and Nigeria (September– October 2007) were finalized and adopted at the May 2008 Plenary. Finally, the evaluations of Côte d'Ivoire and Ghana, which were planned for late 2008 have been postponed until early 2009.

21. On typologies, a second regional typologies exercise on money laundering through the real estate sector was completed. The findings of this exercise tend to confirm what is widely accepted as true, that the real estate sector is commonly and extensively used to sanitize dirty money in the region. Particularly in certain countries, building booms are partially the result of surplus cash in the marketplace, and transactions are undertaken in cash in many cases, resulting in a dramatic increase in prices over a short period of time. This is true of the residential as well as the commercial markets. The report also contains several policy recommendations that would strengthen the real estate overview regimes and the overall AML/CFT controls in member States [2].

22. The establishment of FIUs is of course the primary responsibility of member States. However, GIABA plays an important facilitative and supportive role in this endeavor. Nigeria, Niger and Senegal had established operational FIUs early on, charged with the responsibility for receiving, analyzing and disseminating financial information in support of law enforcement. The Republic of Niger relocated its FIU in 2008 with the support of GIABA after it was destroyed by fire. Côte d'Ivoire also inaugurated its FIU, bringing to 4 the number of FIUs operating in the region. Bénin has selected a building which it is renovating and has sent its staff to Belgium for training, along with colleagues from Abidjan. Guinea Bissau and Cape Verde have designated staff and selected premises. Mali and Burkina Faso have also designated their staff and selected premises. Staff will be trained in early 2009. Sierra Leone and Liberia also have premises and staff selected. The Gambia has premises selected and being renovated. Guinée and Ghana are both moving in the same direction. Apart from providing support to members to establish and maintain FIUs, GIABA promotes the membership of eligible FIUs to the global network of FIUs known as the Egmont Group. With the support of GIABA, Nigeria's FIU was admitted into the Egmont Group in May 2007, the third African nation to be admitted after South Africa and Mauritius. It is expected that Senegal and Côte d'Ivoire will both be admitted shortly.

23. Raising public awareness is one of the main thrusts of GIABA's preventive strategies. Thus, promoting a closer cooperation with all

[2] The full report can be accessed at http://www.giaba.org under typologies reports

stakeholders and the civil society is crucial if the strategic objectives of GIABA are to be achieved. Consequently, many public awareness programmes were held across the region during the year under review. In 2008, GIABA also invested in a comprehensive publicity package of TV, radio and media spots to raise awareness among the public about the consequences of dirty money. This will be aired in 2009. The details of these are contained in subsequent chapters of this report.

24. The immediate goal of GIABA, as contained in its statutes, is to promote cooperation between and among its members and ensure that harmonized efforts and concerted actions are undertaken to deal with the problems of money laundering and terrorist financing on a regional basis. This has been achieved through the increased provision of technical assistance to member States, including significant training and advisory services, as further discussed in this report. At the international level, GIABA is recognized as a FATF Style Regional Body (FSRB), thus providing ongoing opportunity for networking with other partners in the global fight against ML/FT. In 2008, GIABA participated actively in FATF activities, which included training and Plenary meetings where major policy decisions were made. GIABA has now fully positioned itself as the key member of a regional alliance against ML/FT in West Africa.

25. A full Secretariat is maintained in Dakar, Senegal with an adequate number of staff to carry out its mandate. As stated above, the Senegalese Government has allocated new premises to house the Secretariat from early 2009. Since a number of new staff members are joining the team, and since the activities are increasing steadily in order to adequately fulfill the approved mandate, moving to larger, more suitable premises is not a luxury.

Contribution to Drug Control

26. In June 2007, alarmed by the unprecedented increase in reported cases of drug trafficking in several member States and following a directive by the Authority of Heads of State, the ECOWAS Commission President mandated GIABA to consider the eradication of drug trafficking as part of its programme and immediately make arrangements for the development of an Action Plan for the region. This was effectively done and a Work Plan was developed and shared with all member States. Some initial, immediate ground work was undertaken in some of the most vulnerable member States

27. However, in view of GIABA's already heavy workload with regard to ML and FT, the ECOWAS Commission decided in June 2008 to transfer the drug mandate to a specific Drug Unit in Abuja, under the authority of a designated Commissioner. As a result, GIABA prepared a detailed file on drugs Control and a series of hand-over notes for the new Unit. In addition, a representative of the Unit spent a week in GIABA and was thoroughly briefed on the achievements realized to date, including the decision to hold a regional Drug Control Conference in Praia, Cape Verde in October. GIABA extended its fullest cooperation and collaboration to the organizers of the Conference, which sought to tackle the issues of political will and priorities; law enforcement capacities and responses; the legal framework and judicial integrity; corruption; international cooperation; and the increase in drug abuse in the region. These matters are crucial and will warrant more detailed investigation and elaboration. Meanwhile, the Conference approved a general programme of activities and a work plan, based on the documentation provided by GIABA and expanded by the ECOWAS Commission.

Conclusion

28. The year 2008 was the second year of the full implementation of our Plan of Action for 2007–09. It was a year of consolidation, after the landmark launch of the first ever three-year work plan. As shown in this report, very significant progress has been achieved in meeting the specific targets of the Plan of Action. With regard to our implementation rate, about 95% of our target development programmes and 70% of our administrative work plan have been achieved during the year. This is quite satisfactory, given the limited number of staff and the efforts made to stabilize the human resources requirements. Nonetheless, there is room for improvement.

29. It should be noted that, although members of FIUs have been nominated in several countries, premises have been designated and staff trained, the FIUs are not yet fully functional in those countries. Given the situation, however, it is expected that almost all countries will have functional FIUs before the end of 2009. This would be a remarkable and welcome achievement. Furthermore, some member States' legislation against money laundering still require improvement to conform fully to acceptable standards, and stand-alone FT legislation is also needed in all member States. There should also be progress in this area, in view of the groundwork laid out in 2008. The AML legislation of five countries that were revised and printed at the end of 2007 were distributed by GIABA in 2008, thus enabling stakeholders to have access to their respective countries AML laws. Finally, despite efforts to organize member States on a regional basis to develop national AML/CFT strategies, most of the countries do not yet have this important framework in place.

30. This report presents an overview of the regional AML/CFT situation in the 15 member States of GIABA enumerated in Chapter 2, noting the progress so far recorded in developing a robust AML/CFT architecture, the difficulties and limitations encountered, as well as prospects for the future. Chapter 3 contains actions taken within the year under review on implementing a regional AML/CFT mutual evaluation programme, including the number of on-site visits, mutual evaluation reports produced, adopted and published, as well as those pending Plenary discussion; and the constraints and challenges in undertaking the exercise. It also reports on the final publication and distribution of the TANA reports conducted in late 2007, as well as a summary of needs and recommendations. These, in fact, represented the source and the inspiration for the main programme priorities during the past year and for the final phase of the 3-year Plan of Action in 2009.

31. Technical assistance programmes, advocacy, and public awareness programmes undertaken during 2008 are discussed in Chapter 4. Chapter 5 reviews the regional typologies activities, including the report on money laundering typologies in the real estate sector, while statutory meetings and other regional and international activities are reported in Chapter 6. A review of Administrative and support services is presented in Chapter 7, including the crucial issue of staffing and the move to new premises. Finally, the actions and activities undertaken during the year under review recognized the diversity of this region, the multiplicity of actors, and the interrelatedness of the activities, as well as the overall objective of promoting a regional alliance against crime. Consequently, Chapter 8 concludes by highlighting the challenges and priorities facing GIABA in 2009 in implementing a robust regional AML/CFT support programme in.

CHAPTER 2

OVERVIEW OF THE AML/CFT SITUATION IN WEST AFRICA

Introduction

32. In 2008, the mid-term year of the 3-year Plan of Action, GIABA built upon its pioneer efforts of the preceding year and consolidated much of its involvement with member States, based on the encouraging results obtained during the initial year of operations, and also based on the specific requests emanating from each country following the extensive TANA exercise conducted in late 2007. It is fair to note that the assessment reports and general summary provided by TANA, as well as some impressive achievements obtained through close ongoing collaboration with our partners, have closely guided our continued commitment during 2008. They will surely enable GIABA to conclude its programme cycle in a highly successful way by the end of 2009. It is also fair to say that a significant level of confidence in GIABA's ability to deliver technical assistance as promised has now been achieved with its partners. It is GIABA's intention to consolidate this trust through increasingly pertinent input and support to each member State in the future. This will be GIABA's gauge of excellence and proof of its value.

33. This chapter thus provides an overview and synopsis of the AML/CFT situation in each country. Once again, it briefly examines the economic indicators and the potential risk factors, such as the prevalence of cash transactions, the flourishing real estate sector, the predicate offences of money laundering such as drug trafficking, corruption and tax evasion. It also examines the relevant AML/CFT infrastructure, including legal and institutional frameworks and the involvement of civil society. This chapter seeks to inform in general terms, but the analysis is not exhaustive and in some cases is short of empirical evidence. It is not possible to provide detailed information about each country in this report. Such information can be found in the compendium of TANA reports, which has now been published by GIABA. This Compendium should be consulted in order to obtain basic information on each country, in addition to an analysis of local realities and recommendations with regard to proposed solutions to the perceived problems.

34. In this chapter, GIABA seeks to provide elementary information and data, with additional details provided in later chapters or previous reports. The overall conclusion is that despite the obvious critical weaknesses of the structures in most countries, significant efforts and some notable success stories inspired by strong political commitment from a majority of our States, have led to stronger action against money laundering and terrorist financing in the region. A brief country-by-country description is provided below.

Bénin

35. Benin's economy is essentially based on agriculture. In 2007, cotton accounted for 40% of GDP and about 80% of official export receipts. Most small businesses are privately owned by local citizens, with a few foreign-owned companies operating as well. The private commercial and agricultural sectors remain the principal contributors to growth. Despite some notable progress in the upgrading of basic infrastructure, the economy still remains underdeveloped. Furthermore, the fact that Benin shares a lengthy common land border with Nigeria, which is 15 times larger and 18 times more populous, affects everyday life in the country. Since the anti-corruption drive began in Nigeria several years ago, many criminal elements had found it easier and safer to operate outside that country, and many had taken advantage of the proximity and close ties with Benin to relocate there, either temporarily or permanently. A significant and powerful Lebanese business community, and to a lesser extent a Chinese community, are also present in Benin and conduct trade and commerce activities on an essentially cash basis. This has led to a situation whereby tax evasion, failure to pay duties, corruption and illicit export of currency had become common. Since the election of the current President, the state has begun to regulate and control this situation and progress has been made. However, the country remains quite vulnerable and must maintain its efforts to reform its economic culture as it seeks to become more prosperous and to equitably provide basic services equitably to all its citizens.

36. An obvious source for money laundering is the prevalence of drug trafficking and associated corruption. The local media reported many seizures in 2007, one of which included 450 kg of cocaine. A small aircraft loaded with cash crashed into the sea on take-off in 2007 and wads of CFA still wash ashore to this day! The United Nations Inter-Regional Crime and Justice Institute (UNICRI) also reports that smuggling and trafficking in human beings are continuous and ongoing in Benin Republic, despite efforts to stop the trade. Following the imprisonment of the country's head of the drug law enforcement agency in 2007 on alleged cocaine-related charges, the new administration seems dedicated to its task of combating the drug trade in Benin, even though it is facing serious challenges in dealing with the drug problem.

37. Benin is a member of the West African Economic and Monetary Union known as WAEMU[3] (l'Union Économique et Monétaire Ouest-Africaine or UEMOA under its French acronym). The UEMOA is a formal treaty linking seven French- and one Portuguese-speaking West African countries, by virtue of its Law No. 94-06 of June 22, 1994 authorizing ratification of the Treaty signed on January 10, 1994.This Treaty in turn governs all AML/CFT efforts among its members.

38. Money laundering is a crime in Benin as established in a uniform law of the UEMOA. This law was formally ratified by the National Assembly on October 31, 2006, as "Law No. 2006-14", pertaining to the fight against money laundering. This is also governed by Community Regulation No. 7/2002/CM/UEMOA, which regulates the fight against ML in member States, No. 14/2002/CM/UEMOA, which regulates the freezing and seizure of assets, and No. R09/98/CM/UEMOA, which regulates external financial relations among member States, in addition to Instruction No. 06/99/RC of February 1, 1999 relating to manual exchange operators. With the UEMOA Directive of July 4, 2007, it is expected that a terrorist financing law will soon be enacted.

[3] Referred to as UEMOA in the French text. Other members of the WAEMU are Burkina Faso, Cote d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo.

39. The primary authority for dealing with AML/CFT issues in Benin is the Directorate of Monetary and Financial Affairs in the National Directorate for Treasury and Public Accounts, located in the Ministry of Finance. Its Director is the GIABA National Correspondent. At the dawn of 2007, Governmental Decree No. 2006-752 of December 31, 2006 created the FIU, Cellule Nationale de Traitement des Informations Financières, called CENTIF under its French acronym. This body is destined to be the principal repository and source of financial intelligence in Benin, empowered to investigate and generate intelligence in order to prepare prosecution of economic and financial crimes.

40. Senior staff of the CENTIF have been designated and are fully on board. Several of them have been on study tour to the Belgian FIU during the summer and have attended many training programmes, including an IMF-sponsored training workshop in Tunis in October and a regional financial investigative technique training organized by GIABA in collaboration with the US OTA in Abidjan in December 2008. They also visited GIABA in September, after liaising with the Senegal CENTIF and UNODC in Dakar, and visiting the Abidjan CENTIF. They plan on visiting both the Nigeria and the Niger FIUs as well. The DG paid a working visit to Cotonou in late October to help support the country's efforts to establish a viable FIU and formulate a National Strategy document. He visited the new CENTIF premises. It is expected that this FIU will begin operations in early 2009.



The Director General of GIABA flanked by members of CENTIF Benin. From left to right Honoré Akpomè, Magistrate, Maixent Houndji, SG of CENTIF Benin, Mrs Sévérine Dossou, President of CENTIF Benin, Dr. Abdullahi Shehu, Director-General, Michel Amiot, Consultant and Colonel Samuel K. Ohin, Customs Inpector in Charge of Inquiries.

41. Benin is signatory to several international conventions relating to ML and FT (as shown in Table 1 below). It also recognizes Security Council Resolutions 1267 (1999) and 1373 (2001) on ML, as well as adhering to the FATF 40+9 Recommendations.

42. The banking sector is generally quite active in the country. It is well regulated – the uniform UEMOA law is applicable and FATF practices and recommendations apply (KYC regulations, information circulars, reporting obligations, transaction ceilings and record-keeping). Even the DNFI sector (designated non-financial institutions) is somewhat organized, with microfinance institutions and bureau de change operators regrouped under the umbrella of professional associations, with rules and regulations, as is the case with insurance companies and the Securities and Exchange Commission in the financial institutions sector.

43. The Government Treasury Department is entrusted with surveillance and overview of financial institutions, including banks and other formal bodies, through a common mechanism called "la Commission Bancaire" (Banking Commission). The banks may be considered to be solid and stable, many sharing foreign participation in their asset base. Many people seem to be generally used to banking their money, not just large account-holders but also ordinary citizens. This possibly stems from the widespread access to microfinance for small businesses,

which remains vibrant after many years of operation. According to many stakeholders, the proportion of financial transactions transiting through the banking and other financial institutions is around 40% of all transactions. This is significant, compared with what pertains in other regional economies. The other 60% remains elusive in this traditionally cash-based economy, particularly outside the main cities.

44. During the past few years, the country has enacted a number of laws and regulations aimed at preventing and controlling money laundering but generalized corruption continues to plague the country. ML is reported to be costing Benin about 3% of GDP annually. Since the election of a new and strong-willed President who is committed to the eradication of corrupt practices, however, there seems to be an obvious effort to come to grips with this problem. The President has reached out to the entire population through some highly visible public appeals and statements, in order to gather grassroots support for his crusade. There seems to be a noticeable change in attitude in the country with regard to due process and respect for the law. Benin has become more orderly in terms of respect for rule of law.

45. A draft National Strategy was produced in 2007 but is yet to be elaborated, refined and approved by the Government. The general vulnerability of the economic capacity in the country carries the potential risk of money laundering and terrorist financing. The nomination of the members of the CENTIF and its immediate take-off should have a highly positive effect. Raising public awareness, including the circulation of the AML law to stakeholders, is particularly imperative. The Inter-Ministerial Committee became functional in June and by the end of 2008, it had met twice to discuss the AML/CFT Strategy. The Committee distributed copies of the AML law to all the stakeholders. Benin is scheduled to undergo a mutual evaluation in June 2009. Thus, by the end of 2009, Benin should be in a very positive position with regard to its AML/CFT regime.

Burkina Faso

46. The National law 026/2006 of November 28, 2006 concerning the fight against ML was enacted by Decree 649PRES of December 29, 2006. As a member state of WAEMU, Burkina Faso was obliged to comply with Guideline 07/2002/CM/UEMOA of September 19, 2002 concerning the uniform law on ML which the government was committed to adapt and integrate into its national institutional arsenal. With respect to the draft laws on the financing of terrorism, Burkina Faso has referenced two draft texts in this respect. These are the ECOWAS Draft Framework Law, made available through GIABA, and WAEMU Guideline 04/2007 of July 4, 2007, both dealing with the financing of terrorism. A new draft text is in preparation and should be adopted as law in 2009.

47. Burkina Faso chaired the ECOWAS Commission during 2008, and as such, hosted the Heads of State and Government Summit in January in Ouagadougou, which the DG attended. He then returned in March to meet with the Ministers of Security and Finance, where GIABA business was discussed, including the establishment of the FIU, the AML/CFT Committee and the formulation of a National Strategy document as soon as possible. Finally, the DG attended the Council of Ministers meeting in Ouagadougou in late November. This was followed by a 2-day working visit with the Ministry of Finance and the newly appointed members of the CENTIF.

48. The Ministry of Security is designated as the coordinator of AML/CFT activities. An AML/CFT Committee has been established, but has yet to become truly effective. Decree 2007/0581/PRE/PM/MEF of July 18, 2007, in furtherance of the provisions of Article 16 of Law 026/2006/AN of November 28, 2006 on money laundering, provided for the creation of a CENTIF, but the country has in fact not moved very quickly to establish this body. Nevertheless, senior staff for the CENTIF have been designated and three members visited GIABA in October on a fact finding mission. They also visited the Senegal CENTIF and UNODC in Dakar, after visiting the Abidjan CENTIF. Staff members also participated in focused training sessions in Tunis and Abidjan.

49. The senior staff of the CENTIF will undertake a study tour to Europe in early 2009 in order to gain additional hands-on knowledge. Meanwhile, temporary premises have been made available, thus allowing the CENTIF to initiate its work in short order. It is envisaged that this institution is ready for take off and GIABA can help with concrete support, including informatics and other equipment in order to help it become fully operational without delay. A National Strategy development and formulation workshop is also required. This should result in the production of the National Strategy document, the cornerstone of all future AML/CFT planning and activities. A sensitization workshop might be planned at the same time. The Mutual Evaluation on-site visit for Burkina Faso planned for 2008 was postponed, pending agreement between the World Bank and GIABA.

50. As a member state of the United Nations, Burkina Faso has committed to full compliance with the UN Security Council Resolution 1373. In that respect, the country has set up a task force that ensures coordination on this matter within its Ministry of Foreign Affairs. Burkina Faso is a signatory to a number of international instruments, including all the pertinent UN Conventions related to ML, FT, Drugs Control and anti-corruption measures.

51. Burkina Faso has been drawn into the fold of those countries who wish to seriously address the issue of ML/FT and to combat the potentially destabilizing effect of large quantities of "dirty money" floating around in the national economy. The effect of the Burkina Faso Presidency of ECOWAS in 2008, together with the fact that other neighboring States have been moving decidedly in that direction and the desire of the authorities to provide impetus to the economy, have contributed to the creation of the right atmosphere and timing for the establishment of the required institutions in order to counter the ill effects of ML and FT. There is momentum in the UEMOA group and this benefits each member country in a positive manner.

Cape Verde

52. Cape Verde is one of the smallest countries of this region in terms of size and population. Its strategic location 500 km from the west coast of Africa near major north–south sea routes, its important communication station and its sea and air refueling site and relative isolation also carry potential risks of trafficking and money laundering. The economy is service-oriented, with commerce, transport, tourism, and public services accounting for 2/3 of GDP. Future prospects depend heavily on the maintenance of aid flows, the encouragement of tourism, remittances and the momentum of the new government's development programme.

53. Cape Verde has a relatively small financial sector, which consists of four banks and two insurance companies, so it may not appear to be an attractive centre for money laundering. However, the under-regulation of the non-financial sector and the new offshore facilities make the islands vulnerable to money laundering. While financial institutions and other designated persons or entities have an obligation to file suspicious transaction reports with the Judiciary Police (JP), this office does not perform all the functions of an FIU. Within the JP, reports are received by an internal unit known as the Central Section for the Investigation of Trafficking of Narcotics. This unit analyses a very limited munber of reports and informs the public ministry whenever reports are received.

54. In 2008, however, the country installed a new Government which then constituted a new Cabinet. Following this, decisions were made to move forward with anti-money laundering provisions, including the establishment of an FIU (UIF) in Praia and an AML/CFT Committee. In July, the DG visited the country to offer technical support and guidance with a view to swiftly move ahead with these important measures. During the course of the 2-day mission, and during the successive meetings held with various stakeholders in the country, GIABA was able to ascertain that much work had already been done and that increased progress could be expected in relatively short order. It was also agreed that the AML/CFT Committee would be strengthened without delay.

55. The Cape Verde ML law requires persons entering the country to declare to Customs when they are in possession of foreign currencies or bearer securities in excess of one million escudos (EUR 9,100). The Customs Department has the responsibility to ensure compliance with this obligation but it does not have the power to stop or restrain currency or bearer instruments that are falsely declared or are suspected to be related to ML or FT. The Law establishes preventive and repressive measures against the laundering of money and other assets of criminal origin, beyond what is already applicable to the proceeds derived from drug trafficking. The customer due diligence (CDD) regime in Cape Verde allows financial institutions to base customer identification, in part, on verifications provided by foreign institutions without establishing a framework to ensure that only well-supervised institutions that adequately apply the FATF recommendations are used for this purpose. Existing arrangements for preventive measures do not yet adequately address the risks posed by certain types of higher risk customers such as politically exposed persons and those associated with correspondent banking relationships and regimes for introduced business. The framework does not require financial institutions to apply Cape Verde requirements to foreign branches and subsidiaries. AML obligations are extended to individuals or corporations engaged in the operation of gaming establishments, real estate or property brokerage, property buying for resale and dealers in precious metals and stones, antiques, works of art and motor vehicles. Lawyers, notaries, accountants and trust and company service providers are not covered by the legal framework.

56. The Bank of Cape Verde is the regulator for all activities conducted by financial institutions. The Auditor General of Capital Markets is a unit within the Bank of Cape Verde. The Bank Supervision Department has issued AML regulations and has undertaken AML inspections of banks that operate in the domestic market. But it has yet to clearly define an AML/CFT supervisory

strategy and provide a clear perspective on the varying levels of risk across the different financial institutions and their lines of business. The Ministry of Finance and Public Administration is designated as the regulator of designated non-financial businesses and professions (DNFPBs). The Ministry has not yet issued any regulations or guidance to assist with the implementation of the principal AML law in respect of the covered DNFBPs. Most people who undertake some of the covered activities are generally not aware of their obligations under the AML law.

57. At the May Plenary meeting held in Ghana, and as part of its Regional integration strategy, GIABA requested Cape Verde to accept publication of the updated 2006 Mutual Evaluation report, as is the case with all other ECOWAS member states, despite some initial misgivings by the Government. However, after having first declined, the Government finally accepted the principle and gave its green light at the November Plenary meeting in Dakar. The report is yet to be published. Cape Verde subsequently has expanded the membership of its AML/CFT Committee and informed GIABA on the designation of the members of the UIF. Further agreements to hold a sensitization seminar for stakeholders in addition to a National Strategy development workshop were also obtained from the authorities. These will be organized in early 2009.

58. It is now felt that the country is poised to comply with all the requirements aimed at providing it with a solid AML/CFT regime, including a fully functional and operational UIF in the very near future: allocation of office space to the UIF before 01 March 2009; a study tour for 5 of its members in the first quarter of 2009; a 2 days stakeholders' meeting for sensitization and one additional day to finalize the National AML/CFT Strategy; mentorship to the UIF (proposed for sometime in July 2009); and a review and implementation of the TANA Report, which contains every action which needs to be taken in the future. The recipe is clear and the political will is there. Success cannot but follow.

59. During the month of October, Cape Verde hosted an International Conference on Drug Control, with the support of ECOWAS and of UNODC. As stated earlier, GIABA had been instrumental in elaborating the first provisional draft Plan of Action in this area, and thus offered its full support to the organizers in their efforts to address this crucial predicate offence of money laundering. In fact, one of the better ways of controlling drug trafficking is to control the source and the destination of the illicit funds derived thereof. Although the DG was unable to attend in person, GIABA was on hand to offer support both before and during the event, which was ultimately successful in drawing attention to the grave situation and in providing a framework for action for the coming years. GIABA is very happy to have assisted with this crucial endeavor.

Côte d'Ivoire

60. The AML/CFT regime in this historically important financial hub has been strengthened significantly during this past year. The GIABA TANA report of 2007 and the US International Narcotics Control Strategy Report of March 2008 both report that, subsequent to the 2002 rebellion, Côte d'Ivoire's importance as a West African regional financial centre has indeed diminished. The criminal proceeds that are now laundered are reportedly derived from regional criminal activity such as the smuggling of consumer goods and agricultural products. There is evidence that

funds from the drug trade are also being laundered in the country. The unfortunate political turmoil in the country has also resulted in some Ivoirians and citizens from other countries in the region ganging together in criminal activities and the subsequent laundering of funds derived from those activities. The outbreak of the rebellion increased the amount of smuggling of counterfeit goods across the northern borders, especially of textiles and cigarettes. Smuggling of sugar, cotton, cocoa, cars and pirated DVDs occurs in the government-controlled south and is motivated not only by the desire to avoid paying taxes, which continues to result in huge losses in revenue for the local government, but also the quest to make quick money. There is also significant recourse to bribery and corruption among government and law enforcement officials. This inhibits the restoration of confidence in the system, which in turn seeks to rebuild the basic financial infrastructure which underpinned the strong Ivoirian economy a few years ago.

61. According to the Customs Financial Investigations Office, the cross-border trade in diamonds and cocoa over Côte d'Ivoire's porous borders generates contraband funds that are laundered into the banking system via informal moneychangers. Criminal enterprises use both the formal and informal financial sector to launder funds. Cash is moved via the formal banking sector as well as by cash couriers. Cash earned by migrant workers generally flows out of Côte d'Ivoire, going to extended families in other parts of the region. Informal money couriers and money transfer organizations similar to the hawala system move funds both locally and within the sub-region. Currently, domestic informal cash transfer systems are not well regulated, so informal remittance transfers from outside Côte d'Ivoire violate BCEAO money transfer regulations. The standard fee for these services is approximately 10%, less than the regular fees charged by Western Union/Money Gram and Money Express transfer systems. In addition to transferring funds, criminal enterprises launder illicit funds by investing in real estate and consumer goods such as used cars in an effort to conceal the source of funding. The Ministry of Finance remains concerned by the high levels of tax fraud, particularly VAT tax fraud, by merchants.

62. According to the INCSR, most of the smuggling networks are organized chiefly by nationals from Nigeria and the Democratic Republic of the Congo. Due to the ongoing political and economic turmoil in Côte d'Ivoire, and as a result of the breakdown in the respect for the rule of law, security conditions remain precarious and standards continue to deteriorate. As a result, Ivorian and some other West African nationals are becoming more and more involved in criminal activities and the subsequent laundering of funds. Côte d'Ivoire was ranked 150 out of 179 countries in Transparency International's 2007 Corruption Perceptions Index. The extent to which Ivoirian territory is used in the growing use of West Africa as a transshipment point for drugs from South America to Europe remains largely unknown. Despite efforts at re-unification, the de facto ongoing division of the country makes such an assessment, as well as that of Cote d'Ivoire's possible associated role as a drug laundering center, quite difficult.

63. However, this being said, much progress was made during the year by Government, in order to re-establish a modicum of control in the financial sector. Many dedicated civil servants and officials have worked hard towards this end. In fact, the CENTIF (FIU) and the AML/CFT Committee were both launched officially in July, with the presence

of many of the region's other CENTIFs senior staff. Prior to that, in April, GIABA had organized a week-long workshop, jointly with the Ivoirian authorities, in order to finalize formulation of the National Strategy document, to inspect the new CENTIF premises and to participate in discussions with the AML/CFT Committee at their new Headquarters. This mission was attended by the DG and was highly successful.

64. Côte d'Ivoire is signatory to several international conventions relating to ML and FT (as shown in Table 1 below and Table 2 in Chapter 3). It also recognizes Security Council Resolutions 1267 (1999) and 1373 (2001) on ML, and adheres to the FATF 40+9 Recommendations. Côte d'Ivoire is a member of the UEMOA which is a formal treaty linking seven French- and one Portuguese-speaking West African countries, by virtue of its Law No. 94-06 of June 22, 1994 authorizing ratification of the Treaty signed on January 10, 1994. This Treaty in turn governs all AML/CFT efforts among its member States.

65. In July, GIABA sponsored several senior CENTIF staff on a study tour to the Belgian FIU, together with colleagues from Bénin, in order to gain additional knowledge and capacity in running an efficient FIU. The staff had earlier visited GIABA, in addition to the Sénégal CENTIF and the UNODC office in Dakar. The Ivoirian CENTIF is now fully operational and became the 4th such FIU in the region. The excellence of the work done by the Ivoirian counterparts, including the NC and the FIU President is to be commended. This institution can serve as a model and a resource base for other FIUs in the region. In addition, the Ivorian Inter-Ministerial Committee on ML/FT was effective throughout the year. It met seven times to review strategies for the prevention and control of money laundering and financing of terrorism. It also has a website through which it informs the public about its activities.



Dr AbdulLahi Shehu, DG of GIABA, presenting a copy of the calendar of GIABA 2008 to Mr Emmanuel Koffi Ahoutou, Cabinet Director of the Ministry of Finance (Côte d'Ivoire), while Mr Faustin Honozon, National correspondent looks on.

66. In late December, a specific training workshop for French and Portuguese speaking Financial Investigators was successfully held in Abidjan. This training programme, organized jointly with the US Treasury department's OTA, was but one of the many such training exercises organized by GIABA in 2008. Finally, the Mutual Evaluation scheduled for late November was postponed because of pending elections. However, the elections have also been postponed; a new date in late 2009 is being considered.

The Gambia

67. The laundering of illicit money is increasingly a major problem in The Gambia, although its magnitude or severity remain relatively difficult to determine. The porous borders, weak controls, prevailing poverty, dominance of cash transactions, poor Know Your Customer (KYC) compliance culture, massive inflows of tourists and anecdotal evidence of increasing drug-related and other criminal activities are all factors contributing to an increase in the ML risk environment in The Gambia. Within its limited resources and capacity, The Gambia has

passed various laws and regulations that are directly or indirectly relevant to AML/CFT in that country. These include the Money Laundering Act 2003; the Anti- Terrorism Act 2002; Economic Crimes (Specified Offences) Decree 1994; the Drug Control Act 2003; and the Revised Regulations for the Operation of Foreign Exchange Bureaux 2005. However, all these laws need to be updated and modernized. Efforts to amend these laws have unfortunately not been successful until now, despite ongoing official collaboration with GIABA to this end.

68. Although an inter-agency committee has been set up and may have played an important role in the drafting of the 2003 ML Act and related legislations, it has remained an ad hoc, tentative body. In terms of implementing the provisions of the law, the committee has not truly played an effective coordinating and enforcement role, given the reported frequent movement of staff, lack of commitment by some members and the low priority accorded to ML control measures in an environment of severe constraints on capacity and resources. However, it is pertinent to note the relevant agencies and their respective roles in the AML/CFT implementation in The Gambia. These include the Department for Finance and Economic Affairs, the Central Bank, the Departments of State for the Interior and Justice and the National Drug Enforcement Agency. As the supervisory ministry for the Police, Immigration Service and the National Drug Enforcement Agency, the Department of State for the Interior has statutory coordinating and oversight responsibilities in the implementation of the AML/CFT laws.

69. A Mutual Evaluation exercise was held in April. The final report was discussed and adopted at the Plenary meeting in November in Dakar. Much is expected from national officials as follow up to this exhaustive report.

Also in April, GIABA undertook a short assessment mission to Banjul in order to evaluate The Gambia's readiness to establish its FIU and AML/CFT Committee. It was found that much work had been accomplished and that several concerned authorities were ready to push forward with the task. As a result of this mission, written guidelines for the establishment of FIUs and of AML/CFT Committees were formulated and published by GIABA, and were distributed to all countries in the region, for their information.

70. However, despite some progress with designation of premises and appointment of members, the FIU has yet to become fully functional. An operational FIU remains stalled by numerous delays; the same holds true for the AML/CFT Committee. There has been little progress, despite official assurances that things would be moving along. This is hard to comprehend and seems to be linked to a question of fundamental will. Perhaps the results of the Mutual Evaluation, in addition to some pressure being exerted by GIABA and by sister countries which are establishing their FIUs, will compel the country to finally comply with international standards and move forward in this critical area. Laws need to be revised, the FIU needs to become operational and the National Strategy needs to be formulated. This remains a challenge for the coming year.

Ghana

71. The country's AML law was passed in late 2007 and assented to in January 2008. It was the last of the ECOWAS States to do so. There has been much delay in complying with standards by establishing a functional FIU in Ghana. Together with the absence of an active AML/CFT Committee and the lack of a clearly formulated National Strategy,

these delays would seem to indicate a serious reticence on the part of the authorities to move decisively against ML in the country. On the other hand, Ghana held peaceful and transparent Presidential and Parliamentary elections in December 2008, which could perhaps lead to renewed action in this domain. Ideally, the country should capitalize on its positive international reputation in order to tighten its AML/CFT regime and thus attract more investment into this stable and peaceful environment.

72. One significant feature of Ghana's economy is that, migrant worker remittances have been increasing steadily since 1990. In fact, it has been reported that migrant worker remittances continue to be an important anchor of the Ghanaian economy. Informal activity accounts for about 45 percent of the total economy, which rarely relies on banking services. The inflow of remittances has been rising and continues to be an important source of foreign exchange to the economy, with its magnitude exceeding the amount of official development assistance to Ghana. It is unclear to what extent this development has been driven by the perceived lax AML environment, or if it is due to a sense of confidence in the stability of the country over the years. The prognosis and implications under envisaged more stringent regulatory/supervisory requirements remain to be seen, but could in fact attract more private funds to the country.

73. According to the US/INCSR (2008), Ghana is not a regional financial center, but due to continuing turmoil in the region, its financial sector is likely to become more important regionally as it develops. Most of the money laundering found in Ghana involves narcotics and public corruption. It is a significant transshipment point for cocaine and heroin. Police also suspect that criminals use nonbank financial institutions, such as foreign exchange bureaus, to launder the proceeds of narcotics trafficking; but they also use investment banking, insurance, real estate, automotive import, and general import businesses. Donations to religious institutions have also apparently been used as a vehicle to launder money, which could point to the Financing of Terrorism in some cases.

74. Nevertheless, money laundering has been and remains a serious problem in Ghana. Its manifestations include (1) the perception of Ghana as a weak AML/CFT jurisdiction; (2) the increasing incidence of drug trafficking and the huge inflows of cash into the country, which are strongly suspected to be laundered funds; (3) the surge in expensive real estate purchases paid for in cash in US dollars; and (4) the apparent lack of public awareness of the phenomenon of money laundering and its harmful effects. The number of "advance fee" or 419 fraud letters, known as «Sakawa» in Ghana, that originate from Ghana continues to increase, as do other related financial crimes, such as use of stolen credit and ATM cards. Increased cases of drug trafficking and arrests at the various ports of entry, offshore interdiction and related corruption cases are reported weekly in the media. This is unfortunate, since Ghana could easily capitalize on its relative stability, peaceful and friendly atmosphere and relative prosperity to attract more foreign and even regional investment.

75. A Committee for Cooperation between Law Enforcement Agencies and the Banking Community (COCOLAB) was constituted in 1997 by the Bank of Ghana and the Inspector General of Police, with the support of the Government. Its initial membership was made up of representatives of the Bank of Ghana, licensed banks and the Police, but it was later enlarged to include the Bureau of National Investigations, the Immigration Service, the Customs, Excise and Preventive

Service. The core mandate of the Committee was to provide a forum for exchange of ideas, knowledge and information on modus operandi of criminal syndicates and the process of obtaining evidence to track down prime culprits involved in ML-related schemes and crimes. The COCOLAB has since become dormant. However, it would now appear that some action among stakeholders has been taking place in recent months. GIABA was informed that premises had been secured for the FIU and that members were being designated. This would be a welcome development, since Ghana needs to demonstrate greater commitment at this juncture with regard to AML/CFT issues.

76. The 9th GIABA Plenary meeting was held in Accra in May, followed by the Ad Hoc Ministerial Meeting. Ghana also hosted a regional Typologies workshop in May, convened and managed by GIABA and attended by several regional and international experts. These gatherings afforded the opportunity to the National authorities to compare notes with the other member States on AML/CFT issues and to take measures to proceed with the requisite efforts in order to bring Ghana into the international fold in this essential area. Also, a workshop was held in Tema in early summer in order to map out strategy and activities with regard to a study on the Corruption – ML nexus. Some Ghanaian officials have been trained as assessors and have actually participated in the mutual evaluation of other countries. Others have participated in AML/CFT programmes organized by GIABA, the FATF and the World Bank. Despite the involvement of the country in these activities, there continue to be delays particularly with regard to the establishment of an FIU in the country. However, as mentioned above, more affirmative action is now expected in 2009 with the advent of a new Government.



Dr Abdullahi Shehu delivering his speech at a dinner hosted by Ghanian authorities. Also in the picture are, from left to right, General Joshua Hamidu, Board member of – Narcotics Control Board, Dr Paul Acquah, Governor, Bank of Ghana, Dr Ghartery Amoo, National Security coordinator, Dr Elisabeth Diaw, Deputy Director General-GIABA.

77. Ghana was also scheduled to undergo its Mutual Evaluation exercise in October, according to the agreed schedule of assessment of GIABA member countries. However, at the last minute, the country requested a postponement of the exercise until April 2009. The issue was raised at the Plenary meeting in November and it was decided to accept the request, on condition that the delay be short and that it not be repeated. The ME will now take place in April 2009.

Guinea

78. On December 22nd, the President of the Republic of Guinée, General Lansana Conté, died in Conakry after a lengthy illness. This was the latest in a series of events which have jolted the country. Guinea has consistently suffered from much civil unrest and violence in recent years, after a period of relative calm. The deceased President was the second head of State of the country since independence in October 1958, having succeeded Ahmed Sékou Touré in 1984. Unfortunately, despite the authorities'

attempt to impose continuity as stipulated in the Constitution, the Head of State's untimely death led to a power vacuum which the Armed Forces were quick to fill. After some uncertainty as to what would follow, a bloodless coup d'état was staged by Captain Moussa Camara, who announced the dissolution of Government, the suspension of the Constitution and the creation of a Governing Council.

79. This and other antecedents have left the economy badly wounded and most of the institutions of governance extremely fragile. This abrupt departure from the recent democratic trend in ECOWAS States represents a setback for AML/CFT activities in the country as well. GIABA will now wait to see what transpires in the coming months, in order to plan ahead with regard to this unfortunate set of circumstances, which follow on a year of positive steps taken by Guinea to improve the situation with regard to a number of issues, including ML and FT.

80. The DG traveled to the country on his first official visit as Head of GIABA in April. This visit was also an opportunity for GIABA to establish and consolidate formal high level contacts between the DG and several prominent Ministers and other Senior Officials of Government, and to conduct an information and sensitization seminar for both public and private sector financial operators and other concerned officials in order to create awareness, define concepts and explain the risks involved with regard to money laundering and the financing of terrorism.

81. The mission was organized under the auspices of the Ministry of the Interior and of Security, given that the GIABA National Correspondent is a Police Intelligence Official. The diplomatic portion of the mission comprised a programme of activities and courtesy calls which went quite smoothly throughout. A significant number of High Officials were met in order to increase awareness among decision makers to the dangers of ML and FT in the region. The technical portion of the mission comprised of a 2 ½ day Information Seminar on ML and FT. It was designed to present pertinent information, create awareness and stimulate discussion on the issue of ML and other associated crimes. The last afternoon was devoted to a large, well attended press conference resulting in maximum awareness raising at the close of a successful mission.

82. The visit was followed by an expert mission in July by a GIABA legal consultant who spent two weeks in-country to assist with reformulation of the AML law; with the drafting of a new CFT law; with formulation of the 2 requisite Decrees to accompany the laws; with help to revise and upgrade an anti-corruption law; and set the stage for the establishment of the CENTIF in Conakry. This seemingly quite successful mission was to be followed up by a further one-week visit by the same expert to help finalize the tasks already launched. Obviously, this mission is now on hold.

83. Finally, the Secretariat also provided assistance worth over 1,900,000 CFA to Guinée in order to strengthen the capacity of the office of the National Correspondent. Together with the legal expert's mission, the awareness seminar, the DG's visit to support the AML/CFT regime in the country and the training delivered in other fora to national experts, things appeared to be going well with regard to future developments in this country. These hopes will now have to await further developments in Conakry. The challenge is for the country to vigorously pursue an all inclusive reform programme, including a speedy return to democratically elected government as soon as possible.

Guinea Bissau

84. Guinea-Bissau is among the world's least developed countries and depends mainly on agriculture and fishing. It is hardly a regional financial center. Its political instability and tiny economy would seem to make it an unlikely site for major ML. However, massive drug trafficking from South America has really reduced the Government's ability to manage the economy. The country has become a haven for drugs trafficking and a source of ML. Traffickers transiting between Latin America and Europe have now essentially imposed their grip on the country. Furthermore, the prospect of oil production also increases its vulnerability to ML and other financial crimes.

85. According to several sources, Guinea-Bissau is now one of the placement points for proceeds from drug payoffs, theft of foreign aid and corrupt diversion of oil and other state resources headed for investment abroad. A recent boom in construction of luxury homes, hotels businesses and the proliferation of expensive vehicles stands in sharp contrast with the conditions in the extremely poor local economy. It is more than probable that at least some of the new wealth comes directly from laundered drug money. Banking officials also think the country is vulnerable to trade-based money laundering (TBML).

86. The ugly civil war that took place from June 1998 to May 1999 unfortunately caused very severe damage to the country's infrastructure, widely disrupted economic activity and left the country in a state of serious disarray, from which it has never fully recovered. It continues to suffer from a lack of infrastructure and of technical means. The country remains traumatized by the violence of that civil war and by the ongoing political instability, despite official respect for the electoral process. Both have poisoned national life, and money laundering has understandably not been at the forefront of people's concerns. However, given the disturbing situation concerning drug trafficking in the country, and in view of the recent attempts by some military officials to disrupt the constitutional order, it has become urgent to address the long overdue issue of "dirty money" and how it benefits a few individuals and harms the lives of the majority.

87. The DG visited Bissau in April. He held a meeting with the concerned Ministers and pressed for the rapid establishment of the CENTIF. The country has an AML law based on the UEMOA uniform law. It is the lone Portuguese-speaking member State of the UEMOA, which has in fact ensured a measure of financial stability in troubled times. The country has also designated the senior staff members of the CENTIF. The NC has been named as its President. Following the above mission, an awareness raising seminar was held for stakeholders in the country, headed by the DDG. The outcome of this exercise remains somewhat difficult to evaluate since there has been no active follow up. Later in the year, however, the authorities announced that premises had been made available for the CENTIF and were being readied for operations to begin.



From R-L, the Deputy Director General GIABA, Dr. Elisabeth Diaw, José Biai, Director of Integration, Adrião Decarvalho, General Secretary of CENTIF; during the awareness raising workshop in Bissau, April, 2008.

88. These actions follow on an operational mission to the country in December 2007, whereby GIABA provided the judicial police with power generating capacity and office equipment, including computers and internet access, in order to render them more capable of fulfilling their anti-drugs and AML mandate. It is expected that additional follow up actions will be required in early 2009 to help stimulate progress in this respect. Meanwhile, the country underwent its Mutual Evaluation in September. The final report will be discussed at the May 2009 Plenary in Bamako.

89. At present, until the CENTIF becomes fully operational, there is virtually no ability to receive suspicious transaction reports and to follow–up on them. The ability to exchange information and share intelligence with other law enforcement bodies, both inside and outside the country is also extremely limited. The prosecutorial capacity of the anti-drug squad is crippled, as is the ability of the courts to deal with complex financial and economic crimes. The entire structure is extremely weak and needs urgent attention in order to actively start fighting the persons engaged in corrupt practice in the country. This would be as a complement and direct response to the Prime Minister's official declaration that he intends to sanitize public finances and fight the traffickers. Accordingly, an Emergency Plan of Action was launched in July 2007 as a strategic response and call to action by the Government of Guinea-Bissau against the alarming increase in drug trafficking in the country. The Plan of Action aims at stabilizing the peace process and protecting the social development of the country against drug trafficking, implementing and enabling specifically:

- The recommendations of the UN Security Council;
- The mandate of UNOGBIS (United Nations Peacebuilding Support Office in Guinea-Bissau);
- Reforms in the Security and Defense Sector; and
- The Strategic Framework of the Combat against Organized Crime (2007-2009) – United Nations Office against Drugs and Crime (UNODC).

Liberia

90. Liberia continues to slowly emerge from the aftermath of its 14-year civil war (1989 - 2003), which not only saw the gross mismanagement of government resources and the destruction of it's physical infrastructure (especially in and around the capital, Monrovia), but also the systematic erosion of the rule of law and the closure of many businesses, the illegal and rampant exploitation of natural resources (e.g. timber and diamonds), the proceeds of which were used by the Charles Taylor government to consolidate its hold on power and for the continued perpetration of civil strife until 2001 when the United Nations imposed sanctions on Liberian diamond and timber exports.

91. The Liberian civil war eventually resulted in some 150,000 deaths, mostly civilians, and the total collapse of the State. Hundreds of thousands of persons were displaced internally; some 850,000 people fled to neighboring countries. In 2003, the UN finally sent peacekeeping troops to the country and the President, Charles Taylor, took refuge in Nigeria. He has since been sent to The Hague to stand trial for his alleged crimes. His son has also been found guilty in the US of crimes against humanity. After a period of transition under UN mandate,

elections were held in late 2005 and Mrs. Ellen Johnson-Sirleaf was elected and sworn in as President in January 2006. The country has been at peace and has been rebuilding since then. It has been a gargantuan task.

92. Liberia is considered a transshipment point for Asian heroin and South American Cocaine for European and US markets. Corruption, criminal activities, arms-dealing, the overwhelming dominance of the use of the US dollar as an accepted medium of exchange, and the illegal diamond trade/timber logging along the porous borders outside the security cover of the UN Mission in Liberia provides a significant potential for money laundering and the illicit drug trade in Liberia. The economy is essentially cash-based, with the US dollar almost replacing the Liberian dollar as the medium of exchange.

93. The Central Bank of Liberia (CBL), which presently houses the Office of the GIABA National Correspondent, is providing administrative and logistics coordination on ML issues. The AML Law does not provide for the establishment an FIU, but the Liberian authorities have indicated their intention to establish an FIU as soon as possible. It will initially be housed at the Bank. No date has been fixed for this, though Liberian officials have attended seminars on drafting the legal framework and on conducting financial investigations. It is thus expected that in early 2009, the country will join the other ECOWAS States which have such an operational entity at their disposal.

94. In an attempt to comply with UN Resolution 1373, Liberia established a body called the Liberian Policy Committee against Money Laundering and Terrorist Financing in 2005. The members of the committee are: Ministers of Finance, Justice and National Security and the Governor of the Central Bank. This body, though not designated a stakeholders' forum because of its restricted membership, has been expanded and functions as a forum for national stakeholders. The country intends to transform the committee into the AML/CFT Inter-Ministerial Committee, as mandated by the GIABA Ad Hoc Ministerial Committee. There is evidence of its effectiveness – as demonstrated by an increased coordination of efforts and actions, as detailed before the Plenary meeting of November in Dakar.

95. In August, on his first official visit to the country, the DG held meetings in Monrovia with concerned Ministers on the AML/CFT issue. Also discussed were the establishment of the FIU and the AML/CFT Committee, which would be tasked with the formulation of the National Strategic Plan against ML and FT. The country is now in the process of upgrading its laws with GIABA's assistance, in addition to setting up the requisite infrastructure to house and operate its FIU. Progress has been made, but more remains to be done. A follow up awareness raising workshop in early 2009 will probably be required, in addition to further specific training for both FIU and AML/CFT Committee staff members.

Mali

96. Mali is a vast landlocked country, with porous borders especially at its northern part which juts far into the Sahara Desert. It is a place of dense migration, most of it directed abroad. The informal economy is widespread, characterized by a low banking culture and a predominance of cash transactions. All these factors have led the national authorities to a stronger commitment towards combating money laundering and terrorist financing.

97. An ongoing Touareg insurgency in the vast Sahel/Sahara area between Mali, Niger and Algeria constitutes a potential terrorism threat. Many of these tribesmen, deprived of their traditional means of survival by severe drought, have seemingly become involved in cross-border smuggling of illicit products, including drugs and cash. In January 2008, Malian Customs seized about 750 kg of cocaine estimated at US$45 million after a desert shootout with heavily armed smugglers near the Algerian border.

98. The Republic of Mali took early steps in its fight against transnational criminality linked to drug trafficking and money laundering. In that respect, Mali is party to the main international and regional legal instruments since the UN Convention on Narcotics Drugs of 1988. Mali is also a signatory to the UN Convention against Organized Transnational Criminality 2000; the International Convention for the Repression of Terrorist Financing adopted in 1999; and the AU Convention on the Prevention of, and Fight against Terrorism adopted in 1999. The Republic of Mali acknowledges that it has to abide by the obligations contained in the UN SC Resolution 1373.

99. The past year has seen a demonstration of the country's commitment to confronting the threats linked to ML and FT. In June, the DG participated in a workshop on ML and Small Arms Trafficking in Bamako. This seminar was a first of its kind in this area and quite unique, in that, it helped establish a clear link between dirty money and the proliferation of small arms throughout the region. Numerous participants from the entire region were involved; many Malians participated of course because of the venue. This in turn had a beneficial effect on awareness raising and sensitization in the country, and helped stimulate consciousness about the necessity to control the flow of dirty money.



From left to right Colonel Yaya Diamouténé, GIABA National Correspondent ; Dr. Abdullahi Shehu, DG of GIABA, a représentative of Ministry of Security, Mali ; General Ishola Williams, Director of PANAFSTRAG and Cheikh Bocoum, ECOWAS National Unit/Mali, during a workshop in Bamako.

100. A GIABA expert visited Bamako in August to help coordinate Technical Assistance to the NC. The AML law is on the books, the senior staff have been designated and have traveled to Dakar to visit GIABA, as well as the Sénégal CENTIF and UNODC. They have also visited the Abidjan CENTIF, while some members have attended further training sessions in Tunis and Abidjan. At the same time, in late autumn, the government invited the DG to visit Bamako in order to help further stimulate action with regard to the establishment of an operational FIU.

101. It is fair to say that Mali has made giant strides towards having a viable AML/CFT regime and in particular a fully operational CENTIF in the near future. Extensive and functional premises have been secured and are now ready for use. Some equipment has already been provided by the national side and by GIABA. The quality and preparedness of the senior staff are quite high, and the discipline, commitment and will of the authorities are evident. Senior staff will proceed to Europe on a study tour and training assignment during the first quarter of 2009. It is felt that this CENTIF is well on its way to becoming fully functional, in very short order, as one of the core group of FIUs in the region.

102. The World Bank, in collaboration with GIABA, undertook the Mutual Evaluation of

the country in February and the report was presented for discussion at the November Plenary meeting in Dakar. The report was adopted without difficulty. It is also noteworthy that the country has accepted to host the next GIABA Plenary meeting in Bamako in May 2009, with the full support of the GIABA Secretariat. Through these and other actions, Mali has demonstrated its strong desire and commitment to the maintenance of economic and social stability by facing and addressing the threats posed by "dirty money" in the region. This is to be most highly commended.

Niger

103. The Republic of Niger shares lengthy borders with seven countries, including 1,500 km with Nigeria. Borders with Algeria, Tchad and Mali are also extensive. Niger is in fact the sixth largest country in Africa, and the largest in ECOWAS in terms of land mass. The porous nature of these borders makes them difficult to control given the inadequate resources of this state. This naturally favors the development of intense illicit trafficking in weapons, drugs, tobacco, art pieces and human beings, resulting in large-scale criminality in the north and east of the country. Thus, Niger is presented as a converging and transit point of criminal groups from Africa to Europe. A Touareg rebellion in the north has been festering for years and the Government has yet to find a durable solution to this problem, which it shares with Mali to the west. The population of Niger is 60% illiterate and lives in abject poverty. The economy is characterized by a predominantly informal sector, and 80% of the GDP comes from agro-pastoral activities, while the tertiary sector accounts for 10% of activities. The habit of banking is very low, and so commercial transactions are predominantly cash-based.

104. Niger was one of the first countries in ECOWAS to formally inaugurate its CENTIF in 2006. The offices of the CENTIF were, however, destroyed by fire in June 2007. It has since been relocated to new premises and has been re-equipped with the support of GIABA and the national authorities. Following a visit by a GIABA assessment team in February, needs were determined and a technical assistance package was assembled and delivered during a follow up mission in March. Office furniture, computers, telephone switch and other equipment, valued at over CFA 20 million, were delivered and installed with the help of a GIABA expert.

105. Although the CENTIF is now operational again, almost no STRs have been submitted to it for analysis. In fact, several trained staff members have been removed or reassigned in disregard of the rules and regulations governing the CENTIF's operations. This has become a major concern which the authorities must look into in order to determine the causes of this situation and take remedial action without delay. It is also felt that, once the CENTIFs in neighboring Mali, Bénin and Burkina Faso become operational, together with those already operating in Nigeria, Côte d'Ivoire and Algeria, it is felt that the support from the entire network will greatly assist Niger in getting its CENTIF up to speed.

106. A national AML/CFT Strategy development seminar was organized in Niamey in January. There is, however, perhaps a need to conduct a further awareness raising seminar for stakeholders there, who seem rather reluctant to forward STRs to the CENTIF at the present time. The FIU staff may also require additional training.

Perhaps a mentoring programme for several months during 2009 would greatly assist the country to create a renewed sense of confidence in the system, which remains essential to the good health of the economic and social sectors of the country.

107. Finally, it is to be noted that the country also underwent its Mutual Evaluation in June. It was undertaken by the World Bank in close collaboration with GIABA. Discussion of the report will take place during the May 2009 Plenary meeting in Bamako. It is also important to note that Niger has not developed a National Strategy nor an Action Plan. It has indicated, however, that it wishes to benefit from training in this area in order to identify its priorities and project them over time in AML/CFT terms. This will require action on the part of GIABA, possibly in conjunction with participants from other countries as well.

Nigeria

108. Historically, for many years now, Nigeria has been perceived as the centre of criminal financial activity for the entire region and even the continent. Individuals and criminal organizations took advantage of the country's location, weak laws, systemic corruption, lack of enforcement, and poor economic conditions to strengthen their ability to perpetrate all manner of financial crimes at home and abroad. Nigerian criminal groups are adept at devising new ways of subverting international and domestic law enforcement efforts and evading detection. The establishment of the Economic and Financial Crimes Commission (EFCC), along with the Independent Corrupt Practices Commission (ICPC), the Nigeria Financial Intelligence Unit (NFIU), the Special Control Unit Against Money Laundering (SCUML - a special unit in the Ministry of Commerce which monitors, supervises, and regulates the activities of all DNFBPs) and the improvements in training of qualified prosecutors for Nigerian courts, has yielded some successes.

109. Despite years of government effort to counter rampant criminal activity and massive corruption, the country continues to be plagued by crime. Although the Federal Republic of Nigeria is not an offshore financial center, its large economy is a hub for the trafficking of persons, narcotics and other goods. Nigeria is a major drug-transit country and is a center of criminal financial activity, since Nigerians are deeply involved in smuggling and trafficking rings worldwide. In addition to narcotics and corruption-related money laundering, advance fee fraud (popularly known as 419) remains a lucrative financial crime that generates hundreds of millions of illicit money annually for criminals. Following the successes registered by EFCC, closely supported by the NFIU, many national criminal elements moved to neighboring countries to pursue their activities. However, since the advent of the new Government, and especially since early 2008, many of these criminals have returned to Nigeria or have resurfaced locally to resume their trade.

110. Although the EFCC and the NFIU continue their daily operations in the country, the brutal removal of the EFCC Chairman in December 2007 and the treatment afforded him afterwards, including his dismissal from the Police force last December, and the subsequent forced resignation of the NFIU Director in November, serve to remind the region that Nigeria has not yet succeeded in its transformation to a transparent democratic society after decades of dictatorship. Fear and abuse remain

present and are a threat to the development of the country in years to come. GIABA is concerned at these developments as they affect the region as a whole, given the size and importance of Nigeria and its economy. It will continue to monitor the situation with vigilance in the year ahead.

111. A comprehensive initiative called "Fix Nigeria", which aims to inform citizens of the costs of corruption and make it their own fight by empowering them to voluntarily participate in the effort, was launched in late 2006. Everyone has a role to play. This initiative was rebranded "Anti-Corruption Revolution Campaign (ANCOR)" and re-launched in 2008. President Umaru Musa Yar'Adua of Nigeria personally attended the re-launch programme along with President John Agyekum Kufour of Ghana who presented a keynote address entitled "The Imperatives of Citizens' Involvement in Anti-Corruption Crusade". The EFCC has created a "Strategic and Re-orientation Unit in place of the "Fix Nigeria" secretariat. At the regional level, Nigeria played a leading role in the establishment and funding of GIABA, including the nomination of the current Director General. The EFCC continues to have the potential of a model law enforcement agency in West Africa. Due to further progress in collecting, analyzing and sharing data on AML/CFT and in complying with FATF standards, Nigeria was removed from the FATF NCCTs list and placed under the monitoring of GIABA in June 2006. Furthermore, the Nigeria FIU was admitted into the Egmont Group in May 2007 (the only country in West Africa). At the time, these gains constituted full recognition of Nigeria's efforts and progress in the fight against all economic and financial crimes. The NFIU's access to the Egmont secure website was briefly blocked with the abrupt departure of its Director; but this has since been restored. The new leadership in the EFCC has adopted a preventive approach in its fight against economic and financial crimes. Meanwhile, GIABA continues to follow with interest the developments with regard to EFCC and the FIU in Abuja. Nigeria remains a highly important country for GIABA and much depends on the progress in this country.

112. The private sector in Nigeria is also involved in some form of self-regulation. For example, the Nigerian Institute of Estate Surveyors and Valuers (NIESV) seeks to ensure compliance with the professional code of conduct, mainly through a Professional Practice Committee, which can intervene with its non-compliant members and with intruders. The Association of Bureaux de Change of Nigeria (ABCON) has been recognized as a Self Regulatory Organization since 1999. Bureaux de change are allowed to undertake spot transactions as well as remittances up to a maximum of US$5,000 per individual and about $10,000 per organization. In order to conduct transactions, a person must provide an ID card, driver's license or valid passport. Other acceptable forms of ID can be considered at the discretion of the changer.

113. Several regional seminars and training programmes were held in the country for High Court Judges and Financial Investigators from English speaking countries in 2008. The DG also attended a number of regional meetings at ECOWAS in Abuja during the year, including the 35th Summit of the ECOWAS Authority of Heads of State and Government, which was held on 19 December 2008 at which President Umaru Yar'Adua was elected Chairman of the regional body.

114. The mutual evaluation report of Nigeria was adopted in May and published without further delay. Under the GIABA enhanced follow up process, Nigeria is expected to present its first follow up report on the implementation of the recommendations in the MER to the plenary in May 2009.



From left to right, Judge Alan Pardoe – UK ; Dr Richard Alexander – UN London ; Dr Saul Froomkin – Partner, Mello Jones and Martin – Bermuda ; Juliet Ibekaku, Legal Expert GIABA ; Dr. Abdullahi Shehu, DG GIABA ; a representative of National justicial Institute (Nigeria) ; Charles Yeats – Secretary Four Pillars - UK

115. Nigeria had progressed immensely during the years 2004-2008. The image of the country had gotten better as a result of concerted efforts to reform the national bodies responsible for AML/CFT, and to attack the drug traffickers, advance fee fraud offenders and money launderers. This effort bore fruit. The public needed to regain confidence in the financial institutions, law enforcement agencies, and those who governed them. The developments over the past year, however, remain worrisome. If the key players do not receive the firm support they need in the coming years, additional significant progress will not be achieved with regard to the ongoing AML/CFT effort in Nigeria. On the contrary, a return to the "old ways" may be happening at this point. Nevertheless, GIABA believes that the progress made is irreversible, and that the present situation remains untenable. Strong vigilance will be required in the course of 2009 in order to continue to support Nigeria on its journey towards stability and prosperity.

Senegal

116. Senegal is a regional financial center with a largely cash-based economy and vulnerable to money laundering. According to the US-INCSR (2008), it would seem that most money laundering until now has involved domestically generated proceeds from corruption and embezzlement. In 2008, the arrests of opposition politicians, journalists, and a corruption scandal that resulted in the early retirement, rather than prosecution of the implicated judges, illustrate these vulnerabilities. There is also significant concern that criminal figures launder and invest their own and their organization's illicit proceeds from the growing West Africa narcotics trade. There is also evidence of increasing criminal activity by foreigners, including illicit trafficking in narcotic drugs by several Latin American cartels and illegal immigrants.

117. Dakar's increasingly active real estate market is largely financed through cash and property ownership, and transfer is nontransparent. The building boom and high property prices suggest that an increasing amount of funds with an uncertain origin is circulating in Senegal. Touba, a largely autonomous and unregulated free-trade zone, reportedly receives between U.S. $550 and $800 million per year in funds repatriated by networks of Senegalese traders and vendors abroad. Other areas of concern include cash, gold and gems transiting Senegal's airport and porous borders, as well as real estate investment in the Petite Côte south of Dakar[4].

118. The whole issue of money laundering has gained in importance over the past few years, with the increased currency influx into the market. As mentioned, Senegalese in the Diaspora consistently send home

(4) For details, see the US INCSR (2008).

very large amounts of money in foreign currency, very often outside of the formal channels and through informal money remitters. These funds are often speculative in nature. The increased investment in the construction sector is also notable, in particular since the unfortunate political events that took place in Côte d'Ivoire and which encouraged many firms to relocate to Dakar, thus prompting a building boom, which continues to this day. Large investments in public works (roads, buildings, sanitation, transportation networks) have added to the flow of cash into the economy. The formal flows normally transit the official financial institutions and are thus regulated to a large extent. However, very many smaller investors remain outside these institutions and their monetary flows largely escape the vigilance of regulatory bodies.

119. In spite of the above, the banking sector in Senegal is quite extensive and prosperous, despite an overall population to banking ratio that is rising but still relatively low (estimated at 25–30%). Confidence in the rather conservative banking system remains somewhat limited in this essentially cash-based economy. Yet regionally, among UEMOA countries, Senegal is second to Côte d'Ivoire in its banking ratio. The use of cheques as a payment instrument seems to be progressing slowly but surely as well as the use of debit cards. It is hoped that this would help increase reliance on the banking system. The widespread use of microfinance by small investors has already had a positive impact on the banking system by encouraging the opening of accounts. But more remains to be done. Better and more flexible financial tools need to be offered to a wider variety of customers over the next few years. The lack of dynamism leads to what is perceived by many as institutional blockage, which in turn encourages parallel banking, a prime source of money laundering.

120. Senegal is a member of the UEMOA, a formal treaty linking seven French-speaking West African countries and Guinea-Bissau, by virtue of its Law authorizing ratification of the Treaty signed on January 10, 1994. This Treaty governs all monetary and financial matters among its members. The Central Bank (BCEAO) remains the principal guarantor of monetery and financial stability in the country and in the UEMOA sub-region. In spite of a strongly cash-based economic system, the BCEAO manages to maintain effective oversight over the banking sector, which has largely self-regulated over the years. In fact, of the 17 banks operating in Senegal at present (following a partial consolidation exercise a few years ago), most are closely linked or are directly part of foreign-owned banking operations. The few locally owned banks are smaller and limited in scope. The challenge right now is how to attract a wider and more diversified customer base and increase services beyond the Capital City. This will require a concerted effort to sensitize the public to banking as a more secure method of doing business and by offering more attractive and flexible products in the market. Better publicity will also be required, on a larger scale. The location of GIABA in Dakar is further incentive for sensitizing the public and mobilizing local stakeholders to deal with issues more rapidly.

121. The Senegalese CENTIF has been in operation since 2004, and is the oldest of such institution in the region, along with the FIU in Nigeria. It is highly functional and has even been able to lend expert staff to GIABA in order to assist with seminars in neighbouring countries. However, the

country has yet to enunciate a National AML/CFT Strategy. It is hoped that the Government of Senegal will continue to work with GIABA, WAEMU and ECOWAS to move to the next level in the fight against ML and TF, particularly towards the criminalization of terrorist financing. Senegal has expressed its commitment to work to achiev transparency in its financial and real estate sector as well as establish better control of cross-border currency transfers in collaboration with its partners in the region. Nevertheless, the Senegalese law enforcement and customs authorities need to take the initiative to identify and investigate money laundering at the street level and in the informal financial sector.

122. During the year, the West African Bar Association (WABA) held a forum in Dakar in March, with the sponsorship of GIABA. The TANA exercise was also completed during the summer at the GIABA Headquarters, with the preparation of the final versions of each report, following reception of comments from the NCs. In furtherance to its objective of promoting strategic partnership with the civil society, GIABA also organized a training/sensitization programme for journalists in Senegal in February. A series of AML/CFT continuing education programmes were also held for university students in Dakar during 2008. UNODC further held a seminar on illegal immigration in Dakar in October. Also, the final Plenary of the year was held in Dakar in November, with significant results obtained. In December, GIABA helped fund a seminar on CFT, organized by the CENTIF in Dakar, as a gesture of support for this all-important tool in the national arsenal to combat ML and FT. Last but not the least, the country's MER was adopted at the Ghana Plenary meeting in May, after an animated discussion. This report has since been published, and in accordance with the GIABA enhanced follow up procedure, Senegal is expected to present its first follow up report on the implementation of the recommendations contained in the MER in May 2009.

123. It is interesting to note here that in Senegalese society, there would seem to be a somewhat "positive" connotation to ML in many quarters, based on a popular misperception of the facts. Money laundering is often considered acceptable in Senegal, since it appears to bring money into a country that otherwise would not be coming in. Yet, the truth is that, much of the money departs for safer climes, and that which remains competes unfairly against legitimate operators, who then risk bankruptcy and closure. The reality of ML, its true impact and its consequences, are not widely understood, even by some persons directly involved in the financial sector. Thus, there appears to be a fairly urgent need for public information and sensitization on a large scale, in order to correct misperceptions and to help stabilize the currency markets. Once the costs and impact of "dirty money" on a society are well explained and understood, AML



African media generally benefit from training programs of GIABA to inform and sensitise the populations. Here, a cross-section of Senegalese journalists during an awareness raising workshop in Dakar.

activities become much more feasible and successful. The same holds true for CFT activities, where illicit funds may be used to finance terrorist activities both at home and abroad.

124. The Senegalese economy, however, remains vibrant and the financial sector is well regulated. Banks and other financial institutions regularly report suspicious transactions to the CENTIF and are fully supervised by the central banking authorities. Personnel of the financial institutions are well trained and undergo refresher training regularly. The financial sector is quite competently run and is stable. The internal stability of Senegal, a powerful attraction for investors, will hopefully continue to increase in the future, as well as the competence and the leadership being exercised in the financial arena. In particular, the strong presence of the CENTIF has added to the sense of trust and confidence in the local market, and is consolidating an already strong marketplace. The future requires vigilance, however, since several signs of increased ML and other sources of corruption have been surfacing over the past few years. What is also now required is a parallel increase in surveillance of the DNFI sector, through adequate institutional means, both preventive and repressive, and maintenance of the sense of confidence that the law will be applied and that there is no impunity with regard to this whole issue. "Good business requires good security." This is paramount to the country's future prosperity.

Sierra Leone

125. Sierra Leone is one of the poorest countries in the region. It is one of the post-conflict countries in West Africa, having experienced a civil war from 1991 to 2002. Since the cessation of hostilities six years ago, government has been steadily re-establishing its control and authority over the state's affairs. Additionally, a Special Court for Sierra Leone was set up jointly by the Government of Sierra Leone and the United Nations in The Hague. It is mandated to try those suspected to be responsible for serious violations of international humanitarian law and Sierra Leonean law in the territory of Sierra Leone since 30 November 1996. Charles Taylor, former President of Liberia, is the most famous of the Court's defendants. This appears to be helping with national reconciliation during reconstruction of the country.

126. There have been several international and donor missions to the country in the recent past. Government for its part has embarked on several reform programmes aimed at promoting transparency and accountability in governance. As is the case throughout the region, the country's economy is largely cash-based. There are eight licensed commercial banks in operation in the country (with their activities largely concentrated in Freetown); four community banks and about 51 licensed bureaux de change operators. Approximately 20% of the population has access to formal financial service products such as the operation of a bank account.

127. Mineral exports remain Sierra Leone's principal foreign exchange earner. Sierra Leone is a major producer of gem-quality diamonds. Though rich in this resource, the country has historically struggled to manage its exploitation and export. Though recent government efforts to improve the management of diamond export has met with some success, especially with the adoption of the UN-approved export

certification system for diamonds (the Kimberley certification process), only a fraction of the annual production estimates of between US$250 and US $300 million passes through formal export channels. Official export statistics for 2001–06 show the following: 2001, US$26 million; 2002, US$42 million; 2003, US$76 million; 2004, US$127 million; 2005, US$142 million; 2006, US$125 million. The balance is smuggled out and has been used to finance rebel activities in the region, money laundering, arms purchases, and financing of other illicit activities, leading some to characterize Sierra Leone's diamonds as a "conflict resource." Recent efforts on the part of the country to improve the management of the export trade have met with some success.

128. Diamond smuggling has long been and remains a sore point and a source of worry and concern in official circles despite the cessation of hostilities. Since the war was largely funded by the laundered money of blood diamonds, the commodity remains a source of anguish for most Sierra Leoneans. Though the illegal exploitation and smuggling of diamonds remains a concern in the country, the authorities think that with the end of the civil war and the disarming of the various rebel groups, there is a very low risk of terrorist activities within the country.

129. Money laundering has been criminalized in Sierra Leone through the Anti-Money Laundering Act of 2005. In form and content the law adopts an all-crime approach in its definition of the range of predicate offenses relating to money laundering. According to the Act, the Governor of the Bank of Sierra Leone should be the responsible authority for AML in the country. The legal framework does not, however, impose any reporting threshold limits under the Money Laundering Regulation, but sets a threshold limit under section 6(1) of the Act, when a customer's business transactions exceed a daily aggregate of 25 million Leones or the equivalent of US$8,333. Following a visit to the country by the DG in July, the law was revised with the assistance of GIABA and provisions for criminalization of terrorist financing were included in the amendments for consideration of the Executive Council and subsequent onward transmission to the Parliament.

130. The country has made notable progress in its AML/CFT efforts. It has a fledgling FIU located in the Central Bank, and its members have been formally designated. The institution has yet to become truly operational. This is in the process of being finalized and the FIU should become fully functional in early 2009.

131. Sierra Leone has a draft National AML/CFT Strategy that has not yet been formally approved by the government. The strategy document identifies the national AML/CFT vulnerabilities, strategies for addressing matters relating to these, and proposed national programmes and action plans. But the document does not set out clearly defined national priorities, nor does it suggest a defined time-frame for the implementation of programmes and policies. The seminar planned for early 2009 will be the opportunity to finalize this process and follow up the amendments of the AML/CFT law.

132. The mutual evaluation report (MER) on Sierra Leone was the first MER to be discussed and adopted by GIABA, in June 2007. In accordance with the GIABA Mutual Evaluation process and procedure, GIABA has undertaken enhanced follow-up and Sierra Leone. The DG visited Freetown

in July to meet with the Ministers concerned and the Central Bank officials tasked with AML/CFT in the country. The objective of the mission was to assess the AML/CFT situation in Sierra Leone, following GIABA's plenary meeting of May 2008 held in Accra, and more specifically to discuss progress on the implementation of the recommendations contained in the first follow-up report presented after conducting the mutual evaluation of Sierra Leone. The DG also urged the authorities of this country to ensure speedy action aimed at addressing the deficiencies in their financial and criminal justice systems that were rated Non-Compliant (NC) or Partially Compliant (PC) in the MER of Sierra Leone. They were also encouraged to finalize the AML/CFT Strategy and establish a fully operational FIU. A follow up visit to conduct an awareness raising and training seminar will be planned for early 2009.

Togo

133. Togo's economy is essentially based on subsistence agriculture. Food and cash crop production employs the majority of the population and is responsible for 42% of GDP. Commercial enterprise is also quite prominent, Lomé being an important regional trading centre. The deepwater port in Togo is privately operated 24 hours a day, with transit shipments to the landlocked countries of the interior being a source of income to the state. The "Grand Marché" is a regional focal point of much trade, particularly in African cloth. In addition, the re-export of alcohol, perfumes, cigarettes and used automobiles supports the economy.

134. Togo is also a member of UEMOA, and the UEMOA Treaty governs all AML/CFT efforts in the country. With the rapid changes taking place in many neighboring countries, in both political and socio-economic terms, Togo feels compelled to participate more fully in the new sub-regional order of things. Laws have been enacted, institutions created, systems initiated and assistance sought in order to bring the country up to a level of competence that will enable it to deal properly with some of its major problems, among which are corruption, trafficking and especially money laundering and the potential financing of terrorism. Togo must be a full partner in the so-called "secure corridor" initiative which aims to unite Nigeria, Benin, Ghana and Togo in a common front against the influx of "dirty money" and trafficking. The country has much to gain from this proposed commitment and will benefit greatly from a new institutional framework which GIABA can help establish.

135. Almost all the proceeds being laundered in Togo today either original from payoff for complicity with traffickers in illicit drugs and other commodities, or result from participation in corrupt practices by government officials or private business people. Attacking corruption will therefore have a direct impact on all AML/CFT efforts. It would seem, however, that many people, including many public officials, still have little or no knowledge of the reality of ML or of the consequences and perverse effects it has on the national economy. Public awareness is a prerequisite to any positive action being undertaken. ML and corruption effectively continue to bleed the country, yet few people truly understand the devastating impact this is having on the country's development and modernization. Over the years, they have become the norm and are holding the country hostage, not to mention the negative effect they are having on general social values. Good governance is thus essential to the general enrichment of Togo.

136. The country has still not progressed beyond the promulgation of its AML law in 2006. It has yet to designate the members of the CENTIF and establish an active AML/CFT Committee to deal with the issue. There would seem to be some sort of unofficial blockage regarding the issue; however, the delay in moving ahead is causing some worry to GIABA. In October, the NC was changed and GIABA was not informed until the November Plenary.

137. In July, GIABA participated in an ECOWAS sensitization week in Lomé, where the public was informed about GIABA's specialized mandate and activities. A further specialized training seminar for French and Portuguese speaking judges was held in Lomé in December. This seminar was a sequel to a similar training event held earlier in Abuja for the Anglophones. In an effort to enhance the capacity of the NC, GIABA also provided computers and other assistance worth 3.5 million CFA to the NC's office in the summer. In addition, as a follow up to his discussions with the Minister in October, the DG has planed to visit Togo in early 2009 in order to stimulate the establishment of the CENTIF and of the AML/CFT Committee. It is crucial that Togo not be left behind its neighbours in establishing its AML/CFT regime.

138. Apart from the establishment of the CENTIF, with a view to filing suspicious transaction reports and sanctioning offenders, the need to create greater awareness among partners and in the general public regarding the issue of ML should also be seen as urgent. Most people still do not understand the extent of its consequences or all its ramifications. Even among professional groups, clear understanding of the complexity of the issue is limited. A very strong effort to disseminate clear and simple information on the subject is considered absolutely crucial to the success of any effort to reduce the phenomenon. Public support for the initiative will help it prevail.

Conclusion

139. As stated earlier, this review of the AML/CFT situation in West Africa is far from exhaustive. It has however provided an overview of the current efforts by jurisdictions in the region to implement acceptable standards. The commitment by member States indicates that more could be achieved in this direction, and that is why country assessment is one of the main thrusts of the strategic objectives of GIABA. Table 1 gives a general overview of the AML/CFT status of GIABA member countries and identifies the broad range of actions that jurisdictions have or have not taken to combat money laundering, effective as of December 31, 2008. This reference table provides elements that define legislative activity and identify other characteristics that can be related to money laundering vulnerability.

Table 1 :

The Status of GIABA Member States' Ratification of AML/CFT/Drugs and Crime Conventions

Member State	International Conventions Ratified	Year of Ratification	Status of Anti-Money Laundering (AML) Legislation	Status of Terrorist Financing Legislation (CFT)
Bénin	• UN Convention Against Illicit Traffic in Narcotic Drugs & Psychotropic Substances, 1988; • UN Convention against Transnational Organized Crime, 2000; • UN Convention for the Suppression of the Financing of Terrorism. 1999; • The UN Convention against Corruption, 2003	23/5/1997 30/8/2004 - 14/20/2004	Enacted in 2006	No CFT Legislation
Burkina Faso	• UN Convention for the Suppression of the Financing of Terrorism, 1999; • UN Convention Against Corruption, 2003 • UN Convention against, Transnational Organized Crime 2000; • UN Conventions on Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988	- 10/10/2006 15/5/2002 2/6/1992	Enacted, 2006	No CFT Legislation
Cape Verde	• UN Conventions on Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988; • UN Convention against, Transnational Organized Crime 2000; • UN Convention for the Suppression of the Financing of Terrorism. 1999; • UN Convention against Corruption, 2003	8/5/1995 15/7/2004 - 23/4/2008	Enacted in 2002	No CFT Legislation
Côte d'Ivoire	• UN Conventions on Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988; • UN Convention against, Transnational Organized Crime 2000 ; • UN Convention for the Suppression of the Financing of Terrorism. 1999; • UN Convention against Corruption, 2003	25/11/1991 - - -	Enacted in 2005	No CFT Legislation

Table 1 : (cont.)

The Status of GIABA Member States' Ratification of AML/CFT/Drugs and Crime Conventions

Member State	International Conventions Ratified	Year of Ratification	Status of Anti-Money Laundering (AML) Legislation	Status of Terrorist Financing Legislation (CFT)
The Gambia	• UN Conventions on Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988; • UN Convention against, Transnational Organized Crime 2000 ; • UN Convention for the Suppression of the Financing of Terrorism. 1999; • UN Convention against Corruption, 2003.	19/4/1996 5/5/2003 -	Enacted in 2003	No CFT Legislation Anti-Terrorism Law enacted in 2003 – requires amendment to meet international standards.
Ghana	• UN Conventions on Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988 ; • UN Convention against, Transnational Organized Crime 2000; • UN Convention for the Suppression of the Financing of Terrorism. 1999 ; • UN Convention against Corruption, 2003	10/4/1990 - - 27/6/2007	January, 2008	No CFT Legislation
Guinea Bissau	• UN Conventions on Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988 ; • UN Convention against, Transnational Organized Crime 2000 ; • UN Convention for the Suppression of the Financing of Terrorism, 1999 ; • UN Convention against Corruption, 2003	27/10/1995 10/9/2007 - 10/9/2007	Enacted in 2006	No CFT Legislation
Guinea	• UN Conventions on Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988; • UN Convention against, Transnational Organized Crime 2000; • UN Convention for the Suppression of the Financing of Terrorism 1999; • UN Convention against Corruption, 2003	27/12/1990 9/11/2004 - -	Adopted by Parliament in 2006 (Waiting for Presidential Assent)	No CFT Legislation

Table 1 : (cont.)

The Status of GIABA Member States' Ratification of AML/CFT/Drugs and Crime Conventions

Member State	International Conventions Ratified	Year of Ratification	Status of Anti-Money Laundering (AML) Legislation	Status of Terrorist Financing Legislation (CFT)
Liberia	•UN Conventions on Illicit Traffic In Narcotic Drugs and Psychotropic Substances, 1988 ; • UN Convention against, Transnational Organized Crime 2000; • UN international Convention for the Suppression of the Financing of Terrorism, 1999; • UN Convention against Corruption, 2003;	16/9/2005 22/9/2004 - 16/9/2005	Enacted, 2002	No CFT Legislation
Mali	• UN Convention against Illicit Traffic in Narcotic Drugs & Psychotropic Substances, 1988; • UN Convention against, Transnational Organized Crime 2000; • UN international Convention for the Suppression of the Financing of Terrorism. 1999; • UN Convention against Corruption, 2003	31/10/2005 12/4/2002 18/4/2008	Enacted 2006	No CFT Legislation
Niger	• UN Convention against Illicit Traffic in Narcotic Drugs & Psychotropic Substances, 1988; • UN Convention against, Transnational Organized Crime 2000; • UN international Convention for the Suppression of the Financing of Terrorism, 1999; • UN Convention against Corruption, 2003.	10/11/1992 30/9/2004 - 11/8/2008	Enacted in 2004	No CFT Legislation
Nigeria	• UN Convention against Illicit Traffic in Narcotic Drugs & Psychotropic Substances, 1988; • UN Convention against, Transnational Organized Crime 2000; • UN international Convention for the Suppression of the Financing of Terrorism,1999; • UN Convention against Corruption, 2003	11/11/1989 28/6/2001 28/4/2003 14/12/2004	Enacted in 2004	No CFT Legislation

Table 1 : (end)

The Status of GIABA Member States' Ratification of AML/CFT/Drugs and Crime Conventions

Member State	International Conventions Ratified	Year of Ratification	Status of Anti-Money Laundering (AML) Legislation	Status of Terrorist Financing Legislation (CFT)
Senegal	• UN Convention against Illicit Traffic in Narcotic Drugs & Psychotropic Substances, 1988; • UN Convention against Transnational Organized Crime, 2000; • UN international Convention for the Suppression of the Financing of Terrorism. 1999; • UN Convention against Corruption, 2003	27/11/1989 27/10/2003 - 16/11/2005	Enacted, 2004	No CFT Legislation
Sierra Leone	• UN Convention against Illicit Traffic in Narcotic Drugs & Psychotropic Substances, 1988; • UN Convention against Transnational Organized Crime, 2000; • UN international Convention for the Suppression of the Financing of Terrorism,1999; • UN Convention against Corruption, 2003	6/6/1994 - - 30/9/2004	Enacted in 2005	No CFT Legislation
Togo	• UN Convention against Illicit Traffic in Narcotic Drugs & Psychotropic Substances, 1988; • UN Convention against Transnational Organized Crime, 2000 ; • UN international Convention for the Suppression of the Financing of Terrorism 1999; • UN Convention against Corruption, 2003.	1/8/1990 2/7/2004 - 6/7/2005	Enacted in 2007.	No CFT Legislation

CHAPTER 3

COUNTRY ASSESSMENTS

Introduction

140. Country assessments may be subsumed under three main categories, for the needs of this report. The first and most important is referred to as the Mutual Evaluation (ME) exercise, a core function of an FSRB, and therefore one of the main thrusts of the regional AML/CFT strategic framework of GIABA. It is a process where members agree in advance to subject themselves to peer review in order to ascertain their level of compliance with acceptable standards. The methodology for this evaluation is the FATF Methodology which is based on the FATF 40+9 Recommendations, as well as other international instruments.

141. The second category is a similar exercise called an auto or self-evaluation, by which a given country undertakes to evaluate itself with respect to its AML/CFT regime, either in preparation for an upcoming ME or as a means of maintaining standards at a high level on a regular basis. This form of assessment is fairly new in the region and is not applied in a systematic way at present. Only a limited number of countries have in fact subjected themselves to it.

142. Finally, GIABA has undertaken a third type of assessment which it termed the Technical Assistance Needs Assessment (TANA) exercise. Such assessments are periodic in nature and aim to present a picture of each member State at a given moment in time, to review the socio-economic situation in-country, to identify gaps in the anti money laundering regime and processes, and to propose recommendations for increasing capacity in the short to medium term. TANA allows for comparative evaluations and for a regional view of the overall AML/CFT situation, summarized in a comprehensive document covering the general needs identified and which are common to the entire region. Such an exercise was conducted in late 2007 and the results have now been made public.

143. The existence of relevant legislation is an important prerequisite for compliance in each case. This chapter therefore reports on the efforts at enacting AML/CFT legislation in the region in 2008, on the work of the Working Group on Mutual Evaluation, and on the Expert Review Group and on-site visits conducted during the year under review. It will also report on the conclusion of the first TANA exercise, which has provided much insight and knowledge to the region with regard to AML/CFT.

Enactment/upgrading of AML and CFT laws

144. One of the pillars on which any AML regime rests is the enactment and implementation of legal frameworks, regulations and directives which guide the legal, financial, and judicial processes involved in the fight against ML and TF. Thus, one of GIABA's

priorities during the past year was to support member States to adapt and promulgate appropriate legislation and also upgrade existing ones in order to conform to acceptable international standards. Prior to 2006, many countries in this region did not have legislation against money laundering. Today, each and every member State of GIABA has promulgated stand-alone laws which criminalize it. Ghana was the last to do so in January 2008. Some of the existing laws require improvement to conform to the requisite international standards. Nevertheless, this important step represents significant progress in the regional approach to combating money laundering.

145. Some of the laws have been reviewed to incorporate the principles behind all AML legislation as embodied in international instruments, such as the 40 Recommendations of the Financial Action Task Force and the 9 Special Recommendations related to Terrorist Financing (the 40+9 Recommendations), and the UN Conventions on Organized Crime (2000), Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988), and the Suppression of the Financing of Terrorism (1999) and Corruption (2003). Within the African Region, GIABA member States are also required to adopt and implement the AU Convention against Corruption and the ECOWAS Protocol on the Prevention of Corrupt Practices. Article 2(c) of the GIABA revised Statute, which was adopted by the Authority of ECOWAS Heads of State and Government in 2006, requires member States to "recognize, adopt and implement FATF norms, methodology, particularly the 40 Recommendations on money laundering and 9 Special Recommendations on the financing of terrorism, and other relevant international conventions."

146. Essentially, most of these legislation include the following: de facto criminalization of money laundering, obligation to report suspicious transactions by financial institutions and DNFBPs, removal of secrecy obligations, establishment of FIUs, customer identification requirements, record-keeping, appointment of agencies responsible for the enforcement of the law to ensure its effective implementation and international cooperation mechanisms such as mutual legal assistance, extradition and judicial cooperation. There was also an attempt to harmonize these legal documents between jurisdictions through a common approach to drafting and by sharing the legal documents among member States.

147. In this regard, for example, the eight UEMOA countries share a common legislative base with respect to AML/CFT. In order to implement the law according to its fundamental legal principles, and to adapt and enact the legislation within its own jurisdiction, each country had to introduce the "uniform law" to its own Parliament, sometimes with slight modifications. Each of these eight countries has now done so as far as an AML law is concerned. The countries thus share a common legislation which is fully harmonized from the start. The harmonization of legislation does constitute a definite advantage, hence GIABA has also been working closely with the other seven member States, particularly with regard to the relevant legislation required for the effective implementation of the AML regime, such as the asset recovery measures, proceeds of crime, mutual legal assistance and extradition mechanisms. Further to a request received from member States to assist with the publication and dissemination of the AML legislation, GIABA printed one thousand copies of the laws of five countries (Benin, Guinea Bissau, Niger,

Sierra Leone and Togo) and distributed them to the authorities of these countries. This initiative will continue with the remaining States.

148. With regard to stand-alone CFT laws in the region, significant progress was made in that direction in 2008. The UEMOA Commission issued a Directive in July 2007 to all the UEMOA countries requiring them to domesticate and enact national CTF legislation in line with the uniform model legislation developed by GIABA and the new forthcoming uniform legislation from UEMOA. Following the adoption of this uniform law, in March 2008, each country is now proceeding with domestication and adaptation of the law, as was the case with the uniform AML legislation in 2007.

149. Within the non-UEMOA countries, efforts are being made to formulate and promulgate TF legislation based on acceptable standards and other model legislation. While some countries have now forwarded draft TF bills to their Parliaments, others have not even drafted any. It is important, in this time of crisis and vulnerability, that member States expedite action so as to be on the same level as their neighbors. In this regard, Nigeria has criminalized terrorist financing under section 15 of the Economic and Financial Crimes Act 2004. Guinée has produced a draft legislation, with the assistance of GIABA, which was being readied for submission to the National Assembly before the December coup. The Gambia enacted an Anti-Terrorism Act in 2003, but this does not cover terrorist financing. The Secretariat has recommended that The Gambian authorities should review the law and produce a more comprehensive CFT legislation. Cape Verde is also working on legislation to this effect. The Secretariat will continue to work with all member States, as a priority, to ensure that they enact their CFT legislation before the end of 2009.

Mutual Evaluations

150. A mutual evaluation calendar was approved by the Ad Hoc Ministerial Committee in 2007. However, this calendar has been modified and approved, due to a series of circumstances which have seen some MEs delayed and others brought forward. Accordingly, in close cooperation with the member States and with international partners, significant progress was made in the implementation of one of GIABA's key objectives: the timely conduct of mutual evaluations of member States using the FATF Reversed Methodology 2006. In 2008, the ME reports of Nigeria and Senegal were approved at the May Plenary in Ghana, while those of Mali and The Gambia were approved in November at the Dakar Plenary. At the latter, approval was also secured for the publication of the ME of Cape Verde, which was concluded in April 2007 with the support of the IMF and for which the report had been adopted during the Ouagadougou Plenary meeting in November 2007. Following ministerial endorsement in December 2008, these reports have been published in accordance with the GIABA Statute. The new calendar is shown in Table 2.

Table 2 :

GIABA REVISED MUTUAL EVALUATION CALENDAR

COUNTRY	DATE	PLENARY DISCUSSION	ASSESSOR INSTITUTION	STATUS	Publication
SENEGAL	July 2007	May 2008	GIABA	MER Discussed and Adopted	Published
SIERRA LEONE	2006	June 2007	IMF	MER Discussed and Adopted	Published
NIGERIA	September 2007	May 2008	GIABA	MER Discussed and Adopted	Published
CAPE VERDE	May 2007	November 2007	IMF	MER Discussed and Adopted	Awaiting IMF Board approval before publication (?)
NIGER	June, 2008	May 2009	World Bank	Completed on-site visit	Scheduled for discussion
GAMBIA	April, 2008	November 2008	GIABA	Discussed and Adopted	Published
GHANA	April 2009	November 2009	GIABA	Pending	Postponed on country's request
COTE D'IVOIRE	November 2009	May 2010	GIABA	Pending	Postponed on country's request
GUINEA BISSAU	September 2008	May 2009	GIABA	Completed onsite visit	Scheduled for discussion
BENIN	June 2009	November 2009	GIABA	Pending	
BURKINA FASO	February, 2009	November, 2009	World Bank	Pending	
MALI	February, 2008	November 2008	World Bank	Discussed and Adopted	Published
TOGO	Februar 2010	November 2010	GIABA	Pending	
GUINEA	June 2010	November 2010	GIABA	Pending	
LIBERIA	September 2010	May 2011	GIABA	Pending	

On-site Missions

151. Based on the revised mutual evaluation calendar, and in accordance with the scheduled on-site missions, the first round of mutual evaluations continued during the year under review with the following on-site missions:

Mali:

The World Bank informed GIABA about it's plan to assess Mali and Burkina Faso in 2008. This assessment, according to the World Bank had been accepted by the countries within the framework of the Bank's Regional FSAP for WAEMU members. After consultations with members, it was agreed that the on-site mission to Mali should proceed as planned in February 2008. This was successfully conducted and the report was adopted in November.

The Gambia:
In accordance with the approved calendar of mutual evaluations, the on-site visit to The Gambia was undertaken in April 2008. It was led by GIABA and supported by other partners, including the OGBS and the World Bank. Our gratitude goes to the assessors, the international partners and the authorities of The Gambia for their cooperation and support.

Niger:
The on-site visit to Niger was undertaken GIABA together with the World Bank in June 2008. A draft report has been produced and will be discussed at the Bamako Plenary meeting in May 2009.

Guinea Bissau:
The on-site mission to Guinea Bissau in September 2008 was also successful. The mission was led by GIABA with the support of representatives from the Portuguese Ministry of Justice, Department for International Relations/DGPJ and the Central Bank of Portugal, as well as the Brazilian FIU. The report has been finalized and is scheduled for plenary discussion in May 2009 in Bamako.

Ghana:
The on-site visit to Ghana in October was not possible because the authorities wrote very belatedly to inform the Secretariat that they were not ready to receive the team and proposed that the on-site mission be rescheduled for April 2009. This matter was addressed at the November Plenary. The Plenary decided to accept the delay, despite the obvious precedent which this sets for future delays or postponements. The plenary observed strongly that once a calendar is set and accepted by the Plenary, it must be respected.

Côte d'Ivoire:
Côte d'Ivoire, which was also scheduled for an on-site evaluation in November 2008, forwarded an early request for extension until November 2009, due to scheduled general elections in that country, unfortunately coinciding with the on-site visit. However, the elections were again delayed until 2009; the Plenary meeting in Dakar decided that the ME should proceed in November 2009.

2009:
Apart from the on-site visits planned for Ghana and Côte d'Ivoire during the year, the on-site visit to Burkina Faso will take place from 26 January to 04 February 2009, while Benin's agreement to undergo a Mutual Evaluation as scheduled for June 2009 has been secured.

Policy on Publication Dissemination of Mutual Evaluation Reports

152. The mutual evaluation process is not complete until the final report is published on the GIABA website, as determined by our "Processes and Procedures". In accordance with this and in line with FATF procedures, particularly the need to instill transparency into the mutual evaluation process, MERs are to be shared with all members, international partners, and any member of the public that is interested in the report. These reports are discussed in open session during the GIABA Plenary meetings. Once the report is adopted, GIABA must publish it on its website and disseminate it to the international community. In view of some confusion as to this agreement, the issue was again raised at the Dakar Plenary meeting and final agreement secured to proceed in this manner, once the Council of Ministers gives its green light.

Working Group on Mutual Evaluation (WGME)

153. In order to provide a platform for member States to examine and discuss issues pertaining to mutual evaluation within

GIABA, a Working Group on Mutual Evaluation, made up of representatives from member States, was established in 2007. The mandate of the WGME is mainly to Review the processes and procedures of mutual evaluation and make recommendations to the plenary.

154. The Working Group held its inaugural meeting in Dakar in March 2007 to review the processes and procedures as well as the calendar of GIABA mutual evaluations. At the 7th Technical Commission/Plenary meeting in Banjul in June 2007, the mutual evaluation calendar was discussed and adopted by Plenary and subsequently by the Ad Hoc Ministerial Committee. The Secretariat was mandated to ensure that the calendar was fully adhered to. The WGME met again in 2008 and accepted to revise the ME calendar in order to accommodate some member States who could not comply. At this juncture, with the adoption of numerous MERs, the mandate of the WGME has been expanded to include the monitoring of implementation of the MERs by member States. During this past year in particular, some issues arising from the ME process, including the postponement of some on-site visits as well as publication of reports, have created some problems for GIABA. However, these problems have been resolved.

155. In view of the progress being made in the Mutual Evaluation exercise with the support of our partners, it has become necessary to once more revise the calendar in order to ensure that GIABA in fact concludes the first round of MEs, as scheduled, by the middle of 2010. This would demonstrate GIABA's commitment to fulfill its mission as an FSRB and pave the way towards Associate Membership of the FATF.

Evaluation Review Group (ERG)

156. The tradition of the FATF and other FSRBs is to set up separate Evaluation Review Groups (ERGs), in accordance with their mutual evaluation process and procedure. An ERG is to:

- to review the entire report and submit comments and observations to ensure that it conforms with the FATF standard MER (format, structure and content);
- to ensure consistency, accuracy and completeness;
- to determine issues, if any, to be brought to the attention of the assessed country and assessment team;
- to determine issues for Plenary discussion. Normally, each ERG examines the report carefully and presents outstanding matters to Plenary for discussion and adoption of the MER. This group has an adhoc membership drawn from States. An ERG is usually set up to review a specific report and make recommendations to Plenary. This task has been proceeding smoothly since its initiation.

Training for Regional Mutual Evaluation Assessors

157. Two initial five-day training programmes were organized for prospective assessors from member countries in 2007 in order to ensure that there is a pool of trained assessors available to take part in the mutual evaluation. One training programme was organized in collaboration with the World Bank and the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG) for English-speaking countries in Nairobi in April 2007; another was organized in collaboration with the IMF for

the French-speaking countries, in Dakar, Senegal, in May 2007. Both programmes were supported by the FATF. The object of the training is to ensure that the assessors and the member States' representatives have an understanding of the FATF methodology, the 40+9 FATF Recommendations, the Interpretative Notes, and the Handbook for Assessors. It also aimed at preparing both the assessors and countries for future evaluations. 68 participants from member States were trained in 2007, but only 3 attended FATF assessors' training during this past year. The pool of qualified personnel, therefore, remains fairly complete, but would require further increase and improvement.

158. This pool of qualified assessors is, however, subject to attrition. Several assessors have been transferred or have left their positions. Others are not always available for duty at the appropriate moment. It is thus necessary for GIABA to continue the training of new assessors over time, and this has been done through additional training programmes in 2008. For example, in collaboration with the World Bank, GIABA organized a pre-assessment training programme for Ghana, The Gambia and Liberia in Accra in June, which aimed to expose those who will be involved in mutual evaluations to the processes and procedures involved. The programme was hands on and very practical. Trainees participated in practical exercises which helped deepen understanding about each step of the mutual evaluation questionnaire and how to answer to the questionnaire.

Finalization of TANA Exercise

159. The lengthy and exhaustive TANA exercise which begun in June 2007 was concluded in 2008 with the formulation in March of a Summary report of the main findings and the subsequent review of each country report by the country concerned and the original author between April and July. Comments received were taken into account and incorporated into the text, without prejudice to the original findings and conclusions of these independent assessments. The consultative process ensured the full participation of each country and provided the opportunity to revisit some of the recommendations set out in the report. Although the findings are about 1½ years old, they represent a good overview of the AML/CFT situation in each Member State, despite the fact that some important changes may have taken place since that time. The conclusions, it is felt, continue to represent a useful roadmap towards a truly operational AML/CFT regime in each country.

160. The reports have been fully revised and prepared for publication. They will be issued separately in the appropriate regional languages, each in one consolidated booklet, and made available to member States in hard copies. The TANA reports will also be made available on-line at the GIABA website, www.giaba.org . This achievement is of particular note since it is the very first Compendium in West Africa dedicated to the issue of ML and its related predicate offenses, in addition to some reference to FT. GIABA is particularly proud of this comprehensive document. Further reference is also made in the next Chapter.

Conclusion

161. The value of the expert level – as opposed to the political – discussion is particularly evident in GIABA's Mutual Evaluation process. This process involves regular peer review and discussion of member

countries' progress toward full implementation of the FATF 40+9 recommendations. Reviews entail responses to questionnaires, interviews with officials and financial services providers, written reports of findings, and discussion and critique of those reports in Plenary meetings. The mutual evaluations proceed in a collegial manner, which allows specialists, not politicians, from the regulatory, legal and judicial fields to share their expertise and provide useful insights concerning their colleagues' efforts to implement sound AML policies. The mutual evaluation process is key to the progress made by member States, and thus to GIABA's credibility as a representative regional body.

CHAPTER 4

TYPOLOGIES, STUDIES AND PROJECTS

Introduction

162. Another key component of this regional approach to AML/CFT is the production of Typologies reports on an annual basis. These reports, which seek to provide a particular African perspective to a universal theme, are destined to raise awareness among our partners, to inform them of the methods employed to launder funds in the region and to point to ways and means to fight against these trends. Thus, the main objective of this exercise is to study the practices, trends, risks, threats, and vulnerabilities for money laundering in the West Africa. Objectives of this include: (1) understanding the possibility of abuse of financial system for the purpose of laundering the proceeds of crime and financing of terrorism; (2) examining the legal, regulatory, compliance, and enforcement regimes in member States; (3) underscoring the impact of the different types and methods of money laundering on the economies of this region; (4) recommending necessary measures to strengthen and enhance the overall AML/CFT regional framework in accordance with acceptable international standards.

163. In addition to its basic direct technical assistance mandate, aimed at providing complementary hands-on support to individual member States, GIABA seeks to extend this mandate by furnishing services of a more general nature to the entire community. Thus, a number of initiatives which seek to cover the entire region, cross borders and examine issues of common concern to all are carried out annually. In this regard, GIABA undertook a number of studies and projects during the past year, some of which have been completed while others are still on-going on. Still others have been planned and have yet to begin, in view of financial and other circumstances. These will be examined in the second part of this Chapter.

Typologies Report

164. Consistent with the GIABA Mandate and its Strategic Action Plan for 2007–09, typologies exercises form a central element of the work of the Secretariat. The main objective of typologies is to gain a better understanding of the trends and patterns of money laundering. During the year under review, GIABA undertook its second typologies exercise on money laundering through the real estate sector. This follows the first report on ML and Cash Transactions, made public in 2007. These reports represent an attempt by GIABA to identify specific methods, techniques and trends of money laundering and terrorist financing, and to provide guidance to the Member States and others on how to deal with specific ML issues and inform policy decisions in West Africa. Both reports appear to have been well received.

165. The findings this year suggest that, because there is no average market price for real estate property, coupled with the extensive use of bulk-cash for payment in the region, these transactions pose a particular difficulty in determining who is actually laundering money and how they are proceeding in this sector. The fact that prices vary widely across towns and districts throughout the region also reinforces this challenge. The involvement of legal experts at some stage of the process in most countries, in order to complete real estate transactions, makes this category of professionals one of the weakest links in the AML/CFT process, if they are not covered by AML/CFT obligations. In particular, the principle of endorsing "out of sight payments" by legal practitioners involved in real estate transactions, creates the opportunity for criminals to abuse and misuse non-financial professionals such as lawyers, notaries, registrars, etc., to endorse cash sales or purchases of property that may have been paid for with dirty money "out of their sight".

166. The typologies exercise revealed that money laundering through the sector could easily be disguised as genuine commercial transactions among the large number of transactions taking place. The risks and vulnerabilities detected show that there is an urgent need to raise awareness on the effects of money laundering through the real estate sector, address the issues regarding the lack of real estate regulations in the region, expose the possible socio-political costs of money laundering through the sector and make recommendations as to how to address these issues.

167. In addition, the report identifies, through case examples, some basic techniques that have been identified, such as the use of unregistered real estate agents and other front men; mortgage schemes; advance fee fraud; parallel (alternative) money transfer systems; etc. The report also looks at the characteristics that make the real estate sector in West Africa particularly attractive to potential misuse and abuse by criminals, and briefly describes each money laundering technique, followed by one or more case examples. It is hoped that the money laundering indicators identified will assist financial institutions and real estate businesses in setting up measures to enforce customer due diligence (CDD) rules, record-keeping as well as performing a risk analysis on both new and existing clients, as proposed in the FATF recommendations.

168. The report also highlights some achievements noted so far in the region, including the criminalization of money laundering through the enactment of anti-money laundering (AML) legislation in all member States, despite the need to further strengthen some of these, and through the gradual establishment of financial intelligence units (FIUs) in all member States. The exercise identified five areas that are particularly vulnerable to misuse in money laundering schemes involving real estate: the use of monetary instruments; third parties, front-men and businesses; legal practitioners; service providers; and financial institutions, including alternative transfer systems. These areas, however, deserve further in-depth research for more concerted action. The report concludes by making some policy recommendations consistent with the basic FATF 40+9 Recommendations.

169. However, the question of the true usefulness of these reports remains uncertain, especially for countries with low capacity to effectively enforce the FATF Recommendations. Since there is no truly valid AML framework in many countries in the region, the reports may be

perceived as unreliable. These typologies reports are compiled from first hand information received from the Member States. But this information is poor and parsimonious right now, and thus remains relatively unreliable. The authors must juggle official data received and compare with other non-official sources of information, in order to arrive at a best case scenario. The absence of hard facts and real proof means that the reports are useful only to a point, possibly as indicators of probability or deduction. There is, therefore, a need for case studies, to be provided by the Member States, in order to build an iron-clad case. Anything less remains merely indicative and not based on facts.

170. This region is bedevilled with issues of small arms proliferation and conflicts. In an effort to determine the extent to which illegal funds are laundered through the trafficking of illicit weapons, GIABA organized a regional workshop in Bamako in June 2008 in collaboration with PANAFSTRAG (a strategic research group) to discuss the methodology of a possible study. The report of the workshop is being developed into a project idea for further work.

171. The typologies report was adopted by the Council of Ministers in December and has been forwarded to member States for implementation of the recommendations. The report is also available on the GIABA website at www.giaba.org . Following this typologies work on real estate-related money laundering, a concept note for a typologies drug related money laundering was adopted during the plenary in November. Other research projects on a Money Laundering Risks Assessment and on the Corruption-Money Laundering Nexus were initiated in 2008 to complement this and may serve as the basis for further typologies exercises in the years to come.

Projects and Reviews

172. In parallel to its regular typologies exercise, GIABA also undertook several study reviews and projects this year, which either serve to complement national technical assistance efforts or provide additional focus to the ongoing battle against ML and FT on a regional basis. These projects have now been completed or are in the process of being implemented. In some cases, they will continue into 2009 and will provide results which will be reported in our next Annual Report. Of course, other project proposals and reviews will also be brought forward for analysis and action during the course of the year.

173. Among the undertakings during this past year, the following stand out:

- AML/CFT Compliance Manual for Financial Institutions (FIs) and Designated Non-Financial Professions and Businesses (DNFPBs) in West Africa. This compendium of rules, regulations and procedures related to the oversight and regulatory tasks required for both Financial and Designated non-Financial Institutions was prepared as a complement to such existing Manuals available in Europe and North America. Although the latter are valuable tools and represent comprehensive approaches to the issues related to regulatory bodies and tasks, especially regarding the roles and mandates of Compliance Officers, it was felt that the particular problems related to Africa's socio-cultural specificity are not adequately addressed in the foreign manuals. Thus, GIABA undertook to collate and review the international documentation available, to blend and synthesize the data and standards required with an African sensitivity to the issues, and to formulate a truly African version of this essential documentation without watering down any approved standards. The actual compendium was drafted by a very

qualified regional expert and submitted to several critical reviews before a final version was retained. It has been translated into French and Portuguese and forwarded to member States and to FIs and DNFIs throughout the region for their further comments. It will also be shared with other interested parties outside of ECOWAS, including other African regional bodies and international partners, for their appreciation and use.

- ML risk and vulnerability assessment. Work commenced on this task in the region in October 2008. The objectives of the assessment are mainly to examine the threats and risks of money laundering in Member States in order to determine its extent, pattern and potential impact, and to recommend far-reaching policy options for a concerted regional effort to fight it. The assessment is essential at this point in time since it will provide hard facts and evidence-based information which will enable member States to adopt an effective AML/CFT risk management process. This in turn will allow them to put in place the requisite measures for implementation and enforcement of enabling legislation and operations which will help mitigate the risks of ML and TF in the region. Another objective of the assessment is to complement the regional typologies exercises, which GIABA undertakes annually. Member States that constitute the sample jurisdictions for this year's project, namely Benin, Cape Verde, Cote d'Ivoire, Ghana, The Gambia, Nigeria and Senegal, are urged to provide the necessary support to the assessment team that would visit their countries. A detailed report on this project is expected by the end of the first quarter of 2009.

- Corruption-ML Nexus Project. This project commenced early this year following the adoption of the concept note during the 8th plenary meeting in November 2008. A project team, led by a renowned Professor of Criminology was constituted with members from those countries to be covered in the study. After a desk review of the literature, an Expert Group Pre-Project Workshop was held in Tema, Ghana, in April to discuss the methodology for a regional study on the corruption-money laundering nexus. Following the adoption of the research instruments, experts were dispatched to work on the study in 10 countries. Research is in the final stages of completion and a full report, initially expected by December, is expected in early 2009. A progress report to this effect was presented to the Plenary meeting in Dakar in November. This thematic report represents an incursion by GIABA into the world of Corruption, which plagues West Africa to an extent beyond our collective imagination. Although not included in its basic mandate, corruption is definitely one of the major predicate offences of ML and of direct concern to GIABA. Furthermore, given its all-pervasive influence and impact on African society and its development, it cannot be removed from the landscape which GIABA must survey. Dirty money from all sources is of direct concern; corruption is of necessity a target for investigation as it relates to ML and FT. Results from this review will guide GIABA in the choice and formulation of its subsequent typologies and threat assessment projects.

- ML and small arms in the region. The last two decades have seen many countries in West Africa torn apart by civil wars and deadly violent conflicts which threatened the very existence of these States and drastically reduced standards of living. This has led to a stagnation of development in the region, massive human rights abuses, poverty, and disregard for the rule of law. The escalation of conflicts and armed violence in the region has resulted in mass displacement of persons because of widespread criminality engendered by the proliferation of small arms

and light weapons (SALW). In accordance with its mandate, GIABA plans to launch a project to attempt to understand the scope and nature of the issues, identify the actors, follow the money trail, provide member states with recommendations on how to detect, deter and disrupt the sources of funding for organized criminals, insurgents, conflict promoters and their supporters. Money laundering is obviously at the core of this dire situation, and it is crucial that GIABA be involved in helping to provide reliable data on the trade. This interesting project will, however, be further developed in early 2009, with possible alternate partnerships

- Awareness raising programme. In view of the vulnerability of the region to the effects of ML and FT, there is a need to better inform individual stakeholders and the general public about the ills of these poorly understood issues. Only through a better understanding of these illegal activities and a more widespread grasp of their dangerous consequences will the citizens of the 15 ECOWAS states be in a position to react positively to the threat both individually and collectively. A regional sensitization campaign is thus fully justified in order to meet the challenges posed by this new phenomenon in the region. It is important to reach out to the population with a message of empowerment, which involves them in the fight against this and other phenomena. The target audience is both Passive (general public not really involved in ML) and Active (persons who handle illicit funds and do not feel that it is dangerous). To this end, a private firm was retained to work closely with GIABA to develop a comprehensive package of messages for broadcasting throughout ECOWAS. At this point, after many months of hard work, a 30-second TV spot, a 20-second radio spot, a number of posters and visual aids, a press kit and an internet flyer have been readied and prepared for a media blitz. The material is available in the 3 ECOWAS languages and in Wolof (the predominant language in Senegal). GIABA now is seeking for support to launch the campaign, which should have a significant impact on public awareness in the region.

Conclusion

174. In promoting research, development of innovative interventions and reliance on hard facts, GIABA is seeking to integrate the ECOWAS region ever more closely with the rest of the global society. An essential component of GIABA's mandate is also to foster closer integration of our own region. Therefore, together with a strong focus of individual country programme support, there is also a strong emphasis on regional development and integration through joint efforts at stemming the threats of ML and FT. And even beyond the region, the world is more and more interconnected, thus beckoning us to join hands with other nations around the globe in order to garner a modicum of true success in our efforts. With limited staff, limited resources and limited capacity to confront all of the region's problems at once, GIABA nevertheless has a vision for the future which requires dedicated efforts towards better quality interventions, more pointed actions and increased focus on pertinent results. That is why this Organization insists on each member State's responsibility to act decisively, with proper discipline and in good time, in order to reach the goals we have all agreed upon and endorsed. GIABA alone cannot succeed. The threat is real and it is universal. Political will and dedication are crucial to bringing Africa forward. GIABA will continue to do its very best to provide the assistance and the support needed in order to reach all of our common goals in the years to come.

CHAPTER 5

TECHNICAL ASSISTANCE TO MEMBER STATES

Introduction

175. The creation and establishment of GIABA represents a historic response to the unique problems and challenges of West Africa. Consequently, unlike other FSRBs, GIABA has a mandate to provide technical assistance to member States to build institutions and capacity to combat the real threats of money laundering and terrorist financing. In furtherance of this, a number of technical assistance programmes were carried out under the framework of GIABA's Strategic Action Plan 2007–09. This Chapter highlights of those activities carried out in 2008 at member State level in support of national AML/CFT efforts in the 15 member States.

TANA Report Compendium

176. The previously mentioned TANA exercise was conducted by five independent consultants in the second half of 2007 and was funded by the AfDB. It culminated this year in the finalization of the overviews and the publication of a Compendium of all 15 reports and of their summary of recommendations. The Compendium is available in hard copy and on GIABA's website, in English and French, and in Portuguese for the two lusophone country reports and the summary. This represents a massive effort on the part of GIABA, which has thus provided its member States with a useful tool for identifying and upgrading the response to ML and FT in their country. Even though some information may already seem outdated, the essential determinants remain the same, and the recommendations for progress are still valid and pertinent. GIABA is particularly proud of this achievement.

Support for the establishment and maintenance of FIUs

177. The establishment of financial intelligence units (FIUs) is one of the prerequisites for effective implementation of any AML/CFT regime. An FIU or CENTIF (in French) is:

A central, national agency responsible for receiving, analyzing and disseminating to the competent authorities, disclosures of financial information concerning suspected proceeds of crime and potential financing of terrorism, as required by national legislation or regulation, in order to combat money laundering and terrorism financing.

178. FATF Recommendation 26 in fact requires all member States to set up FIUs which would have the responsibility for the collection, analysis, and dissemination of suspicious transactions reports (STRs). This recommendation states:

«Countries should establish a Financial Intelligence Unit that serves as a national center for the receiving (and, as permitted, requesting), analysis and dissemination of suspicious transactions reports and other information regarding potential money laundering or terrorist

financing. The FIU should have access, directly or indirectly, on a timely basis to the financial, administrative and law enforcement information that it requires to properly undertake its functions, including the analysis of suspicious transactions reports.»

179. The establishment and maintenance of an FIU is thus a key element of AML/CFT regimes and it is the responsibility of member States to ensure that they are set up and made operational. It should be recognized, however, that member States have limited capacity in this area and this continues to constitute a real challenge. In this respect, the Finance Ministers of WAEMU countries issued a directive to their member States in late 2007 to expedite action on the establishment of FIUs in their respective jurisdictions. The Secretariat has consistently followed up with member States to establish FIUs as soon as possible. However, many countries face considerable difficulties in so doing. GIABA therefore tries to provide the necessary motivation and support to drive the process. The Secretariat has in this regard embarked on a series of advocacy visits to member States to urge them among other things to their FIUs. In 2008, significant success was obtained in this area with a number of States.

180. Among those countries having advanced significantly in this respect, the following can be mentioned:

Côte d'Ivoire :

This country established its CENTIF in April, inaugurated the premises in July, and has since ensured that equipment and staffing components are complete and fully functional. This body constitutes the 4th such operational tool in the region.

Niger :

Following a fire outbreak which destroyed the fledgling CENTIF in 2007, new premises were dedicated and equipped this year, with the help of GIABA. Operations have now resumed and the CENTIF is back to normal. However, there have been some problems with staff turnover, which need to be addressed seriously by the authorities.

Mali :

This country has progressed significantly this year with regard to its AML/CFT regime. In the latter half of the year, very suitable premises were provided and qualified staff members designated in order to get the CENTIF up and running with minimum delay. Both GIABA and government provided equipment and training. A study tour to Europe will take place in early 2009. This body will be fully operational before March 2009

Bénin :

An official visit by the DG to Cotonou in October helped stimulate the decision to establish the CENTIF as soon as possible. Premises are being renovated and staff members have been trained and embarked on a study tour to Brussels with a view to making the operation fully functional without delay. GIABA is supporting with technical advice and equipment. It is also helping the entity to obtain adequate budgetary allocations in order to render it fully functional by early 2009.



The Director General of GIABA during his visit to CENTIF Benin. On his left is Mrs Sévérine Dossou, President of CENTIF Benin.

Burkina Faso :
Temporary premises were allocated to the CENTIF in late 2008 and a modicum of equipment was also provided. The staff members are on board and several have already been trained and have visited other FIUs in the region. A study tour is planned for early 2009. GIABA stands ready to provide concrete support as soon as the operations are ready to get under way, which should be very soon.

Cape Verde :
The authorities informed GIABA late in the year that premises were being allocated in the Central Bank and that all staff members had been nominated. A visit by the DG to Praia in July had encouraged the new government to proceed with speed in this matter. It is expected that a full FIU (UIF) will be operational by March 2009, with GIABA's full support.

Sierra Leone, Liberia, The Gambia :
These three countries have designated premises and staff members, have indicated their intention to proceed with celerity and have even become semi-operational in the case of Sierra Leone. However, significant delays have until now prevented the full installation of the FIUs. As in Niger, reticence on the part of reporting entities has also slowed progress to a large extent. Liberia has only designated the Central Bank to host the FIU, which is yet to be established by an enabling law. GIABA has offered to help with equipment and training, and will need to provide additional encouragement to these member States in order to see progress during the coming year.

Guinea Bissau :
The authorities had designated the full contingent of staff early last year, but were unable to designate adequate premises until late in the year. These are being renovated and should become available in early 2009. Training and mentoring, together with colleagues from Cape Verde, is planned for the coming year, thus bringing both countries into the group of fully functional FIUs.

Guinée :
Much progress had been attained with this country during the year and expectations were high that the FIU would become operational during 2009.

The events in December have cast a shadow over this possibility, however. GIABA remains vigilant and committed to assisting the country to the fullest. However, conditions are perhaps not ideal at this time to push forward this project.

Ghana:
This country has lagged behind in its AML/CFT efforts, including the establishment of its FIU. Late in the year, indications were provided to the effect that premises had been allocated and that staff was being designated to the new FIU. This remains to be seen, as GIABA will continue to engage fully with the new government in these efforts to stem ML and FT in the country.

Togo:
This country has been very silent during the past year with regard to its efforts in the AML/CFT matters. It does not appear to have made any efforts to establish its CENTIF nor its AML/CFT Committee. There has been very limited commitment by the authorities in this regard, despite efforts by GIABA to fully engage the authorities. The country suddenly changed the GIABA National Correspondent without consultation with GIABA and the period of transition affected some of the plans for the establishment of the FIU and the elaboration of a National Strategy, among others. It is hoped that progress by neighbouring States will encourage Togo to more fully engage in these efforts without delay.

181. Apart from providing support to members in order to establish and maintain FIUs, GIABA will continue to promote the

membership of eligible members to the Egmont Group, the global network of FIUs. At this point, only Nigeria is a member of the Group. It is hoped that Senegal will join next year.

National AML/CFT Committees and Strategies

182. Each member Sate is expected to develop and implement a National AML/CFT Strategy to guide their efforts and actions against money laundering and terrorist financing. Only on this basis can truly realistic Work Plans be established which will indeed reach the heart of the matter. With this in mind, GIABA, in collaboration with Commonwealth Secretariat and the UNODC, organized two regional workshops to assist States to develop this important document, in addition to several country-level seminars with the same aim. Some countries, (Nigeria, Senegal, Côte d'Ivoire) have elaborated draft Strategies, which are yet to be approved by the political authorities, while others are in the process of developing their own, based on the framework adopted during the workshops held last year. This must be given priority.

183. Recalling the directive of the Ad hoc Ministerial Committee during its 4th Meeting in Cotonou in May 2006, members were urged to comply with this directive and submit the names of their Inter-Ministerial Committee members to the Secretariat and also to report on the activities of this Committee. Without this Committee and a National Strategy and Plan of Action, GIABA can do little in the way of supporting a country's efforts in a sustained and meaningful way. A regional Plan of Action must be based on National Plans. Thus, GIABA has continued to engage member States on the need to put this structure in place as soon as possible. Government's full commitment needs to be made clear also, through provision of staff, funding, material support and a strong official commitment to combating the threat. GIABA's objective of establishing a Regional Plan of Action must necessarily be based on each country's concrete adherence to the objectives of GIABA. The Committees can play a major role in ensuring these tasks are indeed fulfilled.

184. During the period under review, Benin, Côte d'Ivoire, The Gambia, Cape Verde, Nigeria, Sierra Leone and Guinea submitted the names of their Committee members and minutes of their meetings to the Secretariat. Some countries have Drug Control Inter-Ministerial Committees which they assume could serve this purpose. Our Statutes recognize these Committees, yet the responsibility for coordinating AML/CFT is separate but may complement the drug control efforts, even though GIABA has no mandate for drug control. It is noteworthy that the Inter-Ministerial Committee of Côte d'Ivoire, established by law as a permanent structure with separate premises and a functional Secretariat, is a model in the region. This is to be commended.

185. Finally, it should be noted that during the year, GIABA in fact prepared and distributed two advisory notes on the establishment of FIUs and on the setting up of AML/CFT Committees. These documents were aimed at consolidating the necessary information on the role, mandate, tasks and activities required of these bodies. The guidelines further provided indications as to the steps required in order to accomplish these tasks. Thus, with the background information, justification, motivation and action required, the documents sought to make

implementation a lot easier and to promote progress to this end within the ECOWAS community. These two documents are attached as annexes to this report and are also available on-line, in English, French and Portuguese, on the GIABA website.

Regional AML/CFT Training / Capacity Enhancement Workshops

186. Competent staff members are the bedrock of development and the best guarantee of success in any meaningful endeavor. Training and capacity enhancement thus form an essential component of the GIABA Strategic Objectives so as to ensure that member States have personnel with the requisite skills and capacity to lead the fight against ML/FT. During the past year, as has been the case in previous years, GIABA sponsored, supported or participated in more than a dozen regional events aimed at increasing the knowledge base of the officials charged with promoting the capacity to combat ML and FT in ECOWAS. Over four hundred high-level participants from law enforcement and the financial and legal sectors, as well as DNFBPs from all 15 member States, benefited from regional seminars, workshops, training sessions, study tours and conferences workshops organized in collaboration with development partners. Specifically, the following regional workshops were organized during the period under review:

- Seminar on Economic and Financial Crime for High Court Judges of Anglophone Countries, Abuja, Nigeria

187. Some thirty six judges who are involved in the adjudication of economic and financial crime cases attended this seminar in March. The objectives were to sensitize the judges on international developments in the fight against economic and financial crimes; to promote a better understanding of the problem of money laundering and terrorist financing in the region; to review regional and international legal frameworks and best practices in the area of economic and financial crimes; to enhance the capacity of judges to effectively adjudicate economic and financial crimes in West Africa; and to share their experiences with regard to adjudicating economic and financial crimes with their colleagues.



From right to left, Saul Froomkin, shares a point with Dr Abdullahi Shehu, Director General of GIABA while Senators Lawal Shuaibu (R), Former Chairman, Senate Committee on Economic and Financial Crimes and Shola Akiade (L), Current chairman, senate committee listen with keen interest.

188. At the end of the seminar, the judges came up with a set of recommendations for ECOWAS/GIABA to implement in order to strengthen the judicial process required for the adjudication of economic crime and other forms of transnational crime, including the granting of extradition and mutual legal assistance in a more effective and timely manner across the region.

- Seminar on Economic and Financial Crime for High Court Judges of Francophone / Lusophone Countries, Lomé, Togo

189. In December, about sixty French and Portuguese speaking judges and magistrates involved in the adjudication of economic and financial crime cases, as well



Family picture of the training organized by GIABA and the Court of Justice of ECOWAS. In the first row, Judge Aminata Sallé Sanogo, President of the Court of justice of ECOWAS, Mrs Elisabeth Diaw, Deputy Director General of GIABA, Judge Nana Daboya current President of the Court of Justice, ECOWAS, and some experts including Mr Fréitas Elpidio, Legal Expert, GIABA.

as judges from the ECOWAS Community Court of Justice (CCJ) received similar training. This programme was organized by GIABA in collaboration with the CCJ. The objectives were similar to those stated above. It was thus possible to reach out to almost the entire region in the critical area of legal follow up to the cases brought before the courts regarding ML and FT, often considered a weak spot in the process of availing punishment to those who abuse the financial and economic system. The participants also made recommendations pertaining to continuing legal education and awareness programmes on AML/CFT issues for judges in the region.

- Interactive Forum with the West African Bar Association (WABA), Dakar

190. In a bid to promote the active involvement of professional bodies in AML/CFT in the region, an interactive Forum was held in collaboration with the WABA. The Forum, which was held in Dakar in late March, was aimed at promoting a better understanding of the responsibilities and obligations of legal practitioners within the framework of a risk-based approach to combating money laundering and terrorist financing in the region. At the end of the two day event, WABA recommended :

1. There is urgent need for capacity building for lawyers, with a view to train WABA members on international and national AML/CFT legislation and their obligations ;

2. Lawyers in the sub-region should be provided with adequate protection and 'safe harbor' mechanisms in view of the risks in the reporting systems ;

3. AML provisions that impede lawyer's active participation in the fight against money laundering and terrorist financing should be amended without delay ;

4. GIABA should involve West African Bar Association (WABA) in the consultations on the amendment of national AML/CTF legislation in West Africa States with a view to allowing WABA to contribute to existing or new legislation ;

5. The National Bar Associations should establish National Reporting Units on AML/CTF issues for coordination purposes ;

6. International development partners and national authorities should utilize and institutionalize the use of information and communication technologies (ICT) to reach out to lawyers in the sub-region on the plethora of issues relating to money laundering and terrorist financing ;



From right to left Judge El Mansour Tall, ECOWAS Community Court of Justice (CCJ) ; Dr Abdullahi Shehu, DG of GIABA ; Judge Adebokonola Banjoko of Nigeria ; Mr Femi Falana (SAN), President of WABA ; Mr Roger Laloukpo, Director of Legal Services ECOWAS during a seminar in Dakar

7. GIABA should assist WABA to set up monitoring and evaluation of AML/CTF measures at both national and regional levels ;

8. GIABA should organize an Annual Conference with WABA in order to receive Reports from Bar Associations in the sub-region on the implementation status of AML/CTF legislation ;

9. There is the need to set up a protection programme for assistance to lawyers displaced as a result of their active role in the prevention and diligent prosecution of money laundering and terrorist financing cases in the sub-region ;

10. GIABA should propose a model guidance note on AML/CTF compliance obligations for lawyers in the sub-region ;

11. Reiterates its support to GIABA and expresses its determination to organize a follow up Seminar in collaboration with GIABA.

- Capacity Building for Compliance Officers in Banks and other Financial Institutions, Dakar and Abuja

191. The Secretariat, in collaboration with the Downton Hill group, a United Kingdom based training institution, organized two one week capacity building programmes for compliance officers in financial institutions. The first programme was held in Dakar in April and the second in Abuja in October. They were both aimed at promoting a better understanding of the reporting obligations of financial institutions, the role of compliance officers under the AML legislation, and the functions of FIUs and other organs in the AML/CFT regime. More than 90 participants from the public and private sectors received training during each of the programmes.

- Compliance Officers Regional Workshop, Banjul

192. As a follow on to the above general training Seminars, a regional Workshop for Compliance Officers was held in The Gambia in November. This training session aimed at providing hands-on capacity and experience to private and public sector

finance officers who are regularly involved in ensuring compliance with regulations and standards in English-speaking West African countries. The workshop provided not only refresher training to personnel already well versed in the techniques of regulation and compliance but also concrete ways and means to control possible ML and FT scams at the source. At the end of the three days plenary discussions, participants came up with a set of recommendations and action plan for GIABA, the financial sector supervisory authorities and the senior management of banks in order to strengthen the implementation of anti-money laundering and combat of terrorist financing across the region. Some of these include:



From left to right, Prof. Mohamed Ben Omar Ndiaye, DG of West African Monetary Agency (WAMA) ; Dr Abdullahi Shehu, DG GIABA ; Dr Djibril Musa Bala Gaye, Secretary of State for Finance and Economic Affairs, The Gambia ; Momodu Bamba Saho, Governor of Central Bank, The Gambia ; a representative MD, Acess Bank; Mr Bola Carrol, permanent Secretary of Justice, The Gambia ; Mr Ansumane Krubally, Permanent Secretary of State for the Interior.

1. A study of banks in West Africa in order to identify characteristics of those banks that are more vulnerable to money laundering and terrorist financing (ML/TF). Such a study will determine if there is a connection between the strength of a bank's balance sheet and its vulnerability to ML and TF.

2. Encouragement of participation by regulators, policy makers, justice departments, judiciary, ministers and local authorities in future GIABA conferences in order to create awareness of ML/FT risks across a country's political leadership.

3. Adoption of national strategies to identify country's vulnerabilities to ML/TF and actions to be taken. Such strategies would assist in the identification of:

a. government's commitment to tackling ML/TF;

b. relevant predicate offences – e.g. drug trafficking was noted as a particular problem in West African states; and

c. gaps in the implementation of FATF standards (including where standards are covered but not through legislation and to develop legislation where it is required).

4. Preparation of the national strategy should involve all relevant stakeholders, including the private sectors as much as possible.

5. The responsibility for failures in procedures and controls should be clearly set out. Financial institutions' Supervisors should make it clear that this is the board's responsibility. There is need to discuss these issues with the banks' leadership. The supervisory authorities should be very explicit on who will be held accountable and what action will be taken when an institution persistently fails to implement AML/CFT measures.

6. The need for AML/CFT laws to be supported by strong policies and procedures in banks.

7. Supervisory authorities should emphasise the benefits in adopting a compliance processes and procedure. Bank's boards should be able to understand that AML/CFT requirements may lead to businesses being turned away or new products not being developed, but costs related to reputation damage, prosecution and investigation by regulatory authorities would be reduced.

8. Financial supervisory authorities should establish clear guidance on risk based approach – so that there is consistency in application across banks. Where one bank turns down a customer, it should not be the case that the same customer can walk down the road and easily open an account with another bank.

9. The need to emphasise that Customer Due Diligence (CDD) is a continuous process and does not finish once a relationship has been established.

10. The process for the reporting of STRs should be re-examined as reporting through senior management may interfere with the efficiency and independence of the process. Compliance Officers should have the mandate to report STRs directly to the FIUs and not through any intermediary or authority.

11. The hiring and dismissal of compliance officers should be reviewed in order to ensure job security and bank integrity. The regulators should be involved in the reviewing of the hiring and dismissals of Compliance Officers in order to ease difficulties faced by Compliance Officers. Additionally, the positions of Compliance Officers should be protected in the law and not just in a bank's code.

12. The problems associated with authenticating identification documents such as passports, national identity cards and driving licences of customers should be addressed by the national authorities in order to reduce risks associated with identification of fraudulent persons who open several accounts in different banks at the same time for the purpose of laundering ill-gotten wealth.

13. On the issue of identification - participants recommended the use of bio-metrics (Ghana has commenced the implementation of biometrics) or the use of social security numbers (The Gambia is implementing a tax identity number which is issued at birth and which must be used by everybody in the country to assess the banks and other services).

14. National authorities must determine the factors underlying the lack of independence of the judiciary and why justice delivery is slow. Thus, financial crime cases should be fast-tracked to serve as deterrent.

15. The external audit of banks' activities should also cover AML/CFT issues in order to determine how well a bank is implementing the directives from national authorities.

16. Participants urged GIABA to engage national authorities in order to enhance the commitment and political will on the part of the county's leadership to follow through on their promises to fight money laundering and terrorist financing in the region.

17. Money Service Business (MSBs) providers should be registered and properly supervised for AML/CFT purposes.

18. Regulators should lay more emphasis on prevention and collaboration with the financial institutions than on applying sanctions after the law has been breached.

19. Regulators should organize regular meetings with financial institutions, law enforcement agencies and the FIUs to share information on new developments and discuss new guidelines in order to keep the Compliance Officers well informed of industry best practices.

- Sensitization Programmes for the Media and Civil Society Organizations, Dakar, Lomé, Freetown and Bissau

193. As a follow up to the training programme organized for media practitioners in Lagos in October 2007, and to the Open House event which followed, a capacity enhancement / awareness programme was held for the media and civil society organizations in Dakar in February. This event attracted about seventy civil society and media practitioners, many of whom subsequently wrote about ML, FT and GIABA's role in combating the threats. A similar event was held in Bissau in April was attended by about seventy five stakeholders. Both events attracted much public attention and positive response.



Serigne Modou Diakhaté, Magistrate, Abdullahi Shehu, DG of GIABA, Antonio Mazzitelli, representative of UNDC for West and Central Africa and Mamadou Makhtar Gueye of the African Economic Integration, Responsible for the National Unit, ECOWAS.

194. In addition to the above, GIABA held a three-day sensitization event in Togo in July and an Open-House and workshop in Liberia in August. These event are aimed at opening people's eyes and minds, and to also open doors to AML/CFT issues. They seek to draw the attention of political decision-makers, financial institutions, designated non-financial institutions, law enforcement agencies, civil society organizations, the media and also the community of donors to the real threats of ML and FT in West Africa. They also serve as unique platforms in providing vital opportunities for everyone to reflect upon the value and importance of a West Africa free of laundered money and the proceeds of crime. Although it is difficult to quantify results from such events, positive feed-back and subsequent media coverage are good indicators as to the impact and value-added of these efforts. More of such events will again be organized throughout the region in 2009.

Financial Investigators Training (FIT) Workshops, Abuja and Abidjan

195. In July, GIABA organized an FIT Workshop in Abuja for English-speaking countries. This training course was held in very close collaboration with the US Treasury's Office of Technical Assistance (OTA) and the Government of Nigeria. As the designation clearly specifies, this one-week intense training opportunity was a working level training event, where participants were required to participate actively and to produce results, as prompted by the trainers, essentially from OTA. The results were a truly hands-on apprenticeship of the essence of investigation in the financial crime area. Participants were very involved and quite happy with the results of the exercise.

196. A repeat workshop was held in Abidjan in December for French- and Portuguese-speaking countries, with tri-lingual translation service provided by GIABA. Once again, OTA and the Government of Côte d'Ivoire were very close partners with GIABA in organizing and staging this event. Three participants from Sao Tome & Principe also participated at OTA's request. Furthermore, all didactic material was

translated into French by GIABA for use during the workshop, and was subsequently shared with OTA for future use. The end result was quite impressive, since participants provided high marks on their evaluation sheets at the end of the event. Such hands-on training is crucial to the development of critical expertise within the region, and must be repeated on an ongoing basis by GIABA in coming years.



Cross section of participants at the financial investigation techniques training in Abidjan, December 2008.

Pan-African Workshop on Financial Intelligence Units (FIUs) for French-speaking African countries, Tunis

197. In October, the IMF sponsored a week-long training workshop for FIU staff members from Francophone Africa. Some fifty participants from all over Africa attended the workshop. GIABA was requested to make presentations on its role in fighting ML and FT in West Africa and on the role and mandate of FIUs in general in AML/CFT regimes. Presentations were also made by the FIUs of Algiers and Beirut, as well as Tunis. A representative of the Italian Financial Police also made presentations. This workshop was intensely participant-driven, with many exercises carried out during the sessions. The interactive nature of the event made the learning process easier and more enjoyable. It also afforded an opportunity for officials from all parts of the continent to interact, whereas they normally do not have such a forum. The result was very positive, and increased even more the professional competence of those who attended.

Regional Typologies Workshop, Accra

198. Following the GIABA Plenary meeting in Ghana in May, a number of participants attended a regional workshop on Typologies, an area where GIABA feels that

more input from member States would increase the impact and credibility, not to speak of the usefulness of these reports. Participants were sensitized on the particularities of ML in West Africa and the need to recognize the ways and means by which regional actors manage to launder "dirty money" and harm local economies. This workshop turned out to be quite useful in sensitizing officials on the usefulness of the exercise and the necessity to engage more fully in providing data to GIABA in order to produce meaningful typologies studies. The issue of typologies has been examined more comprehensively in the previous chapter.

ME Pre-Evaluation Training, Accra

199. Organized by the World Bank, in close cooperation with GIABA, this seminar was held in June for the English-speaking countries of the region. As stated earlier, the pool of qualified evaluators and examiners is limited and can be depleted rapidly by normal attrition or by unforeseen circumstances. It is thus paramount to maintain the pool adequately replenished with competent and well trained persons, able to conduct what GIABA considers to be one of its main priorities, the Mutual Evaluation. In this case, not only were participants trained in the art and manner of conducting such evaluations, but they were also specifically prepared for the MEs to be conducted in their own countries.

International Drug Control Conference, Praia

200. Although Drug Control is no longer within GIABA's mandate, as will be explicitly addressed in the following paragraphs, ECOWAS requested GIABA to assist the new Commissioner responsible for drug control who is based in Abuja to organize an International Drug Control Conference in Cape Verde in October, together with UNODC. Not only did GIABA provide advice and support in the form of documentation, background information, work plans and hand-over notes, it also made available an interpreter and translation services for the Conference itself. The DG and another staff member were also scheduled to attend the event, but were impeded at the last minute by urgent and pressing business within the region. The Conference was a great success. Given the extremely dire situation with regard to drug trafficking in West Africa, it remains to be seen what, if anything, the region can accomplish in stemming the flow of narcotic drugs through and into the region.

Continued Contribution to Drug Control

201. The laundering and export of "dirty money" from drug trafficking and other crimes destroy legitimate businesses, the backbone of African economies. In West Africa, the influx of narcotic drugs and other illicit monies into the local market can seem like a balm on the poverty and the pain being experienced by some of our economies. There may be a building boom, with construction providing needed jobs and better-quality accommodation. Certain persons with more available cash may purchase some big-ticket items from local retailers, thus injecting money into the economy. With certain individuals seemingly better off, they will spend more and temporarily stimulate sales in certain sectors, such as real estate. In some ways the economy looks healthier. The fact is that only those individuals who actually control the cash ultimately benefit. The state doesn't. The health, education, social

services, infrastructure and agricultural sectors lose out in the long term. Over time, a lot of this money begin to leave the country. The people with too much cash become suspect, unable to sustain their spending. As for the foreign operators, they remove their cash from the region as quickly as possible. The local smugglers usually then start exporting their own cash to safer climes, and the boom starts to fizzle out. There is also the reality of creating artificial and temporary wealth to the detriment of local honest and hard-working citizens.

202. The banking system has come under pressure to accept dirty or unsafe money, which builds its net worth but puts it at risk of prosecution or worse if monies are withdrawn too fast. The laundering of illegitimate funds through financial institutions is not new, but remains a drawdown on world wealth, which is no longer available for legitimate investments. Thankfully, the banking system has for years undertaken to police itself, and regulate the transactions it conducts each day. The same holds true for other financial institutions such as the insurance sector, the larger financial corporations, and the credit unions. Both the laws and the institutions of a country, as well as its internal regulations, make it difficult to introduce dirty money into the legitimate system. Nevertheless, as has been abundantly demonstrated by the present worldwide financial crisis, greed and mismanagement are always close by; failure to adequately regulate and control oversight mechanisms leads to incredible pain and suffering, with the most vulnerable bearing the greatest burden.

203. For the above reasons, and because drug trafficking is one of the main predicate offenses of ML and FT, GIABA has remained concerned by the drug threat, even though it no longer has a mandate to act directly against this threat. At the specific request of the ECOWAS Secretariat in 2007, GIABA actively elaborated a short term Plan of Action, a quantified Work Plan and several concrete actions in order to stimulate reaction to the critical issue in the region. This action greatly helped stimulate debate and encouraged intervention vis-à-vis this crucial issue. However, the heavy on-going workload and the lean level of staffing within GIABA precluded it from taking on the task as a core activity. As it was not considered a wise move. Thus, last year, the mandate was reverted to a strengthened Drugs Control Unit within the ECOWAS Commission.

204. GIABA thus elaborated a full report on the situation and has transferred the files to the ECOWAS Department of Drugs Control. This hand-over report was formulated and transmitted to Abuja in June. The acting Head of Unit then spent five days in Dakar for a full briefing on the issue, in order to prepare a proper hand over of task. Subsequently, the decision was taken to organize a Drug Conference in Cape Verde in October in order to review the situation and to map the way forward. The DG afforded his full support to the ECOWAS Drug Unit staff in order to help them organize and prepare for that Conference. As stated previously, he made available all requisite documentation and his own Organization's expertise with a view to ensuring that concrete results will flow from this effort. The threat from drug and other trafficking in the region is far too great to treat lightly.

Conclusion

205. The achievements reported above, in the area of technical support, should be attributed in large part to the commitment of member States to the fight against money laundering and terrorist financing in the region. Without the cooperation and support of member States, particularly our committed National Correspondents, little can be achieved. This is an essential element of a truly regional approach. GIABA will continue to spearhead this process throughout the ECOWAS States. This will require the wholehearted involvement of each government at the national level, as a first step, before any meaningful coordinated regional action can be taken. It is essential that more countries continue to put the entire necessary AML/CFT infrastructure in place. Fortunately, an increasing number have now engaged strongly in these tasks and GIABA now feels that a critical mass of member States has now been reached, which has created a momentum which is hopefully irreversible. Establishing National Committees, setting up the FIU/CENTIF, reforming law enforcement bodies, making the most qualified staff available, and allocating realistic operational budgets to these entities are obvious steps in support of the regional effort. As it has in the past, GIABA again stands ready and willing to support all tangible efforts to deal with ML/FT in the region, and even to assist with anti-drugs and anti-corruption problems as well, since they are all intimately linked.

206. However, for this cooperation and coordination at both national and regional levels to truly bear fruits, it must be systematic, ongoing, and well organized. This requires coordination at many levels: within concerned ministries and departments, between those ministries and departments, between public and private entities, with neighboring countries, and with a number of specific overseas partners. The coordination needs to be structured and regular, secure and stable, within the context of a measurable set of expected results. This is imperative in order to achieve results. Failure to act will inevitably be disastrous for Africa, which will continue to languish in poverty and pain for decades to come.

207. Without a National Strategy and Plan of Action, GIABA can do little in the way of supporting a country's efforts in a sustained and meaningful way. Eventually, a regional plan of action must be based on national plans, and these must be coherent and clearly articulated, in a cohesive and structured way. Government support needs to be made clear also, through provision of staff, funding, material support, and a powerful official commitment. GIABA's ultimate objective of establishing a Regional Plan of Action must necessarily be based on each country's concrete adherence to the stated objectives of GIABA. This is the best way for States to take full ownership of the technical assistance being provided. That requires discipline, hard work, willpower and vision. It is a new call to arms. What will the response be.

CHAPTER 6

REGIONAL INTEGRATION AND INTERNATIONAL COOPERATION

Introduction

208. Promoting Regional Integration is a basic principle of ECOWAS strategy for sustainable development of West Africa. As a specialized body of this socio-political entity, GIABA shares that mandate and role, and its overall Plan of Action seeks to reflect that commitment. Thus, over and above the ongoing outreach to individual member States, as examined previously, GIABA tries to maintain a focus on the regional aspects of ML and FT, including both preventive and curative measures to reach the strategic goals. Within the framework of the implementation of the Action Plan, a number of activities were carried out in this direction. The Secretariat also partnered with other regional and international organizations and stakeholders to promote the principles of GIABA, the ECOWAS and the FATF. Furthermore, strategic partnerships with the civil society, including the mass media, are crucially one of GIABA's main objectives. Some highlights of these activities in 2008 are presented below.

Regional and International Cooperation

209. International relations are becoming increasingly complex, as has become obvious in the global economy in the recent past. Crisis in one part of the world has a ripple effect and impacts significantly on the rest of the world. This reality holds true for West Africa as well, one of the most vulnerable and poorest parts of the globe. What occurs in the financial market elsewhere will inevitably affect the local economy in a serious way. The region must be prepared for the coming shock, and GIABA is playing its role in this arena by providing input and guidance in order to maintain close liaison with international partners. These ongoing relations preserve essential linkages with universal regulatory mechanisms and bodies, which in turn offer protection and remedial action to regional financial structures. In the area of AML/CFT controls, in a time of tightening monetary and fiscal management and more severe regulatory mechanisms, GIABA must have a critical role to play.

210. The growing complexity and the international nature of the rapidly evolving ML/FT methods thus place GIABA in the forefront of promoting international cooperation and establishing a coordinated and effective international AML/CFT regime. Among other partners, GIABA continues to coordinate its activities very closely with the FATF, international financial institutions, other FSRBs, and other development partners in the fight against ML/FT. Close collaboration with international financial institutions and the FATF during the first round of assessments of member countries in 2007 was continued and strengthened during the year under review. In the past year, the World Bank and the IMF continued to support and sponsor

the assessment of several member countries, as mentioned elsewhere in this report. Apart from ongoing cooperation in the provision of training for assessors in the region with the support of development partners, GIABA has also participated in a number of regional and international events during the period under review.

FATF Activities

211. GIABA has continued to participate in FATF activities as required in its FSRB status. Reports of FATF plenary meetings have been forwarded to member States for information. The FATF and its worldwide network of regional bodies like GIABA bring legal, financial and law enforcement experts into the policy-making process, and provide room in its agenda for a wide range of issues. Thus, for example, our work includes an annual law enforcement typologies exercise, assessment of compliance with FATF Standards, an ongoing dialogue with private sector representatives concerning such matters as feedback on suspicious transaction reports (STRs), and an Ad Hoc committee (staffed largely by economists and statisticians) grappling with the problems associated with the ongoing effort to measure the magnitude and the impact of ML in our region.

212. Within the period of this report, the Secretariat has been involved in several FATF activities, including the assessors' training held in Washington in July 2008. The DG and DDG attended and participated in the FATF plenary meetings held in Paris, London and Rio de Janeiro in February, June and October 2008 respectively. It is expected that the FATF President will attend the GIABA Plenary meeting scheduled for Bamako in May 2009. Interaction with FATF remains strong and at the forefront of GIABA's efforts to ensure stability and security in the financial sector in West Africa. This and other efforts will hopefully reduce and even avoid dramatic lapses in regulatory or compliance mechanisms in the region.

GIABA Plenary Meetings

213. GIABA held its two annual Plenary meetings in 2008. The first took place in Accra in May and the second in Dakar in November. These meetings continue to present an opportunity for member States to come together and to share their experiences, their problems and their concerns publicly, in open debate, with a view to attaining consensus on any number of issues of general interest. In May, the Mutual Evaluations of Nigeria and Senegal were discussed and approved by the assembly. The issue of publication by GIABA of these reports was also raised and debated. Budgetary and programme issues were also reviewed. In November, the Mutual Evaluation Reports of The Gambia and of Mali were also discussed and approved. A decision on publication of the outstanding Cape Verde report was also reached by consensus, thus eliminating an ongoing element of misunderstanding among members. Furthermore, update reports were presented on the Typologies report and on other regional project activities with a bearing upon all member States. Finally, these meetings offer an opportunity for member representatives to discuss a number of issues which they need to consider jointly. The Plenary meetings are thus an integral part of GIABA's efforts at regional integration.

AML and CFT Guidelines

214. Following assessment visits by GIABA personnel to several countries during the first half of 2008 with regard to the establishment of their FIUs and their national AML/CFT Committees, including the formulation of their requisite National Strategy documents, and in view of the apparent difficulty to move forward with these efforts, it was felt that more substantive assistance could be offered in the form of written guidelines aimed at presenting a set of systematic procedures which could be followed by the authorities in order to achieve the desired results in the shortest possible timeframe. A set of guidelines for the establishment of an FIU and a separate set of guidelines aimed at assisting with the setting up of a functioning AML/CFT Committee, were devised as a sort of checklist of steps required in order to arrive at a reliable result. They were formulated and offered to the NCs and to the member State national counterparts in the 3 official languages, for their consideration and utilization. These documents are attached as annexes to this report for easy reference. They are also available on the GIABA website.

Conflict Prevention Framework (ECPF)

215. ECOWAS Member States bear primary responsibility for peace and security in the region. However, as steps are taken under the new ECOWAS Strategic Vision to transform the region from an 'ECOWAS of States' into an 'ECOWAS of the Peoples', the tensions between sovereignty and supranationality, and between regime security and human security, shall be progressively resolved in favor of supranationality and human security respectively. Consequently, civil society shall play an increasingly critical role alongside Member States in the maintenance and promotion of peace and security. In this order of things, the principal role of ECOWAS and of its institutions, such as GIABA shall be to facilitate creative conflict transformation interventions by Member States and civil society. To this end, the purpose of the ECOWAS Conflict Prevention Framework (ECPF) is to serve as a reference for the ECOWAS system and Member States in their efforts to strengthen human security in the region. Achieving this objective requires effective and durable cooperative interventions to prevent violent conflicts within and between States, and to support peace-building in post-conflict environments. GIABA was consulted at length and repeatedly in preparation for this EC-funded report and contributed meaningfully to its preparation. The report was made public in September.

Training of Regional Police Officers

216. Following discussions with the regional Royal Canadian Mounted Police (RCMP) attaché in 2007, GIABA prepared a project proposal for the training of law enforcement officials on combating the financing of terrorism. The project aimed at training some 200 ECOWAS police officials from the region at the CAERT regional training centre on counter-terrorism in Algiers, with the participation of qualified RCMP trainers, over a 2-year period. Other potential partners in this endeavor are the US Treasury-OTA, the World Bank, DFID and the AfDB. Since the risk of money laundering and terrorist financing activities deserve special attention, and since the training of law enforcement officers to adequately carry out investigative work in the fight against money laundering, terrorist financing and other organized crime is a welcome initiative at this point in time, these officials therefore need to

be trained and properly equipped to be able to carry out their tasks. This training falls under the capacity enhancement programme, which is one of the core activities of the GIABA Strategic Action Plan 2007-2009. Unfortunately, at this point, there has been no positive follow-up by the Canadian authorities. This will be pursued again in 2009.

UCAD Seminars

217. At the initial request and in close cooperation with the Togolese Students Association of the Université Cheikh Anta Diop in Dakar, GIABA undertook to organize a half-day Seminar on ML and FT at the University for the entire student body. This "public education" event took place in April and brought together over three hundred students on campus on a weekend to attend the lectures and to ask questions on money laundering and GIABA's efforts to combat it in the region. Exposés spoke to definitions of ML and FT, the extent of their hold on local economies, the threat they represent in the region and GIABA's actions to counter the phenomena. The event was followed by snacks and beverages offered by GIABA, in addition to the distribution of T-shirts, caps and documentation on the issues at hand. The event had substantial impact, to the extent that the Seminar was again presented at the University in October, at the request of the Mauritanian Students Association. Once again, more than three hundred students from various faculties attended the event and had an opportunity to inform themselves on the topic and to ask questions of the presenters. This type of event should be presented again in the coming year.

Cooperation with UN-IDEP

218. In June the DG, accompanied by some staff members paid a visit to the UN's International Development and Education Programme (IDEP), which is based in Dakar. The objective of this working visit was to see how GIABA and IDEP can interrelate and to establish how closer cooperation could benefit both organizations in carrying out their respective mandates through an active partnership. The visit included in-depth meetings with the directors, a tour of the facilities which could be made available to GIABA should the opportunity arise, and the possible participation of GIABA in ongoing IDEP activities. The feasibility of GIABA presenting a lecture on the fight against money laundering and the financing of terrorism (AML/CFT) was agreed.

219. Regarding a possible longer term course on AML/CFT, several modalities remain to be ironed out with the IDEP officials, in particular into which overall course such a module could be incorporated. It was further agreed that UNIDEP will serve as a depository of GIABA hardcopy and electronic materials related to money laundering and terrorist financing, and vice versa. The GIABA Secretariat also indicated that it would interested if UNIDEP could provide expertise from its wealth of researchers in order to assist GIABA with its research on the "Nexus of Money Laundering and Corruption in West Africa." Both GIABA and UNIDEP agreed to add each other to their newsletter mailing list. It was also agreed that GIABA could use the UNIDEP library. Finally, IDEP agreed that Database Management training could be provided at UNIDEP for selected GIABA Staff, upon request.

Cooperation with other Diplomatic Missions in Senegal

220. GIABA operates within the diplomatic community to promote its activities and reach out to other member States and international organizations. During the year under review, the DG paid several courtesy visits to Ambassadors of many ECOWAS and non-ECOWAS countries and also attended the National Day celebrations of some countries. GIABA also participated in a number of programmes organized by other organizations, including the UNODC Regional Office for Central and West Africa. The DG represented the ECOWAS President at the official opening ceremony of the United States' Africa Centre for Strategic Studies (ACSS) Regional Office for West Africa, the second outside the USA following the establishment of a similar office in Addis Ababa, Ethiopia. It is located in Dakar, Senegal. The official opening ceremony took place at the USAID Office in Dakar in November at which the American Ambassador; the Director of the ACSS - Washington; the representative of AFRICOM-HQ- Germany, were in attendance. The DG espoused the following areas of possible collaboration and cooperation between the ECOWAS and the ACSS:

- support to ECOWAS to build Regional Peace and Security by making the Early Warning System and Standby Force function more efficiently and effectively;

- strengthening cooperation between ECOWAS and its development partners, particularly through the P3+ Agreement;

- providing technical assistance for institutional and capacity building for conflict prevention and management;

- support for ECOWAS to foster regional cooperation on peace and security issues;

- support for ECOWAS to combat transnational organised crime;

- support for ECOWAS to promote democracy and Good Governance.

GIABA Website, E-newsletter and ICT support

221. During the past year, GIABA finally obtained exclusive rights to the "giaba.org" domain name. In parallel, it proceeded to upgrade its website and to make it more user-friendly. The website now contains virtually all essential documents pertaining to AML and CFT efforts in the region. It is becoming the repository for significant amounts of documentation directly related to GIABA's efforts and operations in the region. These documents are now available on-line to all member States and to the rest of the world, in order to facilitate professional exchange of information, access pertinent documentation with increased ease and gain insight into the reality of ML and FT in West Africa. In the year ahead, GIABA will seek to consolidate and improve this tool until it becomes an essential reference site for both research and operational activities in the region.

222. GIABA continued to publish its tri-monthly newsletter, which is also available on-line. This useful report on recent and ongoing activities allows members to be abreast with all the undertakings which confirm GIABA's commitment and involvement in the progress of the region with regard to its necessary actions against ML and FT. Reader commentary is sought in order to better involve all partners in our regional mandate.

223. Finally, the GIABA-Mail software and the internal telephone system were upgraded. A new direct in-ward dialling telephone system has been installed in the Secretariat. The new telephone number appears on the back cover of this report. Moreover, GIABA sent experts to a number of countries to help strengthen the FIU databases and installations, as part of its ongoing commitment to strengthen the national capacities. Furthermore, GIABA produced a very useful and comprehensive comparative overview of available software packages for use by the FIUs in collecting and analyzing data in order to produce reliable intelligence. This overview is also available on-line and is at the disposal of member States when establishing their FIU.

Multi-Media Campaign on the Impact of ML

224. There appears to be a growing sense of dejection in many ECOWAS countries. The population wants action against what it considers to be increasing social injustice. Economic development is perceived to be occurring at two different levels: a small portion of the population is growing richer (and not always in an honest way) while the great majority slides slowly but surely towards precariousness. It is relevant for GIABA to reach out to the general population with a message of empowerment, which involves them in the fight against the laundering of dirty money and other associated phenomena. Such a commitment sends a powerful message to all stakeholders in these trying times. The target audience is both Passive (general public not really involved in ML) and Active (persons who handle illicit funds and do not feel that it is dangerous).

225. In fact, "dirty money" is produced by individuals who eventually become the sole beneficiaries of their illicit transactions. The State itself loses out systematically, with obvious repercussions on social services, health and education, in addition to other important sectors. It also creates unfair competition for lawful citizens and risks putting them out of business. It creates unemployment and helps to foster a dangerous "get-rich-quick" attitude. The end result is social ill-being, and eventually popular reaction, which can lead to unrest and violence. Thus, money laundering is more than a simple economic concern; it is above all a detrimental factor to every day well-being.

226. For more than a year now, GIABA has been working closely with a local African communications agency to imagine, develop, design, produce and implement a campaign of public information on the theme of money laundering. The approach is emotional rather than cerebral, the tone neither accusatory nor moralizing, the message aimed at provoking debate and discussion, the end product designed to reach a large target audience. The package contains brief spot messages for both TV and radio, an internet link, visual support materials and a press kit. It has been produced in 4 languages[5], with additional languages readily possible as the need arises. It will be aired on a trial basis initially in one jurisdiction, evaluated and adjusted as need be. The campaign is ready to begin as soon as the necessary funding is secured. It is expected to begin in early 2009, and should have a wide impact on the areas where it is undertaken.

[5] English, French, Portuguese and Wolof

Outreach to International Partners

227. During the year under review, GIABA continued to reach out to its international partners, as indicated previously. Without their support, rapid and sustainable progress in the area of ML and FT would not be possible. GIABA deeply values these partnerships and is striving to respond positively to the expectations placed upon it and to meet the required standards in order to continue to benefit from this support.

228. Support to the GIABA Headquarters in the form of staffing has been provided by the Government of France and by the Commonwealth Secretariat, both of which are funding a Legal Expert position each. The US Government has offered to provide and fund a staff member as soon as an appropriate candidate can be identified. General programme support has been made available by the African Development Bank, DFID, and the US government, the FATF, the World Bank, the IMF and Portugal.

229. In the area of training, many partners have offered tangible and concrete support, either through direct funding, through mentoring programmes, by receiving trainees or by participating in country-based training efforts. The governments of France, the UK, Portugal, Italy, Belgium and Brazil; the US Treasury-OTA; the Nordic Trust Fund; the FIUs in Algeria, Tunisia, Lebanon and Canada assisted with training endeavors during 2008. Additional support is also being sought from the EC, the government of Canada – RCMP, the AfDB and from other sources, for specific projects. Finally, it is important to note that the support of the ECOWAS Commission has been central to GIABA's capacity to both increase its staff and its funding levels to enable it to respect its mandate to the highest degree possible.

The Annual Report

230. The publication of this third comprehensive Annual Report is the concrete demonstration of GIABA's ability and commitment to maintaining transparency and openness with its partners and of its capacity to produce quality outputs in a timely manner. It represents a summary of the major activities of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) during 2008. It reviews the implementation of the Action Plan, highlighting major progress and constraints, as well as prospects. Essentially, GIABA believes in accountability and value-for-money in its efforts to deliver results, to change perceptions and to enhance capacities, with a view to protecting West African society and creating a new vision for the future among today's leaders and those of tomorrow. This report constitutes a true indication of this capacity and proof of that commitment. It has become one of GIABA's key activities after several years of operation.

Staff travel

231. Over and above the normal travel within the region, senior staff members also traveled abroad in order to enhance GIABA's mandate and reputation. Among others:

- Attendance at the FATF Plenary meetings in Paris, London and Rio de Janeiro;
- Participation in the Egmont Group meeting in Seoul;
- Participation in ECOWAS-UNODC International Conference on Drug Control in Praia;
- Participation in the Cambridge Annual Symposium in the UK;

- Participation in a UN Anti-Terrorism Committee mission in Niger, in a BCEAO workshop on UEMOA anti-terrorism legislation in Togo and in a CFT workshop in Davos;

- Participation in the "Zone franc" liaison committee meeting in Brazzaville and in the "Zone franc" ministerial meeting in Paris; and

- Participation in numerous ECOWAS meetings invited as partner and expert member.

Conclusion

232. Supporting civil society's and international partners' involvement in AML/CFT issues to make a positive impact in the region depends on the strong will of governments to intervene strenuously and also to promote regional efforts. This political will must be manifested by the provision of tangible and continued support to national efforts to counter ML/FT, drug trafficking and corruption. It is not enough simply to say that there is support – there must also be concrete evidence of it. Several Heads of State and Government have again this year publicly voiced their firm commitment to sanitizing the political, financial, and socioeconomic life within their countries. Unfortunately, there have also been obvious indications of slippage towards increasingly opaque and murky dealings in some countries, and a rejection of the normal rules and regulations in others.

233. Public commitment is laudable and speaks highly to the desire to change things for the better. This must, however, translate into firm action on the ground rather than being just a simple statement of intent. Time is of the essence, credibility is growing short and a new order of things is emerging rapidly in the world, with new leadership seeking to redefine the order of things on the world stage. True and basic reform must, more than ever, become a concrete reality in short order if Africa is to be taken seriously in the world and if it is to avoid the pain and perverse effects flowing from ML/FT and its attendant crimes.

CHAPTER 7

ADMINISTRATIVE AND SUPPORT SERVICES

Introduction

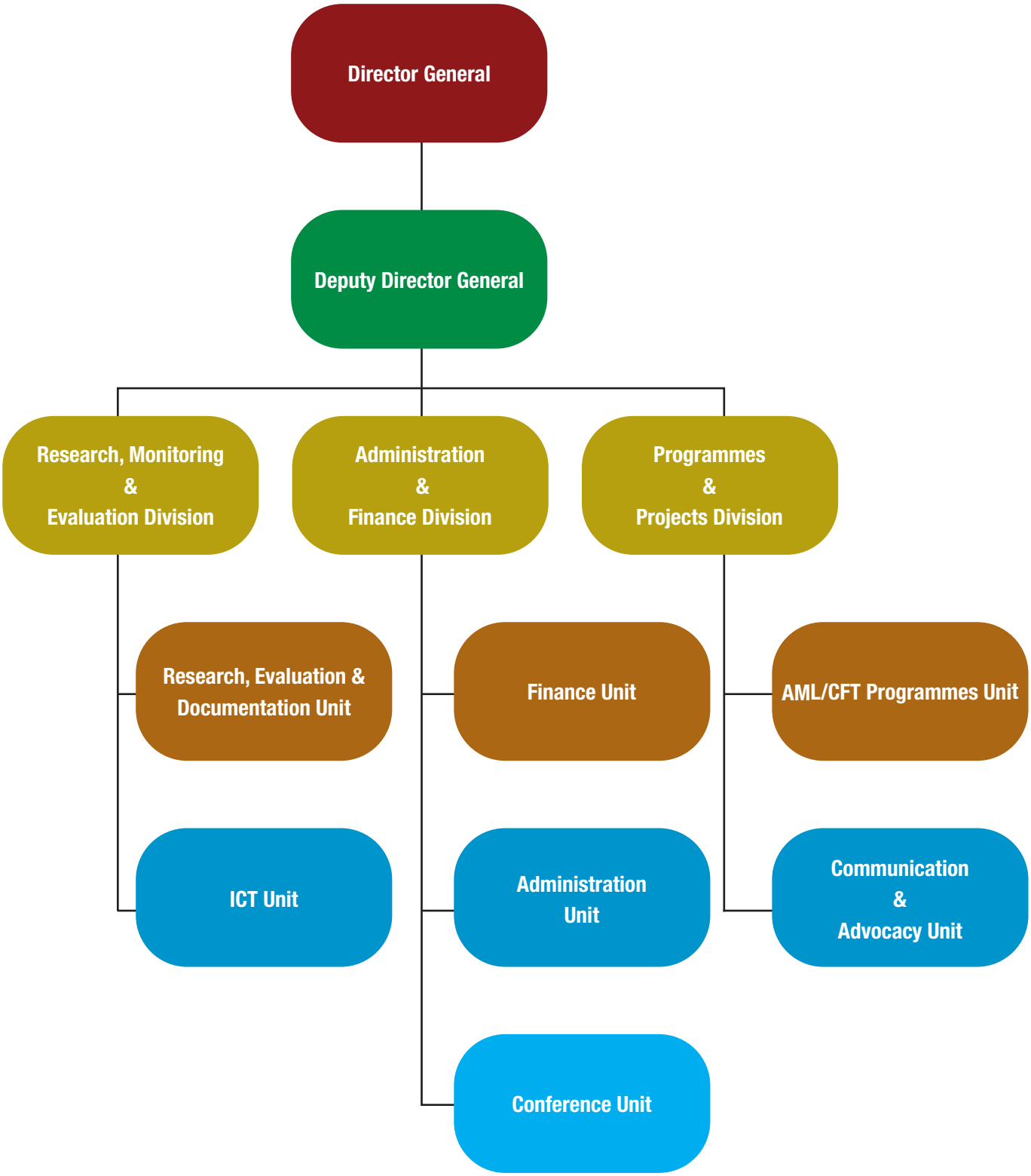
234. The year 2008 represents a milestone in the evolution of GIABA as a Specialized Institution of ECOWAS, dedicated to the demystification and control of ML and FT in the region. From a somewhat vulnerable entity with limited human and technical resources, and with a relatively small operational budget, it has grown into a stronger, ever more present partner for its member States. Through a reaffirmation of its mandate, a remodeling of its internal staffing structure and the successful completion of its Work Plan, as explicitly stated in this report, GIABA has essentially come of age. This chapter focuses on these and other steps taken to consolidate the Organization and to move it forward confidently towards the full attainment of its fundamental goals.

Organizational Structure

235. Following approval by the ECOWAS Council of Ministers of proposals formulated by GIABA, aimed at more clearly defining its role and mandate, at streamlining its operational capacity, and at ensuring its capacity to deliver timely and proper support to member States, a redesigned "organogram" (or staffing chart) was introduced, which strengthened internal administrative capacity at the same time as it rationalized its ability to deliver concrete support to its members in the area of AML/CFT prevention and enforcement. Under the DG and the DDG, three operational Units are now in place, which are responsible for Programmes, for Evaluation and Documentation and for Administration and Finance. The new organogram is shown in the Chart below.

236. By creating a more rational internal structure, by better coordinating tasks between complementary Units, and by further clearly assigning responsibilities according to the desired results, GIABA is now positioned to deliver quality results in an increasingly rapid and methodical manner. Furthermore, as stated earlier, the removal and transfer of GIABA's drug control mandate, which in itself requires a complete additional structure in order to be successful, has allowed the Organization to more fully concentrate on its core function, the extremely difficult fight against dirty money. After all, it's all about the money in the first place, even with regard to predicate offenses.

Revised GIABA Organogram



Staffing

237. After the lengthy and complex process of justifying an increase in staffing, of redesigning the GIABA organogram and having it approved, of upgrading job descriptions in order to fulfill the needs of GIABA, and of establishing precise Terms of Reference for each position, both in the Professional (P) and the General Service (G) categories, public advertisements were made in all member States and on GIABA's website, inviting applications for each of the positions. Private firms were tasked with an initial vetting of all applications and provided a short list of potential candidates for each post. GIABA then reviewed the lists and invited candidates for interviews and finally selected the most qualified candidates. This difficult and time-consuming task was undertaken by two special Staffing Committees, under the guidance of the DG, as specified in the rules and regulations.

238. In October, short-listed G level staff applicants were interviewed in Dakar, and a final selection of candidates was made by a Staffing Committee, for the approval of Senior Management. These new staff members are coming on board in a staggered manner over several months, in order to allow better integration and incorporation of these staff. The process begun in late 2008 and is expected to be complete by March 2009. Much also depends on the availability of the new premises, promised by the Government of Senegal.

239. With regard to P level staff, the process was slower in view of some initial pre-selection problems by the consulting firm and because of problems with the physical accommodation of these staff. GIABA quickly rectified the initial shortcomings and has reviewed the selection of candidates in order to ensure fairness and transparency. The GIABA Selection Committee met in special sessions to review the candidates' applications and to proceed with interviews in January 2009. This will result in the selection of the most qualified candidates for the positions advertized, and the new staff will be joining GIABA in the same staggered fashion as the G-staff, as mentioned above, and for the same reasons.

240. Thus, with its new complement of highly qualified staff, its revised mandate and its renewed leadership (DG and DDG both reconfirmed for one more term), GIABA is now positioned to implement the final year of its 3-year work plan with more capacity, more dedication and more impact than ever in its short history. The prospects are truly exciting and definitely crucial, given the dire world economic situation and the increasingly worrisome regional impact of ML and FT. GIABA is now better positioned than ever to fight these scourges.

241. One of the lessons learned in this process is that placing vacancy announcements in the newspapers in all the 15 member States is too costly and does not guarantee that the best candidates would necessarily see these advertisements since only two newspapers were used in all the countries. It should be noted nonetheless, that this process must be respected as provided in the ECOWAS Rules. But as the world is increasingly becoming globalized as a result of technological advancement, it may be the right time to consider a review of this Rule so that vacancies can be published on our website as it is the practice in most international organizations.

New GIABA Premises

242. GIABA presently occupies a privately rented villa close to the airport in Dakar. This has rapidly become too small for GIABA's purposes. However, after lengthy negotiations with the host Government, a fitting new premises not too far from the present office has been allocated to GIABA.

243. This new office space has been in the process of preparation and finalization since the summer of 2008. The move to the new location had been foreseen since early autumn, and then again towards the end of the year. Unfortunately, the partitioning and other work on the premises unfinished. The premises are still not ready for GIABA to move as yet. This situation, combined with the hiring of new staff members and the marked increase in programme activities, is beginning to constitute a major constraint on GIABA's ability to deliver. It is now urgent that GIABA relocates to larger premises without delay. It is not clear whether the new premises will be ready before the end of March, by which time all new staff should be on board. It is hoped that the Government of Senegal can expedite the remaining work and hand over the offices at the earliest possible opportunity.



Saint Louis retreat of GIABA staff to assess activities of past year and to share the objectives of 2008 established the team spirit.

Staff Retreat

244. A staff retreat was held in January in St-Louis, Sénégal for 3 days. It was conducted by a private firm of specialists and resulted in an opportunity for all staff to share their thoughts and to discuss their ideas concerning the mandate and operations of GIABA. A full report was prepared by the Consulting firm, with specific recommendations for a number of actions to be carried out during the year. At a follow-up meeting in Dakar in June, a work plan was discussed and established for full

implementation of these recommendations. Certain staff members were provided with specific tasks in order to comply with the recommendations. Another follow-up meeting was held in November to ensure compliance. The recommendations are being implemented in a methodical manner and a full report will be produced early next year.

Staff Training

245. An essential part of GIABA's mandate is the upgrading of skills and competence through training of staff throughout the region. Without qualified staff members, little can be obtained by way of progress in any area of involvement. This also holds true for GIABA's own staff, whose qualifications are among the best, but who must constantly ensure that they refresh those skills in order to perform to their highest capacity. For this reason, GIABA offers training opportunities to its entire staff, on an ongoing basis. This past year was no exception, with many staff members participating in training events, both in Dakar and overseas.

246. Among those who benefited from such opportunities, the DG participated in a one week PRINCE2 Programme Management course at the RIPA in London; the Legal Expert attended a Mutual Evaluation Assessors workshop in Washington, DC; the Finance Officer received specialized financial training in London; the ICT Expert attended a train-the-trainer workshop in Abuja, a Financial Investigation techniques training also in Abuja, and webmaster development training in London; the Project Assistant also received project management training in the UK. Several other G-staff members also benefited from training courses, mainly in Dakar, on a variety of subjects. GIABA's commitment to skills upgrading will continue in 2009, starting with a 2-week training for all G-staff on Office Administration and Management, and on Project support, in Toubab Diallow, Senegal, in February.

Financial and Administrative Audit

247. The audit report of the 2005-2006 GIABA accounts by the external auditors Deloitte and Touche (Abidjan), has since been submitted to the ECOWAS Audit Committee. Prior to this year's audit, the ECOWAS Financial Controller conducted an on-site visit to examine GIABA's financial records in April, in order to ensure compliance with its financial regulations. Subsequently, the same firm (Deloitte and Touche - Abidjan) performed a complete financial audit of GIABA's 2007 financial records for two weeks in late September 2008. The firm submitted a draft report for comments; except for minor commitment procedures, it essentially shows a clean operation. This report has also been submitted to the Audit Committee for onward transmission to the Council of Ministers in early 2009. GIABA's good financial standing has again been confirmed.

Technical Advisor

248. From March through December, GIABA retained the services of a Technical Adviser (TA) to the DG in order to assist him with a number of tasks. These in fact were multiple and included but were not limited to the following:

- Concluding the TANA exercise by producing fifteen final draft reports in addition to an overall Summary report, after consulting with

each of the NCs: Translation has been finalized and a Compendium of the reports published and distributed.

- Assisting with the establishment of new FIUs throughout the region: A draft list of countries in order of potential readiness was drawn up and steps were taken to help each country comply with the schedule. The list was modified a few times along the way and the order of countries also changed. By the end of the year, the Niger CENTIF has been re-opened, the Côte d'Ivoire CENTIF has become operational, and concrete steps have been taken to render operational those in Mali, Bénin, Burkina Faso and Sierra Leone. The Gambia and Cape Verde should also be ready fairly soon to inaugurate their own FIUs. Once this is done, there should be a network of at least 10 operational FIUs in the region.

- Assisting with the parallel setting up of the AML/CFT Committees in each country: Such committees exist in most countries at this time, with different levels of activity. Their main task is to coordinate all AML/CFT related activities, including the formulation of a National Strategy document, based on the skeleton draft elaborated in Accra and Bamako last year. At this point, only Nigeria and Côte d'Ivoire have actually formulated their strategic document and sent it to their National Assemblies for approval.

- A large part of the TA's tenure was spent mentoring different GIABA staff members. This task required on-going interaction with the professional staff, as well as many G-level staff. Guidance was offered on a variety of topics, such as project formulation, content, drafting skills, personal interaction, presentations, etc. This task is difficult to quantify but represented an essential part of the original ToR.

- Participation in training and awareness raising activities was also a major component of the TA's ongoing schedule, both locally in Dakar and in several member States.

- The TA also shepherded the preparation of an awareness raising campaign, over the entire year. This culminated in the production of TV and radio spots in 4 languages to reach a wide audience with an AML message. These spots are supported by printed materials designed to underpin the campaign once it gets going. The decision to air the campaign has been delayed to early 2009.

- The TA was also tasked with preparing the groundwork and with the elaboration and drafting of this 2008 Annual Report.

- Strong involvement in GIABA's role with regard to Drug Control in the region, and its subsequent transfer to the ECOWAS Secretariat, were also part of the TA's assignment.

- The TA assisted the DG with formulation of several presentations to foreign and regional partners and made several presentations himself.

- Finally, as indicated in the ToRs, the role of Adviser to the DG was central to the task. In this sense, ongoing consultation took place throughout the year, and advice was provided to the DG, both in writing and orally, as required or requested.

Information and Communication Technology

249. During the course of the year, GIABA acquired the rights to the "giaba.org" net address. In addition, the Giaba-mail system was enhanced and made more user-friendly. It is now fully operational. Also, the

outdated telephone exchange system within GIABA was replaced with a higher capacity, better performing system. This required transfer to a higher capacity network, which in turn required a change of telephone numbers. The new numbers are indicated on the back cover of this report.

250. As for the GIABA website, significant work was done to upgrade it and to render it easily accessible and complete. Site construction unfortunately suffered inordinate delay in the creation of a viable and user-friendly tool during the year. However, progress was made late in the year and it is expected that the site would be in "excellent operations mode" by early 2009. GIABA considers this website to be a crucial operating tool with regard to the efficiency and effectiveness of it's projects and programs and will spare no effort to ensure that it is up and running smoothly without further delay.

Conclusion

251. GIABA can only operate smoothly and efficiently if it enjoys the full support of a competent and operational Headquarters. It is, therefore, essential that the organization's structure, staffing and administrative services be running smoothly at all times. It is clear to all who know GIABA's delivery capacity that a high degree of professionalism is expected of all staff members, and that every effort is made to ensure that the physical and administrative structure is in place, efficient and operating properly. The above report is testimony to the high degree of commitment and dedication of GIABA staff to fulfilling the expectations of our members. I t is of course hoped that in the future, delivery will again improve and that GIABA will be able to meet all of its targets.

CHAPTER 8

CHALLENGES AND PRIORITIES FOR 2009

Introduction

252. The global economic crisis which has seen financial giants disintegrate and billions of dollars in savings and investment evaporate, will inevitably impact Africa's shores as well. The effect may well be even more devastating than expected, given the extreme vulnerability of our continent to foreign economic influence and control, and due to the fact that national and regional institutions are weakened and made terribly fragile by widespread corruption, weak governments and a population ill prepared to face the challenges of the modern world. Africa now accounts for about 14% of the world's population, but less than 3% of its economic activity. It is very heavily dependent on the export of natural resources and on commodity prices in general, including basic food and shelter. When the price of the latter two increase steeply, the immediate result is an increase in poverty, hunger and homelessness, which in turn inevitably lead to social instability and agitation. Perhaps the greatest challenges for many of our member States would emanate from crude oil price fluctuation; foreign exchange volatility; diminished foreign remittances; and food crisis.

253. Criminals take advantage of these situations to advance their cause. They often have access to illicit liquidities, which they use to buy their way into legitimate systems and to reap ever greater profits from their illegitimate deals. They prey on the weak, they abuse the powerless and manipulate the ignorant to their own ends. They use advances in technology and free movement of people, goods, and services across international frontiers to fulfill their personal agendas, while threatening to undermine the rule of law and the social fabric of society. The prevention and control of organized crime, including money laundering and terrorist financing, have become even more complex, if not totally daunting. The challenges were always enormous, now they have become gigantic, especially for countries with weaker capacities, like those of West Africa in general. The role of GIABA has thus become even more important, and the response of our member States even more urgent, in the midst of the global turmoil which we face today.

254. In this universal context of financial crisis, fiscal distress and economic downturn, GIABA has determined a set of challenges which it must face and has established its main priorities for the year ahead. By focusing on these and by staying the course without distraction in the year ahead, that which has already been achieved will not be lost. We can continue to build upon the strengths and the benefits of our region, while continuing to increase capacity to cope intelligently and wisely with future developments.

Challenges Ahead

255. The challenges GIABA is facing now, and is likely to face in the immediate future are intimately linked with the priorities which the Organization needs to face in the coming year. Some of the problems being encountered are as follows:

- The low absorptive capacity of many member States with regard to gaining the necessary capacity to meet international standards expected of modern economies. Member States must demonstrate a definite and clear will to comply and a desire to work towards building capacity. They must be ready to gain the knowledge and the skills required, and to benefit from the technical tools and the training being made available to them.

- Countries' compliance level with international processes and procedures is still quite low. Deadlines are set but are too often not met by Member States, which makes it extremely difficult for GIABA to effectively fulfill its calendar of activities. However, with regard to the FATF standards, for example, it may be fair to ask whether it is fair to expect low capacity countries to comply? It may take time for these countries to reach the requisite level of capacity.

- The quality of information provided by countries is often very sub-standard. It is difficult if not impossible to obtain reliable hard data on socio-economic issues in the region. Yet the quality of such information is essential to map the way forward in a meaningful manner. Without the proper data, serious on-site problems arise with regard to planning and evaluating the true situation, and proposing the appropriate corrective measures. Solutions to problems become based on emotional impressions rather than on concrete and reliable facts. Post-site analysis also suffers and remains only partially reliable. Such unproven analysis leads directly to mistaken solutions and waste of precious resources. Matters then change for the worse.

- Mutual evaluation is a core function of GIABA. The process is a transparent and objective assessment of the existing mechanisms in member States. It also provides useful recommendations that if diligently implemented would improve the AML/CFT regimes in the region. Furthermore, the Secretariat is prepared to assist States to develop strategic implementation frameworks by prioritization. The Secretariat is also committed to provide technical assistance within the limited resources provided to it.

- Despite all these, however, we still need to understand the importance of this process and give it the necessary attention it deserves from beginning to finish at the state level. No matter what we can do at the regional level, ultimately it all depends on the member States to demonstrate strong political commitment to implement the recommendations arising from the process.

- One of our major challenges has been the feedback from member States from the stage of responding to questionnaire to the on-site visit, and finally to getting the report published. We must recognize that the evaluation is based on the FATF Recommendations and Methodology. Whilst we respect all systems in member States, we can not but assess their systems using the guidelines provided by the FATF and not by any other body. The FATF Recommendations and Methodology are not perfect, indeed there is no such a perfect system on earth, but these standards have been globally accepted and adopted, including by all our member States; therefore, we must make them work, the challenge of low capacity notwithstanding. The process is not complete if the final report is not published as required. If a report has been discussed at

plenary, delaying its publication could impede the entire process and creates a wrong impression with regard to the commitment of States to this process.

- The need for us to respect our calendar so as to make the process more systematic and predictable can not be overemphasized. Of course, where there are genuine reasons to defer on-site visits, we will do so, but this should be the exception rather than the norm. No amount of time is enough for a country to put all structures in place and prepare for this exercise, but countries should understand that it would amount to a waste of resources, if the calendar is changed without the prior decision of Plenary and approval of the Ad hoc Ministerial Committee.

- What lessons have been learned from the Mutual Evaluation exercise until now? Implementation of the schedule had been respected until now – however, recent problems (postponement of Ghana and delay of Côte d'Ivoire MEs, initial refusal to allow publication of ME by Cape Verde) are an obvious disregard for approved measures by certain countries. If non-compliance with agreed principles is accepted, then the resulting absence of discipline will relegate West Africa's role in international economic affairs to that of a mere spectator. Such dependence is unacceptable to GIABA.

- The lack of a suitable office accommodation has impacted on the level of activities of GIABA. If the new office premises are not provided early enough to enable GIABA to recruit the full complement of its staff, programme implementation may be affected in 2009.

Priorities for 2009

256. Given the above, some of the priorities for next year might include the following:

- The establishment of fully operational FIUs in all remaining member States: In the first half of 2009, it is expected that some six additional FIUs will become fully operational, for a total of ten such bodies in the region. Thus, the five other countries will still need to get up to speed before December. It is hoped that the critical mass of the first ten will bring some internal pressure to motivate the outstanding member States to act quickly.

- The establishment of functioning AML/CFT committees in all member States: In parallel to the above, and with a view to coordinating all anti-money laundering and financing of terrorism activities in each country and between countries, it is necessary to support the establishment of these committees. Complementary awareness raising and training seminars will be required in order to bring these groups up to standards.

- Support for the formulation of at least four National Strategies: Once these Committees are set up, one of their first tasks will be to debate and formulate a National AML/CFT Strategy, to publish it and to have it approved by each Government. Without a Strategy, all action becomes haphazard and arbitrary, and as stated previously, based on perception rather than sound judgment.

- Follow up and continuation of the Mutual Evaluation exercise: This is a core activity which needs to be continued and accentuated. The difficulties encountered in 2008 with non-compliance by certain countries with the established and approved schedule of Evaluations needs to be definitively addressed and resolved without delay. However, the usefulness of the exercises is proven beyond doubt.

- Formulation of an additional typologies report: Earlier in this annual report, the typologies exercise was examined in detail in order to determine its usefulness and its impact in the present context. Despite shortcomings with regard to content and availability of data, it is felt that a third typologies exercise should be carried out in 2009. Member States need to provide useful information and especially case studies to feed the report in a concrete manner, so as to enhance the quality of the exercise.

- Publication of a compendium of all AML laws: Several AML laws have been published in small booklet format by GIABA this year, in order to make them widely available to Member States and easy to consult. Since all MS now have AML legislation on the books, it would be appropriate for GIABA to assist more countries which need to publish their laws in the same format, and to package them as a complete set in a case, for easy reference. (The same has been done for the TANA reports).

- Integration of new staff members into GIABA HQs staff: The New Year (2009) will see the arrival of several new GIABA staff members, both at the P and the G levels. With the departure of a number of present staff members and the movement of GIABA office to a new location early in the New Year, it will be crucial to receive and integrate the new staff in a coherent and effective manner, according to a pre-determined plan. This is now being implemented and will require a continued concerted effort by all staff members and by management.

- Preparation of Work Plan and Budget for 2010: As is usual, staff members will be working according to their established Plan of Work during the course of the year, as determined through the Budget and Activities exercise carried out at the end of the previous year, in preparation for the following year, and in conformity with the approved 3-year GIABA Plan of Action (2007-09). Since the first round of mutual evaluations will extend to early 2010, the year would then be a convenient period to evaluate the implementation of the current Plan and by the end of 2010, to develop another 3-year Plan for 2011-13. An Annual Work Plan and Budget will also be elaborated during the course of each year. These steps are crucial and will guide the future development of the Organization.

Conclusion

257. Despite the numerous difficulties encountered by GIABA during the past year with regard to human resources, programme activities, implementation of the work plan and the availability of more spacious premises, much progress has been made in addressing the constant threat of ML and FT in the region. Some achievements have been modest, others have been historic. However, despite all of these, there remains room for improvement. Coordination with Member States needs to be streamlined. States must demonstrate more commitment by providing logistical and financial support to institutions and agencies involved in efforts and actions aimed at combating money laundering and terrorism financing in their respective jurisdictions.

258. The Secretariat would continue to assist States to promote the principles and objectives of GIABA and the overall ECOWAS regional integration process. The establishment and strengthening of FIUs and the Inter-Ministerial Committees, and the development of National AML/CFT Strategies and Plans of Action would continue to be our main priority in 2009.

259. Finally, GIABA wishes to thank all member States, and especially our National Correspondents and their respective Ministers, for supporting the Secretariat to realize these goals. A particular thank you goes to the President of the ECOWAS Commission who has supported GIABA and its leadership throughout its journey to the point it has reached now.

Annex 1:

Guidelines for the Establishment of Inter-Ministerial Committees

Introduction

Adequate coordination is the key to successful programme development, implementation and monitoring. It is only in this manner that all stakeholders and partners can be kept fully apprised of key developments, unforeseen synergies and areas of possible mutual reinforcement of efforts. Without true coordination, there is always a risk of duplication of effort, overlap of activities or elimination of benefits. With a view to maximizing cost effectiveness and reducing unnecessary expenditures, and in order to minimize lost energies, structured coordination has proven time and again that it is the most efficient way in which to ensure a successful outcome and the full realization of desired results.

At its 4th Meeting in Cotonou, Republic of Benin in May 2006, the Ad hoc Ministerial Committee directed all members States to establish coordination mechanisms as a requisite strategic tool and mandated the creation of Inter-Ministerial/Coordination Committees on Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) in each Member State. This directive clearly indicates the obligation of establishing an Interministerial Committee in each Member State to coordinate all activities related to AML/CFT issues.

Whereas some countries have established this Committee, others could not due to the absence of uniform guidelines. Thus, GIABA Secretariat provided the following guidelines to enable States establish Inter-Ministerial Committees based on their respective national legal frameworks:

Membership

The Inter-Ministerial Committee should be truly representative of the sectors involved in AML/CFT activities. In the said directive/decision, the Ad hoc Ministerial Council had determined that membership of the Committee should consists of experts/technical personnel Agencies and Extra-Ministerial Departments of Government who are involved in efforts and actions against money laundering and counter financing of terrorism, including the ministries of Finance, Justice and Interior/Security, as well as the ministry responsible for ECOWAS matters.

Objective

In view of the dramatic impact of ML and FT on the economies of the region, it is essential that a result-oriented approach be adopted with regard to implementing truly effective measures to counter the phenomenon. Since this is a cross border and multi dimensional issue, only through sharing of information, common planning and joint implementation can real success occur. Working alone or in isolation cannot produce any valid results. Thus coordination is essential. Indeed, coordination of national AML/CFT is one of key issues in our evaluation process. The main objective of the Coordination Committee therefore is to enhance and strengthen effective implementation of AML/ CFT measures in each country and across the region.

Functions

The main function of the Committee is to ensure constant information flow between concerned

partners. It is essential that everyone knows what is happening in the country and the region with regard to money laundering and the financing of terrorism. In this way, practitioners and operators can adapt or modify their response to any situation in short order, if so required. This ensures quick adaptation to new situations or events.

The Committee is also mandated to keep abreast of new trends and to reflect upon the adequate response required in each case. It has an important role in elaborating and making recommendations to Ministers in this critical area. It is also responsible for formulating national strategy and practical policy proposals for adoption by Government.

The Committee is also the designated body to coordinate the regular Mutual Evaluation exercises, whether in-country or whether involving participation elsewhere by citizens of the given country. These exercises are a key strategy aimed at enhancing the capacity of Member States to resist and curtail money laundering. It is highly beneficial to member states to periodically undergo these evaluations and they must be well orchestrated and carried out. The Committee plays a key role in this regard.

Finally, the AML/CFT Committee is at the forefront of any programme implementation, once such programmes become operational. It is also within its mandate to ensure harmonious implementation of high level or technical visits by cooperating partners, such as ABA and other international organizations involved in this crusade.

Meetings

The Inter-Ministerial Committee is to meet under the auspices of the GIABA National Correspondent. The Committee should meet regularly, on average at least every three months if not more. The National Correspondent should ensure that dates for meetings are fixed at the previous meeting (three months ahead) and should send a reminder to all members one week prior to each meeting. Proper minutes need to be taken and distributed for each meeting. Copies of the minutes should be sent to each of the three main Ministers involved, for their information. An information copy should also be forwarded to GIABA Secretariat. The Secretariat would upon invitation, participate in the meetings of the Committee as an observer.

These meetings are further designed to sustain momentum and to encourage action by all concerned partners, by mutually reinforcing the vision, capacity and commitment of each member or partner. Such momentum could also involve the organization of awareness raising events and sensitization programmes for the various sectors of the civil society.

Conclusion

There is no need to refer to GIABA Headquarters for guidance or approval in order to act. Each Committee responds to its country's needs and proceeds accordingly. It is an operational tool which can bear desirable fruit and greatly assist each country in attaining its goals. It is in each country's interest to act with determination and produce results.

NB:

These guidelines were approved by the GIABA Ad hoc Ministerial Committee at its 6th Meeting held in Accra, Ghana, on 6 May 2008 to facilitate the establishment and functioning of the AML/CFT Inter-Ministerial Committee in all member States as soon as possible.

The GIABA Secretariat

Annex 2:

Guidelines for the Establishment of Financial Intelligence Unit (FIU)

A- Inter-Ministerial Committee

- **Existence** (Since when?)
- **Membership** (Number, names)
- **Political support** (Legal foundation document)
- **National Strategy** (Formulated?)

B- AML law

- **Existence** (Since when?)
- **FIU creation** (Covered by Law?)
- **Harmonization** (In sync with other laws in region?)
- **CFT law** (Existence, deadline?)

C- FIU

- **Premises** (Availability, appropriateness)
- **Furniture** (Availability, quality, quantity)
- **Equipment** (Aircon, ITC, office equipt.)
- **Power supply** (Generator?)
- **Water supply** (Availability)

D- FIU Membership

- **Staffing** (Numbers, quality, origin)
- **Directors** (Nominated, seconded?)
- **Internal regs** (Established?)

E- Training

- **Staff** (Trained? Mentored?)
- **Technical** (Analysts, IT specialists)
- **Methodology** (Procedures, workflow)
- **Administrative** (Management, HR, Budget)
- **Study tours** (Undertaken? Required?)

F-Budget

- **Government** (Annual budget, allocations)
- **Partners** (Support budget? In kind?)
- **GIABA** (Support)

G- Reporting

- **STRs** (From whom? Awareness? DNFIs?)
- **Follow up** (Analysis reports forwarded to who?)
- **Justice** (Prosecution?)
- **Line of authority** (Independence? Line Ministry?)

H- Coordination

- **Internal** (With whom? Via Committee?)
- **External** (Interpol? GIABA? UNODC?)
- **Regional** (Other FIUs, regional or beyond)

I- Miscellaneous

- **Other** (Any other issues, problems, items?)

NB:
These guidelines were approved by the GIABA Ad hoc Ministerial Committee during its 6th Meeting held in Accra, Ghana, on 6th May 2008.

Annex 3:

2009 GIABA WORK PLAN

	Strategic Objectives	Activities 2009 GIABA WORK PLAN	Output/Success Indicators	Timeline			
1	Enactment and Implementation of AML/CFT Laws		AML/CFT Laws enacted or modified	1st Q	2nd Q	3rd Q	4th Q
1,1		Advocacy Visits to Promote Political Support for the Implementation of AML/CFT Laws and Programs					
c		Review of AML/CFT legislation					
1,2		Independent Evaluation of GIABA 2007-2009 Action Plan					
2		Expert Group Meeting on the Independent Evaluation of GIABA 2007-2009 Action Plan					
		Development of GIABA 2010-2012 Action Plan					
		Publication, Documentation and Dissemination of Workshops/Seminars Reports and AML/CFT Legislations					
	Establishment and Strenghtening of FIUs		No of FIUs Established and Functional				
		Mentorship program for FIUs/CENTIFs					
		Provision of IT equipment and specialized training to FIUs / CENTIFs					
e		Study Tour for FIU personnel					
		Annual Meetings of Heads of FIUs/CENTIFs					
3	Development of Strategic Partnerships		Increased Awareness and Compliance with AML / CFT standards and laws				
		West Africa Bar Association Outreach Program					
		Insurance Sector Outreach Program					
		DNFBPs Consultations and Outreach Program					
e		Regional Workshop on Asset Forfeiture					
		West African Compliance Officers Training Program					

Annex 3: (cont.)

2009 GIABA WORK PLAN

	Strategic Objectives	Activities 2009 GIABA WORK PLAN	Output/Success Indicators	Timeline											
	Implementation of Mutual Evaluation Calender		No of MEs conducted	1st Q			2nd Q			3rd Q			4th Q		
a		Mutual Evaluation Onsite Visits:													
		Benin													
		Burkina Faso													
		Cote D'Ivoire													
		Liberia													
4		International Refresher Course For Regional Assessors													
		Training for Regional Assessors													
a		Pre-Evaluation Traning For Benin, Togo, Guinee,Cote D'ivoire,Burkina Faso													
		Conduct Of Technical Advisory Visits To Evaluated Member States - Sierra Leone, Cape Verde, Nigeria, Senegal, The Gambia													
		Mutual Evaluation - Expert Review Group Meeting													
b		Meeting of the Working Group On Mutual Evaluation and Implementation (WGMEI)													
l	AML/CFT Typologies Exercises		Number of Reports completed												
n		Preparation of Concept Note		X											
		Selection of Team Members		X											
		Working Group Meeting on Typologies (WGTYP)						X							
		Regional Workshop on Typologies						X							
		Preparation, Translation and Dissemination of Reports								X	X	X			
		Detecting / deterring the financing of insurgents / terrorists, and small arms proliferation Project					X	X	X	X	X	X	X	X	X
		Typologies on cash transactions,cash couriers follow-up activities					X	X	X	X	X				
		Typologies of laundering through the Real Estate follow-up activities		X	X	X	X	X	X						
		AML/CFT Threat and Risk/Vulnerability Assessment		X	X	X	X	X	X	X	X	X	X		
		Follow-up activities of the Corruption - Money Laundering Nexus Project		X	X	X	X								
3	Regional and International Cooperation														
		Production and Dissemination of GIABA E-Newsletter													
		Production and Dissemination of GIABA 2009 Calendar and Gift													
		Printing and Dissemination of 2008 Annual Report													
		AML/CFT Media Broadcasting													
b		GIABA Open House (Abidjan and Accra)													
		Consultations with International Development Partners													
		ECOWAS Statutory Meetings													
		GIABA and FATF Plenary Meetings													
		Egmont Group Plenary													

Annex 3: (end)

2009 GIABA WORK PLAN

	Strategic Objectives	Activities 2009 GIABA WORK PLAN	Output/Success Indicators	Timeline											
	Capacity enhancement of the Secretariat		Secretariat Capacity Enhanced	1st Q			2nd Q			3rd Q			4th Q		
		General Management & Support staff skills													
		Monitoring and evaluation													
		General Administration and HR trainings													
		ICT Training for Staff													
		Project Management													
	Capacity-building for Member States		Capacity of Member States Enhanced (Cross-Cutting)												
		International program for judicial officers													
		Regional Training for Financial Crimes Investigators and other Law Enforcement Officials													
		Regional Training for Prosecutors													
		Training for Regional Assessors													
		Regional Seminar for Judges													
		Capacity building of National AML/CFT Coordination Committee Members				X			X	X	X	X		X	X



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