GIABA

INTERGOVERNMENTAL ACTION GROUP AGAINST MONEY LAUNDERING IN WEST AFRICA



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ACKNOWLEDGEMENT

As with the previous Annual Reports, this report is based on the various activities undertaken by the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) in 2010. The year 2010 was a program transitional year, which served as a buffer between two Strategic Plans, 2007–2009 and 2011–2014. The implementation of the 2007–2009 Strategic Plan was evaluated by an independent evaluator, whose report has since been published on the GIABA website (www.giaba.org). Most of the activities carried out in 2010 were in line with the 2007–2009 Strategic Plan. In addition, resources were devoted to formulate the new Strategic Plan for 2011–2014.

The 2010 Annual Report shows an overall program execution of about 96%. This success rate could not have been achieved without the commitment and contributions of GIABA member States and other committed stakeholders in the AML/CFT field. This fifth comprehensive Annual Report was prepared by the staff of GIABA as a team. The contributions and commitment of all the staff who worked diligently on this Report are hereby acknowledged and highly commended.

GIABA wishes to acknowledge the continued support of the ECOWAS Authority through increased political and financial support for the execution of its mandate. The ECOWAS Commission under the dynamic leadership of Ambassador James Victor Gbeho has demonstrated visible commitment to dealing with the problem of ML and TF and other related organized crimes in the region and has supported GIABA in no small way. All these have been sources of inspiration and encouragement for GIABA in the discharge of its responsibilities. GIABA would like to extend profound appreciation to all member States, in particular, members of our Ministerial Committee, the National Correspondents, and members of the respective Inter-Ministerial Committees – GIABA's "foot soldiers", who are on the ground and who have supported the execution of AML/CFT initiatives in their countries and even beyond. Their cooperation and support were highly valuable in the provision of technical assistance.

GIABA is part of the FATF family, and the FATF has been extraordinarily supportive of GIABA in numerous ways. GIABA remains grateful to the FATF and all its members, as well as other FSRBs, for their continued support. It is impossible to mention all those who provided direct and indirect assistance to GIABA during the year. Suffice it to mention just a few, including the UNODC, World Bank, IMF, Commonwealth Secretariat, Interpol and World Customs Organization. GIABA must also applaud the assistance delivered directly to member States by the organizations mentioned above, the French Government, the UK Government, and the US Government through their various agencies. There are many other contributors that could not be specified here but are assured of GIABA's deep appreciation.

GIABA also recognizes the strong support of self-regulatory professional bodies, professional associations, civil society organizations, including the mass media, academia and NGOs, who showed keen interest and collaborated with GIABA in some of its activities. Going forward, we need to collectively enhance and deepen this collaboration in order to build a strong and sustainable foundation required for AML/CFT principles to take root in our region.

GIABA also wishes to acknowledge the support of various individuals and groups who participated in our programs in 2010, including the studies conducted.

Finally, GIABA wishes to thank those who took the time to read this Report. This is a demonstration of your special interest in understanding what GIABA does and the challenges it faces in spearheading the combating of money laundering and terrorist financing in West Africa. We call for your continued support and understanding as we take one step at a time towards creating an unbearable environment for criminals that seek to exploit our region for personal gain.

GIABA Secretariat,
Dakar, Senegal

ABBREVIATIONS

AfDB	Africa Development Bank
AML/CFT	Anti-Money Laundering/Counter Financing of Terrorism
AMLA	Anti-money Laundering Act (Ghana)
ATA	Anti-terrorism Act (Ghana)
AU	African Union
BCEAO	Banque Centrale des États de l'Afrique de l'Ouest
BOAD	Banque Ouest Africaine de Dévelopement
CBL	Central Bank of Liberia
CBN	Central Bank of Nigeria
CDD	Customer Due Diligence
CENTIF	Cellule Nationale de Traitement des Informations Financières (French for FIU)
CIMA	Inter-African Conference of the Franc Zone Insurance Markets
CPI	Corruption Perception Index
CTED	Counter Terrorism Executive Directorate (UN)
DDG	Deputy Director General
DG	Director General
DNFBP	Designated non-financial businesses and professions
ECOWAS	Economic Community of West African States
EFCC	Economic and Financial Crimes Commission
ERG	Evaluation review group
FATF	Financial Action Task Force
FCFA	Franc Communauté Financière Africaine
FIU	Financial Intelligence Unit
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)
ICRG	International Cooperation Review Group (FATF)
IMF	International Monetary Fund
INTERPOL	International Criminal Police Organization
IT	Information Technology
KYC	Know Your Customer

MEF	Ministry of the Economy and Finance (Benin)
MER	Mutual Evaluation Report
MFI	Microfinance Institution
ML	Money Laundering
MLPA	Money Laundering (Prohibition) Act 2004 (Nigeria)
MOU	Memorandum of Understanding
NGO	Non-Governmental Organization
NIA	National Intelligence Agency (The Gambia)
NPO	Non-profit Organization
OTA	Office for Technical Assistance (US Treasury)
PNDCL	Provisional National Defense Council Law
RRG	Regional Review Group (ICRG/FATF)
SALW	Small Arms and Light Weapons
SIP	Strategic Implementation Planning
STR	Suspicious Transaction Report
TOC	Transnational Organized Crime
UEMOA	Union Économique et Monétaire Ouest-Africaine
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Program
UNODC	United Nations Office on Drugs and Crime
UNSC(R)	United Nations Security Council (Resolution)
WAEMU	West African Economic and Monetary Union
WGMEI	Working Group on Mutual Evaluation and Implementation

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FOREWORD



Dr. Abdullahi Shehu, DG GIABA

In December 2010, GIABA marked its Ten Year Anniversary. The anniversary ceremonies provided opportunities for stocktaking and a deeper reflection on the modest achievements, constraints, challenges and prospects of the organization. These were documented in the publication GIABA@Ten, which was presented to the public during the anniversary events held in Abuja, Nigeria, on 10 December 2010.

GIABA has worked effectively over the past several years to help its members to build and consolidate systems to control money laundering (ML) and the financing of terrorism (TF), and their corollary, endemic corruption. It has actively supported the formulation of National Strategies; it has encouraged the creation of active AML/CFT Committees in each member State; it has helped establish and finance FIUs, thus enhancing the investigative capacities of the member States; it has actively advocated and supported the formulation or upgrading of anti-money laundering (AML) and counter-financing of terrorism (CFT) laws; it has helped fund and conduct numerous training activities on multiple related subjects for officials all over West Africa; and it has elevated public awareness of this issue in each State.

Indeed, it has systematically been at the forefront of efforts to modernize and introduce to the region international best practices and standards in the areas of chief concern for its mandate: those relating to money laundering, the financing of terrorism and corruption. A huge amount of work has already been done.

However, despite all of these, there are still many grey areas where more work needs to be undertaken. In order to fight these scourges more effectively, it is essential to have a complete handle on the full chain of actions required to stop or at least limit organized crime syndicates. Until now, GIABA has proceeded in a logical and methodical manner: basic national strategies have been formulated and enhanced. Law enforcement has been significantly shored up (investigative capacity, prosecutorial capacity, FIUs, IT technical support and linkages). The legislative infrastructure has been revised and strengthened (AML and CFT laws). Typologies have examined and described the regional functioning and linkages of ML and TF. In summary, national and regional capacities to investigate cases and bring them to court have been greatly enhanced over the past five years. But all that work can come to nothing if convictions are not then secured. This constitutes a challenge and also a priority for GIABA in the coming years.

GIABA's technical assistance mandate is a heavy one considering the level of implementation of the AML/CFT standards as reviewed in Chapter 3 of this Report. In the coming years, the 2011–2014 Strategic Plan will drive GIABA's programs and projects according to the defined goals and objectives. The support of all stakeholders remains invaluable for the attainment and sustainability of the expected outcomes of the Plan.

As indicated in the Foreword to the previous Annual Reports produced by GIABA, this Report is further evidence of GIABA's adherence to its core values, in particular transparency and accountability to its membership. It is also a concrete demonstration of GIABA's credibility and its capacity to produce quality results that make a significant difference to regional AML/CFT compliance in a timely manner. This reviews the implementation of the remaining programs that were not concluded in 2009 under the 2007–2009 Strategic Plan.

Abdullahi Shehu
Director General

CHAPTER 1

INTRODUCTION

Background

1. Money or the acquisition of wealth is the greatest motive for most economically premeditated and rational choice serious crimes. Transnational organized crime is one of the powerful manifestations of globalization and it is a massive attack on the fabric of society, affecting it in various forms. Organized crime threatens the most important element of human society – peace and security. Various reports of the United Nations (UN) and other international organizations, as well as research by academics and policy-makers, have established beyond reasonable doubt that transnational organized crime constitutes a threat to international peace and security. Attacking organized crime by taking away ill-gotten profits has become one of the 'preferred' approaches to dealing with the problem. However, as soon as States devise ways and means of tracing, freezing, seizing or even confiscating the proceeds of crime, there are obvious reasons for criminals to engage in money laundering.

2. The complex nature of money laundering and the many ways in which it operates in practice make assessing the harm caused a complicated task. Despite the absence of precise estimates, one could imagine that sizeable proceeds of crime enter economies of States one way or another. The influence and power of organized criminal groups therefore increases, while the control and integrity of the government and major public and private institutions are correspondingly diminished. Because of the corruption–criminal nexus, money laundering can, if left unchecked, undermine the integrity of political and judicial systems and the stability and prosperity of national and international financial systems. More than anything else, it can also break down the orderliness of legitimate companies and markets, interfere with economic and other State policies, distort market conditions and ultimately create serious systemic risks and economic haemorrhage. Where financial institutions are involved in or tolerate money laundering, the result has been distress and collapse.[1]



The Director General, Dr Abdullahi Shehu taking His Excellency Ambassador James Victor Gbeho President of ECOWAS Commission on a tour of the new GIABA offices in Dakar, Senegal on 28th June, 2010.

3. It is against this backdrop that the mandate, functions, values and operations of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) are premised. In 2010, just as in the previous years, GIABA's acti-

[1] A good example is the Bank of Credit and Commerce International in the 1980s.

vities aimed to transfer ownership and capacity to deal effectively with money laundering and terrorist financing (ML/TF) issues as enunciated in the relevant international instruments, standards and best practices. The first Strategic Plan of GIABA came to an end in December 2009. The year 2010 was devoted to concluding programs and activities under that Plan. Most importantly, an independent evaluation of the implementation of that Plan was conducted and the report approved by the relevant authorities. A new Strategic Plan for 2011–2014 has now been developed based on the outcome of that evaluation.

VISI	GIABA is committed to be a leader in promoting a regional alliance against money laundering and the financing of terrorism.	
MISSION STATEMENT	To promote concerted actions in the design and diligent implementation of harmonized AML/CFT regimes in West Africa, consistent with international standards.	
CORE VALUES	Integrity Professionalism Teamwork Respect for Diversity Transparency Accountability	

4. This Report reviews the activities carried out in 2010. As in the previous reports, the mandate, vision and mission of GIABA, as well as its membership and main organs, are presented in this introductory chapter, which also reports on the independent evaluation of the implementation of the 2007–2009 Strategic Plan. Since most of the information remains the same as in the previous years, this chapter is necessarily repetitive.

Mandate

5. The mandate of GIABA includes:
   - Ensuring 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.
   - Facilitating the adoption and implementation by member States of measures against ML/TF, taking into account specific regional peculiarities and conditions.
   - Functioning as a forum where members can discuss matters of regional interest and share experiences.
   - Organizing self-evaluations and mutual evaluations to determine the efficacy of measures adopted, including their conformity to acceptable international standards.
   - Coordinating and providing 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 (MLA), and also the establishment and maintenance of Financial Intelligence Units (FIUs).

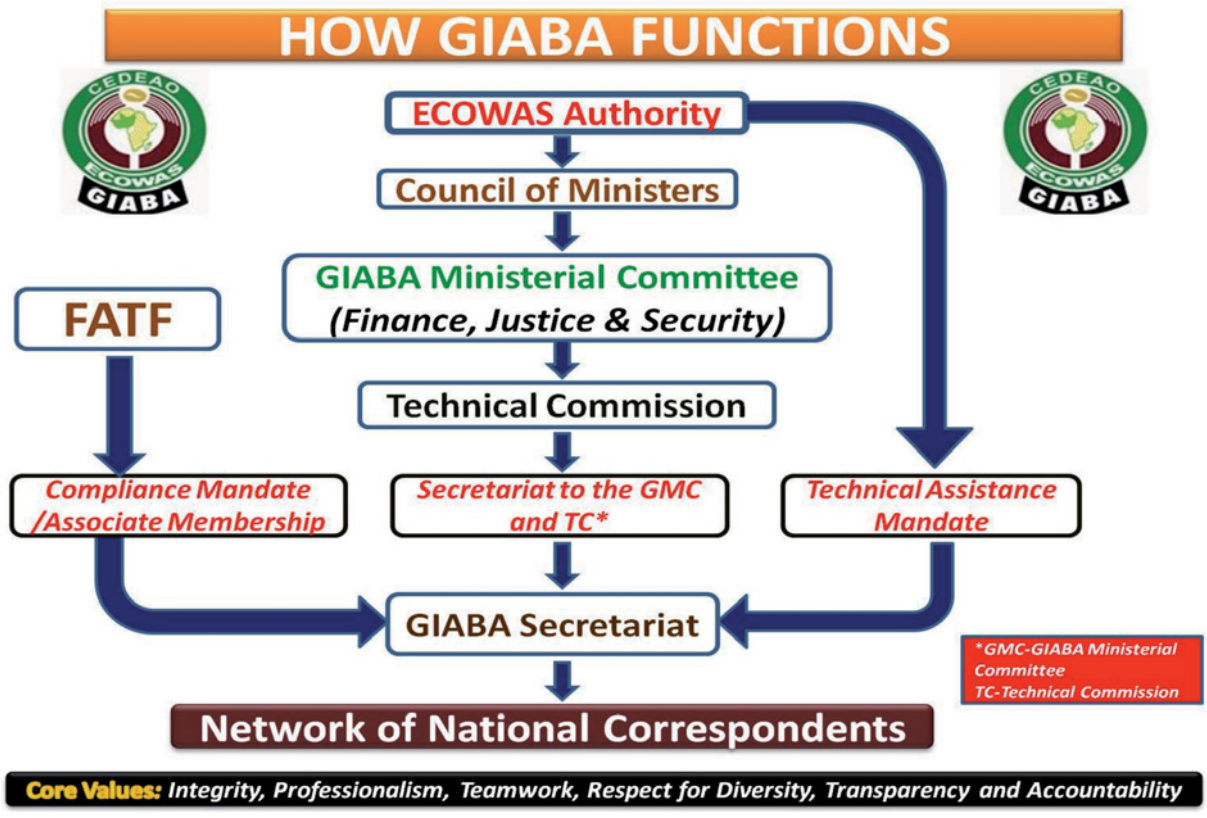
6. GIABA's Vision, Mission and Core Values

Membership of GIABA

7. GIABA's membership consists of member States of the Economic Community of West African States (ECOWAS): Republic of Benin, 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, Federal Republic of Nigeria, Republic of Senegal, Republic of Sierra Leone and the Togolese Republic.

8. Observer Status within GIABA is granted to other countries, as well as inter-governmental organizations that support the objectives and actions of GIABA and that apply for Observer Status. The Republic of Sao Tome and Principe, for example, is a non-ECOWAS member State that has had Observer Status in GIABA since 2008. The Republic of Mauritania was granted Observer Status in May 2010.

9. 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-Afri-



caine 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 (AfDB), the Financial Action task Force (FATF) and all its members, the United Nations Office on Drugs and Crime (UNODC), the World Bank, the International Monetary Fund (IMF), Interpol, the World Customs Organization (WCO), the Commonwealth Secretariat, other FATF Style Regional Bodies (FSRBs), and the Egmont Group.

Goal 1:	Institutional Development: Constitute a strong and competent Regional Body for AML/CFT, capable of providing the requisite capacity and support to member States in order to assist them to develop strong capacity to counter money laundering and the financing of terrorism, within their respective countries and at the regional level.
Goal 2:	Compliance Monitoring: Monitor and assess member States to determine their level of compliance with acceptable International AML/CFT Standards.
Goal 3:	Research and Typologies: Conduct studies and research to determine the techniques, methods, extent, pattern, trends, location and impact of ML and TF on member States.
Goal 4:	Technical Support to Member States: Provide support to member States to create stronger and more effective and efficient AML/CFT structures and practices.
Goal 5:	Partnerships: Promote strategic partnerships with the private sector, civil society and other key stakeholders.
Goal 6:	Regional and International Cooperation: Expand and reinforce cooperation within and between member States, between member States and GIABA, and with International partners in general.
Goal 7:	Cross-cutting issue – coordination: Ensure that this crucial component of program delivery is addressed by GIABA Secretariat, member States and all concerned partners.

The Main Organs of GIABA

10. GIABA operates through the following four main organs:
    - The GIABA Ministerial Committee (GMC) consisting of the three Ministers responsible for Finance, Justice and Interior/Security from each member State;
    - The Secretariat, which is located in Dakar, Republic of Senegal;
    - The Technical Commission, which consists of experts drawn from the above mentioned ministries of member States; and
    - A network of National Correspondents (NCs); each country appoints one NC.

11. The functions of each organ are clearly stated in the GIABA Statute.

Evaluation of the Implementation of the GIABA Strategic Action Plan for 2007–2009

12. In 2010, the implementation of the three-year Strategic Plan of Action for 2007–2009, which was approved by the ECOWAS Council of Ministers in December 2006, was evaluated by an independent evaluator. The following are the key achievements of the Strategic Plan implementation as revealed in the evaluation report:

    a. All member States now have AML legislation in place and many also have stand-alone CFT legislation.
    b. Thirteen FIUs have been established, only two outstanding. Three FIUs are now members of the Egmont Group.
    c. Thirteen member States have undergone mutual evaluation of their AML/CFT systems and the remaining two will be completed by early 2011.
    d. Partnerships with Member States and the civil society in program development and delivery have increased.
    e. Three typology exercises and about four special studies have been conducted.
    f. GIABA became an FSRB in 2006 and was admitted as an associate member of the FATF in June 2010.
    g. Cooperation with regional and international partners is now much stronger and more beneficial to the region.
    h. The administrative and operational capacity of the Secretariat has increased significantly.
    i. The following are the key observations made by the evaluator that will require improvement/consideration in the next strategic circle:

        a. Strategic Plan 2007–2009 did not have measurable inputs and output targets and their corresponding cost estimates, so the evaluator could not make a quantitative assessment of implementation and performance.
        b. ECOWAS regulations sometimes impose huge administrative overheads, plus financial and efficiency costs. This inhibits GIABA's effectiveness and flexibility to respond to the dynamics of ML and FT.
        c. GIABA member States do not have explicit MLA and extradition laws among themselves.
        d. Key policy and executive decision-makers lack knowledge about GIABA and its AML/CFT framework.
        e. Eight out of ten member States want high priority given to follow-up action on deficiencies identified during mutual evaluations. The evaluation identified other areas requiring priority attention by GIABA in the next strategy period.
        f. Member States want GIABA to give priority to the strengthening of FIUs in its future programs.
        g. The number of annual beneficiaries from training programs organized by GIABA is low in relation to training need in member States. There is also the need to keep monitoring the performance of trained personnel.
        h. There was a very poor record of Ministers' personal attendance at meetings of GIABA Ministerial Committee (GMC).

13. The Evaluation Report was reviewed and validated by delegates from member States at a Workshop held in Saly, Senegal, on 16–17 August 2010. The Report has since been published on the GIABA website.

GIABA Strategic Plan 2011–2014

14. The report of the independent evaluation of the last Plan formed the main thrusts of the Strategic Goals that GIABA will pursue through the 2011–2014 Strategic Plan as outlined below:

15. The Strategic Plan outlines success indicators for each goal that will be used to measure its accomplishment at the mid-term evaluation in early 2013 and the final evaluation in 2015. A detailed Action Plan has been developed from which a yearly work plan will be made for implementing planned programs and projects. The Strategic Plan 2011–2014 has since been published on the website.

Priorities for Technical Assistance

16. Priorities for technical assistance have already been captured in the Strategic Plan 2011–2014, and expressed in the Action Plan. The yearly Work Plan will see to the implementation of the Plans based on the priorities identified. However, it is important to emphasize specific priorities under each of the strategic goals:

Goal 1: Institutional Development Support:
Support the building of strong and independent AML/CFT institutions by member States.



The Director General, Dr Abdullahi Shehu and the Deputy Director General, Dr Ndeye Elisabeth Diaw with the participants at the Validation Workshop on the Report of the Independent Consultant Strategic Plan of 2007-2009 which was held from 16th to 18th August, 2010 in Saly, Senegal.

Goal 2: Compliance Monitoring:
Support member States to follow up on the recommendations contained in their MERs in order to address the weaknesses identified in the AML/CFT regimes.

Goal 3: Research and Typologies:
Foster strong partnership with academia, research institutions, NGOs and other civil society groups to carry out studies on ML/TF in the region.

Goal 4: Technical Support to Member States:
Strengthen FIUs to be able to carry out their basic functions in a professional and result-oriented manner and support the development of sufficient investigative, prosecutorial and judicial capacities in ML/TF in member States.

Goal 5: Partnerships:
Promote strategic partnerships with self-regulatory bodies (SRBs), the organized private sector, professional associations, civil organizations, the media and other key stakeholders in order to expand advocacy and delivery of ML/TF programs across all sectors in member States.

Goal 6: Regional and International Cooperation:
Increase contact and engage in joint programs with other FSRBs, particularly the Eastern and Southern Africa Anti-Money Laundering Group and Middle East and North Africa Financial Action Task Force (MENAFATF).

Goal 7: Cross-cutting issue – Coordination:
Promote and sustain coordination in program and project implementation at the regional and member States' level in order to increase efficiency and accountability of outcomes.

17. Implementing the new Strategic Plan remains a collective responsibility of member States, the Secretariat and other stakeholders in the AML/CFT arena who are active in the region. The Secretariat will continue to play the catalytic role required to enable all players to put in their best according to the demand on them to meet the various objectives outlined. Indeed, the space is big enough to accommodate them all, but what is required is effective coordination of efforts.

Summary

18. An overview of the AML/CFT architecture and frameworks in member States is presented in Chapter 2, while Chapter 3 contains a summary on mutual evaluations and other assessments. Typologies and other studies carried out in 2010, including a summary of their key findings, are reported in Chapter 4. Technical assistance programs are reported in Chapter 5, while Chapter 6 reviews aspects of regional and international cooperation. Administrative and financial matters are reported in Chapter 7. The report concludes in Chapter 8 with a brief review of lessons learned, the challenges and priorities for the forthcoming year.

CHAPTER 2

OVERVIEW OF THE AML/CFT SITUATION IN WEST AFRICA

Introduction

19. Transnational organized crime (TOC) remains a major threat to international peace and security. Money laundering and the financing of terrorism are negative manifestations of this threat. ML is a derivative crime, stemming from a predicate offence; TF is a 'reversed' form of money laundering since it may involve both legitimate and illegitimate funds. Well-documented evidence exists which demonstrates that both ML and TF are highly detrimental to peace and security, and in fact undermine the overall stability and development of society. Concerted and coordinated efforts to deal with these phenomena are increasing globally. Organized criminal groups always take advantage of technology and globalization to perpetrate their unwholesome activities with relative impunity. While criminals respect no territorial boundaries, however, law enforcement must act within the confines of the law in order to counter these criminal activities. Due to the difficulties in responding rapidly to the threat of TOC, even in the most advanced countries, governments always seem to be a step behind the complex modus operandi of criminals. Therefore, no country can effectively tackle the menace of TOC by itself. At the outset, it is clear that criminals explore and exploit the socioeconomic conditions of societies, taking particular advantage of the weak links in regulation and enforcement, such as inadequate legislation and opportunities to corrupt. And of course, they also benefit hugely from weak and broken judicial systems, too often neglected in development support.

20. ML and TF are not new phenomena in West Africa. Typologies reports have already identified many ML cases in the region; cases of TF are also now beginning to be identified in many countries. Most of these cases are linked to corruption. This is the reason why States in West Africa have a duty to act together to combat these threats. This has to be done not only as part of protecting the world economies, including Africa, against criminal infiltration, but also to enhance the rule of law, deepen regional integration and maintain regional peace and security. The ECOWAS member States are under serious threat of social dislocation or worse unless action is taken now. It is also pointedly within GIABA's specific mandate to "facilitate the adoption and implementation by member States of measures against ML and TF, taking into account specific regional peculiarities and conditions".

21. ML and TF 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 States to initiate or accelerate development. The proceeds of crime fuel corruption, which in turn facilitates the commission of crimes and undermines the rule of law. Absence of the rule of law results in general insecurity, which renders the State difficult to govern. Insecurity makes it difficult for any State to attract any foreign direct investment because its Government cannot guarantee the safety of investments and the financial system. Over the past several years, political upheavals due to resource control or simple greed have left many 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, lacking capable human and material resources to make any meaningful or lasting difference.

22. GIABA has worked effectively over the past several years to help its member States to build and consolidate systems to control ML/FT, and its corollary, endemic corruption. It has actively supported the formulation of national strategies; it has encouraged the creation of active AML/CFT Committees in each member State; it has helped establish and finance FIUs, thus enhancing the investigative capacities of the States; it has actively advocated and supported the formulation or upgrading of AML and CFT laws; it has helped fund and conduct numerous training activities on several related subjects for

officials all over West Africa; and it has raised public awareness of this issue in each State. Indeed, it has systematically been at the forefront of efforts to modernize and introduce international best practices and standards in the region, in the areas of priority concern for its mandate, those relating to ML, TF and corruption. A huge amount of work has already been done.

23. However, despite all of this, there are still many grey areas where more work needs to be done. In order to fight ML/FT, it is essential to have a complete handle on the full chain of actions required to stop or at least limit organized crime syndicates. GIABA has proceeded in a logical and methodical manner: basic national strategies have been formulated and enhanced. Law enforcement has been significantly shored up (investigative capacity; prosecutorial capacity; FIUs; IT technical support and linkages). The legislative infrastructure has been revised and strengthened (AML/CFT laws). Typologies have examined and have described the regional functioning of ML/FT and the links between them. In summary, national and regional capacities to investigate cases and bring them to court have been greatly enhanced over the past five years. But all that work can come to nothing if convictions are not then secured.

24. This chapter therefore seeks to provide an overview of the AML/CFT frameworks in each State and reports some of the efforts they have made to build infrastructure and strengthen capacity for the fight against ML/TF.

Benin

Background and General information

25. Benin is part of UEMOA (Western African Economic and Monetary Union) along with Burkina, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo. The economy of Benin in 2009 recorded a CDP growth of 2.7%, against 5% in 2008. This, as explained in the interim Surveillance report of UEMOA published in June 2010, was due the poor performance of the primary and tertiary sectors. The financial sector represents almost 13% of the WAEMU market, made up of credit institutions (12 banks and one financial institution), microfinance businesses, insurance companies and money remitters.

26. The total balance of lending institutions established in Benin amounted to 1300 billion FCFA (approximately US$2 billion) at the end of December 2008. It is estimated that only 6% of the inhabitants have access to formal financial services (this rate is similar in other UEMOA countries). The decentralized financial systems are microfinance institutions (MFIs), which offer localized services. The banking sector and the microfinance sector are both supervised but no on-site visits have been undertaken for AML/CFT purposes.

27. The banking sector achieved high profitability in 2009, with an increase in net banking income of 13.7% between 2008 and 2009. The banking system emerged in 2009 with a cumulative net profit of 6.3 billion FCFA francs, after losing $ 9.6 billion in 2008.

Prevalence of Predicate Crimes

28. Benin faces a high level of corruption, which, according to the authorities, is the main predicate offence for money laundering. Benin is ranked at number 106 (out of 180 countries) in Transparency International's 2009 Corruption Perceptions Index. The MER underlines three other main issues: children, migrants and drug trafficking. The creation of a central office dedicated to the control of drug trafficking seems to have had some results. As regards the trafficking of children, Benin is both a source and transit country.

29. On the basis of STRs received by the FIU, some of the predicate offences for money laundering in Benin are fraud, smuggling of precious metals, fictitious investments and cybercrime. The smuggling of petroleum products from Nigeria to Benin is an old phenomenon which has become almost a part of daily life across the borders of the two countries, and a huge amount of money is made from it. Unfortunately, corruption has impeded any meaningful action to deal with the problem.

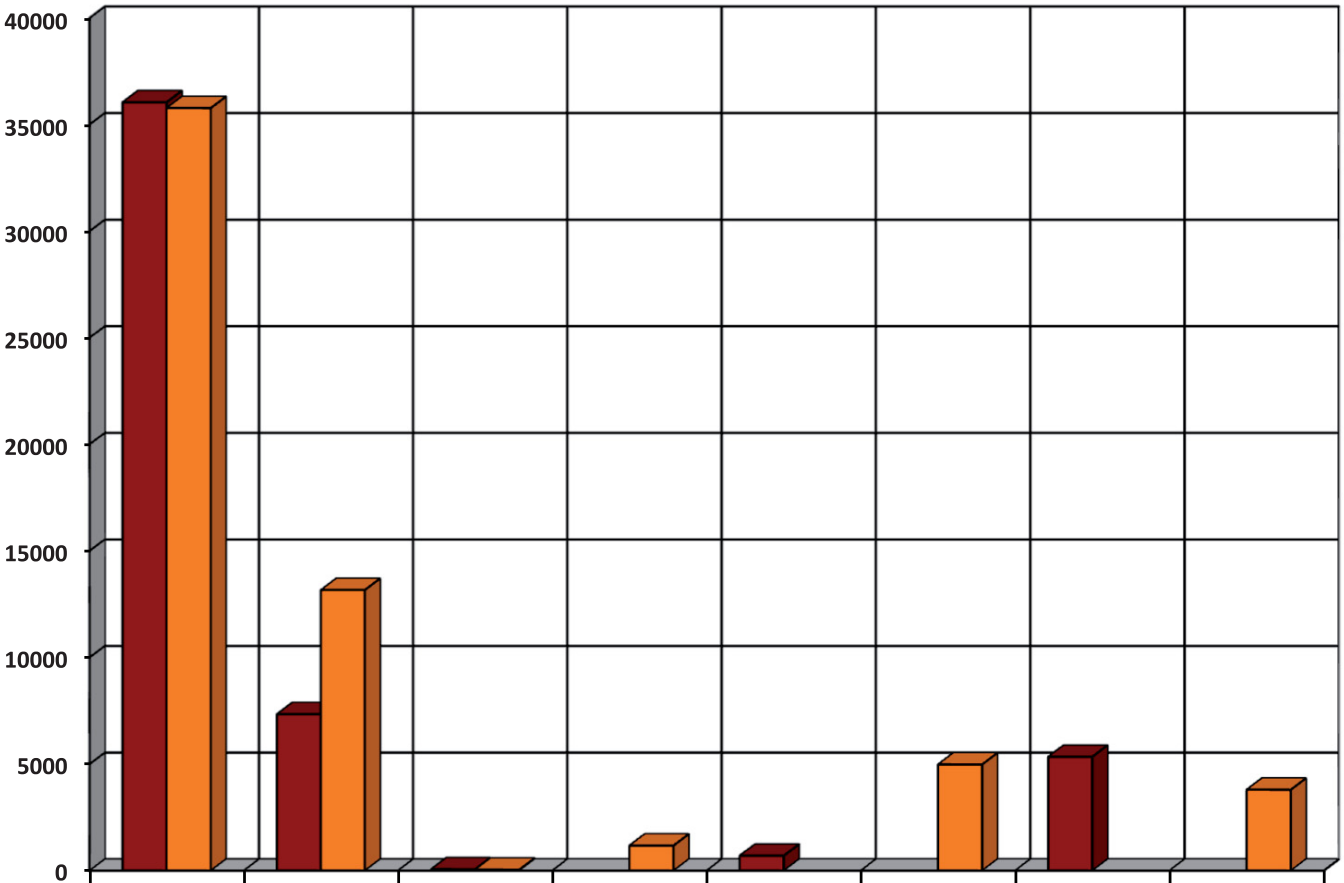
AML/CFT Framework and Ongoing Efforts

30. The UEMOA Banking Commission inspections monitor the financial system and should help to identify potential vulnerabilities. The government requested for a Financial Stability Assessment Program (FSAP) mission in 2010 and has committed itself to implementing any resulting recommendations.

31. The authorities have uncovered certain unauthorized microfinance institutions and appropriate action has been taken. They indicated that they would intervene if and when necessary to protect depositors and would strengthen the licensing and supervision of all MFIs.

32. The legal framework of Customer Due Diligence is weak and needs to be strengthened (especially ongoing due diligence obligations that do not exist in the law). If banks seem generally to be aware of their obligations, micro-credit institutions, insurance companies, money transfer remitters and non-financial entities do not. The rapid increase of money remittance represents a high risk of money laundering, as banks delegate with no obligations. Moreover the mushrooming of unlicensed MFIs poses potential risks to the whole sector.

Graph 1: Drug Seizures for 2009 and 2010 (Unit: grams)



	Cannabis	Cocaine	Heroin	Methamphetamine	Morphine	Nitrezepam	Acetylcodeine	Granulated Pellets
2009	36037,491	7340,413	62,964		700		5340	
2010	35764	13167,95	41,991	1179		4980		3800

Source: OCERTID

33. This ignorance of obligations leads to a very low number of suspicious reports, which are moreover not properly analysed and transmitted. Attempted transactions are not subject to reporting obligations.

34. Benin criminalized ML with the issuance of Law number 14 of 2006, which transposed the UEMOA directive (No. 07/2002), although ML has been criminalized since 1997 in cases linked with drug trafficking. However the UEMOA directive is not complete as regards the FATF requirements. In Benin, insider dealing and market manipulation are not criminalized. Self-laundering is not criminalized as a predicate offence and the offence itself needs to be clarified. Moreover an Annex to the law describing the procedures of customer identification in case of remote financial transactions has not yet been adopted. No ML case has been brought to court at this stage.

35. With regard to criminalization of TF, although a directive has been adopted by the UEMOA Council of Ministers on the prevention and repression of terrorist financing, Benin is yet to effect, and there is no legislative framework. Terrorism and the financing of terrorism are not criminalized. Freezing, seizing and confiscation are therefore not possible in the case of terrorist financing.

36. Concerning freezing, seizure and confiscation of the proceeds of crime, particularly in the framework of CFT, community Regulation 14/2002/CM/UEMOA institutes a mechanism for freezing funds and other financial resources in application of Resolutions 1267 (1999) and 1373 (2001) of the United Nations Security Council (UNSC). This community Regulation, which is directly applicable in States of the Zone, is incomplete and does not authorize the freezing of all funds and other property belonging to individuals and entities designated by the Sanctions Committee. Furthermore, it does not target the lists established by the Security Council and does not institute decision procedures on autonomous lists or those submitted by third-party States. Hence, it does not enforce Resolution 1373 (2001) of the Security Council.

37. The FIU was created in 2008, but its mandate does not cover all the requirements (especially as regards the financing of terrorism); in addition to expanding its mandate to include the treatment of TF suspicious transaction reports (STRs), it needs to improve its human and financial means to become a member of Egmont Group. Some of the challenges the FIU is faced with are:
- lack of personnel dedicated to the analysis of STRs;
- difficulties in information exchange with other FIUs outside the UEMOA Zone, while a significant proportion of cases received relate to international transfers; and
- the absence of databases.

38. At the international level, Benin has ratified the Vienna and Palermo Conventions and the International Convention for the Repression of Terrorism Financing. But the implementation of these Conventions is either incomplete or non-existent (Convention on the Financing of Terrorism). UNSC Resolution 1267 (1999) has been partially implemented whereas Resolution 1373 (2001) has not yet been implemented. The necessary provisions should be adopted to ensure the implementation of these conventions and resolutions.

39. In accordance with the pertinent provisions of international agreements and conventions on the one hand and domestic texts on the other, particularly the AML Act and the Decree on creation of the CENTIF, the competent Beninese authorities can give their foreign counterparts the widest possible international cooperation in the area of mutual legal assistance on condition that a request is made by these countries subject to reciprocity.

40. Benin has developed its national AML/CFT strategy with the support of GIABA in 2010. The validation of the strategy document by all stakeholders, originally scheduled for November 2010, was postponed to 2011.

Technical Assistance

41. Benin requires technical assistance in the areas of legal review in order to strengthen the legal framework; to raise awareness among policy-makers on AML/CFT and among other actors; and to strengthen the capacity of analysts, computer specialists and other staff of the FIU.

Conclusion

42. Benin has shown commitment to improving its AML/CFT regime. However, there is still much to be done with regard to the implementation of the recommendations contained in its mutual evaluation report (MER). In particular, Benin should expedite action to criminalize terrorist financing in accordance with the uniform directive issued in that direction. The FIU/CENTIF needs to be provided with sufficient human and financial resources to carry out its tasks. The judicial process need to be overhauled to ensure that cases of money laundering are given speedy hearing. Corruption needs to be tackled to prevent it becoming an impediment to the implementation of AML/CFT measures.

Burkina Faso

Background and General Information

43. In Burkina Faso, acts of corruption in the public service and among politicians took an upward turn in 2010. In the Global Corruption Report 2010, released by Transparency International in October of that year, Burkina Faso has a rating of 3.1 and is positioned 98th out of 178 countries. This is a drop from 2009, when it earned a rating of 3.6 and ranked 79th out of 180 countries. According to the National Anti-Corruption Network (REN-LAC)[2], "the period under study witnessed several acts of corruption. The annual reports of public departments like the High Authority for State Control (Autorité supérieure de contrôle d'Etat) and the National Audit Office give examples of mismanagement, disregard for basic rules of good management, and gross embezzlement. Such cases are still unpunished, although the public authorities promised to be firm."[3]

44. At the Presidential elections held on 21 November 2010, the incumbent President (HE. Blaise Compaoré) won by 80.21%, according to the official results proclaimed on 25 November 2010 by CENI, the independent electoral commission.

45. At the monetary level, Burkina is a member of the West African Monetary Union (UEMOA), instituted by the Treaty of 14 November 1973 and which comprises eight States. This Union is characterized notably by the transfer of the power of monetary issue (Franc of the African Financial Community – CFA, common monetary unit) to the common issue Institute, the Central Bank of West African States (BCEAO), whose headquarters is based in Dakar and which also manages the reserves of external assets of the member States.

Prevalence of Predicate Crimes

46. The country report submitted by the authorities in Burkina Faso suggests that most of the predicate crimes in the country are corruption offences, as evidenced by the contextual analysis from the Anti-Corruption Network (REN-LAC) of civil society. The public sector is particularly involved in such offences. The embezzlement of public funds seems to be another offence committed frequently. This may be one reason for the real estate boom in the Ouaga 2000 area, where some houses do not reflect the true income levels of the proprietors, most of whom work as civil servants. Human trafficking is also one of the predicate crimes in Burkina Faso. We should point out in particular the trafficking of children sold by their family to networks that resell them in countries of the sub-region, notably Côte d'Ivoire, where they are constrained to work on farms. To acquire the legal means of combating this scourge, the country quite recently passed Act No. 029-2008 of 15 May 2008 on the fight against human trafficking and assimilated practices. Before then, the country had been a signatory to the Multilateral Agreement on regional cooperation for combating human trafficking, particularly women and children in West and Central Africa, signed in Abuja on 6 July 2006. Prostitution through soliciting in the street is punishable by a prison term of 15 days to two months and a fine of 50,000–100,000 francs. Besides, procuring is punishable by a prison term of one to three years and a fine of 300,000–900,000 francs. However, the lack of resources of the State services considerably reduces the sphere of these initiatives.

47. The other prevalent offences are forgery and the use of false documents, and gold trafficking that is perpetrated to a large extent by gold miners who are based and operate illegally in the mining zone.

AML/CFT Framework and Ongoing Efforts

48. As part of efforts to strengthen its AML/CFT framework, in 2010 Burkina Faso took vigorous measures to ensure more stringent application of the recommendations issued during its mutual evaluation; this was led from 26 January to 6 February 2009 by a team of experts from the World Bank. Towards the end of 2009, the country strengthened its legislative and regulatory framework by enacting a series of laws. These include Law No. 060-2009/An of 17 December 2009 on suppression of acts of terrorism, Law No. 061-2009/An on counter-terrorist financing, which was also passed on 17 December 2009, and Law No. 045-2009/An of 10 November 2009 on regulation of wire transfers and electronic payment services.

49. These measures set out the legal provisions that govern the prevention, detection and suppression of crime, and will make it possible for all the actors involved to implement them effectively.

50. As regards national coordination, the Inter-Ministerial Committee, instituted by Ministerial Order No. 2009-084/MEF/MJ/SECU of 22 June 2009, has been conspicuously inactive. It is yet to provide the impetus needed to begin to organize and synergize the efforts of stakeholders, and to find ways to let them play an active role in AML/CFT.

51. The FIU, for its part, has finished developing the administrative and operational provisions it needs to get down to work. It now has rules and regulations, a code of ethics, safety and security measures, as well as a form for reporting suspicious transactions which it designed and has distributed to all the designated professions and businesses after the Finance and Economy Minister gave his approval. With this tool for referral to court, the designated professions and businesses continue to submit STRs to the Unit.

[2] REN-LAC is an independent, apolitical, not-for-profit non-governmental organization. It is civil society's contribution to anti-corruption efforts in Burkina Faso.

[3] http://afriqueactu.net/12607/a-la-une/rapport-de-transparency-international-sur-la-corruption

52. To go further ahead with its work, within the limits of the available financial resources, the FIU organized a seminar to raise awareness among designated professions and businesses, and specifically for sub-agents of money transfer services, decentralized financial services and insurance companies. These training exercises contributed to refining the detection techniques of the beneficiaries and to increasing the number of well-prepared reports they send to the Unit.

53. However, the FIU has not filed many reports to the justice sector. In fact, from all the STRs the FIU has received since inception (about 40), only one has been sent to the public prosecutor's office, where it is still being investigated. Over the last three years, the Unit received one STR in 2008, 17 STRs in 2009 and 14 STRs in 2010 (by the end of the third quarter). The cases being investigated show that the suspects include Politically Exposed Persons (PEPs).

54. On 21 July 2010, the Director General of GIABA had a working session with officials of the FIU at their office to discuss management and operational matters at the FIU, as well as to consider the modalities for preparing the Unit to apply for membership in the Egmont Group. On 22–23 September 2010, the Director General also led a high-level mission, including members of the Working Group on Mutual Evaluations and GIABA staff, to monitor how Burkina Faso was implementing the recommendations of the MER. He used the occasion to meet with the Vice-Minister for Budget under the Minister of Economy and Finance to advocate to the high authorities and sensitize them to the difficulties facing the FIU in Burkina Faso.

Technical assistance

55. Burkina Faso requires technical assistance to develop the capacity of their FIU, especially in the areas of database, study tours and specialized training for staff in order to learn from other FIUs. It also wants to strengthen the physical security of the FIU premises through the acquisition of a video surveillance system and high quality fireproof cabinets.

Conclusion

56. Going forward, the Burkina Faso FIU needs to pursue efforts to have legislative and regulatory provisions compliant with international norms and standards, including the FATF 40+9 Recommendations. It has also to improve the way STRs are processed, so that it can forward reports of good quality to the judicial system. This is a relevant criterion for reviewing the effectiveness of the AML/CFT system in Burkina Faso.

57. To better determine activities for the future, the FIU needs to plan well. And to do this, GIABA assisted Burkina Faso to put together a national strategy document that is awaiting official approval and endorsement. The FIU needs to outline the initiatives it will carry out with actors at national level and with partners, as well as set specific goals and a realistic timeline. It is expected that the national strategy document would provide a framework for intervention and support for partners that want to help the country combat organized crime, and that it would provide the basis for an action plan that national actors, and CIMA in particular, are going to follow and monitor.

58. According to latest reports, the Burkina Faso FIU has moved into the offices of the National Assembly, pending repairs at the former office of the Economic and Social Council, which the national authorities have provided. This is the third time the FIU has had to move into new premises, and shows the unstable nature of the context in which the institution is working.

Cape Verde

Background and General Information

59. Based on the Human Development Report (2010), Cape Verde is the only ECOWAS country that belongs to the "medium human development" group. The country has a HDI of 0.534 and is ranked 118th out of 169 countries, the fourth highest HDI in Africa.

60. Cape Verde has two major airports, one each on Sal and Santiago where international flights land. However, most islands have an airport that receives domestic flights. The main cities are Praia, Mindelo, Assomada, etc. Cape Verde is a model of success for the ECOWAS region. According to the 2009 and 2010 rankings of Transparency International, the country has was placed 46th and 45th out of 178 countries, respectively, while maintaining its strong rating of 5.1.

61. Cape Verde is not a country endowed with natural resources and agriculture is not well developed because of the scarcity of rainfall and poor cultivable soil. This geographic and climatic condition has encouraged the opening up of the country's economy but Cape Verde is largely dependent on importation of basic commodities such as foodstuffs and oil.

62. While the global recession and soaring commodity prices have impacted negatively on Cape Verde, its economy has fared well because of the implementation of sound economic policies. The running inflation rate of 6.8% in 2008 was contained within a 1% increase in 2009. In 2008 and 2009 GDP growth reached 5.9% and 4.1%, respectively. The expected growth rates in 2010 and 2011 are 5% and 5.5%, respectively (World Bank).

63. Banks and financial institutions are supervised by the Central

Bank of Cape Verde. There are eight commercial banks, ten offshore banks, six financial institutions and two insurance companies. The banking business recorded an improvement in its overall turnover between 2008 and 2009. In 2008, the turnover was 121.6 billion ECV or 1.10 billion Euro, while in 2009 it was 129.6 billion ECV or 1.18 billion Euro (ECV 110. 265 = 1 Euro).

Prevalence of Predicate Crimes

64. Cape Verde has been used as a transit point for the Transhipment of large consignments of cocaine coming from Latin America on its way to Europe and other consumer destinations. The geostrategic position of the country in the Atlantic Ocean along shipping routes predisposes it to being exploited by drug traffickers from Latin America and Europe. Indeed, there are frequent drug seizures on both commercial aircraft and on ships. In 2010, the cumulative drug seizures totalled 2.1 tons.[4]

65. Cape Verde has invested heavily in tourism. The construction industry has been booming, with many holiday homes sold to tourist and foreigners. The risks associated with tourism are many, from sex crimes to trafficking in drugs. In addition, investment in real estate is one of the major avenues for money laundering. While there is no convincing data to conclude that the tourism and the real estate businesses are being exploited by criminals, nevertheless the country needs to increase its vigilance and put the necessary controls in place to prevent and detect money laundering or predicate crimes in these two industries.

AML/CFT Framework and Ongoing Efforts

66. The AML/CFT framework of Cape Verde still has a number of gaps that need to be filled by the authorities. Because the legislation on Countering the Financing of Terrorism is not yet passed it is impossible to implement the FATF recommendations on CFT. And Cape Verde's FIU is not legally empowered to receive STRs related to potential terrorist financing. The FIU cannot provide assistance to its counterparts on the exchange of information within the scope of investigation on this specific area.

67. In 2008, the Government of Cape Verde had established a technical committee to reform the old legislation on the fight against money laundering and at the same time enact a law for the Suppression of the Financing of Terrorism. For this important project, Cape Verdean authorities had sought and received assistance from the IMF. In concluding their work, two bills had been prepared, one for the fight against money laundering and the other for the suppression of terrorist financing. To date, only the first was passed into law by the National Assembly (Law No. 38/VII/2009 on the fight against money laundering). The second is still at the Parliament awaiting approval. This is not a good indication of commitment and hampers the country's ability to counter terrorism generally and engage in international cooperation.

68. National coordination and facilitation activities related to the fight against money laundering and terrorist financing are the responsibility of the Inter-Ministerial Committee, but it has remained largely inactive in 2010.

69. The FIU, meanwhile, continues to receive suspicious transaction reports. In 2010, 55 STRs were received. In fact, most records indicate suspicions about transactions relating to international transfers, foreign exchange, payments and cash withdrawals.

70. On the occasion of the Plenary GIABA held in December 2010 in Abuja, Nigeria, Cape Verde submitted its second follow-up report. Based on analysis of the report, the country has made significant efforts to improve the operational capacity of the FIU. The number of STRs received and processed in 2010 is an indicator of the improvements recorded by the FIU. This effort need to be sustained and geared towards capacity-building for processing and analysis of STRs. The appointed members of the FIU should be strengthened with technical support staff (especially in analysis and computing).

71. Finally, Cape Verdean authorities should give more attention to data collection on ML/TF and the crime environment generally so as to have a better understanding of the ML/TF situation. This will help to ensure that resources are appropriately targeted and efficiently utilized.

Technical Assistance

72. Cape Verde requires support to strengthen its FIU and also to revitalize its Inter-Ministerial Committee. There is also the need for training of investigators and prosecutors to strengthen diligent prosecution and achieve a realistic number of convictions.

73. GIABA plans to provide a mentor for the Cape Verde FIU to strengthen its capacity and prepare it for membership of the Egmont Group.

Conclusion

74. For the year under review the framework of the AML/CFT of the Republic of Cape Verde has not moved as fast as expected. The adoption of the CFT Act is still pending in Parliament. The Inter-Ministerial Committee has not been playing the role expected of it. The FIU has improved in its capacity and has

[4] Estimated on the basis of information contained in UNODC Newsletters, 2010.

received and processed a number of STRs. However, the number of cases under prosecution is not commensurate with the number of STRs received. An in-depth analysis is needed as to why prosecution of ML cases, whether from STRs or not, is infrequent in the country. The national strategy document should immediately receive the approval of the relevant authorities and be subject to early implementation. In this context, it would be important to ensure that it incorporates the national action plan for implementing the recommendations of the MER.

Côte d'Ivoire

Background and General Information

75. Côte d'Ivoire is a member of the African Union, the Economic Community of West African States (ECOWAS), the West African Economic and Monetary Union (WAEMU), the Conseil de l'Entente, the Franc Zone, the organization for the Harmonization of Business Law in Africa (OHADA), the Inter African Conference for Insurance Markets (CIMA), and the Intergovernmental Action Group against Money Laundering and Financing of Terrorism in West Africa (GIABA).

76. Côte d'Ivoire has been embroiled in political conflict since 2002, following a rebellion which saw the country divided between North and South. In 2007, a power-sharing agreement was reached between the two sides in which the rebel leader of the North became the Prime Minister. In 2010, an election was held after it had been rescheduled up to six times. With no clear winner in the first round, a second round of voting was held and the Independent Election Commission announced the opposition leader as the winner. The result was rejected by the incumbent on the grounds that the opposition rigged the elections. He claimed victory after the Constitutional Council overturned the results and was sworn in as the new President. The ECOWAS Authority, the African Union and the United Nations rejected the unilateral declaration of the incumbent and imposed sanctions on him and members of his regime. The imbroglio continues and the country is considered to be at the risk of returning to civil war if no resolution is found to the crisis.

77. It will be recalled that the United Nations Security Council established the United Nations Operation in Côte d'Ivoire by its resolution 1528 (2004) of 27 February 2004, which replaced the United Nations Mission in Côte d'Ivoire, a political mission set up by the Council in May 2003 with a mandate to facilitate the implementation by the Ivorian parties of the peace agreement signed by them in January 2003[5]. Since then, the UN Mission has been trying to maintain peace and prevent the resumption of conflict between the two factions.

78. Côte d'Ivoire is the world's leading cocoa producer, providing about 40% of the world's supply, which represents over 30% of the country's exports. About a quarter of the population works in the cocoa industry. In addition to cocoa, the country also produces coffee, tropical woods, petroleum, cotton, bananas, pineapples, palm oil and fish for export. The Gross National Income per Capita estimate for 2009 stood at US $1060 (World Bank, 2009). The economy has been affected by the political turmoil the country is facing and many businesses have either closed down or relocated to more peaceful countries in the region.

Prevalence of Predicate Crimes

79. Due to the political instability in the country, the crime rate has remained very high. Petty acquisitive crime is prevalent. The main money laundering predicate offences are fraud, drug trafficking, counterfeiting, cybercrime, smuggling, breach of trust, embezzlement and corruption. Côte d'Ivoire is ranked 146th out of 178 countries in the Transparency International Corruption Perception Index 2010, the same ranking with Cameroon, Nepal, Libya, Paraguay, Yemen, Haiti and Iran. Arms trafficking, associated with illegal trade in cocoa and other commodities, continues, especially in the northern part of the country.

The AML/CFT Framework and Ongoing Efforts

80. Due to the political situation in Côte d'Ivoire, the country is yet to be evaluated under the GIABA mutual evaluation calendar. The scheduled mutual evaluation has been postponed twice. The country has a functional FIU which was admitted into the Egmont group in 2010. The national committee for the monitoring of GIABA activities has continued to function and the government has been allocating some financial resources to it. However, supervision of both the banking and non-banking sector is a serious concern. The DNFBPs sector is largely under supervised.

81. Côte d'Ivoire is yet to put in place an elaborate framework for the implementation of the relevant UN resolutions against terrorist financing. This prevents the country from engaging actively in international cooperation in terrorist financing issues.

Technical Assistance

82. The regulatory institutions of Côte d'Ivoire require support to strengthen their supervisory functions over the reporting entities, in particular for the insurance, securities and DNFBP sectors.

83. GIABA has provided the country with a currency scanner to be installed at the international airport. The scanner also has the capacity to detect other contrabands and firearms.

[5] http://www.un.org/en/peacekeeping/missions/unoci/

Conclusion

84. Côte d'Ivoire has shown willingness to improve its AML/CFT regime but this has been hampered by the country's political situation. The FIU has improved in its capacity to receive and analyse STRs. However, the overall supervisory frameworks for financial and non-financial institutions need to be improved. The DNFBP sector is under supervised, and the informal economy remains dominant. The mutual evaluation of the country is long overdue but this can only take place in an atmosphere of peace and security.

The Gambia

Background and General information

85. The Gambia has sparse natural resource deposits and a limited agricultural base, and relies in part on remittances from workers overseas and tourist receipts. About three-quarters of the population depend on the agricultural sector for its livelihood. Small-scale manufacturing activity characterizes the processing of peanuts, fish and hides. The Gambia's natural beauty and proximity to Europe has made it one of the larger markets for tourism in West Africa, boosted by government and private sector investments in eco-tourism and upscale facilities. In the past few years, The Gambia's re-export trade – traditionally a major segment of economic activity – has declined, but its banking sector has grown rapidly. Unemployment and underemployment rates remain high; economic progress depends on sustained bilateral and multilateral aid, on responsible government economic management, and on continued technical assistance from multilateral and bilateral donors. The quality of fiscal management, however, is weak. The government has promised to raise civil service wages over the next two years and the deficit is projected to worsen.

86. The Gambia's economy is projected to grow by 5.0% in 2010 compared to 5.6% in 2009. Despite the effects of the global economic crisis on the services sector, manufacturing, wholesale and retail trade and agricultural value-added remain strong. In the year to end July 2010 money supply grew by 20.6% compared to 18.4% a year earlier. Although both components of money supply grew significantly, quasi-money expanded at a faster pace (27.7%) than narrow money (12.6%). Reserve money grew by 20.0% in July 2010, significantly higher than the 1.8% in the corresponding period in 2009.

87. Preliminary fiscal data for the first half of the year indicated a wider budget deficit of 4.3% of GDP compared to 2.9% in the corresponding period in 2009. Total revenue for the half year of 2010 stood at D2.11 billion (19.2% of GDP), representing 52% of the annual target. Grants (projects) increased to D401.43 million. Total government expenditure and net lending is estimated to have grown by 11.2% to D3.0 billion (22.7% of GDP). However, most of the increase in expenditure was directed to the infrastructure needed for sustained growth and poverty reduction.

88. Balance of payments estimates for the first quarter of 2010 indicate an overall surplus of US$48.36 million compared to the deficit of US$32.82 million during the same period in 2009, reflecting the improvement in both the current account and the capital and financial account. The current account balance including transfers recorded a surplus of US$48.20 million compared to a deficit of US$4.11 million in the first quarter of 2009.

89. Exports rose to US$42.33 million, or 23.0% from the first quarter of 2009, reflecting the growth in domestic exports to US$19.31 million or 111.3%. Imports on the other hand, contracted by 8.8% to US$56.38 million. The capital and financial account balance also improved to a surplus of US$0.20 million compared a deficit of US$28.71 million in the first quarter of 2009. However, preliminary estimates for the second quarter showed deterioration in the overall balance of payments. The current account is projected at a deficit, reflecting mainly a wider trade balance and a decline in inflows from remittances and tourism.

90. Gross official reserves stood at US$170.34 million in July 2010, equivalent to 5.9 months of import cover. This was lower than the gross reserves of US$183.3 million in December 2009, equivalent to 6.4 months of imports. From end December 2009 to end July 2010, the Dalasi depreciated against the US dollar by 9.3%, partly mirroring developments in the international currency markets where the US dollar had been appreciating until end June 2010. The domestic currency also depreciated by 5.8% against the British pound but appreciated against the dollar.

91. Year-on-year inflation, measured by the National Consumer Price Index (NCPI), was 2.4% at end September 2009 before increasing slightly to 2.7% at end December 2009. At the beginning of 2010, food prices caused inflation to accelerate to 4.0% in March 2010. The upward movement continued in the second quarter, with the rate of inflation increasing to 4.1% and 4.5% in April and June respectively. By end July 2010, the rate of inflation had reached a 14-month high of 6.2%.

Prevalence of Predicate Crimes

92. The Gambia is not a regional financial centre, although it is a regional re-export centre. Goods and capital are freely and legally traded in The Gambia, and as is the case in other re-export centres, smuggling of goods occurs. Customs officials cooperate with counterparts in Senegal to combat smuggling

along their common border, although The Gambia has limited capacity to fully monitor its porous borders. The lack of resources hinders law enforcement's ability to combat possible smuggling, even though there is the political will to do so. Though money laundering is thought to take place on a small scale, The Gambia is not a known ML hub in the region. It is unknown to what extent ML is related to narcotics proceeds. However, the increasing number of local and foreign banks in The Gambia has raised some questions as to whether they may not be providing additional risk if regulation is not enhanced.

93. In the Gambia, proceeds of crime are mainly derived from drug trafficking, bribery and corruption, the tourism industry, foreign exchange transactions, and other related acquisitive crimes. The magnitude or severity remains 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 country. Public corruption is perceived to be quite high as the country is ranked 106 of 180 nations in Transparency International's 2009 Corruption Perception Index (CPI). Though the Gambia has signed the African Union Convention on the Prevention and Combating of Corruption, it is yet to sign the UN Convention Against Corruption[6]. The Gambia has laws in place criminalizing corruption but they are not effectively implemented as no specific government agency is responsible for combating corruption. Public officials are not subject to financial disclosure requirements.

94. The Gambia is vulnerable to the activities of organized crime and drug trafficking. The Gambia Drug Control Agency (DEA) stated in its 2007 Annual Report that the number of arrests of drug traffickers had increased since 1986. The report indicated the magnitude and trends of drug trafficking in The Gambia. In total, about 1270 mg of drugs were seized from the 54 cases reported in 2007. Offences range from possession to trafficking in drugs and narcotic substances such as cannabis, cocaine and hashish.

95. The following financial intermediation and services are also vulnerable to money laundering: banking; foreign exchange transactions; trading in money market instruments such as cheques, bills, certificates of deposits, and commercial papers for oneself or for the account of customers; trading in transferable or negotiable instruments; the tourism industry; and the real estate business.

The AML/CFT Framework and Ongoing Efforts

96. In order to combat money laundering and the financing of terrorism, The Gambia has developed a legislative and institutional framework through the enactment of the Money Laundering Act 2003, the Anti-Terrorism Act 2002, the Financial Institution Act 2003 and the Drug Control Act 2003. The Gambia enacted the Anti-Money Laundering Act (ML Act) in 2003 in which only 13 offences were designated as predicate offences for money laundering. This falls short of the minimum 20 designated categories under the FATF Recommendations.

97. The ML Act states that money laundering is a criminal offence and establishes narcotics trafficking as well as blackmail, counterfeiting, extortion, false accounting, forgery, fraud, illegal deposit taking, robbery, terrorism, theft and insider trading as predicate offences. The Anti-Terrorism Act 2002 provides for measures to combat terrorism and criminalizes terrorist financing.

98. Following the enactment of the ML Act, the Central Bank (CBG) was appointed as the Supervisory Authority in 2006 with the responsibility to implement the Act. The location of the FIU within the Central Bank is designed to capitalize on the trust and cordial relationship that already exists with regulated institutions and to ensure that the integrity and security of STRs received from reporting entities are maintained.

99. The ML Act requires banks and other financial institutions to know, record and report the identity of clients engaging in significant and/or suspicious transactions. In 2007, the Central Bank distributed Customer Due Diligence manuals to the banks to increase awareness of suspicious transactions. The MLA requires banks to maintain records for at least six years.

100. Reports of suspicious transactions must be filed with the CBG, which created a standard format for STRs. In 2007, the CBG also created a standard reporting format for large cash transaction reports. The current reporting threshold for cash transactions is $10,000. The MLA empowers the government to identify and freeze assets of a person suspected of committing a money laundering offence. The Customs Department is tasked with investigating when sums of money exceeding $10,000 are brought into the country. However, Customs officials have not been properly trained.

101. The Gambia's financial intelligence unit was established within the CBG's Financial Supervision Department and is not an independent entity. Officials have identified staffing and training issues as constraints to the effectiveness of the FIU in its first years of operation. The CBG is unable to meet its desired examination schedule because of personnel constraints.

[6] Country Brief by eStandard Forum, 18 November 2009.

The CBG circulates lists of terrorists and terrorist entities designated by the United States Government under Executive Order 13224 among Gambian banks and other financial institutions, including insurance companies. There have been no arrests and/or prosecutions for money laundering or terrorist financing since 2003. Only banks and insurance companies are currently subject to MLA requirements.

102. The banks have commenced the reporting of suspicious transactions to the FIU. Their reports were analysed and where appropriate were forwarded to the police for further investigation. Up to 16 STRs were received, of which nine were forwarded for further investigations (the outcome is three prosecutions and two convictions), while others are still under investigation.

103. Despite these developments, the FIU has neither achieved the desired level of coverage of institutions under its purview, nor gained a deep enough knowledge of ML and TF in Gambian society as a whole. As part of its medium- to long-term strategy, the FIU will be expanding coverage of the reporting of STRs to microfinance institutions, foreign-exchange bureaux and DNFBPs. This objective will be further enhanced by the review of the ML Act.

104. An Inter-Ministerial Committee was set up in 2008 to coordinate the AML/CFT efforts in The Gambia. The Committee comprises the Department of State for Finance, Department of State for Interior, Department of State for Justice, the Drug Enforcement Agency and the Central Bank. The Committee was inaugurated by the Secretary of State for the Interior in February 2008. There are plans to expand it to include the police, Customs, Foreign Affairs, the National Intelligence Agency (NIA), and the Registrar General's office. The Inter-Ministerial Committee works closely with the FIU.

105. The Gambian Government has taken steps to prevent its financial system from being misused as a conduit for the transfer and retention of illicit funds, but the various agencies involved in AML activities have not been allocated adequate resources. The CBG and the FIU lack the required technical and operational personnel to supervise and monitor financial institutions' compliance with the ML Act. Additionally, the Financial Supervision Department is understaffed and is not likely to function effectively as the FIU since its primary role of supervising financial institutions and non-bank financial institutions for prudential purposes is considered a priority at the moment. With 14 staff members, the Department is barely meeting its primary obligation to supervise the FIs effectively.

106. The Gambia has ratified 11 of the 13 UN Conventions against Terrorism. The Convention for the Suppression of the Financing of Terrorism is yet to be ratified. The Anti-Terrorism Act 2002 provides for the measures to combat terrorism and for other related matters. Terrorist financing is criminalized under Sections 6, 11(a) and 11(2)(b), 12, 13, 14, 16, 18 and 21 of the Anti-Terrorism Act 2002. The provisions of the Act extend to both legal and natural persons who are subject to civil and criminal sanctions. The National Intelligence Agency and the police are responsible for gathering intelligence on terrorism and terrorist financing, while the Attorney General is responsible for the prosecution of cases of terrorism.

107. The Gambia has not experienced any terrorist attack and none has been launched from within the country. However, reports indicate that the country is vulnerable to terrorism given its location in the Saharan region surrounded by countries that terrorists have used in the past to launch attacks. Its nationals are also vulnerable and cases of attempted funding of certain religious groups and NPOs were reported in the past, but pre-emptive actions taken by the NIA prevented the funds from reaching the beneficiaries. The NIA prides itself as being alert and ready to suppress any case of terrorism or terrorist financing. The NIA and the police cooperate with the INTERPOL and other international security agencies in the exchange of intelligence information.

108. Regarding the regulatory framework, in accordance with the 1997 Constitution, the supervision of all financial institutions is centralized within the Central Bank. This has resulted in the apex institution being responsible for the supervision of banking institutions, insurance companies, microfinance institutions, finance companies, etc.

Technical Assistance

109. In April 2008, GIABA provided a mentor who visited The Gambia, and after a comprehensive discussion and assessment of the requirement of the country, the following key actions were agreed upon among others: (a) creation of an Inter-Ministerial Committee to coordinate the AML/CFT efforts in the Gambia; (b) review of the AML law and the Anti-Terrorism Act; and (c) strengthening of the FIU by providing it with suitable office accommodation, furniture, staff and budget. Furthermore, GIABA provided The Gambia with a mentor who reviewed the operations of the FIU in April 2009 and a law review Consultant to determine areas of weaknesses in the law and recommend further action. The Director General led a follow-up mission to The Gambia in August 2009 and met with the responsible Ministers of Finance, Justice and Interior, as well as the Governor of the Central Bank.

110. It is clear that all the support provided has not led to the desired result to date. The country still requires support to

conclude the amendment of its AML law; to develop its National AML/CFT Strategy; to strengthen the capacity of its FIU, including addressing the issue of its autonomy; and to implement the recommendations contained in its MER.

Conclusion

111. It is noted that The Gambia has demonstrated commitment and made significant progress in its AML/CFT efforts. Nevertheless, it should prioritize the implementation of the recommendations in its MER, especially by building blocks around the core and key recommendations and progressing with all other recommendations that were poorly rated.

112. On the basis of developments in 2010, GIABA's the priorities for the Gambia towards implementing an effective AML/CFT framework include:

- Development of a National AML/CFT Strategy that will drive the entire AML/CFT process;
- Follow-up on the finalization of draft AML/CFT legislation;
- Capacity-building for the FIU in the areas of:
  - Provision of IT infrastructure for analysis financial intelligence;
  - Attachment of FIU staff to developed FIUs;
  - Training on Financial Intelligence Analysis;
  - Follow-up on Egmont Group Membership;
  - Training for law enforcement officers on national ML/TF Threat Assessment; and
  - A workshop on AML/CFT Compliance Supervision for financial institutions and DNFBPs.

Ghana

Background and General Information

113. Ghana has a relatively developed and growing banking system (the third largest in West Africa), comprising both domestic entities and subsidiaries of international banks. Total assets of the banking sector grew by 27.1% to $US10.4 billion at the end of May 2010.[7] According to the Bank of Ghana website, there is one universal/offshore bank, 24 universal banks and 135 rural/community banks. The top ten banks in Ghana have extensive correspondent relationships with the US, Europe, Asia and Africa, and eight branches of foreign banks operate in Ghana.[8]

114. In order to develop the financial sector, the government introduced an International Financial Services Centre, which to date has granted one licence.[9] The wider financial sector includes 45 non-bank financial institutions, 273 bureaux de change, 62 insurance companies and 18 broker-dealers. Although the Ghana Stock Exchange has been a source of finance for corporations, it remains small, with just 36 companies being listed.

115. Even though real GDP growth slowed down to 4.1% in 2009, mainly on account of the impact of the world economic crisis, growth is expected to bounce back to about 5.9% in 2010 as the domestic and world economic environment improves. Provisional GDP estimates indicate that the Ghanaian economy has undergone a significant structural change. The agricultural sector, which has for long dominated economic activity, has given way to the services sector. Cocoa production, the mainstay of the agricultural sector, however, continues to grow strongly, with output expected to reach 650,000 metric tons in 2010.

116. Given the performance of revenues and expenditures for the first three-quarters of 2010, the overall budget balance showed a deficit of GH¢2294.3 million. This is equivalent to 8.8% of GDP, compared with a budget target of a deficit equivalent to 7.6% of GDP. The deficit is mainly as a result of increased disbursement of project loans than was anticipated, and the accelerated clearance of domestic arrears then programmed for the first three-quarters of the year. The domestic primary balance for the period under review registered a deficit equivalent to 2.1% of GDP, against a budget target of a deficit equivalent to 3.2% of GDP.

Prevalence of Predicate Crimes

117. Money laundering in Ghana mostly involves narcotics or public corruption. Ghana is a significant transhipment point for cocaine and heroin transiting from South America to Europe, as well as an illicit producer of cannabis for the domestic and international markets. Public corruption is a major source of money laundering in Ghana, occurring mainly through public procurements and the award of licences. Police suspect that criminals use non-bank financial institutions, such as foreign exchange bureaux, to launder the proceeds of narcotics trafficking. Criminals also launder illicit proceeds through investment in banking, insurance, real estate, automotive import and general import businesses, and reportedly, donations to religious institutions. Financial crimes such as advance fee fraud, known as 'Sakawa' in Ghana, and stolen credit and ATM cards originating in Ghana continue to thrive. Informal financial activities account for about 45% of the total Ghanaian economy. Some traders import counterfeit goods or smuggle goods to evade taxes. In most cases the smugglers bring the goods into the country in small quantities, and Ghanaian authorities have no indication that these smugglers have links with criminals who want to launder proceeds of crime. Trade-based money laundering is so-

[7] Central Bank of Ghana Governor, July 2010.

[8] Bankers Almanac.

[9] BoG Research Department paper (Oct 2008)

metimes used to repatriate "profit" and also for payment of lower Customs duties and other taxes.

118. The smuggling of second-hand vehicles into Ghana, especially through the borders with Togo, represents a significant revenue loss to the State and financially empowers smugglers. The two countries have taken some initiatives to address the problem, but there is no doubt that the relative economic power of Ghana over its neighbour will continue to drive the smugglers to import their goods into Ghana illegally.

119. Piracy remains a significant source of illicit funds for criminals in Ghana. This largely involves unauthorized replications of audio and video materials and books, pirating of software, and use of genuine labels on counterfeit products. Although the size of the market cannot be estimated, mainly due to the underground nature of the businesses, it is generally believed that large sums of money are generated through piracy. Pirated products are mostly imported into the country from countries in Asia and other parts of the world. Most of the counterfeited and pirated products are sold in the open market, on major streets and towns across the country. The authorities are not able to cope with the challenge of curbing piracy and counterfeiting in the country despite the existence of legislation on the protection of intellectual property.

120. The attempted bombing on 25 December 2009 of a US-bound plane exposed the vulnerability of the region to terrorism. Since then, the authorities have made significant progress to put some measures in place to prevent similar vent from occurring. However, Ghana remains vulnerable to exploitation by criminals due to supervisory gaps and other geopolitical considerations.

AML/CFT Framework and Ongoing Efforts

121. In May 2010, Ghana launched a $1.9 billion five-year Strategic National Policing Plan for the transformation and modernization of the Ghana Police Service. Under the strategic plan, 16,000 additional personnel are to be recruited by 2014, which is expected to bring the total police strength to 40,000 – a ratio of about one police personnel to 625 citizens, a figure still higher than the UN recommended figure. Also, training and welfare of police personnel are to be enhanced under the Plan.

122. At the moment the Ghana Police Service has only about 1500 vehicles, which is 25% of its current operational requirement of about 6000. The personnel and other resource shortages, and limited training opportunities for the police and other security agencies, underscore the challenges Ghana faces in curbing crime generally and organized crime in particular.

123. The Ghana Parliament passed the Anti-Money Laundering Act (AMLA) in November 2007. The AMLA received Presidential Assent on 22 January 2008 and entered into force immediately. Accompanying Regulations to the Act are yet to be passed. The law identifies institutions subject to reporting and disclosure requirements; establishes customer identification and record-keeping requirements; and institutes rules for required suspicious transaction reporting. The AML law takes an "all serious crimes" approach to predicate offences for money laundering, and it criminalizes terrorist financing.

124. On 18 July 2008, Parliament passed the Anti-Terrorism Act. This law addresses terrorist acts, support for terrorist offences, specific entities associated with acts of terrorism, and search, seizure and forfeiture of property relating to acts of terrorism.

125. In October 2010, the Draft AML/CFT Guidelines for the insurance, reinsurance, brokerage, loss adjusting and all other insurance sector companies were finalized. The draft guidelines provide the much-needed AML/CFT guidance to the insurance sector.

126. Parliament enacted the Economic and Organized Crime Act in August 2010. The Act makes provision for the establishment of Economic and Organised Crime Office with responsibility for investigating money laundering and other serious offences. It also comprehensively provides for the confiscation of the proceeds or instrumentalities of crime.

127. The Act generally complies with the FATF Recommendations relating to measures to confiscate proceeds of, or used in or allocated to the commission of crime: Recommendations 3, 27, 28, 31, 38 and 40 and Special Recommendations III, V and IX. However:

a. Although the Act lists all the 20 predicate offences listed in the FATF Recommendations as serious offences to which the Act applies, Ghana has not criminalized participation in organized criminal groups and racketeering, migrant smuggling, sexual exploitation, including sexual exploitation of children and illicit arms trafficking. An attempt to implement the Act in relation to these offences will, in our opinion, be contrary to article 19(11) of the 1992 Constitution which provides that "No person shall be convicted of a criminal offence unless the offence is defined and the penalty for it is prescribed in a written law".
b. The Act does not specify the tenure of office of the Executive Director of the Organized Crime Office. The Executive Director is to be appointed by the President and he is to hold office on the terms and conditions specified in the letter of appointment. This means the President may exercise

his inherent power to remove the Executive Director from office in the absence of any legislative provision. This concern was raised in paragraph 254 of the MER concerning the tenure of office of the Chief Executive Officer (CEO) of the Financial Intelligence Centre (FIC). Consequently, the Recommended Plan of Action (under section 2.5) requested Ghana to guarantee the security of tenure of office of the CEO under the Anti-Money Laundering Act 2008 (Act 749).

c. Section 73 of the Act requires the Minister for Justice to make Regulations for:
   i. tracking tainted property;
   ii. the procedure for the seizure of tainted property;
   iii. the procedure for confiscation and pecuniary penalty orders;
   iv. the management of seized, restrained or confiscated assets;
   v. the disposal of assets under this Act; and
   vi. generally for the effective implementation of the provisions of the Act.

d. Although section 17 requires the Organized Crime Office to submit annual reports to the Minister covering its activities and operations for the relevant years, it does not expressly require the Office to maintain statistics on matters relevant to the effectiveness and efficiency of its operations regarding combating ML/TF as provided under Recommendation 32 of the FATF.

128. The Mutual Legal Assistance (MLA) Act was also enacted in August 2010. This Act establishes a comprehensive legal framework for the implementation of agreements on MLA to facilitate the prosecution of transnational crimes. It outlines procedures for requests for investigative measures, evidence-gathering, personal appearance and transfer of a witness, confiscation of the proceeds or instrumentalities of crime, lending exhibits under a loan order, and production of judicial or official records.

129. The AML law establishes customer identification requirements. The "Guide to Account Opening" for banks provides checklists for use when opening accounts for individuals and legal entities. However, it appears that requirements are inadequate in relation to obtaining information on the purpose and intended nature of the relationship or source of funds. Section 24 of the AML law requires customer identification and transaction records and STRs to be kept for a period of not less than six years after the date a transaction is concluded or the termination of the business relationship.

130. Under Section 6 of the AML law, the Financial Intelligence Centre – the Ghanaian FIU – is given the mandate to receive, analyse and disseminate STRs. Banks report to the Bank of Ghana on a weekly basis transactions equal to or greater than the equivalent of $10,000. Under Sections 33 and 34 of the AMLA and the Foreign Exchange Act 2007, the report can be filed with the Bank and the FIC.

131. Ghanaian law does not provide for the sharing of assets such as seized narcotics with other governments. Ghana has a cross-border currency reporting system. However, Ghanaian authorities have difficulty monitoring cross-border movement of currency.

132. The Narcotic Drug (Control, Enforcement, Sanctions) Act 1990 (PNDCL 236) provides for the sharing of information, documents and records with other governments. It also provides a basis for extradition between Ghana and foreign countries for drug-related offences.

133. There are six law enforcement agencies involved in investigating money laundering and financial crimes. While the Bank of Ghana has circulated the list of individuals and entities on the UNSC Resolution 1267 Sanctions Committee's consolidated list to local banks, there is no procedure, guidance or regulation to guide financial institutions on how to implement the provisions of the Anti-Terrorism Act. No Ghanaian entities have identified assets belonging to any of the designees.

134. Ghana is under the FATF International Cooperation Review Group (ICRG) review process due to the outcome of its mutual evaluation and the size of its financial sector, which is above the US$5 billion criterion set for qualification for review under the process. Specific AML/CFT risks were identified and Ghana has agreed to work with the Africa Regional Review Group to develop and implement an action plan to address the deficiencies. Within the framework of GIABA's follow-up to mutual evaluation, the same deficiencies were identified and Ghana has demonstrated commitment at the highest level to work with the Secretariat to rectify the identified deficiencies.

Technical Assistance

135. Although Ghana has benefited from technical assistance both from GIABA and other stakeholders, notably the United States, it is obvious that the AML/CFT regime of Ghana is still in its infancy and will require the injection of more assistance to get up and running. Ghana requires support for the implementation of its newly developed National AML/CFT Strategy, and this is the key to ensuring coordination in the implementation of AML/CFT measures in the country. The Bank of Ghana, the FIC and other supervisory bodies such as the insurance and securities sectors require support to establish a solid, coordinated supervisory framework. The regulatory framework for DNFBPs does not exist and needs

to be established. The reporting entities need to invest in developing their compliance environment – policies, guidelines, staff training, etc. There is the need to develop a comprehensive coordination framework for investigators in addition to the training they will require in order to do their job professionally.

Conclusion

136. In 2010 Ghana made considerable progress in updating its AML/CFT legal environment to close gaps identified in its MER. The country enacted the Economic and Organized Crimes Act and the MLA Act. A draft guideline for the insurance sector companies was also finalized. The Inter-Ministerial Committee has been dormant but attempts have been made to reactivate it. The officials of the various AML/CFT agencies benefited from a number of training programs organized by GIABA as well as other stakeholders. The 1st Follow-up Report was submitted at the December 2010 GIABA Plenary/Technical Commission, and a National AML/CFT Strategy has been drawn up to consider the role of all stakeholders in the implementation of AML/CFT measures in the country. Following the development of the National Strategy, a detailed plan of action has been put in place that addresses the technical assistance needs and capacity-building to strengthen its implementation strategy. The FIC has been operational and has exchanged information with foreign law enforcement agencies during the period. The FIC received 42 STRs and two cash transaction reports. Twelve of the STRs were confirmed to be disseminated to law enforcement agencies, while 23 were said to be undergoing ML investigations. Ghana needs to continue to deepen and widen its AML/CFT regime. The attainment of its national economic objectives is predicated on a sound financial system with unquestionable integrity. The influx of criminal proceeds into any financial systems is a big threat to its integrity and sustainability.

137. Overall, Ghana should consider:
   a. Criminalizing participation in organized criminal groups and racketeering, migrant smuggling, sexual exploitation, including sexual exploitation of children, and illicit arms trafficking;
   b. Amending the Anti-Money Laundering Act and introducing measures for the confiscation of the proceeds of crime;
   c. Criminalizing terrorist financing in accordance with the FATF standards as recommended in the MER;
   d. Implementing the UNSC Resolutions 1267 and 1373 through law, regulations or other enforceable means;
   e. Expediting action to pass the Regulations to the Economic and Organized Crime Office Act to ensure effective implementation of the Act. The Regulation should also require the Office to maintain statistics on:
      i. ML and TF investigations, prosecutions and convictions, and on property frozen, seized and confiscated;
      ii. the number of cases and the amounts of property frozen, seized and confiscated relating to ML, TF and criminal proceeds;
      iii. the number of persons or entities and the amounts of property frozen pursuant to or under UN Resolutions relating to terrorist financing;
      iv. MLA or other international requests for cooperation;
      v. all MLA and extradition requests (including requests relating to freezing, seizing and confiscation) that are made or received, relating to ML, the predicate offences and TF, including the nature of the request, whether it was granted or refused, and the time required to respond; and
      vi. other formal requests for assistance made or received by the Office, including whether the request was granted or refused.

Guinea

Background and General Information

138. The Republic of Guinea is endowed with minerals, hydropower and agricultural resources, yet remains an underdeveloped nation. The country has almost half of the world's bauxite reserves. The mining sector accounts for more than 70% of exports. Long-run improvements in the management of the economy, literacy and the legal framework are needed if the country is to move out of poverty. Investor confidence has been sapped by rampant corruption, a lack of electricity and other infrastructure, a lack of skilled workers, and the political uncertainty resulting from the death of President Lansana Conte in December 2008. International donors, including the G8, the IMF and the World Bank, cut their development programming significantly in response to the coup.

139. The World Bank Ease of Doing Business ranked Guinea 179th out of 183 economies – the least in the sub-region. The ranking reflects all cumulative changes in an economy's business regulation as measured by the Doing Business indicators, such as reduction in the time to start a business, an increase in the strength of investor protection index, etc. The country's ranking continues to worsen as it moved from 178th in 2010 to 179th in 2011. The poor-ranking economies are associated with larger informal sectors and a smaller number of legally registered businesses, making these economies vulnerable to money laundering.

140. Growth rose slightly in 2006–2008, primarily due to increases in global demand and commodity prices on world markets, but bauxite and alumina exports were negatively affected by the global economic downturn, and in 2009 the economy contracted, resulting in a fall in the standard of li-

ving. The Guinea franc depreciated sharply as the prices for basic necessities like food and fuel rose beyond the reach of many Guineans. International investors expressed renewed interest in Guinea's iron ore mines in 2010.

141. In the first half of 2010, economic activities in Guinea were negatively affected by the wait-and-see attitude of economic operators as a result of the ongoing political transition process. However, the Guinean economy was expected to record a GDP growth rate in real terms of 3.7% as against a real performance of –0.3% in 2009. This growth was supposed to be propelled by all the economic sectors. Consumer prices were on the increase with a year-on-year rate of inflation at end June 2010 that stood at 14.8%, as against 7.9% by end December 2009. With regard to the public finance, actual performance revealed a worsening budget balance of 5.7% of GDP, while monetary aggregates recorded an improvement to about 35%. The external sector revealed a current account deficit of about 11% of GDP, while the exchange rate depreciated by 17.4% during the period.

Prevalence of Predicate Crimes

142. Proceeds of crime in Guinea are derived mainly from corruption, tax fraud, drug trafficking, smuggling, robbery, prostitution and human trafficking. Guinea is considered a strategic target for organized crime. Corruption, criminal activities, arms-dealing, the overwhelming dominance of the use of cash and 'hawalas', and the illegal diamond trade along the porous borders provides a significant potential for money laundering, as well as the illicit drug trade in Guinea.

143. The government has done very little in fighting corrupt practices. Petty corruption is rampant; poorly paid government officials are not immune from the temptation to collect fees for performing their functions. Some travellers may be asked for bribes and inconvenienced for not paying them. Counterfeit and pirated goods are widely available all over Guinea just like many countries in the region.

144. ML activities are facilitated through cross-border cash movement, real estate and insurance companies. The prevalence of ML is due to inadequate bank supervision, lack of political commitment and poor capacity in the appropriate authorities.

AML/CFT Situation and Ongoing Efforts

145. Guinea is yet to undergo mutual evaluation, so there is no comprehensive information available on its AML/CFT framework. As far as AML/CFT is concerned, Guinea did not experience any major changes in 2010. The ML Act, which provides for the creation of an FIU, was adopted in October 2007, but no significant effort has been made to create one. The Inter-Departmental Committee never managed either to define or adopt a national AML/CFT strategic document. Guinea's national legal system has still not criminalized the financing of terrorism, despite the preparation of a bill since 2008 (see GIABA 2008 Annual Report). AML/CFT is currently managed by Guinea's economic and financial police authorities.

146. Recent development in Guinea could largely be characterized by political instability, which had negative impacts on the implementation of the country's AML/CFT: the military takeover, following the death of the former President; dismissal of the broad-based government; suspension of all democratic institutions, including the National Assembly; the bloody event of 28 September 2009; and, another major concern, the non-establishment of the FIU. The authorities have however, made some strides amid the prevailing situation. The Central Bank is acting as the FIU and also receives and analyses STR from financial institutions; as part of the preparation of mutual evaluation, the Central Bank began reviewing its legislative and regulatory framework, including banking law, to incorporate certain provisions relating to prohibitions; and technical assistance was provided to assist the authorities in the finalization of the Law against Terrorist Financing. In another development, Guinea has signed the MOU on cooperation and information exchange in the banking field with other countries in the West African Monetary Zone. This cooperation also covers the AML/CFT component. A Charter of the College of Supervisors has also been signed. With the successful conduction of the country's first multi-party election and a democratic government now in place, GIABA and its development partners are looking forward to working with Guinea to improve its AML/CFT regime.

Technical Assistance

147. A realistic projection of the technical assistance Guinea will need to develop its AML/CFT framework can only be made after the country has undergone mutual evaluation. However, there are obvious gaps that can be filled and it is clear that support will be required. This includes support for legal review to ensure that the legal framework conforms to international standards; and support for the establishment of a national Inter-Ministerial Committee to help coordinate AML/CFT programs and activities.

Conclusion

148. Guinea is yet to undergo mutual evaluation. This has affected the country's ability to make significant progress in the development of its AML/CFT regime. With the completion of

political transition to a civilian regime, it is hoped that the country will ready itself for evaluation in 2011. This will help to reveal the country's true AML/CFT situation and will provide a platform for future action. In the meantime, significant deficiencies have been noticed in the legal, supervisory and enforcement frameworks. Guinea needs support to remedy these deficiencies even before the mutual evaluation is conducted.

Guinea Bissau

Background Information

149. Guinea Bissau is a country emerging out of conflict and is therefore facing many developmental challenges. The country's per capita GDP is one of the lowest in the world. The United Nations has continued to operate its mission in the country. The new civilian administration is facing many difficulties in pursuing its reform agenda due to political and other interests within the country.

150. Guinea Bissau is a member of ECOWAS, WAEMU, the African Union, Economic Community of West African States, Organization of the Islamic Conference, the Latin Union, the Community of Portuguese Speaking Countries, La Francophonie and the South Atlantic Peace and Cooperation Zone.

151. The World Bank in its 2011 Doing Business Report (November 2010), ranked Guinea Bissau (183rd) as the most difficult country to start a business, a lower ranking than in 2010 where it ranked 181st. Overall doing business ranking for 2011 is 176th, a lower ranking than that of 2010, which was 175th.[10] These rankings are clear indicators of the economic environment and the challenges faced by the country. They also show that there has been no improvement in the business environment in the last year. What this could mean is that the potential for acquisitive crime, and therefore money laundering, is high.

152. The country's GDP (PPP) for 2009 was estimated at US$1.720 billion, while the Gross National Income (GNI) per capita was put at US$510. The country was ranked 164th out of 169 countries in the 2010 UNDP Human Development Index, under the Low Human Development category.

153. Agriculture remains the major economic activity, which is estimated to cover about 70% of the economy and provides about 60% of GDP. The sector is dominated by the production and export of cashew nuts and fishing. Overreliance on the export of primary commodities such as cashew nuts subjects the country to the uncertainty and volatility of the international market and makes export earning unpredictable.

154. The financial sector is small and largely reliant on the patronage of government, other international agencies operating in the country, and remittances by the diaspora. The private sector is not developed but just emerging.

155. The poor rating of Doing Business in Guinea Bissau should be a source of concern for WAEMU. At best, it demonstrates the lack of economic performance and this will surely have implications for macroeconomic indicators. The overall stability of the monetary Union is a factor in the economic stability of its members.

Prevalence of Predicate Crimes

156. Drug trafficking has been one of the major predicate crimes identified with Guinea Bissau. Although reports have indicated a slowdown in transiting of cocaine through the country, it is difficult to judge whether this is as a result of a change of tactics by the criminals or of efforts made by the country and the support being provided by the international community. What is very clear is that the country has vulnerabilities that can still be exploited by drug traffickers: there are many uninhabited and unsecure islands; the coastal waters and land borders of the country are very porous; the country does not have sufficient policing resources to detect, investigate and prosecute drug trafficking cases; from past records, the quantity of drugs being imported through the country is very high, which means that the traffickers are willing to bribe their way to safeguard their illicit commodity; and the CFA franc is a very favourable currency to do business with due to its stability deriving from its links with the Euro. To reform Guinea Bissau's military, the Unites States has denied aid until the country's armed forces have been purged of leaders suspected of being involved in drug-trafficking.[11]

157. Corruption is another problem the country is faced with. The efforts of the Government at fighting corruption have not yet yielded the desired result. In 2010, the European Union decided to withdraw its support for Guinea Bissau's security sector reform, a mission started in 2008. The EU predicated its reason for withdrawing its support on continued disregard for the rule of law and constitutional order within Guinea Bissau.[12] This decision had some connection with the appointment of General Antonio Injai as the Chief of the Armed Forces by the Government.

The AML/CFT Framework

158. The Mutual Evaluation Report of Guinea Bissau was adopted in May 2009. Many deficiencies were identified in the country's AML/CFT framework. Guinea Bissau could not submit its follow-up report, due in May 2010, until December

[10] http://www.doingbusiness.org/data/exploreeconomies/guinea_bissau

[11] http://www.betterpeace.org/node/1552#gb_eu

[12] Ibid.

2010 at the Abuja Plenary meeting. The follow-up report did not show any significant improvement based on the recommendations made in the MER. The FIU is yet to become fully operational after two years of establishment and despite the plentiful assistance provided by GIABA, UNODC and other stakeholders. The commitment of the Government to develop its AML/CFT regime is very weak, as demonstrated by the minimal support given the implementation of AML/CFT measures by the government. A high-level mission will be undertaken by GIABA in 2011 to engage with the authorities in order to generate the required support for the development of the country's AML/CFT regime.

Technical Assistance

159. The security sector reform has suffered some setback with the withdrawal of EU support. It is obvious that Guinea Bissau requires support to strengthen its investigative, prosecutorial and judicial capacities to deal with ML/TF. The FIU requires continued support in order to become fully operational and be able to sustain its operations over time. The AML/CFT supervisory framework needs to be fully elaborated and then to be implemented. The international cooperation framework needs to be developed in order to strengthen cooperation with the sources and destinations of cocaine being transited through the country.

160. GIABA has provided the country with a currency scanner to be installed at the international airport. The scanner also has the capacity to detect other contrabands and firearms.

Conclusion

161. Guinea Bissau is one of the countries in the region that are behind in the development of its AML/CFT regime. Unfortunately progress has been very slow despite all the support that has been provided by GIABA, UNODC and other stakeholders. There is very weak government commitment to AML/CFT issues and this has impacted negatively on the country. The Government of Guinea Bissau needs to show political commitment and allocate resources to enable the FIU and other institutions charged with implementing AML/CFT measures to function optimally. The international community will be more encouraged to provide support if the government is able to show that it is committed to tackling the problem of ML/TF, and by implication all the predicate offences for ML/TF.

Liberia

Background and General Information

162. Richly endowed with water, mineral resources, forests, and a climate favourable to agriculture, Liberia had until the civil war been a producer and exporter of basic products, primarily raw timber and rubber. Local manufacturing, mainly foreign-owned, had been small in scope.

163. During the war period, many businesses fled the country, taking capital and expertise with them, but with the conclusion of fighting and the installation of a democratically elected government in 2006, several have returned. Liberia has the distinction of having the highest ratio of direct foreign investment to GDP in the world.

164. Liberia is a low-income country heavily reliant on foreign assistance for revenue. Civil war and government mismanagement destroyed much of Liberia's economy, especially the infrastructure in and around the capital, Monrovia.

165. In 2008, the Government of Liberia launched the Poverty Reduction Strategy, which laid out its strategic medium-term economic and social development agenda. The Strategy was built on the foundation of a broad-based national consultation with the Liberian people. It sets out the Government's agenda and development priorities through 2011. In 2009, the legislature passed the Public Financial Management Law. In January 2010, the Government published Liberia's first Budget Framework Paper, which encapsulates analysis of the state of the economy and public finances, and formed the basis of 2011 Budget preparation.

166. The overarching strategy for growth was based upon investment in a secured environment, in economic and social infrastructure and in institutions of governance, all aimed at promoting the private sector as the key engine of growth. In response to this strategy, the economy has improved steadily over the last four years, despite difficult and challenging circumstances including the global economic slowdown in 2010, which adversely affected Liberia's growth and fiscal performance.

167. Liberia's GDP growth has averaged 7.2% over the last four years (2005–2009), remaining well above the global average of 3.4%, and the Sub-Saharan Africa regional average of 5.5% over the same period. The drag on growth occurred in 2009, as the global economic crisis hit the economy. But unlike 91 other countries around the world, growth in Liberia remained positive at 4.5%, although this represented a decline from the previous year's high of 9.4%.

168. Going forward, the macroeconomic context is still challenging but Liberia's growth prospect remains strong, as global economic recovery is off to a stronger start than expected. Although unemployment remains high, advanced economies are growing again, while China, a major trading and investment partner, is once more experiencing a boom. The global vehicle industry (the major end-user of Liberia's natural rubber) is also showing encouraging signs of growth.

169. The agriculture sector continues to be the main engine of growth, with rice and cassava production contributing strongly to growth in recent years. Rubber exports, which were affected by the global recession and the necessary replanting process and fell 50% in 2009, are showing encouraging signs of recovery and should become robust in a few years with the tapping of matured replanted trees, coupled with global recovery of key economic sectors demanding natural rubber import. Other major crops such as oil palms, coffee and cocoa are also expected to make a significant contribution to growth within a few years.

170. A key impact of the global financial crisis on Liberia was exchange rate depreciation, resulting principally from scarcity of US dollars caused by falling exports, a slowdown in remittances due to rising US and OECD unemployment, and lack of adequate access to finance for Liberian importers. The Liberian dollar fell 9% in 2009, but has been stable since January 2010, due in part to the Central Bank's dollar auctions and the Government's fiscal actions to promote the increased use of Liberian currency in transactions.

Prevalence of Predicate Crimes

171. In Liberia, money laundering is derived mainly from corruption, tax fraud, drug trafficking, smuggling, robbery, prostitution and forgery. ML activities are facilitated through the banks, cross-border cash movement, real estate, casinos and other gambling sites, and insurance companies. The prevalence of ML is due to inadequate bank supervision, lack of political commitment and poor capacity in the appropriate authorities.

172. Liberia is considered a transhipment point for Asian heroin and South American cocaine for the 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 and 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. Despite the commitment of the Government to dealing with corruption, the problem remains pervasive.

The AML/CFT Situation and Ongoing Efforts

173. In 2010, the Compliance Committee and Banking Reform Committee sustained the momentum of their efforts to ensure adequate recapitalization of the banks and to improve supervision and regulation of financial institutions. A National Strategy for Financial Inclusion spanning 2008–2012 was completed. The modernization of the payment system got a boost in 2009 following the introduction of SMS and internet banking in 2008. Several stakeholders' meetings were organized to promote public support to the supervisory agencies in its reform process.

174. The establishment of an operationally independent FIU could not be realized in 2010. Nonetheless, the designated FIU is providing skeleton services as two STRs were received related to money laundering.

175. Also, the revision of the 2002 AML law was stalled due to changes in the leadership at the Ministry of Justice caused by the removal of the Minister for Economic Affairs and his deputy. These changes brought the preparation of the legal framework to a halt as the new team is still acquainting itself with briefs submitted by the GIABA National Correspondent for Liberia.

176. The Inter-Ministerial Committee has begun the process of amending and upgrading the existing AML laws in Liberia to bring them to parity with international standards. During a seminar supported by GIABA, stakeholders reviewed the initial draft law and made recommendations. That seminar and the subsequent discussion between GIABA and relevant authorities in Liberia on the redrafting of the revised AML laws have created awareness of the need for an adequate legal framework for fighting the ML menace.

177. There is the need to expedite action on the revision and redrafting of the AML law to include a wide array of predicate offences such as terrorist financing and to provide legal backing for the establishment of an FIU in line with international standards.

Technical Assistance

178. Within the framework of its mutual evaluation conducted in 2010, Liberia benefited from various technical assistance programs from GIABA and other stakeholders such as the World Bank. Support for legal review and pre-evaluation training were provided to the country. After GIABA's on-site visit, it is expected that the MER will reveal the weaknesses of Liberia's AML/CFT regime and that this will provide a platform for coordinated and more realistic support to assist the country to develop its AML/CTT system.

Conclusion

179. An evaluation of the AML/CFT system of Liberia was conducted in November 2010 and the report will be discussed in May 2011. Liberia is one of the countries that are lagging behind in the implementation of AML/CFT measures in the region. Considering that the country is emerging from conflict, the challenges it is facing are not uncommon. However, it is very clear that the authorities of Liberia have not given AML/CFT implementation the attention it deserves. Considering the influence of the US dollar on the economy of Liberia, it can be concluded that criminals will find the country very attractive to launder their funds into a more valuable currency such as the US dollar, especially in a cash economy such as Liberia's. There is the need for the authorities to show more interest in AML/CFT to safeguard the economy, especially Liberia's financial sector, from abuse by criminals.

Mali

Background and General Information

180. Mali is a vast landlocked country located at the heart of West Africa, with a population of 14.5 million people. Mali has a population growth rate of 2.4% (2009) and a population density of ten inhabitants/km2.[13] The HDI for Mali was 0.309 in 2010. This places the country at the 160th position. Life expectancy at birth for the people in Mali is about 49.2 years.[14] Mali is a member of regional organizations for political and economic integration, namely WAEMU, ECOWAS, OHADA, CIMA, AU, the Franc Zone, etc.

181. Mali recorded an economic growth rate of 4.5% in 2009, against 5% in 2008. This growth was sustained by the good showing of the primary sector and the upturn in productionin the secondary sector. Inflation was on a declining trend and was maintained at an annual average rate of 2.2% in 2009, against 9.2% in 2008. The projected growth rate for 2010 was 5.1%.

182. Primary sector growth rate was 5.6% in 2009, against 13.2% in 2008. This was thanks to the good crop year, the abundant rainfall and public assistance to farmers, in particular financial assistance for the purchase of fertilizers.

183. Secondary sector growth rate was 3.5% in 2009, against a decline of 4.6% in 2008. This growth trend came from the good showing of the food processing and textile sectors that progressed by 8% and 5% respectively, after declining by 20% and 34% respectively in 2008. The upturn in the activities of oil mills like HUICOMA was instrumental as well. In 2009, HUICOMA was active for nine months, while it did no work at all in 2008.

184. Tertiary sector growth rate was 3.5%, against 4.3% in 2008. This was due to the poor showing of the "transport and telecommunications" sector, which usually provides the support base for the tertiary sector. The sector contracted significantly, dropping from 10% in 2008 to 1.9% in 2009. The contributions that the primary, secondary and tertiary sectors made to overall growth were 2.0 points, 0.6 points and 1.9 points[15] respectively.

185. Mali's total debt to GDP ratio in public finance was 2.9% in 2009, against 2.2% in 2008, as a result of continued public spending. Projections were that the trend would continue in 2010, raising debt to GDP ratio to 4.6%. The current account deficit to GDP ratio was 7.4% in 2009, against 12.2% in 2008. This good showing came from the marginal improvement in the trade deficit and the positive trend in net current transfers. In the months ahead, the deficit will increase to 7.5% of GDP.

186. The credit institutions in Mali include 13 banks and three financial institutions. The cumulative total of their balance sheet value is 1,583,810 billion CFA francs. This represents 13.8% of the market in WAEMU member States and is the third largest banking sector in the Union after Côte d'Ivoire and Senegal.

187. If we classify the credit institutions in Mali by the size of their balance sheet, there are six large banks (balance sheet >100 billion CFA francs), four medium-sized banks (50 billion CFA francs < the balance sheet size ≤ 100 billion CFA francs) and six small credit institutions that include three banks and three financial establishments (balance sheet size ≤ 50 billion CFA francs).[16] The microfinance sector in Mali has 1,572,470 members (in December 2009), total deposits of 56.428 billion CFA francs and outstanding credit of 75.606 billion CFA francs.[17]

Prevalence of Predicate Crimes

188. The prevalence of underlying offences is the breeding ground for money laundering. Among the offences presented in the Mali country report are fraud, counterfeiting and forgery, cheque forgery, and attempted cheque fraud.

189. Transparency International's analysis of CPI trends from 2009 to 2010 shows that Mali fell from the 111th position, with a rating of 2.8, to the 116th position with a rating of 2.7. Effective anti-corruption efforts offer the only guarantee for a sound system of good governance. And Mali has taken some serious options in this direction by creating the Controller's Office, which grows from strength to strength year after year.

[13] http://donnees.banquemondiale.org/indicateur / [14] Human Development Report 2010.

[15] Extracted from the Bi-annual report on bilateral surveillance, June2010. / [16] 2009 Report, WAMU Banking Commission.

[17] BCEAO, Directorate for Credit and Micro-finance Institutions.

190. In 2009, the Controller General's Office released 43 reports. These reports were summarized into an annual report that said the State lost a total amount of 112.37 billion CFA francs from 2006 to 2008. This loss of earnings was caused by 22 different entities. The underlying offences were fraud and mismanagement. About 19.32 billion CFA francs or 17% of the total amount was lost to fraud, while 93.05 billion CFA francs or 83% of the whole was lost to mismanagement. According to the Controller General's Office, about 43% of this amount, or 48.41 billion CFA francs, can be recovered.

191. However, the Controller General's Office is facing some serious challenges in getting certain administrative and financial documents, even though it has the power to access source materials. The officials of this institution are of the view that "the General Directorate for Taxes, the General Directorate for Customs, and BIVAC, with some backing from the Minister of Finance, are reluctant to provide extracts of their databases".[18] The Controller has expressed outrage over the matter and called for observance of the law.

192. The informal sector occupies a significant portion of the economy and functions on cash transactions. This makes it a sector with significant potential for money laundering.

193. Another area of concern is the terrorist threat from Al Qaeda in the Islamic Maghreb (AQMI). The human face of this threat is seen in the kidnappings and the violent attacks which the group perpetrates against physical persons or against State interests, particularly those of countries in the West. Some examples seen so far include the abduction of four European tourists on the border between Mali and Niger on 22 January 2009 and the slaying of one of them on 31 May; the killing of an American on 23 June in Nouakchott; and the suicide attack against the French Embassy in Bamako. The terrorist threat seems to have established itself in the North, but the group has connections that it can use to carry out attacks in Niger, Mauritania and Algeria.

194. In this context, Mali has put in place a platform for military cooperation on organized cross-border crime. It is a mechanism that pulls together the work of Mali, Mauritania, Niger, and Algeria a tool for mutual assistance on gathering and sharing intelligence. Mali takes an integrated approach to counter-terrorist financing in major geographic frameworks. It is in this respect that it joined the trans-Sahara Counter Terrorism Partnership program of the United States.

195. Mali witnesses a high level of drug trafficking because traffickers see the country as a transit channel. This is made worse by the porous nature of the country's borders and its very wide land surface area, which pose a problem for surveillance. In 2008, Mali was one of the four West African countries (along with Nigeria, Senegal and Guinea) that saw 62% of the arrests and 55% of the seizures on cocaine couriers in commercial flights.[19]

AML/CFT Framework and Ongoing Efforts

196. In the period under review, Mali reinforced the legal framework of its AML/CFT system by passing the new CTF law on 30 November 2010. The law is actually an adaptation of WAEMU directive No. 07/2004/CM/UEMOA to Mali's domestic legal system. It attests, in a remarkable manner, to the commitment of the political authorities in Mali to combat transnational organized crime.

197. When this new law comes into force, it will empower the Mali FIU to take legal proceedings against suspected TF cases reported by designated persons, and to contribute in sharing intelligence in this regard with its counterpart FIUs. This legislation came at the right time, because the Mali FIU is in the process of applying for Egmont Group membership and AML/CFT laws are a prerequisite for success for this.

198. In the second half of 2010, the FIU received 15 STRs on suspected cases of money laundering, of which two were investigated. The public sector initiated commendable institutional measures that will allow the Customs, police and gendarmerie to make a remarkable contribution to FIU investigations by collecting additional information on the cases the Unit is handling. The FIU team welcomed new members, including support staff, an IT specialist and a financial analyst.

199. On national and international cooperation, the onset of the integrated program to combat illicit drug trafficking and organized crime will provide a useful coordination tool, make it possible to establish a centre for information sharing, and create an opportunity to upgrade the capacities of magistrates, the FIU, the police, the gendarmerie and Customs.

200. Mali presented its second follow-up report during the last Plenary, held in December 2010 in Abuja, Nigeria. Most of the progress covered in the report was on the reinforcement of the FIU's operational capacities, the enactment of the law regulating the professional activities of property administrators and real estate agents, and the draft law against trafficking in persons and the smuggling of migrants. The Plenary recommended that Mali should update its AML law so that it is compliant with FATF recommendations. While Mali agreed to do so, it indicated also that BCEAO was taking a harmonized approach to revise provisions in the entire community of member States.

[18] Annual Report 2009, Controller General's Office.

[19] Drug Trafficking as a Security Threat in West Africa (UNODC-2008).

Technical Assistance

201. Mali requires technical assistance to strengthen the analytical capacity of its FIU. It also needs training for its investigators, prosecutors and judges. The UNODC is currently implementing an integrated project on organized crime which touches on many areas of organized crime, including money laundering. Also, Mali is benefiting from counter-terrorism support from a number of sources.

Conclusion

202. Mali ended the year 2010 on a positive note. It completed the legal framework for its AML/CFT system with the passage of the CFT Law in accordance with WAEMU directive No. 04/2007/CM/UEMOA. The FIU welcomed new technical support staff and capacity that will enable it to seek Egmont Group membership with confidence and plenty of hope.

203. The public authorities and law enforcement officers need to display more vigilance when it comes to the terrorist threat that is looming over Mali with the presence of AQMI. Terrorist acts seemed to be confined to the northern part of the country, and specifically to the buffer zone that Mali shares with Niger and Mauritania. But the acts have come down into the heart of town with the attacks perpetrated against the French Embassy in Bamako. It is expected that the frameworks the country has put in place for cooperation are going to serve as early detection and prevention tools for containing the terrorist threat in an efficient manner.

Niger

Background and General Information

204. In February 2010, Niger's President (Momoudou Tangja) was overthrown by the military and replaced by the Supreme Council for the Restoration of Democracy. The military set up a transition program to civil rule with the support of the international community, including ECOWAS. Elections were scheduled for early 2011. Since the country was in transition during the year, little could be achieved in terms of building the AML/CFT framework.

205. The banking and financial institutions in Niger are the second least developed in the WAEMU Zone after those of Guinea Bissau. It has ten banks and financial institutions and has 4.6% market share in the Zone. Classified by size of stock, they are three major banks (balance sheet size> 100 billion FCFA), two medium-sized banks (50 billion FCFA <size ≤ 100 billion balance sheet CFA) and 5 + 1 small banks/financial institutions (size ≤ 50 billion FCFA record). [20]

206. In late December 2009, the microfinance sector in Niger had 563,505 members, collected deposits reached a total of 8.27 billion CFA francs and 15.33 billion FCFA in outstanding loans.[21] From the point of view of the number of members, the amount of deposits and outstanding credit, the decentralized financial system of Niger is the least developed after that of Guinea Bissau.

Prevalence of Predicate Crimes

207. From the FIU records, most of the STRs received related to bank frauds. Corruption is another crime that has featured in 2010, notably the allegations of bribes and kickbacks involving some PEPs and "Niger Uranium Venture Ltd", an Australian company; nearly US$5 million was said to be involved. Following an audit report of the Ministry of Mines, the judicial police have arrested some PEPs and senior officials of the Ministry of Mines, to be charged with money laundering and misuse of influence.[22] The Corruption Perception Index of Niger shows a deterioration from 106th position with a score of 2.9 from the previous report to 123th place with a score of 2.6 in the 2010 report.

AML/CFT Framework and Ongoing Efforts

208. Since the passing of the AML law and the establishment of the FIU, which was the second to be established in the WAEMU Zone after that of Senegal, implementation of AML/CFT measures has been very slow. Currently, the legal framework still has some gaps with regard to the CFT law adopted by Niger in 2009. The law does not conform to the provisions of the WAEMU uniform CFT law. The bill submitted to the National Assembly of Niger was amended where some provisions of the Uniform law were removed. The authorities of Niger need to revisit the law and amend it as a matter of priority in order to conform to the common standard set in the Uniform law.

209. With regard to AML/CFT activities at the national level, the FIU remains the only active institution in the country. The national Inter-Ministerial Committee is not functional; the draft decree establishing the Committee is still awaiting approval by the authorities. The absence of an Inter-Ministerial Committee hampers national coordination and international cooperation. Indeed, the synergy of actors involved in the fight against ML/TF as recommended by the FATF Recommendation 31 is not yet actualized by Niger.

[20] CB-UMOA Report, 2009. / [21] BCEAO, Department of Credit Institutions and Microfinance.

[22] http:// http://nigerdiaspora.info/actualites-du-pays/politique/4924-pot-de-vin-dans-lattribution-des-permis-miniers-au-niger-laffaire-finalement-devant-les-tribunaux

210. Niger presented its first follow-up report to the GIABA Technical Commission/Plenary meeting held in December 2010 in Abuja, Nigeria. The report shows limited progress, especially with regard to the implementation of legislative and regulatory framework and the operational capability of the FIU. The country has not established a mechanism for implementing the relevant UN Security Council resolutions on CTF. Also, non-compliance of the WAEMU uniform law against money laundering, Customer Due Diligence (R.5), management of confiscated assets (R.3) and so on need to be urgently addressed.

211. The lack of a National AML/CFT Strategy seriously hampers the ability of the country to sustain progress in the development of its AML/CFT regime over time. GIABA had offered to assist Niger to develop its National Strategy in 2010, but due to the political transition this was not realized.

Technical Assistance

212. Niger requires some legal review support, especially with its CFT law. The country's FIU has difficulty receiving STRs from reporting entities and this is an area of great concern; Niger will require some support to analyse the cause of this.

Conclusion

213. In the year under review, the fight against money laundering and terrorist financing in Niger has not recorded significant progress. The FIU's core function of receiving, analysing and disseminating STRs has not been satisfactorily performed due to lack of STRs from the reporting entities. The non-receipt of STRs by the FIU from the reporting entities is either due to lack of sufficient training and experience on how to detect suspicious transactions and generate STRs or lack of confidence in the FIU and/or the whole STR management system. The authorities need to review the system in order to improve STR generation and transmission. The CFT law needs to be reviewed to make it consistent with the WAEMU uniform law. There is the need for the country to develop its National AML/CFT Strategy to ensure sustainability and coordination of AML/CFT efforts in the country.

Nigeria

Background and General Information

214. Nigeria has a developed and complex financial services industry, which has a significant degree of integration with the international markets through the presence of Nigerian bank branches and subsidiaries in other financial centres, and the operation of foreign bank interests in Nigeria. In addition, Nigeria has active securities and insurance sectors. Given the size and diversity of the country's financial sector, weaknesses in the AML/CFT framework offer considerable potential for it to be used in the laundering of illicit proceeds.

215. Nigerian macroeconomic performance exhibited noticeable resilience during the first half of 2010, which saw macroeconomic stability reasonably sustained. Available data from the National Bureau of Statistics revealed that GDP in the first half of 2010 recorded a growth rate of 7.53%. The non-oil sector, which contributed 84.3% of total GDP, was the main driver of growth. Inflation however rose from 12.0% at end 2009 to 14.1% in June 2010. The exchange rate remained stable during the period while interest rates also trended downwards. Similarly, the gross external reserves fell from the 2009 level.

216. In the economy, two broad sectors, oil and non-oil, witnessed increased output in mid-2010. The oil sector recorded a 3.2% growth from a –3.8% growth in mid-2009. This development was largely due to the restoration of peace in the Niger Delta region following the amnesty granted to the Niger Delta militants and post-amnesty development programs in the region which improved the oil and gas output. The Bonny Light – Nigeria's reference crude – maintained its upward trend in the international crude oil market during this period.

217. The Central Bank of Nigeria (CBN) continued to maintain a tight monetary policy during the first half of 2010. As in 2009, its monetary operations were mainly anchored on open market operations and complemented by the discount window and auctioning of treasury securities as well as interventions in the foreign exchange market. Reserve money, the key liquidity management tool of the CBN, declined by 7.2%. Nevertheless, monetary policy faced significant challenges characterized by the extension of net credit to government by the deposit money banks and a significant drawdown in net foreign assets, arising from an increasing demand for government borrowing to finance its fiscal operations. Consequently, broad money supply grew marginally by 0.7%, although against this was the –1.0% growth recorded in the corresponding 2009 period.

Prevalence of Predicate Crimes

218. The major sources of proceeds of crime as identified by Nigeria are corruption, drug trafficking, tax fraud and smuggling. The main avenues for laundering the proceeds as equally identified by Nigeria are cross-border cash movement, real estate, investment in securities (shares; etc), banks and DNFBPs. Nigeria remains a major drug transhipment point and a significant centre for criminal financial activity. Individuals and criminal organizations have taken

advantage of the country's location, porous borders, weak laws, corruption, lack of enforcement and poor socioeconomic conditions to launder the proceeds of crime. The proceeds of illicit drugs in Nigeria derive largely from foreign criminal activity rather than from domestic activities.

219. One of the schemes used by drug traffickers to repatriate and launder their proceeds is through the importation of various commodities, mainly luxury cars and other items such as textiles, computers and mobile telephone units. Nigerian financial institutions are also reportedly used for currency transactions involving US dollars derived from illicit drugs.

220. Proceeds from advance fee fraud, drug trafficking, illegal oil bunkering, bribery and contraband smuggling, armed robbery, theft, kidnapping and other financial crimes constitute sources of money laundering in Nigeria. Money laundering methods in Nigeria include investment in real estate; wire transfers to offshore banks; deposits in foreign bank accounts; use of professionals such as lawyers, accountants and investment advisers; and use of corporate vehicles and cash smuggling.

221. Another source of illegal funds which Nigeria's authorities need to focus on is round-tripping of officially obtained foreign exchange. This phenomenon has almost become a staple in foreign exchange deals by some unscrupulous officials of banks and their collaborators in the private sector. The parallel foreign exchange market remains attractive, and due to its cash-based nature has the capacity to absorb many round-tripping deals which are settled in cash. The FIU needs to intensify its monitoring and analysis of cash transactions as reported to it in order to establish trends and patterns that could lead it to generate cases related to round-tripping and other criminal conduct.

222. In September 2010, the Nigerian authorities intercepted a shipload of ammunitions coming from Iran. While the incidence is not related to trafficking in arms by organized crime, nevertheless it indicates a vulnerability which can be exploited by criminals.

223. Nigeria has continued to experience violence emanating from agitation from the Niger Delta movements despite efforts to deal with the problem such as the amnesty program. In October 2010, bomb blasts took place at the parade ground where Nigeria was celebrating its 50th year of independence; lives were lost and many were injured. This incident led the authorities to take a harder look at terrorism and the need to deal with it in a more decisive manner.

AML/CFT Framework and Ongoing Efforts

224. The Money Laundering (Prohibition) Act (MLPA) amendment Bill has been pending in the National Assembly. The amendment seeks to address some predicate offences which were identified as deficiencies in the MER of Nigeria.

225. The Economic and Financial Crimes Commission (EFCC) Act does not provide for a comprehensive framework for dealing with the tripartite offences of terrorism, namely terrorist financing, terrorist acts and terrorist organizations. While provision or collection of funds to be used to carry out a terrorist act is covered, provision or collection of funds to be used by a terrorist organization or individual terrorist is not. The Act does not criminalize terrorist financing, nor does it reference terrorist financing as a predicate offence for money laundering. A comprehensive Anti-Terrorism Bill for the prevention of terrorism that includes a more expansive provision related to terrorist financing is still pending before the National Assembly. Nigeria's inability to comprehensively criminalize terrorist financing limits its ability to inhibit terrorism-related activity.

226. Financial institutions of all kinds are subject to KYC regulations: banks, community banks, mortgage institutions, development finance banks, financial service companies, bureaux de change; the insurance, and securities and investment industry; as well as any individual body, association or group of persons, whether corporate or incorporated, which carries on the business of a discount house, finance company or money brokerage, and whose principal objects include factoring, project financing, equipment leasing, debt administration, fund management, private ledger services, invest management, export finance, pension fund administration and project consultancy. However, the effectiveness of enforcement differs from sector to sector, with the Central Bank being the most effective supervisor.

227. Transactions involving the transfer to or from a foreign country of funds or securities exceeding $10,000 in value are reportable to the Nigerian FIU. All financial institutions and designated nonfinancial institutions are required by law to furnish the NFIU with details of these financial transactions. Nigeria has instituted a new policy whereby all foreign remittances into Nigeria wired through remittance companies must be lodged in a bank account before collection. By this measure, cash will no longer be issued to recipients except through a bank account.

228. Nigeria has established a legal framework and regulatory systems for identifying, tracing, freezing, seizing and forfeiting the proceeds of crime. The National Drug Law Enforcement Agency (NDLEA) Act includes provisions for the

forfeiture of a variety of assets acquired with the proceeds of illicit drugs and enumerates the powers of the NDLEA to seize, freeze and confiscate proceeds of illicit drugs. Furthermore, under the MLPA, assets connected to money laundering offences are also subject to forfeiture. These provisions cover both foreign and domestic drug proceeds and instrumentalities, as well as the conveyance of real properties used for drug cultivation, storage and trafficking. All means of conveyance, including aircraft, vehicles or vessels used or intended to be used to transport or facilitate the transportation, sale, receipt, possession or concealment of economic or financial crimes, are likewise subject to forfeiture. The MLPA authorizes forfeiture of assets of corporate bodies involved in money laundering activities. NDLEA can immediately freeze assets but has a difficult time in initially tracking them down. Forfeiture is possible only as part of a criminal prosecution. There is no comparable law providing for civil forfeiture. A non-conviction-based forfeiture statute is now pending in the National Assembly. From January to December 2009, NDLEA reported that it seized a total $1,631,789 in currency and real estate.

229. Nigeria has adopted a declaration system for all persons entering or leaving Nigeria in possession of currency and bearer-negotiable instruments in excess of $5000 or its equivalent. However, the enforcement of this provision at the country's entry and exit points has been very weak. However, Customs Declaration Forms (CDF) Reports are now filed to the NFIU electronically (online reporting). Hitherto, the CDF reports were submitted to the NFIU via diskettes and CDs. Also, Currency and Monetary Instruments Reports are now filed with the NFIU. This initiative is part of the NFIU-FinCEN Analyst Exchange Program and is aimed at addressing the challenges associated with illicit cross-border cash movement from Nigeria to the United States.

230. Nigeria is a party to various information exchange agreements with countries in addition to the United States; authorities can share information or provide assistance to foreign jurisdictions in matters relating to money laundering or other financial crimes without need for a treaty. The NFIU has signed a total of 19 MOUs with counterpart FIUs. It has also signed MOUs with four countries (Côte d'Ivoire, US-FinCEN, Malaysia and India). This is expected to further deepen Nigeria's strategic relationship with these countries. An additional four MOUs are to be signed with the FIUs of Taiwan, Barbados, Saudi Arabia and Moldova. Nigeria has also signed bilateral agreements for information exchange relating to money laundering with South Africa, the United Kingdom, and all ECOWAS countries. The country has signed MOUs with Russia, Iran, India, Pakistan and Uganda to facilitate cooperation in the fight against narcotics trafficking and money laundering.

Technical Assistance

231. Nigeria has benefited from the various regional training programs organized by GIABA in the areas of compliance monitoring and investigation and other policy development workshops. In addition, Nigeria benefited from many training programs organized by its partners within and outside Nigeria.

232. The IMF approved a Technical Assistance to Nigeria in 2010. Consequently, an IMF Team visited Nigeria from 13 to 24 September 2010. The visit was largely diagnostic and provided an opportunity for the IMF and Nigeria to discuss and agree on the specific parameters and timing of the various components of the assistance.

233. The main challenges faced by Nigeria with regard the work of the NFIU are:

a. Data quality: There are a few cases of insufficient description on issues giving rise to suspicion on STRs and sometimes incomplete information on reports involving old customers prior to the AML/CFT regime;
b. Non-automation of databases of some law enforcement agencies/regulators impeding direct access, which slows down turnaround time for generating analysis/intelligence;
c. Slow pace of feedback from some law enforcement agencies on intelligence disseminated;
d. Submission of hard copy reports by some reporting entities, particularly those in remote areas, because of non-automation of their processes, which slows down turnaround time at the NFIU.

Conclusion

234. Nigeria remains vulnerable to money laundering, terrorist activities and terrorism financing. Economic and financial crimes in Nigeria are relatively high, especially public corruption. While Nigeria has continued to improve its laws to address some of the weakness observed in them, it should nevertheless work on addressing its AML/CFT deficiencies: (a) adequately criminalize ML/TF (in accordance with the FATF Recommendation 1 and Special Recommendation II); (b) implement adequate procedures to identify and freeze terrorist assets (SR. III); (b) ensure that relevant laws or regulations address weaknesses in Customer Due Diligence requirements (R. 5); and (d) implement effective AML/CFT supervision across the financial sector (R. 23). Overall, the slow pace in the consideration and passage of the Anti-terrorism Bill by the National Assembly is a setback to Nigeria's AML/CFT efforts and is a source of concern.

Senegal

Background and General Information

235. Senegal is a member of the West African Economic and Monetary Union (WAEMU) – a monetary union with a single currency, charged with the responsibility of setting interest rates and other monetary policy decisions for its eight member States. In its capacity as Central Bank and Monetary Authority, the Central Bank of West African States (BCEAO) maintains diversified relations with the banks and financial establishments that are conducting activities in the WAEMU member States. These relations mainly fall within the scope of the functions performed by BCEAO as far as the supervision of the banking sector and the control and distribution of credit are concerned.

236. Senegal's financial sector is segmented, consisting of a diversified range of institutions that are not yet fully integrated. There were 18 banks operating in the country as of 2008, a number expected to have increased due to new entrants eager to access the market. There are almost 300 microfinance operators, and that market segment is led by seven groups that have a 70% market share. The country enjoys a dynamic microfinance sector: large MFIs are sound and profitable, but smaller ones are fragile and supervision of the sector calls for strengthening. Access to finance for small and medium enterprises (SMEs) remains a challenge, with an estimated 80% of bank credit applications being denied because of insufficient collateral.

237. The country's banking sector has emerged as a major player in the WAEMU Zone, with 25% of the region's banking assets located in the country, accounting for about one-third of total profits. The country's profit-to-capital ratio is 14.6%, far above the 8.52% average for the entire Zone. Senegal is one of eight member countries of the Bourse Régionale des Valeurs Mobilières (BRVM), the regional stock exchange, but only one Senegalese company is listed on the exchange. Credit in Senegal adds up to just 17% of GDP, and while that is low according to global standards, it is good for West Africa. The ratio of deposits to GDP is 34%, over double the WAEMU average.

238. The Senegalese insurance industry accounts for a small part of the country's financial system: total insurance premiums amount to 1.4% of GDP. Penetration rates remain low, although life insurance products are becoming more widespread among the population thanks to a 2002 change in their tax treatment. As of 2008, six life insurance and 16 non-life insurance companies are active in Senegal, all of which are represented by the Senegalese Federation of Insurance Companies (Federation Sénégalaise des Sociétés d'Assurance, FSSA). The industry is supervised by the Inter-African Conference on Insurance Markets (Conférence Interafricaine des Marches d'Assurance, CIMA), a supranational body that governs the insurance sector in 16 countries, of which Senegal is the third largest member.

239. Economic performance in 2009 slowed down from 2.3% in 2008 to 1.5% in 2009. The average annual inflation rate was lower in 2009, at 1% against 5.8% in 2008. The overall fiscal deficit was put at around 4–5% of GDP, while the current account deficit rose by 11.7% of GDP between 2007 and 2008 to 10.0% in 2009. Remittances to Senegal amount to an estimated 7.6% of GDP; 15% of the population lives and works abroad and regularly sends money home or invests in real estate, contributing to the construction boom that the country has witnessed in recent years.

240. In fiscal year 2008/2009, the IMF discovered significant amounts of extra budget expenditures and debts to private businesses that the government has been told to repay.

Prevalence of Predicate Offences

241. Domestically generated proceeds from corruption and embezzlement are the main predicate crimes prevalent in Senegal. Drug trafficking is another major problem the country is faced with. Many foreign nationals use the country as a transit point to export drugs to Europe and other destinations. The country's ranking on the Corruption Perception Index by Transparency International continue to worsen from its 85th and 99th positions in 2008 and 2009 respectively, to 105th in 2010, depicting a less than proportionate effort from the authorities in ensuring and improving good governance.

242. Dakar's active real estate market is largely financed by cash. Property ownership and transfer are not transparent. The continued building boom and high property prices suggest there is an increasing amount of funds with uncertain origin circulating in Senegal.

243. The growing presence of 'hawala' or other informal cash transfer networks and the increasing numbers of used imported vehicles also suggest the existence of both money laundering and illicit cash couriers. Other areas of concern include the transportation of cash, gold and gems through Senegal's airport and across its porous borders, especially across to Gambia.

ML/TF Situation and Ongoing Efforts

244. In 2009, a new Act was added to the Senegalese AML/CFT legal system. The promulgation of Act 2009-16 of March 2009 made effective the integration in the national legal sys-

tem of Guideline No. 04/2007/CM/UEMOA of 4 July 2007 on terrorist financing in UEMOA member States. Enforcement of the Act has been further strengthened within the reporting period.

245. In addition to the above law, the Regional Council for Public Savings and Financial Markets in 23 November 2009 signed an Instructive Guideline on the fight against money laundering for regional financial market actors of the WAEMU.

246. In June 2010, a national AML/CFT coordinating committee was established and operational as part of implementing Article 30 of the became Act No. 2009-16 on the fight against terrorist financing.

247. A suspicious transaction report received in 2009 involving huge traffic in visas held by the Consul of a European Union member country and a national from a border country has been concluded. The woman was convicted of money laundering and conspiracy and sentenced to three years in prison and a fine of 3 billion francs CFA to the exchequer. The court in its deliberation ordered the seizure of three bank accounts and two villas. The diplomat, on the other hand, was indicted in his country and has suffered administrative sanctions. The woman has appealed.

248. An order of dismissal was made following a trial for money laundering on the basis of a report sent to the Prosecutor by the FIU. Both concerned the sons of a famous Senegalese politician, businessman and religious leader. Other trials are under way, including that of a Nigerian John Obi Michel, who is being prosecuted for drug trafficking and money laundering, and the attempted smuggling of a significant amount of currency based on false documents orchestrated by Turkish nationals.

249. The Senegalese authorities are negotiating extradition agreements with Iran, Russia and the United States. To date, the CENTIF has signed 14 MOUs with CTIF of Belgium, CIS Lebanon, NFIU Nigeria, CTRIF Algeria, ANIF Gabon, UIF Portugal, South Africa FIC, FIU-LUX Luxembourg, TRACFIN France, PPATK-INTRAC Indonesia, Mauritius FIU, UIAF Colombia, SICCFIN Monaco and SOCA in England.

Technical Assistance

250. Senegal requires assistance to elaborate a comprehensive supervisory framework for the DNFBPs sector, especially the real estate sector and professional service providers – lawyers, accountants and auditors that support this sector. The conviction record on ML is very low and the county will benefit greatly from a capacity-building program for its investigators, prosecutors and the judiciary.

Conclusion

251. The Government of Senegal should continue to work with its partners such as GIABA, WAEMU and ECOWAS to develop a comprehensive AML/CFT regime. Senegal should work on achieving transparency in its financial and real estate sectors, and continue to encourage the populace to use the formal banking system. It should continue to fight corruption transparently and increase the frequency, transparency and effectiveness of financial reviews and audits of financial institutions. Senegal should establish better uniform control of the cross-border flow of currency and other bearer-negotiable instruments for both residents and non-residents.

252. Senegalese law enforcement and Customs authorities need to develop their expertise in identifying and investigating both traditional money laundering and money laundering within the informal economy. CENTIF should perform more outreach to obligated non-bank financial institutions to ensure a better understanding of the content and filing requirements for STRs. CENTIF, law enforcement and Ministry of Justice authorities should work together to coordinate roles and responsibilities with regard to case investigation and assembly, and develop a deeper interagency understanding of money laundering and terrorist financing.

Sierra Leone

Background and General Information

253. Sierra Leone's financial sector is an underdeveloped one with a large informal sector. In recent times there have been several attempts to expand the formal financial sector, for example by expanding rural banks and micro-credit lending as part of government policy. The financial system is made up of 13 commercial banks, of which ten are foreign-owned. There are two discount houses that deal in both primary and secondary market transactions in government securities, nine community banks, a development bank, a National Social Security and Insurance Trust, three finance/housing corporations, ten insurance companies, eight microfinance institutions and 42 foreign exchange bureaux. A capital market framework is already in place with plans to establish a stock exchange. The range of financial instruments is also very limited, with Treasury Bills and Treasury Bearer Bonds as the main instruments of monetary control. There are no longer-term financial instruments or Central Bank securities. As with most developing countries, the parallel market activities are extensive.The Stock Exchange has been established under the Other Financial Services (amended) Act 2007 and commenced operations on 17th July, 2009. The amended Act 2007 empowers the Bank of Sierra Leone to issue license to and regulate the

stock exchange. The exchange currently has only one listed company.

254. The IMF has completed a Poverty Reduction and Growth Facility program that has helped stabilize economic growth and reduce inflation, and in 2010 approved a new program supported under the Extended Credit Facility (ECF) arrangement, worth $45.4 million over three years. The ECF program was designed to support the Government in enhancing economic growth by increasing investment in infrastructure and developing an accessible financial sector. The program will help create fiscal space for accelerated capital and social spending by broadening the tax base, containing non-priority spending, and raising public sector efficiency, especially in project selection and implementation. The first review of the country's performance under the program ECF during September 2010 by the IMF and the Government is rated as satisfactory. All quantitative performance criteria for end June 2010 were met. This good performance and other sound policy measures resulted in Sierra Leone being ranked as one of the top performers in macroeconomic management among low-income countries in the World Bank's Country Policy and Institutional Assessment.

255. Political stability has led to a revival of economic activity such as the rehabilitation of bauxite and rutile mining, which are set to benefit from planned tax incentives. A number of offshore oil discoveries were announced in 2009 and 2010 and extraction of a huge deposit of iron ore is expected to commence in 2011. The development on these reserves, which could be significant, is still several years away. Despite the lingering impact of the second round effect of the global financial and economic crisis, which saw a sharp decline in remittances and mineral exports, the authorities were able to sustain a stable macroeconomic environment with robust economic growth. The agriculture, mining and services sectors are experiencing strong growth, as well as a rebound in domestic manufacturing as a result of increased private investments into these sectors. These developments, combined with government investments in agriculture, energy and roads, boosted the growth prospects of the economy. In 2010, economic growth is estimated to accelerate to 4.5%, from 3.2% in 2009.

256. Inflation rose sharply in the first half of the year following the introduction of the Goods and Services Tax in January. However, a proactive monetary stance and relative stability of the exchange rate eased inflationary pressures in the second half of the year. National inflation declined to 16.8% in September from 17.8% in April. Exports also recovered strongly, growing by over 50% to US$166.84 million in the first half of 2010, compared to US$108 million for the same period in 2009. This performance was largely due to the recovery of mineral exports, which grew by 41% to US$93 million in the first half of 2010. Agricultural exports amounted to US$28 million during the first half of the year.

257. Imports of merchandise goods also increased by around 18% to US$314 million in the first half of the year compared to the same period in 2009. The increase in imports is largely due to higher importation of machinery, transport equipment and petroleum products, reflecting increased investment in construction and agricultural activities. Food imports dropped during the period to US$15 million from US$32 million for the first half of 2009, driven largely by a substantial decrease in rice imports due to higher domestic rice production.

258. Due to the expansion in exports, the trade deficit narrowed to US$151 million for the first half of 2010, from US$159 million for the same period in 2009. Gross foreign reserves amounted to US$324.4 million, equivalent to 5.4 months of imports as at end August 2010. Gross reserves were programmed to remain at a comfortable level of not less than five months of imports by end December 2010.

259. The debt sustainability exercise recently conducted by the Ministry of Finance and Economic Development and the Bretton Woods institutions ranked Sierra Leone as a country with a moderate risk of debt distress. The delivery of the Highly Indebted Poor Countries (HIPC) and Multilateral Debt Relief Initiative (MDRI) by the international community contributed to the significant reduction in our debt overhang. The implementation of these initiatives has also freed resources for the implementation of critical programs in support of growth and poverty reduction. The total stock of external debt stood at US$722 million as at end June 2010 relative to US$692 million at end December 2009. This increase was due to increase disbursements from multilateral creditors, including the IMF.

260. Domestic revenue collection was projected at Le 987.8 billion or 13.0% of GDP in 2010, compared to 11.6% in 2009. Preliminary data for the first three-quarters of the year indicate that actual domestic revenue collected amounted to Le 703.4 billion compared to Le 551.2 billion collected in the same period of 2009. Healthy performance in income taxes and GST contributed to higher revenue collections. Total expenditure and net lending is projected at Le 1.9 trillion, with wages and salaries estimated at Le 515.0 billion; non-salary, non-interest expenditure is projected at Le 552.7 billion; and domestic capital expenditure is estimated at Le 224.2 billion for the year. The overall budget deficit, on a commitment basis and including grants, is estimated at Le 334.5 billion compared to the program ceiling of Le 346.8 billion as at end September 2010.

261. Monetary policy remains proactive during the year, aimed at maintaining price stability. To this end, the Bank of Sierra Leone (BSL) utilized Le 77.5 billion of the approved government securities to mop up excess liquidity through open market operations. Sales of foreign exchange through public auctions also complemented monetary policy during the period. Consequently, money supply growth slowed during the first half of the year. However, unexpected delays in the disbursement of budget support resulted in an increase in bank financing through a drawdown of Multilateral Debt Relief Initiative deposits at the BSL to accommodate the higher spending on infrastructure. As a result, money supply grew by 15.2% in the third quarter of the year. Credit to the private sector from commercial banks increased by 24.1% over the same period. The interest rate on the 91-day Treasury Bills increased from 14.0% in December 2009 to 17.0% in August 2010. The commercial bank lending (overdraft) rate declined slightly to a maximum of 28% compared to 26% in 2009.

262. The BSL continues to promote rural financial intermediation. Five credit-only microfinance institutions were registered and one deposit-taking MFI licensed. The BSL also approved more deposit-taking MFIs to be licensed during 2010. Rural financial intermediation is being improved through the establishment of community banks and Financial Services Associations under the Rural Finance and Community Improvement Program supported by the International Fund for Agricultural Development. The commercial banking subsector has also introduced a number of new financial instruments including in the area of money transfer to further deepen financial intermediation. The introduction of financial products such as ZAP and SPLASH, operated respectively by Airtel and Comium mobile communication companies in collaboration with commercial banks, will increase the number of people in rural areas with access to financial services.

263. On capital market developments, the BSL has finalized the Securities Bill and the Collective Investment Schemes Bill, which will be submitted to House of Assembly for enactment soon. In the meantime, the Bank will continue to act as regulator and supervisor of the capital market until the Securities and Exchange Commission is established following the enactment of the Securities Bill.

264. In a bid to address several instances of counterfeit attacks on various denominations of banknotes, with hazardous implications for the integrity of the entire currency system, the BSL introduced a set of resized banknotes in May 2010. The transition process of issuing the new notes and withdrawing the old ones was seamless and successfully implemented with the full cooperation of all stakeholders including the commercial banks.

Prevalence of Predicate Crimes

265. Sierra Leone is highly vulnerable to money laundering. The low level of commitment, lack of capacity and obsolete legislation continue to impede the effectiveness of supervisory and law enforcement authorities. Commercial and internet fraud is on the increase as criminals are seeking details of "safe bank accounts overseas" to transfer large sums of money. A recent WHO report shows that Sierra Leone has the highest percentage of counterfeit as compared to genuine drugs in the world.

266. Sierra Leone has a cash-based economy and money laundering activities are pervasive in the diamond sector. Despite tighter regulation, monitoring and enforcement, in some areas significant diamond smuggling still exists. Drug smuggling remains a problem. Real estate and car dealerships are also sectors vulnerable to money laundering. Loose oversight of financial institutions, weak regulations, pervasive corruption and a widespread informal money exchange and remittance system contribute to an atmosphere conducive to money laundering. In 2009, authorities attempted to strengthen oversight and regulatory frameworks, including in the mushrooming financial sector.

The AML/CFT Framework and Ongoing Efforts

267. The Anti-Money Laundering Act (AMLA) came into force in July 2005. However, the AMLA has significant flaws in the wording of the money laundering offence and its related definitions. The revised AML/CFT Act has been approved by Cabinet and is now with the Attorney General's office for drafting into a Bill for subsequent enactment by Parliament. The Act makes provision for the deficiencies identified in the MER, which include provisions for combating terrorist financing, bringing the legislation in line with international AML/CFT standards.

268. There is no effective implementation of money laundering reporting requirements beyond basic customer identification and little bank record retention. The AMLA applies to depository and credit institutions, money transmission and remittance service businesses, insurance brokers, investment banks, securities and stock brokerage houses, currency exchange houses, and designated non-financial businesses and professions such as casinos, realtors, dealers in precious metals and stones, notaries, legal practitioners and accountants. A financial intelligence unit exists but is only marginally functional. Its role is to receive and analyse financial information and intelligence, including suspicious transaction reports, and disseminate information on potential cases to law enforcement agencies for investigation. There is no threshold amount for STR filing. Three STRs were re-

ported to the FIU in 2009; two were disseminated to relevant agencies. Six STRs were filed in 2010.

269. The AMLA calls for cross-border currency reporting for cash or securities in excess of $10,000; however, the mandated reporting has not been implemented. A currency declaration form has been designed and is being used by the Customs and Excise Department of the National Revenue Authority. The FIU has developed and issued guidelines for handling currency or negotiable bearer instruments declared at entry or exit points.

270. The Bank of Sierra Leone has allocated a secured office space to the FIU. The new office will ensure the safety and security of information at the disposal of the Unit. The FIU however, lacks the capacity to effectively monitor and regulate financial institution operations. The AMLA charges the Central Intelligence Security Unit (CISU) and the Attorney General's Office with investigating reports made by the FIU, but the CISU cannot undertake complete investigations or make arrests. The Attorney General's Office has neither investigative nor arrest powers in its mandate. The Sierra Leone Police, National Revenue Authority or Anti-Corruption Commission could be tasked by either entity with investigating reported money laundering crimes. Limited resources hamper law enforcement efforts in all areas. Lack of training is also a considerable hindrance to prosecutions. In 2009, there were no prosecutions under the AMLA. Sierra Leone lacks the institutional mechanisms for the implementation of UNSC Resolutions 1267 and 1373.

271. Sierra Leone is a party to the UN Convention for the Suppression of the Financing of Terrorism, the UN Convention against Transnational Organized Crime, the 1988 UN Drug Convention and the UN Convention against Corruption. Therefore, the authorities should ensure the revised law is harmonized with other relevant legislation, including the revised Anti-Corruption Act (2008), National Drug Control Act (2008), and Anti-Terrorism Act. The Government should ensure its penalties for terrorist financing are proportionate and dissuasive. Sierra Leone should also ensure the regular distribution to financial institutions of the UNSC Resolution 1267 Sanctions Committee's consolidated list, and implement and enforce provisions for immediate freezing of assets of individuals on the list.

272. The Government should increase the level of awareness and understanding of money laundering and allocate the necessary human, technical and financial resources to implement its AML/CFT regime. Sierra Leone's FIU should work to build capacity by increasing its resources and striving to organize itself and perform according to international standards. It should continue its efforts to counter the smuggling of diamonds and narcotics, and regulate sectors that are vulnerable to money laundering. Sierra Leone should continue to take steps to combat corruption at all levels of commerce and government. The Government should ratify the UN Convention against Transnational Organized Crime.

273. The Bank of Sierra Leone has established a Credit Reference Bureau. The Bureau will provide a guide to commercial banks in their credit risk management processes and also reinforce the Customer Due Diligence principle, which is an essential component in the AML/CFT compliance framework for financial institutions. Work on the Financial Sector Development Plan is at an advanced stage. The Financial Sector Development Plan has been completed. The Plan seeks to provide a framework for creating a sound, diversified, responsive and well-functioning financial system that would provide appropriate support to productive activities, thereby contributing to economic growth and poverty alleviation.

274. The draft AML/CFT Bill has provided stringent sanctions for non-compliance with its provisions. The enactment of the Bill will address the weaknesses highlighted in the MER. The establishment of the Credit Reference Bureau and the implementation of the Financial Sector Development Plan will contribute to the strengthening of the country's AML/CFT regime.

Technical Assistance

275. Sierra Leone requires technical assistance to improve the capacity of its FIU in several areas: analysis, information technology infrastructure and databases; training of the Sierra Leone Police in financial investigation; training of prosecutors in the prosecution of ML cases, as well as training for judges. The FIU will benefit from a temporary placement of a mentor.

Conclusion

276. Sierra Leone has not made significant progress in developing its AML/CFT regime since its mutual evaluation. Significant vulnerabilities remain at the legal, regulatory and enforcement levels. The country faces a number of crime threats, especially with regard to diamond smuggling, corruption, drug trafficking and fraud. Sierra Leone needs to urgently close the legal loopholes in its AML and CFT legislation in order to meet international standards. Failure to address these gaps portends negative consequences for the country in terms of regional and international cooperation and also exposes its financial system to exploitation by criminals.

Togo

Background and General Information

277. Togo is a State party to the treaties establishing regional organizations for economic integration and political co-operation, such as the West African Monetary Union (WAMU), the West African Economic and Monetary Union (WAEMU), the Economic Community of West African States (ECOWAS), the Organization for the Harmonization of Business Law in Africa (OHADA), the Inter-African Conference of Insurance Markets (CIMA), and the African Union (AU).

278. The table below gives a cursory glance at the economic situation in Togo.[23] In 2009, the economy expanded by 3.1%, against 2.4% in 2008. The primary and secondary sectors were the main drivers of this growth. The context for economic activity was one of low inflation, thanks to the good showing of domestic agricultural production. The annual rate of inflation was 1.9%, against 8.7% in 2008, and projections for 2010 were that the growth rate would hit 3.3% of real GDP.

279. On public finance, there was a declining trend in the budgetary balance. Total debt to nominal GDP increased from 0.2% in 2008 to 0.6% in 2009, and then to 6.9% in 2010. On external accounts, Togo's current account deficit got worse, due to the poor showing of the balance of trade, such that the current account deficit to GDP, which was 7% in 2008, rose to 7.4% in 2009 and was estimated to go further up to about 7.7% in 2010. On the monetary situation, Togo registered an increase in net foreign assets and domestic credit. Like its counterparts, Togo enjoyed an increase of 16% in money supply. However, this trend did not last. Instead, it took a reverse turn, if we consider the data available on the first semester of 2010.

280. The financial sector in Togo is made up of 11 banks, two financial establishments, 181 decentralized financial systems, 12 insurance companies, 23 currency exchange offices and one stock exchange (BRVM national branch office).

281. If we consider the banks and financial establishments in Togo by the size of their balance sheets, then the country has three large-sized banks (balance sheet >100 billion CFA francs); three medium-sized banks (50 billion CFA francs < balance sheet ≤100 billion CFA francs); and five banks and two financial establishments in the category of small-sized institutions (balance sheet ≤50 billion CFA francs).

282. By end December 2009, the microfinance sector boasted a total membership of 1,049,203, with deposits amounting to 77.464 billion CFA francs. This put Togo in third position among WAEMU member States and in fourth position on outstanding loans, which were equal to 68.335 billion CFA francs.

Prevalence of Predicate Crimes

283. According to the country report Togo sent to GIABA in November 2010, the offences prevalent in the nation include theft, corruption, drug trafficking, counterfeiting and piracy, tax fraud, smuggling and human trafficking.

284. The analysis of the Corruption Perception Index tends to corroborate the worsening trend of corruption offences. The CPI ranking actually shows that Togo fell from 111th position, with a rating of 2.8 in 2009, to the 134th place, with a rating of 2.7 in 2010[24].

285. On drug trafficking, the statistics from law enforcement officers, given in the table below, show that drug users mix up a local species of cannabis, with cocaine and heroin.

Table 1: Statistics on drug seizures in Togo (in kgs)

Type of drugs	2007	2008	2009
Cannabis	702.186	664.8	973.569
Heroin	12.43	3.264	0.31
Cocaine	59.06	393.2	34.019

Source: the office central de répression du trafic illicite des drogues et du blanchiment (OCRTIDB)

[23] Extracted from the June 2010 RSM from WAEMU.

[24] http://www.transparence-france.org/ewb_pages/div/Indice_de_Perception_de_la_Corruption_2010.php

AML/CFT Framework and Ongoing Efforts

286. Togo already has structures in place for its AML/CFT framework. It has enacted laws on AML and CTF, using two WAEMU guidelines as its frame of reference.

287. The Togo FIU is now working and continues to receive reports for analysis and processing from the designated professions and businesses. The FIU can henceforth rely on its correspondents inside institutions for support in collecting additional information, especially those correspondents in the public sector who were appointed by Ministerial Order and took the oath of office at the end of 2010. The FIU produces regular periodic reports and submits them to the Ministry of Finance and BCEAO, as provided by law.

Table 2: STRs Received and Processed in 2009 and 2010

Year	Designated professions and businesses	Number of STRs received	Number of STRs processed	Number of files referred to the judicial system	Number of files pending
2009	Banks	06	06	01	05
	Micro-finance institutions	00	00	00	00
	Administrative departments	01	01	00	01
	Total 1	07	07	01	06
2010	Banks	08	08	02	06
	Micro-finance institutions	01	01	00	01
	Administrative departments	03	03	01	02
	Total 2	12	12	03	09
Total 1 + Total 2=		19	19	04	15

Source: CENTIF Togo

288. Table 2 above shows that the number of STRs received between 2009 and 2010 increased by 71.42%. This is because designated professions and businesses are finding out progressively that the FIU is working. Second, the FIU has provided directions on the way it operates as well as a questionnaire for reporting suspicious transactions. From the STRs it has been processing, the FIU has prepared and submitted four investigation reports to the judicial authorities, and these latter are now working on the cases.

289. Most of the STRs received by the FIU have been submitted by banks. There has been no STR yet from DNFPBs. This is a cause of concern for the FIU authorities; they have initiated customized training sessions in the hope of tackling the weaknesses observed. When the Togo FIU is looking for evidence during investigations of suspected criminal offences, it solicits the support of the Benin FIU and the Senegal FIU. In turn, it responds to requests from its counterparts in Côte d'Ivoire and Benin. To broaden its cooperative ties beyond the WAEMU framework, the Togo FIU has set up initiatives and signed cooperation agreements with TRAFIN, France and CTIF, Belgium. It is about to sign on some other projects with the FIUs in Morocco and Tunisia.

290. The FIU now heads the ICD. It has been doing so since the ICD Chairperson handed over power to the Director of the office central de répression du trafic illicite des drogues et du blanchiment (OCRTIDB), who is the outgoing GIABA correspondent in Togo.

291. In the period under review, Togo continued to strengthen AML/TF activities. Under the auspices of the FIU and the Inter-Ministerial Committee, national actors were mobilized to join in preparing for the mutual evaluation visit that Togo finally hosted on 15–30 November 2010; it had initially been planned for February 2010, but was postponed to accommodate the elections.

Technical Assistance

292. The on-site mutual evaluation of Togo was conducted in 2010, and the MER is to be considered at the GIABA Plenary meeting in May 2011. The report is expected to provide sufficient information on the weaknesses of the country's AML/CFT regime, and this will form the foundation for a comprehensive technical assistance that the country will require to improve the system. Nonetheless, Togo has already developed its National AML/CFT Strategy with the support of GIABA and will require some support in its implementation. Also, the Togo FIU is just picking up in its operations and will require support to achieve optimum operational capacity. Training for and national coordination among investigative departments is another area where the country will require further support.

Conclusion

293. The AML/CFT system that Togo uses to combat ML/TF is still in its early years. Most of the measures now in place were taken in 2009. The system needs to be put to the test and lessons learned over time. The mutual evaluation Togo accepted to host in 2010 is surely going to yield results that can be used to design the corrective measures the country needs for subsequent initiatives.

294. At this point in time, capacity-building programs have to be implemented to raise the awareness of actors, especially the DNFPBs, which are cut off from events and need to be involved. One way would be to establish sectoral authorities that can supervise, control and in particular develop guidelines for these categories to contribute in detecting cases of money laundering via suspicious transaction reporting.

295. The Togo FIU is clear it wants to apply for membership in the Egmont Group, and its officials have enlisted the FIU in France to mentor them. They even claim the Senegal FIU or Côte d'Ivoire FIU could be a second mentor. To prepare for this, the Unit has to reinforce its capacities for analysis, and develop its IT network and database.

296. Another issue the authorities need to address is allowances for Togo FIU members. They need to issue an Order that institutes provisions on these allowances. Then, there is the all-important issue of financial autonomy. The public authorities need to provide adequate resources to enable the FIU to implement its activities properly.

CHAPTER 3

COUNTRY ASSESSMENT

Introduction

297. Conducting mutual evaluations (MEs) of member States remains one of the pillars of GIABA's operations. All GIABA member States are committed to being subjected to the mutual evaluation process within an agreed timeframe. The ME program of GIABA incorporates a Plenary decision on the MER following similar processes and procedures to those of the FATF. The evaluations are conducted based on the FATF 40+9 Recommendations using the FATF 2004 Methodology for Assessing Compliance (as amended from time to time), the FATF Handbook for Countries and Assessors, and the GIABA Mutual Evaluation Process and Procedures, which help to ensure fair, proper and consistent evaluation of member States.

298. There is adequate provision for follow-up on recommended remedial actions in the MER to be carried out in order to improve the AML/CFT systems of assessed member States in conformity with the GIABA ME Process and Procedures. Article 6 of the Revised Statute of GIABA and paragraph 53(d)–(f) of the GIABA ME Process and Procedures provide for the application of appropriate sanctions and consequences on a member State that fails to take necessary corrective actions in rectifying the deficiencies identified in its AML/CFT regime.

299. Following GIABA's recognition as a FATF-Style Regional Body, the mutual evaluation of member States commenced in 2006 and is expected to end in 2011, thus bringing to a close the first round of mutual evaluation of GIABA member States. As at December 2010, 13 of the 15 member States (see Table 1) have been assessed, eight by GIABA regional assessors, four by the World Bank and one by the IMF. The MERs of 11 assessed countries have been discussed and adopted by the GIABA Plenary. In line with GIABA publication policy on MERs, the reports have been published. As part of ownership of the process in the region, about 174 regional assessors have been trained by GIABA.

Table 3: Completed Mutual Evaluations of GIABA Member States

Country	Date of On-Site Visit	Assessment Body	Plenary Discussion
Sierra Leone	2006	World Bank	June 2007
Cape Verde	May 2007	IMF	November 2007
Senegal	July 2007	GIABA	May 2008
Nigeria	September 2007	GIABA	May 2008
Mali	January 2008	World Bank	November 2008
Gambia	April 2008	GIABA	November 2008
Niger	June 2008	World Bank	May 2009
Guinea Bissau	September 2008	GIABA	May 2009
Burkina Faso	January 2009	World Bank	November 2009
Ghana	April 2009	GIABA	November 2009
Benin	June 2009	GIABA	May 2010
Liberia	November 2010	GIABA	May 2011
Togo	November 2010	GIABA	May 2011

Source: GIABA MERs various reports

300. The on-site visits to the remaining two member States (Côte D'Ivoire and Guinea) are expected to be undertaken in 2011.

Status of Implementation of FATF AML/CFT Standards by GIABA Member States

301. The extent of implementation of the FATF Standards is measured by the level of compliance through the ratings of each of the 40+9 Recommendations. According to paragraph 6 of the FATF Methodology for Assessing Compliance (2004), a country has an effective AML/CFT system if there is adequate legal and institutional framework which includes:

a. Laws that create money laundering and terrorist financing offences and provide for the freezing, seizing and confiscation of the proceeds of crime and terrorist funding;
b. Laws, regulations or in certain circumstances other enforceable means that impose the required obligations on financial institutions and designated non-financial businesses and professions;
c. An appropriate institutional or administrative framework, and laws that provide competent authorities with the necessary duties, powers and sanctions; and
d. Laws and other measures that give a country the ability to provide the widest range of international cooperation.

302. The evaluation of countries is conducted with the above factors as the main drivers. The review of the status of implementation of the FATF Standards will cover the 11 assessed member States whose MERs have been discussed and adopted by the GIABA Plenary and have been published. The detailed assessment of each of the 40+9 Recommendations for each evaluated country is discussed in the MER. For each Recommendation, the level of compliance is measured against a set of essential criteria which form the basis for rating as Fully Compliant (C), Largely Compliant (LC), Partially Compliant (PC), Non-Compliant (NC), or in some cases Not Applicable (NA). These essential criteria constitute those elements that should be present in the AML/CFT regime in order to demonstrate full compliance with the mandatory elements of each of the Recommendations (FATF 2004, 2009). It is the full satisfaction of these criteria that implies effectiveness. The five levels of rating as defined by FATF (2007) are as follows:

C =	The Recommendation is fully observed with respect to all essential criteria.
LC =	There are only minor shortcomings with a large majority of the essential criteria being fully met.
PC =	The country has taken some substantive action and complies with some of the essential criteria.
NC =	There are major shortcomings with a large majority of the essential criteria not being met.
NA =	A requirement or part of a requirement does not apply, due to the structural, legal or institutional features of a country, e.g. a particular type of financial institution does not exist in that country.

303. On the basis of the above definition, the levels of compliance of the assessed member States with respect to their ratings on the FATF 40+9 Recommendations are shown in Table 4.

Table 4: Summary Compliance Level of Assessed GIABA Member States

Compliance Level	Assessed Member State										
	Benin	Burkina Faso	Cape Verde	Ghana	Guinea Bissau	Mali	Niger	Nigeria	Senegal	Sierra Leone	The Gambia
C	0	0	0	2	0	0	2	2	6	2	3
LC	7	5	3	3	1	2	5	7	13	1	9
PC	19	13	16	24	13	11	14	22	16	9	17
NC	22	30	29	20	33	35	27	18	12	36	19
N/A	1	1	1	0	2	1	1	0	2	1	1

304. The frequencies may not be indicative enough to show the real level of compliance and effectiveness. The results given in the table show that only Senegal obtained an LC rating in 13 out of the 49 Recommendations.

305. Thus, to provide a more scientific analysis of the findings in the MERs, we may, on basis of the above data[25] attempt to map the four-valued ranks into numerical measures with C = 1.0; LC =0.67; PC = 0.33 and NC = 0.0. While these quantitative indices do not provide all the underlying reasons for low compliance with the 40+9 Recommendations, they do facilitate both inter- and intra-country and Recommendation comparison in terms of differences in average (mean) compliance levels and commonality or otherwise (standard deviation) in compliance. The mean ratings provide the estimate of the level of compliance. Higher value of the mean indicates higher level of compliance. The standard deviation provides an indication of the closeness or dispersion in the level of compliance. The smaller the standard deviation, the closer the compliance levels (i.e. indication of same characteristics).

306. Table 5 and the Figure below show the individual assessed country's performance in each of the five main components of an AML/CFT regime. The overall results indicate that West Africa is far behind in the effective application of preventive and institutional measures on money laundering and terrorist financing. The poor compliance rating on the preventive measures is a pointer to the level of vulnerability of the financial systems to money laundering and other related crimes. This poor performance is of serious concern as this component constitutes about 55% of the entire AML/CFT framework. Thus, weaknesses in this area portend danger for the fight against ML and TF. This therefore calls for holistic action by both the reporting entities (FIs and DNFBPs) and the supervisors/regulators to improve compliance programs.

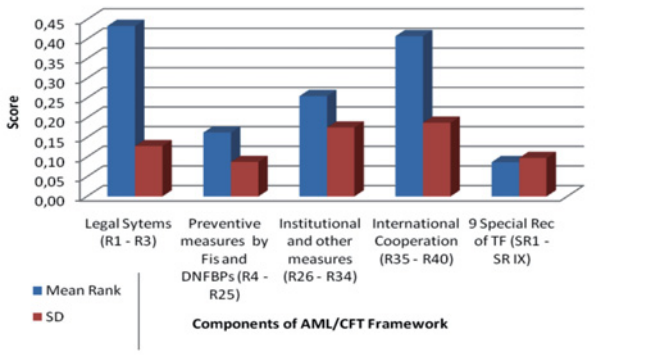
[25] J. Johnson (2008), "Third round FATF Mutual Evaluations indicate declining compliance", Journal of Money Laundering Control, 11(1), 47–66.

Table 5: Average Ratings of Compliance with FATF 40+9 Recommendations

Group	Description	Assessed Member States and Ratings													
		Benin	Burkina Faso	Cape Verde	Ghana	Guinea Bissau	Mali	Niger	Nigeria	Senegal	Sierra Leone	The Gambia	Coefficient of Variation	Overall Standard Deviation	Overall Mean Rating
R.1 - R.3	Legal Systems	0.44	0.44	0.56	0.22	0.33	0.33	0.44	0.44	0.67	0.33	0.56	0.43	0.13	0.30
R.4 - R.25	Preventive measures to be taken by FIs and DNFBPs against ML and TF	0.20	0.09	0.06	0.23	0.08	0.08	0.12	0.23	0.30	0.13	0.29	0.16	0.09	0.54
R.26 - R.34	Institutional and other measures necessary in systems for combating ML and TF	0.29	0.17	0.29	0.26	0.00	0.08	0.21	0.48	0.63	0.15	0.26	0.26	0.18	0.69
R.35 - R.40	International Cooperation	0.50	0.50	0.28	0.33	0.33	0.22	0.61	0.44	0.78	0.11	0.39	0.41	0.19	0.46
SR.I - SR. IX	FATF Special Recommendations of TF	0.00	0.00	0.04	0.22	0.04	0.04	0.07	0.07	0.22	0.00	0.26	0.09	0.10	1.13

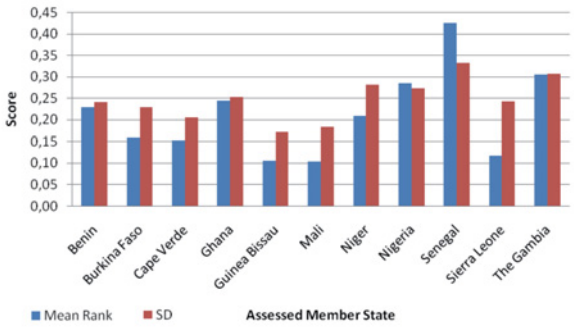
307. The very low level of compliance ratings suggests that almost all countries in the region are facing challenges with the implementation of the FATF Standards, particularly preventive measures to be taken by FIs and DNFBPs (Recs 4–25); institutional and other measures necessary in the system (Recs 26–34); and the nine Special Recommendations on TF (SR I–IX). Of interest is the exhibition of the same characteristics by all assessed countries as evidenced by the low value of the standard deviation in each of the three components.

Fig 1: Extent of Compliance by Component Areas



308. To appreciate the extent of the implementation of the FATF Standards by GIABA member States, their performance in the 16 core/key Recommendations are presented in Table 6.[26] The mean rating of 0.70 (between LC and C) on Recommendation 4 shows significantly that secrecy laws no longer exist in all the assessed countries. However, the regional mean rating of 0.25 in the 16 Core/Key Recommendations reveals the low level of compliance with international AML/CFT Standards. Of serious concern are Recommendations R.5, R.13, R.23, R.26 and SR I–V, whose mean ratings are below PC. The low mean rating relating to Customer Due Diligence (CDD-R.5) shows that FIs in member States are yet to adopt comprehensive measures in identifying their customers and verifying that identity, including that of legal persons, legal arrangements and beneficial ownership. In the region, most of the financial intelligence units are operating sub-optimally, hence their capacity to receive, analyse and disseminate STRs that facilitate investigation and prosecution would need to improve. As indicated by the low rating of 0.12 on Recommendation 23, the supervisory/regulatory frameworks for both the FIs and DNFBPs are weak.

Fig 2: Extent of Compliance by Assessed Country in the 16 Core/Key Recommendations



[26] The Core Recommendations are R.1, 5, 10, 13, SR. II & IV. They Key Recommendations are R. 3, 4, 23, 26, 35, 36, 40, SR. I, III & V.

Table 6: Member States' Ratings of Compliance with FATF 16 Core and Key Recommendations

16 Core + Key Recs	Description	Assessed Member States and Ratings													
		Benin	Burkina Faso	Cape Verde	Ghana	Guinea Bissau	Mali	Niger	Nigeria	Senegal	Sierra Leone	The Gambia	Mean Rating	Standard Deviation	Coefficient of Variation
Recommendations															
R.1	Criminalization of ML	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.67	0.67	0.33	0.33	0.39	0.14	0.35
R.3	Provisional Measures/Confiscation of Proceeds of ML	0.33	0.33	0.67	0.00	0.33	0.00	0.33	0.33	0.67	0.33	0.67	0.36	0.24	0.65
R.4	Bank Secrecy	0.67	0.67	0.33	0.33	0.67	0.67	0.67	1.00	1.00	1.00	0.67	0.70	0.23	0.34
R.5	CDD and Anonymous Accounts	0.00	0.00	0.00	0.00	0.00	0.00	0.33	0.00	0.00	0.00	0.33	0.06	0.13	2.22
R.10	Record Keeping by FIs	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.67	0.33	0.33	0.36	0.10	0.28
R.13	STR by FIs	0.33	0.00	0.00	0.33	0.00	0.00	0.33	0.33	0.33	0.00	0.00	0.15	0.17	1.15
R.23	Supervision/Regulation, Prevention of Controls of FIs by criminals	0.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.33	0.67	0.00	0.12	0.22	1.86
R.26	FIU: Powers and Duties	0.33	0.33	0.00	0.00	0.00	0.00	0.33	0.33	0.67	0.00	0.00	0.18	0.23	1.27
R.35	International Conventions on ML (Ratification and full implementation)	0.33	0.67	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.67	0.39	0.14	0.35
R.36	Mutual Legal Assistance	0.67	0.67	0.33	0.33	0.33	0.00	0.67	0.33	1.00	0.00	0.33	0.42	0.30	0.71
R.40	International Cooperation and Exchange of Information	0.33	0.33	0.33	0.33	0.33	0.00	0.67	0.67	0.67	0.00	0.33	0.36	0.24	0.65
SR.I	Ratification and Full Implementation of UN Instruments on TF	0.00	0.00	0.00	0.33	0.00	0.33	0.00	0.00	0.33	0.00	0.33	0.12	0.17	1.39
SR.II	Criminalization of TF and Associated ML	0.00	0.00	0.00	0.33	0.00	0.00	0.33	0.00	0.33	0.00	0.67	0.15	0.23	1.52
SR.III	Freezing/Confiscation of Terrorist Assets	0.00	0.00	0.00	0.33	0.00	0.00	0.00	0.00	0.33	0.00	0.33	0.09	0.15	1.71
SR.IV	STR on Terrorism	0.00	0.00	0.00	0.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.10	3.32
SR.V	International Cooperation on TF	0.00	0.00	0.00	0.33	0.33	0.00	0.00	0.00	0.33	0.00	0.67	0.15	0.23	1.52
Mean Rating (All 16 Core/Key Recommendations)	0.25	0.23	0.17	0.25	0.19	0.12	0.29	0.27	0.48	0.19	0.35	0.25	0.19		
Standard Deviation (All 16 core/Key Recommendations)	0.23	0.27	0.21	0.15	0.21	0.21	0.24	0.30	0.30	0.30	0.26				
Coefficient of Variation (All Recs)	0.92	1.16	1.27	0.60	1.12	1.66	0.83	1.13	0.62	1.59	0.73				

309. In relation to each of the six Core Recommendations, some of the underlying reasons[27] for the poor rating are summarized in the boxes below:

Recommendations R1 and SR II

- Non-criminalization of the full range of predicate offences (e.g. terrorism and terrorist financing, participation in organized criminal group and racketeering, human and migrant smuggling, sexual exploitation including sexual exploitation of children, illicit arms trafficking, insider trading and market manipulation).
- Non ratification of relevant UN conventions (e.g. Palermo, Vienna).
- Absence of judicial decisions and statistics arising from application of Anti-Money Laundering and Counter-Financing of Terrorism Laws to test the efficacy of the AML/CFT regimes.
- Ambiguity in definition of illegal acts that constitute predicate offences.
- Absence of clear specification of direct or indirect links between legitimate property and the proceeds of crime.

Recommendation R5

- Lack of express prohibition in law or regulation regarding anonymous or numbered accounts.
- Incomplete identification requirements for legal persons.
- Lack of comprehensive mechanism to address ML/TF risks across all the sectors of the economy.
- Lack of express provision in law or regulation requiring CDD when
  - i. carrying out occasional transactions above a designated threshold
  - ii. carrying out occasional transactions that are wire transfers in the circumstances covered by SR VII
  - iii. there is suspicion of ML and TF
  - iv. the FIs have doubts about the veracity of or adequacy of previously obtained customer identification data.
- Lack of express provision in law or regulation requiring FIs to verify that any person purporting to act on behalf of a customer is so authorized and to identify and verify the identity of that person where the customer is a legal person or legal arrangement.
- Limited implementation of CDD requirements by FIs and non-application by other reporting/accountable entities.
- No clear obligation to identify and take reasonable measures to verify the beneficial owner for all customers (including determining whether the customer is acting on his/her own behalf, understanding the ownership/control structure of the legal entity, and determining the natural persons who exercise ultimate control over the entity).

Recommendation R10

- Absence of a requirement for transaction records to be sufficient to permit the reconstruction of individual transactions to provide evidence for prosecution of criminal activity.
- Absence of a requirement that records should be available on a timely basis to competent domestic authorities.
- Absence of a requirement that records should be maintained for such periods as may be required by competent authorities.
- Uncertainty on the part of a number of financial institutions about the requirements on record keeping.
- Lack of adequate specifications with regard to the nature and availability of documents to be conserved.
- Lack of effective monitoring and supervision of all sectors to ensure compliance with the record-keeping requirements.
- Inability of law enforcement agencies to access information from financial institutions in a timely manner to facilitate investigation of criminal activities.

Recommendations R13 and SR IV

- Absence of operational FIUs to receive, analyse and disseminate STRs and other information concerning suspected ML or TF activities.
- No provision in law or regulation to make STR on TF or other predicate offences since they are not criminalized.
- Poor understanding of the concept of suspicious transaction.
- Inadequate or inconsistent guidelines issued to reporting entities by supervisory authorities.
- Existence of competing and mutually inconsistent reporting obligations.
- Complete lack of awareness of the reporting obligations by the reporting entities.
- Absence of requirement for FIs to report attempted operations/transactions regardless of the amount.
- An unclear system of reporting suspicious transactions.

310. From the above, it is evident that the identified deficiencies call for concerted and coordinated action by all GIABA member States to improve the AML/CFT regimes in West Africa. An attempt to apply AML/CFT requirements in relation to all predicate offences that have not been criminalized will be contrary to the legal principles of nullum crimen sine lege, nulla poena sine lege (There must be no crime or punishment except in accordance with fixed, predetermined law).[28] For any act to be considered and punished as a crime it has to be so identified by law. Thus, the international recognition of a crime at the national level entails that the act is considered a criminal offence by at least two

[27] MERs and Follow-up Reports of all assessed GIABA member States are available at www.giaba.org. .

[28] Aly Mokhtar, Judge, Egyptian Ministry of Justice, Deputy Resident Representative, International Development Law Organization, Kabul, Afghanistan.

countries. So in view of the phenomenological transnational dimensions of ML and TF, it is important that all ECOWAS countries as a matter of collective responsibility endeavour to criminalize the full range of predicate offences. It should be noted that criminals and criminal organizations take advantage of the asymmetries emanating from the existence of different legal systems.

311. The low level of compliance with the FATF Standards by GIABA member States is reminiscent of the environmental peculiarities of the West Africa region as discussed in Chapter 2. Also, most AML/CFT regimes in member States pay less attention to the potential for abuse of gatekeepers (lawyers, accountants, real estate agents, casinos, auditors etc.), thus providing opportunities for ML/TF activities to thrive. This calls for enhanced regulatory and enforcement activities as money launderers tend to prefer jurisdictions with weak AML/CFT regimes.

Mutual Evaluation On-site Visits

312. Based on the mutual evaluation calendar, GIABA undertook on-site mutual evaluation visits to the Republics of Liberia and Togo from 1 to 12 November and 15 to 30 November 2010, respectively. The evaluations were based on the laws, regulations and other materials supplied by the countries, and information obtained by the evaluation teams during their visits and subsequently. During the visits, the evaluation teams met with officials and representatives of all relevant government agencies and the private sector in the two countries.

313. The assessors reviewed the institutional framework, the relevant AML/CFT laws, regulations, guidelines, regulatory, institutional and other frameworks or systems in place to deter ML/TF through financial institutions and DNFBPs, and assessed the capacity, the level of implementation and the effectiveness of all the systems. In accordance with the GIABA Mutual Evaluation Process and Procedures, the MERs will be discussed at the GIABA Plenary in May 2011.

Adoption of MERs in 2010

314. The Plenary considered and adopted the MER of the Republic of Benin at its Plenary held in Praia, Cape Verde in May 2010, based on the summary report of the Expert Review Group (ERG). The ERG referred three key issues relating to Recommendations 1, 3 and 10 for consideration and decision by the Plenary.

On Recommendation 1: Criminalization of Money Laundering

315. The Republic of Benin was rated PC on this Recommendation due to lack of criminalization of migrant smuggling and insider trading and market manipulation, lack of clarity regarding self-laundering and inefficient enforcement of the AML Law. Benin disagreed with the rating and requested that the rating be upgraded from PC to LC. After considering the issues presented, the Plenary decided to retain the PC rating.

On Recommendation 3: Confiscation, Freezing and Seizure of Criminal Proceeds

316. The Assessors noted (a) lack of provisions on property of corresponding value; (b) inability to freeze, seize or confiscate the proceeds of terrorist financing because the offence is not criminalized; and (c) lack of implementation of freezing, seizure and confiscation measures regarding money laundering, and rated Benin LC on Recommendation 3. However, the ERG recommended that due to the numerous deficiencies identified in relation to Recommendation 3, Benin should be downgraded from LC to PC. The Plenary discussed the reasons for the request and decided to downgrade the rating of Recommendation 3 from LC to PC.

On Recommendation 10: Record Keeping

317. Benin was rated PC on Recommendation 10 due to ambiguities in the AML Law in relation to the nature of records that are required to be kept and made available on a timely basis to domestic competent authorities upon request from the appropriate authority. Benin disagreed with the rating on the grounds that obligations on record keeping and Customer Due Diligence are provided for in Article 12 of Law 2006-14, Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA) texts, the general tax code, the Conference Interafricaine sur les Marches de l'Assurance Code (CIMA Code) and CIMA Regulations of 4 October 2008. Benin further indicated that the accessibility of records to competent authorities in a timely fashion is not a problem in Benin and requested that the rating of Recommendation 10 be upgraded from PC to LC. The Plenary noted the lack of consensus on this Recommendation and decided to retain the PC rating.

318. In accordance with the GIABA Mutual Evaluation Process and Procedures, the Plenary placed Benin on the Expedited Regular Follow-up Process and requested Benin to submit its first follow-up report to the Plenary in May 2011.[29]

[29] Following Plenary decision In December 2010 that all assessed countries should present an action plan for implementing the recommendations in their MERs, this will apply to Benin and all other countries' follow-up reports.

Publication and Dissemination of Mutual Evaluation Reports (MERs)

319. Following the decision of the GIABA Ministerial Committee to publish all MERs within three weeks of adoption by the Plenary and in accordance with the GIABA's ME Processes and Procedures, GIABA published the MERs of Ghana and Burkina Faso, adopted by the Plenary in November 2009 and that of Benin adopted in May 2010. The reports can be accessed at the GIABA website: www.giaba.org.

Follow-up Process

320. GIABA's Mutual Evaluation Process and Procedures require that once a country's mutual evaluation report has been discussed and adopted by the GIABA Plenary, the Plenary should automatically place the country on an expedited regular follow-up.[30] Each assessed member is expected to submit a written follow-up report one year after the adoption of its MER and to provide a further updates every year, unless directed otherwise by the Plenary.

321. The follow-up process is meant to encourage countries to expedite action on the implementation of the recommendations in their MERs and ensure that they put in place effective AML/CFT measures of acceptable international standards within a year after adoption of their MERs. In fulfilment of its technical assistance mandate, GIABA has developed a comprehensive strategic plan to provide assistance and support its members to achieve a higher compliance level with the FATF standards. Thus, the follow-up process is designed to support GIABA member States who have been assessed to improve their national AML/CFT measures.

322. Currently, all assessed countries are on the regular (expedited) follow-up process, except Sierra Leone which is on an enhanced follow-up process due to consistent lack of progress after presenting three follow-up reports.

Follow-Up Reports

323. As previously stated, GIABA's policy on follow-up report and monitoring of the mutual evaluation is to ensure that member States put in place effective AML/CFT measures of acceptable international standard within a year after the adoption of their mutual evaluation reports. Member States are required to submit reports on the actions they have taken and those being taken to improve their AML/CFT systems. The Secretariat has developed a format/template based on the FATF standards for such follow-up reports to ensure consistency in the preparation of action plans or follow-up reports.

324. At the May and December 2010 Plenary meetings, the Working Group on Mutual Evaluation and Implementation (WGMEI) discussed the follow-up reports of some countries, made observations on their progress and subsequently made recommendations to the Plenary for further action. The Plenary discussed the reports based on analysis made by the Secretariat and recommendations of the WGMEI. A summary of the follow-up reports and Plenary decisions regarding the next steps to be taken by the member States is provided below.

Summary of the analysis of follow-up reports

325. Sierra Leone: On 4 May 2010, the 13th Technical Commission/Plenary meeting held in Praia, Cape Verde, deliberated on the third follow-up report of Sierra Leone along with the Secretariat's detailed analysis and the report of the Co-Chairs of the WGMEI on the third follow-up report. The Plenary concluded that Sierra Leone had not made significant progress since the adoption of its MER in 2007 and the first and second follow-up reports. Accordingly, the Plenary placed Sierra Leone on an enhanced follow-up process and asked it to report back to the Plenary within six months. The Plenary further decided that a high-level mission led by the Chairman of the GIABA Ministerial Committee be undertaken to Sierra Leone. The Mission was to meet with the President of Sierra Leone and other relevant national authorities to brief them on the urgent need to accelerate the process of rectifying the deficiencies in the country's AML/CFT system. It was not possible for the Ministers to undertake the mission. However, the Director General visited Sierra Leone in November 2010 before the 9th Ministerial Committee Meeting and met with the following key government officials among others: the GIABA National Correspondent, the mentor hired by GIABA to assist Sierra Leone's FIU, the Minister of Local Government and Internal Affairs, the Deputy Governor of the Central Bank, the Minister of Finance and Economic Planning, the Attorney General and Minister of Justice, and Chief justice of Sierra Leone.

326. During the various meetings, the DG noted that the AML/CFT Bill has been in the Attorney General's office for over one year and expressed concern about the delay in laying this bill before the Parliament. The Attorney General expressed his regrets about the delay and attributed it to some overriding priorities, but assured the DG that the Bill will be laid before the Parliament as soon as possible. On whether Sierra Leone needed further technical assistance to fine-tune the draft, the Minister said everything

[30] This is an exception from the regular follow-up process of the FATF and was adopted as a strong demonstration of the commitment of GIABA members to remedy the deficiencies in their MERs within the shortest possible time. The expedited regular follow-up is only applied in the case of the first round of evaluations.

that needed to be done on the draft Bill had been done by the draftsperson. The DG informed the Minister that GIABA will be following up this process more actively henceforth.

327. In accordance with the Plenary decision, Sierra Leone submitted its fourth follow-up report to the December 2010 Plenary held in Abuja, Nigeria. Sierra Leone's first, second and third follow-up reports indicated that Sierra Leone:

a. established the Financial Intelligence Unit with powers to receive, analyse and disseminate information relating to ML;
b. revised the Anti-Money Laundering Act 2005 to take into account the weaknesses highlighted in the MER. The Bill has been reviewed and discussed by various AML/CFT stakeholders, including national parliamentarians, GIABA, UNODC and the World Bank;
c. issued Guidelines on Prevention of Money Laundering and Financing of Terrorism for commercial banks;
d. was developing guidelines for other financial institutions;
e. adopted a National Strategy on AML/CFT issues. The Strategy provides a road map to fight money laundering and terrorist financing offences and is aimed at:

i. achieving maximum political will;
ii. implementing comprehensive AML/CFT legislation and regulations; and
iii. empowering a successful fight against money laundering and the financing of terrorism through effective use of enforcement powers and provision of resources to enhance international cooperation and build strategic partnerships.

f. issued Guidelines on AML/CFT for commercial banks to report cash transactions involving prescribed amounts to the FIU. The FIU monitors compliance with the Guidelines through on-site examinations.

328. The third follow-up report indicated that Sierra Leone was reviewing the Bank of Sierra Leone Act 2000, the Banking Act 2000, Banking Regulations 2003 and the Other Financial Institutions Act 2001, with a view to bringing them in line with international best practices and standards. The report also indicated that the country was developing a Financial Sector Development Plan aimed at enhancing the efficiency and effectiveness of the financial sector in promoting growth, strengthen the commercial banking system and improve on its competitiveness.

329. The fourth follow-up report indicated that since the adoption of the third follow-up report and placement of Sierra Leone on the enhanced follow-up process in May 2010, Sierra Leone had taken some steps to enhance the implementation of effective AML/CFT system in the country, including:

a. provision of office space to FIU;
b. Cabinet approval for the AML/CFT Bill;
c. establishment of a Credit Reference Bureau; and
d. implementation of the Financial Sector Development Plan.

330. With regard to the legal sector, the fourth follow-up report indicated that the revised AML/CFT Act was approved by Cabinet. Implementation of the revised Act, which has been stuck in the office of the Attorney General, will impact on Recommendations 1, 2, 3, 6, 10, 11,13, 14,17, 18, 20, 22, 25, 26, 28, 30, 35, 36, 37, 38, 39 and Special Recommendations I, II, III and V.

331. In the case of the financial sector, the fourth follow-up report indicated that Sierra Leone has established a Credit Reference Bureau to provide a guide to commercial banks in their credit risk management processes and also reinforce the Customer Due Diligence principle, which is an essential component of the AML/CFT compliance framework for financial institutions.

332. According to the report, the FSDP seeks to provide a framework for creating a sound, diversified, responsive and well-functioning system that would provide appropriate support to productive activities, thereby contributing to economic growth and poverty alleviation.

333. With regard to the DNFBP sector, the fourth follow-up report indicated that AML/CFT guidelines had been developed to address the deficiencies relating to Recommendations 12 and 16. Sierra Leone is yet to organize a workshop for the DNFBPs to discuss the guidelines before issuing them. The report also indicated that there is the need to tighten the regulation and monitoring of casinos, and that the licensing of casinos should more clearly require them to apply AML/CFT measures to their transactions.

334. On the FIU, the Central Bank of Sierra Leone allocated to the FIU a secured office space which will ensure safety and security of information at the disposal of the FIU. According to the follow-up report, however, the office space is not adequate for the operations of the FIU. Furthermore, the FIU does not have an independent budget and still relies on the resources provided by the Bank for payment of staff, provision of furniture, equipment and training. The operational autonomy of the FIU is yet to be guaranteed until the passage of the draft AML/CFT Bill.

335. The information on the FIU indicated that the FIU was not in a position to operate effectively as required by Recommendation 26. The report did not indicate whether the FIU had received, analysed and disseminated any STRs or if it had cooperated with competent authorities or counterpart FIUs in the region or beyond. Sierra Leone did not provide the Secretariat with additional materials to that effect.

336. Sierra Leone did not appear to have improved its AML/CFT system in relation to competent authorities charged with implementing AML/CFT measures in that country. The MER noted the absence of a law enforcement agency with full powers to investigate ML and TF cases, lack of investigations and effective use of investigative powers in relation to ML and TF cases, and lack of resources as well as serious lack of competence in the authorities. The follow-up reports indicated that the Sierra Leone Police had investigated few cases of money laundering, but could neither provide information on the outcome of those investigations nor any record of successful prosecution. The report also indicates that the AML/CFT Bill will ensure effective implementation and use of investigative powers.

337. Sierra Leone did not provide any statistics on matters relevant to the effectiveness and efficiency of its systems for combating ML and TF, including statistics on number of on-site examinations conducted by the Bank of Sierra Leone and the FIU, STRs received, analysed and disseminated by the FIU, investigations, prosecutions and convictions relating to ML and TF.

338. Based on this, the Plenary decided that Sierra Leone should be maintained on the enhanced follow-up process. Thus, Sierra Leone is expected to present an action plan with a timeframe for addressing the deficiencies in its AML/CFT system to the Plenary in the May 2011.

339. Nigeria: Nigeria presented its second follow-up report to the Plenary in May 2010. The report contained information on taken to improve compliance with all the Recommendations that were rated PC or NC; as well as the FATF/ICRG process relating to Nigeria. It is to be noted that Nigeria has been under the ICRG-targeted review since September 2009. Nigeria was subjected to the ICRG review process due to the poor ratings it obtained with respect to the core and key FATF Recommendations in its mutual evaluation report; and also due to the size of its financial system and its intermediation with the international financial system.

340. The follow-up report indicated that Nigeria held two face-to-face meetings and provided reports to the Regional Review Group (RRG), as well as provided progress reports and responses to the ICRG. Nigeria reported that since the commencement of the targeted review in September 2009 it had implemented the following measures:

- Worked closely with the RRG and reported on the progress made since the mutual evaluation of 2007;
- Produced and submitted a comprehensive action plan and timetable on Nigeria's strategic action plan to address the concerns of FATF;
- Re-presented the Anti Terrorism Bill (ATB) as an Executive Bill to the National Assembly. The ATB has since gone through its second reading and is set for passage before June 2010;
- Revised and submitted the amended Money Laundering Prohibition Act (MLPA) 2004 as an Executive Bill captioned Money Laundering Prevention Act (MLPA) 2009 to the National Assembly. The Bill has passed the first reading and the members of the National Assembly have assured that they will give the Bill accelerated hearing.

341. Nigeria reported that its relevant authorities investigated and prosecuted several AML/CFT cases. For instance, the National Drug Law Enforcement Agency investigated 19 cases. These cases relate to the arrest and seizure of large sums of money and assets suspected to be drug-related. Details are given below:

Table 7: Drug trafficking related Money laundering cases handled by the NDLEA, Nigeria

S/N	FACT OF CASE	ASSETS INVESTIGATED	REMARK
01	Arrested for suspected currency smuggling and drug dealing	$208,900 US Dollars	Case being investigated
02	Arrested for suspected currency smuggling and drug dealing	$179,900 US Dollars and £3000.00 English Pounds	Case transferred to EFCC
03	Arrested while attempting to smuggle currency	$37,100.00 US Dollars cash	Case transferred to EFCC
04	Mutual Legal Assistance Request by the German Police for drug trafficking	1 Property in Nigeria	Response sent to German Police
05	Arrested while attempting to smuggle currency	$61,350.00 US Dollars	Case transferred to EFCC
06	Mutual Legal Assistance Request by South Yorkshire Police UK for drug trafficking	3 Properties in Lagos, several bank accounts	Response sent to the UK Police
07	Arrested in Abuja in possession of hard drugs	N13,144,069 frozen in bank accounts	Case still being investigated
08	Mutual Legal Assistance Request by the South African Government for dealing in cocaine,	Bank accounts	Response sent to South African Authorities
09	Suspects arrested in Bauchi for possession of Hard Drugs	1 Honda CRV, 3 Properties, Bank accounts	Case still being investigated
10	Suspects investigated for sending E10,000 Euro cash from Spain through DHL	E10,000.00 Euro cash	Investigation completed
11	Request of Mutual Legal Assistance (MLAT) from South Africa, relating to the arrest of some Nigerians in South Africa.	Bank Account and 1 company	Case being investigated
12	Fareed was arrested in Abuja for currency trafficking	$300,000.00 US Dollars	Case transferred to EFCC
13	Yekini was arrested while attempting to clear consignment with 28KG of heroin	1 Property, some banks accounts	Case being investigated
14	Arrested in possession of 80 bags of cannabis weighting 748.6kgs	1 Lorry, 1 Motor Cycle and 1 Property	Case being investigated
15	Josephine (courier) was arrested in possession of 3.15kg of Heroin, Chukwuma (middle-man) was arrested, this led to the arrest of Chief Odugwe (baron)	17 properties 2 vehicles and several bank accounts	Case being investigated
16	Mutual Legal Assistance Request by the United States Drug Enforcement Agency	Companies & Bank accounts	Response has been sent to the US authorities
17	Arrested in connection with the importation of 2.4kg of heroin	2 vehicles, 1million naira frozen in bank accounts	Case being investigated
18	Arrested in possession of £50,000 English Pounds	£50,000.00 English pounds	Case being investigated
19	Arrested in possession of $916,250.00 US Dollars	$916,250.00 US Dollars	Case has been concluded

342. The WGMEI discussed the progress made by Nigeria in addressing the deficiencies identified its AML/CFT system with a special focus on the core and key Recommendations and recommended actions to be taken by the Plenary.

342. In general, it was noted that Nigeria had put in place mechanisms to address the deficiencies identified in its AML/CFT system as reported in the MER. These measures cut across the development of institutional capacity and legal frameworks. The number of cases prosecuted by the relevant law enforcement agencies has also increased, but conviction rates are still low. The FIU developed a new guidance for increasing awareness among reporting entities. According to the Nigerian authorities, the financial institutions and their regulators, particularly the banking sector, embarked on broad-ranging reforms to enhance accountability and transparency in the financial market. For example, to sanitize the industry, in December 2009 the chief executive officers and executive directors of eight banks were removed and prosecuted for poor management of their institutions. Some of them have been convicted and sentenced to various terms of imprisonment. Also, to avoid possible systemic effect, a bailout plan has been rolled out by the Central Bank of Nigeria (CBN) to bring the affected banks out of their poor financial conditions.

344. Similarly, in order to enhance good corporate governance, the CBN has issued a guideline for appointment of chief executive officers of banks which took effect from 1 July 2010. The Guideline specifies ten years as the maximum number of years a bank CEO can serve.

345. As part of efforts to strengthen the anti-terrorist financing drive, the CBN issued a circular dated 27 October 2009 titled "Terrorist Individuals and Organizations" to all banks and other financial institutions, drawing their attention to the updated UN terrorist watch list, as well as advising them to take proactive steps to visit the appropriate UN website www.un.org/sc/committees/1267/delisting.shtml for regular updates.

346. The Plenary also noted that although Nigeria had continued to demonstrate strong commitment to combat money laundering and terrorist financing, additional measures are required to strengthen and deepen the impact of existing preventive and legal measures; enact the outstanding Bills pending before the National Assembly into law; integrate AML/CFT measures into supervisory manuals across all reporting entities; and sustain application of sanctions for AML/CFT breaches. Supervisory bodies and regulators were encouraged to be more proactive in ensuring that deterrence measures are put in place to protect the global financial system from being misused for purposes of ML and TF.

347. Finally, the Plenary commended Nigeria for the progress it has made in implementing the recommendations contained in its MER and urged Nigeria to sustain its efforts. During the GIABA Anniversary celebrations in Abuja, Nigeria, in December 2010, the Vice-President of Nigeria, in a Keynote Address, indicated that the Economic and Financial Crimes Commission had, through its prosecution efforts, secured the conviction of over 400 persons and recovered assets worth over US$11 billion.

348. Senegal: Senegal submitted its second follow-up report to the Plenary in May 2010 after the adoption of its MER in May 2008 and the presentation of its first follow-up report in May 2009. It was noted that the most significant progress made by Senegal since the last follow-up report was the passage of the law against the financing of terrorism. However, it was observed that Senegal needed to make more efforts to attain an appreciable level of compliance with recommendations rated PC and NC.

349. The Plenary decided that:

- Senegal should work with BCEAO to revise the WAEMU Uniform Law against money laundering in order to comply with international standards and ensure that its national legislation against terrorist financing is in compliance with the WAEMU Uniform Law against terrorist financing;
- Senegal should take all necessary measures to enforce existing laws in accordance with community text and implement them effectively;
- Senegal should revise its second follow-up report to ensure that the information in it corresponds to the actions undertaken by the country to improve its AML/CFT systems. The country was also urged to provide statistics on prosecutions and convictions on ML/TF; and
- Senegal should be retained on the expedited regular follow-up process and report back after one year.

350. Cape Verde: Cape Verde submitted its second follow-up report to the Secretariat in October 2010, as required for presentation at the GIABA Plenary in December 2010 in accordance with the Plenary decision in November 2009. The report described in detail actions taken by Cape Verde since November 2009. Cape Verde supplied additional material addressing the deficiencies identified in its AML/CFT system and on improvement in the system.

351. It was observed that since the adoption of its MER, Cape Verde had taken a number of steps to address the deficiencies identified in the MER, including the enactment of Decree-Law No. 1/2008 (Law 1) published on 14 January 2008 and Law No. 38/VII/2009 (Law 38), which officially established the Financial Intelligence Unit. The second follow-up report indicated that the law had addressed the

shortcomings identified in FATF Recommendations 1, 4, 5, 7, 8, 9, 10, 11, 13, 14, 15, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 34, 35 and 40, as well as Special Recommendations VII and IX.

352. Cape Verde established an FIU in 2008 and the Coordinator and members of the FIU were appointed in the same year. Cape Verde took actions in relation to 34 out of the 45 Recommendations rated PC or NC, particularly through the establishment of the FIU and the enactment of Decree No. 38/2009 criminalizing money laundering and providing for a wide range of measures to prevent it. Cape Verde finalized a draft CFT Bill intended to address the issue of financing of terrorism. The Bill is currently pending before Parliament.

353. Although some progress has been made by Cape Verde since the adoption of its report in November 2008 and its first follow-up report in November 2009, the absence of legislation dealing with the financing of terrorism and the lack of progress on the DNFBPs sector constitute major deficiencies in the AML/CFT regime of Cape Verde. Also, Cape Verde did not provide comprehensive statistics on:

a. ML & TF investigations; prosecutions and convictions; and on property frozen, seized and confiscated;
b. ML and TF investigations, prosecutions and convictions;
c. the number of cases and the amounts of property frozen, seized and confiscated relating to ML, TF and criminal proceeds;
d. the number of persons or entities and the amounts of property frozen pursuant to or under UN Resolutions relating to terrorist financing;
e. mutual legal assistance or other international requests for cooperation;
f. all mutual legal assistance and extradition requests relating to ML, including requests relating to freezing, seizing and confiscation, that are made or received, all requests on the predicate offences and TF, including the nature of the request, whether it was granted or refused, and the time required to respond; and
g. other formal requests for assistance made or received by the FIU, including whether the request was granted or refused to enable the Secretariat to assess the effectiveness and efficiency of Cape Verde's systems for combating ML and TF.

354. Furthermore, Cape Verde did not provide information on actions it had taken concerning the criminalization of participation in an organized criminal group and racketeering; environmental crime; murder and grievous bodily injury; robbery and theft; migrant smuggling; illicit trafficking in stolen and other goods; bribery; counterfeiting of currency; counterfeiting and piracy of goods, smuggling; forgery, piracy, insider trading and market manipulation.

355. The Plenary commended Cape Verde on its progress and directed the country to submit its third follow-up report to the Secretariat two months before the November 2011 Plenary. The follow-up report is to contain information on further progress made in addressing the outstanding deficiencies in the MER, progress on those already rectified, and statistics on matters relevant to the effectiveness and efficiency of Cape Verde's AML/CFT system. Cape Verde was also directed to submit a copy of the final text of the CFT Bill when adopted by Parliament.

356. The Gambia: The MER of The Gambia was adopted in November, 2008 and The Gambia submitted its first follow-up report in November 2009. Since the adoption of this first report, The Gambia has taken a number of steps to address the deficiencies identified in its AML/CFT system, including the review of the Money Laundering Act 2003 and the Anti-Terrorism Act to enhance the effective implementation of AML/CFT measures in the country. The review covers the requirements in Recommendations 1, 4, 6, 12, 13, 16, 26, 29, 30, 33, 34, 36, 38 and SR. I.

357. With regard to the financial sector, the report indicated that:

- The Central Bank of The Gambia (CBG) issued Guidelines on Customer Due Diligence to financial institutions in September 2009. The provisions in the Regulations cover wire transfers, counter-financing of terrorism, approval of senior management prior to any business relationship with PEPs, documentation of responsibilities of financial institutions in relation to correspondent banking and shell banks. Furthermore, the CGB commenced supervision of financial institutions regarding AML measures and intends to extend the supervision to money or value transfer services and authorized dealers in foreign exchange. The Financial Supervision Division of the CBG adopted a risk-based approach in supervision and conducts supervision in collaboration with staff of the FIU. Examination teams verify compliance with the CDD requirements during on-site visits. Thus, assessment of the AML/CFT frameworks of banks is now included in the prudential examination of banks.
- Financial institutions have appointed compliance officers at senior management level.
- A Committee of Chief Compliance Officers has been established to facilitate information sharing on compliance among banks and networking with similar bodies outside The Gambia.

358. With regard to the DNFBPs sector, the follow-up report indicated that efforts relating to the sector were still ongoing.

359. The FIU received 11 suspicious transaction reports, of which seven were forwarded to the police for investigation. The FIU is also implementing an action plan agreed on with by the FIU mentor engaged by GIABA to support it in 2009. This has assisted the FIU to reorganize its work flow and filing system and recruit two dedicated staff, and it has established a manual database on fraud reports by banks and newspaper extracts.

360. Overall, it was concluded that The Gambia had not taken satisfactory steps in implementing the MER Recommendations since its adoption in November 2008 and the adoption of the first follow-up report in November 2009. A significant number of the actions to be taken in rectifying the identified deficiencies appeared to depend on the enactment of the pending AML Bill. Furthermore, the provisions in the Guidelines on CDD were not adequate for purposes of AML/CFT. The Guidelines do not qualify as other enforceable means.

361. Based on the recommendation of the WGMEI, the Plenary decided to maintain The Gambia on the expedited regular follow-up process and requested The Gambia to:

a. provide an estimated timeframe with a definable action plan and deliverables by which it might be in position to conclude the pending actions as progress is expected after one year;
b. provide documentary evidence on training programs held for AML/CFT stakeholders, budget allocation to competent authorities, minutes of meetings of the IMC and on-site supervision undertaken in relation to AML/CFT compliance function;
c. revise the Guidelines in line with the FATF recommendations; and
d. submit a third follow-up report in November 2011.

362. Mali: Following the adoption of its first follow-up report during the November 2009 Plenary held at Freetown, Sierra Leone, the Republic of Mali pursued the implementation of the recommendations made in its MER to rectify the deficiencies identified.

363. Generally, it was observed that some appreciable measures were taken, particularly regarding the operations and efficiency of the national FIU (the CENTIF). The follow-up report indicated that:

a. The relevant authorities had taken measures towards the management and efficient functioning of the CENTIF, including the appointment of institutional correspondents within the Customs Services, the police and the gendarmerie who were subjected to judicial oath. The CENTIF also recruited technical support staff; an analyst who contributes to the investigations and the analysis of STRS forwarded to the CENTIF; and a computer scientist for the management of the institutional database and the ICT tools.
b. The CENTIF signed a memorandum of understanding with Belgium and is currently negotiating with other countries, including the Russian Federation and France, in furtherance of international cooperation in the field of information exchange.
c. The CENTIF members regularly attended training programs organized by GIABA and UNODC, as well as other partners. They also carried out induction missions to FIUs in Europe, including French's Traitement du Renseignement et Action Contre Les Circuits Financiers Clandestins (TRACFIN), to develop their capacities.
d. The CENTIF now has armed guards and a video surveillance system to ensure the security of its premises.

364. Regarding the improvement of the legal framework, the Malian Council of Ministers adopted a law against trafficking in human beings and the smuggling of migrants, as well as Law No. 10-021 of 10 June 2010 governing the functions of assets administrator and real estate agent, and Decree No. 10-344 /PRM of 24 June 2010 establishing the modalities for the application of the Law governing the functions of real estate property administrator and real estate agent.

365. With regard to cooperation and mutual assistance, Mali established a military cooperation agreement with Mauritania, Niger and Algeria to address transnational organized crime.

366. Finally, the country has developed a national AML/CFT strategy with GIABA's assistance. The approval of the strategy document by the relevant authorities prior to its implementation is pending.

367. The remarkable progress made by Mali was the transposition of the WAEMU CFT Uniform Law, which was signed into law on 3 December 2010.

368. Efforts were noted to have been made in the mobilization of stakeholders engaged in AML/CFT through the organization of training seminars and particularly the participatory approach adopted in elaborating the national AML/CFT strategy. However, due to the non-adoption into its national legal framework of the WAEMU Uniform Law against FT as pointed out above, the CENTIF cannot take cognizance of STRs concerning the TF and it cannot, therefore, support its counterparts in carrying out of investiga-

tions into TF. This constitutes a negative impact on the integrated regional approach aimed at curtailing TF in a coordinated manner. This situation will also impede the CENTIF's quest to gain membership in the Egmont Group of FIUs, for which its application was under consideration.

369. The Republic of Mali has been retained on the expedited regular follow-up process and is expected to submit its second follow-up report to the Plenary in November 2011.

370. Guinea Bissau: Guinea Bissau presented its first follow-up report to the December 2010 Plenary since its MER was adopted in May 2009. The report did not provide clear information on the laws passed and activities undertaken in order to address deficiencies that were noted.

371. The country listed, without any precision, some ongoing projects or future ones, including the enhancement of the legislative framework, mainly with regard to the criminalization of terrorism and its financing, as well as the revision of the code of criminal procedure.

372. Regarding actions to be taken, the follow-up report indicated that Guinea Bissau was in the process of putting its FIU into operation in November 2010. In terms of sensitization and training, the report indicated that only judges, Customs officers and credit institutions are yet to be sensitized/trained.

373. From the analysis of the follow-up report of the implementation of recommendations from the MER, it appeared clearly that:
- Guinea Bissau had not been able to fulfil the minimum requirements for implementing the recommendations contained in its MER. No significant breakthrough has been noted. This situation is of great concern and will require that enhanced measures be taken by the country;
- High-level missions, for the purpose of support and advocacy, should be undertaken in order to assist the country to achieve its legislative reform as well as those relating to its institutional framework, mainly the FIU; and
- Urgent steps need to be taken by Guinea Bissau to adopt the UEMOA Directive No. 4/2007/CM/UEMOA on combating terrorism financing.

374. Based on the analysis of the WGMEI, the Secretariat and the responses of Guinea Bissau, the Plenary directed that:
- Guinea Bissau should submit a comprehensive report with relevant documents and statistics to enable the Secretariat to properly analyse the follow-up report and thus establish effective implementation of its AML/CFT regime;
- A high-level advisory mission should visit Guinea Bissau on areas of technical assistance and should solicit stakeholders' support for AML/CFT. The mission is also to sensitize the political leadership on the need to implement the MER recommendations, particularly the enactment of legislation, operationalization of the FIU and other relevant matters;
- Guinea Bissau should take urgent action to enact the Anti-Terrorist Financing Bill; and
- Guinea Bissau is also expected to submit an action plan in May 2011 like all other assessed countries.

375. Niger: Niger also presented its first follow-up report during the Plenary meeting in December 2011. The report was discussed together with the Secretariat's analysis by the WGMEI. It was noted that Niger had improved on its AML/CFT system, particularly with the adoption of a legal framework on the criminalization of terrorist financing. It was again noted that the effectiveness of the law was yet to be determined. Specifically, there are no mechanisms in place to implement the UNSC Resolutions 1276 and 1373.

376. Furthermore, Niger has enacted a legislation establishing a National AML/CFT Coordination Committee. The Committee is not yet operational due to lack of resources. The FIU of Niger does not have adequate resources to perform its functions and does not have a financial analyst. The Niger FIU is one of the oldest in the region, yet it is still facing challenges with its core functions.

377. Niger agreed with the analysis of its follow-up report and expressed commitment to rectifying the remaining deficiencies as soon as practicable. Niger informed the Plenary that it had the complete legal framework to combat ML and TF. With regard to supervision of its banking sector, Niger informed the meeting that the Central Bank had ensured that all banks are committed to implementing AML/CFT measures. Each bank has put in place a system to combat ML and TF and they are up to date in their AML/CFT obligations. Also, the Bank Commissioners are exercising general controls and ensuring that AML/CFT measures are implemented.

378. Ghana: The Republic of Ghana was subjected to the FATF/ICRG targeted review in June 2010 following the adoption of its MER in November 2009. The review was based on the poor ratings of all the core and key recommendations in Ghana's MER, as well as the size of its financial sector and its intermediation with the international financial system. Ghana submitted its first follow-up report to the Secretariat in October 2010. The report described in detail actions taken by Ghana since the adoption of its MER in November 2009, including the establishment of the Financial Intelligence Centre, enactment of the Economic and Organized Crime Office Act 2010 (Act 804), en-

actment of the Mutual Legal Assistance Act 2010 (Act 807), review of the Anti-Money Laundering Regulations, adoption of a Work Plan for 23 August 2010 to 31 December 2011, and development of a National AML/CFT Strategy. Ghana supplied additional material addressing the deficiencies identified in its AML/CFT system and on improvement in the system.

379. It was noted that Ghana undertook a number of actions to address the deficiencies identified in its AML/CFT system. With regard to the financial sector, banks and non-bank financial institutions require the prior approval of the Bank of Ghana (BOG) to enter into cross-border correspondent relationships. The BOG issued guidelines for non-face-to-face banking business and require all financial institutions to have in place IT plans and operations manuals (as required under R. 8) subject to annual review by the BOG. The BOG further directed all institutions under its supervisory purview to set up independent internal audit functions which must report directly to their boards rather than to their operational management. Similarly, the BOG provided comprehensive training to its staff and scheduled training programs for staff of financial institutions, while the Work Plan provided for AML/CFT training for bank and non-bank financial institutions (R. 15).

380. Ghana established a Financial Intelligence Centre on 4 January 2010 with staff strength of eight, including the CEO. The governing body of the FIC, a seven-member Board, was inaugurated on 22 February 2010. The Board comprises representatives of the Ministry of Finance, Ministry responsible for National Security, Bank of Ghana and the Ghana Police Service. Other members of the Board include the CEO of the FIC, a lawyer in private practice, and one other person from the private sector with experience in accounting, banking and finance. The FIC has developed an STR reporting format which is being used by accountable institutions for submitting STRs. The FIC received 52 STRs from financial and non-financial institutions, but none from designated non-financial businesses and professions. Of these STRs, 23 were being investigated and 12 disseminated to relevant competent authorities. The FIC also received 15 requests for international cooperation. In collaboration with the US (OTA), the FIC developed a comprehensive Work Plan to enhance its operations, train and build capacity of AML/CFT stakeholders, and implement AML/CFT legislation in Ghana.

381. Furthermore, the follow-up report indicated that some financial institutions appointed Compliance Officers at senior management level. An Association of Compliance Officers was established and members of the association met frequently to exchange information and update their knowledge of AML/CFT issues. The follow-up report did not indicate the date of formation and number of members of the Association, and it was silent on progress made with regard to the DNFBPs sector.

382. Finally, the FIC, under the auspices of the Ministry of Finance and Economic Planning, agreed on a Work Plan with the US (OTA) for AML/CFT Enhancement and FIU Development. The Work Plan covers activities to be undertaken from August 2010 to December 2011. The project is designed to assist the Republic of Ghana to develop and implement AML/CFT measures, including a comprehensive legislative and regulatory framework; the establishment of a well-functioning FIU/centre that meets international standards; and training and capacity-building of AML/CFT stakeholders from both the private and public sectors to put in place additional preventive and enforcement mechanisms for the prevention of ML, TF and other financial crimes.

383. The objectives of the Work Plan are to: (a) create a legislative, regulatory and procedural framework to support successful criminal, civil and administrative adjudication of financial crimes; (b) increase functional expertise and capacity of investigative and prosecutorial entities to accomplish successful adjudication of financial crimes; (c) enhance the collection of financial intelligence and establish analytic methodology; and (d) develop intra-national, regional, and international agreements, arrangements, and practices to enhance AML/CFT cooperation. Thus the Work Plan is designed to enhance the overall implementation of effective AML/CFT system in Ghana.

384. The Plenary commended Ghana for establishing the FIC, enacting the Economic and Organized Crime Office Act and the Mutual Legal Assistance Act and other efforts being made to implement the MER recommendations. It encouraged the country to do more, including adopting and effectively implementing Regulations for the effective implementation of the AMLA, ATA, the Economic and Organized Crime Office Act and the Mutual Legal Assistance Act and the National AML/CFT Strategy; and regulation of the DNFBPs sector to significantly improve on its AML/CFT regime. The Plenary requested Ghana to provide the Secretariat with evidence of ratification of the Palermo Convention and final texts of the Immigration (Amendment) Act, Regulations and National Strategy when passed or adopted.

385. Burkina Faso: Burkina Faso submitted its first follow-up report to the December 2010 Plenary after its MER was adopted in November 2009. The Plenary observed that Burkina Faso had taken measures to correct some of the deficiencies identified in its AML/CFT system.

386. Burkina Faso established its GIABA Activities National Follow-Up Committee (CNSA/GIABA) by a Joint Decree No. 2009-084/MEF/MJ/SECU, of 22 June 2009. This Inter-Ministerial Committee is in charge of AML/CFT cooperation at the national level.

387. At the community level, the Public Savings and Financial Markets Regional Council (CREPMF), the supervisory body the WAEMU regional financial market, adopted Instruction No. 35 on AML/CFT among the licensed stakeholders of the WAEMU regional financial market on 23 November 2009. The Instruction is directly applicable to the member countries, including Burkina Faso.

388. The analysis of the first follow-up report submitted by Burkina Faso on the implementation of the recommendations contained in its Detailed Evaluation Report shows important progress in two main fields. First of all, at the legal level, the country has criminalized terrorism through the proclamation of Law No. 060-2009/AN of 17 December 2009; and also the transposition in its national legal framework of WAEMU Uniform Law on the financing of terrorism, integrated on the same date under No. 061-2009/AN, Law No. 023-2009/AN of 14 May 2009 on the Regulation of decentralized financial systems in Burkina Faso; and Law No. 045-2009/AN of 10 November 2009 on the Regulation of wire services and transactions in Burkina Faso.

389. The enactment of these laws helped Burkina Faso to address, in a substantial way, the deficiencies relating to certain FATF Recommendations, particularly Special Recommendations I, II and V. Thus, the effective implementation of the laws would contribute in an appreciable way to the implementation of the recommendations contained in the MER, notably the inclusion of certain requirements to combat the financing of terrorism, as well as the regulation of the banking and financial sector in general.

390. Second, progress was made at the level of the operationalization of the national FIU. In this respect, Recommendation 26 was largely covered. Operationally, the FIU set up administrative management tools such as the Internal Regulations, the Code of Ethics, and Security Rules which were completed by the approval of the Suspicious Transaction Reporting Template through a Decree by the Minister of Economy and Finance. The FIU can now deal with ML/FT-related STRs. Thus it can efficiently respond to its counterparts' requests concerning mutual exchange of information.

391. The Plenary advised Burkina Faso to intensify efforts at several levels and more particularly within the framework of due diligence measures under R. 5, cooperation (R. 40), freezing and confiscation measures (R. 3 and R. SIII), regulation, supervision and control (R. 23) in all the sectors of reporting entities, to name just those above. The country was also encouraged to sustain its efforts and place special emphasis on compliance with the recommendations.

392. Overall, all follow-up reports due were submitted by the countries concerned. Based on a Plenary decision of December 2010, all member States on the follow-up process are expected to submit detailed action plans for the implementation of the recommendations in their MERs to the Plenary meeting in May 2011. As with MERs and the executive summaries of MERs, GIABA's publication policy applies to any follow-up reports, and they have been published on the website. Table 6 shows the member States that presented their follow-up reports in 2010.

Table 8: Member States' Follow-up Reports in 2010

Member State	May 2010		December 2010		Next Follow Up Report
	Follow Up	Plenary Decision	Title of Follow-up	Plenary Decision	
Sierra Leone	3rd FUR	*Moved to enhanced follow-up program			
***To report back every Plenary**	4th FUR	Retained on enhanced follow-up program	May 2011		
Senegal	2nd FUR	Retained on expedited follow-up program	-	-	May 2011
Nigeria	2nd FUR	Retained on expedited follow-up program	-	-	May 2011
Guinea Bissau	-	-	1st FUR	Retained on expedited follow-up program	November 2011
Niger	-	-	1st FUR	Retained on expedited follow-up program	November 2011
Ghana	-	-	1st FUR	Retained on expedited follow-up program	November 2011
Burkina Faso	-	-	1st FUR	Retained on expedited follow-up program	November 2011
Cape Verde	-	-	2nd FUR	Retained on expedited follow-up program	November 2011
The Gambia	-	-	2nd FUR	Retained on expedited follow-up program	November 2011
Mali	-	-	2nd FUR	Retained on expedited follow-up program	November 2011

Improving the Implementation of AML/CFT Standards by GIABA Member States

393. Recognizing the low capacity of member States to follow up actions and produce follow-up reports, and in order to facilitate the robust and effective implementation of an AML/CFT framework in the region, the Secretariat revised the template for submitting the follow-up reports. At the GIABA December 2010 Plenary, the Director General presented a paper on improving the implementation of AML/CFT standards within member States. The paper focused on the scope, principles, achievements and challenges of GIABA's mutual evaluation process, particularly on the implementation of MER recommendations. Under the framework of its Strategic Plan for 2011–2014, GIABA will focus on concluding the remaining evaluations and allow member States some time to implement the recommended actions in their MERs before commencing a second round of evaluations. The position paper noted that the immediate challenge was how to improve the quality of the follow-up reports and the monitoring process.

394. The Plenary commended the initiatives of the Secretariat and decided that all assessed countries should present detailed Action Plans with specific, measurable and time-bound actions to be taken to implement the recommendations in their MERs to the Secretariat two months before the Plenary scheduled to take place in May 2011. Specific, measurable and time-bound actions are to be taken in the implementation of their MERs. Assessed countries are to submit their action plans to the May Plenary. GIABA is to monitor the implementation of the plans and the countries are to submit periodic reports to the Secretariat. The Plenary adopted the proposals in the Memorandum.

Follow-up Missions

395. The follow-up missions undertaken by GIABA included high-level advisory missions to member States which normally take place two to three months before the submission of the country's follow-up report. The missions usually comprise officials drawn from the WGMEI and the Secretariat, with the Director General or Deputy Director General as the head of the mission. The follow-up mission was introduced to assist countries expected to present their first follow-up reports.

396. The purpose of such visits is to review the deficiencies in the MER and advise as appropriate, meet with relevant authorities and discuss the progress made with regard to the implementation of the Recommendations in the MER, and assist the countries to provide detailed, comprehensive and specific report on actions taken on the recommendations that were rated PC and NC.



Participants at Workshop for the development of national anti-money laundering and combating the financing of terrorism for the Republic of Liberia held from 20th to 22nd September, 2010 in Monrovia, Liberia.

397. During the period under review, the Secretariat undertook a follow-up mission to Burkina Faso on 22–23 September 2010 and Sierra Leone in November 2010 (the mission to Sierra Leone is discussed under follow-up reports). In the case of Burkina Faso, the mission met with the key Ministers of Burkina Faso and, among other things, reviewed the MER of Burkina Faso and advised as appropriate; it discussed the progress made with regard to the implementation of the Recommendations in the MER and assisted Burkina Faso to provide a detailed, comprehensive and specific report on actions taken on the recommendations rated PC and NC. As a result, Burkina Faso submitted a detailed follow-up report to the Secretariat before the Plenary meeting in December 2011.

Working Group on Mutual Evaluation and Implementation

398. The WGMEI was constituted in 2007 to support the Plenary in the examination of issues pertaining to GIABA mutual evaluations and related matters. These include reviewing the evaluation processes and procedures, discussion of follow-up reports, making recommendations for Plenary decision, and monitoring of progress. The following assignments and decisions relate to the WGME in the course of 2010:

399. Discussion of follow-up reports: Based on the Plenary decision in November 2009, that all follow-up reports should be discussed by the WGMEI, the WGMEI discussed follow-up reports of member States submitted in May and December 2010 and made recommendations to the Plenary for decision.

400. Follow-up Report Template: The WGMEI decided that assessed member States must submit their follow-up reports in accordance with the template provided by GIABA and recommended that depending on identified deficiencies, countries should be at liberty to indicate the extent to which they have complied with the Recommendations that were rated partially compliant or non-compliant. Member States were also urged to include statistics in their follow-up reports.

401. Reconstitution of membership: At the May 2010 Plenary held in Praia, Cape Verde, the Plenary reviewed the membership of the WGMEI. The WGMEI, which was first constituted in 2007, comprised Benin, Burkina Faso, Côte d'Ivoire, Ghana, Guinea Bissau, Nigeria, Senegal and Sierra Leone.

402. The Plenary decided that the representatives from member States who have served for less than two years should be retained, while countries that were not previously represented be given the first option to nominate qualified members; nomination was to be based on previous experience as a trained assessor, good knowledge of AML/CFT issues, membership of the national AML/CFT Inter-Ministerial Committee, and ability to travel on behalf of GIABA at short notice. Thus, the WGMEI membership was reconstituted and is now made up of officials from Guinea Bissau, Cape Verde, Togo, Mali, Liberia, Nigeria and Ghana.

403. Participation in follow-up missions: During the period under review, members of the WGMEI participated in a follow-up mission to Burkina Faso. Their participation was to afford them the opportunity to obtain first-hand information on member States' progress after the adoption of their MER.

404. Discussion of Guidance on AML/CFT: At the May 2010 Plenary the WGMEI adopted a Memorandum on Guidance on the Implementation of Mutual Evaluation Report Recommendations based on the objectives specified in the Memorandum and requested the Secretariat to develop a comprehensive guidance and forward it to members for review and subsequent adoption during the Plenary meeting in May 2011.

Expert Review Group

405. The objective of the Expert Review Group that meets immediately before the Plenary is to identify and highlight the key issues in a MER, as well as inconsistencies with other MERs, in order to enhance discussions and resolutions of those issues at the Plenary in an equitable manner. The ERG is therefore required to identify all remaining areas of disagreement between the assessed country and the assessment team, as well as the main issues behind these points; inconsistencies with other MERs; important areas deserving discussion at the Plenary; and any issues that require interpretation/clarification of the FATF standards, the 2004 Methodology (including "horizontal issues") or matters regarding FATF procedures.

406. In accordance with the GIABA ME Process and Procedures, an ERG was constituted to review the draft MER on Benin in May 2010. The ERG carefully examined the draft MER and presented outstanding issues to the Plenary for discussion and subsequent adoption of the MER. The report on the ERG discussions helped to define and focus the order of the discussion at the Plenary before adopting the MER.

Strategic Implementation Planning (SIP) Workshop for Member States

407. Within the Mutual Evaluation framework of the FATF adopted by FSRBs, assessed countries are expected to make progress in rectifying the deficiencies identified in their AML/CFT systems, as contained in their MERs. In this regard, assessed countries are expected to have in place implementation plans with targets, milestones and timeframes that will ensure effective implementation of the recommendations in their MERs, particularly with a focus on prioritization and sequencing of action plans.

408. However, analyses of the follow-up reports submitted by assessed member States have revealed the slow pace of progress made by the countries in implementing the recommendations in their MERs. This has been attributed to the existence of other national demands of equal importance and lack of prioritization of these demands together with those in the MERs. In view of this, GIABA, in collaboration with the World Bank, organized a three-day workshop on the Strategic Implementation Planning framework for member States on 5–7 May 2010 in Praia, Cape Verde.

409. The objectives of the workshop were to assist member States to prioritize and sequence the implementation of their MER recommendations based on available resources and emerging risks and ML/FT vulnerabilities, and to develop structured implementation plans.

410. The workshop was facilitated by experts from the World Bank, the GIABA Secretariat and the UNODC, and delivered through presentations and hands-on simulation sessions based on the SIP Framework developed by the Implementations Issues Working Group of the Asia Pacific Group and the World Bank. To ensure ownership of the implementation of their MER recommendations, participants worked in country groups with expertise in legal, law enforcement, FIU and regulatory issues for the practical sessions. Under the guidance of a mentor, each member State group completed the SIP Templates 1 on National Risk Assessment, Template 2 on Prioritization of MER Recommendations and Template 3 on Implementation Plan.

411. The principle was to use the findings in the MERs to develop National Implementation Plans, concentrating on key areas that were found to be less than fully compliant. This meant prioritizing and sequencing the implementation of MER recommendations, on the basis of identified risks/vulnerabilities and 'building block' FATF Recommendations, and factoring in resources and capacity issues. The outputs from the workshop have formed the basis for some member States in developing their National AML/CFT Strategy frameworks.

Pre-Assessment Training

412. GIABA considers it essential that personnel in stakeholder institutions responsible for AML/CFT issues, who will participate in meetings during mutual evaluation on-site visits, have a good knowledge of the FATF standards, methodology and the GIABA Mutual Evaluation Process and Procedures. This ensures that stakeholders are adequately familiar with and prepared for the ME and follow-up actions. To achieve this goal, GIABA organizes ME pre-assessment training programs for member States that are about to undergo ME. In line with this objective, GIABA organized Mutual Evaluation Pre-Assessment Workshops for Togo and Liberia on 4–8 August 2010 and 15–17 September 2010, respectively.

413. The themes covered at the workshops included procedures for completing the Mutual Evaluation Questionnaire (MEQ) section by section; description of assessed countries' role before the on-site mission, during the on-site mission and after it; and how the GIABA ME process coincides with the overall World Bank and IMF's Financial Sector Assessment Program and the AML/CFT assessment process. The Pre-Assessment Workshops contributed immensely to the success of the on-site visits to Togo and Liberia.

Conclusion

414. GIABA's first round of mutual evaluations has been characterized by a few delays, largely on the part of member States. Nevertheless, the progress made so far, assessing 13 out of 15 member States, gives GIABA the confidence to begin the second round of mutual evaluations. The implementation of the ME calendar has been productive. The challenges faced and lessons learned during the first round will assist GIABA to successfully plan and execute its ME mandate. It should be noted that GIABA and its member States have demonstrated a strong commitment to implement the FATF standards and the achievement so far is a mark of credibility of GIABA as an FSRB and an associate Member of FATF. In the coming year, therefore, GIABA will continue the execution of the accelerated program to assist member States in developing or revising their National AML/CFT Strategy Framework to ensure prioritization, role identification and assignment to all stakeholders responsible for AML/CFT issues, optimal deployment of resources and proper sequencing of intervention activities.

415. The first round of ME will be concluded in 2011, and 2011–2012 will be used as a stocktaking period. The ME Process and Procedures will be reviewed for alignment with the FATF 4th Round of ME. Also, the Secretariat will undertake retraining of regional assessors to keep them abreast of emerging issues. The second round of GIABA mutual evaluations is expected to commence in 2013.

CHAPTER 4

TYPOLOGIES AND OTHER RESEARCH PROJECTS

Introduction

416. Money laundering remains the most strategic corridor for criminals to transform their illicit proceeds into seemingly legitimate income. Every criminal who acquires wealth illegally tries to launder the asset in some form or another in order to escape being caught by the law. Having already committed the crime and acquired the proceeds, there is sufficient motivation for criminals to use all means necessary to launder it. Therefore, understanding why criminals are engaged in money laundering is relatively easy. However, it is difficult to uncover and prevent the different methods, techniques and mechanisms they employ to launder the proceeds. With sufficient motivation – a push factor (a strong desire to avoid being caught for the crime that has been committed) and a pull factor (a strong desire to disguise and utilize the acquired proceeds), criminals use creative and innovative means to launder their funds.

417. Criminals use various means and ways to move funds to where they feel it can be safer for them to benefit from the funds in due course. Despite the body of literature on this subject, we are still far from even an elementary understanding of the current techniques and intermediaries of money laundering – "even from the systematic analysis of detected cases, let alone from those that are unknown".

418. It is therefore, imperative that typologies and other research studies are continuously conducted and updated to have an insight into the methods, techniques and mechanisms used by criminals and their associates to launder the proceeds of crime. This will enable relevant stakeholders to develop, adopt and implement preventive and control measures to counter the techniques of criminals. Indeed, taking away the proceeds of crime has a deterrent effect and could be an effective way of dealing with predatory crime.

419. However, the success of law enforcement in taking away the proceeds of crime from criminals is very limited. Most legislative requirements for a successful money laundering prosecution are based on the principle that the offence must be proved "beyond reasonable doubt". The contention therefore is that any strategy based on the ability of the prosecutor to prove, to the satisfaction of the court, that wealth represents the proceeds of crime can predictably produce minimal success and impact. This is even more so in countries where the capacity of prosecutors is either limited or the criminal justice system is corrupt.

420. In this regard, the conduct of typologies and other research studies to determine the trends, methods and intermediaries of money laundering and terrorist financing remains one of the pillars of GIABA's function. This chapter reviews and presents summary reports on the typologies and other research studies undertaken by GIABA in 2010.

Follow-up on Typologies Studies

421. The GIABA typologies exercise on cash transactions and cash couriers in the region identified many money laundering vulnerabilities associated with the prevalence of cash transactions and the high rate of trans-border cash movement. The Secretariat has taken steps to support member States to implement recommendations in the previous typologies reports on cash transactions and real estate.

422. Cash transactions remain dominant in the West African region, where payments for intra-regional transactions are usually made in either local or foreign currencies, especially the US dollar, the British pound and the Euro. In this context, economic operators, especially those in the informal sector, are engaged in the free exchange of currencies in the thriving parallel markets, for the purpose of making cash payments for intra-regional transactions. [31]

[31] For further details, see the report Typologies of Cash Transactions and Cash Couriers in West Africa, GIABA, 2008 (www.giaba.org/typologies/casht transactions).

423. The overwhelming dominance of cash transactions among economic operators in all sectors of the West African economies is indicative of a persistently low use of banking facilities. In most of the ECOWAS countries, less than 30% of the population use formal banking services. The dominance of cash transactions, which are characterized by informality and anonymity, makes the region vulnerable to money laundering and terrorist financing, and sundry other crimes.

424. GIABA had reported last year that a regional workshop was scheduled for March 2010 to examine the obstacles to efficient payment systems in the region.

425. The workshop, which was organized by GIABA in collaboration with other ECOWAS institutions and the private sector, was held in Abuja on 10–12 March 2010. Its objectives were:

a. to increase awareness among stakeholders on the problem of cash transactions and cash couriering in West Africa;
b. to examine payments and monetary management on cash transactions in financial institutions;
c. to examine the existing framework for the control of cash movement in the region;
d. to review the FATF recommendations with regard to cash transactions and cash couriers with particular emphasis on Special Recommendation IX, and assess its implications for the region;
e. to deliberate on the problem of cash transactions and cash couriers in the region and consider and adopt possible options for dealing with the problem with due consideration to the findings and recommendations of GIABA typologies exercise on cash transactions and cash couriers published in 2007;
f. to identify the roles and responsibilities of various stakeholders in dealing with the problem;
g. to propose future strategies for coordination and sustaining efforts aimed at dealing with the problem.

426. Over 100 participants from member States attended the workshop. The key recommendations that emerged from the workshop include:

1. Greater attention should be paid to the operations of Customs authorities and other agencies at entry and exit points to prevent illegal cross-border transportation of cash without hindering the free movement of cash or bearer-negotiable instruments for legitimate purposes. This requires strengthening of laws and regulations that would support or enhance the operational efficiencies of these agencies as well as improved inter-agency cooperation in the areas of training and capacity-building.

2. The performance of the payment system depends on the availability and reliability of technology and telecommunications platforms. Consequently, authorities of ECOWAS member States are invited to pay special attention to the development or upgrading of technology and telecommunications infrastructure, as well as money laundering risks associated with new technologies, including cash transaction via mobile phones and stored-value cards. Thus service providers need to be subject to appropriate AML/CFT regulations and oversight and central banks need to take the lead in this area.

3. Member countries in need of technical assistance, including capacity-building, to strengthen financial system safety and stability, prudential oversight, licensing and AML/CFT controls, should approach development partners and the donor community, including GIABA, the World Bank, and others that have the capacity to meet these needs.

4. Central banks in the region should give greater attention to the development of the regional payment system and should continue to work with relevant authorities to remove the practical, political and technical barriers that currently impede the development of the financial infrastructure. Effective, efficient, transparent and properly regulated payment systems in West Africa need continuous development in order to integrate financial sectors and economies of each country to promote growth.

5. Member countries should build and strengthen the legal and regulatory infrastructure necessary to support the development and deployment of modern payment system as well as enhance necessary public awareness regarding their availability and benefits.

6. As only trust will enhance public confidence, and increase patronage of formal payment instruments, this trust must be built by implementation of the effective and comprehensive legal, regulatory and practical safety mechanisms that enhance reliability/efficiency and reduce the cost of using formal payment systems.

7. Cooperation between competent authorities, particularly law enforcement/security agencies and regulators in the region, should be enhanced to facilitate exchange of information and sharing of typologies reports, sanitized case studies and best practices on cross-border cash movement and payment systems.

8. The banks should develop more non-cash products that appeal to a large segment of the society and which at the same time are compatible with national payments infra-

structure. Banks and other financial institutions should simplify their documentation requirements and processes to encourage the informal businesses to use the formal financial system. For this to be achieved, regulatory support and forbearances would need to be provided.

427. The final report was adopted by the ECOWAS Council of Ministers at its 64th meeting in May 2010 and member States are expected to implement the recommendations to the latter.

The Corruption–Money Laundering Nexus

428. The main aim of the study was to provide a contextual and better understanding of this nexus in order to enhance the implementation of international and regional AML standards in the region. The report of the study was presented to the Plenary at its May 2010 meeting held in Praia, Cape Verde.

429. The key findings of the study are summarized below:

a. Corruption is prevalent, virtually endemic and institutionalized, with the following most dominant variety of techniques for its perpetration:

   i. Embezzlement, misappropriation, or other diversions of public property/funds by government officials;
   ii. Bribery of government officials;
   iii. nflation of contracts and over-invoicing for public works and procurement;
   iv. Abuse/misuse of office for personal gains;
   v. Trading in "influence" to get things done or not done; and
   vi. Illegal transfer or taking of money abroad.

a. Trend-wise, the problem of corruption in 2007 suggests both quantitative and qualitative increase when compared with 2003, even though the period also shows a trend towards increased anti-corruption and money laundering legislation and enforcement efforts.
b. Awareness of international AML provisions (e.g. FATF Recommendations) is very low, even among high-echelon functionaries of agencies and bodies (public and private) responsible for the prevention and control of money laundering. Related to this, the issue of organizational compliance with the international standards is a "non-starter", that is, very weak in most of the sample States.
c. Even though a greater proportion of the proceeds of corruption appear overall to be laundered and used internally, the proportion illegally transferred abroad are through financial corporate organizations (banks and non-banks) and business/trade "partners".
d. In spite of "local" AML legislations/regulations and control/enforcement agencies, however rudimentary or nominal these are in certain cases, their enforcement is impeded by an assortment of corrupt practices, especially by PEPs, and disabled or corrupt institutions and personnel. Differently put, an observed weak level of organizational compliance with extant AML provisions cannot be seriously attributed to a lack of knowledge of the provisions or an absence of primary or specialized AML agencies. The responsibilities lies somewhere else: abuse or misuse of office for personal benefit in isolation or, in combination with corruption of enforcement and judicial personnel, constitute the major impediment to the effectiveness of implementation of AML provisions. That is, corruption not only produces, but as well protects pand promotes money laundering.
e. There is little knowledge of the meaning of "mutual legal assistance" and most of the member States do not have formal MLA agreements or treaties with other pertinent countries. Rather, they rely on their membership of ECOWAS/GIABA as well as on non-mandatory inter-governmental bilateral understandings and/or informal routes for such assistance. However, among member States generally there is expression of overwhelming support for entry into MLA agreements, given the recovery-benefits of such agreements with respect to stolen/laundered funds.
f. A priori identification of PEPs is rare even though they are "obvious" or "known" to the general population. Their identification is usually a posteriori, through arrest/indictment/prosecution/trial/conviction (of which there are relatively few officially recorded cases) and/or exposure by the mass media (which are somewhat constrained in the Francophone countries). Still, the primary survey data suggest that PEPs are mostly high-level government officials, political office-holders, police/law-enforcement and judicial officials, as well as high-level private personnel.
g. More insidious and reflective of the prevalence of corruption in the region is the identification of "vulnerable individuals", middle- and lower-cadre officers who are "forced", as it were, by their socioeconomic conditions of existence (largely created by the development problems occasioned via adverse effects of the corruption and money laundering of PEPs proper) to engage in corrupt practices. The insidiousness of this inheres in the reality that it is this cadre of officers that is better positioned to block the corrupt and money laundering activities of PEPs, for example as routine government workers, bank operatives, potential "whistleblowers".

430. The report recommended inter alia that:
a. Since corruption produces the proceeds for laundering as well as helps in frustrating the effective functioning of the agencies for the prevention and control of laundering, governments of the region must, first and foremost, show observable political will and commitment to combat

corruption. Such will and commitment have to be manifested by the following:

i. Ensuring the meaningful domestication of international, regional and sub-regional anti-corruption conventions/protocols where these have not been done;
ii. Ensuring that anti-corruption laws are strict and punitive/deterrent enough, and are free from loopholes as well;[32]
iii. Ensuring the empowerment through funding and operational independence of anti-corruption agencies and avoidance of any executive interference whatsoever; and
iv. Ensuring leadership by example in terms of integrity, transparency and accountability of high-level political office-holders, public officers, and private sector chieftains and management.

b. Related to this, governments of the region must endeavour to progressively improve the socioeconomic conditions of existence of the generality of the population, particularly the lower and middle cadres of the public service, since "petty-corruption", by design or default, also helps "grand corruption" and inhibition of effective implementation of standards. How else can a culture of whistleblowing be developed and encouraged?

c. In furtherance to political commitment to the fight against corruption, the ECOWAS Commission in collaboration with its relevant institutions and other stakeholders should institute an Annual Civil Society Forum on Tackling Corruption in West Africa spearheaded and driven by the civil society.

d. Governments should align the structure of their anti-corruption and money laundering agencies to function in an organic and integrated manner in accordance with the FATF Recommendation 31, which called for countries to ensure that policy-makers, the FIU, law enforcement and supervisors have effective mechanisms in place which enable them to cooperate, and where appropriate coordinate domestically with each other concerning the development and implementation of policies and activities to combat ML/TF. The tremendous potential of AML regimes in fighting corruption should be deployed.

e. Governments of the region, with the support of international and regional organizations, should deliberately build and strengthen both the human and material capacity of their specialized agencies for the prevention and control of money laundering. There should be systematic and appropriate training in investigative skills, imparting of knowledge of the global financial system, information technology, etc. as well as provision of modern technical equipments and tools of detection and investigation, efforts which GIABA has been spearheading in the region.

f. Governments should provide personnel of their anti-corruption and AML agencies with enhanced pay and other attractive conditions of service well over and above those applicable to the general public service, along with codes of conduct that are stricter and penalties that are heavier than those applicable to the general population for any act of corruption or collaboration in their part.

g. For speedy dispensation, specialized courts should be created, and in adequate number, for the exclusive handling of corruption and ML cases, subject to the emplacement of strict rules of conduct and restricted immunity for the judges of such courts.

h. Specialized training should be given periodically with the aid of international, regional and sub-regional AML institutions, for policy and executive personnel of relevant public and private sector organizations, on AML conventions and instruments, for example on the provisions and essence of the FATF 40+9, on objectives, modalities, and benefits of MLA agreements, etc.

i. Central banks in the region should strengthen their oversight and monitoring functions over banks and other non-bank financial institutions to ensure the full implementation of FATF Recommendation 5 on Customer Due Diligence and Recommendation 6 on PEPs. Since Recommendation 6 is dependent on the good application of Recommendation 5, failure to implement it should attract higher penalty because it means that even Recommendation 5 is not being fully implemented. Sanctions of erring institutions should be imposed accordingly and in a timely manner and with the public knowledge of relevant others.

j. Related to this, GIABA, in collaboration with member States, should immediately develop an effective and efficient strategy to monitor and ensure that financial institutions are complying with FATF Recommendations 5 and 6.

k. In addition to whatever existing "understandings" with international bodies and/or foreign governments, all countries in the region should endeavour to consummate MLA agreements with other countries that are actual or potential havens for their stolen and laundered money. In this regard the ECOWAS Commission should assist in fostering the entry of member States into MLA agreements at both regional and international levels. However, such an agreement should consider the following:

[32] For instance, laws should include provisions that would make it statutorily mandatory for professions that "inherently" collaborate with perpetration of corruption and money laundering at present to patently cooperate with the pertinent enforcement and judicial authorities e.g. the legal banking, accounting/auditing professions.

i. The need for simplification of the process of request for assistance and its service, devoid of cumbersome legal technicalities;
ii. The need for the simplification of the process for the recovery/return of proven stolen/laundered money, without extortionist commission charges and within a specified time-limit;
iii. The need to include foreign individuals and business enterprises as liable parties; and
iv. The need to have recourse to an arbitrative third-party authority in case of default.

l. GIABA should carry out a separate study of the phenomenon of "internal money laundering" indicated by findings in this research, particularly since such laundering distorts the local economy and the proceeds from the "legitimate" enterprises (stocks, shares, estates) could later be sent abroad as legitimately earned income. In the meantime countries in the region should give special attention to the locally generated proceeds of crime laundered internally as they do with regard to illicit money generated locally and laundered abroad or generated abroad and laundered locally. Here, the hitherto apparent inattention to unexplained wealth and the underutilization or non-use of the Suspicious Activity Report tool should be reversed with a view to using these as anti-corruption and AML measures.

m. GIABA should contextualize the current international conception of PEPs to take into account the region's characteristics and peculiarities with respect to corruption and related practices, for example the peculiarities of the preponderance of cash transactions, informal sectors, absence of proper identification of persons, etc. Instructive here are the findings of GIABA's Working Group on Typologies (WGTYP) with regard to the vulnerability of the countries of the region to ML/TF arising from cash transactions and cash couriers indicated earlier.

n. GIABA should construct/design Data-Collection Formats for standardized and uniform application in the region to collect, for annual analysis and publication, valid and reliable information on ML cases, and socioeconomic and other characteristics of arrested or indicted PEPs.

o. GIABA should create and continuously update a database on actual and potential PEPs and regularly circulate the information to anti-corruption and AML agencies in the region.

p. GIABA should develop a cooperate strategy on information dissemination aimed at keeping a target public as well as the general population in member States well informed about its existence mandate, programs and activities. In addition to heightening needed awareness of the organization, such a strategy would help to stimulate the implementation of anti-corruption and AML measures in the region.

431. These recommendations have been published in the report and can be accessed at the GIABA website. Hard copies have also been produced and circulated to member States for implementation. Some of the actions required at the regional level have already been included in the GIABA programs and work plans for 2011. [to here]

Typologies Report on the Laundering of Proceeds of Drug Trafficking

432. Subsequent to the typologies workshop on Laundering the Proceeds of Drug Trafficking, which was conducted in Bissau, Guinea Bissau on 27–28 January 2010, the typologies report was finalized and presented to Plenary at its December 2010 meeting held in Abuja, Nigeria.

433. The main findings of the study are:

a. Drug traffickers employ complex means to launder money generated from drug trafficking including the use of lawyers, bureaux de change, trade, cash couriers, front companies, purchase of real estate, etc.
b. The illicit proceeds flow from different directions:

i. Local cultivation, distribution and sale of cannabis; local production, distribution and sale of fake and adulterated drugs; and limited distribution and sale of narcotic drugs and psychotropic substances largely imported into the region (cocaine, heroin and amphetamine-type stimulants).
ii. Repatriation of illicit drug proceeds by drug barons into the region through various complex means: cash, trade, transfers, professional agents, currency swapping between jurisdictions with traders or other interested customers, sometimes through the formal sector with the support of compromised officials of financial institutions, etc.
iii. Monies generated by drug couriers and transferred home largely as cash due to the amount, which ranges from US$2000–$5000 per trip; and
iv. Monies generated by different, increasingly specialized Criminal Service Providers (CSP) – false identification producers, recruiters of drug couriers, drug packagers, some specialized persons in the DNFBP sector, etc.

c. Many of the AML laws in the region are very recent compared to the drug trafficking laws, which means that there

is less experience in the administration of AML laws.

d. In some countries, the penalty for drug offences is not proportionate and dissuasive. From the range of sentences observed to have been given to convicted traffickers, there is no consideration for type or quantity of trafficked drugs.
e. There is general lack of effectiveness with regard to the enforcement of AML laws across the board. Capacity to carry out effective AML investigation is generally low and many ML predicate offences are not investigated for ML, including drug trafficking, which is a major source of criminal proceeds.
f. The domination of the informal sector and cash transaction of the economy of the region are obstacles to effective enforcement or implementation of AML measures.
g. The disparity in AML capacity among member States is a source of concern and needs to be urgently addressed.
h. All countries in West Africa are very vulnerable to drug trafficking and related money laundering. This vulnerability arises from geographical, political, legal, institutional, economic and social factors. The large sea coast is either partly or completely unmanned in most parts of the region. Generally, inland borders are porous and not effectively manned throughout the region.
i. Most of the countries have AML laws that were enacted not more than four years earlier, and the necessary infrastructure and human capacity to support the execution of the law are still being put in place. In a number of the countries, this process has been stalled by lack of resources.
j. The trafficking tends to be concentrated in countries with unstable political, social and economic situation and weak controls (legal, enforcement, prosecutorial and judicial). Also, massive volumes are imported into countries that have very busy ports, which do not have commensurate supervision and are aided by corruption.
k. The laundering of the money generated from drug trafficking tends to be carried out in stable countries in the region with a fairly stable economy, where cash dominates transactions and it is difficult for authorities to monitor cash inflows and outflows, as well as some in countries outside the region (largely countries from where the heads of the networks operate and the countries of some of the drug couriers from outside the region).
l. Corruption appears to play an important part in the cross-border movement of proceeds of crime as cash or when converted into goods.
m. The general lack of capacity to intercept illicit drugs, especially cocaine and heroin, makes money laundering almost inevitable due to the prevailing ML opportunities in the informal sector.
n. There is general lack of capacity for ML investigation in most of the countries coupled with the fact that ML investigation has not been fully integrated into drug trafficking investigation in most of the countries. Investigating ML during drug investigation does not appear to be a top priority, as indicated by the apparent absence of asset seizure and confiscation despite convictions obtained of drug traffickers in most of the countries and the significant drug seizures made.
o. Coordination between the investigating agencies and FIUs during drug-related ML investigation is very weak. The trust factor remains an important element in this lack of coordination.
p. Overemphasis on ML through the formal financial system undermines overall AML/CFT efforts, especially in West Africa where the cash-dominated informal sector is the preferred channel for laundering the proceeds of crime, including drug trafficking.
q. Reporting entities do not appear to be providing STRs commensurate with the level of the drug trafficking problems in most of the countries. This may be as a result of lack of expertise in ML risk analysis or lack of interest in providing such information.
r. Most of the FIUs do not have sufficient analytical expertise to detect drug-related money laundering. Emphasis appears to be placed more on corruption and economic crimes related to ML by the FIUs.
s. Cross-border information sharing both in the control of drug trafficking and related money laundering is very low except where there is a public incidence that affects countries.

434. There are a number of recommendations which, if implemented, will help to improve the overall implementation of AML measures against drug trafficking and other predicate offences both at the member States and regional levels:

a. Countries in the region need to evolve a common strategy to enable them to pull their resources together and patrol the coastal waters, with the support of international partners. The most vulnerable countries should be given priority in technical assistance.
b. There is the need for countries in the region to institutionalize joint border patrols and establish other joint operations agreements to attract more support from donors and other concerned countries to facilitate the interception of cross-movement of illicit drugs and bulk cash.
c. The ECOWAS Commission needs to develop a common long-term Regional Strategy Crime Prevention and Control to serve as a roadmap for member States in dealing with transnational organized crime and other trans-border crimes across the region.
d. Drug and ML investigation agencies need to be insulated from political interference by ensuring that the laws establishing them give them adequate powers to perform their functions in accordance with the provisions of the law.
e. There is a need to accelerate progress on reforming the

cash dominance in the region's economy and provide the necessary conditions for the emergence of acceptable and attractive payment systems to reduce the general risk of money laundering.

f. Countries in the region should take immediate steps to minimize the use of cash in value-intensive businesses through which proceeds of drug trafficking have been found to be laundered, such as real estate, stocks and automobiles. Transactions in these business areas should be made to go through formal banking services, with obligations on banks to provide such information to authorities on a regular basis. Further registration and certification by competent authorities should be subject to satisfying this condition. Commensurate sanctions should be put in place for defaulters.
g. A regional, national and sectoral strategy to improve community participation in crime prevention is required. At the regional level, ECOWAS needs to adopt and propagate clear nationalistic values that define and promote ECOWAS citizenship. Clear regional direction is required with regard to community mobilization against serious and organized crime in the region to complement the accelerated drive for regional integration.
h. There is the need to review anti-drug trafficking laws and ensure that competent authorities have adequate powers to conduct money laundering investigation, in particular powers within the provisions of FATF Recommendation 4.[33]
i. The issue of proportionality of punishment has to be addressed by the enabling laws in themselves and in consonance with the AML laws. Proportionality should be seen not only in the context of dissuasiveness, but also in the context of the predicate crime laws and AML laws and within the same law in terms of the type and gravity of the offence. This will help to prevent one legal instrument from becoming a disincentive for the enforcement of the other.
j. Human and institutional capacity for ML investigation should be developed in drug enforcement institutions and departments across the region. In particular, countries with some experience in the region should support the others to improve their own capacities.
k. There is a need to institutionalize AML training in the curricula of regulatory and enforcement training institutions across the region, at both regional and national level. Accredited AML training programs should also be developed at the operational, strategic and management levels to service the different needs of regulators, enforcement officers, reporting entities, professional bodies, self-regulatory organizations and special groups of civil society.
l. Anti-drug trafficking departments should establish ML-related databases to capture relevant information on investigations and prosecution of ML cases and linked up with the FIU to share timely information.
m. Countries in the region need to put in place a comprehensive currency declaration/disclosure system at all the determined vulnerable and key points, and the system should feed into a national network where data generated can become actionable, especially linking up with the FIUs.
n. Countries in the region may consider the setting up of dedicated courts to deal with cases of money laundering and associated crimes, as well as dedicate trained judges to handle these cases, with enhanced due diligence on the activities of such courts and the personnel.

435. This report has since been published on the GIABA website.

The Nexus between Small Arms, Light Weapons Trafficking, Money Laundering and Terrorist Financing

436. In 2010, the Secretariat provided a grant for a study to be conducted on "The Nexus between Small Arms, Light Weapons Trafficking, Money Laundering and Terrorist Financing in West Africa". The study is a follow-up to a GIABA-sponsored workshop on the same issue which was conducted in Bamako, Mali in 2008. The report is expected to contribute to the ongoing work of the ECOWAS Small Arms Program and provide some insights into how trafficking in small arms and light weapons (SALW) impacts on money laundering and terrorist financing and vice a versa.

437. The Terms of Reference for the study are:

a. Evaluate as accurately as possible the prevalence, types and impact of SALW trafficking in the region based on available data.
b. Estimate the proportion of the proceeds from SALW trafficking that is or is likely to be laundered, or the proceeds of other predicate offences that are laundered through SALW trafficking.
c. Identify the extent and category of groups or persons involved in the movement/flow of the proceeds and the methods used.
d. Examine the existing control measures, including legislation and ratification of relevant conventions by ECOWAS States.
e. Analyse the effectiveness or otherwise of the efforts in combating SALW, including providing statistics on the number of SALW seized, arrests, prosecutions, convictions and confiscation of assets.
f. Recommend specific and general measures to be taken at the regional and national levels to effectively address the problem.

[33] Recommendation 4 enjoins countries to abolish bank secrecy and other obstacles to obtaining financial information.

438. The final report is expected to be presented for consideration at the May Plenary in 2011.

Study on Tax Fraud and Money Laundering in West Africa: A Human and Economic Development Perspective

439. A study has been commissioned on "Tax Fraud and Money Laundering in West Africa: A Human and Economic Development Perspective". The study is intended to explore the forms of tax fraud, its possible laundering dimensions and the impact on regional integration and economic development in West Africa. It will thus form the part of working documents for typologies of tax fraud-related money laundering. Part of the study's aim is to determine how good and efficient tax administration could impact on good governance and how best practices in tax administration will assist countries to improve their tax collection to accelerate economic development.

440. Although this study is not a typologies study per se, the Terms of Reference include the following:

a. Identify the different types of tax frauds through which illegal proceeds are generated in the region and the sectors/groups most involved.
b. Identify the methods and techniques/mechanisms/scenarios employed to launder illegal proceeds generated through tax fraud.
c. Provide an estimate of the extent of the problem of tax fraud in the region and related money laundering issues.
d. Identify existing legal, regulatory, enforcement, institutional and other gaps for the prevention and control of tax fraud and related money laundering.
e. Highlight the negative effects of tax fraud and related money laundering in West Africa from the human and economic development perspective.
f. Make recommendations for addressing the problem both at national and regional levels.

441. At the end of the study, it is expected that a better understanding of the sharp practices related to tax matters would emerge and recommendations made for improving the methodology for tax administration and reducing the laundering of the proceeds from tax crimes.

Typologies Concept Note on Tax Fraud-related Money Laundering

442. At its December 2010 meeting held in Abuja, the Plenary welcomed and approved a Typologies Concept Note on Tax Fraud-related Money Laundering to be conducted in the region. This exercise will follow on the study on "Tax Fraud and Money Laundering in West Africa: A Human and Economic Development Perspective". It is expected that the knowledge gained from the first study will give impetus and direction to the typologies exercise.

New Mandate and Membership of the Typologies Working Group

443. A revised mandate and membership of the Working Group on Typologies was adopted during the 14th GIABA Plenary meeting in December 2010. The new mandate for the Working Group is as follows:

a. Propose relevant typologies and other research studies for approval by the Plenary.
b. Lead the conduct of research on ML/TF with a view to identifying current and emerging methods, techniques and trends.
c. Produce reports of the typologies, highlighting case studies.
d. Develop relevant guidance, based on the FATF standards, for the conduct of such typologies and research studies as may be requested by the Plenary.
e. Support member States in the conduct of such typologies and other research studies as may be directed by the Plenary or requested by the Secretariat.
f. Propose ways and means for the dissemination of the outcome of research studies to ensure maximum impact.
g. Study and advise the Plenary on all issues emanating from the FATF in relation to the conduct of typologies and other research studies on ML/TF with a view to ensuring common standards.

444. Membership for the WGTYP was reconstituted with representatives from Cape Verde, Côte d'Ivoire, Ghana, The Gambia and Nigeria. A member of the Group is to serve up to two years, equivalent to four Plenary meetings, and thereafter may be re-nominated or replaced as the Plenary may decide, bearing in mind the need to ensure continuity in the Group's work.

445. The WGTYP is to ensure that at all times its projects are handled by experts who will add significant value to its work. In doing so, the Group is to work closely with national correspondents to mobilize relevant expertise from member States to participate in the planned project. In doing this, the Group should not feel constrained in employing the best method and arrangements for the conduct of a study as long as that will lead to the attainment of the study's objectives. The Group, through its Co-Chairs, will report to the Plenary in writing on the progress of its work.

Involvement in FATF Typologies Exercises and Other Research Work

446. GIABA is an active member of the FATF Typologies Working Group and has contributed positively to its work. In 2010, GIABA was a member of the FATF team working on the Typologies on Human Trafficking. It is also a member of the team working to streamline and standardize FATF work on risk assessment. GIABA participated in and made presentations at the joint FATF/Egmont Group typologies workshop held in Cape Town, South Africa, on 16–19 November 2010. It mobilized a number of participants from member States to attend the workshop.

447. In addition, the FATF organized a training program on typologies where GIABA supported the workshop with a resource person and sponsored three participants from its member States who benefited from the training; one was sponsored by his country.

Conclusion

448. The conduct of typologies exercises and research studies remains valuable to the understanding of the phenomena of money laundering and terrorist financing. The multifarious vulnerabilities and low capacity of the region makes it imperative for vigilance to be kept up to prevent the problem of ML/TF from becoming an emergency. In furtherance of this goal, GIABA has launched a number of initiatives to increase knowledge and understanding of the phenomena based on identified priorities. It is hoped that member States will take full advantage of the new knowledge to further fortify their AML/CFT regimes. In doing this, they will require the support of all stakeholders, local and external.

CHAPTER 5

TECHNICAL ASSISTANCE

Introduction

449. In 2010, GIABA accelerated the pace of its technical assistance to its member States. The 2010 programs were designed to respond to the challenges occasioned by the vulnerabilities identified in the AML/CFT regimes of member States. In particular, there was increased attention in the year to build capacities of both the supervisors and operators of designated non-financial businesses and professions.

450. As in the previous years, GIABA's technical assistance to member States in 2010 was demand-driven, integrated, result-oriented, flexible and scalable into national priorities. The program design drew inspiration from several sources, including the ECOWAS Vision 2020, decisions arising from GIABA and FATF Plenary meetings, West Africa Monetary Zone AML/CFT programs, West African Monetary Zone projects, the GIABA Technical Assistance Needs Assessment report, mission reports and other value-adding reports. The overriding factor in program execution was transfer of capacity to member States in a timely, cost-effective and qualitative manner.

451. The focus of the 2010 programs was on:

- increasing the number of beneficiaries at national level to ameliorate the problem of "fungibility" of capacity and transfers of trained personnel;
- improving the absorptive capacity of member States;
- facilitating inter-agency coordination and collaboration among national stakeholders on AML/CFT issues; and
- improving response time of member States to emerging issues that could adversely affect the implementation of effective AML/CFT measures.

452. The technical assistance was categorized into four types: (a) assessment of needs and support for support for the development of appropriate national AML/CFT frameworks; (b) capacity-building, including training and institutional building; (c) provision of technical equipment, where necessary; and (d) legal and other technical advisory services. Thus the following regional programs were organized in 2010.

A. Training Workshops and Seminars

GIABA/World Bank Regional Workshop on AML/CFT Compliance Supervision

453. This program was organized in collaboration with the World Bank, with the aim of assisting bank supervisors to fully understand and apply a risk-based supervisory approach to AML/CFT compliance. The overall objective of the workshop was to enhance capacity and build the expertise of banks' compliance officers in particular, along with their executives and other practitioners in the industry who are involved in supervisory and regulatory functions or are responsible for enforcing AML/CFT standards in their respective institutions.

454. The workshop discussed the development and enforcement of internal control policies and procedures by financial institutions for the effective and diligent implementation of AML/CFT measures; reviewed the role of compliance officers vis-à-vis that of senior management in the implementation of the AML/CFT regime; underscored the need to establish and adequately resource an independent audit function to test the level of staff compliance with the internal control policies and procedures; and made further recommendations.



Participants at the GIABA/World Bank Regional Workshop on AML/CFT Compliance Supervision held from 5th to 7th October, 2010 in Abidjan, Côte d'Ivoire.

455. About 30 participants from banks and other supervisory agencies from the five ECOWAS Anglophone member States were trained.

Joint GIABA / ECOWAS Court of Justice Seminar for Judges

456. Despite the efforts to combat money laundering and terrorist financing, there have been few convictions for these menaces in GIABA member States. One of the underlying factors for this situation is the apparent lack of capacity of judges to adjudicate on transnational crimes, including ML and TF. Against this background and to sustain efforts in training judges on AML/CFT matters, GIABA, in collaboration with the ECOWAS Court of Justice, organized the second regional seminar on economic crime for Judges from Francophone and Lusophone ECOWAS member States in Bamako, Mali, on 22–26 March 2010.

457. The objective of the workshop was to sensitize judges designated to adjudicate on ML/TF cases and to enhance their capacity to deal with these forms of crime. The judges were sensitized to international standards and best practices on AML/CFT and to challenges in the administration of justice, as well as issues relating to admissibility of evidence and fair trial. About 80 participants, including judges from the ECOWAS Community Court of Justice, attended the workshop.

458. After analysing the various aspects of money laundering and terrorist financing, and their negative impact at the economic (hampers development), political (threat to public security and breach of republican values), and social (disturbs social foundation) levels, and given the need to involve the judiciary, which plays a critical role in combating AML/CFT, the following recommendations were made:

a. Jurisdictions must be conversant with the FATF 40 Recommendations and 9 Special Recommendations, with the United Nations Resolutions, and with international AML/CFT conventions and standards.
b. Jurisdictions should own the regional directives, Uniform Law and Rules, as well as any other legal AML/CFT tools and measures.
c. A module on financial crime and "Money Laundering and Terrorist Financing" should be introduced in the specialization courses for future judges.
d. Judges who attended the AML/CFT Training Seminar should act like intermediaries with their colleagues in their respective countries, for a larger dissemination of knowledge.
e. GIABA and Financial Information Units (FIUs-CENTIF) should provide more training opportunities to the judiciary and should send again the same seminar participants for future training for an optimal length of time, to reinforce the knowledge acquired.
f. State authorities should transfer AML/CFT cases to the judges who followed an AML/CFT training and should maintain them in their positions during an optimal period, so as to allow them to consolidate and apply the knowledge acquired.
g. AML/CFT judges should be granted security of tenure, so that they are protected from any arbitrary sanction or decision after taking AML/CFT actions. In this regard, they can refer to Cape Verde, where the Public Prosecutor has a five-year irrevocable mandate.
h. The WAMU 2003 AMLA Uniform Law should be amended to make some of its provisions more compliant with the FATF's 2004 revised Recommendations, the United Nations Resolutions, and international AMLA/CFT conventions and standards, particularly those adopted after 2003. The purpose of revising this Act is to improve it by taking into account all the latest developments regarding AMLA/CFT (e.g. extending the group of people subject to STRs, determining predicate offences with the largest scope possible, introducing the idea of PEPs, referral to the Public Prosecutor through FIU-CENTIF reports, transferring prosecution to a third country etc.). This should be performed in cooperation with all AML/CFT stakeholders

and strategic partners, namely BCEAO, GIABA, FIU-CENTIF, member States experts, FATF, UNODC, IMF, World Bank, Banque de France, etc.).

i. In a move to make regional judicial cooperation stronger, the seminar participants appealed to the Francophone and Lusophone judges, as well as their Anglophone colleagues, to contribute to setting up an ECOWAS Association of Judges.

459. The recommendations of the workshop have been incorporated in GIABA's 2011 programs.

National Training Workshop on the Role of the Insurance Sector in Implementing AML/CFT Measures

460. The insurance sector underpins key aspects of society by providing security and protection to individuals, communities and businesses. It is also a fundamental part of doing business, and developing an efficient and competitive insurance market. Thus, it is critical to the development of the financial sector, especially in developing countries.

461. Increased regulation and advances in technology have caused money launderers to use complex commercial arrangements that require the services of professionals such as insurance companies and brokers. Through its economic and financial activities, the insurance sector becomes vulnerable and is a target for laundering the proceeds of crime. This vulnerability can arise from the investment aspect of life insurance or life insurance policies. There is therefore the need for strong regulation within the sector and ensure full implementation of the FATF 40+9 Recommendations.

462. The FATF 40 Recommendations contains several recommendations that apply to business and professions that are not financial institutions. Specifically, Recommendation 9 requires businesses to apply Recommendations 10–21, and 23 to financial activities of non-financial business or professions. In addition, Recommendation 27 requires the designation of competent authorities to supervise and regulate the implementation of the Recommendations in professions that deal in cash.

463. In recognition of the important role of insurers in AML/CFT efforts, GIABA organized a three-day training workshop for brokers and practitioners in the insurance sector. The workshop objectives were to (a) sensitize insurance practitioners in AML/CFT requirements under the FATF 40+9 Recommendations; (b) emphasize duties of regulatory agencies on their requirements on monitoring of insurance agencies; and (c) create a framework for cooperation and exchange between insurance companies and the supervisory bodies for effective implementation of AML/CFT in the area.

464. At the end of the workshop the insurance companies represented renewed their commitment to implement robust AML/CFT regimes in their insurance dealings and to cooperate better with regulatory agencies.

World Press Conference, Interactive Session with Media Executives in West Africa and Open House

465. As part of GIABA's collaborative efforts with governments, NGOs, development partners, regulatory bodies, financial institutions, law enforcement, civil society organizations, professional bodies, and the media towards sustained efforts in the fight against ML/TF, GIABA held a World Press Conference, an Open House and a public presentation of its 2009 Annual Report and the commemoration of ECOWAS day in Abuja, Nigeria on 27 May 2010.



The Director General, Dr Abdullahi Shehu, responding to some questions from West African journalists during the International Press Conference organized by GIABA on 28th May, 2010 in Abuja, Nigeria.

466. The objectives of the event were to:
   a. raise awareness and sensitize the region about the global threats posed by the activities of money launderers and terrorists;
   b. increase awareness among stakeholders on the negative impact of ML/TF in West Africa;
   c. highlight challenges and constraints in combating ML/TF;
   d. explain areas of collaboration in the fight against ML/TF; and
   e. improve the networking and partnership between GIABA and stakeholders in combating the threats of ML/TF in the region.

467. The program was attended by a cross-section of AML/CFT stakeholders, including representatives of the ECOWAS Commission, line ministries of GIABA, regulatory agencies/institutions on ML/TF, development partners and donor agencies, law enforcement agencies, leaders of civil society organizations, private sector, academia, parliamentarians and student leaders.

468. GIABA launched its 2009 Annual Report and other reports on research studies conducted by GIABA: "Corruption-Money Laundering Nexus: An Analysis of Risks and Control Measures in West Africa" and "Threat Assessment of Money Laundering and Terrorist Financing in West Africa".

469. All of these reports are available for download on GIABA website: www.giaba.org

Third Seminar on Economic and Financial Crime for Judges

470. The Third Seminar on Economic and Financial Crimes for Judges of English-Speaking countries in West Africa was organized by GIABA in collaboration with the Commonwealth Secretariat. The event, which was held in Banjul, The Gambia, on 14–16 June 2010. About 25 judges responsible for the adjudication or likely to adjudicate on economic and financial crimes in The Gambia, Ghana, Liberia, Nigeria and Sierra Leone attended the seminar.

471. The seminar provided a forum for judges to exchange knowledge and experience about white-collar crimes, particularly corruption, money laundering, fraud and terrorist financing. In addition to providing a platform for networking among the judges, the seminar was designed to sensitize the judges on the nature, methods and impact of economic and financial crimes and initiatives to deal with these crimes.

472. The participants enumerated some of the main challenges to the fight against economic and financial crimes political interference; lack of political will and failure of the Attorney-General to prosecute certain high-level crimes; lack of capacity or training on the part of law enforcement agencies to trace the proceeds of crime; the constitutional immunity of certain political office-holders; lack of cooperation between relevant law enforcement agencies; and corruption.

Regional Policy Seminar on AML/CFT Compliance for Banks' Chief Executives

473. To strengthen alliance with the private sector in the fight against ML/TF, GIABA organized this seminar in Dakar on 9–10 July 2010. The seminar was designed to promote the institutionalization of AML/CFT compliance culture and to solicit the commitment of top management of financial institutions to promoting the implementation of effective AML/CFT measures in the region. The seminar sensitized top management officials of banks on issues of good corporate governance that are central to the implementation of AML/CFT measures consistent with the FATF standards. About 95 bank executives from member States participated.



His Excellency Mr Abdulai Yakubu, Ambassador of Ghana, Mr Jean Baptiste Aman Representative of the Governor of BCEAO, Dr Abdullahi Shehu, Director General of GIABA; His Excellency Mrs Azuka Cecilia Uzoka-Emejulu, (mni), Ambassador of Nigeria and Mr Sanpha Koroma, Chief Executive Officer (Union Trust Bank – Sierra Leone) during the Regional High Level Seminar on AML/CFT politics for Bank Chief Executives held from 9th to 10th July, 2010 in Dakar, Senegal.

Regional Training for Financial Crime Investigators

474. In line with FATF Recommendation 27, which requires the building of capacity in the relevant authorities to enhance their skills and competencies in the detection, investigation and prosecution of money laundering and related crimes, GIABA organized a regional training workshop for financial crime investigators on 19–23 July 2010 in Ouagadougou, Burkina Faso.

475. More than 69 law enforcement officers and officials of other competent authorities of GIABA member States who are directly involved in AML/CFT investigation participated in the workshop.

476. The workshop equipped the participants with the necessary tools to detect and investigate money laundering and related financial crimes. Following capacity gaps identified at the workshop, GIABA has designed a mentoring program for financial crime investigators in some of the member States.

Regional Training on Financial and Economic Crime Reporting for Media Practitioners in ECOWAS Countries

477. The mass media have a crucial role in the fight against ML/TF, especially the dissemination of information required for effective implementation of AML/CFT measures. Consequently, GIABA organized a workshop for media executives from the Francophone and Lusophone member States in Abidjan, Côte d'Ivoire, on 3–4 August 2010. A similar workshop was given for the Anglophone countries in Freetown, Sierra Leone, on 25–26 October 2010. Over 40 journalists/economic and financial crime reporters attended these workshops. A major outcome of the workshops is the formation of a network of journalists devoted to promoting AML/CFT in the region.

GIABA/World Bank Regional Workshop on AML/CFT Compliance Supervision for Bank Supervisors

478. In order to deepen the knowledge of bank supervisors and examiners on AML/CFT and build on the regional program organized in Dakar in July as reported above, a workshop on AML/CFT compliance was organized for Francophone countries in Abidjan, Côte d'Ivoire on 4–8 October 2010 with the support of the World Bank. The focus of the workshop was on the application of a risk-based approach in banking supervision. All Secretary Generals of the FIUs in these countries were invited to share their experiences with participants, especially with regard to rendition of STRs. About 50 persons from the FIU, financial institutions and government agencies participated in the workshop. The participants agreed to (a) increase consultation and cooperation between banking supervisors and regulatory authorities, (b) conduct specialized training for bank supervisors or compliance officers on a risk-based approach, and (c) request the apex bank, BCEAO, to improve its monitoring function by sanctioning erring banks on implementation of required AML/CFT regimes.

Compliance Seminars for Bank Directors in Nigeria

479. In continuing efforts to ensure that AML/CFT issues are not only understood but are considered as management priorities in banks and other financial institutions, the Nigerian FIU, in collaboration with the Central Bank of Nigeria, organized a series of seminars for bank directors to sensitize them and carry them on board in the implementation of due diligence measures.

480. As a demonstration of GIABA's support to national efforts to promote and implement the FATF standards, the Director General attended the first seminar on 28 July 2010 in Abuja and presented a keynote speech which highlighted the roles and obligations of bank directors in AML/CFT. This was well received, and the outcomes of seminars have been reported to be productive. Other countries are encouraged to organize similar national-level programs to complement the regional efforts against ML/TF.

AML/CFT Training Program for Banks' Compliance Officers in The Gambia

481. Upon request by the Committee of Chief Compliance Officers of Banks in The Gambia, GIABA organized a training program for banks' compliance officers from 29 November to 1 December 2010. The training aimed to enhance the capacity of the compliance officers to better report STRs and create and maintain internal control mechanisms in their respective banks. About 28 compliance officers and 12 banking supervisors and other officials in The Gambia participated. A communiqué produced and signed by the chief compliance officers contained the following key recommendations:

I. That the GIABA should assist in further training of Compliance committee members on FATF 40+9 Recommendations and requirements;

II. That all heads of Compliance units of financial institutions in The Gambia would participate in a money laundering seminar pertaining to financial institutions organized by GIABA or similar organization in The Gambia;

III. That financial institutions in The Gambia would develop a Compliance Manual consistent with the FATF Recommendations for Financial Institutions;

IV. That in dealing with Politically Exposed Persons (PEPs), an enhanced ongoing monitoring of their profile is constantly carried out;

V. That Compliance officers should adopt such preventive measures as Customer Due Diligence (CDD) and record keeping (i.e. Know Your Customer – KYC practices) as contained in FATF Recommendations 5–23.

B. Institutional Capacity-building

Support for the Development of National AML/CFT Strategies for Member States

482. To strengthen the implementation of AML/CFT regimes in the region following identified deficiencies in the MERs and as a follow-up to the SIP process, the GIABA Secretariat, in collaboration with national authorities, organized workshops to develop National AML/CFT Strategy Frameworks in Ghana (5–7 July), Benin (9–11 August), Mali (6–8 September), Togo (4–7 August), Liberia (27–29 September), Cape Verde (18–20 October), Guinea Bissau (25–27 October) and Burkina Faso (3–5 November). The workshops were aimed at assisting member States to develop and implement a robust AML/CFT regime in a sequential manner, in view of limited resources. Apart from Liberia, the recommendations in the MERs formed the basis of the evolving national strategies.

Capacity-building Program for the Prosecution of Economic and Financial Crimes in West Africa

483. Concerned with the low level of conviction on economic and financial crimes in the region, GIABA organized a capacity-building workshop for ECOWAS member States on the prosecution of economic and financial crimes on 4–8 October 2010, in Cotonou, Benin. The workshop was aimed at:

- enhancing the capacity and building the expertise of prosecutors to prosecute economic and financial crimes;
- sharing experience; and
- providing practical tools to further international cooperation.

484. About 51 prosecutors and other officials from member States participated. A major outcome of this workshop was a decision to form an association for prosecutors and investigating magistrates in West Africa to foster cooperation and collaboration in the conduct of investigations and prosecutions in the region.



The Director General of GIABA, Dr Abdullahi Shehu (4th from left), Mr Grégoire Akoffodji, Minister for Justice, Legislation and Human Rights of Benin, Mrs Severine Dossou, National Correspondent of GIABA and President of Centif-Benin with the participants during the Capacity Building Programme for ECOWAS Member States on the Prosecution of Economic and Financial Crimes held from 4th to 8th October 2010 in Cotonou, Benin.

Support for the Establishment/Strengthening of FIUs

485. The establishment and efficient operations of an FIU is a key element of any AML/CFT regime and is the primary responsibility of member States. It should be recognized, however, that member States have limited capacity in this area and this continues to constitute a real challenge. Thus, in the context of its technical assistance mandate, GIABA continued to provide the necessary support and assistance to its members, especially those who are in need of support to establish and/or strengthen their FIUs. GIABA's technical assistance to member States in relation to FIUs is categorized under training and capacity-building programs; mentorship; study tours; provision of equipments; advocacy visits and provision of advisory services as indicated below.

West Africa Financial Intelligence Units Forum

486. Following the inauguration of the West Africa Financial Intelligence Units (WA FIUs) Forum in Freetown, Sierra Leone on 5 November 2009, GIABA continued with the nurturing of the Forum by providing it with a platform for the members to meet during its Plenary meetings. Consequently, the Forum met on the margins of the December 2010 Plenary in Abuja, Nigeria. Present at the meeting were representatives of FIUs/CENTIFs of Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea Bissau, Mali, Nigeria, Senegal, Sierra Leone and the Togolese Republic. Also present were representatives of Guinea and Liberia, the only countries that have yet to establish an FIU. The following international organizations and countries were also present: UNDOC, BCEAO, European Commission, World Bank, IMF, UNCTED, UK, USA and France.

487. The Forum adopted a draft Guiding Framework formalizing its establishment. The Forum also resolved to make its operations as informal as possible in view of budgetary implications, if the Forum is to operate on its own.

Mentoring Program

488. The Secretariat provided assistance in the form of training and mentoring for the personnel of Benin FIU on 7–11 December 2009. On the basis of this mentoring program, GIABA and the FIU have devised an implementation plan to assist the FIU to achieve full operations.

489. The Secretariat also engaged the services of a mentor for the FIUs of Sierra Leone and Liberia. The terms of reference of the mentor include to assist the FIUs to (a) establish operational and policy frameworks; (b) set up appropriate organizational structures relating to FIU management, ICT infrastructure, analysis and dissemination of STRs; and (c) advise on how to engage stakeholders who are crucial to the effective functioning of FIUs. The mentoring involved both on-site and off-site assignments. The mentoring on-site for Sierra Leone FIU was conducted from 25 October to 5 November 2010. That for Liberia was deferred due to lack of an FIU and also the mutual evaluation on-site visit, which took place in November. It is hoped that the authorities will nominate the members of the FIU and provide a suitable location to enable this mission to be conducted in January 2011.

490. To ensure that all FIUs in the region are operating optimally, GIABA also provided direct assistance to the FIUs of Cape Verde and Sao Tome and Principe to acquaint them with the operational requirements of an FIU and to help develop their internal operating frameworks.

Provision of Infrastructure

491. To enhance operational efficiency of the FIUs in the region, GIABA has concluded plans to provide AML/CFT analytical software and supporting hardware to 13 member States over a three-year implementation period starting from 2011. In preparation for the deployment of the infrastructure, the Secretariat organized stakeholders' workshops for the FIUs of Côte D'Ivoire, Mali and The Gambia; the workshops were the beginning of the transfer of ownership of this project to the member States. The ECOWAS Tender Committee met on 7–10 October 2010 to consider the bids for the supply of the software. The contract for the procurement, installation and commissioning of the software in the 13 member States' FIUs has already been awarded.

Membership of the Egmont Group of FIUs

492. GIABA continued to support its member States' FIUs to attain membership of the Egmont Group. At the Egmont Group Meeting held in Mauritius from 28 February to 4 March 2010, the Group accepted the application for membership of the Côte d'Ivoire FIU (co-sponsored by the France and Mauritius FIUs). Côte d'Ivoire was eventually admitted into the Egmont Group during its Plenary meeting, which was held in June 2010 in Colombia. GIABA will continue to promote and support eligible FIUs in the region to seek membership of the Egmont Group.

Table 9: Evaluation of Capacity-building Activities and Technical Assistance Delivered in 2010

Strategic Objective	Inputs	Outputs	Outcomes	Impact
	* Organization SIP training * National workshops on development AML/CFT Strategy framework	* Completed SIP templates * Production of draft National AML/CFT Strategy	* AML/CFT Action Plan in place * More stakeholders involved in AML/CFT issues *Improved monitoring of implementation of AML/CFT	* Existence of effective AML/CFT regimes in member States
	* Mentoring program * FIU Forum * Provision of infrastructure * Sensitization workshop on the installation of AML analytical software	* Draft Action Plan * Admission of more member States as members of the Egmont Group * Draft Guiding Framework for FIU Forum *Selection of vendor for the procurement of AML software concluded	* Admission of more member States as members of the Egmont Group * Improved collaboration between the FIUs * Improved operations of FIUs * Improved analysis of financial intelligence information	* Robust information to assist investigation and prosecution of ML/TF cases
	* Organization of workshops, seminars, courses, training, etc. * Advisory missions to member States	* Training delivered as required * New areas requiring technical assistance established	* Increase in number of officials trained on AML/CFT issues * Knowledgeable officials on AML/CFT issues * Increased in networking among AML/CFT stakeholders	* Robust AML/CFT system in place * Improved political support for implementation of AML/CFT regimes

493. In preparation for FIU membership of the Egmont Group, GIABA deployed a mentor to the FIUs of Mali and Burkina Faso from 4 to 8 October 2010 to assist the two FIUs in identifying and fulfilling the Egmont Group's requirements for membership. The mentorship program addressed operational issues and other elements that will facilitate the admission of these FIUs into the Egmont Group in the near future. The two FIUs have begun the implementation of action plans to address the identified outstanding operational conditions.

Visit to the Financial Intelligence Centre – Ghana

494. The Director General paid an official visit to the Financial Intelligence Centre of Ghana on 16 and 17 March 2010. The meeting facilitated the appointment of Board members for the FIC. Encouraged by this positive response from the Ghanaian authorities, the Secretariat designed a comprehensive capacity-building plan to further assist the FIC to become fully operational.

AML/CFT Workshop on Precious Stone and Metal Sector – Tunis, Tunisia

495. The trade in precious minerals has been linked to illicit financial flows, corruption, drug trafficking, arms smuggling and the financing of terrorism. Consequently, the FATF has included dealers in precious stones and metals in the list of designated professions that should be incorporated into a country's AML/CFT regime. Dealers in precious metals and stones are a particularly important target in jurisdictions where precious mineral exports account for a large share of total exports and formal financial systems

are underdeveloped. Better regulations and oversight of the precious minerals sector should also result in revenue increases for governments and have a positive impact on their fiscal situation.

496. This workshop was organized by the African Development Bank (AfDB) Institute with the support of the IMF, within the IMF's framework for multilateral partnership with Africa. It was aimed at raising awareness on the importance of better regulation and oversight of the precious materials sector to fight against illicit financial flows, as well as to increase revenues for governments.

497. Participants were drawn from Francophone African countries known to possess some deposits of precious stones and metals. They included Burundi, Central African Republic, Côte d'Ivoire, Democratic Republic of Congo, Mali and Togo. The workshop was facilitated by the IMF, AfDB, Law enforcement Brigade Overseas Territory-French Guyana and Compagnie du reve L.L. Pierres et Bijoux.

498. The workshop gave participants the opportunity to review a number of issues on vulnerabilities and risks relating to the mining sector, FIUs, legislation, regulations and professional secrecy and control measures, monitoring and cooperation. GIABA has taken note of the recommendations made at the workshop and will incorporate some of them into its 2011 programs to ensure effective implementation of AML/CFT requirements in the precious stones and metals sector to safeguard it from abuse for purposes of money laundering and terrorist financing.

Conclusion

499. The programs that were executed in 2010 followed from the 2007–2009 Strategic Plan, and the year provided opportunity for evaluation and reviewing lessons learnt with the aim of developing and commencing the implementation of the 2011–2014 Strategic Plan. Thus, 2010 brought to a close another eventful operational cycle. The achievements of the year are summarized in the table above using results-based management logical framework (RBM Logframe).

CHAPTER 6

REGIONAL INTEGRATION AND INTERNATIONAL COOPERATION

Introduction

500. The year 2009 marked the end of the implementation of the first GIABA Strategic Action Plan (2007–2009). The year 2010 was therefore devoted to concluding actions that were carried over from the Plan, as well as evaluation of the implementation of the Strategic Plan. Nevertheless, numerous activities and engagements aimed at promoting the goals of regional and international cooperation for the prevention and control of ML/TF were undertaken. The year under review witnessed a beehive of activities that were geared to improve GIABA Secretariat and member States' visibility at the all levels – regional, continental and international.

501. In 2010, GIABA was admitted as an Associate Member of the FATF. The status confers several privileges and obligations on GIABA and its member States. During the year, GIABA collaborated with and/or participated in several international events and forums, including those organized by the FATF, the World Bank, the IMF, the Government of Jersey, the Offshore Group of Banking Supervisors, Jesus College at the University of Cambridge (UK), UNSCR Committees, UNODC, the Egmont Group and Global Witness. Other collaborators in the year 2010 included those with other FSRBs, ECOWAS institutions and other regional bodies and organizations.

502. The year under review ushered in a new approach towards propagating the message of AML/CFT as several interactive and briefing sessions were organized for high-level officials from different stakeholder institutions, both regional and international. This chapter therefore reviews some of the major activities and commitments of GIABA in promoting its key objective of regional and international cooperation in 2010. It reviews GIABA's statutory meetings, participation in FATF and other FSRBs activities, and other international events, including institutional visits and briefing sessions.

GIABA Statutory Meetings

503. A basic requirement of the FATF for a FATF-Style Regional Body is that the FSRB should meet regularly at least once



From left to right: Dr Ndèye Elisabeth Diaw, Deputy Director General of GIABA; Mrs Maria Helena do Nascimento Morais, Minister for Justice of Cape Verde; H.E. Dr Jose Maria Pereira Neves, Prime Minister of Cape Verde, Hon. Mohamed Bello Adoke (SAN), Minister for Justice and Attorney General of Nigeria and President of the GIABA Ministerial Committee; Dr Abdullahi Shehu, Director General of GIABA and Mr Paul Vlaanderen, FATF President. It was during the official opening ceremony of the 13th Plenary Meeting of the Technical Commission/8th Statutory Meeting of the Ad Hoc Ministerial Committee held from 2nd to 5th May 2010 in Praïa, Cape Verde.

a year, though it would be preferable to meet twice each year. The meeting(s) of the FSRB should always encompass a meeting (at least once a year) of officials and experts, but could also include a meeting of Ministers. Consequently, in accordance with Article 9(iii) and Article 11(i)(b) of its Statute, GIABA in collaboration with member States held two Technical Commission/Plenary (TCP) Meetings and two GIABA Ministerial Committee (GMC) meetings in May and December 2010. The TCP meetings were organized, in collaboration with a member State, to discuss technical and other emerging AML/CFT issues. As at the December 2010 meetings, ten member States have hosted the GIABA Statutory meetings.

504. The 13th TCP and 8th GMC meetings of GIABA, held in Praia, Cape Verde on 2–6 May 2010, saw the adoption of the MER of Benin Republic and follow-up reports of Nigeria, Sierra Leone and Senegal. The meeting discussed the application of the Islamic Republic Mauritania for Observer Status in GIABA subject to the approval of the GMC. The Plenary expressed full support for the admission of Mauritania as an observer and decided to recommend Mauritania to the GMC for its further consideration of the application in accordance with the GIABA Statute.

505. At its 8th Session held immediately after the Plenary meeting, also in Praia, Cape Verde, the GMC approved the application of Mauritania for observer status in GIABA. The Ministers also approved the establishment of two Information Centres to be located in Abidjan and Lagos, as well as an increase of staff to the Secretariat and recommended the same to the ECOWAS Council of Ministers for approval, since these have financial implications. The Council of Ministers approved the establishment of the Information Centres and increase of Secretariat staff in accordance with the ECOWAS procedures.

506. The GIABA 14th TCP and 9th GMC meetings were held on 6–9 December 2010 and 11 December 2010, respectively; while GIABA celebrated its tenth anniversary on 10 December 2010.

507. The Plenary considered and adopted the following documents: (a) Improving the Implementation of AML/CFT Standards; (b) Typologies Report on the Laundering the Proceeds of Drugs Trafficking; (c) Concept Note on Typologies on Tax Fraud; (d) Mandate and Recommendation on Typologies Team Members; (e) Follow-up reports of eight member States; and (f) Country reports on the AML/CFT situation in member States. The Plenary also considered and adopted a report on the independent evaluation of the 2007–2009 Strategic Plan, as well as a new Strategic plan for 2011–2014, and sent these documents to the GMC for approval. The Secretariat was directed to effect corrections in some of the documents as per suggestions by delegates, and undertakes follow-up actions relating to the documents.



Dr Abdullahi Shehu, Director General of GIABA (in the middle in white) and Mrs Farida Waziri, President of the Economic and Financial Crimes Commission (EFCC) in Nigeria, Dr Liawony Kisanga, Executive Secretary of Eastern and Southern African Anti-Money Laundering Group (Esaamlag), with participants at the 14th Technical Commission / GIABA Plenary Meeting held from 7 to 9 December 2010 in Abuja, Nigeria.

508. At its 9th Session held in Abuja, Nigeria, on 11 December 2010, the GMC approved the recommendations made to it by the GIABA TCP meeting, including the report of the independent evaluation of the GIABA 2007–2009 Strategic Plan and the draft GIABA Strategic Plan 2011–2014. Deploying a results-based management approach, the implementation of the 2011–2014 Strategic Plan would focus on Institutional Development; AML/CFT Compliance Monitoring; Research and Typologies; Technical Support to Member States; Promotion of Strategic Partnership with Civil Society and Other Key Stakeholders; and Strengthening of Regional and International Cooperation. The two documents can be accessed from the GIABA website: www.giaba.org.

by His Excellency Dr. Arch. Namadi Muhammad Sambo, Vice-President of the Federal Republic of Nigeria, who was ably represented by the Honourable Minister of Interior, Captain Emmanuel Iheanacho. The Keynote address was delivered by the President of FATF, Mr Luis Urrutia Corral, who reiterated the FATF current thinking on implementation of the AML/CFT measures in a holistic manner that involved all segments of the financial sector. It emphasized the critical role of the FSRBs in anchoring the AML/CFT initiative in their respective regions. The proceedings of the event will be compiled and subsequently published.



Ambassdor Mactar Gueye, Director of African Integration (2nd from left), Hon. Abdou Kolley, Minister for Finance of The Gambia; Dr Livio Fernandes Lopes, Minister for Internal Administration of Cape Verde; Mrs Betty Mould Iddrissu, Minister for Justice of Ghana; Captain Emmanuel Iheanacho, Hon. Minister for Interior of Nigeria and representative of the Vice-President; Dr Ndèye Elisabeth Diaw, Deputy Director General of GIABA, Mr Luis Urritia Corral, President of FATF; Dr Abdullahi Shehu, Director General of GIABA; Mr Sixth Wokoma, National Correspondent of GIABA. The group photo was taken during the opening ceremony of GIABA tenth anniversary on 10th December 2010 in Abuja, Nigeria.

GIABA Tenth Year Anniversary

509. On 10 December in Abuja, Nigeria, GIABA hosted the region and all stakeholders on AML/CFT issues to celebrate a decade of fulfilling operations. The anniversary showcased GIABA's modest achievements within a relatively short time given the huge capacity gap on AML/CFT that preceded its establishment. The event featured the unveiling of a book titled GIABA @ Ten, an anniversary lecture on the theme "Promoting Financial Inclusion for AML/CFT Regimes", and social events such as a "Gala Nite". The GIABA @ Ten book, which was launched to mark the event, provides information on the evolution, growth trajectory, challenges and the new paradigm in executing its mandate. The anniversary celebration was declared open



From left to right: Dr Liawony Kisanga, Dr Abdullahi Shehu,Mrs Betty Mould Iddrissu, Mr Luis Urrutia Corral, Dr Ndèye Elisabeth Diaw and Dr Livio Fernandes Lopes, cutting GIABA 10th Anniversary cake on 10th December 2010 in Abuja, Nigeria.

Participation in FATF Activities

510. A core function of an FSRB and as an Associate Member of the FATF is that the FSRB should maintain regular contact with the FATF, in particular through the Secretariat and participation in FATF meetings. GIABA continued to participate actively in FATF Plenary and other activities. During the period under review, GIABA also participated actively in the FATF/ICRG Regional Review Group meetings held in Bahrain and Doha in May and September 2010 to discuss reports from jurisdictions that were under the FATF/ICRG review process. Specifically, Nigeria and Ghana were under ICRG review because of the poor outcome of their mutual evaluations and the size and integration of their financial systems with the international financial system (above the threshold of US$5 billion). Members of the Group met with officials of the jurisdictions under review and discussed the progress reports presented by jurisdictions.

511. Pursuant to the review of jurisdictions based on the outcome of their MERs, the size of the economies and perceived threats there, the Regional Review Group was mandated by the FATF Plenary in February 2010 to review newly identified jurisdictions, including Sao Tome and Principe (STP), an observer country in GIABA since May 2008. Following GIABA's support to review and pass STP's AML/CFT law and adopt an action plan to address the risks of ML and TF in its territory, STP, while still under review, has made a political commitment to implement an agreed action plan. Another GIABA member State, Benin Republic, which was earlier subjected to a prima facie review, has for now been taken off the list of jurisdictions on review.

512. GIABA also participated in the FATF/ICRG inter-sessional meeting in Paris on 21 and 22 January 2010, as well as the FATF/MENAFAFT Plenary Meeting, which was held in Abu Dhabi on 15–19 February 2010. In June and October 2010, GIABA participated in the FATF Plenary meetings held, respectively, in Amsterdam and Paris.

513. Overall, GIABA remains committed to the promotion and diligent implementation of the FATF standards within its region, the challenges of resources notwithstanding. As a mark of this commitment, GIABA will continue to support all FATF processes, including the review of jurisdictions that fail to take practical actions to remedy the deficiencies identified in their AML/CFT systems. Thus, reinvigorating the follow-up to mutual evaluations constitutes a priority for GIABA in the coming years.

GIABA as an Associate Member of the FATF

514. At the June meeting, GIABA was accorded Associate Membership Status in the FATF. The status confers on GIABA the opportunity to be fully involved in providing inputs for decision making and to invite its member States to join the GIABA delegation to FATF meetings, thereby enriching their understanding of AML/CFT issues. In terms of direct benefits, the associate membership status confers on GIABA the following special rights within the FATF:

- access for GIABA's delegations to all FATF meetings, including Plenary and working groups meetings, typologies and training sessions, and consultation with the private sector or any consultation within an international organization;
- access for GIABA members to FATF documents on a reciprocal basis;
- input on FATF discussions and decisions;
- assistance from the FATF, for example to conduct a review of GIABA's processes and procedures; expertise for the interpretation/implementation of the FATF standards; and joint hosting of events; and
- the right to participate in FATF mutual evaluations.



Dr Abdullahi Shehu, and Mr Paul Vlaanderen, during the opening ceremony of the 13th Plenary Meeting of the Technical Commission/8th Statutory Meeting of the Ad Hoc Ministerial Committee held from 2nd to 5th May 2010 in Praïa, Cape Verde.

515. On the other hand, GIABA is to reciprocate by:

- guaranteeing a real and efficient implementation of the FATF Regulations among its members;
- offering FATF access to ALL the meetings of GIABA including Plenary and working groups;
- offering FATF access to ALL the documents of GIABA;
- providing FATF the opportunity to make contributions to discussions and decisions; and
- offering FATF the opportunity to participate in its Mutual Evaluation teams.

516. The new Status places enormous responsibilities on GIABA and its member States in terms of utilizing the opportunities offered and maintaining the confidence placed on them by the international community through their qualitative contributions at FATF meetings. The Secretariat has evolved strategies for meeting the challenges of the new Status. In particular, its 2011–2014 Strategic Plan has shared responsibilities, including capacity-building at national levels as a means of promoting stakeholders' ownership of AML/CFT programs and projects in the region. To ensure fairness in distributing the benefits of the associate membership, the Secretariat has developed a schedule for extending invitation to the member States to be part of its delegation to FATF meetings. Consequently, five GIABA member States were in attendance at the October 2010 FATF Plenary. This will be sustained over time in order to build knowledge and expertise for implementing the FATF standards within member States.

517. In reciprocity, there has been increase in attendance of GIABA statutory meetings by the FATF member countries and its Secretariat. In particular, for the first time ever, GIABA was privileged to receive the FATF President in its region twice in 2010. In May 2010, Mr. Paul Vlaanderen attended the 8th GMC meeting, at which he delivered a keynote address to the Ministers drawing their attention to the commitment of their countries to implementing the FATF and improving their economies; and Mr Luis Urrutia, who participated fully at the GIABA 9th GMC and Anniversary ceremonies held in Abuja, Nigeria, on 10 and 11 December 2010. In addition, the FATF Secretariat has continued to support GIABA by regular attendance at GIABA's meetings.

International Conference on Financial Crime and Assets Recovery, 10–11 February 2010

518. The Organization for Economic Cooperation and Development (OECD) has acknowledged that "improving the effectiveness of developing countries' tax systems is the 'new frontier' in development policy". In addition, there is equally a need to assist developing countries in recovering the assets gained through corruption. There is a particular need to assist developing countries to understand how information can be obtained from other jurisdictions to help apprehend those engaged in financial crimes, including fiscal crime, and recover assets obtained from these crimes.

519. It is against this background that the States of Jersey organized an International Conference on Financial Crime Information and Asset Recovery on 10–11 February 2010 to assist developing countries to better understand the mechanisms for asset recovery in the developed countries and to foster cooperation on the recovery of stolen assets as envisaged by the G20 countries. With the support of the Government of Jersey, GIABA facilitated the participation in the conference of key officials involved in asset recovery in member States.

520. The theme of the conference was "How developing countries gain access to information on, and obtain cooperation in, the recovery of the proceeds of financial crime, including fiscal crime". It was aimed at assisting developing and less advanced jurisdictions to make progress in meeting the objectives of the G20 Summits in Washington, London and Pittsburgh on the need to strengthen support for economies that are most vulnerable to the global financial and economic crisis and protect the global financial system, including how to obtain information on financial crimes and recover proceeds generated from them.

521. The conference noted that challenges in asset recovery include the lack of an appropriate legal framework; overcoming jurisdictional issues; changing the mindset of law enforcement; an increase in capacity/expertise; increasing vigilance in financial centres; and sharing and facilitating an improved exchange of information between countries.

522. Key messages to come out of the Conference focused on the need:

- for the developed countries to listen more to the developing countries on what they see as their priorities. A priority for developing countries is assistance in building up their capacity for dealing with financial crime. This means technical and other assistance and involves officials from developed countries spending sufficient time in developing countries to assist and build up a local capacity. It means offering the opportunity for officials from the developing countries to spend time in law enforcement and in financial regulatory and financial intelligence units within the developed countries in order to gain experience;
- for more effective coordination of the assistance offered by a wide range of international organizations and individual developed countries;

- for global standards on multilateral information exchange and for guidance on good practice;
- for greater transparency and more automatic exchange of information, while recognizing that for this to be fully effective the capacity of developing countries to deal with the information received needs to be enhanced;
- to ensure that the legislation is in place to assist in the implementation of the United Nations Convention Against Corruption and to permit confiscation orders that do not require conviction;
- to reduce the barriers of legal costs. Assistance should be given to facilitate recourse to a number of channels for the recovery of corruptly acquired assets, and developing countries should be given financial assistance to help them progress legal proceedings both criminal and civil to recover the proceeds of corruption;
- for more effort to identify those benefiting from the proceeds of corruption through the better identification of PEPs and also the identification of family and close associates;
- to involve civil societies in the developing countries in helping to identify financial crime (e.g. as whistleblowers);
- for more political will in the developing countries and the developed countries in obtaining information on financial crime, in pursuing those engaged in such crime and in the recovery of the proceeds of such crime;
- for tougher action by the developed countries against financial institutions that accept illicit money; and
- to reduce the delays in responding to requests, both from developing to developed countries and vice versa, and to break down barriers arising from different legal systems, high costs and language.

523. In concluding the proceedings, the Chief Minister of Jersey said he believed the conference had been successful on several fronts; hearing from the developing countries represented on what help they most needed; hearing from international bodies of their experience in helping to recover the proceeds of financial crime; hearing from Jersey what help it has to offer; and hearing about the future global action that is needed to assist developing countries to get information on, and obtain cooperation in recovering the proceeds of, financial crime. He emphasized that the conference was not a one-off contribution to the achievement of the G20 objectives, and that Jersey has a track record of assisting in the recovery of stolen assets; it has a track record of contributing to training programs in developing countries and inviting regulators and law enforcement officials to come to Jersey to learn from the Island's experience at first hand; and Jersey would continue to play an active role in the pursuit of the G20 objectives. The Minister remarked that the conference was but one step down a road at the end of which hopefully there will be much benefit for all concerned and in particular for developing countries.

1ST Commonwealth Association of Legislative Council Conference, Abuja, Nigeria, 7–8 April 2010

524. GIABA supported the Commonwealth Association of Legislative Counsels to hold its first Africa Regional Law Conference in Abuja, Nigeria, on 7–8 April 2010 on the theme "Towards Uniformity of Legislation in the Commonwealth". The conference, which was organized in collaboration with the Nigerian Law Reform Commission, deliberated on issues related to uniformity in drafting legislation in the Commonwealth. It also provided a forum for Legislative Counsels in Africa to network and share ideas on emerging trends in legislative drafting.

525. At the end of the Conference, participants unanimously agreed that:

a. Transnational legislation is important due to the current trend of criminal activities;
b. Core principles and rules of international law should be adopted in national legislation so that it does not derogate from the requirements of the international conventions;
c. There is need for institutional and legal reform to enhance legislation on transnational crimes, including private sector corruption;
d. There should be agreement on common methods of translating policy into legal forms to achieve uniformity and commonly high drafting standards;
e. The responsibility to combat crime is a common and mutual one emanating from the treaties that countries sign with each other;
f. Member States must develop strategies to harmonize laws that take into consideration the peculiar circumstances of each jurisdiction;
g. Since Africa is part of the global community, it is essential and appropriate that there is harmonization of laws within the African community despite the historical antecedents of the countries in Africa;
h. Investment in physical infrastructure must be supported by an equally strong legal infrastructure achieved through continued and strengthened capacity in legislative drafting;
i. Reform of laws and regulations should aim at creating an enabling environment for private sector investment;
j. Legislative Counsels not only need to draft legislation that will help change institutions, but also legislation based on

evidence and societal demands, and not just from the legal perspective.

526. Recognizing the need to include Legislative Counsels from government agencies in AML/CFT programs due to their invaluable role as those who shape policy into law, GIABA has since the workshop been involving Legislative Counsels in its programs to facilitate the drafting of AML/CFT legal frameworks and ensure clarity in AML/CFT legislation in GIABA member States.

Global Forum on Asset Recovery and Development

527. A 'Global Forum on Asset Recovery and Development' was organized by the World Bank in Paris on 8–9 June 2010. High-level officials, including Ministers and heads of international organizations, attended; GIABA was represented by the Director General. Following extensive Plenary and breakout group discussions, participants observed that:

a. corruption and the illicit transfer of assets are inimical to human security and sustainable development;
b. asset recovery should not be viewed as only a problem of the South; rather it should be a development issue and should be the concern of both the South and the North;
c. there is need for increased political commitment and leadership in support of efforts to combat corruption and recover stolen assets;
d. there is need to tackle technical challenges, including a robust system of identification of beneficial ownership in AML/CFT; and
e. countries with best practices in the return of stolen assets, such as Switzerland, were urged to do more while others were encouraged to follow suit. Thus, Switzerland's five principles in asset return, namely prevention, vigilance (CDD), STRs, MLA and restitution, could be a model for other countries.

528. The Forum recommended that the World Bank should present the outcome of the meeting to the G20 Leaders highlighting:

a. how to keep the issue of asset recovery on top of the agenda of the G20 as a development issue;
b. the need to focus on three Cs: capacity, cooperation and case work;
c. the need for governance reforms, including reform of the criminal justice system;
d. a more risk-based approach to identify beneficial ownership and identify non-cooperative jurisdictions through the FATF's ICRG process;
e. how to encourage countries who receive restituted funds to use them for the Millenium Development Goals;
f. how to increase information sharing and involving civil society organizations;
g. the need to increase the representation of emerging markets in the G20; and
h. support for national anti-corruption and asset recovery agencies: law enforcement, the judiciary, asset declaration, etc.

Cooperation with UNSCR Counter Terrorism Committees

529. In order to promote a better understanding of the activities of GIABA and to deepen cooperation with the relevant UNSC Committees and the US Government, the Director General of GIABA undertook a mission to New York and Washington from 7 to 19 June 2010 to meet with the UNSC 1267 and 1373 Committees and US Government officials to discuss cooperation and technical assistance to GIABA.

530. The objectives of the mission were to: (a) discuss multilateral cooperation initiatives, including technical assistance for the effective implementation of the UNSC resolutions pertaining to terrorist financing; and (b) meet with World Bank and IMF officials to discuss cooperation in organizing evaluation by international financial institutions of GIABA members within the framework of its Strategic Plan for 2011–2014.

531. A high point of this mission was the statement by the Director General before the UNSC Counter Terrorism Committee, highlighting the efforts ECOWAS members have been making to implement UNSC Regulation relating to terrorist financing. The full text of the statement can be accessed at the UNSC (CTED) and GIABA websites. Follow-up actions are being carried out to develop joint programs with the various arms of the UN, especially those involved in the monitoring of implementation of the relevant UNSCRs (1267 and 1373).

Regional Meeting of the G8 Counter-Terrorism Action Group, 13–14 October 2010, Bamako, Mali

532. The G8 Counter Terrorism Action Group organized a Regional meeting on 13 and 14 October 2010 in Bamako, Republic of Mali, under the Chairmanship of Canada. The objectives of the meeting were to:

a. explore challenges and opportunities with respect to counter-terrorism efforts in the Sahel as a priority area in terms of threat of terrorism;

b. provide a forum for sharing of views and concerns of countries in the region; and
c. enhance cooperation between government, inter-governmental and non-governmental stakeholders and experts from within and outside the region to address terrorist threats.

533. Participants were drawn from regional, international and key organizations involved in building counter-terrorism capacity in the Sahel and Maghreb regions. GIABA participated and contributed its experience in countering the financing of terrorism.

534. The meeting was held in six working sessions on the following topics:

a. Regional approaches to enhancing border security;
b. Regional counter-terrorism efforts in the Sahel – progress and challenges;
c. Regional counter-terrorism efforts in the Sahel – progress and challenges;
d. The role of the African Union and regional organizations in building counter-terrorism capacity in the Sahel and Maghreb regions;
e. The role of international organizations in building counter-terrorism capacity in the Sahel and Maghreb regions; and
f. Information-sharing and cooperation.

535. Some major issues that emerged from the discussion:

a. The role of religion and particular ethnic groups in terrorism, and the importation of radical agendas into West Africa;
b. The links between crime and terrorism, which both flourish in the same areas, where there is absence of rule of law and good governance;
c. Regional cooperation with respect to counter-terrorism;
d. Border control/management;
e. Need for the adoption of a multidimensional approach to counter terrorism. This must include diplomacy, intelligence, security and law enforcement, Customs and immigration, transportation, justice and finance expertise. All these branches of government must work together to:

- identify and arrest terrorists;
- stop their operations;
- protect and defend people, societies, and economies from terrorist attack; and
- mitigate effects of any attack.

f. Trained personnel should be given the opportunity to apply what they learn. They are often deployed to other units to perform functions that do not relate to the skills they acquire in the course of training;
g. Financial control to prevent the movement of cash;
h. Monitoring and evaluation to know what is working and what is not working;
i. Engagement with civil society;
j. The role of international and regional organizations to set standards for mutual cooperation and information sharing;
k. Overarching organization that can coordinate efforts;
l. Need for a regional strategy on counter-terrorism; and
m. Need for information sharing and research.

Egmont Group Meeting

536. GIABA participated at the Egmont Plenary in Cartegena, Colombia from 27 June to 1 July 2010. At the meeting, the FIU of Côte d'Ivoire was formally admitted to the Group, bringing into the region three FIUs (Nigeria, Senegal and Côte d'Ivoire) that are now members of the Egmont Group. The membership is expected to assist the FIUs in networking, information sharing and capacity-building. Also, at the meeting, GIABA was requested to identify two FIUs within the region that would serve as regional champions on capacity-building for other upcoming FIUs. Consequently, GIABA's recommendation of Nigeria FIU for the Anglophone FIUs and Senegal FIU for the Francophone FIUs was adopted. At the instance of the Egmont Group, GIABA and the World Bank will be organizing joint programs on Tactical Analysis for the FIUs in the region in early 2011.

The Cambridge International Symposium on Economic Crime

537. In its continued effort to build a strong network among officials responsible for AML/CFT issues in West Africa, GIABA, as in the past years, participated in the Twenty-Eighth International Symposium on Economic Crime organized by Cambridge University, UK on 6–10 September 2010 at Jesus College. The annual symposium brings together stakeholders from various sectors to discuss emerging issues on AML/CFT. The theme of the 2010 Symposium was "The New Deal – Ensuring Integrity, Stability and Survival". Within the context of the theme, the Director General of GIABA presented a keynote address titled "Promoting Financial Inclusion for Effective AML/CFT Regime". The paper explored the opportunities of mainstreaming the informal financial sector into the formal sector.

538. Specifically, this paper argues that AML/CFT controls as part of the overall financial regulation are designed to ensure the safety, integrity and soundness of the entire financial system and the protection of depositors. Also, the AML/CFT rules and financial inclusion pursue a mutually supportive and complementary objective which promotes use of the formal financial services, thus in-

creasing the reach and effectiveness of AML/CFT controls. The paper, however, calls for the recognition of country-specific characteristics, such as level of development, national priorities, risks and institutional capacities in the application of AML/CFT regimes. It recommends the deployment of AML/CFT controls that do not un-necessarily impose a prohibitive cost and administrative burden on both the service provider and the user of services. Also, a holistic approach that incorporates stakeholders' ownership of the AML/CFT programs, resource optimization and other variables including AML/CFT rules is recommended if financial inclusion is to be fully attained.

539. As part of its advocacy strategy, GIABA sponsored about nine senior officials from its member States to attend the Symposium. An outcome of the event is that GIABA will consider replicating such a high-profile forum in West Africa so as to improve participation.

Regional Integration

540. GIABA's mandate and operation as an ECOWAS institution is expected to promote the overall objective of deepening regional integration within the framework of the ECOWAS Vision 2020. Thus, during the period under review, GIABA participated in the following ECOWAS-related activities.



The Director General, Dr Abdullahi Shehu presenting GIABA gift items to Mr Soumaïla Cisse, President of the WAEMU Commission. "The admission of GIABA as an associate member of FATF is a double challenge for the institution" said Mr Cisse during Dr Shehu's visit to the Commission on 20th July 2010 in Ouagadougou, Burkina Faso.

ECOWAS Strategic Planning Workshop, Lokoja, Nigeria, 8–13 February 2010

541. Along with other ECOWAS institutions, GIABA participated in a workshop to finalize the Regional Strategic Plan of the ECOWAS held on 8–13 February 2010. The main recommendation of the Coordinating Committee at the workshop was the need to align institutional plans to the overall ECOWAS plan and develop appropriate monitoring and evaluation mechanism within all ECOWAS institutions to ensure systematic and consistent implementation of the ECOWAS Vision 2020. The Plan identified seven strategic objectives around which ECOWAS programs should be developed and implemented to achieve the Vision of 2020. GIABA's Strategic Plan for 2011–2014 has been developed with the aim of mainstreaming AML/CFT within the overall objectives of the ECOWAS.

Ministerial Conference on Cross-border Co-operation and the Establishment of Transnational Crime Units to Combat Organized Crime in West Africa, Freetown, Sierra Leone, 15–17 February 2010

542. Concerned about the increasingly negative impact of organized crime and determined to avert this negative trend, the ECOWAS, in collaboration with the UNODC, convened a ministerial conference in Freetown, Sierra Leone on 15–17 February 2010 on cross-border cooperation and the need to establish transnational crime units to combat illicit drug trafficking and other transnational organized crimes in West Africa. The conference, which was preceded by an expert group meeting, was attended by Ministers in charge of Justice, Interior and Security of member States.

543. The conference was a follow-up to the ECOWAS Ministerial Conference on the Problems of Illicit Drugs Trafficking and Organized Crime in West Africa, which was held in Praia, Cape Verde on 28–29 October 2008. It was organized with the support of the UNODC, UNOWA, Interpol and other international partners. It discussed the implementation of the West African Coast Initiative and the supporting priority areas of the ECOWAS Regional Action Plan on Illicit Drug Trafficking, Organized Crime and Drug Abuse endorsed by the ECOWAS Summit of Heads of States and Governments in December 2008.

544. Member States reaffirmed their commitment to cooperate with partners to fight illicit drug trafficking and organized crime in the region and adopted a work plan for the establishment of transnational crime units by Côte d'Ivoire, Guinea Bissau, Liberia and Sierra Leone. They also adopted the West African Coast Initiative on Combating Illicit Traf-

ficking of Drugs and Trans-national Organized Crime in West Africa in support of the implementation of the ECOWAS plan.

Visit to the West African Health Organization

545. In a bid to promote cooperation between ECOWAS Institutions, the GIABA Director General visited the West African Health Organization (WAHO) on 23 July 2010, and met with the management and staff. That was the first visit by the head of another ECOWAS Institution apart from the visit of the President of the Commission to WAHO. Matters of mutual interest were discussed.



Exchange of gifts between the Director General of GIABA and Mrs Janetta K. Johnson, Deputy Director General of the West African Health Organisation (WAHO) during the advocacy visit of Dr Shehu at WAHO Headquarter on 23rd July 2010 at Bobo Dioulasso, Burkina Faso.

Briefing Session for Ambassadors of ECOWAS Countries in Senegal

546. In compliance with the directive of the ECOWAS Authority that ECOWAS Institutions should periodically brief member States' representatives and as part of efforts to motivate and improve on the political commitment of member States for the implementation of AML/CFT regimes in the region, GIABA organized a briefing session for Ambassadors of ECOWAS member States accredited to Senegal on 30 July 2010 in Dakar. The forum provided an opportunity to acquaint the Ambassadors with issues of AML/CFT programs globally and in the region. In attendance were Ambassadors of some FATF member countries and officials of development partners. This forum has since been institutionalized as an annual event for GIABA.

5th Joint Retreat of ECOWAS Commission/National Units/Permanent Representatives

547. The 5th Edition of the Joint Retreat of the ECOWAS Commission, National Units, and Permanent Representatives was held in Kaduna, Nigeria on 4–6 November 2010. This was a follow-up retreat to the one held on 22–24 October 2009 in Jos, Plateau State, Nigeria.

548. The objective of the previous meeting was to enhance synergies between the ECOWAS Commission and the member States for a better understanding of the stakeholders' role and its implications for the regional integration agenda of the ECOWAS. The retreat was also conducted to assess the challenges of the regional agenda in line with the priorities of the Commission for 2009–2010.

549. The fifth retreat aimed to:
- examine the key recommendations and the status of implementation in 2010 of the issues in the ECOWAS President's 2009 Annual report;
- evaluate the level of implementation of the recommendations from the 2009 Joint Retreat;
- receive the inputs of member States on the Commission's priority areas; and
- ascertain from member States' updates on program implementation, achievements and challenges, and the way forward.

550. In addition to sensitizing the Ambassadors of ECOWAS member States resident in Senegal, GIABA participated in this retreat and made a presentation on the roles, functions and expectations of cooperation between GIABA and the member States. The presentation, which demonstrated GIABA's strategic niche of working with rather than for member States, was well received.

Visit of the Audit Committee

551. During their meeting in Dakar, Senegal, on 10–12 August 2010, members of the ECOWAS Audit Committee paid a courtesy visit to the GIABA Secretariat. The visit provided the opportunity for them to be briefed on the mandate and functions of GIABA. Management reassured the Committee of GIABA's commitment to integrity, transparency and accountability, which are part of the organiza-



Ambassador Ibou Ndiaye (5th from the left), Mrs Marcia Bernica, Ambassor of the United States in Senegal, Dr Abdullahi Shehu, Director General of GIABA in a group photo with Ambassadors and Consuls of ECOWAS member States during the information session organized at GIABA headquarter on 30th July 2010 in Dakar, Senegal.

tion's core values. The Committee was also informed about the challenges of attracting direct external funding due to subsisting ECOWAS cooperation agreements with some donors, including the European Commission. The Audit Committee members congratulated GIABA for its immense achievements and the commitment of its leadership to due process and also stressed the need to implement recommendations by the Audit Committee with a view to strengthening the internal control in ECOWAS institutions.

United States Africa Centre for Strategic Studies/ECOWAS Strategic Level Seminar on Transnational organized Crime and Human Security in West Africa

552. Despite their vast natural and human resources and the progress made in the last decade towards establishing democratic cultures and governing systems, West African countries continue to occupy the bottom ranks of the UN Human Development Index. In addition, West Africa is affected by a number of illicit commercial activities. Some of these originate in the region, such as those involving oil bunkering and human trafficking. Others are destined for the region, such as toxic waste, firearms, or counterfeit medication. Still others merely transit the region, such as cocaine. In each case these illicit activities feed the growth of local and transnational crime organizations and a culture of fast money that is progressively eroding the foundations of any sustainable and well-balanced socioeconomic development. This in turn will diminish the credibility of the state as the institution entrusted with guaranteeing security and dispensing justice.

553. In response to these challenges the US Africa Centre for Strategic Studies, in collaboration with the ECOWAS Commission, organized a Strategic Level Seminar on Transnational Organized Crime and Human Security in West Africa, which was held in Accra, Ghana on 10–15 October 2010. The seminar was co-hosted by the Government of Ghana in collaboration with the Nigerian National Defence College. It brought together senior civilians, police and military officials from ECOWAS member States, regional civil society representatives, and other individuals to examine recent findings on the organization, dynamics and extent of transnational crime in West Africa; the implications for national, sub-regional and global security including terrorism financing; and the impact of transnational crimes on ongoing democratization, anti-corruption, development and public health efforts within West Africa.

554. GIABA contributed with a presentation on the 'ECOWAS Response Mechanisms to Transnational Organized Crime' in which the core functions and technical assistance programs of GIABA were discussed. The seminar served as a platform to sensitize the participants about GIABA's mandate and the need to strengthen inter-agency cooperation in the fight against ML/TF.

Conclusion

555. The fight against ML/TF is global and its complexity requires strong cooperation. Driven by this, GIABA will in the coming years accelerate its collaborative efforts with all stakeholders in order to develop synergy in program development and implementation on the region.

CHAPTER 7

ADMINISTRATIVE AND SUPPORT SERVICES

Introduction

556. The year 2010 witnessed acceleration in the strengthening of GIABA's institutional capacities through the revamping of the organizational structure and a 97% budget execution rate, the highest ever implemented by a Community Institution in ECOWAS.

557. At its 8th Ordinary Session held in Praia, Cape Verde, the GIABA Ministerial Committee considered and approved the creation of three Directorate positions and other professional posts, including that of a Procurement Specialist. It also approved the setting up of two Information Centres, one in Abidjan and the other in Lagos. That decision was subsequently submitted by the Chairman of the GIABA Ministerial Committee to the ECOWAS Council of Ministers at its 63rd meeting held in Abuja in June 2010. The Council adopted the two requests subject to the consideration of its financial implications by the Administration and Finance Committee. At its October 2010 meeting the AFC endorsed the requests allowing the implementation of the Council's earlier decision.

Organizational Structure

558. Based on the main functions defined in the 2006 organogram, i.e. Programs and Projects, Research, Monitoring and Evaluation and Documentation and Administration and Finance, the new structure acknowledges Directorate positions and new sub-functions. The creation of a Procurement Specialist before the adoption of the new ECOWAS Tender Code and its recruitment as early as May 2010 are part of the mechanisms and tools set by the GIABA management to foster high-quality standards in sound financial and procurement management.

559. The restructuring requires a set of new recruitments that were launched in August 2010 with advertisements in major newspapers in the 15 member States. Another batch of recruitment advertisements will be launched at the end of first quarter of 2011. At the end of this process, GIABA will align to the other specialized institutions of ECOWAS and become more compliant with the ECOWAS scheme of service. It is underscored that the creation of Directorate positions will enhance institutional knowledge management. Table 10 shows the categorization of staff by cadre and gender.

Table 10: Staffing by Cadre and Gender

Gender	Statutory	P- Staff	G – Staff	Total
Male	1	9	17	27
Female	1	2	10	13
Total	2	11	27	40

Table 11: Staffing by Type of Appointment

Gender	Permanent	Contractual	Total
Male	17	10	27
Female	12	1	13
Total	29	11	40

560. Seven new staff members joined the institution in 2010, while four left, bringing the staff strength to 40. The staff now comprises of 13 professional staff and 26 general staff. Recruitment process to the positions of Directors (3), P5 (4), P4 (5) and G Staff (9) commenced in August 2010 and is to be concluded in the second quarter of 2011. Another will follow to complement the staff strength in line with the approved organogram.

Extension of GIABA Office space

561. The growth of the Secretariat has inevitably created the need for more office space to accommodate new staff. For this reason, the Director General sought and got approval from the Government of Senegal to extend to the Secretariat the use of the second floor of the building accommodating its offices. That was graciously granted in May 2010 and GIABA remains highly appreciative of this gesture of the Government and good people of Senegal.

562. Work on the office extension has commenced and the offices are due for occupation in the first quarter of 2011. This will facilitate the smooth operations of the Secretariat when the new staff assume duties.

Office Allocations in Lagos and Abidjan

563. Following the approval of the creation of two Information Centres, the Director General requested from the Government of Côte d'Ivoire and the ECOWAS Commission office spaces in Abidjan and in Lagos, respectively. The two requests were granted and a visit was conducted to identify the offices in Lagos. The two Centres will be equipped and furnished during the first quarter of 2011.

Manual of Procedure

564. Following the recommendation deriving from the Praia retreat held in 2009, a Manual of Administrative, Financial and Accounting procedures and a Manual of Operational Procedures were drafted and submitted to the Chief Internal Auditor and the Financial Controller of ECOWAS Institution for perusal and comments.

565. The Manuals are designed to enhance the Secretariat's compliance with international best standards, strengthen internal controls, facilitate decision-making and meet reporting requirements. They will be adopted for use in 2011.

Events during the Year Staff Retreat and Other Social Activities

566. In order to strengthen team spirit and break barriers to collective mobilization of staff towards achieving the institutional goals, two staff retreats were organized for professional and general staff. The retreats were facilitated by a consultant and were held in Saly Portudal, Senegal.

567. Staff interacted intensively among themselves and with the consultant, and proposed ways of developing a family spirit in the Secretariat. It was agreed that the next retreat to be held in 2011 will compose of all staff of the Secretariat.

International Women's Day, 8 March 2010

568. One of the Millennium Development Goals is to promote gender equality and women's rights. This is also a key principle in the ECOWAS regional integration program. In order to demonstrate management's commitment to gender balance, as well as the protection and promotion of women's rights, the Director General renewed the observance of the International Women's Day in GIABA on 8 March 2010. The Secretariat celebrated all ladies in GIABA through a conference where a presentation was made by Dr Hussainatu Abdullah, a gender specialist, followed by a lunch reception during which the Director General presented souvenirs to female staff of GIABA and assured them of management's sensitivity on gender issues and his personal commitment to gender balance.

Staff General Assembly/Town Hall Meeting

569. In an effort to promote openness and constructive dialogue between management and staff members, a staff general assembly/town hall meeting, intended as a way to provide feedback to personnel on management issues, was held in July 2010 in line with the internal communication mechanisms set by the Executive Management. On account of a busy December 2010 with the Plenary, Ministerial Committee Meeting and Anniversary celebrations, the second staff general meeting was postponed to January 2011. In addition, the Director General held quarterly meetings with the staff representatives.

570. Due to the December 2010 GIABA events held in Abuja, it has not been possible to organize a Christmas Tree as in December 2009. However, The Director General granted to all the children of the GIABA family Christmas gifts in order to express GIABA's appreciation to staff members for their good work with the support from their families.

Staff Training Program

571. As part of its overall goal to build a skilled workforce, a comprehensive training program on new ICT tools, Budgeting, International Public Sector Accounting Standards, Communication, Program Management etc. was implemented for various staff during the year. Emphasis was put on strengthening of capacities and updating skills for personal development.

Administrative and Financial Management

572. The external audit of GIABA's 2008 and 2009 Financial Statements was completed by Deloitte & Touché, in February and September 2010, respectively. The firm submit-

ted the final report to the Audit Committee for onward transmission to the Council of Ministers for consideration. The 2009 audit report has since been considered and endorsed by the Council of Ministers. In the opinion of the auditors, the financial statements present fairly, in all material respects, the financial position and the results of the operations of GIABA for the 2008 and 2009 fiscal years in compliance with the financial regulations of the community. The 2008 and 2009 audited accounts of GIABA are attached to this report as Appendix C.

On-site Audits of the Financial Controller of ECOWAS Institutions

573. The Financial Controller of ECOWAS Institutions conducted two on-site visits to examine GIABA's administrative and financial operations. The reports contain a set of recommendations for improving budget execution mechanisms, but most importantly it commended GIABA for high budget implementation rate and risk management. The Financial Controller's recommendations are being implemented and close follow-up will be operated by the management.

Other activities

574. During the reporting period, four sharing sessions were organized on the new ECOWAS Financial Regulations, Administrative Issues, GIABA new FATF Associate Member status and Internal Procedures.

575. GIABA participated in the 2011 Budget Review meeting held at the ECOWAS Commission and the Administration and Finance Committee Meeting in Abuja, Nigeria, on 26–31 October 2010, to consolidate the budget proposals from ECOWAS institutions for presentation to the Council of Ministers. The Budget Arbitration Committee allowed a 56% increment rate for GIABA in the 2011 budget against a tight maximum incremental rate of 5%, which was set for other community institutions[34]. Consequently, the Administration and Finance Committee endorsed the decision, which was approved by the Council of Ministers as a proof of its strong commitment to the eradication of the scourges of AML/CFT in the region.

576. GIABA participated actively along with other ECOWAS institutions to the Financial Management Reform process, including the implementation of a new Enterprise Resource Planning (ERP) and Resultsa Based Budgetting, (RBB) and International Public Sector Accounting Standards.

577. GIABA also participated in the meetings of the Audit Committee, including the one held in August which it hosted, as well as the Community Levy Management Committee meetings. The important decisions taken were to strengthen the financial management of ECOWAS institutions and facilitate the collection and efficient use of Community Levy resources. On the margin of its August meeting hosted by GIABA, the Audit Committee paid a working visit to GIABA during which a presentation of the institution's activities and the state of arts on AML/CFT in the region were presented by staff of GIABA, allowing them to interact with the management. The Audit Committee members showed interest in the activities of GIABA and expressed the need to be involved in one Plenary for greater knowledge of the issues. The Director General invited all Audit Committee members to the December 2010 Plenary.

578. GIABA was commended by the Financial Controller's office, the Chief Internal Auditor's office and the Audit Committee for its risk management approach for institutional management.

Information and Communication Technology Data Centre

579. In 2009, GIABA deployed a Tier1 data centre consisting of the following equipment: three sets of 47 U Racks; two HP Proliant Servers (ML370 and DL380G5); CISCO 1800 Router; CISCO ASA 5510 Pix firewall; six CISCO2960 Switches, three KEYMILE modems, Cat 5e Patch panels, power switches and cables. The data centre controls the activities of the rest of the equipment on the data and telephone network; it also ensures a constant and stable power and a secure and reliable network. More importantly, the data centre will enable GIABA to establish a secure links with other stakeholders.

Internet bandwidth, website, e-mails and PABX …etc

580. In the year 2008, we reported the provision of dedicated internet bandwidth at the GIABA Secretariat. In 2009, this bandwidth was enhanced from 512 Kbps to 2M. Dedicated Internet Access is a highly reliable, predictable, and high-bandwidth internet connection. This type of connection allows GIABA to connect its LAN office network with greater performance and scalability than is available with DSL, wireless or any kind of switched service. The speed of this bandwidth has given the Secretariat low-latency and solid network performance 24/7.

[34] It should be noted that this increment emanated from a special budget for the provision of ICT equipment to 13 FIUs in member States.

Website management

581. The GIABA website was revamped to make it more dynamic and user-friendly. Currently, staff of communication unit can upload news items in the three official languages of ECOWAS with ease. In 2011, the Secretariat will, in line with the needs and priorities of GIABA, enhance the capability of the website to respond to the developmental challenges, such as the idea of integrating the website to a portal with various links to other sources in GIABA.

582. A major challenge is harmonizing the divergent views expressed by staff to what will form the content of the website and what colour to use on the site. A second challenge is the time spent to get relevant documents to be published on the website; the third challenge is the translation of documents into three official languages used by ECOWAS – English, French and Portuguese.

583. The email system, which was reviewed in 2009 to make it more flexible and easy to use, has remained alive 99.9% of the time in 2010. The current email system has multiple language functionality, easy address management, and larger document attachment capabilities than the earlier system and is more secure.

Publication of the 2009 Annual Report

584. The publication of the fifth comprehensive Annual Report for 2010 is a 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 GIABA during 2009. 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 from the ML/TF threats it is faced with and creating a new vision for the future among today's and tomorrow's leaders. This report constitutes a true indication of this capacity and proof of that commitment. After several years of operation it has now become one of GIABA's key activities.

Conclusion

585. GIABA is engaged in building and maintaining a Secretariat of international standard in terms of organization and management structure, as well as methods and tools. In the context of a growing institution in a complex environment this is very demanding. However, plans are already advanced to address the challenges ahead (see Chapter 8).

586. On ICT, the objective is to support GIABA's desire to perform as a knowledge-based organization. In so doing, GIABA will set up a web portal linking all the resources available on AML/CFT and providing updated data to all its stakeholders. This will also be the basis for further technical assistance to member States.

587. On administrative and financial management, besides complying with community rules and regulations, GIABA seeks to conform to donor requirements on procurement and financial reporting standards. A Long Term Funding Strategy is being prepared to serve as a framework for strong relationships with technical and financial partners.

CHAPTER 8

MONITORING AND EVALUATION, CHALLENGES AND PRIORITIES FOR 2011

Introduction

588. In its capacity as leader in the West Africa region, GIABA continued the global efforts to fight money laundering and terrorist financing, focused on the completion of ongoing projects in 2010 and the evaluation of the implementation of the 2007–2009 Strategic Plan, while consolidating and reflecting on the achievement so far by redesigning a four-year Strategic Plan (2011–2014). Nevertheless, as a result of their structural and developmental problems, the implementation of international AML/CFT standards in the West African countries, as is the case in other low-capacity countries, continues to pose a great challenge.

Lessons Learned

589. The independent evaluation report on GIABA (2010) revealed that member countries have come to realize that no country can by itself alone effectively prosecute the war on ML/TF activities; only sustained inter-jurisdictional cooperation and collaboration by countries can do it. At the national level, there is the need to engage strategic stakeholders such as ministers and legislators who make relevant laws and decisions. Any multi-year plan is susceptible to shocks from the dynamics of its internal and external policy and operating environments. Furthermore, effective communication is important in changing negative perceptions about money laundering and terrorist financing and winning key allies across the different constituencies in the society. Virtually all stakeholders expressed the need for more training opportunities to enable them get a handle on the practical aspects of ML/TF activities as these relate to their respective sectors. The need for practical lessons to be learned from trail blazers and early starters was also emphasized by stakeholders. For instance, officials of the regulatory agencies of the capital market and insurance sectors in Ghana observed that the templates, procedures and processes in which they were investing a huge amount of time and resources to develop were already well established in the relevant institutions and agencies in neighbouring Nigeria. A working visit or staff exchange between the relevant agencies in these two countries would go a long way to ensuring that templates, procedures and processes of member countries were identical, thereby facilitating inter-country and inter-temporal analyses and comparisons, while also obviating the wasteful need for a reinvention of the wheel. GIABA's unique status as an ECOWAS institution has implications for its operations and manning levels.

590. While considerable progress has been made, as shown by the Evaluation Report of the 2007–2009 Strategic Plan, the future is even more challenging. Collectively, member States must increase visibility for AML/CFT at the highest level of leadership as a practical demonstration of their commitment to dealing with all aspects of profit-motivated crime. As the recent global financial crises revealed, countries can do very little to protect themselves from a sudden global financial collapse. The strength is in vigilance and preventive control. This needs to apply to ML/TF.

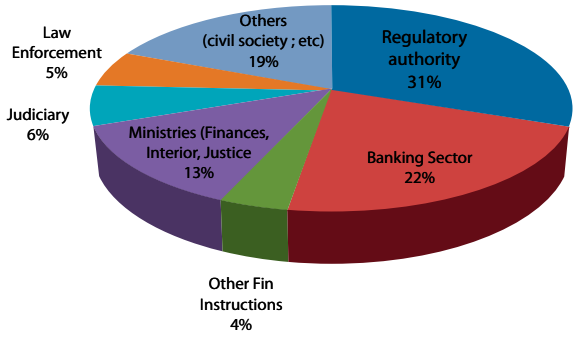
591. The new Strategic Plan 2011–2014 aims at consolidating and deepening the measured success recorded between 2009 and 2010. A faithful implementation of the programs and projects identified will go a long way to strengthen the AML/CFT regimes of GIABA member States, thereby providing a regional shield against ML/TF.

Programs Implementation

592. In 2010, there was a significant increase in the number of activities executed jointly with development partners, especially the World Bank and Central Banks in the region. The upward movement in national programs also led to higher participation rates, especially from the private sector. Despite the exigencies and dictates of the operating environ-

ment in 2010, GIABA achieved a 96% success rate in program execution. In 2010, GIABA sponsored, supported or participated in about 24 technical assistance/capacity-building activities for member States, benefiting about 948 officials as against 17 technical assistance activities in 2009 that benefitted 614. The sectoral distribution of attendees is as shown in the pie chart below.

Fig 1 : Participation by Sector



593. The delivery of programs in 2010 was consistent with the six core strategic objectives in the 2007–2009 Strategic Plan. The emphasis was on improving the AML/CFT supervisory and regulatory framework; promoting the adoption of risk-based AML/CFT compliance culture; strengthening operations of FIUs; enhancing the capacity of law enforcement agencies; and improving awareness of AML/CFT issues through partnership with the civil society, including the media.

Challenges in Implementing AML/CFT Measures in West Africa

594. GIABA and its member States have made tremendous strides and recorded successes in adopting and implementing international AML/CFT standards, particularly the FATF 40+9 Recommendations. Despite all the efforts, the some major challenges remain, arising mostly from numerous environmental, institutional, regulatory and regional peculiarities which severely constrain AML/CFT effectiveness. These challenges also emanate from what the FATF has since recognized in its paper on "Implementation of AML/CFT Standards in Low Capacity Countries (LCCs)". In brief, some of the challenges jurisdictions face in implementing the provisions of the Standards are as follows:

a. With respect to developing an appropriate legal framework, there is lack of expertise and resources required to conduct legal reviews. In addition, the processes and procedures for introducing legislative changes are slow-paced and the players need to be educated on the import and relevance of the required changes.

b. With regard to due diligence measures, including customer identification, monitoring and reporting, some teething problems abound in most if not all countries. For example, individual identification systems and infrastructure is nonexistent or functionally defective. Also, geographical/locality mapping (street names and numbers, etc.) is largely restricted to urban areas. Many reporting entities are not willing to invest in customer identification and monitoring due to cost against profit.

c. On compliance measures on Politically Exposed Persons, monitoring of PEPs poses many challenges due to the extensive associations of family members and business partners, both public and private persons, with PEPs. Thus, one of the studies conducted by GIABA in 2010 revealed inter alia that in spite of "local" anti-money laundering legislations/regulations and control/enforcement agencies, however rudimentary or nominal in certain cases, their enforcement is impeded by an assortment of corrupt practices, especially by PEPs, and disabled/corrupt institutions and personnel. Differently put, observed weak level of organizational compliance with extant anti-money laundering provisions cannot be seriously attributed to a lack of knowledge of the provisions nor an absence of primary/specialized AML agencies. The responsibility lies somewhere else: abuse/misuse of office for personal enrichment/benefit in isolation or, in combination with bribery/corruption of enforcement and judicial personnel, constitute the major impediment to the effectiveness of implementation of AML provisions. That is corruption not only produces, but as well protects, money laundering.

d. Institutional development (FIUs, regulators, LEAs, etc.): There are limited resources to support the establishment and capacity-building of new and existing institutions. In addition, there are challenges with institutional and individual resistance to change and/or the slow pace of adapting to change.

e. Access to information: Unavailability of and difficulty in accessing relevant information, particularly in a timely manner even where it is available, remains a prevailing challenge for AML/CFT control institutions. Consequently, awareness of international AML provisions (e.g. FATF Recommendations) is very low, even among some high-echelon functionaries of agencies and bodies (public and private) responsible for the prevention and control of money laundering.

f. National coordination and collaboration: Due to the number of stakeholders involved in AML/CFT, a functional cooperation and collaboration mechanism is often very difficult to establish in many of the countries. Different stakeholders may be required to lead on the different aspects of AML/CFT and this has to be coordinated. Inter-agency rivalry and the need to protect information sometimes affect the level of cooperation and collaboration.

g. Regional and international cooperation: While political, legal and policy direction and regional coordination on AML/CFT has been achieved in the region, operational cooperation at the regional and international level is still slow. Some countries are still operating in isolation or reluctant to adapt to international best practices and this affects the overall implementation of AML/CFT measures by GIABA member States.

h. Combating the financing of terrorism: Measures against TF are diverse and require broad national and international coordination and cooperation that logically extend to dealing with issues of terrorism in general. Within the larger framework of dealing with terrorism, countries are always very careful to ensure that decisions made are proper and right based on their realities and circumstances.

Challenges Arising from the Mutual Evaluation Process

595. The mutual evaluation process remains by far the most effective way of assessing the progress made by member States in developing efficient and effective AML/CFT systems. Since the commencement of GIABA's first round of mutual evaluations in 2007, 13 countries have been evaluated, as discussed in Chapter 3.

596. The outcome of the evaluations revealed significant deficiencies in the AML/CFT systems of member States, which are not unconnected with the challenges low-capacity countries face. Basically, most of the challenges and weaknesses observed through the mutual evaluation process are related to:

a. limited political attention to AML/CFT issues by political leaders;

b. weak legal frameworks;

c. weak control institutions that are largely under resourced;

d. inadequate national coordination and collaboration of efforts;

e. limited regional and international cooperation framework;

f. high human capacity mobility due to the inability of governments to retain their expertise;

g. a large informal sector, with many players of varying interest;

h. limited economic space that forces steep competition among the market players, generating alliances of complicity that make it difficult to fully implement AML/CFT compliance requirements;

i. a poorly organized formal sector, where professional self-regulation is very limited and the burden of regulation largely lies with weak government institutions;

j. low civil society mobilization to participate actively in the prevention of ML/TF; and

k. disproportionate donor support for AML/CFT programs and activities.

597. Overall, it should be stated that once a country has committed to this process, the same standards that apply to other jurisdictions the world over also apply to it regardless of its level of development and capacity to mitigate the risks. A comparison between the MERs of GIABA members, who are in the first round of evaluations with the MERs of FATF members, who have been in this process for about 20 years and are going into the fourth round of evaluations, would therefore not be warranted.

598. In recognition of this fact and the capacity gaps in member States, in 2010 GIABA continued to accelerate and extend its technical assistance within resources available to member States to address these gaps. The common structural characteristics of member States are the foundation that guides GIABA in designing appropriate intervention programs to meet its mandate. In sequencing its efforts, GIABA deploys the FATF guidelines on low-capacity countries on issues of cooperation and engagement (political commitment), leadership and inter-agency cooperation and coordination, private sector outreach and consultation, and technical assistance/engagement.

Priorities for 2011

599. The year 2011 marks the beginning of a new era in the history of GIABA. The anniversary celebrations in December 2010 were an opportunity for stocktaking and reflection on the past programs and activities of GIABA

since it became fully operational. Thus, as part of its strategic implementation of its programs, 2011 will lay the foundation for the next strategic cycle (2011–2014) by focusing on the outlined projects (see appendix for the 2011 Work Plan, which was drawn out of the 2011–2014 Action Plan). In this regard, priority will be accorded to all program activities as enunciated in the key elements of the Strategic Plan with emphasis on the basic areas of need, and this would include the following:

Enhanced Follow-up Programs on MERs

600. In view of the low capacity of member States to implement the recommendations in their MERs, GIABA has reviewed the follow-up processes and procedures to make it amenable to adaptation by the various countries in 2010. Consequently in 2011, a broad-based approach within a time-frame will be adopted in the follow-up process. A comprehensive timetable to that effect has been developed and adopted by Member States. Also, to facilitate effective monitoring, GIABA will continue to deploy the Strategic Implementation Planning Framework in 2011. The SIP Framework aims to provide post-ME implementation assistance by prioritizing and sequencing the implementation of MER recommendations, on the basis of identified risks/vulnerabilities and "building block" FATF Recommendations, and factoring in resourcing and capacity issues.

Results-Based Management

601. In continuation of its pragmatic approach to program delivery, GIABA will adopt the framework of results-based management in the execution of its 2011 programs. This means defining realistic expected results based on appropriate analysis; identifying beneficiaries and design of programs to meet their needs; monitoring progress based on appropriate indicators; and the identification and management of potential risks. Thus, following on from 2010 and going forward, GIABA will adopt a process-based, flexible and scalable approach to program management. Furthermore, in the coming years, starting with 2011, a structured modular approach to capacity-building programs will be deployed. The approach is to ensure that learning experiences are acquired in a graduated continuum devoid of an overload of insignificant information. Also, member States will be encouraged to adopt a risk-based approach in AML/CFT compliance supervision. This will help to reduce the possibility of "regulatory capture" of regulators by the regulated.

Technical Support to FIUs

602. The establishment of an FIU is a key AML/CFT requirement and represents a country's commitment to combat money laundering and terrorist financing. Thus, the existence of well-functioning FIUs is central to the overall effectiveness of AML/CFT regimes in our region. GIABA for its part plans to continue with the technical support towards the establishment and strengthening of FIUs in member States. The planned projects in this area will include the acquisition of AML/CFT software to assist in financial intelligence analyses; facilitation or attachment of staff in new FIUs to already developed ones both in and outside the region; facilitation of FIUs' membership of the Egmont Group; and organization of Special Purpose In-country capacity-building programs. Also, special attention will be given to post-conflict member States.

Support for the Judiciary and Other Criminal Justice Systems

603. Various authorities have recognized that the importance of the judiciary in political construction is profound rather than prominent. In determining a nation's rank in political civilization, no test is more decisive than the degree to which justice, as defined by the law, is actually realized in its judicial administration. Indeed, "there is no better test of the excellence of a government than the efficiency of a judicial system; for nothing more clearly touches the welfare and security of the average citizen than the feeling that he can rely on the certain and prompt administration of justice". Therefore, "the administration of justice by the state must be regarded as a permanent and essential element of civilization and as a device that admits of no substitute".



The Deputy Director General, Dr Ndeye Elisabeth Diaw presenting GIABA gift items to Mr Maharafa Traoré, Minister for Justice of Mali during the AML/CFT Seminar for Judges from French and Portuguese Speaking Countries of ECOWAS organized by GIABA and the ECOWAS Court of Justice from 22 to 26 March 2010 in Bamako, Mali.

604. An ineffective or improperly empowered judiciary has a direct impact on the very essence of the judicial function, which is to deliver an independent, fair and impartial decision. The consequence is unfairness and unpredictability in the legal process from start to finish, and a systemic undermining of the rule of law. It hampers national development, and the institution at the heart of the fight against transnational organized crime is disabled.

605. Against this background, and recognizing the lack of sufficient prosecution and adjudication of ML/TF cases in this region, GIABA will, within the framework of its Regional Strategic Plan (2011–2014) propose a comprehensive technical assistance project in support of the judiciaries of member States. The key components of such a project will consist of technological support and modernization of the judiciary; infrastructure and institutional development; and intellectual empowerment, including training, research and judicial continuing education.

Diversification of Sources of Funding

606. The task of implementing effective AML/CFT in low-capacity countries or regions such as West Africa requires more resources. The funds from the Community Levy must be complemented with funds from other external sources. Resource mobilization is therefore key to ensuring effective implementation of AML/CFT measures. The Secretariat has identified this as a major program for the years ahead. Consequently, the Secretariat will intensify efforts to attract donor funding through a long-term fund-raising strategy as discussed in the preceding chapter.

Conclusion

607. As stated in the previous reports, it should be reiterated that meaningful regional collaboration in the fight against transnational organized crime must be clustered around strategic issues as identified in GIABA's Strategic Plan. The actions to be taken must necessarily recognize the diversity of the region, the complexity of the problems, the multiplicity of actors and the interconnectedness of the activities to be carried out in support of national efforts. Given the obvious weaknesses of our member States, therefore, there must be a joint coordinated response to the threat. The enemy is very powerful, extremely wealthy and knows no borders. Therefore, in order to fight back realistically and responsibly, it is essential to undertake concerted action with all other concerned partners, particularly those at the country level. There is strength in unity, and confronting the menace individually is in fact a waste of time and a lost cause. The strategic framework of GIABA proposes a holistic response to the problem. It seeks to bring together both local governments and international donors in a common and coordinated approach, which includes a number of actions to be carried out in logical sequence by various partners. Furthermore, an essential sense of solidarity needs to be reinforced and common bonds created for a successful outcome to become reality.

Appendix A: 2011 Work Plan
FIRST QUARTER 2011

SN	Title of Programme/Project/Activity	January				February				March			
		1	2	3	4	1	2	3	4	1	2	3	4
01	FATF Africa/Middle East Review Group (RRG) Meeting (Manama, Bahrain, Jan 9 - 14)												
02	Publication of GIABA 2011-2014 Strategic Document (Dakar, Senegal, Jan 17-21)												
03	Expert Workshop on Preventing the Abuse of NPO for Purpose of TF (London, UK, Jan 18 - 20)												
04	1st Draft of 2010 Annual Report (Secretariat, Jan 24)												
05	Staff General Assembly (Jan 25)												
06	Programming Seminar for GIABA Staff (Dakar, Senegal, Jan 28)												
07	Finalisation of Manual of Operations (Dakar, Senegal, Jan 31)												
08	Dissemination Workshop on the Manual of Procedures (Feb 1 - 2)												
09	Interview of Short listed G-Staff Candidates (Feb. 3-4)												
10	Finalization of the Staff Handbook (Feb 11)												
11	Interview of P-Staff Candidates (Feb 14 - 15)												
12	Recruitment of Staff for Lagos Office (Feb 14 - 17)												
13	Forum Crans Montana (Brussels, Belgium, Feb 19)												
14	FATF Plenary and Working Group Meetings (Paris, France, Feb 20 - 25)												
15	GIABA - World Bank Tactical Analysis Training Course for FIUs (Francophone) (Dakar-Senegal, Feb 21 - 24)												
16	Development of Training Plan (Feb 25)												
17	National Training for AML/CFT Compliance Officers (Accra, Ghana, Feb 28 - March 3)												
18	GIABA - World Bank Tactical Analysis Training Course for FIUs (Anglophone) (Abuja-Nigeria, Feb 28 - Mar 3)												
19	Study on the Nexus between Small Arms, Light Weapons and Money Laundering and Terrorist Financing in West Africa (member States, Jan - Feb)												
20	Franc Zone Liaison Committee (Douala, Yaounde Camaroon, Feb - TBA)												
21	Open House on AML/CFT Sensitization for Youths (Accra, Ghana, March 4)												
22	Installation of Billboard for AML/CFT Awareness Messages in GIABA member State Airport (Bamako, Mali, March)												
23	Installation of Billboard for AML/CFT Awareness Messages in GIABA member State Airport (Banjul, The Gambia, March)												
24	Womens Day Celebration (March 8)												
24	National Workshop on Vulnerability of Mining and Extractive Industries (Lagos, Nigeria, March 7 - 8)												
26	Mutual Evaluation Post On-Site Meetings with Liberia National AML/CFT Stakeholders (Monrovia, Liberia, March 7 - 8)												
27	Pre-Assessment Training for Guinea (Conakry, Guinea, March 7 - 9)												
28	West African Journal of Money Laundering and Terrorist Financing (Constitution of Editorial Board and Call for Papers) (Dakar, Senegal: March 7 - 11)												
29	Egmont Working Group (WG) Committee (EC) Meetings (Oranjestad, Aruba, March 14 - 17)												

30	Training on Financial Intelligence Analysis for Sierra Leone FIU (Freetown, March 14 - 18)												
31	National Workshop on Vulnerability of Mining and Extractive Industries (Freetown, Sierra Leone, March 21 - 22)												
32	GIABA / World Bank Training Workshop for GABAC (Douala, Cameroon, March 21 - 25)												
33	National Workshop on Risk Based Approach to AML/CFT Compliance Functions (Freetown, S/Leone, March 23 - 25)												
34	ESAAMLG Plenary Meeting (Zanzibar, Tanzania, Mar 28 - 31)												
35	Development of Nigeria National AML/CFT 2011-2014 Strategy (Abuja, Nigeria, Date-March 28-30)												
36	Economic and Financial Crimes Seminar for Judges (Anglophone) (Abuja, Nigeria, March 28 - 30)												
37	Study on Tax Fraud and ML in WA Human & Economic Development Perspective (Completion, March 2011)												
38	Production of quarterly e-Newsletter (March 31)												
39	Production of 2010 Annual Report (March 31)												
40	Audit Committee Meeting (Abuja, Nigeria, March)												
41	Acquisition / Development of Project Implementation, Monitoring and Evaluation Tools (End March)												
42	Broadcast of AML/CFT Messages in GIABA Member States (All Year Round)												
43	Annual Audit of GIABA Accounts (Venue and Actual Date - TBA)												
44	Study Tour for Staff of Guinea CENTIF (Venue and Actual Date - TBA)												

SECOND QUARTER 2011

SN	Title of Programme/Project/Activity	April				May				June			
		1	2	3	4	1	2	3	4	1	2	3	4
01	Opening of Abidjan Office (April 2 - 4)												
02	Training on Financial Intelligence Analysis for CENTIF Burkina Faso (Ouagadougou, April 4 - 8)												
03	Interactive Session with Media Executives (Dakar, Senegal April 8)												
04	Annual Briefing Session for ECOWAS Ambassadors and Development Partners (Dakar, Senegal April 9)												
05	Official Opening of GIABA Information Center (Lagos, Nigeria, April 11 - 14)												
06	Development of National AML/CFT Strategy and Action Plan (Conakry, Guinea - April 11 - 14)												
07	Regional Policy Seminar on Corporate Governance, Corruption and Money Laundering/Terrorist Financing (Cotnou, Benin April 11 - 14)												

SECOND QUARTER 2011

08	HRM Training on Staff Assessment (April 11)
09	Assistants and Secretaries Day Celebration (April 16)
10	Deployment of AML/CFT Analytical Software to FIU (Bamako, Mali, April 18 - 21)
11	Advocacy Mission on FIU Membership of Egmont Group (Bamako, Mali, April 21)
12	Installation of Billboard for AML/CFT Awareness Messages in GIABA member States Airport (Accra, Ghana, April)
13	Installation of Billboard for AML/CFT Awareness Messages in GIABA member States Airport (Dakar, Senegal, April)
14	Installation of Billboard for AML/CFT Awareness Messages in GIABA member States Airport (Praia, Cape Verde, April)
15	Annual AML/CFT Research Sponsorship Grant (Screening and Award of Grant) (Dakar, Senegal, April - May)
16	Assessment of the Techniques, Methods, Patterns, Trends and Impact of Advance Free Fraud in West Africa (GIABA/EFCC) (Dakar, Senegal, April - May)
17	Quarterly Monitoring and Evaluation Report (April Edition)
18	Expert Review Group (ERG) Meetings (Dakar, Senegal, May 2)
19	Working Group on Mutual Evaluation and Implementation Meetings (Dakar, Senegal, May 2)
20	Working Group on Typologies meeting (Dakar, Senegal, May 2)
21	Regional Forum of FIUs (Dakar, Senegal, May 3)
22	GIABA Plenary / Ministerial Committee Meetings (Dakar, Senegal May 2 - 5)
23	Donor Round Table (Venue and Date - TBA withing Plenary, 2-5 May)
24	GIABA / UNCTED Workshop on Implementation of UNSCRs (Dakar, Senegal, May 5 - 6)
25	GIABA/World Bank Workshop on AML/CFT Supervision (Francophone) (Dakar, Senegal, May 9 - 13)
26	GIABA/World Bank Workshop on Development of MER Action Plan (Dakar, Senegal, May 16 - 20)
27	National Sensitization Workshop on AML/CFT for Parlimentarians (Freetown, S/Leone, May 19 - 20)
28	Sensitization Seminar on AML/CFT for Journalists (Monrovia, Liberia, May 19 - 20)
29	Regional Seminar on Capacity Building on Economic and Financial Crimes for Prosecutors (Abuja, Nigeria, May 23 - 26)
30	ECOWAS Day Celebration (Dakar, Senegal, May 28)
31	GIABA Ministerial Briefing (Date and Venue - TBA, May)
32	GIABA / FATF / BCEAO Seminar for Experts of UEMOA Countries (Abidjan, Côte d'Ivoire, Actual Date in May - TBA)
33	National Training for AML/CFT Compliance Officers (Dakar, Senegal June 6 - 7)
34	Training on Financial Intelligence Analysis for Ghana FIC (Accra, Ghana, June 6 - 10)
35	National Workshop on Risk Based Approach to AML/CFT Compliance Functions (Dakar, Senegal, June 8 - 10)
36	FATF Plenary and Working Group Meetings (Mexico, June 20 - 24)
37	Production of Quarterly E-Newsletter (June)
38	Installation of Billboard for AML/CFT Awareness Messages in GIABA member State Airport (Lagos, Nigeria June)
39	Installation of Billboard for AML/CFT Awareness Messages in GIABA member State Airport (Abuja, Nigeria June)

40	HRM Training on Recruitment (June)												
41	Egmont Plenary XVIII (Venue and Date - TBA)												
42	ECOWAS Institutions Meetings (All Year Round)												
43	Regional Seminar on Capacity Building on Economic and Financial Crimes for Judges (Dakar, Senegal, TBA)												
44	Regional Workshop on Criminal Asset Recovery (Banjul, The Gambia, Date - TBA)												
45	Follow Up Workshop onTypologies Exercises (Venue and Date - TBA)												
46	Meeting of ECOWAS Council of Ministers (Venue and Date - TBA)												
47	UN CTC Meetings (Venue and Date TBA)												
48	AFC Meeting (Abuja, Nigeria - Date TBC)												

THIRD QUARTER 2011

SN	Title of Programme/Project/Activity	July				August				September			
		1	2	3	4	1	2	3	4	1	2	3	4
01	Staff Retreat (July 1 - 2)												
02	Review of 2011 Workplan and Budget (July 4)												
03	Mid Year Press Conference on AML/CFT in West Africa (Lagos, Nigeria, July 8)												
04	Deployment of AML/CFT Analytical Software to FIU (Praia, Cape Verde, July 11 - 15)												
05	Regional Workshop on New Declaration System for Law Enforcement Agencies (Bissau, Guinea Bissau, July 25 - 27)												
06	Follow up to Drug Trafficking WGTYP Project - Support Development of AML Investigation Database for Nigeria and Senegal Anti-Drug Department (July – 20-22)												
07	Preparation of Draft 2012 Budget (August 1 - 12)												
08	GIABA / World Bank Training for Assessors (Dakar, Senegal, July - TBA)												
09	Audit Committee Meeeting (Abuja, Nigeria, July - Date TBC)												
10	West African Journal of Money Laundering and Terrorist Financing (Publication of Accepted Papers) (Dakar, Senegal, July - August)												
11	Capacity Building Training for CENTIF Guinea (Conakry, Guinea, Aug 8 - 12)												
12	Capacity Building Training for Liberia FIU (Monrovia, Liberia, August 15 - 19)												
13	Official Opening of GIABA Information Center (Abidjan, Côte d'Ivoire, August 15 - 19)												

14	Installation of Billboard for AML/CFT Awareness Messages in GUABA member States Airport (Abidjan, Côte D'Ivoire, Aug 26)												
15	29th Cambridge International Symposium on Economic and Financial Crimes (Cambridge, UK, Sept. 4 -11)												
16	Deployment of AML/CFT Analytical Software to FIU (Banjul, The Gambia, Sept 19 - 23)												
17	Installation of Billboard for AML/CFT Awareness Messages in GUABA member States Airport (Ouagadougou, Burkina Faso, Sept 30)												
18	Installation of Billboard for AML/CFT Awareness Messages in GUABA member States Airport (Bissau, Guinea Bissau, Sept 30)												
19	Development and Revision of AML/CFT Laws (Member State and Date - TBA)												
20	International Financial Institutions Meetings (Venue and Date TBA)												
21	Pre-Assessment Training for Côte d'Ivoire (Abidjan, Date TBA)												
22	Best Practice Studies on the Implementation of Effective AML/CFT Regime (Venue and Date - TBA)												
23	Regional Forum of Financial Sector Supervisors (Venue and Date - TBA)												
24	Mutual Evaluation On-Site visit to Guinea (Conakry, Actual Date - TBA)												
25	Implementation of UNSCR 1373 (Venue and Date - TBA)												
26	Budget Arbitration Committee (Abuja, Nigeria, Date - TBC)												
27	Bi-Lateral Meetings with African Capacity Building Foundation (Harare, Zimbabwe, Date - TBA)												

FOURTH QUARTER 2011

SN	Title of Programme/Project/Activity	October				November				December			
		1	2	3	4	1	2	3	4	1	2	3	4
01	FATF Plenary and Working Group Meetings (Oct)												
02	Training Workshop for Financial Crimes/ML Investigators (Ghana) (Accra, Ghana – 10-14 Oct.)												
03	Quarterly Monitoring and Evaluation report (October Edition)												
04	Expert Review Group (ERG) Meetings (Venue - TBA, Nov 7)												
05	Working Group on Mutual Evaluation and Implementation Meetings (Venue - TBA, Nov 7)												
06	Regional Forum of FIUs (Venue - TBA, Nov 8)												
07	GIABA Plenary / Ministerial Committee Meetings (Venue - TBA, Nov 7 - 11)												
08	GIABA / FATF Joint Typologies Workshop (Venue and Date - TBA)												
09	Regional Workshop on Monitoring and Evaluating the Implementation of National AML/CFT Strategic Action Plan (Praia, Cape Verde, Oct - TBA)												
10	GIABA / IDEP Annual Lecture Series on AML/CFT Regimes in West Africa (Venue and Date - TBA, Oct 2011)												
11	Regional Workshop for West Africa Bar Association (Lome, Togo, Nov 21 - 25)												
12	HRM Seminar (Dec 1)												
13	Preparation of Draft 2011 Annual Report (Dec 5 - 16)												
14	Christmas Tree (Dec 17)												
15	AFC Meeting (Abuja, Nigeria, Date TBC)												
16	Mutual Evaluation On-Site Visit to Côte d'Ivoire (Abidjan, Date - TBA)												
17	Meeting of ECOWAS Council of Ministers and the Authorities of the ECOWAS Heads of State and Government (Venue and Date - TBA)												
18	Audit Committee Meeting (Abuja, Nigeria, Date - TBC)												
19	Study Tour for Staff of FIU of Ghana (Venue and Actual Date - TBA)												
20	Forum Crans Montana (Venue and Date - TBC)												

APPENDIX B:
The Status of GIABA Member States' Ratification and Domestication of AML/CFT/Drugs and Crime Conventions

SN	Member States	Vienna Convention, 1988	UN Convention for the Suppression of the Financing of Terrorism, 1999	Palermo Convention, 2000	UN Convention against Corruption, 2003	National AML Legislation*	National CFT Legislation*
	Benin		30/08/2004	30/08/2004	14/10/2004	2006	
	Burkina Faso			15/05/2002	10/10/2006		2009
	Cape Verde		10/05/2002	15/07/2004	23/04/2008	2002	
	Côte d'Ivoire	25/11/1991				2005	2009
	The Gambia			05/05/2003		2003	2002
	Ghana	10/04/1990	06/09/2002		27/06/2007	2008	2008
	Guinea-Bissau		19/09/2008	10/09/2007		2006	
	Guinea		14/07/2003			2006**	
	Liberia					2002	
	Mali		28/03/2002	12/04/2002	18/04/2008	2004	2008
	Niger			30/9/2004		2004	2010
	Nigeria	01/11/1989	16/06/2003	28/06/2001	14/12/2004	2004	
	Senegal	27/11/1989		27/10/2003	16/11/2005	2004	2009
	Sierra Leone	06/06/1994	26/09/2003		30/09/2004	2005	
	Togo	01/08/1990	10/03/2003	02/07/2004	06/07/2005	2007	2009

** Stand-alone legislations **Still awaiting assent by the President*

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ECONOMIC COMMUNITY OF WEST AFRICAN STATES
INTER-GOVERNMENTAL ACTION GROUP AGAINST MONEY LAUNDERING AND TERRORISM FINANCING IN WEST AFRICA

EXTERNAL AUDITOR'S REPORT
Period Ended December 31st 2009

Dear Sirs,

We have audited the accompanying financial statements of the Inter-Governmental Action Group Against Money Laundering and Terrorism Financing in West Africa for the twelve months period ended December 31st, 2009. These statements are the responsibility of the management of the ECOWAS Inter-Governmental Action Group Against Money Laundering and Terrorism Financing. Our responsibility is to express on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on auditing (ISA). Those Standards require that we plan and perform the audit to reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides us with a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Inter-Governmental Action Group Against Money Laundering and Terrorism Financing in West Africa at December 31st, 2009 and, the results of its operations for the twelve months period then ended, in compliance with the financial regulation of the community.

Without changing the opinion stated above, we would like to inform you that the financial statements provided as of 31 December 2009 do not include a cash flow statement for the period then ended.

Abidjan, the 15th November 2010

Marc WABI
Partner
Deloitte

INTER-GOVERNMENTAL ACTION GROUP AGAINST MONEY LAUNDERING IN WEST AFRICA
GIABA SECRETARIAT

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GRUPO INTER GOVERNAMENTAL DE ACÇÃO CONTRA O BRANQUEAMENTO DE DINHEIRO EN ÁFRICA OCIDENTAL

GROUPE INTER-GOUVERNEMENTAL D'ACTION CONTRE LE BLANCHIMENT D'ARGENT EN AFRIQUE DE L'OUEST
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BALANCE SHEET AS AT 31 DECEMBER

DESCRIPTION	NOTES	AMOUNT UA 2 009	2 008
ASSETS			
Petty Cash		734	22
Bank	1	1 282 734	1 229 517
Prepayments	2	5 400	31 085
Others	3	72 642	30 085
		1 361 511	**1 290 710**
OTHER ASSETS			
Fixed Asset(Net depreciation)	4	365 070	171 947
TOTAL OTHER ASSETS		**365 070**	**171 947**
TOTAL ASSETS		**1 726 581**	**1 462 657**
LIABILITIES			
Bank Overdraft			
Accounts Payable	5	161 085	144 693
Inter-Institutional Accounts			
Others Liabilities	6	216 662	234 152
TOTAL LIABILITIES		**377 747**	**378 845**
NET ASSETS		**1 348 834**	**1 083 812**
FUNDED BY			
RESERVES			
Accumulated Surplus	7	1 348 834	1 083 812
TOTAL RESERVES		**1 348 834**	**1 083 812**

STATEMENT OF INCOME & EXPENDITURE T FOR THE YEAR ENDED 31 DECEMBER

Libellés GIABA	NOTES	AMOUNT UA	
		2 009	2 008
Contribution Receivable		4 620 193	4 289 551
Prior year Adjustments		-	-
Other Income		1 285	50 797
		4 621 478	**4 340 348**
Statutory Meetings	8	343 003	254 169
Salaries	9	572 353	478 039
Allowances	9	931 239	474 907
Staff Training	9	112 232	77 280
Medical Staff & Insurance	9	67 514	67 301
Rental & Maintenance	10	197 534	125 846
Vehicle Maint./Fuel/Insurance	10	23 208	27 873
Utilities	10	22 691	12 961
Supplies	10	23 021	39 541
Postage & Telecom	10	76 362	65 946
Travels	11	254 438	265 005
General Expenses	12	147 304	241 497
Depreciation	13	98 668	67 488
Exchange Loss on Conversion		11 838	22 055
Programs	14	1 475 051	1 314 581
TOTAL EXPENSES		**4 356 456**	**3 534 490**
NET SURPLUS FOR THE YEAR		**265 022**	**805 859**



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