GIABA

INTER-GOVERNMENTAL ACTION GROUP
AGAINST MONEY LAUNDERING
IN WEST AFRICA



2012 Annual Report



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Contents





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Abbreviations

AfDB	Africa Development Bank
AML/CFT	Anti-Money Laundering/Counter Financing of Terrorism
AMLA	Anti-Money Laundering Act
ATA	Anti-Terrorism Act
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
MER	Mutual Evaluation Report
MFI	Micro-Finance Institution

ML	Money Laundering
MLPA	Money Laundering (Prohibition) Act 2004 (Nigeria)
MOU	Memorandum of Understanding
NGO	Non-Governmental organization
NIA	National Intelligence Agency
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) USA	United Nations Security Council (Regulation) United States of America
WAEMU	West African Economic and Monetary Union
WGMEI	Working Group on Mutual Evaluation and Implementation

Foreword



Dr. Abdullahi Y. Shehu
Director General

Since assuming office as Director General of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) in May 2006, I have consistently ensured the production of a comprehensive report on its activities on an annual basis as envisaged under the GIABA statutes. The 2012 annual report is the 6th edition and the last that I am signing off before the end of my tenure in April 2013. In life, there is always a time to say goodbye to any human endeavour, and change remains the only constant.

In the last 7 years, I have presided over the affairs of this bridal institution, GIABA, and worked assiduously to support its member States to build and consolidate systems to control money laundering (ML) and terrorism financing (TF) in the region. Within the context of ECOWAS, GIABA has demonstrated outstanding performance, with a program implementation rate of 88% in 2008, 94% in 2009 and 98% for 2010 and 2011 respectively. In addition to being consistent with the overall ECOWAS Vision 2020, GIABA's programs have helped to raise awareness about the dangers of organized transnational crime, as well as complemented other ECOWAS integration programs, especially in criminal justice, drug control, anti-corruption and good governance, micro-economics, trade and free movement of goods and services. This report contains an analysis of many of such programs.

As a specialized institution of the Economic Community of West African States (ECOWAS), GIABA has, through its programs and projects, contributed immensely in deepening the ECOWAS regional integration program. It has (1) promoted and supported the formulation or upgrading of AML and CFT laws; (2) assisted in the formulation of National AML/CFT Strategies; (3) encouraged the creation of Anti-Money Laundering and Counter- Financing of Terrorism (AML/CFT) Inter-Ministerial Committees (IMC) in the member States; (4) facilitated the mutual evaluation of all its member States, including the last on-site evaluation mission to Sao Tome and Principe in December 2012; (5) facilitated the establishment and strengthening of Financial Intelligence Units (FIUs); (6) conducted numerous capacity building programs on AML/CFT issues for officials involved in the implementation of AML/CFT laws and policies in their countries; (7) and increased public awareness on AML/CFT issues in the region. Finally, the typologies and other research projects carried out have generated detailed knowledge of the linkages between various predicate offences and ML/TF in the region. Beyond that, they also provoke new policy initiatives and some countries have responded by creating new institutions to deal with specific predicate offences to ML.

In spite of the aforementioned efforts, there are many areas where more work still needs to be done and many challenges that need to be addressed. The AML/CFT needs of GIABA member States still overwhelm their capacity and resources. The low level of compliance with acceptable international AML/CFT standards recorded in the first round of evaluation of GIABA member States, as well as the slow pace of action in many countries to address the identified deficiencies, justify the need for more commitment and continuous support for the development of their AML/CFT regimes.

GIABA cannot meet all the technical assistance requirements of the region and is therefore appreciative of the assistance of partners who have lent support at various levels to strengthen AML/CFT regimes and compliance in West Africa. We call on these partners to continue to

support us in efforts to control acquisitive crime, and thus protect the economies of West Africa in particular, and the world at large.

During my tenure as the Director General of GIABA, I enjoyed tremendous support from member States. In particular, the support and understanding of the members of the GIABA Ministerial Committee, members of the Technical Commission and our National Correspondents in the effective implementation of our programs and projects has been extra-ordinary and beyond measure. Together, we have managed to steer the region away from the uncertain path of weak laws, lack of institutions, non-responsiveness of reporting entities and social apathy to a certain path of standard laws with established regulatory and enforcement frameworks. We have made the reporting entities take full responsibility for compliance and raised the social and public consciousness to engage in effective discussion of the deleterious effects of ML/TF on human development in the region and to take action. It has been a journey worth repeating, yet we can only move forward.

No one can write the history of the future because it has not happened! However, if I can venture to be a Nostradamus for GIABA, I see an institution that will spearhead a regional alliance of committed stakeholders in the fight against ML/TF in West Africa and beyond!

I wish to call on all stakeholders to extend to the incoming management of GIABA the necessary support and cooperation they require in order to continue building and even surpass the AML/CFT architecture. Continuity is the bedrock of sustainability; my charge to all of us with a common interest in the strengthening of the AML/CFT controls is to extend our hand of fellowship to my successor and the team so that the criminals we work to counter will have no cause to smile.

Everything that has a beginning must have an end. My Deputy and I are eternally grateful to the Almighty God, who made it possible for us to serve in our respective capacities and to contribute to human development. We are also grateful to the Authority of the ECOWAS that gave us the opportunity to make our modest contributions to our regional integration; the prevention of money laundering; the financing of terrorism; the overall fight against organized crime; and the maintenance of international peace and security. I hope you would find this edition of the GIABA Annual Report as informative as previous editions. Despite the numerous achievements and giant strides, there is room for improvement. The world is a stage and every person would play only but his/her own part. There is no regret whatsoever in saying goodbye, as I leave a well structured, organized, functional, effective and efficient organization. One obvious fact is that our paths will still cross as I remain a disciple of change, a strong promoter and protector of the rule of law, democracy, and good governance and overall development. I thank you all for your kind support and assistance!

Dr Abdullahi Shehu,
Director General of GIABA

Acknowledgement

2012 was the second year in the implementation of the GIABA 2011-2014 Strategic Plan. This report, like the previous GIABA Annual Reports, is based on the activities undertaken by GIABA in 2012. The successes recorded in this report were achieved as a result of the immense contributions of GIABA stakeholders and partners. We wish to acknowledge the continued support of the Authority of Heads of States and Governments of the ECOWAS and the Council of Ministers, who provided the necessary assistance through increased political and financial support for the execution of GIABA's mandate. The support of the President of the ECOWAS Commission and other heads of ECOWAS Institutions has also been a grateful source of inspiration and encouragement for GIABA in the discharge of its responsibilities.

GIABA wishes to acknowledge the very strong support and commitment of members of the GIABA Ministerial Committee, namely, the Ministers of Finance, Justice and Interior/Security of each member country, in approving our strategic and work plans and providing the required policy direction for achieving results. Members of the Technical Commission, and in particular, our National Correspondents who are the Directors of the FIUs in their respective countries deserve special thanks for their continued support and assistance. Without the efforts of members of the Technical Commission/Plenary, GIABA could not achieve much and transfer ownership of the overall regional actions to the member States. The Plenary has become more decisive while member States have continued to demonstrate greater commitment to the fight against money laundering and terrorist financing. The National Correspondents have taken full ownership and become more involved in GIABA activities and continued to drive the implementation of programs and projects in their respective countries. Their co-operation and support is invaluable in the provision of technical assistance.

GIABA also wishes to recognise the strong support of the various national and regional stakeholders who have become more responsive to our partnership quest. We recognize and appreciate the support of our international partners, whom we cannot all mention by name, for their support and encouragement, especially their participation in our activities, including mutual evaluations and typologies studies.

The FATF and its members' continued support and collaboration with GIABA have been quite helpful and productive. In 2012, we were privileged to organize jointly with the FATF Secretariat a meeting of experts on typologies. Good lessons were learned from that and we are grateful to the FATF. So also were lessons learned and inspiration drawn from other FSRBs in the promotion and implementation of acceptable international standards and best practices on AML/CFT. We believe some of them may have also benefited from GIABA's unique circumstances and challenges and that is the essence of the global network.

We wish to express our appreciation to all those who supported us throughout the year 2012, and wish to call for continued support and understanding as we work hard to create a harsh environment for the criminals that seek to exploit our region for personal gain. It is impossible to recall all the support and assistance provided to us during the year, but the role of the civil society organizations, including the mass media, in disseminating the AML/CFT message to the different segments of the population has been amazing. For those who could not be mentioned in this acknowledgement, we express our appreciation and say thank you!

GIABA Secretariat
Dakar, Senegal

Chapter 01

INTRODUCTION

1. The establishment of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) by the Authority of the ECOWAS Heads of State and Government in the year 2000 represents West Africa's response to the threats posed by transnational organized crime, particularly Money Laundering (ML) and Terrorist Financing (TF).

2. The complex nature of ML and the numerous ways in which it manifests makes any accurate assessment of the harm it causes a complex task. Despite the absence of precise estimates, the negative consequences of criminal proceeds to an economy and a society are well acknowledged. There are tools and sources available that help us to gain insight into the ML/TF risks that we face. These tools and sources include the mutual evaluation and follow-up reports, typologies and other research studies, reports on criminal activities and investigations of ML/TF cases in West African countries, and the outcomes of technical needs assessments we conducted in preparing to deliver technical assistance to GIABA member States. These bodies of information, when properly fused together, not only help to paint a picture of ML/TF in West Africa, but also inform better policy and operational decisions and actions.

3. We collectively act to tackle ML/TF particularly because of efforts by organized criminal groups to use the vast amounts of money they acquire from their criminal businesses to increase their power and influence and to undermine the power and integrity of legitimate authority. Underpinning their effort to gain power and influence is their heartless intention to not only exploit society without adding value to it, but also ensure protection for themselves from the law. To a large extent, widespread corruption has permitted criminal dons to expand and protect their criminal enterprises. Indeed, insidious corruption undermines good governance and the full respect for the law, and weakens public institutions. In this way a cycle of self-destruction is created to the advantage of the criminals who then work actively to sustain the cycle. It is, therefore, essential for us to intensify our efforts in a coordinated manner in order to ensure that the criminals that seek to undermine our development are properly put in check perpetually.

4. It is in view of these challenges that the Authority of Heads of State and Government of the Economic Community of West African States (ECOWAS) established GIABA with the mandate to:

- Ensure the adoption of measures against ML and TF in accordance with acceptable international standards and practices, including the FATF 40 Recommendations;
- Facilitate the adoption and implementation by member States of measures against ML/TF, taking into account specific regional peculiarities and conditions;
- Function as a forum where members can discuss matters of regional interest and share experiences;
- Organize self-evaluations and mutual evaluation exercises to determine the efficacy of measures adopted, including their conformity to acceptable international standards; and
- Co-ordinate and provide support to member States to establish and implement AML/CFT regimes including the implementation of laws against the proceeds of crime through Mutual Legal Assistance (MLA), and also, the establishment and maintenance of Financial Intelligence Units (FIUs).

5. From the above mandate and functions of GIABA, some distinctions may be drawn between GIABA, the FATF and other FSRB's: First, whereas the FATF and some FSRBs were established as Task Forces, with fixed term but renewable mandate, GIABA was established by a Statute as a Specialized Institution of the ECOWAS, with the mandate

to perform FATF-related functions, mainly mutual evaluation and typologies studies; secondly, GIABA is mandated not only to coordinate technical assistance, but also to provide direct assistance to member States based on the ECOWAS Regional Integration framework. In essence therefore, GIABA must comply with both ECOWAS and FATF rules and procedures as the case may be. For the avoidance of doubt, this somewhat dual status has not presented any challenge whatsoever; rather, it has provided opportunities, especially for direct and consistent funding of GIABA from the ECOWAS Community Levy.

Membership of GIABA

6. Membership of GIABA consists of member States of the ECOWAS, namely, 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, the Federal Republic of Nigeria, Republic of Senegal, Republic of Sierra Leone and the Togolese Republic. The Republic of Sao Tome and Principe is the only non-ECOWAS member of GIABA.

7. Observer Status within GIABA is granted to African and non-African States, as well as Inter-Governmental Organizations, which apply for such status and support the objectives and actions of GIABA. Consequently, Sao Tome and Principe was admitted as a member and the Union of Comoros Islands was granted observer status in 2012. Both countries are non- members of the ECOWAS. In effect, therefore, STP's membership, as well as Comoros Island's observer status in GIABA shall be restricted to matters relating to anti-money laundering and combating the financing of terrorism (AML/CFT) and their status in GIABA does not imply membership of the ECOWAS or liability thereof.

8. The following organisations have observer status within GIABA: the central banks of Member States, regional securities and exchange commissions, the West African Economic and Monetary Union (WAEMU), the West African Development Bank (BOAD), the French Zone Anti-Money Laundering Liaison Committee, Conseil Régional de l'Epargne Publique et des Marchés Financiers (CREPMF), the African Development Bank (AfDB), the United Nations Counter Terrorism Executive Directorate (CTED) and the United Nations Office on Drugs and Crime (UNODC), the World Bank, the International Monetary Fund (IMF), the Financial Action Task Force (FATF), Interpol, the World Customs Organization (WCO), the Commonwealth Secretariat and the Egmont Group of FIUs. Also, all FATF member States have observer Status in GIABA.

Main Organs of GIABA

9. 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 of each member State;
- The Secretariat, located in Dakar, Senegal;
- The Technical Commission, consisting of experts drawn from the above-named ministries of member States; and
- A network of National Correspondents, with one in each of the MS.

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

Implementation of the 2011-2014 GIABA Strategic Plan

10. Since 2006, GIABA has proceeded in a logical and methodical manner to strengthen the AML/CFT regimes of its member States. Not only have national strategies – and in some countries action plans – been formulated and implemented, but also standard legislation has been passed by national legislatures. Also, regulation, supervision and enforcement have been significantly improved; and critical AML/CFT institutions have been provided with specific technical support to improve their operational capacities.

11. Notwithstanding these achievements, compliance with acceptable international standards and best practices remains a challenge. In particular, some member States lack requisite capacities to absorb and sustain technical assistance. In many cases, competing priorities for meagre resources at the political, governance, economic and societal levels place AML/CFT at a distant position – whether on the immediate, medium or long term. In others, political instability and violence affect the member States' efforts to sustain the momentum of their actions.

12. Accordingly, the GIABA 2011-2014 Strategic Plan is predicated on six strategic objectives through which it aims to address the aforementioned and other related constraints. While a mid-term review of the Strategic Plan is scheduled for the second quarter of 2013, an internal monitoring and evaluation of the progress of implementation of the plan was carried out and published in 2012. Following a decision of the ECOWAS Management Succession Committee, (MSC), a Monitoring and Evaluation (M&E) unit has been created under the Office of the Director-General.

Overview of the 2012 Annual Report

13. This report provides an overview of the activities carried out by GIABA in 2012. Chapter Two is the flagship of the Report as it provides a technical assessment of the status of the AML/CFT regimes of GIABA member States, noting the progress recorded in the implementation of AML/CFT regimes, the challenges encountered and the prospects for the future. It also provides albeit briefly, the technical assistance needs of the countries and concludes

with some recommendations on the implementation of their mutual evaluation reports. Chapter Three provides an overview of the actions taken within 2012 in implementing the approved GIABA Mutual Evaluation Program, and outlines the on-site visits undertaken, the mutual evaluation and follow-up reports produced, adopted and published, and the constraints and challenges faced in undertaking these exercises. Chapter Four reviews typologies and research projects, as well as related activities undertaken in the reporting year. Chapter Five reports on technical assistance provided to member States, as well as support provided to professional bodies and civil society organizations. Chapter Six reports on the partnership with civil society organizations, and on the outreach and advocacy on the AML/CFT efforts in West Africa. Chapter Seven gives an account of regional integration and international co-operation activities undertaken, while Chapter Eight provides a summary of administrative and support services, as well as a summary of the outcome of the monitoring and evaluation of GIABA's activities within the year. Finally, Chapter Nine highlights the lessons learned, the challenges and the way forward.

Conclusion

14. GIABA's mandate remains relevant, as can be seen through this report. However, the challenges related to delivering that mandate are enormous and increasingly becoming diverse and complex. The report articulates these challenges while also highlighting GIABA's efforts and the results achieved. Specifically, through this report, GIABA seeks to inform its stakeholders of the steady progress being made on AML/CFT in West Africa and the challenges encountered in the process. Without being immodest, it can be concluded after reading through the report that great improvement has occurred at national and regional levels, new legislations have been promulgated where necessary, new institutions created in some cases for the enforcement of the law, regulators have improved on their oversight functions, and capacity has been upscaled to achieve all this. Nevertheless, it would seem the real number of cases investigated and successfully prosecuted and the number of convictions remains low. Many countries seem to be in need of continuous assistance, even in carrying out mundane duties assigned to certain institutions. Nevertheless, the report concludes with optimism the hope for more prospective developments in the coming years.

Chapter 02

OVERVIEW OF THE AML/CFT SITUATION IN WEST AFRICA

INTRODUCTION

15. In the year 2012, West Africa witnessed intense activities, including political instability and violence, some of which was terrorist-related. With terrorism there is always the underlining financing and support given to it by individuals and/or groups. For example, the activities of AQIM – Al-Qaida in the Maghreb – were intensified as a result of the rebel control of parts of northern Mali. The flow of Islamist fighters into the rebel controlled areas and their attempts to create a new strict way of life for the people living in these areas was met by a strong regional and international response. Moreover, the flow of refugees out of the country, affected countries such as Burkina Faso, Guinea, Mauritania, Niger, Senegal and to some extent, Cote d'Ivoire. In Nigeria, Boko Haram has inflicted great harm both psychologically and physically. Lives have been randomly wasted and the means of livelihood of many innocent people have been destroyed. The ability of the group to sustain itself and continue to carry out the kind of attacks witnessed in that country is very worrisome, especially with regard to peace and security. All these have impacted the efforts of countries and their institutions to enforce effective AML/CFT measures.

16. While both ML and TF remain a major threat, the impact of other predicate organized crimes such as corruption, drugs, arms and human trafficking, just to mention a few, are equally daunting challenges for countries to deal with. This chapter attempts an assessment of the political and economic situations in the respective member countries with a view to determining how the overall governance and economic conditions affect the implementation of AML/CFT measures. It also attempts to provide an overview of the prevalence of predicate crimes and the on-going efforts by the governments to address deficiencies in their AML/CFT systems. The chapter also reviews some technical assistance provided at bilateral levels without duplicating the detailed report on technical assistance provided in Chapter 5. The reviews show that overall, progress is slow, but slow progress is always better than no progress at all. The analysis of each country's situation is presented in the subsequent sections of this chapter.

BENIN

Political Situation

17. Benin continues to enjoy relative political stability and democratic governance.[1] Yet an attempt by the executive arm of government, with the support of allied members of the National Assembly, to extend the powers of the President by amending the Constitution threatened the stability of the country's democratic progress.[2] The arrest of a former cabinet minister, and the President's niece and personal doctor for allegedly plotting to poison him raised concerns about potential instability[3]. This was preceded by a series of crises, including a two-month strike by teachers in March 2012 that paralyzed the country's education system[4]. In 2012, the Republic of Benin had the goodwill of the international community, as President Thomas Yayi Boni, with the backing of the ECOWAS was elected Chairman of the African Union. However, there were several changes in the cabinet within the year, perhaps one of the reasons why despite efforts made by GIABA, members of the CENTIF whose tenure expired or who resigned could not be appointed.

18. Meanwhile, municipal and local elections, slated for the first half of 2013 are expected to generate a high level of enthusiasm among politicians and communities alike. However, some concerns have been expressed

1 Since 1991, the country has held peaceful periodic elections through which ruling parties have been replaced by the opposition through credible elections, both at the presidential and parliamentary levels. See, for instance, Boafo-Arthur, Kwame (2008). Democracy and Stability in West Africa: The Ghanaian Experience. Claude Ake Memorial Papers, No. 4, pp. 5, 11. Boafo-Arthur notes that the democratic wave in West Africa in the immediate post-Cold War period began in Benin. The country was indeed the trailblazer of democracy in Francophone West Africa

2 Open Society Initiative for West Africa, 'Benin Country Report 2012', 30 May 2012, available at http://www.osiwa.org/en/portal/newsroom/302/Benin-Country-Report-2012.htm. (Accessed 4 March 2013). The National Assembly passed a new law that permitted a referendum to be called to approve amendments to the Constition. The Constitutional Court, noting that the law was not consistent with the basic pillars of the Constitution, declared it unconstitutional.

3 BBC News, 'Benin President Yayi Boni: Three Arrested Over Poison Plot', 22 October 2012, available at http://www.bbc.co.uk/news/world-africa-20037201. (Accessed 11 March 2013).

4 West Africa Democracy Radio, 'Talks End in Deadlock, as Benin Teachers Strike Continues', 12 March 2012, available at http://wadr.org/en/site/news_en/3226/Talks-end-in-deadlock-as-Benin-Teachers-strike-continues.htm. (Accessed 4 March 2013).

about the reliability of the electoral register, and this might generate controversy and undermine the peaceful conduct of the elections[5].

19. The Mo Ibrahim Foundation's 2012 Ibrahim Index of African Governance (IIAG) ranked Benin 13th out of 52 countries in Africa, having scored 58 out of 100[6]. This is a slight decline in the score of 59 in 2010 and 2011.[7] In response, government adopted a national charter in February 2012 with the aim of addressing existing governance challenges. In particular, the charter seeks to revive the moral values and the spirit of statesmanship and create an enabling environment for sustainable human development.

Economic and Financial Situation

20. Benin's economy was projected to grow by 4.2% in 2012, compared with 3% in 2011[8]. This is slightly higher than the 3.5% growth rate projected by the International Monetary Fund (IMF) for 2012[9] The projected growth was attributed to the implementation of reform strategies by the Government of Benin, particularly the 2011-2015 SCRP and a three-year plan for growth, which seeks to modernize and diversify the country's large agriculture sector and develop infrastructure[10]. Meanwhile, Benin's attractiveness to business declined slightly, as it was ranked 176th out of 183 countries in 2012, compared with 175th in 2012 in the World Bank's Doing Business table[11]. This decline was consistent with the aforementioned declines in governance performance in various sectors. Furthermore, owing to the implementation of an import inspection program, among others, tax revenue was expected to increase slightly in 2012[12].

21. Benin continues to face a series of economic challenges, not least because agriculture and trade, the mainstay of its economy, remained vulnerable to external shocks. Poverty remained at 35% while high unemployment and underemployment, particularly among the youth, persists, notwithstanding the introduction of several job creation and poverty-reduction programs since 2006[13]. Accordingly, the country is unlikely to attain most of the Millennium Development Goals (MDGs) by the 2015 timeline[14]. With unemployment and underemployment twice as high among the youth and adults[15], Benin remains particularly vulnerable to various criminal activities, which may be seen as an irresistible means of survival. Meanwhile, the drop in real household income, induced by increases in the price of oil in Nigeria, and the downturn in summer activities at the Cotonou Port offset the gains of increased cotton production in the 2011/2012 season.

22. The Financial sector of Benin is mainly dominated by banks. The 13 deposit money banks account for 90% of the sector's total assets valued at 27.3% of GDP in 2010. Remittances inflows in 2012 were at USD189 million, which represents about 2.5% of GDP.

Prevalence of Predicate Crimes

23. Benin witnessed incidents of predicate crimes in 2012, particularly narcotics trafficking. The country remains a transit point for large consignments of cocaine from Latin America and heroine from Southwest Asia to Europe and other destinations. While the quantity of narcotics that transited through Benin's shores was unclear, the country's joint seizure of nearly 7.9 million kilos of narcotics with Ghana and Togo as part of an ECOWAS and INTERPOL-supported "Operation Atakora" in August 2012 was an indication of the extent of traffic, as well as the efforts and commitment of the authorities to deal with the problem[16]. Benin also remains a regional hub in West Africa for the smuggling of used vehicles.

24. Illegal importation of various commodities, particularly motor fuel from neighboring Nigeria, remains prevalent in the country. Furthermore, criminal groups from Nigeria used the Port of Benin to perpetuate various forms of criminal activities such as diversion of imports, manipulation of duties, falsification of import documents, importation of contrabands and other illegal commodities, such as drugs. This situation is due to the poor management of the port. Corruption, extortion, embezzlement, mismanagement, and misappropriation of public resources remain a major challenge in Benin, thereby undermining the effectiveness of public institutions and efforts against money laundering. Corruption in particular remains prevalent in the customs service, government procurement, and the judicial system[17]. The head of the country's Supreme Court lamented entrenched corruption in Beninese society, citing various offences without expected responses from authorities[18]. Benin was ranked 94th out of 174 countries, having scored 36

5 African Economic Outlook, ' 2012 Benin-Country Note', available at http://www.africaneconomicoutlook.org/en/countries/west-africa/benin/. (Accessed 12 March 2013).

6 Mo Ibrahim Foundation (2012). 2012 Ibrahim Index of African Governance: Summary. Pp, 3. Copy available at http://www.moibrahimfoundation.org/downloads/2012-IIAG-summary-report.pdf. (Accessed 12 March 2013).

7 Ibid, pp. 9.

8 African Economic Outlook, ' 2012 Benin-Country Note'

9 International Monetary Fund, 'Benin and the IMF', Updated 15 January 2013, available at http://www.imf.org/external/country/ben/index.htm. (Accessed 12 March 2013).

10 African Economic Outlook, ' 2012 Benin-Country Note'

11 World Bank (2012). Doing Business in a More Transparent World. Washington, DC : World Bank, pp. 6. Copy available at http://www.doingbusiness.org/~/media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB12-FullReport.pdf.

12 African Economic Outlook, ' 2012 Benin-Country Note'

13 Ibid

14 United Nations Development Program (2012). Millennium Development Goals Report 2012. New York : United Nations Development Program. The report notes that African countries are unlikely to meet most of the MDGs by the set 2015 deadline. See

15 Ibid

16 Ghana Business News, ' ECOWAS, INTERPOL Seize 7.8 Million Kilos of Drugs in Ghana, Togo, Benin in Three Days', 12 August 2012, available at http://www.ghanabusinessnews.com/2012/08/12/ecowasinterpol-seize-7-8-million-kilos-of-drugs-in-ghanatogo-benin-in-three-days/. (Accessed 4 March 2013).

17 US Department of State, '2012 Investment Climate Statement – Benin', June 2012, available at http://www.state.gov/e/eb/rls/othr/ics/2012/191110.htm. (Accessed 13 March 2013).

18 West Africa Democracy Radio, 'African Jurists See Fighting Corruption as an Uphill Task', 12 March 2012, available at http://wadr.org/en/site/news_en/3958/African-jurists-see-fighting-corruption-as-an-uphill-task.htm. (Accessed 12 March 2013).

out of 100 in Transparency International's 2012 Corruption Perception Index (CPI)[19].

The AML/CFT Situation

25. Money laundering activities, while not easily detectable, continued in Benin in the past year. For instance, the government expelled a foreign company from Benin for purportedly serving as conduit for money laundering.[20] According to investigations by the Drug Enforcement Administration (DEA), the company was covertly laundering money through the sale of used cars to finance Hezbollah, a political party on the list of terrorist groups classified by the United States. In 2012, Benin continued to struggle to comply with international AML/CFT standards, as well as implementation of recommendations contained in its Mutual Evaluation Report (MER). The country's AML/CFT regime remains fraught with significant challenges, including a weak legislative framework (which has not been tested) and serious capacity and resource constraints in competent institutions. In particular, not only do law enforcement, judicial, and other relevant personnel lack expertise on financial crimes, but also coordination and collaboration, including information sharing among relevant institutions remains considerably poor.[21] Benin's CENTIF continue to lack adequate personnel, notwithstanding various attempts by GIABA to work with Beninoi officials to address it. The National AML/CFT Strategy, drafted in 2011 with support from GIABA, is yet to be adopted, not to talk of implementation.

26. Nonetheless, sustained engagement by GIABA with Benin's political authorities resulted in the passage of the Terrorist Financing Act in May 2012 by the country's National Assembly. The law criminalizes terrorist financing and extends the powers of the CENTIF. Indeed, this was a remarkable and commendable development in Benin in 2012 considering the time and efforts that it took to get the law passed.

Technical Assistance

27. In 2012, not much direct assistance was provided to Benin due to the insufficient personnel in the CENTIF and besides, there was no formal request. GIABA supported Benin with copies of the Manual on AML/CFT Compliance for distribution to DNFBPs. Apart from that, the authorities informed the GIABA Secretariat that the Government of Benin obtained a two-year grant, amounting to four hundred and twenty-seven thousand, four hundred and eighty-five United States dollars (US$ 427,485.00) from the Institutional Development Fund of the World Bank to finance the capacity building of stakeholders in the fight against ML and TF, through the CENTIF. Despite all these, Benin needs support to strengthen its AML legal framework. In addition, the FIU needs an upgrading of the skills of its analyst, IT officer and other staff members in order to improve the performance of the Unit. It needs also to raise public awareness on AML/CFT issues.

Conclusion

28. Benin continues to enjoy relative peace, stability, and democratic governance, notwithstanding attempts by the government to extend the president's powers and an attempt to poison the president by some members of his inner circle. Yet, a series of governance and socio-economic challenges, particularly high levels of corruption, poverty, and unemployment continue to make it vulnerable to various criminal activities, including money laundering. Despite its passage of a Terrorist Financing Act, Benin continues to struggle to comply with international AML/CFT standards. Not only is the country's AML/CFT legislative framework weak, but it also lacks the requisite personnel, expertise, and resources for AML/CFT. The national AML/CFT strategy, drafted in 2011, is yet to be adopted for implementation. Despite the efforts of the CENTIF to receive, analyze and disseminate STRs, there is still much to be done with regard to the implementation of the recommendations contained in the MER of Benin. In particular, Benin needs to develop a mechanism consistent with the FATF R6 for the implementation of the UNSCRs 1267 and 1373; adopt and provide resources for the implementation of its AML/CFT Strategy; and ensure more coordination within the framework of the Inter-Ministerial Committee.

BURKINA FASO

Political Situation

29. Having endured some social and political crises, including a series of army mutinies, in 2011, Burkina Faso registered commendable democratic progress in 2012[22]. The country held its first joint local elections in December 2012, with more than 75% of its adult citizens casting their ballots[23]. The turnout was a considerable increase from the 54% turnout rate in the 2010 presidential election[24]. Significantly, despite continuous domination of the ruling Congress for Democracy and Progress (CDP), which won 70 seats in the 127-member parliament, the opposition Union for Progress

19 Transparency International, 'Corruption Perceptions Index 2012', available at http://www.transparency.org/cpi2012/results. (Accessed 12 March 2013).

20 ibid

21 ibid

22 See, for example, IRIN, 'Burkina Faso : Stability Vital to Region', 19 September 2012, available at http://www.irinnews.org/report/96340/BURKINA-FASO-Stability-vital-to-region. (Accessed 5 March 2013). In early 2011, discontent from soldiers, including some presidential guards, over poor salaries and living conditions, resulted in mutinies in cities across Burkina Faso. This resulted in the arrest of more than 300 soldiers and removal of 600 from their ranks. At the same time, civilians also protested against high cost of living, corruption and impunity within the state apparatus. This resulted in a series of political and institutional reforms by the government. For full treatment, see, for example, African Development Bank, 'Burkina Faso – Country Note 2012'. Copy available at http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/PDF/Burkina%20Faso%20Full%20PDF%20Country%20Note.pdf. (Accessed 5 March 2013). See also, Bloomberg, 'Burkina Faso is Considering Changing Constitution after Mutinies, Protests', 24 June 2012, available at http://www.bloomberg.com/news/2011-06-24/burkina-faso-is-considering-changing-constitution-after-mutinies-protests.html. (Accessed 5 March 2013)

23 The National Democratic Institute, 'Burkina Faso', available at http://www.ndi.org/node/14056. (Accessed 5 March 2013).

24 Ibid

and Change (UPC) proved to be formidable, having won an unprecedented 19 seats[25].

30. Despite this progress, however, Burkina Faso faced a series of challenges and uncertainties in the reporting year. In particular, there were concerns that attempts by the president and the ruling party to remove the two-term limit on the former by amending Article 37 of the Constitution, and the possibility of the president seeking another term in 2015 were not only potential sources of unrest and insecurity in the country, but also could undermine its fragile democratic progress[26]. The high number of weapons used during the crises still in circulation and the numerous citizens, mostly soldiers, awaiting trial are of particular concern[27].

31. Perhaps the most notable of the challenges was the threat of terrorist infiltration and destabilization posed by the worsened insecurity in the Sahel region, particularly in neighbouring Mali. In addition to acting as designated mediator of the ECOWAS on the Malian crisis, Burkina Faso hosted thousands of Malian refugees.[28] During several Ordinary and Extra-Ordinary Summits of the Authority of Heads of State and Government of the ECOWAS, the chief mediator, His Excellency, Blaise Compaore, was highly commended together with his Co-mediator, His Excellency, Goodluck Jonathan, President of the Federal Republic of Nigeria.

32. At the same time, in terms of good governance, the Transparency International corruption perception index for 2012 ranks Burkina Faso 83rd out of 174 countries with a score of 38[29]. With this ranking, Burkina Faso remains in the category of countries whose public sector is very corrupt and thus vulnerable to ML. This underlines the need for the country to have institutions that are more transparent and accountable for their actions.

Economic and Financial Situation

33. Burkina Faso's economic outlook was favorable, particularly with an expected growth rate of 7% in 2012 and in 2013[30]. The projected 2012 rate is higher than the 5.3% projected by the African Development Bank (AfDB)[31].

34. With its heavy dependence on agriculture, growth in 2012 was attributed to relatively good rainfall. Specifically, following a 16% contraction in 2011, agricultural production was expected to increase by nearly 25%[32]. Cotton spinning in particular, the mainstay of the economy, was expected to increase by an estimated 13% over the previous years.[33] Unfortunately, cotton prices declined by 43% in 2012. Expansion of mining activities, as manifested by the slight increase in gold production to 32 metric tons, contributed to the country's growth[34]. Gold prices continue to appreciate on the international markets. Revival of the industrial sector, which began in the fourth quarter of 2011, was sustained in the first quarter of 2012.

35. The Financial sector of Burkina Faso is developing with 12 commercial banks accounting for over 90% of the sector's total assets, which according to World Bank figures, represents 21% of GDP in 2010. Remittances inflows in 2011 amounted to USD111 million, equivalent to 1.1% of GDP.

36. Notwithstanding this progress, Burkina Faso was considered among the poorest and least developed countries in the world, having been ranked 181st out of 187 countries in the UNDP's 2012 Human Development Index. An estimated 56.5% of the population live below the poverty line with a life expectancy rate of 55.4%. Unemployment and underemployment affects a large part of the population, particularly those in the rural areas who constitute 80% of the population. This has a potential effect on crime and criminality, especially the predicate offences for money laundering.

37. At the same time, an increase in the prices of gas and grain, particularly during the second quarter of 2012, resulted in increased inflationary pressures in the first eight months of the year[35]. The BCEAO also projected an increase in Burkina Faso's budget deficit from 2.6% of GDP in 2011 to 2.9% in 2012.

38. In response, the Government of Burkina Faso adopted an Accelerated Growth Strategy and Sustainable Development (SCADD) program for 2011-2015 to foster the well-being of its people. SCADD is based on four main areas: developing the pillars of accelerated growth, consolidating human capital and social protection; strengthening governance (economic, political, administrative and local); and mainstreaming cross-cutting priorities in policies and programmes. Good governance and poverty alleviation measures help to reduce the incidence of acquisitive crime, and are thus helpful to AML/CFT.

25 Reuters, 'Ruling Party Wins Majority in Burkina Faso Vote', 7 December 2012, available at http://uk.reuters.com/article/2012/12/07/uk-burkina-elections-idUKBRE8B61D720121207. (Accessed 5 March 2013). Nonetheless, the opposition claimed rigging had occurred in both the capital Ouagadougou and Kadiogo, a densely populated province.

26 African Economic Outlook, 'Burkina Faso – Country Note 2012'. See also, Reuters, 'Term Limit on Long-Serving Leader in Play in Burkina Faso', 2 December 2012, available at http://www.reuters.com/article/2012/12/02/us-burkina-elections-idUSBRE8B104I20121202. (Accessed 5 March 2013)

27 IRIN, 'Burkina Faso: Stability Vital to Region'

28 See, for instance, Voice of America, 'Crises Converge on Burkina Faso', 3 April 2012, available at http://www.voanews.com/content/crises-converge-on-burkina-faso-146132655/180404.html. (Accessed 5 mars 2013). By April 2012, an estimated 20,000 refugees had fled Mali into Burkina Faso.

29 Transparency International, Corruption Perceptions Index 2012

30 This follows a 4.2% decline in crisis and drought-ridden 2011. International Monetary Fund, 'Burkina Faso and the IMF', available at http://www.imf.org/external/country/BFA/index.htm. (Accessed 5 March 2013). However, an IMF staff mission to Burkina Faso reported a projected rate of 8% in 2012. See International Monetary Fund, 'IMF Concludes Staff Mission to Burkina Faso', Updated 4 October 2012, available at http://www.imf.org/external/np/sec/pr/2012/pr12380.htm. (Accessed 5 March 2013).

31 African Economic Outlook, 'Burkina Faso – Country Note'. The AEO

32 Ibid

33 Ibid

34 Ibid

35 Ministry of Economy and Finance of Burkina Faso, Dashboard of economic indicators on Burkina Faso's economy – 2nd Quarter 2012, www.insd.bf.fr

Prevalence of Predicate Crimes

39. Sharing largely porous and unmonitored borders with six West African countries, Burkina Faso remains an ideal transit point for narcotics from West Africa across the Sahel to Europe[36]. In July 2012, Burkinabe authorities reported that their seizure of narcotics totaled 991 kilograms[37]. Some Burkina Faso citizens work for pharmaceutical corporations and participate indirectly in trafficking drugs on transit. However, they are not producers, organizers, financiers or major players. They are mostly organized as small drug couriers serving criminals from Nigeria, Togo, Ghana, Côte d'Ivoire and Guinea Bissau. Moreover, cannabis cultivation remains prevalent in Burkina Faso, particularly in areas along the south borders and on the outskirts of Ouagadougou[38].

40. Furthermore, corruption and embezzlement of public funds persists in Burkina Faso, as exemplified by the refusal of the Banque Internationale pour le Commerce, l'Industrie et l'Agriculture in Burkina Faso (BICIAB) to accept a deposit of 36 million CFA francs in cash from a former government minister[39]. Likewise, an unknown, albeit, large sum of money was found in the home of a former senior custom official.

41. Moreover, the Embassy of Burkina Faso in the United States is one of the seventeen (17) African diplomatic missions[40] banned, until further notice, from opening an account in any bank inside the United States. According to the U.S. State Department, "American banks suspect that these African diplomatic missions conduct bank transfers that may not always relate to the work of the Embassy and its staff". A memo has been sent to embassies stating that the list of African countries concerned was established following a U.S. Congress investigation on the corruption and use of U.S. banks for money laundering by the authorities of some African countries.

42. According to the US INCSR, a certain number of drug traffickers who have been intercepted in Burkina Faso over the past two years were found with drugs, cocaine or cannabis that they had ingested and/or were hiding on their bodies. The security officers at Ouagadougou airport have received basic training in profiling drug couriers and identifying suspicious behaviour by passengers.

43. The other threats facing Burkina Faso are fraudulent or counterfeit products and trafficking of endangered animal species[41]. This is evidenced by the large amount of snake and crocodile skins seized by the Customs in July 2012 (247 crocodile skins and 12 reptile skins). Burkina Faso is also faced with the threat of terrorism and terrorist financing. Indeed, Burkina Faso has until now been spared from the activities of Al-Qaeda in the Islamic Maghreb which operates in the Sahel-Saharan strip. However, the group's renewed activism in neighbouring Mali and the presence of other Islamist groups in the West African region may spill over into the country. In fact, there is reason to fear that the crisis in Mali is going to have repercussions on the internal security of Burkina Faso through the incursion of fighters, the rise of Islamic fundamentalism, the upsurge of cross-border banditry, and insecurity induced by the presence of hundreds of Malian refugees. Predictably, that would go along with the threat and risk of ML and TF.

AML/CFT Situation

44. Burkina Faso submitted the third follow-up report on its mutual evaluation exercise to the GIABA Technical Committee/Plenary in November 2012. The report highlighted measures taken by Burkinabe authorities to correct the deficiencies in its anti-money laundering and counter terrorist financing system. According to the report, the country, made progress in strengthening the operational capability of the FIU and the Interdepartmental Committee on AML/CFT. For instance, the GIABA AML/CFT analytical software was installed in the FIU of Burkina Faso in November 2012. User training on the software was provided to the FIU by GIABA to allow them take ownership and operate the software along with the hardware to improve and expedite their receipt, analysis, and dissemination of STRs. Progress was also made in strengthening the legal and institutional framework, particularly with the appointment of a specialized ML/TF magistrate to handle money laundering related issues.

45. Having recognized the threat posed by ML/TF, the Burkina FIU conducted a study on the extent, nature and dynamics of the problem in the country. It was envisaged that the findings of the study will inform the design of policy and operational responses, including finalization of the draft National Strategy on AML/CFT.

46. The FIU also organized a series of training and awareness workshops for students, compliance officers including directors of insurance companies, among others. Furthermore, it initiated formalities to become a member of the Egmont Group by July 2013. The report on the on-site visit of its sponsors (TRACFIN and the Senegal FIU) was discussed and adopted at the Egmont Group's 20th plenary meeting, held from 9 to 13 July 2012 in Saint Petersburg.

36 US Department of State (2012). International Drug Control Strategy Report: Volume I Drug and Chemical Control. Washington, DC: US Department of State. Pp.142

37 Allafrica.com, 'Burkina Faso: Seizure of illicit commodities at Fô – Snake and Crocodile Skins and Cocaine', 2 August 2012, available at http://fr.allafrica.com/stories/201208130515.html (Accessed 5 March 2013)

38 US Department of State (2012), op. cit.

39 lefaso.net, "In Ouagadougou, BCIAB refuses to launder a minister's money", press article published on 11 January 2012, http://www.lefaso.net/

40

41 allAfrica.com, 'Burkina Faso: Seizure of illicit commodities at Fô – Snake and Crocodile Skins and Cocaine'

The FIU signed cooperation agreements with the FIUs of Nigeria, Ghana, Gabon, the Principality of Monaco and the Kingdom of Morocco. This brings the number of MOUs signed to seven (7) since its inception.

47. With regard to raising awareness, the Minister of Economy and Finance presented a report prepared by the FIU to the cabinet meeting so as to inform and sensitize high-ranking political and administrative authorities on AML/CFT issues. The report informed the officials about the country's progress on AML/CFT as well as the FIU's decisive role in processing financial information for good governance and the implementation of the approved national AML/CFT strategy.

48. The FIU organized training and awareness activities at the national level, including:

- The AML/CFT information and awareness workshop, organized on 3 June 2012 for the students of the Ouagadougou based African Management Institute (Fr. Institut Africain de Management (IAM-Ouaga);
- The AML/CFT information and awareness workshop, organized on 5 July 2012 for the Directors of National Insurance Companies and Board Members of the Yaoundé International Insurance Institute;
- A national validation and finalization workshop on Burkina Faso's national AML/CFT strategy and action plan, organized on 29 August 2012;
- Assistance to the Société Burkinabè d'Intermédiation Financière (SBIF) to enable the association to establish its internal AML/CFT compliance framework in 2012.

49. Nonetheless, challenges exist as evidenced by the filing of only seventeen (17) STRs to the FIU in 2012[42]. This shows a lack of active involvement from the other AML/CFT reporting entities. Owing to the lack of personnel (analyst), appropriate software and a database, the FIU began processing STRs only in 2012. Two cases have been referred to the prosecution authorities. However, there has been no conviction yet for money laundering or terrorist financing in Burkina Faso.

Technical Assistance

50. Burkina Faso requires assistance for various training activities designed for personnel, particularly regulatory, supervisory, and judicial and law enforcement officials. In the same vein, the FIU needs funding for study trips to foreign FIUs to optimize the performance of its staff.

51. Concerning the safety of people and data, the FIU intends to procure a video surveillance system, an alarm system, fireproof safe boxes, back-up power generating plants and a heavy-duty central inverter with enough capacity to sustain electricity during the several outages in Burkina Faso.

Conclusion

52. Burkina Faso experienced a period of economic and financial progress in 2012. Yet, it remained vulnerable and faced threats emanating from predicate criminal activities and insecurity in the Sahel region. The capacity to respond to these threats remains relatively weak.

53. Furthermore, Burkina Faso achieved minimal progress with regard to AML/CFT, not least because of major deficiencies in its existing AML/CFT regime. Although Burkina Faso remains under regular follow-up for producing follow-up reports on its mutual evaluation process, it is recommended that more efforts be made to get the AML/CFT system in line with the FATF sixteen (16) core principles and key recommendations. To do so, Burkina Faso has to strengthen the customer due diligence measures in the financial system, the supervision and monitoring of reporting entities, and international cooperation. There is no evidence of any TF related STR received by the FIU. Therefore the country must put in place the mechanism required for freezing and confiscation. An effective National AML/CFT Strategy should be put in place, as well as an Inter-Ministerial Committee at the technical level to coordinate the national efforts in fighting these scourges.

CAPE VERDE

Political Situation

54. The Republic of Cape Verde held municipal elections in February 2012. The peaceful conduct of campaigns in the preceding months reflected Cape Verde's image as a beacon of democracy, stability, rule of law, and human rights[43]. This atmosphere of democratic consolidation and sustained peace provides a critical environment for ensuring political accountability, good governance and economic growth, all of which could help in winning the war against ML/TF.

55. Cape Verde has displayed exemplary public sector governance, having carried out major reforms that have reduced corruption and improved the quality of business transactions. The country scored 60 out of 100 and was ranked 39th out of 174 countries in Transparency International's 2012 Corruption Perception Index[44]. This ranking in a way endorses Cape Verde as having a better governance and accountability system among all ECOWAS countries. This is highly commendable!

42 These STRs were filed only by banks

43 Economic Outlook – Cape Verde Country Note. Copy available at http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/PDF/Cape%20Verde%20Full%20Country%20Note.pdf. . (Accessed 5 March 2013).

44 Transparency International, 'Corruption Perception Index 2012', available at http://www.transparency.org/cpi2012/results. (Accessed 6 March 2013). The least corrupt countries scored 90 out of 100

56. Cape Verde is a middle-income country (MIC) in the credit policy rankings of the AfDB and the IMF[45]. It had a gross national income per head of USD 3.270 in 2010, a level well above the threshold of USD 1.175 set for granting loans to MICs. Cape Verde has a relatively small population (estimated at less than 500,000), a population growth rate of 1.4% in 2010[46] and a life expectancy of 72 years. According to the AfDB, the country had an estimated literacy rate of 84% in 2010. Cape Verde's Human Development Index has been increasing marginally since 2010 at a rate of 0.6% per year on average. With these results, the country moved from the 129th position in the World Bank's Doing Business rankings in 2011 to the 119th position in 2012.

Economic and Financial Situation

57. Following a financial crisis in the Euro zone, which slowed economic growth from 5.4% in 2010 to 5% in 2011 due to weak demand for exports, the Cape Verdean economy was expected to grow by 5.1% in 2012 and 2013[47].

58. Meanwhile, budgetary adjustments stabilized the country's reserves and helped reinforce macroeconomic policy coordination in 2012. Credit growth slowed considerably in the year, reflecting a slowdown in demand and increased credit risk. These results enabled the country to maintain reserves at a level worth over three months of imports, given that its currency remained pegged to the Euro. The inflation rate in 2012 was about 3% against 4.5% in 2011.

59. According to Cape Verde's medium-term development strategy, the government had resolved to transform the economy by diversifying its production base. As such, the government continued to develop growth clusters, such as fisheries and maritime services, financial services and information technology (IT), and air transport services.

60. However, the country's development efforts continued to be hindered by a series of challenges, including its difficult geographic make-up as a small island nation and its small domestic market. Considerable infrastructural inadequacies undermined Cape Verde's competitiveness. Cape Verde relies also on external sources of funding, especially development assistance and remittances from its Diaspora, and is vulnerable to external shocks. Remittance inflows were estimated by the World Bank at about 200,000,000 USD in 2012, which represents about 9.4% GDP of the country, as against 178,000,000 USD in 2011.

61. However, the impressive economic growth has not reduced Cape Verde's high unemployment, especially among young people, who represent more than 50% of the workforce. Moreover, the high unemployment level in the context of impressive economic growth indicates the concentration of national wealth in the hands of a few. The resultant social inequality is likely to serve as a catalyst for predicate offences for ML/TF.

62. Cape Verde has a small but dynamic financial system with 4 deposit money banks making up for about 80% of the financial sector, which represents about 77.3% of GDP in 2010.

Prevalence of Predicate Crimes

63. As a junction for maritime and air transport between Africa, the Caribbean, South America and Europe, Cape Verde is witnessing an increase in illegal immigration and trafficking of narcotics[48]. While no major drug seizure was reported in 2012, Cape Verde's image as a key transit country for illicit drugs from South America en route Europe remained[49]. Though not too alarming, the few reported cases of corruption on the part of some public officials if not checked, could undermine government efforts to disrupt the production or distribution of illicit drugs, as well as the laundering of proceeds from illegal drug transactions in the country. Cross-border movements of physical currency intercepted by customs authorities during border checks on travellers, and the use of "shell companies" in the real estate sector to conceal or disguise the illicit origin of dirty money still remain as part of the challenges in dealing with acquisitive crime and the laundering of proceeds thereof.

AML/CFT Situation

64. Following a Plenary discussion on the follow-up to the MER of Cape Verde in November 2011, the country was placed on an enhanced monitoring regime, having failed to demonstrate concrete progress in implementing the recommendations in its mutual evaluation report. Consequently, Cape Verde amended Decree Nr. 1/2008 of 2008 and replaced it with Decree Nr. 09/2012 in March 2012. The new decree relocated the Financial Information Unit (FIU) from the Central Bank of Cape Verde to the Ministry of Justice. The FIU established informal agreements with the FIUs of Ireland and Italy. The Government of Cape Verde developed guidelines for real estate agents and casinos to guide professionals in these sectors on how to conduct their business transactions and prevent money laundering.

65. Despite these steps, significant deficiencies and considerable challenges remain in Cape Verde. For instance, while the FIU received 100 suspicious transaction reports

45 International Monetary Fund (2012).World Economic Outlook:Growth Resuming, Dangers Remain. Washington, DC: International Monetary Fund.

46 World Bank Data on Cape Verde, available athttp://data.worldbank.org/country/cape-verde. (Accessed 7 March 2013)

47 Economic Outlook – Cape Verde Country Note. See also, International Monetary Fund, 'Statement at the Conclusion of an IMF Mission to Cape Verde', 3 December 2012, available at http://www.imf.org/external/np/sec/pr/2012/pr12468.htm. (Accessed 5 March 2013).

48 RFI, Afrique drogue, Saisie record de cocaïne au Cap-Vert, http://afriquedrogue.blogs.rfi.fr/

49 US Department of State (2012). International Narcotics Control Strategy Report: Volume I Drug and Chemical Control. Washington, DC: US Department of State, pp 157-160.

(STRs) in 2012, only five were processed and referred to the Attorney General. More than 90% of the STRs were filed by commercial banks, especially those located in the island of San Diego. Although this is appreciable, it suggests little or no involvement of other reporting entities in AML/CFT efforts in the country. The FIU will have to reach out and inspire the confidence of other reporting entities to live up to their obligations.

66. The relocation of the FIU has not strengthened its strategic and operational capacities as it remains constrained by financial, logistical, and human resource challenges. Institutional frameworks and capacities against ML/TF remain weak, albeit with the growing threat of drug-related money laundering.[50] Cape Verde's Inter-ministerial Committee on AML/CFT, which is the national coordination body for AML/CFT activities, has not been functional since 2010. Therefore, no meeting or awareness activities have been organized for the past two years. In the same manner, Cape Verde is yet to adopt a national strategy on AML/CFT.

Technical Assistance

67. As part of increasing awareness and transferring ownership of the fight against money laundering to various civil society groups, GIABA organized a 2-day sensitization seminar on AML/CFT for journalists in Praia, Cape Verde on 29-30 August, 2012. The seminar aimed to:

- Build strong alliance with the media in a concerted manner for effective dissemination of AML/CFT issues;
- Acquaint the media with regional initiatives on AML/CFT framework, especially the mandate of GIABA; and
- Improve the network among journalists that would promote adequate information dissemination on AML/CFT regimes.

68. A total of 40 participants from Francophone and Lusophone ECOWAS Countries such as Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Guinea, Guinea Bissau, Mali, Niger, Senegal and Togo participated in the 2-day seminar. The result of the seminar was: the emergence of a pool of highly trained journalists with in-depth knowledge of measures against ML/TF and full understanding of the GIABA mandate; widespread media coverage at the local, regional and international levels; establishment of an ad hoc committee for the creation of a Francophone and Lusophone network; and development of an action plan on how the network of media practitioners would promote the goals and objectives of GIABA.

69. In October 2012, the AML/CFT analytical hard and software were installed at the FIU of Cape Verde to help with the receipt, analysis and dissemination of STRs. In addition, user training on the software was provided to the FIU by GIABA to enable them to take full ownership of the equipment. Nevertheless, in view of the many challenges, Cape Verde requires further assistance to provide the requisite human, technical, and logistical resources to its FIU, strengthen its capacity to monitor cross-border movement of physical cash, precious metals and other commodities, and efficiently regulate and monitor its non-financial sector. Other needs include to:

- Provide its FIU with adequate human, technical, and logistical resources to enable it to respond in an effective and timely manner to the AML/CFT challenges;
- Improve the monitoring of cross-border movements of physical currency, precious metals and gemstones in the country;
- Regulate and monitor non-financial sectors in an efficient manner;
- Provide continuous training to investigation and prosecution authorities, as well as to other officials in the reporting entities, subject to suspicious transaction reporting obligations;
- Sensitize magistrates on the importance of confiscating on behalf of the State, the proceeds of drug trafficking and other similar offences in the fight against organized crime.

Conclusion

70. Cape Verde remains one of the peaceful and stable countries in West Africa. Yet, it is vulnerable to, and is threatened by, money laundering and associated criminal activities. Its geographic location and features continue to make it a natural transit point for narcotics from Latin America en route Europe and other destinations. Also, Cape Verde's attraction of tourists and investors makes it a favourite target for laundering the proceeds of organized crime.

71. Considering Cape Verde's lack of progress in complying with AML/CFT standards, the country should take steps to, among others:

- Provide the FIU with the necessary resources to function properly and begin the process of attaining membership of the Egmont Group;
- Operationalize the Inter-Ministerial Committee on AML/CFT; and
- Adopt a national AML/CFT strategy.

50 US Department of State (2012), pp. 157-160.

COTE D'IVOIRE

Political Situation

72. Cote d'Ivoire continues to incrementally transit to long-term peace and stability. Yet, the country's political and security situation remains fragile, with the security situation deteriorating between August and October 2012[51]. A series of deadly attacks targeting national security forces in and around Abidjan and along the borders with Ghana and Liberia were reportedly planned, financed and often executed by groups and individuals with connections to the previous government of Laurent Gbagbo[52]. These attacks, particularly those alleged to have been carried out by opposition and rebel elements based in Ghana, and the resultant outbreak of violence in south-western Cote d'Ivoire, which led to the closure of the border with Ghana in September 2012, not only threatened to undermine the country's progress towards peace, but also deepened mistrust and divisions between the ruling coalition and the opposition.[53] Furthermore, the government's announcement of an alleged failed attempt by opposition-aligned soldiers, former presidential guards, and other rebel elements to overthrow it reflects the country's continuously difficult transition to peace[54].

73. The volatile security situation and the stealing of weapons and ammunition by assailants during attacks on security installations have significant implications for the trafficking and circulation of Small Arms and Light Weapons (SAWLs) in Cote d'Ivoire.

74. Despite these challenges, governance has improved considerably in Cote d'Ivoire. The country, having scored 39 out of 100, was ranked 46st out of 52 African countries in the 2012 Mo Ibrahim Index of African Governance (IIAG)[55]. This represents a slight improvement on the ranking of 36 out of 100 that it received in 2011 and also in 2010[56]. At the regional level, President Alassane Dramane Ouattara was elected Chairman of the ECOWAS and he demonstrated exemplary leadership in the management of the political crisis in Guinea Bissau and Mali. With the support of his fellow Heads of State, he presided over more than 10 ordinary and extra-ordinary Summits of the ECOWAS, the highest so far recorded within one year in terms of meetings of Heads of State to deal with conflict and political unrest in the region.

Economic and Financial Situation

75. Notwithstanding the volatile security situation and increased political tensions, economic activities in Cote d'Ivoire exhibited considerable resilience and returned to normalcy in 2012. The real GDP was expected to grow by 8.6% and 5.5% in 2012 and 2013 respectively[57]. The 2012 projection was slightly less than the 8.9% and 8.1% projected respectively by the World Bank and IMF[58]. To be sure, the projected growth is dependent on the consolidation of peace and the restoration of productive capacities[59]. Higher cocoa exports, however, are expected to contribute to growth[60]. Other services such as banking/insurance and the tourism/hotel industries recorded a growth rate of 17.1%.

76. Meanwhile, the government reported a 44.7% and 2.7% increase in revenues from taxes and non-tax sources respectively. The total revenue accounted for 20% of nominal GDP, up from 14.9% in 2011. At the same time, efforts by the government to revive the economy after the electoral crisis resulted in a 39.7% increase in expenditure. Investment expenditure, in particular, increased considerably in view of the execution of construction of social and economic infrastructures. These expenditures were at 5.4% of GDP against 2.6% in 2011. Similarly, current expenditure recorded an increase of 29.1%, prompted mainly by the increase in operating costs, salaries and conceded subsidies in the electricity sector.

77. These improvements were as a result of the economic reforms initiated through an ambitious national development programme for the period 2012 – 2015, which focus on galvanising public investment, and pushing growth while creating jobs. The IMF has agreed to support this economic programme under its interest-free Extended Credit Facility program to the tune of US$300 million over a 3-year period[61]. At the same time, Cote d'Ivoire's business climate improved slightly, having been ranked 167th out of 183 countries in 2012, compared with 170th in 2011[62].

78. Notwithstanding this commendable progress, an estimated 65.5% and 29.4% of Ivorians remain in poverty. Despite the lack of reliable data, the situation was exacerbated by the post-electoral crisis. UNDP's 2012 report on human development reveals that Cote d'Ivoire has a Human Development Index (HDI) of 0.4, which is slightly below the African Sub-Saharan Index of 0.463. Similarly, income per capita came to USD$1,387, far below

51 Thirty-first Progress Report of the Secretary General on the United Nations Operations in Cote d'Ivoire, pp. 1-3

52 Ibid, pp. 1

53 Ibid ; International Crisis Group (2012). Cote d'Ivoire: Defusing Tensions, Africa Report No. 193. Copy available at http://www.crisisgroup.org/en/regions/africa/west-africa/cote-divoire/193-cote-divoire-defusing-tensions.aspx. (Accessed 6 March 2013); BBC News, 'Ivory Coast Closes Ghana Border After Deadly Attack', 21 September 2012, available at http://www.bbc.co.uk/news/world-africa-19683708. (Accessed 6 March 2013).

54 See, for instance, BBC News, 'Ivory Coast Coup Plot Foiled', 13 June 2013, available at http://www.bbc.co.uk/news/world-africa-18426056. (Accessed 6 March 2013).

55 See the 2012 Ibrahim Index of African Governance (IIAG), available at http://www.moibrahimfoundation.org/interact/ (Accessed 6 March 2013).

56 Ibid

57 African Economic Outlook, 'Cote d'Ivoire – Country Note'. Copy available at http://www.africaneconomicoutlook.org/en/countries/west-africa/cote-divoire/. (Accessed 6 March 2013). This follows a 5.9% contraction in 2011.

58 World Bank, 'Cote d'Ivoire Overview', available at http://www.worldbank.org/en/country/cotedivoire/overview; and International Monetary Fund, 'Cote d'Ivoire and the IMF', available at http://www.imf.org/external/country/civ/index.htm. (Accessed 6 March 2013).

59 African Economic Outlook, '2012 Cote d'Ivoire – Country Note'

60 World Bank, 'Cote d'Ivoire Overview

61 Abidjan.net, 'Declaration de la Directrice General du FMI, Christine Largarde, Au Terme d'une Visite en Cote d'Ivoire', 9 Janvier 2012, available at http://news.abidjan.net/h/448413.html

62 World Bank (2012). Doing Business in a More Transparent World. Washington, DC: World Bank, pp. 6.

the USD$1,966 recorded by the region.

79. The Financial sector of Cote d'Ivoire – the largest in the UEMOA zone – is not very much different from its other members. There are 21 banks that form the bulk of the financial sector, accounting for about 22% of GDP and equal to 80% of the sector. Remittances in 2011 added up to USD 373 million, which represented about 1.6% of GDP.

Prevalence of Predicate Crimes

80. The series of deadly attacks carried out and the volatile security situation point to the continuous smuggling and circulation of small arms and light weapons (SALWs) in Cote d'Ivoire. This is evidenced by the destruction of about 600 SALWs by the United Nations Mines Action Service in July 2012[63]. Much of the arms and weapons suspected, were trafficked through Guinea, Mali, and other neighbouring countries. There is suspicion that some former rebel commanders used proceeds received from diamond districts in northern Cote d'Ivoire to purchase and traffic weapons into the country[64]. Although diamond production has declined, there is suspicion that about $23 million is made from illegal diamond trade[65].

81. Cote d'Ivoire also continues to experience a series of other criminal activities, particularly cybercrime and smuggling of goods. An estimated 3 billion FCFA was stolen in three Ivorian banks by cyber criminals during 2012[66]. The Director of Pharmacy of the Ministry of Health reported a loss of 21 billion FCFA due to smuggling of drugs in 2012. Furthermore, cocoa smuggling, particularly from neighbouring Ghana, remains prevalent not least because of large price differences between the two countries[67].

82. The seizure by customs officials in the department of Bondoukou of 1,200 kg of narcotics, including an unknown quantity of cannabis, with an estimated street value of 12 million FCFA, illustrated the persistence of illicit drug trafficking and production in Cote d'Ivoire. With regard to corruption, Cote d'Ivoire was rated 29 out of 100 and was ranked 130th out of 174 countries in Transparency International's 2012 Corruption Perception Index (CPI), compared with its ranking of 154th out of 182 countries in 2011[68].

63 UN News Center, ' UN Destroys Hundreds of Small Arms and Light Weapons in Cote d'Ivoire', 12 July 2012, available at http://www.un.org/apps/news/story.asp?NewsID=42468&Cr=Small+Arms&Cr1#.UUGs6Rzwk4E. (Accessed 14 March 2013).

64 ioL News, 'Diamond Sales Fuel I. Coast Arms Trade – UN', 19 April 2012, available at http://www.iol.co.za/news/africa/diamond-sales-fuel-icoast-arms-trade-un-1.1279738#.UUGz0Bzwk4E. (14 March 2013).

65 Ibid.

66 Seneweb.com, 'Cote d'Ivoire : Trois Banques Delestees de Pres de 3 Milliards de FCFA Par des Cybercriminals', 4 January 2013, available at http://www.seneweb.com/news/Afrique/cote-d-ivoire-trois-banques-delestees-de-pres-de-3-milliards-de-fcfa-par-des-cybercriminels_n_85073.html. (Accessed 6 March 2013). Even though the criminals were arrested, the success of their crime is proof that cybercrime is assuming a bigger dimension in the country.

67 Reuters, 'Cocoa Smugglers Rub Hands over Ghana Price', 12 October 2012, available at http://www.reuters.com/article/2012/10/18/ozabs-cocoa-smuggling-idAFJOE89H01R20121018. (Accessed 14 March 2013).

68 Transparency International, 'Corruption Perception Index 2012' ; Transparency International, 'Corruption Perception Index 2011' ; available at http://www.transparency.org/cpi2011/results. (Accessed 14 March 2013).

AML/CFT Situation

83. Cote d'Ivoire's AML/CFT regime was evaluated by GIABA in May 2012. The Mutual Evaluation Report (MER) was discussed at the 18th GIABA Plenary, held in Dakar, Senegal on 20-22 November 2012. The MER revealed that the country had signed and ratified the main conventions relating to organized crime, namely the 2000 Palermo Convention against Transnational Organized Crime, the 2003 Merida Convention against Corruption, the Vienna Convention against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances and the UN 1999 Convention against Terrorism.

84. Following sustained advocacy engagement by the Director General of GIABA with Cote d'Ivoire's political leaders in November 2011 and in February 2012, the country registered commendable progress on AML/CFT. Not only was the FIU's budget increased to approximately 1 billion FCFA, but also its president was appointed as National Correspondent to GIABA. The FIU signed partnership agreements with its counterparts in France, Belgium, and Lebanon, and established contacts with the FIUs of Ghana and Morocco.

85. The FIU also carried out a study on the "Vulnerabilities of the Ivorian economy in the face of ML/TF, particularly in the Housing and Agricultural sectors". Under networking, the FIU welcomed the organization of the Forum of WAEMU FIUs and its president was, thereafter, designated to head the structure. The FIU also regained its membership status in the Egmont Group.

86. Nonetheless, considerable challenges remain in Cote d'Ivoire, not least because compliance with international AML/CFT standards and implementation of recommendations in the MER may pose some challenges. Underpinning these challenges in particular is the lack of a national AML/CFT strategy, as well as an effective freezing mechanism as required under the FATF R6.

87. Despite passing its AML law in 2005, Ivorian law enforcement officials are yet to prosecute a case involving money laundering. Hence, the law is yet to be implemented. For instance, out of the sixty-one (61) STRs received by the FIU between November 2011 and September 2012, only one (1) was investigated and the report forwarded to the judiciary. There is still no information regarding the action taken by the judiciary on this case. Surveillance and Controlling agencies lack specific legal and operational powers under the AML law, thereby seriously undermining their ability to detect and prevent ML/TF. Also, the existing legal instrument on terrorist financing, namely, Order No. 2009-367 of 2009, fails to clearly define "terrorist organizations" or individual "terrorists" as envisaged by international standards.

88. Also the conditions set out for the execution of the UNSC Resolution 1267 (1999) on the confiscation of funds and other financial resources of persons and entities targeted by the UN Security Council are not satisfactory. The procedure fixed by Community Regulation No. 14/CM/UEMOA of 19/09/2002 imposes a decision-making process and communication of lists to reporting entities that are relatively tedious. Moreover, there is no coordination and monitoring of the effective enforcement of confiscation decisions. In addition, lists from the Security Council are not widely circulated to banks and incidentally, do not receive any notices concerning these lists. There are equally no instructions or clear guidelines to help decision-makers understand and efficiently execute Resolution 1267 (1999) and 1373 (2001).

Technical Assistance

89. In addition to the high level missions undertaken by the Director General in preparation for the conduct of the mutual evaluation of Cote d'Ivoire and the hosting of the GIABA Plenary and Ministerial Committee meetings, GIABA supported the country to organize a pre-assessment workshop from 5 to 7 March 2012. The main objectives of the preparatory mutual evaluation seminar were basically to (a) inform and sensitize national stakeholders on the significance of the mutual evaluation and the preparation process required for them to be fully involved in the project and ensure the success of the exercise; and (b) use the opportunity of the workshop to update the Mutual Evaluation Questionnaire (MEQ) submitted to the GIABA Secretariat in October 2009. About sixty (60) participants representing the various sectors of the public and private administration in Cote d'Ivoire participated in this seminar.

90. As the adopted MER revealed significant deficiencies, especially in a number of core and key recommendations, Cote d'Ivoire requires further technical assistance in developing an efficient AML/CFT framework, including elaborating its legislative and regulatory frameworks, as well as developing a national AML strategy. Further investments are required to provide capacity training for personnel, including analysts, investigators and judges, and institutions responsible for the implementation of the AML/CFT means.

Conclusion

91. Cote d'Ivoire continues to steadily transit to long-term peace and stability. Yet it remains beset by insecurity, violence, and political tension. At the same time organized criminal activities, including illicit trade in arms and weapons, underpinned by the prevailing security situation, cybercrime, smuggling of goods and drug trafficking persist in Cote d'Ivoire. The country also continues to struggle to comply with international AML/CFT standards, not least because its AML/CFT framework remains significantly weak. Accordingly, Cote d'Ivoire must take steps to implement recommendations contained in its Mutual Evaluation Report, including criminalizing individual acts of terrorism, developing a mechanism for the freezing of assets in accordance with UNSCRs 1267 and 1373, and finalizing and adopting its national AML/CFT strategy to ensure synergy and proper coordination in its AML/CFT efforts.

THE GAMBIA

Political Situation

92. The Gambia maintained its image as a peaceful and stable country in West Africa. It remains on a difficult democratic trajectory, as evidenced by the absence of a strong political opposition[69]. The March 2012 parliamentary elections, during which the ruling Alliance for Patriotic Reorientation and Reconstruction (APRC) won 47 of the 57 parliamentary seats, were boycotted by the opposition United Democratic Party, the National Alliance for Democracy, and others, as fraudulent[70]. The formation of a government in exile, the National Transitional Council of The Gambia (CNTG), in neighboring Senegal by an opposition political group in September 2012 further illustrated The Gambia's democratic deficits[71].

93. According to the Mo Ibrahim Foundation's 2012 Ibrahim Index of African Governance (IIAG), The Gambia's performance improved slightly, the country having scored 52 out of 100 and ranked 27th out of 52 countries, compared with its score of 51 out of 100 in 2011 and in 2010[72]. However, it was ranked low on accountability and Human Rights categories, scoring only 32.7% and 28.6% respectively[73]. Indeed, the execution of several foreign prisoners provoked an international outcry and re-ignited long standing concerns about continuous human rights infractions in The Gambia[74]. The absence – and in many cases repression – of political opposition, as well as the country's problematic human rights record, could potentially undermine AML/CFT efforts, as groups and citizens, particularly journalists, may be unwilling to report cases involving public officials.

Economic and Financial Situation

69 New York Times, 'Gambia: Ruling Party Faces Scarces Opposition in Parliament', 15 March 2012, available at http://www.nytimes.com/2012/03/15/world/africa/gambia-ruling-party-faces-scarce-opposition-for-parliament.html?_r=0. (Accessed 14 March 2013).

70 Al Jazeera, 'Opposition Boycotts Gambia Parliamentary Poll' 29 March 2012, available at http://www.aljazeera.com/news/africa/2012/03/201232917152385821 3.html. (Accessed 6 March 2013).

71 BBC News, 'Gambia Opposition Group Formed in Senegal', 14 September 2012, available at http://www.bbc.co.uk/news/world-africa-19598137. (Accessed 6 March 2013). The presidential election in November 2011, won by incumber Yahya Jammeh, was critizied by opposition and the African Union Observer Team as a not free and fair.

72 Mo Ibrahim Foundation (2012). 2012 Ibrahim Index of African Governance Summary. Pp. 9

73 Ibid

74 CNN, 'U.N. Slams Stream of Executions in Gambia', 28 August 2012, available at http://edition.cnn.com/2012/08/28/world/africa/gambia-executions. (Accessed 6 March 2013); BBC News, 'Gambia's President Jammeh Halts Execution Amid Outcry', 15 September 2012, available at http://www.bbc.co.uk/news/world-africa-19610206. (Accessed 6 March 2013).

94. The Gambia's economy was expected to grow by 5.6 percent in 2012, compared with 5.5% in 2011[75]. The International Monetary Fund projected a 1.2% contraction in 2012 and a 9.7% expansion in 2013[76].

95. Considering that agriculture is the mainstay of the country's economy, poor weather conditions negatively affected crop production and economic activities in the first three quarters of 2012. Nonetheless, a strong rebound in crop production, growth in the tourism sector, and international development assistance helped mitigate the impact on farmers and vulnerable families. Reforms implemented by the government in agriculture, however, will continue to boost the economy and sustain its growth.

96. Owing to fiscal adjustments, inflation was projected to rise from 4.7% to slightly less than or equal to 5% in 2012 and in 2013[77]. The budget deficit is expected to decline from 4.2% in 2011 to 3.8% in 2012 and 2.8% in 2013[78]. Furthermore, the current-account deficit was estimated to have declined slightly from 17.5% in 2011 to 16.9 percent in 2012, not least because imports were expected to decrease[79].

97. The pace of monetary expansion remained modest. By September 2012, money supply grew by 7%, lower than the 11.5% in 2011[80]. Both components of money supply increased, with narrow money growing at a slower pace of 4.7% and quasi-money by 8.9%[81]. Reserve money contracted by 3.1%, significantly lower than the growth rate of 13.0% a year earlier. Reserve money is projected to increase by 5.8% by end-December 2012[82].

98. The Financial sector of the Gambia, mainly dominated by banks, has 14 deposit money banks, accounting for 90% of the sector's total assets valued at 47.2% of GDP in 2010. Remittances inflows in 2012 amounted to USD91 million, which represents about 8.2% of GDP.

99. The Government sought to pursue a comprehensive tax reform that would broaden the tax base, simplify procedures, and lower tax rates, while preserving revenues. However, fuel subsidies continued to cut into potential tax revenues, as little progress was achieved toward eliminating them, despite monthly price adjustments.

100. Growth of credit to the private sector and deposits in commercial banks slowed considerably in 2012. In May, with inflation pressures contained, the Central Bank of The Gambia (CBG) acted to ease its monetary policy stance by reducing the reserve requirement on deposits by two percentage point (to 10%). Also, the CBG continued to strengthen banking supervision. In preparation for the upcoming increase in the minimum capital requirement at the end of 2012, the CBG reviewed banks' plans for meeting the new requirement and stood ready to strictly enforce the new measure.

Prevalence of Predicate Crimes

101. The Gambia is a tourist attraction in West Africa. Consequently, it is one of the targets of drug cartels from the South Americas to transit drugs to the US and Europe, as evidenced by recent seizures. Another major challenge that the country faces is the level of cash involved in business transactions in cross-border trade. The economy is cash-based with an underdeveloped financial system. The financial sector has regulatory and supervisory challenges coupled with a rudimentary payment system. The Non-Financial Businesses sector is unregulated with weak supervision. There are limited state apparatuses to combat crime, with very porous borders. In general, there is neither empirical data on the size of the informal economy, nor the prevalence and impact of various petty crimes on money laundering and terrorist financing. Nevertheless, The Gambia's governance rating declined, having scored 34 out of 100 and ranked 105th out of 174 countries in Transparency International's 2012 Corruption Perception Index (CPI), compared with its ranking of 77th out of 182 countries in 2011[83]. In response, the Government of The Gambia introduced an anti-corruption bill aimed at combating malpractices[84].

AML/CFT Situation

102. The Gambia's mutual evaluation was conducted and adopted by the GIABA Plenary in 2008. After a threat of issuance of a Public Statement against the country during the GIABA Plenary meeting in May 2012 The Gambia revised the 2003 AML/CFT bill and re-enacted a new AML/CFT Act in July 2012. The Act aims to address the deficiencies identified by assessors during the mutual evaluation exercise. Prior to the passage of the Act, the Inter-Ministerial Committee was reactivated, with its new members being sensitized on issues related to AML/CFT. The Committee coordinated the process of passing the new Act, and is currently considering the budgetary modalities of the FIU. Further details on progress made by this country on the implementation of the recommendations in its MER can be found in Chapter 3.

75 African Economic Outlook, 'The Gambia – Country Note', available at http://www.africaneconomicoutlook.org/en/countries/west-africa/gambia/.

76 International Monetary Fund, 'The Gambia and the IMF', Update 7 December 2012, available at http://www.imf.org/external/country/gmb/index.htm. (Accessed 6 March 2013).

77 African Economic Outlook, 'The Gambia – Country Note'

78 Ibid

79 Ibid

80 Ibid

81 Ibid

82 Ibid

83 Transparency International, 'Corruption Perception 2012', op. cit.; Transparency International, 'Corruption Perception Index 2011'

84 Global Times, 'Gambia Introduces Anti-Corruption Bill to Address Office Malpractices', 29 June 2012, available http://www.globaltimes.cn/content/717978.shtml. (Accessed 14 March 2013).

103. Meanwhile, a Chief Executive Officer of the FIU and National Correspondent to GIABA was appointed. These are welcome developments as they will speed up the operationalization of the FIU.

104. The FIU remained semi-operational as there was no clarity on its actual budget or personnel size. Also, until an independent Board is appointed, it is difficult to rule out the possibility of its being influenced by the authorities of the Central Bank since most of, if not all, the staff members were drawn directly from the banking department of the CBG. In addition to the non-operationalization of the FIU and the persistent logistic and capacity constraints, application of the AML/CFT Act has not been fully tested. For instance, out of the 14 Suspicious Transaction Reports (STRs) received by the FIU in 2012, only five were forwarded to the law enforcement for further investigation. Even though the fourteen STRs represent a considerable increase from the 3 STRs filed in 2011, there is no information regarding what happened to the referred STRs and there is no record of ML or TF Conviction in the Gambia.

Technical Assistance

105. The Gambia was the first country to benefit from the GIABA's comprehensive technical assistance for the provision of hard and software to the FIUs of 13 countries. The equipment was installed and tested in The Gambia FIU in July 2012 and more than two weeks user training was provided for the staff who would manage the system. Nevertheless, The Gambia needs technical assistance to enable the authorities to put in place an effective AML/CFT regime and bolster the fight against transnational organized crime. Such assistance would involve training and mentoring for judicial authorities, law enforcement and specialized investigating and prosecution agencies that deal with AML/CFT issues. Specific needs include training and study tours to well established FIUs; further support for the development of a national AML/CFT strategy; acquiring currency scanners for border post interdiction; erection of an FIU office; and training on techniques of investigating and prosecuting drug trafficking and other ML/TF predicate offences.

Conclusion

106. Following the passage of the new law, the Gambia is now working on implementation strategies, starting particularly with the operational autonomy of the FIU. The Gambia needs to improve oversight supervision over financial and non-financial institutions, as well as DNFBPs; efforts must be made to test the law by bringing offenders to justice; and the country needs to put in place a proper mechanism for the freezing and confiscation of criminal assets as contained in the FATF R6, among other measures.

GHANA

Political Situation

107. In July 2012, His Excellency, John Evans Atta Mills, President of the Republic of Ghana died. His Vice, His Excellency, John Dramani Mahama was sworn in as president. The peaceful and orderly transition of power that followed his death testified to the country's steady progress and relative maturity in democratic governance since returning to constitutional rule in 1992[85]. Such progress and maturity was manifested by the aftermath of the keenly contested presidential and parliamentary elections in December 2012[86]. In particular, while the presidential and – to a lesser extent – the parliamentary results were rejected by the opposition New Patriotic Party (NPP) as having been doctored by the Electoral Commission (EC) and the ruling National Democratic Congress (NDC) in favor of the latter, it contested them in the law courts without resorting to nationwide violence.

108. The discovery of offshore oil reserves has raised the stakes and intensified the competition for political power due to an expected inflow of oil wealth. Indeed, the 2012 elections were adjudged the most expensive in Ghana's history[87]. The intense competition can be situated in the context of structural deficiencies in Ghana's political system which permits winner-takes-all politics and vests near-complete control of resources in the Ghanaian state [88].

109. Notwithstanding the increasingly competitive and expensive nature of campaigns, Ghana lacks robust frameworks for regulating campaign finance and asset declaration. The 2000 Political Parties Act neither requires parties and candidates to reveal the sources of contributions to their campaigns, nor limits the contributions they can receive from individuals and businesses. Although the Act requires parties to submit audited financial reports to the Electoral Commission (EC) for publication, it does not provide sanctions for parties that fail to do so[89]. Furthermore, while the 1992 Constitution requires public officials to submit their written asset declaration reports to the Auditor-General's Office, it does not authorize the Office to publish them[90]. The 2011 Global Integrity Report revealed that Ghana scored 8 out of 100 on the effectiveness of its party financing

85 Ghana's democratic progress is evidenced by two decades of uninterrupted civilian rule, five successive multi-party elections without nationwide violence, peaceful alternation of power between the two main political parties in 2001 and 2009, vibrant media, and an increasingly assertive civil society.

86 Although it featured serious acrimony, inter-party violence, and persistent allegations of bribery and corruption by representatives of the two main parties, the election was adjudged by international observers as largely fair, peaceful and credible.

87 See Africa Confidential, 'The First Oil Election', 24 August 2012.

88 For instance, Article 257 Section 6 of the 1992 Constitution states, "[e]very mineral in its natural state in, under or upon any land in Ghana, rivers, streams, water courses throughout Ghana, the exclusive economic zone and any area covered by the territorial sea or continental shelf is the property of the Republic of Ghana and shall be vested in the President on behalf of, and in trust for the people of Ghana."

89 Despite having the power to withdraw the registration of a party for failing to submit its financial records for publication, the EC has been unwilling to strictly enforce this provision on account that it would disadvantage smaller parties.

90 Article 286 (1) of the 1992 Constitution states, '[a] person who holds a public office mentioned in clause (5) of this article shall submit to the Auditor-General a written declaration of all property or assets owned by, or liabilities owed by, him whether directly or indirectly,' (a) within three months after the coming into force of this Constitution or before taking office, as the case may be; (b) at the end of every four years; and (c) at the end of his term of office.

regulations, and 0 out of 100 on regulations on individual candidate financing[91].

110. These legal gaps and the lack of state funding for parties have prompted fears of the potential influence of proceeds from predicate crimes on the electoral process. The 2012 elections, like those of 2008, featured allegations and counter-allegations between the NDC and the NPP, of both using drug money to fund their electoral campaigns[92]. Indeed, former and current anti-drug officials, as well as some Ghanaian experts expressed suspicion that some politicians were influenced by drug barons and used drug money in the 2012 elections[93]. The refusal of parties and candidates to reveal their sources of funding, and recent allegations that a foreign ICT company provided financial and material support to the ruling NDC in exchange for lucrative public contracts do little to assuage these fears[94].

111. The possibility of political parties and candidates relying on criminal proceeds in their quest for power has far-reaching implications as it could seriously corrupt Ghana's political system and undermine AML/CFT efforts in the country.

Economic and Financial Situation

112. Ghana continued to make commendable advances in economic growth and maintained its image as a beacon of hope in the West African region. Ghana's GDP growth was projected to be 8.3 percent in 2012[95]. While this is lower than the 14.4 percent recorded in 2011, it is slightly higher than the 7.5 percent, 7.6 percent, and the 8.2 percent projected by the World Bank, Business Monitor International, and the IMF respectively[96]. Contributing to the growth were increased oil production and mining activities, which resulted in 36.2 percent growth in the industrial sector, as well as 5.2 percent growth in agriculture[97]. The Bank of Ghana (BoG) and the World Bank reported that Ghana maintained single digit inflation in 2012[98]. Furthermore, Ghana remains a low-middle income country. It is also among the nine Sub-Saharan countries, and one of the two West African countries ranked in the medium category of the United Nation Development Program (UNDP)'s Human Development Index[99].

113. Ghana's oil receipts supported its budget and provided its government fiscal flexibility in financing development projects. Nonetheless, although the Government of Ghana projected to receive about $650 million in oil revenues in 2012, it only received $180 million for the first two quarters of the year[100]. At the same time, the national budget was projected to increase to $9,842,066,957 against $8,117,228,113 in revenues and grants, as compared with $6,725,930,546 against $5,511,072,988 in 2011[101]. The large shortfall in oil revenues has prompted concerns about risks to the implementation of the budget[102]. A potential increase in public spending by the Government could also undermine the country's progress, including maintaining low inflation rate[103].

114. Furthermore, the Ghana Cedi continued to fall against major foreign currencies. In particular, the Bank of Ghana (BoG) reported that the Ghana Cedi depreciated by 18% against the US dollar, 17.3% against the Pound Sterling, and 13.1% against the Euro in the first 8 months of 2012[104]. Accordingly, many local producers, particularly those in manufacturing, incurred higher production costs due to increases in duties on imports charged in foreign currencies[105]. This fed into the already high cost of goods and services in the country, and further increased the prices

91 See Ghana Integrity Initiative, 'Ghana Among Lowest-Scoring Countries on Political Finance Rules', 30 March 2012, available at http://www.tighana.org/giipages/giinews.php?idnews=50. (Accessed 31 October 2012).

92 Joy News, Ex-Cocaine Convict is Neither NPP Financier no Member –Sir John, 29 September 2011, Available at http://politics.myjoyonline.com/pages/news/201109/73696.php (Accessed 31 October 2012). The General Secretary of the opposition NPP denied allegations by the African Watch Magazine that a convicted cocaine dealer was a financier of the party. Joy News, 'NPP Vows to Use Recent Cocaine Saga for Propaganda but NDC says 'bring it on'', 19 December 2011, Available at http://politics.myjoyonline.com/pages/news/201112/78448.php. (Accessed 31 October 2012)

93 See, for instance, Joy News 'NACOB Boss Refuses to Name Politicians on Narcotic Money List', 14 September 2011, Available at http://edition.myjoyonline.com/pages/news/201106/68340.php (Accessed 19 October 2012). The Executive Secretary of the Narcotics Control Board (NACOB), Yaw Akrasi Sarpong, stated that 'loud-mouthed or flamboyant…even influential' politicians were on the list of those suspected drug dealers on NACOB's watch list.

94 GhanaWeb, 'Chinese Company Funds NDC – AFAG Alleges', 16 October 2012, available at http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=253355. (Accessed 31 October 2012).

95 African Development Bank: Ghana Economic Outlook, Available at http://www.afdb.org/en/countries/west-africa/ghana/ghana-economic-outlook/. (Access 19 October 2012)

96 World Bank Country Brief: Ghana. Available at http://www.worldbank.org/en/country/ghana/overview. (Accessed 19 October 2012); Business Monitor International, ' Global Macro Monitor', pp. 34; International Monetary Fund, 'Ghana and the IMF', 13 October 2012. Available at http://www.imf.org/external/country/GHA/index.htm. (Accessed 19 October 2012).

97 African Development Bank, 'AEO 2012 Ghana – Country Note', Available at http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Ghana%20Full%20PDF%20Country%20Note.pdf. (Accessed 19 October 2012).

98 As of the first second quarter of 2012, the Bank of Ghana figures indicates a rate of 9.4 percent. See Bank of Ghana (2012), Inflation Developments and Outlook, Vol. 4, No. 3, pp. 1-2. Copy available at http://www.bog.gov.gh/privatecontent/MPC_Press_Releases/Inflation%20Outlook%20Report%20-%20June%202012_Final%20to%20BOG.pdf. (Accessed 8 November 2012). See also, World Bank Country Brief: Ghana; op. cit. The World Bank does not report a specific figure. Importantly, Ghana Economic Outlook. The issue of single digit inflation in Ghana is a source major controversy, with opposition politicians and many Ghanaian complaining of significant increases in domestic prices. See, for instance, Myjoyonline.com, 'Bawumia Lecture Exposes NDC's Tattered Achieve', 8 August 2012, Available at http://politics.myjoyonline.com/pages/news/201205/86198.php. (Accessed 19 October 2012). In a lecture on the state of Ghana's economy, the vice presidential candidate of the opposition NPP, Mahamadu Bawumia, questioned the validity of single digit inflation touted by the government by citing increases in prices and interests rates. See also, Daily Graphic, 'Nana Blasts NDC Corruption', 15 October 2012, Available at http://www.dailyguideghana.com/?p=63759. (Accessed 19 October 2012). At a campaign rally, the NPP presidential candidate, Nana Akufo-Addo, questioned why the cost of constructing a six classroom building increased from 85,000 Cedis to 280,000 Cedis within 4 years, notwithstanding the supposed single digit inflation.

99 United Nations Development Program (2012). Africa Human Development Report 2012. United Nations: New York, pp. 16. The other eight countries are Botswana, Cape Verde, Congo, Equitoral Guinea, Gabon, Namibia, South Africa, and Swaziland.

100 See The Budget Statement and Economic Policy of the Government of Ghana for the 2012 Fiscal Year, 16 November 2011, pp. 43. Copy available at http://www.mofep.gov.gh/sites/default/files/budget/2012_budget.pdf. (Accessed 8 November 2012) The projected figure is 1.234 billion Ghana Cedis and is converted into US dollars at the Bank of Ghana's 7 November 2012 Cedi-Dollar buying rate of 1.9236; see also, Petroleum Receipts and Distribution Period for 1st Quarter of 2012 at http://www.mofep.gov.gh/sites/default/files/reports/petroleum_receipts_4th_quarter_2011_0.pdf. (Accessed 8 November 2012); Petroleum Receipts and Distribution Period for 2nd Quarter of 2012 at http://www.mofep.gov.gh/sites/default/files/reports/petroleum_receipts_2nd_quarter_2012.pdf (Accessed 8 November 2012).

101 The Budget Statement and Economic Policy of the Government of Ghana for the 2012 Fiscal Year, pp. 62-65; The Budget Statement and Economic Policy of the Government of Ghana for the 2011 Fiscal Year, pp. 59-62. Copy available at http://www.mofep.gov.gh/sites/default/files/budget/2011_Budget.pdf. (Accessed 8 November 2012).

102 The Budget Statement and Economic Policy of the Government of Ghana for the 2012 Fiscal Year, pp. 43. Copy available at http://www.mofep.gov.gh/sites/default/files/budget/2012_budget.pdf. (Accessed 8 November 2012). The Budget Statement and Economic Policy of the Government of Ghana for the 2011 Fiscal Year,

103 AEO 2012 Ghana – Country Note'

104 Bank of Ghana (2012), World Economic Outlook and External Sector Development, Monetary Policy Report, Vol. 1, No. 4, pp. 8. Copy available at http://www.bog.gov.gh/privatecontent/MPC_Press_Releases/weo%20%20external%20sector%20developments%20-%20september%202012.pdf. (Accessed 8 November 2012).

105 Association of Ghana Industries, 'Depreciation of the Cedi Leads to High Taxes – AGI', 17 May 2012, available at http://agighana.org/News/Depreciation-of-the-Cedi-Leads-to-High-Taxes.aspx. President of the Association of Ghana Industries (AGI), Nana Owusu Afari, lamented that the Cedi depreciation "… is a major concern to industry as increase in taxes raise cost of production of local producers." Reuters, 'Africa Money – Ghana's Weak Currency Costs Country Dear in Election Year', 19 July 2012, at http://www.reuters.com/article/2012/07/19/ghana-cedi-idUSL6E8I9BZV20120719. Starwin Products Limited, a drug manufacturer, reportedly incurred a 17-percent increase in its production cost in the first half of 2012. Its general manager reportedly lamented that the Cedi depreciation "…is seriously hurting us because 90 percent of our inputs are imported."

of imported consumer products[106]. Concerns about the resultant rise in the prices of commodities, as evidenced by the increases in the year-on-year rate for four consecutive months to 9.4% in the first half of 2012, prompted the BoG to raise interest rates three times to 15%[107]. The BoG's measures have undoubtedly increased the cost of borrowing, thereby constraining business activities. Significantly, the increase in the cost of goods and services has negative implications for the purchasing power and the general cost of living, and could push many Ghanaians into poverty.

115. Ghana's high growth rates have not reduced its poverty rate, which remains at 28.5%[108]. Despite the lack of reliable data on unemployment in the country, an estimated 25.6% of Ghanaians between ages 15-24, who constitute an estimated 20% of the population, are unemployed[109]. The figure is twice that of the 25-44 age group and three times that of the 45-64 age group[110]. The youth also account partly for 14% of formal sector employment, with many, including most university graduates and migrants from rural to urban areas, struggling to find work and mostly compelled to look for opportunities in the informal sector as apprentices, domestic or unpaid family workers, or as self-employed workers[111]. Furthermore, growth hardly translated into development as Ghana continued to face serious development challenges, including widespread income inequalities. Many Ghanaian communities remained seriously deprived and had little or no access to basic social services[112].

116. The existence of many deprived communities and the pervasive lack of access to services means that Ghana remains vulnerable to a series of predicate crimes. Indeed, drug trafficking, cybercrime, and other criminal activities are often seen not only as legitimate sources of finance for development projects, but also for survival. This is evidenced by the legitimacy gained and sustained by drug dealers and other criminal dons who fund projects and provide basic services in deprived communities with criminal proceeds. The case of a former Ghanaian Member of Parliament (MP) who enjoys considerable support in his community for his philanthropic work, despite his arrest and conviction on drug trafficking charges in the US[113], is an indication that this could be happening. In communities where livelihood alternatives are limited, more people, as in the past, may resort to criminal activities as a means of survival. An increase in predicate crimes would undermine AML/CFT efforts in Ghana as criminals, often working with their corrupt appendages in the Ghanaian officialdom, will aim to disguise the sources of the proceeds they receive.

117. The Government of Ghana has resolved to double the size of the Ghanaian economy by 2015 as part of efforts to address, among others, the high levels of unemployment and poverty[114]. In doing so, it aims to, among others, attract foreign direct investment by removing barriers to trade and investment, attract capital transfers from Ghanaians in the Diaspora, and enhance access to affordable credit to indigenous micro-, small-, and medium- scale enterprises[115]. The government also aims to develop Ghana's tourism industry as a means of job creation and revenue generation by attracting private investors and entrepreneurs for investment in high value accommodation[116].

118. The Financial sector of Ghana is mainly dominated by banks. There are 25 deposit money banks accounting for about 80% of the sector's total assets, which represents about 24% of GDP in 2010. Remittances inflows in 2012 were at USD151 million (0.4% of GDP). Official remittances however, depict Ghana's non-reliance on such inflows, unlike many West African countries.

Prevalence of Predicate Crimes

119. Drug trafficking remains the most prevalent predicate crime in Ghana. Consignments of cocaine from Latin America and heroin from Southeast and Southwest Asia transit through the country en route Europe, and to a lesser extent, the United States[117]. Cannabis in particular, grown and consumed across Ghana continues to be trafficked to Europe. This is evidenced by the near simultaneous seizure of 1.5 tones of cannabis and 7.5 kilos of cocaine, with a combined value of £4.3 million, from Ghana by British law enforcement officials at London's Heathrow Airport in September 2012[118]. Foreign drug smuggling networks continue to have deep operational footholds in the country, including an elaborate distribution network overseen largely by Ghanaian and Nigerian criminals[119]. Ghana's premier airport, the Kotoka International Airport (KIA) in Accra, remains a major transit

106 See Bank of Ghana (2012), Inflation Developments and Outlook, op. cit. Food inflation rose sharply during the second quarter of 2012. It rose to 4.4 percent in March 2012, and 5.4 percent in June 2012; Ghana Statistical Service, 'Consumer Price Index Statistical Bulletin, September 2012, at http://www.statsghana.gov.gh/docfiles/CPI%20Release_pdf/Bulletin_CPI_September_2012.pdf.

107 See Bank of Ghana (2012); Reuters, 'Bank of Ghana Hikes Rate to Fight Inflation', 13 June 2012, at http://af.reuters.com/article/investingNews/idAFJOE85C06L20120613?pageNumber=1&virtualBrandChannel=0.

108 World Bank Country Brief: Ghana, op. cit.

109 African Economic Outlook, '2012 Ghana – Country Note'; UN Economic and Social Council: Ghana, at http://esa.un.org/wpp/country-profiles/pdf/288.pdf. See also, Modern Ghana, 'I have No Data on Unemployment Rate – Employment Minister', 24 June 2011, at http://www.modernghana.com/news/336272/1/i-have-no-data-on-unemployment-rate-employment-min.html. In a speech to parliament in June 2011, the Minister of Youth and Employment noted that there is no reliable date on Ghana's unemployment

110 African Economic Outlook, '2012 Ghana – Country Note'

111 Ibid

112 The Government has sought to address these challenges with a number of initiatives, including the Livelihood Empowerment Against Poverty (LEAP), the Savannah Accelerated Development Authority (SADA), and the National Social Protection Strategy.

113 Kavanagh, Camino (2013), 'Book Review – Africa and the War on Drugs by Neil Carrier and Gernot Klantsching', World Peace Foundation. Available at http://sites.tufts.edu/reinventingpeace/2013/01/15/book-review-africa-and-the-war-on-drugs-by-neil-carrier-and-gernot-klantsching/

114 Medium-Term National Development Framework: Ghana Shared Growth and Development Agenda (GSGDA), 2010-2013, Vol. 1, Accra,

115 Ibid, Pp. 23-29.

116 Ibid

117 US Bureau for International Narcotics and Law Enforcement Affairs (2012). International Narcotics Control Strategy Report: Volume I Drug and Chemical Control. pp. 230;

118 Daily Guide, ' Sakawa Boys Busted', 30 April 2012. Available at http://www.dailyguideghana.com/?p=46456. (Accessed 19 October 2012).. GhanaWeb, ' Biggest Cannabis Haul from Ghana Seized at Heathrow Airport', 27 September 2012. Available at http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=251558. (Accessed 19 October 2012).

119 See, for instance, Ghana Business News, 'Ghana Post Manager, Three Nigerians Arrested for Alleged Drug Trafficking', 14 November 2012, available at http://www.ghanabusinessnews.com/2012/11/14/ghana-post-manager-three-nigerians-arrested-for-alleged-drug-trafficking/. (Accessed 21 January 2013).

point for narcotics. Furthermore, despite the lack of reliable data, there are concerns that the consumption of cannabis and other hard drugs among wealthy individuals and small-time peddlers is on the rise in Ghana[120].

120. With regard to cybercrime, anecdotal evidence indicates an increased manifestation in different patterns. For example, two Ghanaian young men were arrested for defrauding a 54-year-old American-Canadian woman of USD37,000 through internet-related advance fee fraud (419 scam)[121]. Sakawa, a form of advance fee fraud blended with voodoo practices, remains particularly prevalent. This is evidenced by increasing reports of alleged murder and ritual activities by cybercriminals to fortify their operations[122]. While the nature of individuals and networks involved remains unclear, there is a general sense within Ghana that poor and unemployed young males, particularly from the suburbs of Accra, continue to dominate cybercrime.

121. Furthermore, despite the lack of reliable data, there is mounting concern about the extent of illicit Small Arms and Light Weapons (SALW) proliferation and trafficking within and through Ghana. The National Commission on Small Arms recently expressed worry about reports of illegal SALW being smuggled to Ghana from neighboring countries[123]. Ghanaian police in Accra recently seized a consignment of arms and ammunition including 10 pump-action guns, 20 double-barreled guns, and hordes of AAA cartridges bound for Nigeria and arrested three Ghanaians and two Nigerians[124]. Reports of increased gun violence as a result of clashes between ethnic and religious groups and violent incidents that accompanied biometric registration exercises during the 2012 election further underline the threat posed by SALW[125].

122. Ghana's large deposits of gold and other minerals continue to underpin widespread illegal mining, locally known as 'galamsey'. The phenomenon is underpinned by sheer greed, high levels of poverty and unemployment especially among the youth, lack of economic opportunities, financial and material benefits of illegal mining, and widespread community acceptance and glorification of the wealth that successful miners can plough back into their local communities. While the extent to which galamsey is controlled by transnational networks is unclear, there is increasing evidence that it is promoted by foreigners, mostly Chinese migrants, who often collude with local leaders in accessing mining areas. Chinese migrants continue to operate in the country, using local Ghanaian labor. This is evidenced by the recent arrest of 27 Chinese migrants for their involvement in galamsey in Ghana's western region[126].

123. The relative development of Ghana's financial sector in the past few years has deepened its vulnerability to money laundering activities. Trade-based money laundering, mainly in the form of manipulation of import and export transactions to lower or avoid payment of custom and excise duties, and repatriation of profits through informal channels, remains unabated. Despite the lack of reliable data, Ghanaian judicial and law enforcement officials reported that considerable amounts of illicit money have been laundered through investments in banking, insurance, real estate, automotive import, general import businesses, and religious institutions. Between January and May 2012 alone, the Economic and Financial Crimes Court authorized the freezing of more than 250 bank accounts on suspicion of money laundering, often related to cybercrime. This represents more than 80% of the 300 accounts frozen in the whole of 2011[127]. Corruption, however, remains a major challenge, as Ghana scored 45 out of 100 and ranked 64th out of 176 countries in the 2012 Transparency International Corruption Perception Index[128]. This is hardly different from 2011 when Ghana ranked 69th out of 183 countries[129].

AML/CFT Situation

124. Following the adoption of Ghana's MER in November 2009 and as a result of its poor ratings on all the Core and Key FATF Recommendations, Ghana was placed on the expedited regular follow-up process. Following a high level advocacy visit to Ghana by the Director General of GIABA in February 2012, during which Ghanaian authorities were reminded of the implications of the country's slow implementation of the Action Plan agreed upon with the Regional Review Group (RRG) of the Middle East and Africa, Ghana made initial efforts to address deficiencies identified in its AML/CFT framework. Even so, the FATF's February 2012 Public Statement identified Ghana as a high risk ML/TF jurisdiction and placed it under review for non-compliance with AML/CFT standards[130]. Ghana responded by taking

120 See US Bureau for International Narcotics and Law Enforcement Affairs (2012), op. cit. This was confirmed during fieldwork interviews with NACOB officials and health professionals earlier this year. See also, United Nations Office of Drugs and Crime (2012). World Drug Report 2012. United Nations Office of Drugs and Crime: New York, NY, pp 18. There are also indications of the use of Amphatemine-type stimulants in Ghana.

121 GhanaWeb, 'Sakawa Victim Stranded', 21 May 2012, Available at http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=239529. (Accessed 19 October 2012); Daily Guide, ' Sakawa Boys Busted', 30 April 2012. Available at http://www.dailyguideghana.com/?p=46456. (Accessed 19 October 2012).

122 See, for instance, Modern Ghana, 'Sakawa Killer Arrested, 20 June 2012. Available at http://www.modernghana.com/news/402376/1/sakawa-killer-arrested.html.(Accessed 31 October 2012).

123 Joy News, 'Small Arms Commission Alarmed Over Increased Illegal Arms Reports', 7 August 2012, at http://edition.myjoyonline.com/pages/news/201206/87927.php. (Accessed 8 November 2012).

124 The Punch, 'Ghana Seizes Arms Consignment Bound for Nigeria', 12 January 2012. Available at http://www.punchng.com/news/ghana-seizes-arms-consignment-bound-for-nigeria/; See also Vanguard, ' Truckload of Arms Heading for Nigeria Seized in Ghana', 11 January 2012. Available at http://www.vanguardngr.com/2012/01/truckload-of-arms-heading-for-nigeria-seized-in-ghana/.

125 GhanaWeb, 'Presby Moderator Slams Violence Associated with Biometric Registration Exercise', 12 April 2012, available at http://www.ghanaweb.com/GhanaHomePage/religion/artikel.php?ID=235767. (Accessed 21 January 2013). Joy News, 'Registration Violence Can Lead Ghana into Chaos – Manhyia MP', 11 August 2012, available at http://politics.myjoyonline.com/pages/news/201204/84699.php. (Accessed 21 January 2013).

126 Ghana Business News, 'Ghana Police Arrest 27 Chinese Galamsey Men', Available at http://www.ghanabusinessnews.com/ghana-police-arrest-27-chinese-galamsey-men/. (Accessed 19 October 2012).

127 Forthcoming NYU-CIC publication – Responding to the Impact of Organized Crime on Governance in Developing Countries. The publication includes a chapter on Ghana, which was written by Sampson B. Kwarkye with Dr. Kwesi Aning and John Pokoo.

128 See Transnational International, 'Corruption Perception Index 2012', available at http://www.transparency.org/cpi2012/results. (Accessed 21 January 2013).

129 Transparency International, Corruption Perception Index 2011

130 The FATF's February 2012 Public Statement called on Ghana and other countries to "i) adequately criminalize money laundering and terrorist; ii) establish and implement adequate measures for the confiscation of funds related to money laundering; iii) establish a fully operational and effectively functioning Financial Intelligence Unit; and iv) establish and implement adequate procedures to identify and freeze terrorist assets. See FATF Public Statement of 22 June 2012 at http://www.fatf-gafi.org/documents/repository/fatfpublicstatement-22june2012.html (Accessed 29 October 2012); and FATF Public Statement of 16 February 2012, available at http://www.fatf-gafi.org/documents/documents/

steps to improve its AML/CFT framework, and submitted its third Follow-Up Report prior to GIABA Plenary in Abidjan, Cote d'Ivoire, in May 2012. The follow-up report indicated significant steps taken to address the identified deficiencies, including the passage by the Ghanaian Parliament of the Anti-Terrorism Regulations (Legislative Instrument 2181) and Economic and Organized Crime (EOCO) Regulations (Legislative Instrument 2183), both of which spell out AML/CFT guidelines for bank and non-bank institutions, in July 2012. The former criminalized terrorist financing in the context of the FATF Recommendation 6 and broadened the scope of measures to be used to freeze, seize and confiscate criminal proceeds[131]. The parliament also ratified the UN Convention against Transnational Organized Crime, and amended the 1960 Criminal Offences Act (Act 29) by passing the 2012 Criminal Offences (Amendment) Act (Act 849). The Act criminalizes the remaining predicate offence, including unlawful use of human parts, sexual exploitation, illicit trafficking in explosives, firearms and ammunition, and racketeering. The Anti-Terrorism Act was amended to empower the Minister of Finance and Economic Planning to issue instruction for its effective implementation. The new Immigration Amendment Act of 2012 (Act 848), which criminalizes migrant smuggling and human trafficking, was signed into law in June 2012[132]. Ghana also issued compliance manuals for capital market operators and insurance companies and intermediaries, and endorsed the AML/CFT National Strategy/Action Plan.

125. Furthermore, an AML/CFT unit was established in the Bank of Ghana. The unit sensitized banks, financial institutions and bank managers on the risks, threats and vulnerabilities related to ML/TF, as well as the essential pillars of AML/CFT; trained compliance officers on ML/TF risk assessment; and finalized a manual for off-site analysis and on-site examination of banks and financial institutions[133]. The Bank, in collaboration with the Financial Intelligence Center (FIC), also sensitized compliance officers on the legal requirements regarding cash transactions. The FIC increased its personnel by seven; and participated in, and facilitated anti-money laundering workshops for mortgage and other financial operators.

126. Having reassessed Ghana's AML/CFT regime and steps taken by the country to address the strategic deficiencies identified, the FATF agreed to conduct a country visit to confirm the steps taken prior to the delisting of Ghana from the list of countries under monitoring. The FATF noted the high-level of political commitment to work on addressing the deficiencies identified and the "… important steps [taken] towards improving its AML/CFT regime, including by enacting legislation to criminalize money laundering, establishing and implementing adequate measures for the confiscation of funds related to money laundering, improving customer due diligence measures and enhancing the effectiveness of the Financial Intelligence Unit."

127. Nonetheless, considerable challenges remain as there was non-compliance with existing regulatory frameworks. In particular, corruption continues to thwart effective implementation of anti-money laundering efforts, not least because legislative frameworks are being undermined by very corrupt state officials. Fake addresses are provided when opening bank accounts and easily corruptible compliance officers allow for funds to be swiftly transferred out of banks when suspicion is raised. Indeed, a recent investigation by Ghanaian law enforcement officials revealed that banking officials allowed cybercriminals to withdraw €58,000 which they had received from a German citizen through internet fraud[134]. The officials also continued to allow deposits of vast amounts without requesting proof of origin of the funds, and without processing STRs as per Ghana's commitments under its AML/CTF Action Plan[135].

128. More importantly, although the FIC has relayed information on hundreds of bank accounts suspected to be used for ML to EOCO. The Anti-Money Laundering Act stipulates that when accounts are frozen, owners can launch an appeal after one year. However, frozen accounts are often unfrozen after only one week[136]. The EOCO, the Economic and Financial Crimes Court (EFCC), and the FIC all continue to face serious resource and capacity constraints[137].

Technical Assistance

129. In addition to holding various training programs to augment the skills of relevant officials, GIABA installed AML/CFT analytical software in the FIC of Ghana. User training on the software was provided to the FIC by GIABA. Even so, other challenges persist. In particular, the Ghanaian judiciary and law enforcement personnel also benefitted from some capacity enhancement program from GIABA. That notwithstanding, the expertise and capacity to detect, prevent, investigate, prosecute, and punish money laundering and related crimes remained relatively low. Financial players, particularly insurance companies, remained generally unfamiliar with AML/CFT issues. The Ghana Police Service (GPS) still lacks the skills or equipment to investigate and prosecute major predicate crimes, especially drug trafficking. This is compounded by a painstakingly slow legal process, as trials drag on for years, mostly due to poor preparation of cases.

fatfpublicstatement-16february2012.html. (Accessed 29 October 2012).

131 Press Statement by Mr. Samuel Thompson Essel, Chief Executive Officer, Financial Intelligence Center, Ghana, 24 October 2012, pp. 7.

132 Government of Ghana Official Portal, 'President Mills Signs Law on Immigration', 9 July 2012, Available at http://www.ghana.gov.gh/index.php/news/features/14266-president-mills-signs-law-on-immigration. (Accessed 30 October 2012); Press Statement, op. cit.

133 Ibid Pp. 3.

134 Forthcoming NYU-CIC publication – Responding to the Impact of Organized Crime on Governance in Developing Countries, op. cit.

135 Ibid

136 Ibid

137 Ibid

130. Accordingly, Ghana has identified the need to develop and strengthen the analytical, investigative, and prosecutorial capacities of its specialized law enforcement agencies. In particular, it has requested financial analysis and investigations training for FIC and other law enforcement personnel.

Conclusion

131. Ghana's AML/CFT efforts are in danger of being undermined, not least because of a highly expensive electoral process, practically unregulated campaign finance, and the consequent temptation to divert State funds into campaigns or tap into criminal sources of funding. Indeed, corruption on the part of State and banking officials, as reported in the media continues to undermine effective implementation of AML/CFT measures. The existence of numerous deprived communities and high levels of poverty, inequality, unemployment and underemployment particularly among the urban youth continue to offer a fertile ground for predicate crimes and, by extension, ML/TF.

132. Notwithstanding the provision of a series of training and sensitizing workshops for judiciary, law enforcement, and banking and financial officials, there remains a considerable gap in skills and expertise on AML/CFT issues. Hence, Ghana and its partners should focus on developing specific courses on the nature and dynamics of money laundering and related crimes. Training and courses on financial analysis, criminal investigations and prosecutions with particular focus on Ghana's socio-cultural realities is critical. Timely participation of law enforcement and judicial personnel in such courses is critical in building sustainable capacities.

GUINEA

Political Situation

133. The Republic of Guinea continued to tread on a difficult democratic path. The country faced a tense socio-political climate, not least because disagreements over the voter register resulted in the postponement of planned legislative elections. Clashes between opposition supporters and Guinean police officers further highlighted political tensions in the country.

134. Political and institutional instability in past years have compounded Guinea's governance challenges, not least because the authority of the state has been weakened. According to the World Bank's 2012 Doing Business Report, Guinea is the 179th best place to do business (out of 183).

Economic and Financial Situation

135. The Guinean economy was expected to expand by 5.1% in 2012, compared to 4% in 2011[138]. Contributing to this growth, are 3.9% growth in the primary sector, including 4.5% and 4.1% in the fishing and agriculture sub-sectors respectively[139]. Also, the expansion of irrigated lands and increase in inputs was expected to result in 11% growth in food production in the 2011-2012 season, compared with 10% in the 2010-2011 season. However, gold production and diamond production are expected to decline by 36.5% and 24.3% respectively.

136. Despite the expected growth, political instability negatively affected an already weak and underdeveloped private sector by way of loss of foreign investments and business opportunities. More significantly, Guinea's poverty rate stood at 55.2% in 2012, with 64.7% of Guineans in rural areas and 35.4% in urban areas living in poverty[140]. Guinea is therefore unlikely to reduce its poverty rate by half by the 2015 deadline. Foreign exchange reserves reached US$ 677 million, covering three months of importation costs[141].

137. The Financial sector of Guinea comprises 12 deposit money banks, which represents over 90% of the financial sector with assets equal to 9.7% of GDP in 2006. Remittances inflows in 2012 stood at USD78 million about 1.5% of GDP.

Prevalence of Predicate Crimes

138. With high levels of unemployment and poverty, Guinea remained vulnerable to a series of predicate criminal activities. The country continued to be a transit and repackaging point for narcotics drugs from Latin America en route Europe and other destinations. Furthermore, corruption remained rampant. In May 2012, an attempt to embezzle public funds to the tune of 13 billion Guinean Francs led to the arrest and imprisonment of nine (9) civil servants from the Treasury Department, the Central Bank and the Ministry of Economy and Finance. This embezzlement attempt also led to the death of the Director of Treasury, who was assassinated for exposing criminality[142]. On the level of corruption, Guinea scored 24 out of 100 and was ranked 154th out of 174 countries in the 2012 Transparency International Corruption Perception Index[143].

AML/CFT Situation

139. Guinea was evaluated in June 2012 and the Mutual Evaluation Report (MER) was discussed and adopted during the 18th GIABA Plenary held in Dakar,

138 African Economic Outlook, '2012 Guinea Country Note'.

139 Ibid

140 Rapport : « Pauvreté et Inégalité en Guinée de 1994 à 2012. Analyse à partir d'enquête auprès des ménages (juillet 2012) »

141 Xinhua, 'Guinee : Les Indicateurs Economiques Sont Reluisants en 2012', 24 December 2012, available at http://french.china.org.cn/autreshorizons/2012-12/24/content_27503143.htm

142 RFI, 'Guinee : Assasinat d'Aissatou Boiro, Une Femme Cle Dans La Lutte Contre le Detournement de Fonts', 10 Novembre 2012, available at http://www.rfi.fr/afrique/20121110-guinee-assassinat-aissatou-boiro-femme-cle-lutte-contre-detournement-fonds-criminalite-conakry

143 Transparency International, 'Corruption Perception Index 2012'

Senegal on 20-22 November 2012.

140. Notwithstanding sustained efforts by GIABA, including a high level advocacy visit by the Director General on 27-29 March 2012, to engage with Guinean political leaders in developing the country's AML/CFT framework considerable challenges remain. Guinea's AML/CFT framework remain extremely weak and incomplete, not least because it is yet to establish an effective and functioning FIU, as stipulated by Article 19 of the 2007 AML Law No. L/2006/010/AN. Guinea is also yet to enact a CFT law, appoint a National Correspondent to GIABA, and strengthen cooperation and collaboration among relevant institutions for the effective functioning of its Inter-Ministerial Committee.

141. The Technical Monitoring Committee, an informal body charged with coordinating AML/CFT activities, lacks the requisite financial and logistic resources to carry out its functions.

142. The absence of an FIU and a national AML/CFT Strategy, and the lack of robust legal and institutional frameworks undermine AML/CFT efforts in Guinea. In addition, the reported cases of predicate crimes suggest that Guinea is a high risk country for ML and TF. This is evidenced by the non-provision of STRs by banks, financial institutions, and other reporting entities. There is also no record of criminal prosecution of any of the predicate crimes with conviction. Despite all the assistance and constructive engagement of GIABA with the authorities of Guinea, it has remained, together with Liberia, the two weakest links in the AML/CFT struggle of the region.

Technical Assistance

143. With regard to technical assistance, GIABA assisted Guinea to organize a pre-evaluation workshop for stakeholders in that country on 5-7 March 2012 as a prelude to the mutual evaluation exercise. Approximately sixty (60) participants attended. The objective was to familiarize them with the tools used in the evaluation process as well as the evaluation methodology itself and the processes and procedures of GIABA's Mutual Evaluation exercise.

144. Even so, Guinea requires further assistance to, among others, elaborate its national AML/CFT strategy, strengthen its Technical Committee so as to coordinate training and awareness programs, and provide training to its judicial personnel on financial crimes. To be sure, although GIABA had offered to provide technical and financial support to Guinea to enable it to strengthen its AML/CFT Strategy, Guinean officials opted to complete the country's mutual evaluation before working on the strategy.

Conclusion

145. The Republic of Guinea should take steps to enhance its AML/CFT regime. In particular, it must focus on the establishment of the FIU, the adoption and promulgation of the law on TF as well as the elaboration of an AML/CFT national strategy which will be of urgent need for the future.

146. GIABA reaffirms its willingness to support the country's efforts in strengthening the framework for fighting ML/TF while believing that these efforts should be based on the political will and firm commitment of the Guinean authorities. Overall, since the MER revealed significant deficiencies, Guinea's main priority is to develop an action for addressing the deficiencies without delay.

GUINEA-BISSAU

Political Situation

147. In January 2012, Guinea-Bissau's President, Mallam Bacai Sanha, died. This prompted a presidential election in March 2012, during which the interim president, Raimundo Pereira, did not win the requisite majority to avoid a run-off. Guinea-Bissau suffered another political setback when the military staged a coup in April 2012 ahead of the nation's presidential run-off[144]. The coup illustrated the country's precarious political situation. The ECOWAS decided to establish a Military Force (ECOMIB) and deployed 679 troops to restore peace and stability in the country. Furthermore, the Authority of Heads of State of the ECOWAS appointed His Excellency, Goodluck Jonathan, President of the Federal Republic of Nigeria as the Chairman of the ECOWAS Contact Group with Guinea-Bissau.

148. Perhaps it is crucial to point out that the problem in Guinea-Bissau is political and not security per se. About 30 political parties in a country of 1.4 million struggle for supremacy. This is a manifestation of the extreme poverty and fragility of the State. The sanctions imposed on Guinea-Bissau by the international community are becoming counterproductive as nothing can move without constructive engagement. The main political challenge in this country is to conclude the Road Map for elections.

Economic and Financial Situation

149. The exploitation of natural resources is the main driver of the economy in Guinea-Bissau, which boasts considerable economic potential, thanks to its natural resource wealth and yet untapped sectors. But the economy is not very diversified and relies mainly on cashew, which made up 90% of exports in 2011[145].

144 Political context in Guinea-Bissau, http://www.africaneconomicoutlook.org/fr/pays/afrique-de-louest/guinee-bissau/

145 Source: economic outlook, http://www.africaneconomicoutlook.org/fr/pays/afrique-de-louest/guinee-bissau/

150. Economic growth in 2011 was 5.1% and driven by exports. These contributed 14.4% to GDP. Forecasts[146] show that cashew demand and prices would drop from USD 1350 per ton to USD 1130.6 in 2012 and USD 1121.3 in 2013. Exports would also drop from 14.4% of GDP in 2011 to 13.9% in 2012 and 13.7% in 2013, taking their contribution to growth from 3.7% in 2011 to 0.1% in 2012 and 1.6% in 2013. On the whole, economic growth would rise from 4.6% in 2012 to 4.9% in 2013.

151. The Financial sector of Guinea-Bissau is still underdeveloped. There are 4 deposit money banks with a limited capital base and accounting for over 90% of the sector's total assets valued at 11.2% of GDP in 2010. Remittances inflows in 2012 were at USD46 million, which represents about 4.7% of GDP.

152. The implementation of AML/CFT measures, including CDD is very weak, if it is done at all. However The Doing Business 2012 report shows that the country moved to the 176th position out of 183 countries, five (5) places better than in 2011, which is high potential for growth of the financial sector. The private sector is dominated by informal trade, which is difficult to regulate and shield from the laundering of proceeds of crime. Nevertheless, a number of reforms need to be made to bolster confidence in the donor community and help secure their investments.

153. Owing to many obstacles that include political instability, Guinea Bissau has a relatively high unemployment rate estimated at over 30% among young people. This unemployment results mainly from the lack of orientation for graduates entering the job market.

154. Apart from the impact of instability on production and investments, problems in the education system contribute also in depriving young people of their first job. Thus, there is need to create a national entity[147] that identifies and assists unemployed persons so as to have a true assessment of the unemployment rate and tackle the problem effectively.

Prevalence of Predicate Crimes

155. The main sources of money laundering in Guinea-Bissau are drug trafficking, corruption and tax evasion. Smuggling and trafficking in persons, especially children, are the other threats and sources of illicit wealth.

156. Furthermore, many drug cartels have made Guinea-Bissau a transit point, trafficking drugs from Latin America to Europe due to the weaknesses in the institutional and control structures of the country. Guinea-Bissau is neither a producer nor a renowned consumer of illicit drugs; nevertheless, drug trafficking remains the biggest challenge to address. Many reports have decried the close relationship between the military leaders and narcotics traffickers. For example, the Chief of Staff is said to be the mastermind behind the junta. He and a group of others are suspected to have taken control of the Latin American cocaine trafficking trade that continues to pass through the country[148]. Guinea-Bissau needs to take the necessary measures to restore political stability in the country in order to mitigate these threats that put its strategic and economic development in jeopardy.

AML/CFT Situation

157. Guinea-Bissau seems to have made no progress since the discussions on its third follow-up report in May 2012. For example, the President has still not approved the Counter-Terrorist Financing Act, the enforcement of which will have an impact on Recommendations 3 - 6, 20 and 37. The main areas of progress have been the appointment and installation of FIU members, the development of the STR model template approved by the Finance Minister and sent to all departments as required by law, and the adoption of the Anti-Money Laundering Uniform Law by virtue of the National Assembly Resolution Nr. 4/2004 of 2 November, 2004 and of the Counter-Terrorist Financing Act.

158. However, a lot more still remain to be done. For example, Guinea-Bissau provided no information on the time it requires to obtain the President's approval of the said legislation. On top of this, BCEAO has still not finished reviewing the Anti-money Laundering Uniform Law. From a general perspective, Guinea-Bissau's fourth follow-up report failed to demonstrate the effectiveness of its AML/CFT system.

159. To rectify the deficiencies mentioned above, the Plenary[149] suggested some interventions and the implementation of more enhanced procedures and monitoring of activities in the country.

Technical Assistance

160. The FIU of Guinea-Bissau was installed with the assistance of GIABA and UNODC. There has been no further action to improve the AML/CFT framework apart from the passage of the laws. In terms of technical assistance, the needs expressed by Guinea-Bissau are primarily in the legislative and judicial domains. The country

146 Source: http://www.africaneconomicoutlook.org/fr/pays/afrique-de-louest/guinee-bissau/

147 Source: http://www.africaneconomicoutlook.org/fr/pays/afrique-de-louest/guinee-bissau/

148 SlateAfrique, 'Guinee-Bissau : la Victoire Militaires et des (narcos), http://www.slateafrique.com/87297/guinee-bissau-victoire-des-militaires-narcos

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is actually required to raise the awareness of its political authorities for them to provide stronger support for AML/CFT.

161. Building capacity for investigation is another major concern for the FIU authorities. To bolster the transfer of skills, training workshops for AML/CFT subject persons are required to ensure that they acquire the requisite skills for discharging their duties conscientiously.

162. The political instability in Guinea Bissau is a real burden on the economy. It is also slowing down progress in many other areas. The country report submitted to the 18th GIABA Plenary clearly states the challenges resulting from this situation.

Conclusion

163. The general review of progress in AML/CFT suggests that Guinea Bissau has not made any progress and nothing has changed in the country's situation on AML/CFT since it submitted its third follow-up report in May 2012. Since the assistance rendered to the country to rent office accommodation, the government has not provided any support to the FIU. Despite the fact that nominated members are being paid by their primary organizations, more than four years has gone down the drain in terms of making the FIU truly effective with only one STR, which was referred to the Ministry of Justice more than a year ago. There is no idea what happened to that STR to date. Concerned about the lack of political commitment and progress in dealing with AML/CFT issues in Guinea-Bissau, the GIABA Plenary, at its 18th Meeting in Dakar, Senegal in November 2012, requested the Director General to undertake a high level mission to that country, if possible with representatives from member States.

LIBERIA

Political Situation

164. Liberia consolidated its post-war peace and enjoyed a generally stable political environment during 2012, having weathered a highly charged political period due to election-related disturbances and an electoral boycott by the opposition Congress for Democratic Change (CDC) in 2011[150]. The inauguration of President Ellen Johnson Sirleaf, winner of the November 2011 presidential run-off, on 16 January 2012, and of Liberia's 53rd Legislature a week before[151], confirmed the country's progress towards long-term peace and stability, albeit with disagreements between the ruling Unity Party and the opposition.

165. At the same time, the Government's announcement of the discovery of offshore oil in Liberia has raised concerns about potential corruption, not least because Liberia is yet to put in place oil management measures. However, efforts are ongoing to reform Liberia's Petroleum law and formulate a petroleum policy[152]. The Government has been criticized for its perceived lack of transparency and accountability in managing the country's oil sector[153]. In its quest for transparency and accountability in the management of oil contracts, the Liberian Legislature has commenced investigation into the various oil contracts awarded[154].

166. As a post-conflict country, Liberia is still faced with the challenges of rebuilding its institutions and infrastructures that suffered from more than a decade-long war. Post-war Liberia has been characterized by the African Development Bank as a fragile state along with its neighbours[155]. Security, in particular, continues to face the potential challenge of regional crises spreading into the country. For example, more than 100,000 refugees who fled from Côte d'Ivoire's election crisis in early 2011 remain in Liberia's south-eastern counties, exerting pressure on food reserves in those areas. While state machineries such as Liberia's police force of 4,000 and army of 2,000 personnel are still being trained by the UN and USA, their performance during the disturbances in November raised doubts about their readiness to take over from the United Nations Mission in Liberia (UNMIL). As a result the United Nations Peacekeeping Mission, one of the largest peacekeeping missions ever (8,000 strong) is still maintaining its presence until 2014[156]. Overall governance has been improving though there are still challenges to overcome. The country has been rated by the Mo Ibrahim Index in terms of overall governance as the 34th out of 52 African countries, scoring 47 percent. The government has improved its efficiency, transparency, and accountability through public financial management reforms and the introduction of information-management systems, but institutional capacity is still weak[157].

Economic and Financial Situation

167. The Liberian economy continued its expansion, recording its eighth consecutive year of post-war growth. The country exported its first iron ore since the conflict in 2011, and growth is projected to continue in 2012 and beyond, buoyed by increasing export of iron-ore, rubber, timber, and palm-oil, and continuing foreign direct investment[158].

150 For more on the Liberian election in 2011, see, for instance, BBC News, ' Liberia's Sirleaf Seeks Re-election Amid Tubman Boycott', 8 November 2011, available at http://www.bbc.co.uk/news/world-africa-15633697. (Accessed 14 March 2013). See also BBC News, 'Sirleaf Urges Liberians to Vote Despite Tubman Boycott', 5 November 2011, available at http://www.bbc.co.uk/news/world-africa-15609008. (Accessed 14 March 2013).

151 Special Report of the Secretary General on the United Nations Mission in Liberia, pp. 1. Copy available at http://www.un.org/ga/search/view_doc.asp?symbol=S/2012/230.

152 See allAfrica, 'Liberia: Petroleum Law Under Review', 24 December 2012, available at http://allafrica.com/stories/201212242042.html. (Accessed 14 March 2013).

153 Twenty-fourth Progress Report of the Secretary-General on the United Nations Mission in Liberia, pp.1.

154 UN Security Council Report S/2012/641

155 Ibid

156 Ibid

157 http://www.afdb.org/en/countries/west-africa/liberia/liberia-economic-outlook/

158 http://www.imf.org/external/np/sec/pr/2012/pr12449.htm

168. Liberia made strong macroeconomic gains under the recent Extended Credit Facility (ECF) arrangement, supported by the International Monetary Fund (IMF). Economic growth has been robust; inflation has been largely contained; international reserves have been built up; and external debt has been reduced. Growth has been underpinned by sound macroeconomic policies, higher investment, and vigorous implementation of structural reforms. The short- to medium-term outlook remains favorable, although subject to considerable risks. Following an initial post-conflict boost, economic growth has averaged 7% a year since 2009 (mostly from non-mining activities before the resumption of iron ore exports in late 2011), while inflation has been largely contained at or near single digits. With the resumption of iron ore exports in 2011, GDP growth is estimated at close to 9% in 2012, supported by strong growth in the mining sector and expansionary fiscal policy to accommodate a scaling up of infrastructure investment[159]. Fiscal reforms focus on containing current spending, particularly the wage bill, and strengthening budget execution and controls, through improvements in public financial management. An increase in external debt limits will allow a scaling up of critical growth-enhancing investments while maintaining debt sustainability. Measures are also planned to further improve governance and transparency, including financial oversight of state-owned enterprises, streamlining procurement procedures, improving project execution, and establishing a natural resource revenue unit at the Ministry of Finance. Financial sector reforms focus on reducing vulnerabilities and improving access to credit.

169. Foreign direct investment is increasing. Following hikes in food and fuel prices in 2011 and early 2012, U.S. dollar-denominated inflation declined to under 4 percent by the end of June and is expected to remain in single digits through end-2012. The trade deficit has widened since 2010, reflecting concession-financed capital imports and rising food and fuel import prices, which more than offset the increase in iron ore exports. Reserve coverage has remained relatively stable at about 2½ months of imports.

170. The Financial sector of Liberia is mainly dominated by banks. The 8 deposit money banks account for about 90% of the sector's total assets valued at 27.1% of GDP in 2010. Remittances inflows in 2012 amounted to USD378 million, which represents about 31% of GDP. The country's overreliance on remittances inflows is cause for concern and also has AML/CFT implications and needs to be closely monitored.

171. In the financial sector, reforms were implemented to improve the sector's stability and to increase access to credit and financial services, including the microfinance sector. The banking system is liquid and well capitalized, and credit growth has been strong for the last three years. Non-performing loans decreased in 2011, but are still higher than in previous years and high for the region. The Central Bank of Liberia (CBL) has responded to this by intensifying the cycle of on-site targeted credit examination and complementing this with more rigorous off-site surveillance. The CBL is also assisting commercial banks to strengthen their internal risk-management guidelines and has required them to adopt international financial reporting standards (IFRS) by the end of 2012. The CBL led efforts to develop a new Commercial Code and a law to establish a new commercial court in 2011, which should improve the enforcement of financial contracts.

172. The CBL has progressed with new initiatives to expand financial intermediation, including to the unbanked, through a USD 5 million credit-stimulus initiative to SMEs launched in November 2010 and another USD 5 million facility targeted to the agriculture sector expected to be launched in early 2012. It also facilitated microfinance, and mobile banking was introduced in September 2011. Moral suasion by the government maintains relatively low lending rates to serve the small and medium enterprise sector, although this constrains the profitability of banks. Nevertheless, these efforts have improved Liberia's Doing Business access to credit ranking from 139th in the 2011 report to 98th in 2012.

173. The CBL is modernizing the payments system and intensifying efforts to develop a capital market, which will be led by the commencement of a treasury-bill or central-bank-bill market in 2012. The market for long-term capital is not yet developed and there are no effective vehicles for contractual savings and collective investment aside from the National Social Security and Welfare Corporation. The banking sector's income is concentrated in fee-based activities while the legal and regulatory framework for collateralized lending is underdeveloped. The authorities need to improve on the existing framework as they pose AML/CFT risks to the economy.

174. In 2011, the government completed negotiations on a Voluntary Partnership Agreement (VPA) with the EU to assure local and export markets that timber has been legally produced. The VPA is to help Liberia improve its forest management and introduce an independent auditor to strengthen monitoring and oversight of forestry activities[160].

175. Liberia was the first African and second worldwide country to be compliant with the Extractive Industries Transparency Initiative (EITI), and first worldwide to include the forestry sector in its reporting. In 2011, it completed

159 http://www.imf.org/external/np/sec/pr/2012/pr12449.htm

160 http://www.efi.int/files/attachments/euflegt/liberia_vpa-briefingnote_eng.pdf

its 3rd EITI Report, which covered payments made to the government by 121 mining, oil, agriculture, and forestry companies between July 2009 and June 2010, compared to 64 companies in the 2nd report. It also released a report on incentivizing EITI-compliant countries using Liberia as a case study. In the 2011 Mo Ibrahim Index of African Governance, Liberia ranked 10th out of 53 countries on environmental policies, a marked improvement from 37 in 2006.

Prevalence of Predicate Crimes

176. Liberia is among the West African countries that have been targeted by the South American drug cartels as a transit point to Europe and the US as evidenced by recent seizures. Another major challenge that the country faced is the level of cash transaction in a dual currency economy (both the US dollar and the local currency are used interchangeably). The financial system is rudimentary with weak payment system infrastructure. The country will however, benefit from an on-going payment system infrastructure project that the AfDB is implementing in the region. Regulatory and supervisory challenges continue unabated. The Non-Financial Businesses sector remains unregulated. There are limited state apparatuses to combat crime with very porous borders.

177. The authorities are battling to pass a new AML/CFT bill taking into consideration the deficiencies identified in the country's Mutual Evaluation report of 2011. While the authorities are putting mechanisms in place to establish the country's FIU, the Central Bank of Liberia (CBL) is currently responsible for receiving and processing Suspicious Transaction Reports (STRs) from the commercial banks. However, there were no STRs received by the CBL from banks during the review period. Establishing the FIU and making it operational will largely depend on the enactment of the AML/CFT bill.

178. During the review period, there were 219 drug related and 58 arms related crimes committed and those involved were arrested and forwarded to the Court for prosecution. The quantities of drugs involved were 64.3 grams of Cocaine, 0.66 grams of Heroin and 386.4 grams of Marijuana.[161] However, there is no further information with regard to the prosecution of these cases. This leaves one with no option but to conclude that the criminal justice system is also not effective.

AML/CFT Situation

179. Liberia's AML/CFT system was evaluated in November 2010 and the Mutual Evaluation Report (MER) was adopted in May 2011. There were significant deficiencies in the AML/CFT system in Liberia. In particular, the country did not have an approved comprehensive anti-money laundering legislation. Moreover, Liberia does not have a Financial Intelligence Unit (FIU) and there is no legal framework to combat the financing of terrorism. The evaluation revealed that implementation of AML/CFT measures of acceptable international standards in Liberia was not effective. Based on the findings of the evaluation, the Plenary placed Liberia on the Regular Expedited Follow-Up process.

180. In addressing the above deficiencies, the Liberian authorities established two committees (AML/CFT Inter-Ministerial Committee and AML/CFT Inter-Agency Committee). The AML/CFT Inter-Ministerial committee was charged with the responsibility for ensuring an effective AML/CFT regime in Liberia. On the other hand, the AML/CFT Inter-Agency Committee was responsible for enhancing coordination and cooperation among various agencies relative to AML/CFT information sharing in the country. Additionally, the AML/CFT Inter-Ministerial Committee constituted an AML/CFT Drafting Committee and this committee was charged with the responsibility for following up on the formulation and enactment of the AML/CFT Law in Liberia.

181. Liberia submitted its first follow-up report in May 2012, which was subsequently, discussed at the May 2012 GIABA Plenary held in Abidjan, Cote d'Ivoire. After a careful review by the Plenary of the progress made by the country relative to its MER recommendations, Liberia was maintained on the Regular Expedited Follow-Up process.

182. During the period under review, the AML/CFT Inter-Ministerial Committee intensified efforts to ensure the completion of the Draft AML/CFT Bill. To this effect, the Drafting Committee held series of drafting sessions under the coordination of the AML/CFT Inter-Ministerial Committee. Consequently, the AML/CFT Draft-Bill final version was submitted to the Finance Minister for onward submission to the Justice Minister for a final review. In July 2012, the AML/CFT Bill was submitted to the President for subsequent submission to the Liberia Legislature for enactment. The Bill was submitted to the Liberia Senate and was passed by that august body. The bill has also been submitted to the Lower House for concurrence. The Bill is expected to pass through the Lower House in January 2013.

183. In June 2012, the Director General of GIABA undertook an advocacy visit to Liberia. The visit was to persuade the authorities to expedite actions to address the deficiencies and recommendations of the mutual evaluation report of Liberia.

184. In April 2012, the Inter-Ministerial Committee in collaboration with GIABA organized a Stakeholders'

161 Liberia country report to GIABA

workshop on the Draft AML/CFT Bill (Law) of Liberia. The workshop reviewed and discussed the Draft AML/CFT Bill for submission to the National Legislature and sensitized stakeholders about the danger posed by money laundering and terrorist financing in the West Africa region. In July 2012, the Committee also organized a two-day training seminar for compliance officers responsible for AML/CFT issues or related activities in insurance, remittances, microfinance, NGOs, Casinos and regulatory and supervisory agencies tasked with supervising and monitoring DNFBPs.

Technical Assistance

185. The technical assistance needs of Liberia to effectively manage its AML/CFT regime continue to hinge on capacity building. The country requires technical support to step up the fight against transnational organized crime; training and mentoring for judicial authorities and specialized investigating and prosecution entities handling AML/CFT issues; and substantive training on AML/CFT to regulators. Other areas of intervention include: advocacy and sensitization of key stakeholders; technical and financial support on the ML/TF risk assessment survey; capacity building on how to conduct the survey and prosecute AML/CFT related cases.

186. It is however, important to point out that Liberia is one of the countries whose absorptive capacity for technical assistance is low. For instance, GIABA has made several technical assistance offers but Liberia could not take advantage of these due to the absence of a FIU. In particular, if Liberia does not establish the FIU and locate it in a suitable place that can accommodate the AML/CFT analytical hard and software, it stands the chance of losing this assistance. Over and above these, GIABA provided Liberia with a currency and other contraband scanner at the airport and sponsored Justices of the Supreme Court on a study tour and has organized a number of sectoral meetings and training programs in Liberia to motivate some action.

Conclusion

187. The prospect for the effective operation of an AML/CFT regime in Liberia is still not certain despite the commitment made by Government during the Director General's visit to the country and bringing the matter to the attention of the President, who gave the assurance of quick action on the pending legislation. The passage of the AML/CFT Bill by the Senate and its subsequent submission to the Lower House for concurrence will further give the legal tool for an effective AML/CFT regime in the country. Despite engagement with the Central Bank of Liberia on the pending AML/CFT issues in the country, very little has been done to address the deficiencies. If the parameters for deterring risks and deficiencies, as well as measuring progress are applied in the case of Liberia, including the lack of legislation against money laundering and terrorist financing, weak financial sector AML/CFT supervision, the absence of a FIU, the lack of records on investigation, successful prosecution and conviction of cases of ML and TF, the lack of mechanisms to freeze and confiscate criminal assets in accordance with the UNSCRs 1267 and 1373, it would be logical to conclude that Liberia is the most backward in AML/CFT efforts and may present the highest risks and vulnerabilities for ML and TF in the region.

MALI

Political Situation

188. Considered one of the promising democracies in West Africa, Mali witnessed a major political setback in 2012; starting from the protracted Touareg rebellion to the military coup of 22 March 2012 that overthrew the elected Government of former President Amadou Toumani Toure. This coup precipitated the military victory of the Tuareg rebellion waged by the National Movement for the Liberation of Azawad (MNLA), with the overt support of Al Qaeda-linked terrorist groups, chiefly the Ansar Dine and the Movement for Oneness and Jihad in West Africa (MUJAO), and Al Qaeda in the Islamic Maghreb (AQIM).

189. The eventual fall of the vast north of the country into the hands of the rebels and terrorists and the consequent imposition of Sharia law in that region saw the de-facto breakup of the country into two. In April 2012, the MNLA unilaterally declared "Independence of Azawad" following a major blitz conducted in the north of the country, and took control of three key cities: Kidal, Gao and Timbuktu. This dramatic situation caused the displacement of hundreds of thousands of Malians into neighboring countries.

190. Also, the control of the north by the terrorist groups, which also perpetrated organized crime, such as kidnapping, drug trafficking, contraband smuggling, turned the country into a haven of ML/TF. While the Interim Government in Bamako scrambled to organize itself, the menacing advance of the terrorist forces southward, as well as the overarching political surveillance of the still-active coupists in the background, continued to undermine the authority of the Mali State.

191. Following the forced resignation of former Prime Minister Cheick Modibo Diarra in December 2012 and his arrest on the orders of Captain Sanogo, head of the coupists, a new Prime Minister, Dr. Diango Cissoko, was appointed. Yet the combination of a terrorist territory in the north and a military-controlled civilian government in the south is mortally injurious to Mali's capacity to fight ML/TF. Worse still, it has turned the country into a potential ground for plotting and sponsoring TF, organized crime and other ML predicate crimes in neighboring countries within the region.

192. It is important to note however, that the ECOWAS has responded appropriately to the challenges posed by the political and security situation in Mali. The ECOWAS, in collaboration with the UN and African Union (AU) was able to adopt a Security Council Resolution for the deployment of troops to Mali under what is called AFISMA. A donors' fund raising meeting was also held, which raised about $450 million and other subsequent assistance. The French and Malian forces were able to dislodge the rebels and recover significant parts of Malian territory before the end of 2012. Most ECOWAS and other countries have deployed troops to help restore the sovereignty of Mali. Negotiations were on-going through constructive dialogue at the time of writing this report, with a time-table for election agreed upon.

Economic and Financial Situation

193. In spite of the political and security crises, the Malian economy was projected to grow by 6.9% in 2012, a sharp rise from 1.1% in 2011. This projection is however subject to change, depending on the vagaries of the political and security situation, as well as of trade with Cote d'Ivoire.

194. The macroeconomic context of Mali had already been marked in 2011 by a sharp drop in agricultural production due to erratic rainfall and poor distribution of rains over time and space. This was compounded by a combination of external shocks, including the post-election crisis in Côte d'Ivoire, the war in Libya, and rising prices of oil and food. To recall, in 2011 the country's GDP growth was 1.1%, with contributions from the primary, secondary and tertiary sectors, respectively, standing at 35.1%, 25.3% and 39.5%. GDP growth was supported, first, by the cotton production and trade, then by textile and food industries, transport, telecommunications and livestock.

195. The Financial sector of Mali is bank dominated with 13 deposit money banks accounting for about 90% of the sector's total assets valued about 20% of GDP in 2010. Remittances inflows in 2011 amounted to USD473 million, which represents about 4.5% of GDP.

196. Following the March 2012 coup, both the public and private sectors of the economy suffered extensive damage. The occupation of the north of the country disrupted agricultural production and trade, as the much deteriorated security situation had caused a drop in business travels to Mali. General trade, hotels and restaurants were hit hard. The development partners' decision to suspend budgetary support and a good part of project aid to the country's administration resulted in poor performance in the construction and public works sectors. Fortunately, the mining sector turned out to be a source of stable growth, and the agricultural sector saw bumper crops in 2012.

197. The IMF considers that the authorities have been cautious in offsetting the loss of revenue through cuts in expenditure, particularly investment spending, and a reduction of indirect subsidies on petroleum products and cooking gas. In addition, in late July 2012, the World Bank started a portfolio of eighteen active projects in Mali, corresponding to funding commitments of $587.6 million distributed in the areas of energy and rural development.

198. Mali was ranked 146th out of 183 countries in the World Bank's Doing Business report of 2012, and as such, dubbed most reforming country in the UEMOA zone for improving its business climate. However, its ranking by Transparency International as 105th out of 174 countries in 2012 in the Corruption Perception Index remained poor, with a score of 34%, and indicates the extent of corruption in the country. Under such a climate, it would be very difficult to effectively operate the AML/CFT regime of the country.

199. Despite the country's economic improvement in 2012, poverty persisted in Mali, particularly in rural areas (51%). The UNDP estimated a low human development index (175th out of 185 countries in 2011), compounded by unfavorable demographics (high fertility rate - 6.6 children per woman; a very young population: 3 out of 5 Malians are under 25 years). This could make social spending intolerable for the government in the medium and long terms.

200. Youth unemployment is a major problem in Mali (at 15.4% for the age group 15 to 39 years, against 9.6% for the entire population), and is more prevalent in Bamako (27.3%) than in the secondary cities (14%) and rural settings (6.6%). The rural areas essentially grapple with underemployment during the dry season of the year. The average duration of unemployment is five years and the vast majority of the unemployed (81.5%) are young people looking for their first job.

201. On the other hand, Mali is on track to achieve the Millennium Development Goal (MDG) for primary school enrolment by 2015. The literacy rate is much higher in urban areas (53.2%) than in rural areas (21.6%). In terms of social spending, 35.61% of the 2011 budget was devoted to education. Mali could also achieve the MDG in the fight against HIV/AIDS by 2015. Gender discrimination and inequality are still strongly present in Mali. Women still remain underrepresented in decision-making bodies.

Prevalence of Predicate Crimes

202. Historically, the country's geographical position puts it on the caravan trade routes that existed during the colonial period. Following decolonization and the emergence of new trade routes, the corridor once used by the caravan trade became the scene of informal trading activities, progressively a channel for various forms of regional and international traffic (cigarette smuggling, fuel smuggling, arms trafficking, drug trafficking, smuggling of migrants, etc). In 2011, the Malian police seized more than

900 kg of illegal drugs (cocaine, amphetamines, grass or resin cannabis and other controlled substances).

203. Regarding human trafficking, in addition to the smuggling of migrants passing through Mali en route to Europe, in March 2012, the Malian police had arrested four people suspected of trafficking of boys from Burkina Faso for forced labor in Mali's artisanal gold mines. At the same time, twelve (12) proceedings related to trafficking were brought before the court.

204. Beyond these two offenses, the country report submitted by Mali in the period September 2011 to August 2012 highlights the following offences: fraud in the sale and purchase of gold, forgery and financing of terrorist activities. However, there is no regard for successful prosecution and conviction of ML cases.

205. Indeed, over the past decade, several alarming reports warned against the rise of organized crime in the Sahel-Sahara without generating any appropriate strategies for curbing the phenomenon in the countries concerned, particularly in Mali, where such activities have led to the corruption of many government officials, including security personnels in these areas. In addition to the weakening of the customs service, corruption has also facilitated collusion between smugglers and other criminal organizations present in northern Mali.

206. Moreover, the limited resources of the Malian government and the sheer size of the three northern regions of Mali have been a daunting challenge for the state in the face of growing organized crime. This situation was exacerbated by the military coup of March 2012, which precipitated the takeover of the three northern regions of Mali (about two-third of the country) by terrorists and rebels.

207. Historically, illicit drugs in Mali were limited to cannabis and other herbs in resin mainly for local use. Recently, however, the foreign traffickers began smuggling of cocaine from South America in transit to Western Europe via Mali. Vast uninhabited areas in northern Mali are used for receiving clandestine air consignments of cocaine, as well as ground transportation of cocaine and hashish to Europe. Organized crime has encouraged the establishment of jihadist groups in the area north of Mali, especially after the Libyan crisis. They have maintained and promoted various kinds of illicit trafficking since their arrival in Mali.

208. The Carnegie report on organized crime and conflicts in the Sahel links organized crime and terrorism in Mali[162]. As previously stated, extremists and Islamist groups derive their strength in the north of Mali from their alliance with local criminal networks based on commercial interests. Therefore, any approach to the conflict must include strategies to break these alliances.

AML/CFT Situation

209. The analysis of the three previous follow-up reports had shown remarkable progress in efforts to strengthen its national AML/CFT mechanism to conform to the FATF recommendations, including the adoption of the TF law and the admission of its FIU as a member of the Egmont Group. Mali submitted its fourth post-mutual evaluation follow-up report in November 2012. The report shows that the severe socio-political and security crisis has hampered the implementation of several activities planned as part of efforts to ensure compliance with international AML/CFT standards. Other activities carried out by the authorities, include:

- The adoption of the law on trafficking in persons in 2012;
- The development of a draft decree on the conditions for enforcing measures to freeze criminal funds;
- The establishment of a functional platform for mutual legal assistance in the fight against transnational organized crime between Mali, Mauritania and Niger;
- The signing of cooperation agreement with South Africa and other agreements with Russia, Macedonia, and Chile to be signed at the next meeting of the Egmont Group; and
- The organization of five (05) AML/CFT sensitization workshops on behalf of reporting entities and investigation authorities.

210. In addition, the national AML/CFT strategy was finalized with the validation workshop of 3 December 2011 which convened all the stakeholders in AML/CFT. The final document thus validated is part and parcel of the government's program to be adopted before the end of 2012. Regarding STRs, the FIU indicated having received twenty-six (26) between January and August 2012, including 05 that were investigated, and 04 that were prosecuted. However, to date, no sentence has been pronounced by Malian courts for money laundering or terrorist financing.

211. It should be noted that the Malian mechanism still has significant deficiencies. For instance, the financing of "individual terrorism" or that of a terrorist organization" is not criminalized in the CFT law. This would preclude initiating parallel proceedings (criminal, civil or administrative) in such cases, and undermining any request for international cooperation in this matter. There is no proper mechanism for the implementation of UN Resolutions 1267 and 1373. Mali is particularly encouraged to designate the authority empowered to take, administer and enforce freezing (administrative) or release measures.

162 The Carnegie Papers, Organized crime and conflicts in the Sahel-Sahara Region (http://carnegieendowment.org/2012/09/13/organized-crime-and-conflict-in-sahel-sahara-region/dtjm)

Technical Assistance

212. Unlike previous years, Mali neither hosts any GIABA activity in 2012, nor even with any other partners working on AML/CFT issue. Apart from its participation in some statutory meetings and regional seminars organized by GIABA, the country has received very little assistance due to the prevailing socio-political instability. Mali was scheduled to be the pilot country for the implementation of the GIABA technical assistance project on AML/CFT hard and software, but it was not possible to install the equipment as a result of the security situation. Technical Assistance needs in AML/CFT become therefore recurrent, specifically with regard to:

- Sensitization of reporting entities and civil society on the dangers of organized crime, money laundering and financing of terrorism;
- Strengthening the capacity of key players (analysts, judges, investigators, customs officials, bank executives, corporations of DNFBPs) in AML / CFT;
- Strengthening the legal framework, in particular, for the establishment of a system to freeze assets, and drafting of legislation relating to the appointment of the administrative authority in charge of freezing of assets and procedures;
- Purchase of equipment for detecting and controlling money, as well as precious metals and stones;
- Technical assistance for the retrieval of some records destroyed during incidents, which occurred during the political crisis; and
- Assistance for the rehabilitation and equipping of security posts and courts looted in the northern regions of Mali.

Conclusion

213. Mali will have to fight on several important fronts in the management of its crisis. Indeed, while trying to recover its territorial integrity and political stability through a smooth transition to preserve the functioning of its institutions, as well to ensure economic growth, the country must be able to curb organized crime. This basically requires that the fight against organized crime is not relegated to the lesser priorities. In this case, the rule of law should continue to be guaranteed, as well as the continued process of compliance with international standards. To do this, Mali will need the support of the international community, but especially technical assistance from regional institutions and West African countries.

214. Furthermore, during the past year, very few corrective actions were taken with respect to deficiencies identified in the AML/CFT mechanism of Mali. The proposed action plan through the national strategy is a very important decision whose implementation can help to correct some of the deficiencies in the Mutual Evaluation Report.

NIGER

Political Situation

215. Niger continued to experience relative peace and political stability having restored democratic rule and adopted political and institutional reforms in the preceding year. Yet, there are concerns that Niger's significant nomadic Tuareg inhabitants, about 11% of the population, and difficult socio-economic conditions could result in a spillover from a Tuareg rebellion and terrorism-related violence and insecurity from neighboring Mali. In response, the government unveiled a five-year development and security strategy with the aim of preventing Niger from descending into that kind of terrorism-related violence and insecurity that has gripped Mali[163].

216. Niger is well ranked on the 'Reporters without Borders' press freedom index[164] of January 25, 2012. In Africa, Niger ranked 4th, behind Cape Verde (1st), Namibia (2nd) and Mali (3rd). The press in Niger faces tough economic challenges, but it is free and works in a favorable legal context. There have been almost no reports on violations and progress has been seen in both concrete and symbolic measures.

217. Yet, in spite of this commendable progress in democracy and constitutionalism, the entrenchment of terrorist groups in neighboring Mali and Nigeria in 2012 has considerably increased the vulnerability of the country to the risks of ML/TF. The infiltration of the pan-Touareg secessionist movement by jihadists and the increased intensity of organized crime across the borders from Mali and Nigeria have particularly heightened the vulnerability of Niger to organized crimes, the laundering of the proceeds of such crimes and terrorist financing operations.

Economic and Financial Situation

218. Following a series of external shocks – bad weather and minimal rain, as well as security problems in neighboring Nigeria and Cote d'Ivoire, which reduced economic growth from 8% in 2010 to 4.2% in 2011, the Nigerien economy was expected to grow by 11.2% in 2012 and 6% in 2013[165]. The expected growth, lower than the 14.2% projected by the IMF, was attributed to significant investment in the mining and oil sectors.

219. The impressive growth, however, have not translated into broad-based prosperity. With the economy not producing many jobs, many young Nigeriens continue

163 Thurston, Alex, 'With Eye on Mali, Niger Adopts New Strategy for Tuareg North', World Politics Review, available at http://www.worldpoliticsreview.com/articles/12400/with-eye-on-mali-niger-adopts-new-strategy-for-tuareg-north. (Accessed 8 March 2013); Reuters, 'Niger Launches $2.5 bln Plan to Secure, Develop North', 2 October 2012, available at http://www.reuters.com/article/2012/10/02/niger-security-north-idUSL6E8L2ALG20121002. (Accessed 8 March 2013).

164 Source: Embassy of France in Niger, Press Release of the National Observatory of Communication (ONC),http://www.ambafrance-ne.org/IMG/pdf/Communique_presse.pdf

165 African Economic Outlook, 'Niger-Country Note'. Copy available at http://www.africaneconomicoutlook.org/en/countries/west-africa/niger/. (Accessed 8 March 2013).

to struggle to find employment. Difficult living conditions remain widespread as anti-poverty efforts have yielded minimal results.[166] Accordingly, Niger is unlikely to achieve all the MDGs, particularly halving poverty, by 2015[167].

220. Niger's growth strategy is based on seven pillars, which include a major scale-up in public spending on infrastructure, agriculture, health and education, as well as measures to ward off the increasingly looming threats to security in the region and a comprehensive program to develop the financial and private sectors. The authorities are in the process of concluding the progress report on the poverty reduction strategy for the period from 2008 to 2012. They expect to also finalize a sustainable development and inclusive growth strategy – government's new poverty reduction strategy – expected to be finalized by the end of 2012.

221. Whatever the outcomes of these development strategies, Niger will need to strengthen good governance in order to lift its population from poverty and reduce its vulnerability to the risks of ML/TF. It has the potential, with the discovery of petroleum oil in commercial quantities, in addition to its uranium to be a prosperous country if the exploitation and management of these mineral resources are well handled.

222. The Financial sector of Niger is dominated by 10 deposit money banks accounting for about 90% of the sector's assets, which represents 12.74% of GDP in 2010. Remittances inflows in 2011 stood at USD102 million, representing about 1.7% of GDP.

223. Niger is the 2nd lowest country in the world on the Human Development Index (186th/187 countries). It faces a combination of crises (food crisis in 2011, severe flooding in 2012, and the security crises all around the country). The GNP per capita is about $399 and 43.1% of the population is living on less than $1.25 a day. The population, estimated at 15.5 million, is growing at a rate of 3.5% each year. UNDP reports that life expectancy in Niger is 54.7 years and mortality rate is 7.3%.

224. The country lacks a good business climate (173rd out of 183 countries in the Doing Business 2012 rankings). The disabling factors in the business environment include: corruption, inconsistency in some regulations and the way they are enforced, institutional deficiencies, and the lack of access to credit and land. Nevertheless, the last session of EITI's international Board in March 2011 placed Niger among the countries deemed to be compliant with the Extractive Industries Transparency Initiative (EITI). Niger was still ranked poorly by Transparency International in 2012 with a score of 33/100 points (113rd /174 countries).

166 Ibid

167 Ibid

225. The social conditions in the country continued to be distressing. Progress has been made in improving the living conditions of the population, but this is yet to drive poverty down in a significant manner. To overcome this trend, Niger needs strong and sustainable growth of about 7% per year, coupled with population growth control.

226. The demand for labor in Niger is relatively weak, which shows that the economy has a low propensity to create jobs. This is a major obstacle to youth employment. In the same vein, about 40% of graduates do not match the job profiles employers need, because their qualifications are most often not tailored to suit job market requirements.

227. The UNDP Human Development Report states that the adult literacy rate was about 28.7% in 2011, that primary enrolment rate is on a rising trend, but that the education system still has deficiencies. In the field of education, the enrolment of girls in primary school has doubled since 2000, and yet, the gap between girls and boys keeps widening towards the end of primary schooling. With the level of poverty in Niger, the proportion of unemployed women further underlines the difficult conditions in which they live. Women's presence in the public sphere and participation in government, parliament and public institutions have improved, thanks especially to the law that established a quota system. Unfortunately though, their weight in decision-making is still marginal.

Prevalence of Predicate Crimes

228. Niger is one of the countries in the Sahel region that is most affected by transnational organized crime, terrorism and terrorist financing. Its desert covering three-quarters of the country's total area and 85% of the 15.5 million people is concentrated in a corridor that is barely 100-150 km wide between the northern border with Nigeria and the capital city (Niamey). This makes it difficult for the State to exercise effective security control across the entire territory, and this paves the way for the emergence of various forms of organized crimes and terrorism. According to the U.S. State Department, drug traffickers[168] pass through Mauritania, the northern regions of Mali and Niger and along the Algerian and Libyan borders to reach North Africa before moving towards the Middle East and Europe. The drugs they carry are mainly from South America. This is compounded further by the wide availability of weapons in the Sahel region since the end of the Libyan conflict, which enables traffickers to strengthen their ability to deliver their illicit products.

229. While Niger is not known to be a drug producing/consuming country (except for small quantities of cannabis and synthetic drugs), it reports regular seizures of an

168 Source: U.S. Department of State, INCSR 212, Niger, http://www.state.gov/j/inl/rls/nrcrpt/2012/vol1/184101.htm#Niger

impressive amount of drugs because of the international drug trafficking trade. It is in this regard that on the International Day against Drug Abuse and Illicit Trafficking, which was commemorated on 26 June 2012, a drug incineration ceremony was organized[169] in Niger under the auspices of the Minister of Justice, Keeper of the Seals, to eliminate a large amount of the drugs seized.

230. In addition to drug and weapons trafficking, the smuggling of huge quantities of cigarettes[170] across the Sahel is also very lucrative for traffickers in the region (in Niger). Cigarettes from counterfeit plants, mainly from Nigeria, are distributed in the region, in the Maghreb, in the Middle East and in Europe. This trafficking is a major source of funding for terrorist groups. While the groups may not always or necessarily be involved directly in this kind of smuggling, they charge the smugglers to pay for their protection as 'bodyguards'. In addition to the cross-border trafficking in the Sahel-Saharan region, Niger is increasingly facing the terrorist threat posed by Al Qaeda in the Islamic Maghreb (AQIM). This is evidenced by the kidnappings perpetrated by AQIM and the activities of Boko Haram in Nigeria. The U.S. Drug Enforcement Agency (DEA) reports there are 60% of foreign terrorist groups involved in drug trafficking, and this could exacerbate the crime level in the country. The prevailing predicate crimes include illegal fuel trafficking, cigarette smuggling, trafficking of various goods in transit, forgery and the use of forged documents, bribery, tax evasion, illicit enrichment, influence peddling, and the misappropriation of public funds.

AML/CFT Situation

231. Considering how Niger had recurrently failed to report significant progress in developing the national AML/CFT system up to international standard, GIABA's Technical Commission placed the country under an enhanced monitoring regime in November 2011. GIABA also embarked on an advocacy visit to the country's highest authorities from 24 to 26 April 2012, urging them to improve their AML/CFT regime[171]. GIABA's initiative seems to have yielded fruit, looking at the progress observed in Niger's 4th Follow-Up Report that was submitted to the GIABA Technical Commission in November 2012. Indeed, it shows there is a new impetus in anti-money laundering and counter terrorist financing efforts in the country. It mentions especially that the national authorities are playing an active role in ensuring the effective control of corruption and related offences.

232. Niger has subsequently established the Haute Autorité de Lutte contre la Corruption et les Infractions Assimilées (HALCIA). Since it did so, several high-profile persons have been interrogated and put through detention hearings for allegedly smuggling goods. The Justice Ministry has also set up a hotline to give all citizens the opportunity to report cases of corruption. In the same vein, eight (08) complaints have been lodged for Parliament to lift the parliamentary immunity of MPs facing corruption charges. On counter terrorist financing, a central service has been established at the General Directorate for Territorial Surveillance. Likewise, a terrorism prevention and counter terrorist financing unit has been put in place within the judicial system by order of law. On national cooperation, Niger has revived the National Counter Terrorism Committee at the Ministry of Foreign Affairs (Decree Nr. 022/MAEC/DAAF/DP of 25/10/2007, amended by Order Nr. 03/MAEC/IA/NE/DIRCAB of 2/21/2012), which was initially set up in 2010. The committee's structure has been modified to cover the FIU and BCEAO, making it an exchange forum on the operational aspects of counter terrorism.

233. On AML/CFT specifically, Niger's CFT law is compliant with the WAEMU Community law. The FIU now enjoys better working conditions. It has more money, appropriate work premises and equipment, and stipends for its workers. The rules and regulations of the FIU have been revised to strengthen its structure. The Unit now has a financial analyst sponsored by GIABA to process Suspicious Transaction Reports (STRs). In 2012, the FIU received seven (07) STRs. Of these, five (05) were processed and referred to the Public Prosecutor. The FIU also conducted four (4) administrative seizures to investigate cases of money laundering and/or terrorist financing. In terms of cooperation with other FIUs, the FIU signed an agreement with the Ghana FIC in February 2012. It also signed an agreement with the Gabon FIU in March 2012.

234.

235. In addition, the FIU embarked on study tour to some foreign FIUs to learn best practices. These include: TRACFIN (France), CTIF (Belgium), the Senegal FIU, the Côte d'Ivoire FIU, and Ghana's FIC. It also organized working sessions with the GIABA Secretariat and UNODC at their respective offices in Senegal. Similarly, it held meetings with technical and financial partners in Niger to present its work program and seek technical assistance from them (the United States Consulate, the Embassy of France, the Embassy of China, the European Union Delegation, the Coordinator of the EU Unit at the Ministry of Finance, and the Embassy of the United States).

236. Niger's Justice Minister officially inaugurated the AML/CFT National Coordination Committee on April 5, 2012 in the presence of GIABA's Representative. The Committee, in June 2012, organized a workshop for its members to train them on the AML/CFT national strategy. After this workshop, the committee approved Niger's AML/CFT Country Strategy Paper, and it is now in the process of being adopted by the public authorities.

169 Source: Journal Républicain, newspaper articleentitled"Incinerationof large quantitiesof drugs seized, 2012, 2012 http://www.republicain-niger.com/Index.asp?affiche=News_Display.asp&articleid=4991&rub=%C3%89ditorial

170 Source: The Carnegie Papers, Organized crime and conflicts in the Sahel-Sahara Region

171 During the advocacy visit, the Director General of GIABA met the President of the Republic of Niger, the Prime Minister and the Ministers in charge of Security, Justice and Finance.

Technical Assistance

237. GIABA recruited a financial analyst for the FIU of Niger for one year in the first instance. GIABA also sponsored newly appointed members of the FIU to a study tour to Belgium to learn some best practices. Nevertheless, it is crucial to take account of the country's organized crime situation in determining its technical assistance needs, and these would include:

- Restoring confidence of banks and other reporting entities in the confidentiality of the reports they make to encourage them do more;
- Training programs to include all the subject persons, especially reporting entities;
- Conducting specific training exercises for the investigation and prosecution authorities;
- Organizing a consultative meeting on manual currency exchange issues;
- Raising the awareness of local communities;
- Providing the FIU with top-quality technical materials: installing the application for processing STRs, procuring a Database Server, a Back-up Server and a Mail Server, providing training in the use of the STR database, and training the financial analyst at the FIU;
- Organizing an International Forum on the Financing of Terrorism; and
- Organizing study trips and facilitating cooperation arrangements with the FIUs of Chad, Nigeria, Cameroon, France and Belgium.

Conclusion

238. Niger suffers geopolitical instability and has porous borders that facilitate the transfer of weapons from one country to another, strengthening the position of terrorists and drug traffickers. It is in this context that the country became attractive or transit point for the proliferation of weapons, trafficking of drugs, and the smuggling of cigarettes and other illicit substances. Considering the magnitude of the challenge, all social groups need to work together to tackle organized crime in an effective manner. This primarily involves the security services (police, gendarmerie and customs), as well as the judges and AML/CFT entities. The crime situation makes the country particularly vulnerable to money laundering and terrorist financing offences. Therefore, Niger must sustain its momentum for compliance with international standards. This entails the proper implementation of the recommendations in its Mutual Evaluation Report, especially putting in place a proper mechanism for the freezing and confiscation of proceeds of crime in accordance with the UNSCRs 1267 and 1373. It must also provide sufficient and secured office accommodation to its CENTIF to be able to take advantage of the GIABA AML/CFT analytical hard and software and begin the process of applying for membership of the Egmont Group. .

NIGERIA

Political Situation

239. Nigeria has remained on a democratic, albeit troubled, trajectory since returning to multiparty rule in 1999. The country continued to face a tense political situation in the past year. This was partly manifested by the escalation of violent insurgent attacks by the radical Islamic group Boko Haram and the consequent breakdown of law and order in some states in northeastern Nigeria. These attacks are part of a radical Islamist insurgency aimed at not only creating a situation of lawlessness, but also overthrowing what is deemed as a corrupt and westernized Nigerian state and imposing an Islamic Sharia system of governance. Significantly, the arrest of a senior Boko Haram commander in the house of a sitting Senator has generated suspicion that certain politicians have co-opted the group and encouraged its escalation of violence for self-serving ends[172].

240. Escalation of the Boko Haram insurgency coincided with massive protests and a week-long strike by labor unions provoked by the federal government's complete and unilateral elimination of costly, but highly popular fuel subsidies on New Year's Day on 1 January 2012 and the sudden sharp increase in fuel prices[173]. The subsidy crisis thus exacerbated Nigeria's tense political situation as protestors demanded the president's resignation and attempts by the Nigerian police to contain the protest resulted in the killing of several demonstrators[174]. Indeed there were concerns that the agitation and animosity generated by the subsidy removal would provide a pretext for Boko Haram to carry out more attacks, and recruit and radicalize more youth, particularly that directly felt the impact of the higher fuel prices[175].

241. While the escalation of insurgent attacks by Boko Haram and the apparent breakdown of law and order in certain northeastern states have prompted concerns about Nigeria's security and regional stability, there are concerns about the country's emergence as hotspot of terrorism and extremism[176]. Even more important is the apparent thriving of terrorist financing, although terrorist activities do not appear to be costly. Prominent Nigerians, including high-ranking government functionaries and security officials,

172 BBC News, 'Nigeria Army Arrests 'Boko Haram Commander'', 21 October 2012, available at http://www.bbc.co.uk/news/world-africa-20018670. (Accessed 21 October 2012); Vanguard 'SSS Quizzes Zannah Over Alleged Boko Haram Links', 22 October 2012, available at http://www.vanguardngr.com/2012/10/sss-quizzes-zannah-over-alleged-boko-haram-links/. (24 October 2012); The Economist, 'A Threat to the Entire Country', 29 September 2012, available at http://www.economist.com/node/21563751. (Accessed 24 October 2012). Ola Bello (2012), Nigeria's Boko Haram Threat: How the EU Should Act, Policy Brief No. 123; The Economist, 'The Spreading Northern Insurgency', 14 January 2012, available at http://www.economist.com/node/21542764.

173 New York Times, 'Nigerians Protest Rise in Oil Prices', 9 January 2012, at http://www.nytimes.com/2012/01/10/world/africa/nigerians-protest-oil-price-rise-as-subsidies-end.html. (Accessed 15 January 2013).

174 New York Times, 'Under Pressure, Nigerian Leader Relents on Gas Price', 16 January 2012, at http://www.nytimes.com/2012/01/17/world/africa/nigerian-president-rolls-back-price-of-gasoline.html?pagewanted=all. (Accessed 15 January 2013).

175 Institute for Security Studies, 'The Fuel Subsidy and its Implications for the Fight Against Boko Haram', 11 January 2012, available at http://www.issafrica.org/iss_today.php?ID=1409. Accessed (14 November 2012).

176 Ghana News Agency, 'Boko Haram is a Threat to ECOWAS Sub-regional Security – Security Expert', 25 January 2012, available at http://www.ghananewsagency.org/details/Politics/Boko-Haram-is-a-threat-to-ECOWAS-sub-regional-security-Security-Expert/?ci=2&ai=38409. (23 November 2012). The Economist, 'A Threat to the Entire Country', op. cit.

are alleged to have sponsored attacks by Boko Haram[177]. Furthermore, the group is alleged to have received financial support from a foreign-based Islamic trust fund[178].

242. The alleged political involvement in the financing of insurgent activities for self-serving ends could seriously undermine AML/CFT efforts in Nigeria and potentially roll back much of the progress made in recent years.

243. Furthermore, the State's complete control over vast oil wealth and its domination of economic life continued to underpin political corruption in Nigeria. Recent disclosures by a House of Representatives inquiry that fuel importers, including some with close links to senior political figures, embezzled nearly $7 billion of oil subsidies between 2009 and 2011 generate considerable controversy in the country. The situation was compounded by allegations that a legislator had tried to secure a $3 million bribe in order to have a company removed from the list of those indicted in the scandal, and the legislator's eventual admission of having received $620,000[179].

Economic and Financial Situation

244. Nigeria remains on a robust economic trajectory, with a projected growth rate of 6.9% and 6.6% in 2012 and 2013 respectively[180]. Following a weak global economy and decreased oil and gas production in preceding years, 2012 growth was driven primarily by increased oil production and exports. Nonetheless, the non-oil sector, particularly a vibrant wholesale and retail sector, as well as agriculture, manufacturing, telecommunications, and construction made considerable contribution to growth. Declines in food prices and implementation of tight monetary policy measures in response to recent banking and financial crises is expected to reduce inflation, albeit slowly, from 10.2% in 2011 to 10.1% and 8.4% in 2012 and 2013 respectively. At the same time, growth in real GDP per capita is expected to increase slightly from 4.1% in 2011 to 4.4% in 2012[181].

245. Growth in 2012 appears to have been largely exclusive as it neither translated into employment nor improved the chronically difficult socio-economic conditions facing the vast majority of Nigerians. The poverty rate remained at 70%, while the unemployment rate increased slightly from 21% to 24%[182]. Nearly 38% and 22.4% of Nigerians in the 15-24 and 25-44 age brackets respectively remained jobless. Also, graduate unemployment and underemployment remained widespread. These conditions have created an enabling environment for the recruitment and radicalization of deprived youths for criminal activities.

246. Nigeria also faces serious development challenges, as expressed by deep income inequalities among the populations. There remains a widely unequal class structure in which members of the ruling and business elites and their associates enjoy high standard of living while the majority of Nigerians, especially the youth, contend with tough living conditions. Furthermore, the vast majority of Nigerian communities, particularly in the rural areas, remains largely isolated from all tiers of government and has little or no access to basic services. Accordingly, this has created a situation in which not only are organized criminal activities and other predicate offences often seen as legitimate means of survival, but also a general acceptance and glorification of illicit wealth.

247. The Financial sector of Nigeria, the most developed in the region has a lot of potential though still developing. There are 21 deposit money banks that makes up for over 70% of the sector's total assets valued at 40.3% of GDP in 2010. Remittances inflows in 2011 amounted to USD20.6 billion, which represents about 8.7% of GDP. These calls for close monitoring of remittances inflows as they have AML/CFT implications.

Prevalence of Predicate Crimes

248. Nigeria continues to be a major center of organized criminal activity in the West African region. The country's location along trafficking routes and vast and porous borders continue to make it a major trans-shipment point for cocaine from Latin America and heroin from Southeast and Southwest Asia en route Europe, and to a lesser extent, the United States[183]. Nigerian criminal networks continue to play a major role in the trafficking of narcotics to consumption markets[184]. The National Drug Law Enforcement Agency (NDLEA) seized a total of 227.055 kilos of hard drugs worth an estimated N2.5 billion at the Murtala Mohammed International Airport (MMIA) in the first half of 2012[185]. In the same period, the NDLEA seized another 2,476 kilos of hard drugs in Kogi State[186]. The Murtala Mohammed International Airport (MMIA) in particular remains a major transit point for narcotics. A Nigerian tailor was arrested at the MMIA in June 2012 for attempting to smuggle 2.70 kilos of cocaine with an estimated value of N29 million into the country[187].

177 Nigerian Tribune, 'Cleric Unmasks Boko Haram Sponsors, Names Prominent Nigerians, Top Govt Functionaries', 10 September 2012, available at http://tribune.com.ng/index.php/lead-stories/47305-cleric-unmasks-boko-haram-sponsors-names-prominent-nigerians-top-govt-functionaries-forwards-list-to-senate-president-supports-claims-with-video-clips-mark-orders-investigation-uk-charity-group-accused-of-funding-boko-haram. (23 November 2012).

178 The Guardian, 'Peer Raises Fears Over UK Charity's Alleged Links to Boko Haram', 9 September 2012, available at http://www.guardian.co.uk/world/2012/sep/09/uk-charity-boko-haram. (23 November 2012).

179 BBC News, 'Nigerian Farouk Lawan Charged over $3m Fuel Scam Bribe', 1 February 2013. Available at http://www.bbc.co.uk/news/world-africa-21294154

180 This growth rate is the same as that of 2011 and slightly less than an average of 7.4 percent over the past decade.

181 The expected growth in 2012 is slightly less than 5.3 percent in 2010.

182 IMF Country Report No. 12/194, July 2012, pp. 4

183 US Bureau for International Narcotics and Law Enforcement Affairs (2012). International Narcotics Control Strategy Report: Volume I Drug and Chemical Control. pp. 347.

184 US Bureau for International Narcotics and Law Enforcement Affairs (2012), op. cit; United Nations Office of Drugs and Crime (2012). World Drug Report 2012. United Nations: New York, pp. 84. According to the UNDOC report, 'Nigerian groups have also become active in exporting cocaine from Brazil, notably Sao Paulo, to destinations in Africa and Europe'.

185 Spy Ghana, 'NDLEA Seizes 227.055kg Drugs in 6 Months', 19 July 2012, available at http://www.spyghana.com/world-news/inside-africa/nigeria-news/ndlea-seizes-227-055kg-drugs-in-6-months/. (Accessed 28 October 2012).

186 Vanguard, 'NDLEA Seizes 2,476kg of Hard Drugs in Kogi', 2 June 2012, available at http://www.vanguardngr.com/2012/06/ndlea-seizes-2476kg-of-hard-drugs-in-kogi/. (Accessed 28 October 2012).

187 Nigerian Tribune, 'Why I Engaged in Drug Trafficking – 41-year-old Tailor…As NDLEA Calls for Stiffer Penalty', 13 June 2012, available at http://tribune.com.ng/index.php/crime-a-security/42394-why-i-engaged-in-drug-trafficking-41-year-old-tailoras-ndlea-calls-for-stiffer-penalty. (Accessed 28 October

In September 2012, two Nigerian men were arrested for attempting to smuggle 2.56 kilos of cocaine to Turkey. Two other Nigerian men were arrested for attempting to smuggle out 4.285 of methamphetamine to India in the same month[188]. Two months later, a UK-based Nigerian student was arrested at the MMIA for attempting to smuggle 1.535 kilos of cocaine to the UK[189].

249. Despite these arrests and seizures, however, weak inter-agency cooperation, as evidenced by the lack of joint operations between law enforcement agencies, continue to undermine Nigeria's ability to apprehend major traffickers or intercept major shipments. Powerful and wealthy international drug trafficking networks continue to out-maneuver an ill-equipped and poorly-funded NDLEA, notwithstanding increases in its capital and personnel expenditures in the last five years[190]. Funding for other law enforcement agencies remains seriously insufficient. Left unaddressed, this could further undermine progress in the medium to long term. Furthermore, there is evidence of not only an increasing use of cannabis, opium, cocaine and amphetamine-type stimulants, but also illicit manufacturing of methamphetamine in Nigeria[191]. The drugs are mainly exported to illicit markets in Southeast Asia[192].

250. Oil theft by local groups and criminal networks, commonly referred to as "bunkering", remains unabated in Nigeria. Illegal makeshift refineries operated by small entrepreneurs have reportedly increased dramatically across the Niger Delta region, further undermining oil production[193]. In August 2012, the Nigerian Maritime Administration and Safety Agency (NIMASA) intercepted a vessel carrying 300 metric tons of stolen oil[194]. This follows the arrest of 150 illegal bunkers by the Nigerian Security and Civil Defense Corps in March 2012[195]. The Joint Task Force also reported interception of two vessels carrying 60,000 tons of stolen diesel worth an estimated N11 billion in Rivers State[196]. According to Royal Dutch Shell, Nigeria's largest oil producer, between 150,000 and 180,000 barrels are stolen a day[197]. This represents about 6% of the country's total production[198].

The Nigerian government reported about 400,000 barrels of oil were stolen per day in April 2012, thereby resulting in a 17% decline in official sales during the month[199]. At a daily production of about 2.4 million barrels and an average price of $121 per barrel, this translates to a loss of more than $1 billion for the month alone.[200] The recent arrest of twenty Ghanaians and six Nigerians by the JTF reveals oil bunkering businesses continue to be operated not just by Nigerian but also foreign individuals and criminal networks[201]. While some of the stolen oil is smuggled to regional and international markets, much of it is sold domestically[202]. To be sure, oil thieves have reportedly used proceeds to fund development projects, including building schools, and hospitals, in their communities[203]. Hence, oil thieves accrue considerable political capital and support base by way of endearing themselves to local communities through the provision of basic social services. This enables them to easily launder their ill-gotten wealth through a series of projects in their communities.

251. Related to oil theft is rampant corruption, particularly bribery and embezzlement, in Nigeria's public and private sectors. This is evidenced by the aforementioned fuel subsidy scandal. Also, allegations abound that low and high-ranking politicians and military officers collaborate with criminal networks involved in oil bunkering persist. The Economic and Financial Crimes Commission (EFCC) arrested and arraigned before court several suspects, including six companies and eleven individuals, for their alleged involvement in the fuel subsidy fraud[204]. While the aforementioned reduction in fuel subsidies could reduce the level of embezzlement through the subsidy scheme, there are concerns that money saved by the government could also be embezzled. In September 2012, a foreign defense company was fined by a French court for bribing Nigerian officials between 2000 and 2003 to secure a contract to produce national ID cards[205]. This follows a conviction and jailing of a former Nigerian state governor by a British court for embezzling and laundering $77 million of public money[206]. Moreover, allegations of involvement of low and high-ranking politicians and military officers in oil bunkering persist[207].

2012).

188 Daily Trust, 'Nigeria: NDLEA Arrests Two with Cocaine at Lagos Airport', 19 September 2012, at http://allafrica.com/stories/201209190986.html. (Accessed 30 November 2012); Leadership, ' NDLEA Arrests 2 Suspects with 4.825Kg of Drug Meth to India', 30 September 2012, available at http://www.leadership.ng/nga/articles/36098/2012/09/30/ndlea_arrests_2_suspects_4285kg_drug_meth_india.html. (Accessed 30 November 2012).

189 Vanguard, ' NDLEA Arrests Student with 1.535 kg of cocaine', 8 November 2012, available at http://www.vanguardngr.com/2012/11/ndlea-arrests-student-with-1-535kg-cocaine/. (Accessed 30 November 2012).

190 National Drug Law Enforcement Agency (2011). 2011 Annual Report. NDLEA: Abuja, pp. 52-55.

191 United Nations Office of Drugs and Crime (2012). World Drug Report 2012. United Nations: New York, pp. 18.

192 Ibid, pp. 84

193 BBC, 'Nigeria's Booming Illegal Refineries', 26 July 2012, available at http://www.bbc.co.uk/news/world-africa-18973637. (Accessed 5 November 2012).

194 Economic and Financial Crimes Commission, 'EFCC Takes Over illegal Oil Bunkering Vessel', available at http://www.efccnigeria.org/efcc/index.php/news/96-efcc-takes-over-illegal-oil-bunkering-vessel. (5 November 2012).

195 Vanguard, 'NSCDC Arrests 150 Operators of Illegal Oil Bunkers', 31 March 2012, available at http://www.vanguardngr.com/2012/03/nscdc-arrests150-operators-of-illegal-oil-bunkers/. (8 November 2012).

196 Leadership, 'JTF Impounds N11bn Worth of Diesel in Rivers, Says Commander', 22 October 2012, available at http://www.leadership.ng/nga/articles/38145/2012/10/22/jtf_impounds_n11bn_worth_diesel_rivers_says_commander.html. (8 November 2012).

197 See US Energy Information Administration, 'Nigeria Background', available at http://www.eia.gov/countries/cab.cfm?fips=NI. (Accessed 12 November 2012).

198 Ibid

199 Financial Times, 'Nigeria Losing $1bn a Month to Oil Theft', 26 June 2012, available at http://www.ft.com/intl/cms/s/0/61fb070e-bf90-11e1-a476-00144feabdc0.html#axzz2C1Z9CEKO.

200 According to the US Energy Information Administration, crude output rose slightly in 2012 and averaged almost about 2.15 million bbl/d for the first half of 2012.

201 Daily Times, 'JTF Arrests 21 Ghanaian Oil Bunkers', 9 May 2012, available at http://dailytimes.com.ng/article/jtf-arrests-21-ghanaian-oil-bunkers. (13 November 2012).

202 The Economist, 'The Niger Delta: Still an Oily Dangerous Mess', 11 August 2012, available at http://www.economist.com/node/21560299. (Accessed 12 November 2012). See also allAfrica 'Nigeria: Cole: Stolen Oil Goes to Balkans, Singapore', 24 October 2012, available at http://www.economist.com/node/21560299. (Accessed 12 November 2012).

203 Nigerian Tribune, 'Niger Delta: Oil Thieves Build Roads, Hospitals, Schools for Communities as Navy Deploys 8 Warships, 5 Gunboats, Aircraft in N/Delta', 11 November 2012, available at http://tribune.com.ng/sun/front-page-articles/9123-niger-delta-oil-thieves-build-roads-hospitals-schools-for-communities--as-navy-deploys-8-warships-6-gunboats-aircraft-in-ndelta. (13 November 2012).

204 Economic and Financial Crimes Commission, 'EFCC to Arraign 20 Suspects Over Fuel Subsidy Fraud', available at http://www.efccnigeria.org/efcc/index.php/news/78-efcc-to-arraign-20-suspects-over-fuel-subsidy-fraud. (13 November 2012).

205 BBC News, 'Sanfra Fined in Nigerian Bribery Case, 6 September 2012, at http://www.bbc.co.uk/news/business-19498916. (Accessed 13 November 2012).

206 BBC News, 'Former Nigeria Governor James Ibori Jailed for 13 years', 17 April 2012, available at http://www.bbc.co.uk/news/world-africa-17739388. (Accessed 15 January 2013).

207 BBC News, 'Nigeria's Booming Illegal Oil Refineries', 26 July 2012, available at http://www.bbc.co.uk/news/world-africa-18973637. (Accessed 15 January 2013).

252. Furthermore, fraudulent activities and transactions, particularly advanced fee fraud (419 scam), banking fraud, and forgery of documents for financial gain remain serious concerns in Nigeria. For example, in one case the EFCC arrested and arraigned before court an insurance broker for defrauding his company of over N30 million and a banker for forging customers' signatures and diverting N20 million to her account[208]. Another banker was arrested and arraigned for diverting nearly N1.2 million[209]. Other arrests and arraignments included a Polish woman for issuing a fake cheque for N9 million, two Nigerian men for attempting to defraud an EFCC staff of N250,000, four Nigerian men involved in a N54 million land scam, three Nigerian men involved in a 66 million Naira scam, and a Nigerian man for currency counterfeiting[210]. Compounding the situation are widespread cybercriminal activities, including romance and marriage scams through which victims, mostly foreigners, are defrauded.

253. Human trafficking, weapons trafficking, and other predicate crimes have not shown signs of decline in the past year. For instance, a Nigerian diplomat reported that an average of 30 Nigerian girls between ages 10 and 15 are smuggled to Mali daily, and expressed concern that the problem had grown in magnitude and sophistication[211]. There is also suspicion that illegal arms dealers, particularly in the Sahel region, continue to supply heavy weapons to Boko Haram[212]. In July 2012, Nigerian security forces exchanged fire on the border with Chad with two Boko Haram members who attempted to smuggle a consignment of weapons into Maiduguri[213].

254. Related to the aforementioned predicate crimes is the problem of cash smuggling out of Nigeria, which remains unabated despite efforts by the enforcement agencies. Airports remain primary transit points for the smuggling of illicit proceeds. This is evidenced by the arrest of a security official of the Federal Airport Authority at the MMIA for illegally possessing and attempting to smuggle $1.4 million in cash[214]. The arrest has prompted concerns that airport officials may be working with money laundering syndicates. Two couriers were arrested at the Aminu Kano International Airport for attempting to smuggle $107,000[215]. This follows another arrest of a Dubai-bound 24-year-old courier at the MMIA for attempting to export more than $7 million in September 2012[216]. Two months later, two Dubai-bound couriers were arrested with nearly $240,000 at the Nnamdi Azikiwe International Airport in Abuja[217]. The EFCC also arrested and arraigned before court a former bank cashier for embezzling and laundering N2.4 million[218]. More significantly, EFCC operatives at the Aminu Kano International Airport arrested the son of a state governor for attempting to smuggle $50,000 in December 2012[219].

255. The many cases referred above suggest a robust system of cash declaration as required by the FATF R32. However, the challenges still remain enormous due to the complexities of the country. In summary therefore, tax fraud/evasion, manifested in many ways remains a major challenge as taxes amount to only 6.1% of the GDP of about US$170 billion. Corruption is the most prevalent predicate offence –public sector corruption. In terms of prevention and control - TI rated Nigeria the least in WA only better than Guinea and Guinea Bissau. Unfortunately, many high profile cases remain inconclusive: PEPS cases especially. The fuel subsidies scam is a recent example of corruption within corruption – revealed theft of about $7 billion between 2009 and 2012. A weak criminal justice system to deal with it – may encourage more. Drug trafficking remains a problem as Nigeria seems to be graduating from a transit to source country. Of course, efforts to deal with this as other crimes must be recognized. For example, the NDLEA seized about 227.055kg in 1st quarter of 2012 estimated at 2.5 billion naira. Nevertheless, porous borders – airports now main transit shipment points. On oil theft as discussed above, about 150,000 -180, 000 barrels stolen daily (Shell) and it is estimated that Nigeria loses $1 billion monthly due to oil theft (FT). Proceeds go to arms purchases, armed robbery and kidnapping and corruption facilitates a vicious cycle of criminals, political and military elites colluding in oil bunkering.

AML/CFT Situation

256. Since 2009, based on the MER of Nigeria and the size of its banking sector being in excess of US$ 5 billion, and in compliance with the G8 directive to the FATF to identify 'high risk jurisdictions' and engage them to improve

208 Economic and Financial Crimes Commission, 'EFCC Arraigns Manager Over N30m Fraud', available at http://www.efccnigeria.org/efcc/index.php/news/171-efcc-arraigns-manager-over-n30m-fraud. (Accessed 13 November 2012); Economic and Financial Crimes Commission, 'N20m Fraud: EFCC Arraigns Banker', available at http://www.efccnigeria.org/efcc/index.php/news/173-n20m-fraud-efcc-arraigns-banker. (Accessed 13 November 2012).

209 Economic and Financial Crimes Commission, 'Bank Fraud: EFCC Arraigns Ovie Israel', available at http://www.efccnigeria.org/efcc/index.php/news/181-bank-fraud-efcc-arraigns-ovie-israel. (Accessed 13 November 2012).

210 Economic and Financial Crimes Commission, 'N9m Fraud: EFCC arraigns Polish Woman', available at http://www.efccnigeria.org/efcc/index.php/news/178-n9m-fraud-efcc-arraigns-polish-woman. (Accessed 13 November 2012); Economic and Financial Crimes Commission, 'Currency Counterfeiter Jailed 25 Years', available at http://www.efccnigeria.org/efcc/index.php/news/176-currency-counterfeiter-jailed-25-years. (Accessed 13 November 2012); Economic and Financial Crimes Commission, 'Fraud: EFCC Docks Obinna James, Eddy Ogagu', available at http://www.efccnigeria.org/efcc/index.php/news/172-fraud-efcc-docks-obinna-james-eddy-ogagu. (Accessed 13 November 2012).

211 The Punch, '30 Nigerian Girls Trafficked into Mali Daily – Envoy', 12 November 2012, available at http://odili.net/news/source/2012/nov/12/818.html. (13 November 2012).

212 allAfrica, 'Nigeria: How Boko Haram Smuggles Weapons into Nigeria – Ex-Niger Delta Militants', 23 October 2012, available at http://allafrica.com/stories/201210230708.html?aa_source=acrdn-f0. (13 November 2012).

213 PM News, 'Boko Haram's Amrs Smugglers Killed', 1 August 2012, available at http://pmnewsnigeria.com/2012/08/01/boko-harams-arms-smugglers-killed/. (13 November 2012).

214 Economic and Financial Crimes Commission, ' EFCC Arrests FAAN Security Official with $1.4 Million', available at http://www.efccnigeria.org/efcc/index.php/news/152-efcc-arrests-faan-security-official-with-1-4m. (Accessed 13 November 2012).

215 Nigerian Tribune, ' EFCC Arrests Two Cash Couriers with $107,000', 22 October 2012, available at http://tribune.com.ng/index.php/news/49558-efcc-arrests-two-cash-couriers-with-107000. (13 November 2012).

216 allAfrica, ' Nigeria: U.S.$7 Million Export at MMA – EFCC Arrests Currency Courier', 29 September 2012, available at http://allafrica.com/stories/201209290455.html. (13 November 2012).

217 Nigerian Tribune, 'EFCC Arrests 2 for Laundering $238, 858 in Abuja', 9 November 2012, available at http://tribune.com.ng/index.php/news/50650-efcc-arrests-2-for-laundering-238858-in-abuja-. (13 November 2012); The Punch, ' EFCC Arrests Two with $238,858' 9 November 2012, available at http://www.punchng.com/news/efcc-arrests-two-with-238858/. (13 November 2012).

218 allAfrica, 'Nigeria: EFCC Arraigns Council Cashier Over Money Laundering', 5 November 2012, available at http://allafrica.com/stories/201211060336.html. (13 November 2012).

219 This Day, 'EFCC Arrests Lamido's Son for Money Laundering' 13 December 2012, available at http://www.thisdaylive.com/articles/efcc-arrests-lamido-s-son-for-money-laundering/133416. (Accessed 15 January 2013).

their systems, Nigeria was identified as a high-risk ML/TF jurisdiction and placed under review by the FATF for non-compliance with international AML/CFT standards. With the support of the FATF Regional review Group of the ICRG and GIABA, an Action Plan for addressing the deficiencies in Nigeria's AML/CFT regime was adopted in February 2010 and Nigeria made a political commitment to implement the action plan. As of June 2011, Nigeria had made significant progress in addressing the identified deficiencies in its AML/CFT, including the issuance of regulations to financial institutions by the CBN, and passage of the Money Laundering (Prohibition) Amendment Act (MLPA) 2011 and the Terrorism (Prevention) Amendment Act (TPA 2011, both of which aimed to rectify deficiencies regarding the criminalization of ML/TF. After a review of these Acts, by the FATF Review Group, it was found that Nigeria had not adequately criminalized ML and TF in accordance with the FATF standards, hence Nigeria had to revise the two pieces of legislation and National Assembly passed MLPA towards the end of 2012. The delay in passing the TPA partly kept Nigeria on the FATF Review process throughout 2012.

257. In addition to the issuance of a Regulation for the implementation of the UNSCRs 1267 and 1373, as well as other regulations to the financial institutions and the supervisory functions of the CBN, the Special Control Unit on Money Laundering (SCUML) and the Nigerian Financial Intelligence Unit (NFIU) also conducted inspections on DNFIs, car dealers, hotel owners, and discount houses, thereby enhancing AML/CFT compliance. In particular, the NFIU received more than 5,000 CTRs and more than 4,000 STRs[220].The SCUML's registration of 384 additional DNFIs in the past year has increased the number of DNFIs under AML/CFT supervision and further deepened AML/CFT within the DNFI sector[221]. Guidelines on reporting and guidance notes on money laundering and terrorism financing, as well as regulations on terrorist asset freezing and circular on cash declaration were developed and issued[222].

258. The NFIU introduced an initiative aimed at preventing and reducing cash smuggling within and through Nigeria; and a tiered Know Your Customer procedure was established to promote and deepen financial inclusion[223]. Additionally, several training, sensitization and awareness creation workshops on AML/CFT were provided to various stakeholders, including compliance officers of DNFIs, hotel employees, and non-bank regulators and supervisors. The training workshops included an AML/CFT compliance course, corruption risk assessors training, and symposium on financial crimes[224].

220 Ibid

221 Ibid, pp. 5.

222 Ibid, pp. 6.

223 Ibid, pp. 7

224 Ibid, pp. 8

259. Furthermore, bank accounts containing various sums in local and foreign currencies, as well as properties, including vehicles owned by several suspected drug traffickers were investigated, frozen or seized by the NDLEA in the past year[225]. The EFCC also prosecuted several cases involving cash smuggling, money laundering, and predicated offences including fraudulent activities[226].

260. Nonetheless, considerable challenges remain. Although the principal AML and CFT Acts have been amended, the extent to which they address strategic deficiencies in the context of FATF recommendations remains unclear. Accordingly, Nigeria remains on the list of high risk ML/TF jurisdictions and continues to be under review by the FATF[227].

261. Not only do regulatory, supervisory, judiciary and law enforcement personnel still lack the requisite AML/CFT capacity and expertise, but also existing ICT infrastructure remains insufficient. Serious constitutional and legal loopholes remain unaddressed as the Non-Conviction Based Asset Forfeiture Bill is still pending before the National Assembly. The situation is compounded by a painstakingly slow legal process, as evidenced by the slow trial of three former governors on corruption charges[228]. In spite of the existence of an elaborate AML/CFT regime in the country, actual implementation of the standards has been very weak. A most critical area of this evolving AML/CFT regime where serious weakness is obvious is the capacity to successfully prosecute and adjudicate cases of ML/TF. High-profile cases of ML/TF are either left pending in courts indefinitely or are prematurely dismissed, owing to poor prosecution and/or judicial compromise and incompetence or both.

Technical Assistance

262. According to Nigeria's 2012 country report to GIABA, many regulatory, judiciary and law enforcement personnel still lack sufficient skills and expertise on AML/CFT issues. Law enforcement personnel in particular face severe capacity constraints in detecting, preventing, investigating and prosecuting ML/TF and related crimes. There is a general lack of advanced analytical skills on AML/CFT issues. Law enforcement agencies are also constrained by inadequate and often obsolete ICT infrastructure. Lawmakers and stakeholders in the financial sector remain generally unfamiliar with AML/CFT issues.

263. Accordingly, Nigeria has identified the need to develop and strengthen the analytical, investigative, and prosecutorial capacities of its specialized law enforcement

225 Nigeria's 4th Follow-up Report to GIABA, pp. 26

226 Ibid, pp. 5

227 See FAFT Public Statement – 19 October 2012, available at http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/fatfpublicstatement-19october2012.html. (14 November 2012).

228 allAfrica, 'Nigeria: Corruption – EFCC Blames Judiciary FOR Delay in Ex-Governor's Trial', 11 August 2012, available at http://allafrica.com/stories/201208110322.html. (14 November 2012).

agencies. It has requested capacity building on advanced analytical skills and risk-based compliance examination; and on asset tracing, seizure and forfeiture for its regulatory, supervisory, and law enforcement personnel. Nigeria has also requested training for lawmakers on AML/CFT issues; and support for enhancing its ICT infrastructure.

Conclusion

264. Nigeria has made commendable efforts to improve its AML/CFT framework. Nonetheless, it remains on the list of high risk ML/TF jurisdictions and under review for non-compliance with AML/CFT standards. This situation is compounded by the apparent increase in terrorist attacks, as evidenced by the escalation of violent insurgent activities by Boko Haram. At the same time, corruption and weak supervisory, judiciary and law enforcement capacities continue to constrain effective implementation of AML/CFT efforts in the country. More so are high levels of poverty, inequality, unemployment and underemployment, and the existence of many deprived communities in the country, all of which continue to provide an enabling environment for predicate crimes and, by extension, ML/TF.

265. Combined with the conditions of poor governance and pervasive public sector corruption, the inability to successfully investigate, prosecute, adjudicate and punish offenders would encourage impunity and further embolden criminals to engage in money laundering and terrorist financing. In other words, as long as the rates of prosecution, conviction and confiscation remain very low; as long as cases of ML/TF remain pending in courts; as long as sentencing is not proportionate and dissuasive enough to deter criminals; as long as criminals can conveniently enjoy the proceeds of their crime, all the efforts to combat ML/TF in compliance with international standards will come to naught. The handling of recent high-profile cases of ML/TF by the criminal justice system[229] in Nigeria shows that implementation of international AML/CFT standards faces daunting challenges in the country.

266. One of the most sensational high-profile cases involved the former Governor of Delta State, Mr. James Ibori. Mr. Ibori was arrested by the Economic and Financial Crimes Commission (EFCC) in December 2007 and charged with 170 counts of corruption and money laundering. After exactly two years of what seemed like a judicial chess game, the ex-Governor was discharged and acquitted by the court of all 170 charges in December 2009, to the chagrin of the entire nation. Although the EFCC filed a notice of appeal against the court judgment and started a new round of investigations on Ibori in March 2010, the former Governor managed to beat the Nigeria security forces and fled the country in April 2010. Since then, there has been no substantive development with the outcomes of the appeal and the investigations. Fortunately, the same accused person who was discharged and acquitted in Nigeria was found guilty and convicted on the same offences in a UK court. For lack of space, this is just one example of how money laundering cases are being handled in Nigeria. But that is not to say the country has not or is not making substantial efforts, far from that; there are a good number of success stories which are not known to the public. Moreso, the government has continued to re-assure the public of its commitment to combat corruption. GIABA shall continue to support Nigeria and other member states in dealing with all predicate offences to money laundering.

229 For clarity, the criminal justice system includes all actors in the criminal justice process: investigators, prosecutors, defence counsels, judges, etc.

SENEGAL

Political Situation

267. Senegal maintained its image as a beacon of peace and stability and a model for democratic governance in West Africa. Yet the country's peace and democratic credentials were seriously tested by a tense political and constitutional situation in the earlier part of 2012, provoked by a dispute over the eligibility of the incumbent president, Abdoulaye Wade, to seek another term.[230] This resulted in a series of violent protests that threatened to undo much of the country's progress.[231] The country returned to normalcy after the president was defeated in a run-off by the opposition candidate Macky Sall in March 2012[232]. The new president's coalition, Benno Bokk Yakaar (United in Hope), subsequently won parliamentary elections by landslide in July 2012[233].

268. A glimmer of hope for national reconciliation and particularly for the pacification of the rebellion in the south (Casamance) was shown as the Movement of Democratic Forces of Casamance (MFDC) freed eight (8) Senegalese military hostages who were detained for more than one year. His Excellency, President Macky Sall, while welcoming the freed officers, affirmed that he has taken cognisance of the signal sent by the separatist movement and will work towards restoring lasting peace.

Economic and Financial Situation

269. The Senegalese economy was expected to grow by 4.2% and 4.7% in 2012 and 2013 respectively, compared

230 For background, see, for instance, BBC News, 'Senegal Clashes Erupt as Court Clears Wade Poll Bid', 28 January 2012, available at http://www.bbc.co.uk/news/world-africa-16770305. (Accessed 7 March 2013);

231 CNN, '3 Killed in Senegal Protests, Opposition Says', 20 February 2012, available at http://edition.cnn.com/2012/02/20/world/africa/senegal-violence. (Accessed 7 March 2013); USA Today, 'Senegalese Police Fire Tear Gas at Protesters', 2 February 2012, available at http://usatoday30.usatoday.com/news/world/story/2012-02-15/senegal-protest/53107306/1. (Accessed 7 March 2013).

232 BBC News, 'Senegal's President-elect Macky Sall Hails New Era', 26 March 2012, available at http://www.bbc.co.uk/news/world-africa-17508098. (Accessed 7 March 2013)

233 BBC News 'Senegal's President Macky Sall Wins National Assembly Landslide', 5 July 2012, available at http://www.bbc.co.uk/news/world-africa-18719787. (Accessed 7 March 2013). The ex-president's party got 12 seats outpacing its dissidents who regrouped under the banner of "Bokk Guiss Guiss" to win 4 seats.

with 4% in 2011[234]. These projections were slightly higher than 3.7% and 4.3% projected by the International Monetary Fund for 2012 and 2013 respectively[235]. The expected growth was largely attributable to higher private consumption, driven by remittances from Senegalese working abroad, and by expansion in the industrial and service sectors[236]. Meanwhile, the rate of growth in the primary sector was expected to decline from 10.8% in 2011 to 8.9% in 2012. Industrial agriculture was expected to grow by 28.4% in 2012, following a 41.3% decline in 2011. Subsistence agriculture is also expected to grow by 9.8% in 2012, after a 10.3% decline in 2011. This is primarily due to evenly distributed rainfall, as well as state assistance to producers.

270. The Financial sector of Senegal is promising with a lot of potential; it is however dominated by banks. There are 19 deposit money banks that makes up for over 80% of the sector's total assets and represents about 29% of GDP in 2010. Remittances inflows according to World Bank estimates in 2011 amounted to USD 1.48 billion, which represents about 10.3% of GDP. These calls for close monitoring of remittances inflows as they have AML/CFT implications.

271. The secondary sector was estimated to experience a slow growth of 2.7% in 2012 after performances of 5.5% and 7.2% attained respectively in 2010 and 2011. This is attributable not only, amongst others, to the slowdown in the sub-sectors of construction equipment manufacturing and of the fishing industry; but also particularly to the counter-performance of the edible oils sub-sector that suffered a drop in the harvesting of groundnut production which in turn had a negative impact on the production of crude and refined oils. The sub-sector, globally, recorded -51.1% in 2012 against -21% in 2011. The tertiary sector showed the same outlook with a growth of 2.9% in 2012 against 4% attained in 2011. Inflation as measured by the Harmonized Consumer Prices Index (HCPI) was maintained at 2% on average against 3.4% in 2011.

272. With regard to public finances, the government received 1,723.2 billion FCFA while its expenditures amounted to 2,148.7 billion FCFA. Public deficit amounted to 425.4 billion FCFA which is 5.9% of GDP in 2012 against 455 billion FCFA, which was 6.7% of GDP in 2011.

273. Total outstanding public debt increased by 12.5% from 2,704.2 billion FCFA in 2011 to 3,041.1 billion FCFA in 2012. As a percentage of GDP, public debt increased slightly from 39.7% in 2011to 42.1% in 2012. This figure is well below the West African Monetary Union (UEMOA) standard criterion of at most 70% of GDP[237].

274. The World Bank's latest Doing Business Report ranked Senegal 154th in 2012, compared with 157th in 2011[238]. This is attributed to efforts by the government to improve the business climate by focusing on modernization and competitiveness[239]. The country scored 36 out of 100 and was ranked 94th in the 2012 TI Corruption Perception Index, compared with 112th in the previous year[240]. It also scored 56.2 out of 100 and was ranked 16th out of 52 countries in the 2012 Mo Ibrahim African Governance Index[241].

275. In the meantime, Senegal continued to face a series of socio-economic challenges as sustained growth has not translated into broad-based prosperity. Unemployment in particular remains a major problem, not least because the employment rate of the youth is 25% below that of adults[242]. Inequalities remain widespread as social protection initiatives are limited to wage earners in the formal sector who constitute less than 20% of the population[243]. Nonetheless, Senegal's president announced the government's plans to increase public sector wages by reducing taxes by 29 billion FCFA, as well as create 5,000 jobs in the public service.

Prevalence of Predicate Crimes

276. Predicate crimes, particularly drug trafficking, remained major challenges in Senegal in the reporting year. In August 2012, for instance, Senegalese law enforcement officers dismantled a vast network of counterfeit traffickers and arrested two Lebanese-Syrians[244]. Significantly, a Senegalese member of the network was a close associate, a Politically Exposed Personality (PEP) in the country. Searches and seizures by the national police led to the seizure of black banknotes of 500 Euros and 100 USD to be washed[245]. Law enforcement officials also arrested a popular show promoter, a hotel manager, an unknown number of custom officials for their alleged involvement in extortion and cocaine trafficking officers in the beach resort town of Saly. A search by two Senegalese Customs officers led to the discovery of thirty-nine (39) pellets of cocaine in the areas searched. All

234 African Economic Outlook, 'Senegal – Country Note'. Copy available at http://www.africaneconomicoutlook.org/en/countries/west-africa/senegal/. (Accessed 7 March 2013).

235 International Monetary Fund, 'Senegal and the IMF', Updated 19 December 2012, available at http://www.imf.org/external/country/sen/index.htm. (Accesed 7 March 2013).

236 Ibid.

237 L'analyse qui précède est tirée du Rapport sur la Situation économique et financière en 2012 et perspective en 2013 de la DEPEE (octobre 2012), en ligne sur le site web de la DEPEE

238 World Bank (2012). Doing Business in a More Transparent World. Washington, DC: World Bank. Copy available at http://www.doingbusiness.org/reports/global-reports/doing-business-2012. (Accessed 7 March 2013).

239 African Economic Outlook, 'Senegal-Country Note'

240 Transparency International, 'Corruption Perception Index 2012' ; Transparency International, 'Corruption Perception Index 2011', available at http://www.transparency.org/cpi2011/results. (Accessed 7 March 2013)

241 Mo Ibrahim Foundation, '2012 Ibrahim Index of African Governance (IIAG)', available at http://www.moibrahimfoundation.org/interact/. (Accessed 7 March 2013).

242 African Economic Outlook, 'Senegal-Country Note

243 Ibid

244 Seneweb.com, 'Pour Trafic de Faux Billets de Banque : Le Chef de Protocole de Ministere de l'Interieur et la Rappeur Akabess Deferes au Parquet', 12 August 2012, available http://www.seneweb.com/news/Justice/pour-trafic-de-faux-billets-de-banque-le-chef-de-protocole-du-ministere-de-l-rsquo-interieur-et-le-rappeur-akabess-deferes-_n_74524.html. (Accessed 7 March 2013).

245 Ibid

the persons involved in this case have been arrested and questioned as investigations into the case continue.

277. It is, equally, worth highlighting the actions of the services of the Central Office for the Repression of Illicit Drug Trafficking (OCRTIS) which, after seizing 3 kg of cocaine from a Guinean singer, dismantled a vast network on international drug trafficking which uses Dakar as a transit point. In the pursuit of its activities, OCRTIS made another seizure of not less than 2 kg of cannabis after a body search on a suspect while he was living in a rented room which served as his depot. This search led police officers to discover a plastic sachet on his person containing the "grass"[246].

278. From January to June 2012, the FIU received 58 suspicious transactions reports (STRs), forwarded 4 reports to the Ministry of Justice and filed 13 cases. Predicate crimes at the origin of these STRs involved fraudulent offenses, forgery, corruption, drug trafficking and advance fee fraud (419). During the same period, the following legal decisions were recorded at the Ministry of Justice: Liberation (2); Dismissal (1); Conviction (1).

AML/CFT Situation

279. During the period under review, Senegal took important legislative and regulatory measures to render its AML/CFT regime more efficient, particularly on the fight against illicit enrichment. Thus, to enforce the law on illicit enrichment, the President issued Decree No. 2012-502 of May 10, 2012, designating members of the Headquarters, the Trial Court and the Committee in charge of Investigations, of the Court of Repression of Illicit Enrichment.

280. In addition, the government submitted bill No. 13/2012, for the creation of the National Commission for the Fight against Fraud and Corruption (OFNAC), which was adopted by the National Assembly during its December 19, 2012 session.

281. The OFNAC was created from the defunct National Commission on the Fight against Non-Transparency, Corruption and Extortion (CNLCC). The OFNAC is made up of 12 members nominated by decree for a mandate of 3 years, renewable only once. The new law empowers, once more, the Anti-corruption Agency to confiscate assets (Article 12) and to forward a report to the prosecutor on corruption charges and connected offenses (Article 14), amongst others.

282. Under the conduct and coordination of the FIU, Senegal continued with the expansion of its AML/CFT national strategy document which, due to some delay, was not finalized at the end of September 2012 as originally planned. Nevertheless, the process is in its final phase and has benefited from the contribution of the civil society.

283. The FIU continued its training activities for magistrates and criminal investigators on topics linked to "financial investigations methods and the organisation of investigation files", "accounts review and detection of fraudulent movements", etc. In addition, the FIU organized training workshops for legal auditors, chartered and auditor accountants, bank compliance officers and representatives of decentralized financial systems in support of the Professional Association of Decentralized Financial Systems (AP-SFD).

284. The FIU also continued training its staff on "use of the Analyst's Notebook tool" as well as on "financial investigations on complex data", the State's financial operations and on "investigations of fraud at work, misuse of public property etc". These trainings will certainly contribute towards improving the quality of analyses carried out so that quality reports could be forwarded to the Courts.

285. On 24 May 2012, the Director General paid a courtesy call on His Excellency, Macky Sall to congratulate him on his well deserved popular election and to draw his attention to the insufficient prosecution of money laundering cases despite the good number of cases referred to the government investigator/prosecutor by the FIU. Even where such crimes have been prosecuted, the outcomes were seriously challenged by lawyers and the international community. In his response, the President informed the DG that his government was based on transparency and accountability and that he had directed the establishment of an Asset recovery Commission, and assured that justice will be done in all cases.

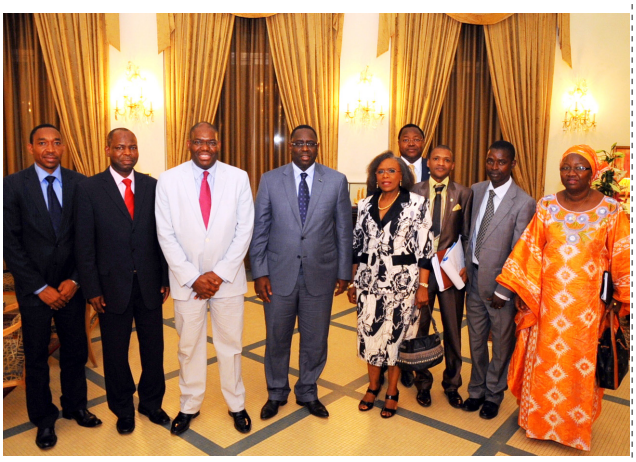
Technical Assistance

286. Senegal requires technical assistance in the areas of Training of magistrates and judiciary police officers, technical support for the management of transportation of cash and BNIs across its borders, reports of control and establishment of a national database on financial and economic crimes, including ML/TF. The country is also in need of support for it to implement its National AML/CFT strategy which is being finalized.

Conclusion

287. In the light of legislative and regulatory acts undertaken by the new Senegalese authorities, it is clear that Senegal has shown a firm desire and determination to fight corruption, check embezzlement of public funds and above all eradicate mismanagement. The country needs to be supported in this drive by its technical and financial partners so that these actions will be crowned with success. When

246 (Consulté le 01/10/2012) : lien : http://www.dakaractu.com/Joli-coup-de-filet-nouvelle-saisie-de-chanvre-indien-par-l-Ocrtis_a32730.html





The Director General of GIABA, Dr Abdullahi Shehu and his delegation were received on 24 May and 3 July 2012, respectively by H.E. Macky Sall, President of the Republic of Senegal and Mr. Abdoul Mbaye, the Prime Minister of Senegal.

some people read our previous reports, they asked questions as to whether the proliferation of real estate in Senegal does not imply money laundering. It should be noted that money laundering is defined in the source, origin, ownership, movement, purpose of wealth, and not by speculation on the size and how the wealth is handled.

SIERRA LEONE

Political Situation

288. Sierra Leone consolidated its post-war peace and stability and remained on a democratic trajectory, having held its third general elections since the end of the civil war in November 2012 without major political violence[247]. The elections were judged by international observers as free and fair, despite allegations of fraud by the main opposition party[248]. Notwithstanding the absence of nationwide violence, mistrust and rivalry between the two leading parties intensified while supporters of the two parties clashed occasionally during the campaign period[249]. The elections tested Sierra Leone's progress toward peace, stability, and democracy as the opposition refused to concede defeat, even after the results were declared by the country's electoral commission in favor of the ruling party[250].

289. At the same time Sierra Leone registered commendable progress towards good governance. The country's progress was acknowledged in the 2012 Mo Ibrahim African Governance Index, particularly with its ranking of 30th out of 52 African countries. Sierra Leone also ranked 123rd out of 176 countries in the 2012 Transparency International Corruption Perception Index, compared with 134th out of 183 countries in 2011. Nonetheless, enhancing transparency and accountability in the management of the country's finances and natural resources remains a daunting challenge.

290. Sierra Leone's Truth and Reconciliation Commission called on the government to focus on tackling other challenges, such as weak democratic institutions, weak national cohesion and reconciliation, a culture of political intolerance, and corruption.

Economic and Financial Situation

291. Sierra Leone's economic growth has strengthened in recent years, driven by expansion in agriculture, services and construction activities. Real GDP growth was expected to rise gradually from 5.7% in 2011 to 6.2% in 2012[251]. The commencement of iron ore production in late 2011 was expected to boost growth and exports significantly in 2012 and beyond[252]. Government projections showed a one-time expansion of real GDP growth of 18.2% in 2012[253].

292. Inflation rate was expected to decline from 16.6% in 2011 to 11% in 2012 due to improvements in domestic agricultural production, the introduction of the new goods

247 United Nations (2012). Ninth Report of the Secretary-General on the United Nations Integrated Peace building Office in Sierra Leone. New York: United Nations, pp. 1. Copy available at http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2012_679.pdf. (Accessed 7 March 2013).

248 BBC News, 'Sierra Leone's SLPP in Boycott Threat Over Poll Results', 28 November 2013, available at http://www.bbc.co.uk/news/world-africa-20523515. (Accessed 7 March 2013); IRIN, 'Sierra Leone : Opposition Cries Foul After Election', 21 November 2012, available at http://www.irinnews.org/report/96838/SIERRA-LEONE-Opposition-cries-foul-after-election. (Accessed 7 March 2013). To be sure, isolated cases of irregularity were acknowledged.

249 United Nations (2012). Ninth Report of the Secretary-General on the United Nations Integrated Peace building Office in Sierra Leone.

250 The opposition was persuaded by senior statesmen to rescind its decision to contest the results in court.

251 African Economic Outlook, 'Sierra Leone – Country Note'. Copy available at http://www.africaneconomicoutlook.org/en/countries/west-africa/sierra-leone/. (Accessed 7 March 2013).

252 http://www.sl.undp.org/1_doc/MDG_mid_point.pdf

253 This is the first time the economy is recording a double-digit growth since 2002 when the war was declared over and is however expected to stabilize around 10.2 percent in 2013, still in double digits.

and services tax (GST) and the slower rate of currency depreciation. Nevertheless, the removal of fuel subsidies is expected to push up prices.

293. Furthermore, the external position was set to benefit from increased mining exports and reduced iron ore related imports. Exports were projected to surge to 1.53 billion US dollars in 2012 from 385.72 million US dollars in 2011, while imports are expected to drop to 1.32 billion US dollars in 2012 from 1.63 billion US dollars in 2011, recording a trade surplus.

294. The medium-term prospects are favourable. However, they are subject to downside risks related to the uncertain global economic outlook and potential adverse movements in commodity prices. To support broad-based growth and reduce the economy's vulnerability to exogenous shocks, the authorities would need to sustain efforts to improve the business environment and address impediments to growth[254]. Key among these are a continued investment in infrastructure to support productivity gains in the private sector, increased economic diversification, and broader access to financial services, particularly for small- and medium-sized enterprises to create employment opportunities.

295. The tightening of fiscal and monetary policy will also help Sierra Leone to manage its debt sustainability better. Furthermore, strong reforms aimed at reducing corruption, providing free health care and improving the decrepit transport, power and public health infrastructures top the list of the government's priorities in 2012 and beyond. As a result, the country is ranked as one of the world's top reformers by the 2012 World Bank's Doing Business index.

296. Sierra Leone's financial sector continued to face a number of challenges: banks are small (assets average about USD 45 million); efficiency is low (non-interest expenses average about 10% of total assets and interest rate spreads are around 11 percentage points); there is high banking concentration where the three largest banks (out of the fourteen operating commercial banks) hold about 54 percent of total bank assets; the skill and experience level of bankers are deemed to be low; and the financial-sector associations, including the bankers association, do not function well[255]. The payment system is under-developed, with no interoperability across the ATM system; domestic payment transactions are dominated by cash with limited use of cheques or internet banking, and, of course, no electronic large-value payment system. In addition, the normal financial markets (short-term credit, medium and long-term credit, foreign exchange, etc.) are rudimentary and do not function well. The new stock exchange is yet to obtain a significant number of listings. Efforts to develop the payment system in line with International Standards are thus underway. The AfDB is financing the automation of the payment system, which includes: (i) real-time gross settlement; (ii) automated cheque processing and an automated clearing house; (iii) a scriptless securities settlement system; and (iv) core banking applications.

297. As indicated above, the deposit money banks that makes up for about 90% of the sector's total assets valued at 19.2% of GDP in 2010. Remittances inflows in 2012 amounted to USD80 million, which represents about 3.4% of GDP.

298. On a more positive note, the capital-asset ratio of the banks, for example, is a healthy 17 percent, though non-performing loans are still high at 14.96 percent of GDP in 2011, down from 15.61 percent in 2010. Nevertheless, banking supervision is underdeveloped as the liquidity ratio of net loans to total deposits, which is still as high as 40.1 percent. Thus, there is an urgent need to examine the soundness and management of financial firms against risks and risk management, and to emphasize the importance of a clear understanding of financial risks and optimal assignment of the responsibility for managing different types of risk (namely: liquidity, credit, interest-rate, market, foreign exchange, operational, sovereign, legal and fraud risk). There is an urgent need to develop a regulatory strategy that is focused, coherent, and in line with international best practice.

299. The Financial Sector Development Plan (FSDP) is in its preliminary stage of implementation. The objective of the plan is to address financial inclusion issues. The plan is intended to reinforce existing programmes such as microfinance, rural banking and the branchless mobile banking. It is also aimed at introducing new products that address the challenges imposed by the current payment system infrastructure. The secondary financial market is narrow in scope and there is need to open up and introduce long-term securities and bonds, and attract new players (both domestic as well as foreign). The capital market is yet to make headways as there are very few enlisted companies operating in the stock exchange.

300. The Credit Reference Bureau, an institution of the Central Bank, which was created to provide guidance to the commercial banks in their credit risk management, is now operational. However, its existence is yet to translate into any significant improvement of the banks handling of their credit portfolio, which may be attributed to lag effect. The institution has however, provided guidance on credit risk management process which is likely to enhance the processes and procedures of identification and verification of customers in compliance with Customer Due Diligence principle, a core component of the AML/CFT standards.

254 http://www.imf.org/external/up/sec/pr/2012/pr/2012/pr12381.htm

255 http://www.africaneconomicoutlook.org/en/countries/west-africa/sierra-leone/

Prevalence of Predicate Crimes

301. Sierra Leone remained an attractive transhipment point for drugs from South America en route Europe and the United States, not least because of its porous borders, weak infrastructure, weak institutions, mass poverty and unemployment, poorly manned coastline, among others[256]. Indeed, there are concerns that the country's largely poor and unemployed youth may become increasingly involved in drug trafficking[257]. If, as it is hoped, democracy is taking roots in Sierra Leone and the disaffected youth no longer consider taking up weapons and going into the bush a viable option for addressing their frustration, they may well increasingly turn to the drug trade to fill the gap left by no alternative means of profitable employment. Sierra Leone's seizure of an unknown quantity of drugs hidden in a shipping container from Ecuador in December 2011 exemplified the extent of the problem[258].

302. With regard to corruption, Sierra Leone's Anti-Corruption Commission (ACC) announced its recovery of 552 billion Leones from corrupt individuals and corporate entities in the first six half of 2012 alone[259]. In April 2012, the Commission indicted two individuals for allegedly taking bribes on behalf of the country's vice president[260].

303. A major vulnerability that the country faces is the huge informal sector that is fuelled by the predominance of cash transaction. The economy continues to be cash-based with an underdeveloped financial system. The formal financial sector is still narrow and continues to face regulatory and supervisory challenges as the payment system is still rudimentary. The non-financial sector, including the DNFBPs is unregulated with weak supervision, if any. There have been efforts to improve the tax system but there still remain existing gaps that make room for tax fraud and evasion.

AML/CFT Situation

304. Sierra Leone continued to take steps, though slowly to comply with international AML/CFT standards. In November 2011, after discussing the lack of progress in Sierra Leone's implementation of recommendations in its MER, the Plenary decided to issue a Public Statement against the country. That led to the passage of the AML Act in February 2012. However, the government is yet to operationalize the new bill by taking concrete measures against ML/TF. Minimal resources have been committed to the fight against ML/TF.

305. The FIU is yet to be fully operational and remains a unit of the Central Bank's Department of Supervision of the Bank. In March 2012, the AML/CFT Inter-Ministerial Committee urged the president to operationalize the FIU by appointing a director, in consistent with Section 7 of the Act.

306. During the reporting period, 10 suspicious Transaction Reports (STRs) were received by the FIU mainly from commercial banks up from 4 STRs in 2011. Four were forwarded to the law enforcement agencies for further investigation. A total of 39,583 disclosures in respect of currency transactions above the specified threshold were received from commercial banks in 2012 up from 34,495 CTRs in 2011. In addition to the STRs received, the FIU also received three (3) requests from the Transnational Organized Crime Unit and the Sierra Leone Police for information to aid their investigation. Intelligence reports were provided by the FIU for each request.

307. The Transnational Organized Crime Unit (TOCU) hosted series of workshops at key border points to promote inter-agency cooperation amongst the Police, National Revenue Authority, Immigration and other stakeholders. The workshop was used to introduce the Currency declaration forms to these entry points.

Technical Assistance

308. In spite of all the challenges, the country has been able to partner with development partners to make some gains in its AML/CFT efforts. The World Bank supported a joint initiative by the Bank of Sierra Leone and Transnational Organized Crimes Unit (TOCU) in drafting a National Procedure on Anti-Terrorism and Proliferation Financing. The three-day workshop held on 23-25 July 2012 was attended by all relevant stakeholders. Key outcomes of the workshop included an agreed chain of distribution of the United Nations or other list of designated persons and proposed recommendations for each institution to consider. The recommendations have been circulated to all relevant institutions and agencies for necessary action.

309. The United Nations Integrated Peace Building Mission in Sierra Leone (UNIPSL) provided funds for the printing of 100,000 revised currency declaration forms for use in tracking cross-border movement of cash and other negotiable bearer instruments above the specified threshold. The support has enabled the National Revenue Authority to carry out its mandate of administering currency declaration at various points of entry.

256 US Department of State (2012), pp. 388.

257 Penfold (2012)

258 BBC News, 'Sierra Leone Seizure Drugs from Ecuador in Nappies', 22 December 2011, available at http://www.bbc.co.uk/news/world-africa-16300086. (Accessed 7 March 2013).

259 United Nations (2012). Ninth Report of the Secretary-General on the United Nations Integrated Peace building Office in Sierra Leone, pp. 10.

260 Reuter, 'Sierra Leone Charges Two in Timbergate Graft Case', 17 April 2012, available at http://www.reuters.com/article/2012/04/17/sierraleone-corruption-idUSL6E8FHBPO20120417. (Accessed 7 March 2013). The indictments were the result of a documentary by Al Jazeera in November 2011 in which it was alleged that the two individuals accepted kickbacks in return for a promise that the vice president would back an illegal logging project.

310. Sierra Leone requires further technical assistance in strengthening its capacity to respond to the growing threat of ML/TF and the associated predicate crimes. In particular, Sierra Leonean judicial authorities, regulators, and specialized investigation and prosecution entities require further training on handling AML/CFT issues. Technical and financial support is needed to enable the country conduct an AML/CFT risk assessment survey.

Conclusion

311. Sierra Leone consolidated peace, stability, and democracy in the post-war period, having held its third general elections without nationwide violence. The economy is on a good footing and the path to recovery is very promising with the discovery of new mineral resources, if managed well. The overall outlook depicts sign of socioeconomic development and stability. On the AML/CFT front, the country has passed into law a new AML/CFT act. The next challenge is to operationalize the FIU, which includes the appointment of its Director and making provision for government financing. The authorities have made some gains on the AML/CFT front, but need to renew their commitment to bolster efforts in the heroic challenges ahead.

TOGO

Political Situation

312. Togo's democratic transition since the end of the 38-year rule of Gnassingbe Eyadema in 2005 remains work in progress. The country's tense political situation was manifested by the violent clashes between opposition demonstrators and security forces and the mass arrests that accompanied the introduction of electoral reforms perceived to be favorable to the ruling party[261]. The situation was compounded by an unexpected resignation of the country's prime minister and government ahead of parliamentary elections in October 2012[262], provoking concerns of possible insecurity and instability.

313. According to the Bertelsmann Transformation Index 2012, Togo[263] scored 5 out of 10 points for political transformation, against 6 out of 10 in 2011, indicating the country is on a regressing trend. Nonetheless, Togo registered notable improvements in its governance indicators. For instance, Togo was ranked 79th out of 179 countries in the 2011-2012 freedom rankings by Reporters without Borders. This represents a 19-point improvement from the previous ranking.

Economic and Financial Situation

314. Notwithstanding Togo's tense political situation, the country's economy continued to expand. Togo's GDP growth rate was projected by the African Development Bank (AfDB) to rise slightly from 3.9% in 2011 to 4.2% in 2012 and 4.4% in 2013[264]. The expected rate in 2012 was less than the 5% and the 5.2% projected by the International Money Fund and the World Bank respectively[265]. Growth is largely attributable to high government spending, new investments in infrastructure, recovery of the cotton sector, among others[266]. More importantly, agriculture, the focus of the economy, contributed to this growth performance. Cash crop production in particular increased by 22.2% to 153,400 tons, compared with an increase of 20.9% in 2011[267]. Although cocoa production declined by 40%, cotton production rose by more than 70%, after declining by 68.5% in 2010[268].

315. The Financial sector of Togo is dominated by 12 deposit money banks that makes up for over 80% of the sector's total assets valued at 31.4% of GDP in 2010. Remittances inflows in 2011 amounted to USD337 million, which represents about 9.4% of GDP. These calls for close monitoring of remittances inflows as they have AML/CFT implications.

316. To deal with existing economic challenges, the Government of Togo has resolved to consolidate progress in fiscal management in the last IMF Extended Credit Facility (ECF 2008-11) by improving performance in medium-term expenditure. It also aims to finalize a medium-term plan for rationalizing the public expenditure chain, decentralizing expenditure and financial control, and creating a Single Treasury Account. Togo seems to be achieving this, according to the IMF. During its mission to Togo in October 2012, the IMF[269] reported that Togo's economic situation was on a positive path. The average rate of inflation was 2.6% in September. It continues to decline due to the low prices of food products and improvements in agricultural production. The average inflation rate for 2012 is estimated at 2.5%. The GDP remains strong, although it declined marginally from the level in previous projections. It was projected to reach about 5% in 2012. The current account deficit is expected to remain unchanged at about 8% of GDP in 2012 and 2013.

261 BBC News, 'Togo Protest: Lome Rocked by Electoral Reform Unrest', 14 June 2012, available at http://www.bbc.co.uk/news/world-africa-18439872. (Accessed 5 March 2013).

262 Reuters, 'Togo PM, Govt Quit to Widen Leadership before Vote', 12 July 2012, available at http://www.reuters.com/article/2012/07/12/ozatp-togo-government-idAFJOE86B03R20120712. (Accessed 5 March 2013).

263 Source: OECD library, African Economic Outlook 2012, Togo, www.africaneconomicoutlook.org

264 African Development Bank, 'Togo – Country Note'

265 International Monetary Fund, 'Togo and IMF', 30 October 2012, available at http://www.imf.org/external/country/tgo/index.htm. (Accessed 5 March 2013); World Bank, 'Togo: Country Brief', available at http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/TOGOEXTN/0,,menuPK:375275~pagePK:141132~piPK:141107~theSitePK:375265,00.html. (Accessed 5 March 2013).

266 World Bank, 'Togo: Country Brief'

267 African Development, 'Togo – Country Note'

268 Ibid

269 Source: IMF, Statement at the Conclusion of an IMF Staff Mission to Togo, October 2012, http://www.imf.org/external/np/sec/pr/2012/pr12404.htm

The performance of income under the 2012 budget has been good, especially in terms of customs revenue. Meanwhile, fuel subsidies have exceeded budgeted amounts, and there were shortfalls in the receipts from privatization arrangements and budget support from donors.

317. The IMF and Togolese authorities are having fruitful discussions to re-start the once-delayed structural reform programme. It is particularly important to consolidate the progress made in public finance management and improve debt management capacity while striving to have appropriate funding. The Togolese authorities have decided to embark on a major reform to reorganize revenue services by merging the General Directorate for Taxes with the General Directorate of Customs as one body, and by establishing a National Revenue Service (Fr. Office Togolais des Recettes - OTR). It seems that by setting up the OTR, Togo would have a basis for future discussions in early 2013 on a new program supported by the Extended Credit Facility.

318. Economic growth, however, has not translated into decreased poverty and increased employment. In spite of the promising economic growth in Togo, 61.7% of the population is still poor. The majority are in the rural areas (74.3% against 35.7% in urban areas). Togo is ranked 162 out of 187 countries on the UNDP Human Development Index. The human development report suggests that 38.7% of Togolese are living on less than $1.25 per day. Such an alarming figure is the result of long years of social and political crises that have been rocking the country and stifling its efforts for development. The literacy rate[270] is 56.9%; while life expectancy stands at 57.1 and infant mortality at 6.6%.The World Bank's Doing Business report 2012 indicates that Togo has 53 different types of taxes, against an average of 37 in sub-Saharan Africa. In terms of regulations[271] for starting a business, Togo is at the 174th position, down by five points in the previous year.

319. The socio-economic situation dires in the face of growing youth unemployment. In addition, growing corruption and dwindling economic opportunities for the population mean widening social inequality and increasing exclusion of youths. This scenario opens the country up to predicate offences whose proceeds can easily be used for ML/TF.

Prevalence of Predicate Offences

320. Togo is a crime-prone environment similar to the situation in the other countries of the WAEMU zone. In fact, the country report[272] that the Togolese authorities submitted to GIABA in 2012 underlines the predominance of the following offences: drug trafficking, bank fraud, fraud (cybercrime), corruption in public procurement, and the use of forgery and false documents. With respect to corruption, the report specifically points out the influential role of PEPs in the acquisition of public contracts, non-compliance with procedures and overcharging. As for bank fraud, it originates particularly from the lack of customer due diligence (CDD) procedures, the poor enforcement of the law and the absence of banking supervision. Togo continues to be vulnerable to human trafficking, which is still not criminalized in Togolese substantive law (except child trafficking and prostitution). Transparency[273] International ranks Togo 128th, with a score of 30/100 points, out of 174 countries around the world in 2012. Similarly, the World Bank's Doing Business Report 2012 ranks Togo 162nd out of a total number of 183 countries, down from 158th where it was in 2010. Togo receded because of constraints such as declining ability to protect investments.

321. With regard to drug trafficking, the U.S. State Department[274] reports that Togo is not a major producer of drugs. Cannabis is the only drug cultivated in large quantities in Togo and it is cultivated solely for local consumption, despite claims that small retailers sell the drug across the national borders. Togo also became a transit point for heroin and cocaine, thus playing an increasingly important role in the trafficking of narcotic drugs at the regional level. Togo's ability to deal with the transnational flow of drugs is hampered by its extreme poverty, lack of resources and training, long porous borders and inability to control corruption. Record seizures of illicit drugs made by law enforcement agencies have been observed in recent years. In July 2012, a joint anti-drug drive by the police services of Togo, Benin and Ghana was carried out together with Interpol, seizing a total of eight (08) tons of drugs including cannabis, cocaine, heroin and synthetic drugs. The biggest catch, however, was made in Togo with seven (07) tons of psychotropic substances. This regional operation, conducted as part of the ECOWAS Regional Plan for preventing and combating the illicit trafficking of drugs, culminated in the arrest of seventy four (74) traffickers.

AML/CFT Situation

322. Togo submitted the first follow-up report on its mutual evaluation at the GIABA Technical Committee and Plenary meeting in May 2012. Upon review[275], it was clear that Togo had made little progress in improving the national AML/CFT system. It had mainly improved the legal and regulatory framework by adopting Law Nr. 2011-009 of 12 May 2011 on the regulation of decentralized financial systems and the Statistics Act of 9 May 2011. The Ministry

270 Source: World Bank, World Development Indicators (data for 2010)

271 Source: OECD, op.cit

272 Source: GIABA, Country report on the period from May to September 2012

273 Source: Transparency International, the 2012 Corruption Perceptions Index Report

274 US State Department, 2012 International Narcotics Control Strategy Report (INCSR), Togo, http://www.state.gov/j/inl/rls/nrcrpt/2012/vol1/184102.htm#Togo

275 Source: GIABA, Review of the 1st Togo Follow-up Report, May 2012

of Economy and Finance also signed Circular Nr. 015/MEF/CENTIF on February 8, 2012, prohibiting banks formally from maintaining transactions with shell banks and opening anonymous accounts in order to reinforce customer due diligence for AML/CFT.

323. Togo now has an Ad hoc Inter-ministerial Committee made up of officials from the Ministries of Foreign Affairs and Cooperation, Defence, Security and Civil protection, Economy and Finance, Trade, and Justice. Its mission is to ensure that Togo implements the Security Council resolutions, including Resolutions 1267 and 1373, prepares a list of terrorist individuals or entities, and files periodic reports as required by the above resolutions and other Security Council Resolutions. However, the effectiveness and/or efficiency of these measures are yet to be assessed.

324. Regarding the activities of the FIU, a model Suspicious Transaction Report (STR) form is now available on the websites of the FIU for use by reporting entities. Furthermore, awareness seminars have been organized on the general AML/CFT obligations of legal persons, as well as work sessions with the focal points of some entities (internal auditors and compliance officers in banks). With regard to STRs, the FIU points out that it received nine (9) between January and September 2012, but none has yet been forwarded to prosecutors. However, the FIU has been exchanging information with three FIUs, namely TRACFIN in France, the Côte d'Ivoire FIU, and the Ghana FIU.

325. On operational matters, simpler procedures for accessing FIU funding allocations are in place and the Unit's resources have been increased with a budget allocation that it used to: purchase four (4) more vehicles, six (6) computers and accessories; recruit an analyst, an IT specialist and two secretaries; and engage a police detective on assignment. Also, a blueprint has been designed for a database management information system.

Technical Assistance

326. In 2012, Togo took part in several training exercises funded by development partners, especially on financial analysis and fraud detection. GIABA organized several regional training activities in which Togo took part, such as the financial sector training workshop in Niger and the journalists training workshop in Cape Verde. Apart from these regional programs, GIABA provided support during several training and awareness activities that took place in Togo on AML/CFT, as well as on drug control and the prevention of organized crime under the Integrated National Program funded by UNODC. The UNODC program also organized a seminar on strengthening the legal and institutional framework for AML/CFT as part of its activities. The FIU is receiving support from UNODC to purchase a server and finalize a draft law on trafficking in persons. Likewise, FIU members will go on a study trip to the U.S.A with funding from the U.S. Department of State. At the end of June 2012, the World Bank had a portfolio of sixteen funded projects totalling USD 189 million. All these developments constitute a positive economic outlook necessary for facilitating human development in the country. Other needs of Togo include:

- Capacity building: providing training to magistrates on the categorization of money laundering and terrorist financing offences, as well as the recovery of criminal assets; providing training to journalists in order to involve them in efforts to create awareness and disseminate information on AML/CFT; providing training to analysts; and providing training to investigators;
- Helping the Togo FIU to become a member of the Egmont Group in order to expand the country's network for AML/CFT intelligence; and
- Providing more material resources: for the security of FIU premises by installing a CCTV system, and setting up an information system and a secure database.

Conclusion

327. Togo, like the other West African countries, is affected by the illicit trafficking and re-exportation of drugs to Europe for the Colombian and Mexican cartels. The amount of drug seizures and the growing number of drug users in the past year are indicators of the security challenge that this phenomenon poses today. This drug trafficking could, in turn, amplify the resurgence of crime in Togo, particularly money laundering.

328. The review of Togo's first follow-up report shows that progress made has been marginal. There were no statistics from which to assess the effectiveness of anti-money laundering and counter terrorist financing efforts. Togo has been trying without success to adopt a national AML/CFT strategy since 2009. On national coordination of AML/CFT, very few initiatives were taken mainly because the inter-ministerial committee was not working. The Togolese authorities should be encouraged therefore to make more effort in implementing the recommendations in the country's mutual evaluation report so that they can pursue regular follow-up, as has been the case since May 2011.

General Conclusion

329. This chapter has provided an overview of the political, economic, and social conditions in the 15 member countries of the ECOWAS. This does not include Sao Tome and Principe as its membership was finally approved by the ECOWAS Council of Ministers in November 2012. The chapter also attempted to assess the socio-criminogenic factors, as well as the prevalence of predicate crimes in each country, and the on-going efforts to mitigate the risks,

in particular, the actions taken to implement the MERs. The overall conclusion to be drawn from this, however, is that neither is the data completely satisfactory, nor the analyses of the country's efforts as the report is derived from country reports sent by the National Correspondents and follow up reports to MERs. Nevertheless, quite a lot of references have been made to some official documents and open sources in order to buttress some points. Regrettably, apart from anecdotal evidence, very little could be found in respect of the number and size of the banking sector or the DNFBPs in most countries. Furthermore, statistics on crime rate, investigations, prosecutions and convictions are just unreliable, and it is hoped that member States should take note that what is measurable is what can count. All the same, this does not make this chapter of any less value in any way; rather, it would help the reader to understand the context, justification and resources invested in program activities in the subsequent chapters of this report.

Chapter 03

COUNTRY ASSESSMENTS

329. In 2012, GIABA successfully completed the first round of mutual evaluations of all its member States (15 ECOWAS countries and Sao Tome and Principe). The mutual evaluation of member States is a key component of GIABA's work. GIABA member States have agreed to subject themselves to mutual evaluation, a multilateral peer review exercise that assesses each member State's level of compliance with international AML/CFT standards, particularly the FATF Recommendations. The exercise is conducted by a team of trained assessors. Evaluation teams consist of legal, financial sector and law enforcement experts, principally drawn from GIABA member States. During a mutual evaluation exercise, assessors gather information on a country's AML/CFT regime and identify areas requiring improvement. The assessors also recommend steps the countries should take to improve their AML/CFT compliance level.

330. GIABA commenced mutual evaluation of its member States in 2006. In 2007, GIABA adopted a Mutual Evaluation Calendar to schedule and monitor mutual evaluations in member States. The first round of mutual evaluation was based on the FATF forty Recommendations on money laundering and nine Special Recommendations on terrorist financing (FATF 40+9 Recommendations), the Methodology for Assessing Compliance with the FATF 40+9 Recommendations, the Handbook for Countries and Assessors, and the GIABA Mutual Evaluation Process and Procedures (GIABA ME P & P). The Mutual Evaluation Reports (MERs) of assessed countries are published on the GIABA website after their adoption by the GIABA Technical Commission/Plenary and approval by the GIABA Ministerial Committee (GMC). The mutual evaluation process and the mutual evaluation reports on GIABA member States are key drivers for the implementation of the FATF standards in the region, and the main inputs into the design of intervention programs based on member States' priorities.

331. The first round of mutual evaluations has provided GIABA and its member States ample opportunity to mainstream into the international AML/CFT configuration as major stakeholders in the fight against money laundering and terrorist financing. A critical component of the ME process is a rigorous follow-up process to ensure that assessed countries continuously move towards full compliance with the FATF Recommendations. Out of the sixteen (16) assessed member States, thirteen (13) were evaluated by GIABA regional assessors, four (4) by the World Bank, and one (1) by the International Monetary Fund (IMF)[276] .

332. As at 31 December, 2012 the MERs of the fifteen (15) ECOWAS countries have been discussed and adopted by the GIABA Plenary, and published on the GIABA website in accordance with paragraph 42 of the GIABA Mutual Evaluation Process and Procedures. The summary of the ratings on each of the 40+9 Recommendations is presented as follow:

276 The World Bank evaluated Burkina Faso, Mali, Niger and Sierra Leone while Cape Verde was evaluated by IMF.

Table 1: Member States' Mutual Evaluation Ratings on the FATF 40 Recommendations

40Rs	Assessed Member States and Ratings by Recommendation														
	Benin	Burkina Faso	Cape Verde	Cote d'Ivoire	Ghana	Guinea	Guinea Bissau	Liberia	Mali	Niger	Nigeria	Senegal	Sierra Leone	Togo	The Gambia
R.1	PC	PC	PC	PC	PC	LC	PC	NC	PC	PC	LC	LC	PC	PC	PC
R.2	LC	LC	LC	LC	PC	C	PC	PC	LC	LC	PC	LC	PC	LC	LC
R.3	PC	PC	LC	PC	NC	PC	PC	PC	NC	PC	PC	LC	PC	PC	LC
R.4	LC	LC	PC	LC	PC	LC	LC	PC	LC	LC	C	C	C	LC	LC
R.5	NC	NC	NC	NC	NC	NC	NC	NC	NC	PC	NC	NC	NC	NC	PC
R.6	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	PC
R.7	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	PC
R.8	PC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	PC	NC	NC	LC
R. 9	NC	NC	NC	NC	NC	NC	NC	PC	NC	NC	PC	N/A	N/A	NC	N/A
R.10	PC	PC	PC	LC	PC	LC	PC	PC	PC	PC	PC	LC	PC	PC	PC
R. 11	PC	PC	PC	PC	NC	LC	NC	PC	PC	NC	LC	LC	NC	PC	LC
R. 12	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC
R.13	PC	NC	NC	PC	PC	PC	NC	NC	NC	PC	PC	PC	NC	PC	NC
R. 14	LC	NC	NC	LC	LC	C	NC	PC	NC	PC	PC	C	NC	LC	C
R.15	PC	PC	NC	PC	PC	PC	PC	PC	PC	PC	PC	PC	NC	PC	NC
R. 16	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	PC	NC	NC	NC
R.17	PC	PC	PC	PC	PC	PC	PC	PC	NC	NC	PC	PC	NC	PC	PC
R.18	NC	NC	NC	NC	PC	NC	NC	NC	NC	PC	NC	NC	NC	NC	NC
R.19	NC	NC	NC	NC	C	NC	NC	NC	NC	NC	LC	NC	NC	NC	C
R.20	NC	NC	NC	NC	C	NC	NC	NC	NC	NC	PC	LC	PC	NC	NC
R.21	PC	NC	NC	NC	NC	PC	NC	PC	NC	NC	NC	NC	NC	NC	PC
R.22	NC	NC	NC	NC	PC	PC	N/A	NC	NC	NC	NC	NC	NC	NC	NC
R.23	PC	NC	NC	PC	NC	LC	NC	NC	NC	NC	NC	PC	LC	PC	NC
R.24	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	PC	NC	NC	NC	NC
R.25	PC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	PC	PC	NC	NC
R.26	PC	PC	NC	LC	NC	NC	NC	NC	NC	PC	PC	LC	NC	PC	NC
R.27	PC	PC	PC	PC	LC	NC	NC	PC	PC	NC	LC	LC	NC	PC	C
R.28	LC	PC	PC	LC	LC	PC	NC	PC	PC	C	C	C	NC	LC	LC
R.29	NC	NC	PC	LC	NC	C	NC	PC	NC	NC	PC	LC	C	PC	NC
R.30	PC	NC	PC	NC	PC	NC	NC	PC	NC	NC	PC	LC	NC	PC	NC
R.31	PC	NC	PC	PC	PC	NC	NC	NC	NC	NC	PC	LC	NC	PC	NC
R.32	PC	PC	NC	NC	NC	NC	NC	NC	NC	NC	PC	PC	NC	NC	NC
R.33	NC	NC	LC	NC	PC	PC	NC	NC	NC	PC	LC	PC	PC	NC	PC
R.34	N/A	N/A	N/A	N/A	NC	N/A	N/A	NC	N/A	N/A	PC	N/A	NC	N/A	PC
R.35	PC	LC	PC	NC	PC	PC	PC	PC	PC	PC	PC	PC	PC	PC	LC
R.36	LC	LC	PC	PC	PC	LC	PC	PC	NC	LC	PC	C	NC	PC	PC
R.37	LC	LC	PC	PC	PC	LC	PC	PC	PC	C	PC	C	PC	PC	PC
R.38	PC	PC	NC	PC	PC	PC	PC	NC	PC	PC	PC	C	NC	PC	PC
R.39	LC	PC	PC	PC	PC	LC	PC	PC	PC	LC	LC	LC	NC	PC	PC
R.40	PC	PC	PC	PC	PC	PC	PC	PC	NC	LC	LC	LC	NC	PC	PC

Table 2: Member States' Mutual Evaluation Ratings on the FATF 9 Special Recommendations

SRs	Member States														
	Benin	Burkina Faso	Cape Verde	Cote d'Ivoire	Ghana	Guinea	Guinea Bissau	Liberia	Mali	Niger	Nigeria	Senegal	Sierra Leone	Togo	The Gambia
SR.I	NC	NC	NC	NC	PC	NC	NC	NC	PC	NC	NC	PC	NC	NC	PC
SR.II	NC	NC	NC	PC	PC	NC	NC	NC	NC	PC	NC	PC	NC	PC	LC
SR.III	NC	NC	NC	NC	PC	NC	NC	NC	NC	NC	NC	PC	NC	NC	PC
SR.IV	NC	NC	NC	PC	PC	NC	NC	NC	NC	NC	NC	NC	NC	PC	NC
SR.V	NC	NC	NC	PC	PC	PC	PC	PC	NC	NC	NC	PC	NC	PC	LC
SR.VI	NC	NC	PC	NC	NC	NC	NC	NC	NC	NC	PC	PC	NC	PC	NC
SR.VII	NC	NC	NC	NC	NC	NC	NC	PC	NC	NC	NC	NC	NC	PC	NC
SR.VIII	NC	NC	NC	NC	NC	NC	NC	NC	NC	PC	NC	NC	NC	NC	PC
SR.IX	NC	NC	NC	NC	PC	NC	NC	NC	NC	NC	PC	PC	NC	NC	NC

Key :

CORE RECOMMENDATIONS	KEY RECOMMENDATIONS

Table 3: Summary of Ratings by Country

Ratings	member State														
	Benin	Burkina Faso	Cape Verde	Cote d'Ivoire	Ghana	Guinea	Guinea Bissau	Liberia	Mali	Niger	Nigeria	Senegal	Sierra Leone	Togo	The Gambia
C	0	0	0	0	2	3	0	0	0	2	2	6	2	0	3
LC	7	5	3	7	3	8	1	0	2	5	7	13	1	4	9
PC	19	13	16	17	24	12	13	21	11	14	22	16	9	24	17
NC	22	30	29	24	20	25	33	28	35	27	18	12	36	20	19
N/A	1	1	1	1	0	1	2	0	1	1	0	2	1	1	1
40 Recommendations															
C	0	0	0	0	2	3	0	0	0	2	2	6	2	0	3
LC	7	5	3	7	3	8	1	0	2	5	7	13	1	4	7
PC	19	13	15	14	18	11	12	19	10	12	20	10	9	19	14
NC	13	21	21	18	17	17	25	21	27	20	11	9	27	16	15

N/A	1	1	1	1	0	1	2	0	1	1	0	2	1	1	1
9 Special Recommendations															
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
PC	0	0	1	3	6	1	1	2	1	2	2	6	0	5	3
NC	9	9	8	6	3	8	8	7	8	7	7	3	9	4	4
N/A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table 4: Overall Summary of Ratings for GIABA member States on the FATF 40 Recommendations

Ratings	No.	%
Compliant	20	3.3%
Largely Compliant	73	12.2%
Partially Compliant	215	35.8%
Non-Compliant	278	46.3%
Not Applicable	14	2.3%
Total	600	100.0%

Chart 1: Summary of Ratings for GIABA member States on the FATF 40 Recommendations

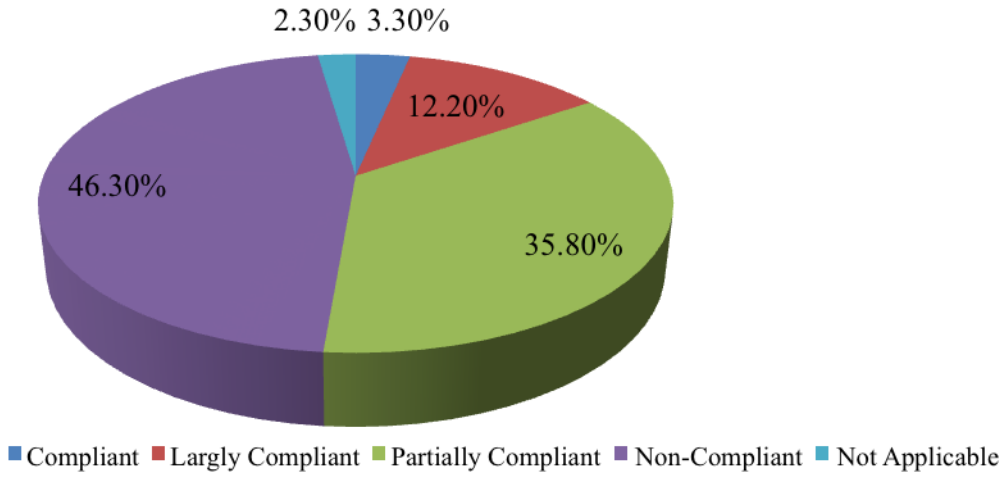
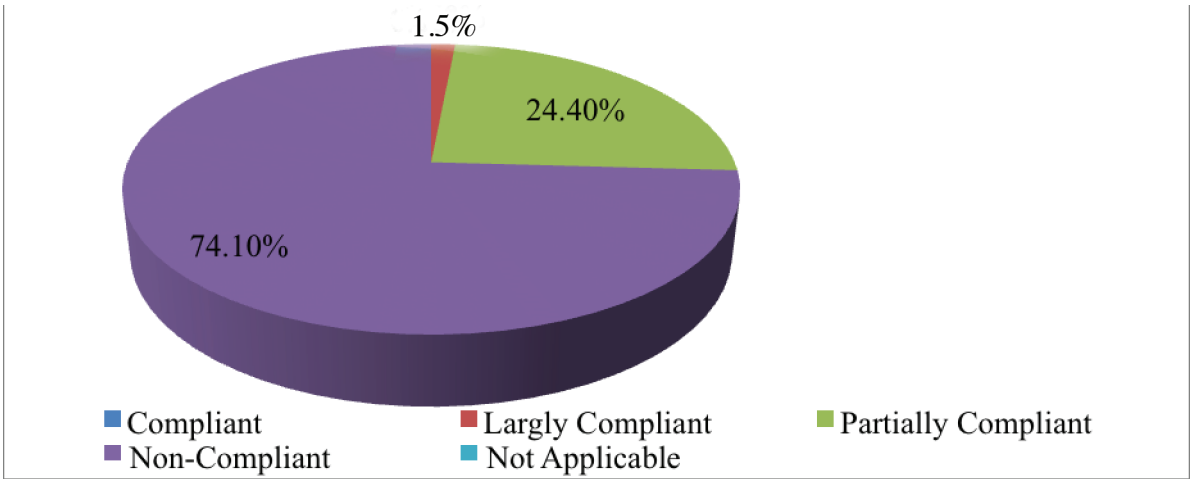


Table 5: Summary of Ratings for GIABA member States on the FATF 9 Special Recommendations

Ratings	No.	%
Compliant	0	0.0%
Largely Compliant	2	1.5%
Partially Compliant	33	24.4%
Non-Compliant	100	74.1%
Not Applicable	0	0.0%
Total	**135**	**100.0%**

Chart 2: Summary of Ratings for GIABA member States on the FATF 9 Special Recommations



333. The first round of mutual evaluations revealed low level of compliance with international AML/CFT standards. This was largely due to capacity constraints of member States. Due to the fact that GIABA member States are low-capacity countries, they face peculiar challenges in implementing the FATF Recommendations. During the first round, it was observed that member States had weak institutional structures and inadequate legal frameworks. The dearth of human and institutional capacity among AML/CFT stakeholders also constituted a major setback in the implementation of AML/CFT measures. These challenges impacted negatively on the number of investigations, prosecutions and convictions relating to ML and TF. The investigation and prosecution of the few cases handled by member States were often slow or ineffective. The low level of cooperation and coordination among relevant AML/CFT competent authorities and the lack of record management were also identified as major impediments to effective implementation of AML/CFT measures.

334. Furthermore, a general review of the status of implementation of the FATF Standards in the region identified non-criminalization of the full range of predicate offences, and inadequate criminalization of money laundering and terrorist financing as the major weaknesses in the AML/CFT regimes of most of GIABA member States. In addition, implementation of CDD requirements by financial institutions and of the UNSCRs 1276 and 1373 in the region was limited. The absence of fully functional FIUs and poor understanding of what constitute suspicious transaction also contributed to the low level of implementation of the standards. Within the UEMOA zone, implementation of some of the FATF Recommendations is governed by supranational laws. Thus, the revision of the supranational laws is required in order for the UEMOA member States to enhance their AML/CFT regimes. Moreover, it was observed that member States seem to focus more on technical compliance, instead of focusing on the effectiveness of their AML/CFT framework.

335. The challenges of ensuring effective implementation of AML/CFT measures of acceptable international standards in the region are quite considerable. During the first round of mutual evaluations, GIABA managed these challenges in a number of ways. In particular, GIABA ensured that coordination of the ME at country levels were handled by senior government officials, and FIUs were designated as focal points for AML/CFT issues, including ME. Thus, the Heads of FIUs were appointed as GIABA National Correspondents and coordinators of AML/CFT programs in their respective countries. Also, due to the dearth of capacity in the region, GIABA undertook pre-assessment training for AML/CFT stakeholders prior to on-site visits. It was observed that member States typically required some technical guidance on how to complete the Mutual Evaluation Questionnaire (MEQ) and planning the assessment process. Thus, the pre-assessment training served as a forum to acquaint national authorities of their roles in the ME process and facilitate ownership of the process. Another initiative by GIABA involved undertaking high-level meetings and advocacy missions to solicit strong political support and commitment from member States.

336. On the follow up, GIABA also supported member States to develop comprehensive National AML/CFT Strategies, which set out actions needed to address identified AML/CFT deficiencies and build effective AML/CFT systems, taking into account available resources and ML/TF risks. A country's National strategy typically identifies and designates responsibilities to relevant stakeholders and allows the country to prioritize actions and utilize

scarce resources in an efficient way, especially in the face of competing needs. The National Strategy is aimed at promoting coordination and fostering collaboration amongst stakeholders. It commits countries to the development of their AML/CFT system in the short, medium and long term. Each member State is expected to develop and implement a National AML/CFT Strategy to guide its efforts and actions against money laundering and terrorist financing over a period of time. The National Strategy and Action Plans are crucial in guiding and coordinating the actions of countries in implementing the MER.

337. The above responses by GIABA, together with the follow-up process and member States' commitment to implement AML/CFT measures of acceptable international standards, led to the overall improvement during the first round of mutual evaluations. By the end of the first round of mutual evaluations, GIABA member States had strengthened their legal, institutional and operational AML/CFT frameworks. Although, member States are at varying levels of AML/CFT compliance, there has been considerable improvement across the board. All GIABA member States currently have AML legislation in place and many also have stand-alone CFT legislation. Thirteen (13) FIUs have been established, of which five (5) FIUs are now members of the Egmont Group.

Mutual Evaluations Programs in 2012

338. In the year under review, GIABA undertook many activities relating to mutual evaluations, including pre-assessment training and on-site visits, discussion and adoption of MERs and Follow-Up Reports (FURs), publication of MERs, adoption of memorandum on peer analysis of FURs by member States, Plenary and GMC adoption of the Revised FATF Standards, training on the Revised FATF Standards, reconstitution of WGMEI membership, and Follow-Up Actions by the Secretariat in the framework of mutual evaluations. The following is the summary of the activities undertaken within the year 2012 with regard to ME and follow up actions.

Pre-Assessment Training and On-Site Visits

339. The on-site visits for the mutual evaluations of Republics of Côte d'Ivoire, Guinea and Sao Tome and Principe were preceded by pre-assessment workshops to sensitize national stakeholders on their roles and ensure the success of the ME exercises. The pre-assessment workshops were held in March 2012 in Abidjan, Côte d'Ivoire, and Conakry, Guinea, and in December 2012 in Sao Tome.

340. On-site visits were undertaken as follow: Republic of Côte d'Ivoire on 7 - 21 May, 2012, Republic of Guinea on 4 - 18 June, 2012, and Sao Tome and Principe on 3 - 14 December, 2012. The assessments of the three countries were conducted by GIABA experts, with assistance received from France for the evaluation of Cote d Ivoire, and from Portugal for the evaluation of Sao Tome and Principe. The UNCTED also sent an observer for the evaluation of Cote d'Ivoire.

341. The focus of the on-site visits was to review the existing institutional framework, AML/CFT laws, regulations, guidelines, and other enforcement means (OEMs) in place with a view to ascertaining their efficacy, implementation and conformity to international standards. The assessors held meetings with officials of the relevant national/competent authorities and other stakeholders.

Expert Review Group (ERG)

342. Based on existing practice in the FATF and other FSRBs, an Expert Review Group (ERG) is usually constituted prior to the Plenary to discuss the draft MER. The ERG identifies and highlights key issues for plenary discussion. This ensures that only issues of high relevance are brought to the attention of the plenary. Specifically, the ERG is required to identify areas of disagreement between the assessed country and the assessment team, as well as the basis of the disagreement, 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 regarding ME procedures.

343. In line with the GIABA ME Process and Procedures, an ERG was constituted to review the draft MERs on Côte d'Ivoire and Guinea in November 2012. The ERG carefully examined the draft MER and presented outstanding issues to Plenary for discussion. The report on the ERG discussions helped to define and focus the discussions and decision by the Plenary before adopting the MERs.

Mutual Evaluation Reports

344. In accordance with the GIABA Mutual Evaluation Process and Procedure, the MERs of the Côte d'Ivoire and Guinea were discussed and adopted at the 18th Technical Commission/Plenary meeting held in Dakar, Senegal 19 – 22, November 2012. The Plenary discussed the two reports based on the summary report of the Expert Review Group (ERG) held on November 19, 2012. With respect to the MER of Guinea, the ERG referred key issues relating to the FATF Recommendations 1, 2, 10, 14 and 36 to the Plenary for decision. In the case of Cote d'Ivoire, the ERG referred Recommendations 1, and Special Recommendations II and IV to the Plenary. Following the adoption of the two MERs, the two countries were placed on the expedited regular follow-up and directed to present their first follow-up reports to the Plenary in November 2013. The Secretariat sought Ministerial approval via correspondence as GMC meeting was not held in during the November Plenary. The MER of Sao Tome and Principe is expected to be discussed and

adopted at the May 2013 Plenary.

Publication and Dissemination of the Mutual Evaluation Reports

345. The GIABA publication policy on MERs and Executive Summaries provides that, the Secretariat shall revise both documents and forward the revised versions to the country within one (1) week. The country will confirm their accuracy and/or advise the Secretariat of errors in the reports. The Secretariat will then seek ministerial approval before publishing the MER and Executive Summary on the GIABA website. In line with this policy, the two MERs have been published on the GIABA website (www.giaba.org) bringing the number of published MERs to fifteen (15).

Working Group on Mutual Evaluations and Implementation (WGMEI)

346. Furthermore, in line with the GIABA's Mutual Evaluation Process and Procedures regarding the renewal of the mandate and membership of the WGMEI every two years, a revised mandate was approved by Plenary in May 2012 and new members from Côte d'Ivoire, Guinea, Niger, Sierra Leone and Ghana were appointed for a two-year term from May 2012 to May 2014. The mandate of the WGMEI is to support the Plenary in examining and making decision on issues pertaining to GIABA mutual evaluations and related matters. This includes revision of the GIABA Mutual Evaluation Process and Procedures, discussion of follow-up reports, recommendation of new policies and measures on Mutual Evaluations for consideration of Plenary. In 2013, and prior to the second round of evaluations in 2014, the WGMEI will revise the GIABA's Mutual Evaluation Process and Procedures based on the new assessment Methodology adopted by the FATF.

Follow-Up Process

347. In 2012, GIABA sustained the momentum of its follow-up process to ensure that identified deficiencies in the AML/CFT regimes of assessed countries are addressed, in full compliance with international AML/CFT standards. Typically, all GIABA evaluated countries are placed on the expedited regular follow-up process, which requires a country to submit a follow-up report to the GIABA Plenary one year after the evaluation. The follow-up report details the progress made by a country in addressing the deficiencies identified in the MER. In the event that GIABA Plenary determines that a country is not making significant progress, it may escalate that country to the enhanced follow-up process, which requires that a country submits a report at each Plenary (six months period instead of one year). The assessed countries submit their follow-up reports to the GIABA Secretariat based on an approved template at least two months prior to the Plenary at which the reports will be discussed. In May 2012, the Secretariat drew the attention of the Plenary to member States' non-adherence to the timeframe stipulated for the submission of the follow-up reports and the challenges such delays pose to the timely analysis, translation and circulation of the reports. The Plenary reiterated the need for member States to submit their follow-up reports with supporting documents, within the stipulated period and in the appropriate format. The member States have complied with this decision for the November 2012 Plenary, which facilitated the timely analyses and circulation of the reports.

Follow-up Reports

348. In the year under review, the May 2012 Plenary considered and adopted the First Follow-Up Reports of Liberia and Togo, the Second Follow-Up Report of Benin, the Third Follow-Up Reports of Ghana, Guinea Bissau and Niger, the Fourth Follow-Up Reports of Cape Verde, Nigeria, Senegal and The Gambia, and the Sixth Follow-Up Report of Sierra Leone. The November 2012 Plenary considered the Third Follow-Up Report of Burkina Faso, the Fourth Follow-Up Reports of Ghana, Niger, Mali and Guinea Bissau the Fifth Follow-Up Reports of The Gambia and Cape Verde, and the Seventh Follow-Up of Report of Sierra Leone. The Plenary discussed and adopted follow-up reports based on the Secretariat's analysis and the report of the Co-Chairs of the Working Group on Mutual Evaluation and Implementation (WGMEI). The follow-up reports highlighted the progress made by the countries with regard to the FATF Core and Key Recommendations rated Partially Compliant (PC) and Non-Compliant (NC). A summary of the observations and Plenary decisions on the FURs is provided as follows:

First Follow-Up Report of Liberia

349. The first follow up report of Liberia indicated that the country had not made progress in addressing the deficiencies identified in its AML/CFT since the adoption of the MER in May 2011. The country is yet to enact the AML/CFT Bill, which seeks to provide a robust legal framework for AML/CFT efforts and rectify deficiencies relating to criminalization of money laundering and terrorist financing, customer due diligence, record keeping, measures on freezing, seizure and confiscation of proceeds of crime and funds intended for the financing of terrorist acts, suspicious transaction reporting, establishment of a financial intelligence unit, mutual legal assistance, extradition, national coordination, international cooperation and the implementation of the UNSCRs 1267 and 1373. Liberia sought to adopt a draft national AML/CFT Strategy prepared in 2010 with the support of the GIABA Secretariat to ensure coordinated and effective implementation of AML/CFT measures in the country. This draft is yet to be formally approved as of end of 2012, thus affecting the implementation of AML/CFT measures in Liberia.

350. The Plenary encouraged Liberia to intensify efforts to pass the AML/CFT Bill without further delay. The Plenary also noted that Liberia will require intensive technical

assistance to enable it achieve a desirable level of compliance with international AML/CFT standards. Accordingly, it enjoined GIABA, development partners, and member States to consider providing Liberia with coordinated technical assistance to improve its AML/CFT system. The Plenary maintained Liberia on the Expedited Regular Follow-up process and directed the country to submit its Second Follow-Up Report to the Plenary in May 2013.

First Follow-Up Report of Togo

351. In the year under review, Togo drafted and enacted various laws and regulations to strengthen its AML/CFT legal framework. The country enacted Law N° 2011-009 of 12 May 2011 on regulation of decentralized financial systems. The Prevention and Counter Trafficking in Persons and Related Practices Bill, and the Anti-Corruption Bill, were submitted to the Government for further review and forwarded to Parliament before the end of 2012. Togo prepared a number of draft decrees and orders, including a draft decree establishing the conditions for implementing administrative freezing mechanisms pursuant to Article 30 of Law N° 2009-022 on counter financing of terrorism, a draft decree instituting compulsory customer identification, suspicious transaction reporting, AML/FT compliance and record keeping in DNFBPs, and a draft Inter-Ministerial Order to strengthen national cooperation and domestic coordination.

352. Togo enhanced the operations of its FIU and prosecuted a number of cases on money laundering and terrorist financing as reported in Chapter 2. With the financial and technical assistance from the UNODC, Togo also organized capacity-building and awareness-raising programs for stakeholders within the framework of implementing the National Integrated Programme (PNI) against illicit trafficking of drugs and organized crime.

353. The Plenary noted the progress made by Togo since the adoption of its MER in May 2011 and encouraged the country to continue with its efforts to remedy the remaining deficiencies in its AML/CFT system. In particular, the country is to ensure that the draft decrees come into force. The Plenary retained Togo on the Expedited Regular Follow-Up process, and enjoined it to submit its Second Follow-Up Report to the Plenary in May 2013.

Second Follow-Up Report Benin

354. Benin enacted Act No. 2011-20, 30 August 2011 which, among other things, criminalizes corruption, insider trading and market manipulation and related offences in accordance with the United Nations Convention against Corruption (2003). The country organized capacity building programs on cybercrime, investigation techniques and criminal assets recovery for AML/CFT stakeholders. Benin has enhanced the operation of the FIU through the recruitment of technical staff.

355. The Plenary observed that Benin had not criminalized the financing of terrorism. The country also did not report progress with respect to rectifying deficiencies under Recommendation 5 relating to customer due diligence, Recommendation 6 relating to Politically Exposed Persons (PEPs), Recommendation 7 relating to correspondent banking relationships, Recommendation 8 relating to the misuse of new technologies, Recommendation 18 relating to shell banks, and Recommendation 21 relating to high risk countries. Benin has also not established a mechanism for the freezing and confiscation of assets as required under UNSCRs 1267 and 1373.

356. The Plenary concluded that the efforts made by Benin would culminate in sustainable actions, including the enactment of the Anti-Terrorism Law. It maintained Benin on the Expedited Regular Follow-Up process and enjoined the country to submit its Third Follow-Up Report to the Plenary in May 2013.

Third Follow-Pp report of Burkina Faso

357. The third follow-up report of Burkina Faso revealed progress in certain key areas. The Burkina Faso FIU commenced analysis of Suspicious Transaction Reports (STR) and the country was admitted as an observer to the Egmont Group Plenary. Burkina Faso strengthened its legal and institutional framework. The country appointed a special magistrate to oversee AML/CFT matters, prepared a circular to sensitize magistrates on self-laundering, and operationalized the Inter-Ministerial Committee (IMC). The IMC is mandated to coordinate AML/CFT activities in the country. The Burkina Faso authorities approved a National AML/CFT Strategy and an Action Plan.

358. Plenary acknowledged that Burkina Faso had embarked on a process, which will improve its National AML/CFT regime through the range of initiatives it had taken. Plenary urged the country to maintain the pace of ongoing efforts and ensure compliance with the FATF Recommendations, especially the FATF Core and Key Recommendations and, particularly, the requirement for conducting due diligence prescribed under Recommendation 5; international cooperation under Recommendation 40; freezing and confiscation measures pursuant to Recommendation 3; Special Recommendation III; and regulation, supervision and monitoring under Recommendation 23. Burkina Faso was maintained on the Expedited Regular Follow-up process and enjoined to submit its Fourth Follow-Up Report to the Plenary in November 2013.

Third and Fourth Follow-Up Reports of Ghana

359. Ghana was placed on enhanced follow-up in November 2011. This required the country to submit a follow up report at every Plenary. Accordingly, Ghana reported to Plenary in May 2012 and November 2012. In the year under

review, Ghana took considerable actions in the context of its follow up in GIABA and the ICRG review process, to address the identified deficiencies in its AML/CFT system. Significant progress was reported in some Core and Key Recommendations, including Recommendations 1, 3, 5, 26 and Special Recommendations II and III. Specifically, Ghana issued Guidelines and Compliance Manuals on Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) for Banks and Non-Bank Institutions, Capital Market Operators (CMOs) and Insurance Companies and Intermediaries. The country acceded to the Palermo Convention and its Protocols and passed the Anti-Terrorism (Amendment) Act, 2012 and the Anti-Terrorism Regulations, 2012 (L. I. 2181). Ghana issued the Executive Instrument, E.I. 8, which set down instructions for the implementation of UNSCR 1267 and 1373 and their successor Resolutions, and criminalized the full range of designated predicate offences through the enactment of the Criminal Offences (Amendment) Act, 2012 and the Immigration (Amendment) Act, 2012. Furthermore, Ghana conducted training programs for the regulatory sector, embarked on AML/CFT supervision of banks and conducted training and awareness-raising programs to ensure that reporting entities understand their AML/CFT obligations. Ghana also commenced action in relation to the measures applicable to the DNFBP sector under R.12, R.15 and R.24, and strengthened the administrative and technical capacity of its Financial Intelligence Centre (FIC).

360. The Plenary commended Ghana for its commitment to AML/CFT and acknowledged the significant progress it had made in addressing the deficiencies in its AML/CFT system within a relative timeframe. Accordingly, Ghana moved from the enhanced follow-up process to the expedited regular follow-up, and enjoined to submit its Fifth Follow-Up Report to the Plenary in November 2013.

361. It may be recalled that Ghana had been on the FATF/ICRG Review process since 2010. In February 2012, Ghana was escalated to the Public Statement as a country not making sufficient progress. Ghana worked assiduously to implement its action plan agreed with the RRG, and by October 2012, Ghana was removed from the list of countries not making significant progress and placed under the list of countries improving their AML/CFT systems in the FATF Public Statement. This was a signal that Ghana may be delisted entirely from the review process after an RRG on-site visit scheduled to take place in Ghana in January 2013

Third and Fourth Follow-Up Reports of Guinea Bissau

362. Guinea Bissau continued with the revision and review of its AML law. The country adopted and circulated a suspicious transaction reporting template for financial and non-financial institutions, and organized a sensitization workshop for reporting institutions. Also, Guinea Bissau indicated at the WGMEI meeting in November 2012 that guideline °4/2007/CM/UEMOA on combating the financing of terrorism has been promulgated into law. Implementation of this guideline will be in compliance with R1. R3, SR II, SRIII, SRIV and SRV. Guinea Bissau also indicated that its FIU organized a training AML/CFT programme for magistrates.

363. The Plenary observed, based on the two follow-up reports, that Guinea Bissau had not made significant progress in addressing the deficiencies remaining in its AML/CFT regime. The Plenary noted the peculiar circumstances affecting the effective implementation of AML/CFT measures in Guinea Bissau and expressed the need for more intensive interventions and follow-up actions to the country. The Plenary directed that a high-level mission which includes representatives from other member States, should visit Guinea Bissau to meet with Ministers and senior government officials of the country to reinforce the need for the country to comply with the FATF Recommendations. Guinea Bissau was maintained on the enhanced follow-up process, and enjoined to submit its Fifth Follow-Up Report to the Plenary in May 2013.

Third and Fourth Follow-Up Reports of Niger

364. Niger enacted law No. 2010-05 of 21 January 2010 on counter financing of terrorism in compliance with the UEMOA community legislation. Pursuant to this law, Niger enacted Article 399.1.21 under Ordinance N°2011-12 of 27 January 2011 (Special Issue of the Official Gazette N°03 of 11 March 2011), which criminalizes terrorist financing by individuals.

365. The country provided clarification on the criminalization of terrorist financing and the extension of this offence to every person by amendment of the criminal code. Also, Niger created a National AML/CFT Coordinating Committee (CNCA-LBCFT) for AML/CFT actions by Decree No. 2010-541/PCSRD/MEF of 8 July 2010 and formally constituted the Committee on 5 April 2012. A sub-committee of the CNCA was created and mandated to implement orders to freeze criminal assets, particularly those pursuant to UNSCR 1272.

366. Niger's FIU made considerable efforts to restore the confidence of reporting entities regarding transmission of STR to the FIU and improved reporting standards. In addition, Decree No.0087/MF/CENTIF of March 2012 amended STR form to reflect terrorist financing. These improvements enabled the FIU to generate credible intelligence to facilitate effective prosecution of money laundering cases.

367. The Plenary noted that Niger needed to intensify its efforts to comply with FATF Recommendations. For instance, Niger is yet to effectively implement the Anti-Terrorism legislation and prosecute a case relating to terrorism.

Niger's FIU also lacks the requisite resources to carry out its functions. Nonetheless, Plenary acknowledged Niger's efforts in addressing the major deficiencies in its AML/CFT regime and recommended that the country be removed from the enhanced follow-up process and placed on the expedited regular follow-up process. Niger is to submit its Fifth Follow-Up Report to the Plenary in November 2013.

Fourth and Fifth Follow-Up Reports of Cape Verde

368. Having been placed on the enhanced follow-up process, Cape Verde submitted two follow-up reports in 2012. The country informed the Plenary that it passed Decree-Law No 09/2012 on March 20, 2012. This law, which repealed Decree-Law No. 1/2008 of 14 January 2008, provides for the transfer of the Headquarters of the FIU from the Central Bank of Cape Verde to the Ministry of Justice. The law also regulates the organization, jurisdiction, and functioning of the FIU. It essentially provides the FIU with operational independence and financial autonomy and further empowers it to receive, analyze, and disseminate information concerning suspected money laundering and terrorist financing. The FIU is also empowered to raise public awareness on prevention of ML and TF. The law requires the FIU to submit a biannual progress report to the Office of the Attorney General and the Ministry of Justice and forward investigation reports involving complex cases that require specialized intervention to the General Prosecutor and the Judicial Police.

369. The Plenary expressed concern on the absence of legislation to counter terrorist financing. Also, Cape Verde did not provide adequate information or appropriate statistics that attest to effectiveness of its AML/CFT system. The Plenary urged Cape Verde to make further efforts to address the strategic deficiencies noted in its AML/CFT system, particularly by promptly enacting legislation to criminalize terrorist financing, collecting and making available statistics on the investigation and prosecution of money laundering cases and predicate offenses. Cape Verde was also urged to provide information relating to mutual legal assistance, other formal requests for assistance to or from the FIU, and on prudential and AML/CFT checks carried out by supervisors.

370. Cape Verde supplemented the fifth FUR with oral submissions at the WGMEI meeting by providing statistics relating to the seizure of assets and instrumentalities of crime, confiscations, money laundering convictions and STRs. The country noted that it had created an asset management unit, conducted training workshops for members of the media and magistrates and strengthened cooperation with counterpart FIUs. Cape Verde also informed that the counter-terrorism law had been passed. Since evidence was shown, the Plenary recommended that Cape Verde should be maintained on the Enhanced Follow-Up process until the new CFT Act is published and analyzed to ensure compliance with the FATF Standards. Cape Verde is to submit its Sixth Follow-Up Report to the Plenary in May 2013.

Fourth Follow-Up Report of Mali

371. Despite the socio-political and security crisis in Mali, the country took a number of actions to remedy the deficiencies in its AML/CFT system. Mali adopted the Inter-Ministerial Order, established the Inter-Ministerial Committee, and mandated it to coordinate national AML/CFT actions. Significantly, Mali finalized its national AML/CFT strategy. The country has also commenced drafting a decree for freezing funds derived from criminal sources and the draft is expected to be ready before the end of April 2013. It has also adopted the law against trafficking in persons, established the Committee against Human Trafficking and Illegal Practices. The Central Bureau of Narcotics and the National Integrated Programme on the fight against drugs and illegal trafficking has also commenced operations. The FIU widened its scope of international cooperation by entering into cooperation agreement with more countries. Furthermore, sensitization workshops on AML/CFT were also conducted for reporting entities, including DNFPBs.

372. Plenary observed that even though some actions needed to be taken at national level, most of the remaining gaps to be addressed by Mali are those under review at UEMOA Community level. Plenary also noted that the proposed action plan for the national AML/CFT strategy is an important basis for AML/CFT implementation and will undoubtedly help to correct the deficiencies identified in the country's MER. Mali was retained on expedited follow-up process and enjoined to submit its Fifth Follow-Up Report to the Plenary in November 2013. The report is to incorporate the extent of implementation of the National AML/CFT Strategy and the mechanism put in place for implementing UNSCRs.

Fourth Follow-Up Report of Nigeria

373. Nigeria strengthened its AML/CFT framework by enacting the Money Laundering (Prohibition) Act, 2011 (MLPA) and the Prevention of Terrorism Act, 2011 (PTA), and issuance of the Terrorism Prevention Regulations (Freezing of International Terrorists Funds and Other Related Measures) to facilitate the implementation of the UNSCRs 1267 and 1373. Also, Nigeria established and strengthened the AML/CFT Units in stakeholder institutions to enable them serve as contact points in AML/CFT matters and established the Law Enforcement and Regulators Forum to facilitate inter-agency cooperation and coordination and enhance operational issues relating to information exchange/feedback and regulatory/compliance. The country also developed the AML/CFT Risk-Based Supervision (RBS) framework aimed at ensuring more efficient supervision of reporting institutions under its regulatory purview, and a National AML/CFT Strategy and a National Counter Terrorism Strategy (NACTEST) to enable it implement AML/

CFT measures in a more coordinated manner.

374. Plenary urged Nigeria to address some outstanding issues to further strengthen its AML/CFT regime. In particular, Nigeria was urged to amend the Prevention of Terrorism Act (PTA) to properly criminalize the financing of an individual terrorist and terrorist organizations (Special Recommendation II), provide for confiscation of instrumentalities intended for the commission of an offence (Special Recommendation III), adhere to international AML/CFT threshold of USD15,000 (Special Recommendation V) instead of the proposed reporting threshold of N5 million (equivalent to USD 43,000) for corporate entities. Plenary also urged Nigeria to amend the Money Laundering (Prohibition) Act (MLPA) to provide for robust preventive measures, issue a consolidated AML/CFT manual for FIs and DNFIs to achieve consolidated AML/CFT regulation, and develop a national AML/CFT database to ensure easy storage, retrieval and dissemination of AML/CFT data.

375. After considering the follow up report and other issues, including Nigeria's review by the FATF ICRG as reported in Chapter 2, Plenary retained Nigeria on the expedited regular follow-up and enjoined it to submit its Fifth Follow-Up Report to Plenary in May 2013.

Fourth Follow-Up Report of Senegal

376. Senegal demonstrated effective implementation of AML/CFT measures through the provision of statistics on convictions and penalties for money laundering, confiscation of money and other assets. The country also provided information on awareness-raising and training programs by its FIU, and on cooperation between national authorities and foreign counterparts. However, like its other countries in UEMOA, the country is yet to expressly define the concepts of "individual terrorist" and "terrorist organization" since resolving this deficiency depends on the review of the community text.

377. The Plenary was informed that the BCEAO is revising the terrorist financing laws in accordance with the Revised FATF Recommendations.

378. After deliberations, the Plenary retained Senegal on the expedited regular follow-up process and enjoined it to submit its Fifth Follow-Up Report to the Plenary in May 2013.

Fourth and Fifth Follow-Up Reports of The Gambia

379. The Gambia did not submit its Fourth Follow-Up Report to the May 2012 as directed by the Plenary in November 2011. Thus, the May 2012 plenary discussion was based on an Information Note submitted by Secretariat to the effect that the country had not demonstrated commitment to the implementation of AML/CFT measures of acceptable international standards. It was noted that the country had not enacted the draft AML/CFT Bill, which addresses a significant number of deficiencies in the AML/CFT system of The Gambia. Also, The Gambia had not appointed a GIABA National Correspondent to coordinate AML/CFT activities. In view of the significant AML/CFT deficiencies, the Plenary directed the country to enact the AML/CFT law on or before 30 June 2012, failure to do so was to lead to a Public Statement to be issued by July 1, 2012 to the effect that The Gambia is not in compliance with international AML/CFT standards. Consequently, the country enacted the AML/CFT Act on 27 June, 2012 and the Act received Presidential Assent on 17 August, 2012. Also, the Inter-Ministerial Committee (IMC on AML/CFT) has been reactivated.

380. In November 2012, the Plenary noted that the enactment of the AML/CFT Act (2012) constituted a significant progress in developing the AML/CFT legal framework of The Gambia. The Act also provided for the designation of a competent authority to ensure effective implementation of AML/CFT matters in the country, obliges reporting entities to submit STRs relating to terrorist financing to the FIU, imposes reporting requirements on DNFBPs, and permits the provision of mutual legal assistance. The Gambia FIU is situated within the premises of the Central Bank of The Gambia, staffed with full-time employees and has been provided with a budget line approved by the Ministry of Finance and Economic Affairs. However, the country is yet to effectively implement the provisions of the AML/CFT Act and address outstanding issues related to the criminalization of the full range of predicate offences designated by the FATF and address issues related to the scope and adequacy of mutual legal assistance provisions. Other issues with regard to information to be obtained by reporting entities in relation to wire transfers, the absence of coordination of freezing measures and the absence of procedures for the implementation of the obligations under SR III are yet to be addressed.

381. The Plenary retained The Gambia on the enhanced follow-up. The Gambia is required to submit its Fifth Follow-Up Report to the Plenary in May 2013.

Sixth and Seventh Follow-Up Reports of Sierra Leone

382. Following the Public Statement issued on the risks and lack of progress in addressing deficiencies in its AML/CFT system, Sierra Leone enacted the Anti-Money Laundering and Combating of Financing of Terrorism Act 2012 (AML/CFT Act 2012) and thus, achieved technical compliance on a significant number of FATF Recommendations. The country has criminalized money laundering and terrorist financing, and provided a legal framework for the proper functioning of the FIU. Sierra Leone has set down provisions for confiscating property,

including instrumentalities used in the commission of money laundering, terrorist financing, and other unlawful activities. The AML/CFT Act 2012 imposes customer due diligence requirements, and makes provision for mutual legal assistance, extradition, national coordination, and international cooperation. However, Sierra Leone is yet to implement UNSCRs 1267 and 1373 and fully operationalize it. Also, the country has not yet provided substantial guidance for all of its reporting entities and the supervision of reporting entities to ensure compliance with AML/CFT obligations is weak. Following a discussion in May 2012, on Sierra Leone progress on the implementation of AML/CFT measures, required of it, the Plenary decided to withdraw the Public Statement issued in November 2011.

383. During the second half of the year, Sierra Leone issued currency declaration forms to monitor cross-border movement of cash and other negotiable bearer instruments and conducted a series of workshops at key border points to promote inter-agency cooperation among the police, National Revenue Authority, immigration department and other stakeholders. The country organized Stakeholders' meeting in respect of drafting procedures and mechanisms for UNSCRs 1267 and 1373 and successor resolutions.

384. Notwithstanding its removal from the Public Statement, the Plenary concluded that Sierra Leone had not taken sufficient steps to implement the provisions of the AML/CFT Act 2012. Accordingly, it retained Sierra Leone on the enhanced follow-up process and enjoined it to submit its Eighth Follow-Up Report to the Plenary in May 2013. Also, the Plenary directed the Secretariat to undertake the following two actions and report back to it in 2013: (i) write a letter to the highest political authority in Sierra Leone, and (ii) field a high-level mission to the country on the need for Sierra Leone to urgently address the deficiencies in its AML/CFT system.

Summary of Actions by Member States

385. In view of the foregoing follow-up reports, the table below provides a summary of the immediate actions that member States should pursue to ensure that their AML/CFT regimes move closer to full compliance with acceptable international standards.

Table 6: Summary of Follow Actions by Member States

MEMBER STATE	CURRENT FOLLOW-UP STATUS	IMMEDIATE ACTIONS

Benin	2nd (Expedited Regular)	• To ensure full staff compliment both at decision-making and technical levels
		• Ensure effective implementation of the CFT law
		• Ensure full compliance with following FATF Recommendations:
		  • R5 (Customer Due Diligence)
		  • R6 (Politically Exposed Persons – PEPs)
		  • R7 (Correspondent Banking Relationships)
		  • R8 (New Technologies)
		  • R21 (High Risk Countries)

Burkina Faso	3rd (Expedited Regular)	• Ensure effective implementation of the National AML/CFT Strategy
		• Ensure full compliance with following FATF Recommendations:
		  • R3 and SR III (Freezing and Confiscation)
		  • R5 (Customer Due Diligence)
		  • R23 (Regulation, Supervision and Monitoring)
		  • R40 (International Cooperation)

Cape Verde	5th (Enhanced)	• Ensure the enactment and publication of the CFT law
		• Ensure effective functioning of the FIU with adequate resources.
		• Ensure full compliance with the following:
		  • Timely provision of statistics on mutual legal assistance, other formal requests for assistance made or received by the FIU
		  • Provision of statistics relating to AML/CFT compliance supervision

MEMBER STATE	CURRENT FOLLOW-UP STATUS	IMMEDIATE ACTIONS

The Gambia	5th (Enhanced)	• Ensure effective implementation of the AML/CFT Act passed in June 2012
		• Address the following:
		  • Scope and adequacy of mutual legal assistance provisions
		  • Extent of information to be obtained by reporting entities in relation to wire transfers
		  • Coordination of freezing measures
		  • Development of procedures for implementing obligations under SR III.
		  • Intensify sensitization of DNFBPs on their AML/CFT obligations

Ghana	4th (Expedited Regular)	• Ensure effective implementation of all the AML/CFT laws, regulations, Instructions, guidelines, and other enforceable means/measures recently adopted • Intensify sensitization of the DNFBPs on their AML/CFT obligations especially reporting of suspicious transactions and record keeping. • Ensure effective deployment of the AML/CFT Software in analyses of STRs
Guinea Bissau	4th (Enhanced)	• Ensure effective implementation of AML/CFT regime in accordance with acceptable international AML/CFT standards • Provide adequate support to the Financial Intelligence Unit (FIU). Note: (i) Guinea Bissau requires intensive technical assistance from GIABA and development partners to facilitate effective implementation of its AML/CFT regime. ii) High-level mission by GIABA and member States to reinforce the need for the country to be in full compliance with the FATF Standards.
Liberia	1st (Expedited Regular)	• Pass the AML/CFT Bill into law and implement the law effectively to ensure compliance with acceptable international AML/CFT standards • Provide adequate resources for the Financial Intelligence Unit (FIU). • Formally adopt and commence the implementation of the draft AML/CFT Strategy prepared in 2010 with the assistance of GIABA. Note: Liberia requires intensive technical assistance from GIABA and Development Partners to facilitate effective implementation of its AML/CFT regime.
Mali	4th (Expedited Regular)	• Ensure effective implementation of the Action Plan within the framework of the National AML/CFT Strategy • Complete the drafting of the decree on freezing of funds derived from criminal sources and to ensure that the decree comes into force. • Put in place mechanism to implement UNSCRs
Niger	4th (Expedited Regular)	• Ensure effective implementation of Anti-Terrorism legislation • Provide adequate budget for effective functioning of the Financial Intelligence Unit (FIU)

MEMBER STATE	CURRENT FOLLOW-UP STATUS	IMMEDIATE ACTIONS

Nigeria	4th (Expedited Regular)	• Amend and enact the Money Laundering (Prohibition) Act to provide for:
		• Robust preventive measures by accountable institutions
		• Develop a national AML/CFT database to ensure easy storage, retrieval and dissemination of AML/CFT information
		• Amend and enact a comprehensive Prevention of Terrorism Act (PTA) taking into consideration of the following:
		  • Criminalization of individual terrorist and terrorist organizations
		  • Provide for confiscation of instrumentalities intended for the commission of a terrorist offence
		  • Adhere to international AML/CFT reporting threshold of USD15000 instead of the proposed N5 million.

Senegal	4th (Expedited Regular)	• To follow-up with BCEAO on the revision of the Community Text on Anti-Terrorism Bill to ensure the criminalization of individual terrorist and terrorist organizations. • Intensify sensitization of the DNFBPs on their AML/CFT obligations
Sierra Leone	7th (Enhanced)	• Ensure effective implementation of AML/CFT law in accordance with acceptable international AML/CFT standards • Provide adequate support to the Financial Intelligence Unit (FIU). Note: High-level mission by GIABA to meet with highest political authorities to reinforce the need for the country to be in full compliance with the FATF Standards.
Togo	1st (Expedited Regular)	• Ensure that the following draft decrees are passed into law and effectively implemented • Decree establishing the conditions for implementing administrative freezing mechanisms on counter financing of terrorism • Decree on instituting compulsory customer identification; STR; AML/CFT Compliance and record keeping by DNFBPs; • Draft inter-ministerial order to strengthen national cooperation and domestic coordination

Peer Analysis of Follow-Up Reports by Member States

386. The GIABA Plenary adopted a Memorandum presented by the Secretariat on the Guidelines for Peer Analysis of Follow-Up Reports by member States. The objective of the proposed peer review is to strengthen the principle of mutuality in the mutual evaluation process as adopted and contained in the GIABA Mutual Evaluation Process and Procedures. Peer Analysis of Follow-Up Reports will promote ownership of the mutual evaluation process by the member States, and improve the quality of discussion on the Follow-Up Reports, while building the capacity of member States and allowing them to take ownership of the entire AML/CFT process. The Peer Analysis will be carried out by a team of trained assessors who will be appointed from member States every two years. The review team will be appointed on a biennial basis. The responsibilities of a review team member include analysis of Follow-Up Reports and the dispatch of the analysis to the Secretariat. The Peer Analysis of Follow-Up Reports will be employed during the second round of mutual evaluations, with 2013 serving as the learning period to allow member States develop and build the requisite capacity to analyze follow-up reports.

The Revised FATF Recommendations on International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation

387. The revised FATF Recommendations were adopted by the FATF in February 2012. The revised Recommendations provide governments with stronger tools to combat money laundering, terrorist financing and proliferation. The changes in the Standards cover measures to assess risks, develop policies and improve domestic coordination. The Standards lay more emphasis on measures to combat corruption, including expanding the scope of Politically Exposed Persons (PEPs) and improving transparency requirements on beneficial ownership and control of legal persons or legal arrangements. The new standard enhances and further clarifies the risk-based approach and customer due diligence measures. It also clarifies the requirements for targeted financial sanctions relating to terrorist financing and includes tax crimes in the list of predicate offences of money laundering. The FATF Recommendations addresses financing of proliferation and widens the range of investigative techniques and powers that should be available to law enforcement agents. The new standard focuses on the effectiveness of the AML/CFT measures that countries are required to adopt. The May 2012 plenary discussed the changes in the revised FATF Recommendations and endorsed its deployment to enable GIABA to meet its mandate.

388. Plenary called on member States to take the following into consideration in view of the revised Recommendations: the need, where necessary, to revise existing AML/CFT legislations, put in place an operational National AML/CFT Strategy/Policy with robust Action Plan indicating responsible institutions and realistic timelines, and a National Risk Assessment Framework for AML/CFT, institutionalize the Risk-Based Approach to AML/CFT supervision and compliance, improve the process of identification and verification of potential and existing customers by financial institutions, including beneficial owners, facilitate adherence to CDD requirements while promoting financial inclusion, and improve cooperation, collaboration and coordination among national AML/CFT stakeholders.

389. In order to ensure that member States have full understanding of the AML/CFT process and achieve effective implementation of the standards, the Secretariat increased member States' involvement in the FATF meetings, including participation in the development of the Methodology for operationalizing the Revised Standards.

Training on the International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation

390. In collaboration with GIABA, the FATF Secretariat organized a one-day training workshop on the revised FATF Recommendations, titled International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation. The training workshop was held on the margins of the Technical Commission/ Plenary in November 2012 and all Technical Commission members participated. The presentations at the workshop highlighted the changes in the FATF Standards, the objectives of the changes and how the revised standards are to be implemented. The presentations provided the participants with an introductory knowledge on the Standards. GIABA intends to provide training on the revised standards to assessors and various stakeholders in due course prior to the commencement of the second round of evaluations.

Follow-Up Actions in the Framework of Mutual Evaluations

391. In the period under review, the Secretariat undertook follow up missions to Ghana, Benin, Nigeria, Guinea, Liberia and Niger to strengthen commitment of member States to implement AML/CFT measures of acceptable international standards, especially the recommendations in their MER. The follow up missions were carried out simultaneously with the advocacy visits reported in Chapter 6. A summary of outcomes of the missions is provided as follows:

Ghana

392. In 2010 the FATF identified Ghana as a jurisdiction with strategic AML/CFT deficiencies and subjected the country to a targeted review. The FATF Plenary escalated Ghana to the Public Statement in February 2012 for failing to make sufficient progress in implementing its action plan, and based on certain strategic AML/CFT deficiencies which remained in the country's AML/CFT system. The FATF urged Ghana to continue to work closely with GIABA on implementing its action plan to address the deficiencies, including by adequately criminalising money laundering and terrorist financing, ensuring a fully operational and functional Financial Intelligence Unit, and establishing and implementing adequate procedures to identify and freeze terrorist assets. Ghana made a high-level political commitment to address these deficiencies through the implementation of an action plan developed with the Regional Review Group (RRG) of the FATF. The follow up mission met with relevant government officials, including the Deputy Chief of Staff, the Deputy Minister for Finance and Economic Planning, the Deputy Minister for the Interior, the Chief Executive Officer of the FIC, representatives of the Attorney-General's Department, the National Security Coordinator and the Director of the Economic and Organised Crime Office (EOCO).

393. Discussions at the meeting focused on the FATF ICRG report on Ghana and the country's progress in implementing the Action Plan. The Mission emphasized the urgent need to criminalize the full range of predicate offences of money laundering, pass regulations for the

effective implementation of the Anti-Terrorism Act, 2008 (Act 762) and the UNSCRs 1267 and 1373, pass Regulations to effectively implement the Economic and Organized Crime Act, 2010 (Act 804), and increase the staff strength of the FIC. The authorities demonstrated their understanding of the issues at stake and pledged their commitment to accelerate progress in implementing the Action Plan. The Deputy Chief of Staff and the CEO of the FIC undertook a follow-up mission to the GIABA Secretariat on 14 March 2012 to further discuss the implementation of the Action Plan for Ghana. Following the head-to-head missions, Ghana has undertaken several initiatives as noted in Chapters 2 and 6 respectively.

Benin

394. In view of the delay in passing the CFT law, a follow up mission visit to Cotonou, Benin Republic on 11 - 13 March 2012, met with the Honourable Speaker of the National Assembly who confirmed that the draft Counter Terrorist Financing Bill had been forwarded to the National Assembly for consideration and adoption. The Mission was informed that discussions of the bill have been postponed several times due to the busy schedule of the relevant Ministers. The Director General encouraged Benin to intensify efforts to pass the Bill into law and to establish appropriate internal mechanisms for the implementation of the legislation.

395. The mission also discussed the need to strengthen the effectiveness of Financial Intelligence Unit (FIU) by providing it with adequate staffing and sufficient operating budget, and revitalize the Inter-Ministerial Committee to ensure effective coordination of stakeholders in the fight against money laundering in Benin.

Nigeria

396. The mission in February 2012 to Nigeria, focused discussion on the Public Statement issued by the FATF in February 2012 on Nigeria and the country's lack of progress in implementing the action plan. The mission met with the Attorney General and Minister of Justice, who informed the Director General of efforts by his office to amend the Money Laundering (Prohibition) Act and the Terrorism Prevention Act of 2011 to conform to acceptable international standards. The Director General provided some inputs to assist the country to revise the legislation and promised to provide further support as may be needed within the context of implementing the recommendations of the MER and its Action Plan under the FATF ICRG targeted review process. Full details of the several advocacy missions to Nigeria are reported in Chapter 6.

Guinea

397. In preparation for the Guinea Mutual Evaluation on-site visit scheduled for 4 - 18 June, 2012, the Director General undertook a high level advocacy mission to Conakry, Guinea on 27 - 29 March, 2012. The main objective of the mission was to seek the Guinean authorities' political commitment with regard to the establishment of the FIU in line with the provisions of Law No. L/2006/010/AN of 24 October 2007 relating to the fight against money laundering; the enactment of CFT law, the strengthening of collaboration among stakeholder institutions for the effective functioning of their Inter-Ministerial Committee, and the appointment of GIABA National Correspondent as per GMC May 2010 decision.

398. In a series of meetings, Guinean authorities acknowledged the need to swiftly pass the CFT law and affirmed the commitment to facilitate the on-site mutual evaluation. They further expressed their appreciation of GIABA's assistance with the drafting of the CFT law and the relevant comments, as well as the successful pre-assessment workshop, held on 5 – 7 March, 2012. The authorities expressed concern with regard to the establishment of the FIU, prompting the Director General to pledge technical assistance, including for the Inter-ministerial committee. GIABA also confirmed support for the mutual evaluation on site visit.

Liberia

399. During the mission to Monrovia, Liberia, on 16-17 April 2012, the Director General met with the national authorities of Liberia. The purpose of the mission was to elicit political commitment on the effective implementation of AML/CFT measures of acceptable international standards in Liberia. The mission discussed the urgent need to revise provisions relating to the FIU in the AML/CFT Bill as part of Liberian authorities' obligation to formally establish the FIU by appointing its members, guarantee the operational independence of the FIU, and ensure continuity in its administration. The Director General urged the Liberian authorities to enact the AML/CFT Bill without delay and sought support for the executive recognition and revitalization of the Inter-Ministerial Committee to ensure effective collaboration between competent authorities in Liberia. Details of the high level visit of Liberia and the specific issues that require political intervention are discussed in Chapter 6.

Conclusion

400. Mutual Evaluation (ME) is one of the core functions of GIABA. The objective of ME is to mutually assess members to ascertain their level of compliance with acceptable international standards. The ME process provides information on the progress made by Member States in implementing their obligations under the FATF Recommendations, UN Conventions and UNSCRs and other best practices. It is one of the benchmarks for measuring GIABA's performance as a FATF-Style Regional body. The evaluations were conducted on the basis of the Forty Recommendations on Money Laundering of 2003, the Nine Special Recommendations of 2001 on the Financing of Terrorism, and the 2004 Methodology developed by the FATF. By far one of the major achievements of GIABA over the years has been in the area of mutual evaluation. Members have demonstrated a strong commitment to this

process and process has proved a rewarding one for all. It has helped Member States understand and appreciate the need for such peer review and also its impact on their systems.

401. The low level of compliance of member States with the international Standards notwithstanding, the general perception by the stakeholders is that the mutual evaluation process is an important segment of the AML/CFT regime. Accordingly, the ME process has helped member States to restructure, redesign and refocus their AML/CFT frameworks. Furthermore, the first round has provided a good learning opportunity, as was evidenced by the level of improvement in the quality of discussions at every Plenary. Lessons learned in the first round (as discussed in detail in Chapter 09) will serve as great inputs into the implementation of the next round. GIABA's preparation for the second round of mutual evaluations will involve winding up the follow-up process, training assessors and stakeholders, and revising GIABA's mutual evaluation process and procedure in accordance with the new revised FATF Recommendations and Methodology. Going into the second round of mutual evaluation, GIABA will build on lessons learned from the first round whilst focusing on the changes in the revised standards, particularly the effectiveness of the AML/CFT measures, which member States have in place. Presumably, it will not be an easy task because as member States assume they have put in place the relevant legislation and other structures that will only satisfy the technical compliance to some extent. The focus in the next round will be on effectiveness, i.e. assessing whether the legislation and structures put in place are actually enforced and effective.

Chapter 04

TYPOLOGIES AND OTHER RESEARCH STUDIES

INTRODUCTION

402. One of GIABA's mandates is the conduct of typologies and other research studies on ML/TF, and it is one of the six priority areas of the GIABA's 2011-2014 Strategic Plan. Typologies and other research studies are conducted by GIABA in order to reveal the techniques, methods, schemes, extent, pattern, trends and impact of ML and TF.

403. GIABA's activities with respect to typologies and other research studies in 2012 involved the strengthening of its Working Group on Typologies (WGTYP), continuation of uncompleted studies carried over from the previous year, including studies under the Research Grants, and new studies initiated within the year, including those conducted in collaboration with international partners, participation in FATF Typologies projects and the joint organization of the 2012 typologies meeting with the FATF. This chapter provides an overview of these activities and briefly assesses their implications for the implementation of international AML/CFT standards in GIABA member States.

GIABA/FATF Joint Typologies Project on Terrorist Financing in West Africa

404. At its 16th meeting held in Lome, Togo in November 2011, the GIABA plenary approved the conduct of a joint typologies project with the FATF. The project which was conceptualized by the GIABA Working Group on Typologies (WGTYP) in collaboration with the FATF Secretariat is being coordinated by the Co-Chairs of GIABA WGTYP. The typologies study is designed to improve understanding on the techniques, methods and trends of terrorists financing in the region, and is to be completed in mid-2013.

405. In order to ensure that the typologies project had reliable and sufficient data to work on, five (5) experts were commissioned to carry out a background study on Terrorism and terrorists financing in five (5) GIABA member States, namely Burkina Faso, Mali, Niger, Nigeria, and Senegal. Case studies were gathered by the experts and included in their reports. The GIABA WGTYP coordinated the fieldwork of the experts. The Project Team members reviewed the five country reports which provided the foundation for the typologies workshop on the project.

Joint GIABA/FATF Expert Meeting on Money Laundering and Terrorist Financing Typologies

406. GIABA was honoured to host the 2012 Annual FATF Experts Meeting on Money Laundering and Terrorists Financing Typologies in Dakar, Senegal, 26-28 November 2012. The objective of the Expert Meeting was to review progress on various typologies projects being carried out by the FATF, or jointly with the FSRBs, in different regions of the world in order to advance the work. Five workshops were held during the meeting dealing with the following areas of research:

Money laundering and terrorist financing related to counterfeiting of currency

407. This research project was designed to examine how the proceeds derived from counterfeit currency are laundered and/or used in the financing of terrorism. The objectives of this project are to:

- Identify and describe money laundering and terrorist financing methods associated with counterfeit currency;
- Contrast the methods of placement of counterfeit currency with those of other criminal proceeds;
- Study the linkages of counterfeiting of currency with organized crime, terrorist financing and other crimes;
- Identify AML/CFT measures that are useful in the detection of counterfeiting of currency and associated ML/TF;
- Identify red flag and indicators for the detection of suspicious transactions related to counterfeit currency; and
- Identify gaps in the legal framework and/or mismatch in the operational interaction of law enforcement

agencies, customs and FIUs in the prevention, successful investigation and prosecution of ML/TF related to counterfeit currency.

- During the workshop, available data were analyzed, while case examples on the linkages of counterfeit currency with organized crime, money laundering, and terrorist financing were reviewed. The questionnaire used in the study and the assignment of tasks and responsibilities in the implementation of the project were also considered. A draft report is to be presented at the FATF February 2013 Plenary.

Terrorist financing in West Africa

408. This typologies exercise is led by GIABA. Its objective is to determine the methods used to raise, move and use funds to support terrorists and terrorism in West Africa in order to strengthen counter terrorism efforts in the region. The findings are expected to reveal the implications for interventions, while relevant recommendations will be made to address those implications.

Money laundering and terrorist financing vulnerabilities of legal professionals

409. The main objective of this typologies project is to understand the extent to which the legal profession is at risk of money laundering and terrorist financing. The aim of the workshop was to:

- review the literature collected and the questionnaire responses received;
- Gain a better understanding of legal professional privilege /secrecy and supervisory processes; and
- Examine case studies for vulnerabilities, mechanisms and red flag indicators.



The Director General of GIABA, Dr Abdullahi Shehu, the Minister of the Interior, General Pathé Seck, and the participants of the joint GIABA /FATF ML / TF typologies experts meeting organized from 26 to 28 November 2012 in Dakar (Senegal).

410. The main points of discussion included the question of confidentiality, privilege and professional secrecy as they relate to practice in the legal professional; and the requirements for education, training and guidance. Discussions also focused on red flags and STRs generated by financial institutions. The draft report is to be presented at the FATF June 2013 plenary.

Money laundering and terrorist financing through trade in diamonds and other precious stones

411. The objectives of this project, which is led by the Egmont Group, is to identify vulnerabilities that may be exploited for money laundering and/or terrorist financing in the trade in diamonds. The main issues discussed during the workshop were as follows:

- Country/regional experiences;
- ML/TF schemes, vulnerabilities and risks;
- ML/TF cases, typologies, indicators and red flags; and
- The findings and Policy implications.

412. The final report is to be presented at the FATF June 2013 plenary.

Role of hawala in money laundering and terrorist financing

413. This typologies project is a follow up to earlier work carried out by the FATF and other bodies. Its objective is to identify and improve understanding on how certain types of money and value transfer systems are exploited for money laundering and terrorist financing purposes.

414. The major points considered during the workshop were questionnaire responses, issues of the definition and scope of Hawala, and the question of differing legal treatment. Other issues discussed are ML/TF risks related to Hawala operations, supervisory and enforcement frameworks, as well as international cooperation.

Capacity building for members of the GIABA WGTYP

415. As part of efforts to strengthen the capacity of the GIABA WGTYP in the delivery of its mandate, its members were sponsored to attend the Joint FATF/GIABA Expert Meeting. The Co-Chairs of the Working Group chaired the Workshop on TF in West Africa. The Expert Meeting accorded the members of the Group the opportunity to benefit from international best practice in the conduct and coordination of ML/TF typologies.

Research Studies Completed

416. Research studies that were started in 2011 were completed and their reports adopted by the Plenary and approved by the GMC in 2012. These included reports of the typologies on Tax Crimes and Money Laundering in West Africa and the general research study on: 'Tax Fraud and Money Laundering in West Africa: Human and Economic Development Perspective', and study on "The Nexus between SALWs and Money Laundering and Terrorist Financing in West Africa'. These three reports have since been published and their objectives, key findings and recommendations were reported in the 2011 Annual Report of GIABA. A number of studies under the research grant scheme have been completed and finalized. The "Study on Advanced Fee Fraud and Money Laundering in West Africa" has also been completed and will be finalized in 2013.

417. The findings and recommendations of these studies will assist evidence-based program and project conceptualization, design and implementation, with the full collaboration of GIABA's stakeholders. The objectives and summary of findings of the completed studies are provided below:



Cross section of GIABA partners and observer members at the Joint GIABA/FATF Experts Meeting on Money Laundering and Terrorists Financing Typologies held from 26 to 28 November 2012 in Dakar, Senegal

Tax crimes and Money Laundering in West Africa:

418. The key objectives of this typologies project were to:

a. Understand the methods and techniques used to commit tax fraud and launder the proceed generated and the main sectors involved;
b. Highlight the different typologies of tax crimes;
c. Identify from case studies, the potential ML related tax crime occurring and in which form;
d. Deepen the knowledge and understanding of investigative and prosecution agencies of how illegal proceeds generated through tax crimes are being laundered;
e. Identify relevant indicators and red flags to assist financial institutions and other reporting entities in making decision with regard to monitoring and reporting suspicious transaction on money laundering related to tax crime;

419. The main findings of the study are as follows:

a. Tax crimes are major sources of criminal proceeds in West Africa.
b. The main techniques used in carrying out tax crimes and the laundering the proceeds include maintenance of multiple accounts and financial records, transfer pricing, informal money transfers, under-declaration of incomes and profits, manipulation of import and export transactions, and filing false tax returns including making false deductions.
c. Proceeds from tax crimes are mostly laundered through subsidiary companies, using fictitious accounts to facilitate diversion of financial instruments and tax revenues.
d. The predominance of the informal sector in the region has kept many taxable businesses/entities outside the tax net with adverse consequences on tax revenue. The cash-based nature of West African economies facilitates tax evasion and related crimes.
e. Tax regulation and enforcement frameworks in most West Africa remain deficient and require further reforms.
f. Inter-agency cooperation and coordination on tax crimes, particularly among tax enforcement agencies and Financial Intelligence Units (FIUs) are non-existent.
g. Tax fraud/evasion is linked to other well-known money laundering typologies such as trade-based money laundering and the use of professionals to manipulate financial statements to reduce tax liabilities/evade tax.
h. Tax frauds/evasions are usually prosecuted without integrating the money laundering element.
i. There is a paucity of data/statistics on tax fraud/evasion prosecution and conviction across the region.
j. Government incentives, particularly tax exemptions not monitored are abused for tax fraud and related crimes.

420. The key Recommendations contained in the report are that GIABA should:

a. Work with MS to develop guidelines and interpretative notes on new regulations. It is also pertinent to criminalize tax evasion/fraud and include it as one of the predicate offences in MS AML/CFT laws.
b. Facilitate cooperation and collaboration amongst tax administrators, law enforcement and other investigative agencies, and the judiciary, particularly in terms of information sharing and joint operations, as necessary, to improve enforcement, investigation and prosecution of tax related matters.
c. Engage MS to enhance political commitment to address the issue of corruption and improve transparency and accountability in the management of resources at all levels. Tax officials are in some cases not very transparent in disclosing tax rates or in their calculation of tax duties, thereby intimidating taxpayers and subsequently getting them into fraudulent activities at the expense of the State.
d. Support MS to develop national strategies to widen the tax base and possibly revise some rates downward, taking into consideration rates charged in other jurisdictions (emulate best practices).
e. Facilitate the formalising the informal sector and incorporating it to be part of the tax bracket.

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

421. The study links the phenomenon to the scale of tax evasion within the informal economy and tax evasion carried out by entities (including multinational corporations) operating in the formal economy. Considering the scale of the problem and the significant negative impact it is likely to have on the capacity of state to promote human and economic development, a more detailed study to explore the nexus between tax fraud and money laundering was initiated.

422. The main findings of the study are as follows:

a. Most tax laws in the region still have loopholes that are being exploited to commit tax fraud in West African countries. The institutional and administrative capacity to enforce existing tax legislation is very weak and makes the fight against tax fraud extremely difficult; Investigation, prosecution and conviction on tax fraud is very insignificant.

b. Tax evasion and money laundering are closely related and go together in the region, as proceeds generated from the former feed into the process of the latter.

c. Tax fraud and money laundering produce the same effects and consequences in all countries of West Africa. In addition to the deterioration of moral values, tax evasion and money laundering adversely affect the development policies and objectives set by these countries.

d. The political economy of poor governance, state fragility, cash-based economies, dominance of the informal sector, widespread tax illiteracy, porosity of borders and weak border controls, makes the region a fertile ground for the thriving of tax fraud.

e. There is an appalling low level of general awareness of tax issues and tax fraud.

f. The most prevalent forms of tax fraud are document counterfeiting, tax evasion, diversion of tax collected by tax officials, over-invoicing, and manipulation of account books.

423. The key Recommendations made in the report are that GIABA should:

a. Forge partnership with networks of civil society organizations in the region for mass information dissemination and awareness creation on taxation generally.

b. Work with member States to update their tax administration in order to close up the loopholes that are being exploited for tax fraud.

c. Work to build the capacity of national regulatory and supervisory agencies (including FIUs and anti-corruption agencies) for effective detection of tax fraud

d. Put in place programs for continuous training of tax officials.

e. develop a guide for tax agents to enhance their morale and professionalism

f. Support member States to computerize their tax administrations to enhance transparency and accountability.

The Nexus between SALWs and Money Laundering and Terrorist Financing in West Africa

424. GIABA commissioned this study primarily to provide greater understanding of how illicit SALW trafficking is fuelling and is being sustained by ML/TF in the region. The report shows the typologies and prevalence of SALWs illicit trafficking, and reveals the emerging patterns of its relationship to ML/TF in all 15 member States of ECOWAS.

425. The study shows that illicit trafficking in SALW into West Africa and within the countries of the region is extensive. This illicit trade is oiled by the informal nature of the West African economy, which makes it easy for actors to move arms and cash around without passing through the formal financial system. Funds used for buying arms come from illicit activities such as smuggling of coffee, cocoa, diamond and cigarette; oil theft; kidnapping and stolen public funds. These funds are easily diverted and used to fund illicit arms trade. Unregistered brokers, for purely commercial reasons, also easily move cash in and out of the formal and informal systems to fund illicit arms trade.

426. Banks and financial institutions in the region lack robust AML/CFT systems, thereby enabling illicit arms dealers and other criminals to easily launder the proceeds they receive from their businesses. Also, the legal and institutional measures against illicit SALW trafficking are weak. In particular, despite being signatories to the ECOWAS Convention on SALW, national firearms laws are mostly outdated and have weak provisions for regulating SALW. The legal and institutional measures against money laundering and terrorist financing are equally weak. This has resulted in minimal investigation and prosecution of ML/TF cases.

427. The key Recommendations provided in the report are that GIABA should:

a. Bring the urgent need to enforce the WASSENAAR Arrangement on small arms with respect to Eastern European countries to the notice of relevant international organizations and forums.

b. Work with the ECOWAS Commission and member States to building the capacity of security and law enforcement agencies to effectively patrol land and maritime border posts and detect the smuggling of SALWs across borders in the region.

c. Assist member States to develop systems of tracking and identifying stolen oil, smuggled cocoa, smuggled cotton and other products and minerals that are used to fund illicit importation of SALW.

d. Initiate regional and national partnership to encourage exchange of information and intelligence between national and regional agencies responsible for SALW control and AML/CTF, especially in the area of developing related database to help in region-wide illicit fund tracking and asset seizures.

e. Intensify collaboration with civil society groups in the sub-region to create awareness on the dangers of SALW proliferation, ML and TF in the region

f. Mobilizing the civil society and building their capacity to carry out studies on strategic aspects of SALW proliferation, money laundering and terrorist financing

Study on Advanced Fee Fraud and Money Laundering in West Africa

428. Owing to the growing problem of advanced fee fraud and associated ML offences in the region, GIABA commissioned a study on 'Advance Fee Fraud and Money Laundering in West Africa' early in 2012. The study focuses on the Lagos-Cotonou-Accra-Abidjan corridor, which has the highest economic activities, human and vehicular movements in the region (namely: Benin, Ghana, Nigeria and Togo). The study is aimed at determining the nature and prevalence of the crime and the methods by which the proceeds generated from the crime are being laundered and/or used to finance terrorist activities in the region.

429. The main findings of the study are as follows:

a. In spite of the existing frameworks in Ghana and Nigeria, there are gaps in the extent of enforcement as both countries are now struggling against the scourge of advance fee fraud. Benin and Togo do not have legislative frameworks that are responsive to advance fee fraud, yet they appear to be active in preventing the crime.

b. The study revealed that even though professionals are involved in the chain of processes, with regards to some of the huge AFF scam deals, most of the people who are used in the front line of these operations are unemployed young people.

c. Whereas AFF and ML incidences arising from corrupt practices are visible in the region, the relationship between AFF and ML or FT has been hard to establish.

430. The Key Recommendations made in the report that GIABA should:

a. Support MS to review policies and laws on cyber security to tighten the regulations on the use of cyber space and monitor activities so as to be in a position to intercept some of the fraud letters and activities that are carried out by scammers and their networks.

b. Spearhead the development of basic standards on cyber space security and help build and update the state agencies to be able to monitor and intercept criminal activities within their cyber space.

c. Promote an ongoing process of public education on the risks of scammers and their tricks.

d. Work closely with MS and lobby for resources for the training of relevant personnel in evolving trends, technology and techniques needed in their operations.

The report is to be finalized for the consideration by GIABA plenary in 2013.

Research Grants

431. GIABA launched its maiden Research Grants Scheme in 2011, in order to address the challenges of low research capacity in the area of AML/CFT within the region. The objective of the Research Grant is to promote evidence-based, policy-oriented research on the phenomena of ML/TF in the region. Fourteen grants were awarded in three categories: Gold (for academics and professional association), Silver (for registered NGOs/CBOs) and Bronze (for post-graduate students). Majority of the beneficiaries (8 out of 14) are in the Bronze category (students), and this means that the completion of their awards has been tied to the completion of their respective university research projects, with different completion schedules. The completed reports will be presented to the GIABA Plenary in 2013 for consideration.

432. So far, five of the research projects have been completed and finalized. Below is the summary of the researches completed:

a. Implications for the Development of Effective Civil Society Interventions for Managing Cross-Border Cash Flows in the Informal Sector: A case Study of the Nigeria-Benin Border

433. This study examines the phenomena of cash and other Bearer Negotiable Instruments (BNIs) movement across the Idiroko/Igolo (Nigeria – Benin) border, and identifies the communities and categories of people involved in the activity. The study also assesses the level of awareness of border communities and civil society organizations concerning relevant national laws and FATF regulations on cash and BNIs movement. Essential to the study is understanding the current management control practices in place at the border and, by extension, the role of border communities and civil society organizations as far as control of cash and BNIs movement is concerned.

434. The main findings of the study are as follows:

i. The movement of cash and other BNIs, essentially, was not through the formal or regulated border but smuggled through illegal routes that made ML nearly impossible to detect.

ii. Elements of compensatory inducements also made the high risk associated with ML probable in the border communities.

iii. Vulnerable groups perceived ML as an opportunity to achieve quick turnaround of quality life.

iv. Emerging in the local communities is new core group of local couriers whose proceeds from criminal activities are being laundered into commercial ventures. Hence, there is attraction of a growing number of out-of-school youth, young women and men, into the crime.

v. The topography and landscape of the border is both a hindrance and an advantage.

435. The key Recommendations contained in the report are as follows:

i. The study strongly recommends a major focus on capacity building component of the AML. Groups that should be specifically targeted include border officials, the CSOs, the formal financial institutions, traditional and economic groups, in the border communities to sensitize them and enlist their support on AML.

ii. Similarly, attention needs to be concentrated on how to facilitate the development and organisation of the informal sector that is the heart of the economic existence of the border communities. It is one of the means to lessening the occurrence of ML through land borders.

iii. Collaboration between the CBOs based in the local communities, the Professional Groups, the Non-Governmental Organizations (NGOs) and other Regional and Global Civil Society Organizations should be increased.

b. Empowering Civil Society in Ghana in the Implementation of AML/CFT Measures

436. The purpose of the study is to assess the general level of awareness of civil society in Ghana of the issues of ML and TF, and to propose ways to fully integrate and effectively engage civil society in the national effort to combat ML and TF. A critical outcome of the study is the development of a CSO handbook on ML & TF.

437. The study reveals a low level of awareness and non-involvement of CSOs in Ghana on AML & CFT issues. The main reasons adduced for this situation are twofold: i) the slow or delayed start to developing the legal, institutional frameworks and structures of the AML/CFT regime in Ghana; and ii) the traditional negative and indifferent attitude of the Ghanaian society bordering on suspicion towards security related issues. To address this challenge, the study ends with a number of recommendations to various stakeholders.

438. The study recommended the involvement of the border communities through the engagement of CSOs and Community Based Organizations (CBOs) to facilitate effective and sustainable implementation of AML policies at the Benin and Nigeria borders.

c. Financial Inclusion and AML/CFT Standards in Sierra Leone

439. The study explores the nexus between the implementation of AML/CFT standards and financial inclusion in Sierra Leone. The main conclusion of this study is that while financial inclusion helps to lower AML/CFT risks and enhances the rollout of AML/CFT standards, unrestrained implementation of the AML/CFT standards, especially those relating to customer due diligence, excludes the most vulnerable from accessing financial services. The report also observed that sharpened regulatory analysis would help strike a balance between maximizing the opportunities to improve financial access and containing the risk of money laundering and terrorism financing.

440. The main recommendation from this report is to operate a tiered Know-Your Customer (KYC) regulations that permit immediate account opening with minimum barriers for poor and low income people. Adoption of the risk based approach to AML/CFT implementation and creation of regulatory space for a range of financial services (Agent Banking, mobile money, e-money to create deposit and process payments) are equally recommended.

d. Money Laundering through Non-Profit Organizations in West Africa: The Case of The Republic of Guinea

441. This study was designed to explore the involvement of Non-Profit Organisations (NPOs) in money laundering in Guinea. Several cases of money laundering through NPOs were presented. The analyses revealed that ML through NPOs is a reality in Guinea and occurs through the creation and funding of NPOs, the creation and funding of political parties, misuse of donations as well as the misappropriation of funds by both domestic and foreign NPOs.

442. The study concludes that while, the phenomenon is real, its awareness is minimal due to the lack of convictions and the confidence that NPOs enjoy among populations in view of the key role of assistance and support they play towards poor people. The resultant recommendations include the strengthening of legal and institutional framework, awareness-raising, training and operationalisation of control systems for the prevention and combating of money laundering through NPOs.

e. The impact of transnational drug trafficking on the resurgence of crime in transit countries: the case of Cape Verde

443. This study focuses on the impact of drug trafficking on domestic criminality in Cape Verde. It provides a brief description of the international routes of cocaine from South America to the main markets in the United States of America and Europe, and analyses the ways and strategies used to introduce the drug in the country as well as its transit to the final destination.

444. The main findings of the study are as follows:

a. Drug-related crimes have different kind of trends from other types of crime. Crimes linked to drug trafficking increased much more steeply and with wider variations in contrast to the range of crimes provided for by the judicial system in Cape Verde. As drug users do not always have consistent financial means, they are driven to commit crimes as a means of meeting their needs.

b. The study showed the determined commitment of the national authorities to define policies and actions aimed at tackling transnational organized crime, in partnership with other States and institutions and international agencies, which is attested to by the seizing of large quantities of cocaine transiting through Cape Verde, by the arrest of "couriers" carrying the drugs, of traffickers linked to criminal organizations and the confiscation of enormous volumes of illegal assets belonging to them.

445. Being the first of its kind, the implementation of the research grant scheme has produced some lessons which will assist the planning and conduct of future grants. For example, the timing of the award for Doctoral students may be different for other non-doctoral high degrees.

An assessment of the effects of implementation of Anti-money laundering measures on financial inclusion in GIABA member states

446. In recent years, the implementation of AML/CFT measures has attracted a lot of attention with regard to its implications on financial inclusion. The economic crises which manifested in 2008 have further given impetus to the need for financial inclusion measures to be strengthened and for barriers to financial inclusion to be dismantled. Measures such as Customer Due Diligence requirements for reporting entities are seen to promote financial exclusion especially when strictly applied. It is believed that less than 30% of ECOWAS population put at over 300 million has access to formal banking services, while far less than that have access to loans.

447. As part of its contribution to the discourse, GIABA provided a grant for a desk review on the effects of the implementation of AML measures on financial inclusion in GIABA member States. The report will be finalized in the first half of 2013. The findings of this study will guide further work on the subject matter by GIABA.

Joint Research Project with IDEA on Protecting Political Legitimacy in West Africa

448. In 2011, a Memorandum of Understanding (MOU) was signed between GIABA and the Stockholm-based Institute for Democratic and Electoral Assistance (IDEA). Based on the provisions of the MoU, GIABA commissioned regional studies on The Legal and Policy Frameworks Regulating the Behaviour of Politicians and Political Parties in nine (9) GIABA member States in 2012, namely, Benin, Burkina Faso, Cape Verde, The Gambia, Ghana, Liberia, Mali, Nigeria and Sierra Leone. The studies were financed by IDEA, with in-kind support and coordination provided by GIABA

449. The goal of the study was to understand the adequacy or otherwise of national frameworks for protecting national political systems from infiltration and/or capture by organized criminals. The study was also designed to identify the loopholes in current legislations and policies that regulate the conduct of politicians and political parties, in order to inform appropriate programmatic intervention. The study has been completed and the GIABA Secretariat and the IDEA have received the final reports. In the meantime, IDEA and GIABA are working on framework to fully exploit the findings of the studies.

450. It was envisaged that the findings of the study will inform GIABA's technical assistance to Member States in the area of promoting and protecting the integrity of their political systems. Accordingly, the knowledge derived from the country-specific reports is expected to guide GIABA in designing suitable and effective programmes for preventing or reducing the infiltration and eventual capture of the machineries of government and political decision making by criminals and criminal group. Such programmatic intervention would ensure that member countries are not being turned into criminal states and that public institutions are virile enough to effectively combat the twin menace ML and TF as well as the myriads of their predicate crimes.

GIABA Research Strategy

451. In 2012, the GIABA Secretariat led the development of an overarching strategy meant to guide its research activities, including the conduct of typologies. The Strategy document, which can be accessed on the GIABA website (www.giaba.org), articulates the key principles guiding the GIABA's research activities, the main types of research to be conducted and the broad objectives of such research.

452. The research strategy, which was adopted by the GIABA Plenary in November 2012, provides that GIABA's research efforts be built on the following three pillars/ priorities: supporting compliance with AML/CFT standards; conduct of typologies studies and other research; and provision of technical assistance on the conduct of typologies and other ML/TF research studies, in the context of ECOWAS regional integration programmes.

Conclusion

453. Research is critical in providing evidence and revealing new knowledge and understanding which help in setting the right priorities for intervention. Based on this, GIABA will continue to forge partnerships with national, regional and international actors to conduct typologies and other studies on ML/TF. The recent development and adoption of the institution's Research Strategy marks a major step in this direction. It is hoped that the Research Strategy would help further elevate the quality of GIABA's typologies and other research studies, and enhance the policy uptake of findings in the member States. The outcome of the research grants is clear evidence that capacity can be developed in the region on ML/TF research. The reports will be fully exploited in order to guide the priorities for intervention.

Chapter 05

TECHNICAL ASSISTANCE AND TRAINING

INTRODUCTION

454. Technical assistance is a major component of the mandate and functions of GIABA. The year 2012 marked the second year of the implementation of the 2011 – 2014 Strategic Plan, which is anchored on a results-based management framework and its overall goal "to foster, sustain and strengthen a Regional Alliance of Committed Stakeholders in the fight against money laundering and the financing of terrorism in West Africa". Thus, the overarching objectives of the technical assistance and other capacity building programs offered in 2012 were achieving greater involvement of member States in the identification and design of intervention programs based on priorities, capacity retention, sustainability of human capital development, and improving in the absorptive capacity of member States. The severity of the prevailing institutional capacity constraint in member States accentuated the delivery of the technical assistance in 2012 to address the following priorities:

- Strengthening the FIUs to enhance operational efficiency in their core function of providing useful financial intelligence that facilitates investigation and prosecution of cases of ML/TF;
- Enhancing the capacities of the judiciary to facilitate their understanding of AML/CFT measures and speedy adjudication of cases of economic and financial crimes;
- Improving awareness of non-state actors, including civil society organizations and the private sector, of issues related to ML/TF their understanding of problems of money laundering and terrorist financing and galvanizing their support in the fight against these scourges. This is discussed in detail in following chapter on strategic partnerships and advocacy;
- Strengthening AML/CFT supervisory and compliance functions with particular emphasis on risk-based approach in line with the Recommendation 1 of the revised FATF Standards;
- Building the capacities of the Designated Non-Financial Businesses and Professions (DNFBPs) in view of their vulnerability to ML/TF arising from shift in focus and strategies by criminals to these sectors; and
- Providing direct training assistance for effective investigation and prosecution of money laundering and terrorist financing cases.

455. GIABA's technical assistance in 2012 were consistent with the 2011—2014 Strategic Plan. Technical assistance projects and programs were categorized into the following key areas: (i) law review; (ii) training and capacity-building of AML/CFT stakeholders investigators, prosecutors and judges; (iii) provision of technical equipments, especially in support of FIUs; (iv) assistance to professional bodies, including civil society organizations involved in the fight against ML/TF; and (v) awareness raising and advocacy. Each of these categories, except the awareness and advocacy, is discussed in detail in subsequent sessions. It is reasonable to conclude that there is considerable confidence among GIABA's partners in its ability to deliver technical assistance. GIABA intends to build on this confidence by strengthening its support to member States in the future. This will be GIABA's measure of excellence and proof of its value.

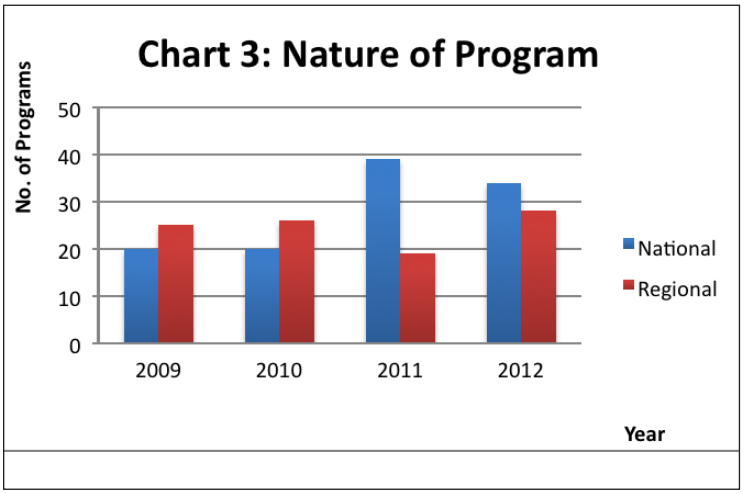
456. GIABA's strategic niche with regard to technical assistance is based on the general awareness that its efforts at the regional level have an impact at the national level and requires national support. Accordingly, the aforementioned objectives were achieved through intense collaboration with member States and several development partners. In 2012, the technical assistance and training programmes offered by GIABA assisted the member States to make significant progress in designing and implementation of robust AML/CFT regimes. In particular, most member States were able to up-grade their AML/CFT frameworks improving on the scale of compliance and enforcement. Nearly all member States have in place broad AML/CFT legal infrastructure with basic institutional mechanisms and skilled personnel to implement and operate them. There is now increased

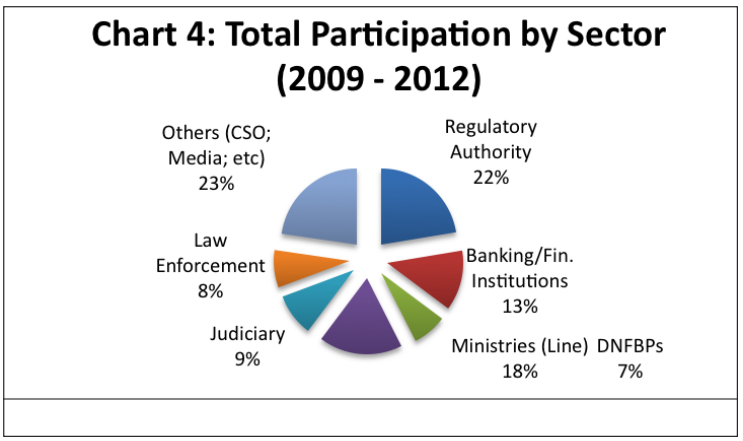
coordination both at operational and policy levels. The stock of trained personnel is on the rise (see Table 1 and Table 2A at the end of this chapter) due to the paradigm shift from regional to national programs in the last two years (2011 – 2012). Furthermore, there was demonstrable commitment by Accountable Institutions in meeting their reporting obligations due to enhanced regulator-operator interface.

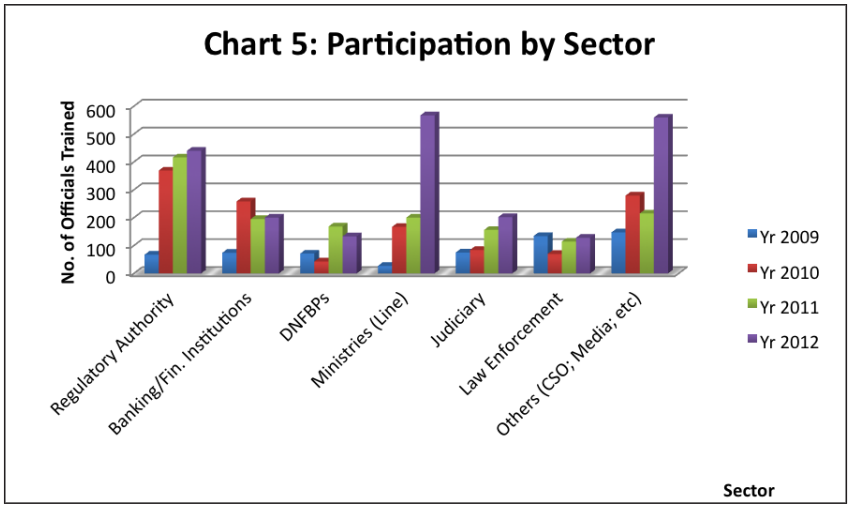
457. In 2012, GIABA implemented about sixty-two (62) technical assistance and training programs to benefit over 2,300 officials across stakeholder-institutions. In delivering these programs, special attention was paid to member States with weak AML/CFT regimes and/or member States under the FATF ICRG targeted review. Superior and Senior Justices of the highest courts in the member States were sponsored to go on an international study tour related to AML/CFT; installation of billboards on AML/CFT messages and; the AML/CFT Analytical Software was deployed in member States' FIUs and commissioned.

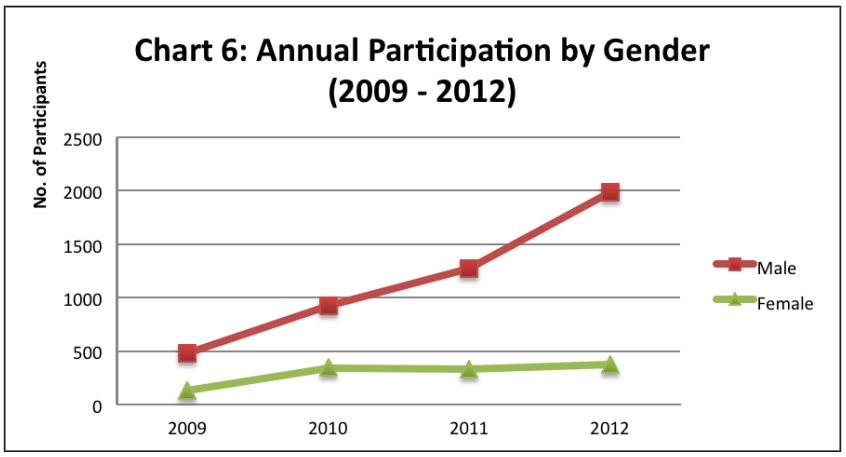
458. In preparation for the implementation of the revised FATF Standards, GIABA technical assistance in 2012 was designed to:

- Improve accountability of member States: AML/CFT stakeholder institutions serve as the primary owner and executing agents of AML/CFT activities and programs that will improve both human and institutional capacity in the fight against ML/TF, and the proliferation of Weapons of Mass Destruction (WMD);
- Meet national priorities: Technical assistance rendered is expected to contribute to addressing national AML/CFT priorities in line with their strategy and action plan. Thus, whilst the technical assistance is demand driven, it also recognizes the exigencies of accepting urgent even un planned requests, especially where GIABA's strength is perceived as strong as its weakest link; and
- Ensure holistic and all-inclusive approach: For capacity transfer, ownership and sustainability, GIABA offers AML/CFT technical assistance through consultative, collaborative and cooperative approach by ensuring that all relevant AML/CFT stakeholders are involved at all stages of the implementation of the technical assistance.









459. For purposes of brevity and clarity, yet completeness, the technical assistance programs will be discussed in the following parts of this chapter in the following order: (A) Support for institutions building, and provision of equipment; (B) Regional programs involving all sectors; and (C) National programs involving specific national institutions and stakeholders. It should be noted that while GIABA's technical assistance is demand driven and based on empirical needs assessments, the essence of the programs and projects reported is to capture their objectives, relevance, and impact, as well as their contribution to the achievement of GIABA's and to the promotion of regional cooperation against ML/TF.

A. Support for Institutions Building and Provision of Equipment.

460. Among the objectives of GIABA's technical assistance programs is to strengthen the capacity of national competent institutions with the cooperation and support of member States. In this regard, the following projects were continued in 2012:

a) Support for Establishment and Effective Operations of Financial Intelligence Unit (FIUs)

461. The main essence of AML/CFT Standards is to deny criminals from using the gains from their illicit activities, thus forestalling continuity of criminality. The provision of financial intelligence to competent authorities is critical to tracking the flow of criminal proceeds. Financial intelligence facilitates investigation, prosecution and conviction of ML/TF cases. Financial Intelligence Units (FIUs) are the central authorities responsible for obtaining and dissemination of financial intelligence to support law enforcement agencies in investigating, prosecuting, and convicting ML/TF cases. Accordingly, FATF Recommendation 29 requires countries to establish FIUs and mandate them to receive and analyze STRs and other information related to ML/TF and associated predicate offences. The FIUs are expected to obtain additional information from reporting entities, and

have timely access to the financial, administrative and law enforcement information to enable them function effectively.

462. GIABA's Statute mandates the Secretariat to support member States to enable them establish and maintain FIUs. All member States, with the exception of, two (2), established and fully operationalized their FIUs. The FIUs of the remaining two (2) are semi-operational and are in advanced stages to be fully functioning in 2013. Significantly, the FIUs of four (4) member States, namely, Nigeria, Senegal, Côte d'Ivoire and Mali, are members of the Egmont Group. GIABA will continue to promote and support eligible FIUs in the region to seek membership of the Egmont Group.

463. In 2012, GIABA continued to provide direct and coordinated technical assistance to the FIUs, including the following:

1) Deployment of AML/CFT Analytical Software to 13 FIUs

464. The Technical Assistance Needs Assessment (TANA) of GIABA, conducted in 2007, recommended the provision of comprehensive assistance, including analytical hardware and software to the FIUs. In a series of discussions with the Director General during his visits, member States expressed their urgent need for a software that would assist their FIUs to analyze STRs. This was further discussed at the maiden meeting of the Heads of West African FIUs forum, held in Freetown Sierra Leone, on 5 November, 2009. GIABA was requested to commence the processes of acquiring and installing the equipments to assist FIUs in the region with effective working tools, including robust AML/CFT analytical software. At the workshop on the validation of the independent report GIABA 2011 – 2014 Strategic Action Plan held in Saly, Senegal, in September 2010, members States reiterated their request and urged the Secretariat to commence implementation of the project without delay. In line with GIABA's technical assistance mandate and in response to the request, the Secretariat developed a proposal for the provision AML/CFT Analytical Software to FIUs of Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea Bissau, Guinea, Liberia, Mali, Niger, Sierra Leone and Togo over a three (3)-year period. The project was aimed at equipping the FIUs with key working tools that will automate the collection and analysis of Suspicious Transactions Reports (STRs) and Currency Transaction Reports (CTRs). This will enhance their service delivery of useful financial intelligence to law enforcement agencies, promote the information exchange among the FIUs both at regional and international levels and facilitate membership of the Egmont Group.

465. The project was endorsed by the ECOWAS Administration and Finance Committee (AFC) at its Seventh meeting held in Abuja, Nigeria in May 2010 and recommended to the Council of Ministers for approval. The project was approved by the Council at its Sixty Fifth Ordinary Session and confirmed by the ECOWAS Authority of Head of States and Government at its meeting held in Praia, Cape Verde in 2010. In accordance with the ECOWAS Tender Code, the procurement process was concluded successfully on October 9, 2010 and the contract for the supply of the AML/CFT Analytical was awarded to Jetlink Limited of Ghana, the software vendor of Oracle Financial Service Software (OFSS). The project was planned to cover three (3) FIUs in the first phase, five (5) FIUs in the second phase, and another five (5) in the third phase. Based on an Action Plan agreed between GIABA and Jetlink, the project commenced on 3 November, 2011 and will be implemented over a three (3)-year period. The implementation consists of two broad components - hardware and software installations with the latter awarded to Jetlink.

466. In June 2011, the analytical software procurement was concluded by the ECOWAS Tenders Board. The project, which was scheduled to commence immediately was delayed based on the technical advice of the provider to await a new version of the software. After procuring the hardware and the basic software, namely, Oracle 11g R2 Enterprise Edition Data base -Server and Client Version, Linux RHEL 5.3 and IBM Web Sphere 7.0.0.9, the project commenced in July 2012, with pilot successfully deployed to the FIU of The Gambia, Cape Verde, Ghana, and Burkina Faso. It is envisaged that the deployment of the AML/CFT analytical software to the remaining nine (9) FIUs will be completed before the end of 2013. In 2012, the hardware component was completed in The Gambia, Cape Verde, Burkina Faso, Ghana, Togo, and Benin Republic, while the software had been successfully deployed in the FIUs of The Gambia, Cape Verde, Burkina Faso and Ghana) as of the end of 2012. The project implementation phases are shown in table 7 and 8 below.

Table 7: AML/CFT Analytical Software Implementation Plan
For GIABA Member States

Activity	Implementation Time frame – Gambia	Implementation Time frame – Cape Verde	Implementation Time frame – Burkina Faso	Implementation Time frame – Ghana
Placement of order for the equipment and systems software	28-Dec-2011	25-Apr-2012	20-Jun-2012	30-Jun-2012
Date of Arrival at the member-country	08-Feb-2012	19-May-2012	08-Jul-2012	10-Jul-2012
Date/Duration of clearing the equipment	09-Feb-2012 1day	15-Jun-2012 26days	16-Aug-2012 39days	Aug-2012 15days
Installation and configuration of server	13-Feb-2012 to 14-Mar-2012	15-Jun-2012 to 18-Jun-2012	16-Aug-2012 to 17-Aug-2012	18-Aug-2012 to 19-Aug-2012
Setting up the LAN	01-Feb-2012 to 06-Feb-2012	11-Jun-2012 to 13-Jun-2012	09-Aug-2012 to 13-Aug-2012	
Installation of internet in the server room	01-Mar-2012	Connects thru' Min. of Justice	Connects thru' Min. of Finance	Stand alone
Establishment of remote connectivity	08-Mar-2012	17-Sep-12	13-Jul-12	20-Jun-12
Environment /Physical Check by Jetlink	07-Mar-2012	1-Aug-12	23-Jul-12	23-Jul-12
High-system Check	14-Mar-2012	19-Sep-12	02-Aug-12	02-Aug-12
Installation of AML/ CFT Analytical Software (Oracle Mantas)	30-Apr -2012 to 20-Jul-2012	04-Oct-12 to 28-Nov-12	28-Sep-2012 to 18-Nov-12	04-Oct-12 to 28-Nov-12
User Authentication test (UAT),	04-Jul-2012	11-Nov-12	02-Nov-12	11-Nov-12
Product-Live	11-Jul-2012	14-Nov-12	07-Nov-12	14-Nov-12
User Training	11-Jul-2012 To 15-Jul-2012	14-Nov-12 To 29-Nov-12	07-Nov-12 To 14-Nov-12	14-Nov-12 To 29-Nov-12
Go-Live/ Handover Date	15-Jul-2012	21-Dec-12	08-Nov-12	30-Nov-12

Table 8: Broad Project Plan (Indicating Provisional Keys Dates) For Benin, Togo, Mali, Niger, Cote D'Ivoire, Guinea Bissau, Sierra Leone, Republic of Guinea and Liberia

S/No	Member State	Installation of Hardware	Installation of Preliminary Software (Windows, Linux, Oracle 11g and Web shpere)	Installation of AML/ CFT Software
1	Benin	25th February 2013	8th March 2013	25th March – 20th May 2013
2	Togo	4th March 2013	16th March 2013	25th March – 20th May 2013
3	Mali	29th March 2013	5th April 2013	29th April – 24th June 2013
4	Guinea Bissau	29th March 2013	12th April 2013	29th April – 24th June 2013
5	Cote d'Ivoire	29th March 2013	19th April 2013	29th April – 24th June 2013
6	Niger*	30th April 2013	9TH May 2013	1st July – 23rd August 2013
7	Sierra Leone	30th April 2013	16th May 2013	1st July – 23rd August 2013
8	Republic of Guinea	30th April 2013	23rd May 2013	1st July – 23rd August 2013
9	Liberia	30th April 2013	30th May 2013	26th August – 18th October 2013

*Niger requested for a shift in date of delivery of the Hardware to June 2013 to enable the CENTIF complete the reconstruction of the premises that will house the software and equipment.

467. As GIABA did not have absolute control over all the variables affecting the project, the following challenges were encountered during its implementation:

i. The equipments were usually not off-the-shelve items and required customised orders. There were bureaucratic difficulties associated with clearing of shipment of the hardware at ports of member States, thereby slowing down the speed of the project.

ii. Multiple engagements of the FIU Staff working with the project team and the lack of technical staff to take ownership in some cases affected the pace of the deployment process.

468. The deployment team encountered logistical difficulties. For instance, the deployment process was hampered by the team's inability to connect the system to an Internet (Through Secured VPN) with static public IP Address. This was mainly due to national policies concerning Internet connection for government institutions and agencies. Some of the policies do not allow agencies to obtain independent connection without going through a centralised network with a dynamic IP address leasing.

469. GIABA, Jetlink, and the FIUs have evolved strategies to address the aforementioned challenges. Accordingly, deployment of the software to the remaining FIUs is expected to be completed before the end of 2013, as contained in the Agreement and project plan.

2) Mentorship and Study Tour for FIU Staff

470. In preparation of the FIUs of member States for membership of the Egmont Group, GIABA deployed a mentor from the Nigeria Financial Intelligence Unit (NFIU) to Ghana's Financial Intelligence Centre (FIC) to guide the FIC in preparation for the fulfillment of Egmont Group membership requirements. In addition, GIABA sponsored five (5) analysts of the FIC on a study tour program/attachment to the NFIU for hands-on experience on the workings of a typical FIU. As stated in chapter 2 under Niger, similar study tour program was organized for the newly appointed members of the FIU of Niger to visit the FIU of Belgium. GIABA also sponsored the recruitment of a financial analyst in June 2012 for the FIU of Niger. In addition, mentorship programs were provided to Sierra Leone and Liberia. However, the two countries could not take advantage of them because they did not have functional FIUs.

3) Support for FIU Forum in West Africa

471. On the margins of the GIABA Plenary, held in Freetown, Sierra Leone, in November 2009, GIABA invited all heads of FIU in region for consultation with a view to establishing an FIU Forum for West Africa.[277] During the meeting, the Director General stated that in the context of ECOWAS' Strategic niche, the regional integration requires deepening, and that the Heads of FIU Forum is one of such platforms to promote the integration program. The Direct General expressed the hope that member States lagging behind will be assisted in establishing and operationalizing their FIUs. The Director General informed the meeting that, in view of the increase in the number of FIUs from two (2) to thirteen (13), the Secretariat recognised the need to organise a regional forum to facilitate interaction and networking among the FIUs and those supporting the work of FIUs without undermining principles guiding disclosure of specific information. Accordingly, the Forum is aimed at bringing together FIUs for purposes of collaboration.

472. The Director General remarked that it is not GIABA's responsibility to determine how the FIU/CENTIF forum should be set up and operate. Instead, GIABA is only serving as a facilitator towards bringing them together in a coordinated manner. The Forum would later decide whether to have an office, but in the meantime the GIABA Secretariat would serve as a temporary Secretariat for coordinating the Forum. The Forum was informed that Dr. Buno Nduka, Director of Programs and Projects at the Secretariat?] will serve as the Focal Person for the Forum.

473. Members commended GIABA for the initiative to bring together the FIUs/CENTIFs and expressed their support for its sustenance. Member States recognized the importance of integration among themselves, as well as the need for their FIUs to collaborate with each other. The need for cooperation within FIUs was also emphasized. Concerns were raised as to the creation of the forum with regards to whether or not it an extra cost will be incurred, particularly as some FIUs face financial challenges. It was also suggested that the FIUs should promote staff exchange programs for purposes of training and capacity building.

474. With regard to the status of the Forum in view of the role of the Secretariat, the Director General informed the meeting that GIABA's role is to bring them together and then take a back seat should the FIUs agree to form the Forum. The Forum would develop its own Memorandum of Understanding (MoU).

475. After extensive deliberations, it was unanimously decided to form the Forum and that early stage; it should operate informally to make international cooperation and interaction between the members more flexible, pragmatic and practical. The meeting nominated the FIUs of Nigeria and Senegal to produce a draft MoU. Since then, the GIABA Secretariat did not get involved even though it had promised to provide translation and other secretariat support.

277 Although this was not part of 2012 activities, it is being reflected here in view of last meeting of the FIU with the Secretariat on the margins of the Plenary in Dakar in November 2012.

476. At the instance of the Heads of the FIUs, a closed door meeting was held with the Secretariat to discuss ways to resuscitate the Forum. After deliberations on the challenges or organizing a meeting, the Director General pledged the following support to the Forum:

- Retrieve and circulate to all heads of FIU the initial draft MoU produce by Nigeria and Senegal. This was carried out immediately after the plenary;
- Sponsor a one day meeting of the Forum as a prelude to a Plenary. The next meeting is scheduled to hold close to the GIABA plenary meeting in Ghana on 8 May 2013; and
- Continue to provide secretariat services, including interpretation and translation of documents to the Forum.

477. The implementation of the technical assistance project on installation of currency and other contraband scanners as a follow up to GIABA's typology report on cash transactions continued with the procurement of security scanners for the Republics of Guinea and Liberia. After concluding negotiations with the manufacturers, the scanners were ready to be deployed to site, as of mid 2012. However, GIABA could not secure the approval of the two countries for deployment within the year. Consequently, the countries must be ready to accept this assistance and make provisions for their installation before 30 April 2013. In the event that GIABA determines that the countries are not ready for deployment before the said date, the equipments will be deployed to the next country on the list. The lack of readiness of these two countries to absorb this technical assistance buttresses their backwardness in the regional efforts to strengthen the AML/CFT framework through the coordination and provision of direct assistance to states.

B. Summary of Major Regional Training Programs in 2012

a. GIABA / Banking Commission / Bank of France AML-CFT Seminar for Supervisors from the WAEMU Banking Commission, Abidjan, Côte d'Ivoire, April 2 - 4, 2012

478. The MERs of WAEMU member States highlighted significant deficiencies with regard to, implementation of FATF Recommendations, including R10, R11, R20, R26 and R35, and the weak supervisory regime of the Banking Commission. The MERs emphasized the need to strengthen regulatory and supervisory frameworks to ensure that financial institutions and other reporting entities gravitate towards full compliance with AML/CFT standards in relation to their operations.

479. In continuation of the efforts to address the above deficiencies, GIABA, in collaboration with WAEMU Banking Commission and the Bank of France, organized a training seminar for the members of the WAEMU zone. The seminar aimed strengthening the capacity of supervisors in carrying out their regulatory and supervisory duties, and identified key areas the WAEMU zone that required attention so as to ensure effective implementation of AML/CFT measures. The training was delivered by experts from the Bank of France, FIU Côte d'Ivoire, and the Secretariat. Thirty-One (31) officials from the BCEAO, Commission bancaire, and commercial banks participated in the seminar.

480. The outcome of the seminar is that WAEMU zone has commenced the implementation of the recommendations agreed at the seminar, which include:

- Improved collaboration between the Banking Commission and the Financial Intelligence Units of WAEMU member States;
- The issuance of directive on sanctions and financial penalties by the Banking Commission to ensure that financial institutions that fail to comply with the AML/CFT requirements are appropriately punished;
- Organization of more sensitization programs and trainings for bank staff on the requirements of AML/CFT regimes within the BCEAO laws and directives; and
- Issuing of AML/CFT compliance manual for financial institutions.

481. The implementation of the above recommendations is expected to improve accountability, promote national ownership and enhance harmonization of AML/CFT framework in WAEMU member States. What remains is improved supervision. In the light of the foregoing both GIABA and the Banking Commission are to explore further areas of collaboration in the coming years.

b. Installation of Billboards for AML/CFT Messages in Sixteen International Airports of member States.

482. The report of the independent evaluation of the GIABA 2007 – 2009 Strategic Plan noted the low level of awareness about the problems of ML/TF in member States. The report recommended the acceleration of awareness creation efforts to facilitate implementation of AML/CFT measures in the region. Achieving this task required a multifaceted approach, particularly in the area of communicating relevant information to all segments of the stakeholders. This can be achieved through the utilization of different channels such as print and electronic media, and outdoor facilities. It was noted that technology has wrought irrevocable changes in the relationship and power structure between organizations and their publics, and that it has become difficult for organizations to define and segment their audiences in view of the diversity across

cultural, geographical and economical boundaries. Thus, to meet the challenges occasioned by this diverse nature of stakeholders, the billboard was considered to provide a generic platform for conveying awareness messages to be commonly understood messages yet personalized in such a way that it still addresses the various audience segmentations effectively. The billboard as a message-delivering opportunity has the potential of creating increasing exposure if placed strategically at areas where there is considerable human traffic. Also, messages are effectively communicated through billboards for visually stimulating information. As an inflection point and value-adding proposition in the unfolding history of mass communication, the electronic billboard is a proven feature of conveying the right messages to the right people in the place at the right time. It is cost effective as the coverage is overwhelming. In view of the immense benefits of using the billboards, GIABA undertook the implementation of electronic billboards in sixteen (16) international airports in the fifteen (15) member States in 2011 and 2012.

483. The billboards were installed to raise the level of awareness about the problems of ML/TF, and to accelerate the implementation of AML/CFT measures in the region. The award of contract for the acquisition of the billboards was in accordance with the ECOWAS procurement process at the ECOWAS Permanent Tender Board meeting from May 31, 2011 – June 1, 2011. The implementation of the project commenced in July 2011 and was completed in September 2012 as shown in the table below.

Table 9: Status of Implementation of the Bill Boards Project

No.	Name of Airport	Date of Installation
1	Banjul International Airport –Banjul, The Gambia	28 July, 2011
2	Bamako Senou International Airport –Bamako, Mali	18 July 2011
3	Aeroport International Gnassingbe Eyadema –Lome, Togo	26 September 2011
4	Francisco Mendes International Airport –Praia, Cape Verde	24 August 2011
5	Lungi International Airport –Lungi, Freetown, Sierra Leone	06 September 2011
6	Bissalanta International Airport –Guinea Bissau	12 September 2011
7	Aeroport Leopold Sedar Senghor –Dakar Senegal	02 March 2012
8	Kotoka International Airport –Accra, Ghana	19 March 2012
9	Nnamdi Azikwe International Airport, Abuja, Nigeria	26 March 2012
10	Murtala Mohammed International Airport –Lagos, Nigeria	9 April 2012
11	Aeroport Gbessia –Conakry, Guinea;	20 July 2012
12	Aeroport International d'Abidjan –Abidjan, Ivory Coast;	28 July 2012
13	Roberts International Airport –Monrovia, Liberia;	15 August 2012
14	Gadjehoun Airport –Cotonou, Benin;	29 August 2012
15	Diori Hamani Internationale Airport –Niamey, Niger;	12 September 2012
16	Ouagadougou Aeroport –Oagadougou, Burkina Faso;	24 September 2012

484. With the support of National Correspondents (NCs), the Secretariat and member States managed the implementation of the project involving, the selection of the supplier, and production of message, site identification, national approval process, supervision and monitoring of the supplier. The billboards were installed at strategic point of entry and/or departure of the sixteen airports in the appropriate Community language (see pictures below) for each member State.







485. As a result of the high cost of erecting a billboard stand, the messages will be maintained for a minimum period of three years to maximise resources, increase visibility of the message and hence facilitate the measurement of the impact of this project. Consequently, GIABA will undertake an evaluation of the impact of the billboards at the end of the second year of their installations.

c. International Study Tour to improve the skills and knowledge of Judges on Economic and Financial Crimes, Minnesota, USA, 24-30 June 2012 and Paris, France

486. Economic and financial crimes, coupled with the laundering and use of the proceeds accrued from them, have become topical issues for the international community. This is due to their nature and effects on global peace, security, and economic growth. West Africa has not been spared by the spate of transnational criminal activities, including drug trafficking, illicit trafficking in small arms and light weapons, human trafficking, corruption, smuggling, and money laundering.

487. In their efforts to combat these crimes, countries have taken several initiatives, and adopted international AML/CFT measures with the ultimate aim of crime unprofitable. Although these efforts have been strengthened in recent years and yielded positive outcomes, the threats posed by criminal activities continue to evolve. In response to the persistence of these activities, the Financial Action Task Force (FATF), the global intergovernmental body responsible for setting AML/CFT standards, adopted a set of revised Standards in February 2012. The major elements of the revised Standards include facilitation of international cooperation especially in mutual legal assistance and recovery of assets from illicit activities. However, a major hindrance to the implementation of these Standards, especially in West African and other low capacity countries is the lack of adequate judicial capacity to adjudicate cases of economic and financial crimes. This is so, notwithstanding efforts to institutionalise the rule of law, promote judicial independence and enhance integrity. These challenges in West African judiciaries with regard to AML/CFT are manifested low rate of prosecution and conviction of ML/TF cases, even in the context of increasing criminal activities in West Africa.

488. According to the 2007 GIABA Technical Assistance Needs Assessment (TANA), MERs, the findings of GIABA's research studies and the findings of studies by credible AML/CFT organizations, member States exhibit several judicial challenges with regard to AML/CFT. Among these challenges the application of obsolete laws to cases considered to be modern and complicated in nature, undue executive influence, social tolerance of corruption, and fear of retribution.

489. In its efforts to address these challenges, GIABA has since 2008 been organizing Regional Capacity Building Seminars on Economic and Financial Crime for Judges. At the last count in 2012, about Two Hundred and Eighty (280) Judges, mainly from the High Courts responsible for the adjudication of cases involving economic and financial crime in their respective countries, have benefited from the programs. Among the objectives of the Seminars the enhancement of the capacity of judges to handle substantive legal issues relating to AML/CFT.

490. The Seminars focused on strategies for effectively prosecuting ML/TF cases. Thus, the broad themes covered the risks and threats of ML/TF, legal and institutional frameworks, preventive measures, forfeiture of proceeds of crime, instrumentalities used in or intended for use in the commission of crime and assets linked to the financing of terrorism; international cooperation, including mutual assistance and extradition and related matters.

491. While acknowledging the positive impact of the Seminars, participants in highlighted in the various Communiqués the obstacles to successful prosecution and adjudication of economic and financial crimes. This confirms the findings in the GIABA's mutual evaluations research studies. The participants recommended, among others, that ECOWAS member States intensify efforts to adopt and implement robust AML/CFT measures of acceptable international standards. In particular, they recommended that Superior Courts Justices be sponsored to undertake international study tours to countries with judicial systems advanced in prosecuting economic and financial crimes. This will enable them to deep their knowledge and strengthen their capacities to handle cases of economic and financial crimes, especially. Also, during several advocacy missions undertaken by the Director General to member States, Heads of Superior Courts re-echoed the need to extend to them technical assistance in the form of international training and attachment.

492. In view of the foregoing, GIABA organized two streams of international study tours for superior court judges responsible for the adjudication of economic and financial crime in ECOWAS member States to provide them with practical experience. The first stream of international study tour was for judges of Anglophone member States to Minnesota, USA from 24 – 30, June 2012, while the second stream was for judges of Francophone West Africa in Paris, France, from 21 to 29 October, 2012.

493. In addition to deepening the knowledge and strengthening the capacities of judges, the study tours also aimed to provide a platform for the exchange of experience

and best practices on issues relating to economic and financial crime. Specifically, the study tour was designed to:

a. Enable the judges to explore, appreciate and gain a deeper understanding of the processes of prosecuting and adjudicating relating to economic and financial crime cases in the advanced countries; and

b. Provide judges the opportunity to propose strategies for ensuring effective implementation of global initiatives to combat economic and financial crime, particularly the revised standards of the FATF; and

c. Examine and discuss the challenges faced by trial judges, especially with regard to appeals to the appellate courts.

494. Accordingly, the study tour focused on the strategies for effective prosecution of ML/TF, the use of electronic evidence, judicial cooperation, extradition and mutual legal assistance, asset recovery and other issues relevant to effective prosecution and adjudication of economic and financial crimes. Participants had the opportunity to meet and share experiences... The study was delivered through case studies, visits to the best practice institutions in the United States and France.

495. A total of forty-five (45) Justices of supreme courts and courts of Appeal, including the Chief Justices of Ghana, Sierra Leone, Nigeria, as well as Judges of Supreme Courts and Courts of Appeal of The Gambia, Ghana, Liberia, Nigeria and Sierra Leone, participated in the Anglophone study tour. A total of twenty-four (24) Senior Judges from Benin, Burkina Faso, Cote d'Ivoire, Guinea, Mali, Niger, Senegal and Togo participated in the Francophone study tour.

496. The Judges made the following recommendations:

a. Establishment of an umbrella organisation to coordinate actions of competent authorities responsible for AML, identification of existing gaps, and recommendations for dealing with those gaps;
b. Institutionalization of Action Learning Project in West Africa;
c. Selection of 3-4 Integrity Projects by each member State;
d. Collaboration between GIABA and development partner (s) to facilitate the Integrity Projects;
e. Creation of platforms for sharing experiences from the Projects within the West African judiciary;
f. Provision of adequate resources (human, financial and infrastructure) for the judiciary and law enforcement agencies to facilitate their functions;
g. Identification and dissemination of Best Practices;
h. Identification and designation of incorruptible Judges to handle cases of economic and financial crimes.
i. Establishment of mechanisms to address challenges to judicial integrity, including transparent and credible procedures for appointment of judges and their conditions of service.

497. An action plan was developed for the implementation of the aforementioned recommendations. It was recommended that GIABA should consider pursuing the activities recommended in the Implementation Plan for the Agreed Next Steps and assist member States to achieve the same. In particular, GIABA may work with development partners to design and deliver Training on Integrity for judges in the region. Furthermore, GIABA should consider fostering collaboration by way of informal dialogue between the law enforcement, prosecutors and the judiciary on ways to achieve speedy and effective adjudication of crime cases. GIABA has since sent the report, including the recommendations and is awaiting the reaction of the Chief Justices to design country specific projects according to needs.

498. The study tour was considered successful because it stimulated the interest and enhanced the skills and knowledge of decision makers in the judiciary. The tour provided a viable means to effect policy change and to ensure that the criminal justice systems in the region are well-equipped to combat economic and financial crimes. In addition, the workshop served as platform for networking and mutual exchange of experiences. The study tours also reinforced the need to conduct further capacity building programs on AML/CFT for judicial personnel and this will be given priority and taking into account the specific needs of the countries in future plans.

d. Book Presentation on "Strategies and Techniques of Prosecuting Economic Crimes", Abuja – Nigeria, June 5, 2012

499. Successful prosecution of economic crimes is sine qua non to an efficient investigation. Therefore, prosecutors play a key role in the fight against ML/TF, particularly in the area of mutual legal assistance, application for freezing, seizure and confiscation of proceeds of crime. However, prosecutors in West Africa face numerous challenges, including the lack of essential tools to help them to undertake their roles in line with acceptable AML/CFT Standards. The independent evaluation of the activities and programs of GIABA between 2007 and 2009 revealed the lack of successful prosecutions and convictions for money laundering in most, if not all GIABA member States.

500. In May 2011, GIABA organized a regional capacity building program on the prosecution of economic and financial crimes for prosecutors. Participants in the program expressed their frustrations on the lack of guidance materials

and tools to assist them to effectively prosecute ML and economic crime cases. The observation by the participants corroborated the findings in the MERs of member States. The knowledge gap among officials of competent authorities is a hindrance to effective implementation of AML/CFT measures in West Africa. Therefore, building a knowledge-community with well-documented referencing materials becomes imperative to the success of war against ML/TF.

501. In response to the findings of the independent evaluation referred above and in order to address the lack of skills and expertise of investigators and prosecutors, the Secretariat published a book titled "Strategies and Techniques of Prosecuting Economic and Financial Crimes". The primary objective of the book, authored by Abdullahi Shehu, the Director General, is to provide some useful guides, including the nuances of successful prosecution to practitioners and other competent authorities in the discharge of their duties. The book consists of six (6) chapters and blends theoretical concepts with practical perspectives, thereby making it a veritable companion. The book was officially launched in Abuja, Nigeria on 5 June, 2012. A total of four hundred and seven (407) persons from ECOWAS member States and a wide range of stakeholders on AML/CFT participated in the event.

502. The occasion was chaired by the Chief Justice of Nigeria, His Lordship Justice Dahiru Musdapher, while General Yakubu Gowon, the former Head of State of Nigeria and one of the founding fathers of ECOWAS, was the special guest of honor. Both Justice Musdapher and General Gowon commended the intellectual erudition of the author, and also praised GIABA for the landmark event and the value it is adding to ECOWAS regional integration. The event was attended by Chief Justices and Ministers of Justice of some member States, the Speaker of ECOWAS Parliament, Members of National Parliaments of member States; The President of ECOWAS Community Court of Justice, GIABA National Correspondents of member States, members of the diplomatic corps, members of the academia, law enforcement community, Bar Associations from the region, and professional legal bodies, development partners, and law students from tertiary institutions. The book was presented by the Honourable Minster for Justice and Attorney General of the Republic of Ghana, Mr. Benjamin Kumbour, along with the Representative of the President of the National Assembly of the Republic of Benin in the three Community languages, and distributed to attendees free of charge as part GIABA outreach. Copies have also been distributed to High political authorities, including Heads of States, Ministers of Finance, Justice and Interior, as well other relevant stakeholder institutions in the region.

503. The book has been acknowledged and commended as timely, incisive, educative, relevant and adaptable to the circumstances of the West African region. Thus, readership of the book is expected to extend beyond the original target audience. Below is a summary of some of the acknowledgement and accompanying comments received in respect of the book:

504. In his opening remarks, the Chairman of the occasion and Chief Justice of Nigeria, Hon. Justice Dahiru Musdapher, stated inter alia that: I can say that this is indeed an excellent initiative, especially now that prosecutors need more training to enhance their capacity and ability to successfully prosecute economic and financial crime cases in court. I believe this book will go a long way in providing the required guidance to prosecutors to better prepare and present cases in court according to the required procedures and standards of proof. This book is perhaps the first of its kind in this region, and more so that the book is published in



From L-R: The President, National Assembly of the Rep. of Benin, Hon Coffi Nago ; Hon. Minister of Justice and AG, of Ghana, Dr. Benjamin Kunbour, Former Nigerian Head of State and ECOWAS Founding Father, Gen Yakubu Gowon (RTD), Former Chief Justice of Nigeria, His Lordship, Hon. Justice Dahiru Musdapher, The President of ECOWAS Community Court of Justice, Her Lordship, Hon. Justice Nana Daboya and The Director General of GIABA, Dr. Abdullahi Y. Shehu at the Public Presentation of the Book in Abuja, June 5, 2012.

three ECOWAS Community languages. As I gleaned through the book, I saw a statement the author made that "successful prosecutor is a function of good investigation". I could not say more than this. In other words, apart from prosecutors who are the primary end users of this book, investigators also stand to benefit immensely from the ideas developed in the book. Let me not pre-empt the Book Reviewer, who will tell us more about the book before its formal presentation.

505. Suffice it therefore for me to use this opportunity to acknowledge the scholarship displayed by Dr. Shehu Abdullahi, who despite his very tight schedules could find the time to develop some ideas to assist in the prosecution of economic and financial crime cases. I sincerely commend him for this initiative and for contributing to the reservoir of knowledge in criminal justice administration. As a Nigerian citizen, Dr. Shehu has distinguished himself and creditably represented Nigeria in his position as Director General and Head of one of the ECOWAS Institutions. We are proud of him and his team for the resounding successes achieved under his leadership in the implementation a





From L-R: Director General of GIABA, Dr. Abdullahi Shehu receiving H.E. Gen. Yakubu Gowon, Nigerian Former Head of State and ECOWAS Founding Father and The Speaker of ECOWAS Parliament and Deputy Senate President of Nigeria, Senetaor Ike Ekweremadu at the Book Presentation in Abuja- Nigeria, June 5, 2013.

comprehensive, integrated and impact oriented program against transnational organized crime, in particular, money laundering and the financing of terrorism in West Africa. We wish him and his team greater success – let me say it better in one of our community languages – French – bravo et bon courage!"

506. In his concluding remarks after reviewing the book, Professor Epiphany Azinge, Director General of the Nigerian Institute of Advance Legal Studies (NIALS) has this to say : Iwant to commend Dr. Abdullahi Shehu for his vision, industry and discipline which propelled him to write this book of monumental significance. I strongly recommend the book STRATEGIES AND TECHNIQUES OF PROSECUTING ECONOMIC AND FINANCIAL CRIMES to lawyers, public prosecutors, officers and men of anti-graft agencies, students of digital forensic advocacy, teachers of law both at our universities and the law schools, Ministries of Justice both at federal and state level, judges, police investigators, students of the study of international cooperation and mutual legal assistance and all persons interested in the art of prosecuting economic and financial crimes. Over and above all is my wish that this high profile work should be translated into French for the benefit of our brothers and sisters from the ECOWAS community and the entire African Union".



The book "Strategies and Techniques of Prosecuting Economic and Financial Crimes" was presented to the public in Abuja Nigeria on June 5, 2012.

Table 10: Comments on the Book Strategies and Techniques of Prosecuting Economic and Financial Crimes

COUNTRY	COMMENTS
Burkina Faso	4) The President of Bukina Faso and the Chairman of the Council of Ministers, His Excellency Blaise Compaore considered the book as being the result of an in-depth analysis that provides invaluable information on financial crime and strengthens the legal arsenal of member States in a global context marked by the amplification of ML. He commended the publication and stressed the usefulness of its content in enhancing the effectiveness of fight against ML that threatened the economic stability of member States. He concluded acknowledging Director General's outstanding contribution to the improvement of the business environment within the region. 5) The Prime Minister of the Republic of Burkina Faso expressed his appreciation and the consideration given to him. He was encouraged the efforts made in the fight against ML in the region. He noted the strong and appreciable results and commended them. He further reassured that the good use of information in the book will contribute to the real fight against economic and financial crimes in member States. 6) The Minister of Justice and Attorney-General of Burkina Faso said that the book will be of invaluable contribution to the administration of the criminal justice
Cape Verde	7) The President of the Republic of Cape Verde, His Excellency Jorge Carlos de Almeida Fonseca, thanked the Director General for the book offer and expressed that the book will attract all his interest.
Gambia	8) The President of the Republic of the Gambia, His Excellency Sheikh Prof. Alh. Dr. Yahya A.J.J. Jammeh expressed his profound gratitude and appreciation for the laudable gesture and offered his heartfelt congratulations.

Senegal	9) The President of the Republic of Senegal, His Excellency Macky Sall commended the excellent contribution to better understanding of economic and financial crimes, and ways to effectively fight against them. He notes that the experiences developed in the book will assist authorities in the promotion of good economic governance, the repression of illicit enrichment and the repatriation of all ill-gotten wealth invested abroad. He also indicated his willingness to purchase fifty copies as a way of supporting the initiative. 10) The Prime Minister of the Republic of Senegal, His Excellency Abdoulaye Mbaye, noted that the book is an indispensable tool for decision-makers, magistrates and investigators in the prosecution of economic and financial crimes. 11) The Minister of Interior of the Republic of Senegal commended the book and referred to it is a 'must' for stakeholders involved in the fight against ML. 12) The President of FIU of Senegal, Mr. Demba Diallo, thanked the Director General for the book and noted that it will enhance understanding of economic and financial crimes.
ECOWAS Court of Justice	13) The President of the Community Court of Justice of ECOWAS, Hon. Justice Awa Nana Daboya, confirmed receipt of the book and 2011 Annual Report and commended their excellent quality as well as the good inter-institutional relationship between GIABA and the Court. The President wished the Director General success in his exciting and meritorious mission within the Community, and expressed the hope that the two institutions, GIABA and the Court, will work together to enhance the regional integration process.

507. In the coming years, GIABA will leverage on the content of the book in the delivery of its regional workshop on AML/CFT for Prosecutors.

e. Regional Workshop on AML/CFT Requirements for Auditors and Accountants, Dakar, Senegal, July 16 - 17, 2012

508. The revised FATF Recommendations 22 and 23 obliges DNFBPs to apply the requirements of customer due diligence, record-keeping, reporting of suspicious transactions, information sharing, adequate internal controls, and prohibition from tipping-off as set out in Recommendations 10, 11, 12, 15,17, and 18 to 21.



The Secretary General of the Ministry of Economy and Finance, Mr. Ngouda Fall Kane and the Director General of GIABA, Dr Abdullahi Shehu surrounded by participants at the regional workshop on the role of WAEMU chartered accountants in AML / CFT, from 16 to 17 July 2012 in Dakar (Senegal).

509. However, MERs of member States reveal that DNFBPs, particularly lawyers and accountants, do not adhere to these requirements. This is because lawyers and accountants, considered as the gatekeepers in AML/CFT, operate mostly under "Client Confidentiality" principle which provides opportunities for criminals to launder proceeds of crime. Thus, the relevance of the DNFBPs to the overall effective implementation of AML/CFT measures cannot be over-emphasized. Consequently, in 2012, GIABA organized the premier edition of a Regional Workshop on AML/CFT Requirements for auditors and accountants in Dakar, Senegal, 16-17 July. The objective of the workshop was to sensitize the participants on their AML/CFT obligations as part of the integrated approach in the fight against ML/TF. Forty-three (43) accounting and auditing practitioners from the Francophone member States attended the workshop. A major outcome of the event was the recommendation by the participants that National Accounting Associations in member States, should, as Self-Regulatory Organizations (SROs), issue a directive on compliance with the necessary AML/CFT requirements by their members, particularly in relation to the filing of STRs to FIUs.

f. GIABA / Egmont Group Regional Workshop for Financial Intelligence Unit on Roles and Requirements for FIUs in Global AML/CFT, Dakar, Senegal, November 29 - 30, 2012

510. In its efforts to enhance operational effectiveness of FIUs in line with Recommendation 29 of the revised FATF Standards, a workshop was jointly organized by GIABA and the Egmont Group in Dakar, Senegal, 29-30 November 2012. The workshop was aimed at deepening understanding of the challenges related to the establishment of FIUs in Africa, of expectations and requirements of international standards, of the role of FSRBs in the development of FIUs with a view of facilitating their membership of the Egmont Group. The workshop was attended by the heads of the FIUs of all GIABA member States, and senior officials of FIUs of Gabon, Cameroon, Chad, Central African Republic (CAR), Republic of Congo, Democratic Republic of the Congo (DRC), and The Comoros. Representatives of the Central Bank of West African States (BCEAO) also participated in the workshop.

511. The workshop was handled by International and regional experts from South Africa, Canada, Belgium, United States of America, France, the United Nations Office against Drug and Crime (UNODC), the Egmont Group Secretariat, and the ESAAMLG and the FATF. Presentations were made by a panel of regional and international experts on the role and functions of FSRBs in the development of FIUs, FIU international best practices, particularly on the importance of security, information protection and sharing, and international cooperation.

512. The following recommendations emanated from the workshop:

- Heads of FIUs should establish procedures to ensure confidentiality of information;
- State Authorities should allocate adequate resources to FIUs to enable them improve their operational standards and facilitate their membership to the Egmont Group;
- GIABA should assist in enhancing the capacity of the personnel of FIUs on the techniques of analyzing and processing of financial intelligence;
- GIABA should continue the installation process of communication tools to facilitate the communication among FIUs; and
- FATF, Egmont Group, UNODC and other technical partners should coordinate efforts with GIABA in providing technical assistance to FIUs.

g. Regional Workshop on Freezing of Terrorist Assets under the United Nations Resolution 1373 (2001)

513. In a bid to ensure the active participation of all stakeholders involved in AML/CFT in, GIABA, in collaboration with the Counter Terrorism Executive Directorate (CTED) of the United Nations, and with the support of the Swiss Government, jointly organized a regional workshop on the freezing of terrorist assets under Resolution 1373 (2001) of the United Nations, in Dakar, Senegal, 11-14 December, 2012. The objectives of the workshop were to provide an opportunity for participants from UEMOA member States and Guinea, to exchange viewpoints and discuss best practices on the legislative and, operational aspects of the asset freezing procedures under Resolution 1373 (2001) of the UNSC. . International experts served as resource persons for the workshop.

514. Presentations made during the workshop and subsequent ensuing discussions defined the concept of freezing, and measures to be taken by member States to enforce Resolution 1373 (2001); the impact of the freezing measures; and appeal procedures and observance of the rule of law. Following the presentations and discussions, it became clear that there were still a number of hurdles to be scaled regarding the freezing of terrorist assets by the participating countries. In particular, the following issues were highlighted:

a) The concept of freezing terrorist assets

515. It was agreed that the definition of the concept of freezing terrorist assets is not clearly reflected in the legislation of member States of UEMOA countries and Guinea.



The Deputy Director General of GIABA, Dr Ndèye Elisabeth Diaw (center) and participants during the regional workshop on freezing of terrorist assets under United Nations Security Council Resolution 1373 (2001). Workshop organized by the Counter-Terrorism Executive Directorate (CTED) and GIABA from 11 to 13 December 2012 in Dakar (Senegal).

b) Measures to be taken by member States to designate and process requests from third States in conformity with Resolution 1373.

516. It was observed that no UEMOA member country has a national list of designated terrorists and therefore no freezing order has been issued. With regard to the processing of requests for freezing emanating from other countries, the status of the legislation in the UEMOA zone presents some inadequacies, as the Uniform UEMOA CFT law makes no provision for such an arrangement.

c) Impact of freezing measures, appeal procedures and observance of the rule of law under Resolution 1373

517. Participants observed that the provisions relating to appeal procedures and observance of the rule of law are yet to be completely covered by the UEMOA Uniform Law, which limits the challenging of freezing measures to informal appeal. Other concerns raised by participants include:

- The private sector does not have access to the lists;
- Investigators lack the requisite expertise and skills to conduct special investigation and identify terrorist assets;
- Illicit cross-border transportation of cash and Bearer Negotiable Instruments could facilitate TF in the region;
- Difficulties with preliminary investigations on the property and assets held by or on behalf of terrorist individuals or entities;
- Communication between the private sector (banks, DNFBPs) and the competent authorities remain inadequate. At the same time, the latter has not issued adequate guidelines to the former with regard to AML/CFT;
- Declassification of documents could be an issue in case of legal challenge.

518. However, considering the requirement of Resolution 1267 (1999) and other subsequent resolutions which require immediate freezing, it was revealed that the mechanism put in place in UEMOA member States has not been compliant because of the intervention of Community bodies, characterized by delays in making the lists available and lack of updating.

Recommendations and Follow-up actions

519. In response to the issues identified above, participants at the workshop made the following recommendations :

i. UEMOA member States should implement the Uniform Law on CFT by appointing of a Competent Authority to administer the freezing requirements;

ii. Competent designation Authorities should prepare a national list which should be circulated to reporting entities;

iii. Member States are urged to strengthen cooperation between the competent designation authorities and other anti-terrorist financing units, particularly the FIUs;

iv. Member States should enhance their analysis of the terrorist threat at both national and regional levels as well as its financing;

v. The competent anti-terrorism financing Authorities in member States should be encouraged to cooperate and collaborate closely among themselves and with the private sector (banks, DNFBPs and Civil Society Organizations-CSOs) in order to facilitate the implementation of freezing measures;

vi. GIABA should give priority to capacity building of intelligence and investigation structures to track funds or assets subject to freezing;

vii. UEMOA member States are urged to distribute their lists of terrorist individuals or entities without further delay;

viii. Member States are enjoined to develop/implement national anti-terrorism strategies;

ix. Guinea should endeavor to enact a CFT legislation and designate a competent Authority for the implementation of freezing measures;

x. BCEAO should immediately undertake the review of the Community AML/CFT frameworks and take into account the provisions on the implementation of freezing measures consistent with international standards; and

xi. GIABA should monitor the effective implementation of freezing measures and all the workshop's recommendations in member States.

h. Regional AML/CFT Seminar for Commercial Banks Executives and Chief Compliance Officers, Accra – Ghana, May 30 – 31, 2012

520. Operators in the financial industry play a critical role in AML/CFT. Accordingly, more than half of the FATF Recommendations are geared towards ensuring that financial institutions adopt and implement appropriate preventive measures, including institutionalization of AML/CFT compliance culture involving development of risk management framework, application of risk-based approach to business operations, deployment of comprehensive customer due diligence (CDD) program, establishment of robust record keeping mechanism, and submission of STRs to the FIUs. Resolving the dilemma of being competitive and making profit while ensuring integrity of the financial system requires the commitment and support of business Executives to the implementation of comprehensive AML/CFT measures. Accordingly, it is imperative to keep Chief Executives of businesses abreast with emerging AML/CFT issues, particularly with regard to the key elements of the Revised FATF Recommendations and their attendant implications for reporting entities.

521. In line with the foregoing, GIABA organized a regional workshop for Chief Executive Officers/Managing Directors and Chief Compliance Officers of FIs and DNFBPs in Accra, Ghana, May 30 – 31. The workshop was attended by more than one hundred and fifty (150) participants from banks, financial institutions, and regulatory and supervisory agencies in the region. The workshop was delivered by experts drawn from regional financial institutions, Sator Regulatory Consultancy, Jersey, United Kingdom, Price Waterhouse Coopers (PWC), South Africa and the GIABA Secretariat.

522. In order to promote AML/CFT culture in their respect institutions At the end of the Seminar, participants resolved to undertake the following actions:

- Organize an in-house capacity building workshop on risk-based approach;
- Separate the functions of compliance officers from those of internal auditors/controls; and
- Appoint a senior official with considerable authority as the Chief Compliance Officer.

i. GIABA / Switzerland Regional Workshop on AML/CFT Requirements for Regulators and Supervisors of the Financial Sector, Abuja, Nigeria, December 11 - 13, 2012

523. GIABA, in collaboration with the Swiss Confederation and the Federal Government of Nigeria, organized an Experts' Workshop on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) for North and West Africa, December 11 – 13, 2012 in Abuja, Nigeria. The workshop was aimed at assisting appropriate stakeholders in developing measures to tackle AML/CFT issues, and facilitating and enhancing national and international cooperation among FIU and stakeholders in implementing AML/CFT strategies.

524. The Permanent Secretary of the Ministry of Foreign Affairs (MoFA) of Nigeria, Ambassador (Dr.) Martin Uhomoibhi, on behalf of Ambassador Olugbenga Ashiru, the Honourable Minister of Foreign Affairs, presided over the opening session of the workshop, In the opening remarks, the Honourable Minister commended the workshop's organizers for the initiative and expressed the resolve of the Federal Government of Nigeria to tackle terrorism and organized crime.

525. In his welcome remarks, His Excellency Dr. Hans-Rudolf Hodel, Ambassador of Switzerland to Nigeria, called for enhanced international and regional cooperation as a key to the fight against terrorism. The Ambassador stated that Switzerland is committed to assisting stakeholders in understanding and implementing best practices, and strengthening regional capacity in dealing with TF. His remarks also elaborated recent initiatives by the Government of Switzerland to address TF.

526. The Director General of GIABA, Dr. Abdullahi Shehu, presented a keynote address on "The Challenges



Front row, 3rd Left to Right: Director General of GIABA, Dr Abdullahi Shehu, Permanent Secretary of the Ministry of Foreign Affairs (MoFA) of Nigeria, Ambassador Dr. Martin Uhomoibhi, Ambassador of Switzerland to Nigeria, His Excellency Dr. Hans-Rudolf Hodel flanked by participants at the Workshop on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) for North and West Africa, December 11 – 13, 2012 in Abuja, Nigeria.

of Implementing Counter Financing of Terrorism Regimes in West Africa." The keynote provided an overview of the FATF Standards, the status of implementation of the Standards by ECOWAS member States, and the challenges and constraints in the implementation in West Africa. Dr. Shehu discussed GIABA's on-going efforts to deliver international best practices on AML/CFT West Africa.

527. Presentations during the plenary sessions of the workshop focused on the following thematic areas:

- Lack of cooperation among Customs/Border Authorities and other CFT Relevant Authorities;
- AML/CFT measures targeting cash-based economies and informal routes for money transfer
- AML/CFT responsibilities for Non-Bank Financial Institutions.

528. The workshop was attended by forty (40) senior officers from ECOWAS member States and North African FIUs, regulatory and investigative agencies. At the end of the workshop, the participants issued a communiqué containing comprehensive recommendations for follow up actions to ensure better implementation of national AML/CFT regimes. The communiqué can be accessed on GIABA's website at www.giaba.org.

j. ECOBANK Annual AML/CFT Training for Board of Directors

529. The ECOBANK Transnational Incorporated (ETI) Group, a pan-African financial institution established in the 1980s with more than one thousand (1,000) braches in thirty-three (33) African countries, with its headquarters in Lome, Togo, organized an AML/CFT training seminar for its Board of Directors. The seminar, the first by the Bank, was held at the Bank's Headquarters on 3 December, 2012. Twenty (20) ECOBANK Board members participated in the event.

530. The ETI Group invited the Director General of GIABA, Dr. Abdullahi SHEHU, and the Executive Secretary of ESAAMLG, Dr. Eliawony Joseph Kisanga, to share their thoughts with participants at the training.

531. The presentation of Dr. Shehu focused on the concept of ML/TF, typologies and risks of ML/TF, the AML/CFT situation in West Africa, responses to ML/TF in the region, challenges to the implementation of AML/CFT in West Africa, and suggested way forward. Dr. Shehu took advantage of the seminar to highlight the important role of the financial sector in the implementation of effective AML/CFT measures and sensitize participants on the need to put in place a robust compliance system in financial institutions (FIs). He emphasized the following points in his presentation:

a. The main elements of the preventive measures that should be enforced;
b. The main indicators for determining a suspicious transaction to be reported in the AML/CFT compliance process;
c. When to apply due diligence/risk-based approach;
d. Why FIs should comply with AML/CFT provisions;
e. The critical success factors for effective compliance culture;
f. The challenges of AML/CFT compliance.

532. The Board members considered the seminar very informative and commended Dr. Shehu and Dr. Kisanga for sharing their knowledge and experience with them...

533. Furthermore, UBA Senegal organized a breakfast meeting with GIABA officials to discuss AML/CFT compliance issues, including ways by which the bank can improve its compliance system and remain competitive in the region. In 2010, a similar enlightenment program was organized by the United Bank for Africa (UBA) for its Board members in Lagos, Nigeria.

534. These training seminars illustrate the commitment of the private sector to AML/CFT. This initiative becomes more relevant now in the light of the review of the FATF recommendations. Therefore, FIs and other reporting entities should make efforts to train and resource their staff in order to fully understand their AML/CFT obligations.

C. Summary of National Technical Assistance/ Training Programs

535. The provision of direct assistance at the national level complements regional programs and has the potential to significantly increase the number of beneficiaries. Also, it is easier to train people within their localities, especially because the barrier of receiving training through an interpreter is eliminated and there is more concentration and interaction between the trainees and with the trainers. Most importantly, the national programs are designed specifically to meet the needs of the countries. A summary of some of the programs sponsored or supported by GIABA in member States in 2012 is presented as follows:

k. Code of Conduct Compliance Training for Public Officers, Abuja, Nigeria, February 23, 2012

536. High ethical standards are critical to countering public sector corruption. According to Transparency International's Corruption Perception Index (CPI), to enhance the integrity of the public sector in Nigeria, the Nigerian Code of Conduct Bureau organized a Code of Conduct Compliance Training for Chief Executives of Federal Ministries, Department and Agencies (MDAs) on 23 February 2012 in Abuja, Nigeria. GIABA was invited to support this initiative and to make a presentation on "Experience Sharing: International Best Practices on Code of Conduct" . The training was attended by about three hundred (300) participants from the Federal Government Institutions.

537. In view of the critical role of public officers in ensuring accountability and transparency, the training was designed to sensitize them on the importance of complying with the Nigerian Code of Conduct for Public Officers. The training seminar served as a platform for explaining the consequences of the corruption-money laundering nexus with particular emphasis on the deficiencies in the Nigeria AML/CFT regimes.

538. The Director General of GIABA, Dr. Abdullahi Shehu, presented a synopsis of the various types of code of conduct for public officials, including international best practices. He further explored the establishment and operations of the Code of Conduct Bureau and Code of Conduct Tribunal of Nigeria and suggested strengthening the effectiveness of code of conduct for public officers.

539. Without being prescriptive, Dr. Shehu recommended the enforcement of disclosures of assets and liabilities by public officials in conjunction with other requirements, including those related to the imposition of penalties on officers who either fail to declare their assets and liabilities within the stipulated timeframe or make false and misleading declarations. Dr. Shehu called for severe penalties to serve as deterrents. Disclosure requirements are intended to deter corruption and to identify and exclude corrupt officials, which require that two distinct types of penalty should apply. Discharge and other disciplinary sanctions flow from breach of contractual requirements either to disclose (non-disclosure) or to refrain from corrupt behaviour (malfeasance), and from breaches of criminal or other offence provisions. The first category results in action to remove the official from the public service or from a position open to abuse, and the second leads to criminal punishment intended to deter others. Since only one category is of a criminal law nature, double-jeopardy rules, according to the Director General, do not, and should not apply.

540. Importantly, the Director General concluded that there is no ideal type of Code of Conduct. Rather, the success or failure of any regime depends to a large extent on the particular socio-cultural environment and not the amount of regulations in place. In countries where the level of public trust is high, the need for regulations may be less compared to countries with very low level of public trust. In a country such as Nigeria, where the level of public trust is very low, preventing conflicts of interest and abuse of public office has been a challenging task.

541. This is particularly true where integrity values are weak and where public institutions lack the capacity to enforce rules. While the Nigeria Code of Conduct for Public Officers is robust in terms of its provisions and legal force, its major weakness has been the inability to deter abuse of office by public officers and enforce conflict of interest regulations. The near-daily scandals of reprehensible abuse of office by public officers in the country demonstrate the gross inadequacy of preventive and enforcement mechanisms. They also expose an urgent need to draw lessons from success stories in other jurisdictions to strengthen the Code of Conduct regime.

l. AML-CFT Seminar for Capital Market Operators, Accra, Ghana, April 10 - 11, 2012

542. One of the recommendations contained in Ghana's MER is the sensitization of the non-banking sector on their AML/CFT obligations, which has been enunciated as a priority in its National AML/CFT Strategy and Action Plan. Accordingly, GIABA supported Ghana's Financial Intelligence Center (FIC) and the Stock Exchange Commission (SEC) to organize a National Seminar on AML/CFT for Capital Market Operators (CMOs) in Ghana on 10-11 April, 2012. The seminar was designed to sensitize officials of the SEC and CMOs on the risks and effects of money laundering, the financing of terrorism and financing of proliferation of weapons of mass destruction, and relevant issues relating to global AML/CFT requirements, especially in the context of the Revised FATF Standards.

543. The seminar was attended by about eighty-five (85) participants who pledged their commitment to be part of the fight against ML/TF. Also, the SEC committed itself to the intensification of efforts to meet international standards on AML/CFT. A direct outcome of the seminar is the issuance of AML/CFT Compliance Manual for Capital Market Operators by SEC in collaboration with the FIC. Furthermore, the SEC is at an advanced stage of revising the legal framework to promote enduring micro-structure of the securities market in Ghana in line with global AML/CFT requirements.

m. National Workshops on Risk Based Approach (RBA) to AML/CFT Compliance Functions for Chief Compliance Officers in Financial Institutions, Niamey, Niger, June 27 - 28, 2012

544. Recommendation 1 of the Revised FATF Standards (2012) obliges reporting entities to adopt a risk-based approach (RBA) in their operations. The essence of the RBA is to identify, assess, monitor, manage and mitigate ML/TF risks. As most GIABA member States are low capacity countries (LCCs), the application of RBA has become an important policy measure that will assist countries in implementing effective AML/CFT measures. Importantly, making RBA a part of AML/CFT regulatory frameworks will facilitate better understanding of operating environment and strengthen the effectiveness of the AML/CFT regulations. Chief Compliance Officers have been identified as vanguards in the application of the RBA principles in their respective institutions.

545. Accordingly, GIABA has designed a function-targeted training for these officers. In 2011, GIABA organized Workshops on RBA to AML/CFT Compliance Functions for Chief Compliance Officers in Financial Institutions for Sierra Leone and Senegal. A major outcome of the workshop was the creation of Compliance Officers Network for effective and efficient implementation of national AML/CFT regimes in their countries. The network has fostered stronger collaborations between financial institutions, DNFBPs and their respective supervisory and regulatory bodies. In 2012, a similar program was replicated for Niger Republic in Niamey on 27-28 June; 2012.The workshop exposed the Chief Compliance Officers of the financial institutions to the use of RBA in detecting and mitigating ML/FT risks. About fifty (50) officers participated at the workshop, where it was agreed that Niger, the help of the knowledge gained, will develop its National Risk Assessment Framework by integrating the institutional risk assessments.

n. National Seminar for Designated Non-Business and Professions (DNFBPs) to AML/CFT Compliance, Monrovia, Liberia, July 11 - 12, 2012

546. The MER of Liberia revealed significant deficiencies in the country's AML/CFT regime. In particular, Liberia was rated non-compliant (NC) in all the FATF Recommendations relating to DNFBPs. The poor ratings were attributed to inadequate regulation and supervision of these sectors and lack of awareness of AML/CFT requirements by operators in these segments of the economy despite their huge contributions to the GDP of the Liberia. The MER noted that, left unchecked, criminals will take advantage of the vulnerability in these sectors to ML and TF. The MER recommended prompt remedial action to address the lacunas in DNFBPs through the creation of awareness among AML/CFT stakeholders (Regulators, other competent authorities and operators) of their roles in implementing appropriate measures for the safety of these sectors.

547. In response to the recommendations of the MER and the directives of the 15thTechnical Commission/Plenary to provide Liberia with accelerated technical assistance, GIABA in collaboration with relevant competent authorities in Liberia, organized a National Seminar on AML/CFT Compliance for the DNFBPs in Monrovia, Liberia, 11-12 July, 2012. The focus of seminar was to sensitize the operators of the DNFBPs to the risks and their AML/CFT obligations under the revised FATF Recommendations.

548. Fifty (50) operators from various DNFBPs, namely, insurance agencies, association of accountants, legal profession, credit unions and microfinance institutions, foreign exchange bureaux de change and non-profit organizations attended the seminar. In a communiqué issued by the participants, they noted that the major handicap hindering the effective implementation of AML/CFT regime in Liberia is principally lack of comprehensive AML/CFT legislation. It is expected that the amended AML/CFT bill will address the identified gaps stated in the mutual evaluation report. The DNFBPs committed to create

associations of professions to assist in self-regulation in compliance with the necessary anti-money laundering and terrorist financing measures.

o. Plateau State High Court Judges Retreat 29th July to 2nd August 2012.

549. Upon request, GIABA sponsored a three-day Retreat for High Court Judges of Plateau State, Nigeria on 29 July-2 August, 2012. The Retreat, held at the Saminaka Resort in Kaduna State, was aimed at bringing High Court Judges of the Plateau state to discuss problems affecting the effective performance of the state judiciary, including relations with the executive and the legislature, with a view to promoting better cooperation and collaboration. The Governor of Plateau State was represented by his Deputy, His Excellency Longjan Datong. The Retreat was also attended by the Chief Judge of Plateau State, Hon. Justice Lazarus Dakyen, the Speaker of the Plateau State House of Assembly, Hon. John Clark Dabwan, the Grand Khadi of the Sharia Court of Appeal, Justice Adamu Musa Kanam, the Acting President of the Customary Court of Appeal, Justice Julia Kyentu, the Attorney General of Plateau State, the Deputy Speaker, the Chief Whip, the Majority Leader, the Deputy Chief Whip, and the Minority Leader of the Plateau State House of Assembly. The Director of Security and the participanting Judges attended the opening ceremony.

550. In his welcome address, the Chief Judge, acknowledged the support of GIABA, and noted that the institution's AML/CFT training for judges in the state high court has resulted in the appointment of two of them to handle cases of financial and economic crimes. The Chief Judge expressed his hope that GIABA will extend its training to the other judges of the Plateau State High Court, and thanked the Director General of GIABA for the provision of technical assistance including ICT facilities to the State's judiciary. Finally, he noted that the content of the program for the Judges Retreat was both relevant and novel.

551. In his keynote address, delivered at the Executive Session of the Retreat, the Director General. Provided an overview of GIABA's role in facilitating the implementation of AML/CFT measures of acceptable international standards, and protecting the economies and financial sectors from ML/TF. He called for the entrenchment of the rule of law in the judiciary by addressing underlying issues affecting it. Such issues relate to conditions of service for judges, capacity, budgetary, and resource constraints, and undue political influence of the judiciary... The Director General stated that the government will achieve more effective and speedy prosecution of major criminal cases, especially economic and financial crimes, if the Attorney General appears in person to represent the government in such matters. He stressed the importance of personal and leadership development, self motivation, and evolving a participatory decision making style within the judiciary. The Secretary to the State Government, Professor Shadrach Best also presented a paper at the Executive session.

552. The Executive Session, which also included the presentation of a paper by Professor Shadrach Best, Secretary to the State Government, was extremely productive in that it provided members of the judiciary the opportunity to discuss issues and challenges facing them with their executive and legislative counterparts. The Attorney General of Plateau State recommended that the participants should draw out a time-based action plan setting out the issues raised as well as the action to be taken to address those issues and re-convene to evaluate the progress made. The Director of State Security and a representative of the Commissioner of Police for Plateau State spoke on the Security Challenges in Plateau State and the Role of Judges.

553. The Director General also paid a courtesy call on the Governor of Plateau State. In his remarks, Dr Abdullahi Shehu reaffirmed GIABA's commitment to assisting member States in implementing AML/CFT measures of acceptable international standards, including assisting the judiciary to effectively adjudicate on matters pertaining to economic and financial crimes. In response, the Governor thanked the Director General for GIABA's assistance to the state judiciary. He stated that his administration had addressed some of the issues raised at the retreat and promised to act on the feedback received. He informed the Director General that the state was working to eliminate corruption at all levels and had initiated plans to restructure the civil service, including the local government.

p. National AML/CFT Workshop through Free Trade Zone, Lagos, Nigeria, August 14 - 15, 2012

554. Free Trade Zones (FTZs) are designated areas within countries and/or jurisdictions in which incentives are offered to support the development of exports, foreign direct investment (FDI), and local employment. These incentives



The Director General of GIABA, Dr. Abdullahi Shehu was received by H.E. Governor Jonah Jang, the Executive Governor of Plateau State, at the Government House, Jos, after the Judges' Retreat, July 31, 2012.

include exemptions from duty and taxes, simplified administrative procedures, and duty free importation of raw materials, machinery, parts and equipment. In addition to boosting economic opportunity, these incentives can result in a reduction in finance and trade controls and enforcement, creating opportunities for ML and TF activities. Thus, while FTZs are beneficial to legitimate businesses, they offer opportunities for ML and TF. Criminals and terrorist financers could exploit lax oversight and the lack of transparency within FTZs to launder criminal proceeds, finance terrorism, and support the proliferation of small arms and light weapons to undermine government reforms.

555. The revised FATF Recommendation 28 requires that all forms of DNFBPs and sectors identified as vulnerable to money laundering and terrorist financing risk should be subject to effective regulation, supervision, monitoring and to ensure compliance with AML/CFT requirements. The MER of Nigeria revealed the growth of the FTZ in the country and the susceptibility of the zones to misuse by



Group photograph of participants at the National AML/CFT Workshop on Money Laundering through Free Trade Zone held from 14 to 15 August, 2012 at Lagos, Nigeria.

criminals for illicit activities. In particular, the MER noted lack of adequate coordination and cooperation among competent authorities, weak procedures for inspecting goods and lax registration of entities operating in the zone. In view of the economic consequences of the vulnerability of the FTZs to the Nigerian economy in particular and the attendant implications to other ECOWAS countries, GIABA organized a National AML/CFT Workshop though Free Trade Zone from August 14 – 15, 2012 in Lagos, Nigeria.

556. The objective of the workshop was to sensitize all stakeholders responsible for FTZs issues on their roles with regard to effective implementation of the FATF Recommendations and the required International Best Practices on safeguarding operations within FTZs with emphasis on risk based approach and compliance., About 50 participants from the FTZs, relevant Self Regulatory Bodies, law enforcement and investigative authorities attended the workshop.

557. The workshop brought together practitioners and stakeholders to create networks, exchange ideas and experiences and promote better cooperation and understanding of their respective roles in implementing the AML/CFT regime. A major outcome of the workshop was the designation of an AML/CFT desk officer by each of the participating regulatory agencies, law enforcement and investigative bodies and Self Regulatory institutions. The AML/CFT desk officers are to facilitate improved inter-agency cooperation and information sharing amongst institutions for the purpose of implementing AML/CFT measures in the FTZs.

q. National Conference of the Committee of Chief Compliance Officers of Banks in Nigeria:

558. GIABA had promoted the establishment of national chapters of the Committee of banks Chief Compliance for purposes of implementing best practices in banks and complying with CDD rules. The Committee of Chief Compliance Officers in Nigeria(CCCOBIN) was the first to be formed in the region. With the support of GIABA, CCCOBIN organized a National conference with themed "The Role

of Customer Due Diligence in Combating Financial Crimes and Terrorism in Nigerian Banks". The conference, which was held in Lagos on 20-23 March 2012, had in attendance, the representative of the Governor of Central Bank of Nigeria, the representative of the Economic and Financial Crimes Commission, Chief Compliance Officers and Compliance Officers of Banks in Nigeria and other stakeholders.

559. The GIABA delegation, including the Director of programs and projects and the Senior Legal officer, was led by DG, who gave a keynote address. In his address, the Director General commented on the poor compliance levels of GIABA member States regarding preventive measures set out in the FATF Recommendations and pointed out that Nigeria and Ghana were on the FATF list of countries that have not made significant progress in addressing the gaps in their AML/CFT regimes. The Director General emphasized the need for reporting entities and supervisors to work together to improve compliance, particularly regarding adoption of effective measures in identifying and verifying the identity



Group photograph of participants at the National Conference of the Committee of Chief Compliance Officers of Banks in Nigeria held in Lagos on 20-21 March 2012.

of their customers, including beneficial ownership. The DG stressed the need for effectiveness in implementation of recently revised FATF Standards and informed the participants that the Revised FATF Standards places more obligations on financial institutions and DNFBPs.

r. Mobile Money West Africa Summit, Lagos, Nigeria, March 5 – 6, 2012

560. The revised FATF Recommendation 15 states that countries and financial institutions should identify and assess the money laundering or terrorist financing risks that may arise in relation to the development of new products and new business practices, including delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products. Appropriate measures are to be taken to manage and mitigate the risk of such new technologies.

561. Therefore, in support of the Central Bank of Nigeria's efforts in pursuing the goal of a cashless economy in Nigeria, the financial sector launched the 2nd Mobile Money Africa Summit to advocate and discuss issues with regard to mobile money as an effective tool, to address the challenges of financial inclusion, but also to transform Nigeria into a cashless society that will positively impact on financial sector stability and economic growth.

562. GIABA Secretariat was represented at this summit to share with participants the results of the typologies on cash transactions, which was conducted in 2007 and to sensitize participants on GIABA's effort in promoting financial inclusion as a means of enhancing compliance with global AML/CFT standards.

563. The summit was attended by delegates from the private sector, including financial service providers and mobile money operators, with speakers from Europe, the Middle East and Africa, including Nigeria. The key issues discussed, were:

- Identifying the mobile money opportunities in West Africa;
- Mapping the way forward for mobile financial services in Nigeria;

- The role of the Nigeria Inter-Bank Settlement System (NIBSS) in addressing the overall payment system challenges in Nigeria;
- Telecommunication (Telco) led versus non-Telco led mobile money initiatives;
- Reaching the un-banked population in West Africa;
- Access for un-banked into the mobile money sector;
- Growing business in the era of mobile commerce;
- Driving Mobile Wallet usage;
- The business case for mobile money services;
- Unraveling the potential – successful mobile money implementations;
- Securing business goodwill through mobile money platform; and
- Understanding regulation that affects mobile money and agency Banking

564. Participants noted and agreed on the following:

- That the Central Bank of Nigeria (CBN) is the leading regulatory body for the mobile money market;
- The CBN has issued 16 licenses to financial institutions to provide mobile money services;
- An efficient payment system is now in place to speed up the reconciliation of financial instruments including the clearing of checks among financial service providers;
- The role of the National Telecommunication Commission in the mobile money space;
- Why mobile operators are not allowed to hold license and operate independently without partnering with financial institutions in providing mobile money services;
- Over-regulation by the CBN may stifle the mobile money market, thereby defeating the purpose of it existence;
- Types of mobile money products and the issue of pricing and access;
- The need for cooperation in competition to achieve the sustainability of the mobile money market; and
- Lessons learned from the Kenyan story.

565. The various technical assistance and training programs are major achievements which should be recognized as GIABA's ability to offer training opportunities to MS experts, both in the region and outside. Seminars, workshops, round tables and conferences have all helped increase knowledge of AML/CFT issues throughout the region. These specific training events, both in the region and outside, have been highly appreciated by respondents during the on-site evaluation of these programs and projects and should definitely be pursued.

566. This type of intervention is often quite cost-effective, despite the price, but of course, regional integration has no price but cost. The cost effectiveness of this methodology must be adequately measured before being undertaken, therefore. The benefits of on-the-job training with a highly qualified individual are undeniable. The learning process, not to mention the acquisition of confidence in doing the required work, is a permanent source of skill acquisition which is second to none. Sometimes costs are low, through collaborative efforts with overseas entities, which receive the trainee free of cost.

567. Yet, in gaining control of the issue and attaining a level of comfort with compliance in the region, it is clear that training is the key! It is through qualified and competent persons, supported by proper equipment and systems, that progress will eventually be made. People make the difference, and training makes people better. Thus, a continued focus on this aspect of intervention is essential for future success.

Table 11: Nature of Program Executed (2009 – 2012)

S/N	Member State	2009		2010		2011		2012		Total		Grand Total
		National	Regional	National	Regional	National	Regional	National	Regional	National	Regional	
1	Benin	2	4	2	1	0	1	1	1	5	7	12
2	Burkina Faso	2	1	2	1	1	0	1	1	6	3	9
3	Cape Verde	1	1	1	1	1	1	1	2	4	5	9
4	Cote d'Ivoire	1	2	1	2	3	0	3	3	8	7	15
5	The Gambia	3	3	0	1	1	1	2	1	6	6	12
6	Ghana	1	2	1	2	5	2	4	2	11	8	19
7	Guinea	0	0	0	0	1	0	7	1	8	1	9
8	Guinea Bissau	1	0	0	1	5	0	0	0	6	1	7
9	Liberia	1	0	4	0	0	1	6	1	11	2	13
10	Mali	2	4	2	1	2	1	0	0	6	6	12
11	Niger	0	0	0	0	0	1	3	1	3	2	5
12	Nigeria	2	2	2	9	10	1	4	3	18	15	33
13	Senegal	2	3	1	6	4	8	1	10	8	27	35
14	Sierra Leone	1	3	1	1	3	0	0	1	5	5	10
15	Togo	0	0	3	0	1	2	0	1	4	3	7
16	Sao Tomé & Principe	1	0	0	0	2	0	1	0	4	0	4
	Total	20	25	20	26	39	19	34	28	113	98	211

Table 11A: Participation by Member States

S/N	Member State	YEAR				TOTAL
		2009	2010	2011	2012	
1	BENIN	18	95	39	34	186
2	BURKINA FASO	50	59	63	45	217
3	CAPE VERDE	5	41	20	29	95
4	COTE D'IVOIRE	88	81	61	128	358
5	THE GAMBIA	67	81	38	50	236
6	GHANA	41	120	278	191	630
7	GUINEA	2	13	25	166	206
8	GUINEA BISSAU	8	19	100	18	145
9	LIBERIA	20	55	28	124	227
10	MALI	21	153	56	29	259
11	NIGER	10	21	38	141	210
12	NIGERIA	177	298	353	1021	1,849
13	SENEGAL	67	53	223	116	459
14	SIERRA LEONE	17	42	97	19	175
15	TOGO	23	55	52	44	174
16	OTHERS INSTITUTIONS	-	81	135	210	426
TOTAL		614	1,267	1,606	2,365	5,852

Table 11B: Participation by Sector

S/N	SECTOR	YEAR				TOTAL
		2009	2010	2011	2012	
1	Regulatory Authority	80	360	426	444	1,310
2	Banking Sector/Financial Institutions	74	258	196	222	750
3	Other Fin Institutions (DNFBPs)	71	45	168	144	428
4	Ministries (Economic & Finance, Security, Justice)	29	168	200	642	1,039
5	Judiciary	75	84	163	208	530
6	Law Enforcement	138	76	117	135	466
7	Others (Civil Society, Media, etc)	147	276	336	570	1,329
Total		614	1,267	1,606	2,365	5,852

Table 11C: Participation by Gender

`SN	GENDER	YEAR				TOTAL
		2009	2010	2011	2012	
1	Male	482	920	1,273	1,986	4,661
2	Female	132	347	333	379	1,191
TOTAL		614	1,267	1,606	2,365	5,852

Chapter 06

ADVOCACY AND CIVIL SOCIETY OUTREACH

568. GIABA is scaling up its advocacy activities and is becoming more engaged with the civil society. This has necessitated the devotion of a chapter on advocacy and outreach to civil society in this year's report. The promotion of strategic partnership with CSOs, including the mass media, is one of the strategic objectives of the 2011-2014 Strategic Plan. As mentioned earlier, GIABA cannot carry out its mandate without partnerships with CSOs as well as conduct of high level advocacy visits to member States to solicit and encourage the requisite political commitment. Awareness of ML and TF issues by high level officials and civil society are complementary to an effective AML/CFT regime, if not its bedrock.

569. Accordingly, this chapter provides an overview of the various advocacy and outreach programs undertaken by GIABA during 2012. It also touches on engagements with relevant segments of the populations of member States to galvanize support for AML/CFT measures. Public advocacy of AML/CFT, meetings with high-ranking officials of member States, widespread media coverage of ML/TF issues, all contribute to explaining the problem and encourage the emergence of viable solutions. This greatly assists the member States to strive to reach international standards. Importantly, prior to the formation of GIABA and the commencement of its work against ML and TF in the region, most people, including high-ranking officials of member States and private sector actors, were either ignorant of or unconcerned about the phenomena. GIABA's efforts, including targeted awareness-raising programs, have resulted in general understanding of ML and TF and the threats they pose to peace, security, and development in West Africa. An account of the various activities carried out in 2012 with regard to advocacy and civil society outreach are presented in subsequent sections of this chapter.

a. Expert Meeting on the Impact of Organized Crime and Drug Trafficking on Security, Governance, and Development in West Africa, Dakar, Senegal, April 18-20, 2012.

570. Recognizing the need for a better understanding of the impact of drug trafficking and organized crime in West Africa, an Expert Meeting on the Impact of Organized Crime and Drug Trafficking on Security, Governance and Development in West Africa was jointly organized by GIABA, New York University Center on International Cooperation (CIC), the Kofi Annan Foundation, and the Kofi Annan International Peacekeeping Training Center [KAIPTC] in Dakar, Senegal, on April 18-20, 2012. The meeting brought together 45 experts from governments, multilateral and civil society organizations, and academia from across West Africa, Latin America and the Caribbean, North America and Europe.

571. The Meeting sought to engender a better understanding of the perceived impact of drug trafficking and organized crime on governance, security and development in West Africa, and identify gaps in knowledge; and assess the effectiveness and/or shortcomings of different policy and operational responses currently pursued by different actors in relation to existing and emerging challenges. It also sought to discuss potential entry points and key components of a renewed strategy to address the problems identified (for example, through the establishment of a regionally-led mechanism) and discuss different options for improvement.

572. Discussions during the Meeting focused on the perceived impact of drug trafficking and organized crime on governance, development and security, and the variation of impact across countries, tools and mechanisms used by different stakeholders to monitor and assess impact and how these, in turn, influence responses, challenges to current efforts to build resilience against drug trafficking and organized crime, and concrete steps to support implementation of the current response architecture and overcome existing challenges.

573. At the end of the meeting, participants concluded, among others, that despite progress on different fronts, West African states continue to face enormous challenges,

including insecurity, fragile political systems, poverty, slow economic growth, health pandemics, and vulnerability to climate change. Accordingly, a number of recommendations were made, including the creation of an independent, regionally-led group of "champions" along the lines of the Latin America Commission on Drugs and Democracy or the Global Commission on Drug Policies, to support regional and national efforts to respond to drug trafficking and organized crime.

b. Third Annual Briefing Session for ECOWAS Ambassadors and Development Partners, Dakar, Senegal April 28, 2012

574. The GIABA Annual Briefing Session for ECOWAS Ambassadors and Development Partners is an institutionalized annual event in compliance with the directive of the Authority of Heads of State and Government of ECOWAS at its 38th Ordinary Summit held in Sal, Cape Verde on 2 July 2010. The directive follows the recommendation of the 64th Ordinary Session of the Council of Ministers that Community Institutions should organize regular information sharing sessions for Ambassadors / Representatives of member States on their activities. Since 2010, GIABA has been organizing the briefing session to inform Ambassadors of ECOWAS member states and other representatives of international organizations on the operations of GIABA.



The Director General of GIABA, Dr Abdullahi Shehu, Minister of Justice of Senegal, Mrs. Aminata Touré, and the ambassadors, consuls, representatives and development partners during the 3rd Interractive Session with the ambassadors of the ECOWAS held on April 28, 2012, in Dakar (Senegal).

575. The 3rd Briefing Session, held in Dakar, Senegal on April 28, 2012, provided the opportunity for policymakers from member States to learn and appreciate the roles and achievements of GIABA in the fight against ML and TF in West Africa. During the Session, GIABA presented the Revised FATF Standards and encapsulated the expected roles of member States in implementing the Standards. There was particular emphasis on Standards related to corruption attributable to Politically Exposed Persons (PEPs).

576. The Honourable Minister of Justice of Senegal, Madam Aminata Toure; and three (3) other high-ranking officials represented the Government of Senegal at the Session. Also, the Session was attended by Ambassadors from seven (7) ECOWAS member States and three (3) non-ECOWAS Ambassadors.

577. The Ambassadors commended GIABA for its achievements in AML/CFT and for tackling the associated challenges, and they further renewed their interest to participate in future Briefing Sessions as a way of keeping themselves abreast with AML/CFT matters. The Ambassadors also expressed their willingness to assist GIABA in achieving its mandate and to update their respective governments on its activities and achievements.

c. Regional Sensitization Seminar for Civil Society Organizations (CSO) on AML/CFT, Dakar, Senegal, August 6 - 8, 2012

578. Having recognized the critical role of Civil Society Organizations (CSOs) in the fight against ML and TF in West Africa, GIABA organized a regional sensitization workshop

on AML/CFT for West African CSOs. The workshop, held in Dakar, Senegal from August 7 to 8, 2012, was aimed at sensitizing CSO on AML/CFT issues in general and their role in the fight against ML and TF, enlisting their support to engage the populations of member States in combating ML and TF, building the capacities of participants to undertake advocacy and influence policies related to AML/CFT, and facilitating the establishment of a network of CSOs to propagate a holistic and aggressive message against ML and TF in West Africa.



The Director-General, Dr Abdullahi Shehu (middle) and Prof Amsatou Sow Sidibé (fifth from left), Counselor to the Presidency of the Republic of Senegal and the participants during the regional sensitization workshop on AML / CFT for civil society organizations (CSOs) from 6 to 7 August 2012 in Dakar (Senegal).

579. The workshop was also attended by the Director General of GIABA,, the Minister-In-Charge of Human Rights, Peace, Refugees and Humanitarian Issues of Senegal, Professor Amsatou Sow Sidibe, the Head of CENTIF of Senegal, human rights lawyer and activist Femi Falana, the Apostolic Nuncio, Monseigneur Luis Mariano Montemayor, and former member of the Nigerian House of Representatives and Executive Secretary of the Anti-Corruption Network in Nigeria, Hon. Dino Melaye. A total of forty-seven (47) participants from CSOs and the academia participated in the workshop. The technical session was delivered through paper presentations, plenary discussions and case studies.

580. Having discussed the deleterious effects of corruption, and ML and TF on the security, stability and development, participants made the following recommendations:

- GIABA should extend similar workshops to CSOs nationally and regionally;
- GIABA should be more visible and accessible to CSOs in its outreach activities;
- A Network of CSOs against Money Laundering and Terrorist Financing in West Africa be established to facilitate information sharing and advocacy;
- CSOs are capable of leading advocacy, influencing policies and creating awareness in the grassroots.
- GIABA should partner with CSOs in ECOWAS member States in the dissemination of GIABA publications and publicity items to citizens of the Community.

581. The network of CSO against ML/TF in West Africa was formally established at the workshop.

d. Third Regional Interactive Session for Media Executives, Dakar – Senegal, April 27, 2012

582. Achieving the goals of the 2011–2014 Strategic Plan requires the involvement of all relevant stakeholders to ensure the implementation of sustainable and effective AML/CFT regimes in West Africa. This further requires empowering the media and CSOs to promote and propagate the AML/CFT messages on a continuous, concerted and sustained manner.

583. The second interactive seminar for media executives was organized by GIABA in Dakar, Senegal, in April 2011. Participants discussed the role of the media in promoting AML/CFT and issued a communiqué with the following recommendations:

i. The media should be objective in reporting economic and financial crimes in general and ML and TF in particular, so as to avoid inflicting reputational damage to them ;

ii. Media practitioners should undertake research and investigative journalism to unearth cases and allegations of ML and TF;

iii. Law enforcement agencies responsible for monitoring and detecting cross-border cash movement and narcotics trafficking should collaborate and cooperate with the media and CSOs in enhancing public knowledge of these crimes;

iv. Media practitioners should form alliances and networks to promote cooperation and collaboration in the fight against ML and TF in West Africa.

v. Media practitioners should take advantage of technological advancements and globalization to sharpen their skills so as to better discharge their duties.

584. As a follow up on these recommendations, GIABA organized the third interactive seminar for twenty-four (24) media executives from member States in Dakar, Senegal on April 27, 2012.

585. Participants commended the media its role in raising awareness of financial crimes and money laundering in West Africa. In response, representatives of the media pledged to continue to act as critical players in raising awareness. The session acknowledged the formation of national networks of Journalists on AML/CFT in all GIABA member States. The networks serve as platforms for enhancing collaboration among the media practitioners on one hand, and between the media and other stakeholders, especially the law enforcement agencies, on another hand.

e. ECOWAS Sensitization Program for ECOWAS Community in Nigeria, September 18 – 20, 2012

586. GIABA participated in the ECOWAS regional sensitization organized jointly organized by the ECOWAS Commission and the ECOWAS National Unit for Nigeria in Lagos, Nigeria, 18 – 20 September 2012. The event was aimed at enlightening the ECOWAS Community in Nigeria on activities carried out by ECOWAS Institutions and getting feedback from participants. The event was attended by sixty (60) participants including youths and representatives from CSOs, the business community, customs and immigration officials, participants from government ministries. A presentation on AML/CFT issues in West Africa was made by GIABA, which sensitized participants on GIABA's mandate, operations and achievements. GIABA publications were shared for awareness raising and to increase public knowledge on AML/CFT issues.

f. ECOWAS Sensitization and Information Campaign, Accra, Ghana, 6 – 8 June 2012

587. The ECOWAS Commission organizes sensitization campaigns in member States to enlighten ECOWAS citizens on the programs and objectives of ECOWAS. GIABA, together with other ECOWAS Institutions, participated in the sensitization campaign held in Ghana, 6-8June, 2012 to educate Ghanaians on the role and performance of ECOWAS Institutions towards the integration of West Africa. GIABA delivered a presentation on its mandate, vision, and activities, and provided copies of its publications to participants.

g. Support for the West African Women Association (WAWA), Lagos, Nigeria, 7 June, 2012

588. As part of efforts to educate and build a strong alliance with the citizens capable of influencing key stakeholders in the execution of AML/CFT measures, GIABA provided office equipments and furniture to the West African Women Association (WAWA). In a meeting with representatives of WAWA at the ECOWAS Liaison Office in Lagos- Nigeria on 7 June, 2012, the Director General of GIABA urged the association to carry the AML/CFT message to their membership, including market women, traders, professionals and rural dwellers.



Director General of GIABA, Dr. Abdullahi Shehu presents office furniture and equipment to Mrs. Betty Ubeku, Focal Person of the West African Women Association (WAWA) as part of GIABA's support for CSOs on June 7, 2012 in Lagos, Nigeria

h. Regional Seminar on AML/CFT for Journalists from ECOWAS Francophone and Lusophone Countries, Praia, Cape Verde, 29-30 August, 2012

589. GIABA organized a sensitization seminar on AML/CFT for Journalists in Praia, Cape Verde on 29-30 August, 2012. The seminar was aimed at building strong alliance with the media for effective dissemination of information on AML/CFT issues, sensitizing the media on existing regional AML/CFT initiatives, and improving the network among journalists so as to promote adequate information dissemination on AML/CFT regimes.

590. A total of forty (40) participants from Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Guinea, Guinea Bissau, Mali, Niger, Senegal and Togo participated in the seminar.

591. The outcome of the seminar are as follows:

- Increased understanding of ML/TF issues and of the mandate of GIABA by present journalists;
- Development of Action Plan;
- Establishment of the Ad hoc committee for the creation of a Francophone and Lusophone network;



Dr. José Carlos Lopes Correia, Minister of Justice of Cape Verde (fifth from left) and participants at the awareness seminar for ECOWAS Francophone and Lusophone journalists held from 29 to 30 August 2012 in Praia, Cape Verde.

- Distribution of 50 newsletters, 50 Annual Reports as well as conference materials with awareness raising messages.

592. The main recommendations issued at the end of the seminar by participants were as follows:-

- Establish a network of journalists engaged in the fight against money laundering and terrorist financing;
- Ensure the professionalization of the network members on AML/CFT issues;
- Advocate for access to information on ML/TF issues in the member States, especially with FIUs;
- Advocate at the National Assemblies of member States to strengthen the freedom of the press;
- Open to experiences of investigative journalism with other continents and participate in different trainings; and
- Establish an award for the best investigative reporting on AML/CFT issues.

ADVOCACY VISITS TO MEMBER STATES

593. In the year under review, GIABA Executive Management intensified its high level visits to Heads of State and Government, and the civil society organizations to seek political commitment and support to the conclusion of the first cycle of the mutual evaluation process, the development, enactment and implementation of AML/CFT laws and strategies, the establishment and effective functioning of the FIUs and inter-ministerial committees, awareness raising of FATF 40 revised Recommendations among other issues. Although some advocacy missions had earlier been reported in Chapter 3, those specific missions were in relation to follow up on the implementation of the MERs. The following advocacy missions were however, multi-purpose: the canvass for the conclusion of the first round of evaluation in countries yet to be evaluated; to appeal for amendment of legislation where necessary; to

encourage countries to establish FIUs where there are none as yet; and most importantly, to bring to the attention of the highest political authorities some difficulties in progressing their AML/CFT efforts and seeking their interventions.

Côte d'Ivoire, Abidjan

594. The Director General of GIABA, Dr. Abdullahi Shehu, undertook a follow-up advocacy visit to Abidjan, Cote d'Ivoire, on 3 February, 2012. During this mission, the DG and his delegation met with the Minister of Finance, Mr. Kofi Charles Diby and discussed the commitment of the country to undergo mutual evaluation which had been postponed several times. The purpose of the mission was to get the assurance of the country's readiness to undergo mutual evaluation as well as take actions towards the effective operation of FIU and GIABA Information Centre, including other issues discussed during the previous November 2011 mission.

595. Notable progress was made within the interval of the two visits. At the time of the second visit, the FIU's 2012 budget was increased to approximately CFA 1 billion; the FIU President was appointed as GIABA National Correspondent in Cote d'Ivoire; pre-assessment training was scheduled; draft agreement for FIU Headquarters and GIABA Information Centre was concluded; steps were taken to enhance FIU operation, as well as the restoration of its networking with partners; and the partnership agreements with France, Belgium and Lebanon FIUs were concluded.

596. Upon conclusion of analysis of progress made, the hosting of the following GIABA plenary and the on-site mutual evaluation were brought forward for discussion. As an outcome of this mission, the Ivorian authorities agreed and the 17th TC/Plenary and 11th GMC meetings were effectively held in Abidjan, Cote d'Ivoire and the on-site mutual evaluation undertaken immediately after the plenary meetings, in May 2012.

Ghana

597. In line with GIABA's mandate to ensure the adoption and implementation of AML/CFT measures in accordance with acceptable international standards and practices by its member States, GIABA undertook a high level advocacy mission to Accra, Ghana, in February, 2012. The aim of the mission was to call on the Ghanaian Authorities to intensify efforts in the implementation of the Action Plan agreed upon with the Regional Review Group (RRG) for the Middle East and Africa.

598. At the meeting with the key Ghanaian Authorities on the ICRG report, GIABA Director General stressed the implications of the limited progress in the implementation of the Action Plan.

599. The authorities noted with concern, and made substantial efforts to address the identified deficiencies in their AML/CFT regime. Despite the initial efforts made, FATF issued a Public Statement on Ghana at the FATF Plenary meeting held in Paris, France, in February 2012. GIABA continued its efforts, and Ghana worked harder on its AML/CFT laws and was removed from the list of countries with significant deficiencies and placed under countries improving their AML/CFT regime in the FATF Public Statement in October 2012. An on-site visit within the framework of the ICRG process was also scheduled for January 2013; a sign that Ghana might be out if the on-site mission would be satisfied with the implementation of Ghana's Action plan.

Liberia

600. It was reported in Chapter 3 that a high level mission led by the DG was in Liberia on 16-17 April 2012 within the framework of implementation of the Liberia MER. One of the purposes of that mission was to reach out to the highest authorities to sensitize them on the lack of progress in many areas of AML/CFT in Liberia and to solicit their strong political commitment and intervention. Accordingly, the Mission met with heads of relevant Ministries, Departments and Agencies, including the Ministries of Finance, Justice, and National Security, the Central Bank of Liberia, the Liberia Anti-Corruption Commission, the General Auditing Commission, the Drug Enforcement Agency and the Law Reform Commission. Interactive sessions were held with members of the Inter-Ministerial Committee and the Media.

601. The DG also paid a courtesy call on Her Excellency, Madam Ellen Johnson Sirleaf, President of the Republic of Liberia. In attendance at the meeting were the Minister and Deputy Minister for Justice, the Deputy Minister for National Security, representatives of the CBL and the GIABA National Correspondent.



Her Excellency, President Ellen Johnson Sirleaf of the Republic of Liberia keenly listens to Director General of GIABA, Dr Abdullahi Shehu on an advocacy visit on 17 April 2012

602. Discussions highlighted the efforts made by Liberia to fight money laundering and terrorist financing, the deficiencies identified in the AML/CFT system of Liberia,

as well as the actions to be taken by the country to rectify those deficiencies.

603. The visit provided the Mission with the opportunity to sensitise the authorities and the general public on the risks, threats and effects of money laundering and terrorist financing. It also provided visibility for GIABA and ECOWAS on efforts to combat economic and financial crime in the region within the context of regional integration. In this regard, the DG was hosted on a live television programme, "Crossfire" to discuss issues relating to money laundering, terrorist financing, efforts of GIABA and ECOWAS in dealing with the menaces, and Liberia's level of compliance with AML/CFT standards.

604. On the margins of WAMA statutory meeting, held on 12 July, 2012, the Director General paid courtesy visits to the Deputy Speaker of the National Assembly, the Associate Justice and Acting Chief Justice of Liberia as well as the Governor of the Central Bank of Liberia. The following issues were discussed with the authorities: the passage of the AML/CFT Bill through the legislative houses; the establishment of FIU and technical assistance to members of the judiciary. The authorities requested for more technical assistance, especially training for members of the judiciary in collaboration with the Liberia's Judicial Institute and the dissemination of the document on findings and benefits of Liberia adopting the AML/CFT bill to enable the sensitization of parliamentarians on AML/CFT issues and facilitate the speedy passage of the AML/CFT Bill.

Niamey Niger,

605. In the continued efforts to assist member States to create stronger and more effective and efficient AML/CFT structures and practices, the Director General, Dr. Abdullahi Shehu led a high level mission to Niamey, Niger, from 24 to 26 April, 2012. Dr. Shehu met with His Excellency, Issoufou Mahamadou, President of the Republic of Niger, the Hon. Prime Minister, Hon. Minister of Finance, Hon. Minister of the Interior, as well as the Inter-Ministerial Committee.

606. At the meeting with His Excellency the President of the Republic, the Director General commended the President's initiatives on good governance, including the passage of the AML/CFT legislation, the support to the FIU as well as the establishment of the IMC. He further drew his attention to the urgent need of addressing the deficiencies identified in the MER and concluded by requesting Presidential support to the Minister of Finance to support FIU. In turn, His Excellency the President commended GIABA's efforts in supporting Niger and assured the Director General that appropriate actions would be taken.

607. With regard to the meeting with the Head of Government and the two line ministers, the key issues discussed centered on: a) adequate budgetary allocation and operational autonomy; provision of adequate, secure, permanent and well equipped premises; and Presidential support to the Minister of Finance to support FIU; b) address the deficiencies identified in Niger's MER; c) collaboration among GIABA line Ministers to enable the effective functioning of the Inter-Ministerial Committee; d) Support of the authorities for the planned GIABA/FATF study on terrorism financing. The Head of Government and his ministers also assured the DG that action would be taken with regard to issues raised.



The GIABA delegation led by its Director General, Dr Abdullahi Shehu, was received on 24 April 2012 by S. E. Mohamadou Issoufou, President of the Republic of Niger.

608. Finally, the Director General of GIABA met with newly formed IMC, briefed and sensitized them on their functions and mandate in the implementation of AML/CFT system. He further promised to send them relevant documents that will guide them in their operations such as: Procedure for adopting the National AML/CFT Strategy document; Mission and mandate of the Inter-Ministerial Committee; and 2007 Draft Strategy document of Niger.

609. GIABA's initiative has yielded fruits, looking at the progress observed in Niger's 4th Mutual Evaluation Report that was submitted to GIABA Technical Commission in November 2012. Indeed, it shows there is a new impetus in anti-money laundering and counter terrorist financing efforts in the country. It mentions especially that the national authorities are playing an active role in ensuring the effective control of corruption and related offences.

610. Following the advocacy visit, significant progress has been recorded in Niger, including the strengthening of the Haute Autorité de Lutte contre la Corruption et les Infractions Assimilées (HALCIA) as reported in Chapter 2. The Justice Ministry has also set up a hotline to give all citizens the opportunity to report cases of corruption. In the same vein, eight (08) complaints have been lodged for Parliament to lift the parliamentary immunity of MPs facing corruption charges. On counter terrorist financing, a central service has been established at the General Directorate for

Territorial Surveillance. Likewise, a terrorism prevention and counter terrorist financing unit has been put in place within the judicial system by order of law. On national cooperation, Niger has revived the National Counter Terrorism Committee at the Ministry of Foreign Affairs (Decree Nr. 022/MAEC/DAAF/DP of 25/10/2007, amended by Order Nr. 03/MAEC/IA/NE/DIRCAB of 2/21/2012), which it set up initially in 2010. The committee's structure has been modified to cover the FIU and BCEAO, making it an exchange forum on the operational aspects of counter terrorism.

611. The FIU has been allocated a new and suitable office space. Its budget has been increased modestly. The rules and regulations of the FIU have been revised to strengthen its structure. The Unit now has a financial analyst sponsored by GIABA to process Suspicious Transaction Reports (STRs). Niger's Justice Minister officially inaugurated the AML/CFT National Coordination Committee on April 5, 2012, in the presence of GIABA's Representative. The Committee, in June 2012, organized a workshop for its members to train them on the AML/CFT national strategy. After this workshop, the committee approved Niger's AML/CFT Country Strategy document, and it is now in the process of being adopted by the public authorities.

Nigeria

612. After attending the Special Retreat for Plateau State Judges as reported in Chapter 5, the Director General also met with the Director General of the Nigerian Institute of Advance Legal Studies (NIALS), Prof. Epiphany Azinge, SAN, and some staff of the Institute. The DG GIABA thanked Prof. Azinge for reviewing the book "Strategies and Techniques of Prosecuting Economic and Financial Crimes". The Director General explained the work and functions of GIABA particularly its role in reviewing and supporting the enactment of AML/CFT legislation, providing technical assistance to stakeholders in members States including judges and members of the West African Bar Association, as well as conducting research and typologies exercises. The Director General acknowledging that NIALS had carried out an authoritative research on Integrity in the Judiciary in three states in Nigeria stated that the purpose of the meeting was to find out how both institutions could work together to develop programs and projects to support the Nigerian Judiciary, especially with regard to strengthening integrity and modernization of court proceedings. The Director General of the NIALS informed that although research was a core function of the institute, there were other functions including organising conferences, seminars and other training program and that the institute had initiated the process of extending the training to the Supreme Court Justices. He noted that one of the areas of expertise of the institute is legislative drafting and revealed that the institute is particularly strongly involved in the public hearing stage of the legislative process.

613. While on advocacy visits to Nigeria, the Director General of GIABA also paid a courtesy visit and met with the founding father of the ECOWAS, General Yakubu Gowon, former Head of State of Nigeria. The DG thanked him for attending GIABA's official presentation of the book on Strategies and Techniques of Prosecuting Economic and Financial Crimes and his continued support of ECOWAS and its institution.

614. Furthermore, the Director General paid a courtesy call to the Chief Justice of Nigeria (CJN), Her Ladyship Justice Aloma Mariam Mukhtar, on 14 November 2012. The purpose of the visit was to formally congratulate the CJ on her appointment and wish her success in her position as the CJN. Other objectives of the visit to the Chief Justice of the Federal Republic of Nigeria were to discuss issues pertaining to the role of the Nigerian Judiciary in implementing AML/CFT measures of acceptable international standards; and the report of the Study Tour organized by GIABA for Chief Justices, Justices of Supreme Courts and Courts of Appeal in Anglophone member States to Minnesota, USA in June 2012.

615. The Director General apprised the Chief Justice on the mandate of GIABA and explained that GIABA provides technical assistance to member States of the ECOWAS to enable them implement AML/CFT measures of acceptable international standards thereby protecting the economies of member States against money laundering and financing of terrorism. He highlighted the crucial role of the Judiciary in the fight against ML/TF and expressed concern on the low level of ML/TF convictions in the region.

616. The DG further informed the CJN that GIABA has organized several regional capacity building/training seminars for judges in order to sensitize members of the judiciary on AML/CFT issues. As a follow up to these training programs, a Study Tour was conducted for Chief Justices of the Supreme Courts and Justices of the Courts of Appeal from 24 to 29 June, 2012 in Minnesota, USA, and a copy of the report on the Study Tour was forwarded to the CJN. The Director General presented another copy of the report of the Study Tour to the CJN. The Director General invited the CJN to examine the report and consider specific areas of possible collaboration between GIABA and the Nigerian judiciary as pertains to implementing the recommendations of the report.

617. The Director General expressed concern on the delay and the abuse of procedural provisions in the adjudication of cases, especially in matters pertaining to Politically Exposed Persons. He informed the CJN that GIABA is willing to offer support to the judiciary in addressing infrastructural deficits which has resulted in the dilatory adjudication of cases. The Director General further informed the CJN that Nigerian judges' reluctance to grant interim freezing orders on ML/TF related cases as

prescribed by international standards was a key concern and can hinder the efforts of Nigerian law enforcement agencies. The Director General remarked that there was still no Supreme Court ruling with regard to the appeal on the decision of the Court of Appeal, Kaduna Division in the Ibori case, which appears to support the position that criminals can only be tried in the jurisdiction where the offence was committed, noting that this stance will no doubt hamper AML/CFT efforts.

618. In her response to the Director General's concerns, CJN agreed that lawyers often bring frivolous applications before the courts causing unnecessary delays and adjournment of cases. She stated that although judges are bound by a party's constitutional right to fair hearing, judges should, however, be masters of their court. The CJN added that there was sufficient precedence to support the position that an interlocutory application should not necessarily result in a stay of proceedings. The CJN informed the Director General that a forum for members of the legal profession, including judges, lawyers, the leadership of the Nigerian Bar Association and other stakeholders has been set up to address issues like the abuse of procedural provisions and other matters relevant to the effective functioning of the judiciary and the legal system as a whole. She requested Hon. Justice Mahmoud Mohammed (JSC) to look at the Ibori case and ensure that it is heard. The CJN thanked the Director General for the visit and stated that she would peruse the report on the Study Tour for Judges.

619. Prior to the meeting with the CJN, on 13 November 2012, the Director General, accompanied by the Senior Legal Officer, visited the Nigerian FIU and congratulated the newly appointed Ag. Director, Ms Juliet Ibekaku/National Correspondent of GIABA and assured her of GIABA's continued support and assistance to the NFIU, the EFCC and other agencies involved in the fight against money laundering and terrorist financing in Nigeria.

Advocacy Visits to the Ministers of Finance and Justice of Nigeria

620. Within the framework of the FATF/ICRG Review of Nigeria's AML/CFT regime and in order to follow up with the Nigerian authorities on the remaining action items on its action plan, the Director General undertook a mission to Abuja, Nigeria, from 8th to 9th February 2012. The purpose of the mission was to meet with and brief the two GIABA line Ministers of Finance and Justice on developments related to the country's AML/CFT system.

621. The Director General met with the Coordinating Minister for the Economy and Honorable Minister of Finance, Dr. (Mrs.) Ngozi OKONJO-IWEALA on 8th February 2012 and congratulated her on her well-deserved appointment. The discussions focused on two main issues:

- FATF review of Nigeria: the DG stressed the importance of amending the Nigerian legislation on Money Laundering and the Prevention of Terrorism.
- Follow-up with the Honourable Minister on the letter the FATF President wrote to her on 14 September 2011 on GIABA's technological and infrastructural reforms project in Judiciaries in its member States.

622. On the legislative review, the Honorable Minister informed the DG that some representation from the World Bank and the OECD have contacted her on the issue. The Minister arranged another meeting on 9th February 2012 with her colleague, the Honorable Attorney-General and Minister of Justice, where further discussions were held with the DG..

623. On the Judiciary project, the Minister assured that a response will be forwarded to the FATF President and this was done.

624. In addition, the Director General informed the Coordinating Minister for the Economy and Minister of Finance that she is also member of the GIABA Ministerial Committee (GMC) and he invited her to attend the GMC meeting in May 2012. The Honorable Minister welcomed the invitation and commended GIABA for the work it is doing. She requested the Director General to meet her again within the following two (2) weeks for an update on progress.

625. The meeting with the Honourable AG and Minister of Justice took place on 9th February 2012 during which the DG explained to the Attorney-General and Minister of Justice of the Federation the circumstances within which the Honorable Minister of Finance arranged the meeting as stated above. The Honorable Attorney-General requested Mr. Emmanuel Akomaye, Secretary of the EFCC to summarize the outcomes of the FATF RRG meeting held in September 2011 in Cape Town, South Africa.

626. The latter informed that the Nigerian delegation learnt during that meeting that thec ountry's AML/CFT legislation law still has some concerns in certain parts and does not reflect the reality on ground. Areas of concern were:

- Issue of financing: law did not address that area;
- Terms of punishment: very confusing in terms of applicable punishment and interpretation;
- The prevention bill is not sufficiently covered for acts committed outside Nigeria by its citizens;
- The sexual exploitation of children is omitted in the money laundering law;
- Regulations to be issued by CBN, NICON, SEC, etc.

627. The Director General stressed that the review of the Nigerian AML/CFT legislations is the most important issue to be dealt with in completing the implementation of the Nigerian action plan as agreed with RRG. Based on this, the DG officially forwarded GIABA's preliminary comments on the Nigerian Money Laundering (Prohibition) Act and the Prevention of Terrorism Act in August 2011, which is still awaiting appropriate response.

628. The Honorable Attorney-General assured the Director General that a review of the legislation will be undertaken as necessary, and by the following week he was to rush out with an amendment of the legislation. He observed that the amendment process is not easy due to Parliamentary processes.

Follow up Meeting with the Attorney General and Minister of Justice of Nigeria

629. As a follow up to the meeting the DG held with the Honourable Attorney General (AG) and Minister of Justice of Nigeria, Mr. Mohammed Bello Adoke to discuss Nigeria progress within the framework of the FATF/ICRG process in February 2012; another meeting was held with the AG in his office on 23 March 2012. The AG invited the Chairman and some members of the Presidential Committee on FATF Review to the meeting. The AG requested the Chairman of the Presidential Committee to put forward the pending issues as discussed during the RRG meeting held in Cape Town, South Africa in January 2012.

630. The Chairman of the Presidential Committee on FATF gave a brief report on the issues raised at the January 2012 Regional Review Group (RRG) meeting in South Africa. He stated that he informed the RRG that Nigeria had voluntarily engaged in the FATF progress and had cooperated with the FATF since the country was placed on the targeted review; he also pointed out that although hard copies of the Terrorism Prevention (freezing of international terrorist funds and other related measures) Regulations 2011 had been given to the FATF at the plenary in October 2012, the RRG did not carry out a review of the Regulations before the RRG meeting in January 2012. He further stated that relevant laws and comments were sent to the RRG prior the January 2012 meeting but, the RRG said it could not consider them due to late submission. In addition, the RRG stated that it was purely a technical committee and decisions on countries were taken by the FATF. He noted that a number of questions were raised by the RRG regarding the adequacy of the Nigerian AML/CFT laws including whether fraud was deliberately excluded from the designated list of predicate offences. He stated that the laws requested by the RRG have been forwarded to them in electronic form. The Chairman of the Presidential Committee on FATF remarked that the wording of the Public Statement acknowledged the efforts Nigeria is making to comply with AML/CFT of acceptable international standards; he nevertheless acknowledged that Nigeria clearly needs to work on the AML/CFT laws.

631. After thanking the Attorney General for his commitment and dedication to GIABA matters, the Director General responded to issues raised by the Chairman of the Presidential Committee on FATF, by explaining that there are set timeframes in which decisions are taken within the framework of the ICRG. For Nigeria, a decision had to be taken at the October 2012 plenary; the decision by the FATF at the October plenary was based on the fact that Nigeria had not adequately addressed the AML/CFT deficiencies in its AML/CFT regime as agreed in the Action plan with the FATF. The DG informed that Nigeria needed to appropriately criminalize money laundering (ML) and terrorist financing (TF) and implement adequate procedures to identify and freeze terrorist assets. He then provided the Attorney General with comments highlighting the deficiencies in the legal framework for necessary action.

632. The Attorney General promised to draw the attention of the leadership of the National Assembly to the importance of adequately criminalizing ML and TF. He noted that the laws were currently being reviewed. He commented on the slow pace of the legislative process and assured the Director General that he would write a letter to the Senate President urging for immediate action.

633. The Director General offered GIABA's assistance in reviewing the law. The Attorney General pointed out that it may not be possible to send the revised law to the GIABA Secretariat before it is sent to the National Assembly in view of the urgent need to pass the laws. He nevertheless, stated that a copy will be sent to the Secretariat at the same time as it is being sent to the National Assembly and the Secretariat's input could still be captured during the public hearing.

634. It should be recalled that these numerous advocacy visits to Nigeria were mainly to encourage and support the authorities to take action on the pending issues in the FATF ICRG review, but also draw lessons from the experience of the country for other countries in the region. Thankfully, significant progress were achieved as a result of the prodding: for example, the CBN has put in place new and effective measures for controlling cash transactions, just as the EFCC and Customs made numerous seizures of bulk cash at entry and exit points. As at December 2012, the Money Laundering Prohibition Act has been amended. See Chapters 2 and 3 for details on the going efforts of the country to address the pending issues in the context of GIABA's ME follow up.

Director General's Media Engagements

635. In line with GIABA's core objectives of strengthening partnership with civil society organizations, especially the media, the Director General made an advocacy visit to the Chairman of Channels TV and had interview sessions with journalists from print and electronic media houses in Lagos, Nigeria, on 3rd April, 2012. The visit to Channels TV was aimed at informing the media and the general public of GIABA's mandate and seeking partners in order to strengthen awareness raising on the negative effects of money laundering and terrorist financing in the ECOWAS community. The Channels TV, an independent television station, has won the award as "Best Television of the year" seven times out of its ten years of existence, by the Nigeria Media Merit Award International. Its viewership is estimated at over twenty million people across West Africa.

636. The Director General was interviewed by Channels TV and the interview was aired across the region repeatedly. He was also interviewed by The Guardian and Daily Champion Newspapers of Nigeria, National TV in Monrovia-Liberia, BBC Hausa Service, VOA Hausa Service and RFI Hausa Service. These media engagements have increased visibility for GIABA and have helped to create massive awareness on the fight against ML/TF amongst the ECOWAS community.

Communication Penetration and Partnerships

637. Following the report of the independent evaluation of the implementation GIABA's 2007 – 2009 Strategic Plan, there was need to scale up and deepen communication of AML/CFT issues and create more awareness about GIABA within the region and internationally. It was clear from the report that there is the need for deliberate effort to increase awareness among the Media, Youth, Women groups, Civil Society, Professional Bodies, Stakeholders and the general public. The immediate response was the scaling up of the activities of the GIABA Lagos Information Centre,



The Director General, Dr Abdullahi Shehu answering to journalists questions at the 18th GIABA Plenary Meeting held 19 to 22 November 2012 in Dakar (Senegal).

which mandate is to expand GIABA's reach, and that of the Communication and Advocacy Unit at the Secretariat. Secondly, an effective Communication Strategy and acomprehensive Implementation Plan of the Communication Strategy were also developed. Programs were also put in place to re-engage the media and the civil society as partners to achieve the much needed goals.

The importance of GIABA Communication Strategy and Implementation Plan

638. It may be recalled that at its 11th Meeting held in Abidjan, Cote d'Ivoire in May, 2012, the GMC, upon recommendation by the TC/Plenary approved a comprehensive Communication Strategy for GIABA. This strategy has provided the means to put all the information

at the organization's disposal to the general public. The strategy became a channel through which the entire communication activities of GIABA will be executed. The importance of the Communication Strategy cannot be over-emphasized; internally, it has assisted the coordination of information dissemination; strengthened inter-agency cooperation on information sharing within the region and internationally; and expanded our reach to global stakeholders with vital information. The strategy has also assisted GIABA to undertake audience classification, and carried out information need analysis of GIABA targeted audience. The Implementation Plan of the strategy provides step by step approach to actualizing the ideas in the Communication Strategy. In the coming year, more of the plan will be unfolding and the reach of GIABA to ECOWAS citizens will dramatically increase. Copy of the Communication Strategy can be found at the GIABA website: www.giaba.org.

Immediate impact of the Communication Strategy

639. It is persuasive to say that in the short time of the implementation of GIABA's Communication Strategy (GCS), good results have started to show up:

- It has structured the internal workings of the GIABA communication team for judicious use of available human resources;
- Its implementation at the moment is covering large population among GIABA targeted audiences;
- The production and dissemination of quarterly newsletters, both in electronic and hard copies, reaching approximately 5000 readers within and outside the West African region for now.
- The newly created online access on the social media: FACEBOOK and TWITTER, is providing daily information to targeted users, particularly the teaming youth and professionals, it is approximated to reach about another 100,000 users in the next one year with room for amazing expansion.
- Another important outreach activity was the deployment of bill boards to major airports in the region, with captivating, attractive and compelling messages on AML/CFT, it is gathered for instance, that the Murtala Muhammed International Airport in Lagos, Nigeria, has over one hundred thousand (100,000) visitors and users monthly.
- There is increase in media appearances, regular and consistent press releases and interaction with the local and international media.

640. At the end of this phase of implementation, it is expected that 21 to 25 million people would have been reached with AML/CFT messages.

Collaboration and Partnership with the Youths and the Media

641. The responsibility of enlightenment and mobilization of civil society is not that of GIABA alone. Member States, the private sector, professional groups, CBOs and NGOs have equal responsibility. GIABA has entered into partnerships and collaboration with other critical stakeholders (Media Organizations, Youth and Student Bodies and Organized Civil Society) to work cooperatively



The Deputy Director General, Dr Ndèye Elisabeth Diaw, the Minister of Justice of the Republic of Guinea, Mr. Christian Sow (middle) and the participants, during the GIABA 5th Open House held on 1st June 2012 in Conakry (Guinea).

to deliver this mandate of taking the message across the board, to create the necessary awareness, mobilize public support and influence citizens' action.

ESTABLISHMENT OF SECTORAL AML/CFT NETWORKS:

a) Journalist Network against ML/TF in West Africa

642. As part of its continued efforts to reach out to the various segments of the populations in its awareness raising efforts across the region, GIABA, in June 2012, organized another sensitization workshop for journalists in the Anglophone West African countries in Banjul, The Gambia. This event brought journalists together and reviewed the national units of Journalists' Network against ML/TF. The Gambia chapter of the Network was established during this period. In August 2012, another Sensitization seminar for journalists and media practitioners was held in Praia, Cape Verde, for the Francophone and Lusophone countries of West Africa. Presentations were made on GIABA's mandate and operations, overview of AML/CFT and the role of journalists in fighting the menace of ML/TF. The content was similar to the seminar held for the Anglophone countries.

643. GIABA's purpose of establishing the network for journalist is to promote information sharing on ML/TF to ensure a wide spread of the AML/CFT issues within and outside the region, and to foster closer collaboration among journalists. Nigeria, Sierra Leone, Liberia, Benin, The Gambia and Cape Verde have established the National Networks. A regional network is to be established in the nearest future and it is expected that the network will drive the local penetration of AML/CFT messages and enlist citizen's support for AML/CFT. Feedbacks received have shown that the national networks established so far are engaged in creating awareness on ML/TF, for example Nigerian, Ghanaian, Liberian and Gambian



Cross Section of Participants at the Anglophone Journalist Training and the formal Inauguration of Journalist Network against Money laundering and Terrorist Financing(JNMLTF) in Banjul, Tha Gambia, June 28, 2012

networks have already developed blogs on the internet to share all their publications on AML/CFT.

b) CSOs' Network against ML/TF in West Africa

644. As noted earlier, the Network of CSOs against ML/TF in West Africa was formally established on 7 August 2012. in Dakar, Senegal, during the first CSO seminar on AML/CFT. The participants selected their interim representatives to help formalize the process of setting up the operations of the Network. The management and operations of the Network is the sole responsibility of its members. GIABA will support the Network in line with its mandate.

645. It is expected that the Network will become a veritable tool for the transmission of information to other relevant Civil Society Organizations, share knowledge, mobilize support locally and internationally, influence policies of governments in favour of the fight against money laundering and terrorist financing in member State.s Members of the Network will collate cases of ML/TF, raise awareness and disseminate important information within their communities. Each member State is expected to

establish a national chapter and run similar activities. The National chapters will regularly furnish GIABA Secretariat with information about their operations and on cases of ML/TF within their jurisdictions.

c) Engaging the Youth and Students

646. GIABA, in its efforts to promote a collaborative and all-inclusive approach to awareness raising on the negative effects of money laundering and terrorist financing, organized the 5th Edition of GIABA's Open House for the sensitization of Youths on AML/CFT, on June 1, 2012 in Conakry Guinea. The Forum was aimed at mobilizing the youth against money laundering and terrorist financing as well as other financial crimes; impacting positively on their mind, attitude, comportment and belief; and supporting Youths in their advocacy efforts to help spread AML/CFT messages among their peers and policy makers. It would be recalled that in December 2011, GIABA organized its maiden annual lecture at the Ahmadu Bello University, Zaria, Kaduna State, Nigeria. The lecture was meant to sensitize the University community about the deleterious effects of ML/TF, raise awareness amongst the students in particular and spur researches in this area amongst the academia. It made tremendous impact in the university community.

647. This type of outreach to the youth population and those in the academia has the greatest potential to change attitude, as the adage says "catch them young". Two important lessons could be drawn from this: firstly, working with groups appears more effective than putting a lot of energy to deliver AML/CFT messages as individual organizations; and secondly, building formal and informal relationship with media groups has proved to be most efficient, as this helps to bring about buy-in and taking ownership of championing the cause of AML/CFT.

Conclusion

648. It is obvious that a chain is as strong as its weakest link; therefore, GIABA recognizes the need for information and knowledge sharing within and outside the region. It is in line with this that GIABA has engaged all stakeholders in the region in one form of partnership or the other, and also strengthened its communication and advocacy team to engage stakeholders on a global scale for gathering relevant and timely information and sharing same across the stakeholders' networks. The thrust of GIABA's advocacy and civil society outreach is to ensure that our society is rid of financial and trans-border crimes to enable ECOWAS to emerge as a safe economy and vibrant community.

Chapter 07

REGIONAL INTEGRATION AND INTERNATIONAL COOPERATION

INTRODUCTION

649. In the last two decades, combating money laundering and the financing of terrorism has become a global agenda and the need for cooperation, collaboration and coordination has received renewed interest and commitment by world leaders. International and regional groups are taking several initiatives to address the menace of these twin evils impeding economic growth and development.

650. Institutions and experts around the world involved in the fight against money laundering and terrorist financing (ML/TF) are facing serious challenges because of the persisting economic crisis. On one hand, the global economy yearns for economic growth with world leaders analyzing the right formula for economic recovery; while on the other hand, criminals find the environment favorable for money laundering activities, provide support for terrorist acts, engage in drug and arms trafficking and corrupt practices. As such, the contiguous and coterminous effects of money laundering and terrorist financing call for collective response and increased collaboration at both regional and international levels, to enhance the integrity and safety of the financial systems.

651. GIABA has continued to assist its members to develop strategies and mechanisms to protect their economies from being safe havens for criminals through a collaborative and all-inclusive approach with regional and international partners and to strengthen anti-money laundering and combating terrorist financing regimes in the



Dr. Abdullahi Shehu, Director General of GIABA received the South Korean Ambassador to the Republic of Senegal, Mr. Chon-Woen Shin at the GIABA Secretariat as part of efforts to strengthen International Cooperation

region. This effort was sustained in 2012 with numerous cooperation and partnership programs carried out. This chapter provides an overview of the various activities carried out in 2012, including the following:

- Organization of the annual plenary meetings in collaboration with and with participation of concerned officials from member States, and as well the participation of development partners and other African countries to discuss ML/TF threats and strategies to effectively address these threats in the region and other countries of the continent;
- Participation in FATF, FSRBs, EGMONT Group and other related organizations in AML/CFT matters, with the primary purposes of information sharing, identifying and addressing AML/CFT technical assistance for members and the monitoring of the implementation of FATF Recommendations and other international standards on combating money laundering and the financing of terrorism and proliferation; and
- Organization, sponsorship and facilitation of regional events and fora to raise awareness and share experience on best practices in the fight against ML/TF.

GIABA Statutory Meetings

652. Articles 9(iii) and 11 (i) (b) of GIABA Statute provide that statutory meetings, both at technical and political levels be held at least once in a year to discuss the policies, programs activities and progress of GIABA. Also as a FATF-Style Regional Body (FSRB), GIABA is required to meet regularly at least once a year, and preferable twice per year with its officials and experts to analyse, monitor and identify strategies for the effective implementation of AML/CFT measures in member States. Thus, GIABA, in collaboration with its member States, holds its regular two Technical Commission/Plenary (TCP) meetings and at least one Ministerial Committee meeting every year.

653. The GIABA Ministerial Committee (GMC) is the principal decision-making organ of GIABA. It is composed of the Ministers of Finance, Justice and Interior/Security of each member States. The Committee is chaired by the country that holds the Chairmanship of the Authority of Heads of State and Government of ECOWAS.

654. The Committee approves new policies, the progress reports; reviews and recommends the annual work program and candidates for GIABA membership for the endorsement of the ECOWAS Council of Ministers It also approves mutual evaluation reports of member States.

655. The Technical Commission (TC) experts from the line Ministries of the GMC and the GIABA National Correspondents in member States - considers and adopts a priori the documents and other relevant issues for the endorsement of the GMC.

The 17th Technical Commission (TC)/Plenary Meetings

656. In 2012, the 17thand 18th Technical Commission/ Plenary meetings were held in Abidjan, Cote d'Ivoire in May and Dakar, Senegal, in November respectively During the 17th Plenary meeting in Abidjan the following issues and decisions were made:

- Discussion and adoption of the follow-up reports of Benin, Cape Verde, Gambia, Ghana, Guinea-Bissau, Liberia, Niger, Nigeria, Senegal, Sierra Leone and Togo;
- Admission of the Republic of Sao Tome and Principe as full member of GIABA in accordance with Articles 3 and 15 (b) of the GIABA Statutes, subject to the fulfillment of its financial obligations.
- Adoption of other reports:
  - Trafficking in Small Arms and Light Weapons (SALW), Money Laundering and Insurgency;
  - Study on Tax Fraud and Money Laundering in West Africa: Human Development Perspective;
  - Typologies of Tax Fraud and Money Laundering.
- Adoption and endorsement of the GIABA Communication Strategy, a tool in addressing the communication requirements for the implementation of effective AML/CFT measures in West Africa.
- Endorsement of the FATF Revised 40 Recommendations on Combating Money Laundering and Financing of Terrorism & Proliferation in accordance with Article 2 of the GIABA Statute.

657. Similarly, at the 18th plenary meeting held in Dakar, Senegal, the following major decisions were taken :

- Discussion and adoption of the Cote d'Ivoire and Guinea mutual evaluation reports, the last two MS to undergo the on-site mutual evaluation in West Africa;
- Discussion and adoption of the follow-up reports of Burkina Faso, Cape Verde, the Gambia, Ghana, Guinea Bissau, Mali, Niger and Sierra Leone;
- The recognition of GIABA Secretariat efforts on the installation of AML/CFT analytical software in the FIUs of member States;
- The adoption of the Union of Comoros' application for an observer status in GIABA;
- The adoption of GIABA Monitoring and Evaluation Report for January – June 2012.



Group photograph of the participants at the 18th GIABA Technical Commission Plenary Meeting held from 19 to 22 November 2012 in Dakar, Senegal.

11th GIABA Ministerial Committee Meeting, Abidjan, Cote d'Ivoire, 5 May 2012

658. The 11th GMC meeting was held in Abidjan on 05 May 202. The meeting considered the Director General's Summary Mid-Year Report; The FATF Revised 40 Recommendations on ML/TF/Proliferation; and discussed an Information Memorandum on the FATF ICRG Process; Considered the Report of the 16th and 17th Technical Commission/Plenary Meetings in which the following key issues were presented for decision:

(a) Membership of Sao Tome and Principe –

(b) Report on Trafficking in Small Arms and Light weapons (SALW), Money Laundering and Insurgency

(c) Report on a Study on Tax Fraud and Money Laundering in West Africa: Human Development Perspective

(d) Report on Typologies of Tax Fraud and Money Laundering

(e) GIABA Communications Strategy

659. In his welcoming remarks, the DG reminded the Ministers that the mandate of GIABA aims at promoting the rule of law and one of its priorities is to assist member states to enact legislation of acceptable international standard. He informed the GMC about the significant progress recorded in various segments of GIABA's activities. For example, he stated that six years ago, only one or two countries had



The FATF President, Giancarlo DEL BUFALO (2nd left), the Director General, Dr Abdullahi Shehu, the Interior Minister of Côte d'Ivoire, Hamed Bakayoko and the Deputy Director General of GIABA, Dr. Ndeye Elisabeth Diaw (2nd right) at the official opening of the 11th meeting of the GIABA Ministerial Committee held in Abidjan on May 5, 2012



The Director General, Dr Abdullahi Shehu welcomes Minister of Interior of Côte d'Ivoire, Hamed Bakayoko who represented the Prime Minister of Cote d'Ivoire at the 11th meeting of the GIABA Ministerial Committee held in Abidjan on May 5 2012

stand-alone Anti-Money Laundering (AML) legislation, but by 2008, and with GIABA's active prodding and guidance, all member States had promulgated laws criminalizing money laundering. Although some of the laws still require improvement to conform to acceptable international standards, what has been accomplished indicates significant progress in the regional efforts to combat money laundering. On the financing of terrorism, GIABA designed, with the assistance of development partners, a model CFT law which was adopted by member states in June 2007. It is envisaged that all member states would have their CFT laws in place by the end of the first round of evaluations in 2012.

660. The DG stated further that the establishment and maintenance of a Financial Intelligence Unit (FIU) is a major requirement for an effective AML/CFT. Six years ago, only two countries, namely, Nigeria and Senegal had established FIUs. Today, with the support of GIABA, 13 member states have established FIUs, the remaining countries being Guinea and Liberia. The FIUs are operating at various stages and reassured them of GIABA's readiness to continue to provide the necessary assistance.

661. Another measure of GIABA's success is the vast array of publications that it has been able to coordinate and orchestrate, including its Annual Reports, Mutual Evaluation Reports, Typologies Reports, Study Reports, and a model AML/CFT Compliance Manual for use by regional financial regulators, financial institutions and other regulated businesses and professions. These publications are invaluable resources for various AMF/CFT stakeholders and researchers and represent an important contribution to the regional effort.

662. Within the context of ECOWAS, the DG informed the Ministers that GIABA has demonstrated outstanding performance, with a programs implementation rate of 88% in 2008, 94% in 2009 and 98% for 2010 and 2011. In addition to being consistent with the overall ECOWAS Vision 2020, GIABA's programs have helped to raise awareness about the dangers of transnational organized crime and have complemented other ECOWAS integration programs, especially in criminal justice, drug control, anti-corruption and good governance, macro-economics, trade and free movement of goods and services.

663. In conclusion, the DG reiterated the fact that GIABA has worked effectively over the past several years to help its member States to build and consolidate systems to control Money Laundering (ML) and Terrorist Financing (TF), 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 country; it has helped establish and finance FIUs, thus enhancing the investigative capacities of the MS; 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 multiple related subjects for officials all over West Africa; and it has elevated public awareness regarding this issue in each MS. Indeed, it has systematically been at the forefront of efforts to modernize and introduce international best practices and standards to the region, in the areas of priority concern for its mandate, those relating to ML/TF.

664. Finally, the DG drew the attention of Ministers that there were still many grey areas where more work yet needed to be undertaken. He emphasized that in order to fight ML and TF, 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 6 years.

665. According to him, despite these efforts the following challenges and constraints remain:

- The dominance of cash in transactions makes for anonymity, thereby negating audit trails, and the prevalence of a large informal sector characterized by opacity and lack of regulation;
- Inadequate political will to adopt and implement robust AML/CFT regimes;
- Inadequate resources and competing priorities in terms of funds and skilled manpower on the part of both the regulators and the operators;
- Low absorptive capacity in terms of ability to adequately utilize funding and technical support, reflecting deficiencies in AML/CFT regimes and a dearth of skilled AML/CFT personnel;
- The few databases that exist are poor in quality, comprehensiveness, timeliness and availability of data;
- Inadequate inter-agency cooperation and coordination, resulting in regulatory arbitrage and ineffective implementation of AML/CFT measures;
- Lack of diligent investigation and prosecution, which hampers speedy delivery of justice on the one hand and makes for a very slow judicial process on the other. These have led to a relatively low number of convictions;
- Low level of awareness of some stakeholders;
- Poor compliance culture, reflecting the situation in the larger society;
- The prevalence of corruption, which provides an environment conducive to ML/TF,and
- The "backwash" effects of globalization and internationalization, which afford criminals the economic space and the technology to execute their transactions on a massive scale and almost without detection, against the limited capacity of competent law enforcement authorities in the region.

666. The FATF President, Mr. Giancarlo del Bufalo, presented a Keynote Address on the Revised FATF Recommendations and requested the GMC to endorse for implementation with member States. The GMC was informed through the report of the Plenary that the revised FATF Recommendations addressed new threats and priorities and made some key changes to the Standards. These include:

a. Financing of Proliferation - The FATF has included a new recommendation on implementing the United Nations Security Council Resolutions (UNSCR) which impose targeted financial sanctions on illicit proliferation of weapons of mass destruction.

b. As regards corruption and Politically Exposed Persons, the new Recommendations cover domestic PEPs and require jurisdictions to take into account the associated risks of doing business with them. As before, the Recommendations continue to require enhanced customer due diligence measures to be taken when doing business with foreign PEPs.

c. The list of predicate offences for money laundering has been expanded to include tax crimes. This is because it was noted by the FATF that serious tax crimes has become a significant source of money laundering, resulting in a loss of legitimate revenue for national authorities.

d. The FATF Standards have also been revised to clarify the risk-based approach. Countries are required to clearly understand the money laundering and terrorist financing risks which affect them, and adapt their AML/CFT system to the nature of these risks. This would enable countries to adopt an effective and appropriate response commensurate to the risks. Thus, there is more flexibility for simplified measures to be applied in low risk areas and enhanced measures in areas of high risks.

e. The FATF Recommendation on targeted financial sanctions relating to terrorism and terrorist financing has been updated to take into account successor resolutions to United Nations Security Council Resolutions 1267 and 1373 and further clarify the mix-up between the implementation of targeted financial sanction and the freezing of terrorist-related assets in the context of a criminal investigation or prosecution. The revised standards clearly separate these requirements, thereby enhancing clarity and enabling countries to improve on the inadequate level of implementation noted in several jurisdictions.

f. The Revised Standards has clarified the CDD measures that should be adopted to identify and verify customers and beneficial owners. Particularly, CDD measures which should be taken in relation to legal persons and legal arrangements have been elaborated in the revised Recommendation. The risk-based approach has also been specifically endorsed within the Recommendation requiring CDD and illustrative examples of higher and lower risks factors have been given in the Interpretative Notes.

g. The lack of transparency concerning parties to electronic funds transfers and ownership and

control of legal persons and legal arrangements make them vulnerable to misuse by criminals and terrorists. The FATF has strengthened transparency requirements by requiring that there is reliable information available about the beneficial ownership and control of companies, trusts, and other legal persons or legal arrangements. In addition rigorous requirements on the information which must accompany electronic funds transfers have been adopted. If these measures are implemented globally, it will be more difficult for criminals and terrorists to conceal their activities.

h. The FATF Recommendations concerning law enforcement and Financial Intelligence Units have been expanded significantly to further clarify the role and functions of the operational agencies responsible for combating money laundering and terrorist financing. For instance, FIUs should be able to obtain and use additional information from reporting entities as needed to properly perform its analysis, and law enforcement authorities should develop pro-active parallel financial investigation, and when necessary, make use of multi-disciplinary groups specialised in financial or assets investigations.

i. Due to the increase in the globalization of money laundering and terrorist financing threats, the FATF has enhanced the scope of international cooperation between government agencies, and between financial groups. The revised Recommendations will mean more effective exchanges of information, tracing, freezing, confiscation and repatriation of illegal assets.

j. The Recommendations have been reduced from the 40 + 9 to 40 Recommendations.

667. The GMC noted the information and adopted the Report of Plenary and recommended that the Secretariat should forward their approval on the FATF Recommendations and membership of Sao Tome and Principe to the ECOWAS Council of Ministers for endorsement.

Participation in FATF Activities

668. In line with FATF requirements for its Associate Members and its network of the FATF-Style Regional Bodies (FSRB), GIABA, as an associate member and an FSRB should maintain regular contacts with the FATF Secretariat and participate in FATF meetings. In 2012, GIABA participated in the three Plenary Meetings held in Paris, France in February, Rome, Italy in June, and Paris, France in October; the FATF/ICRG Regional Review Group meetings held in Cape Town, South Africa and Beirut, Lebanon, in January and September; FATF Africa/Middle East Regional Review Group and FATF Inter-Session Meeting of the WGMEI.

669. The FATF's 40 revised Recommendations saw its adoption and publication at FATF Plenary meeting held in Paris, France in February 2012, under the Italian Presidency. The 4th revision of the standards initiated in 2009, in close collaboration with the global network of FSRBs and the observer organizations, namely the International Monetary Fund, the World Bank and the United Nations. These revised standards aimed at addressing new and emerging threats, clarifying and strengthening many of the existing obligations as well as strengthening the requirements for higher risk situations.

670. As for the FATF Plenary meeting, also held in Paris, France in October, 2012, under the Norwegian Presidency, GIABA achieved, as a major outcome, the removal of Ghana from the FATF's Public Statement. Until October 2012, GIABA had under the International Cooperation Review Group (ICRG) review process three of its member States: Nigeria and Ghana, and Sao Tome and Principe (an observer at GIABA and now member of GIABA since May 2012). GIABA participated in the FATF/ICRG Regional Review Group meetings held in Cape Town, South Africa and Beirut, Lebanon, on 17-19 January and 11 -13 September 2012 to discuss reports from these countries that were targeted for prima facie review and under the ICRG review process.

671. Ghana and Nigeria were under this process due to 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), and Sao Tome and Principe for not making sufficient progress in the implementation of its action plan and also due to certain strategic AML/CFT deficiencies.

672. In November 2012, the FATF Plenary concluded that Ghana had substantially addressed the strategic deficiencies identified by the FATF in the country's AML/CFT regime. Ghana was therefore removed from the Public Statement and identified in the public document "Improving Global AML/CFT compliance: On-going Process". The FATF agreed to conduct an onsite visit to Ghana to confirm that the process of implementing the measures put in place to address deficiencies previously identified is underway. In the same vein, the Nigerian Parliament adopted the Money Laundering (Prohibition) (Amendment) Bill and the Terrorism (Prevention) (Amendment) Bill. The finalized version of these pieces of legislation will be assessed by the FATF after their enactment. Although the Sao Tome and Principe remained on the Public Statement, the country participated in FATF/ICRG Regional Review Group face to face meeting and also made some progress in addressing deficiencies identified in its AML/CFT regime. Essentially, GIABA and its members actively participated in FATF's activities during the year under review.

Participation in EGMONT Group Activities

673. The EGMONT Group is a worldwide network of FIUs which meets on regular basis to enhance cooperation among its members in the areas of information exchange, training and the sharing of expertise, crucial in the fight against money laundering and financing of terrorism. GIABA participates in the EGMONT Group's activities in support of its member States FIUs. Four of GIABA's member States –Cote d'Ivoire, Mali, Nigeria and Senegal – are members of the EGMONT Group, and Burkina Faso, Ghana and Togo are at the final stage of their membership process.

674. During the year under review, GIABA participated at the EGMONT Group Plenary held at St. Petersburg, Russia, 6 – 13 July, 2012. Also, from 29 – 30 November, 2012, immediately after the GIABA TCP meeting, GIABA jointly organized with EGMONT Group a workshop in Dakar, Senegal. The primary purpose of this joint initiative was to deepen its strategic partnership with FATF Style Regional Bodies and to enhance the operational standards of the financial intelligence units. The workshop had in attendance the Chairman of the EGMONT Group and its Secretariat, GIABA Secretariat and its FIUs, participants from other African countries, and regional and international experts.

675. The workshop focused mainly on the following issues:

- Outreach and advocacy activities targeting Authorities on the need to ensure that all FIUs in the region become fully operational and members of the Egmont Group;
- Autonomy (financial and decision-making) for FIUs;
- Challenges related to the establishment of FIUs within supervisory structures;
- Sponsorship of FIUs in the membership process of FIUs to the Egmont Group;
- Staffing, physical security of premises and security of records of FIUs;
- Challenges relating to the collection, analyses and dissemination of information;
- Challenges relating to FIU information systems;
- Issue of professional secrecy and confidentiality obligation of FIU staff;
- Issue of initial and continuous training of FIU personnel.

African Development Bank Annual Meetings, Arusha, Tanzania, 25 – 27 January 2012

676. The African Development Bank (AfDB) held its Annual General Meeting in Arusha, Tanzania from 28 May to 1 June, 2012. The theme of the meeting was centered on "Africa and the New World Landscape: Challenges and Opportunities". The meeting analyzed the operations conducted by the Bank in 2012 and its 2012 portfolio, as well as the challenges facing Africa in the fields of climatic change, infrastructure, the private sector and governance. Apart from the meeting in plenary, a series of high-level seminars, debates and parallel events, laying emphasis on the economic, social and political problems on the continent as well as the challenges and possibilities inherent in the new world order.

677. Upon invitation, GIABA was represented at this meeting and established high level contacts with relevant officials for the promotion of cooperation between GIABA and their respective institutions. GIABA is following up with the AfDB on its project proposals.

United States of America Department of Homeland Security (US DHS) Joint Senegal/Nigeria Workshop on Regional AML/CFT Challenges, Dakar, Senegal, July 16 – 18, 2012

678. The United States Department of Homeland Security (US DHS) invited twenty (20) key stakeholder AML/CFT experts from Nigeria and Senegal, to discuss illicit finance related challenges facing West Africa in Dakar, Senegal from July 16 to 18, 2012. The meeting was framed around three topical areas that directly relate to AML/CFT efforts:

- Cross Border Issues
- Narcotics Trafficking Issues
- Financial Sector Issues

679. The meeting was facilitated by AML/CFT practitioners from the United States of America (USA), and the United Nations (UN). The GIABA Secretariat participated as an observer. A draft report of the recommendations was presented at the GIABA 18th Plenary Meeting. It was agreed that further collaboration between the US, Nigeria and Senegal would be needed for the finalization of the report.

680. The following issues arising from the workshop will be considered by GIABA in the execution of mandates in the coming years:

- Intense follow up on member States with respect to implementation of Recommendations from published GIABA Typologies reports;
- Further typologies studies on use of Diplomatic and VIP Lounges as transit point for money laundering, risk of New Payment Systems in the region, ;
- The FIU Forum to be fully operational to encourage cooperation between member States financial intelligence units;
- GIABA needs to continue to participate in similar AML/CFT events in the future

The 30th Cambridge International Symposium on Economic Crime, Jesus College, Cambridge, United Kingdom, 2 – 9 September, 2012

681. The Cambridge International Symposium celebrated its Thirtieth year in the promotion of 'greater understanding of the real and practical issues involved in preventing and controlling economic crime, corruption and abuse, and thereby facilitating co-operation.' GIABA, in line with its Strategic Plan 2011 - 2014, continues to focus on keeping abreast with emerging issues on AML/CFT regimes and promoting international cooperation. As such, the Secretariat participated at the Cambridge International Symposium held at Jesus College, the University of Cambridge in the United Kingdom from 2 to 9 September, 2012, under the theme 'Economic Crime – Surviving the fall – Myths and Realities.' The Director General of GIABA, in the context of the theme, delivered a keynote address on "Enhancing Application of Customer Due Diligence in the light of the Revised FATF Standards: Implications for Reporting Entities». As part of its technical assistance and continuing efforts to expose regional experts to international best practices on AML/CFT matters, GIABA sponsored the participation of seven senior officials from its member States.

ACAMS Conference, Johannesburg, South Africa, October 31 – November 2, 2012

682. The Association of Certified Anti-Money Laundering Specialist (ACAMS) is an international association that is dedicated to enhancing the knowledge and expertise of professionals, from a wide range of industries, in both the public and private sector, on AML/CFT. With a membership of more than 13,500 persons in 160 countries, ACAMS provides international conferences, certification of AML/CFT professionals, full day seminars, web seminars, customized training and peer networking opportunities to enhance, develop and sharpen the skills required by professionals for efficient performance. In the last four years GIABA has been assisting ACAMS in the development of National chapters of the Association in member States. The 2nd Annual ACAMS Conference AML/CFT and financial Crime Conference for Africa were held at Johannesburg, South Africa from October 31 to 02 November 2012.

683. GIABA was invited to deliver a Special Keynote Address at the Conference. The theme of the conference was "Balancing Regional Challenges and International Obligations" and the main objectives were to:

- Gain insight into the revised FATF Recommendations and the implications to organizations;
- Strengthen institution's customer due diligence processes to comply with multiple jurisdictions;
- Utilize alert monitoring system to effectively prevent and detect suspicious activity.

684. The Director General, represented by the Director of Program and Projects, delivered the Special Keynote Address. Over 200 senior level AML professionals from 27 countries around the world, including 19 African and 5 European countries attended the conference. Professionals from Nigeria, Ghana, Zambia, Kenya, the United States, and South Africa were part of Africa's representation at the conference.

685. The Director General's address was on the on-going efforts to deliver international best practices on AML/CFT in West Africa. In particular, the keynote highlighted the challenges of implementing effective AML/CFT measures in West Africa including: Legal issues, environmental, administrative, operational, cooperation and coordination challenges. To overcome these challenges, the address recommended among others, the need to put in place adequate mechanism for managing recovered assets; provision of sufficient resources for AML/CFT programmes, promotion of financial inclusion, pro-activeness in designing AML/CFT programs using outcomes of typologies and other research studies, and continuous capacity up scaling (both human and institutional) of different stakeholders especially the competent authorities.

Support for Regional Cooperation and Integration

686. In the year 2012, GIABA continued to increase its support for the ECOWAS regional integration and participation in regional initiatives, mainly the ECOWAS Community-related activities. Consequently, it provided direct assistance to governmental and non-governmental organizations and activities related to AML/CFT. These include the following :

Regional Conference on Tailoring Effective Anti-Corruption Compliance Strategies when operating in a High-Risk Developing Region, 19 – 20 June 2012

687. A Regional Anti-Corruption Conference organized by C5 Forum with a theme 'Tailoring Effective Anti-Corruption Compliance Strategies when Operating in a High-Risk Developing Region' was held in Accra, Ghana, from 19 to 20 June, 2012. The conference brought together representatives of local and international firms exposed to the risk of corruption in the region, these include: Officials of National Anti-Corruption Commissions, Anti-Corruption Enforcement Law Enforcement Agencies in the UK and US and the British High Commission in Ghana. There were discussions on the effectiveness of local and international anti-corruption and bribery legislation, as well as the enforcement of such laws in West Africa. GIABA participated in the event as the embodiment of the regional anti-corruption efforts.

688. The discussions within the two-days were focused on corruption and its various dimensions, including the challenges in applying relevant regional and international legal frameworks and other technical issues, such as:

- The applicability of the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act on West African business;
- Local anti-corruption laws across West Africa and key enforcement priorities of the US, UK and West African agencies;
- Emerging techniques used by multinational companies for developing and updating anti-corruption compliance policies;
- Specific fraud, bribery and corruption risks associated with working within local content requirements in the region;
- Third party risk-based due diligence to control and minimize liability risks when operating business contracts in the region; and The challenges of mutual legal assistance, assets recovery and repatriation of assets from abroad to West African countries.

689. In his presentation, entitled: Regional Legislative Initiatives and Enforcement Priorities for Anti-Corruption in West Africa' the DG of GIABA conceptualized corruption as a predicate offence to money laundering, and that corruption represents the most chronic challenge to good governance especially in developing countries. It is a common underlying factor of the prevailing conditions of underdevelopment, state fragility, institutional weakness, political instability, democratic deficits, human insecurity, social crises, organized criminality and the painfully slow progress on the Millennium Development Goals (MDGs). Most of the countries with the lowest human development index (HDI), as published in the Human Development Reports of the United Nations Development Programme, are in West Africa.[278] Interestingly, the same countries have consistently occupied the 'most corrupt' category of the yearly Corruption Perception Index of the Transparency International.[279] Also curiously, nearly all of the same countries in West Africa have gone through internal conflicts, are facing some form of protracted political crisis, or are generally unstable and highly prone to political violence.

690. Not surprisingly, therefore, it has become increasingly clear to governments, the civil society and international partners in West Africa that creating the conditions of democratic stability, peace and security, and sustainable human progress requires combating corruption as a public policy emergency. Realizing the dangers that corruption poses to regional integration, development, peace and stability, the Economic Community of West Africa States (ECOWAS) has responded with countermeasures at the regional level since the turn of the millennium.

691. On 21 December 2001, ECOWAS adopted a Protocol on the Fight against Corruption. The objective of the Protocol is to strengthen effective mechanisms to prevent, suppress and eradicate corruption. The Protocol calls upon State parties to harmonize their national anti-corruption laws; adopt effective preventive measures against corruption and introduce proportionate and dissuasive sanctions. The Protocol covers preventive measures, such as requirements in the public service of declaration of assets and establishment of codes of conduct; and requirements of access to information, whistleblower protection, procurement standards, and transparency in the funding of political parties. The Protocol also obliges States Parties to adopt the necessary legislative measures to criminalize a wide range of offences, including influence trading, illicit enrichment, false accounting, acts of aiding and abetting corrupt practices, and the laundering of the proceeds of corruption. Third, the Protocol calls for international cooperation framework which is aimed at improving mutual legal assistance and fostering judicial and law enforcement cooperation within West Africa and with other parts of Africa. Finally, the Protocol calls for a follow-up mechanism through the establishment of a Technical Commission to monitor implementation of the above at both national and sub-regional levels, as well as gather and disseminate information, and provide training and assistance to State Parties. Although this Protocol provides for extensive and far reaching anti-corruption measures, it is not yet in force as the minimum number of State ratifications has not been secured.

692. Another important regional response can be found in Section 38 of the ECOWAS Protocol on Democracy and Good Governance Supplementary to the Protocol Relating to the Mechanism for Conflict Prevention, Management, Resolution, Peacekeeping and Security. This instrument calls upon member States to undertake to fight corruption and manage their national resources in a transparent manner and further ensure the establishment of appropriate mechanisms to address issues of corruption within their respective jurisdictions.

693. The DG averred that the most decisive and practical response of ECOWAS to the challenge of financial crimes, including corruption has been the establishment of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA). He then concluded that the inherent weakness in our institutions, particularly the criminal justice system, has resulted mainly from the lack of political will to effect far-reaching reforms in the institutions. The impact of the law can only be felt if there is enough

278 All the Human Development Reports can be accessed at http://www.undp.org/content/undp/en/home/librarypage/hdr

279 Visit www.transparency.org for the yearly CPI

resource and, more importantly, integrity to investigate and prosecute corruption cases. There should be no sacred cows and the full range of penalties and sanctions need to be applied consistently. Governments in the region need to do much more to place AML and anti-corruption issues at the top of their policy agenda and clamp down on grand corruption, which is a major cause of poverty and under-development in the region. Such initiatives need to address specific weaknesses and causes of corruption as well as monitor and analyse the effectiveness of the initiatives and regimes put in place to combat the crime. Assaulting corruption must become a central policy issue in governance.

694. A most critical area where more work needs to focus upon, according to him, is the capacity to successfully prosecute and adjudicate cases of grand corruption. In many countries of the region, high-profile cases of corruption are either left pending in courts indefinitely or are prematurely dismissed, owing to poor prosecution and/or judicial incompetence. Combined with the conditions of poor governance and pervasive public sector corruption, the weakness of the judiciary is likely to encourage impunity and further embolden criminals to continue with their corrupt practices.

The Forty Second Ordinary Meeting of the Committee of Governors of the Central Banks of ECOWAS Member States, Monrovia, Liberia, 12 July 2012

695. The West African Monetary Agency (WAMA) held its Mid Year Statutory Meeting in Monrovia, Liberia, from July 11 to 14, 2012. The DG of GIABA was invited to attend and he made a presentation to the Committee of Governors of Central Banks on the FATF Revised Recommendations highlighting their roles, as regulators, in the implementation of AML/CFT measures in their countries. He also appraised them on GIABA's assistance to member countries the status of implementation of regulations; the impact of new technologies on the transparency of banking transactions; and the identification of suspicious transactions. This presentation was well received and the Governors reiterated their commitments in implementing AML/CFT measures in their respective countries. They directed their technical committee, which consists of Directors of banking supervision to include AML/CFT on their agenda each time they meet.

The 2012 Annual General Meeting (AGM) of the Network of National Anti-Corruption Institutions of West Africa (NACIWA), Cotonou, Benin, 22 -23 August 2012

696. The Network of National Anti-Corruption Institutions of West Africa (NACIWA) held its Annual General Meeting in Cotonou, Benin, on 22 – 23 August 2012. The network's goal is to strengthen regional action and co-ordination, examine and discuss corruption methods and trends, as well as efforts to tackle it. The NACIWA is composed of Anti-Corruption Institutions in fourteen (14) ECOWAS member States. The main purpose of the 2012 Annual General Meeting was to review the progress made on the ratification, domestication and implementation of the ECOWAS Protocol on Corruption, the cooperation among NACIWA and the 3-year Work Plan. The strategies to weaken the linkage between corruption and terrorism in member States, as well as efforts to strengthen its structure and functioning were also discussed. Ten countries were represented; Burkina Faso, Cape Verde, Senegal and Sierra Leone did not send representatives. The Gambia, the remaining country yet to create an anti-corruption institution at the time of the AGM, attended as an observer. The ECOWAS Commission, GIABA, UNDP and OSIWA all attended as observers.

697. The AGM analyzed the 2011 achievements, with a focus on the anti-corruption regime, institutional development of NACIWA, information sharing and cooperation among NACWA members, and level of implementation of the 3-year work plan. In terms of anti-corruption regime, Cape Verde, Cote d'Ivoire, Guinea, Guinea Bissau, Liberia and Senegal are yet to ratify the ECOWAS Protocol. There was no effective contact with member institutions, no functional secretariat and operational budget. This led to the poor implementation of the 3-year work plan for the year under review.

698. In order to strengthen the work of the Network to overcome some the aforementioned challenges, it was commended that the Network should develop partnership with the ECOWAS Commission, GIABA and OSIWA in the fight against corruption in the region; undertake advocacy visits for the speedy ratification and domestication of relevant protocols on Anti-Corruption and; implementation of result oriented programs.

WAPCCO General Assembly Meeting, Abidjan, Côte d'Ivoire, September 12 – 15, 2012

699. The West African Police Chiefs Committee (WAPCCO), in partnership with the ECOWAS Commission organized its Annual General Assembly from September 12 – 15, 2012 in Abidjan, Côte d'Ivoire. The General Assembly meeting consisted of several workshops of the National Central Bureaus (NCB) of INTERPOL, the Committee of Chiefs of Security Services (CCSS) and the Forum of Ministers in Charge of Security. The meetings were coordinated by the Regional Security Division of the ECOWAS Commission's Department of Political Affairs, Peace and Security. Overall participants discussed issues relating to security in West Africa and proffered enduring solutions, including on the fight against transnational organized crime. All ECOWAS member States were represented at the meetings, as well as representatives from the ECOWAS Commission, General Secretariat of INTERPOL, Central African Police Chiefs Committee, INTERPOL Regional Bureau for West Africa, and the Institute for Security Studies (ISS).

700. In view of its strategic role in the region, the GIABA Secretariat was invited to take part in the meetings and to contribute during the panel discussions. Some of the recommendations from the meetings are highlighted below:

- That Member Countries should outline a short, medium and long term National Security Strategic Action Plan;
- That Member States should ratify the 2003 Police Intelligence Cooperation Agreement;
- The need for a simplified approach to be developed in respect of extradition of persons from one country to another through the National Central Bureau of Interpol;
- The need for WAPCCO Permanent Secretariat's involvement in the implementation of the West African Coast Initiative (WACI) project;
- That Liberia and Guinea should take measures to establish FIUs with the aim of strengthening regional efforts to fight against ML/TF;
- That GIABA should continue to organize specific training programs on techniques of financial investigations for Law Enforcement officers.

701. At the end of the meetings, the General Assembly adopted the recommendations of the 4th CCSS meeting and the 13th WAPCCO meeting. It was decided that at the next meeting further consideration of the implementation of the previous recommendations will be assessed.

Regional workshop on the harmonization of regulatory and supervisory frameworks of banks and non-bank financial institutions, Conakry, Guinea, 1 – 3 October, 2012

702. The West African Monetary Agency (WAMA), and the West African Monetary Institute (WAMI), in collaboration with the Central Bank of the Republic of Guinea (BCRG) organized a workshop in Conakry, Guinea, from 1 - 3 October 2012. All Central Banks of all ECOWAS member states attended, with the exception of the Central Bank of Cape Verde. Other organizations that attended included GIABA, IMF, BEAC, WAIFEM, and representatives of professional associations of insurance and microfinance companies. The workshop was aimed at harmonizing the regulatory and supervisory frameworks of banks and non-bank financial institutions in ECOWAS. GIABA made a presentation on the relevance of the revised FATF Standards for the harmonized regulatory and supervisory frameworks of reporting entities in the region, and was further requested to make a similar presentation at WAMI's next meeting scheduled in Accra, Ghana, 8 – 10 October 2012.At the end of the workshop, WAMA and WAMI were assigned with the responsibility of coordinating the harmonization process with an estimated completion date of December 2017.

40th Anniversary and Seminar on Franc Zone, Paris, France, October 3 – 7, 2012

703. The meeting and seminar of the Franc Zone was held in Paris, France on October 3 – 7, 2012. The objective of the meeting was to take stock of the economical outlook of Franc Zone countries. Three meetings were held:



The Director General of GIABA, Dr. Abdullahi Shehu receiving the Nigerian Ambassador to Senegal, Ambassador Katyen C. Jackden mni at GIABA Secretariat as part of efforts at fostering Regional Integration

- AML Liaison Committee Meeting (ACLM) of the Franc Zone;
- Franc Zone Experts' Meeting;
- Meeting of Franc Zone Ministers.

704. GIABA Secretariat participated at the meeting and highlighted the progress of the Secretariat in implementing AML/CFT regimes in the WAEMU Zone and also carried out advocacy activities with high level AML/CFT stakeholders in attendance.

Conclusion

705. GIABA's engagement in Regional Integration and International Cooperation activities in the year 2012 is quite remarkable Not only did GIABA successfully organized, sponsored events related to the deepening of the ECOWAS integration program within the framework of its mandate, but it also helped to bring focus groups together to examine the issues of ML and TF as well as its impact on regional integration, peace, stability and development. GIABA also made significant contributions and impact in many other international and regional activities that promote global safety and work to reduce trans-border crime across the globe; from Africa to Europe, America and the Middle East through some of the programs and activities discussed in this Chapter. It is true that trans-border crimes are not limited to any jurisdiction, thereby required cooperation and continuous collaboration as shown in GIABA numerous engagements.

706. As a FSRB, GIABA's continued involvement with and active participation in FATF activities cannot be over emphasized and this will continue in the subsequent years. Similar collaboration with all assessor bodies, including other FSRBs, the IFIs, etc will continue to be given priority together other development partners, such the UN, WHC, INTERPOL, regional organizations such as the BOAD, AfDB, the WAEMU, and all other ECOWAS Institutions.

707. As stated in the previous chapter, the thrust of GIABA's integration and cooperation policy is to ensure that our society is rid of all financial and trans-border crimes and ECOWAS will emerge a safe, sound, integrated economy and vibrant community.

Chapter 08

ADMINISTRATIVE AND SUPPORT SERVICES

INTRODUCTION

708. In 2012, the Secretariat consolidated its administrative and financial reforms, finalized the process of codification for its procedures, and strengthened its human and financial capacities.

709. In the context of the reforms initiated by the Council of Ministers in ECOWAS Institutions, and a transition in the administration of the ECOWAS Commission, the Secretariat strove to position GIABA as a model institution within ECOWAS and within the FSRBs networks.

710. A new organizational structure, compliant with its mission and activities, was approved by the Council of Ministers at its 65th Session, held in Abuja in August 2011. This led to the recruitment of key professional staff. However, recruitment is yet to be finalized on account of recruitment freeze imposed by the Authority pending the finalization of the institutional audit of ECOWAS Institutions.

711. The Secretariat's efforts to comply with international best standards resulted in improvements in GIABA's administrative and financial management. A comprehensive assessment by the Audit Committee of ECOWAS Institutions concluded that GIABA complied with all recommendations issued by the Governing Bodies. The Secretariat took a step further to prepare the ground for donors' cooperation in raising its management standards and tools beyond their requirements.

Organizational Structure

712. In view of the expanding needs of member States, GIABA's technical assistance portfolio has increased considerably while the Revised FATF standards have generated new areas of responsibility and support, particularly in terms of strategies, risks assessment and support to member States to incorporate proliferation financing as an offence, where that is not the case. Based on these challenges and opportunities, the strengthening of the Directorate of Research and Planning has become necessary through the upgrading of the Planning and ICT functions. The current GIABA organizational chart is as shown in Appendix 2.

Staffing

713. Vacant positions filled in 2012 included the posts of Law Enforcement Officer, ICT Assistant, Administrative Assistant, Program Assistant, Research Assistant, Protocol Assistant and Documentation Assistant. Other vacant positions such as Principal Officer (Programs), Principal Officer (Programs Support), Principal Administration and Human Resources Officer, Financial Sector Officer and Office Assistants are in the process of being filled.

Staff Retreat and Other Social Activities

714. In view of embedding institutional culture in staff behaviours and attitudes, the Secretariat convened an all Staff Retreat in Somone, Senegal from 5th to 7th June 2012, facilitated by a prominent HR consultant assisted by a former UN HR officer. Presentation and discussions were on "Inducing Institutional Culture in GIABA" and allowed brainstorming on beliefs and attitudes of staff, as well as their relationship with the institution and the community. Major recommendations were gathered from the retreat and analyzed by the management.

715. Recommendations centered on improving staff and leadership skills, team productivity, communication among staff, diversity, task delivery and management, internal communication, anchoring GIABA core values in handling responsibilities, enhancing staff motivation and productivity, balancing work/life, creating pipeline of leaders and effective managers, increasing innovation and creativity for sustainable growth and staff self actualization and standardizing all documents

716. Management has striven to implement these recommendations, and an update on the state of implementation will be provided at the next retreat.

International Women's Day, 8 March 2012

717. One of the Millennium Development Goals (MDGs) 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 2011. The Secretariat celebrated the day in GIABA through a conference on "Conciliating family and work lives" and a lunch reception during which the Deputy Director General assured them of her full support and acknowledged their tremendous contribution to the success of GIABA.

Staff General Assembly/Town Hall Meeting

718. In an effort to promote openness and constructive dialogue between management and staff members, two staff general assemblies/town hall meetings, intended as a way to provide feedback to personnel on management issues, were held in February and October 2012 in line with the internal communication mechanisms set by the Executive Management. Issues related to the health insurance scheme, staff assessment process and staff relations were raised and Management gave clear responses.



Group photograph of GIABA staff during the 2012 retreat held in Somone, Senegal from 5 to 7 July 2012.

719. Actions were also taken afterwards to settle some of the issues raised. In addition, the Director General held quarterly meetings with the Staff Representatives. The aim of such meetings is to allow the DG to communicate strategies and vision of the Community and the institution to staff representatives and receive from them suggestions and possible complaints.

720. GIABA organized a Christmas Gift Presentation Ceremony on the 15th of December 2012 during which the Director General presented to all the children of the GIABA family Christmas gifts in order to express GIABA's appreciation to staff members for their excellent contribution during the year with the support from their families.

Staff Training Program

721. As part of its overall goal to strengthen GIABA Staff competencies, a comprehensive training plan was established in March 2012, to be used for year 2012 to 2015. A 2012 Training catalogue was approved before a Community decision went on to reduce training undertaken outside ECOWAS region to 20% of the training activities. Considering the peculiarities of GIABA's needs (AML/CFT, Illicit asset recovery, International cooperation and Mutual Legal Assistance, Strategic Programme management etc.) that are not available in the region, this decision has raised some inconveniences that shall be dealt with. It has been agreed that GIABA will expose those peculiarities to get dispensation for this measure.

Funding

722. For the year under review, GIABA was supported with funds from ECOWAS Community Levy Funds (Staff salaries, programs, administrative and capital expenditures), the US Department of State (support for mutual evaluation of member States), UNCTED (Implementation of freezing requirements for GIABA member States), Government of Switzerland (seminar on Terrorist Financing, AML regime for DNFBPs for North and West African Countries).

723. In order to diversify its funding base, GIABA is finalizing funding arrangements with the European Union in the areas of improving the fight against Money Laundering in the Financial Sector, implementing FATF recommendations

and updated regional legislations. Negotiations have also commenced with the AfDB for direct technical assistance to GIABA.

Budget Implementation

724. The 67th Ordinary Session of the ECOWAS Council of Ministers approved a budget of UA 8,982,779 for the implementation of GIABA's 2012 activities, representing a 13% growth in funds made available compared to 2001. The budget is financed at 97% (representing UA 8,682,779) from Community Levy and 3% (representing UA 300,000) from external funds. During the period under review, 94% of the budget was implemented. Challenges in implementing GIABA budget lie with the increasing exchange rate loss occurring from salary UC rate to the dollar leading to cash gaps, coordination between the planning and the implementation functions, low absorptive capacity of member States and emerging priorities against determined needs. Strict compliance to community rules is also hindering attainment of objectives as consideration is always given to regularity over efficiency and effectiveness. Obviously, the rules need to be modified to reflect current realities in program and project management.

Audit of Financial Statements

725. The external audit of GIABA's 2011 Financial Statements was completed in November 2012 by KPMG, Ghana. The firm submitted the final report to the Audit Committee of ECOWAS Institutions which will eventually be transmitted to the Council of Ministers for approval. As at the time of the finalization of this report, the Audit Committee had not considered the report for approval by Council. For this reason, the 2011 financial statement is not included in this report. However, the report will be published in the 2013 annual report along with that of 2012 as approved.

726. In addition to the annual audit conducted by external auditors, the Financial Controller of ECOWAS Institutions conducted two on-site visits in June and October 2012 to examine GIABA's administrative and financial operations. The Chief Internal Auditor (CIA) also conducted on-site visits at GIABA and four FIUs to examine the procurement process for the acquisition and installation of AML analytical software project. The report is yet to be finalized, but the CIA expressed satisfaction during on-site debriefing sessions with the technical viability of the software and the procurement procedures that were followed.

Other Activities

727. During the reporting period, sharing sessions were organized to allow staff who attended international training and meetings to share the outcome of such training and meetings, and their personal knowledge with their colleagues. The Directorate of Programs organized two sharing sessions: one on the new FATF 40 recommendations and one on the GIABA Communication Strategy. The Directorate of Research and Planning organized a sharing session on the new GIABA portal, which is a step forward in automatizing and streamlining work processes in the Secretariat and modernizing its communication tools. The Directorate of Administration and Finance organized a sharing session on the medical insurance scheme and another on the assignment given to the appointed institution's doctor.

728. GIABA participated in the 2012 Budget Review meeting held at the ECOWAS Commission and the Administration and Finance Committee Meeting in Abuja, Nigeria from 14 to 18 November, 2012 to consolidate the budget proposals from ECOWAS institutions for presentation to the Council of Ministers for consideration and approval. GIABA participated actively along with other ECOWAS institutions to the Financial Management Reform process including the finalization of the ECOWAS Tenders Code.

729. GIABA also participated in the Audit Committee meeting held in July 2012 on ECOWAS institutional reform in Abuja. The important decisions taken were to strengthen the financial management of ECOWAS Institutions and facilitate the collection of Community Levy. However, the Community Levy Management Committee could not meet regularly as prescribed by the Regulations, the meeting scheduled to be hosted by GIABA was postponed sine die and this is hampering important decision making that would improve ECOWAS financial management.

Procurement Planning and Reporting

730. The reforms in the procurement process are undoubtedly being embraced, albeit slowly, but steadily. In January 2012, the Procurement Unit prepared a comprehensive Procurement Plan as required by the ECOWAS Tenders Code. This was done in close consultations with other departments. Procurement process was consolidated and opportunities were created to manage quality purchasing activities. With the Procurement Plan, GIABA is able to determine the monetary value of each contract.

731. However, the Procurement Unit continues to face challenges in implementing the Plan. The main challenges are related to cost and quality. GIABA continues to face additional challenges, including communications, payments, customs regulations in member States, lead-time, transportation, foreign government regulations and trade agreements. Nevertheless, some improvement was recorded within the year including:

- Standardization: GIABA established procurement documentation and templates to assist in the procurement process. Standardized items and equipment that are in conformity with the

international standards are highly recommended when providing support to member States. This does not only save time and money for the GIABA itself, but also for the contractors bidding for GIABA contracts.

- Specification: GIABA continues to make steps towards the use of output-based specifications. End-users and stakeholders are involved in developing their specifications: The main challenges faced were narrow definition of specifications or use of commercial specifications (e.g. use of brand names). This has resulted to fewer alternatives with increased costs and wrong products being obtained.
- Approved Supplier's list: A comprehensive list of Suppliers was prepared even though it was not a requirement in the present Tenders Code. The list consists of Suppliers that provide high standard products and services with sufficient capacity and business stability. The rationale for the selection of the Suppliers was based on proven capacities, recognized core competences (disciplines) and objective performance records. The list is updated annually through continuous supplier assessment and evaluation. This was done to promote efficiency, transparency, probity and improve financial management. The process of evaluating performance motivated suppliers to improve their performance. Associated challenges with supplier evaluation include resource and cost commitments in establishing and maintaining a robust and effective system. Thus, management commitment to and support of a supplier evaluation process is essential.

Information and Communication Technology (ICT)

732. GIABA is an ICT intensive institution. Much of GIABA's operations are carried out electronically. Therefore, investment in ICT is a top priority for GIABA. Each year, the institution strives to maintain and improve on its ICT infrastructure in order to facilitate its work processes. In 2012, a number of initiatives were implemented and these are outlined below.

a) Data Metrics Voice Over IP Communication Link

733. In 2012, GIABA deployed an alternate communication system which interlinks the Secretariat and GIABA NCs using the Voice over IP communication technology protocol. This system will enable users to communicate free of charge so long as they have an Internet connectivity with sufficient bandwidth; the system has cutting-edge features such as call forwarding and flexibility to integrate other platforms. The components of the VOIP system include Cisco Linksys adapter, Panasonic digital telephone and Alcatel analogue telephone, which connect to a Local Area Network or an ADSL wireless system. The system is durable and long lasting because the technology utilized is very simple, mobile, flexible and efficient.

b) Replacement of Old Computer Systems and Other IT Hardware

734. GIABA operates a recycle time of a maximum of 5 years for its systems. Based on the existing inventory, all systems identified to be up to the cycling period were replaced by new, upgraded versions. This is aimed at providing effective and efficient working tools to enhance productivity of GIABA staff. The high-end features of the newly installed computers will not require regular maintenance and support for next foreseeable future.

c) Protection Films to Strengthen Security at GIABA Secretariat

735. GIABA Secretariat is located opposite the Cheikh Anta Diop University, and student's unrest erupts from time to time. As a result, GIABA decided to reinforce the security of its offices. The Protecting Film on glass windows will improve the security of personnel and visitors at the Secretariat, reducing the impact of small glass particles spreading on impact.

d) Provision of VPN Tunnel and DNS Servers at GIABA Secretariat

736. A secured VPN (Virtual Private Network) tunnel was provided to link the Secretariat with a remote data centre for regular backup of documents and programs to minimize risk and facilitate business continuity. Also, the mobility of staff is high due to official missions; as a result a VPN tunnel Client/ Server has been put in place in order to provide them with secure remote access to their computers in the office. This is even more critical due to the envisaged migration to an electronic workflow system. The VPN will also facilitate seamless operation with the Information centers located in Lagos and Abidjan.

e) Currency Scanners

737. In November 2007, GIABA published the report of its Typologies exercise on Cash Transactions and Cash Couriers in West Africa. The study identified the vulnerabilities of West Africa in relation to Cash transactions and cash couriers. Within the framework of the recommendations of the report, some member States are being supported with

currency scanners to enforce their local laws against illegal cross movement of cash in and out of their countries. Guinea Bissau and Cote d'Ivoire were the first to benefit from this support in 2011.

738. During the course of the year 2012, GIABA procured currency scanners for Guinea Conakry and Liberia. However because of the time spent for shipping and clearing, the installation of the scanners will be completed in early 2013.

739. During the last quarter of 2012, GIABA began the process of deploying an elaborate Intranet Portal and Business Automation Processes system. This is aimed at automating the internal work processes of GIABA and to facilitate collaboration and efficient delivery of programs and projects.

Conclusion

740. Building and maintaining continuous improvement-based management is quite a challenge in an unstable environment. The Secretariat has strived to initiate major reforms since 2007, a leap forward of ECOWAS ongoing institutional reforms. The strong ICT infrastructure and international best standards it has set up for its functioning have gained technical and financial partners' confidence and hence, opening new avenues of cooperation. This is in line with GIABA's vision to « be a leader in promoting a regional alliance against money laundering and the financing of terrorism and proliferation of weapon of mass destruction. ». The next step will be to strengthen the network of national correspondents to attain similar standards. We are aware of the challenges of such endeavor due to low capacity of most of our member States, that is why we are calling for continued technical and financial support to meet our vision and objectives.

Chapter 09

CONCLUSION: CHALLENGES AND FUTURE PRIORITIES

INTRODUCTION

741. As it was reported in the previous Annual reports, this 2012 Report has reinforced the fact that GIABA has worked effectively to promote AML/CFT acceptable standards, which has helped improved the regularity of the frameworks and soundness of the financial systems in West Africa. The preceding chapters have collectively demonstrated that GIABA has assisted its member States to build and consolidate systems to control ML and TF, and indeed other predicate offences for money laundering, including drugs, human, and arms trafficking and insurgency, fraud and tax evasion, as well as corruption. It has actively supported the formulation of National Strategies; it has encouraged the creation of active AML/CFT Committees in each member country; it has helped establish and strengthen FIUs, thus enhancing the investigative capacities of the MS; 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 multiple related subjects for officials all over West Africa; and it has elevated public awareness regarding this issue in each MS.

742. It should be clear that in order to effectively tackle the problems of ML and TF, it is crucial to have a comprehensive, integrated, non-partisan and impact-oriented actions necessary to stop or at least mitigate Organized Crime and its impact on the society. The preceding chapters have provided a comprehensive overview of all these actions and their manifest impacts. Chapter One introduces the report by giving a brief introduction of the organization, including its mandate, vision, mission, main organs and membership. Despite its limitation in providing current data on the size of the financial systems, as well as the statistics on investigation, prosecution and conviction on ML/FT, Chapter 2 constitutes a reservoir of knowledge on the mechanisms in place in member countries to deal with these phenomena. The overall conclusion from that chapter is that the journey has been slow but steady, and the stakes are quite high in terms of potential prospects at building credible and sustainable architecture for the fight against organized crime and promoting regional integration. Chapter 3 represents the record of progress in implementation of the FATF Standards through the ME process. The vast array of publications, including typologies and other reports that have been coordinated and orchestrated, as reported in Chapter 4, are clear testimonies of the success of GIABA as a knowledge-based organization. These publications are invaluable resources for various AMF/CFT stakeholders and researchers and represent an important contribution to the global effort to create knowledge, especially on these phenomena. The numerous technical assistance projects and programs carried out within the year under report to support member countries improve their systems have been elaborated in Chapter 5 ; while one of the very important niches of GIABA, that of developing and promoting strategic partnerships and collaboration with the civil society have been sufficiently reported in Chapter 6. GIABA cannot act in isolation, hence regional and international cooperation, including with the other ECOWAS Institutions to promote and deepen regional integration, as well as with the FATF global network and IFIs to confront the cankerworms of ML/TF have been discussed in Chapter 7. No organization can function effectively without competent staff, standard rules and regulations, as well as administrative and technical support. Thus, Chapter 8 has reported, albeit in summary, the main administrative and support services of GIABA in 2013.

743. Based on this detailed background, therefore, this concluding chapter is devoted to report on the lessons learned in the various aspects reported in the previous chapters, including legislative enactment, enforcement and adjudication; the mutual evaluation and follow up actions; lessons learned in dealing with different segments of the society in an attempt to change perception, attitudes and character; and most importantly, the endogenous and exogenous factors that may have influenced the elaboration and execution of GIABA's programs in general. The challenges encountered over the year, as well as prospects for the future of GIABA's activities will also be examined and discussed in this concluding chapter.

Lessons Learned

744. Even without going into the details, it would be logical to conclude that enactment and amendment of legislation provide important lessons, especially with regard to the implementation of the Revised FATF Recommendations, which include Proliferation Financing, which most, if not all GIABA states have not criminalized as yet, and may have to do so to comply with the FATF, especially Recommendation 7. The slow pace of legislative process was an important lesson learned. One of the main achievements of GIABA over the years is that all member states have promulgated laws criminalizing money laundering. Nevertheless, many of the pieces of legislation, both at national and regional levels still require improvement to conform to acceptable international standards. One important lesson learned is that enactment and upgrading of legislation was the most difficult action for countries to get out of the FATF ICRG Process. For example, Nigeria, Ghana, and Sao Tome and Principe had to review their AML/CFT legislation several times, including the promulgation of new regulations and other enforceable means, yet, by the end of 2012, they were not yet out of the FATF review. This should be a lesson for both member states and GIABA to ensure that, notwithstanding the long, and sometimes cumbersome parliamentary processes, it is better to understand the main requirements for new legislation or amendment, including meeting the spirit and letter of the relevant conventions and FATF Recommendations, having wide and effective consultations among stakeholders and, also seeking technical assistance in form of legal advisory services before commencing the process of law making or amending the law. Without overflogging the issue, GIABA had designed, with the assistance of development partners, model AML/CFT law which were adopted by member states, but some countries did not make use of the key elements to produce acceptable legislation.

745. In some cases, politicians were sensitive, to say least, in enacting laws that they perceived as a 'sledgehammer' that may catch up with them. In other cases, there were sensitivities based on national security situations, for example, what would be the definition of a terrorist on the one hand, and that of insurgent or freedom fighter on the other. There were also many cases where a few predicate offences were inadvertently omitted from the list of offences that constitute ML and getting the parliaments to reconsider these cases was anything but easy. From a regional perspective and with regard to community texts, apart from the domestication process taking too long in some countries, a few important issues were either ignored or considered not important in some countries. The lessons learned with regard to legislation goes on and on, but the most important thing is that a problem is half solved if its root causes are known, and that is precisely what the lessons in this area taught us.

746. Yet, it is one thing to make a law, and another, perhaps more important is to make the law work – enforcement. The aim of the peer review process is not only to ascertain that the law is in place, but also that it is effectively enforced. During the first round of mutual evaluations, some important lessons were learned in this regard. Although many GIABA member countries were rated largely compliant with regard to money laundering legislation, almost all were rated either partially or non-compliant on terrorist financing legislation. Compliance means that MS will make all legal and technical provisions for the prevention and control of ML & FT in their countries. It is expected that requirements and sanctions for non-compliance will be imposed, and the reality of "obligation" will become the norm. Overall, even though the ratings in the MERs in Chapter 3 appear not too good, as a lesson, it was a remarkable success and progress has been made, especially through a rigorous follow up process.

747. Thus, GIABA adopted a graduated four-level follow-up process to implement the recommendations in the MERs of assessed countries, which provide a great deal of lessons for the future work. As a fast-track approach, all assessed member States were placed on the expedited regular follow-up, in which case, a country was required to report back to the plenary once a year after the adoption of its MER. Following continued poor performance by member States, five countries were moved to the enhanced follow-up process requiring them to report at every Plenary on their progress. These were very hard decisions which put pressure on countries and their resources, yet, they accepted as a demonstration of their strong commitment to the process. The robustness of the follow-up process has led to significant improvement in the AML/CFT regimes of member States, including the revision of moribund AML/CFT legislation, enactment of new laws, accelerated capacity building of officials of relevant stakeholders and establishment and strengthening of support institutions. Members have now realized that they need laws in action rather than laws on the shelf, the enactment of the laws have also created the necessary legal basis for the establishment of FIUs, among others.

748. Experience from the first round of evaluations revealed that the MEQ was too voluminous and as such, its completion was laborious, time consuming and made some countries to submit a deluge of documents and information, some of which were irrelevant to the self-assessment. The FATF has also realized this and has together with other network bodies, revised and improved the assessment Methodology, as well as the MEQ for the next round of evaluations.

749. Another lesson learned in the conduct of mutual evaluation has to do with the quality of some MERs. This may have been as a result of the use of different languages to assess different legal and financial systems. Sometimes, the trained assessors were not available for on-site assignment

due to either transfer to other schedules or conflicting ones. GIABA tried to improve the quality of the MERs by making assessors to stay for at least three days on site to produce a draft report in order not to lose memory when they had returned to their normal work. That helped towards the end of the first round, but not without cost since the Secretariat must provide the assessors with per diems.

750. From the perspectives of the on-site, there were some difficulties with conducting meetings in different locations or cities. Some senior officials were not readily available for interview and such meetings had to be rescheduled in other cases. The management of meetings was also a problem in a few instances, especially where there was no adequate coordination.

751. With regard to typologies studies, there still remains a dearth of experts on money laundering and related terrorist financing. The experience with the management of the Research Grants shows that most of the awardees, in spite of the terms of reference given to them, did not fully understand why they were given such assignment and the responsibility rested on the Secretariat to provide mentorship and guidance on a continuing basis for that exercise to succeed. Despite this, it must be acknowledged that a few awardees did an excellent work that deserves commendation. Above all, the greatest lesson learned is that GIABA has become a reservoir of knowledge on AML/CFT in the region. Notwithstanding the weaknesses in some of the studies, they all achieved their goals to a large extent. The issue of what happens to the outcomes of the studies has to do with implementation of the recommendations both at regional and national levels, some of which have been reported under technical assistance in Chapter 5.

752. Overall, even though GIABA is like any international or regional organization in terms of diversity, one critical lesson learned is the management of the cultural, linguistic and other diversities within the Secretariat and among members. To operate in a three language community and each country having its own agenda in our peculiar circumstances is a herculean task. Nevertheless, all the perceived, imagined or real barriers have not in any way effected the effective functioning of GIABA, rather, the series of retreat organized particularly of staff members helped tremendously in promoting a spirit of team work and this must be sustained and consolidated over time.

Challenges

753. Most of the challenges encountered in the implementation of program activities were also lessons learned, but for purposes of clarity and distinction, the challenges can be categorized into endogenous and exogenous factors that influenced the conception, design and implementation of such activities. As GIABA does not have absolute control of its variables in terms of coordinating MS, stakeholders, compliance entities, donors and other interested parties, it is obvious that the complex process of coordination will pose some challenges.

754. The first and perhaps most important external challenge had to do with the limited resources and competing priorities of member States. This is manifested in various ways:

- Insufficient resources in some countries to build strengthen and sustain institutions/structures. For example, the creation of FIU still remains a challenge for Liberia and Guinea; some FIUs do not have the full complements of staff, etc;
- In some cases, even where the resources are there, convincing the political authorities to allocate the resources for AML/CFT was also a challenge;
- Insufficient budgetary allocation to AML/CFT in some countries;
- Dearth of skilled personnel on AML/CFT. This does not mean that the training provided in the past years have not changed something. Rather, the point is that when the laws are in place, the infrastructure is there, awareness has been raised and we have reached a cruising level where people expect results, then it becomes the responsibility of those knowledgeable persons in the MS to ensure the expected results. It is now about "delivery" of the goods, and this can only occur when competent and dedicated people take on the task of so doing and allowed to stay on the schedule for a considerable time to sustain their efforts and achievements.
- Perhaps the most worrisome manifestation of this challenge is the low absorptive capacity of some countries. This has been discussed in detail in Chapter 5 and there is no need to belabor the issue here. Suffice it to say that this is directly related to the commitment and skills in each jurisdiction and its priorities.

755. The second challenge has to do with the political instability that characterized some countries during the year. To say the least, AML/CFT structures can only be created and sustained when there is stable polity. Political instability is one recurrent factor which raises its head periodically to hinder the work being undertaken in MS to fight ML & FT. Examples abound whereby social unrest or political upheaval have impeded the continuity of the work being undertaken, or the efficiency of that work. One can think of the situation in Côte d'Ivoire a short while ago, or the on-going problems in Guinea-Bissau, or the change of regime in Guinea, or again the rebellion in Mali, to name but a few. Some of these need to be expatiated further.

756. In 2012, the political situations in Guinea Bissau and Mali as discussed in Chapter 2 had serious

repercussions for AML/CFT, just as it did in the recent past in Guinea. For example, following the attempted coup d'état in Guinea Bissau, some countries imposed sanctions on that country even though a transition government was formed and mandated to conduct a free and fair election, the sanction has not been lifted, meaning that those who imposed sanction instead of joining forces with the ECOWAS to restore peace and stability in that country, compounded it because sanctions means many things: no financial and technical support, no business, etc, and in a country that is fragile and weak economically, sanctions can only exacerbate the rate of unemployment among the youth, increase criminality and violence. What Guinea Bissau needed in the circumstances of 2012 was not punishment for not democratizing, sorry to say, as this is not a political report, but incentives and support to address the critical political problems that led to conflict or violence. In Mali also, it was not possible to contemplate effective enforcement of AML/CFT measures in areas taken over by the rebels, not to talk of deploying any assistance to build the AML/CFT structure. That is why although Mali was the first country slated benefit from the GIABA AML/CFT Analytical Software according to the project plan; it could not because of the instability.

757. Increasingly, the private sector, particularly FIs have now accepted full responsibility for the prevention of ML/TF in their systems and many of them are investing massively in staff training and internal control. However, due to the profit motive of financial intermediaries and the competition in the financial sector, there seems to be a general apathy towards timely generation of suspicious transactions reports (STRs) by the reporting entities. In some countries, however, there is the problem of trust and confidence between the reporting entities and the FIUs.

758. Corruption is a universal phenomenon which plagues all parts of the world. It is present everywhere, but it has a more significant impact in Africa because of weak response mechanisms or inadequate systems of prevention, detection, investigation and prosecution. Furthermore, poverty levels in West Africa are such that economic prosperity eludes large swathes of population. This in turn creates a prevailing fear of becoming or remaining abjectly poor, a kind of syndrome which permeates everything and tends to glorify wealth.

759. At their September 2009 Summit in Pittsburg, USA, the leaders of G20 countries issued a Declaration and called on the FATF to identify non-cooperative and 'high risk' jurisdictions for closer monitoring. Part of the Declaration reads in brief: 'We stand ready to use countermeasures against tax havens from March 2010. We welcome the progress made by the Financial Action Task Force (FATF) in the fight against money laundering and terrorist financing and call upon the FATF to issue a public list of high risk jurisdictions by February 2010'. Since then, corruption has become one of the key considerations in FATF work and it is well addressed in the FATF Recommendations, especially with regard to PEPs.

760. In one of the studies conducted by GIABA[280], corruption was identified as a major challenge to fight against ML and TF because it not only generates illicit proceeds, but also protects those involved in the laundering of such proceeds. Unfortunately, whilst the G20 Declaration is clear on taking decisive action against corruption, it seems to focus only on the origin, leaving the destination of the proceeds. Several reports released by many organizations, including the ones by Global Financial Integrity on illicit financial flows suggest that most of the proceeds of corruption from Africa are located in other parts of the world. The challenge in dealing with corruption in the context of AML/CFT is that the approach has to be all encompassing, integrated and cooperative. If western banks continue to allow the proceeds of corruption to be deposited in their financial systems, Africa shall continue to lack resources for development and the vicious circle will continue. It is therefore hopeful that the implementation of the Revised FATF Standards would address this challenge.

761. Building on lessons learned and challenges faced in the implementation of the FATF 40 + 9 Recommendations, the FATF, in collaboration with other stakeholders (FSRBs, International Financial Institutions, and United Nations), and in consultation with the private sector, carried out a review of the implementation of the standards and noted the lack of EFFECTIVESS as the major weakness. Consequently, through several consultative meetings, the FATF adopted a new set of standards in February 2012. The revised standards are expected to provide governments with stronger tools to take action against financial crime, while at the same time addressing new priority areas.

762. With this review, the standards have become more cohesive, clearer in application and interpretation, and additional measures that would facilitate EFFECTIVENESS have been added. In particular, in response to the call by the G-20 on the FATF to identify potential corrupt countries and subject them to a targeted review, the definition of Politically Exposed Persons (PEPs) has been expanded to include domestic PEPs. A new predicate offence – tax crime, has been added to the list of designated offences, and in line with appropriate UNCSRs, countries have been called upon to implement targeted financial sanctions relating to the financing of proliferation of weapons of mass destruction.

280 The GIABA ME Processes and Procedure in Section VIII, Paragraph 43 – 55 explained the following four-levels of follow-up programs (Normal Regular; Expedited Regular; Enhanced and Biennial). See www.giaba.org.

763. The revised standards are anchored on the following essential measures to be taken by countries:

a. Identifying risks, developing policies and ensuring domestic coordination;
b. Combating money laundering, terrorist financing and the financing of proliferation;
c. Applying preventive measures to safeguard the institutions involved in financial intermediation and other designated sectors;
d. Adequate empowerment and proper role definition for competent authorities (investigative, law enforcement, and supervisory authorities);
e. Enhancing the transparency and availability of information relating to beneficial ownership of legal persons and arrangements; and
f. Facilitating international cooperation in a timely and responsive manner.

764. The provisions of the revised Standards call for enhanced cooperation, collaboration, and better coordination of all the stakeholders in the implementation of AML/CFT regimes both at sectoral and national levels. At the national level, countries are expected to:

a. Review their AML/CFT laws to ensure that all the 21 designated predicate offences are adequately criminalized in accordance with the revised standards.
b. Ensure that there is in place an operational national AML/CFT Policy framework.
a. Ensure the existence of a National Risk Assessment (NRA) Framework to facilitate the deployment of the risk-based approach (RBA) to AML/CFT compliance functions.

765. The focus on effectiveness in the revised standards requires that reporting entities provide useful Suspicious Transaction Reports (STRs) to the FIUs. A key challenge in the reporting of STRs has been the submission of large number of unhelpful STRs leading to poor investigation, improper prosecution and non convictions.

766. The NRA is built up from the outcomes of institutional and sectoral risk assessment exercises. It is not accident that the revised standards place premium on the adoption of risk-based approach to AML/CFT compliance function. It is designed to assist financial institutions to not only undertake AML/CFT on a risk-sensitive basis, but also to ensure prioritization of actions, as well as resource optimization. Thus, compliance officers are key to the design of a risk management framework based on appropriate risk assessment. As the RBA is expected to be implemented as end-to-end process, then the compliance officers would be the process owners, especially in providing timely risk assessment before the launch of new products or deployment of new technologies. In this direction, the compliance officers will need to develop AML/CFT "Thinking Map" to capture the essentials of the RBA principles that would facilitate financial intelligence.

767. The CDD requirements in the new set of standards envisage the deployment of risk sensitive approach to monitoring of customers, especially the PEPs who have become the cynosure with respect to issues of corruption and facilitation of corrupt practices. It is therefore incumbent on compliance officers to evolve robust mechanism for keeping tab on this category of customers.

768. This lengthy background on the FATF Standard is given here in order to place the challenges in implementing the Revised Recommendations in a futuristic perspective. Apart from the normal challenges that low capacity countries face in implementing the previous standards, a key challenge confronting some GIABA members to effectively implement the new standards, relates to due process. Enacting laws which require freezing or deprivation of property without notice to the parties and without subjecting the decision to freeze to some type of judicial review domestically may go against the grain of the constitutional arrangement in some countries and this may be a problem. As it was experienced during the enforcement of UNSCRs on TF, an indefinite administrative freezing order is an unfamiliar concept and despite the leeway to petition the SC through a focal point, as noted in the Kadi case[281] , the problem, in reality, stems from national implementation of the Resolution. National level implementation of the UNSCRs is still fraught with challenges relating to following appropriate due process; and as has been said, it takes creative national mechanisms for governments to meet the legislative and administrative obligations embedded in UN-SCRs[282] . Thus, within domestic legal frameworks, issues relating to proper implementation still remain.

769. Most countries have limited capacity and face diverse constraints in implementing the resolutions. The capacity to detect, identify and prevent the threats posed by proliferation of WMD will require training and capacity building. The process of updating and disseminating the list and communicating designations to financial institutions and DNFBPs is still not well established in many countries. In addition, some countries still lack adequate international cooperation mechanisms that will enable them facilitate effective information exchange. Nevertheless, the Secretariat will continue to work closely with the MS and development partners on "countering the financing of proliferation of WMD" aspect of its work and collaborate

281 C-402/05 P and C-415/05 P, Yassin Abdullah Kadi and Al Barakaat International Foundation v Council and Commission, judgment of 3 September 2008

282 Noël Stott

with regional and international stakeholders concerned with combating the financing of proliferation of WMD.

770. In summary therefore, despite the efforts made and the feats achieved in combating ML/TF in the region, the following challenges and constraints remain, among others:

- The dominance of cash in transactions makes for anonymity, thereby negating audit trails, and the prevalence of a large informal sector characterized by opacity and lack of regulation.
- Weak border controls in the region remain a major problem[283] .
- Inadequate political will to adopt and implement robust AML/CFT regimes.
- Inadequate resources and competing priorities in terms of funds and skilled manpower on the part of both the regulators and the operators.
- Low absorptive capacity in terms of ability to adequately utilize funding and technical support, reflecting deficiencies in AML/CFT regimes and a dearth of skilled AML/CFT personnel.
- The few databases that exist are poor in quality, comprehensiveness, timeliness and availability of data.
- Inadequate inter-agency cooperation and coordination, resulting in regulatory arbitrage and ineffective implementation of AML/CFT measures.
- Lack of diligent investigation and prosecution, which hampers speedy delivery of justice on the one hand and makes for a very slow judicial process on the other. These have led to a relatively low number of convictions.
- The low level of awareness of some stakeholders.
- Poor compliance culture, reflecting the situation in the larger society.
- The prevalence of corruption, which provides an environment conducive to ML/TF.
- The "backwash" effects of globalization and internationalization, which afford criminals the economic space and the technology to execute their transactions and almost without detection, against the limited capacity of competent law enforcement authorities in the region.

Future Priorities

771. The lessons learned and the many challenges discussed above do not mean that the future is bleak or that we are losing the fight. Far from that, there are multiple prospects that if properly harnessed and mobilized, can produce even greater results in the coming years. Without taking these in any order of priority, it is possible to conclude that the wisdom of the authority of the ECOWAS Heads of State to establish GIABA as a community institution and drawing its funding directly from the Community Levy is the greatest advantage that GIABA has and so long as members continue with the community levy contributions to the ECOWAS, GIABA's main source of funding will be assured. In order to carry out its mandate and to reach its avowed goals, the Organization must ensure that it has sufficient budgetary resources in order to comply with expectations. Historically, a sizeable portion of GIABA's funding has come directly from the ECOWAS. But GIABA is structured in such a way that it can receive funds from alternate sources and utilize these funds for its activities. Funding sources have since become infinitely more diversified.

772. Criminals do not respect national sovereignty, nor do they hesitate in abusing the weakest links in the regional chain. Therefore, it is imperative that inter-governmental action be organized in order to effectively tackle these phenomena in a systematic manner. This requires coordination of efforts between all stakeholders and partners with a shared vision and mission under the ECOWAS Vision 2020, and even beyond. Ignoring this reality is an invitation to overlap, wasted energy and time, counter-productive interventions, and even to failure of activities due to insufficient financial or logistical support. Proper coordination requires sharing of information on a constant basis, through structured and coherent means. These can effectively be built into the work plans, and monitored by all concerned parties, in order to determine where synergies can be developed, where action can be leveraged and undertaken jointly, and where complementarities can be enhanced for better outcomes. There should be evidence-based programs taking into account the comparative advantage of what GIABA do best to avoid duplication of efforts. In other words, coordination is the key to better results.

773. With regard to the profit motive of financial intermediaries and the competition in the financial sector, what essentially needs to be achieved in addition to effective regulation, is a moral persuasion of the private sector through further consultation and dialogue that aim at tying their commercial objective with the compliance obligation. The private sector in the region must come to understand, appreciate and fully embrace its role in the promotion of best practice, and the protection of the integrity, credibility and soundness of the financial system in particular.

774. Taking into account the above mentioned challenges and other peculiarities of the region, there is a need for flexibility as well. In particular, compliance measures

283 One of the priorities of the ECOWAS is to promote free movement of people and goods. However, this seems to be abused in some cases by criminals who take advantage of this good policy to cross borders and perpetrate illegal activities.

must not discourage individuals from utilizing formal financial services because of bureaucracy or inappropriate implementation of AML/CFT measures. In cash dominated economies, citizens should be encouraged to increasingly use formal financial instruments for their transactions, such as banking, investing, currency transfers and exchange services, invoicing, etc. This is especially important for the low-income segments of society, who mistrust the formal system, who are accustomed to dealing in person and in kind, and who often do not know or fully understand the available financial instruments or structures. But beyond the obvious situation of the low income earners, those who accumulate massive wealth through corruption, often in cash and keep the proceeds in underground bunkers in their homes should also be discouraged from doing so by various means. The ways and means of doing that cannot be discussed here for lack for space, but the obvious fact must be stated that a large degree of flexibility and outreach are also required in MS to deal with these problems from various perspectives.

775. With regard to the overall impact of the regional efforts at the national level, greater emphasis must, therefore, be placed on reinforcing investigation, prosecution and conviction of high-profile cases, as well as recovery of criminal assets of convicts. The prevailing weakness in the prosecution of ML/TF cases has led to the excessively long delays and, in some cases, inconclusive termination of trials. This failure dampens public enthusiasm generated by the initial discovery of high-profile ML/TF cases. Similarly, the dearth of conviction over high-profile ML/TF cases not only undermines public faith in the fledgling AML/CFT regimes, but also makes nonsense of the costly successes at the regulatory and enforcement phases. It further undermines the credibility of the judiciary and the overall criminal justice system.

776. Bolstering prosecution and conviction of high-profile criminals will ensure that such cases are pursued to their logical conclusion, thus enhancing the legitimacy of institutions and enlisting public support for the fight against ML/TF. It will also ensure that painful work of law enforcement agents, investigators, regulators and compliance officers, as well as the scarce public resources invested in such work are not wasted, but rather rewarded through effective punishment.

777. Yet, conviction and sentencing alone, however severe, are not a sufficient deterrent factor where the crime is large-scale and the amount involved is huge. Where convicted criminals still have access to colossal volume of the proceeds of their crime, they have an incentive to serve their sentence patiently in order to return to enjoy such assets. Conversely, where criminals are permanently denied access to the proceeds of their crime, and where those assets are successfully returned to the commonwealth, committing such crimes in the future becomes increasingly less attractive. Confiscating and recovering the criminal assets of convicts are, therefore, sine qua non to effective deterrence against the crimes of ML/TF. Overall, strengthening investigation, prosecution, achieving high-profile conviction and recording successful asset recovery constitute an area of immediate priority in the region in the implementation of international AML/CFT standards.

778. The new result-based M&E system shows that GIABA has many complementary entry points to strengthening the fight against AML/CFT, with its strategic objectives in effect covering all stakeholders with a role to play. Issues of leadership, independence, integrity, as well as capacity are also well integrated into GIABA's approach. There are nonetheless a number of assumptions and/or preconditions for success, which are, to a large extent, outside GIABA's control. These include the behaviour of ML/TF offenders (as many operate outside the formal sector), freedom of information and whistleblower protection mechanisms and the criminal justice process. Furthermore, even when effectively combined, mutual evaluations and follow-up actions, technical assistance, stakeholders' mobilization and high-level advocacy cannot guarantee that positive changes in behaviour will automatically emerge.

779. By far, the greatest sinew for GIABA's success has been in its internal structure and leadership. Management of Human Resources is a crucial area of the overall administrative task. In particular, hiring practice and administrative practices discussed in chapter 8, if sustained and improved upon, can make the organization a real model, not only within the ECOWAS, but internationally.

780. Staff relations are always a delicate matter, and much care is required in order not to create divisions which can be detrimental to reaching the desired goals. Much care will continue to be given to ensuring that the right individual occupies the right position. At times, it is necessary for management to make certain decisions which are not popular; but that is part of the management process. This being said, it is paramount to maintain the credibility of the staff selection process, and that the appearance of favoritism or special treatment is not conveyed. This is also true with regard to the staff evaluation process, where objectivity must be maintained. All of this is not always easy. But it is essential for staff morale, for building trust and creating bonds within the Organization. This is particularly true in the AML/CFT or general 'financial crime' environment, where issues of trust and reliability are central to accomplishing reliable work.

781. Furthermore, the issue of quality control is an important one in this particular context. Program managers need to ensure that delivery is done according to standards and proper timing. If a particular activity is done poorly or deficiently, it will inevitably impact on the overall work plan. Many actions depend on the proper delivery of previous activities and as well as active follow up, and cannot be done

without the appropriate prior base having been established. Thus, the necessity of ensuring that all delivery is done in a timely, proper, adequate, sequential and complete manner, as expected in the Strategic and Annual Work Plans.

782. Overall, the success of any organization depends on staff performance, and GIABA has demonstrated inter alia that: (1) teams must be well led. Effective leadership can come from an individual or the team itself, but leadership is the single, most critical factor for success[284] ; (2) to accomplish exemplary work, there must be a focus on results and the clarity of the results to the member states ; (3) the MS themselves must demonstrate that they are equally good team players to be supported by the Secretariat. This would normally make it possible to avoid programs delay or relapse in the implementation and follow up; (4) developing skills both at the Secretariat and in MS is a continuing process; and (5) through its activities, GIABA's visibility has blossomed in the region and it has already created a community of apostles against ML and TF. As this is a transition period, all these must be taken into account in managing the transition in the leadership of the organization.

Conclusion

783. In the 10th Anniversary document published by GIABA, it was clearly stated and should be repeated here that "all things considered, particularly given that GIABA has a robust four-year Strategic Plan, 2011-2014, backed by a sound, results-oriented implementation mechanism which would guarantee a large measure of success, there is scope for optimism that Member States would be well on the path to achieving satisfactory compliance with acceptable international AML/CFT standards in the medium term, probably within the framework and timeframe of GIABA's 2011-2014 Strategic Plan"[285] .

784. A credible regime requires sustained and visible political will, yet it is the results of active intervention which determine success. This will and commitment can also be measured through the attribution of sufficient budgetary resources by the Government to the AML/CFT efforts. All predicate crimes which are committed in order to secure illicit and illegitimate gain inevitably result in ML. Therefore, they cannot be ignored, since they represent the source of the dirty money. These crimes are quite varied and easily singled out. Since they must also be denounced and dealt with by the authorities, it can be tempting to ask the same competent individuals or institutions that are fighting ML/FT to also fight the predicate offenses which are the source of the ML in the first place!

785. Every human endeavour is imperfect, hence there is the need to enhance the ME process, both by ensuring that the evaluators truly enforce strict guidelines for evaluating their peers, and by ensuring that the proposed follow up measures are in fact undertaken. Just as the quality of MERs must be improved, so also should be the quality and vibrancy of plenary discussions on such reports. Thus, in program delivery, GIABA needs to ensure, as a priority, that ME proposals for corrective measures are in fact undertaken and implemented. This process helps to promote compliance, which is henceforth a priority for GIABA.

786. Finally, GIABA has been and will continue to be a leader in promoting regional alliance to combat these phenomena, of course, with the commitment, cooperation and support of its members, as well as the assistance and support of the international community, especially donor community.

284 Mark Miller, 5 Reasons Most Teams Underperform, Guest Post

285 GIABA @ 10, Chap. 4, para 82, p. 43 – Conclusion.

Appendix I: 2013 Work Plan

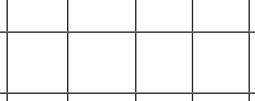
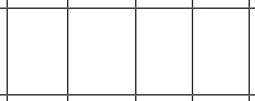
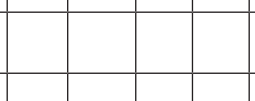
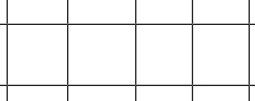
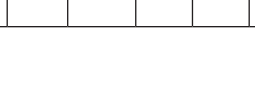
	FIRST QUARTER	January				February				March			
SN	Activity/Program/Project	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK
1.	2013 Annual Report Preparation (Jan 01 - Dec 20)												
2.	ECOWAS Institutions Meetings (All Year Round)												
3.	Maintenance of Billboard for AML/CFT Awareness Messages (Mali, The Gambia, Guinea Bissau, Cape Verde, Sierra Leone; January-July)												
4.	Egmont Working Group Committee (WGC) Meetings (Brussels, Belgium - Jan 20 - 25)												
5.	Follow Up Advocacy Meeting on Mutual Evaluation Issues (Sierra Leone, Jan 21 - 25)												
6.	1st Draft of 2012 Annual Report (GIABA Sec; Jan 24)												
7.	Programming Seminar, Season's Greetings and Staff General Assembly (Jan 30 - 31)												
8.	GIABA Social Events Organization Plan (Committee) (All Year Round)												
9.	Design and Finalization of E-Work Plan Platform (GIABA Sec; Feb 01 - April 01)												
10.	Broadcasting of AML/CFT Awareness Messages in Member States (Member States, Feb - Dec)												
11.	GIABA - SCUML Joint Seminar on Strategic Partnership by Regulatory and DNFBPs (Lagos, Nigeria - Feb 11 - 12)												
12.	FATF Plenary and Working Group Meeting (Paris, France - Feb 18 - 22)												
13.	Development of Training Plan (GIABA Sec; Feb 25)												
14.	Deployment of AML/CFT Analytical Software to FIU (Benin, Togo, Mali, Guinea Bissau, Côte d'Ivoire) (Feb 25- June 24)												
15.	Equipping and Resourcing GIABA Information Center (Lagos, Nigeria - Feb - Dec)												
16.	GIABA Electronic Documentary (Member States, March - May)												
17.	Editing and Finalization of 2011 Submitted Research Grant reports (GIABA Sec; March - July)												
18.	Establishment of a Strategic Surveillance Database (March 01 - December 20)												
19.	System upgrading within the Secretariat (March - December)												
20.	Women's Day Celebration (March 8)												
21.	Computerization of GIABA Monitoring & Evaluation System (March 15 - May 15)												
22.	Mid-Term Review of the 2011 - 2014 Strategic Implementation Plan (Saly - Senegal; March 20 - 22)												
23.	Provision of Alternative Internet Connection through V-Sat 2GB (March 29 - June 28)												
24.	ESAAMLG Plenary Meeting (Arusha, Tanzania; March 25 - 29)												

25.	National AML/CFT Sensitization Seminar, Open House for Youths (Bissau, Guinea Bissau; March 28)														
26.	Follow Up Advocacy Meeting on Mutual Evaluation Issues (Guinea Bissau, March 29)														
27.	Production of 2012 Annual Report (GIABA Sec; March 31)														

SN	SECOND QUARTER	April				May				June			
	Activity/Program/Project	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK
28.	Deployment of Portal, Workflow and Management System (GIABA Sec; April 01 - December 20)												
29.	Support of MS for the conduct of Typologies (Dakar; Senegal; April 01 -November 29												
30.	Research Study on the nexus between ML/TF and DNFBPs in West Africa (All Member States, April 01 - November 29)												
31.	Computerization of GIABA Secretariat, Documentation and Publication (Apr 01 - Nov 11)												
32.	Purchase of Reference Materials for the Library (April 1 - September 30)												
33.	Purchase and Installation of Currency & Contraband Scanners for MS (Cape Verde & Benin; March - October)												
34.	Quarterly Review of the Work Plan (April 2 - 3)												
35.	Technical Assistance on the Development of National AML/CFT Strategy & Action Plan for Guinea (Conakry; April 8 - 10)												
36.	Opening of GIABA Information Center (Abidjan, Côte d'Ivoire; TBA)												
37.	Assistants and Secretaries Day Celebration (Dakar, Senegal; April 16)												
38.	FSRB-Egmont-FIU Forum (Doha, Qatar - April 16 - 17)												
39.	National Sensitization Seminar on CDD (Bissau, Guinea Bissau - April 23)												
40.	Quarterly Monitoring and Evaluation Report (April Edition) (April 26)												
41.	UN CTC Meetings (TBD, TBA)												
42.	Deployment of AML/CFT Analytical Software to FIU (Niger, Sierra Leone, Guinea, Liberia) (April 30-October 18)												
43.	Expert Review Group Meeting (Accra, Ghana; May 6)												
44.	Working Group on Mutual Evaluation and Implementation Meetings (Accra, Ghana; May 6-7)												
45.	Regional Forum of FIUs (Accra, Ghana; May 8)												
46.	GIABA Plenary/Technical Commission Meeting (Accra, Ghana; May 9 - 10)												
47.	GIABA Ministerial Briefing (Accra, Ghana; May 11)												

48.	World Press Conference (Accra, Ghana; May 11)													
49.	Finalization of GIABA Guidelines on Documentation and Publication (May 02 - August 16)													
50.	National Workshop on Risk Based Approach to AML/CFT Compliance Functions (Dakar, Senegal; May 22-24)													
51.	Annual Briefing Session for ECOWAS Ambassadors and Development Partners & ECOWAS Day Celebration (Dakar, Senegal; May 28)													
52.	Deployment of CBT and Development of Management System (GIABA Sec; May 30 - Dec 20)													
53.	Regional Seminar on Capacity Building on Economic and Financial Crimes for Judges (Anglophone) Banjul, The Gambia; June 3-7)													
54.	Inter-University Speech Contest on AML/CFT Impact on West Africa Economies (Ibadan, Nigeria; June 6 - 7)													
55.	Meeting of the ECOWAS Council of Ministers (TBD, TBA)													
56.	AFC Meeting (Abuja, Nigeria; June TBA)													
57.	Provision of Mentorship to MS FIUs (Conakry, Guinea - June)													
58.	National FIU Intelligence Analysis Training (Conakry, Guinea - June)													
59.	FATF Plenary and Working Group Meeting (Oslo, Norway - June 17 - 21)													
60.	Sponsorship of Technical Expert for Revision of MS AML/CFT Laws (Conakry, Guinea, TBA)													
61.	National Sensitization Seminar for DNFBPs (Ouagadougou, Burkina Faso - June 27 - 28)													

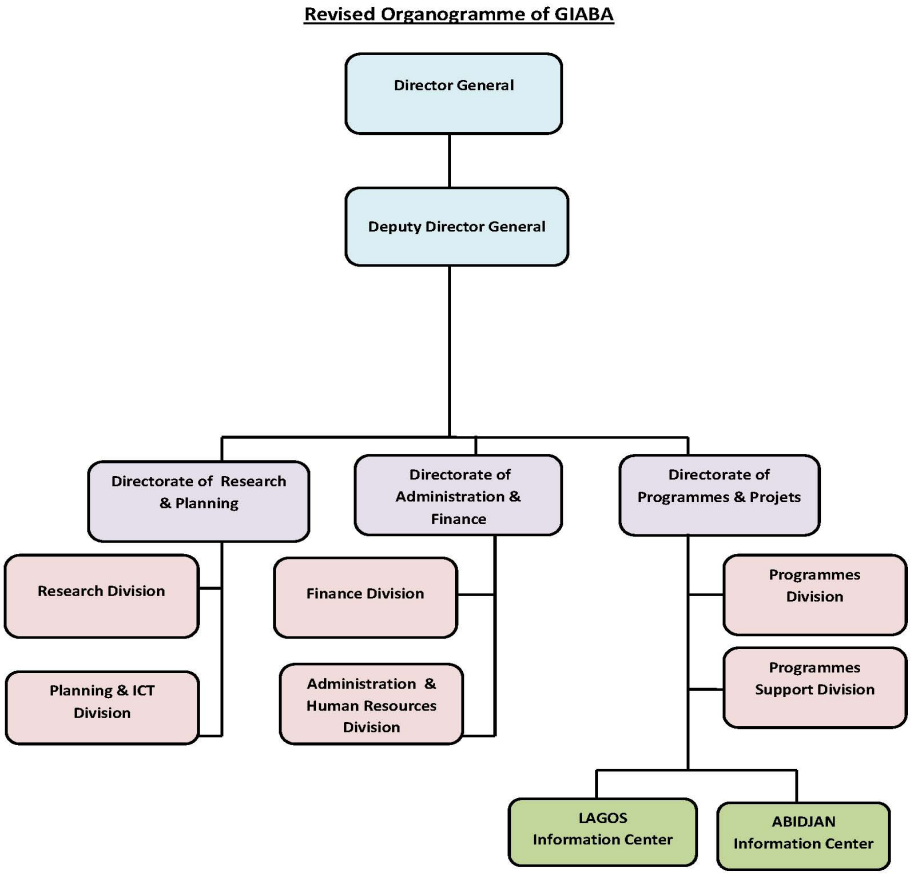
SN	THIRD QUARTER	July				August				September			
	Activity/Program/Project	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK
62.	Sponsorship of Technical Expert for Revision of MS AML/CFT Laws (Conakry, Guinea, TBA)												
63.	National Sensitization Seminar for DNFBPs (Ouagadougou, Burkina Faso - June 27 - 28)												
64.	Research Study on the Status of Financial Inclusion in West Africa (All MS, July 1 - Nov 29)												
65.	Egmont Plenary XVV (Sun City, South Africa - July 1 - 5)												
66.	Quarterly Review of 2013 Work plan (GIABA Sec; July 3 - 4)												
67.	Review of the 2013 Budget (GIABA Sec; July 4)												
68.	Quarterly Monitoring and Evaluation Report (July Edition)												

69.	Training of Assessors on the new FATF Methodology for Implementation of the revised FATF Standards (Strasbourg, France - July 8 - 12)	
70.	National AML/CFT Sensitization Seminar, Open House for Youths (Freetown, Sierra Leone - July 13)	
71.	Sponsorship of Technical Expert for Revision of MS AML/CFT Laws (Freetown, Sierra Leone, TBA)	
72.	Provision of Mentorship to MS FIUs (Monrovia, Liberia; TBA)	
73.	National FIU Intelligence Analysis Training (Monrovia, Liberia; TBA)	
74.	Regional Workshop on ML/TF Risk Assessment of Member States (Saly, Senegal - July 15 - 17)	
75.	Deployment of ICT Equipment and Library for GIABA Information Center Abidjan (July 31 - November 11)	
76.	Regional Workshop on AML/CFT Requirements for Professional Bodies (Accountants) (Anglophone) (Banjul, The Gambia, July 15-17)	
77.	Technical Assistance for the Development of National AML/CFT Strategy & Action Plan for the Gambia (Banjul; July 22 - 23)	
78.	Audit Committee Meeting (Abuja, Nigeria; TBD, TBA)	
79.	Preparation of Draft 2014 Budget (GIABA Sec, August 1 - 12)	
80.	Regional training for Financial Institutions on the Revised FATF Recommendations (Lagos, Nigeria; August 27 - 30)	
81.	Strategic Review of GIABA 1st Round of Mutual Evaluation (Saly, Senegal; August 19 - 20)	
82.	International Financial Institutions Meeting (TBD, TBA)	
83.	31st Cambridge International Symposium on Economic and Financial Crimes (Cambridge, UK; September 1 - 8)	
84.	Regional Seminar on Capacity Building on Economic and Financial Crimes for Prosecutors (Ouagadougou, Burkina Faso; September 16 - 19)	
85.	CIMA Meeting (TBD, TBA)	
86.	Budget Arbitration Committee (Abuja, Nigeria, TBC)	
87.	Provision of Mentorship to MS FIUs (TBD, TBA)	
88.	National FIU Intelligence Analysis Training (TBD, TBA)	
89.	Forum Crans Montana (TBD, TBA)	
90.	National Training Workshop on Detecting and Investigating Money Laundering and Financial Crimes for LEA (Freetown; Sierra Leone, September 23 - 27)	

	FOURTH QUARTER	October				November				December			
SN	Activity/Program/Project	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK	1st WK	2nd WK	3rd WK	4th WK
91.	Regional Seminar on Capacity Building on Economic and Financial Crimes for Judges (Francophone & Lusophone) (Abidjan, Côte d'Ivoire) (October 1 - 4)												
92.	Franc Zone Meeting (Paris, France - October 1 - 4)												
93.	Quarterly Review of the Work Plan (October 3)												
94.	Technical Assistance Support for the Development of National AML/CFT Strategy & Action Plan for Guinea (Conakry - October 7 - 9)												
95.	FATF Plenary and Working Group Meetings (Paris; France; October 14-19)												
96.	AFC Meeting (Abuja, Nigeria; October TBA)												
97.	Regional Forum of FIUs (TBD, TBA)												
98.	Working Group on Mutual Evaluation and Implementation Meetings (TBD, TBA)z												
99.	Working Group on Typologies Meeting (TBD, TBA)												
100.	GIABA Plenary/Technical Commission Meeting (TBD, TBA)												
101.	Annual FATF Typologies Meeting (MENAFATF Region, TBA)												
102.	Meeting of ECOWAS Council of Ministers and the Authorities of the ECOWAS Heads of State and Government (TBD, TBA)												
103.	Regional Workshop on Asset Recovery / Asset Management for AML/CFT Stakeholders (Lome, Togo, November 26 - 29)												
104.	Regional Sensitization Workshop for Civil Society Organizations (CSO) on AML/CFT Mobilization (Bissau, Guinea Bissau; Dec 2 - 4)												
105.	National FIU Intelligence Analysis Training (Bissau; Guinea Bissau, TBA)												
106.	National Training Workshop on Detecting and Investigating Money Laundering and Financial Crimes for LEA (Dakar, Senegal, December 9 - 11)												
107.	Regional Training on UNSCR for Judges (Dakar, Senegal, Dec 9 - 11)												
108.	Office Christmas and End of Year Celebrations (GIABA Sec, Dec 17)												

Note: Venue and date in the schedule are subject to change in line with emerging conditions

Appendix II: Revised Organogram



Appendix III: Status of Ratification of Conventions by GIABA member States

		RATIFICATION OF 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
1.	Benin	23/05/1997[a]	30/08/2004	30/08/2004	14/10/2004
2.	Burkina Faso	02/06/1992[a]	01/10/2003[a]	15/05/2002	10/10/2006
3.	Cape Verde	08/05/1995[a]	10/05/2002	15/07/2004	23/04/2008
4.	Côte d'Ivoire	25/11/1991	13/03/2002[a]		25/10/2012
5.	The Gambia	23/04/1996[a]		05/05/2003	
6.	Ghana	10/04/1990	06/09/2002	21/08/2012	27/06/2007
7.	Guinea- Bissau	27/10/1995[a]	19/09/2008	10/09/2007	10/09/2007[a]
8.	Guinea	27/12/1990[a]	14/07/2003	09/11/2004[a]	
9.	Liberia	16/09/2005[a]	05/03/2003[a]	22/09/2004[a]	16/09/2003[a]
10.	Mali	31/10/1995[a]	28/03/2002	12/04/2002	18/04/2008
11.	Niger	10/11/1992[a]	30/09/2004[a]	30/9/2004	11/08/2008[a]
12.	Nigeria	01/11/1989	16/06/2003	28/06/2001	14/12/2004
13.	Senegal	27/11/1989	24/09/2004[a]	27/10/2003	16/11/2005
14.	Sierra Leone	06/06/1994	26/09/2003		30/09/2004
15.	Togo	01/08/1990	10/03/2003	02/07/2004	06/07/2005

Appendix IV: Status of Legal, Policy and Institutional Frameworks in member States

		Adoption of MER	ENACTMENT OF LEGISLATION		INSTITUTIONAL FRAMEWORKS	
SN	Member States		AML Legislation*	CFT Legislation*	Operational FIU	Approved National AML/ CFT Strategy
1.	Benin	2010	2006	2012	2009	
2.	Burkina Faso	2009	2006	2009	2007	
3.	Cape Verde	2007	2002/2012		2008	
4.	Côte d'Ivoire		2005	2009	2008/ Egmont 2010	Developed, yet to be approved
5.	The Gambia	2008	2003/2012	2002/2012	2008	
6.	Ghana	2009	2008	2008	2010	2011
7.	Guinea- Bissau	2009	2006		2011	2011
8.	Guinea		2007			
9.	Liberia	2011	2002			Developed, yet to be approved
10.	Mali	2008	2006	2010	2007	2011
11.	Niger	2008	2004	2010	2005	Developed, yet to be approved
12.	Nigeria	2008	2004/2011	2011	2005 Egmont	Developed, yet to be approved
13.	Senegal	2008	2004	2009	2005	Developed, yet to be approved
14.	Sierra Leone	2007	2005/2012	2012	2008	2007
15.	Togo	2011	2007	2009	2009	Developed, yet to be approved



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