

INTER-GOVERNMENTAL ACTION GROUP AGAINST
MONEY LAUNDERING IN WEST AFRICA

GIABA RESEARCH STRATEGY REPORT

GIABA Research Strategy Report was discussed and adopted by its 18th Technical Commission / Plenary on November 21nd 2012.

© 2012 GIABA. All rights reserved.
No reproduction or translation of this publication may be made without prior written permission.
Requests for permission to further disseminate, reproduce or translate all or part of this publication should be obtained from GIABA, Complexe Sicap Point E Av Chiekh A. Diop, X Canal IV 1er Etage Immeuble A, BP 32400, Ponty Dakar (Senegal). E-mail: secretariat@giaba.org

Table of Contents

Aim: 3
A. Introduction 4
B. Context 4
C. Objectives 5
D. Research Principles 5
E. Types of Research to be conducted: 6
F. Pillars /priority areas: 6
G. Validation, Sharing and Utilization of Research outcomes: 8
H. Partnership 8
I. Standards and ethics: 9
J. Administration and reporting: 10
K. Review of the Strategy :- 10
Summary outline of types of Research to be conducted by GIABA 11

Aim:

"To create and sustain a reservoir of knowledge in collaboration with stakeholders, so as to enhance understanding of money laundering and terrorists financing phenomena in order to effectively counter these threats in GIABA member States"

A. Introduction

1. Money laundering and terrorists financing (ML/TF) are crimes that transcend borders, and the methods and level of sophistication deployed by criminals who perpetrate these crimes are continuously evolving. Thus, it is imperative that a robust anti-money laundering and combating the financing of terrorism regime is designed and implemented based on risks. . In addition, the effects of ML/TF are cross-cutting, traversing political, social, economic and other human development boundaries. A proper assessment of ML/TF risks and the nature and extent of that risk is, therefore, central to the fight against ML/TF. Understanding ML/TF risks can assist in the efficient utilization of resources.

2. Research as an investigative tool enables the discovery of new knowledge and is crucial to understanding the ML/TF phenomena. When knowledge and understanding on the ML/TF phenomena are gained through research and shared adequately, it provides the basis for better approaches for tackling ML/TF.

B. Context

3. The three primary functions of GIABA, both as an ECOWAS specialized body and as an FATF St-regional body (FSRB), are:

a. Monitoring compliance with international AML/CFT standards among its members, primarily through the conduct of mutual evaluations and monitoring follow-up actions;
b. Conducting typologies and research in order to determine ML/TF methods and techniques; and
c. Providing targeted technical assistance to its member States to help them improve on their AML/CFT regimes.

4. It is important to broaden the ML/TF research base and to adequately mobilize stakeholders to take ownership and full responsibility of the research process, especially considering that the region is expected to attain full monetary integration in a few years to come; and the new demand by the FATF Standards on member States to assess their ML/TF risks and demonstrate the overall effectiveness of their AML/CFT regimes.

5. In particular, Recommendation 1 of the new FATF Recommendations places an obligation on countries to assess their ML/TF risks, and it states as follows:

> *Countries should identify, assess, and understand the money laundering and terrorist financing risks for the country, and should take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources, aimed at ensuring the risks are mitigated effectively. Based on that assessment, countries should apply a risk-based approach (RBA) to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified. This approach should be an essential foundation to efficient allocation of resources across the anti-money laundering and countering the financing of terrorism (AML/CFT) regime and the implementation of risk based measures throughout the FATF Recommendations. Where countries identify higher*

risks, they should ensure that their AML/CFT regime adequately addresses such risks. Where countries identify lower risks, they may decide to allow simplified measures for some of the FATF Recommendations under certain conditions.

Countries should require financial institutions and designated non-financial businesses and professions (DNFBPs) to identify, assess and take effective action to mitigate their money laundering and terrorist financing risks.

C. Objectives

6. The following are the objectives of this strategy: -
   a. Create a reservoir of knowledge and promote a clear understanding of the ML/TF phenomena in the region;
   b. Increase the involvement of stakeholders in the conduct of research on ML/TF, especially member States, professional bodies, Self-regulatory organizations, academic researchers and civil society organizations.
   c. Set clear research priorities for GIABA to enable stakeholders to appropriately allocate and efficiently utilize resources for research on ML/TF in the region;
   d. Develop a pool of researchers on ML/TF in order to sustain research in the region;
   e. Strengthen research outcomes through the adoption of common standards;
   f. Support member States to improve their AML/CFT regimes based on the international standards.
   g. Contribute to the global research efforts on ML/TF.

D. Research Principles

7. The following principles will guide GIABA's research priorities; its support for AML/CFT research by its member States, professional groups, the academia, civil society and other stakeholders; and utilization of research outcomes:

- **Contribution to public well-being through**
  - Empowering national AML/CFT authorities and other stakeholders to implement measures that will make the AML/CFT regimes comply with international standards.
  - Informing efficient and effective planning, policy and decision-making by national governments, GIABA and its stakeholders
  - Guiding good judgments and evaluation on ML/TF developments.
  - Promoting fairness, equity and balance in the implementation of AML/CFT measures.

a) **Generation of knowledge through:**

- Its usefulness and benefit to the general public
- Its accessibility to stakeholders

- Contributing to the pool of reliable knowledge and understanding

b) Demonstration of relevance by:

- Connecting knowledge to experience on AML/CFT, relying on factual evidence
- Raising awareness of new knowledge
- Informing policy and practice

c) Furtherance of existing research by:

- Building on existing and ongoing national and global research efforts
- Anticipating emerging issues
- Opening up new knowledge possibilities

E. Types of Research to be conducted:

8. The various types of research to be conducted by GIABA are as follows:

I. General research
II. Typologies
III. Regional risk assessment
IV. Country risk assessment
V. Operational risk assessment
VI. Threat assessment
VII. Vulnerability assessment
VIII. Impact assessment
IX. Focus/targeted assessment
X. Strategic surveillance

F. Pillars /priority areas:

9. GIABA's research efforts will be built on three pillars/priorities, which are: Supporting compliance with AML/CFT standards; conduct of typologies studies and other research; and provision of technical assistance within regional integration framework. The three pillars have been elaborated below.

a. **Supporting compliance**: - **T**he primary focus of research in GIABA will be to support member States to meet their obligations and comply with acceptable international standards. To achieve this, efforts will be geared towards supporting member states to understand clearly the ML/TF risks they face at global, regional, national and sectoral/operational levels. Member States will be encouraged and supported to create synergy in the conduct of ML/TF research at all levels ; to ensure the proper utilisation of research outcomes; monitor and evaluate the relevance of their research efforts to ensure that the right value is gained.

10. The following is an outline of some of the principal actions to be carried out in order to support member States in their AML/CFT compliance efforts:

What to be done	How it will be done:	When it will be done:
• Conduct of regional risk/threat assessment on ML/TF • Supporting member States with regards to the implementation of Recommendation 1. • Strategic assessment of the ME and follow-up processes to ensure legitimacy, consistency and effectiveness. • Support the development of relevant guidance document for member States using research tools. • Strategic surveillance on AML/CFT on the region.	The assessment shall be conducted through the Typologies Working Group; an independent consultant or reputable research firm; with support from the Secretariat	• Regional threat Assessment shall be conducted after every five years. • Risks assessment shall be carried out by all member States before the conduct of the 2nd round of mutual evaluation and thereafter, before the conduct of subsequent evaluations.. • At the end of each round of mutual evaluation, a strategic assessment of that round shall be carried out to provide feedback and help to improve on the next round. A strategic assessment of follow up actions shall be conducted for GIABA member States after every two years. • Whenever required, the Plenary or the Secretariat may demand for research contributions to any technical guidance or best practice paper. • A strategic Surveillance on AML/CFT in the region shall be carried out on an ongoing basis as a compliment to the regional and country-level risk assessments.

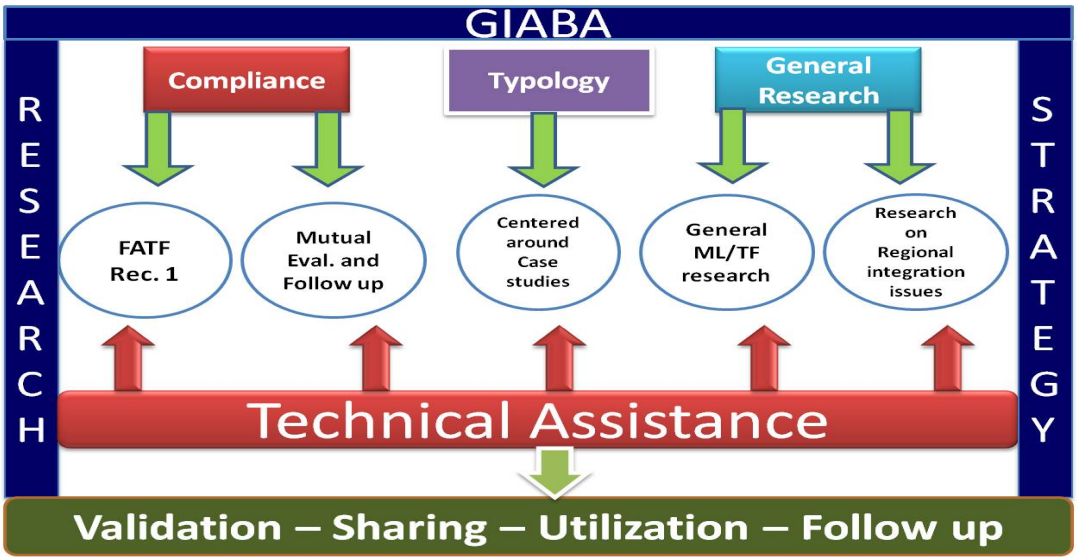
b. Typologies and other research studies

11. Conduct typologies studies on relevant topics as may be determined from time to time. Also, conduct other research on ML/TF in the region, in particular to support regional integration. Typologies and other research studies will be used to achieve two basic goals – to enhance understanding of the ML/TF situation of the region and to promote regional integration. A detailed description of the types of researches to be conducted, target areas, who can conduct them, and the respective targeted audience is provided in a matrix annexed to this strategy.

c. Technical assistance

12. Provide support to member States in the conduct of typologies on ML/TF and encourage them to implement the outcomes to improve their AML/CFT regimes and promote regional integration efforts. GIABA will endeavour to mobilise resources from and work with stakeholders in the provision of technical assistance on ML/TF research for its member States.

Summary Chart of GIABA Research Strategy



G. Validation, Sharing and Utilization of Research outcomes:

13. Products generated from research on ML/TF in the region will be subjected to validation either through physical meetings or through electronic means with the involvement of identified stakeholders. The validated product will be shared in accordance with the existing document dissemination policy or guidelines of GIABA and the adopted Communication Strategy determined by the Plenary or the Secretariat, as the case may be. Within three (3) months after publication, any research product should get the widest circulation to the intended audience either in electronic and/or hard copy formats,

14. GIABA exist in the public interest. It is therefore in the interest of GIABA for its product to reach and be utilized by a wide range of audience. However, there are situations where the rights of third parties may be at stake. In this case, each product shall be clearly marked with regard to how it can be used, including specifying where further approval will be required to and from whom it can be obtained.

H. Partnership

15. Countering ML/TF requires collaboration and partnership due to the complexity of the phenomena. Likewise, it is important to have different research perspectives from diverse fields to enhance understanding of the phenomena and its negative impact. In this regard, GIABA will collaborate with different groups and will seek the partnership of relevant institutions and organizations for the conduct of research on ML/TF in the region. The partners include relevant government institutions; Self-regulatory and professional bodies; research institutions; civil society organizations, academicians and students. From time to time, GIABA will provide grants to individuals and organizations to carry out studies on ML/TF for the benefit of its member State and/or the region.

I. Standards and ethics:

16. The following are the human resource and research standards and ethics for research to be carried out by GIABA.

a. Human resource standards

At all times, GIABA shall seek to work with and support member states to develop the following human resource qualities in the quest for getting the best out of ML/TF researches:

i. Sufficient knowledge of the area of research;

ii. Intellectual ability to synthesise and objectively evaluate issues under study;

iii. Creative mind that thinks differently about issues beyond the stereotype;

iv. Highly motivated on the subject matter leading to personal commitment;

v. Good self-management and engaging especially where leadership is required;

vi. Commitment to and meeting highest standards at all times; and

vii. Meticulous with regard to respect for ethics, rules, regulations and laws.

b. Research standards

i. **Contribution to the public good** - All research proposals shall be evaluated on their contribution to the public good

ii. **Knowledge and understanding:-** Research proposals should either aim at revealing new knowledge or enhancing understanding of the existing knowledge. As much as possible, recycling shall be avoided in the conduct of research. A review of what is known about a proposal shall be a primary requirement for considering the proposal before it is accepted or rejected.

iii. **Usability and utilization:-** The usability and possible utilization of the final product shall be assessed before a research is conducted.

iv. **Enhancing practice:-** A good judgment should be reached as to the likelihood that the outcome of the research will enhance practice, i.e. support effective implementation of AML/CFT measures.

v. **Design and methodology;-** Research to be conducted shall meet the minimum standard of design and appropriate methodology.

c. Ethics:

Research by GIABA shall be governed by the following ethics:

i. Protection of intellectual property and proper acknowledgment of sources.

ii. Protection of confidential sources, confidential information and privacy.

iii. Informed consent will be required for involvement at all levels of research following a full disclosure of the purpose of the research to the participant.

iv. Avoidance of personal harm to participants which can be directly attributed to the research process itself.

v. Avoidance of personal compromise and conflict of interest.

vi. Payment of agreed remuneration as at when due.

J. Administration and reporting:

17. This strategy shall be administered by the GIABA Secretariat with guidance from the Plenary. An annual report on the implementation of the strategy shall be provided to the Plenary and other stakeholders.

K. Review of the Strategy :-

18. This strategy shall be reviewed from time to time based on new realities consistent with its objectives. Any GIABA member State or the Secretariat may propose its review and the Plenary shall give direction on the proposal.

****