

INTER-GOVERNMENTAL ACTION GROUP AGAINST
MONEY LAUNDERING IN WEST AFRICA

TYPOLOGIES REPORT

TYPOLOGIES REPORT ON LAUNDERING THE PROCEEDS OF ILLICIT TRAFFICKING IN NARCOTIC DRUGS AND PSYCHOTROPIC SUBSTANCES IN WEST AFRICA

DECEMBER 2010

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Tel: +221 33 859 18 18; Fax: +221 33 824 17 45 E-mail: secretariat@giaba.org ; Website: www.giaba.org

TABLE OF CONTENTS

LIST OF TABLES 5

ABBREVIATIONS AND ACRONYMS 6

EXECUTIVE SUMMARY 8

I. INTRODUCTION 10

II. SCOPE AND METHODOLOGY 13

III. VULNERABILITIES OF THE ECOWAS REGION TO DRUG TRAFFICKING AND MONEY LAUNDERING 14

A Drug Trafficking in West Africa 16

B Why West Africa is a target 24

C Sources, main destinations and prices of drugs 24

D Money laundering vulnerabilities of the region 28

IV. BASIC MONEY LAUNDERING TECHNIQUES AND CASE STUDIES 29

V. AML/CFT REGIMES AND DRUG CONTROL MEASURES 43

VI. KEY FINDINGS AND POLICY IMPLICATIONS 58

VII. RECOMMENDATIONS AND CONCLUSION 62

BIBLOGRAPHY 67

APPENDIX 1:SEIZURES, ARRESTS AND CONVICTIONS BY COUNTRY 68

APPENDIX II: DRUG TRAFFICKING RELATED ASSET FORFEITURE BY NIGERIA AND CAPE VERDE 71

APPENDIX III: STATUS OF GIABA MEMBER STATES' RATIFICATION AND DOMESTICATION OF AML/CFT/DRUGS AND CRIME CONVENTIONS 72

APPENDIX IV: DATES OF FIU ESTABLISHMENT BY COUNTRY 73

APPENDIX V: GENERAL QUESTIONNAIRE 74

ANNEX VI: CASE STUDIES ANALYSIS QUESTIONNAIRE 80

LIST OF TABLES

Table N°	Table Heading	Page N°
Table 1	GDP Ranking of ECOWAS Member States	**13**
Table 2	Stand Alone AML Legislation and Amendments	**41**
Table 3	Highest possible punishment for Drug Trafficking offences by types of drugs trafficked	**42**
Table 4	Relationship between quantity of drugs trafficked and sentencing, and the highest punishment handed upon conviction	**42**
Table 5	Punishment for money laundering offences	**43**
Table 6	Nationality and country of origin of drug couriers as reported by Senegal	**44**
Table 7	Trafficking channels by country of origin as reported by Senegal (2009 – 2010)	**45**
Table 8	Annual reported drug seizures, arrests and convictions (2005 – 2009)	**47**
Table 9	Reported seizures, arrests and convictions by country (2008 – 2009)	**48**
Table 10	Cannabis Prices for West Africa	**49**
Table 11	Typical retail and wholesale value of the Cannabis reported seized	**50**
Table 12	Summary of STRs and Investigation, prosecution and conviction	**51**
Table 13	Conviction and extent of punishment for money laundering offences	**52**
Table 14	Asset forfeiture in relation to drug related ML prosecution/conviction (Cape Verde and Nigeria only)	**52**
Table 15	Agencies / Departments responsible for the enforcement of anti-drug trafficking laws	**53**
Table 16	Agencies / Departments responsible for the enforcement of AML laws	**53**
Table 17	Departments / Institutions / Agencies responsible for prosecuting drug trafficking and money laundering cases	**54**

ABBREVIATIONS AND ACRONYMS

ACN	African Criminal Networks
AML	Anti Money Laundering
AUCPCC	African Union Convention on Preventing and Combating Corruption
BCEAO	Banque Centrale des Etats de l'Afrique de l'Ouest (Central Bank of West African States)
CBN	Central Bank of Nigeria
CDD	Customer Due Diligence
CDD (Gh)	Centre for Democratic Development (Ghana)
CENTIF	Cellule Nationale de Traitement des Informations Financieres
CNLD	Comité National de Lutte contre la Drogue (Burkina Faso)
CPI	Corruption Perception Index (TI)
DEA	Drug Enforcement Administration (Liberia)
DNFPBs	Designated Non-Financial Businesses and Professions
DT	Drug Trafficking
DTML	Drug Trafficking andsector Money Laundering
EAGB	Electric Power Corporation of Guinea-Bissau
ECOWAS	Economic Community of West African States
EFCC	Economic and Financial Crimes Commission (Nigeria)
FARC	Revolutionary Armed Forces of Colombia
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
GIABA	Groupe Intergouvernemental d'Action contre le Blanchiment d'Argent en Afrique de l'Ouest (Inter-Governmental Action Group against Money Laundering in West Africa)
HDI	Human Development Index (UNDP)
INTERPOL	International Criminal Police Organisation
JIATF	US Joint Interagency Task Force
MAOC	Maritime Analysis and Operations Centre - Narcotics
MLA/MLAT	Mutual Legal Assistance/ Mutual Legal Assistance Treaty
NACOB	Narcotics Control Board (Ghana)
NCP	National Contact Person
NDLEA	National Drug Law Enforcement Agency (Nigeria, Sierra Leone)
NDLEA	National Drug Law Enforcement Agency (Nigeria)
NFIU	Nigerian Financial Intelligence Unit

OCRTIDB	Office Central de Repression du Trafic Illicite des Drogues et du Blanchiment (Togo)
OECD	Organisation for Economic Cooperation and Development
PEP	Politically Exposed Person
STR	Suspicious Transaction Report
TI	Transparency International
TRACFIN	*Traitement du renseignement et Action Contre les circuits Financiers clandestins* (France Intelligence Processing and Action against Clandestine Financial organisations)
UEMOA/WAEMU	West African Economic and Monetary Union (Same as in French).
UNDP	United Nations Development Programme
UNSC	United Nations Security Council
UNTOC	United Nations Convention against Transnational Organized Crime (the Palermo Convention)
WACN	West African Criminal Networks

EXECUTIVE SUMMARY

I Drug trafficking is the largest source of illicit funds globally. This is largely due to the wide gap between production cost and the final price the consumer pays, especially in Western Europe and North America. For the trafficker, profit is the motive and is largely determined by the risk they are willing to take to deliver the drugs to the highest paying consumer. Locally, massive cannabis cultivation and consumption has been a source of major concern in the not only because of the illegal money it generates but also due to the associated health hazards. In recent years, West Africa has been targeted by drug traffickers from Latin America with large consignment of cocaine which is warehoused in the region and mostly shipped in small quantities to Europe and other destinations using local couriers. The problem has attracted attention at the highest level in the region as well as globally. There are ongoing regional initiatives to address the problem.

II As a contribution to that initiative, and in order to have a good understanding of the relationship between money laundering and drug trafficking in the region, this typologies exercise was conducted. The study analyses various facets of the legal and enforcement environment of AML and Drug trafficking in ECOWAS member States. It looked at the vulnerabilities of the region and why West Africa has become a target for drug traffickers. It also looked at the techniques, methods, mechanisms and instruments used by drug traffickers to launder the proceeds of drug trafficking by reviewing relevant case studies and identifying typologies.

III Twelve out of fifteen ECOWAS countries were involved in the study. One expert was identified in each of the 12 countries who helped to administer the two questionnaires developed for the study and produced a country report. A typologies workshop was held where country reports were reviewed, including case studies.

IV The findings of the study indicates that drug traffickers employ complex means to launder money generated from drug trafficking including the use of lawyers, bureau de change, trade, cash couriers,, front companies, purchase of real estate, etc.

V With regard to legal framework, most of the AML laws are quite recent compared to the drug trafficking laws. In some countries, the penalty for drug offences is not proportionate and dissuasive. There is general lack of effectiveness with regard to the enforcement of AML laws across board. Capacity to carry out effective AML investigation is generally low and many ML predicate offences are not investigated for ML. The domination of the informal sector and cash transaction of the economy of the region are obstacles to effective enforcement/implementation of AML measures. The disparity in AML capacity among member States is a source of concern and need to be urgently addressed.

VI A number of recommendations were made which, if implemented will help to improve the overall implementation of AML measures both at the member States and at the regional levels.

Summary of Findings

VII The following is the summary of the major findings of the exercise:

A. All countries in West Africa are extremely vulnerable to drug trafficking and related money laundering. The vulnerability is related to geographical,

political, legal, institutional, economic and social factors. The large sea coast is either partly or completely unmanned in most parts of the region. Generally, inland borders are porous and not effectively manned across the region.

B. Most of the countries have AML laws that were enacted not more than 4 years earlier, and the necessary infrastructure and human capacity to support the execution of the law are still being put in place. In a number of the countries, this process has been stalled by lack of resources.

C. The trafficking tends to concentrate in countries with unstable political, social and economical situation and weak controls (legal, enforcement, prosecutorial and judicial).

D. The laundering of the money generated from drug trafficking tend to be carried out in stable countries with relatively fair economy in the region where cash dominates transactions and is difficult for authorities to monitor cash inflows and outflows, as well as some in countries outside the region (largely countries where the heads of the networks operate from and the countries of some of the drug couriers from outside of the region).

E. Corruption appears to play an important part in the cross-border movement of proceeds of crime as cash or when converted into goods.

F. The general lack of capacity to interdict illicit drugs especially cocaine and heroin, makes money laundering almost inevitable due to the prevailing opportunities for money laundering in the informal sector.

G. There is general lack of capacity for money laundering investigation in most of the countries coupled with the fact that money laundering investigation has not been fully integrated in drug trafficking investigation in most of the countries. Investigating money laundering during drug investigation does not appear to be a top priority as indicated by the apparent absence of asset seizure and confiscation despite convictions obtained of drug traffickers in most of the countries and the significant drug seizures made.

H. Coordination between the investigating agencies and FIUs during drug trafficking related money laundering investigation is very week. The trust factor remains an important element in this lack of coordination.

I. Over emphasis of money laundering through the formal financial system undermines overall AML/CFT efforts especially in West Africa where the cash dominated informal sector is the preferred channel for laundering the proceeds of crime, including drug trafficking.

J. Reporting entities do not appear to be providing STRs commensurate with the level of the drug trafficking problems in most of the countries. This may be as a result of lack of expertise in ML risk analysis or lack of interest in providing such information.

K. Most of the FIUs do not have sufficient analytical expertise to detect drug trafficking related money laundering. Emphasis appears to be placed more on corruption related ML by the FIUs.

L. Cross border information sharing both in the control of drug trafficking and related money laundering is virtually absent except where there is a public incidence that affect countries.

I. INTRODUCTION

1. In recent years, drug trafficking has become a major concern in West Africa. In particular, the region has become a major pipeline for the trafficking of cocaine from South America to Europe and other destinations. There is no doubt that the vulnerabilities of the region are being exploited. Local players are getting involved and increasingly consolidating their relationship with key players in the illicit trade from South America and destination countries. This has significant implications for money laundering and increase in criminality in its various facets in the region. This has attracted the attention of the Economic Community of West African States (ECOWAS) and even global attention.

2. Drug trafficking has profound negative effects, such as, increase in drug abuse and related psychological disorders, drug-induced crimes and generate illegal funds for criminals which can be deployed to corrupt public officials, undermine the integrity of national institutions, create distortions in the economy (e.g. inflation) create communal violence, fund insurgency and hijack political power by criminals. Through the transiting of illicit drugs, traffickers are able to develop new markets in the countries of transit thereby creating an active drug user population in the country of transit.
Specifically, drug trafficking, among others:

- ⇒ Affects social and political stability – extreme cases leading to 'state capture'.
- ⇒ Slows the pace of economic growth and development;
- ⇒ Increases money laundering and economic crimes;
- ⇒ Distorts the economy as a result of money laundering and undermines development;
- ⇒ Creates a negative image for the concerned jurisdiction;
- ⇒ Hampers good international relations and diplomacy;
- ⇒ Results in indecent treatment and indiscriminate harassment of citizens abroad;
- ⇒ Results in application of harsh travel restrictions through denial of visas and other entry documents;
- ⇒ Results in excessive scrutiny of intending travellers by embassy officials leading to many failures to meet international, official or personal commitments;
- ⇒ Fuels communal violence and inflicts terror funded by "soft money";
- ⇒ Corrupts the political leadership leading to moral bankruptcy and bad governance;
- ⇒ Results in loss of confidence of foreign investors due to lack of trust since business is built on it;
- ⇒ Provides funds for the purchase of illegal arms leading to increased violence and distrust among various segments of society;
- ⇒ Spread of sexually transmitted diseases and other infectious diseases resulting from the activities of some drug users (spread of HIV/AIDS).
- ⇒ Trafficking could lead to consumption with its attendant consequences on society
- ⇒ Loss of goodwill from the international community in both bilateral and multilateral engagements.

⇒ Repatriation of citizens with criminal records with potential negative impact on crime and criminality within the concerned jurisdiction.

3. By the late 1990s, however, ECOWAS had fully realized the deleterious effects and debilitating impact of this threat to the stability and economic development of the region, especially on its integration programme, and developed a Regional Plan of Action, which aimed at providing the necessary framework for national efforts and actions against the drug problem. The ECOWAS Authority of Heads of State and Government, at its 21st Summit on 30-31 October 1998 in Abuja, issued a declaration titled: ***"Community Flame Ceremony – the Fight against Drugs".*** Other Decisions of the Authority on drug control include resolution A/RES.2/8/97 relating to Prevention and Control of Drug Abuse in West Africa; Recommendation C/98 on the establishment of a Regional Fund for Financing of Drug Control activities in West Africa; Decision A/DEC.8/10/98 on the establishment of a Regional Fund for Financing of Drug Control activities; and Decision A/DEC.9/12/99 establishing the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA). However, operationally, not much has taken place.

4. Before 2001, drug law enforcement departments in West Africa did not have appreciable collaboration with one another. Drug traffickers have taken full advantage of this communication gap between them to establish cells across the sub-region and move along the West African corridor with relative impunity. Indeed, where intelligence is to be shared with neighbouring countries, one Agency would find it difficult to release the information because of the uncertainty of the preservation of confidentiality of the information in the destination country. This situation led to the founding of the West African Joint Operations initiative (WAJO). The WAJO initiative commenced as a collaborative effort between Nigeria's National Drug Law Enforcement Agency (NDLEA) and the United States Drug Enforcement Administration (DEA) Regional Office in Lagos. The focus of WAJO was to contain the exploding illicit drug trafficking problem across the sub-region. This, in turn, would create the opportunity for harmonization of the core activities of policing agencies within the region, and help to expand the collective drug law enforcement scope, capacity and effectiveness for improved social security and well-being of the people of the Region. However, this initiative still remains weak.

5. West Africa is increasingly under siege, being used and abused by International Organized Crime syndicates in order to traffic a plethora of goods, from guns to diamonds to human beings to drugs and other valuable goods. It must respond immediately and seriously to this threat to its overall security, public health and reputation in the world. In response to this, at its 32nd Ordinary Session, the Authority of ECOWAS Heads of State and Government expressed serious concerns about the upsurge of drug trafficking in the region and mandated the ECOWAS Commission to take urgent action and report to the Authority on efforts to stem the tide.

6. Recently, a Regional Ministerial Conference on the drug problem in the region was held in Praia, the Republic of Cape Verde in October 2009. This led to the adoption of a Political Declaration against Drug Abuse, drug trafficking and Organised Crime in West Africa, and a Regional Action Plan against Drug Trafficking and Abuse.

7. However, the links between drug trafficking and money laundering in the region is not fully understood and this is needed in order to tackle the two crimes. The fight against money

laundering is central to the fight against drug trafficking because the proceeds from drug trafficking are mainly in monetary instruments. Money automatically enables the purchase of goods and services with ease. The ability to deny the criminals the use of their illegal profits remains critical to the fight against money laundering. Laundering is a process whereby the origin and ownership of funds generated by illegal means is concealed. The process of ML usually involves three stages: (1) the introduction of the proceeds of crime into the financial system (placement); (2) transactions to convert or transfer the funds to other locations or financial institutions (layering); and, (3) reintegrating the funds into the legitimate economy as "clean" money and investing it in various assets or business ventures. By obtaining value illegally, criminals enslave other fellow citizens whose added value they benefit from – criminals are empowered by criminal proceeds to be able to afford value without having to add any to society. Drug Trafficking and Money Laundering go hand in hand and both menaces greatly depreciates every fabric of society from its values, morals, culture and beliefs. This is the central theme against proceeds of crime and why countering money laundering must remain a moral, social and economic pillar of any progressive society.

8. In order to gain more knowledge and understanding of the problem from the perspective of how the proceeds generated from the illicit trade are laundered, therefore, GIABA conceptualized a typologies project on "***Laundering the proceeds of illicit trafficking in narcotic drugs and psychotropic substances in West Africa"***. This report represents the outcome of that project.

Aims and objectives:

9. The main objectives of the project were to:

a. Identify the techniques and methods used to launder the proceeds from illicit trafficking of narcotic drugs and psychotropic substances in the region;

b. Examine drug-related money laundering schemes in the West Africa region, looking at the sources (countries of production) and destinations (countries of consumption), including the transit countries;

c. Present and classify the money laundering techniques according to country and other indicators such as age, ethnicity of offenders, etc;

d. Examine the weaknesses in the AML/CFT regimes in the region and make recommendations.

10. The outcome of this project is expected to contribute to the overall initiative of ECOWAS to address the problem of drug trafficking and organised crime in the region and will also provide member States the required information upon which they can take decisions to strengthen their AML/CFT regimes.

II. SCOPE AND METHODOLOGY

11. The exercise was carried out in 12 of the fifteen countries of ECOWAS through the following phases; Review of the vulnerabilities of West Africa to drug trafficking and money laundering; data collection using two sets of questionnaire; use of experts in member States for the administration of questionnaires and compilation of a country report by each expert; organisation of typologies workshop; compilation of country reports and outcome of the typologies workshop to produce the main report. A brief description of the phases is provided as follows:

a. **Vulnerabilities** – information and relevant data on the vulnerabilities of the region to drug trafficking and money laundering were extensively reviewed. This helped to provide more insight into the extent of the problem.

b. **Participation:** of the fifteen ECOWAS member States, twelve countries participated actively in the project. These are: Benin, Burkina Faso, Cape Verde, Gambia, Ghana, Guinea Bissau, Liberia, Mali, Nigeria, Senegal, Sierra Leone and Togo.

c. **Data Collection:** two (2) sets of questionnaire were designed for the exercise. The first was used to gather information on statistical trends from 2005 to 2009 and the current state of the legal and institutional framework for the control of illicit drug trafficking and money laundering in each country. The second questionnaire was used to collect information on case studies and identify the money laundering typologies, methods, mechanisms, techniques and instruments employed by criminals to launder money. The data was collected from September 2009 to January 2010, and subsequently updated before the final approval of the report for completeness.

d. **Typologies workshop:** a regional workshop was held in Bissau, Guinea Bissau on27 and 28 January 2010. The objectives of the workshop were to:

    i. Provide valuable investigated cases to show the linkages, vulnerabilities, risks and threats associated with laundering the proceeds of drug trafficking in the region;

    ii. Add new insight into the nature and context of the drug trafficking problem in West Africa in relation to money laundering;

    iii. Identify and highlight money laundering cross cutting issues that may emerge out of (ii) above; and

    iv. Make recommendations on the way forward.

12. The workshop was attended by the Experts from the 12 participating member States, including officials of Guinea Bissau, representatives of the United Nations Office for West Africa (UNOWA) and the UNODC Regional office for West and Central Africa. Five (5) independent experts were specially invited by GIABA to attend the workshop.

III. VULNERABILITIES OF THE ECOWAS REGION TO DRUG TRAFFICKING AND MONEY LAUNDERING

13. The Economic Community of West African States(ECOWAS) is a regional group of fifteen countries (Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo). Founded on May 28, 1975, the mission of ECOWAS is to promote economic integration in all fields of economic activity particularly industry, transport, telecommunications, energy, agriculture, natural resources, commerce, monetary and financial issues, social and cultural matters. To achieve this mission, ECOWAS has established several institutions and agencies responsible for each or a combination of the identified economic activities, including specialised institutions with a focus on assisting member States to protect their economies from the laundering of the proceeds of crime.

14. One of the main components of ECOWAS economic integration process is monetary integration. To this end, eight countries, namely Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Senegal and Togo have established a Monetary Union known as the West African Economic and Monetary Union (WAEMU) (French: *Union économique et monétaire ouest-africaine-UEMOA)* which has adopted a common currency, the FCFA. The FCFA is guaranteed by the French Treasury and exchanges at a fixed rate of about 655FCFA to a Euro. This makes the CFA a stable and attractive currency in the region, thus adding to its vulnerability in the context of money laundering.

15. In furtherance of the integration programme, five countries of the ECOWAS, namely The Gambia, Ghana, Guinea, Nigeria and Sierra Leone, are planning to introduce a common currency, the ECO, by 2015, under the Second West African Monetary Zone (WAMZ). Liberia has expressed its willingness to join the zone. This is preparatory to the monetary integration of the whole region.

16. Since its creation, ECOWAS has adopted common frameworks and policies which have direct bearing on economic and social development of the region. One of such frameworks is the Protocol on Free Movement, Right of Residence and Establishment which was adopted in 1979, as subsequently amended. In 1980, members of ECOWAS ratified the first phase of the Protocol which guaranteed free entry of citizens from member States without visa for ninety days. The second phase of the protocol which guaranteed right of residence entered into force in 1986.

17. The ECOWAS region has experienced political instability and a high number of devastating conflicts. The number of regional and United Nations peace-keeping missions in the region is a clear indication of its volatility and vulnerability to conflict. In particular, a number of sources alleged that Liberia, Sierra Leone and Cote D'Ivoire experienced civil wars which were to have been partly prosecuted with proceeds from drug trafficking[1]. Also, Guinea Bissau continues to experience serious political and social upheavals. These countries are emerging from conflict situations with varying degrees of success in their economic reconstruction programmes.

[1] e.g. S Ellis (2009), *West Africa's International Drug Trade*, African Affairs Journal (London) (2009) 108(431): 171-196 and Prosper Addo, *Cross Boarder Criminality in West Africa: Options for Effective Responses*, Kofi Anan International Peace keeping Training Centre (KAIPTC), Paper No. 12, 2006

18. The various conflicts experienced in the region have impacted on voluntary and involuntary migration and their associated problems of economic destitution and other social degradation. Many West African nationals live outside the region, a substantial number living in Europe and North America. About 1.2 million West Africans live in Organisation for Economic Cooperation and Development (OECD) countries[2]. While some migrated as refugees, many are there as illegal economic migrants. Some of them have been involved in different forms of acquisitive crimes, including drug trafficking.

19. The population pyramid of the region shows that about 60% of ECOWAS population estimated at 315 million (2007) is in the age bracket of 25 years or below of which 50% under the age of 18 years. The population is projected to increase to 480 million by 2030, which translates to about 52% increase over the current population. This means that the population will still retain its youthfulness along with the challenges of providing adequately for the needs of such a young population. With an average GDP of US$20,426.8 (2008) and average growth rate of 4.5 % per annum since year 2000, and the fact that three quarter of the GDP is dependent on external trade on mostly primary commodities, it is quite difficult for the region to substantially address some of the fundamental underlying conditions (poverty, illiteracy and unemployment) that fuel acquisitive crime –. The present unemployment rate of the work age population is estimated to be between 30% and 50%.

Table 3.1: 2009 GDP Ranking of ECOWAS Member States

SN	Country	*GDP (millions of US dollars)*	Global Ranking	Regional Ranking
1.	Nigeria	168,994	44	1
2.	Côte d'Ivoire	23,042	90	2
3.	Ghana	15,619	103	3
4.	Senegal	13,059	107	4
5.	Mali	8,996	124	5
6.	Burkina Faso	8,141	128	6
7.	Benin	6,656	135	7
8.	Niger	5,384	140	8
9.	Guinea	4,103	148	9
10.	Togo	2,855	157	10
11.	Sierra Leone	1,942	160	11
12.	Cape Verde	1,549	165	12
13.	Liberia	876	174	13
14.	Guinea-Bissau	837	175	14
15.	The Gambia	733	177	15
Total		**262,786**		
Average (Including Nigeria)		17,519.07		
Average (Excluding Nigeria)		6,699.43		

N= 192 Jurisdictions; ECOWAS average GDP= $17,519.07

Source: World Development Indicators database, World Bank, 1 July 2010

[2] www.oecd.org/dataoecd/21/40/38481393.pdf (The socio-economic and regional context of West African migrations)

20. The combined GDP of the15 ECOWAS member States (US$**262,786**) as at end of 2009 is less than the 2009 GDP of Saudi Arabia (US$369,179), Islamic Rep of Iran (US$331,015) and Argentina (US$308,741), and that of South Africa (US$285,983). It should be noted that the population (315 million 2007 est.) of the ECOWAS countries is five times more than that of South Africa (48.7 million 2008 est).

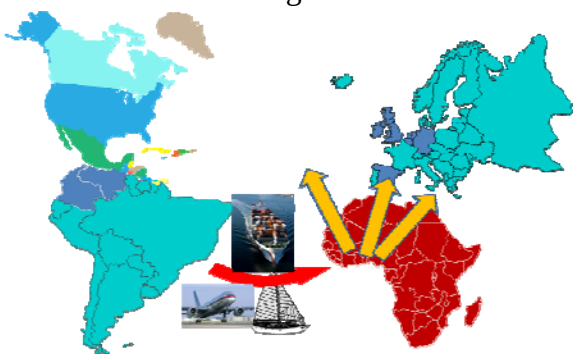
21. With regard to corruption, 11 of the ECOWAS countries fall in the lower fifty percentile (50%) on the Corruption Perception Index (CPI) of 180 jurisdictions issued by Transparency International[3] in 2008.

22. With regard to Human Development, the United Nations Development Programme (UNDP 2009) Report which assessed and reported the 2007 Human Development Index (HDI) of 182 jurisdictions indicated that only three ECOWAS member States are under the medium Human Development group (Cape Verde, Ghana and Nigeria), while the remaining 12 countries are under the Low Human Development group[4] With Niger Republic having the lowest HDI among the surveyed jurisdictions.

23. The region has made some measurable progress in the area of peace and stability, democracy, human rights and general economic and political reforms aimed at improving the lives of its citizens. Currently 13 out of the 15 member States are under constitutional democracy while 2 are under military rule.

A. Drug Trafficking in West Africa

24. Drug trafficking is one of the predicate offences for money laundering designated by the Financial Action Task Force (FATF) in its list of 20 categories of serious offences. Income generated from illicit drug trafficking are estimated to be in billions of US dollars annually and is estimated to be the leading source of illicit funds. Large scale drug trafficking at the international level is controlled by highly sophisticated and organised drug cartels. Along the production and supply chain, there are various drug cartels and cells that have different skills and specialisation, often with high degree of local knowledge. Depending on the profitability of each layer, cartels and cells may vary in size, consistency, and organization. The chain ranges from low-level street dealers who may be individual drug users themselves, through street gangs and contractor-like middlemen, up to multinational empires that rival governments in size[5]. Like all organised crimes, drug cartels employ violence in various degrees to sustain their illegal business.



West Africa as transit region for cocaine using existing heroin/cannabis routes



Over 400 kgs of cocaine seized in Ghana in 2008, part of a cocaine consignment.

[3] The global civil society organisation leading the fight against corruption.
[4] http://hdr.undp.org/en/statistics/. Countries were grouped under very high, high, medium and low.
[5] http://en.wikipedia.org/wiki/Illegal_drug

25. There are four identifiable syndicates involved in the trafficking of narcotics. namely:

- Procurement Syndicate: this group of persons are usually the most trusted by local drug barons as they are based in the drug source countries.
- Courier Syndicate: this group is perhaps the least trusted and are usually recruited without the recruit knowing the real brains behind the organization, they normally consists of low ranking humans of various nationalities.
- Overseas Distribution Syndicate: this group is responsible for the distribution and sale at the final destination where the drugs are consumed.
- Local Merchandise Syndicate: this group specializes in bringing the drugs from source countries. They sell to other local syndicates that ferry the drugs abroad.

26. The main drug trafficking problems facing West Africa are:

a. Local cultivation of large quantities of cannabis which is reported to be widespread in all the countries and as indicated by record of seizures.

b. Smuggling and warehousing of large quantity of cocaine in special flights, private boats, and sea cargo containers sourced from South America (Colombia, Brazil, Venezuela, Peru and Bolivia). The cocaine is redistributed throughout the region, especially to countries with Air links with Western Europe and North America.

c. Heroin smuggled largely by air (human carry, luggage and cargo) from Asia (Afghanistan, Pakistan, Thailand and Myanmar).

d. Europe is the main destination of the cocaine passing through West Africa and the same route is now increasingly being used to smuggle compressed cannabis, due to the lesser punishment it attracts generally in Europe.

e. Controlled (licit) drugs and chemical precursors such as diazepam and ephedrine.

f. Drug traffickers exchange drugs not always for money but sometimes for other goods which are then converted into cash in a bid to disguise the source of the proceeds. Methods employed are largely within the context of international trade, which cannot be done without the global financial system, and banks whose integrity depends heavily on the perception that it functions within a framework of high legal, professional and ethical standards are used in the laundering circle, a reputation the trafficker needs to legitimise the illegal funds.

g. Drug trafficking is an underlying crime for almost ninety-eight percent of the crimes being investigated involving money laundering by the Judicial Police in Cape Verde and the situation is similar in many of the other countries in the region.

27. In the last few years, precisely from 2002, there has been a dramatic increase in the flow of illicit drugs into West Africa, in particular cocaine from Latin America, with large part ending mostly in Western Europe. In its October 2007 special report on "Cocaine Trafficking in West Africa: the threat to stability and development" the United Nations Office on Drugs and Crime (UNODC), in October 2007, stated that 33 tonnes of cocaine with an estimated value of €2,178,000,000 or US$2,706,000,000 (using the UNODC 2006 retail price for Europe of €66 per gram) were seized in West Africa in the 30 months preceding the period of the report. Prior to that time, the entire African continent rarely seized a single ton of

cocaine in any year. Significant seizures of cocaine have been reported in all the countries of the region.[6] The quantities of some of the cocaine seized range from 50 to over 600 kgs. What is even more worrisome is the fact that most of the seizures were either accidental or made by European vessels in the coastal areas of West Africa. This clearly demonstrates the extreme lack of capacity to deal with the problem in the region.



Cocaine concealed in a juice pack


Cocaine concealed in car engine

28. The trans-shipment of cocaine through the region is directly related to the weak prevention and detection capacity and proximity of the region to Latin America which is the source of the drug on the one hand, and the demand in consuming countries on the other. The impact of the illegal money is already being felt with the emergence of affluent neighbourhoods in some cities in the region while the sources of funds cannot be justified.

- The value of drugs trafficked through West Africa is estimated to be between US$1million and US$2 billion:
  - ❖ This is higher than the value of Ghana's annual gold export.
  - ❖ Higher than the combined individual 2007 Gross Domestic Products of Guinea Bissau (0.4 US$ million), Gambia (0.6 US$ million), Cape Verde (1.2 US$ million) Sierra Leone (1.7 US$ million) and more!
- The profit margin for traffickers at wholesale price was estimated by UNODC in 2008 to be US$450 million[7].

29. In a presentation made by UNODC Executive Director at the meeting held in Lisbon, Portugal, on the drug trafficking problem in Guinea Bissau, in December 2007, he stated that the UNODC estimates that:

> *"...around 40 tons of cocaine that were consumed in Europe were trafficked through West Africa this year [2007] alone. By the end of the month [December 2007], just over one quarter of all cocaine consumed in Europe this year [2007] (more than 140 tons on the aggregate) will have transited through the region, for a wholesale value (in West Africa) of about $1.8 billion, and a retail value (on the streets of Madrid, London or*

6 See Seizures reported by countries in the Appendix section ; UNODC World Drug Reports 2006-2010; International Narcotics Control Board Annual Reports 2005-2010
7 Drug Trafficking as a Security Threat In West Africa, UNODC, Nov. 2008)

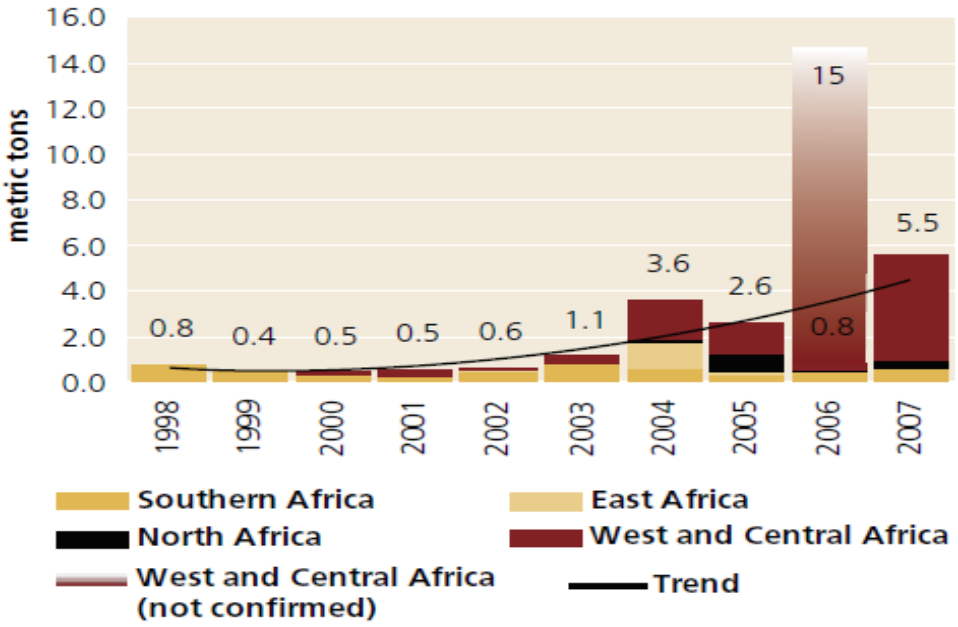
Rome) 10 times that much ($18 billion).” Antonio Maria Costa, ED, UNODC

30. The UNODC reflected the problem in its 2009 World Drug Report as follows:

“In 2007 total cocaine seizures amounted to 5.5 mt in Africa, a more than seven-fold increase since 1998....

In 2007, 83% of total seizures of cocaine in Africa were reported in West and Central Africa, 12% in Southern Africa, 5% in Northern Africa and 0.3% in Eastern Africa. The largest seizures in 2007 were reported by Senegal (2.5 mt). The cocaine found in Africa originated mainly in Colombia and Peru and frequently transited through Brazil.”

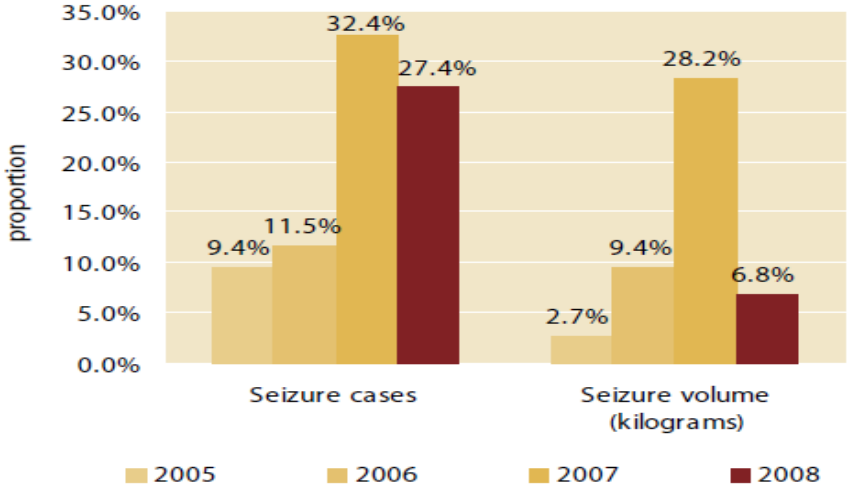
Fig 3.1: Cocaine seizures (In metric tonnes) in Africa (1998-2007)



(Source: UNODC 2009 WDR, June 2009)

31. However, the 2010 World Drug Report noted that drug trafficking through West Africa, which increased rapidly between 2004 and 2007, appears to have declined in 2008 and 2009, but observed that this situation may change if appropriate controls measures are not in place. In other words, the reduction in seizures does not in any way reduce the vulnerability of the region with regard to the illegal proceeds already generated from the illicit trade. In any case, reduced seizure in the region is not necessarily a good indicator by itself of the measure of the problem due to the fact that many of the major seizures of cocaine had been made accidently or with the help of foreign naval ships navigating the region’s coastal waters or its approaches. It might as well be that the traffickers have adopted new methods and techniques due to the pressure put on them by European bodies such as the coalition forces under the Lisbon based Maritime Analysis and Operations Centre - Narcotics (MAOC) and the US Joint Interagency Task Force (JIATF) covering the zone.

Fig 3.3: Proportion of cocaine seized in Europe that transited Africa, 2005-2008



(Source: UNODC 2009 WDR, June 2009)

32. The international community is intensely concerned about the drug trafficking through and within the region. On June 23, 2009, the United States Senate Foreign Relations Committee held a hearing entitled "*Confronting Drug Trafficking in West Africa*". Also, the United Nations Security Council (UNSC) has expressed its concern on the drug trafficking problem especially with regard to Guinea Bissau and other countries in the region under serious threat. Several initiatives have been put in place in response to the problem of drug trafficking. For example, the Maritime Analysis and Operations Centre (MAOC) was setup by the European Commission in 2006 to counter the increase in drug trafficking into Europe. France, Ireland, Italy, Netherlands, Portugal, Spain and United Kingdom actively participate in the work of the centre. The Centre employs available, appropriate law enforcement and military resources to counter any drug trafficking threat to Europe by air or sea from the eastern Atlantic, from the Cape of Good Hope in Southern Africa to the Norwegian Sea.



*Cocaine concealed inside a wardrobe

33. In 2002 the war on terrorism in Afghanistan and Iraq also opened another avenue for drug trafficking through the West African region. As law and order broke down in Afghanistan and Iraq former farm fields were converted into poppy fields. The falling farm-

gate price of dried opium in Afghanistan over the last few years increased the interest of criminals in the purchase and sell of heroin (see UNODC Word Drug Report 2010). Law enforcement and security agencies in the region still grappling with the problem of cocaine trafficking had somewhat neglected a major problem in heroin trafficking from Asia through West Africa. However, in 2007, the National Drug Law Enforcement Agency (NDLEA) of Nigeria seized over 60 kgs of heroin being transported from Karachi concealed in one hundred and seventy five[175] tins of silicone sealant (gum) containers in a factory standard mode from Pakistan. Using the UNODC 2007 retail price of heroin estimate of €92 per gram for Europe, the drug would have yielded over €4,560,000 or $5,520,000.

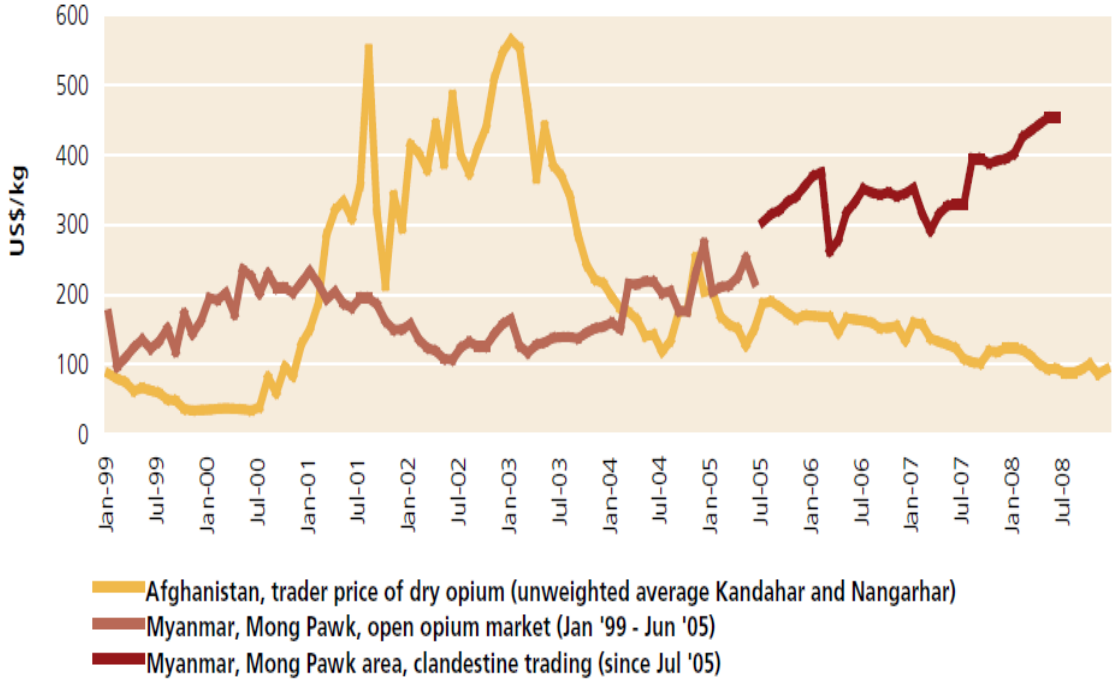
34. The trafficker had a one way ticket from Karachi to Kano via Doha and Beirut. He confessed that the trip on which he was arrested was the fifth between 2006 and 2007. The choice of the less busy Airport of Kano may have been deliberately meant to avoid suspicion and evade law enforcement. Recently, Ghana has also made arrests of persons trafficking heroin.



Tins of silicone sealant (gum) containers stuffed with heroin in a factory standard mode

35. This is a good reason why the region cannot afford to pay less attention to trafficking of heroin because the same avenues and routes used to import cocaine into the region and delivered to consumer markets can be used for heroin.

Fig 3.2: Monthly Trader Prices ((US$/kg) for Dry Opium in Afghanistan and Myanmar (1999-2008)



(Source: UNODC 2009 WDR, June 2009)

36. Currently, the cultivation of cannabis in the region has also increased based on the statistics of arrest. In a single seizure made in May 2008, over 80 tonnes of cannabis with a retail value of 400,000,000 million Naira (equivalent to $3,200,000) were seized in a warehouse in the South Western part of Nigeria, the largest single cannabis seizure ever recorded in that country and probably in the whole region. Unfortunately, there is reportedly a growing perception among drug dealers and couriers that cannabis is less controlled than cocaine for example, or the punishment is very low in many European jurisdictions which has served as incentive for them to export cannabis to such jurisdictions.

37. Equally, Psychotropic substances such as Amphetamine Type stimulants (ATS) and sleep inducing substances, particularly diazepam, have been reported seized within the region in substantial quantities at different periods. What is more worrisome with these classes of drugs is the relative ease with which they can be produced, concealed, transported and sold. Regulatory mechanisms for the sale of controlled substances are generally weak and many medicine outlets make money from selling controlled substances at exorbitant prices. Fake and adulterated drugs are very common and the business fetches significant amounts for those involved. It is a big industry that involves specialists such as chemists, replica package manufacturers, distributors, retail outlets and street vendors. Dismantling a market that provides such a chain of human activity and illegal economic opportunity is an uphill task for any of the countries in the region even in countries where there are strong regulatory institutions for licit drugs such as Cape Verde, Cote D'Ivoire, Ghana, Nigeria and Senegal. In Nigeria, though the campaign against fake and adulterated drugs has received significant attention in recent years, there has been an increase of violent attacks against the staff of the regulatory agency. The then head of the regulatory agency leading the campaign was almost assassinated. Some of the agency's offices were vandalised or set on fire.

38. Additionally, law enforcement officials have very limited knowledge of psychotropic substances, and in many cases they lack sufficient information of the position of their country's laws on these substances even if they come across them.

39. In July 2009, large quantities of chemicals were seized by the armed forces of Guinea at several locations in Conakry. At the request of the authorities of Guinea, a joint expert mission of UNODC and Interpol was undertaken to investigate the case. The Expert assessments confirmed that the quantities and nature of the chemicals found at the locations visited were far in excess of the legitimate demands in Guinea. Some of the substances found were precursor chemicals for the production of controlled drugs such as ecstasy (MDMA - 3,4-Methylenedioxymethamphetamine) and also solvents commonly used in the processing of cocaine and heroin. [8] This is the first confirmed evidence of the existence of clandestine laboratory in the region after many years of suspicion by experts and officials.

40. In May 2005, the first Asia Conference on African Criminal Networks (ACN) was held in Bangkok, Thailand. The conference, which was attended by over 100 academic, law enforcement and military personnel, representing 34 law enforcement agencies from 25 countries, deliberated largely on illicit drug trafficking and the central role played by West African nationals in these networks. Indeed, the West African Criminal Networks (WACN) is considered to be one of the emerging criminal networks in the world with their operational bases going beyond West Africa. Part of the criminal proceeds generated by these criminals often end up in West Africa and are successfully laundered, mostly in the form of family assistance through alternative remittance channels, purchase of assets, particularly real estate and promotion of other personal or social endeavours.

41. It is well documented that the Revolutionary Armed Forces of Colombia (FARC) and other rebel groups in countries of South America are involved in drug trafficking as a way to fund and sustain their campaigns. They are suspected of exporting cocaine from some countries in South America through West Africa to Europe. This has the potential of creating a terror alliance between rebel groups in the region with the FARC and similar groups in Latin America. This can open up opportunities for the purchase of weapons, training and other sundry assistance to rebel groups in the region in turn for them to facilitate the trafficking of cocaine via West Africa, especially in the territory they control or command the highest sympathy.[9] In any case, the proceeds of drugs transited through West Africa will eventually end up in the hands of drug trafficking organisations in Latin America, which will be used to sustain conflict, lawlessness and organised crime in that region.

42. West Africa is particularly more vulnerable to the threats of illicit drug trafficking largely due to lack of adequate resources, corruption, lack of understanding of the full extent of the problem and lack of sufficient and/or well trained manpower to counter it.

43. While there is no reliable estimate of how much comes back to West Africa from the proceeds of drug trafficked through the region, experts believe that some considerable amount come to the region given the unexplained wealth profile of some individuals in many of the countries. A typologies exercise conducted in 2008 by GIABA on money laundering through

[8] http://www.unodc.org/unodc/en/press/releases/2009/august/evidence-of-clandestine-laboratory-activity-in-west-africa.html

[9] Illegal Drug Trade in Africa: Trends and U.S. Policy, Liana Sun Wyler, September 2009 (Congressional Research Service (CRS) Report for Congress)

the real estate in the region revealed the vulnerability of the sector to money laundering. It was discovered that many of the countries have very weak regulatory and enforcement frameworks to adequately safeguard the sector from exploitation by money launderers and their associates. The fact that the economies of the region are largely cash based and informal in nature further complicates the situation. Another typologies exercise conducted by GIABA in 2007 revealed the overwhelming dominance of cash in transactions within the region and its preference over other payment instruments. The citizen- to- Bank account ratio in the region is estimated to be less than 30%. In many communities autonomous micro cash economies exist where most people buy and sell in cash and have no contact with formal banking and other financial products. These two factors provide opportunities for drug traffickers to launder and legitimise their ill-gotten wealth.

B. Why West Africa is a target

44. West Africa has been targeted by drug traffickers mostly from Latin America for a number of reasons:

a. Natural proximity to drug source (Latin America for cocaine) and destination countries (Europe, North America & Asia);

b. Enhanced security on traditional drug routes especially following 9/11 incidence with less emphasis on perceived low risk routes;

c. Weak political, economic and security structures;

d. Free movement policy/common economic area;

e. Endemic poverty, generating a willing market for drug couriers;

f. Proximity to and transport links with Europe and, North America and Asia;

g. The enhanced purchasing power of the Euro against the US dollar, which makes the European market more attractive;

h. Existence of adaptable and ingenious West African organised criminal groups.

45. Criminals involved in drug trafficking are ‘ingenious’ and adaptable. They keep track of counter measures and develop new techniques. Sometimes they are involved in violence, corruption and terror and they criss-cross national boundaries with impunity, leaving law enforcement behind at the speed of the law. Their major challenge is always how to beat security at all entry and exit points no matter which country is involved.

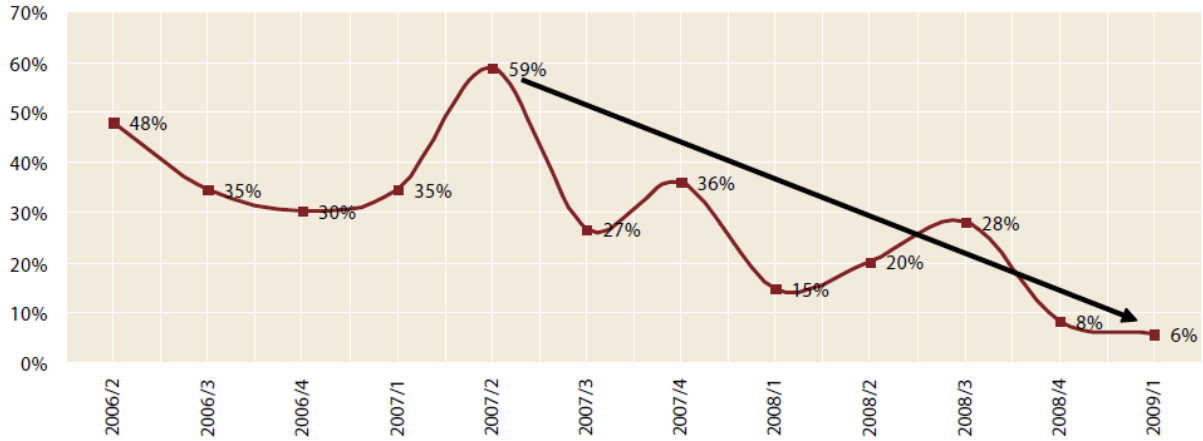
C. Sources, main destinations and prices of drugs

46. Illicit drugs, particularly cocaine, heroin and to a great extent psychotropic substances are not produced in West Africa. Although seizure of about 93 kgs of cocaine alkaloid in Benin Republic in 2004 and the discovery of illegal laboratories for the production of illicit drugs in Guinea in 2009 may temper this assertion. Heroin is substantially imported into the region from Asia (notably Afghanistan, Pakistan and Thailand); cocaine is imported from South America (notably Colombia, Brazil, Peru, and Bolivia); and psychotropic substances are imported from Europe and Asia (Western Europe, China, India and Pakistan).

47. According to an informed source, in 2007, Colombian authorities estimated that approximately 35% of cocaine produced and transported from the coasts of Colombia, Venezuela, the Guyanas, and Brazil is trafficked via West Africa to Europe. During the same period, U.S. and international authorities estimated that approximately 80% of cocaine travelling from Latin America to Africa moved by sea and the remaining 20% by air.[10]

48. Drugs passing through West Africa are transported by human cargo (body carry, ingestion, personal travel luggage, etc), export produce/products and mail courier services. It is estimated that each human courier receives between US $1000 and $3000 per trip[11]. Many couriers specialise in ferrying drugs and may deliver drugs twice or even thrice in a month, which can generate considerable amount of money over time. The specialised couriers attract more money because of their mastery of how to avoid suspicion by law enforcement. The ineffectiveness of the declaration or disclosure systems in most countries facilitates easy passage of couriers carrying money through the borders without trace of the amounts involved.

Fig 3.4: Quarterly Share of Detected Cocaine Couriers with Flights Originating From West Africa (2006 – 2009)



***(Source:** UNODC 2009 WDR, June 2009)*



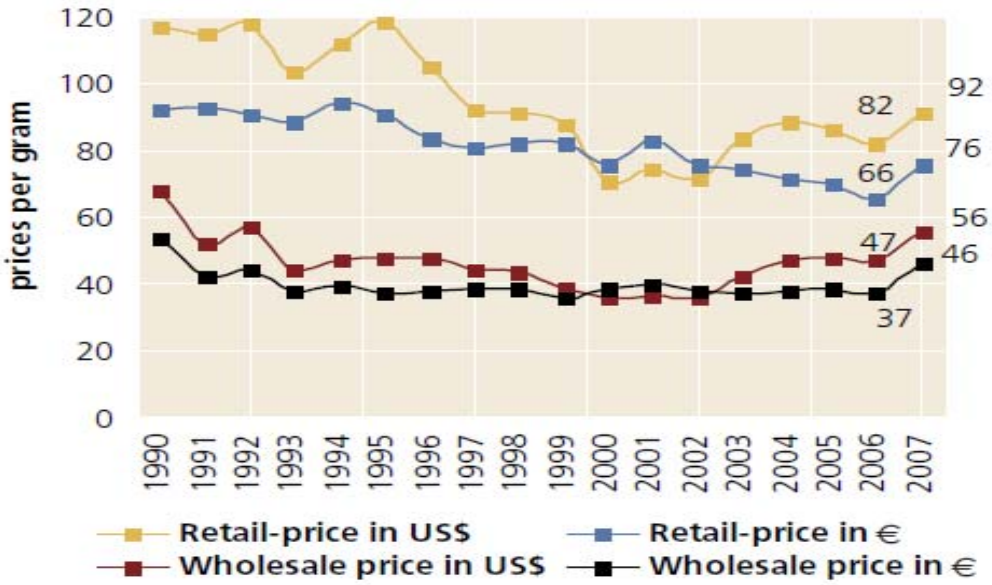
10 Illegal Drug Trade in Africa: Trends and U.S. Policy, Liana Sun Wyler, September 2009 (Congressional Research Service (CRS) Report for Congress)

[11] Interview with drug enforcement officials in the region



49. Western Europe became a more attractive destination for illicit drugs especially cocaine due to increase in demand, high prices, high value of the Euro against the dollar, enhanced law enforcement efforts and low demand for cocaine in the United States. As at 2007, the retail price (street value) of one gram of cocaine was €76 or US$92, which translates into €76,000 or US$92,000 per kilogramme. If this is compared to the price of one kilogramme of cocaine in Colombia for the same period which is reported to average US$2000 or €1650, the illicit profit margin is about €74,350 or US$90,000 per kilo or 440%[12]. It is difficult to find any illegal business that fetches such a margin talk less of legal one. The profit incentive for drug trafficking is extremely high, and this provides the means for motivating, cultivating and sustaining corruption among public officials.

Fig 3.5: Average Retail and Wholesale Prices of Cocaine in Western Europe (1990-2007)

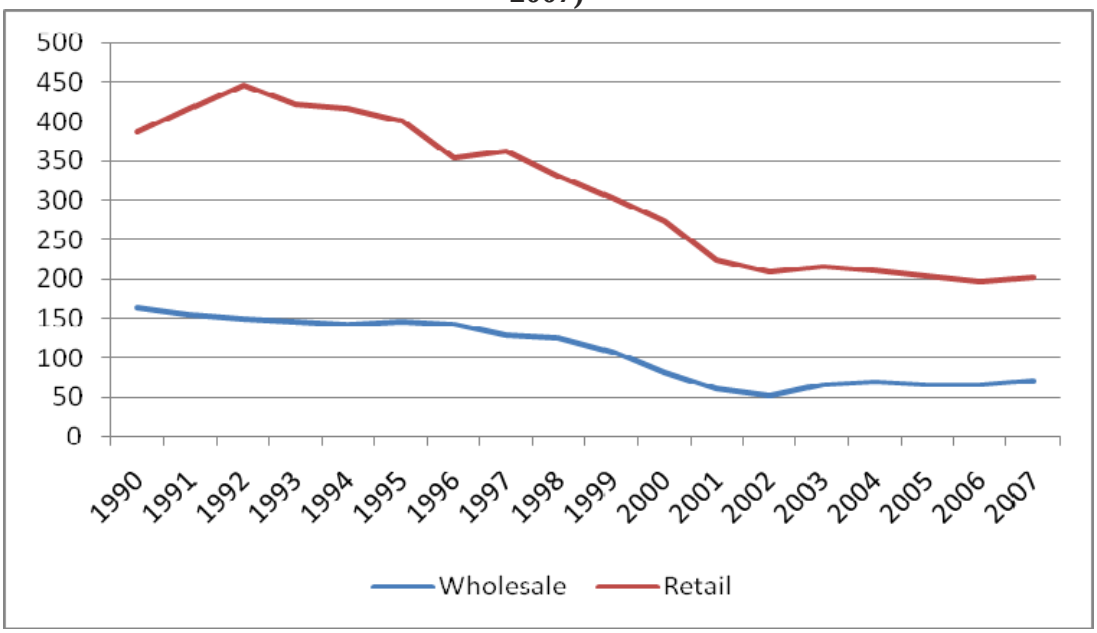


(Source: UNODC 2009 Word Drug Report, June 2009)

50. Furthermore, the proximity of West Africa to Europe, transport links, high prices of drugs in Western Europe, especially cocaine, relatively low punishment for drug trafficking in some countries in Europe and the large Diaspora living there have all contributed to why Europe has become the destination of choice for drug traffickers from West Africa.

[12] UNODC World Drug Report 2008 and 2009

Fig 3.6: Retail and Wholesale Prices (US$/gram) of Heroin in the United States (1990-2007)



Data Source: UNODC 2009 World Drug Report

51. In summary, drug trafficking as an organised crime has devastating effects on the economies of nations. It can infiltrate and damage the reputation of financial institutions, facilitate the acquisition of control of large sectors of the economy through investments by criminals, or promote and sustain corruption and corrupt practices. Drug traffickers continuously look for new ways and means to launder their funds; there are very "friendly" conditions that make it easy for them to achieve their ends. Therefore, understanding how proceeds derived from drug trafficking are laundered will help political leaders, policy makers, regulators, enforcement and reporting entities to adopt preventive and intervention measures to deal with the problem in a more efficient and effective manner.



*Drug Wrappers packaging wraps of Cocaine to be smuggled to Europe.

D. Money laundering vulnerabilities of the region

52. The two typologies report conducted by GIABA, one on cash transactions and couriers (2007) and another on money laundering through the real estate, revealed some of the ML vulnerabilities in the region. In particular, the region is dominated by cash transactions and informal sector. As a result, it is difficult to track and trace transactions. Proceeds of crime can easily be laundered in the informal sector without any trace. The weak regulations of the real estate sector coupled with traditional ownership of land make it difficult to prevent criminals from using the proceeds of crime to purchase properties.

53. Regulatory and enforcement framework for ML is weak. Law enforcement training in ML is still inadequate and ML investigation has not been extended to many predicate crimes. A number of accountable/reporting institutions have not given adequate attention to ML detection in terms of putting in place the required measures. The Designated Non Financial Businesses and professions (DNFBPs) are very difficult to track and control and have received little attention compared to the financial institutions. As revealed by the findings of a study commissioned by GIABA on Corruption-Money Laundering nexus (2010), corruption has further compounded AML/CFT compliance by inhibiting it through bribes and promoting it through generating illicit funds that is laundered. The study found that the greater part of the money realised through corruption is laundered internally within the countries, which creates more opportunities for corrupting personnel who can prevent the laundering of such funds. Drug traffickers, like corrupt persons, are always ready to bribe their way to achieve their goals of laundering their illicit funds.

54. The level of illiteracy has excluded many people from being able to contribute to crime prevention especially white collar crimes such as money laundering. Tolerance to a ‘get-rich quick’ syndrome is also has the potential increase the risk of corruption and related money laundering, especially where the criminals have become the benefactors of many community members and contribute to community development.

IV. BASIC MONEY LAUNDERING TECHNIQUES AND CASE STUDIES

55. This section outlines typologies and drug related money laundering case studies. The money laundering features of each case was identified drawing from the 2010 FATF Global Threat Assessment Framework.

Typology: Laundering the proceeds of drug trafficking through cash couriers and front companies

Case 1.1:

An individual who is a citizen of a West African country operated a drug trafficking ring since 2002 and laundered money across many jurisdictions. Most of the group members resided abroad, mainly in Western Europe, and had residence permits in their host countries. Together with the ring leader, they recruited people from the West African country to deliver drugs to them from where they distribute it in their country of residence and other parts of Western Europe.

In 2006, one of the couriers was arrested for possession of 2.054 kilograms of cocaine concealed inside a suitcase at the international Airport of the West African country on his third trip to Europe. Investigation revealed that the money realized from sales of drugs was sent back through cash couriers and thereafter exchanged into local currency and deposited in bank accounts or used to acquire land, construct buildings or purchase vehicles in cash. The properties bought were sold shortly afterwards and the money realised deposited in bank accounts. The deposited money was later withdrawn to purchase real estate. In several transactions involving significant volumes of drug profits, the group members performed small transactions below reporting threshold to avoid detection and deposited the money in several accounts. Some of the accounts were for fictitious companies. The group members were found to be partners in several companies, along with other third parties and the companies had no activities in their registered line of business. Their head offices were fictitious.

Money Laundering features of the case:

a. ***Use of cash couriers and currency smuggling***
b. ***Performing multiple small transactions below the threshold, and involving several bank accounts.***
c. ***Purchase of valuable assets to conceal illicit source of funds***
d. ***Currency exchange/conversion***
e. ***Use of family members and third parties***
f. ***Exchange of value***
g. ***Use of false documents and false/multiple identities***
h. ***Use of fictitious companies***

Bulletin:

According to Le Populaire, Law Enforcement Agency in charge of the Repression of Narcotics trafficking seized 13 kg of cocaine on February 27, 2010 at the Léopold Sédar Senghor airport in Dakar from two Moroccan nationals. The value of the drug is more than 143 million CFA francs (USD$318,000). It had been conveyed from Sao Paulo (Brazil) where the traffickers used to go regularly. They were referred to prosecutors on March 1st, 2010.

Typology 2: Laundering the proceeds of drug through complex means of cash smuggling/couriers, gatekeepers, real estate, high value currency accumulation and other stores of value

Case 2.1:

Following an enquiry received from the USA in 2008, in relation to an ongoing drug trafficking investigation, authorities of a West African country successfully traced the kingpin, who was under watch before the request came. Following a search in his house, about 5.5 kilograms of Cocaine was found in his bedroom and the sum of $74,800.00 (seventy four thousand eight hundred US dollars) in cash was recovered along with some documents related to his assets. Investigation revealed that the cash is usually smuggled into the country through human couriers. Afterwards, lawyers and real estate agents were used to purchase landed properties. Currency exchangers/bureau de change operators were mainly used for the payments of the purchases. The kingpin had several travel documents bearing different names.

Money Laundering features of the case:

a. ***Cross border cash couriering and smuggling***
b. ***Use of cash as a store of value and use of high valued currency to store more value thereby reducing the risk of carrying large local currency.***
c. ***Purchase of valuable assets to hide and store value – landed properties in this case.***
d. ***Purchase of expensive items for personal pleasure but also as a store of value***
e. ***Use of multiple/false identities***

Bulletin:

Six people were arrested including the popular fashion designer, at Kotoka International Airport with 5 kilograms of Cocaine concealed in four tubers of yam. The 39 year old Chief Executive Officer of EXOPA, a modelling agency, was arrested when going through a pre-departure flight to Germany. His Range Rover vehicle had been impounded by NACOB [Ghana Narcotics Control Board] and his residence searched awaiting further investigation.

The Graphic Ghanaian Times, 12/09/2009

Typology 3: Laundering the proceeds of drug trafficking through the misuse of the trade system and use of front companies

Case 3.1:

Two criminal organizations, one based in a West African country and the other in Western Europe worked with each other to facilitate the smuggling of drugs. The West African group was responsible for packaging and exporting the drugs while the one in Europe was responsible for the sale of the drugs. The proceeds was subsequently shared and laundered through over invoicing and under invoicing. The drug is usually shipped through empty freight containers used to import food products. In 2007, at the sea Port of the West African country where the local group was based, about 508.7 kgs of cocaine was discovered concealed in a false ceiling of a freight container destined to Europe. The company is owned and managed by the local ring leader of the trafficking group and his son. Following investigation, documents recovered indicated that two empty containers were transported back under the same circumstances, at least five times.

A number of their bank accounts were uncovered and their respective financial transaction histories and balances obtained. A number of movable and immovable properties acquired were traced. The assets were seized and bank accounts temporarily frozen. Following the auditing of their Company's accounts from 2004 – 2007, several flaws were discovered, principally the lack of essential supporting documentation regarding several customs clearance of imported goods. The amounts recorded in respect of purchases for the financial years 2004 to 2006 were higher than the estimated values based on Customs documents. Similarly, total transfers made to accounts abroad along with debts of the firm to suppliers in financial years 2004 and 2005, were below purchase invoices obtained from the Customs for these years, that is, there was deficit of transfers. In contrast, in fiscal year 2006, it was found that total transfers and liabilities to suppliers exceeded purchases by about USD251, 013.47.

These facts indicated that there was manipulation of the Company's financial results and the respective supporting documents, as well as financial year accounting justifications submitted to the Finance Office. This was used to conceal and launder the proceeds of drug trafficking.

Money Laundering features of the case:

a. ***Abuse of trade system through import of legitimate goods and export of illicit drugs, use of freight and over and under invoicing***
b. ***Use of family members and third parties***
c. ***Use of false documents***
d. ***Purchase of assets***
e. ***Misuse of the financial system by manipulating account records***
f. ***Tax evasion***

Bulletin:

An Edo State House of Assembly aspirant for 2011 elections, has been arrested by officials of the National Drug Law Enforcement Agency (NDLEA), Nigeria, at the Murtala Muhammed International Airport (MMIA) Lagos. The 52 year old pharmacist was intercepted at the centre screening area with the aid of scanning machine while attempting to export 2.120kg of cocaine concealed in his stomach, making him the highest drug ingesting suspect since January 2010.

"Thisday Newspaper (Nigeria) – 18 May 2010

Typology 4: Use of front companies, multiple jurisdictions to move and launder proceeds suspected to be derived from drug trafficking

Case 4.1:

A company (A) based in a West African country, a subsidiary of a large firm based in Latin America (C), entered into a mining agreement with another company (B) on behalf of the firm. Company B was supposed to pay Company A for the mining site. Instead, another subsidiary company of the Latin America based firm made the payment into the private account of the manager of company A. The payment made was 20 times more than the expected amount. The manager ordered part of the money to be transferred to a third country. From investigation, this is a suspected case of laundering of proceeds of drug trafficking.

Money Laundering features of the case:

a. ***Multiple and over invoicing.***
b. ***Misuse of the trade system***
c. ***Use of multiple jurisdictions to transfer value.***
d. ***Use of front companies.***

Bulletin:

Concerned about the serious threat posed by drug trafficking to global security, particularly in Africa, the Security Council today called on the international community to strengthen its cooperation with the United Nations and regional organizations in fighting the scourge.

In a statement read out by Bedouma Alain Yoda, Minister for Foreign Affairs of Burkina Faso, which holds the Council presidency for December, the Council recognized the anti-drug-trafficking measures undertaken by a range of United Nations bodies, from the General Assembly to the United Nations Office on Drugs and Crime (UNODC), and encouraged them to take further action.

The Council also encouraged States to comply with their obligations to combat drug trafficking, to accede to relevant conventions and to investigate and prosecute those involved. It invited the Secretary-General to consider integrating the anti-drug-trafficking fight into conflict prevention strategies, conflict analysis and integrated mission assessments, as well as planning and peace building support.

Security Council Presidential Statement, 6233rd Meeting* (AM & PM), 8 December 2009

Case 4.2:

In June 2007, gendarmes guarding the coasts of a City in one of the West African countries found an abandoned sailboat drifting on offshore. A search carried out on the boat led to the discovery of 1,200 kg of cocaine packed in canvas bags marked "Food Saver", piled on the floor. Documents relating to the ownership of the boat and plane tickets were found. The police found a Colombian national and a national of Venezuela in a camp not far from the city. Search conducted at the premises led to the recovery of 51 more sacks of cocaine in a cellar, bringing the total seizure to 2.454 tons. The owner of the sailboat, a French national, had issued a fake sales receipt, while the brain behind the operations in Senegal engaged shell companies to purchase the boat. The Colombian had two companies: a fisheries company, with a branch in another West African country, and the other engaged in import-export business. He also had an aquaculture project.

Money Laundering features of the case:

a. ***Abuse of the geographical/environmental features of the jurisdiction;***
b. ***Use of shell companies and front businesses;***
c. ***Transfer of value between jurisdictions.***

Bulletin:

President Barack Obama has designated Ousmane Conte, son of the late Guinea president Lansana Conte, as a "drug kingpin" subject to US sanctions or freezing of assets, the White House said Tuesday (01/06/2010). ..Ousmane Conte, who has been jailed by the military junta in his country, had acknowledged in 2009 a role in drug trafficking in Guinea in an interview from prison. In the broadcast Conte's son also said that despite his involvement he was not a ringleader and asked for forgiveness from the Guinean people.

Typology 5: Abuse of the remittance and trade systems to conceal and launder proceeds of drug trafficking

Case 5.1:

A Drug baron who used to source cocaine from Latin America and transported it via maritime to a West African country was arrested. He used various human couriers to transport the drug to the UK and the proceeds obtained in cash used to be concealed in second hand trucks and shipped back to the West African country. He exchanged the proceeds into local currency in a bureau de-change and requested that manager's cheques with various names be raised from the account of the bureau de change. He used a property lawyer to purchase properties, and used the manager's cheques to settle the purchase price of the properties. Investigation revealed that the bureau de-change operator exchanged over a million pounds in cash for the baron.

Money Laundering features of the case:

a. ***Abuse of trade system through import of legitimate goods (hiding drugs and cash)***
b. ***Illegal cross border cash transportation***
c. ***Purchase of real estate to hide the proceeds of crime and store value***
d. ***Misuse of financial system - causing third party cheques to be raised by a bureau de change operator,***
e. ***Complicity of a financial institution/gatekeeper – bureau de change, a property lawyer***

Bulletin:

Gambia President Yahya Jammeh vowed Tuesday "zero tolerance" for drug-trafficking after 11 top officials, including the police and navy chiefs, were arrested in a swoop believed linked to drugs.

"AFP – 09 March 2010"

Guinea's top officials are in for questioning in the capital Conakry after a plane allegedly carrying cocaine landed and took off from eastern town of Boke yesterday. The Governor, mayor and top police officials were arrested. The aircraft which landed at Boke airport at 04:00hours on Thursday is suspected to have come from neighbouring Guinea Bissau.

"Afrol News, 05 September 2009

Case 5.2:

A drug trafficking organisation based in the United States whose members are from West Africa was involved in the smuggling of cocaine into the US. They raised their proceeds in cash. The group arranged with an auto dealer, also based in the US and also happened to come from the same West African country with them to transfer the illicit proceeds to their home country by exchanging the money at a discounted rate. The drug traffickers arranged for the purchase of a stake in a reputable information technology firm operating in their home country. The auto dealer paid for the stake in the information technology in local currency from his bank account at home. The auto dealer then used the cash he exchanged to purchase expensive second hand vehicles and other expensive goods which he ships to his home country. A clearing company clears the vehicles and the goods which are then sold in an auto shop and the proceeds deposited into his account. This eliminates the risks of and need for physical movement of the proceeds by the traffickers back to their country.

Money Laundering features of the case:

- ~~a.~~b. ***Use of Informal remittance system***
- ~~b.~~c. ***Bi-currency exchange***
- ~~c.~~d. ***Investment in legitimate business***
- ~~d.~~e. ***Co-mingling of proceeds of crime with legal funds and legal investment***
- ~~e.~~f. ***Use of third party Bank account to transfer and launder proceeds of crime***

Men Jailed Over Money Laundering and Drug Trafficking Charges

Two men from south east London have been jailed for 24 years each for their part in money laundering and drug trafficking criminal activities.

John Obidegwu and Ike Johnson were sentenced at Croydon Crown Court to eight years each for money laundering offences and 24 years each for drug trafficking offences, to run concurrently.

HMRC Investigation Officers uncovered the extent of Obidegwu and Johnson's life of crime, when Obidegwu was the proprietor of a hair dressing business in Deptford, which also operated a Western Union money transfer franchise. Examination of records for the franchise identified links to Obidegwu and payments being made to South America and Nigeria.

Officers arrested Obidegwu in July 2009. He had £20,000 in £20 notes on him at the time of his arrest. In raids carried out on several properties in south east London, officers seized almost seven kilos of cocaine still wrapped in swallower packages, and a large quantity of the drug cutting agent, phenacetin. They also seized a total of £150,000, €113,000 in €500 notes, along with £12,000 in sterling at Obidegwu's home address.

Records found during the searches and further investigation identified Johnson as a facilitator of the drug importations and linked him to laundering millions of pounds.

Johnson was arrested in November 2009. The court heard that the men would arrange for couriers to bring the drugs into the UK, mainly from Amsterdam and then sell the drugs on to dealers.

... Johnson pleaded guilty to the money laundering offences. Obidegwu was found guilty on all counts, of money laundering and drug trafficking, and Johnson was found guilty of the drug trafficking offence.

- Source: http://www.4rfv.co.uk/nationalnews.asp?id=118156 , 21 October 2010

Typology 6: Bulk cash smuggling/cash couriers and use of casinos to launder the proceeds of drug trafficking

Case 6.1:

In March 2007, the Customs Service apprehended a suspect (JG), who happened to be a national of one of the West African countries, at the Dakar International Airport with a cloth bag. The bag which had double-bottom had 320,000 U.S. Dollars hidden in it. During the course of interrogation, one Mr. J.E.O. approached the Customs to claim ownership of the funds. However, the suspect, JG, disclaimed knowing him. When called the next day to come and prove ownership of the money, Mr. J.E.O. refused to show up. The Customs conducted a criminal database name search on him and discovered that Mr. J.E.O was once reported for drug trafficking. In June 2007, J.E.O. was arrested while coming out of a casino in Dakar. He had money with him in CFA francs and other different currencies (Pound, Euro, U.S. Dollar, Ouguiya, Gambian Dalasi, Ghanaian Cedi, Nigerian Naira, Guinean Franc). In addition, his bag contained thirty four SIM cards of various telephone companies in several countries (Senegal, The Gambia, Togo, Benin, etc.) as well as lots of recharge cards.

Search was carried out in his hotel room, materials used for packaging drugs and nine air tickets in his name and other names were found. The information collected in his hotel led to tracing of two of his accomplices in another city in Senegal. Two bags containing 21 kilograms of cocaine were recovered. In addition to paying 50,000 FCFA a day for his hotel room, Mr. J.E.O. has also paid for 10 other rooms at the same price. He was organizing his illicit trafficking from the hotel and managing his network from there.

Money Laundering features of the case:

a. ***Bulk cash smuggling***
b. ***Use of proceeds of crime to sustain and promote criminal activity;***
c. ***Use of Casinos to disguise and possibly launder proceeds of drug trafficking;***
d. ***Cash holdings in various currencies to store value;***
e. ***Purchase of precious/luxury goods - cars***

Bulletin:

Nigeria's drug enforcement agency says it has seized nearly half a ton of cocaine and has arrested two Chinese nationals and a Nigerian in connection with the seizure.

The agency says the 450 kilograms (some 990 pounds) of cocaine was found in a container Monday in Nigeria's commercial capital, Lagos. It originated from Chile and passed through Peru, Bolivia and Antwerp in Belgium before being shipped to Nigeria, the National Drug Law Enforcement Agency says in a statement. The agency says it was able to make the seizures based on the work of undercover agents. It also says this is the second-largest seizure since one in 2006 that netted 14.2 tons of cocaine.

http://www.huffingtonpost.com/huff-wires/20100727/af-nigeria-cocaine-seizure/ – 27 July 20109

Case 6.2:

In 2006, a male passenger, 47 yrs, arrived the international airport of a West African country (country 'A'), from another West African country, his home country, (country 'B') and was intercepted outside the airport terminal by Police officers upon tip-off that he was carrying on his person an unspecified amount of money. Following a search, a total amount of US$508,200.00 in cash was found wrapped all over his body and he was arrested. He claimed to operate a company in his home country that deals in cosmetics with a Branch in country 'A' and that he is the Chief Executive Officer. He also claimed to own two ships. He was returned to his home country by the authorities of the country he visited. Information obtained from foreign partners by his home country linked him to drug trafficking.

Money Laundering features of the case:

a. ***Cross border cash couriering and smuggling***
b. ***Front companies***
c. ***Use of high valued currency to store value***
d. ***Purchase of valuable assets to hide and store value - Ships in this case.***
e. ***Use of multiple – savings – accounts – to hide, launder and add value to suspected criminal proceeds.***

Bulletin:

Nine Ghanaian nationals were found guilty in a $500 million USD drugs trafficking case involving a discovery of 2.4 tons of cocaine. The 12-member jury at a criminal court at Liberia's Temple of Justice brought down a unanimous verdict of guilt against the men who were arrested on board Blue Atlantic vessel which was intercepted by a French naval vessel in the high sea and forced it to berth at the Free Port of Monrovia.

NewLiberian.com – 28 November 2008

Typology 7: Multiple invoicing of goods to conceal the proceeds of drug trafficking

Case 7.1:

A drug baron in a West African country connived with a company in South America, which posed as a paper manufacturing company and the company shipped to the West African country reels of paper with cocaine concealed in the containers. The company got its payment through financial institutions in the West African country. The payments made to the company by the baron were higher than the cost of the actual imports through multiple invoicing. The baron entered into a credit arrangement with three financial institutions. Investigation revealed that all his finances came from these facilities. The baron used various couriers to send the drug to the UK and the proceeds was smuggled back in cash, using various bureaux de-change and other customers that buy paper from his own company. He deposited large sums of cash into separate accounts in the three financial institutions. He used part of the credit facility to purchase a dilapidated structure in a choice area which he later demolished and rebuilt into an expensive structure. Investigation revealed that the baron was able to launder over £3 million pounds using this scheme.

Money Laundering features of the case:

a. ***Cross border cash couriering and smuggling***
b. ***Misuse of the trade system – cocaine with paper realms and laundering illicit proceeds through the sale of paper realms***
c. ***Use of high valued currency to store value***
d. ***Purchase of valuable assets to hide, store and add value to criminal proceeds – purchase and reconstruction of dilapidated properties.***
e. ***Misuse of the financial system – loan facilities to disguise criminal proceeds, conspiracy of bureau de change operators and lodgement of large amount of proceeds of crime in cash.***

Bulletin:

The National Drug law Enforcement Agency (NDLEA) has arrested a 34-year-old deportee, allegedly with 88 wraps of cocaine at the Murtala Muhammed International Airport, Lagos. A statement by the NDLEA spokesman, said the alleged allegedly ingested the cocaine consignment weighing 1.270kg while being deported from Afghanistan on May 18, 2010. The statement also said that he was the first deportee ever to test positive for drug ingestion, adding that it was "a situation narcotic officials described as strange."

AfricanNewsLive – 24 March 2010

At least two tonnes of cocaine with a street value estimated at $1bn has been seized in The Gambia, bound for Europe. *In addition to the huge haul of drugs, the Gambian authorities have arrested a dozen suspected traffickers, and seized large quantities of cash and arms. Gambian investigators made the first arrests then called in British agents to gather forensic evidence.*

BBC NEWS, 08 June 2010

4.2 Indicators and Red flags:

Indicators of ML through DT:

56. The following are some the observed indicators from the cases reviewed:

i. Frequent transfer of assets to family members who have no visible means of acquiring such assets. Also, mixing proceeds of drug trafficking with family property such that it is difficult to distinguish one from the other – for example developing a private family property into a commercial property.

ii. Young people living ostentatious lifestyles without any visible means of income or a commensurate means of income that are congruent with their lifestyle.

iii. Accounts in banks and stock broking firms are opened with fictitious names, under false or lost documents, or by persons and organizations, acting on behalf of real owners of the funds. Documents, presented to perform the transaction, are often falsified or have essential deficiencies from the legal point of view;

iv. Large volumes of transactions are carried out, which are not characteristic for the type of activity of the owner of the account;

v. Settlements under contracts are carried out indirectly by the contractor, but through third parties;

vi. Barter export transactions quite often performed;

vii. Transfer of funds to the account for the activity, inconsistent with typical business of the account owner (for example, an agricultural company, producing cereal, receives money for motor vehicles);

viii. Transactions are aimed at evading regulation (for example, transactions are split for the purpose of avoiding the threshold, subject to monitoring);

ix. Opening accounts in financial institutions by individuals, depositing large amounts of cash, which are further transferred outside the country to the accounts of "front" companies which, in turn, transfer them to a different location. Later on the funds are returned to the country, where they originate from, i.e. they move in circle;

x. Transfer of the funds to bank account, both as a single operation or regularly within a certain period of time, which could point to their deliberate splitting, made by a single or several clients;

xi. Multiple transit transactions by banks for clients without economic reasons;

xii. Large volumes of cash turnover without apparent business;

xiii. International transfers/smuggling of value;

xiv. Large volumes of cash exchange operations.

xv. Concealment of the persons, obtaining illegal proceeds and initiating the laundering process;

b. Red flags:

57. The following are some of the reflags observed from the cases reviewed:

i. Latin American citizens coming into some countries in the region and suddenly being able to afford expensive accommodation and living expensive lifestyle. In addition they take to businesses which enable them blend easily with their criminal activity (for example, fishing used to ship drugs);

ii. Lawyer providing more of financial advise than legal advise;

iii. Lawyer having intricate business relationship with a drug trafficking suspect.

iv. Lawyers fencing clients from identifying themselves even where it is clear the law require them to do so.

v. Over payment of fees of lawyers and other professionals over and above the industry standards and most frequently.

vi. Possession of multiple identities and travel documents which can be used to sponsor drug couriers.

vii. Bureau de change providing third party financial services to clients.

viii. Unusual pattern of demand for cash by bureau de change operator.

ix. Unusual depositing of instruments in the bank coming from different "payment" sources.

V. AML/CFT REGIMES AND DRUG CONTROL MEASURES

58. This section deals with AML/CFT and drug trafficking measures based on the analysis of the responses elicited through one of the questionnaires administered.

State of Legislation

59. The first attempt at enacting a comprehensive AML legislation in the region was in 2002 and three countries were involved, i.e. Cape Verde, Liberia and Nigeria. Cape Verde and Nigeria have amended their legislation to address observed inadequacies and Liberia is in the process of upgrading its legislation. The other countries established their legislation between 2003 and 2008. Although, Nigeria introduced its first AML law in 1995, it t was restricted to drug trafficking and the outcomes of implementation of that were quite unimpressive compared to the number of drug offences handled. In all the countries, except Liberia, conviction for predicate offence is not required before the commencement of ML prosecution or eventual conviction as shown in the table below. Yet, this position of the law has not proved to be an added advantage in the prosecution of drug trafficking related money laundering in most of the countries as demonstrated by lack of ML conviction even where there were drug trafficking investigations and convictions.

60. All the countries have anti drug trafficking legislations which conform to the Vienna Convention, some as early as 1989 (Nigeria and Senegal). Going by the dates of enactment, AML laws are relatively new in most of the countries and time may be needed to build up experience in implementing the laws. Also, some support will be required to hasten the building up of the required capacity.

Table 5.2: Stand alone AML legislation and amendments

Country	Year the first stand alone AML legislation enacted	Amendment to the legislation and year
Benin	2006	No
Burkina Faso	2006	No
Cape Verde	2002	Yes, 2009
Gambia	2003	No, but on the way
Ghana	2008	No
Guinea Bissau	2004	No
Liberia	2002	No
Mali	2001	Yes, 2006
Nigeria	1995	Yes, 2004, another on the way
Senegal	2004	No
Sierra Leone	2005	No, but on the way
Togo	2007	No

Punishment for drug trafficking offences

61. The applicable punishments for drug trafficking offences in the countries and the relationship between the quantity of trafficked drugs and the punishment handed upon

conviction are shown in tables 5.2 and 5.3 respectively. The punishments upon conviction for drug offences are in terms of number of years of imprisonment and amount of fine. In most of the surveyed countries, there is uniform prison sentences for all types of drug trafficked, in other words a one-size-fits-all application to all drug offences. This approach is an evidence of lack of in depth knowledge of the technical nature of drug trafficking related offences. Again, in most of the countries except in Cape Verde, The Gambia and Nigeria, the quantity of drugs trafficked has no direct bearing on the dimension and duration of sentence upon conviction.

Table 5.3: Highest possible punishment for drug trafficking offences by types of drug trafficked

Country	Cannabis	Cocaine	Heroin	ATS/Psychotropics	Others *(specify)*	Conspiracy
Benin	20 yrs+ CFA500,000 to 5,000,000	20 yrs+ CFA500,000 to 5,000,000	20 yrs+ CFA500,000 to 5,000,000	20 yrs+ CFA500,000 to 5,000,000	20 yrs+ CFA500,000 to 5,000,000	20 yrs+ CFA500,000 to 5,000,000
Burkina Faso	20 yrs	20 yrs	20 yrs	20 yrs	20 yrs	20 yrs
Cape Verde	20 yrs	20 yrs	20 yrs	20 yrs	20 yrs	25 yrs
Gambia	4kg one million & 10 years	1gr not less than 1 million & 10 years imprisonment	1gr not less than 1 million & not less than 10 years imprisonment	250000 Dalasis & five years imprisonment .		Same as Principal offence
Ghana	Not less than 10 years	Not less than 10 years	Not less than 10 years	Not less than 10 years	Not less than 10 years	Not less than 10 years
Guinea Bissau	15 years	15 years	15 years	15 years	15 years	15 years
Liberia	Not specified in the law	Not specified in the law	Not specified in the law	Not specified in the law	Not specified in the law	Not specified in the law
Mali	10 yrs	10 yrs	10 yrs	10 yrs		
Nigeria	25 yrs	25 yrs	25 yrs	25 yrs		25 yrs
Senegal						
Sierra Leone	20 years +Twenty five million Leonesor	20 years +Twenty five million Leonesor	20 years +Twenty five million Leonesor	20 years +Twenty five million Leonesor	20 years +Twenty five million Leonesor	20 years +Twenty five million Leonesor
Togo	20 yrs	20 yrs	20 yrs	20 yrs	20 yrs	20 yrs

Table 5.4: Relationship between quantity of drugs trafficked and sentencing, and the highest punishment handed out upon conviction

Country	Does quantity of drugs trafficked determine the type and/or length of sentence upon conviction?	What is the highest punishment ever imposed on any person convicted of drug trafficking in your country and what were the charges?
Benin	No	240 months+CFA 5,000,000 fine, charged for Trafficking
Burkina Faso	No	48 months, charged for Importation
Cape Verde	Yes	120 months, charged for Trafficking and Participation in organised crime
Gambia	Yes	One million Dalasis & 120 months imprisonment, charged for trafficking
Ghana	No	240 Months, charged for Possession
Guinea Bissau		
Liberia	No	No record
Mali	No	10 yrs, charged for Trafficking
Nigeria	Yes	

Country	Does quantity of drugs trafficked determine the type and/or length of sentence upon conviction?	What is the highest punishment ever imposed on any person convicted of drug trafficking in your country and what were the charges?
Senegal		
Sierra Leone		
Togo	Yes	20 yrs, charged for Trafficking

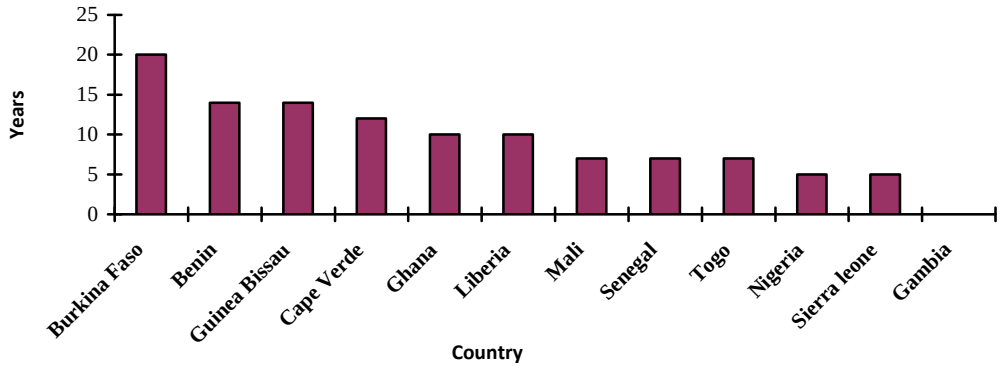
Punishment for money laundering offences

62. Table 5.4 below shows that the punishment for ML offences ranges between 5 and 20 years, with Burkina Faso having the highest sentence of 20 years upon conviction for ML offences and Nigeria with the least sentence of 5 years imprisonment. The Gambia has fine only without prison terms although the law is being amended. The implication is that criminals can take advantage of low sentencing regimes.

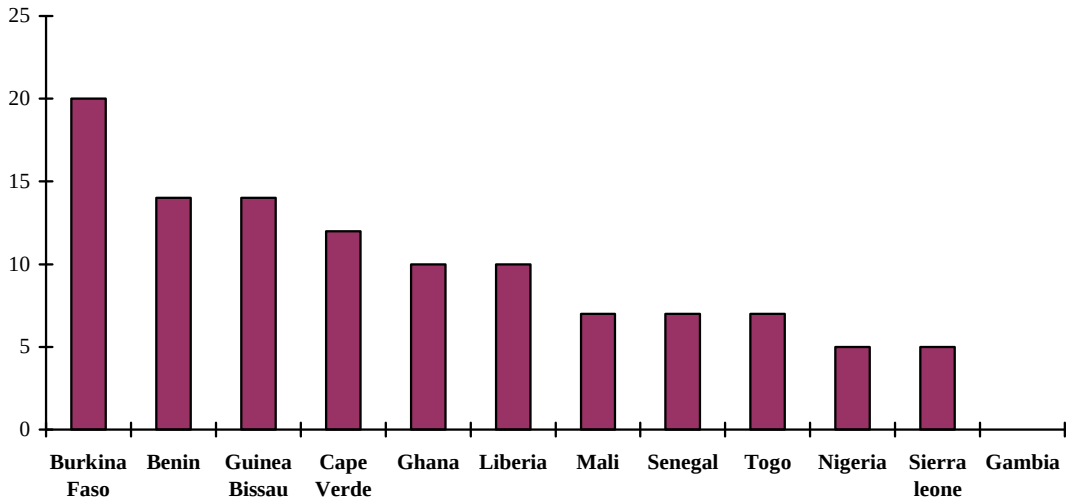
Table 5.5.: Punishment for ML offences

SN	Country	highest possible punishment for money laundering
1.	Benin	14 yrs
2.	Burkina Faso	20 yrs
3.	Cape Verde	12yrs
4.	Gambia	One million Dalasis
5.	Ghana	¢60,000 fine or not more than 10 years
6.	Guinea Bissau	14 years and fine, three times the amount laundered
7.	Liberia	10 yrs
8.	Mali	7 yrs and fine, three times the value of the property or funds laundered
9.	Nigeria	5 yrs
10.	Senegal	7 years and fine up to five times the value of property or money laundered.
11.	Sierra Leone	30 million Leones or up to five years imprisonment or both
12.	Togo	7 yrs

Fig 5.1: Highest punishment for ML offence by country (years of imprisonment only)



Comparison of punishment for DT and ML:



63. From tables 5.2 and 5.4 above, it is clear that sentences for DT and ML vary with ML earning lower prison terms in all member States except for Burkina Faso and Ghana. Under this circumstance, the gravity of the related ML offence may not be taken into account when delivering judgement since most of the time the two charges are not tried simultaneously in most of the countries – DT offence first before ML offence, if at all.

64. The regional average of highest possible jail term for drug trafficking which is about 14 years is twice that of ML which is 7 years. It is evident that drug trafficking laws in all the countries have not clearly and appropriately distinguished between the different types of drugs and by implication this may be extended to the lack of consideration for quantity between the different types of drugs, the likely harm to society and the possible amount to be realised. For example, about 1kg of cocaine is equal to the cost of one tone of cannabis, and going by the frame of the laws, 1 tone of cannabis may attract more punishment than 1 kg of cocaine.

Nationalities involved

65. In many of the countries, different nationalities are involved mostly from West Africa and often serving as couriers. The control of the inflow of the non-locally produced drugs (cocaine and heroin) remains largely in the control of foreign networks in most of the countries with the exception of Nigeria. The table below summarises the pattern as reported:

Table 5.6: Nationality and country of origin of drug couriers as reported by Senegal

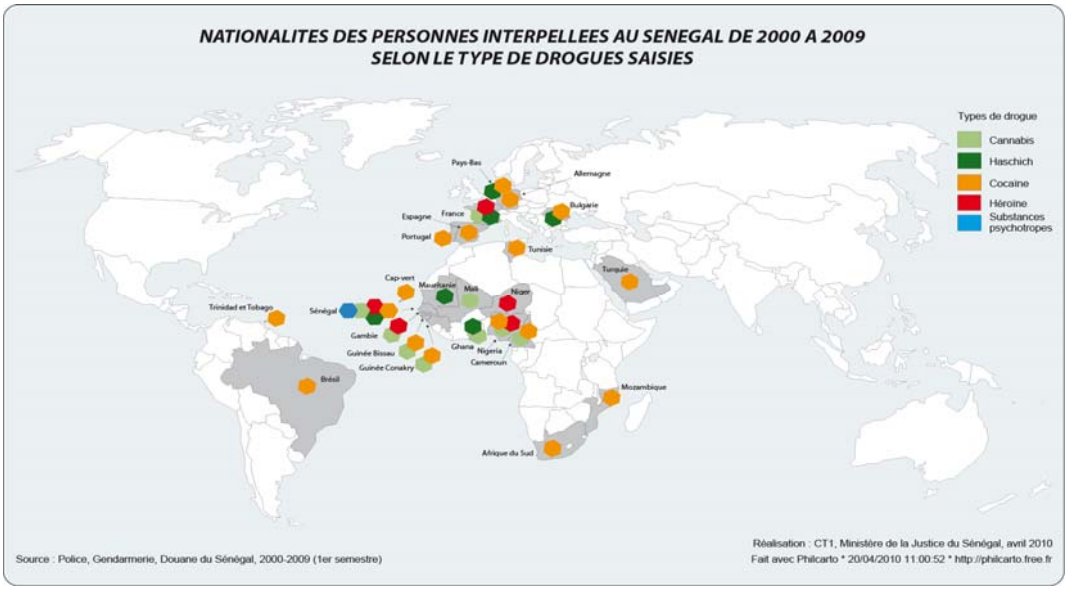
Country of origin of drug Convicts	Benin	Burkina Faso	Cape Verde	Gambia	Ghana	Guinea Bissau	Liberia	Mali	Nigeria	Senegal	Sierra Leone	Togo
American (USA)					X							
Angolans			X									
Beninois	X				X				X			
Bolivia										X		
Brazilian			X			X						
British					X							
Burundi										X		
Cameroonians										X		
Canadian					X							
Cape Verdians			X							X		
Central African										X		
Colombian										X		X
Congolese										X		
Dutch					X							
Equatorial Guinean										X		
French					X					X		
Gabon										X		
Gambian				X		X				X		
Ghanaian			X		X					X		X
Guadeloupe										X		
Guinea Bissau						X				X		
Guinean			X							X		
Ivorian					X					X		
Kenyan					X							
Liberian					X		X					
Libyan										X		
Malian					X			X				
Mauritanian										X		
Moroccan										X		
Nicaraguan										X		
Nigerian	X	X	X	X	X	X	X	X	X	X	X	X
Nigerien										X		
Romanian					X							
Senegalese			X							X		
Sierra Leonean							X			X	X	
South African										X		
Spanish										X		
Surinamese					X							
Togolese					X					X		X
Venezuelans						X						
Zambian										X		

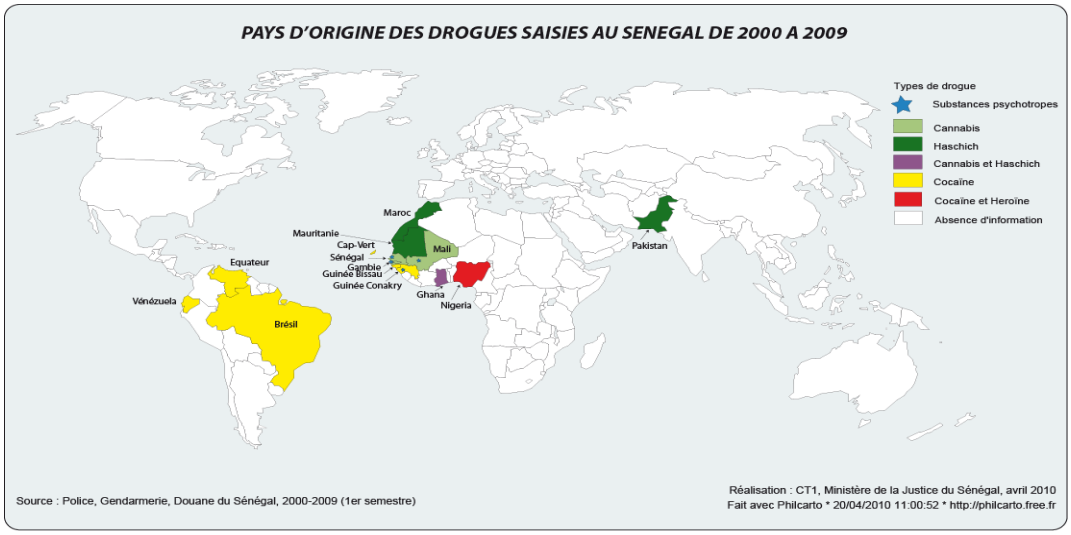
*Senegal reported the most diverse group in terms of nationalities being apprehended for drug trafficking as illustrated in the table below.

Table 5.7: Trafficking channels by country of origin as reported by Senegal (2009 and 2010*)

Country of origin	Use and Possession	Local Traffic	International Traffic	Total	%
Senegal	1784	610	12	2406	92.15
Guinea Conakry	86	22	4	112	4.29
Mali	10	6	4	20	0.77
Nigeria	6	8	5	19	0.73
France	4	1	0	5	0.19
Bissau Guinea	4	0	1	5	0.19
Mauritania	5	0	0	5	0.19
South Africa	1	2	1	4	0.15
Côte d'Ivoire	3	1	0	4	0.15
Morocco	2	2	0	4	0.15
Cape Verde	0	1	2	3	0.11
Gambia	1	2	0	3	0.11
Guadeloupe	1	2	0	3	0.11
Cameroun	1	0	1	2	0.08
Sierra Leone	2	0	0	2	0.08
Bolivia	0	0	1	1	0.04
Burundi	1	0	0	1	0.04
Central Africa	1	0	0	1	0.04
Colombia	1	0	0	1	0.04
Congo	1	0	0	1	0.04
Spain	1	0	0	1	0.04
Gabon	1	0	0	1	0.04
Ghana	0	1	0	1	0.04
Equatorial Guinea	0	1	0	1	0.04
Libya	1	0	0	1	0.04
Nicaragua	1	0	0	1	0.04
Niger	1	0	0	1	0.04
Togo	1	0	0	1	0.04
Zambia	0	1	0	1	0.04
Total	**1920**	**660**	**31**	**2611**	**100**
%	**73.54**	**25.28**	**1.19**	**100**	

*Source: Chaîne Pénale, Ministry of Justice, Senegal, *Figure as at Apri2010*





Residency of drug traffickers

66. Many countries indicated that most of the couriers who traffic drugs abroad live in the countries where they operate, especially in Europe. Due to the fact that they have resident permits or have obtained citizenship, drug barons find them very attractive as they often have less difficulty crossing western European borders than non-residents or foreigners. The ease with which they smuggle drugs applies to the smuggling of currencies.

Drug seizures

67. The table below shows the seizures, arrests and convictions reported by countries from 2005 to 2009.

Table 5.8: Annual reported drug seizures, arrests and convictions (2005-2009*)

Regional Total Seizures[13] Year	Cannabis	Cocaine	Heroin	Others**	Totals	Arrests	Convictions
2005	192556.648	749.547	114.275	14327.130	**157,747.6**	5126	1143
2006	214,920.403	16079.079	51.662	7382.570	**238,433.714**	7249	1484
2007	240,832.289	5070.068	202.085	7681.540	**253,785.982**	7583	1824
2008	430,160.344	3037.503	23.619	7115.400	**440,336.866**	9201	2028
2009	138,134.542	924.903	110.109	7338.770	**146,508.324**	8031	2052
Total	**1,216,604.226**	**25,861.100**	**501.751**	**43,845.410**	**1,236,812.487**	**37,190**	**8,531**

**Except for Nigeria, 2009 data provided by 12 countries ranged from 3 to 10 months*
***Psychotropic substances and precursors (mainly diazepam, ephedrine*

Table 5.9: Reported seizures, arrests and convictions by country (2008-2009*)

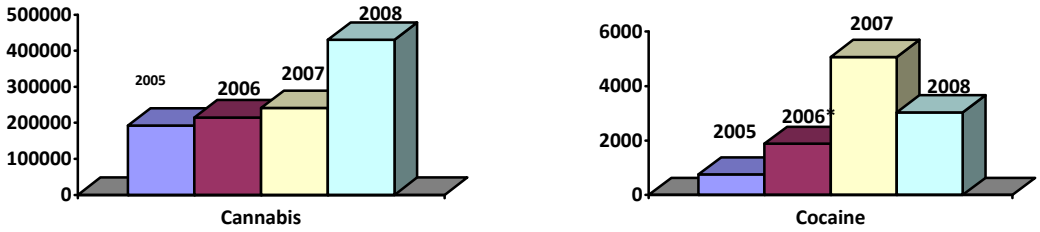
Country	Cannabis	Cocaine	Heroin	Others	Arrests	Convictions
Benin	2,365.674	498.603	4.411	4.410	438	
Burkina Faso	39,442.000	95.602	0.770	40,514.000[+]	1198	1072
Cape Verde	1,632.968	964.861	0.850			
Guinea Bissau**	2.500	648.000				
Gambia	3,402.000	91.700	7.000	959.800	1400	
Ghana	40,912.595	1,261.750	4.376		256	126
Liberia	41,255.750	2,092.800	89.700		813	18
Mali	29,986.000	226.900			189	54
Nigeria	978,854.250	15,983.008	340.470	2,367.200	31045	6800
Senegal	24,787.809	2,723.683	1.331			
Sierra Leone	50565.956	753.376			894	461
Togo	3,396.724	520.817	52.843		957	
Totals	**1,216,604.226**	**25,861.100**	**501.751**	**43,845.410**	**37190**	**8531**

**Except for Nigeria, 2009 data provided by 12 countries ranged from 3 to 10 months*
*** Seizures of cocaine in Guinea Bissau are significantly higher within the period than reported here but the statistics were not provided by the country.*
[+] *See Appendix.... Burkina Faso Table for details.*

68. Available data shows that there is steady increase in either the production or seizure or both of cannabis and cocaine in the region. The growth in quantity produced is a major source of vulnerability of the region.

[13] Please, see Appendix I for individual countries data on each of the 5 years as well as the types of drugs

Fig 5.2: Growth path in volume of production and seizure of cannabis and cocaine (2005-2009)



**The 2006 figure in the graph does not include the 14.2 tonnes of cocaine reported by Nigeria.*

69. Although there is no direct linear relationship between arrests and conviction, **t**he rate of drug convictions achieved by prosecuting agencies against the number of arrests of less than 25% is of concern. This is a direct reflection of the challenges on drug law enforcement practices in the region which in turn impacts on AML investigations and prosecution.



*Seized kilo's of Cocaine concealed in bags of Rice

Estimated monetary value of seizure of reported drugs

70. The estimated value of the cannabis seized was based on the data in table 5.10 below[14]:

Table 5.10: Cannabis prices for West Africa (adapted from UNODC World Drug Report 2009)

Country	Retail price (in grammes)				Wholesale price (in kgs)			
	Typical	Range (low)	Range (high)	Year	Typical	Range (low)	Range (high)	Year
Burkina Faso	0.20	0.20	0.50	2006	10.00			2006

[14] The prices quoted are as provided in the UNODC World Drug Report 2009. The price figures for West Africa were averaged.

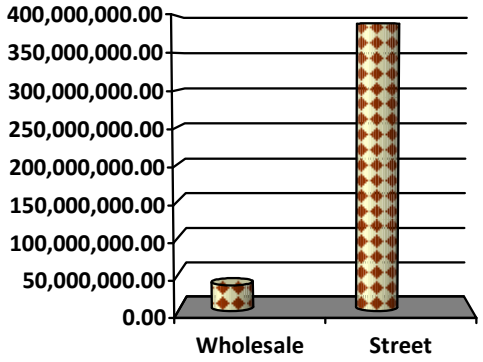
Country	Retail price (in grammes)				Wholesale price (in kgs)			
	Typical	Range (low)	Range (high)	Year	Typical	Range (low)	Range (high)	Year
Gambia	1.00	0.40	1.00	2007	93.90	83.50	104.40	2007
Ghana	0.80	0.40	1.10	2007	13.60	10.90	16.30	2007
Guinea	0.01	0.01	0.02	2006	10.00	10.00	20.00	2006
Mali	0.20			2007	26.10			2007
Niger	0.03	0.03	0.04	2006				
Nigeria	0.20	0.20	0.30	2007	20.00			2006
Togo	0.10	0.06	0.20	2007				
Averages	**0.32***	**0.19**	**0.45**		**28.93***	**34.80**	**46.90**	

**The regional typical retail price per kg is USD$320 and the whole sale price is USD$280.93*

Table 5.11: Typical retail and wholesale value of the cannabis reported seized

Year	Qty in kgs	Regional Street Value/kg (US$)	Regional wholesale Value/kg (US$)	Profit margin between Street and Whole sale prices
2005	192,556.65	61,618,127.36	5,570,663.83	56,047,463.53
2006	214,920.40	68,774,528.96	6,217,647.26	62,556,881.70
2007	240,832.29	77,066,332.48	6,967,278.12	70,099,054.36
2008	430,160.34	137,651,310.08	12,444,538.75	125,206,771.33
2009	138,134.54	44,203,053.44	3,996,232.30	40,206,821.14
Totals	**1,216,604.23**	389,313,352.32	35,196,360.26	354,116,992.06

Fig 5.3:: Whole sale value (farmgate) of cannabis reported seized against street value (retail) in million USD ($)



71. The estimated total street value of the cannabis reportedly seized between 2005 and 2009 is about USD$389,313,352.32 and the illegal profit that would have been generated between wholesale and retail prices is USD$354,116,992.06 (1006%). It is generally estimated by experts that less than one third (33.33%) of the illicit drug being trafficked annually is seized by law enforcement globally. Relying on this estimate, the proceeds that would have been realised from the trafficking of cannabis by criminals in the region within the last 5 years is more than twice the street value of what has been seized, amounting to USD$679,126,984. This amount is equivalent to additional per capita income of 226 CFA francs (50 US cents) for the three hundred million citizens of the region! Considering that more than half of the population live on less than one dollar per day, this amount is large

enough for part of it to be used to bribe government officials, buy votes, and command power and prestige.

72. It is clear that with drugs, the money is made from the streets and realised largely in cash. In a cash economy dominated by the informal sector, it is extremely difficult to track proceeds generated from drug trafficking. This may be one of the contributing factors to the inability of investigators in the region to follow up with money laundering investigation in drug cases. Where assets are traced, there may not be records to prove any association with drug trafficking.

Drug trafficking related money laundering investigations

73. Drug trafficking investigations have been going on for many years without related money laundering investigations. It appears that confiscation is not a priority of investigators, hence little attention has been given to assets investigations along with drug investigations. Despite the fact that high profile seizures and arrests have been made in most of the countries, the result of the related money laundering investigation is far below expectation. Supporting institutions such as the Financial Intelligence Unit (FIU) are either not fully functional in some countries or are poorly resourced in others to play their role of provided STRs that would assist in the investigation of reported cases.

74. Out of the participating 12 countries, only 3 countries (Cape Verde, Nigeria and Senegal) reported drug related money laundering prosecutions from 2005 to 2009. Even in the case of Cape Verde and Nigeria, 73 of 147 cases investigated were prosecuted, leading to only 7 convictions. Cape Verde has reported investigating drug related money laundering based on STRs. Nigeria, with one of the oldest FIUs is yet to report investigation of any drug related money laundering based on an STR. The emphasis on corruption related money laundering cases in Nigeria may have undermined the development of skills or expertise by the reporting entities' and the FIU in the generation of drug related STRs and cases. Overall, however, the statistics in Table 5.12 below suggest that there is room for improvement.

Table 5.12: Summary of STRs and investigation, prosecution and conviction

YEAR	DT Reported STRs		FIU Generated STRs/Cases		Foreign DTML Cases		Cases Investigated		Prosecution		Conviction	
	Cape Verde	Nigeria	Cape Verde	Nigeria	Cape Verde	Nigeria	Cape Verde	Nigeria	Cape Verde	Nigeria	Cape Verde	Nigeria
2005	4	0	2	0	0	0	6	0	6		0	
2006	0	0	0	0	0	0	0	26	0	14	0	3
2007	9	0	3	0	1	0	13	27	10	9	1	0
2008	15	0	1	0	1	4	13	28	9	9	0	0
2009	26	0	0	0	0	9	8	26	8	8	3	0
Totals	**54**	**0**	**6**	**0**	**2**	**13**	**40**	**107**	**33**	**40**	**4**	**3**

75. The lack of drug related STRs emanating from reporting institutions through the FIUs was observed across all countries, with the exception of Cape Verde. It also appears that many drug enforcement departments do not have sufficient powers or do not utilise the powers they have to sanction reporting entities where they fail to comply with the provisions of the law.

Conviction for money laundering offences

76. Table 5.13 shows the state of conviction for money laundering offences in the participating countries and the highest punishment handed out. Three countries, Cape Verde, Gambia and Nigeria reported securing conviction for ML offences. –.

Table 5.13: Conviction and extent of punishment for ML offences

SN	Country	Conviction for a money laundering offence to date	Highest punishment ever imposed on any person convicted of money laundering and the charges
1.	Benin	No	No
2.	Burkina Faso	No	No
3.	Cape Verde	Yes	10 yrs
4.	Gambia	Yes	Fine (10,000 Dalasis)
5.	Ghana	No	No
6.	Guinea Bissau	No	No
7.	Liberia	No	No
8.	Mali	No	No
9.	Nigeria	Yes (Asset forfeiture/ jail term (5 years)	5 years
10.	Senegal	No	No
11.	Sierra Leone	No	No
12.	Togo	No	No

Forfeiture

77. With regard to asset forfeiture in relation to drug related money laundering prosecution/conviction, only Cape Verde and Nigeria reported any asset forfeiture.

Table 5.14: Asset forfeiture in relation to drug related money laundering prosecution/conviction (Cape Verde and Nigeria only)*

Year	Cash Seized (USD $)	Cash forfeited (USD $)	Assets Value (USD $)	Highest Cash	Highest Asset
2005	320640.382	0	0	0	0
2006	5,996,458	0	723,076.9	0	0
2007	6,024,912.15	0	2,196,264.4	0	0
2008	1,432,692.29	0	4,124,396.1	0	0
2009	7,415,315.34	147,346.66	2,257,860.5	13,003.513	0
Totals	**21,190,018**	**147,346.7**	**9,301,598**	**13,003.51**	**0**

*See Appendix II for individual country figures

78. The lack of and/or incompleteness of the data on drug seizures in many of the countries is an indication of poor state of record keeping and a big jurisdictional weakness which will definitely impact negatively both on drug trafficking investigation and related money laundering investigation. Lack of record and/or its inaccessibility contribute

significantly to weaknesses observed in drug related money laundering investigation, in addition to other factors.

Agencies responsible for enforcement of DT and ML laws

79. The table below shows the agencies/departments responsible for the enforcement of anti DT laws.

Table 5.15: Agencies/Departments responsible for the enforcement of anti DT laws

SN	Country	Lead institution	Other Institutions
1.	**Benin**	Police	Gendarmerie, customs and judicial authorities
2.	**Burkina Faso**	CNLD	
3.	**Cape Verde**	National Criminal Police	Customs, Judicial Police
4.	**Gambia**	NDEA	All security services
5.	**Ghana**	Narcotics Control Board and Ghana Police Service	National Security Council; Bureau of National Investigation; Customs Excise and Preventive Services.
6.	**Guinea Bissau**	National Judicial Police	Customs
7.	**Liberia**	Drug Enforcement Agency (DEA)	Liberia National Police (LNP), the National Security Agency (NSA), National Bureau of Investigation (NBI).
8.	**Mali**	Police Narcotics Brigade	Inter-Ministerial Committee; Customs Mobile Enforcement Brigade, Gendarmerie
9.	**Nigeria**	National Drug Law Enforcement Agency (NDLEA)	Nigeria Police, Nigeria Customs Service and Department of State Service
10.	**Senegal**		
11.	**Sierra Leone**	National Drug Law Enforcement Agency (NDLEA)	Sierra Leone Police; National Security Office; Customs
12.	**Togo**	Office Central de Répression du Trafic Illicite des Drogues et du Blanchiment (OCRTIDB)	Police Force, Customs, Forestry Guards

80. There exist different agencies (see Table 5.15) involved in the enforcement of anti drug trafficking and AML laws. While the agencies/departments responsible for the enforcement of DT laws appear to be well established in almost all the countries, the same cannot be said with regard to ML enforcement.

Table 5.16: Agencies/departments responsible for the enforcement of ML laws

SN	Country	Lead institutions/agencies	Other Institutions
1.	Benin	Ministry of Justice	
2.	Burkina Faso	FIU	Police Force, Customs, tax Office
3.	Cape Verde	National Criminal Police	Judicial Police, Customs
4.	Gambia	Attorney General's Office	Police & the National Drug Enforcement Agency
5.	Ghana	Financial Intelligence Centre (FIC)	National Security Council; Attorney-General's Office; Ghana Police Service; Serious Fraud Office, Customs

SN	Country	Lead institutions/agencies	Other Institutions
			Excise and Preventive Service; Bureau of National Investigations; and the Narcotics Control Board
6.	Guinea Bissau	National Police	FIU, Customs
7.	Liberia	Central Bank of Liberia	National Security Agency (NSA); Liberia National Police (LNP); Drug Enforcement Agency (DEA); National Bureau of Investigation (NBI)
8.	Mali	Financial Intelligence Unit	Pole économique et financier ; Tribunal correctionnel ; Aour d'assises
9.	Nigeria	Economic and financial Crimes Commission	National drug law enforcement agency (NDLEA); Central Bank of Nigeria (CBN); Nigeria Deposit Insurance Corporation; Securities & Exchange Commission (SEC); Independent Corrupt Practices Commission (ICPC)
10.	Senegal	National Police	Customs
11.	Sierra Leone	National Drug Law Enforcement Agency (NDLEA)	Sierra Leone Police; Central Bank; National Security Office
12.	Togo	FIU	Banks and financial Services, Inter-ministerial committee for the monitoring activities relating to money laundering and terrorist financing, The Central Office for Repression of Illicit Drug Trafficking and Money (OCRTIDB)

81. One major constraint experienced by some drug enforcement departments is the inaccessibility of information from regulatory and reporting entities.

Agencies responsible for the prosecution of DT and ML cases

82. The table below shows the agencies/departments responsible for the prosecution of DT and ML cases.

Table 5.17: Departments/institutions/agencies responsible for prosecuting drug trafficking and money laundering cases

SN	Country	Drug Trafficking	Money Laundering
1.	Benin	Ministry of Justice	
2.	Burkina Faso	Ministry of Justice	
3.	Cape Verde	Public Ministry	
4.	Gambia	NDEA & AG's Chambers	
5.	Ghana	The Prosecutions Division of the Attorney-General's Department of the Ministry of Justice	
6.	Guinea Bissau	Ministry of Justice	
7.	Liberia	Ministry of Justice	Ministry of Justice
8.	Mali	Ministry of Justice	
9.	Nigeria	NDLEA	EFCC, NDLEA,
10.	Senegal	Ministry of Justice	
11.	Sierra Leone	NDLEA	
12.	Togo	Attorney General	

83. Results of the study show that while some countries have decentralised prosecution for both DT and ML, others maintain centralized systems. In some cases, the agencies

responsible for DT are also the ones prosecuting related ML offences, which makes for synergy and can contribute to effectiveness and efficiency. However, where cases are less diligently investigated, prosecuted or compromised, this will hinder efforts against both drug trafficking and money laundering.

VI. KEY FINDINGS AND POLICY IMPLICATIONS

84. The typologies revealed many vulnerabilities of the region. These vulnerabilities have been classified into: a) Geographic; b) Political, social and economic; c) Legal; d) Regulation and enforcement; e) national and international coordination, cooperation and collaboration; f) Judicial and, g) integrity issues.

a. Geographic and border security

i. The West African region has more than 4,000 km (2,500 miles) coastline most of which remains unprotected and unguarded. No country in the region has the capacity to effectively patrol its border coast.

ii. A few coastal countries such as Cape Verde and Guinea Bissau have a number of Islands some of which are uninhabited. Some of the uninhabited Islands have been used for illegal activities by criminals, including transhipment of drugs using boats or private planes.

iii. The Atlantic Ocean directly connects the source region of cocaine that is Latin America, to West African shore lines. It is almost impossible to patrol the vast waters.

iv. Porous borders, which are not well defined and unpatrolled has accorded opportunities for drug traffickers, illegal cash couriers and money launderers to cross freely between countries.

b. Political, social and economic

i. Political instability is still a prevalent in some countries as demonstrated by the presence of four UN peace/security/stabilisation missions in the region[15].

ii. The economies of the region are dominated by the informal sector and largely cash based, which makes it more difficult to track and trace proceeds of crime.

iii. General social tolerance for white collar crimes and weak community support for law enforcement. Community participation in crime prevention is very low partly due to fear of victimisation by criminals resulting from weak public protection systems, and partly due to the distance between governments and the governed coupled with poor civil education.

c. Legal environment

i. The penalty for drug trafficking in some countries is not dissuasive and proportionate.

ii. In some countries, judges have discretions to determine the extent or variant of punishment with regard to drug trafficking either as expressed in the law or by the deliberate or not deliberate silence of the law. In most of the cases where discretion has been applied, there have been inconsistencies with the judgement of the same judge or across judgements by other judges.

[15] United Nations Operation in Côte d'Ivoire (UNOCI), UN Mission in Liberia (UNMIL), United Nations Integrated Peace building Office in Sierra Leone (UNIPSIL), United Nations Peace-Building Support Office In Guinea-Bissau (UNOGBIS)

iii. The drug laws and ML laws appear not yet adapted to AML/CFT laws to provide for a comprehensive investigation practice where drug investigation naturally flows into ML or TF investigation.

d. Regulation and enforcement

i. There is general lack of capacity for ML investigation in drug enforcement investigative Units in most of the countries. Where the capacity exists, the result has not been commensurate. Weaknesses in law enforcement and regulatory institutions ultimately benefit the criminals and assist in creating conducive environment for the sustenance of their illegal activities.

ii. Lack of detection equipment and where available maintenance and sustainability is a big challenge.

iii. Most of the international airports and other key and vulnerable points for drug trafficking lack trained drug law enforcement personnel and where available, most of them have little or no training in ML investigation. Often necessary and time sensitive information relevant to ML investigation is not collected thereby jeopardising the ML investigation component of the case.

iv. Slow response to requests by reporting institutions which has, in some cases, jeopardised investigations.

v. Absence of or weakness in currency declaration/disclosure systems.

vi. Lack of reliable data and statistics on both ML and drug trafficking. In the absence of reliable data and statistics, it is difficult to understand the extent of both drug trafficking and money laundering. Ultimately, this could lead to inappropriate distribution of scarce resources in attempting to deal with these crimes.

vii. Banks, other financial institutions and gate keepers, especially lawyers are the main facilitators of money laundering through the formal sector. In particular, lawyers and real estate agents have a significant role in representing their clients as 'fences' by facilitating the integration of proceeds of drug trafficking. In many countries, the lawyers who stand in defence of drug traffickers are well known. Sadly, in certain situations such lawyers were former prosecutors having prosecuted drug trafficking cases on behalf of the State but now out of the State's employment.

e. National and international coordination, cooperation and collaboration

i. Limited operational cooperation and coordination between national drug investigation agencies/departments and the FIUs.

ii. Weak prosecution due to weak capacity and limited resources has been observed. The practice of joint investigations and prosecution is yet to take root.

iii. Available competencies are not fully utilised to cover the existing gaps between drug and ML investigations.

iv. Low level country-to-country cooperation in the fight against both drug trafficking and money laundering. This is often limited to very crucial, public cases. The platform for such cooperation is often not well elaborated to constitute a permanent channel for sustained engagement in the areas of joint

operations, joint investigation, mutual legal assistance and capacity building. This constitutes a major gap in the fight against drug trafficking and money laundering in the region.

f. ***Judicial/justice system***

i. Slow court process for both drug and ML cases is a source of frustration for prosecutors and investigators thereby tying down resources and affecting morale.

ii. Lack of specificity of the law with regard to punishment has led to the misapplication of Judges' discretion leading to inconsistency in judgements, capable of undermining the judicial system and putting its integrity to question.

iii. Lack of training for judges has affected the quality of judgement, especially with regard to ML cases. Many assets seized by law enforcement agencies from drug traffickers have been ordered returned on technical rather than substantive grounds.

g. Integrity issues

iv. Corruption has remained one of the biggest obstacles to the fight against both drug trafficking and money laundering both at institutional and personnel levels. Unfortunately, once a drug trafficker is able to buy the loyalty of a public official, he or she can use the same official to launder money or use the official to facilitate other crimes. It is difficult for an official who agrees to collect bribe to facilitate a type of crime to object to facilitate a related type of crime, after all both crimes (DT and ML) are on the same continuum.

v. Compromise by airport control officials and other personnel working in the airports, including some airlines ground staff.

vi. Most of the drug enforcement and ML enforcement agencies/departments do not have sufficient institutional mechanisms to address issues of integrity.

85. The above issues are largely integrated but at different levels. It is therefore, important to look at them in a broader framework while not undermining specific, sectoral or institutional issues.

Issues for consideration

i. Money laundering and informal sector dominated economy

86. The perception and conceptualization of money laundering from the traditional perspective of the formal sector (placement, layering and integration), does not appear to adequately address the money laundering challenges and peculiarities of the economies of West Africa. The problem is not only that of low capacity to implement AML measures; the problem of the domination of the informal sector means that institutions such as the FIU are not able to have oversight over large part of the economy. Assessing the effectiveness of AML institutions where large part of the economy is not within the purview of formal supervision is very difficult. Also, it impacts on the overall AML regime of a country and on a region that aspire to economic integration such as ECOWAS.

87. Consequently, the concept of 'informal sector' money laundering, albeit not a new practice, needs to be given due attention by all stakeholders in order to evolve measures to address the problem both at the country and regional levels. This calls for further research on the trends, location and patterns of money laundering through those informal intermediaries.

ii. Disparity among countries on AML capacity

88. The disparity among countries in the region on AML capacity generally and particularly with regard to drug trafficking is a major source of concern. While some countries are making significant progress, a few others are yet to put in place even the rudimentary structures. Considering that the ECOWAS region is already borderless and free for its citizens to travel, reside and establish businesses across all the member States, it is important that assistance to countries with extremely low capacity to implement AML and CFT measures is accelerated. Failure to do so could lead to the creation of migrant organised criminals who reside in a weak AML environment while exploiting other jurisdictions both within the region and elsewhere.

VII. RECOMMENDATIONS AND CONCLUSION

7.1 Recommendations

89. Based on the findings, the following recommendations are made and categorised as follows:

a. Geographic and border security

i. Countries in the region need to evolve a common strategy to enable them to pull their resources together and patrol the coastal waters, with the support of international partners. The most vulnerable countries should be given priority in technical assistance.

i. There is the need for countries in the region to institutionalise joint border patrols and establish other joint operations agreements to attract more support from donors and other concerned countries to facilitate the interdiction of cross movement of illicit drugs and bulk cash.

ii. The ECOWAS should develop a common ECOWAS crime prevention Strategy to provide a roadmap for synergy among member states in dealing with common threats such as drug trafficking and money laundering. This may need to be transformed or imputed into national crime prevention strategies by member States with predetermined measurable indicators.

b. Political, social and economic

i. Drug and money laundering Investigation agencies/departments need to be insulated from political interference by ensuring that the laws establishing them give them adequate powers to perform their functions in accordance with the provisions of the law.

ii. There is the need to accelerate progress on reforming the cash dominance in the region's economy and provide the necessary conditions for the emergence of acceptable and attractive payment systems to reduce the general risk of money laundering.

iii. Countries in the region should take immediate steps to minimise the use of cash in value intensive businesses through which proceeds of drug trafficking have been found to be laundered, such as real estate, stocks, and automobiles. Transactions in these business areas should be made to go through formal banking services with obligations on banks to provide such information to authorities on regular basis. Further registration and certification by competent authorities should be subject to satisfying this condition. Commensurate sanctions should be put in place for defaulters.

iv. A regional, national and sectoral strategy to improve community participation in crime prevention is required. At the regional level, ECOWAS need to adopt and propagate clear nationalistic values that define and promote ECOWAS citizenship. Clear regional direction is required with regard to community mobilisation against serious and organised crime in the region to complement the accelerated drive for regional integration.

v. The regional conflict prevention, peace building and development initiatives should integrate crime prevention, especially drug trafficking and money laundering.

c. Legal environment

i. There is the need to review anti-drug trafficking laws and ensure that competent authorities have adequate powers to conduct money laundering investigation, in particular powers within the provisions of FATF Recommendation 4[16].

ii. The issue of proportionality of punishment has to be addressed by the enabling laws in themselves and in consonance with the AML laws. Proportionality should be seen not only in the context of dissuasiveness, but also in the context of the predicate crime laws and AML laws and within the same law in terms of the type and gravity of the offence. This will help to prevent one legal instrument from becoming a disincentive for the enforcement of the other.

iii. As much as it is legally acceptable, countries in the region should limit the extent of judge's discretion in the interpretation and application of the law. Where this is not possible, relevant authorities should provide a judicial guideline on the application of discretion, within a strict monitoring regime.

d. Regulation and enforcement

i. Human and institutional capacity for money laundering investigation should be developed in drug enforcement institutions and departments across the region. In particular, countries with some experience in the region should support the others to improve their own capacities.

ii. There is the need to institutionalise AML training in the curricular of regulatory and enforcement training institutions across the region both at the regional and national level. Accredited training AML training programmes should also be developed at the operational, strategic and management levels to service the different levels of needs of regulators, enforcement officers, reporting entities, professional bodies, self-regulatory organisations and special groups of civil society.

iii. Anti-drug trafficking departments should establish ML related databases to capture relevant information on investigations and prosecution of ML cases and linked up with the FIU to share information on a timely basis.

iv. Countries in the region should intensify the use of intelligence led deployment of human and material resources by determining and attacking key vulnerabilities and systemic drug trafficking and ML weaknesses. Airport, seaports, coastal areas land borders are a priority.

v. Countries in the region need to put in place a comprehensive currency declaration/disclosure systems at all the determined vulnerable and key points, and the system should feed into a national network where data generated can become actionable, especially linking up with the FIUs.

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

e. National and international coordination, cooperation and collaboration

i. Operational cooperation framework for ML investigation should be developed among investigating agencies at all operational levels. Information sharing and joint investigations should become central to this framework.

ii. The ECOWAS Authority should, as a matter of urgency, adopt a Protocol against illicit drug trafficking which clearly specifies how countries in the region can cooperate in dealing with drug trafficking, money laundering and associated crimes, especially issues such as tracing and recovery of proceeds of drug trafficking.

iii. Cooperation with source and destination countries should be intensified not only on drug investigation but most importantly on money laundering investigation.

f. Judicial/justice system

i. Countries in the region may consider the setting up of dedicated courts to deal with cases of money laundering and associated crimes, as well as dedicate trained judges to handle these cases, with enhanced due diligence on the activities of such courts and the personnel.

ii. Countries in the region may consider institutionalising compulsory training for judges in money laundering and associated crimes as part of their continuing education and career development.

iii. Court records on money laundering and related cases should be centrally pulled and archived at the national level to ensure security of the data. This should also apply to prison records.

g. Integrity issues

i. Countries in the region should consider setting up an independent Security and Law Enforcement Accountability Office (SLEAO) that will oversee the activities of all security and law enforcement agencies. The department should ensure full accountability in institutional and operational administration and management and ensure that issues of lack of integrity are adequately addressed.

ii. All security and law enforcement departments should have an independent department/section/unit that enforces institutional codes and provide confidential reports to SLEAO from time to time.

7.2 Conclusion

90. West Africa is faced with many developmental challenges which have been further compounded by the recent deluge and inflow of cocaine from Latin America enroute to Europe and other major consumer destinations. The lack of sufficient resources to enforce law and order and protect borders has afforded the traffickers an opportunity to create ware houses for drugs in the region and in addition exploit the prevailing poverty to use young people from the region to transport drugs abroad. The money generated from this illicit trade

comes back to the region only in trickles compared to the total amount being generated. Unfortunately, even what comes back to the region is largely untracked and untraced, thereby affording the criminals the opportunity to benefit from their crimes and spread negative message in society that crime pays.

91. Although the region is neither a producer nor renowned comsumer of narcotic drugs, particularly cocaine which is the most trafficked, the problem of cannabis which is locally grown and used is a huge one and large amount of illegal money is generated from the illegal trade. The exporting and laundering of the resulting dirty money destroys hundreds of legitimate small businesses. Drug abuse and addiction find their way onto the streets of these vulnerable coastal and inland states, taking a terrible toll on families, education and social cohesion. Furthermore, the transiting of drugs through any given country means that some of it inevitably stays there, either as payment for services rendered or as a source of profit for the traffickers. Drugs will thus be consumed locally, with the dire effects on consumers that we all know. In a poor country, the disruptive effect on family and society is multiplied and magnified. Addiction sets in and the afflicted persons become a huge burden in all respects. They will steal to feed their habit, often from other family members. They will resell drugs at extremely low prices to earn their fix, thus contaminating their surroundings. They will use violence if necessary to obtain cash, or simply because they become frustrated and angry. A cycle of dependency, distress, poverty and crime sets in. It becomes a major internal Security issue. It becomes a major general Public Health issue. It is definitely a no-win situation

92. The impact of the drug related money laundering problems is by far on the ***Legal system,*** which becomes overburdened with court cases related to drugs in one way or another. Backlogs increase, prisons fill up, resources offering help and rehab are insufficient or not up to par, and the whole attitude of fear in society seeks retribution and punishment rather than rehabilitation and reintegration. Police forces cannot cope, judges cannot cope, re-education services cannot cope… Serious strife eventually makes life miserable for everyone. Apathy and violence become common phenomena. Traditional values are lost, replaced by imported or false values

93. The overall impact is far from minor, and the results have been devastating to the extent that in many cases, development has been stunted, stalled or has even regressed in some places. The apparent short term gains are illusory, because the lasting damage far outweighs them all. Drug trafficking is all about money and instant wealth; tracking and seizing that money is by far the best defence against the drug trafficking phenomenon. This is basically what GIABA is focused on at the moment.

94. Unfortunately, law enforcement capacity to deal with the problem from the perspective of money laundering investigation is still very weak. The insufficient money laundering convictions even in the face of large seizures of both cannabis and other illicit drugs is a clear testimony to this assertion as revealed in this study. There is also lack of coherence between drug trafficking and money laundering institutions. The judicial system is very slow at catching up with the challenges of money laundering and in some cases too slow at dealing with such cases. Corruption remains a major hindrance throughout the chain of the judicial system; obstacles created by corruption exist from the point of detection and arrest through investigation, prosecution, adjudication to the prisons.

95. To address the problems of drug trafficking and related money laundering, there is the need to take practical measures at the political, social, economic, regulatory, enforcement,

regional and international levels to deal with the multifarious problems related to drug trafficking and associated money laundering in the region. The security and stability of the region is at stake and any efforts made to counter the problems today will be solid investment in the future of the region. The picture appears somewhat gloomy and distressing, but in actual fact, there is much to be proud of and grateful for. In most countries within the West African Community, the situation is at least being addressed, if not yet resolved. Some societies seem to be more in denial than others as to their own reality, but none is as yet a lost cause! Some have ceded a lot of ground and wasted precious time, but none have yet gone over the brink! But there is still a lot that can be done as of now to help stop the bleeding and heal the wounds left by so many years of criminal abuse.

96. Despite the numerous typologies and body of literature on this subject, we are still far from even an elementary understanding of the current techniques and intermediaries of money laundering – 'even from the systematic analysis of detected cases, let alone from those that are unknown'. While the typologies on the methods and mechanisms of money laundering developed by the FATF and FATF Style Regional Bodies (FSRBs) are helpful to some extent in providing information on the methods of money laundering, they have however, been described as being 'simplistic and oriented to the enforcement priorities of the developed jurisdictions'. In fact, some scholars describe it as 'a rather elastic construct far from the rigour normally associated with the noun 'typology'. This report neither provides all the expected information nor does it claim to provide all solutions to the problems. Nevertheless, this report makes a difference by providing the pertinent and timely information required for concerted action against the twin scourges of drug trafficking and money laundering in West Africa; and that is basically what GIABA seeks to achieve through this project.

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APPENDICES

APPENDIX 1:

SEIZURES, ARRESTS AND CONVICTIONS BY COUNTRY

(Note: 2009 data is not complete; it ranges from three to ten months except in the case of Nigeria.)

REGIONAL TOTALS

Year	Cannabis	Cocaine	Heroin	Others*	Total	Arrests	Convictions
2005	142,556.65	749.55	77.14	14,327.13	157,710.46	5,126	**1,143**
2006	214,920.40	16,056.81	51.66	7,382.57	238,411.45	7,249	**1,484**
2007	240,832.29	5,070.07	202.09	7,681.54	253,785.98	7,583	**1,824**
2008	430,160.34	3,037.50	23.62	7,115.40	440,336.87	9,201	**2,028**
2009	23,434.27	924.90	110.11	6,626.00	31,095.29	989	**565**
Totals	**1,051,903.96**	**25,838.83**	**464.61**	**43,132.64**	**1,121,340.04**	**30,303**	**7,044**

Benin

Year	Cannabis	Cocaine	Heroin	Others	Total	Arrests	Convictions**
2005	2206.729	28.214	0.025	4.41*	2239.378	110	
2006	81.608	22 .266	0.189		104.063	109	
2007	56.451	423.244	1.29		480.985	104	
2008	8.596	22.749	2.907		33.652	85	
2009	12.29	2.13			14.428	30	
Totals	**2365.674**	**476.337**	**4.411**	**4.41**	**2872.506**	**438**	

**Diazepam **Data not available*

Burkina Faso

Year	Cannabis	Cocaine	Heroin	Others*	Total	Arrests	Convictions
2005	3004	0.028	0.003	14132	3004.031		
2006	6851	0.012	0.011	6851	6851.023		
2007	10293	50.559	0.12	6599	10343.679	326	289
2008	10834	21.885	0.351	6345	10856.236	273	247
2009	8460	23.118	0.285	6587	8483.403	599	536
Totals	**39442**	**95.602**	**0.77**	**40514**	**39538.372**	**1198**	**1072**

**Largely licit drugs confiscated from unlicensed street vendors*

Cape Verde

Year	Cannabis	Cocaine	Heroin	Others*	Total	Arrests	Convictions*
2005	2.969	156.821	0.0003		**159.791**		
2006	374.947	43.257			**418.204**		
2007	35.617	534.763	0.8504		**571.230**		
2008	580.722	195.541			**776.263**		
2009	638.713	34.479			**673.192**		
Totals	**1632.968**	**964.861**	**0.851**		**2598.68**	**155**	

**Data not available*

Gambia

Year	Cannabis	Cocaine	Heroin	Others*	Total	Arrests	Convictions
2005	639	41	3	102	**785**	416	
2006	998	16	2	16	**1032**	274	
2007	748	27.2	2	382.8	**1160**	273	
2008	466	6	0	420	**892**	222	
2009	551	1.5	0	39	**591.5**	215	
Totals	**3402**	**91.7**	**7**	**959.8**	**4460.5**	**1400**	**0**

**2005=Diazepam; 2006=Hashish; *2007=Hashish(60.8); Diazepam(322); 2008=Hashish(2); Diazepam(118); 2009=Diazepam*

Ghana

Year	Cannabis	Cocaine	Heroin	Others	Total	Arrests	Convictions
2005	1475.402	75.541	1.462		**1552.405**	78	4
2006*					**0**	55	30
2007	4247.318589	283.219743	0.575448		**4531.1138**	49	53
2008	33484.6958	841.1042	0.2693		**34326.069**	61	38
2009	1705.17846	61.88499	2.0694714		**1769.1329**	13	1
Totals	**40912.5948**	**1261.7499**	**4.376219**	**0**	**42178.721**	**256**	**126**

**2006 data for seizures not available*

Liberia*

Year	Cannabis	Cocaine	Heroin	Others*	Total	Arrests	Convictions
2005	354.5	12	2		**368.5**	87	
2006	9813.4	1469.00	16.2		**11298.6**	179	9
2007	325.5	85	63.5		**474**	267	
2008	30447.19	334.4	5		**30786.59**	267	
2009**	315.6	192.4	3		**511**	13	9
Totals	**41256.19**	**2092.8**	**89.7**	**0**	**43438.69**	**813**	**18**

** DEA Statistics only*

Mali

Year	Cannabis	Cocaine	Heroin	Others	Total*	Arrests	Convictions
2005	2123	1			**2124**	46	12
2006	1857	2.1			**1859.1**	34	8
2007	9020	56			**9076**	53	18
2008	10664	82.1			**10746.1**	39	11
2009	6322	85.7			**6407.7**	17	5
Totals	**29986**	**226.9**	**0**	**0**	**30212.9**	**189**	**54**

** In addition, 4980 bottles of Ephedrine were seized*

Nigeria

Year	Cannabis	Cocaine	Heroin	Others*	Total	Arrests	Convictions
2005	125,989.00	395.91	70.42	88.72	**126,508.05**	3,473	779
2006	192,368.30	14,435.88	33.09	515.57	**207,868.57**	6,323	1,363
2007	210,262.90	393,678.00	120.64	699.74	**604,761.28**	6,308	1,459
2008	335,533.34	365.49	11.61	350.4	**336,260.84**	7,899	1,712
2009	114,700.71	392.05	104.71	712.77	**115,910.24**	7,042	1,487
Totals	**978,854.25**	**409,267.33**	**340.47**	**2,366.86**	**1,391,308.94**	**31,045**	**6,800**

Senegal

Year	Cannabis	Cocaine	Heroin	Others	Total	Arrests	Convictions
2005	5282.508	18.553	0.225		**5301.286**		
2006	1585	27.7	0.168		**1612.868**		
2007	5138.816	2507.344	0.68		**7646.84**		
2008	7477	72.034	0.218		**7549.252**		
2009	5304.485	98.052	0.04		**5402.577**		
Totals	**24787.809**	**2723.683**	**1.331**		**27512.823**		

Sierra Leone

Year	Cannabis	Cocaine	Heroin	Others*	Total	Arrests	Convictions
2005	50,000					754	348
2006	565.656	25.376				74	74
2007		15				5	5
2008		703				37	20
2009		10				24	14
Totals	50,565.66	753.376				894	461

Togo

Year	Cannabis	Cocaine	Heroin	Others	Total	Arrests	Convictions
2005	1479.54	7.48	37 .14		**1487.02**	162	
2006	425.192	37.488	0.004		**462.684**	201	
2007	702.186	59.06	12.43		**773.676**	198	
2008	664.8	393.2	3.264		**1061.264**	318	
2009	125.006	23.589	0.005		**148.6**	78	
Totals	**3396.724**	**520.817**	**15.703**		**3933.244**	**957**	

APPENDIX II:

Drug Trafficking related asset forfeiture by Nigeria and Cape Verde

Cape Verde					
Year	**Cash Seized (USD $)**	**Cash forfeited (USD $)**	**Assets Value (USD $)**	**Highest Cash (USD $)**	**Highest Asset**
2005	320,640.38	-	-	-	-
2006	-	-	-	-	-
2007	1,490.15	-	1,632,999.07	-	-
2008	471,771.29	-	2,366,434.09	-	-
2009	4,874,048.34	147,346.66	1,851,193.85	13,003.51	-
Totals	**5,667,950.16**	**147,346.66**	**5,850,627.01**	**13,003.51**	**-**

Nigeria					
Year	**Cash Seized (USD $)**	**Cash forfeited (USD $)**	**Assets Value (USD $)**	**Highest Cash (USD $)**	**Highest Asset**
2005	0	0	0	-	-
2006	5,996,458	0	723076.9	-	-
2007	6,023,422	0	563265.3	-	-
2008	960,921	0	1757962	-	-
2009	2,541,267	0	406666.7	-	-
Totals	**15,522,068**	**0**	**3,450,971**	**-**	**-**

APPENDIX III:

STATUS OF GIABA MEMBER STATES' RATIFICATION AND DOMESTICATION OF AML/CFT/DRUGS AND CRIME CONVENTIONS

SN	Member States	Vienna Convention, 1988	UN Convention for the Suppression of the Financing of Terrorism, 1999	Palermo Convention, 2000	UN Convention against Corruption, 2003	National AML Legislation*	National CFT Legislation*
1.	Benin	23/05/2003 [A17]	30/08/2004	30/08/2004	14/10/2004	2006	
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	2002	
4.	Côte d'Ivoire	25/11/1991	13/03/2002 [A]	15/12/2000 [S18]	10/12/2003 [S]	2005	
5.	The Gambia	23/04/1996 [A]		05/05/2003		2003	
6.	Ghana	10/04/1990	06/09/2002		27/06/2007	2008	2008
7.	Guinea- Bissau	27/10/1995 [A]	19/09/2008	10/09/2007	10/09/2007[A]	2006	
8.	Guinea	27/12/1990 [A]	14/07/2003	09/11/2004 [A]		2006	
9.	Liberia	16/09/2005 [A]	05/03/2003 [A]	22/09/2004 [A]		2002	
10.	Mali	31/10/1995 [A]	28/03/2002	12/04/2002	18/04/2008	2004	2008
11.	Niger	10/11/1992 [A]	30/09/2004 [A]	30/9/2004		2004	
12.	Nigeria	01/11/1989	16/06/2003	28/06/2001	14/12/2004	2004	
13.	Senegal	27/11/1989	24/09/2004 [A]	27/10/2003	16/11/2005	2004	2009
14.	Sierra Leone	06/06/1994	26/09/2003	27/11/2001[S]	30/09/2004	2005	
15.	Togo	01/08/1990	10/03/2003	02/07/2004	06/07/2005	2007	

Notes:
* Stand alone legislations
**Still awaiting assent by the President
[A] The country has acceded to the Convention.
[1 S] The country has signed the Convention.

[17] [A] The country has acceded to the Convention.
[18] [S] The country has signed the Convention.

APPENDIX IV:

DATES OF FIU ESTABLISHMENT BY COUNTRY

Member States	Year
Benin	2008
Burkina Faso	2008
Cape Verde	2008
Cote d'Ivoire	2008
Gambia	2008
Ghana	2009
Guinea Bissau	2009
Guinea- Conakry	Not yet
Liberia	Not yet
Mali	2008
Niger	2006
Nigeria	2005
Senegal	2004
Sierra Leone	2008
Togo	2008

APPENDIX V:

GENERAL QUESTIONNAIRE

Introduction:

This Questionnaire is designed to solicit information from stakeholders on the laundering of the proceeds derived from illicit trafficking in narcotic drugs and psychotropic substances in GIABA member States.

Respondents are kindly requested to return their completed questionnaires **to the GIABA Secretariat** by **15 September 2009** (Secretariat@giaba.org and copy mumar@giaba.org, dalibo@giaba.org). Please indicate the following information in the subject heading of the e-mail transmitting the response(s): "GIABA DTML Questionnaire [*name of responding country]*" (e.g. GIABA DTML Senegal).

Responding Country_____

Contact information:

Name, address, telephone, fax and e-mail of the person responsible for the coordination of responses to this Questionnaire.

Name	
Title\Position	
Organization	
Address	
Office Telephone No.	
Mobile Phone No.	
Fax	
E-mail	

ITEMS

01	**Legislation:**
	a) In which year was the first stand alone AML legislation enacted in your country?
	b) Has the legislation been amended, if yes, when? *(please, provide us with a copy of the current AML legislation)*
02	**Punishment for ML:**
	a) What is the highest possible punishment for money laundering in your country? (please, provide reference).
	b) Has anyone been convicted for a money laundering offence in your country? Yes_____ No._____
	b) What is the highest punishment ever imposed on any person convicted of money laundering in your country and what were the main charges?
Punishment: *Charges***:**	
	c) Does the amount of money/asset laundered determine the type and/or length of sentence upon conviction? Yes____ No_____ (*If yes, please provide details below):*
	d) What predicate offences have been identified in your country's AML law?
03	**Money Laundering and Predicate offence:**
	a. Does your country's AML law require a conviction on a predicate offence before prosecution/conviction on money laundering can take place? Yes_____ No_____ *(If yes, please provide details below):* b. Does your AML law provide for the forfeiture of illicit proceeds derived from drug trafficking? Yes_____ No_____ *(If yes, please provide details below):*
04	**Punishment against drug trafficking:**
	a) What is the highest possible punishment for drug trafficking offences in your country in relation to the following?

	Cannabis	Cocaine	Heroin	ATS/Psychotropics	Others *(specify)*	Conspiracy

05	**Punishment and quantity of drugs:**
	a) Does the quantity of drugs trafficked by a suspect determine the type and/or length of sentence upon conviction? Yes__ No.____ *If yes, please provide details:*
	b) What is the highest punishment ever imposed on any person convicted of drug trafficking in your country and what were the charges?
Punishment: *Charges:*	
06	**Enforcement:**
	a) Which institutions/agencies are responsible for enforcing the AML law in your country? Indicate the leading institution:
	b) Name the institutions/agencies responsible for enforcing the anti drug trafficking law in your country and indicate the leading institution:
07	**Prosecution:**
	a) Which Departments/institutions/agencies are responsible for prosecuting drug trafficking cases in your country?:
	b) Which Departments/institutions/agencies are responsible for prosecuting drug trafficking related money laundering cases in your country?:

08. Drug related Statistics:

Provide statistics for the following drug trafficking cases in the following format (where possible, please attach the details)

Year	Seizure (in kilogrammes)					Arrests	Convictions
	Cannabis	Cocaine	Heroin	Others*	Total		
2005							
2006							
2007							
2008							
2009 (Jan-June)							

09. Statistics on Drug trafficking related to money laundering:

Provide statistics for the following drug trafficking related money laundering cases in the following format (where possible, please attach the details)

Year	Number of drug related ML STRs reported to the FIU by reporting entities	Number of drug related ML cases generated by the FIU	Number of drug related ML cases referred to the country by foreign bodies (including other FIUs)	Number of drug related ML cases investigated by all investigating agencies	Number of drug related ML cases prosecuted by all investigating agencies	Number of drug related ML conviction obtained by all prosecuting departments/ agencies
2005						
2006						
2007						
2008						
2009 (Jan-June)						

10. Confiscation Statistics:

Provide statistics on confiscation related to drug trafficking/related money laundering in the following format (where possible, please attach the details)

Year	Total amount of **cash seized**	Total amount of **cash forfeited** by the courts	Total value of **assets seized**	Total value in cash of **assets forfeited** by the courts	Highest amount of **cash forfeited** for each year	Highest value in cash of **assets forfeited** to for each year *(, describe the types of assets on a different sheet)*
2005						
2006						
2007						
2008						
2009 (Jan-June)						

11. Utilisation of confiscated funds/assets:

Provide information on how confiscated funds/assets are disposed of in your country (indicate, if law enforcement agencies benefit from the proceeds of confiscated assets):

12. Sanctions against reporting entities:

How many reporting institutions have been sanctioned in relation to drug trafficking related money laundering investigation and what is the nature of the sanction (fines, warning, withdrawal of license etc)?

Year	Number of institutions sanctioned	Type of sanctions(s)
2005		
2006		
2007		
2008		
2009 (Jan-June)		

13. Suspects:

Provide some general information on the persons found to be involved in drug trafficking and related money laundering in your country.

	Main gender: a) mostly male b) mostly female c) equally male and female
	Age: a) Mostly below 20 b) Mostly between 21 – 45 c) Mostly Above 46
	a. Educational qualification: i. Most have not had formal education

	ii. Most have secondary education or below iii. Most have higher education up to a degree or equivalent iv. Most have higher degrees v. Others (specify):
	b) Profession: Describe what profession most of the suspects ascribe to themselves
	c) Nationality: List the nationalities of the suspects that you have convicted in relation to drug trafficking and drug related ML:
	d) Residency: In the case of suspects who are citizens of your country but resident abroad, which countries have they been found to be residing in before they were arrested and charged?
14.	**Resources/capacity:**
	a) Does your country have sufficient resources (manpower, training, equipment, etc) to tackle drug trafficking? If not, please, describe your country's major constraints.
	b) Does your country have sufficient trained investigators to be able to trace and investigate drug related money laundering?
15.	**Coordination/cooperation:**
	How will you describe coordination and cooperation by other agencies and financial institutions in the investigation of drug related money laundering?
16.	**International Cooperation/Mutual Legal Assistance**
	a) Describe the type of international cooperation you have for countering illicit drug trafficking?
	b) Name the countries with which you have Mutual Legal Assistance agreements on drug trafficking:
	c) Name the countries with which you have Mutual Legal Assistance agreements in the area of Anti-money laundering:

16.	**Drug trafficking situation:**
	Describe the general situation/trend of drug trafficking in your country in the last five years (has it reduced, increased or remained the same, etc.?):

****

ANNEX VI:
CASE STUDIES ANALYSIS QUESTIONNAIRE

Name of Country_____ Case No._____

a. Brief Facts of the case (including what prompted the commencement of the investigation and status of the case as at the date of reporting):

b. Techniques/methods/features

Please indicate with the case example the occurrence of any of the following techniques/methods/schemes and use of any instruments listed:

B1. Corruption: Please, report the incidences of corruption related to this case, if any (bribery/attempted bribery of officials, third parties, possible influence by politically exposed persons (PEPs) to influence investigating officials or private sector compliance staff in banks being bribed or influenced to allow drug related money laundering to take place
B2. Cash couriers / currency smuggling: concealed movement of money suspected to have been derived from drug trafficking thereby avoiding transaction / cash reporting measures.
B3. Structuring (smurfing): numerous transactions involving drug proceeds (deposits, withdrawals, transfers) high volumes of small transactions and sometimes numerous accounts to avoid detection threshold reporting obligations
B4. Purchase of valuable commodities (gems, precious metals etc): Use of drug trafficking proceeds to purchase instruments to conceal true ownership or move value without detection
B5. Purchase of valuable assets (landed properties/real estate, vehicles, etc): Investment of proceeds of drug trafficking in high-value negotiable goods to cover up the criminal source of the proceeds.
B6. Trade-based money laundering and terrorist financing: Manipulation of invoice and use of trade finance routes and commodities to launder the proceeds of drug trafficking
B7. Wire transfers: Transfer of proceeds of drug trafficking electronically between financial institutions from outside of the country or from the country to another country

B8. Investment in capital markets: Incidence of trying to cover up the source of proceeds of drug trafficking through investment in the capital market and other negotiable instruments
B9. Business investment: The mingling of the proceeds of drug trafficking with legitimate business monies in order to cover up the source of the funds.
B10. Alternative remittance money services: The use of informal money service mechanisms to transfer of receive the proceeds of drug trafficking
B11. Use of nominees, trusts, family members or third parties etc: Transfer of proceeds of drug trafficking to nominees, trust, family members or third parties by drug traffickers to protect their identities and/or for safe keeping/laundering.
B12. Use of DNFBPs: The use of professionals such as accountants, real estate agents, lawyers, etc.
`B13. Use of debit cards, credit cards, other payment cards, cheques, promisory notes etc: The use of cards, cheques, promissory notes for receive/make payment or laundering of proceeds of drug trafficking within national jurisdiction or to another the jurisdiction.
B14. Currency exchanges / cash conversion: use of the formal or informal currency exchange system to launder/transfer the proceeds of drug trafficking
B15. Commodity exchanges (barter): Direct exchange of commodities (legal or illegal) in order to conceal the origin of value being drug trafficking.
B16. Gaming activities (casinos, gambling etc): Use of proceeds of drug trafficking to for example buy winning tickets from legitimate players; using casino chips as currency for criminal transactions; using online gambling to obscure the source of criminal proceeds.
B17. Abuse of non-profit organizations (NPOs): use of NPOs to transfer proceeds of drug trafficking in or out of the country

B18. Use of shell companies/corporations: Incidences of use of shell companies to cover up the identity of persons involved in drug trafficking
B19. Use of foreign bank accounts: Movement of proceeds of drug trafficking from point of high vigilance to a point of low vigilance (in or out of country)
B20. Identity fraud / false identification: use of false identity by persons involved in the case of drug trafficking to obscure identification of those involved in many methods of money laundering and terrorist financing (if possible, provide some information as to how they obtained the false identity – corruption, intimidation, financiers, etc)
B21. Please, summarise the outcome of prosecution of the case
B22. Please, provide any additional information on any technique/method not adequately covered above.

****