

**Keynote Remarks by Director General of GIABA, at the Sensitisation
Workshop in Benin Republic
Keynote Remarks by Director General of GIABA, at the
opening ceremony of the Sensitisation Workshop on the
Anti-Money Laundering Law of Benin Republic
(Cotonou, Tuesday, 7 August, 2007, Centre International de Conférences)**

**INTER-GOVERNMENTAL ACTION GROUP AGAINST MONEY
LAUNDERING AND TERRORIST FINANCING IN WEST AFRICA
(GIABA)**

**GROUPE INTERGOUVERNEMENTAL D'ACTION CONTRE LE
BLANCHIMENT D'ARGENT ET LE FINANCEMENT DU TERRORISME
EN AFRIQUE DE L'OUEST (GIABA)**

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opening ceremony of the Sensitisation Workshop on the
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Honourable Minister of Finance,

Distinguished Ladies and Gentlemen,

Madam National Correspondent of GIABA in Benin,

Ladies and Gentlemen:

It is a great pleasure welcoming you to this Sensitisation Workshop on the Anti-Money Laundering Law of the Republic of Benin.

First, I would like to express my sincere gratitude to the Government of the Republic of Benin for the continuing support to GIABA in the organisation of this Workshop. Furthermore, allow me to commend His Excellency President Dr. Thomas Boni Yayi for his strong commitment towards the strengthening of the economic and financial institutions in Benin. I also commend the President's commitment to the fight against Corruption, Money Laundering and Terrorist Financing through the enactment of the Anti-Money Laundering Legislation. This Legislation is a very important tool for enthrone transparency, accountability and good management of public resources.

Let me now address the issue for which we are gathered here today:

The West African Region is generally characterized by informal economies, high unemployment and poverty rates and until recently, unstable political systems occasioned by military coups and civil conflicts. The insufficient formal payment systems, including financial institutions and their instrumentalities, and sometimes the lack of confidence in the system have given rise to cash transactions. For the few formal institutions, their regulations are relatively weak, thus creating additional vulnerabilities to money laundering and possible terrorist financing. On the other hand, Corruption, as a predicate offence of Money Laundering, is capable of undermining the integrity and

credibility of any system. The greatest impact of Corruption is on the poor – those least able to absorb its costs. By illegally diverting State funds, Corruption undercuts services, such as public transportation or local policing, that those with few resources are dependent upon. Petty Corruption provides an additional cost for citizens – not only is service provision poor, but 'payment' is required for the delivery of even the most basic Government activity, such as the issuing of official documentation. Most fundamentally, Corruption undermines the prospects for economic investment.

Corruption is therefore a threat to human development.

Combating Money Laundering and Terrorist Financing, and assisting ECOWAS

Member States to enhance their efforts in this direction, have been important aspects of the overall Mandate of GIABA.

Within its Regional Strategic Framework (the GIABA Action Plan), GIABA has the capacity to assist its 15 Member States in the fight against these scourges in this Region.

There is tangible evidence of Money Laundering through formal systems such as banks and other financial institutions, but cash transactions pose a particular problem, especially in developing economies, in which the formal systems of payment are either inadequate or unreliable. Even in some developed economies, cash transactions pose a particular problem of Money Laundering and Terrorist Financing. Generally, the types and models of cash transactions, which have the potential of resulting in Money Laundering and Terrorist Financing include:

- Cash transactions involving changing one currency into another or converting small amounts of money into larger quantities;
- Cash-based transactions, within or outside a country. These transactions are often intended for mutual settlements. Here, one of the potential risks consists in using false identities, thus making regulation difficult even where it exists;
- Cash deposits in bank accounts, either by account holders or third parties;
- Cash withdrawals; and
- Cross-border transport of cash hidden in places like vehicles spare parts, clothes, pockets, airborne parcels, suitcases and handbags.

All the above-mentioned types of cash movement entail the risk of sending proceeds of criminal acts across the borders. It appears therefore that cash transaction-related risks are higher in developing countries, where cash is mostly used.

In our sub-region, for example, the use of a common currency, the CFA Franc in French-speaking countries, trade liberalisation and economic integration of the Economic Community of West African States (ECOWAS), could also be misused and abused for the purpose of laundering the proceeds of criminal activities. That is why we must imperatively adopt the necessary preventive measures against such abuses, in accordance with GIABA's Mandate. Naturally, we will have to be much more vigilant when a single and common currency becomes legal tender in all the 15 ECOWAS Member States. The establishment of GIABA, the Inter-Governmental Action Group against

Money Laundering and Terrorist Financing in West Africa, is a response to those problems. GIABA is one of the ECOWAS Specialised Agencies. GIABA was established in 2000 by the Authority of Heads of State and Government of ECOWAS to fight against Money Laundering and Terrorist Financing.

The key mandates of GIABA, include to:

- i. Protect the national economies and the financial and banking systems of Signatory States against the proceeds of crime, and combat the financing of terrorism;
- ii. Improve measures and intensify efforts to combat the laundering of proceeds of crime and the financing of terrorism;
- iii. Strengthen co-operation amongst its Members;
- iv. Ensure harmonized and concerted adoption of appropriate measures to combat Money Laundering and the Financing of Terrorism;
- v. Evaluate, through Self-Evaluation and Mutual Evaluation according to the FATF procedure, progress and the efficacy of measures; and
- vi. Encourage Member States to join GIABA.

GIABA operates through a four-organ structure, namely:

- The Ad hoc Ministerial Committee
- The Secretariat based in Dakar
- The Technical Commission
- A Network of National Correspondents.

Our strategic objectives include:

- Support the enactment of relevant legislation in all Member States, as well as ratification of relevant Conventions
- Support the establishment of FIUs
- Undertake Mutual Evaluation exercises to ascertain compliance and effectiveness of AML / CFT regimes
- Undertake typologies of possible ML trends, methods and vulnerabilities
- Promote strategic partnerships with the civil society
- Promote regional and international cooperation

International Responses

The efforts to fight against Money Laundering and Terrorist Financing are visible globally, in the various international resolutions, treaties and conventions, as well as other relevant instruments.

The work of the governmental and non-governmental organisations in this area, including that of the Financial Action Task Force, FATF, against Money Laundering, the Principles of Wolfsberg Group in Basel, are relevant and positive international standards and practices for the prevention and monitoring of the phenomenon.

The Financial Action Task Force, FATF, has taken the 40 + 9 Recommendations in response to the threat, in particular to establish a framework conducive to the monitoring and control of cash transactions. In October 2004, the FATF adopted Special Recommendation 9 on manual cash transfers. In February 2005, the FATF issued a document on best practice, encouraging countries to adopt measures to detect physical cross-border transfer of currencies and negotiable monetary instruments payable to the bearer, including declaration systems or other obligations to declare currencies.

In the region, GIABA is mandated and fully committed to protect the economies and financial systems in the member states. For that purpose, sensitisation on money laundering and terrorist financing methods and mechanisms is one of the key components of GIABA's activities. GIABA is convinced that Member States will take more vigorous and decisive actions to fight against both scourges, which put the economies and financial systems in the sub-region at risk.

Therefore, the primary objective of our Workshop is to sensitise the participants, and beyond them, the Beninese Authorities, on the need to combat more vigorously Money Laundering and Terrorist Financing in Benin. At the end of this three-day workshop, a National AML / CFT Strategy, with succinct procedures for implementation would have been developed for Benin. The establishment of its National Financial Intelligence Unit (CENTIF) is one of key requirements for a robust AML / CFT regime. Accordingly, following the enactment of the relevant legislation, one of high expectations of the outcome of this workshop is the immediate establishment of a CENTIF in accordance with acceptable international standards.

The key functions of a CENTIF are to receive, analyze and disseminate financial information that would assist law enforcement to combat crime of all nature, in particular transnational organized crime. During the course of this workshop, you will discuss the processes and procedures for the establishment and maintenance of a CENTIF. The essential requirements of a CENTIF, which I believe you will discuss in detail, include:

- It must be established by an enabling legislation
- It should be located in a secure environment
- It should be staffed with trained and competent personnel
- It must be sufficiently funded and equipped
- It must be relatively autonomous to respond rapidly to international obligation of providing and exchanging information
- It must observe confidentiality in its operations.

The effectiveness of the CENTIF depends largely on the support of stakeholders, including financial institutions and non-designated financial institutions who are obliged to render necessary suspicious financial transactions report to the CENTIF.

In this regard, this workshop is indeed timely in view of current efforts to establish the CENTIF in Benin.

The immediate objective and expected outcome of this workshop is to design a National AML / CFT Strategy for your country based on acceptable international standards and practice. The National Strategy should consist of specific objectives, relative activities to be carried out to achieve those objectives, responsible parties or institutions to pursue those objectives within specific timeframe and the success indicators. At the end of this workshop, I expect a coherent, comprehensive, integrated and simple Strategy that GIABA would support in Benin Republic. In conclusion, I wish to thank once again the authorities of the Republic of Benin for their commitment and continuous support.

I also thank our National Correspondent for her efforts in helping organize this Workshop. Finally, I would like to thank all Institutions and Governments of our Member States for their cooperation and support to GIABA' Secretariat in the implementation of our Mandate. I cannot conclude this Address without mentioning the strong support GIABA has been receiving from our development partners. Finally, I thank you all very sincerely for attending this workshop and I encourage you to make significant contributions to the discussions. I wish you success in your deliberations.

Thank you.

GIABA Secretariat

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