Keynote Address by Administrative Secretary of GIABA in Accra

Keynote address by Administrative Secretary of GIABA, at the opening of a workshop for members of the parliament of Ghana on 19 July 2006

Protocols:

Permit me distinguished Parliamentarians, Ladies and Gentlemen, to thank the organizers of this workshop for inviting me and giving me the opportunity to present a keynote address. It is always a great pleasure for me to interact with like minds on an issue of common concern. Let me begin by stating the obvious that although crime is as old as the human society itself, the new trends in money laundering activity constitute serious threats to the political stability and economic prosperity of society. No nation is immune to this threat. Nonetheless, there is a growing body of empirical and practical literature suggesting that the economies of less developed countries are at greater risks of money laundering. It is so not because they are safe havens for money laundering, but because they have weaker capacity to absorb the shocks of the menace.

In September 2005, the UNODC issued a report on Crime and Development in Africa which shows inter alia, that Africa is a target of organized crime and criminal gangs that frequently exploit post conflict situations; creating an environment that is prone to conventional crime and urban violence. The link between corruption, organized crime and money laundering makes this threat even more formidable and daunting. This is why combating money laundering and terrorism financing is on the top priority of the international community.

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, there is evidence of corruption, which 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 undercut 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.

Corruption is manifested in many ways in different societies. It is one of the concepts that are difficult to define with precision, not because it is not understood, but because it is a recurring phenomenon, complex and inherent in human endeavours. Because of the difficulties of constructing a comprehensive and acceptable definition, studies on corruption often identify specific types and patterns of behaviour and generally classify such conduct as corrupt. These include: bribery, embezzlement, favouritism, nepotism, extortion, fraud, improper political contributions, conduct creating or exploiting conflict of interest, abuse of discretion and so on. It has become necessary to expand the definition of corruption to include cases where some other public interest is threatened, usually by the seriousness of consequences. Most forms of corruption relating to trading in stocks or commodities fall into this category because they threaten the stability and credibility of markets. Over all therefore, corruption is a relative concept.

Corruption is insidious, involving often in bribery and extortion cases, the giver and taker, both of who are unwilling to reveal the occurrence of corruption. It is also complex that our understanding of the real extent of its impact especially remains limited. If corruption is a complex phenomenon, then a proper understanding of its impact must not only focus on the perpetrators, but also on the specific conditions in which it occurs.
Corruption, rule of law and sustainable development are intertwined. The absence of corruption is a necessary condition for effective rule of law and effective law enforcement. A reduction in corruption would lead to increase in the observance of the rule of law because fighting corruption would presumably result in efficient delivery of services, including rule of law and market-based institutions. Democracy is also correlated to rule of law and development, democracy enhances development when there is a focus on good governance, i.e. efficient service delivery, including rule of law.

The laundering of the proceeds of corruption constitutes a serious problem and a big challenge to the fight against money laundering and all its predicate offences. It should be understood, however, that whilst money laundering and terrorist financing constitute what one might term an 'axis of evil', there are factual differences between the two concepts. First, whilst money laundering is derived from a variety of criminal activities, terrorist finance could be derived from both legal and illegal sources. In this regard, we can say there is a nexus somewhat. Second, while on the one hand it could be argued that money laundering is profit driven, terrorism financing on the other hand is often politically motivated. In this context, we see both as serious problems that could undermine the integrity of our systems and seek for urgent ways and means to ameliorate them.

Preventing and combating corruption is intimately associated with development and achieving sustainable livelihoods. If corruption permeates the political, economic and social spheres of communities and countries, there can be few prospects for development and prosperity.

Since the formation of the League of Nations to the United Nations, the works of multilateral organizations in creating alliances to combat and contain common problems have been well documented. Regional cooperation is fundamental in helping countries in the implementation of multilateral resolutions, Protocols and Conventions in a practical way. Accordingly, following the apparent realization of the negative impact of money laundering on the economic prosperity and political stability of this region, the Authority of Heads of State of the ECOAWS established GIABA in the year 2000 with the specific mandate to inter alia:

Ensure the adoption of standards against money laundering and the financing of terrorism, which are acceptable at international level and in conformity with the FATF 40 + 9 Recommendations;

Facilitate the adoption and implementation by Member States of measures against money laundering and the financing of terrorism, taking account of specific regional conditions;

Function as a forum where member states can discuss matters of regional interest and share experiences;

Organize self-evaluations and mutual evaluations to determine the conformity level of the standards established;

Coordinate and provide support for member states;

Assist Member States in the implementation of laws against the proceeds of crime through mutual legal assistance and, also in the establishment of Financial Information Units (FIUs).

The establishment of GIABA as an FATF-Style Regional Body (FSRB) is a demonstration of the strong political commitment of member states to combat money laundering and terrorist financing and to cooperate with other concerned nations and international organizations to achieve this goal.

Combating money laundering and terrorism 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 Plan of Action), GIABA has the capacity to support its 15 member states, to combat these menaces in this region. A major strategic niche of GIABA in this direction is capacity building to regulatory, law enforcement and judicial authorities in our member states to prepare them for this battle. GIABA operates through the following four main organs,
namely:

(i) An Ad Hoc Ministerial Committee;
(ii) The Administrative Secretariat;
(iii) The Technical Commission; and
(iv) A Network of National Correspondents.

My mission here today is to issue a call for action - a reminder that individuals, institutions and governments need to do more than just pronouncing political will. We need to take practical measures and adopt dissuasive sanctions against criminals. We must do so not as a pleasure-seeking exercise, but with a view to sanitizing our societies. We need to protect our economies and attract direct foreign investment in our region. In this regard, members of the Parliament have a critical role indeed.

Our goal in GIABA is to prevent and contain these scourges in West Africa. In this connection, GIABA is a leader, not only working to ameliorate these menaces, but also in promoting a regional alliance to achieve this goal. I call on the authorities of our member states to continue to support to our National Correspondents in their respective jurisdictions toward this goal.

A strong legislative support is critical to the national efforts that your country is making to fight organized crime. Without the appropriate legislation, law enforcement would be meaningless. It is with this understanding that I commend the Government of Republic of Ghana for initiating the Anti-Money Laundering as well as the Proceeds of Crime Bills, which as it is understood, are before the Parliament. The law makers now have a challenge to consider these bills dispassionately and pass into law without delay. The passage of the law would speed up the process for a robust anti-money laundering/counter financing of terrorism efforts in Ghana. This is why I believe this workshop is very important in providing a platform for the Parliamentarians to discuss aspects of the bills informally with other stakeholders so that they would have a better understanding of the expectations of the citizens with regard to what sort of legislation is desirous. I urge you all to contribute meaningful to this dialogue.

Besides these two important bills, I would like to draw your attention to the decision of the ECOWAS Authority of Heads of State and Government during the Summit held in Niamey, Republic of Niger, in January 2006, amending the statue of GIABA to include the combat of terrorism financing.

This decision is an expression of the commitment of your Government to deal with the problem. You may therefore wish to consider enacting a stand-alone legislation on terrorism financing or including aspects of it in any of the two bills before the Parliament. This is crucial because it is one of the major recommendations of the FATF and it is also a requirement for the establishment of a Financial Intelligence Unit. This is a food for thought!

With these few remarks, distinguished ladies and gentlemen, I would like to end by thanking the Honourable Minister of Finance for his strong support and assistance to the GIABA National Correspondent in organizing this workshop. I commend the public sector reforms, including the procurement reform, which the government is diligently implementing. I believe with such reform, you would be able to meet the challenges of good governance. And you can do that by cushioning the hardships it may temporarily arise, especially on the poor.

I would not conclude this address without acknowledging and commending the Government of the Republic of Ghana for demonstrating the political will and commitment to vigorously fight against money laundering and financing of terrorism. This gathering and the presence of officials are also indicative of this commitment. Without the cooperation of you the participants, of course, there would be no workshop. I thank you all for your attention and urge you to take ownership of this process from the outset.
Lastly, but certainly not the least, I must thank members of the civil society, particularly the forth estate of the realm for their continued cooperation and support. Our efforts would not achieve the desired results without your sustained collaboration. Let us therefore salvage our region together!

Once more, I thank you all and wish you fruitful deliberations.

GIABA Administrative Secretariat

Dakar, Senegal

19 July 2006