



**ANNUAL REPORT OF THE INTER-GOVERNMENTAL ACTION GROUP  
AGAINST MONEY LAUNDERING TERRORIST FINANCING IN WEST  
AFRICA (GIABA),2006**

**GIABA** Administrative Secretariat Dakar,  
Senegal

## List of Abbreviations and Acronyms

<b>AIDB AML</b>	African Development Bank:
<b>AU</b>	Anti - Money Laundering
<b>BECEAO</b>	African Union Banque centrale des Etats de l'Afrique de l'Ouest.
<b>BOAD</b>	West African Development Bank
<b>CBT</b>	Computer Based Training
<b>CENTIF</b>	Cellule Nationale des Traitements des Informations Financiers
<b>CFATF</b>	Caribbean Financial Action Task Force
<b>COMESA</b>	Communicate Economique des Etats de l' Afrique Orientale et l'Afrique Australe
<b>COMSEC</b>	Commonwealth Secretariat
<b>CFT</b>	Counter Financing of Terrorism
<b>CTED</b>	Counter Terrorism Executive Directorate
<b>CTR</b>	Currency Transactions Report
<b>DFID</b>	Department for Foreign and International Development
<b>DND</b>	Department of National Defense
<b>ECOWAS</b>	Economic Community of West African States
<b>EFCC</b>	Economic and Financial Crimes Commission
<b>Egmont Group</b>	Group of Financial Intelligence Units
<b>EU</b>	European Union
<b>FATF</b>	Financial Action Task Force (on Money Laundering)
<b>FCO</b>	Foreign and Commonwealth Office
<b>FIU</b>	Financial Intelligence Unit
<b>FSAP</b>	Financial Sector Assessment Programme
<b>FSRB</b>	FATF-Style Regional Body
<b>FT</b>	Financing of Terrorism
<b>GDP</b>	Gross Domestic Product
<b>GIABA</b>	Groupe Inter-gouvernemental d'Action contre le Blanchiment d'Argent (Inter-Governmental Action Group against Money Laundering in West Africa)
<b>HQ</b>	Head Quarters
<b>IDEB</b>	Investment and Development Bank
<b>IMF</b>	International Monetary Fund
<b>INTERPOL</b>	International Criminal Police Organization
<b>MEQ</b>	Mutual Evaluation Questionnaire
<b>ML</b>	Money Laundering
<b>NEPAD</b>	New Economic Partnership for Africa's Development
<b>RCMP</b>	Royal Canadian Mounted Police
<b>SOCA</b>	Serious Organized Crime Agency
<b>STR</b>	Suspicious Transactions Report
<b>RIBE</b>	Regional Investment Bank of ECOWAS Member States
<b>TANA</b>	Technical Assistance Needs Assessment
<b>TOR</b>	Terms of Reference
<b>TWG</b>	Typologies Working Group

<b>UEMOA</b>	West Africa Economic Monetary Union
<b>UK</b>	United Kingdom
<b>UNSC</b>	United Nations Security Council
<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>US</b>	United States
<b>WAIFEM</b>	West African Institute for Financial and Economic Management
<b>WB</b>	World Bank
<b>WAPCCO</b>	West African Police Chiefs' Committee
<b>WCU</b>	World Customs Union

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## FORWARD

It is a great honour and privilege for me to present this report on the progress and the status of implementation of our Action Plan, it being my first annual report since I assumed duty as the Administrative Secretary of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA).

2. I would like to begin by expressing my deepest appreciation and gratitude to the Government of the Federal Republic of Nigeria for nominating me as the Administrative Secretary of GIABA. I thank the ECOWAS, particularly the Council of Ministers and the Executive Secretary for choosing and reposing confidence in me to spearhead the battle against money laundering in this region. I also thank the Senegalese Government for providing the environment for hosting the Administrative Secretariat of GIABA.

3. Money laundering and terrorism financing constitute serious threats to the peace and security of the international community. These scourges respect no national frontiers or boundaries. The threats have even become more formidable with technological advancement and globalization. A wide range of factors have been shown as supporting or contributing to the prevalence of money laundering and terrorist activities and in many cases these factors are inter-related in such a way that if one is eliminated, increased activity in another may simply take its place. We must therefore have a clarity regarding the trends and possible intermediaries of money laundering and terrorist funding.

4. The financial system, with its mechanisms and instrumentalities of shrouding transactions in secrecy is often identified as the commonest intermediary. Our understanding should go beyond this obvious vulnerability, to other typologies and vulnerabilities, such as the informal, and perhaps, unregulated sector of the economy, including alternative remittance systems and cash couriers, especially in cash based economies. Other potential causes and/or attractions for money laundering and terrorist activities include: (i) weak or failed government; (ii) alienation occasioned by poverty, mass unemployment or other related social needs; (iii) unscrupulous handling of money flows, i.e. inadequate financial regulation to detect illicit funds at the early stage; and (iv) corrupt law enforcement and inept judiciary. Corruption, economic and financial crimes tend to concentrate wealth, not only increasing the gap between the rich and the poor but also providing the wealthy with illicit means to protect their positions and interests. This, in turn, can contribute to social conditions that foster other forms of crime, social and political instability and terrorism.

5. In a globalized world, domestic problems have become transnational, including organized crime. No nation, no matter how powerful can effectively tackle these problems in isolation. Interventions by one institution or donor agency alone can achieve little. What is required is a multi-disciplinary approach drawing on the resources and expertise of all agencies involved in the fight against the scourges and promoting good governance.

6. The establishment of GIABA is one of the major responses to the threat of money laundering and it is a practical demonstration of the strong political commitment of member states to combat money laundering and terrorism financing and to cooperate with other concerned nations and international organizations to achieve this goal. The objective of 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 truly regional alliance against crime and terror.

7. Strategic partnership and donor support is therefore critical to the successful combat of transnational crime. However, assistance programmes must be based on an acute understanding of the realities of the countries to which assistance is provided and should also be predicated on certain principles.

8. Against this backdrop, I have the honour to present this report, highlighting the major activities of GIABA in the last 11 months for your consideration and adoption. Permit me to seize this opportunity to thank all our members, particularly, our National Correspondents, Members of the Technical Commission, our esteemed stakeholders and development partners and indeed the general public for their continued support and assistance.



**Abdullahi Y. Shehu**  
**Administrative Secretary**

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## CHAPTER ONE

### INTRODUCTION

Money laundering simply defined as the attempt to conceal and disguise the true origin, ownership, destination and purpose of proceeds of crime, has many negative consequences on society. Despite the absence of precise estimates, one could imagine that sizeable proceeds enter both small and large economies some how. The influence and power of organized criminal groups therefore increases, while the control and integrity of the government and major public and private institutions are correspondingly diminished. Because of the corruption-criminal nexus, money laundering can, if left unchecked, undermine the integrity of political and judicial systems and the stability and prosperity of national and international financial systems. It can also breakdown the orderliness of legitimate companies and markets, interfere with economic and other state policies, distort market conditions and ultimately create serious systemic risks and hemorrhage. Where financial institutions are involved in or tolerate money laundering, the result has been distress and collapse.

2. Following the realization of the negative impact of money laundering on the economic prosperity and political stability of the region as a whole, the Authority of Heads of State and Government of the ECOWAS established the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) in 2000 with the specific mandate to inter alia:

- Ensure the adoption of standards against money laundering and the financing of terrorism in accordance with acceptable international standards and practices, including the FA TF 40+9 Recommendations;
- Facilitate the adoption and implementation by Member States of measures against money laundering and financing of terrorism, taking into account specific regional peculiarities and conditions;
- Function as a forum where Members can discuss matters of regional interest and share experiences;

Organize self-evaluations and mutual evaluations to determine the efficacy of measures adopted, including their conformity to acceptable international standards;

Coordinate and provide support to Member States to establish and implement AML/CFT regimes, including the implementation of laws against the proceeds of crime through mutual legal assistance and, also in the establishment and maintenance of Financial Intelligence Units (FIUs).

3. Subsequently, and in response to the growing menace of terrorism financing, the ECOWAS

Authority of Heads of State and Government in January 2006 amended the Statute of GIABA, thus including the combat of Terrorism Financing as a major component and mandate of GIABA. GIABA operates through the following four main organs: (i) An Ad Hoc Ministerial Committee; (ii) The Administrative Secretariat; (iii) The Technical Commission; and (iv) A Network of National Correspondents.



4. The establishment of GIABA as a FATF-Style Regional Body (FSRB) is a demonstration of the strong political commitment of member states to combat money laundering and terrorism financing and to cooperate with other concerned nations and international organizations to achieve this goal. This commitment has been sustained over the past years through adequate funding and direction of GIABA.

### **1.1 Priorities and On-Going Programmes**

5. As the menaces of money laundering and terrorism financing increase with globalization, criminals are also becoming adaptable, taking advantage of the slightest opportunity to break the law. The gap between the rich and poor seems to contradict conventional wisdom that income disparity would close as the world economy became more integrated. This is the more reason why we must protect our economies, as well as attract direct foreign investment in our region. The goal of 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. GIABA's strategic niche therefore is to enhance the capacity of regulatory, law enforcement and judicial authorities in Member States to prepare them for this battle.

6. Since the creation of GIABA, a number of capacity building including training and awareness raising activities have been carried out in the region along with other development partners. For example, GIABA has in collaboration with the British Council trained a pool of evaluators who will soon commence a scheduled mutual evaluation of member states in accordance with the FATF 2004 modified methodology.

7. Similarly, awareness raising/sensitization seminar, as well as focused training was organized for the English-speaking countries in September 2005. With the support of the World Bank and the UNODC, a Typologies Working Group was established and is currently working on the money laundering typologies of practices, trends and risks of cash transactions, including cash couriers in accordance with the FATF Special Recommendation IX. Other technical assistance programmes and cooperation with the development partners are discussed in chapter seven.

8. Against this background, this report presents an overview of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), its establishment, functions and priorities for technical assistance; its Plan of Action and strategic niche; a review of the implementation of the report of the 5th Technical Commission Meeting, as well as the 4th Ad hoc Ministerial Committee Meeting held in Cotonou, the Republic of Benin; technical assistance activities of GIABA; statutory meetings and other missions carried out in the year; self and mutual evaluations, as well as typologies exercises; advocacy and outreach; cooperation with development partners, and the implementation of the Headquarters Agreement. The report concludes by appraising some of the challenges ahead in the coming year and beyond.

## CHAPTER TWO

### OVERVIEW OF THE SITUATION IN THE REGION AND THE INTER-GOVERNMENTAL ACTION GROUP AGAINST MONEY LAUNDERING IN WEST AFRICA (GIABA)

9. West Africa is one of the major regions on the continent of Africa with a sizeable population of over 280 million. Of this, Nigeria alone is estimated to have a population of about 150 million<sup>1</sup>. Under the auspices of the Economic Community of West African States (ECOWAS), the region consists of the following countries: Republic of Benin, Republic of Burkina Faso, Republic of Cote D'Ivoire, Republic of Cape Verde, Republic of The Gambia, Republic of Ghana, Republic of Guinea, Republic of Guinea Bissau, Republic of Liberia, Republic of Mali, Republic of Niger, The Federal Republic of Nigeria, Republic of Senegal, Republic of Sierra Leone, and Republic of Togo.

10. The region is characterized by a long political history of the English, French and Portuguese presence; hence five members of the ECOWAS are English-speaking<sup>2</sup>; eight French-speaking<sup>3</sup> and two Portuguese-speaking<sup>4</sup> respectively. The 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. One obvious source of conflict has been with regard to the exploitation and management of natural resources in some of these countries<sup>5</sup>. 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. The inaccessibility and inadequacy of the formal institutions, the apparent lack of confidence in the systems in some jurisdictions, among others, have given rise to the increasing cash transactions with its associated vulnerability for money laundering and possible funding of terrorism. It is principally in response to this threat that GIABA was established.

#### 2.1 Establishment of GIABA

II. The Authority of Heads of State and Government of the Economic Community of West African States (ECOWAS), adopted DECISION A/DEC-9/12/99 of December 1999 and formally established the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) in the year 2000 at its 24th Session in Bamako, Mali. By this establishment, GIABA is one of the specialized institutions of the ECOWAS. Consequently, at its 28th Session in

1 The results of the National Census conducted in March 2006 is yet to be released, but anecdotal evidence and estimates from previous statistics suggest this figure.

2 These are Ghana, The Gambia, Nigeria, Liberia and Sierra Leone.

3 Namely, Benin, Burkina Faso, Cote d'Ivoire, Guinea, Mali, Niger, Senegal and Togo

4 Cape Verde and Guinea Bissau.

5 For example, the exploitation of the rich diamonds in Liberia and Sierra Leone has been one of causes of the conflict in those countries. The Niger Delta region of Nigeria is also volatile due to agitation for resource control by the youths of those areas.

Accra, Ghana, in January 2005 the Authority of Heads of State approved the appointments of the Administrative Secretary and Deputy Administrative Secretary as Statutory Appointees of the ECOWAS.

## **2.2 Statute of GIABA**

12. The Authority of Heads of State and Government of ECOWAS adopted the revised statute of GIABA at its 29<sup>th</sup> Session in January 2006 in Niamey, Niger Republic. The Revised Statute enlarged the mandate of GIABA to include the fight against terrorism financing.

13. The statute empowers GIABA among others, to ensure the adoption, implementation and enforcement of internationally acceptable anti-money laundering and counter terrorism financing standards, including the Forty (40) Recommendations of the Financial Action Task Force (FATF) on Money Laundering and the Nine (9) Special Recommendations on Terrorism Financing; international instruments, including the United Nations Conventions on Transnational Organized Crime (2000), the Convention Against Corruption (2003), the 1999 Convention and other related instruments against Terrorism; the Africa Union (AU) Convention against Corrupt Practices; and the ECOWAS Protocol on the Prevention of Corrupt Practices. Specifically, the statute obliges GIABA to:

- Facilitate the adoption and implementation by member jurisdictions of internationally acceptable anti-money laundering and anti-terrorist financing measures, taking into consideration the peculiarities of the region.
- Provide a forum in which regional issues can be discussed and experiences shared among member states.  
  
Conduct self and mutual evaluation exercises to determine the level of compliance and efficacy of such measures.
- Promote effective regional and international Cooperation.
- Coordinate and provide practical support, where possible to member jurisdictions upon request.
- Assist member states in enacting laws to deal with proceeds of crime, mutual legal assistance and the establishment of financial intelligence units (FIU's).

## **2.3 Membership**

14. GIABA's Membership consists of all Member States of the ECOWAS, namely, Republic of Benin, Republic Burkina Faso, Republic of Cote d'Ivoire, Republic of Cape Verde, Republic of The Gambia, Republic of Ghana, Republic of Guinea, Republic of Guinea Bissau, Republic of Liberia, Republic of Mali, Republic of Niger, The Federal Republic of Nigeria, Republic of Senegal, Republic of Sierra Leone, and the Republic of Togo.

15. Observer status within GIABA shall be granted to African and non-African States, as well as Inter-Governmental Organizations, which support the objectives and actions of GIABA and which have applied for observer status.

16. Furthermore, the following organizations are eligible for observer status within GIABA: the Central Banks of Signatory States, regional Securities and Exchange Commissions, the West African Economic Monetary Union (UEMOA), the West African Development Bank (BOAD), the French Zone Anti-money Laundering Liaison Committee, the "Conseil Regional de l'Epargne Public et des Marchés Financiers", the African Development Bank (AIDB), the United Nations Office on Drugs and Crime (UNODC), the World Bank, the International Monetary Fund (IMF), the Financial Action Task Force (FATF) on Money Laundering, INTERPOL, World Customs Organization (WCO), the Commonwealth Secretariat, and the European Union (EU).

#### **2.4 Structure/Main Organs of GIABA**

17. GIABA operates through the following four main organs:

- (i) An Ad Hoc Ministerial Committee consisting of three Ministers responsible for Finance, Justice and Internal Affairs/Security of each Member State;
- (ii) The Administrative Secretariat, which is located in Dakar, Republic of Senegal;
- (iii) The Technical Commission, which consists of experts drawn from the above mentioned Ministries of Member States. Coordinators of the various inter-ministerial Drug Control Committees of Member States are *de jure* members of the Technical Commission; and
- (iv) A Network of National Correspondents.

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

#### **2.5 GIABA's Strategic Niche:**

18. As the problems are enormous and the challenges formidable, GIABA seeks to achieve results through a comprehensive, integrated, all inclusive, non partisan and impact-oriented niche. GIABA maximizes comparative advantage and practicalizes this niche in its programmes through:

Training and manpower development

Dissemination and promotion of acceptable international practices and standards

Support for the development of comprehensive AML/CFT framework, including support for the establishment and operation of Financial Intelligence Units (FIUs)

Research and evaluations

#### **2.6 Specific Areas for Possible Technical Assistance to Member States**

19. GIABA is committed to the implementation of its Strategic Action Plan, and depending on the challenges in the member states, the following constitute priorities for technical assistance:

Support for the enactment and strengthening of legislation against money laundering and terrorism financing in GIABA Member States

- Support for the conduct of mutual evaluation as contained in the GIABA Plan of Action
- Support for the conduct of typologies exercises. In the meantime the following typologies subjects may be considered for action:
  - typologies of cash transactions in west Africa
  - typologies of small arms
  - corruption-money laundering nexus
  - typologies of mineral resources. The focus is on the vulnerability and impact of these trends for possible money laundering and terrorism financing
- Dissemination and promotion of international best practice through awareness raising, conferences, workshops and seminars
- Support for the establishment of FIUs where none is in existence and strengthening the capacity of existing ones in GIABA Member States.

## CHAPTER THREE

### IMPLEMENTATION OF THE 5<sup>TH</sup> TECHNICAL COMMISSION AND 4<sup>TH</sup> AD HOC MINISTERIAL COMMITTEE REPORT

20. The Fifth Technical Commission and Fourth Ad hoc Ministerial Committee Meetings were held in Cotonou, Benin Republic on 29-30 May and 31 May to 1 June 2006. At the opening of both meetings, the Administrative Secretary presented a ten point priority setting for GIABA, as follows:

- (i) The recognition of GIABA as a FATF- Style Regional Body (FSRB);
- (ii) Review of the implementation of the GIABA Action Plan for 2004-2006 and the elaboration of a new Strategic Plan of Action for 2007 -2009 to meet Current challenges;
- (iii) The conduct of mutual evaluation of member states as planned;
- (iv) The conduct of typologies exercises;
- (v) The re-organization and strengthening the capacity of the Administrative Secretariat;
- (vi) The delisting of Nigeria from the FATF list of Non-Cooperative Countries and Territories (NCCTs) and ensuring that no other GIABA member state is placed on that or any other black list;
- (vii) Increase cooperation with other regional and international organisations, including the donor community and multilateral development institutions to advance and progress action against money laundering and the financing of terrorism;
- (viii) GIABA to continue to facilitate concerted action to harmonise appropriate measures against ML / FT legislation and the provision of technical assistance to strengthen the capacity of National Focal Points and FIUs; especially;
- (ix) Increase cooperation with the private sector, particularly financial institutions and other vulnerable intermediaries in the context of comprehensive and integrated approach to the prevention and control of money laundering and combating of terrorism; and
- (x) Setting high moral and ethical standards and exemplary leadership to ensure transparency and accountability within the GIABA Secretariat; and to inspire more confidence of member states and international development community in the

21. The 5<sup>th</sup> Technical Commission considered the reports of the GIABA Administrative Secretary, National Correspondents, Heads of Financial Intelligence Units and progress report on the delisting of Nigeria, as well as the report of the GIABA Working Group on Typologies and presented its own report to Ad hoc Ministerial Committee with the following recommendations:

1. That the issue of the recognition of GIABA as a FATF -Style Regional Body (FRSB) be pursued at the next FATF plenary in June 2006 in Paris;
2. The delisting of Nigeria from the FATF NCCTs list;
3. The signing, by Member States, of the UNODC Project 1-25 Agreement;
4. The establishment in each member state of an Inter-Ministerial Committee consisting of Representatives of Ministries involved in the combat against money laundering and financing of terrorism to be coordinated by the National Correspondent;
5. The introduction of *AML/CFT* Laws in conformity with FATF standards and the establishment of Financial Intelligence Units;
6. The provision by Member States of various and adequate support for National Correspondents to enable them fulfill their mission in the best conditions;
7. GIABA to explore the possibility of payment of expenses incurred by statutory members of the Technical Commission of GIABA at plenary meetings;
8. The participation of at least two members of the GIABA Working Group on Typologies in some FATF and other FRSB meetings as deemed necessary;
9. The hiring of a competent and experience Consultant to advise the GIABA Working on Typologies;
10. To constitute two project teams from the Working Group to visit Member States to identify and authenticate and complete data by the National Correspondents and their technical committees;
11. The organisation of regular meetings among the FIUs within the region under the auspices of the Secretariat.

22. The Ad Hoc Ministerial Committee held its 4th statutory meeting on 1<sup>st</sup> June 2006. The Ministerial Committee considered the report of the Technical Commission, appraised the activities of the GIABA Secretariat and adopted a revised mutual evaluation calendar. The Committee directed Member States to establish an Inter Ministerial Committee on GIABA in order to facilitate the coordination of GIABA's activities in each member state. It also adopted the resolutions and recommendations of the 5th Technical Commission, with the following observations:

- a. That the GIABA National Correspondents be strengthened by the establishment of Inter Ministerial Committees. Where there are none in existence, Ministries and Extra-Ministerial Departments involved in efforts and actions against money laundering and terrorism financing in the respective Member States, should be included as well as the Ministry responsible for ECOWAS matters;
- b. That the Secretariat should provide a list of all Member States that have established such Inter-Ministerial Committees at the next meeting.
- c. That West Africa should not be referred to as a sub-region but a region in Africa

- d. The efforts being made by member states to establish FIATF, in particular, Republics of Ghana and Sierra Leone, were noted and other Members were enjoined to expedite action in that direction;

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- e. The Committee mandated the Secretariat, to pursue the issues of GIABA recognition as a FATF-FSRB, as well as the delisting of Nigeria from the FATF NCCTs list at the forthcoming FATF Plenary in June ;2006

23. Some modest achievements in the implementation of the decisions of the 5th Technical Commission and 4th Ad hoc Ministerial Committee Meetings include:

**(a) The recognition of GIABA as a FSRB**

24. The XVII Plenary Meeting of the Financial Action Task Force (FATF) on Money Laundering was held at the OECD Headquarters in Paris on 19-23 June 2006. At this meeting, following a report by the Secretariat informing the Plenary that GIABA had met all the criteria for recognition as a Regional Style Body (FSRB), the Plenary decided unanimously to accord such recognition to GIABA as a FSRB.

25. The recognition gives GIABA the opportunity to network and promote synergy and robust cooperation with the FATF, other FSRBs, concerned member states and other international bodies in the global fight against money laundering and terrorism financing. Besides, it enables our development partners to strengthen their partnership and support to GIABA. Beyond these, of course, is an inspiration for GIABA to focus on its role as a FSRB, including the conduct of typologies exercises and mutual evaluation of its members.

**(b) Removal of Nigeria from the FATF NCCTs list**

26. Also at the June 2006 FATF meeting, following the report of the FATF Evaluation Review Group on Nigeria, which confirmed the progress Nigeria had made in meeting complying with international standards on anti-money laundering and counter financing of terrorism, the Plenary decided unanimously to remove Nigeria from the FATF NCCTs list and to monitor the situation in Nigeria for one year.

27. The removal of Nigeria, an active member of ECOWAS and GIABA, is a welcome development because the suspicion often given to transactions emanating from or into a country on the NCCTs list would no longer apply to any of our members. It is also an indication of the confidence restored on Nigeria and indeed the whole of this region to be able to attract direct foreign investment. Further more, it is an encouragement to the Government and people of Nigeria to sustain the momentum of the Current anti-corruption and governance reforms in the country and for other West African countries to continue with their own reforms. Thus, we will continue to work within the framework of the international integers to promote the interests of our member States and to ensure that none of them is black listed.

28. In both cases above, Nigeria and GIABA went through a 'tortuous' but objective assessment and we are happy with the final outcome. We commend the FATF for ensuring transparency and objectivity in its decisions and renew our confidence in the work of the FATF.



### 3.1 Strategic Action Plan

29. The GIABA2004-2006 Action Plan was adopted by the ECOWAS Council of Ministers, at its fifty second session held in Abuja, Nigeria from 16<sup>th</sup> -17<sup>th</sup> July, 2004. This Plan will terminate in December 2006. In order to reposition GIABA to face the challenges of a FSRB, it has become necessary to review the implementation of the Plan and elaborate another Action Plan that would facilitate the work of GIABA in a professional and credible fashion.

30. As the Plan aims to address all concerns within the region, it is crucial that Member States are involved in the process of developing such a document from the onset in order to take full ownership and implementation responsibilities. Developing a Plan of Action requires significant expertise in AML/CFT measures, especially from those who have been involved in implementing such measures at the national level. Accordingly, the Secretariat convened an Expert Group meeting on 16-17 August 2006, in Dakar, Senegal. The terms of reference of the Expert Group included the following:

- Appraise the possible money laundering vulnerabilities in West Africa and recommend appropriate regional responses within the framework of GIABA
- Define the overall, immediate and long term objectives for GIABA over a three year period (2007 – 2009)
- Recommend related activities (based on international standards) that could be carried out within the remit of the mandate of GIABA over the three years
- Recommend specific strategies for the implementation of the identified activities and actualisation of the objectives
- Recommend coordination mechanisms in the implementation of the Action Plan
- Explore the possibilities of incorporating other derivative money laundering predicates, including corruption, drugs and human trafficking and other forms of organized crime in the regional strategic framework of GIABA
- Recommend resources required for the implementation of the Strategic Plan
- Make any recommendations that would facilitate and enhance a robust regional alliance against these phenomena in West Africa.

## CHAPTER FOUR

### REPORT OF THE EXPERT GROUP MEETING ON THE GIABA

#### ACTION PLAN 2007-2009

31. A summary of the report of the Expert Group Meeting is presented in the following section.

#### **4.1 Review and Appraisal of GIABA Action Plan, 2004 - 2006**

32. A review of the Action Plan for 2004-2006 revealed that some of the objectives set out in the Plan were either accomplished fully or partially. The highlights of the achievements made include the following:

- The GIABA Secretariat was established and became functional in 2005.
- Regular Meetings of the Technical Commission and Ad Hoc Ministerial Committee were held.
- The Headquarters Agreement for the hosting of GIABA was signed in March 2006 between the Government of Senegal and the ECOWAS.
- GIABA has an approved operational budget.

The UEMOA countries have, at the level of the Authority of Heads of State and Government, adopted harmonized guidelines on AML legislation although two (2), namely Burkina Faso and Togo, of the eight (8) Member States are yet to enact AML laws conforming to international standards.

All ECOWAS Member States, with the exception of Liberia, have criminalized drug related money laundering.

- Four (4) countries have established FIUs while a fifth has enacted a law establishing an FIU<sup>6</sup>.
- GIABA achieved some success in the area of regional and international cooperation, the most significant of which were its official recognitions as FSRB and the removal of Nigeria from the FATF NCCTs.

33. Significant and commendable as the above achievements were, there were several areas in which key objectives were only partially met or were not met at all. Thus, implementation of the 2004 - 2006 Action Plan had' mixed outcomes. Some of the pending issues include:

<sup>6</sup> Only the Nigerian and Senegalese FIUs are effectively operational Those of Niger and Sierra Leone are still in the process of being set up, with ail necessary infrastructures, including key personnel already deployed,

Enactment of AML/CFT Laws and regulations - there are inadequacies in AML laws enacted while some member countries are yet to enact them. No Member State has enacted a separate law on CFT.

Although the establishment of functioning FIUs is critical for combating money laundering and financing of terrorism, only four (4) member states have established FIUs. Moreover, no member state is a member of the Egmont Group or of the FATF.

- Although GIABA Administrative Secretariat had established a register of all National Correspondents in order to facilitate regional and international cooperation on AML/CFT issues, reports received from some member states indicated that the Correspondents were not functioning adequately. Reported constraints included inter-agency rivalry and lack of facilities. Furthermore, the criteria for the appointment of a GIABA National Correspondent were yet to be worked out.
- Only very few countries returned their self-assessment questionnaire forms to the Secretariat.
- Although the ECOWAS Council of Ministers had approved a mutual evaluation calendar for GIABA Member States, the actual assessment exercise was yet to start.
- Not much progress was made in the ratification and domestication of international instruments on AML/CFT.

## **4.2 Outstanding problems and emerging issues**

34. From the above review and performance appraisal of the 2004 - 2006 Action Plan, it is clear that GIABA's pursuit of its mandate is beset with constraints. The sources of the constraints include:

- Inadequate AML/CFT infrastructure in member states.
- Limited Stakeholder awareness of AML/CFT issues and GIABA's activities.
- Inadequate financial and technical resources in some member countries to undertake robust AML/CFT initiatives.
- Money laundering vulnerabilities in West Africa. The problem of money laundering vulnerabilities in West Africa is deep-seated and pervasive. It, therefore, requires further articulation here. The sources of this problem include the following:
  - The pervasive cash orientation of the economies of West African countries;
  - The large and growing informal sector (variously called the "black market" the underground/parallel/unofficial/alternative economy). Activities in this sector are characterized by varying degrees of opacity, anonymity, illegality and criminality and thus lend themselves easily to money laundering operations;
  - The pervasive and deeply entrenched incidence of corruption;

The undue dependence on extractive industries by most member states - oil and minerals - with a large potential for rent-seeking activity and warping effects on morality;

Weak criminal justice systems and lack of diligent prosecution of culprits.

- Political and economic fragility;
  - Weak financial systems and institutions;
  - The large size of the public sector and undue dependence thereon by the private sector for business;
- The free movement of persons and services guaranteed under ECOWAS protocols.
- Poor governance systems and practices in both the public and private sectors;
  - The high incidence of poverty and consequent pressure to cut corners to make ends meet;
  - Shortage of AML/CFT skills in the region;
  - The downside risks and "backlash effects" of liberalization, globalization and technological advances which have facilitated frauds and other economic crimes while making detection more difficult;
  - Differentials in the level of AML/CFT infrastructures in member states and in the progress of reform to achieve international standards.

35. These vulnerabilities are real and need to be taken into account, even if not fully addressed, in any meaningful Strategic Plan at both the national and regional levels.

### **4.3 Key elements of the 2007- 2009 Strategic Plan**

#### **4.3.1 Context**

36. This Strategic Plan has been designed against the background of the outstanding problems and emerging issues from the implementation of the 2004 - 2006 Action Plan. It also takes into account recent developments within the Region and in the International AML/CFT regime. Thus, the Plan seeks to deal not only with the unfinished agenda carried over from the old Plan, but also to address emerging regional and international imperatives.

#### **4.3.2 Mission Statement**

37. To promote concerted actions in the design and diligent implementation of harmonized AML/CFT regimes in West Africa, consistent with international standards.

#### **4.3.3 Vision Statement**

38. GIABA is committed to be a leader in promoting a regional alliance against money laundering and financing of terrorism.

#### 4.3.4 Strategic Objectives

- Implement Headquarters Agreement;
- Ensure the enactment/upgrading of anti-money laundering laws and the enactment of separate laws on combating financing of terrorism;
- Ensure the establishment of Financial Intelligence Units (FIUs) where they do not already exist and strengthen those in existence;
- Promote and develop strategic partnerships;
- Implement the approved Self-Assessment and Mutual Evaluation Programme;
- Undertake typologies exercises and studies on money laundering and terrorist financing practices, trends, and threats;
- Strengthen regional and international cooperation.

#### 4.4 Key Plan Benchmarks and Strategies

**(i) OBJECTIVE 1 - Implement Headquarters Agreement**

Key Performance Benchmark

- Provision of suitable office and residential accommodation and adequate security latest by March 2007.

Strategy

- Effective communication and engagement with host Government.

**(ii) OBJECTIVE 2 - Ensure enactment/upgrading and implementation of anti-money laundering laws and the enactment of separate laws on combating financing of terrorism.**

Key Performance Benchmarks

- Enactment /upgrading of AML laws latest by June' 2001.
- Enactment of separate CFT laws latest by December 2007.
- Progress reports by Member States on AML/CFT legislation efforts.

Strategy

- Stepping up of the advocacy and sensitization efforts by GIABA.
- Provision of support to member states in legislative drafting.
- Effective stakeholder management.

**(iii) OBJECTIVE 3** - Ensure the establishment of FIUs where they do not already exist and strengthen those in existence.

· Key Performance Benchmark

FIUs to be established and fully functional in all member states latest by June 2008.

Strategy

GIABA will carry out technical assistance needs assessment and provide structured and coordinated assistance to member states in the establishment or strengthening of FIUs, as appropriate.

· Encourage and support member states to enact legislation ensuring the operational independence of the FIUs.

Enhance technical capacity through training and provision of technical equipment.

**(iv) OBJECTIVE 4** - Promote and Develop Strategic Partnerships

· Key Performance Benchmarks

· Increased stakeholder awareness of AML/CFT issues.

· Increased resource availability.

· Increased number of functional Inter-Ministerial Committees.

· Increased all-round compliance with international AML/CFT standards.

· Strategy

Carry-out awareness raising and public enlightenment campaigns through conferences, seminars, workshops, etc

· Promote the establishment of Inter-Ministerial Committees in Member States and the effective coordination of national efforts.

Take all necessary measures, including provision of technical and financial assistance for the activities of National Correspondents to make them function as intended.

Promote better cooperation with the organized private sector, the news media, community - based associations and NGOs.

Cooperate with other integers especially international development institutions and the donor community.

**(v) OBJECTIVE 5** - Implement the approved Self-Assessment and Mutual Evaluation Programme.

- Performance Benchmarks
  - Number of Assessors trained.
  - Number of Self-Assessment exercises carried out satisfactorily.
  - Number of mutual evaluation exercises carried out satisfactorily.
  - The quality of evaluation reports produced.
- Strategy
  - Train Assessors for both Self- Assessment and Mutual Evaluations.
  - Draw up and implement a programme for identifying deficiencies in AML/CFT regimes and ensuring that the observed deficiencies are addressed

**(vi) OBJECTIVE 6** - Undertake typologies exercises and studies on money laundering and terrorist financing practices, trends and threats.

- Performance Benchmarks
  - At least one typologies exercise carried out each year.
  - Typologies reports produced.
- Strategy
  - Identify leading typologies themes.
  - Draw up a programme of action.
  - Train typologies project teams.

**(vii) OBJECTIVE 7** - Strengthen Regional and International Cooperation

- Performance Benchmarks
  - Number of member countries that have ratified and domesticated international instruments and good practice during the Plan period.
  - Number of FIUs in the region that have attained Egmont Group and FATF membership.

- Attainment of associate FATF membership by GIABA.
- Level and type of cooperation and support received from regional and international organizations and development partners.
- Increased visibility of GIABA as a leader in promoting a regional alliance against money laundering and financing of terrorism.
- Strategy
  - Pursue a strong advocacy role and undertake effective stakeholder management to promote the ratification and domestication of international instruments and good practice by member states.
  - Promote the exchange of information, intelligence and evidence among member states and with other jurisdictions.
  - Facilitate investigation of cases and diligent prosecution of criminals.
  - Participate in regional and international events aimed at promoting global efforts to combat money laundering and financing of terrorism.
  - Undertake pro active image management to engender a better and more favourable perception of member states on AML/CFT issues by the international community.

#### **4.5 Implementation Issues**

39. Although efforts have been made in this document to articulate a comprehensive, internally consistent and credible strategic plan, it is only diligent implementation that will ensure that the set strategic objectives and targets are met and that the Plan delivers on its promise. Consequently, the following imperatives for diligent and disciplined implementation of the Strategic Plan are highlighted:

- "
    - Linking the Strategic Plan to the annual operating plan such that the budget reflects and accommodates the priorities of the Strategic Plan.
    - Mobilization of adequate resources and their optimal and prudent deployment.
    - Proper phasing and sequencing of activities as indicated in the Plan.
    - Effective stakeholder management to engender a sense of ownership and responsibility for results.
    - Capacity building and effective capacity utilization at all levels.
  - "
    - Exploiting opportunities for regional synergy.
- Demonstrable political will to pursue and sustain various initiatives to drive the development of robust AML/CFT infrastructures.



- Need to ensure even progress by all Member States towards international AML/CFT standards and to avoid a situation where there are non-performers or laggards which undermine the efforts of the region as a whole.
- Design and implement a credible system of incentives to encourage performance by member states.
- Adequate empowerment of GIABA Administrative Secretariat to enable it fulfills its mandate.
- A robust monitoring system both at the level of GIABA and those of Member States to determine the performance status of various initiatives and what corrective action should be taken.
- Flexibility in Plan implementation to allow for modifications in strategic objectives, related activities and strategies dictated by emerging issues.

#### **4.6 Towards promoting and enhancing a robust regional alliance against organised crime and money laundering in West Africa**

40. Concerted and laudable efforts have been made in West Africa in recent times towards putting in place AML/CFT regimes consistent with international standards. The recent delisting of Nigeria from the group of Non-Cooperative Countries and Territories (NCCTs) and the official recognition accorded GIABA as a FSRB at the FATF Plenary in June 2006 are indicators that the relevant international bodies acknowledge the progress that has been made by the region in supporting the global alliance against money laundering and financing of terrorism. The various measures and strategies envisaged under the 2007 - 2009 Strategic Plan are designed to advance the movement towards international AML/CFT standards and put the region on a higher pedestal of compliance.

41. It is noted that the AML/CFT approach adopted in the regional agenda is based on the international prevention/law enforcement model which seems to deprive offenders of ill-gotten gains and check avenues of financing of terrorism.

42. Nevertheless, money laundering and its predicates are symptoms of deep-seated social problems. Furthermore, although taking profits out of crime and the sources of financing of terrorism serve as potent preventive and repressive measures, there is a need to put these efforts in a wider context and strengthen them by initiatives that go to the roots of the predicate crimes.

43. Thus, there is a need to adopt a comprehensive multi-dimensional and inter-disciplinary approach, encompassing simultaneous actions in governance, macroeconomic policy and other reforms. These complementary actions should serve to drastically reduce the pressures, opportunities and justifications for criminal activities. In other words, there is need to deal not only with the symptoms but also the causes and sources of the predicate crimes. This is a major challenge not only to Member States but also to other jurisdictions and stakeholders.

44. Indeed such a paradigm shift is consistent with any meaningful initiative for ensuring the credibility, effectiveness and sustainability of AML/CFT regimes and is worth pursuing.

## CHAPTER FIVE

### TECHNICAL ASSISTANCE/SUPPORT TO MEMBER STATES

45. During the year under review, GIABA, in collaboration with the UNODC under Project I-25 - *Strengthening Regional-- Capacity against Money Laundering in West Africa* supported member states in the spirit and letter of the project, which consists of:

- Support for the establishment/strengthening of legal and institutional framework against money laundering and terrorism financing for all ECOWAS Member States;
- Collecting and analyzing data information and mechanisms on the vulnerability of informal economic and financial crimes in three countries with a view to designing investigative tools tailored at investigations in cash-based economies;
- Developing national AML/CFT strategies through national multi-disciplinary committees;
- Building local capacity in these national entities involved in the fight against money laundering and terrorism financing through the delivery of specialized training courses and typologies exercises.

46. A summary of activities carried out under the project I-25 include the following:

- 1) February 2006 - Study Tour by the Senegalese CENTIF to Lebanon: Lessons learned include sharing of best practice, and in particular experience about setting up of a FIU.
- 2) March 31 - April 7, 2006 - seminar in conjunction with the US Treasury on AML/CFT pilot programme in Niger Republic: This seminar provided a forum for stakeholders to discuss the establishment of a FIU.
- 3) 24-30 June 2006 - installation and pilot testing of Computer Based Training (CBT) programme phase 1 and training of Niger CENTIF staff on the running of the CBT
- 4) July 10-13 2006 - Stakeholders' workshop on AML/CFT in Freetown, Sierra Leone: A draft National AML/CFT Strategy for Sierra Leone produced; The FIU established, which is domiciled in the Bank of Sierra Leone.
- 5) July 19-21, 2006- workshop for select Parliamentary Committee on AML/CFT in Ghana: The workshop reviewed the draft AML Law and contacts made with the relevant authorities, including responsible Ministers and the Parliament to ensure that the law is passed soon and the FIU created.
- 6) July 31 -August 1, 2006 - Meeting of GIABA WGT in Abidjan, Cote d' Ivoire: reviewed the WGT Terms of Reference.
- 7) September 4-7, 2006 - Study Tour for Niger CENTIF to Mauritius: learned best practice and operations of FIU.
- 8) October 16-17, 2006 - Workshop on harmonized legislation on Financing of Terrorism for UEMOA Members with BECEAO.

47. The following activities are scheduled for implementation before the end of 2006 under the Project.

- GIABA Workshop on Financing of Terrorism, Niamey, 22-23 November 2006
- Meeting of the GIABA Working Group on typologies
- Study tour for Nigerian FIU staff:  
Study tour for Sierra Leone FIU staff.

### **5.1 Advocacy Visits to Member States**

48. As a practical demonstration of his commitment to maintain close contact and cooperation with member states, the Administrative Secretary undertook advocacy visits to Senegal, Sierra Leone, Ghana, and Nigeria. During these visits, the Administrative Secretary met with key officials responsible for AML/CFT measures in those countries and stressed the need for more commitment by states to AML/CFT implementation in accordance with international acceptable standards. The meetings, which spanned across the Executive and Legislative arms of the Government, were aimed at motivating quick action on the promulgation and implementation of legislation and regulations. The impact of this is reflected in the efforts taken by member states to enact legislation, increased funding and support to AML/CFT institutions and stronger political commitment.

### **5.2 West African Police Chiefs' Committee (WAPCCO) Meeting, 23-24 August 2006**

49. The 8th WAPCCO Meeting took place at the Hotel Ivoire, Cote d'Ivoire, and it was attended by 11 Police Chiefs from Benin, Burkina Faso, Cote d'Ivoire, Gambia, Ghana, Guinea, Liberia, Mali, Nigeria, Senegal and Sierra Leone. Other participants included the ECOWAS Executive Secretariat, the Interpol General Secretariat, Interpol Sub-Regional Bureaus for West and Central Africa, Eastern Africa and Southern Africa; and GIABA.

### **5.3 Meeting of Ministers Responsible for Security in West Africa - 25th August 2006**

50. The WAPCCO Meeting was followed by the Meeting of Ministers responsible for security.

**Outcome:** Both meetings resulted in the following:

- The AS made presentations to both the Police Chiefs and the Ministers meetings outlining the establishment, objectives, mandate and functions of GIABA and reiterated the need for cooperation between GIABA and the Sub-Regional Bureau, as well as with the National Police of Members;

The Ministers adopted the decisions and recommendations of the Police Chiefs, including the need for ECOWAS to defray the annual subscription of members in arrears.

#### **5.4 The 5th National Seminar on Economic Crime, Abuja, Nigeria**

51. The Executive Session of the Seminar, which theme was on "Good Governance and Sustainable Fight against Economic Crime, was declared open by President Obasanjo, who was represented by General Abdullahi Sarki Muktar (rtd), the National Security Adviser. He reiterated Nigeria's commitment to good governance and the combat of economic and financial crimes.

52. The Special Guest of Honour and Guest Speaker, H.E Mr. Paul Kagame, President of the Republic of Rwanda, in his own speech, thanked the Government of Nigeria and particularly the EFCC for inviting him to share his experiences in governance reforms with Nigeria.

53. He reiterated the improvement in the quality of life of the citizenry, political ethics and the elimination of those conditions that facilitate corruption as some of the indicators of good governance. He further stated that fighting corruption, though a difficult task is not impossible with genuine political will. Drawing from good practice around the world, including the establishment of an Anti-Corruption Action Plan with the support of the Asia Development Bank in the Asia Pacific Region, he observed that regional bodies, such as the AU and the AFDB have significant role to play. He further observed that the AU- NEPAD and the AU Convention against Corrupt Practices are instruments for promoting good governance, but regretted that only 15 countries had ratified the Convention as at August 2006.

54. President Kagame concluded by outlining the measures taken by Rwanda since 1994 to redefine the political culture, including the elimination of practices that promoted corruption in public procurement and the monetization of fringe benefits to public officeholders. He stated that although there was strong resistance to the reforms, the measures succeeded to a large extent because the government was equally strongly committed.

#### **5.5 Mutual Evaluation**

55. Based on the approved mutual evaluation plan of GIABA, the FATF approved Mutual Evaluation Questionnaires (MEQs) have been despatched to the Federal Republic of Nigeria, the Republic of Senegal and the Republic of Cape Verde. Upon completion of the questionnaires, onsite visits to those countries will be undertaken some time early next year. Whilst GIABA is wholly undertaking the evaluation of Nigeria and Senegal, it will collaborate in the evaluation of Cape Verde with the IMF, where the IMF is already carrying out a Financial Sector Assessment Programme (FSAP).

56. Further more, the Secretariat participated in the United Nations Security Council (UNSC) Counter Terrorism Executive Directorate (CTED) evaluation on-site visits to Mali on 02-06 May 2006 and Nigeria on 13-18 November 2006, to monitor those countries' Implementation of the UNSC resolution 1373. The reports of these evaluations will be shared after necessary clearance. The approved GIABA mutual evaluation calendar is attached as annex 'A'.

#### **5.6 Typologies Exercise**

57. The purpose of typologies of money laundering is to determine practices, trends and risks of laundering proceeds of crime through any chosen intermediary. A meeting of the GIABA

Typologies Working Group (TWG) was held in Abidjan in July, during which members agreed to undertake typologies of cash transactions in this region. A concept paper, outlining the specific objectives, expected outcomes and methodology has been drafted by the Secretariat. It should be noted that typologies exercise is one of the main functions of a FSRB. A regional Consultant has been hired to guide the WG as recommended during the 5th Technical Commission Meeting.

## **5.7 Enactment of Legislation**

58. In accordance with the directive of the ECOWAS Authority of Heads of State and Government, all member states are by December 2006, expected to enact laws in conformity with the revised AML/CFT standards and relevant international instruments on AML/CFT. However, in some Member States CFT Laws are still being drafted, while in others, Bills have been forwarded to the Parliament /National Assembly for promulgation into law.

59. The Secretariat continued with efforts to support Member States to enact or improve legislation against money laundering in accordance with international standards. Whilst Ivory Coast, Senegal, Niger, Guinea Bissau and Benin have adopted the UEMOA uniform law; Burkina Faso and Togo are still not up to date with regard to legislation against money laundering.

60. Nigeria, Sierra Leone, and Cape Verde also have laws that conform to standards. Whilst the Gambian law requires improvement, Ghana and Liberia are yet to adopt legislation against money laundering. Efforts are however, on-going in all these countries to enact laws as soon as possible, while those with legislation have since commenced implementation.

61. With regard to financing of terrorism, draft legislation has been sent to Member States and Development Partners. The Deputy Administrative Secretary (DAS) undertook a mission to Algiers to discuss the draft with the African Centre for the Study of Terrorism, who found the legislation comprehensive, and has agreed to translate it into the Arabic language for the benefit of other African countries. This draft will be discussed at a workshop scheduled for 22-23 November 2006.

62. A seminar was organized by the Central Bank of West African States (BCEA) on 16-17 October 2006 in Dakar to the Directive No. 07/2002/CMIUEMOA of 19 September 2002 relating to the fight against money laundering, of the uniform law thereon of 20 March 2003 and of Regulation N° 14/2002/CMIUEMOA of 19 September 2002 on the freezing of assets of terrorist persons, bodies and entities within the framework of the fight against terrorism financing. It is expected that this directive, once adopted would oblige the implementation of a law against terrorism financing throughout Member States of UEMOA within six months. The seminar was attended by stakeholders in Member States drawn from the Ministries of Finance and Justice as well as National Financial Information Processing Units, the Financial Sector, The WAEMU Commission, GIABA, UNODC, the Bank of France, the US Treasury, and the Bank of Central African States.

### 63. Summary of Country Statuses on AML/CFT Legislation and Implementation

**Benin:** The National Assembly passed the Bill on Anti- Money Laundering in June 2006.

**Burkina Faso:** The law has not yet been passed. The draft is still-pending in the Ministry of Security. Burkina Faso has completed a self evaluation questionnaire.

**Cape Verde:** The Money Laundering Law is being revised to conform to the FATF requirements, including the criminalization of illicit traffic in narcotics drugs.

**Cote d'Ivoire:** Cote d'Ivoire has enacted a law on the establishment and operation of a Financial Intelligence Unit. The Authorities have completed the self assessment questionnaires which made it possible for the unit to take stock of the money laundering situation in the country. The Government has also provided funds to the GIABA National Unit for sensitization campaigns on radio and Television.

**The Gambia:** The Gambia has legislation against money laundering but that legislation requires improvement to conform to international standards. The establishment of a Financial Intelligence Unit is high on the government agenda.

**Ghana:** A draft AML/proceeds of crime legislation as well as legislation for the establishment of a FIU have been approved by the Cabinet.

**Guinea:** A national action plan to combat money laundering and terrorist financing and the awareness raising on money laundering and a sensitization programme has been developed. The money laundering law has been amended and the draft sent to parliament for consideration. There are on-going plans for the establishment of a FIU.

**Guinea Bissau:** Guinea has a legislation which conforms to FATF requirements. A national technical committee on money laundering has been set up.

**Liberia:** There is no legislation on money laundering and terrorist financing as yet, in Liberia. The country is undergoing major structural reforms after the civil war ended and a new government elected.

**Mali:** Mali has adopted the harmonized draft law, one which is guided by BCEAO. There is a coordination unit in the fight against money laundering. The setting up of FIU is pending.

**Niger:** Niger has adopted the harmonized UMOEA Law, which is a legislative framework and provides for the establishment of a Financial Intelligence Unit to coordinate the fight against money laundering. However, the FIU, or CENTIF, as it is known in Niger, is not yet fully operational because it has not yet started receiving and processing suspicious declarations.

**Nigeria:** Nigeria has made progress in terms of fighting against money laundering and the financing of terrorism. Many large-scale actions were also realized to delist Nigeria from the FATF black list and move from observer to full membership status in the Egmont Group by first quarter of

2007. All the relevant conventions on AML/CFT have been ratified and enforced and there have also been exchange of intelligence among the various security agencies.

The NFIU is the first to be established in West Africa and it is fully functional. The Nigerian Financial Intelligence Unit has drafted an Action Plan for 2005-2008. The NFIU will soon begin to implement an online reporting system of STRs and CTRs and increase awareness of FIU activities in designated non-financial institutions and increase the number of ML/TF investigations and prosecutions flowing from STRs and CTRs received.

**Senegal:** The Uniform Law against Money Laundering was adopted by the Senegalese Parliament in February 2004, while the decree establishing the national CENTIF was signed in August 2004. CENTIF is operational and enjoys full autonomy in dealing with suspicious declarations submitted by the reporting agencies.

**Sierra Leone:** All international Conventions on money laundering and the fight against terrorism have been signed. The Anti-Money Laundering Act has also been enacted by Parliament with a task force being set up to implement the Act. The AML Act establishes the FIU, which is domiciled in the Bank of Sierra Leone. A National AML/CFT Strategy has also been drafted.

## CHAPTER SIX

### STATUTORY MEETINGS

64. During the period under review, the Secretariat organized or participated in the following statutory meetings:

**a) GIABA 5th and 6th Technical Commission and 4th Ad hoc Ministerial Committee Meetings**

65. In accordance with article 11 of GIABA, the above annual/statutory meetings were held in Cotonou, Benin Republic on 29 May to 1 June 2006 and Niamey, Niger Republic on 20-21 November 2006. The major decisions and implementation of the report of these meetings had earlier been discussed in chapter three. The Secretariat also participated in all ECOWAS statutory meetings as required.

**b) F ATF Plenary Meetings**

66. The FATF is an inter-governmental body aimed at setting acceptable standards and promoting concerted efforts and actions in the enforcement and implementation of those standards and best practice globally. Membership of the FATF is drawn from all regions of the world based on set criteria. As at today, no single country in this region is either an observer or member of the organization. GIABA represents this region as a FSRB to promote cooperation between our members and the international community in the fight against money laundering and financing of terrorism. During the past one year, GIABA participated in the XVI, XVII and XVIII Plenary Meetings of the FATF held in Cape Town, South Africa (February 2006), Paris, France (June 2006) and Vancouver, Canada (October 2006) respectively. These meetings resulted in major decisions favourable to our member states, including the recognition of GIABA as a FSRB and the delisting of Nigeria from the FATF NCCTs list.

**c) The Egmont Group Meeting 2006**

67. The 2006 statutory meeting of the Egmont Group was held in Lemossol, Cyprus, on 12-16 June 2006. The Egmont Group is a network of Financial Intelligence Units (FIUs) that meets regularly to review international cooperation in law enforcement against money laundering and terrorist financing.

68. No West African country is a member of this Group as yet. During this meeting, GIABA promoted the membership of Nigeria and Senegal, the only two countries in the region with functional FIUs. As it is the tradition, membership must be promoted by existing members of the Group. Hence Nigeria is being sponsored by the USA and Mauritius while Senegal is being sponsored by France. Both countries would have to enact anti-terrorism legislation before their membership will be considered. Some of the major decisions taken at this meeting included: -.

- The establishment of a permanent Secretariat to be located in Toronto, Canada, thus, institutionalizing the Group as an international organization;
- Increase funding based on 75% GDP and 25% Per capita income of members.



## CHAPTER SEVEN

### PROMOTING BEST PRACTICE AND OUTREACH ACTIVITIES

69. During the period under review, the following outreach activities were carried out by the Secretariat:

#### 7.1 Cambridge International Symposium on Economic Crime

70. The Cambridge International Symposium is one of the global fora for discussions and networking in the fight against transnational organized crime. It has sustained its objectives and value, and has continued to attract participants, including high level government officials and technocrats, international organizations, the academic and the private sectors for the past 25 years. The AS was invited as one of the keynote speakers and he presented a keynote address entitled "***The West African Regional Alliance against Crime and Terror***". The forum also provided opportunity for the AS to meet and discuss with concerned partners, including the renowned personalities and academics.

#### 7.2 Africa Meeting on Anti-Corruption.

71. The first meeting of the Organizing Committee of the African Meeting on Anti - Corruption, organized by the Department of Public Service & Administration, of the Republic of South Africa was held on 16-17 September 2006. The objectives were:

- To set the agenda for the African Meeting on Anti Corruption, which in turn can set the agenda for the Global Forum V on Fighting Corruption and Safeguarding Integrity that will take place in 2007
  - To identify the key organisations and sectors that should participate in the Africa Meeting on Anti Corruption
  - Identify topical issues, speakers, chairpersons and rapporteurs for the African Meeting
- Identify contributions whether financial or in terms of specific tasks and organisations to be involved to ensure the successful hosting of, and active participation in the African Meeting on Anti-Corruption.

72. The Organizing Committee Meeting was attended by representatives of the African Union Commission; GIABA representing the EGOWAS; COMESA; Global Forum Secretariat; and the South African Department of Public Service & Administration.

#### Outcome:

The following outcomes were achieved:

A presentation was made on the activities of GIABA, and the initiatives and efforts of ECOWAS to fight against money laundering, terrorist financing, corruption and the promotion of good governance and best practises.

- GIABA was co-opted as a *de jure* member of the Organising Committee on Africa Forum on Fighting Corruption

- The African Meeting on Anti corruption has been scheduled for 21st - 23rd November 2006 and will be hosted by the African Union.

### 7.3 Cooperation with other FSRBs

73. The Administrative Secretary paid a working visit to the Caribbean Financial Action Task Force (CFATF) in July 2006. The purpose of the mission was to study the operations of the CFATF being one of the oldest FSRBs with a view to understanding its establishment, functions, structure, achievements, constraints and other relevant information that would assist in the reorganization of the GIABA Secretariat. Understanding the operations of other FSRBs is important for GIABA having been recognized as an FSRB. Issue discussed during the working visit included mutual evaluation processes and procedures, FATF methodology for assessing compliance with the FATF 40 recommendations and 9 special recommendations; typologies exercises and cooperation with development partners.

### 7.4 Outreach to the Diplomatic Community in Dakar

74. The Administrative Secretary paid courtesy visits to a number of Ambassadors, including those of the UK, USA, Canada, Ghana: Burkina Faso, Guinea, Guinea Bissau, Cape Verde, France and the United Nations Office on Drugs and Crime (UNODC) Regional Representative for West and Central Africa. The AS used the visits to appraise Representatives on the establishment, objectives, mandate, functions and other initiatives of GIABA, including its Strategic Action Plan 2007 -2009. The outreach/contacts continue as some of the Ambassadors were on vacation.

**Outcome:** Responses were favourable. The Ambassadors/Representatives commended the ECOWAS Authority for establishing GIABA. They reported the visit to their home governments, leading to subsequent meeting between the AS and the officials of the UK Foreign and Commonwealth Office, and the US Treasury Department. Technical assistance at both bilateral and multilateral levels was explored.

### 7.5 Cooperation with Development Partners

75. **Round Table Discussions:** The Administrative Secretary held discussions with representatives of the IMF, the World Bank, the United Nations Office on Drugs and Crime (UNODC), the French Treasury and the US Treasury on fringes of the 15<sup>th</sup> Technical Commission Plenary Meeting in Cotonou. They discussed possible areas of cooperation with GIABA, especially training, professional development, awareness-raising, analysis and exchange of information. Delegates representing development partners recalled some of the bilateral technical assistance they already had provided to some countries and to GIABA, in various forms, and expressed their willingness to sustain their efforts. They observed that one major priority for the Secretariat was to ensure that Member States adopt as quickly as possible the harmonised law, in conformity with international standards. The following areas of cooperation and support were identified for action:

- a. Distance technical assistance
- b. Short-term mission to support the drafting of legislation and the establishment National Financial Intelligence Processing Units.
- c. Training workshops
- d. Evaluation missions in countries having so requested
- e. Assistance to GIABA in the field of mutual evaluation
- f. Possibility for GIABA to participate in IMF evaluation missions in order to benefit from the available expertise
- g. Handbooks on terrorism financing and the operation of National Financial Intelligence Processing Units, in French and English and may be, Portuguese, to be made available to GIABA

76. The Commonwealth Secretariat: the AS met with officials of the Commonwealth Secretariat and discussed technical assistance to GIABA. A detailed brief on the establishment, mandate and priorities of GIABA was provided. Specifically, the GIABA Strategic Plan of Action was highlighted and request for the funding of a Legal Expert to GIABA was put to the ComSec.

77. In response, the officials commended GIABA and promised to assist. They suggested, however, that the request for a long term assistance as stated should be forwarded according the ComSec's standard. It was pointed out that since the overall objective is to build capacity, not transfer it, the Expert should be recruited according to ECOWAS rules.

78. The UK Foreign and Commonwealth Office (FCO): Similar meeting was held with officials of the UK, including the FCO, the Serious Organized Crime Agency (SOCA), and the DFID. The project idea on strengthening regional AML/CFT capacity in WA, as well as the GIABA Plan of Action 2007 -2009 was discussed and the officials promised to assist GIABA in the implementation of the Plan beginning 2007. The UK Government had supported GIABA to train evaluators/assessors.

79. The US Treasury: Similar negotiation for support in the implementation of the GIABA Plan of Action continued with a meeting by the AS with officials of the US Government represented by the Regional Advisor for Africa and the Middle East and Treasury officials. The US Regional Advisor, based in South Africa, has forwarded draft terms of reference (TOR) for a Senior AML/ CFT Advisor to be sent to GIABA by the US Office of Technical Assistance for necessary comments. It should be noted that the US Treasury has a Regional Advisor in the US Embassy in Dakar who has provided some advisory services to GIABA.

80. The French Government: under the auspices of the French Directorate of Cooperation and Development, the Deputy Administrative Secretary discussed technical assistance for GIABA and the French Government has already written to confirm their readiness to assist GIABA to implement its Plan for 2007-2009. Subsequent meetings were held with the French delegation on margins of the FATF plenary meetings in June and October 2006 to discuss further cooperation and support.

**81. Canada:** a Canadian delegation, from the Canadian Ministry of Foreign Affairs, Department of National Defence (DND), the Royal Canadian Mounted Police (RCMP) and other Security Services, also met with G1ABA representative and discussed technical cooperation in the area of training for law enforcement in counter financing of terrorism. Feed back is being expected.

**82. UNODC:** Cooperation with the UNODC continued during this quarter, especially on the implementation of Project 1-25. UNDDC participated in the meeting of G1ABA Typologies Working Group (TWG) in August 2006.

**83. African Development Bank:** G1ABA had sent a formal request for support to the AfDB. Consequently, G1ABA was invited and participated in the regional meeting of FSRBs and FIUs in Africa and endorsed the Bank's AML/CFT Strategy. G1ABA was asked to await the approval of the Strategy by the Bank's Board, within which our request can be addressed.

**84. World Bank:** Cooperation with the World Bank has continued during the period under review. Apart from attending our Plenary Meetings, the WB provided a resource person to advise the G1ABA TWG during a workshop in March 2006. G1ABA also served as a resource person at the WB Anti-Corruption Seminar for African Parliamentarians in Arusha, Tanzania in September 2006. A Regional Capacity Enhancement Programme has been developed for West Africa in collaboration with the WB. Recently, the first phase of the programme was held for the English Speaking G1ABA Member Countries (Ghana, the Gambia, Liberia Nigeria and Sierra Leone) in Abuja, Nigeria, on November 13-18, 2006. About sixty Trainers from those countries, including GIABA Secretariat, received training on the various modules of AML/CFT. Similar programme is being planed for the other GIABA Members sometime early next year. The WB has agreed to make the report of its evaluation of Sierra Leone available to GIABA for consideration and possible discussion in accordance with G1ABA's procedure on mutual evaluation.

## **CHAPTER EIGHT**

### **GENERAL SERVICES**

#### **8.1 Implementation of Headquarters Agreement**

85. The Senegalese Government is yet to provide GIABA with office and residential accommodation for its Statutory Appointees as provided in the HQ Agreement. With the recognition of GIABA as an FSRB, it has become exposed to more threats at its temporary location. The office is also inadequate. The AS has since written to the authorities to draw attention to potential dangers of GIABA continued operation in its current location and appealed for action in the implementation of the HQ Agreement. At the time of this report, the Secretariat received a letter from the government allocating an office premises to GIABA. The building is still under construction. Necessitated by these exigencies therefore and within the budgetary provisions of GIABA, a new office accommodation has been rented located at VDN Sacré Coeur 3, Pirotechnic Villa No.101, Dakar, Senegal. The Secretariat has already moved into the new office pending further negotiation with the host Government. Both statutory appointees are residing in rented accommodation pending the provision of official accommodation by the host Government.

#### **8.2 Staff Recruitment**

86. In order to enhance the capacity of the Secretariat to carry out its programmes and activities, a few General Service staff have been recruited to fill in advertised vacancies. Vacancy announcement for the posts of Programme Officers have been advertised in all member states

## CHAPTER NINE

### CONCLUSION

#### 9.1

##### Challenges and Prospects

87. The report of activities above revealed that significant feats have been accomplished, yet there are formidable challenges ahead. One of such challenges is that GIABA has to renew the confidence of the international community through the implementation of focused and credible projects, including mutual evaluations and typologies exercises. A major challenge therefore is the consistent implementation of the GIABA Plan of Action 2007-2009 as soon as it is approved by Plenary. Indeed, the Action Plan has carefully articulated strategic objectives and implementation mechanisms within specific timeframes. Ensuring that all member states enact legislation against money laundering and financing of terrorism is also a major challenge.

88. Another critical issue for GIABA is to increase its visibility and raise awareness about the scourges of money laundering, terrorist financing and other related transnational organized crimes within the region. Noting the overall level of development and the importance of public education as a preventive tool, this challenge is indeed formidable. The GIABA website needs to be fixed as soon as possible to provide information to member states and the general public.

89. It is also important that GIABA activities are interfaced with the private sector initiatives, including the training of Chief Compliance Officers in institutions that have reporting obligations under the law. If preventive measures adopted in the public sector are not mainstreamed in private activities, there can be none or little impact of those measures. On the other hand, whilst the public sector has been the major source of laundering for AML/CFT activities, it is about time the private sector assumed this responsibility too.

90. Equally important is the training of the Secretariat staff which should constitute a challenge and priority in the next one year.

91. Perhaps the greatest challenge lies with the Secretariat to be able to manage GIABA on the one hand as a FSRB with relative autonomy, and on another hand as an ECOW AS specialized institution. This is crucial in order to sustain the confidence of member states, as well as our strategic partners.

92. The network of National Correspondents has continued to be an important pillar of strength for GIABA. However, another challenge ahead is for all member states to strengthen the capacity of National Correspondents. The Secretariat is committed to provide necessary assistance as may be required in this direction. The Secretariat has established a register of all National Correspondents and the relevant fields, including Financial Intelligence Units, law enforcement agencies, and law and security departments to facilitate regional and international cooperation on AML/CFT issues. [In order to ensure that the National Correspondents continue to support the Secretariat more effectively, it would be necessary to determine specific criteria for the appointment of a national correspondent to guide member states,

93. Another challenge for GIABA in the coming years to *promote* the membership of its member countries into the FATF and their FIUs into the Egmont *Group*. It should be noted however, that membership of these organizations is based on specific criteria, which states have to fulfill.

94. The implementation of the Headquarters Agreement is yet another challenge and would be pursued with tact and tenacity.

## **9.2 Summary**

95. The threats of money laundering and terrorist financing constitute a formidable and daunting challenge to the international community. Technological advancement, in tandem with globalization has turned the world into what is metaphorically referred to as 'global village'. Transnational *crime* respects no borders, hence the concern of all; the rich and the poor; developed and developing nations. For the international community to win this war, it is necessary to have a common perception of the threat. A disruptive approach to the fight against these scourges would only achieve a temporary relief because any how, the threat manifest again. It is therefore critical that developed countries support less developed countries in order to *promote* a truly global action against these phenomena.

96. 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 truly regional alliance against crime and terror. We thank our members for their sustained efforts in this fight. We also thank the international community for their continued support and assistance. We renew our confidence in the leadership of the FATF in setting standards and consistently monitoring the efficacy of measures taken at the national, regional and global levels.

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## ANNEX A

### APPROVED GIABA Mutual Evaluation Time Table

<b>COUNTRY</b>	<b>On-site visit</b>
Senegal	February 2007
Nigeria	June 2007
Niger	October 2007
Cape Verde	February 2008
Cote d' Ivoire	June 2008
Ghana	October 2008
Guinea Bissau	February 2009
Benin	June 2009
Burkina Faso	October 2009
The Gambia	February 2010
Mali	June 2010
Sierra Leone	September 2010
Togo	February 2011
Guinea Conakry	June 2011
Liberia	September 2011