



GIABA

Annual Report 2007

INTER-GOVERNMENTAL ACTION GROUP AGAINST
MONEY LAUNDERING IN WEST AFRICA



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GIABA also acknowledges the support of various individuals and groups who participated in our programmes, including those who took the time to read this report. This is a demonstration of your special interest in understanding what GIABA is all about and what it is doing towards combating money laundering and terrorist financing. It is hoped that you will sustain this momentum.

ABBREVIATIONS

ABCON	Association of Bureaux de Change of Nigeria
ACTU	Anti Corruption and Transparency Unit
AML/CFT	Anti-Money Laundering/Counter Financing of Terrorism
ANSI	Agence Nationale de Stratégie et d'Intelligence
AFRCD	Armed Forces Revolutionary Council Decree
AU	African Union
AUSTRAC	Australian Financial Transactions Analysis Center
BCEAC	Banque Centrale des Etats de l'Afrique Centrale
BCEAO	Banque Centrale des Etats de l'Afrique de l'Ouest
BOAD	Banque Ouest Africaine de le Développement
CAPEFRANCE	Centre d'Accueil de la Presse Etrangère de France
CBL	Central Bank of Liberia
CBN	Central Bank of Nigeria
CDD	Customer Due Diligence
CENTIF	Cellule Nationale de Traitement des Informations Financières
CFA	Communauté Financière d'Afrique
COCOLAB	Committee for Cooperation between Law Enforcement Agencies and the Banking Community
COMSEC	Commonwealth Secretariat
CRF	Centre de Recherche Financière
CTED	Counter Terrorism Executive Directorate
DAR	detailed assessment report
DNFBP	designated non-financial businesses and professions
DNFI	designated non-financial institution
ECOWAS	Economic Community of West African States
ERG	evaluation review group
EFCC	Economic and Financial Crimes Commission
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FSAP	Financial Sector Assessment Program
FSRB	FATF-Style Regional Body

GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
IMF	International Monetary Fund
INTERPOL	International Criminal Police Organization
IT	information technology
JP	Judicial Police
KYC	Know Your Customer
MER	mutual evaluation report
MEF	Ministry of the Economy and Finance
ML	Money Laundering
MLPA	Money Laundering Prohibition Act 2004
MOU	Memorandum of Understanding
NAICOM	National Insurance Commission
NCS	Nigerian Customs Service
NGO	non-governmental organization
PNDCL	Provisional National Defence Council Law
SCUML	Special Control Unit against Money Laundering
STR	Suspicious Transaction Report
SEC	Securities and Exchange Commission
TANA	Technical Assistance Needs Assessment
UEMOA	Union Economique et Monétaire Ouest Africaine
UN	United Nations
UNDP	United Nations Development Programme
UK	United Kingdom
UNODC	United Nations Office on Drugs and Crime
USA	United States of America
USAID	United States Agency for International Development
USPIS	United States Postal Inspection Service
WAEMU	West African Economic and Monetary Union
WGMEI	Working Group on Mutual Evaluation and Implementation

FOREWORD

Since the establishment of a functional Secretariat in 2006, the Inter-Governmental Action Group against Money Laundering in West Africa has remained focused on its mandate to protect the economies of member States against abuse and misuse for the purposes of laundering the proceeds of crime. As a FATF-Style Regional Body, GIABA works assiduously to implement acceptable international Standards against Money Laundering and Terrorist Financing, including the FATF 40+9. Recommendations against money laundering and terrorist financing. As an ECOWAS Institution, GIABA depends on the strong support of the ECOWAS and development partners to provide technical assistance to its members in order to help them build the necessary framework and capacity to respond rapidly to the problems of money laundering and terrorist financing, and to intensify the overall regional integration process of the ECOWAS.

For maximum impact, GIABA collaborates with other partners in the FATF network and under the framework of development cooperation to generate global momentum for effective action against money laundering and terrorist financing by focusing on its key strategic objectives: (1) motivating action and supporting member States to enact legislation criminalizing money laundering and terrorist financing, and ensuring that such legislation is enforced; (2) undertaking mutual evaluation of members to ascertain the level of their compliance with acceptable international standards and good practice, including relevant international instruments, as well as the FATF 40+9 Recommendations; and also ascertaining the efficacy and effectiveness of the measures put in place to combat these scourges; (3) undertaking typologies exercises to determine the risks, methods and mechanisms for money laundering and terrorist financing; (4) supporting member States to build a strong capacity for combating these phenomena, particularly the establishment of financial intelligence units; (5) promoting strategic partnerships, especially with the civil society and the mass media, for sustained action against these crimes; and (6) promoting regional and international alliance against them.



Dr. Abdullahi Shehu, DG GIABA

The year 2007 was a rewarding one for GIABA, with a number of achievements across the six areas. The results are very instructive, but are better left for the appreciation of the outside world. It is important to mention at this point that all member States in the region have enacted their anti-money laundering legislation. Regarding the anti-terrorist financing legislation, a model framework law has been adopted for all member States to adapt in drafting their legislation. It is heartening to note that the UEMOA Commission has already issued a Directive since July 2007 adopting the framework law for its eight members to domesticate. Although part of the Nigerian Economic and Financial Crimes Commission Act 2004 deals with terrorist financing, Nigeria has initiated a more comprehensive stand-alone Terrorism Prevention Bill, which is under consideration in the National Assembly.

The first mutual evaluation report on Sierra Leone, conducted with the support of the World Bank, was discussed and adopted during the GIABA statutory meeting in Banjul in June 2007. The mutual evaluation of Cape Verde was carried out in May 2007 with the support of the International Monetary Fund. The report was discussed and adopted during the GIABA Plenary meeting at Ouagadougou, Burkina Faso, in November 2007. The mutual evaluations of Senegal and Nigeria have been concluded and the reports are being finalized.

The typologies exercise on cash transactions and couriers has been successfully completed. The final draft report was discussed and adopted at the Plenary meeting in November 2007. To

enhance its evidence-based niche, the Plenary meeting has adopted two research projects, money laundering threats and risk assessment in West Africa and corruption and money laundering nexus, to be carried out in 2008.

The challenges are enormous, if not daunting. Nevertheless, with strong political support from the ECOWAS Authority, and the expertise and unalloyed commitment of GIABA, the prospects for sanitizing the region and preventing its misuse by criminals are very high.

I sincerely thank all our partners for supporting us to make this past year a productive one. I commend the commitment and dedication of all GIABA staff, as well as our national correspondents whose efforts and cooperation led to these remarkable achievements. I urge all to continue in this spirit to ensure that GIABA continues to lead the alliance against crime and terror in West Africa and even beyond.

Abdullahi Y. Shehu
Director General
January 02, 2008

CHAPTER 1

INTRODUCTION

B ackground

1. Transnational organized crime is one of the major threats to international peace and security. Money laundering and terrorist financing are part of the manifestations of this threat. Whereas money laundering (ML) is a derivative crime, the financing of terrorism (FT) is a 'reversed' form of money laundering as it may involve both legitimate and illegitimate wealth. There is well-documented evidence to suggest that both money laundering and terrorist financing are detrimental to peace and security, and could undermine the overall development of society. This is why concerted global efforts to eradicate these phenomena are gaining momentum. Technological advancement, in tandem with globalization, has changed the economic and political landscape of the planet. Organized criminals take advantage of the powerful instruments of technology and globalization to perpetrate their unwholesome activities with relative impunity. While criminals respect no territorial boundaries, law enforcement must act within the ambit of the law to counter the activities of criminals. Given the difficulties in responding rapidly to the threat of transnational organized crime, law enforcement, even in the most advanced countries, always seems to be a step behind the complex modus operandi of criminals. Consequently, no nation can effectively tackle the menace of transnational organized crime in isolation. It should be noted at the outset that criminals usually explore and exploit the socioeconomic conditions of societies, in particular taking advantage of the weak links in regulation and enforcement, such as inadequate legislation and opportunities to corrupt.
2. In West Africa, money laundering and terrorist financing are no longer new phenomena. Whereas typologies have identified a good number of ML cases in the region, cases of FT are yet to be identified. But this is not to exclude the potential threat that the latter poses to the region. This is the reason why States in this region must act in concert with other concerned nations and international bodies to combat these threats, not only as part of protecting the world economies against criminal infiltration, but also to enhance the rule of law, deepen regional integration and promote international peace and security.
3. West Africa, one of the poorest and most neglected regions of the world, is faced with a major challenge in its vulnerability to transnational organized crime and its limited capacity to respond effectively to this threat. A major regional problem has been the outbreak of conflict and civil unrest, making the realization of economic development objectives very difficult in those countries where conflict occurs and making the overall regional integration programme problematic. In some of such cases it may be easy for criminals to exploit a crisis to launder the proceeds of crime, in this way providing avenues for the financing of terrorism – as evidenced in the proliferation of small arms in the region. These are often obtained from illegal sources and used to perpetrate conflicts in the region, which presents additional problems in ML predicate offences.
4. Money laundering and terrorist financing undermine development by eroding social and human capital, affecting social and political stability, causing an artificial rise in the cost of business, and thus driving away business and investment and undermining the ability of the States to accelerate development. The proceeds of crime fuel corruption, which in turn facilitates the commission of crimes and undermines the rule of law. As a result of inadequate rule of law, a state cannot attract enough foreign direct investment; neither can it guarantee the safety of its financial system. Recent political upheavals, often arising from resource control, have left some parts of the region in total chaos, with resources for reconstruction inadequate or simply unavailable. Unfortunately, the criminal justice systems, which include law enforcement and the administration of justice, are weak, lacking capable human and material resources to make any meaningful difference.

5. In October and December 2007, the international community through the United Nations Security Council (UNSC) expressed serious concerns about the upsurge of drug trafficking in West Africa. This region is neither a producer nor a known consumer of narcotic drugs. In recent times, however, particularly during 2007, cocaine traffickers from Latin America especially have used this region as a transit point for trafficking drugs to Europe. This has potential consequences for money laundering and terrorist financing. The political leaders of this region have since realized this danger, and it was this that led to the decision to establish the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) in the year 2000 to promote and facilitate regional effort to combat money laundering and terrorist financing.

The Mandate of GIABA

6. GIABA was established by the Authority of Heads of State and Government of the Economic Community of West Africa States (ECOWAS) with the mandate to:

- 1) Ensure the adoption of standards against money laundering and the financing of terrorism in accordance with acceptable international standards and practices, including the FATF 40+9 Recommendations.
- 2) Facilitate the adoption and implementation by member States of measures against ML and FT, taking into account specific regional peculiarities and conditions.
- 3) Function as a forum where members can discuss matters of regional interest and share experiences.
- 4) Organize self-evaluations and mutual evaluations to determine the efficacy of measures adopted, including their conformity to acceptable international standards.
- 5) 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).

7. The establishment of GIABA is therefore a demonstration of the strong commitment of the ECOWAS member States to the fight against organized crime, particularly money laundering and terrorist financing. In June 2006, GIABA was recognized as a Financial Action Task Force (FATF)-Style Regional Body (FSRB). In practice, GIABA operates on the one hand as an ECOWAS specialized institution, and on the other hand as a FSRB. Apart from performing the core functions of a FSRB, including mutual evaluations to determine its members' compliance with the FATF Standards and typologies exercises to determine money laundering trends and methods, GIABA is the only FSRB with a technical assistance mandate. This is perhaps a difference to be noted in the report on programmes

and activities carried out by GIABA in the year 2007. To this end, the establishment of GIABA is a historic response to a changing world and to the specific and unique circumstances of the ECOWAS member States.

Membership of GIABA

8. GIABA's membership consists of all member States of the ECOWAS: Republic of Benin, Burkina Faso, Republic of Côte 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 Togolese Republic respectively.

9. Observer status within GIABA is to be granted to African and non-African States, as well as Inter-Governmental Organizations that support the objectives and actions of GIABA and which have applied for observer status.¹

10. The following organizations are also eligible for observer status within GIABA: the Central Banks of Signatory States, regional Securities and Exchange Commissions, UEMOA, Banque Ouest Africaine pour le Développement, (BOAD) the French Zone Anti-Money Laundering Liaison Committee (Conseil Regional de l'Épargne Public et des Marchés Financiers), the African Development Bank (ADB), the United Nations Office on Drugs and Crime (UNODC), the World Bank, the International Monetary Fund (IMF), the FATF, Interpol, WCO, the Commonwealth Secretariat, and the European Union.

Main Organs of GIABA

11. GIABA operates through the following four main organs:

- 1) An Ad Hoc Ministerial Committee consisting of three ministers responsible for Finance, Justice and Interior/ Security of each member State.
- 2) The Secretariat, which is located in Dakar, Republic of Senegal.
- 3) The Technical Commission, which consists of experts drawn from the above-mentioned ministries of member States.
- 4) A network of national correspondents. The functions of each organ are clearly stated in the GIABA Statute.²

Strategic Framework

12. To realize the mandate and objectives of GIABA, a three-year Strategic Plan of Action (2007–09) was approved by the ECOWAS Council of Ministers in December 2006. The Secretariat is charged with the primary responsibility for implementing the Plan in collaboration with national

¹ In 2007, Observer status was granted to the Egmont Group and the Republic of Sao Tome and Principe. This has been reported in Chapter 7.

² For details, see GIABA website: <www.giaba-westafrica.org>.

stakeholders and international development partners. The Plan is clustered around six strategic objectives and work areas:

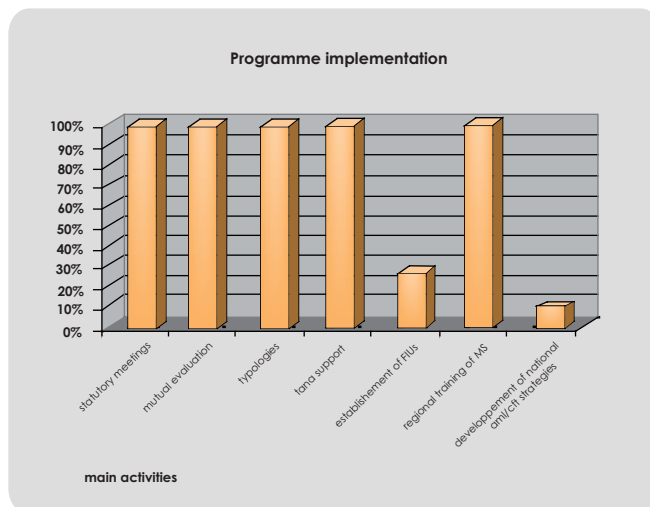
- 1) Support to ECOWAS member States to enact legislation, where there is none in existence, and strengthen existing legislation to conform to acceptable international standards and best practice, including the 40+9 Recommendations of the FATF and relevant conventions.
- 2) Undertake mutual evaluation of member States based on the FATF Revised Methodology 2006
- 3) Undertake typologies exercises to determine possible methods, intermediaries and patterns of money laundering and terrorist financing.
- 4) Support member States to establish and maintain FIUs and other AML/CFT measures.
- 5) Promote strategic partnerships with the civil society and other stakeholders..
- 6) Strengthen regional and international cooperation.

Priorities for Technical Assistance

13. As the menace of money laundering and terrorism financing increases with globalization, criminals are also becoming adaptable, taking advantage of the weak links that create opportunities for them to commit crime with relative impunity. The goal of GIABA is to prevent and contain these scourges in West Africa. This is the more reason why we must protect our economies in order to attract foreign direct investment in West Africa. In this connection, GIABA is a leader, not only working to curb these menaces, but also in promoting a regional alliance to achieve this goal. GIABA's strategic niche is therefore to enhance the capacity of regulatory, financial and non-designated financial businesses and professions (DNFBPs), law enforcement and judicial authorities in member States to prepare them for this battle.
14. The specific priorities for technical assistance to members include:
 - 1) Training and manpower development;
 - 2) Dissemination and promotion of international good practices and standards;
 - 3) Comprehensive AML/CFT framework, including support for the establishment and operation of FIUs;
 - 4) Institutional and human resource capacity building; and
 - 5) Research and evaluations.
15. Since the problems are enormous and the challenges formidable, GIABA seeks to achieve results through a comprehensive, integrated, all-inclusive and impact-oriented approach. This approach recognizes that any regional effort would be meaningless unless member States demonstrate strong political will and commitment and establish the

minimum standards required to prevent and control money laundering and terrorist financing in their respective jurisdictions. It is also based on the understanding that States ought to show acute awareness of the deleterious effects of these scourges on their systems, and therefore must take ownership of GIABA technical assistance programmes.

Implementation of the Action Plan in 2007



16. The Strategic Action Plan of GIABA for 2007–09 aims at translating its vision into concrete actions. Following the approval of the three-year Action Plan by the Council of Ministers of ECOWAS in December 2006, GIABA embarked on its diligent implementation in 2007. Within the last year, this has resulted in significant successes in all the strategic cluster areas. A summary record of the programme implementation is given below.
17. Regarding the enactment of legislations, it should be noted that prior to 2006, many countries in this region did not have legislation against money laundering. Today, all member States have promulgated laws criminalizing ML. Although some of the laws require improvement to conform to acceptable international standards, this is a significant progress in the regional approach to combating ML. On the financing of terrorism, GIABA had elaborated a model law which was adopted by member States in June 2007. The West African Economic and Monetary Union (WAEMU) Commission has, since July 4, 2007, issued a directive for its members to domesticate this draft law and enact stand-alone legislation on FT in their respective countries. It is worth noting that Nigeria's Economic and Financial Crimes Commission Act (section 15) contains provisions against FT. However, in order to meet the international standard of having stand-alone legislation against FT, a Terrorism Prevention Bill, including provisions for the prevention

of FT, is under consideration in the Nigerian National Assembly.

18. On mutual evaluation, a calendar of mutual evaluation on-site missions was approved by the Ad Hoc Ministerial Committee at the May 2007 Plenary meeting in Banjul, The Gambia. During the year under review, the first round of mutual evaluation of Sierra Leone was conducted with the support of the World Bank. The Republic of Cape Verde was also evaluated in April 2007 with the support of the IMF. Both mutual evaluation reports (MERs) have been adopted and published. As GIABA is incrementally building its capacity to conduct evaluation on its own, it conducted the evaluations of Senegal (July–August 2007) and Nigeria (September–October 2007) with minimum support. The reports are being finalized and will be considered for adoption during 2008.
19. On typologies, the first regional typologies exercise on cash transactions and couriers has been completed. The findings of the typologies are as revealing as they are instructive: the prevalence of cash transactions as a result of limited formal banking services in some remote parts of the region; the ubiquitous nature and acceptability of cash in settlement of financial transactions; and the legal tender issue, which other payment methods may not have. The report also contains far-reaching policy recommendations that would strengthen the payment systems and the overall AML/CFT regimes in member States.
20. The establishment of FIUs is the primary responsibility of member States. Nonetheless, GIABA plays a crucial facilitative and supportive role in this direction. So far, Nigeria and Senegal have established operational FIUs charged with the responsibility for receiving, analyzing and disseminating financial information in support of law enforcement. The Republics of Niger, Sierra Leone, Cape Verde, Côte d'Ivoire and Guinea Bissau have designated their FIUs and appointed members, but these are yet to take off fully. Apart from providing support to members to establish and maintain FIUs, GIABA promotes the membership of eligible FIUs to the global network of FIUs known as the Egmont Group. With the support of GIABA, the Nigeria FIU was admitted into the Egmont Group in May 2007, the third African nation to be admitted after South Africa and Mauritius.
21. Raising public awareness is one of the main thrusts of GIABA's preventive strategies. Thus, promoting a closer cooperation with all stakeholders and the civil society is crucial if the strategic objectives of GIABA are to be achieved. Consequently, many enlightenment programmes have been held across the region during the year under review. The details of these are contained in subsequent chapters of this report.

22. The immediate goal of GIABA as contained in its statutes is to promote cooperation between and among its members and ensure that harmonized efforts and concerted actions are taken to deal with the problems of money laundering and terrorist financing on a regional basis. This has been modestly achieved through the provision of technical assistance to member States, including training and advisory services, as discussed in this report. At the international level, GIABA was admitted as a FATF Style Regional Body in 2006, thus providing ample opportunity for networking with other integers in the global fight against ML/FT. In 2007, GIABA participated actively in FATF activities, which included training and Plenary meetings where major policy decisions were made. So far, GIABA has fully positioned itself as a regional alliance against ML/FT in West Africa.

23. A functional Secretariat has been established in Dakar, Senegal, with an adequate number of staff to carry out its mandate. Negotiation is still on going with the Senegalese Government to determine which of the two structures given to GIABA is most suitable as its permanent Secretariat.

GIABA's Contribution to Drug Control

24. At its 32nd Ordinary Session held in Abuja, Nigeria, on June 15, 2007, the Authority of ECOWAS Heads of State and Government noted with concern the unprecedented increase in reported cases of drug trafficking in several member States. In a bid to combat this, GIABA has been mandated to consider the eradication of drug trafficking as part of its programme and immediately make arrangements for the development of an Action Plan for the region.

25. Following the directive from the ECOWAS Commission, an Experts' Group Meeting was held in Dakar, on September 10 and 11, 2007, to discuss the issue further and develop a short-term Plan of Action. The result of this meeting is a provisional draft Plan of Action to address illicit drug trafficking in the region. This draft tackles the issues of political will and priorities; law enforcement capacities and responses; the legal framework and judicial integrity; corruption; international cooperation; and the increase in drug abuse in the region. These matters are crucial and will warrant more detailed investigation and elaboration, in order to develop a practical and realistic programme of activities. However, it is noted that the strong law enforcement approach does not constitute a holistic approach to the situation and is insufficient to deal with the problem.

Conclusion

26. The year 2007, the first year of the full implementation of our Action Plan for 2007–09, was a landmark in the history of

GIABA. As shown in this report, significant progress has been achieved in meeting the specific targets of the Plan of Action. About 90% implementation rate of our target programmes and work plan have been achieved during the year. Nonetheless, there is room for improvement. For example, despite efforts from the Secretariat to motivate member States to establish FIUs, no country established a fully functional FIU within that year. It should be noted that members of FIUs have been nominated in some countries, but those FIUs are not yet functional in those countries. Some member States' legislations against money laundering still require improvement to conform fully to acceptable standards. Despite efforts to organize member States on a regional basis to develop national AML/CFT strategies, most of the countries do not have this important framework in place.

27. This report presents an overview of the regional AML/CFT situation in the 15 member States of GIABA in Chapter 2, noting the progress so far recorded in developing a robust AML/CFT architecture, the difficulties and limitations encountered, as well as prospects for the future. Chapter 3 contains actions taken within the year under review on implementing a regional AML/CFT mutual evaluation programme, including the number of on-site visits, mutual evaluation reports produced and published, as well as those pending Plenary discussion; and the constraints and challenges in undertaking the exercise. Chapter 4 reviews the regional typologies activities, including the report on typologies on cash transactions. Technical assistance programmes, advocacy, and public awareness programmes undertaken during 2007 are discussed in Chapter 5, while statutory meetings and other regional and international activities are reported in Chapter 6. All the actions and activities undertaken during the year under review recognized the diversity of this region, the multiplicity of actors, and the interrelatedness of the activities, as well as the overall objective of promoting regional alliance against crime. Consequently, this report concludes by highlighting the challenges and prospects of implementing a robust regional AML/CFT support programme in Chapter 7.

CHAPTER 2

OVERVIEW OF THE AML/CFT SITUATION IN WEST AFRICA

Introduction

28. The year 2007 was a watershed in the implementation of AML/CFT measures in all the 15 member States of GIABA. This chapter provides a synopsis of the AML/CFT situation in each country. It briefly examines the economic indicators and potential risk factors, the prevalence of cash transactions, the flourishing real estate sector, predicate offences such as drug trafficking, corruption and tax evasion. It also examines the relevant AML/CFT infrastructure, including legal and institutional frameworks and the involvement of civil society. Informative as this chapter may be, the analysis is not exhaustive and in some cases is short of empirical evidence. It is also not possible to provide detailed information about each country within the framework of this report. This chapter is therefore only meant to give elementary information and data, with details provided in later chapters. The general conclusion is that despite the obvious weaknesses of the structures in most countries, significant efforts, inspired by a strong political commitment from all the States, have led to a renewed action against money laundering and terrorist financing in the region. A brief country-by-country description is thus provided below.

Benin

29. Benin's economy is essentially based on agriculture. Cotton accounts for 40% of GDP and about 80% of official export receipts. Most small businesses are privately owned by local citizens, with a few foreign-owned companies operating as well. The private commercial and agricultural sectors remain the principal contributors to growth. But despite this, the economy remains underdeveloped. The fact that Benin shares a lengthy common land border with Nigeria, which is 15 times larger and 18 times more populous, affects everyday life in the country. Since the anti-corruption drive began in Nigeria

several years ago, many criminal elements have found it easier and safer to operate outside that country, and many have taken advantage of the proximity and close ties with Benin to relocate there, temporarily or permanently. A powerful Lebanese business community, and to a lesser extent a Chinese community, is also present in Benin and conducts trade and commerce activities on an essentially cash basis. This has led to a situation whereby tax evasion, failure to pay duties, corruption and illicit export of currency has become common. The incapacity of the state to regulate and control this situation now needs to be addressed urgently as the country seeks to become more prosperous and to provide basic services equitably to all its citizens.

30. A potential risk for money laundering is the prevalence of drug trafficking and associated corruption. The local media reported many seizures in 2007, one of which included 450 kg of cocaine. The United Nations Inter-Regional Crime and Justice Institute (UNICRI) reports that smuggling and trafficking in human beings for the purpose of labor in industries are continuous and ongoing in Benin Republic. In 2007, the head of Benin's drug law enforcement agency was imprisoned on alleged cocaine-related charges.

31. Benin is a member of the West African Economic and Monetary Union known as UEMOA (l'Union Économique et Monétaire Ouest Africaine)³ under its French acronym. The UEMOA is a formal treaty linking eight French-and Portuguese-speaking West African countries, by virtue of its Law No. 94-06 of June 22, 1994 authorizing ratification of the Treaty signed on January 10, 1994. This Treaty in turn governs all AML/CFT efforts among its members.

32. Money laundering is a crime in Benin, as established in a uniform law of the UEMOA. This law was formally ratified by the National Assembly on October 31, 2006, as "Law No. 2006-14", pertaining to the fight against money laundering. This is also governed by Community Regulation No. 7/2002/CM/UEMOA, which regulates the fight against ML in

³ This is referred to as the West African Economic and Monetary Union (WAEMU) in the English text.

member States, No. 14/2002/CM/UEMOA, which regulates the freezing and seizure of assets, and No. R09/98/CM/UEMOA, which regulates external financial relations among member States, in addition to Instruction No. 06/99/RC of February 1, 1999 relating to manual exchange operators. With the UEMOA Directive of July 4, 2007, it is hoped that a terrorist financing law will be enacted.

33. The primary authority for dealing with AML/CFT issues in Benin is the Directorate of Monetary and Financial Affairs in the National Directorate for Treasury and Public Accounts, located in the Ministry of Finance. At the dawn of 2007, Governmental Decree No. 2006-752 of December 31, 2006 created the FIU called CENTIF (Cellule Nationale de Traitement des Informations Financières) under its French acronym. This body is destined to be the principal repository and source of financial intelligence in Benin, empowered to investigate and generate intelligence in order to prepare prosecution of economic and financial crimes. At this time, however, it has yet to become formally and concretely operational. Meanwhile, the Director of Monetary and Financial Affairs in “Treasury” remains the national correspondent of GIABA.
34. Benin is signatory to several international conventions relating to ML and FT as shown in Table 1 below and Table 2 in Chapter 3. It also recognizes Security Council Resolutions 1267 (1999) and 1373 (2001) on ML, as well as adhering to the FATF 40+9 Recommendations.
35. The banking sector is generally quite active in the country. The banking system consists of 12 individual banks and one other financial institution, which are legally licensed to operate. The total assets under deposit represent approximately 500 billion CFA francs (or US\$1 billion), and credit issued runs to around 400 to 450 billion CFA (or about \$900 million). The sector is well regulated – the uniform UEMOA law is applicable and FATF practices and recommendations apply (KYC regulations, information circulars, reporting obligations, transaction ceilings and record-keeping). Even the DNFI sector (designated non-financial institutions) is somewhat organized, with microfinance institutions and bureau de change operators regrouped under the umbrella of professional associations, with rules and regulations, as is the case with insurance companies and the Securities and Exchange Commission in the financial institutions sector.
36. Treasury is entrusted with surveillance and overview of financial institutions, including banks and other formal bodies, through a common mechanism called “la Commission Bancaire” (Banking Commission). The banks may be considered to be solid and stable, many sharing foreign

participation in their asset base. Many people seem to be generally used to banking their money, not just large account-holders but also ordinary citizens. This possibly stems from the widespread access to microfinance for small businesses, which remains vibrant after many years of operation. According to many stakeholders, the proportion of financial transactions transiting through banking and other financial institutions is around 40% of all transactions. This is significant, compared with other regional economies. The other 60% remains elusive in this traditionally cash-based economy, particularly outside the main cities.

37. As indicated above, the country has enacted a number of laws and regulations aimed at preventing and controlling money laundering. But generalized corruption continues to plague the country and ML is reported to be costing Benin about 3% of GDP annually. Since last year, however, with the election of a new and strong-willed President who is committed to the eradication of corrupt practices, there seems to be an obvious effort to come to grips with this problem. The President has reached out to the entire population through some highly visible public appeals and statements, in order to gather grassroots support for his crusade.
38. In August 2007, a National Stakeholders’ seminar was held with the support of GIABA during which participants were sensitized to the provisions and obligations under the AML law. A draft National Strategy was also produced but has not yet been approved by the Government. The generally weak capacity in the country carries the potential risk of money laundering and terrorist financing. The nomination of the members of the CENTIF and its immediate take-off should be a priority. Raising public awareness, including the circulation of the AML law to stakeholders, is particularly imperative.

Burkina Faso

39. The criminal policy of Burkina Faso proposes three AML texts: Law 43/ADP of November 13, 1996 of the Criminal Code, and Law 17/99/AN of April 22, 1999 on the Drug Code. Law 17/99 of April 22, 1999 on the Drug Code in Burkina Faso addresses money laundering in its Article 5, and defines it as “operations consisting in the transfer or conversion of assets resulting from violations established as per this Law, with a view to hiding or dissimulating any persons involved in the perpetration of one of the violations in order to escape from the legal consequences of their acts.” In its Article 55, of the law a jail term of 10–20 years and a fine of 50 to 100 million CFA francs is applied to those who (1) facilitate through any fraudulent means the misleading justification of the origin of the resources or assets of the author of violations described in this law; (2) knowingly provide their support to any operations of placement, conversion, or dissimulation of the

proceeds, or introduce into the national economy resources acquired through the commission of these violations; (3) acquire, detain, or utilize earnings or resources knowing that they originate from one of the violations listed in the preceding paragraphs.

40. The law 026/2006 of November 28, 2006 concerning the fight against ML was enacted by Decree 649PRES of December 29, 2006 since, as a member state of WAEMU, Burkina Faso must comply with Guideline 07/2002/CM/UEMOA of September 19, 2002 concerning the uniform law on ML which the government was committed to adapt to its national institutional arrangement. With respect to the draft laws on the financing of terrorism, Burkina Faso has two draft texts in this respect. These are the ECOWAS Draft Framework Law, made available through GIABA, and WAEMU Guideline 04/2007 of July 4, 2007, both dealing with the financing of terrorism.
41. As a member state of the United Nations, Burkina Faso has committed to full compliance with the UN Security Council Resolution 1373. In that respect, the country has set up a task force that ensures coordination on this matter within its Ministry of Foreign Affairs. Burkina Faso is a signatory to a number of international instruments, including the UN Convention Against Illegal Drug Trafficking and Psychotropic Substances of 1998; the International Convention for the Repression of Terrorist Financing adopted by the UN General Assembly of September 12, 1999; the UN Convention against Organized Transnational Crime, and its three Protocols, 2000; the AU (African Union) Convention on the Prevention of, and Fight Against Terrorism adopted by the 35th Session of the Conference of Heads of State and Government in Algiers on July 14, 1999; and the OIC Convention Against International Terrorism adopted on July 1, 1999 in Ouagadougou (Burkina Faso).
42. The Ministry of Security is designated as the coordinator of AML/CFT activities. An AML/CFT Committee has been established, but this committee remains ineffective. Decree 2007/0581/PRE/PM/MEF of July 18, 2007, in furtherance of the provisions of Article 16 of Law 026/2006/AN of November 28, 2006 on money laundering, provides for the creation of a CENTIF. But members of the CENTIF are not yet appointed and this should be a priority for Burkina Faso based on the Directive of UEMOA Council of Ministers to all member States which calls for establishing this important unit by December 2007.
43. Intermediary license banks are authorized by a Bill of the Minister of Economy and Finance which sets the list of banks authorized to carry out operations financed from abroad. Authorizations to perform manual change operations by

physical and legal persons other than the approved banks are issued by a Bill of the Minister of Economy and Finance, after due certification by the West African Central Bank (BCEAO). The Bank may require any supporting documents needed for the filing process. The filing process calls for several provisions specific to banks and financial institutions, including (1) the obligation to send a report on the implementation of the overall AML mechanism in WAEMU member States to the Central Bank and to the Banking Commission, within two months from the end of the year, and (2) the obligation on financial agencies other than banks and financial institutions to send to the Central Bank a report of their AML unit within a month from the close of the year. This instruction, which sets the various due diligence measures, is a significant step in the institutional AML mechanisms of the WAEMU member States, and this includes Burkina Faso.

Cape Verde

44. Cape Verde is one of the smallest countries of this region in terms of size and population. Its strategic location 500 km from the west coast of Africa near major north-south sea routes, its important communications station, and its sea and air refueling site also carry potential risks of money laundering. The economy is service-oriented, with commerce, transport, tourism, and public services accounting for 66% of GDP. Future prospects depend heavily on the maintenance of aid flows, the encouragement of tourism, remittances, and the momentum of the government's development programme.
45. Cape Verde has a relatively small financial sector, which consists of only four banks and two insurance companies, so it may not be an attractive centre for money laundering. However, the under-regulation of the non-financial sector and the new offshore facilities make the island vulnerable to money laundering. While financial institutions and other covered persons or entities have an obligation to file suspicious transaction reports with the Judiciary Police (JP), this office does not perform all the functions of an FIU. Within the JP, reports are received by an internal unit known as the Central Section for the Investigation of Trafficking of Narcotics. This unit does very limited analysis of reports and informs the public ministry whenever reports are received.
46. There are some serious concerns about Cape Verde's framework for the operation of international financial institutions. Under existing arrangements it is possible for institutions operating in this sector to fall outside of acceptable arrangements for global consolidated supervision and to operate without a substantive physical presence in Cape Verde. In a number of instances regulatory arrangements for these institutions are also less rigorous than the arrangements in place for institutions that operate in the domestic sector.

47. Cape Verde has demonstrated commitment to establish an FIU by nominating potential members, but the FIU is yet to be established by a decree; no office accommodation has been designated for it. Until this happens, there is a potential ML/FT risk because the country is unable to exchange financial information with the international community. Cape Verde has experienced relative political stability since independence in 1975, but the institutional framework for the prevention and control of money laundering is either new or nonexistent. Despite this, Cape Verde has demonstrated its commitment to combating ML and FT in recent times.
48. The legal system of Cape Verde is based on that of Portugal. Money laundering has been criminalized through AML Law No. 17/VI/2002. The offence of money laundering has been built in accordance with the material and subjective elements of the relevant international conventions. Article 3(1)a) to c) of Law 17/VI/2002 (the AML Law) fulfils paragraphs (1)b)(i) and (ii) of Article 3 of the Vienna Convention and Article 6(1)a)(i) and (ii) of Palermo Convention. Paragraph (4) of the same provision also provides for the criminalization of money laundering if the predicate offence has been committed outside of the national territory. Money laundering is defined as a predicate offence under the AML law and the current definition extends to any type of property. Property is considered the proceeds of crime that have been derived from an unlawful act, as stated in Article 243 of the Code of Criminal Procedure.
49. The Cape Verde ML law provides that persons entering the country must make a declaration to Customs when they are in possession of foreign currencies or bearer securities in excess of one million escudos (EUR 9,090). The Customs Department has the responsibility to ensure compliance with this obligation but it does not have the power to stop or restrain currency or bearer instruments that are falsely declared or are suspected to be related to ML or FT. The Law establishes preventive and repressive measures against the laundering of money and other assets of criminal origin foreseen in its Article 3, beyond what is already applicable, in the same subject, to the proceeds derived from drug trafficking. The customer due diligence (CDD) regime allows financial institutions to base customer identification, in part, on verifications provided by foreign institutions, without establishing a framework to ensure that only well-supervised institutions that adequately apply the FATF recommendations are used for this purpose. Existing arrangements for preventive measures do not adequately address the risks posed by certain types of higher risk customers such as politically exposed persons and those associated with correspondent banking relationships and regimes for introduced business. The framework does not require financial institutions to apply Cape Verde requirements to foreign branches and subsidiaries. AML obligations are extended to individuals or corporations engaged in the operations of gaming establishments, real estate or property brokerage, property buying for resale and dealers in precious metals and stones, antiques, works of art, and motor vehicles. Lawyers, notaries, accountants, and trust and company service providers are not covered by the legal framework.⁴
50. Cape Verde has also ratified some AML/CFT-related conventions, including the 1988 UN Vienna Convention, the Suppression of Financing of Terrorism Convention and UN Palermo Convention. However, while Cape Verde has ratified the UN Convention for the Suppression of the Financing of Terrorism, it has not yet criminalized the offence of the financing of terrorism in its domestic legal system.
51. The Bank of Cape Verde is the regulator for all activities conducted by financial institutions. The Auditor General of Capital Markets is a unit within the Bank of Cape Verde. The Bank Supervision Department has issued AML regulations and has undertaken AML inspections of banks that operate in the domestic market. But it has not clearly defined an AML/CFT supervisory strategy and it does not have a clear perspective on the varying levels of risk across the different financial institutions and their lines of business. The Ministry of Finance and Public Administration is designated as the regulator of designated non-financial businesses and professions (DNFBPs). The Ministry has not issued any regulations or guidance to assist with the implementation of the principal AML law in respect of the covered DNFBPs. Most people who undertake some of the covered activities are generally not aware of their obligations under the AML law.
52. Furthermore, Cape Verde does not have a strong framework for national cooperation in the context of AML/CFT matters. The National Committee For Coordination on the Fight against Drugs, Organized Crime and Corruption is potentially a good foundation for such cooperation as it brings together most of the relevant government institutions. While this committee has successfully undertaken some relevant initiatives, there is no effective operational cooperation across all relevant agencies. There is some degree of interaction between the JP and the Public Prosecutor's office which, by the nature of their functions, are compelled to collaborate on investigations and prosecutions, but there is no mechanism that governs such cooperation or ensures that it takes place in a structured and consistent way. There is little or no coordination between the Bank and the law enforcement agencies, which is reflected in the fact that the Bank issued guidelines to financial institutions for the reporting of suspicious transactions, without consulting with the JP, the agency that receives suspicious transaction reports.

⁴ For details, see the MER on Cape Verde, www.giaba-westafrica.org

53. Overall, while Cape Verde demonstrated a strong political commitment to combat money laundering and terrorist financing, there is still more it can do in real time, to seriously address these menaces in a coordinated and consistent manner.

Côte d'Ivoire

54. Côte d'Ivoire is signatory to several international conventions relating to ML and FT as shown in Table 1 below and Table 2 in Chapter 3. It also recognizes Security Council Resolutions 1267 (1999) and 1373 (2001) on ML, as well as adhering to the FATF 40+9 Recommendations.

55. Côte d'Ivoire is a member of the UEMOA which is a formal treaty linking seven French- and one Portuguese-speaking West African countries, by virtue of its Law No. 94-06 of June 22, 1994 authorizing ratification of the Treaty signed on January 10, 1994. This Treaty in turn governs all AML/CFT efforts among its members.

56. This review of the AML/CFT situation in Côte d'Ivoire draws extensively from the US International Narcotics Control Strategy Report of March 2007, which observed, among other things, that Côte d'Ivoire is an important West African regional financial hub where criminal proceeds that are laundered are reportedly derived from regional criminal activity such as the smuggling of consumer goods and agricultural products. The recent political turmoil in the country has also resulted in some Ivorians and nationals from other countries in the region ganging together in criminal activities and the subsequent laundering of funds. The outbreak of the rebellion in 2002 increased the amount of smuggling of counterfeit goods across the northern borders, especially of textiles and cigarette products. Smuggling of sugar, cotton, cocoa, cars, and pirated DVDs occurs in the government-controlled south and is motivated not only by the desire to avoid paying taxes, which results in huge losses in revenue for the local government, but also the quest to make quick money. According to the Customs Financial Investigations Office, the cross-border trade in diamonds and cocoa over Côte d'Ivoire's porous borders generates contraband funds that are laundered into the banking system via informal moneychangers. Criminal enterprises use both the formal and informal financial sector to launder funds. Cash is moved via the formal banking sector as well as by cash couriers. Cash earned by migrant workers generally flows out of Côte d'Ivoire, going to extended families in other parts of the region. Informal money couriers and money transfer organizations similar to the hawala system move funds both locally and within the sub-region. Currently, domestic informal cash transfer systems are not regulated, so informal

remittance transfers from outside Côte d'Ivoire violate BCEAO money transfer regulations. The standard fee for these services is approximately 10%, less than the regular fees charged by Western Union/Money Gram and Money Express transfer systems. In addition to transferring funds, criminal enterprises launder illicit funds by investing in real estate and consumer goods such as used cars in an effort to conceal the source of funding. The Ministry of Finance remains concerned by the high levels of tax fraud, particularly VAT tax fraud, by merchants.

57. The Ivorian government is yet to take legal action to prevent the misuse of charitable and/or other non-profit organizations that can be used as conduits for the financing of terrorism. Under the new uniform UEMOA money laundering law, which was adopted on December 2, 2005 and became effective on August 9, 2006, Côte d'Ivoire is required to create and fund an FIU that will take the lead in tracking monies being laundered by criminals and possible terrorist financing. The recently established FIU will continue to work with previously established investigative units such as the Centre de Recherche Financière (CRF) at the Department of Customs and the Agence Nationale de Stratégie et d'Intelligence (ANSI) at the presidency. The CRF and the ANSI will still continue their missions, which include investigating tax and customs fraud and counterfeiting.

The Gambia

58. Money laundering is a problem in The Gambia, although its magnitude or severity cannot be readily determined. The porous borders, weak controls, prevailing poverty, the dominance of cash transactions, poor Know Your Customer (KYC) compliance culture, massive inflows of tourists and anecdotal evidence of increasing drug-related and other criminal flows all contribute to creating a ML risk environment in The Gambia. Within its limited resources and capacity, The Gambia has passed various laws and regulations that are directly or indirectly relevant to AML/CFT in that country. These include the Money Laundering Act 2003; the Anti-Terrorism Act 2002; Economic Crimes (Specified Offences) Decree 1994; the Drug Control Act 2003; and the Revised Regulations for the Operation of Foreign Exchange Bureaux 2005.

59. Money laundering has been criminalized in The Gambia by the Money Laundering Act 2003. Although this Act was passed in 2003, its implementation is yet to commence, more than four years later, since the critical implementation agency – the Supervisory Authority – has not been established. Furthermore, no regulations on implementation guidelines have been issued by the Secretary of State for Finance and Economic Affairs as provided for in the Act.

60. The Gambia has not established an FIU, though plans have reached advanced stages to do so in the first quarter of 2008. In fact the Director of Banking Supervision in the Central Bank has been designated as the anchor person for the FIU. Without the FIU, however, the Gambia cannot exchange financial information with the international community.
61. Similarly, the National AML/CFT Strategy framework developed in collaboration with GIABA, UNODC and the Commonwealth Secretariat has not yet been approved. There is no legislation against terrorist financing as yet in The Gambia. The Money Laundering Act 2003 also requires some improvement to conform fully to acceptable international standards.
62. Although an inter-agency committee was set up and may have played an important role in the drafting of the 2003 ML Act and related legislations, it has been an ad hoc, tentative body. In terms of implementing the provisions of the law, the committee has not played any effective coordinating and enforcement role, given the reported frequent movement of staff, lack of commitment by some members, and the low priority accorded to ML control measures in an environment of severe constraints on capacity and resources. However, it is pertinent to note the relevant agencies and their respective roles in the AML/CFT implementation in The Gambia. These include the Department for Finance and Economic Affairs, the Central Bank, the Departments of State for the Interior and Justice, and the National Drug Enforcement Agency. As the supervisory ministry for the Police, Immigration Service and the National Drug Enforcement Agency, the Department of State for the Interior has statutory coordinating and oversight responsibilities in the implementation of the AML/CFT laws.

Ghana

63. Money laundering is a problem in Ghana and its manifestations include (1) the perception of Ghana as a weak anti-money laundering jurisdiction; (2) the increasing incidence of drug trafficking and the huge inflows of cash into the country, which are strongly suspected to be laundered funds; (3) the surge in expensive real estate purchases paid for in cash in US dollars; and (4) the apparent lack of public awareness of the phenomenon of money laundering and its harmful effects. In particular, increased cases of drug trafficking and arrests at the various ports of entry, offshore interdiction, and related corruption cases are reported weekly in the media. A scandal in November 2005 involving a parliamentarian in New York during the seizure of 62 kg of heroin, and the interdiction of the MV Benjamin, alleged to be carrying 77 parcels of cocaine (as much as 2 tons) and involving an Assistant Commissioner of Police in the Ghana Police Service and other known narcotic traffickers, raises serious concerns about Ghana's effort to combat illicit drug trafficking and related money laundering in the country.
64. A significant feature of the economy is that migrant worker remittances have been increasing consistently since 1990. Indeed, it has been reported that migrant worker remittances continue to be an important anchor of the Ghanaian economy. The inflow of remittances has been rising and continues to be an important source of foreign exchange to the economy, with its magnitude exceeding the amount of official development assistance to Ghana. It is unclear to what extent this development has been driven by the lax AML environment and the prognosis and implications under the envisaged more stringent regulatory/supervisory regime. On November 6, 2007, the Parliament of Ghana passed an AML law, but the necessary AML regulations are yet to be issued.
65. Apart from the AML law, other legislations and regulations relevant to the AML/CFT framework include: The Narcotics Drug (Control) Enforcement and Sanctions Law 1990 (PNDCL236); the Foreign Exchange Act 2006; the Banking (Amendment) Act 2007; the Criminal Code; and of course, the Anti-Money Laundering Regulations 2007. Thus Ghana has had to rely entirely on the Narcotics Drug (Control) Enforcement and Sanctions Law 1990 (PNDCL 236) to deal with drug-related cases of money laundering. Apart from the lack of a separate legislation on terrorist financing, there is no FIU in Ghana. In the absence of an FIU, Ghana does not meet the standards prescribed under Recommendations 25 and 26 of the FATF and thus would not be in a position to share financial reciprocal information with the international community. Fortunately, the recently passed AML law has provision for the establishment of this important AML/CFT structure. Similarly, the National AML/CFT Strategy framework with succinct procedures for implementation, developed with the participation of stakeholders from the Ministry of National Security, the Narcotics Control Board, the Ghana Customs, Excise and Preventive Service, the Bank of Ghana and Ministries of Interior, Justice and Finance, has not yet been approved by the Government of Ghana. These are some of the major challenges and priorities for action for this country in the coming year.
66. A Committee for Cooperation between Law Enforcement Agencies and the Banking Community (COCOLAB) was constituted in 1997 by the Bank of Ghana and the Inspector General of Police, with the support of the Government. Its initial membership was made up of representatives of the Bank of Ghana, licensed banks, and the Police, but it was later enlarged to include the Bureau of National Investigations, the Immigration Service, and the Customs, Excise and

Preventive Service. The core mandate of the Committee was to provide a forum for exchange of ideas, knowledge and information on criminal syndicates' modus operandi and the process of obtaining evidence to track down prime culprits involved in ML-related schemes and crimes. The COCOLAB has since become dormant.

67. In 2006, a Technical Committee was established to draft the Anti-Money Laundering and the Proceeds of Crime Bills. The membership of the Technical Committee consisted of representatives of the Bank of Ghana, Narcotics Control Board, Ministries of the Interior, Finance, and National Security, Serious Frauds Office, Police, Revenue Agency Board and a private financial consultant. After producing the draft law, the committee seems to have fizzled. Other initiatives taken to strengthen the AML framework even before the AML Bill was passed into law included the Know Your Customer Guidelines of 2005 and the Foreign Exchange Act 2006. Two important provisions of the latter are the authority granted to the Bank of Ghana to impose restrictions on the import and export of foreign exchange, and the requirement that all foreign exchange payment transactions in Ghana must be through a bank. The coming of an AML law in Ghana has suffered inordinate delay, given that the country has been in the forefront of political and economic reforms in Africa. Nonetheless, now that the law has been passed, the country can look forward to working hard for its effective implementation.

Guinea

68. The Republic of Guinea has suffered from civil unrest in recent times. This and other antecedents have left the economy badly wounded and most of the institutions of governance fragile. The Republic of Guinea adhered to, signed, or ratified the main international instruments:

- 1) The UN Convention against the illicit traffic of Narcotics and Psychotropic substances of December 20, 1988. Date of adhesion: December 27, 1993.
- 2) The International Convention for the repression of the financing of Terrorism of December 9, 1999. Date of signature: November 16, 2001; date of ratification: July 14, 2003.
- 3) The UN Convention against Organized Trans-national Criminality of December 15, 2000. Date of adhesion: November 9, 2004.
- 4) The International Convention for the repression of terrorist attacks with explosive adopted by the General Assembly of the United Nations on December 15, 1997. Date of adhesion: September 7, 2000.

69. The Republic of Guinea has also entered into several bilateral Judiciary Cooperation Agreements in criminal matters.

70. Upon adoption of the UNSC Resolution 1373, a Working Group was formed under the aegis of the Ministry of Foreign Affairs and Cooperation to be in charge of its application. This group has issued two reports on the status of the fight against terrorism in Guinea. A draft decree to set up this working group as a National AML/CFT Committee is in the process of being adopted. Despite the absence of an administrative act relating to the creation or functioning of this structure, there is effectively a team composed of two representatives from the Central Bank, two representatives from the Ministry of Finance, two representatives from the Ministry of Security, and one representative from the Ministry of Foreign Affairs and Cooperation. This informal committee meets either at the headquarters of the Central Bank or in the Conference Room of the Ministry of Security. However, the committee remains incapacitated and ineffective.

71. The international and regional instruments relating to the fight against money laundering have been transposed into the national law by the elaboration and adoption, in November 2006, of the relevant Draft Law which is in the process of being enacted.

72. With regard to the financing of terrorism legislation, the Government is working on the elaboration of a relevant draft law based on the model law adopted by GIABA, which will be submitted to Parliament before the end of 2007. Law 98/036 of December 31, 1998 about the Criminal Code reflects the criminal policy base of the Republic of Guinea. It is elaborated to ensure very severe repression of offences including various life- or freedom-related violations, or involving drugs and money laundering.

73. The Republic of Guinea has not created a CENTIF as yet; no decree has been issued to that effect. This is a fundamental weakness in the AML/CFT framework in the country. And while Guinea is vulnerable to drug trafficking, there is also a potential risk for money laundering and terrorist financing. Guinea is the only Francophone country that is not a member of the UEMOA. The Republic of Guinea has its own monetary system, stewarded by the Central Bank, with at its head a Governor who has the rank of Minister, and attends cabinet meetings. It then behooves the Central Bank, through its different structures, to watch over the monetary security by elaborating on behalf of the obligors the measures and instructions needed in the framework of the fight against ML and the FT. The Central Bank created to this end an important monitoring structure within the General Inspection for primary banks and other financial bodies, tasked with

watching over the good application of these measures, which are constantly tailored to meet AML requirements.

74. In the absence of a CENTIF, some primary banks have been sending suspicious transaction reports to the Central Bank. At this level, the departments to which these files were submitted remained ineffective because this does not fall within their attributions.
75. Overall, Guinea's relative potential stability is not an adequate safeguard for criminal activities such as ML and FT. More has to be done by the country to introduce the basic infrastructure for AML/CFT in any real sense.

Guinea Bissau

76. Guinea-Bissau is among the world's least developed countries, depending mainly on agriculture and fishing. The civil war that took place from June 1998 to early 1999 unfortunately caused very severe damage to the country's infrastructure, widely disrupted economic activity and left the country in a state of serious disarray.
77. The banking and other financial institutions sector in Guinea-Bissau is quite limited and is therefore not considered to be a major source of ML/FT. There are four banks, which are linked to overseas institutions, and nine bureaux de change, which operate normally. Some black market money exchange takes place, but the difference in exchange rate is minimal and there is a danger of being given counterfeit notes, since there has recently been an increase in the presence of counterfeit notes on the local market, both in CFA and foreign currencies. Additionally, there are four transfer bureaux and three insurance companies operating formally in the country. The country's four banks regularly report to, and are monitored by, the BCEAO. In general, the sector seems well regulated; the uniform UEMOA law is applicable and FATF practices and recommendations apply (KYC, circulars, reporting, transaction ceilings and record-keeping).
78. Most money laundering is undertaken in the informal sector through the illicit export of funds by private individuals, essentially drug traffickers and their accomplices. As is the case in neighbouring countries, some operators also transact by using "equivalent deposits" of currency with foreign operators, with the inevitable complicity of local authorities. As for the latter, they tend to invest their ill-gotten gains inside the country, for the most part in real estate or luxury items. The problem has been and remains the impunity with which such persons operate, given the tremendous inadequacy of mechanisms to control and prosecute offenders.
79. Guinea-Bissau is the Portuguese-speaking member of the UEMOA, by virtue of its Law of 1994 authorizing ratification of the Treaty signed on January 10, 1994. This Treaty in turn governs all monetary and financial issues among its members.
80. Money laundering has been fully criminalized in Guinea-Bissau since July 2004, in accordance with the uniform UEMOA law, which was ratified by the National Assembly (Parliament) and formally promulgated on July 1, 2004 as Resolution No. 4 AL/2004, approving the UEMOA Law "pertaining to the Fight against Money Laundering." This crime is further governed by Community Regulations No. 7/2002/CM/UEMOA, which regulates the fight against ML in member States, No. 14/2002/CM/UEMOA, which regulates the freezing and seizure of assets, and No. R09/98/CM/UEMOA, which regulates external financial relations among member States, in addition to Instruction No. 06/99/RC of February 1, 1999 relating to manual exchange operators.
81. Despite what may now seem to be a fairly comprehensive legal firewall against ML, many actors are still poorly informed of the contents of these laws and of their impact on everyday life. There remains a need for widespread and systematic sensitization and awareness-raising throughout the country. The NGOs Consultative Platform is the central NGO currently coordinating civil society actions in the country and could play an important role in this direction. A national AML/CFT workshop was held in September 2007 with the support of GIABA, during which the AML law as well as implementation procedures were discussed. However, no amount of sensitization or education can replace sanctions for criminal or unethical conduct.
82. The primary authority for dealing with AML/CFT issues is exercised by the Ministry of Finance (MF). The Ministry of the Interior and Security (Police) and the MinJus (Judicial Police) also play a significant role in the fight against ML and FT. The Governmental Decree creating the CENTIF (Célula Nacional de Tratamento das Informações Financeiras), and which is foreseen in the AML law, was issued on May 29, 2006. Its members have now all been appointed (August 2, 2007) and are ready to engage without delay in its physical establishment and proper functioning. This CENTIF is destined to be the principal repository and source of financial intelligence in Guinea-Bissau, empowered to receive requisite information and to generate intelligence in order to pursue prosecution of economic and financial crimes. Presently, the newly designated CENTIF Director is also GIABA's national correspondent. With regard to the financing of terrorism at this time, there is no stand-alone legislation

dealing with the issue, which has not been considered a priority until now.

83. Guinea-Bissau is signatory to several International Conventions relating to ML and FT. It also recognizes Security Council Resolutions 1267 (1999) and 1373 (2001) on ML, in addition to officially adhering to the FATF 40+9 Recommendations.
84. The country remains traumatized by the violence of the civil war in 1998–99 and by the ongoing political instability, despite official respect for the electoral process. Both have poisoned national life, and money laundering has understandably not been at the forefront of people's concerns. However, given the situation concerning drug trafficking in the country, and with the imminent presidential elections in 2008, the time is now ripe for addressing the long overdue issue of dirty money, and how it benefits a few individuals and harms the lives of everyone else. It is thus essential that concrete measures be implemented soon, with firm external support, in order to provide AML/CFT capacity to the state, particularly to the law enforcement bodies and the CENTIF, in order to promote rule of law.
85. At present there is virtually no ability to receive suspicious transaction reports and to follow-up on them. The ability to exchange information and share intelligence with other law enforcement bodies, both inside and outside the country is also extremely limited. The prosecutorial capacity of the anti-drug squad is terribly limited, as is the ability of the courts to deal with complex financial and economic crimes. The entire structure is weak and needs urgent attention in order to start actively fighting the corrupt practitioners operating in the country; this would be as a complement and direct response to the new Prime Minister's official declaration that he intends to sanitize public finances and fight the traffickers.
86. The DNFI sector is presently totally unregulated and seems impossible to control at this juncture. Before regulation can effectively happen, there is a need to set up the requisite systems to regulate the financial institutions and to combat the most flagrant infractions of the law. It will also require a definite commitment on the part of the Government. Establishing the full chain of detection, analysis, investigation, accusation, and prosecution must come first in order to restore a sense of integrity and accountability within the country.
87. Guinea-Bissau thus continues to be extremely vulnerable both to ML and to FT, since it is insufficiently prepared or unable to combat this daily reality effectively and decisively.

Liberia

88. The 14-year civil strife in Liberia from 1989 to 2003 not only saw the mismanagement of government resources and the destruction of Liberia's physical infrastructures (in and around the capital, Monrovia), but also the systematic erosion of the rule of law and the closure of many businesses, the illegal and rampant exploitation of natural resources (e.g. timber and diamonds), the proceeds of which were presumably laundered and used by the Charles Taylor government to consolidate its hold on power and for the continued perpetration of civil strife until 2001 when the United Nations imposed sanctions on Liberian diamond and timber exports.
89. Liberia is seen as a transshipment point for Southeast and Southwest Asian heroin, and South American Cocaine for European and US markets. Corruption, criminal activities, arms-dealing, the overwhelming dominance of the use of the US dollar as an accepted medium of exchange, and the illegal diamond trade/timber logging along the porous borders outside the security cover of the UN Mission in Liberia provides a significant potential for money laundering and the illicit drug trade in Liberia.
90. The Liberian economy is essentially cash-based, with the US dollar almost replacing the Liberian dollar as the medium of exchange. The formal financial sector in Liberia includes five commercial banks, three officially recognized money remittance agencies, 56 licensed bureau de change service providers, 19 insurance companies, and a very large number of non-licensed foreign currency exchange bureaux.
91. The operative legislation on ML in Liberia is the June 2002 amendment to the new Penal Law, Title 26, headed Chapter 15 – Offenses against Property, Sub-Chapter G – Prevention of Money Laundering. This amendment, enacted in the wake of the allegation of illicit exploitation and mismanagement of Liberia's mineral and natural resources, and gun-running charges leveled against the Charles Taylor Government, is regarded by the authorities as the appropriate legal framework for combating money laundering in Liberia. The Central Bank of Liberia (CBL), though the apex supervisory and regulatory agency of financial institutions in Liberia, is not specifically assigned any roles and responsibilities in the Liberian AML law. A general assessment of the contents and provisions of the present Liberian AML law is that it falls short of the general provisions and contents of the Vienna and Palermo Conventions. There is also no legislation in Liberia against financing terrorism.

92. The CBL, which presently houses the Office of the GIABA National Correspondent in Liberia, is providing administrative and logistics coordination on ML issues. The AML Law does not provide for establishing an FIU, but the Liberian authorities are proposing setting one up, to be housed initially at the Bank. No date has been fixed for this, though Liberian officials have attended seminars on drafting the legal framework.
93. In an attempt to comply with UN Resolution 1373, in 2005 Liberia established a body called the Liberian Policy Committee against Money Laundering and Terrorist Financing. The committee has as members the Ministers of Finance, Justice, and National Security and the Governor of the Central Bank. This body, though not designated a stakeholders' forum because of its present restricted membership, functions as a forum for national stakeholders. If it is intended to serve as the AML/CFT Inter-Ministerial Committee, as mandated by the GIABA Ad Hoc Ministerial Committee, there is no evidence of its effectiveness – through regular meetings, for example.
94. Apart from Amendment Title 26, there are other laws and regulations that relate to combating money laundering and terrorist financing: An Act creating the Public Procurement and Concessions Commission 2005; Central Bank of Liberia Regulation on Know Your Customer and Customer Due Diligence 2005; Central Bank of Liberia Regulations for the Licensing and Supervision of Foreign Exchange Bureau 2000; Regulation for the Licensing and Supervision of Money Remittance Entities 2004; Regulations Dealing with the Physical Movement of Foreign Currency Bank Notes 2001; and Regulations Concerning Transfer of Foreign Currency 2001.
95. Liberia is a signatory to a couple of international conventions and treaties. According to the Liberian Minister of Justice, Liberia has ratified ten out of 16 UN conventions and treaties, and six are still under consideration. Though Liberia ratified the UN Convention against Corruption in September 2006, it has yet to ratify the African Union Convention on Preventing and Combating Corruption and Related Offences.
96. In broad outline, the Central Bank KYC/CDD regulations try to identify when KYC/CDD measures are to be undertaken, and under what circumstances KYC/CDD should be undertaken. On suspicious transaction reporting, the legal framework for the preventive measures is the CBL guideline on KYC/CDD. The regulation defines designated thresholds of expenditure or banking transaction beyond which the transaction must be considered and treated as a high risk or suspicious transaction/activity. The established threshold or limit for transactions is US\$25,000 or its equivalent in Liberian dollars or other currencies. The Regulation does not specify whether

this threshold applies to individuals or corporate bodies, or whether it relates to a single transaction or a series of transactions. The reporting requirement under the Regulation is that banks should promptly submit to CBL a suspicious transaction return, wherever and whenever applicable. The banks were also required to freeze the proceeds of a suspicious account pending investigation by the appropriate government authority. The CBL KYC/CDD Regulation is however silent on suspicious transaction reports thought to relate to terrorism and terrorist financing. Other regulations issued by the CBL are Regulation #25 of 2001 dealing with Physical Movement of Foreign Currency Bank Notes; Regulation #26 of 2001, Regulations Concerning Transfer of Foreign Currency; Regulation #3 of 2004 dealing with the Licensing and Supervision of Money Remittance Entities; and the CBL Regulations for the Licensing and Supervision of Foreign Exchange Bureaux.

Mali

97. Mali is a vast landlocked country, with porous borders especially in its northern part. It is a place of dense migration, most of it directed abroad. Furthermore, the informal economy is widespread, characterized by a low banking culture and an all-out use of cash transactions. All these factors have led to a stronger commitment of public services to fighting against money laundering and terrorist financing.
98. Recently, menaces by insurgents have been reported in the vast Sahel/Sahara area between Mali and Niger, thus constituting a potential terrorist threat. In January 2008, Malian Customs seized about 750 kg of cocaine estimated at US\$45 million after a desert shootout with heavily armed smugglers near the Algerian border.
99. The Republic of Mali took early steps in its fight against transnational criminality linked to the drug traffic and money laundering. In that respect, the state of Mali is party to the main international and regional legal instruments since the UN Convention on Narcotics Drugs of 1988. Mali is also a signatory to the UN Convention against Organized Transnational Criminality 2000; the International Convention for the Repression of Terrorist Financing adopted in 1999; and the AU Convention on the Prevention of, and Fight against Terrorism adopted in 1999. The Republic of Mali acknowledges that it has to abide by the obligations contained in the UN SC Resolution 1373.
100. Law 066 of December 29, 2006 of the Uniform AML Law states that the Republic of Mali is a member of WAEMU and as such must translate Guideline 07.2002/2002/WAEMU of September 19, 2002 into its national legal mechanism. In

this respect, Law .066 of December 29, 2006 was adopted by the Parliament and enacted within the framework of the fight against money laundering. A draft national law titled Draft Law for the Repression of Terrorism in Mali, which seems to be in line with international and national AML/CFT instruments, is awaiting approval.

101. Within the framework of its institutional AML/CFT instruments, the Ministry of Economy and Finances has to play a key role. In this respect, it has to abide by Regulation 09/98/CM/WAEMU, dealing with external financial relationships of member States of this sub-regional organization.
102. Although a regional AML/CFT Strategy Workshop was held in August 2007 in Bamako, Mali, to support member States to develop an AML/CFT Strategy, no such strategy has been adopted by the Mali Government. Decree 291/P/RM of August 10, 2007, according to the provisions of Article 16 of Law 06.066 of December 29, 2006 on the fight against money laundering in Mali, provides for the establishment of a CENTIF, but this has not been established. The establishment of an effective Inter-Ministerial Committee, as well as the CENTIF, should be a priority if Mali is to strengthen its AML/CFT regime.

Niger

103. The Republic of Niger shares borders with seven countries, including 1,500 km with Nigeria. The porosity of these borders makes them difficult to control given the inadequate means of this state. This naturally favors the development of intense trafficking in weapons, drugs, tobacco, art pieces and human beings, resulting in large-scale criminality in the north and east of the country, and thus Niger is presented as a converging and transit point of criminal groups from Africa to Europe. The population of Niger is 60% illiterate and lives in abject poverty. The economy of Niger is characterized by a predominantly informal sector, and 80% of the GDP comes from the agro-pastoral sector, while the tertiary sector accounts for 10% of activities. The habit of banking is very low, and so commercial transactions are predominantly cash-based. It is worth noting that the September 23, 1999 Order no 99.42 of 23 concerning the fight against drugs in Niger was the first one to criminalize money laundering. Its Article 101 makes it a serious offence punished by 10–20 years' imprisonment and a fine of 50 million CFA francs.
104. Law 2004.41 of June 8, 2004 was enacted on September 14, 2004 and published in the Special Official Gazette no 15 of September 16, 2004, p. 1069 ff. The CENTIF was created by Decree no 2004-262/PRN/MEF of September 14, 2004, which describes its organization and functioning. This

text reproduces the arrangements contained in Article 16 ff. of the aforementioned law. The creation of the CENTIF is provided for under this framework, and has the task of collecting, exploiting and processing all information transmitted by the obligors. The CENTIF constitutes the centerpiece of the fight against money laundering; it is composed of eight members including one chairperson.

It relies on a network of correspondents in the different services and financial bodies of the state concerned that are involved in the struggle.

105. The CENTIF was, however, destroyed by an accidental fire in June 2007. This is a major setback to the country's efforts to strengthen the CENTIF. The Director General of GIABA visited Niamey on 6–9 July 2007 to sympathize with the peoples and Government of Niger on the unfortunate incident. In an attempt to create a stronger spirit of teamwork and synergy among the Ministry of Finance, the FIU, stakeholders and development partners, the Director General also discussed issues of better collaboration and stronger mutual trust among all involved in the fight against ML and TF in Niger.
106. The Republic of Niger recognizes its commitment to the Security Council Resolution n° 1377/2001 of September 28, 2001 acting by virtue of Chapter VII of the Charter to address international terrorism. In applying this Resolution, the Government created, by Order n° 06/MFA/C/IA of October 24, 2006 and under the authority of the Ministry of Foreign Affairs and Cooperation, a Committee against Terrorism composed of ten members from the various ministerial departments, all of whom were high-level executives from the Central Administration and the Armed Forces of Niger. The Government of Niger, by Order no 1999 MT/D/SG of July 8, 2003, created the Inteministerial Committee at the Ministry of Interior and Decentralization, which ensures its supervision as required by GIABA. The committee consists of the representatives of the Ministries of Interior, Justice, and Finance, the BCEAO, ECOBANK, BIA, BOA, and BNCI. The functions of the National Committee are:
 - 1) To sensitize policy decision-makers (Government, Parliament), economic, social, financial and monetary stakeholders and the population in general on the necessity to fight money laundering and the financing of terrorism;
 - 2) To propose appropriate measures to fight ML/FT;
 - 3) To assess the progress made and the efficiency of measures taken at the national level;
 - 4) To prepare for the authorities or empowered parties representing Niger at GIABA meetings any files needed for their information;

- 5) To propose any such measures as would enable the application by Niger of decisions adopted by GIABA.
107. However, this National Follow-up Committee of Niger has no Action Plan. It wishes to benefit from training in this area in order to identify its priorities and project them over time in AML/CFT terms.
108. In the institutional AML/CFT mechanism, the Ministry of Economy and Finances has an important role to play. In this respect, it relies on Regulation n° 09/98/CM/WAEMU concerning the external financial relations of the member States of this sub-regional organization. This document provides that the Ministry of Economy and Finances should exercise full authority over public and private institutions intervening in this domain.
109. The power to authorize foreign transfers by delegation is held by the BCEAO, or to establish documents relating to pre-required applications for authorization under its competence. In application of this delegation, the BCEAO must report monthly to the Ministry of Economy and Finance on authorizations granted in the framework of this attribution.

Nigeria

110. For a long period in the past, Nigeria has been perceived as the centre of criminal financial activity for the entire continent. Individuals and criminal organizations took advantage of the country's location, weak laws, systemic corruption, lack of enforcement, and poor economic conditions to strengthen their ability to perpetrate all manner of financial crimes at home and abroad. Nigerian criminal organizations are adept at devising new ways of subverting international and domestic law enforcement efforts and evading detection. The establishment of the Economic and Financial Crimes Commission (EFCC), along with the Independent Corrupt Practices Commission and the improvements in training qualified prosecutors for Nigerian courts, yielded some successes in 2005 and 2006.⁵ In addition to narcotics-related money laundering, advance fee fraud is a lucrative financial crime that generates hundreds of millions of illicit dollars annually for criminals.
111. However, the gradual reform process initiated by the Obasanjo Government from 1999 to 2007 is expected to accelerate under the new Government. The new President, who was sworn in on May 29, 2007, has declared his intention to intensify efforts to resolve some of the thorny issues facing the Government, including the Niger delta conflict and the reduction of poverty in the country, as well as anti-corruption efforts including AML/CFT.
112. Nigeria has demonstrated a strong commitment to AML/CFT both within the country as well as in the region. The country has the most elaborate legal framework against corruption, economic and financial crimes in the region. In 1995, the first Anti Money Laundering Act (AML Act) was approved and enacted. However, since the only predicate offence for ML at that point was drug trafficking, the Money Laundering (Prohibition) Act of 2004 (MLP Act) replaced the AML Act and corrected this anomaly. Money laundering is thus now considered a criminal offence in Nigeria, regardless of the source of funds.
113. In 2000, the Government introduced the Independent Corrupt Practices (and Other Related Offences) Commission Act with a view to dealing with matters of corruption and bribery. The EFCC was established in 2003 through the EFCC (Establishment) Act 2004 as amended to lead the fight against money laundering and terrorist financing. This body has had a profound impact on Nigerian society and has gone a long way to restore faith among the public. Section 15 of the EFCC Act criminalizes TF and empowers the EFCC as the enforcement agency for TF offences. Presently pending before the National Assembly is an Anti Terrorism Act, which should become law this year.
114. Also relevant are a number of circulars, guidelines and manuals issued by several bodies responsible for monitoring AML/CFT issues. Among the main publications are: CBN (Central Bank of Nigeria) Circulars (October 6, 2003 and December 3, 2003) to banks and other financial institutions containing a list of terrorist groups and organizations; (2004) BSD/DO/CIR/V.I/01/24 and (2005) BSD/08/2005 to banks concerning the Money Laundering Prohibition Act 2004 (MLPA); Rules 99 and 100 (amended) of SEC Rules and Regulations; the NAICOM KYC Guidelines concerning the MLPA; the CBN KYC Manual; and the KYC Policy Manual for Bureaux de Change.
115. Nigeria is signatory to several international conventions relating to ML as shown in Table 1 below and Table 2 in Chapter 3. It also recognizes Security Council Resolutions 1267 (1999) and 1373 (2001) on ML, as well as adhering to the FATF 40+9 Recommendations.
116. In 2005, the EFCC established the Nigerian Financial Intelligence Unit (NFIU). The NFIU draws its powers from the Money Laundering (Prohibition) Act of 2004 and the Economic and Financial Crimes Commission Act of 2004. It is the central agency for the collection, analysis and dissemination of information on ML and TF. All financial institutions and designated non-financial institutions are required by law to furnish the NFIU with details of their

⁵ US International Narcotics Control Strategy Report, March 2007.

financial transactions. The NFIU has power to receive suspicious transaction reports made by both kinds of institutions, as well as reports involving the transfer to or from a foreign country of funds or securities exceeding \$10,000 in value.

117. Several high-profile arrests and prosecutions, leading to the destitution and conviction of some prominent officials, have given the EFCC a very high profile. Since its inception in 2003, it has obtained over 150 convictions and contributed to provoking a slow but steady change in the general attitude towards corruption. It has also recovered illicit assets worth over US\$5 billion. The average citizen has now seen that nobody is above the law, that there are senior officials who are determined to clean up the system, and that citizens may again have confidence in the country's future.
118. Overseas partners invested firmly in the EFCC and it has since thrived in its crusade to reduce corruption and ML/FT in the country to the extent that, over the past four years, mentalities have begun to change and officials believe that Nigeria can regain its position as a respected and responsible partner in the concert of nations.
119. The EFCC's sustainability now seems assured. It has the capacity to investigate financial crimes throughout the country. It can and does prosecute these in court. It has its own training facility to provide and upgrade skills needed by staff in order to fulfill its mandate. A number of courts have been specially selected and judges have been trained in hearing specific AML/CFT and fraud cases. The EFCC has also raised awareness through its successes and through campaigns aimed at sensitizing the public, although much more remains to be done.
120. There is a "Fix Nigeria" initiative which aims to inform citizens of the costs of corruption and make it their own fight by empowering them to voluntarily participate in the effort. Everyone has a role to play. At the regional level, Nigeria played a leading role in the establishment and funding of GIABA, including the nomination of the current Director General. The EFCC has the potential of a model law enforcement agency in West Africa. Due to further progress in collecting, analyzing and sharing data on AML/CFT, Nigeria was admitted to the Egmont Group in May 2007, and finally removed from the FATF monitoring list in June 2007. These gains constitute full recognition of Nigeria's efforts and progress in the fight against all economic and financial crimes.
121. However, since Nigeria still has a heavily cash-based economy, the DNFI sector remains highly vulnerable to corrupt practices; this situation is at present being addressed through specific mechanisms aimed at ensuring accountability among all professions and operational entities. Thus the strategy of raising awareness, promulgating tougher laws, revamping the financial infrastructure and obtaining convictions for non-compliance or illegal activity has produced remarkable results in a very short time. The idea is to "explain and seduce," according to the EFCC. And the strategy to step up the risk by increasing the chances of being caught seems to be bearing fruit.
122. The Nigerian Financial Intelligence Unit (NFIU) is the principal repository and source of financial intelligence in Nigeria and is the direct counterpart of GIABA. It is housed in its own premises but remains under the official umbrella of the EFCC, as per the EFCC Act of 2004. The NFIU responds to and fully meets the FATF requirements regarding AML/CFT provisions and recommendations. It is equipped to access and collate field intelligence from various sources, to monitor and analyze the data, to verify and share the results, to cross-check with the sources, and to produce the required proof in order to prepare serious evidence for prosecutions.
123. All suspicious transaction reports are sent to the NFIU, where they are uploaded into the system. There is very close ongoing collaboration with the financial institutions in Nigeria to ensure that reporting obligations are respected, that economic and financial information is shared, and that due diligence obligations are also respected. There is an exchange of intelligence with foreign entities on request, and between various FIUs through the signing of Memorandums of Understanding (MOU). However, this could be greatly improved by better electronic interface and database connectivity.
124. In each federal ministry in Nigeria, there is a special unit (called Anti Corruption and Transparency Unit – ACTU) to help control the problem internally. In the Federal Ministry of Commerce and Industry, in addition to the ACTU, a specialized unit has been set up, with the support of NFIU, to tackle the entire DNFBP sector, which to a large extent falls under the responsibility of this Ministry. The Special Control Unit on Money Laundering (SCUML) was established in September 2005 to monitor, supervise, regulate, and report on the activities of these DNFBPs across the country with respect to AML/CFT. These institutions are defined in section 24 of the MLP Act 2004 as dealers in jewellery, luxury cars and goods, estate agents and valuers, chartered/professional accountants, audit firms, tax consultants, clearing and settlement companies, legal practitioners, supermarkets, casinos, hotels, precious stones and metals dealers, trust company service providers, NGOs, charities, and even churches. All this is not to say that

there are no challenges, including the shortage of manpower and other resources given the size and population of Nigeria.

125. One of the environmental challenges is the cash-based economy, which represents at least 75% of the Nigerian market. According to a CBN publication, as of December 2004, total currency in circulation stood at Naira 545.8 billion, of which 84% was outside the formal financial sector. Other challenges relate to the novelty of the AML/CFT culture, the informality of the sector (mostly unorganized and without self-regulatory bodies), widespread illiteracy, poor record-keeping and public resistance to cooperation – not to mention outright non-compliance!
126. Money laundering has become less prevalent in the formal economy, but remains a continuous threat in the DNFI sector. More control must necessarily be exerted in that area. Despite the challenges it is facing, SCUML has been able to achieve a lot in the last eight months. The stockpile of hard copy Cash Transaction Reports has been converted into useable soft e-copies and uploaded. There has been a three-week training/induction programme for the foundation staff on AML/CFT and ICT. Registration of DNFI has increased markedly. A risk-based assessment of DNFI has been developed, in direct relation to their vulnerability. Door-to-door sensitization has begun in Abuja. And there have been preliminary negotiations for the inauguration of a DNFI Advisory Council, to bring all players in the parallel market on side. The goodwill of all operators is crucial to its success and to eliminating ML/FT. SCUML has also received strong support from the UK Department for International Development, which has rapidly provided needed support for specific activities. This is highly commendable.
127. Further to its statutory responsibility, the Nigeria Customs Service (NCS) is complementing and strengthening the national efforts in combating ML and FT. The NCS has developed internal mechanisms and techniques to address the threat of ML and to counter FT, based on the enabling legislation, the FATF 40+9 Recommendations and on best practice. With regard to AML/CFT, the role of the NCS is to administer and manage currency declarations, to control commercial fraud and trade-based ML, and to control smuggling and other related economic and financial crimes.
128. In order to support the AML/CFT regime provided by the EFCC, the NCS established its AML/CFT Unit in July 2005 at the major gateways for effective enforcement of the laws. The Service now receives declarations from 13 Area Commands across the country (international airports and major border stations). All reports generated from the entry or exit points are promptly reported to the NFIU and the Central Bank. All applications will soon be on-line and in real time. The Service has also developed software for use in its own database for rapid data collation, management of currency and bearer-negotiable instruments and other information. Thus reports are generated on passenger destination, declared amounts, source and purpose of funds, etc. Declarations are made on prescribed forms, designed and produced by the NCS.
129. The CBN is the chief regulator of financial institutions in Nigeria and possesses a detailed knowledge of the system. The supervisory role of the Bank is guided by various laws and regulations which are spelt out in the following documents: Banks and OFI Act 1991; ML Prohibition Act 2004; Monetary Policy Circulars; the Guidance Note 1995; the KYC Directive 2001; the KYC Manual 2002; Account Opening requirements; and others. At present the CBN has under its supervisory purview a wide array of financial institutions: 25 banks, 536 microfinance community banks, 90 mortgage institutions, 110 finance companies, 434 bureaux de change, and six development finance institutions.
130. The National Insurance Commission (NAICOM) is enforcing AML/CFT provisions and has issued very comprehensive KYC guidelines (which have been reviewed twice) and guidance to its operators. For example, personal history statements are required and individuals must appear in person when conducting a transaction. It has also reviewed its inspection manual to emphasize AML issues. Further, it carries out on-site inspections, after which sanctions can be imposed on offenders depending on the inspection reports. In 2006, 52 companies were inspected; 19 failed to comply with various AML provisions, and four were fined. All suspicious transaction reports are filed directly with NFIU.
131. The capital market is presently worth some Naira 7 trillion (US\$55 billion) and there is an average of Naira 4 million in transactions daily. The Securities and Exchange Commission (SEC) is the regulatory and supervisory authority for the capital market by virtue of the Investments and Securities Act 1999. It issues KYC Guidelines regularly to its operators, tailored to the country's needs. It also has an AML/CFT monitoring unit under its investigation and enforcement arm. It undertakes joint inspection exercises together with the NFIU (there have been over 70 to date), and has seconded staff to the NFIU. It now employs a risk-based approach, given the number of operators in the market, thus categorizing these according to their potential for ML. It has further mandated that no transaction above Naira 50,000 (US\$375) in cash may be handled by its operators; all other transactions are to be handled with

non-cash instruments, generally cheques, which leave a paper trail. The AML regime seems to be working quite well.

132. In Nigeria, the private sector is also involved in some form of self-regulation. For example, the Nigerian Institute of Estate Surveyors and Valuers seeks to ensure compliance with the professional code of conduct, mainly through a Professional Practice Committee, which can intervene with its non-compliant members and with intruders. The Association of Bureaux de Change of Nigeria (ABCON) has been recognized as a Self Regulatory Organization since 1999. Bureaux de change are allowed to undertake spot transactions as well as remittances up to a maximum of US\$4,000 per individual and \$5,000 per organization. In order to conduct transactions, persons must provide an ID card, driver's license or valid passport. Other acceptable ID can be considered, at the discretion of the changer. Bureaux de change are now licensed by the CBN, once certain requirements are met – minimum share capital of Naira 10 million (US\$800,000), mandatory deposit of Naira 1 million, background checks on directors, and affiliation with other financial institutions. ABCON issues its own KYC manuals to its operators and conducts regular and mandatory training.
133. Nigeria has progressed immensely over the last five years. The image of the country is getting better as a result of concerted efforts to reform the national bodies responsible for AML/CFT, and to attack the drug traffickers, advance fee fraud offenders and money launderers. This is bearing fruit. The public needs to regain confidence in the financial institutions, law enforcement agencies, and those who govern them. This will take time but is already happening in many quarters. If the key players receive the firm support they need in the coming years, additional significant progress will be achieved with regard to the ongoing AML/CFT effort in Nigeria.

Senegal

134. Senegal is a member of the UEMOA, a formal treaty linking seven French-speaking West African countries and Guinea-Bissau, by virtue of its Law authorizing ratification of the Treaty signed on January 10, 1994. This Treaty governs all monetary and financial matters among its members.
135. The banking sector in Senegal is quite extensive and prosperous, despite an overall population to banking ratio that is relatively low (estimated at 20–25%). Confidence in the banking system remains somewhat limited, in this essentially cash-based economy. Yet regionally, among UEMOA countries, Senegal is second only to Côte d'Ivoire
- in its banking ratio. The use of cheques as a payment instrument seems to be progressing, and slowly but surely, the use of debit cards, which it is hoped would help increase reliance on the banking system. The widespread use of microfinance by small investors has already had a positive impact on the banking system by encouraging the opening of accounts. But more remains to be done. Better and more flexible financial tools need to be offered to a wider variety of customers over the next few years. The lack of dynamism leads to what is perceived by many as institutional blockage, which in turn encourages parallel banking, a prime source of money laundering.
136. The Central Bank (BCEAO) remains the principal guarantor of fiscal management and financial stability in the country and in the UEMOA sub-region. In spite of a strongly cash-based economic system, the BCEAO manages to maintain effective oversight over the banking sector, which has largely self-regulated over the years. In fact, of the 17 banks operating in Senegal at present (following a partial consolidation exercise a few years ago), most are closely linked or are directly part of foreign-owned banking operations. The few locally owned banks are smaller and limited in scope. The challenge right now is how to attract a wider and more diversified customer base and increase services beyond the Capital City. This will require a concerted effort to sensitize the public to banking as a more secure method of doing business and by offering more attractive and flexible products in the market. Better publicity will also be required, on a larger scale. The location of GIABA in Dakar is further incentive for sensitizing the public and mobilizing local stakeholders to deal with issues more rapidly.
137. The insurance sector is also quite vibrant in the country. Government oversight is assured by a Directorate for Insurance, headed by a Commissioner, Comptroller of companies, whose task it is to regulate and ensure the stability of the business. Correspondents are designated in each company and a manual of operations has been produced and distributed. A single Insurance Code exists for all 14 CFA countries (West and Central Africa), which facilitates information-sharing and transactions.
138. There exists a Federation of Insurance Companies, which represents the interests of the sector in general in the country. It cooperates closely with the CENTIF, as do other players in the financial sector generally. The Federation says that it asks clients to indicate the origin of funds to be invested, as required by law. But it also states that there is far too much liquidity in the market at present and that a lot of these funds end up in unregulated investments. Most banks are investing heavily in real estate and the bond

market, and are slow to introduce new and attractive products with a view to attracting customers and thus increasing the percentage of formal banking in the country – and reducing the prevalence of ML.

139. As for the formal bureaux de change, they operate legally and normally, alongside the money transfer entities, and are well regulated by the central banking authorities. They have been sensitized through workshops and training offered by the CENTIF and have begun to forward regular suspicious transaction reports. The 40+9 FATF Recommendations are available in booklet form and are provided to all staff; reporting to the central authorities takes place each month. There is a bureau de change association, but it seems to be dormant at this time. The real problem lies more with the informal sector, or the DNFI's. There is thus a special need to establish some form of institutional oversight for the informal sector, in order to reduce the risks for ML activities in the country.
140. According to the US International Narcotics Control Strategy Report of 2007, Senegal is vulnerable to ML where most of the ML reportedly involves domestically generated proceeds from corruption and embezzlement. The report adds that the booming real estate business is largely financed by cash, and that ownership of properties is non-transparent. According to the same report, there is some evidence of increasing criminal activity in Senegal. As the first WAEMU (UEMOA) country to enact the WAEMU Uniform Law on money laundering and in a bid to curtail the level of ongoing ML in the country, Senegal has entered into bilateral criminal mutual assistance agreements with France, Tunisia, Morocco, Mali, The Gambia, Guinea Bissau, and Cape Verde.
141. The Senegal CENTIF has also signed an MOU to exchange information with the FIUs of Belgium and Lebanon, and is working on other agreements. The CENTIF has made tremendous progress in raising the awareness of the threat of money laundering in the country.
142. It is hoped that the Government of Senegal would continue to work with GIABA, WAEMU and ECOWAS to move to the next level in the fight against ML and TF, particularly towards criminalization of terrorist financing. Senegal is working on achieving transparency in its financial and real estate sector as well as establishing better control of cross-border currency transfers in collaboration with its partners in the region. The Senegalese law enforcement and customs authorities need to take the initiative to identify and investigate money laundering at the street level and in the informal financial sector.
143. The issue of money laundering has gained in importance over the past few years, with the increased currency influx into the market, from various sources. The Senegalese Diaspora consistently sends home very large amounts of money in foreign currency, very often outside of the formal channels and through informal money remitters. These funds are often speculative in nature. The increased investment in the construction sector is also notable, in particular since the unfortunate political events that took place in Côte d'Ivoire and which encouraged many firms to relocate to Dakar, thus prompting a building boom. Large investments in public works (roads, buildings, sanitation, transportation networks) have added to the flow of cash into the economy. The formal flows normally transit the official financial institutions and are thus regulated to a large extent. However, very many smaller investors remain outside these institutions and their monetary flows largely escape the vigilance of regulatory bodies.
144. There seems to be a somewhat positive consideration of ML in many quarters that is based on a misperception of the facts. Money laundering is often considered acceptable, since it appears to bring money into a country that otherwise would not have access to it. The reality of ML, its true impact and its consequences, are not widely understood, even by some persons directly involved in the financial sector. Thus, there appears to be a fairly urgent need for public information and sensitization on a large scale, in order to correct misperceptions and to help stabilize the currency markets. Once the costs and impact of dirty money on a society are well explained and understood, AML activities become much more feasible and successful. The same holds true for CFT activities, where illicit funds may be used to finance terrorist activities both at home and abroad.
145. The economy of Senegal however remains vibrant and the financial institution sector is well regulated. Banks and other financial institutions regularly report all suspicious transactions to the CENTIF and are fully supervised by the central banking authorities. Professionals of the financial institutions are well trained and undergo refresher training regularly. The financial sector is quite competently run and is stable. The internal stability of Senegal, a powerful attraction for investors, should continue to increase in the future, as well as the competence and the leadership being exercised in the financial arena. In particular, the strong presence of the CENTIF has added to the sense of trust and confidence in the local market, and is consolidating an already strong marketplace. The future looks bright. What is now required is a parallel increase in surveillance of the DNFI sector, through adequate institutional means, both preventive and repressive, and a maintenance of the sense of confidence that the law will be applied and that there is no

impunity with regard to this whole issue. “Good business requires good security.”

146. Money laundering has been criminalized in Senegal in accordance with the uniform UEMOA law, which was ratified by the National Assembly and formally promulgated on February 6, 2004 as Law No. 2004-09, adopting the single UEMOA Law Pertaining to the Fight against Money Laundering. This crime is further governed by Community Regulations no. 7/2002/CM/UEMOA, which regulates the fight against ML in member States; no.14/2002/CM/UEMOA, which regulates the freezing and seizure of assets; and no. R09/98/CM/UEMOA, which regulates external financial relations among member States, in addition to Instruction no. 06/99/RC of February 1, 1999 relating to manual exchange operators. This law reinforces the July 1981 Law 81-53, against Illicit Accumulation of Wealth.
147. With regard to the financing of terrorism, at this time there is no stand-alone legislation dealing with it. However, the BCEAO has formulated a Common Directive based on GIABA’s draft Model Legislation. On July 14, 2007 the UEMOA Council of Ministers adopted the draft model law and issued a Directive to all members to be domesticated in their respective countries. Proposed legislation is being considered.
148. It is also important to note that Senegal is signatory to several international conventions relating to ML, as indicated in Table 1 below and Table 2 in Chapter 3. It also recognizes Security Council Resolutions 1267 (1999) and 1373 (2001) on ML, in addition to officially adhering to the FATF 40+9 Recommendations.
149. Primary authority for dealing with AML/CFT issues is exercised by the Ministry of the Economy and Finance (MEF). Also an Inter-Ministerial Commission on AML/CFT has been created but is not at present active. The Ministry of the Interior (Police Service) and the Ministry of Defence (Gendarmerie) also play a significant role. The Governmental Decree creating the CENTIF, which is included in the AML law itself, was issued under no. 2004-1150 on August 18, 2004. Its directors and staff have all been appointed and are fully operational. The CENTIF is the principal repository and source of financial intelligence in Senegal, empowered to receive requisite information from all financial institutions and other sources and to generate intelligence in order to allow prosecution of economic and financial crimes by the competent authorities.
150. The CENTIF has now been operational for close to two years; its staff complement has increased and its influence has heightened considerably in this short time. It has now

reviewed hundreds of reports and introduced nearly 50 cases to the courts for adjudication. The fact that it has become operational and highly functional is to the credit of Senegal, which now has the essential tool to ensure the country’s capacity to fight ML and FT, in addition to corruption and drug trafficking. It is also serving as a tool to galvanize public opinion in favor of AML/CFT action, and is providing a guarantee for the maintenance of good governance in the country, without which its reputation, and thus its prosperity, would suffer.

151. At the regional level, Senegal contributed to the establishment of GIABA, including the nomination of the DeThe CENTIF of Senegal, along with its sisters in Niger and Nigeria, is fully functional. CENTIF Senegal could serve as a role model for other Francophone/WAEMU countries in the region
152. However, as noted, the DNFI sector is not formally regulated at present and seems quite difficult to control, as is the case in the other countries of the region. Before effective regulation can occur, it is necessary to set up a mechanism to approach these informal DNFI’s in order to encourage them to coordinate their activities and to institutionalize a reporting system by which they also forward suspicious transaction reports to the CENTIF, in the same way the financial institutions are now doing.

Sierra Leone

153. Sierra Leone is one of the poorest countries in the region, ranked 176 out of 177 countries in the UNDP 2006 World development report titled Beyond Scarcity – Power, Poverty and the Global Water Crisis. Sierra Leone is one of the post-conflict countries in West Africa, having experienced civil war from 1991 to 2002. Since the cessation of hostilities, government is steadily re-establishing its control and authority over the state’s affairs. There have been several international and donor missions to Sierra Leone. Government for its part has also embarked on a couple of reform programmes aimed at promoting transparency and accountability in governance.
154. The country’s economy is largely cash-based. There are eight licensed commercial banks in operation in the country (with their activities largely concentrated in Freetown); four community banks and about 51 licensed bureau de change operators. Approximately 20% of the population has access to formal financial service products such as the operation of a bank account.
155. Diamond smuggling remains a sore point and a source of worry and concern in official circles despite the cessation of

hostilities. Though recent government efforts to improve the management of diamond export has met with some success, especially with the adoption of the UN-approved export certification system for diamonds (the Kimberley certification process), only a proportion of the annual production estimates of between US\$250 and US \$ 300 million passes through formal export channels. Official export statistics for 2001–06 show the following: 2001, US\$26 million; 2002, US\$42 million; 2003, US\$76 million; 2004, US\$127 million; 2005, US\$142 million; 2006, US\$125 million. The balance, a sizeable quantity, is still smuggled out of the country where it is believed to be used for money laundering and the financing of other illicit activities. Though the illegal exploitation and smuggling of diamonds remains a concern in the country, the authorities think that with the end of the civil war and the disarming of the various rebel groups, there is a very low risk of terrorist activities within the country.

156. Money laundering has been criminalized in Sierra Leone through the Anti-Money Laundering Act 2005. In form and content the law adopts an all-crime approach in its definition of the range of predicate offenses relating to money laundering. According to the Act, the Governor of the Bank of Sierra Leone should be the responsible authority for money laundering in the country. The legal framework does not, however, impose any reporting threshold limits under the Money Laundering Regulation, but sets a threshold limit under section 6(1) of the Act, when a customer's business transactions exceed a daily aggregate of 25 million Leones or the equivalent of US\$8,333.
157. Accordingly, the Bank has set up an FIU, announced in the circular of March 21, 2007. Office space has been provided for the FIU within the Bank building, but it is yet to be furnished, equipped and secured. Staff have attended some basic training programmes, but still have limited understanding of the workings of an FIU.
158. Operations of the FIU are at present restricted to the analysis of reports from financial institutions (specifically commercial banks); the AML Act does not confer on the FIU the authority to request information from other non-financial institutions and persons. No detailed thought has been given to designing and defining the information needs of the FIU outside the current prudential requirements of the on-site and off-site inspection requirements of the Banking Supervision Division of the Bank of Sierra Leone. Though in its infancy and still grappling with start-off challenges, the FIU has developed and deployed a suspicious transactions reporting form for use by all commercial banks. It has also developed a Currency Declaration Form, meant for the declaration of foreign currencies and negotiable instruments

at the ports of entry and exit in Sierra Leone. But there is no evidence that this form had been put to use by the National Revenue Authorities during 2007.

159. Sierra Leone has not criminalized the financing of terrorism. However, in keeping with UN Resolution 1373, it has established a National Counter Terrorism Committee comprising the Financial Secretary; Governor, Bank of Sierra Leone; Director General, Ministry of Foreign Affairs; Chief Immigration Officer; Coordinator, Office of National Security; Director General, Drug Law Enforcement Agency; Registrar, National Registration Secretariat; and Permanent Secretary, Ministry of Mineral Resources. Nonetheless, Sierra Leone is signatory to all international conventions on AML/CFT.
160. Sierra Leone has a draft National AML/CFT Strategy that is awaiting parliamentary approval. The strategy document identifies the national AML/CFT vulnerabilities, strategies for addressing matters relating to these, and proposed national programmes and action plans. The document does not set out clearly defined national priorities, nor does it suggest a defined time-frame for the implementation of programmes and policies.
161. A 15-member National Stakeholders Committee has been set up to coordinate efforts against money laundering. The committee, which has the Governor of the Bank of Sierra Leone as Chairman, includes the Minister of Finance; the Attorney General and Minister of Justice; the Minister of Foreign Affairs; the Commissioner General of the National Revenue Authority; the Inspector General of Police; the Ombudsman; the Executive Director, National Drug Control Agency (GIABA National Correspondent); the Director General, Central Intelligence and Security Unit; representatives of the President's Office, the Vice President's Office and the Ministry of Mineral Resources; the Minister of Internal Affairs; the Commissioner of the Anti-Corruption Commission; and the Chairman of the Association of Commercial Banks. The constitution and composition of this high-level National Committee underlines the importance government attaches to the implementation of the AML Act.
162. As part of its regulatory measures under the AML regime, the Bank of Sierra Leone has issued Know Your Customers Guidelines (KYC) that will ensure financial institutions' compliance with Customers Due Diligence (CDD) standards. The Bank has also designed and deployed reporting forms for use by financial institutions for reporting suspicious and unusual transactions to the authorities. It is important that for the five large banks that are offshore subsidiaries of banks in regions with advanced AML regi-

mes there is the added demand of compliance with the CDD standards and other preventive measures which the AML Act and Regulations may not impose on them. In addition to limited resources, however, all agencies involved in these efforts seem to lack training in the area of economic and financial crimes and crimes related to money laundering and terrorist financing. There is also a shortage of resources to engage needed support staff and services.

163. The mutual evaluation report on Sierra Leone was the first MER to be discussed and adopted by GIABA, in June 2007. In accordance with the GIABA Mutual Evaluation Process and procedure, GIABA will undertake enhanced follow-up and Sierra Leone is required to commence reporting on progress on the implementation of the recommended actions by the middle of 2008.

Togo

164. Togo is also a member of UEMOA, and the UEMOA Treaty governs all AML/CFT efforts in the country. With the rapid changes taking place in many neighbouring countries, in both political and socioeconomic terms, Togo feels compelled to participate more fully in the new sub-regional order of things. Laws have been enacted, institutions created, systems initiated and assistance sought in order to bring the country up to a level of competence that will enable it to deal properly with some of its major problems, among which are corruption, trafficking and especially money laundering and the potential financing of terrorism. Togo must be a full partner in the new “secure corridor” initiative which will unite Nigeria, Benin, Ghana and Togo in a common front against dirty money and trafficking. The country has much to gain from this proposed commitment and will benefit greatly from a new institutional framework which GIABA can help establish.

165. Togo's economy is essentially based on subsistence agriculture. Food and cash crop production employs the majority of the population and is responsible for 42% of GDP. Commercial enterprise is also very important, Lomé being an important regional trading centre. The deepwater port there operates 24 hours a day, with transit shipments to the landlocked countries of the interior a source of income to the state. The “Grand Marché” is a regional focal point of much trade, particularly in African cloth. In addition, the re-export of alcohol, perfumes, cigarettes, and used automobiles supports the economy.

166. Almost all the money laundering taking place in Togo today is either payoff for complicity with traffickers in illicit drugs and

other commodities, or results from participation in corrupt practices by government officials or private business people. Attacking corruption will therefore have a direct impact on all AML/CFT efforts. It would seem, however, that many people, including many public officials, still have little or no knowledge of the reality of ML or of the consequences and perverse effects it has on the national economy. Public awareness is a prerequisite to any positive action being undertaken. According to the Minister of Economy, Finance and Privatization, ML and corruption are effectively bleeding the country, yet few people truly understand the devastating impact this is having on development and modernization. Over the years, they have become the norm and are holding the country hostage, not to mention the negative effect they are having on general social values. Good governance is thus essential to the general enrichment of Togo

167. Despite the high rate of corruption, there also remains a real sense of respect for the law in Togo. But the years of crisis and impending doom have engendered a deep-rooted fear of poverty, resulting in people's abuse of a corrupt system in order to survive. In fact a number of public servants, businessmen, politicians, law enforcement officers, members of the judiciary, the media, and many financial institutions and DNFI's have received and continue to receive large quantities of cash payments, which they then launder into legitimate investments. Many people were willing and even eager to discuss the issue freely and openly, which testifies to the presence of free speech and a new openness in Togo. The question of ML/FT is more and more openly discussed now, with many decision-makers convinced of the need to act without further delay to stop the flight of capital. But there is still too little real action. For example, the Presidency's Anti-Corruption Commission has essentially been dormant for years now and its membership has disbanded.

168. It is a different story with the banking sector in Togo, which is quite well structured. The 11 banks operating in the country are well managed, and the Professional Bankers Association has been particularly active in maintaining standards and training its membership, in order to keep the sector up to standards. Interestingly, Togo has a deposit rate of around 6%, which ranks it third in the UEMOA group, just behind Senegal and Côte d'Ivoire. Microfinance instruments account for some 20% of that total. The uniform UEMOA law applies in the sector and also FATF practices and recommendations (KYC, circulars, reporting, transaction ceilings and record-keeping).

169. The banking institutions have been collaborating closely with the Ministry of Finance in conducting audits of various

financial sectors in the recent past, in order to present a transparent and credible face to the investment world.

170. Other financial institutions are also on board with regard to introducing tighter controls over their transactions. The Togolese Insurance Committee has also been actively organizing the insurance and reinsurance sector. It has provided sensitization training, but wishes to take the industry even further towards full regulation and integration into the official reporting system. The same holds true for the bureaux de change, where only five of the 14 registered bureaux are active at this time. The Securities and Exchange Board is also prepared to participate at the first opportunity. Thus it is clear that the financial institutions are ready and willing to conform to the FATF rules and regulations in order to restore confidence in the Togolese market and institutions.
171. Money laundering has been criminalized in Togo, in accordance with the uniform UEMOA law. The basic law was ratified by the National Assembly on June 20 2007 and formally promulgated on July 6, 2007 as Law No. 2007-016, pertaining to the Fight against Money Laundering. This crime is further governed by Community Regulations no. 7/2002/CM/UEMOA, which regulates the fight against ML in member States, no. 14/2002/CM/UEMOA, which regulates the freezing and seizure of assets, and no. R09/98/CM/UEMOA, which regulates external financial relations among member States, in addition to Instruction no. 06/99/RC of February 1, 1999 relating to manual exchange operators.
172. The primary authority for dealing with AML/CFT issues is exercised jointly by the Divisions for Finance and for Economy, in the Ministry of Economy, Finance and Privatization. Operational responsibility also rests with the Central Office for the Repression of Illicit Drug Trafficking and Money Laundering in the Ministry of the Interior, Security and Decentralization. A government decree creating the CENTIF should be issued shortly. The CENTIF is destined to be the principal repository and source of financial intelligence in Togo, empowered to investigate and to generate intelligence in order to support prosecution of economic and financial crimes. At present, the Central Office continues to be GIABA's national counterpart.
173. Over and above the recently enacted AML law, all activities related to ML and FT were historically covered by the Penal Code of Togo, section 234 ff. However, the National Assembly has also enacted laws governing Trafficking in Illegal Drugs (Law 1998-008 of March 16, 1998) and Trafficking in Children (Law 2005-009 of August 3, 2005), both also related to the laundering of illicit funds. Another law concerning the Fight against Corruption was enacted in 2002, creating the National Anti-Corruption Commission, under the Presidency. This Commission is, however, dormant at the present time, despite the fact that it is an instrument that could allow the Head of State to "further the fight against bad governance, corruption and impunity" in the country. Many members seem to have been working at cross-purposes, and the Commission lost much of its credibility. This could be revived, however. With regard to the financing of terrorism, at this time, there is no stand-alone legislation dealing with the issue, which has not been considered a priority until now.
174. However, it is important to note that Togo is signatory to several international conventions relating to ML, as shown in Table 1 below and Table 2 in Chapter 3. It also recognizes Security Council Resolutions 1267 (1999) and 1373 (2001) on ML, in addition to adhering to the FATF 40+9 Recommendations. The Anti Money Laundering law adopted by the Government in July 2007 foresees the establishment of an FIU (the CENTIF), under the authority of the Minister of Economy, Finance and Privatization. It is also an indispensable tool for interacting with all financial institutions and DNFI's in the country, as well as coordinating with other FIUs throughout the region and beyond. It is in fact an essential tool in the fight against corruption, trafficking and the resulting ML and FT. The fact that this body still does not exist is highly detrimental to the avowed commitment of the Government to eradicate impunity in Togo. It also speaks of the lack of concrete action in the past, despite the verbal determination to tackle the issue. Therefore, this body must be established as a top priority.
175. Apart from the establishment of the CENTIF, with a view to filing suspicious transaction reports and sanctioning offenders, the need to create greater awareness among partners and in the general public regarding the issue of ML should also be seen as urgent. Most people do not understand the extent of its consequences or all its ramifications. Even among professional groups, clear understanding of the complexity of the issue is limited. A very strong effort to disseminate clear and simple information on the subject is considered absolutely crucial to the success of any effort to reduce the phenomenon. In order to change attitudes in the short term, people must be made aware of the dramatic impact of ML on the country (see details of this on pages 111–13). Public support for the initiative will help it prevail.
176. An Inter-Ministerial Committee, which is still in its formative stage, needs to be strengthened and empowered. GIABA can assist in this direction with a strong commitment from the country. With regard to the DNFI sector, which represents up to 60% of the Togolese economy, much work

needs to be done in establishing controls aimed at reducing ML and potential FT among these operators. The vast majority of laundered funds that remain in the country end up in the real estate, luxury items or small and medium business markets. The rest is exported, either physically or through compensatory monetary transfers. It is thus recommended that DNFIs be regulated by demanding the creation of professional bodies that are obliged to comply with reporting mechanisms to the CENTIF, just as financial institutions are compelled to do. Once the financial institutions sector is firmly under control, then the process can be expanded to the DNFIs with greater ease. This will not happen overnight, but the initiative can and should be undertaken without delay. A special unit under the Minister of Economy, Finance and Privatization should be established in order to begin this task, even as the formal system is being established to

regulate the financial institution sector. Regulation of the DNFI sector can be initiated in parallel with that sector.

177. Table 1 gives a general overview of the AML/CFT status of GIABA member countries and identifies the broad range of actions that jurisdictions have or have not taken to combat money laundering, effective as of December 31, 2006. This reference table provides elements that define legislative activity and identify other characteristics that can have a relationship to money laundering vulnerability.

Table 1: Status of member States action on international conventions

Action by Member States	Enactment / Promulgation of AML Law	a) Criminalization of drug ML	b) Non-Bank Financial Institutions	c) Financial Intelligence Unit (FIU)	d) System for identifying/forfeiting sets	e) Arrangements for asset sharing	f) Cooperation with international LE	g) International transportation of currency	h) Mutual Legal Assistance	i) Criminalized Financing of Terrorism	j) International FT Convention
Bénin	2006	Yes	No	No	Yes	No	Yes	Yes	No	No	Yes
Burkina Faso	2006	No	No	No	No	No	No	No	No	No	Yes
Cape Verde	2002	Yes		No	Yes	No	Yes		Yes	No	Yes
Côte D'Ivoire	2005	Yes	Yes	No	Yes	No	Yes	Yes	Yes	No	Yes
Gambia	2003	Yes	Yes	No	Yes	No	No	No	No	No	No
Ghana	2007	Yes	Yes	No	Yes	No	Yes	Yes	Yes	No	Yes
Guinea	2006	Yes	No	No	No	No	No	Yes	No	No	Yes
Guinea- Bissau	Adopted by Parliament in 2006	Yes	Yes	No	No	No	No	Yes	No	No	No
Liberia	2002	Yes	No	No	No	No	No	Yes	No	No	Yes
Mali	2006	Yes	No	No	Yes	No	Yes	No	Yes	No	Yes
Niger	2004	Yes	Yes	Yes	Yes	No	Yes	No	No	No	Yes
Nigeria	2004	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Senegal	2004	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes
Sierra Leone	2005	Yes	Yes	No	Yes	No	Yes	Yes	Yes	No	Yes
Togo	2007	Yes	No	No	Yes	No	Yes	No	Yes	No	Yes

Glossary of terms used in the Table

- a. **“Criminalization of Drug Money Laundering”**: The jurisdiction has enacted laws criminalizing the offence of money laundering related to drug trafficking.
- b. **“Non-Bank Financial Institutions”**: By law or regulation, the jurisdiction requires non-bank financial institutions to meet the same customer identification standards and adhere to the same reporting requirements that it imposes on banks.
- c. **“Financial Intelligence Unit”**: The jurisdiction has established an operative central national agency responsible for receiving (and, as permitted, requesting), analyzing, and disseminating to the competent authorities disclosures of financial information concerning suspected proceeds of crime, or required by national legislation or regulation, in order to counter money laundering. These reflect those jurisdictions that are members of the Egmont Group.
- d. **“System for Identifying and Forfeiting Assets”**: The jurisdiction has enacted laws authorizing the tracing, freezing, seizure and forfeiture of assets identified as relating to or generated by money laundering activities.
- e. **“Arrangements for Asset Sharing”**: By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third-party jurisdictions which assisted in the conduct of the underlying investigation.
- f. **“Cooperation with International Law Enforcement”**: By law or regulation, banks are permitted/required to cooperate with authorized investigations involving or initiated by third-party jurisdictions, including sharing of records or other financial data.
- g. **“International Transportation of Currency”**: By law or regulation, the jurisdiction, in cooperation with banks, controls or monitors the flow of currency and monetary instruments crossing its borders. Of critical weight here are the presence or absence of wire transfer regulations and use of reports completed by each person transiting the jurisdiction and reports of monetary instrument transmitters.
- h. **“Mutual Legal Assistance”**: By law or through treaty, the jurisdiction has agreed to provide and receive mutual legal assistance, including the sharing of records and data.
- i. **“Criminalized the Financing of Terrorism”** The jurisdiction has criminalized the provision of material support to terrorists and/or terrorist organizations.
- j. **“States Party to the UN International Convention for the Suppression of the Financing of Terrorism”** As of December 31, 2006, a party to the International Convention for the Suppression of the Financing of Terrorism, or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

Conclusion

178. As stated earlier, this review of AML/CFT situation in West Africa is not exhaustive. But it has provided some information relevant to the current efforts by jurisdictions in the region to implement acceptable standards. The commitment by member States indicates that more could be achieved in this direction, and that is why country assessment is one of the main thrusts of the strategic objectives of GIABA. The following chapter reports on the mutual evaluation and other related activities of GIABA in 2007.

CHAPTER 3

COUNTRY ASSESSMENTS

Introduction

179. Country assessment, better referred to as mutual evaluation, is a core function of an FSRB, and therefore is one of the main thrusts of the regional AML/CFT strategic framework of GIABA. It is a process where members agree to subject themselves to peer review to ascertain their level of compliance with acceptable standards. The methodology for this evaluation is based on the FATF 40+9 Recommendations, as well as other international instruments. Consequently, the existing of relevant legislation is an important prerequisite for compliance. This chapter therefore reports on the efforts at enacting AML/CFT legislation in the region in 2007, on the establishment of the Working Group on Mutual Evaluation, and on the Expert Review Group and on-site visits conducted during the year under review. Enactment/upgrading of AML laws and the enactment of separate laws on CFT

Enactment/upgrading of AML laws and the enactment of separate laws on CFT

180. One of the critical aspects of any anti-money laundering regime is the enactment and implementation of legal frameworks, regulations and directives which guide the legal, financial, and judicial processes involved in the fight against money laundering and terrorist financing. Supporting member States to promulgate appropriate legislation and upgrading existing ones to conform to acceptable international standards constitutes one of the priorities for GIABA. Prior to 2006, many countries in this region did not have legislation against money laundering. Today, all members of GIABA have promulgated laws criminalizing it. Although some of the laws require improvement to conform to acceptable international

standards, this is significant progress in the regional approach to combating money laundering.

181. In furtherance to its mandate, GIABA has worked with member States to draft and develop AML legislation that conforms to international standards. Most importantly, these laws were reviewed to ensure that they have incorporated the principles behind all AML legislation as embodied in international instruments such as the 40 Recommendations of the Financial Action Task Force and the 9 Special Recommendations related to Terrorist Financing (the 40+9 Recommendations), and the UN Conventions on Organized Crime (2000), Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988), and the Suppression of the Financing of Terrorism (1999) and Corruption (2003). Within the African Region, GIABA member States are also required to adopt and implement the AU Convention against Corruption and the ECOWAS Protocol on the Prevention of Corrupt Practices. Article 2(c) of the GIABA revised Statutes, which were adopted by Authority of ECOWAS Heads of State and Government in 2006, requires that all member States “recognize, adopt and implement FATF norms, methodology, particularly the 40 Recommendations and 9 Special Recommendations on the financing of terrorism, and other relevant international conventions.”

182. The highlights of most of the legislation include criminalization of money laundering, obligation to report suspicious transactions by financial institutions and DNFBPs, removal of secrecy obligations, establishment of FIUs, customer identification requirements, record-keeping, appointment of agencies responsible for the enforcement of the law to ensure its effective implementation, and international cooperation mechanisms such as mutual legal assistance, extradition, and judicial cooperation. Chapter 2 attempted to provide a synopsis of the legal framework in member States.

183. The eight UEMOA countries share a common legislative base with respect to AML/CFT. In order to implement the law according to its fundamental legal principles and adapt and enact the legislation within its own jurisdiction, each country has had to introduce the “uniform law” to its own Parliament, sometimes with slight modifications. Each of these countries has now done so as far as an AML law is concerned. The last to do so was Togo, in June 2007. These countries thus share legislation which is fully harmonized from the start. The harmonization of legislation does constitute a definite advantage and is worth adopting by the rest of GIABA member States, particularly with regard to other relevant legislation required for the effective implementation of the AML regime such as the asset recovery measures, proceeds of crime, mutual legal assistance and extradition mechanisms.

184. In November 2007, Ghana, the only country that had not passed AML legislation till then, announced the adoption of the law by its Parliament. Thus GIABA has achieved one of its key strategic objectives, which require that all member States must have AML legislation. In 2006, the Authority of Heads of State and Government of ECOWAS, in conformity with its international commitment to the fight against terrorism, adopted the revised Statute of GIABA at its 29th Session in January 2006 in Niamey, Niger Republic. The revised Statute expanded the mandate of GIABA to include the fight against terrorist financing. During the year under review, the GIABA Secretariat in close consultation with international development partners drafted a Uniform Model Legislation on Combating Terrorist Financing. This uniform law was discussed and adopted by GIABA Plenary and the Ad Hoc Ministerial Committee in Banjul, The Gambia, in June 2006.

185. Following its adoption, the UEMOA Commission issued a Directive on July 4, 2007 to all the UEMOA countries to domesticate and enact national CTF legislation in line with the uniform model legislation developed by GIABA. Within the non-UEMOA countries, Nigeria has criminalized terrorist financing under section 15 of the Economic and Financial Crimes Act 2004. However, that section is limited in scope and does not cover the essential criteria in the FATF 9 Special Recommendations on FT and the UN Convention on Suppression of FT. The Government of Nigeria has already forwarded a new Terrorism Prevention Bill to the National Assembly for enactment into law. The Bill incorporates acceptable international standards and measures that will enhance effective implementation of the law in the country.

186. The Gambia enacted an Anti-Terrorism Bill in 2003, but this does not cover terrorist financing. The Secretariat has

recommended that the Gambian Authorities review the law and produce a more comprehensive FT legislation. The Secretariat will work with all member States to ensure that they enact their CFT legislation before the end of 2008. Table 2 below sets out the level of ratification of international conventions and implementation of AML/CFT legislation in each country. It also highlights the weaknesses or shortcomings that need to be addressed.

Table 2: The Status of GIABA Member States' Ratification of AML/CFT/Drugs Related International Conventions

Member States	International Conventions Ratified	Year of Ratification	Non Ratification (NR) Signature (S)	Status of Anti-Money Laundering (AML) Legislation	Status of Terrorist Financing Legislation (CFT)
Benin	<ul style="list-style-type: none"> UN Convention Against Illicit Traffic in Narcotic Drugs & Psychotropic Substances, 1988; UN Convention against Transnational Organized Crime, 2000; UN Convention for the Suppression of the Financing of Terrorism. 1999; The UN Convention Against Corruption, 2003 	<p>23/5/1997</p> <p>30/8/2004</p> <p>14/10/2004</p>		Enacted in 2006	No CFT Legislation
Burkina Faso	<ul style="list-style-type: none"> UN Conventions on Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1998; UN Trans national Organized Crime Convention, 2000; UN Convention for the Suppression of the Financing of Terrorism, 1999; The UN Convention Against Corruption, 2003; African Union's Convention on Preventing and Combating of Corruption (2003); 	<p>2/6/1992</p> <p>15/5/2002</p> <p>10/12/2003</p>		Enacted, 2006	No CFT Legislation
Cape Verde	<ul style="list-style-type: none"> UN Conventions on Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1998; UN Trans national Organized Crime Convention, 2000 UN Convention for the Suppression of the Financing of Terrorism. 1999; The UN Convention Against Corruption, 2003 	<p>8/5/1995</p> <p>15/7/2004</p>	NR – Signed – 9/12/2003	Enacted in 2002	No CFT Legislation
Côte D'Ivoire	<ul style="list-style-type: none"> UN Conventions on Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1998; UN Trans National Organized Crime Convention, 2000; African Union's Convention on Preventing and Combating of Corruption (2003). UN Convention for the Suppression of the Financing of Terrorism. 1999 The UN Convention Against Corruption, 2003 	25/11/1991	<p>NR –Signed - 15/12/2000</p> <p>NR – Signed – 10/12/2003</p>	Enacted in 2005	No CFT Legislation
Gambia (The)	<ul style="list-style-type: none"> UN Conventions on Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1998; UN Trans National Organized Crime Convention, 2000; UN Convention for the Suppression of the Financing of Terrorism. 1999; African Union's Convention on Preventing and Combating of Corruption (2003); The UN Convention Against Corruption, 2003 	<p>19/4/1996</p> <p>5/5/2003</p> <p>No</p>	No	Enacted in 2003	No CFT Legislation Anti-Terrorism Law enacted in 2003 – requires amendment to meet international standards.
Ghana	<ul style="list-style-type: none"> UN Conventions on Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1998; UN Trans National Organized Crime Convention, 2000; UN Convention for the Suppression of the Financing of Terrorism. 1999 The UN Convention Against Corruption, 2003 	<p>10/4/1990</p> <p>No -</p> <p>27/6/2007</p>	No	November 2007	No CFT Legislation

Member States	International Conventions Ratified	Year of Ratification	Non Ratification (NR) Signature (S)	Status of Anti-Money Laundering (AML) Legislation	Status of Terrorist Financing Legislation (CFT)
Guinea	<ul style="list-style-type: none"> • UN Conventions on Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988; • UN Trans National Organized Crime Convention, 2000; • UN Convention for the Suppression of the Financing of Terrorism, 1999; • The UN Convention against Corruption, 2003. 	<p>27/12/1990</p> <p>9/11/2004</p>	NR – Signed – 15/7/2005	Enacted in 2006	No CFT Legislation
Guinea-Bissau	<ul style="list-style-type: none"> • UN Conventions on Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988; • UN Trans National Organized Crime Convention, 2000 • UN Convention for the Suppression of the Financing of Terrorism 1999; • The UN Convention Against Corruption, 2003 	<p>27/10/1995</p> <p>10/9/2007</p> <p>10/9/2007</p>		Adopted by Parliament in 2006 (Waiting for Presidential Assent)	No CFT Legislation
Liberia	<ul style="list-style-type: none"> • UN Conventions on Illicit Traffic In Narcotic Drugs and Psychotropic Substances, 1988; • UN Trans national Organized Crime Convention, 2000; • UN Convention for the Suppression of the Financing of Terrorism, 1999; • The UN Convention Against Corruption, 2003 	<p>16/9/2005</p> <p>22/9/2004</p> <p>16/9/2005</p>		Enacted, 2002	No CFT Legislation
Mali	<ul style="list-style-type: none"> • UN Convention Against Illicit Traffic in Narcotic Drugs & Psychotropic Substances, 1988; • UN Convention against Trans national Organized Crime, 2000; • UN Convention for the Suppression of the Financing of Terrorism. 1999; • The UN Convention Against Corruption, 2003 	<p>31/10/1995</p> <p>15/4/2002</p>	NR – Signed – 9/12/2003	Enacted 2006	No CFT Legislation
Niger	<ul style="list-style-type: none"> • UN Convention Against Illicit Traffic in Narcotic Drugs & Psychotropic Substances, 1988; • UN Convention against Trans national Organized Crime, 2000; • UN Convention for the Suppression of the Financing of Terrorism, 1999; • The UN Convention against Corruption, 2003. 	<p>10/11/1992</p> <p>30/9/2004</p> <p>No-</p>	No	Enacted in 2004	No CFT Legislation
Nigeria	<ul style="list-style-type: none"> • UN Convention Against Illicit Traffic in Narcotic Drugs & Psychotropic Substances, 1988; • UN Convention against Trans national Organized Crime, 2000; • UN Convention for the Suppression of the Financing of Terrorism, 1999; • The UN Convention Against Corruption, 2003 	<p>1/11/1989</p> <p>28/6/2001</p> <p>14/12/2004</p>		Enacted in 2004	No CFT Legislation
Senegal	<ul style="list-style-type: none"> • UN Convention Against Illicit Traffic in Narcotic Drugs & Psychotropic Substances, 1988; • UN Convention against Trans national Organized Crime, 2000 • UN Convention for the Suppression of the F The UN Convention Against Corruption, 2003 	<p>27/11/1989</p> <p>27/10/2003</p> <p>16/11/2005</p>		Enacted, 2004	No CFT Legislation

Member States	International Conventions Ratified	Year of Ratification	Non Ratification (NR) Signature (S)	Status of Anti-Money Laundering (AML) Legislation	Status of Terrorist Financing Legislation (CFT)
Sierra Leone	<ul style="list-style-type: none"> • UN Convention Against Illicit Traffic in Narcotic Drugs & Psychotropic Substances, 1988; • UN Convention against Trans national Organized Crime, 2000; • UN Convention for the Suppression of the Financing of Terrorism, 1999; • The UN Convention Against Corruption, 2003 	6/6/1994 30/9/2004	NR –Signed – 27/11/2001	Enacted in 2005	No CFT Legislation
Togo	<ul style="list-style-type: none"> • UN Convention Against Illicit Traffic in Narcotic Drugs & Psychotropic Substances, 1988; • UN Convention against Trans national Organized Crime, 2000; • UN Convention for the Suppression of the Financing of Terrorism 1999; • The UN Convention Against Corruption, 2003 	1/8/1990 2/7/2004 6/7/2005		Enacted in 2007.	No CFT Legislation

Mutual Evaluation

187. A mutual evaluation calendar was approved by the Ad Hoc Ministerial Committee in 2007, obliging GIABA to conduct evaluations of Senegal and Nigeria and consider the MER on Sierra Leone. Accordingly, significant progress was made in the implementation of one of its key objectives: the conduct of mutual evaluation of member States using the FATF Reversed Methodology 2006. The first round of mutual evaluation of Sierra Leone was conducted with the support of the World Bank. The MER on Sierra Leone was discussed at the GIABA Plenary meeting in Banjul in June 2007 and approved by the Ad Hoc Ministerial Committee. The evaluation of Cape Verde was concluded in April 2007 with the support of the IMF and the report was adopted during the GIABA Plenary meeting in Ouagadougou in November 2007. Following ministerial endorsement in December 2007, these reports have been published in accordance with the GIABA Statute. As GIABA is building its capacity incrementally to conduct evaluation on its own, GIABA conducted the evaluations of Senegal (July–August 2007) and Nigeria (September–October 2007) with minimum support. The reports are being finalized and will be considered for adoption in 2008. The Ad Hoc Ministerial Committee approved a revised mutual evaluation calendar with the evaluations of Niger, The Gambia, Guinea Bissau, Ghana and Côte d'Ivoire scheduled for February, April, September, October and November 2008. The calendar is shown below at Table 3.

Table 3: GIABA Mutual Evaluation Calendar

Country	Onsite Visit	Plenary Discussion	Status
Sierra Leone	Concluded by World Bank	June 2007	Discussed and adopted by Plenary. To be published in January 2008
Cape Verde	April 2007	November 2007	Discussed and adopted by Plenary. To be published by January 2008
Senegal	July 2007	May 2008	On-site visit concluded
Nigeria	September 2007	May 2008	On-site visit concluded
Niger	February 2008	November 2008	On-site visit tentatively rescheduled for May 2008. Date for discussion remains intact
The Gambia	April 2008	November 2008	
Guinea Bissau	September 2008	May 2009	
Ghana	October 2008	May 2009	
Côte D' Ivoire	November 2008	May 2009	
Benin	June 2009	May 2010	
Burkina Faso	October 2009	May 2010	
Mali	June 2010	May 2011	
Togo	February 2011	November 2011	
Guinea	June 2011	May 2012	
Liberia	September 2011	May 2012	

On-site Missions

188. Based on the mutual evaluation calendar, the first round of mutual evaluations commenced during the year under review with the following on-site missions:

Sierra Leone: A World Bank-led assessment of Sierra Leone took place in 2005 under the Financial Sector Assessment Program (FSAP). The detailed assessment report (DAR) prepared by the World Bank was discussed and adopted by the 7th Technical Commission and the 5th Ad Hoc Ministerial Committee at the June 2007 Plenary meeting in Banjul. The report has been published on the GIABA website in accordance with the GIABA mutual evaluation process and procedure. Sierra Leone is expected to commence report on the implementation of the recommendations in the DAR in May 2008.

Cape Verde: The Mutual Evaluation of Cape Verde was carried out with the support of the IMF in May 2007, as part of the IMF FSAP. GIABA participated as an observer on the team. As part of the GIABA Mutual Evaluation Process and Procedure, the DAR on Cape Verde was presented, discussed, and adopted during the Plenary meeting held in Ouagadougou, Burkina Faso, on November 5–6, 2007. In accordance with GIABA's enhanced follow-up procedure, Cape Verde will be required to report on the implementation of the recommendations in the report in November 2008.

Senegal: The mutual evaluation on-site visit to Senegal took place from July 23 to August 5, 2007. The FATF Secretariat provided a mentor and the Government of France provided one expert. Both of these enthusiastically supported the GIABA assessment team, led by the Deputy Director General of GIABA. A draft report has been prepared and sent to the Senegalese Authorities for their comments. A draft report is expected to be discussed in May 2008.

Nigeria: The on-site visit to Nigeria also took place from September 23 to October 5, 2007. The FATF provided a mentor, and the Governments of the UK and the US provided one expert each who supported the assessment team, led by the Director General of GIABA. Reports were still being collated by the assessors at the time of this report.

Policy on Publication and Dissemination of Mutual Evaluation Reports

189. In accordance with the GIABA Process and Procedure and in line with FATF procedures, particularly the need to instil transparency into the mutual evaluation process, mutual evaluation reports would be shared with all members, international partners, and any member of the public that is

interested in the report. The reports are discussed in open session during the GIABA Plenary. Once the report is adopted, GIABA would publish it on its website and disseminate it to the international community.

Working Group on Mutual Evaluation (WGME)

190. In order to provide a platform for member States to examine and discuss issues pertaining to mutual evaluation within GIABA, a Working Group on Mutual Evaluation, made up of representatives from member States,⁶ was established during the year under review. The mandate of the WGME includes:

- 1) Review the entire report and make comments, including typographical and grammatical errors.
- 2) Review the report to ensure that it conforms with the FATF standard MER (format, structure and content) based on the methodology.
- 3) Review to ensure consistency, accuracy and completeness.
- 4) Determine issues, if any, to be brought to the attention of the assessed country and assessment team.
- 5) Determine issues for Plenary discussion.
- 6) Recommend whether or not the report should be considered for adoption and publication after discussion by Plenary.
- 7) Make any remarks, comments or recommendations that you feel may be relevant pertaining to the report.

191. The Working Group held its inaugural meeting in Dakar, Senegal, in March 2007 to review the processes and procedures as well as the calendar of GIABA mutual evaluations. At the 7th Technical Commission/Plenary meeting in Banjul in June 2007, the mutual evaluation calendar was discussed and adopted by Plenary and subsequently by the Ad Hoc Ministerial Committee, and the Secretariat was mandated to ensure that it was fully implemented. With the adoption of some MERs, the mandate of the WGME is to be expanded to include the monitoring of implementation of the MERs by member States.

Evaluation Review Group (ERG)

192. As is the tradition in the FATF and other FSRBs, separate Evaluation Review Groups were set up in accordance with GIABA mutual evaluation process and procedure to review the detailed assessment reports on Sierra Leone and Cape Verde. Normally, each ERG would examine the report carefully and present outstanding matters to Plenary for discussion and adoption of the final DAR. Thus the terms of reference for the ERG include:

- 1) to review the entire report and submit comments and observations to ensure that it conforms with the FATF

⁶ Namely Benin, Burkina Faso, Côte d'Ivoire, Ghana, Guinea Bissau, Nigeria, Sénégal, Sierra Leone.

- standard MER (format, structure and content);
- 2) to ensure consistency, accuracy and completeness;
 - 3) to determine issues, if any, to be brought to the attention of the assessed country and assessment team;
 - 4) to determine issues for Plenary discussion.

Training for Regional Mutual Evaluation Assessors

193. Two separate five-day training programmes were organized for prospective assessors from member countries ensure that there is a pool of trained assessors available to take part in the mutual evaluation. One training programme was organized in collaboration with the World Bank and the Eastern and Southern African Anti-Money Laundering Group for English-speaking countries in Nairobi in April 2007; and another was organized in collaboration with the IMF for the French-speaking countries, in Dakar, Senegal, in May 2007. Both programmes were supported by the FATF.
194. The object of the training was to ensure that the assessors and the member States' representatives have an understanding of the FATF methodology, the 40+9 FATF Recommendations, the Interpretative Notes, and the Handbook for Assessors. It also aimed at preparing both the assessors and countries for future evaluations. More than 68 participants from member States were trained during the two sessions.
195. Apart from these, GIABA also participated in the FATF Training programmes in Hong Kong (January) and Berlin (November) 2007. Participants' skills and knowledge of evaluation were enhanced and their understanding of FATF/GIABA processes and procedures deepened, including a broader appreciation of AML/CFT principles. An additional outcome of this training is that eight of the trained assessors participated in the mutual evaluation of Nigeria and Senegal.

Conclusion

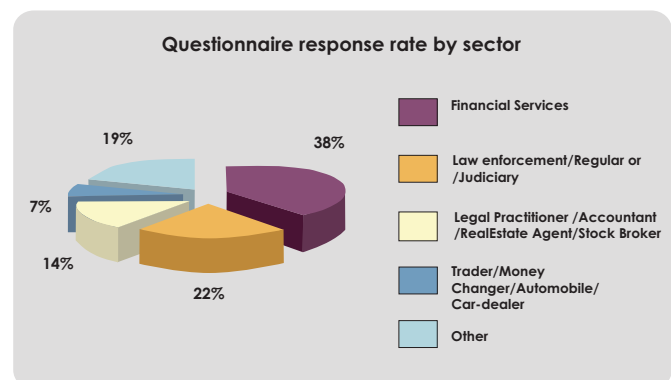
196. Mutual evaluation is the one way to determine progress in the implementation of AML/CFT regimes in member States. It is one of the Strategic Objectives of GIABA. The planned activities under this objective were all implemented during the year under review. In 2008, the Secretariat is poised to complete the five mutual evaluations scheduled for Niger, The Gambia, Guinea Bissau, Ghana and Côte D'Ivoire. It is hoped that with the assistance and support of GIABA's international partners these goals will be met.

CHAPTER 4

TYOLOGIES EXERCISE

Introduction

197. Consistent with the GIABA Mandate and its Strategic Action Plan for 2007–09, typologies exercises form an important part of the work of the Secretariat. The main objective of typologies is to gain a better understanding of the trends and patterns of money laundering. During the year under review, GIABA undertook its first typologies exercise on cash transactions and couriers in accordance with the FATF Special Recommendation IX. The exercise consists of the study of the methods, techniques and trends of money laundering and terrorist financing, in this way providing the necessary information on current methods and trends in order to identify policy implications arising from the exercise, which should inform policy decisions in the region.
198. The choice of the theme of the typologies exercise was based on the fact that most of the region's economic activities are primarily cash-based. It was therefore assumed that this project would benefit member States and enable them to formulate policies that would strengthen the financial system, in particular to offer modern financial services to their citizenry and reduce the risk of misusing their economies for the purposes of laundering the proceeds of crime. The exercise also falls in line with FATF Special Recommendation IX which states that:
- Countries should have measures in place to detect the physical cross-border transportation of currency and bearer negotiable instruments, including a declaration system or other disclosure obligation ...
199. The main objective of this exercise was to study the practices, trends, risks, threats, and vulnerabilities of cash transactions in the West African region. Specific objectives include: (1) understanding the possibility of abuse of cash transactions for the purpose of laundering the proceeds of crime and financing of terrorism; (2) examining the legal, regulatory, compliance, and enforcement regimes on cash transactions in member States; (3) underscoring the impact of cash transactions on the economies of this region; (4) recommending necessary measures to strengthen and enhance the overall AML/CFT regional framework in accordance with acceptable international standards.
200. The methodology used was a combination of desk review, the administration of a questionnaire on a selected group of stakeholders in the financial, legal, law enforcement, and non-financial sectors, as well as non-profit organisations. GIABA National Correspondents were helpful in ensuring that the questionnaires were distributed to the target population with a satisfactory response rate. Information drawn from law enforcement data and the media enriched the exercise, which culminated in the organisation of a regional workshop in Abidjan in April 2007, bringing together over 78 experts from both public and private sectors to share experiences and information as well as discuss gaps in the questionnaire. Relevant case studies on suspicious cash transactions, cash movement and interception, among others, drawn from law enforcement sources, FIUs, and the media, from Benin, Côte d'Ivoire, Ghana, Niger, Senegal, and Sierra Leone were presented at the workshop. A summary of the questionnaire response rate by sector is shown in the chart below.



201. A review of government policies and control measures in member States revealed that there are significant measures in place in all countries, but effective enforcement of laws and regulations is still needed. Within the framework of the AML laws, many countries in the region have placed a threshold on cash movement. Measures such as declaration and disclosure systems were being implemented in some countries, though in many not strictly enforced.

202. A review of the legal framework governing the national payments systems in most of the ECOWAS countries indicates that there are few or no specific laws that regulate the payment system. However, provisions embedded in the enabling laws of the national commercial and central banks in the case of non-UEMOA member States cover issues relating to the payments system. For example, in The Gambia, section 39 of the Central Bank Act 1992 requires the Central Bank and the money deposit banks to organize clearing services and establish rules, procedures and standards for the clearing of cheques. In Ghana, matters relating to the payments system are contained in the Bills of Exchange Act no. 55 of 1961; the Banking Law (PNDC 225) of 1993; the Criminal Procedure Code Act no. 30 (amended); the Banking and Financial Institutions Law (AFRICD) no. 17; and the Non-Bank Financial Institutions Law. In Guinea, Law no. L/94/017/CTRN guides the conduct of the deposit money banks, while Law no. L/94018/CTRN outlines the functions of the Central Bank, which include the promotion of an efficient payments system. In Nigeria, the Central Bank law, CBN Act no. 24 of 1991 as amended, and the Banks and Other Financial Institutions Act (BOFIA) no. 25 of 1991, have provisions for promoting an efficient payments system in the country. Other relevant legal instruments for promoting a legitimate payments system in Nigeria include the Dishonoured Cheques Act no. 44 of 1977; the Bankruptcy Act 1979; the Failed Banks and Financial Malpractice Act no. 18 of 1994; the Money Laundering Act of 2004; and the Economic and Financial Crimes Commission Act of 2004. In Sierra Leone, provisions in the Banking Act of 2000 and the Clearing House guidelines deal with the regulation of the payments system of that country.

203. Legislative texts provide for sanctions in connection with carrying physical cash above the threshold. Most of the countries in the region, as revealed by the exercise, impose some control on the outflow of currency and other negotiable instruments from their respective jurisdictions. Nigeria has implemented a declaration system that seems to be working well as evidenced by the amount of cash seizures.⁷ Under the law, both in-bound and out-bound movements of cash to equivalent to US\$5,000 and above must be declared at entry or exit points. There is however no

threshold for the inflow of currency and other negotiable instruments in most countries in the region.

204. The eight UEMOA countries,⁸ for example, confirmed the imposition of the following outbound threshold on travel allowances: When travelling from a UEMOA member country to a destination other than another UEMOA country, residents are prohibited from carrying an amount of currency greater than the equivalent of 500,000 CFA francs (approximately \$1,000) for tourists, and 2 million CFA francs (approximately \$4,000) for business operators, without prior approval from the Department of External Finance of the Ministry of Economy and Finance. If additional amounts are approved, they must be in the form of travellers' cheques. In Nigeria and the other non-UEMOA countries, the equivalent of US\$5,000 for individuals and US\$15,000 for corporate bodies represents the outflow threshold. In Cape Verde, for example, one may not carry more than the equivalent of 10,000 Euros in physical cash.

205. The exercise also revealed that the most effective method of detecting bulk cash smuggling is through random checks by enforcement officials at the points of entry and departure. On penalties for undeclared cash beyond the permissible limits, UEMOA countries have powers to either confiscate or impose a fine of 10% of the total amount. However, it was noted that there is no prescribed limit for purchases, particularly for importers or cross-border traders, as long as there is documentary economic justification.

Findings

206. The key findings on the vulnerability of the region to ML/FT arising from cash transactions including cash couriers are summarized as follows:

- The preference for cash over non-cash instruments in the payment and settlement of economic and financial transactions in West Africa makes the region highly vulnerable to money laundering. This is largely because of the anonymity and ubiquity afforded by cash, which makes it the preferred medium for receipt and deployment of transactions.
- The possibility was established of using the informal sector to disguise proceeds of crime and integrate them into the formal economy by purchasing real estate or luxury cars and through bureau de change transactions.
- Domestic as well as intra-regional trade and related transactions in West Africa is dominated in volume, if not in value terms, by informal economic operators whose activities are carried out largely outside the banking system and are characterized by lack of transparency and paper trail. Thus the business and

⁷ For details see the full typologies report at www.giaba.westafrica.org

⁸ Namely, Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo.

cultural environment provides a fertile ground for all sorts of illegal and criminal activities, not omitting the fact that cash orientation is also cultural and deeply entrenched.

- Cash provides a convenient medium for financing criminal activities with little or no audit trail. It should be noted that most predicate offences for money laundering, including drugs, arms, and human trafficking are cash-based.
- The increased use and acceptability of foreign convertible currencies outside the formal sector, for criminal transactions, including corruption and drug trafficking, is facilitated by the dominance of cash in transactions in the region.
- Cash management has become an important fee-earning and deposit mobilization activity for banks, with the risk that some of them might be less diligent or scrupulous in complying with AML guidelines.
- The 'cash-and-carry' culture involves the risk that goods might be purchased with criminal proceeds without the transactions being traced or recorded.
- The cross-border business is cash-oriented and involves both legal and illegal transactions such as smuggling of various types – goods, bulk cash, drugs, arms and ammunitions, etc. The risks associated with these activities are aggravated by the free movement of goods and persons under ECOWAS Protocols in the face of inadequate border surveillance and other control measures.
- The inadequacy of control measures in place in various jurisdictions in the region results not only in continued cash dominance but also in the attendant risk of money laundering.

207. The recommendations that emerged are outlined below:

- 1) Establish and enhance laws/regulations to promote movement of funds/settlement of financial obligations through banks, such as compulsory use of financial institutions for the transfer of funds over a certain threshold.
- 2) Ensure greater cross-border controls without necessarily limiting access to or free movement of goods, persons, and legitimate capital flows; for example, strengthening border controls by ensuring that security checks are made by well-paid persons and by providing incentives for those who expose illegal trade and financial crimes.
- 3) Review policy on inflow of currency.
- 4) Review trade policy.
- 5) Facilitate access to banks and increased computerization of the banking industry.
- 6) Move towards a cashless payment system, thereby encouraging the greater use of non-cash instruments in transactions.
- 7) Strictly enforce KYC and CDD rules.

- 8) Introduce thresholds for cash transactions.
- 9) Banks and other financial institutions must correctly ascertain the sources, purposes, and designations of funds transacted with them.
- 10) Review exchange rate policies across the region.
- 11) Regulate bureaux de change and parallel foreign exchange markets.
- 12) Review the current policy on the operation of domiciliary accounts.
- 13) Harmonize AML/CFT laws across the region.
- 14) Train relevant agencies in the fight against ML/FT.
- 15) GIABA will provide technical assistance as required.
- 16) Consider the establishment of a Monetary Union of the entire region in the long term.

Follow-up Implementation

208. After the adoption of the report by the Council of Ministers, it will be forwarded to member States for implementation of the recommendations. Meanwhile, as a follow-up to the typologies exercise, in collaboration with the US Department of Treasury, Office of Technical Assistance, GIABA organized a Regional Workshop on the detection of cross-border bulk cash smuggling. Participants learned how to interdict and intercept cash smuggling, to identify red flags of activity and behaviour associated with cash smuggling, and to develop declaration forms or enhance existing ones.

Conclusion

209. The typologies report has been published at the GIABA website www.giaba-westafrica.org Future typologies work on real estate-related money laundering and research projects on Money Laundering Risks Assessment and Corruption-Money Laundering Nexus are being planned for 2008 to complement this and create better awareness about the risks of money laundering in the region.

CHAPTER 5

TECHNICAL ASSISTANCE TO MEMBER STATES

Introduction

210. The establishment of GIABA is a historic response to the unique problems and challenges of West Africa. Consequently, unlike other FSRBs, GIABA has a mandate to provide technical assistance to member States to build institutions and capacity against money laundering and terrorist financing. In furtherance of this, a number of technical assistance programmes were carried out under the framework of GIABA's Strategic Action Plan 2007–09. This chapter gives highlights of those activities carried out at state level in support of national AML/CFT efforts in the 15 member States.



Participants from Benin discussing AML/CFT strategy development, Bamako, August 2007

Technical Assistance Needs Assessment (TANA)

211. During the year under review, a comprehensive Technical Assistance Needs Assessment of member States of GIABA was conducted with the financial support of the African

Development Bank. The TANA aimed at determining specific targets for intervention with a view to making maximum impact in strengthening the regional AML/CFT framework. The following were the main objectives of the project:

- 1) Conduct a comprehensive needs assessment of 15 West African countries in order to give clarity on various government policies, ongoing and planned programmes and activities in relation to anti-corruption and the control of economic and financial crimes.
 - 2) Provide a better understanding of the unique circumstances of the region and a framework for giving technical assistance, avoiding duplication and maximizing comparative advantage.
 - 3) Provide member States with the information to enable them introduce new policies and legal framework as a result of the self-assessment.
212. Four regional experts and one international expert undertook the assessment in 2007. The methodology for the assessment included visits to member States and discussions with stakeholders, including relevant law enforcement, regulatory and judicial officials, and the organized private sector operators, including banks, other financial and non-designated financial businesses and professions; the news media, and non-governmental organizations. The terms of reference for the exercise included the following:
- 1) Undertake desk review of existing legislation, including the extent of criminalization and other provisions as contained in acceptable international standards.
 - 2) Review ongoing government policies and reform programmes related to AML/CFT.
 - 3) Review current practices and institutional structures, including regulatory, law enforcement, and prosecutorial procedures, and modalities for cooperation among relevant government agencies and extra-ministerial departments.
 - 4) Examine and review the extent of compliance with and/or observance of acceptable international standards, including

the FATF 40+9 Recommendations and relevant international instruments.

- 5) Identify specific needs for assistance to strengthen existing AML/CFT infrastructure in each member state.
- 6) Recommend immediate, short- and long-term support to be provided to each state based on the GIABA Plan of Action.
- 7) Make any recommendations that would promote regional understanding and cooperation in the combat of money laundering and other related transnational organized crime in the region.

213. A preliminary report was adopted during the 8th GIABA Technical Commission Meeting in Ouagadougou on November 5–6, 2007 and subsequently endorsed by the ECOWAS Council of Ministers on December 14, 2007. Summary of findings and recommendations from the TANA exercise

214. This summary attempts to provide an overview of the findings from each jurisdiction as they relate to the entire region. Many issues are cross-cutting and are common to most ECOWAS countries. Over and above the efforts required in each state to address the issues, there is a need to envisage a holistic approach to the problem, which knows no borders and respects no sovereignties. GIABA intends to confront the issue at both levels, with appropriate responses to the challenges posed. Each country must address the problem internally, of course, but regional measures will also be required to impact on the phenomenon, not to mention international cooperation. Given the shared cultures and common bonds that unite the region, the perceptions, attitudes and reactions to the problem of money laundering are often very similar.

215. Regarding the legislative framework, the eight UEMOA countries share a common legislative base with respect to AML/CFT. Many countries, however, have anti-drug laws on their books, with provision for drug-related ML offences. Thus both laws are now complementary in most cases, although there may be some contradiction between the two (The Gambia and Guinea are good examples). Separate Anti-Terrorism Financing laws are yet to be enacted in the region, though some countries (e.g. Nigeria) have such laws pending before Parliament. Many other countries are in the process of either drafting or presenting such a law within their own jurisdiction. Once this is done, the legal arsenal will essentially be complete. All the TANA reports emphasize the need to enact such laws as a prerequisite for action with regard to fighting the phenomenon in the region.

216. Given the highly specialized nature and the complexity of ML/FT cases, several experts suggested designating specific courts, and judges or magistrates to hear them. This

also requires that the presiding magistrates and judges receive adequate training in these matters, as well as other staff of the court. This has been done in Nigeria, with a fair measure of success. It should be considered seriously by each country.

The uniform UEMOA AML law provides for the establishment of an FIU known by the French acronym CENTIF. With the exception of Senegal, however, no other country within the UEMOA has an operational CENTIF at this time. The Niger CENTIF was destroyed by fire earlier this year and remains non-operational to this day.

217. Nigeria has an operational FIU, which has been up and running for about four years and has allowed the country to become a member of the exclusive Egmont Group of FIUs. Sierra Leone and The Gambia have also made basic provision for their FIU in their respective central banks, but this remains embryonic at this time. Senegal has established a CENTIF which has been operating for almost a year. The need to establish an FIU without delay, as a basic tool in combating ML/FT, cannot be overemphasized.

218. The issue of adequate staffing was raised in each case because without adequate and qualified human resources, little can be done in any concrete sense to address the problem. Qualified and well-trained staff are a prerequisite in all areas pertaining to this mandate, especially as concerns the FIUs (for data analysis and elaboration of proper intelligence), law enforcement bodies and legal experts (with the capacity to investigate and prosecute complex ML/FT and drug cases), and financial institutions (able to introduce active preventive measures). This involves a large numbers of people with the initial appropriate qualifications and the requisite subsequent training in order to carry out their mandates professionally and consistently.

219. The task of coordination is also essential to obtaining good results in any cooperative effort. The issues of ML and FT, in addition to those of drug control and corruption in general, are all linked. They are, furthermore, crimes that know no borders and respect no sovereignties. Therefore any attempt to resolve these matters requires strong interaction between all those involved in the struggle. It is impossible to have any kind of success in fighting these international crimes without the genuine cooperation of all those concerned within a country – and with neighbouring States as well as overseas partners. Such cooperation must be systematic, ongoing, and well organized. This requires coordination at many levels: within concerned ministries and departments, between those ministries and departments, between public and private entities, with neighbouring countries, and with a number of specific overseas partners. The coordination needs to be structured and regular, secure and stable, within

the context of a measurable set of expected results. This was identified as a necessity because it is crucial for success. It may require overcoming certain institutional rivalry and handicaps, establishing a formal coordination body under the authority of a given entity, setting up secure communications links, and respecting schedules in order to meet deadlines for action.

220. In the same way that most countries possess National Drug Councils or committees to oversee the activities aimed at drug control in general, and to coordinate such activities, there is also a real need for the establishment of national AML/CFT inter-ministerial committees. These would serve as the main coordination entities within a given country. As a high-level body, an inter-ministerial committee should be made up of the three focal ministers for Justice, Finance, and Interior or Security. National coordinating committees would be made up of experts from the relevant ministries and agencies, including stakeholders from the DNFBPs, and would be chaired by the national correspondent and act on behalf of GIABA with regard to implementing activities within a given plan. These committees exist formally in a few countries but are mostly not really operational across the region. There is need for urgent action to establish these committees where they are not in existence, or to strengthen them where they are not active. Their role in promoting the fight against ML/FT with government is crucial. Their mandate in designing and promoting a national strategy is imperative. Their real involvement in coordination efforts is also essential.

221. The TANA exercise revealed that many people in the various countries, including decision-makers, had a limited awareness and comprehension of the magnitude and practical effects of the ML phenomenon. Most people do not perceive ML as a problem for the country, since they feel that money coming in can only benefit the country. There is thus an urgent need to inform people about ML/FT, in particular those who are in positions of power, either in public service or in the private sector. Since the issue is closely linked to both drugs and corruption, a holistic approach to raising awareness is required.

222. GIABA and the national committees need to address this reality as a prerequisite to action. Simple public awareness materials could be drawn up to give the general public a basic knowledge of the problem, and especially its operations and repercussions on their own lives. How does ML/FT affect them directly? This must be complemented by a greater effort among decision-makers, so that they too will grasp the extent of the problem and the negative impact that ML/FT has on their country and on their lives. This can be easily pointed out in documentary form.

223. For the less literate, audio-visual materials can be produced that will reach people in their homes, and in their own languages. This, however, needs to be very well coordinated and done in close cooperation with national counterparts, since ownership is the key to success in these matters. Thus there is a direct link with the work of the national committees and the national correspondents. This is very important, and has been emphasized by all the experts in their reports. None of the above can be implemented without the proper equipment base. Thus exhaustive lists of necessary equipment are required in order to implement the activities with success. Since AML/CFT efforts are essentially intelligence-driven, and more and more based on serious risk assessments, it is crucial to equip the FIUs and CENTIFs appropriately, as a priority and a prerequisite.

224. As a first step, it is essential that governments provide adequate premises to house the FIU. This entails a secured building, enough space, basic furniture and fixtures, and sufficient qualified staff in order to operate correctly. Once this is under way, GIABA can intervene with the necessary equipment to render the site fully operational. Office equipment, computers and wiring, a small vehicle, air conditioning, and especially stable electrical current from a standby generator, can be supplied quickly, with the requisite spare parts. It is essential, however, to make clear that the provision of equipment is meant to support the efforts of staff to produce concrete results, and is not a way of supplementing a lack of involvement by government in certain instances. All equipment must necessarily be set up with direct needs linked to production. GIABA must have a results-oriented approach to the support it intends to provide. Time-frames need to be established in order to set up the operational bodies, and subsequently for them to start producing results. It may also be feasible to consider providing equipment support to the AML/CFT squads in some countries, where these exist. The drug squads often serve as AML/CFT squads at the same time, in view of the inadequate human resources presently available. Providing some communications equipment, transportation and basic office equipment can greatly help boost the short-term effectiveness of these entities.

225. Since AML/CFT efforts are essentially driven by intelligence and risk assessment, it is crucial that the countries be fully equipped with the necessary IT installations, including links to other concerned entities in the country, and to outside partners' networks, with a view to sharing information for rapid intervention when required. This requires establishing a proper and functional FIU/CENTIF, with the requisite IT equipment and networking, in addition to linkage with the pertinent networks that operate their own data-links on a

24/7 basis. These installations must meet international standards in order to become fully operational and credible. They also require stable power, controlled environment, spare parts and competent operators. These units can be linked via the Interpol network or other networks to the international operators who are tracking the ML/FT activities worldwide. With regard to the financial institutions, the reporting requirements to the FIU/CENTIF are clear and direct. However, in the present regional cash-based economies, the DNFPBs, which include lawyers, estate agents, jewellery dealers, accountants, and tax consultants play a major role in these markets and remain relatively uncontrolled. A distinct entity should be established, for organizational and supervision purposes, to deal with this sector and to organize it in such a way that it will in turn report to the FIU/CENTIF. Such an approach would seem appropriate, given the colossal task involved in regulating large cash-based economies. It has in fact been initiated in Nigeria, with the establishment of the Special Control Unit against Money Laundering in the Ministry of Commerce and Trade, and this seems to have had a good measure of success so far. Other countries could follow suit, but only once their financial sector has been dealt with correctly. Once the FIU/CENTIF is operating properly and is receiving transaction reports from the financial institutions, and once it is able to analyze these and produce proper intelligence, it can also begin covering the DNFI sector, given its importance in the region.

226. The exercise revealed that many law enforcement bodies were in need of serious reform, since they are the ones tasked with investigations but are often not up to the task. There is a need, in every jurisdiction, to introduce much needed reforms into the basic law enforcement bodies, such as the police, gendarmerie, judicial police and customs, as well as immigration officials. If these bodies are not up to standard and do not have the trust and the respect they need in order to do their job with the required integrity and impartiality, then the whole effort will be wasted. In addition, there is an urgent need, in some countries, to introduce serious border control efforts without delay. This is particularly true of the Benin–Nigeria land border, of the Guinea Bissau–Senegal border, and several other entry points, which remain totally vulnerable to all forms of trafficking. The borders are in fact so porous that just about anybody or anything can cross unhindered. This can represent a serious threat to national security, not to mention vulnerability to trafficking. Corrective measures are therefore required without delay.
227. Finally, these actions will require the wholehearted involvement of each government at the national level, as a first step, before any meaningful coordinated regional action

can be taken. It is essential that a number of countries begin (several have already done so) implementing the above-mentioned actions within their own borders. Establishing national committees, setting up the FIU/CENTIF, reforming law enforcement bodies, making the most qualified staff available, and allocating operational budgets to these entities are obvious steps in support of the regional effort. Meantime, GIABA has already set in motion a mechanism for the implementation of the recommendations, particularly with regard to providing technical assistance to States to establish FIUs and build capacity for sustained efforts against money laundering and terrorist financing in 2008.

Support for the establishment and maintenance of FIUs

228. The setting up of FIUs is an essential prerequisite for all member States as it represents one of the criteria for effective implementation of any AML/CFT regime. A financial intelligence unit is:
- A central, national agency responsible for receiving (and as permitted, requesting), analyzing and disseminating to the competent authorities, disclosures of financial information concerning suspected proceeds of crime and potential financing of terrorism, or required by national legislation or regulation, in order to combat money laundering and terrorism financing.*⁹
229. The FATF Recommendation 26 requires all member States to set up financial intelligence units which would have the responsibility for the collection, analysis, and dissemination of suspicious transactions reports. This recommendation states:
- Countries should establish a Financial Intelligence Unit that serves as a national center for the receiving (and, as permitted, requesting), analysis and dissemination of suspicious transactions reports and other information regarding potential money laundering or terrorist financing. The FIU should have access, directly or indirectly, on a timely basis to the financial, administrative and law enforcement information that it requires to properly undertake its functions, including the analysis of suspicious transactions reports.*
230. The FIU is supposed to generate intelligence from analysis of suspicious transactions, which would then be forwarded to the competent authorities to aid in investigation and prosecution. Essentially therefore, given the strategic importance of the FIU in the AML/CFT framework, the criteria for the setting up of the FIU should normally include the following:
- It must be established by an enabling law.

⁹ Namely, Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo.

- It should be located in safe and secure premises.
- It must be sufficiently independent to carry out its work.
- It must be provided with the necessary funding and competent staff to function efficiently.
- It must be committed to sharing information with other FIUs worldwide.

231. It is instructive to note that without the ability to gather intelligence from financial information, it would be practically impossible to develop an effective AML system. Establishing an FIU is the responsibility of member States. It should be recognized that many countries face considerable difficulties and that is why GIABA can provide the necessary motivation and support to drive the process. It is in this regard that the Secretariat has embarked on a series of advocacy visits to member States to urge them to set up their FIUs.

232. In September 2007, the Finance ministers of WAEMU countries issued a directive to all member States to expedite action on the establishment of FIUs in their respective jurisdictions. In October 2007, the Franc Zone ministers undertook to rapidly implement the community texts against money laundering and the financing of terrorism, and particularly to make the FIUs more operational. It is the expectation of the Secretariat that member States would comply with this directive. In 2008, efforts will be intensified through a series of sensitization and advocacy meetings with key government agencies charged with the responsibility of implementing AML legislation in their respective countries in order to raise their awareness of the need to establish FIUs.

Progress made by member States in the establishment of FIUs

233. It is worth noting that even though most countries in the region have legislation in place on the establishment of FIUs, only Nigeria and Senegal have operational FIUs. Niger and Sierra Leone are next as they have already allocated office space for their FIUs and have started receiving a few suspicious transaction reports. Other countries, including Cape Verde, Côte d'Ivoire, The Gambia, Guinea Bissau, have nominated members of their FIUs but are yet to be allocated office accommodation. The Niger CENTIF, which was struggling to meet international operational standards, was affected by a fire outbreak in June 2007 which destroyed the entire building including computers and working documents. The Director General visited Niger soon after the incident to sympathize and request that the authorities take the necessary steps to provide alternative accommodation for the CENTIF as soon as possible.

Training for FIU and potential FIU officials

234. In 2007, the Commonwealth Secretariat provided training and advisory services to some member States on the establishment of FIUs and the strengthening of existing FIUs. With the support of the Secretariat, a regional FIU training workshop for English-speaking countries was organised in Accra, Ghana, in May 2007. A similar exercise is envisaged for the French-speaking countries in the first quarter of 2008. With regard to specific training for national FIUs, GIABA organized a two-day training seminar for the Niger FIU on financial intelligence analysis on March 5–7, 2007 with the support of experts from the Belgian FIU.

Support for study tours for FIU officials

235. Under the framework of Project I-25, the GIABA Secretariat and UNODC supported a study tour programme for two Nigerian FIU officials to visit the Australian Financial Transactions Analysis Centre (AUSTRAC) in order to acquaint themselves with the working procedures of AUSTRAC in the area of collating, analysis, and dissemination of financial information.

236. The designated Directors of Sierra Leone and The Gambia FIUs were also sponsored by GIABA to attend a Conference on the “Combating of Financial Crimes in Africa.” This took place in Johannesburg, South Africa, early in 2007, in order to share experience and learn best practices in the area of money laundering and terrorist financing. The two participants also had the opportunity to visit the South African Financial Intelligence Centre to study the process of setting up and running an FIU and to acquaint themselves with the operations of the Centre.

Nigeria FIU admitted into the Egmont Group

237. Apart from providing support to members to establish and maintain FIUs, GIABA promotes the membership of eligible FIUs to the Egmont Group. An important achievement in this direction this year was the admission of the Nigeria FIU into the Group. GIABA has started networking for the admission of Senegal FIU in the near future.

National AML/CFT Sensitization Workshops

The international community has acted on many fronts to respond to the growing complexity and the international nature of rapidly evolving ML/FT methods. The emphasis is on ensuring that member States are not lagging behind in the global fight against ML/FT. Consistent with its mandate, and with the support of development partners, GIABA therefore continued to sensitize

its members by organizing national AML/CFT sensitization seminars and other training and AML/CFT strategy development workshops in member States. About 165 participants drawn from financial institutions, law enforcement agencies, judicial officials and other DNFBs as well as private sector stakeholders were involved in the sensitization and strategy workshops.

238. In Niger, a national sensitization workshop was organized in collaboration with the UNODC in Niamey, on March 8–9, 2007, bringing together about 80 stakeholders involved in efforts and actions against ML/FT from both public and private sector institutions. Apart from discussing the responsibilities and obligations of the respective institutions in the implementation of the Niger AML/CFT regime, participants also drafted a AML/CFT Strategy framework. The formal adoption of the National Strategy/Plan of Action should be a priority for Niger Republic.

239. Nigeria has been notorious for advance fee fraud ('419') in the region. Law enforcement efforts, particularly by the EFCC, have drastically reduced the incidence of 419 offences in Nigeria. As law enforcement efforts become intensive in Nigeria, the fraudsters shifted base to neighbouring countries. In a bid to combat this menace, a regional conference on combating the menace of advance fee fraud was organized by the EFCC of Nigeria in collaboration with Interpol. The two-day conference, attended by over 65 law enforcement officials from the region, was held in March 2007 at the EFCC Training and Research Institute in Karu, Abuja. In the same month, a Stakeholders' Summit on the MLPA 2004 was also held in Abuja, Nigeria. The aim of the summit was to assess the level of compliance with the MLPA of Nigeria and determine further areas of collaboration among stakeholders. This event received strong support and sponsorship from the private sector particularly banks and insurance companies, thus demonstrating the kind of partnership that GIABA seeks to promote and entrench. GIABA contributed immensely to these initiatives by participating and presenting papers.

240. Similarly, a national sensitization and strategy development workshop was held in Cotonou, Benin, on 7–9 August 2007. This event brought together about 37 participants from financial institutions and the legal sector. The workshop led to the development of a framework towards the development of a national AML/CFT action plan. The Secretariat is encouraging the national correspondent of Benin Republic to ensure that other relevant stakeholders such as those in the law enforcement agencies, who were unable to participate in the deliberations, get the opportunity to contribute to the Action Plan developed during the workshop.

241. Also, GIABA provided support to Guinea Bissau to organize an awareness-raising/ sensitization workshop in Bissau on September 13–14, 2007. The workshop, which was organized in collaboration with the Ministry of Finance of Guinea Bissau, brought together about 50 participants from public and private sector institutions involved in the fight against ML/FT. The two-day seminar was led by H.E. Dr Pedro Ucaim Lima, Secretary of State for Treasury and Budget representing the Minister of Finance, whose presence throughout the event marks the commitment at the highest level in government to embrace efforts to rid the country of money launderers and possible terrorist financiers.



National AML/CFT Workshop in Guinea Bissau, September 13–14, 2007, Bissau. (from left) Dr. Abdullahi Shehu, DG-GIABA and Dr. Pedro Ucaim Lima, Secretary of State for Treasury and Budget, Guinea Bissau

Regional AML/CFT Training/Capacity Enhancement Workshops

242. Training and capacity enhancement form an important component of the GIABA Strategic Objectives so as to ensure that member States have personnel with the requisite skills and capacity to lead the fight against ML/FT. During the past year, over 300 high-level officials from law enforcement and the financial and legal sectors, as well as DNFBPs from all 15 member States, benefited from ten regional training workshops organized by GIABA in collaboration with development partners. Specifically, the following regional workshops were organised during the period under review.

Train the Trainers Workshops on AML/CFT

243. As a follow-up on the AML/CFT Capacity Enhancement Program, a Train the Trainers Workshop, organized with the support of the World Bank for the English-speaking countries, was held in Abuja, Nigeria, in November 2006. A second workshop was held in Dakar, Senegal, for French- and Portuguese-speaking countries in June 2007.

The main objective of the workshop was to assess each country's AML/CFT regimes and areas where training is required, to customize training modules to each country's needs, and to develop a country strategy for training. By the end of the training participants had gained a detailed understanding of AML/CFT issues and produced a framework strategy action plan.

Regional national AML/CFT strategy development workshops

244. As follow-up to the Train the Trainers Workshops, two regional national AML/CFT strategies development workshops were organized for GIABA member countries during the past year: one for the English-speaking countries held on July 9–12, 2007 in Accra, Ghana, and the other for the French-speaking countries, held in Bamako, Mali, on August 28–30, 2007. Both were organized with the support of the UNODC and co-sponsored by COMSEC and DFID. The main objective was to train participants to develop a national AML/CFT strategy for their countries. Participants worked in breakout sessions by country to discuss the existing legal and institutional frameworks in their respective countries. They considered the risks and vulnerabilities specific to their countries, assessed the needs for training and capacity-building, and identified national goals with priority areas. The workshops produced draft National AML/CFT Strategies frameworks for participating member States. Participants are expected to meet with their Inter-Ministerial Committees as well as other stakeholders in their home countries, to complete work on the frameworks so as to produce a comprehensive National AML/CFT Strategy for the each member state.



Guinea Participants at the Regional AML/CFT Strategy development workshop, Bamako, August 2007

Regional workshop on cross-border bulk cash smuggling

245. As a follow-up to the typologies exercise on cash transactions in member jurisdictions (reported in Chapter 4), GIABA, with the support of the Office of Technical Assistance of the US Department of Treasury, organized a Regional Workshop on the detection of cross-border bulk cash smuggling. The event took place in Saly, Senegal, on September 5–7, 2007. The workshop was organized in the three official languages for customs, immigration police and drug law enforcement officials. This event was a follow-up to the typologies exercise on cash transactions and cash couriers, which was carried out in the region during the 2006–07 exercise. During that exercise, it was identified that cross-border bulk cash smuggling by cash couriers was prevalent across borders of member jurisdictions. The objectives of the workshop were:

- 1) To train law enforcement officers at the exit and entry ports, as well as those responsible for financial investigations, on how to detect and intercept cross-order bulk cash smuggling in the region;
- 2) To develop an understanding of GIABA's role in regional implementation of AML/CTF best practices;
- 3) To develop an understanding of AML/CTF laws and control measures in place in GIABA countries;
- 4) To identify cultural and trade challenges impacting cross-border law enforcement operations in the region;
- 5) To assess the effectiveness of cross-border cash smuggling laws in the region – what is working and what is not?
- 6) To facilitate the regional sharing of information and intelligence on illegal bulk-cash smuggling.

246. By the end of the training participants had acquired the knowledge of interception, interdiction and investigation of cash smuggling. Participants were also well informed on how to identify red flags of activity and behaviour associated with cash smuggling. They had a better understanding of trends and methods used in the smuggling of cash and negotiable instruments and were able to develop declaration forms or enhance existing ones.

Regional training programme for police officers and gendarmes

247. A regional training programme for police officers and gendarmes in ECOWAS member States was held from 30 July to 3 August 2007. This programme, organized under ECOWAS auspices, was aimed at enhancing the skills of participants towards better regional law

enforcement. They were sensitized to the issues of drugs trafficking, terrorist financing and money laundering and also educated on the regional framework against these menaces.

Capacity-building programme for prosecutors and magistrates

248. Two regional training programmes were organized for prosecutors and magistrates for member countries during the period under review. The training for magistrates and judges of the French-Speaking Magistrates' Association was organised by the IMF with the support of GIABA. It was held in Cotonou, Benin Republic, on September 10–12, 2007. The purpose of this training was to familiarize magistrates with international standards pertaining to the fight against corruption, money laundering and terrorist financing. A second programme for prosecutors on money laundering took place in Banjul, The Gambia, on October 15–19, 2007 for the GIABA English-speaking members. This programme was jointly organized by GIABA and the Commonwealth Secretariat. Participants at this event unanimously endorsed the need for GIABA to work closely with member States in developing a strategy to enhance the capacity for prosecuting money laundering in the region. The participants also recommended that GIABA should put the following measures in place: the development of uniform ML, mutual legal assistance and asset forfeiture legislation for the region; and the development of a network of prosecutors in the region to meet regularly and share experiences and best practices. More than 30 participants present at the workshop were drawn from law enforcement agencies, ministries of Justice, and FIUs in English-speaking West African member States, as well as Cameroon. Experts were drawn from the US Office for Technical Assistance, the Department of Treasury, the Commonwealth Secretariat, the Nigerian Judiciary, and the UN Office on Drugs and Crime.

249. For efficiency and the effective dissemination of information in the region, GIABA operates through a network of national correspondents who serve as focal points in each member state. The provision of technical assistance to member States could not have been possible without the immense support of our national correspondents. Thus, enhancing their capacity to do better is one of GIABA's priorities. In a bid to strengthen regional cooperation and build the capacity of GIABA National Correspondents, the Secretariat provided modest assistance during 2007, including IT equipment to the following members, based on need: GIABA National Correspondents in Niger, Burkina Faso, Togo, and Benin, as well as the CENTIF of Niger, the newly established

FIU, and the Drugs Law Enforcement Agency of Guinea Bissau. More assistance will be provided, especially to countries committed to establishing an FIU in 2008.

250. Technical Assistance was also provided to the Special Control Unit on Money Laundering of the Ministry of Commerce and Tourism, Nigeria. This unit, the first of its kind in the region, is responsible for the enforcement of the AML/CFT regime as regards the DNFIs and DNFBPs. The achievements of SCUML have been highlighted in Chapter 2.

GIABA's contribution to Drug Control

251. The export and laundering of dirty money from drugs and other crimes destroy legitimate small businesses. In West Africa, the influx of drug and other dirty monies into the local market can seem like a balm on the poverty and the pain. There may be a building boom, with construction providing needed jobs and better-quality accommodation. Certain persons with more available cash may purchase some big-ticket items from local retailers, thus injecting money into the economy. With certain individuals seemingly better off, they will spend more and temporarily stimulate sales in certain sectors, such as real estate. In some ways the economy looks healthier. But in fact only those individuals who actually control the cash will benefit. The state itself will not. Over time, a lot of this money begins to leave the country. The people with the cash become suspect, unable to sustain their spending. As for the foreign operators, they remove their cash from the region as quickly as possible. The local smugglers usually then start exporting their own cash to safer climes, and the boom starts to fizzle out. There is also the danger of creating artificial wealth, to the detriment of local honest citizens.

252. For example, a local businessman who provided satellite TV equipment and service in a certain country saw a competitor twice his size establish a business next door to him overnight. Unable to compete, he was eventually forced to sell out at a bargain price to his competitor, who ended up cornering the market. After securing a very large clientele, pocketing large amounts of legitimate money and mixing in the illegal funds to short-circuit the vigilance of the authorities, the company folded overnight, just as it had been born – and the owners took their cash elsewhere, leaving the locals with no service at all. As for the original business owner, he was bankrupted and unable to renew activities. The whole market sector was distorted and killed by drug money.

253. The banking system has come under pressure to accept dirty or unsafe money, which builds its net worth but puts it

at risk of prosecution or worse if monies are withdrawn too fast. The laundering of illegitimate funds through financial institutions is not new, but remains a drawdown on world wealth, which is no longer available for legitimate investments. Thankfully, the banking system has for years now undertaken to police itself, and regulate the transactions it conducts each day. The same holds true for other financial institutions such as the insurance sector, the larger financial corporations, and the credit unions. Both the laws and the institutions of the country, their own internal regulations, make it difficult to introduce dirty money into the legitimate system.

254. By the late 1990s, however, ECOWAS had fully realized the deleterious effects and debilitating impact of this threat to the stability and economic development of the region, especially on its integration programme, and developed a Regional Plan of Action, which aimed at providing the necessary framework for national efforts and actions against the drug problem. Despite this and several other efforts, the problem has persisted and is getting worse. More recently, at its 32nd Ordinary Session held in Abuja, Nigeria, on June 15, 2007, the Authority of ECOWAS Heads of State and Government noted with concern the unprecedented increase in reported cases of drug trafficking in several member States. In order to fight the menace, GIABA was directed to consider the eradication of drug trafficking as part of its programme and immediately make arrangements for the development of an Action Plan for the region.
255. Following the directive from the ECOWAS Commission, an Experts' Group Meeting was held in Dakar, on September 10–11, to discuss the issue further and develop a short-term Plan of Action. The result of this meeting is a draft Plan of Action to address Illicit Drug Trafficking in the region.
256. The short-term Plan of Action addresses the issues of political will and priorities; law enforcement capacities and responses; the legal framework and judicial integrity; corruption; international cooperation; and the increase in drug abuse in the region. These matters are crucial and will warrant more detailed investigation and elaboration in order to develop a practical and realistic programme of activities. However, the strong law enforcement approach does not constitute a holistic approach to the situation and is insufficient to deal with the problem.
257. The Experts' Group Meeting recommended, among others, that:
- 1) The Commission urgently considers the Action Plan and takes all necessary action for its consideration and approval by the appropriate Authority.
 - 2) Upon its approval, GIABA should convene a donor

conference to seek support and assistance towards its implementation, as well as the Master Plan.

- 3) The immediate development of a Strategic Plan should be suspended until this short- and medium-term Action Plan has been implemented and evaluated so that the gains made and the lessons learnt can guide the development of the strategic long-term plan.
 - 4) The ECOWAS Commission should immediately transfer the full responsibility of the drug control programme to GIABA as a demonstration of the strong political commitment of States to find an institutional framework and to enable full coordination and continuity.
258. The GIABA Secretariat held a consultative meeting with the ECOWAS member States' Drug Control Coordinators and GIABA National Correspondents on November 7, 2007 to inform them of the new drug control coordination mandate of GIABA. The meeting recommended that:
- 1) The ECOWAS Commission should formalize this directive and inform member States to enable GIABA commence accordingly.
 - 2) As soon as that is done, GIABA should convene a regional meeting of all stakeholders to determine further action in this area.
 - 3) States will further consider the draft Short Term Action Plan against drugs and make necessary comments/contributions.
 - 4) The drug control coordinators and GIABA National Correspondent should report these recommendations to their governments and await further directives.
259. As a rapid response measure, GIABA gave some assistance to the most vulnerable countries in the region, including Guinea Bissau and Togo; this was within the short time of the directive from the ECOWAS Commission to strengthen the capacity of their enforcement agencies to ameliorate the problem. Without a legal mandate by the Authority of ECOWAS, GIABA's involvement in drug issues will henceforth be limited to drug-related money laundering.
- ## Conclusion
260. The achievements reported above should be attributed to the commitment of member States to the struggle against money laundering and terrorist financing in the region. Without the cooperation and support of member States, particularly our invaluable national correspondents, little can be achieved. This is an essential element of a regional approach. GIABA will continue to spearhead this process throughout the ECOWAS States. This will require the wholehearted involvement of each government at the national level, as a first step, before any meaningful coordinated regional action can be taken. It is essential that

a number of countries begin to put the entire necessary AML/CFT infrastructure in place (fortunately several have already done so). Establishing National Committees, setting up the FIU/CENTIF, reforming law enforcement bodies, making the most qualified staff available, and allocating operational budgets to these entities are obvious steps in support of the regional effort. GIABA stands ready and willing to support all tangible efforts to deal with ML/FT in the region, and even to assist with anti-drugs and anti-corruption problems as well, since they are all intimately linked.

261. For this cooperation and coordination at both national and regional levels to be more productive, it must be systematic, ongoing, and well organized. This requires coordination at many levels: within concerned ministries and departments, between those ministries and departments, between public and private entities, with neighbouring countries, and with a number of specific overseas partners. The coordination needs to be structured and regular, secure and stable, within the context of a measurable set of expected results.

262. Without a National Strategy and Plan of Action, GIABA can do little in the way of supporting a country's efforts in a sustained and meaningful way. A regional plan of action must be based on national plans, and these must be coherent and clearly articulated, in a coherent and structured way. Government support needs to be made clear also, through provision of staff, funding, material support, and a strong official commitment. GIABA's objective of establishing a Regional Plan of Action must necessarily be based on each country's concrete adherence to the stated objectives of GIABA. This is the best way for States to take full ownership of the technical assistance being provided.

CHAPTER 6

PROMOTING PARTNERSHIPS AND INTERNATIONAL COOPERATION

Introduction

263. Promoting strategic partnerships with the civil society, including the mass media, is one of GIABA's main objectives. Within the framework of the implementation of the Action Plan, a number of activities were carried out in this direction. The Secretariat also partnered with other regional and international organizations and stakeholders to promote the principles of GIABA, the ECOWAS and the FATF. The highlights of these activities in 2007 are presented below.

Awareness Raising, Communication, Advocacy and Outreach

264. An essential component of the GIABA work plan is awareness-raising, communication, and outreach. Our strategy in this direction therefore is anchored on the following: (1) to sensitize the general public, particularly those with a legal obligation to report cases of money laundering, and to raise awareness around AML/CFT issues in the West African region; (2) to build a constituency/network with media and selected civil society organizations in the region; (3) to galvanize support from member States, and from development partners in the region. Awareness-raising is important in empowering the civil society to demand accountability. The involvement of the news media in AML/CFT issues, especially investigative journalists, is also crucial in exposing the potential threats and mobilizing the society for collective action against the menace.

265. To this end, GIABA's communication and advocacy activities during the period under review focused mainly on sensitizing and raising public awareness about ML/FT, that is, informing governments of the threat posed by ML/FT in the region; on providing assistance to member States to

comply with international standards; and on monitoring the situation and informing policies through research on the techniques and trends of ML/FT in the region, as well as involving civil society organizations in the crusade.

GIABA Open House Initiative

266. On November 14–15, 2007, GIABA held its first Open House in Abuja, Nigeria, in the premises of the ECOWAS Commission. The theme of this first edition was "Preventing Money Laundering, Terrorist Financing and Drug Trafficking in West Africa: A Collective Responsibility."

267. GIABA 2007 Open House was about opening eyes, minds, and doors. More specifically, it was about drawing the attention of political decision-makers, legislators, financial institutions, designated non-financial institutions, law enforcement agencies, civil society organizations, media, and the community of donors to the threats posed by money laundering, terrorist financing, and drug trafficking to the West African Region. The Open House initiative is a unique platform providing a vital opportunity for everyone to reflect on what makes an integrated West African Region free of laundered money and the proceeds of crime. In a nutshell, through this initiative, GIABA tried to mobilize energies against money laundering, terrorist financing and trafficking of illicit drugs in the region. By interacting intensely with people from different professions and trades, it is hoped that this event would have a positive impact on minds, attitudes, behaviours, and beliefs. In so doing, GIABA would spark stronger action by all concerned, and by those who feel threatened by the scourges. Using visual aids, infotainment, documented resources, and cultural display, the Open House succeeded in increasing the level of awareness about the unprecedented threats posed to West African economies, financial systems, and the citizenry by increased trends in money laundering, terrorist financing, and trafficking of illicit drugs, and motivating more concerted action against these phenomena.

268. At the end of the first Open House, participants, visitors, and observers (1) appreciated the strong commitment of the Authority of Heads of State and Government of ECOWAS to eradicate these three crimes from West Africa; (2) had a better understanding of the deleterious effects and debilitating impact of these scourges on rule of law, political stability, democracy and economic development and prosperity of West Africa in particular, and the international community as a whole; (3) committed themselves to contribute to fight vigorously against them; and (4) understood better the leadership role of GIABA in promoting a robust regional alliance against organized crime in West Africa.



Participants at the GIABA Open House event in Abuja, 14-15 Nov. 2007

269. The event was particularly well attended and appreciated by the high-level delegations who took part, as well as representatives of the international media who were present. The media both within and outside Nigeria were very supportive. The event was widely reported. Based on the successful outcome of this first edition, the Open House will be a regular activity to promote greater awareness and sustained partnerships with stakeholders.

Capacity Building for Media Professionals

270. Apart from enhancing the capacity of public institutions to fight ML/FT, it is also important to progress from merely enlightening journalists and other media practitioners to improving their skills in accurate and professional reporting. To this end, a capacity enhancement programme was organized for media professionals in Lagos on October 23–24, 2007. The aims of the programme were to bring select journalists to discuss the problems of drug trafficking, money laundering, and terrorist financing in West Africa; to examine the role of the media in combating these phenomena; and to enhance the capacity of the journalists towards a positive reportage of these efforts and regional

effort to combat them. Civil society organizations, such the National Council for Women Societies of Nigeria, also participated and added value to the discussions. At the end of the two-day programme, media professionals issued a communiqué, highlighting their own contributions to the fight against drug trafficking, money laundering, and terrorist financing in the region. About 35 journalists attended and the event was widely reported in the Nigerian media.



Sensitisation seminar with media professionals, Lagos, Nigeria, October 2007

GIABA E-Newsletter

271. The first edition of GIABA's E-Newsletter, GIABA in Action, was launched in May 2007. Subsequent editions have been produced and disseminated in both hard and electronic copies. This e-newsletter contains synopses of activities organized by or for the Secretariat. The electronic copies can be accessed at our official website www.giaba-westafrica.org.

272. In addition to the above-mentioned publicity activities, the following advocacy and outreach activities were carried out during 2007:

- GIABA participated in a meeting of the Anti-Money Laundering Liaison Committee organized by the Bank of France, Moroni, the Comoros Islands, on February 16–17, 2007.
- The Director General met and briefed Paris-based media professionals and diplomats during a visit to France in February 2007.
- The Secretariat was represented in two major events held in Abuja, Nigeria: the Regional Conference on Advance Fee Fraud and the Stakeholders Summit on the Nigerian Money Laundering (Prohibition) Act 2004, held on March 26–30, 2007.
- The Director General paid courtesy visits to some ministers who are members of the GIABA Ad Hoc Ministerial Committee and Parliament in Niger,

Burkina Faso, Côte D'Ivoire, Nigeria, Ghana, Cape Verde, Togo, Benin, Senegal, and Guinea Bissau to sensitize them on the activities of GIABA and to seek more of their cooperation and support in promoting pending issues, including support to GIABA National Correspondents, establishment of FIUs, and enactment of AML/FT legislation. He also used the opportunity of such visits to reach out to civil organizations that are active in the fight against corruption, drug trafficking, and money laundering.

- GIABA was also represented at the training workshop organized by the African Union Commission in Addis Ababa and at the African Study and Research Center, Algiers, for French-speaking countries.
- The Deputy Director, GIABA participated in the African Union Commission Workshop on the development of a harmonized regional Convention for the Combat of Terrorist Financing and also presented a paper on the Draft West African Terrorist Financing Legal Framework.
- GIABA participated at the Meeting of French-speaking ministers of Justice held in Ouagadougou on the combat against terrorist financing. The meeting commended the GIABA Draft Legal Framework on Terrorist Financing.
- GIABA used the training of officials from FIUs from West Africa, including Cameroon, which was held in Accra, Ghana, to network with the Ghanaian media. Practical steps were also taken to network with trainees and share AML/CFT-related information.
- About 2,000 copies of the GIABA 2007 calendar, with messages promoting the principles and objectives of GIABA, were distributed to the 15 member States, mainly through the network of national correspondents.
- Reading materials on AML/CFT issues have been made available to visitors in the GIABA visitors' lounge. A notice-board has also been installed at the GIABA Secretariat where information on GIABA and other AML/CFT activities is posted regularly.

The impact and outcome of some of these activities include:

- Information materials and press releases about GIABA activities are now regularly received by 2,500 media professionals members of CAPEFRANCE <http://www.capefrance.com>.
- 160 investigative reporters and civil organizations from Anglophone Africa committed to fighting corruption and promoting good governance in Africa now regularly receive information on GIABA activities from ij-anglo@lists.worldbank.org.
- 250 investigative reporters from Francophone Africa also regularly receive GIABA information materials from ij-franco3@lists.worldbank.org.

- 2,000 copies of GIABA 2007 Calendars have been distributed to all member States mainly through the network of national correspondents.
- 50 hard copies of the GIABA e-Newsletter have been distributed to officials, diplomats and development partners through the post.
- The electronic version of the maiden edition of the e-Newsletter was also sent to such institutions as the IMF, the World Bank, the European Union, Interpol, the US Agency for International Development, US Postal Inspection Service, US Secret Service, and FATF.
- The impact of GIABA Communication and Advocacy deliverables, products and services has been rightly captured by google.com, which has made no fewer than 20,000 hypertext links on GIABA available to Internet users.
- Positive feedback has been received from media professionals, donors and other users from Europe and Africa.

Outreach to Professional Bodies

273. In addition to separate meetings aimed at developing a better understanding and cooperation with the private sector, especially professional associations, GIABA, along with other institutions of the ECOWAS, took an active part in the Annual Conference of the Nigerian Bar Association held in Ilorin, Nigeria, in August 2007, as part of the ECOWAS contributions to promoting cooperation with these bodies. The Director General of GIABA was one of the keynote speakers and presented a paper titled "Cyber crime in West Africa Sates: Causes, Implications and Effects for the Legal Profession."

274. The paper identified forms of cyber crime, including electronic money laundering and tax evasion, and argued that legal practitioners have a duty under any AML/CFT regime, and that strategic partnership between professional bodies, was necessary to deal with transnational organized crime in a systematic and deliberate way throughout the West African Region. It is therefore imperative that a massive sensitization and awareness campaign is embarked on to raise awareness and understanding, particularly in decision-makers, of the harmful effects of transnational organized crime, which include money laundering and terrorist financing.

Regional and International Cooperation

275. The growing complexity and the international nature of the rapidly evolving ML/FT methods puts GIABA in the forefront of promoting international cooperation and establishing a coordinated and effective international AML/CFT regime.

GIABA thus continues to coordinate its activities closely with the FATF, international financial institutions, UNODC, other FSRBs, and other development partners in the fight against ML/FT. Close collaboration with international financial institutions and the FATF on the first round of assessments of member countries was registered during the period under review. In the past year, the World Bank and the IMF supported and sponsored the assessment of two member countries, as mentioned elsewhere in this report. Apart from ongoing cooperation in the provision of training for assessors in the region with the support of development partners, GIABA has also participated in the following regional and international events during the period under review.

African Forum on Fighting Corruption

276. The African Forum on Fighting Corruption was organized by the South African Government, held in March–April 2007. The Forum discussed various topics relating to corruption, money laundering, and asset recovery, including National Integrity Systems; Challenges to the Implementation of National, Regional and International Instruments and Harmonization of Legislation; and Monitoring and Evaluation of Anti-Corruption Measures in Africa. A Round Table of leaders in the banking, business, and auditing sectors was also held, during which issues of money laundering and compliance with acceptable international standards, especially by western banks, were extensively discussed. The Forum adopted a Declaration with 17 recommendations and a work plan to achieve the goals therein, to be presented to the next Ordinary Session of the African Union Assembly of Heads of State and Government.

Global Forum V

277. The Global Forum V, hosted by the South African Government after the Africa Forum on Fighting Corruption, was held in Johannesburg from February 28 to March 2, 2007. The theme was “Fighting Corruption and Safeguarding Integrity: Fulfilling Our Commitments: Effective Action against Corruption.” The Forum was declared open by the President of the Republic of South Africa, Mr. Thabo Mbeki, who called on the international community to be committed to fight the scourge through collective action based on international instruments and acceptable standards and practices. A Declaration, consisting of recommended actions, was adopted at the end of the Forum.

Collaboration with the UN Counter-Terrorism Executive Directorate (CTED)

278. In furtherance to its role to combat terrorist financing, GIABA also works closely with the UN Counter-Terrorism Executive Directorate (CTED). A technical assistance coordination meeting was organized and held at the United Nations Counter Terrorism Executive Directorate -UNCTED in New York, on July 12, 2007. During it GIABA presented a status report on its activities and the level of technical assistance it is currently providing to member States in the implementation of their obligation under the Security Council Resolution 1373 (2000) and other Terrorist Financing Instruments.

279. The meeting offered the opportunity for the permanent missions of ECOWAS/GIABA member States to discuss the prospects and challenges in the implementation of international terrorism and FT legislation in their countries. They requested for assistance from CTED in addressing these challenges. Technical assistance requested range from provision of equipment for border and maritime zone patrol, provision of vehicles, training of relevant officials in the detection, investigation, and prosecution of terrorists, information-sharing, and mentoring.

280. The donor countries promised to sustain ongoing assistance at bilateral and multilateral levels. Countries like Spain and Sweden pledged additional monetary assistance to CTED and promised to engage governments at national level. The European Commission indicated that most of its technical assistance to this region are channelled through the ECOWAS Commission. However, bilateral requests may be considered too. Denmark indicated that it would be interested in receiving a technical assessment report that highlights the existing threats in member States to enable it to structure its intervention. Germany mentioned that the G-8 countries are currently providing funds for CTED initiatives at both national and international levels through the CTAG fund mechanism. Support to the African Union Terrorism Research Center in Algiers was also given a boost by the pledge of 1 million Euros from the European Commission.

European Commission (EC)/ECOWAS Collaboration on Drug Control

281. GIABA participated in an EC/ECOWAS meeting on drug control held in Brussels on September 6, 2007. The objectives of the meeting were to discuss:

- 1) The drug situation in Europe and Africa, particularly West Africa;
- 2) The regional approaches and Drug Control Strategies of the EU and ECOWAS;

3) Ongoing cooperation and determine future priorities and technical assistance.

282. Among other things, the meeting noted that (1) a Drug Control Master Plan had been developed ten years ago; (2) while efforts are being made to minimize drug trafficking from the West African region, efforts were needed to reduce demand from Europe; (3) since the EDF is the framework within which the European Community provides technical assistance to ECOWAS in different cluster areas, the matter of drug trafficking should be given exceptional priority and a “contribution agreement” between the two organizations be conceived to ensure that technical assistance is made directly and quickly to the regional drug control effort.

UN General Assembly Expert Group’s Consultative Meeting

283. GIABA participated in the second UN General Assembly Expert Group Consultative meeting which took place in Vienna, Austria, in September 2007. The objectives of the meeting included the review of the draft UNODC Report to the 52nd Session of the Commission on Narcotic Drugs; appraisal and validation of the BRQ used to collect data on the progress by member States on combating drugs and money laundering; making specific and general recommendations for the consideration of the CND; discussing areas of cooperation between the UNODC and GIABA. The Director General of GIABA, during the visit to UNODC Headquarters, met with the Director of Operations of the UNODC and presented a brief on the progress made by GIABA in the areas of AML/CFT, as well as GIABA’s new drug control mandate. The Director called for stronger political commitment to fight the menace in the region and assured GIABA of UNODC’s continued support in this area.

Staff Tour to FATF Secretariat, Paris

284. In order to fully appreciate the functions and operational activities of the FATF, as well as promote cooperation between the FATF and GIABA, six members of the Secretariat undertook a study tour of the FATF Secretariat on February 5–7, 2007. The study tour provided more insights into the management of the FATF and how GIABA as a FATF-Style Regional Body can function more effectively with regard to policy formulation, technical assistance, and information management and dissemination to member States.

Conclusion

285. Supporting civil society’s involvement in AML/CFT issues to make a positive impact in the region depends on the will of

governments to intervene strenuously and also to promote regional efforts. This political will must be manifested by the provision of tangible support to national efforts to counter ML/FT, drug trafficking, and corruption. It is not enough simply to say that there is support – there must also be concrete evidence of it. Several Heads of State and Government have publicly voiced their firm commitment to sanitizing the political, financial, and socioeconomic life within their countries. This public commitment is laudable and speaks highly to their desire to change things for the better. In Benin, Nigeria, Togo, Ghana, Burkina Faso, and Senegal, just to mention these few, political commitment on AML/CFT issues at the highest level seems to be solid. This must continue to translate into firm action on the ground rather than being just a simple statement of intent. It must become a concrete reality in short order if Africa is to be taken seriously in the world and if it is to avoid the pain and perverse effects flowing from ML/FT and its attendant crimes.

CHAPTER 7

ADMINISTRATIVE AND SUPPORT SERVICES

Transformation of the ECOWAS Secretariat into a Commission

286. Following a decision of the Authority of Heads of State and Government, the ECOWAS Secretariat has been transformed into a Commission, similar to the African Union Commission and the European Community. The only impact this has on GIABA is the change in the nomenclature or designation of the Administrative Secretary and Deputy Administrative Secretary, who are statutory appointees of ECOWAS to Director General and Deputy Director General respectively. GIABA retains its relative independence and autonomy as an FSRB as well as a specialized ECOWAS institution funded directly from the ECOWAS community levy.

GIABA Technical Commission and Ad Hoc Ministerial Committee Meetings

287. In accordance with Articles 9 and 11 of the Revised GIABA Statute, the 7th Technical Commission/Plenary meeting of GIABA was held in Banjul, The Gambia, on June 11–12, 2007. The 5th Ad Hoc Ministerial Committee Meeting was also held on June 13, 2007. The Council adopted the decisions of Plenary. The 8th Technical Commission/Plenary meeting was held on November 5–6, 2007 in Ouagadougou, Burkina Faso. Development partners and other observers, which included the FATF, the UNODC; the French Treasury; the US Treasury; BCEAO; the Commonwealth Secretariat; the UK Department for Development; the World Bank; and the IMF.

The Secretariat

288. The GIABA Secretariat is now fully operational at its present location in Dakar, Senegal. The current office

address and new telephone and fax numbers are shown below.

Inter-Governmental Action Group against Money Laundering in West Africa – GIABA
101, Sacre Coeur 3 Pryotechnie X VDN
P.O. Box 32400 – Ponty, Dakar – (SENEGAL)
Telephone: (+221) 33 869 10 40
Fax: (+221) 33 824 17 45
Email: info@giaba-westafrica.org
Website: <http://www.giaba-westafrica.org/>

289. An annual operational plan, consistent with the GIABA Strategic Action Plan, was developed and implemented during the year under review. It formed the basis for this report.

Information and Communication Technology

290. The ICT unit continued to provide technical support to GIABA staff to achieve their declared objectives. It improved the outlook and content of the GIABA website and provided technical assistance to member States during 2007. Other ICT-related activities carried out to strengthen the capacity of the Secretariat and member States included the following.

Installation of Digital Telephone Switch System (PABX) at the Secretariat

291. Telephone is one of the major means by which the Secretariat communicates with a network of national correspondents and other partners. To enhance communication, the analogue telephone system was replaced with an autocom Alcatel PABX, which has a T2 link to 15 dedicated channels. This equipment gave GIABA a fast and reliable means of telephone communication with the national correspondents, development partners and other stakeholders in the AML/CFT fight.

Installation of Local Area Network (LAN)

292. A Local Area Network was deployed at the GIABA Secretariat during the year under review. This system includes a stable and clean power supply, consists of multiple computers, a connecting medium, specialized network equipment such as switches or hubs, and a central server; all of these are linked to allow a smooth and efficient connection to the outside world.

293. The purpose of this is to provide a primary means for all GIABA staff to communicate together and share resources or network peripherals such as printers, scanners and modem, email, documents, databases, and access to the outside world, all from the PC in front of them. Ability to work with this cutting-edge technological equipment will allow the staff to develop the experience and expertise to create, manage, and share documents electronically and improve the overall quality of service in GIABA Secretariat.

Dedicated Bandwidth Internet Connection

294. The Secretariat subscribed to a symmetric 512 kbps internet link and installed a modem, router, and Pix firewall. The importance of this system is to provide the computers connected on LAN with a secure, fast, and full-time internet connection and also a platform for connecting GIABA LAN to other networks such as the FATFNet, IMoLIN (International Money Laundering Information Network), other development partners, and FIUs of member States via virtual private network (VPN).

Creation and Hosting of the GIABA website

295. GIABA registered a domain name, www.giaba-westafrica.org, and hosted a website. The website serves as a public relations tool to promote GIABA's presence and project its good image to the outside world. This can be achieved through effective publishing of GIABA's activities, reports, and publications. The website is regularly updated

Access Control and Staff Identity Card

296. In addition to the stationed security guard, an access control to the GIABA building is a top concern for GIABA management. The Secretariat seeks to maintain a balance between having a user-friendly, welcoming office climate and a facility that is secure from unwanted intruders. This is part of a list of practical steps for improving control to reduce the risks of unauthorized access.

CHAPTER 8

CHALLENGES AND PROSPECTS FOR 2008

Introduction

297. Technological advancement and globalization have turned the world into what is metaphorically referred to as the “global village.” Criminals who take advantage of the advances in technology and free movement of people, goods, and services across international frontiers have become adaptable, threatening to undermine the rule of law and the social fabric of society. The prevention and control of organized crime, including money laundering and terrorist financing, have become even more complex, if not daunting. Indeed, the challenges are enormous, especially for countries with weaker capacities.
298. The beginning of a new year is usually a period for stocktaking, as well as projection of new plans for the future. Despite the achievements recorded in 2007, GIABA and the world at large, are faced with some challenges and prospects. An overview of the AML/CFT situation in the region revealed that there is still much to be done, yet resources are limited because of competing priorities. In actual fact, every great achievement presents its unique challenges and prospects. Consequently, the most critical challenge for GIABA in 2008 is not only to remain focused, but also to determine priorities for action in accordance with its Action Plan for 2007–09. Remaining focused and prioritizing activities has a great potential for maximizing available resources and making the highest impact. This is what this short assessment of challenges and prospects seeks to achieve.
299. Although all members of GIABA now have laws against money laundering, the challenge for GIABA is to identify those countries whose legislation requires improvement and rapidly extend technical assistance in the form of legal advisory services, including drafting of amendments to that

legislation. Furthermore, promoting national efforts and ensuring that all member States enact a separate legislation, or, in the case of WAEMU countries, domesticate the uniform anti-terrorist financing law, constitutes another challenge within the framework of providing assistance to member States to enact legislation. Apparently the prospects for this are bright as long as member States continue to show strong commitment by engaging with GIABA. The relative political stability and democratization processes that are taking place in all ECOWAS member States is an assurance that the rule of law would be given priority, and the promulgation of new legislation to strengthen crime prevention would be a sine qua non to that. It must be noted, however, that despite our eagerness to ensure that all the necessary legislative frameworks are in place in all our member States, we must recognize the diversity in our respective countries, especially with regard to the processes of passing legislation. We expect nothing less than due process and therefore the legislature or the Parliament must be given the chance to examine proposed legislation or its amendments objectively and dispassionately, ensuring that constitutionality is preserved and respected.

Follow-up on Mutual Evaluation

300. After conducting the AML/CFT assessment of some member States to determine their degree of compliance with acceptable international standards, it is apparent that significant improvements are required in order to build a better infrastructure for the prevention of ML/FT. The challenge is to determine critical areas of need, particularly where those countries evaluated were rated non-compliant, and progressively provide assistance to ameliorate their deficiencies. This is essential because any weak links in the region would only shift the threat from one location to another, with attendant consequences. The prospects of successfully meeting this challenge is very high

as long as States really understand the objectives and motives for such exercise and continue to support their national regulatory and enforcement institutions, including the private sector, to build capacity for a robust AML/CFT regime in their respective jurisdictions.

301. For those countries whose mutual evaluation reports were adopted in 2007, they would be required under our enhanced follow-up actions to report progress so far made in remedying the observed deficiencies in their systems. member States must understand that this is a crucial responsibility on their part in our collective efforts to deal with common problems. Mutual evaluation is a process and GIABA has an ambitious schedule to evaluate no fewer than five of its members in 2008. With the guarantee that those countries slated for evaluation cooperate fully with the Secretariat and with the sustained funding for this exercise by ECOWAS, there are good prospects for significant achievements in this area.
302. Despite this prospect, the Secretariat will have to grapple with the challenge of translating and distributing documents such as mutual evaluation reports to members in good time before statutory meetings. Needless to say, this is a Herculean task. Stakeholders must therefore understand the difficulties involved in translating and revising lengthy documents in three foreign but official languages, especially with limited resources of the Secretariat.

How Typologies Can Improve The Regional AML/CFT Framework

303. The typologies exercise has the potential to reveal crucial dimensions and methods of money laundering. It also has the promise of providing empirical data that could support law enforcement in further threat assessments. The challenge is whether this can really be beneficial to economies that have many AML/CFT weaknesses. It is possible to imagine that this may rather increase the threat level of the problems and that weaker countries could be overwhelmed and consequently give up on such problems. Nonetheless, the typologies exercise can provide GIABA with a solid platform to motivate action by member States. For example, the report of GIABA's first typologies exercise on cash transactions revealed obvious weaknesses and require action from member States to protect their economies from abuse by criminals. It is now more imperative than ever to introduce a reform that is often difficult, and to modernize the banking system by enhancing the capacity of financial institutions to provide cashless services. The need to balance the free movement of people, good, and services across the region in accordance with the ECOWAS Trade Liberation Scheme as part of the

ECOWAS integration programme, and the struggle against transnational organized crime as part of the same integration programme, constitutes a major challenge. This is, however, not only peculiar to ECOWAS since other regional economic bodies face similar dilemmas in other parts of the world.

304. The FATF Special Recommendation IX contains essential criteria for jurisdictions to put in place effective mechanisms for the prevention and control of the movement of bulk cash couriers for the purposes of laundering proceeds of crime and financing of terrorist acts. It is important to note that the economies of most if not all the countries in West Africa are cash-based, characterized by a flourishing informal sector. Implementing tough AML/CFT measures is by far the greatest protection against the misuse or abuse of the economy, particularly the financial system, from criminals whose activities often undermine its integrity and reputation. An important component of AML/CFT framework is the enforcement of appropriate cash declaration systems at both entry and exit points. We hope this will be given adequate attention in 2008.
305. The challenge for GIABA in the area of typologies of money laundering in 2008 is first to ensure that national governments implement the recommendations of the typologies report on cash transactions; and second, that they undertake subsequent typologies that would be complementary to this and address the real potential threats in the region. The prospects of a typologies work on the real estate industry and counterfeiting would hopefully meet this aspiration.

Supporting Member States to Improve their AML/CFT Regimes

306. A comprehensive Technical Assistance Needs Assessment of member States was completed in 2007. The report revealed a number of deficiencies and weaknesses in all member States in the region. Specifically, it emphasized the need to establish, without delay, FIUs in all the countries without such a structure, as a basic tool in combating ML/FT. Without reliable data resulting from proper analysis and good risk assessments, interdiction becomes a chancy proposition and scarce resources cannot be properly managed. Operations would therefore be conducted without adequate means for success. More effort is expected from those countries that do not yet have an FIU to establish this important structure urgently in accordance with acceptable international standards. It should be recognized that States have limited capacity in this area and this constitutes a real-time challenge for GIABA in 2008.

307. The prospect for establishing FIUs relies on the States themselves. In September 2007, the Finance Ministers of WAEMU countries issued a directive to all member States to expedite action on the establishment of FIUs in their jurisdictions. In October 2007, the Franc Zone ministers undertook to implement rapidly the Community texts against Money Laundering and the Financing of Terrorism, and particularly to make the FIUs more operational. The challenge in 2008 is to engage closely and support member States to establish this important unit.
308. Apart from supporting members to establish and maintain FIUs, GIABA promotes the membership of eligible FIUs to the global network of FIUs known as the Egmont Group. This will continue in 2008 and beyond.
309. Another challenge in 2008 is ensuring the establishment of functional inter-ministerial committees on money laundering and terrorist financing. Without these committees and a National AML/CFT Strategy and Plan of Action, GIABA can do little to support a country's efforts in any sustained and meaningful way. A regional AML/CFT Plan of Action must be based on national plans. These must be coherent and clearly articulated in a structured way. Government commitment needs to be expressed through concrete action such as provision of human, financial, and material support to help combat the threat. GIABA's objective of establishing a Regional Plan of Action must necessarily be based on each country's concrete adherence to the stated objectives of GIABA. The inter-ministerial committees can play a major role in ensuring that these tasks are indeed fulfilled.

The Impact of Cross-Cutting Issues

310. As money laundering is a derivative crime, the influx of drug and other dirty monies into the local market can appear to have a good effect on an economy in the short term. But as shown above (pages 111–13), this is deceptive. Corruption, drugs, arms and human trafficking are all about money and instant wealth; tracking and seizing that money is by far the best defence against these things.
311. Corruption in every sense of the word compromises the future of any country. In the case of poor and vulnerable States, it is even more damaging. Suffice to say that the loss of home-grown values, the lack of formal education, the angry and violent attitude of young males (and some females!), the reign of the "almighty dollar" as a source of pride or power, the often compromised law enforcement bodies, the waste and the loss of funds for direct and indirect investment in the country – particularly in education – are all sad results of the social disruption due to corruption, trafficking, and laundering, and an indication of the serious lack of maturity among many members of society. Whole generations are in fact lost in development terms. It's as if too many people didn't care about the future at all.
312. The ECOWAS Authority has approved a comprehensive regional poverty reduction strategy with succinct objectives and implementation modalities, which it is hoped will ameliorate some of the cross-cutting issues that impact on the prevention and control of money laundering and other organized crimes.

Looking Forward

313. Meaningful regional collaboration against these phenomena must be clustered around strategic issues as identified in the GIABA Plan of Action. The actions to be taken must necessarily recognize the diversity of the region, the complexity of the problems, the multiplicity of actors and the interconnectedness of the activities to be carried out in support of national efforts. It should be clear that GIABA is not a law enforcement institution, even though it is charged with the onerous responsibility of coordinating regional efforts around law enforcement problems. Given the obvious weaknesses of our member States, therefore, there must be a joint coordinated response to the threat. The enemy is very powerful, extremely wealthy and knows no borders. So in order to fight back realistically and responsibly, it is essential to take concerted action with all other concerned partners. There is strength in unity; confronting the menace individually is a waste of time and a lost cause. The strategic framework of GIABA proposes a holistic response to the problem. It seeks to bring together both local governments and international donors in a common and coordinated approach, which includes a number of actions to be undertaken in logical sequence by various partners. Furthermore, an essential sense of solidarity needs to be reinforced and common bonds created for a successful outcome to become reality.
314. GIABA will seek to reinforce law enforcement, regulatory, and compliance institutions, as well as judicial authorities' capacities in the short term, realizing that adequate and pertinent training is a prerequisite to efficient intervention in ML/FT. But it goes without saying that nothing sustainable can be done without the full participation of each country. This will require a series of initiatives, over a longer period, in order to ensure that actions are not taken in vain. Questions of political will, prioritization of efforts, effective compliance, law enforcement capacity and training, legislation, judicial integrity, widespread corruption, and adequate coordination within countries and with foreign stakeholders will all be crucial elements of any

comprehensive Regional AML/CFT Strategy. This will take time, energy, and significant funding to complete.

Membership of the FATF

315. The FATF was established by the G-7 Heads of Government in 1989 as a response to the threat posed to the banking system and to financial institutions. In April 1990, the FATF issued a report containing Forty Recommendations, and in 2001 issued eight and later one other Recommendations, which basically provide the necessary plan of action for the global fight against money and terrorist financing. Now the FATF has 35 member States and two international organizations. All regions of the world, except West Africa, are represented in it. The establishment of GIABA was a demonstration of the commitment of the 15 member States of the ECOWAS to support, promote, and enforce the FATF Standards. This they have done through the framework of GIABA and its mechanisms.

316. Although the FATF is not a political organization, given the strong commitment of jurisdictions in this region to promote and enforce the principles and objectives of the FATF, it would be fair to consider at least one potential country in West Africa for FATF membership. Now that the FATF is considering expansion of its membership and is in the process of identifying potential candidates, this is the most auspicious time to give some consideration to this region in order to reflect the regional balance in the intergovernmental organization. This is one challenge that GIABA will face in the near future.

317. As we build capacity incrementally to make a difference in what we are doing, measuring progress of our work constitutes a major challenge. This Annual Report cannot be a true assessment of our achievements until we subject ourselves to a transparent evaluation process, including regular auditing of our accounts. This, however, is the responsibility of the ECOWAS, from where GIABA is wholly funded. Although our 2005 and 2006 accounts have been audited, the financial statements could not be published along with this report as it is pending approval by the ECOWAS Authority. Nonetheless, within the year, as soon as it is approved, we shall publish it on our website.

318. Finally, as we progress into the year 2008, our expectations are high. The stakes are also high; so also is our assessment of the prospects. We thank all our member States for their continued support and cooperation as much as we appreciate and thank all our international development partners. We will lean on their sustained support and assistance to continue to weather the storm. Attached to this report is a work plan for 2008.

2008 GIABA WORK PLAN

	Strategic Objectives	Activities 2008	Output/Success Indicators	Timeline											
				1st Q			2nd Q			3rd Q			4th Q		
1	Enactment and Implementation of AML/CFT Laws		AML/CFT Laws enacted or modified	1st Q			2nd Q			3rd Q			4th Q		
1.1		Support to Member States to Review & Amend AML Legislation (where necessary)			x	x				x					
c		Establishment of On-Line Database for AML/CFT Laws		x					x						
1.2		Support the Enactment of CFT Laws in Member States			x	x		x	x		x		x		x
2	Establishment and Strengthening of FIUs		No of FIUs Established and Functional	1st Q			2nd Q			3rd Q			4th Q		
		Advocacy Visits to Promote Establishment of FIUs in Member States		x	x	x	x	x	x		x				
		Provide Mentorship to FIUs/CENTIFs				x	x	x		x	x		x		
		Development of a Comprehensive AML/CFT Compliance Manual				x	x	x							
		Organize Annual Meeting of Heads of FIUs and CENTIFs								x					
e		Advisory Services to Member States on FIU Establishment		x	x	x	x	x	x	x	x		x		x
3	Identify and Develop Strategic Partnerships		Increased Awareness and Compliance with AML/CFT standards and laws	1st Q			2nd Q			3rd Q			4th Q		
		Consultative Forum for Professional Groups DNFI and FIs													
		West African AML/CFT Training Program for FIs and DNFI													
		AML/CFT Seminar for Judicial Officers				x									
		Production and Dissemination of GIABA Quaterly Newsletters and other Reports		x			x			x			x		
e		Follow-Up on Workshop on AML/CFT National Strategy Development		x		x									
		Establish, Coordinate & Provide Support to IMCs and NCs													
3.2		Interactive Forum with Media Organizations on AML/CFT							x						
b		Celebrate ECOWAS Day, and GIABA Open House in Member States						x		x		x		x	
		Establish a Network of Media Professionals													

	Strategic Objectives	Activities 2008	Output/Success Indicators	Timeline													
				1st Q			2nd Q			3rd Q			4th Q				
		Establish Two Regional Information Centers for AML/CFT															
3.3	Implement Mutual Evaluation			1st Q			2nd Q			3rd Q			4th Q				
a		Mutual Evaluation On-site Visits to the following Member States															
4		Gambia -April	No of MEs conducted						x								
		Niger - May						x									
a		Guinea Bissau -September														x	
		Ghana -October														x	
b		Cote D'Ivoire -November															x
e		Follow-up on Mutual Evaluation Reports of Cape Verde and Sierra Leone				x			x	x			x	x	x	x	x
h		Mutual Evaluation Working Group Meetings															
i	Undertake Typologies on AML/CFT			1st Q			2nd Q			3rd Q			4th Q				
n		Undertake Typologies on Money Laundering through Real Estate		x	x	x		x	x	x		x	x	x		x	x
		Support Member States to undertake Typologies through Counterfeiting						x	x	x		x	x	x		x	
5		Regional Typologies Workshop	Report of 3 studies completed					x	x								
		Conduct 2 Research Studies - ML/Corruption Nexus and Regional AML/CFT Threat/Risk Assessment						x	x	x		x	x	x			x
	Identify and Develop Strategic Partnerships	Consultative Forum with International Donors and Countries										x					
		Consultative Forum with West African Bar Association															
		Consultative Forum with West African Bar Association							x								
b		Participation in Meetings -ECOWAS, FATF, and GIABA EGMONT,				x										x	x
	Enhancing the Capacity of the Secretariat			1st Q			2nd Q			3rd Q			4th Q				
		ICT Maintenance, Equipment & Software Deployment at GIABA Secretariat	Secretariat Capacity Enhanced	x	x												

	Strategic Objectives	Activities 2008	Output/Success Indicators	Timeline														
		ICT Training for Staff			x				x	x							x	
		Deployment of ICT Multi Media Equipment at the GIABA Secretariat				x												
		Identification of Specialized Training for all Staff																
	Training for Member States	National AML/CFT Cash Detection Training for Border Protection Officials	Capacity of Member States Enhanced (Cross-Cutting)			x	x			x								
		AML/CFT Capacity Building Program for Financial Investigators			x					x								
		AML/CFT Capacity Enhancement Program for Prosecutors								x								
		Training for FIUs/CENTIFs					x			x	x				x			
		Analyst Training for FIU officials												x			x	
		Compliance Officers Training for Bank Officials								x								x
		Train for ME Assessors				x	*							x				

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