



ROLE OF GIABA IN IMPLEMENTING EFFECTIVE AML/CFT MEASURES IN ECOWAS MEMBER STATES

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OUTLINE

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GIABA in Brief

- ◆ Creation of GIABA is in recognition of the deleterious effects (economic, social, political, legal and environmental) of money laundering and terrorist financing on economies of the world.
- ◆ The Authority of Heads of State and Government of the Economic Community for West African States (ECOWAS) on 9th December, 1999 in Lome, Togo, decided to create GIABA.
- ◆ Official Legal backing on 6th December, 2000 creating GIABA as an ECOWAS Specialized Institution with a mandate to enforce the implementation of acceptable international standards against money laundering in the region.



GIABA in Brief

- ◆ In December 2005 GIABA's mandate was revised to include the fight against terrorist financing in accordance with the nine (9) Special Recommendations of the FATF.
- ◆ GIABA is a FATF-Styled Regional Body (FSRB)
- ◆ The statutes set out the objectives and mandates of GIABA.



Membership GIABA



WEST AFRICA



- ◆ All the fifteen (15) member jurisdictions have endorsed and committed themselves to implement the FATF 40+9 Recommendations



Objectives of GIABA

Protect the national economies and the financial and banking systems of signatory states against the proceeds of crime, and combat the financing of terrorism

Improve measures and intensify efforts to combat the laundering of proceeds from crime

Strengthen co-operation amongst its members.



Functions of GIABA

- ◆ Combat the laundering of proceeds from crime and the financing of terrorism;
- ◆ Ensure harmonized and concerted adoption of appropriate measures to combat money laundering and the financing of terrorism;
- ◆ Evaluate, through self-evaluation and mutual-evaluation according to the FATF procedure, progress and the efficacy of measures;
- ◆ Encourage any other States to join GIABA;



Operational Modalities of GIABA

- ◆ The Secretariat ensures that Member States recognize, adopt and implement:
 - The FATF norms including recommendations, especially the forty (40) recommendations and the nine (9) special recommendations on the financing of terrorism, adopted by the FATF members;
 - The FATF revised methodology and any other relevant document adopted by it;
 - The Action Plan against Money Laundering,
 - ✓ Adopted by the United Nations General Assembly in New York on 10 June 1998,
 - ✓ The International Convention for the repression of the Financing of Terrorism of 19 December 1999 and
 - ✓ Any other relevant international instrument.





Operational Modalities of GIABA

- ◆ GIABA co-ordinates the anti-money laundering and anti-terrorism financing efforts in the region;

- ◆ GIABA provides the fora in which:
 - Regional issues can be discussed, AML/CFT strategy developed, information exchange mechanisms elaborated and regional level research on money laundering and terrorist methods and trends initiated;

 - Operational co-operation among member jurisdictions encouraged;

 - Technical assistance and training is provided.



Operational Modalities of GIABA

- ◆ GIABA facilitates the adoption and implementation by member jurisdictions of internationally accepted anti-money laundering and anti-terrorism financing measures (including the creation of Financial Intelligence Units);
- ◆ GIABA provides the platform in which regional and jurisdictional factors are taken into account in the implementation of international anti-money laundering and anti-terrorism financing measures;
- ◆ GIABA encourages signatory States' jurisdiction to develop more effective mutual legal assistance;



Operational Modalities of GIABA

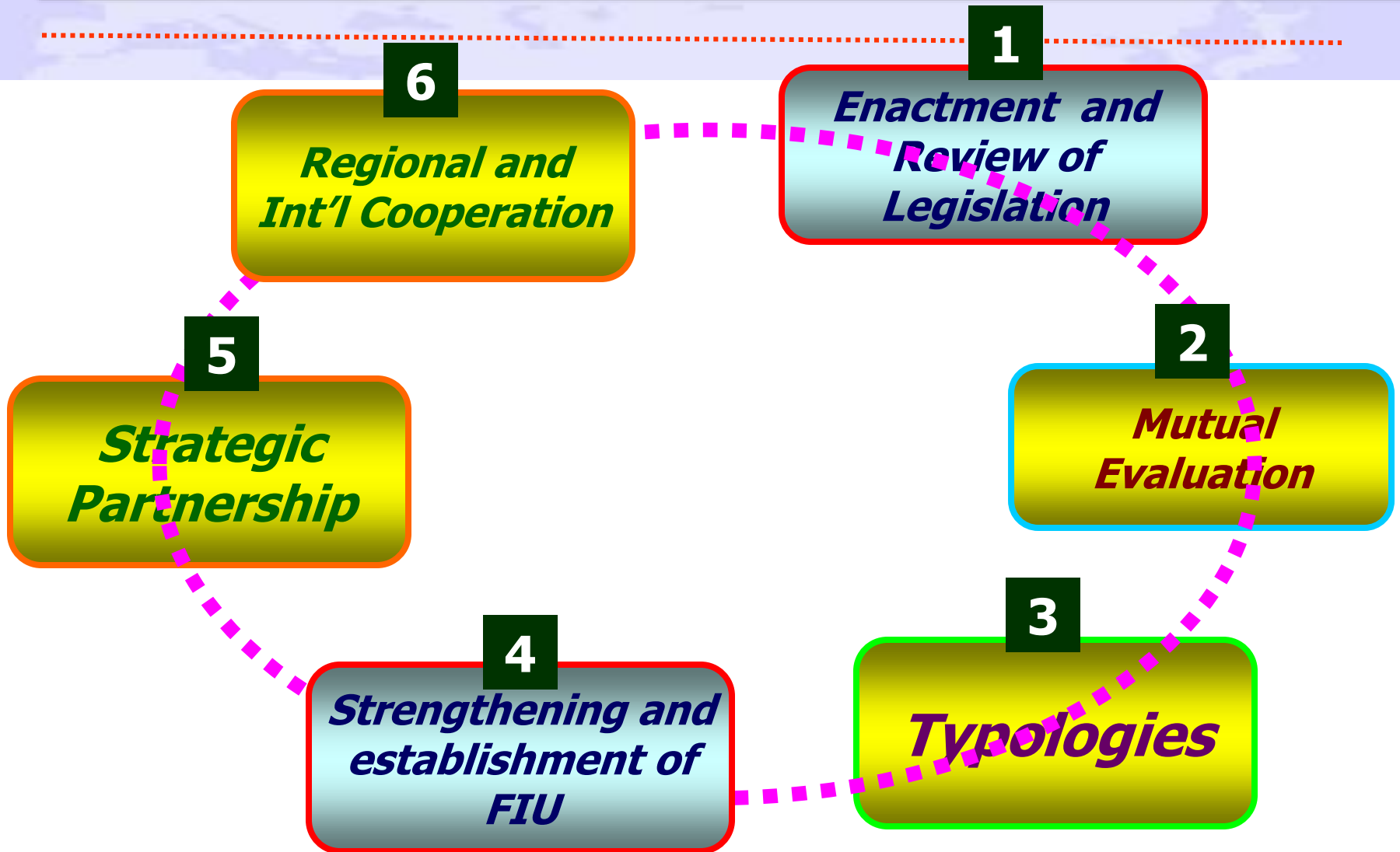
- ◆ The Secretariat prepares an annual report that sets out the actions that GIABA has taken to meet the objectives of the Group;
- ◆ GIABA shares with the FATF, its Secretariat and Members all mutual evaluation reports on the basis of reciprocity publication;
- ◆ The Secretariat adopts a publication policy of Mutual Evaluation Reports similar to that of the FATF, to ensure the broadest possible publication of its evaluation report.



Operational Modalities of GIABA

- ◆ To ensure coordinated approach in meeting its mandate, GIABA undertakes its responsibilities through a three-year strategic plan.
- ◆ The adoption and deployment of three-year strategic plan is a disciplined and pragmatic approach that facilitates self-evaluation of its performance.
- ◆ The plan enables GIABA to make more informed choices and decisions, set future directions, establish priorities, allocate limited resources, improve operations and monitor results.
- ◆ The Annual work Programmes of GIABA are derived and executed from the Strategic Plan.
- ◆ The first Strategic Plan of Action cycle (2007 – 2009) comes to a close in December 2009.

GIABA STRATEGIC OBJECTIVES





SO 1 - Enactment and Amendment of Legislation (1)

- ◆ Support member States to development, amend, review and follow up on the enactment of AML/CFT legislation to ensure completeness, robustness, adaptability and relevance to country specific needs and aspiration.

Country	Outcomes
Sierra Leone – on going since 2008	Draft Anti-Money Laundering and Suppression of Financing of Terrorism Bill prepared. Draft Bill discussed at stakeholders' seminar updated
The Gambia – since Feb 09	Report on Law Review exercise presented to country. Draft Anti-Money Laundering Bill prepared and forwarded to country for approval and adoption. Sensitisation seminar for stakeholders held on the Report
Liberia – since May 09	Draft Prevention of Money Laundering and Terrorist Financing Act prepared



SO 1 - Enactment and Amendment of Legislation (2)

- ◆ All member States have AML Legislation
- ◆ Senegal and Mali have in place TL laws
- ◆ Nigeria has partially criminalized TF under section 7 of the EFCC Act.



SO 2 - Mutual Evaluations (1)

- ◆ Mutual evaluation is the process of ascertaining the extent of compliance of a country with international AML/CFT framework
- ◆ Member States are evaluated based on agreed time frame
- ◆ Ten (10) member States have been evaluated and their MERs adopted by Plenary;
- ◆ GIABA has trained about 106 regional assessors for its ME exercises



SO 2 - Mutual Evaluations (2)

- ◆ The extent of compliance as revealed in the MER is very low (see next slide)
- ◆ Follow up actions are being carried out by these assessed countries to address the identified deficiencies in their AML/CFT regimes
- ◆ To be abreast with int'l standard, GIABA ME P & P has been revised and adopted by the Plenary

Level of Compliance with Core/Key Recommendations

Core /Key Recommendations	Assessed Member States and Rating										
		Burkin a Faso	Cape Verde	Ghana	Guinea Bissau	Mali	Niger	Nigeria	Senegal	Sierra Leone	The Gambia
Main Recommendations											
R.1		PC	PC	PC	PC	PC	PC	LC	LC	PC	PC
R.3		PC	LC	NC	PC	NC	PC	PC	LC	PC	LC
R.4		LC	PC	LC	LC	LC	LC	C	C	C	LC
R.5		NC	NC	NC	NC	NC	PC	NC	NC	NC	PC
R.10		PC	PC	LC	PC	PC	PC	PC	LC	PC	PC
R.13		NC	NC	PC	NC	NC	PC	PC	PC	NC	NC
R.23		NC	NC	NC	NC	NC	NC	NC	PC	LC	NC
R.26		PC	NC	NC	NC	NC	PC	PC	LC	NC	NC
R.35		LC	PC	PC	PC	PC	PC	PC	PC	PC	LC
R.36		LC	PC	PC	PC	NC	LC	PC	C	NC	PC
R.40		PC	PC	PC	PC	NC	LC	LC	LC	NC	PC
Special Recommendations											
SR.I		NC	NC	PC	NC	PC	NC	NC	PC	NC	PC
SR.II		NC	NC	PC	NC	NC	PC	NC	PC	NC	LC
SR.III		NC	NC	PC	NC	NC	NC	NC	PC	NC	PC
SR.IV		NC	NC	PC	NC	NC	PC	NC	NC	NC	NC
SR.V		NC	NC	PC	PC	NC	NC	NC	PC	NC	LC
Overall Score											

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SO 3 - Typologies Exercise

- ◆ ML and FT are dynamic criminal activities and the criminals are always devised new trends, methods, techniques and seizing opportunities presented by gaps in AML/CFT measures to perpetrate their illicit actions;
- ◆ To ensure that these criminals in constant checks, special purpose and focused studies (typologies exercises) are conducted:
 - Cash transaction
 - Real estate
- ◆ Other empirically evidence-based researches are also conducted:
 - Impact of Informal sector on ML
 - ML-Corruption nexus
 - Risks and threats Assessment
 - TANA



SO 4 - Establishment and Strengthening of FIUs (1)

- ◆ Financial Intelligence Unit (FIU) is a critical elements in the fight against ML and FT.
- ◆ A well –equipped and adequately staff FIU is required to able to meet its mandate specified by international standards.
- ◆ In the past few years, GIABA has made concerted efforts to assist Member States to establish fully functional FIUs.



SO 4 - Establishment and Strengthening of FIUs (2)

- ◆ To date, thirteen (13) GIABA Member States have operational financial intelligence units (FIUs) at different levels of development.

- ◆ GIABA provides varying levels of assistance
 - Training on technical analysis,
 - provision of infrastructure
 - mentoring to effectively implement their mandates.
 - Preparation for membership of the Egmont group



SO 5 - Strategic Partnership and Capacity Building of Member States

- ◆ The fight against ML and FT is a collective responsibility of all stakeholders

- ◆ GIABA organises training courses and undertakes stakeholders' awareness programmes

- ◆ GIABA organises specific training programmes on AML/CFT for the judiciary, law enforcement agencies and national parliaments:
 - Anglophone and Francophone Judges
 - Investigative techniques for law enforcement agencies; etc



SO 5 - Strategic Partnership and Capacity Building of Member States

- ◆ Non-traditional stakeholders have integrated into the fight against ML and various awareness fora have been organised:
 - DNFBPs (Accountants, Lawyers, estate agents; etc)
 - Microfinance sub sector
 - Professional Bodies/Associations (Bar, Bankers, Insurance; etc)
 - Compliance Officers



SO 6 -Regional and International Cooperation

- ◆ The world is a global village and the effects of ML and FT are global,
- ◆ GIABA collaborates and cooperates with regional and international stakeholders with interest in the fight against ML and FT
- ◆ Specifically cooperates with:
 - FATF – international standard setter;
 - FSRBs;
 - World Bank, IMF, Central Banks of member States, AfDB, etc
 - Egmont Group on FIUs
 - National authorities; academia; etc



Expected Roles of Member States in Implementing AML/CFT Measures

- ◆ Take action to combat money laundering and the financing of terrorism;
- ◆ Adopt the FATF Recommendations and implement them effectively;
- ◆ Take ownership of the Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) Methodology adopted by the FATF in 2004 and as updated from time to time at international level;



Expected Roles of Member States in Implementing AML/CFT Measures

- ◆ Take steps to develop, pass and implement anti-money laundering and anti-terrorism financing legislations and other measures based on accepted international standards;
- ◆ Participate in self-assessment and mutual evaluation programmes based on the FATF Recommendations, using the FATF Methodology and other agreed mutual evaluation template documentation;
- ◆ Implement the ECOWAS decisions on AML/CFT.



Challenges in Implementing Effective AML/CFT Regime in West Africa

- ◆ Low political will to drive the AML/CFT process;
- ◆ Poor funding of the implementation process of AML/CFT programmes;
- ◆ Low capacity (both human and institutional) to implement AML/CFT measures;
- ◆ Weak regulatory and legal frameworks for effective implementation of AML/CFT regimes;
- ◆ Informal and cash-based nature of the economies;

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Challenges in Implementing Effective AML/CFT Regime in West Africa

- ◆ Underdeveloped financial systems;
- ◆ Poor data management – documentation and data retention
- ◆ Emergence of new and complex financial products and services (internet banking, mobile banking; etc)
- ◆ Balancing the integration requirement of free movement of people, goods and services across the region in accordance with the ECOWAS TLS with the fight against trans-national organised crimes.



Policy Design for Effective AML/CFT Framework

- ❖ Enhanced political commitment to the fight against ML and FT
- ❖ AML/CFT must be tailored to specific needs of each jurisdiction
- ❖ Availability of adequate financial resources
- ❖ Risk and Threats Assessment
- ❖ Adoption of Risk-based approach to AML/CFT supervision
- ❖ Integration of the informal financial system with formal financial system



Policy Design for Effective AML/CFT Framework

- Improvement in inter-agency cooperation and coordination
- Reporting compliance by financial intermediaries
- Understand the implication of ML and FT on economic management – especially the issue of corruption (see call by G20 to FATF)

"We ask the FATF to help detect and deter the proceeds of corruption by prioritizing work to strengthen standards on customer due diligence, beneficial ownership and transparency."



The Roles of The Insurance Industry (1)

- ◆ Money laundering methods and techniques change in response to developing counter measures

- ◆ The FATF Recommendations provide a complete set of counter measures against these phenomena covering:
 - Criminal justice system
 - Law enforcement,
 - Financial system and its regulation,
 - International cooperation.

- ◆ Over 182 jurisdictions have recognized, endorsed or adopted the standard indicating their general acceptability globally.



The Roles of The Insurance Industry (2)

- ◆ The Recommendations do not represent binding treaty per se
- ◆ They set minimum standards for action for countries to implement the detail according to their particular circumstances and legal frameworks.
- ◆ The financial sector (banking, insurance; etc) has enormous role in the implementation of the Standards
- ◆ The role of insurance in combating ML should therefore be contextualized in the relevant Recommendations of the FATF that pertain to the insurance industry.



The Roles of The Insurance Industry (3)

FATF Rec.	Description
4	Non-inhibition of secrecy laws on implementation of FATF recommendation
5	Customer Due Diligence (CDD)
6	Handling of Politically Exposed Persons (PEPs)
7	Cross-Border Corresponding Relationship
8	Impact of New or developing technologies of financial transactions (mobile banking; etc)
9	Use of Third parties in CDD



The Roles of The Insurance Industry (4)

FATF Rec.	Description
10	Record Keeping (Timing, Information Retrieval, Archiving; etc)
11	Impact of Complex, unusual large transactions, all unusual patterns of transactions
13	Reporting of suspicious transactions (to FIUs; Regulatory agencies; etc)
14	Protection of Staff from liability for reporting, tipping off
15	Establishment of Robust Internal Control Systems (compliance system, staff training; etc)
17	Types of Sanctions (Effective, proportionate, dissuasive)



The Roles of The Insurance Industry (5)

FATF Rec	Description
21	Dealing with High risk jurisdictions (Iran, Uzbekistan, Turkmenistan, Pakistan; etc)
22	Application of standards, procedures to branches and subsidiaries located abroad
23	Existence of regulatory and supervisory framework
25	Issuance of guidelines by competent institutions to FIs on ML and FT
29	Adequate empowerment of Supervisors (Legal backing)



The Roles of The Insurance Industry (6)

FATF Rec	Description
30	Resourcing of Supervisors and competent authorities (financial, human, technical)
31	Cooperation and Coordination of competent authorities
32	Review of Effectiveness of AML/CFT by competent authorities
40	International Cooperation (widest range) with foreign counterparts
SR IV	Reporting of Suspicious Transactions related to Terrorism
SR V	International Cooperation on Terrorist Financing



Concluding Remarks

- ◆ The fight against ML and FT requires a collaborative and cooperative mechanism, no country can do it alone.
- ◆ There is the need for the financial industry to eschew the temptation of sacrificing transparency that frees the economy from criminals with profit drive;
- ◆ Political leaders must demonstrate unequivocal commitment to implementing AML/CFT. No lip service!

THANK YOU

