



INTER-GOVERNMENTAL ACTION GROUP AGAINST MONEY LAUNDERING IN WEST AFRICA (GIABA)

## **TYPOLOGIES ON MONEY LAUNDERING AND TERRORIST FINANCING LINKED TO CORRUPTION IN WEST AFRICA**

### **TERMS OF REFERENCE FOR COUNTRY RESEARCHER**

#### **BACKGROUND**

1. Corruption has continued to pose significant problems in the anti-money laundering and combatting the financing of terrorism (AML/CFT) agenda. In many jurisdictions, corruption, especially public corruption, is a major source of illicit funds and remains a significant predicate crime to money laundering (ML). Studies have equally shown that corruption is not only an ML predicate offence, but also one of the most daunting obstacles to combating ML and terrorist financing (TF) effectively across the globe (FATF, APG, GIABA, ESAAMLG, UNODC, World Bank), which serves as a facilitator of many criminal activities. It has broader debilitating effects on governance, human development and stability.
2. Consequently, increased attention is being paid to anti-corruption (AC) in the global efforts to tackle ML/TF and related financial crimes, with a growing collaboration between the international AML/CFT and AC practitioners. Most notable of this increased collaboration is the growing number of Joint Experts Meetings of the G20 Anti-Corruption Working Group (ACWG) and the Financial Action Task Force (FATF). The meetings, held every year since 2011, bring together AML/CFT and AC experts from around the world to discuss concerns of mutual interest, including issues of corporate transparency and beneficial ownership, politically exposed persons, the use of the FATF Recommendations to combat corruption, and specific risks factors in the laundering of the proceeds of corruption, inter alia.
3. Furthermore, the FATF has done considerable amount of work to understand the risks posed by corruption and in mobilizing the global effort against money laundering and terrorist financing linked to corruption since 2011. In addition to the implementation of the FATF standards as encapsulated in the 40 Recommendations and their Interpretative Notes (as revised), the revised Methodology and guidance documents, researches and assessments have been carried out by the body. The FATF published a typologies report on “Laundering the Proceeds of Corruption in 2011; published a brief on Specific Risk Factors in the Laundering of Corruption – Assistance to Reporting Institutions in 2012; released a guidance on Political Exposed Persons (2013); and a reference guide and information note on The Use of the FATF Recommendations to Combat Corruption (The Corruption Information Note), 2013. The Corruption Information Note, in particular, compels attention on the specific vulnerabilities for laundering the proceeds of corruption, including issues relating to the integrity of the public sector, politically exposed persons, abuse of private sector institutions, transparency

and beneficial ownership, financial secrecy laws, and the complexities of detection, investigation, prosecution and recovery of stolen assets. These topical issues constitute the most daunting challenges in the fight against the laundering of the proceeds of corruption, globally, and most direly in low-capacity regions such as West Africa.

4. In West Africa, the nexus between ML/TF and corruption is clearly evident. Frequent news headlines, annual activity reports submitted by GIABA member States and their reports on National Risk Assessments (NRA) of ML/TF, outcomes of mutual evaluations, and follow-up processes, all glaringly reveal the prevalence of corruption, both as a major source of proceeds of crime and as a major impediment to AML/CFT implementation in the region. Most GIABA member countries are state parties to the main international anti-corruption instruments: namely the African Union Convention on Preventing and Combating Corruption (AUPCC) and the United Nations Convention against Corruption (UNCAC). Yet, while these conventions contain benchmarks and implementation frameworks for assessing compliance, tackling corruption has been extremely difficult for member countries.
5. Cognizant of this enduring challenge, GIABA conducted two studies to enhance understanding of the links between ML/TF and corruption in its member States and the West Africa region. The studies included the Corruption – Money Laundering Nexus: An Analysis of Risks and Control Measures in West Africa (2011), and Money Laundering Related to Fraud in Public Procurement in West Africa: A Case Study of Nigeria (2014). While these initial studies provided very important insights, they were not designed to comprehensively assess the ML/TF risks posed by corruption in the West Africa region. Given the persistence of corruption in the region and its apparent connection to ML/TF, an in-depth knowledge of the risk factors, trends and methods is required in order to guide competent authorities in fashioning out appropriate counter-measures. Consequently, for the year 2020, GIABA proposes to conduct a typologies study on ML/TF linked to Corruption in West Africa.
6. This typologies exercise aims to highlight the most common techniques and methods adopted to launder the proceeds of corruption in West Africa and the impact it has on the region in various forms in order to facilitate the adoption of appropriate and effective counter-measures. The findings will reveal the policy implications for interventions and relevant recommendations will be made in that regard.

## **BRIEF OVERVIEW OF THE ASSIGNMENT**

### **7. The assignment involves conducting a typologies study that would produce the following outcomes:**

- A situation analysis of corruption and a comprehensive review of the existing legal, regulatory and institutional framework that applies to anti-corruption in the country;
- A comprehensive analysis of the linkages between corruption and money laundering and terrorist financing in the region;
- Analysis of specific ML/TF cases/examples and identification of the actors involved and the methods and techniques they use;
- Identification of the factors that undermine efforts against corruption in the country; and
- Recommendation of policy and operational measures for effective protection of the national economies and financial systems against the proceeds of corruption and related ML/TF.

## **OUTPUTS**

8. The Research Associate is expected to produce a minimum of 20 – 25 page report, excluding attachments and references in accordance with the following timelines:

- An inception report to be submitted a week after signing the contract, 16 June, 2020
- First draft report to be submitted to GIABA Secretariat by 30 July, 2020
- GIABA Secretariat to review and revert to country researcher by 17 August, 2020
- Second draft report to be submitted to GIABA Secretariat by 31 August, 2020

## **ADDITIONAL INFORMATION**

- The Research Associate will receive a fee of USD 4,000 upon submission of a satisfactory final report.
- Failure to submit report in accordance with the timelines shall result in a penalty of 20% of the fee.