



## **INTER-GOVERNMENTAL ACTION GROUP AGAINST MONEY LAUNDERING IN WEST AFRICA**

### **TYOLOGIES OF MONEY LAUNDERING AND TERRORIST FINANCING THROUGH HUMAN TRAFFICKING AND MIGRANTS' SMUGGLING IN WEST AFRICA**

#### **TERMS OF REFERENCE**

##### **A. BACKGROUND**

1. The International Standards related to Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT), namely FATF Recommendations 22 and 23, call for Customer Due Diligence on Designated Non-Financial Businesses and Professions (DNFBPs). Indeed, like financial institutions, these DNFBPs are required to establish an internal AML/CFT system with necessary preventive measures, and ensure that they can detect any suspicious transaction to be reported to the Financial Intelligence Unit (FIU). It is also incumbent on them to keep relevant records that may be required for any financial investigation, and build the capacity of sectoral stakeholders on AML/CFT requirements. However, in view of the findings of Mutual Evaluations, National Risk Assessments and various GIABA Research and Typologies Reports, it must be recognized that DNFBPs constitute the main AML/CFT vulnerability in West Africa. This vulnerability is becoming all the more a cause for concern as most of these DNFBPs have very close links with the informal sector, the transaction methods of which do not allow financial flows to be tracked and the origin of funds certified.
2. Furthermore, under FATF Recommendation 28, national supervisory and monitoring authorities in the sector have an obligation to ensure the effective and efficient implementation of AML/CFT legal requirements applicable to DNFBPs. However, in all GIABA Member States, many gaps have been identified in the supervision of DNFBPs. This is attributed to the lack of a supervisory authority for some DNFBPs in particular, and inadequate resources (in terms of trained staff, means of control, best practice guide and guidance) of supervisory authorities, where such entities exist, in general. Consequently, to date, notwithstanding the deficiencies identified in the DNFBP sector, no significant sanctions have been imposed by supervisory authorities to encourage actors to comply with AML/CFT requirements. In order to resolve these deficiencies and ensure that DNFBPs comply with AML/CFT requirements, GIABA has launched a series of activities for them, including awareness-raising and training programs for actors and supervisors, studies on the sector, and the development of the Best Practice Guide on effective AML/CFT supervision.

##### **B. OBJECTIVE**

3. This Guide is intended to facilitate the effective discharge by supervisory authorities of their monitoring and sanction duties with regard to DNFBPs in the context of AML/CFT. More specifically, this Guide is intended to:
  - Facilitate the understanding of international standards on the supervision of the DNFBP sector;
  - List relevant guidelines based on international best supervisory practices in AML/CFT;
  - Incorporate illustrative cases of effective and efficient supervision of DNFBPs;
  - Define and prioritize the monitoring and supervision of DNFBPs.

### **C. METHODOLOGY**

4. A panel of 3 regional consultants shall be recruited by the GIABA Secretariat to prepare the Draft Best Practice Guide on effective DNFBPs supervision. This panel of consultants will work under the coordination of the GIABA Policy and Research Department for 30 days.
5. The Draft Regional Guide developed by the panel of experts will be validated during a two-day regional workshop organized in Senegal from 30<sup>th</sup> to 31<sup>st</sup> January, 2020.

### **D. RESOURCES**

6. The sources of information for developing the Regional Best Practice Guide on effective DNFBP supervision will mainly include:
  - Mutual Evaluation Reports of GIABA Member States;
  - National Risk Assessment Reports of GIABA Member States;
  - GIABA Research and Typologies Reports ;
  - Relevant FATF Recommendations and their Interpretive Notes as well as best practice documents on AML/CFT supervision of the non-financial sector;
  - Relevant World Bank and IMF documents;
  - BCEAO Directives and Guidelines from national supervisory authorities.

### **E. DELIVERY TIMELINE**

- **The Preliminary Report** should be submitted to the GIABA Secretariat within one (1) **week** of signing the contract; this 1<sup>st</sup> report shall: outline the issue; present all the DNFBPs - their line and supervisory authorities; identify the requirements of the standards and supervisory gaps; come up with a structure for the Guide that would take into account the objectives; and suggest a timetable for drafting this Guide.
- **The First Draft Report** should be submitted to the GIABA Secretariat within twenty (20) **days** of signing the contract: this 2<sup>nd</sup> report shall outline in a very clear and articulated manner all the points indicated in the structure and outline initially adopted by GIABA, including boxes on typologies for implementing supervision standards;

- **The Second Draft** Report should be submitted to the GIABA Secretariat within thirty **(30) days** of signing the contract: this 3<sup>rd</sup> report shall finalize the Guide and include relevant guidelines for effective and efficient supervision of DNFbps.
7. The panel of experts shall be invited to submit the Finalized Draft Guide at a regional validation workshop to be organized by the GIABA Secretariat in Senegal in January, 2020. They shall then incorporate the required suggestions, emerging issues, amendments and comments and return the finalized version to the GIABA Secretariat a week after the end of the workshop.

#### **F. HONORARIUM**

8. The expert shall receive a honorarium of \$5,000 upon submission of a satisfactory final report. Failure to do so on time shall result in a penalty equal to 10% of the \$5,000 honorarium. A contract shall be drafted for this purpose between the expert and the GIABA Secretariat to specify the responsibilities of each party.

#### **G. EXPRESSION OF INTEREST**

9. Persons interested in producing this Guide are advised to express their interest by filing a request in writing and an updated Curriculum Vitae to: Procurement@giaba.org with copy to secretariat@giaba.org. Only Applicants deemed qualified for the assignment will be contacted.
10. For additional information on this Expression of Interest, kindly file your request to the same above-mentioned E-mail addresses.

#### **H. DEADLINE FOR SUBMITTING APPLICATIONS**

11. The deadline for submission of applications is 16<sup>th</sup> December, 2019 at 3 pm.