



GLOBAL ORGANIZATION OF PARLIAMENTARIANS AGAINST CORRUPTION
ORGANISATION MONDIALE DES PARLEMENTAIRES CONTRE LA CORRUPTION
ORGANIZACIÓN MUNDIAL DE PARLAMENTARIOS CONTRA LA CORRUPCIÓN

**REPORT ON:
GOPAC/APNAC/IMF ANTI-MONEY LAUNDERING
WORKSHOP
Nairobi, Kenya**

November 5, 2003

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This report on the pilot workshop assesses how such workshops can contribute to GOPAC's initiative to strengthen the effectiveness of parliamentarians in combating money laundering – a key element of, and incentive to, corruption. Money laundering by its very nature is international in scope. Combating money laundering requires both international effort and actions in individual countries.

This note summarizes the key points discussed and documents views of participants as to what GOPAC and APNAC could do to reduce money laundering and its negative impacts.

Background:

The pilot workshop – on Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT) – was jointly sponsored by the Global Organisation of Parliamentarians Against Corruption (GOPAC), the African Parliamentarians Network Against Corruption (APNAC) and the International Monetary Fund (IMF). It was held in conjunction with an APNAC meeting and funded by the Africa Program of the Parliamentary Centre (Ottawa, Canada). The IMF provided the services of Mr. Francisco Figueroa, Financial Sector Expert.

Also in attendance were GOPAC Chair, Mr. John Williams (Canada) and Chair of the Anti-Money Laundering Initiative for GOPAC, Mr. Roy Cullen (Canada).

Summary of Presentations:

The agenda for this one-day seminar is provided in Appendix I. The following summarizes the key points of Mr Figueroa's presentation and the discussion.

Introduction to AML/CFT

- Money laundering and the financing of terrorism undermines the stability of financial systems and the integrity of markets. It corrupts institutions, government officials and the private sector and undermines the rule of law, economies and national security.
- It is a **global** problem.
- Three stages of money laundering: placement, layering and integration.
- Many types of money laundering: money laundering, financial fraud, tax evasion, circumvention of exchange restrictions, sales of fictitious financial instruments or insurance policies, embezzlement, stock manipulation and connected party lending.
- Measures to minimize money laundering and financing of terrorism risks include: legal framework, supervisory capacity and institutional awareness.

Building Blocks for an Effective AML/CFT Program

- Due to the newness of international responses to these issues, AML/CFT programs face a number of challenges including: lack of an adequate legal framework, lack of necessary resources, they are more difficult to implement than other financial standards and codes due to multidisciplinary, multi-agency approach and the need for a global response.
- There needs to be a political commitment to address financial abuse.
- IMF and World Bank have limited ability to fight these issues without the commitment and assistance of parliaments and parliamentarians to implement changes to financial systems and ensure compliance.

Establishing an Effective AML/CFT Regime/ Global and Regional Initiatives & International Cooperation

- IMF provides financial resources and information/technical resources to support reforms.
- IMF/World Bank developing a common approach to assess the worldwide AML/CFT standard.
- What can leaders within individual countries do to enhance compliance with international standards?: Political commitment to fight financial abuse, transfer that commitment to concrete action, identify and draw on assistance, when needed, through the IMF and World Bank and other donors, subscribe to the principles of transparency, exert peer pressure.

Lessons Learned and Proposed GOPAC/APNAC Follow-up:

Due to travel schedules and time constraints, the final session on the Seminar Agenda to discuss next steps was not undertaken. The findings in this section are from a follow-up survey of participants undertaken by the GOPAC Secretariat.

It was apparent from the number and enthusiasm of 24 parliamentarians participating – as well as their responses to a post seminar survey – that AML/CFT is an issue that should attract the priority attention of GOPAC and APNAC, as well as international financial institutions.

Participants felt that the three presentations by the IMF expert were of great benefit in helping them better understand the nature and significance of the problem. In addition, the parliamentarians indicated that the greater understanding provided by the workshop would help in their fight against money laundering and the likelihood that they would respond more actively to future AML initiatives.

However, to respond effectively within their own countries to money laundering they felt they also needed:

- further training in the areas of parliamentary approaches;
- institutional capacity building;
- global and regional initiatives;
- best practices and what, concretely, works to combat money laundering; and

- examples from their own region. – in French as well as English to reach more parliamentarians.

Finally, and perhaps most importantly, the participants of this workshop noted the need to take what they had learned one step further. Although the workshop was an “eye opener,” they wanted to participate in workshops/seminars (including parliamentarians from around the world) to provide different experiences and perspectives and which would address and describe practical tools and actions for them to adopt and put into practice individually and collectively.

Implications for GOPAC and APNAC:

GOPAC, under the leadership of Roy Cullen, has been seeking funding for an initiative that would engage GOPAC parliamentarians in:

1. developing a better understanding of money-laundering and its impacts, as well as of initiatives underway to combat money laundering;
2. developing tools, information dissemination and training for parliamentarians in their initiatives to combat corruption; and
3. actively promote among parliamentarians the importance of action, and the advantages of addressing money laundering as part of broader anti-corruption initiatives, such as the implementation of the UN Convention Against Corruption.

This seminar indicates that there would be advantages to use the services of the IMF, if available, to provide the exposure to money laundering and initiatives to combat it from a broad perspective, while GOPAC and its regional chapters would focus on engaging parliamentarians in understanding their roles and developing the tools of particular importance to carrying out their roles effectively. It also illustrated the advantages of engaging regional chapters of GOPAC in establishing regional groups of parliamentarians to work with the global AML team.

APPENDIX I: AGENDA FOR NAIROBI WORKSHOP

Workshop for Parliamentarians & Senior Officials on Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT): November 5th, 2003

Co-Chaired By: APNAC Chair, *Hon. Augustine Ruzindana (MP, Uganda, Chair of APNAC)*
and GOPAC Chair of AMLI – *Roy Cullen (MP, Canada)*

9:00 – 9:30 **The Parliamentary Perspective: Overview of current situation in Africa and the World**

9:30 – 10:30 **Introduction to AML/CFT**

- Impact on Economic Growth and Society
- Prudential and Macroeconomic Risks and Consequences
- Impact on Financial Sector (banking, insurance, securities)

Francisco R. Figueroa, Financial Sector Expert, IMF

10:30 – 11:00 **Tea Break**

11:00-1:00 **Building Blocks for an Effective AML/CFT Program**

Legal Framework

- Supervision Systems
- Institutional Capacity & Training
- Financial Intelligence Unit

Francisco R. Figueroa, Financial Sector Expert, IMF

Establishing an Effective AML/CFT Regime

Francisco R. Figueroa, Financial Sector Expert, IMF

1:00 - 2:30 **Lunch**

2:30 – 3:30 **Global and Regional Initiatives & International Cooperation**

Fund's Policy, Initiatives & TA Programs

FATF and other FSRBs

Francisco R. Figueroa, Financial Sector Expert, IMF

3:30 – 3:45 **Tea Break**

3:45-5:30 **Parliamentary Responses and Action Plan: What Can GOPAC and APNAC Do?**

Co-Chairs: APNAC - TBC

GOPAC Chair of AMLI – *Roy Cullen (MP, Canada)*

- Work planning and Discussion of next steps.

APPENDIX II: PARTICIPANTS

Ethiopia Hon. Tesfaye Dessie
Hon. Girmay Gebremdhine
Hon. Aklilu Yurgu

Ghana Hon. Steve Akorli
Hon. Jacob Arthur

Kenya Hon. Jimmy Angwenyi
Hon. Feliciano Dimbeju
Hon. James Magara
Hon. Christine A. Mango
Hon. Petkay Miriti
Hon. Danson Mungatana
Hon. Kariuki Mirugi

Niger Hon. Gado Boureima
Hon. Nomao Ibrahim

Tanzania Hon. Zainab Gama (Chair, APNAC – Tanzania)
Hon. Ireneus Ngwatura
Hon. James Wanyancha

Uganda Hon. Sylvia Namabidde Ssinabulya
Hon. Johnson Nkuuhe
Hon. Augustine Ruzindana (Chair, APNAC)
Hon. Sarah Nyombi Nansibula (Chair, APNAC-Uganda)
Hon. Beatrice Rwakimari

Zimbabwe Mary Jane Ncube (TI-Zimbabwe)