



DISRUPTING CRIMINAL TRAFFICKING AND SMUGGLING NETWORKS THROUGH INCREASED ANTI-MONEY LAUNDERING AND FINANCIAL INVESTIGATION CAPACITY IN THE GREATER HORN OF AFRICA

(AML-THB in the GHOA)

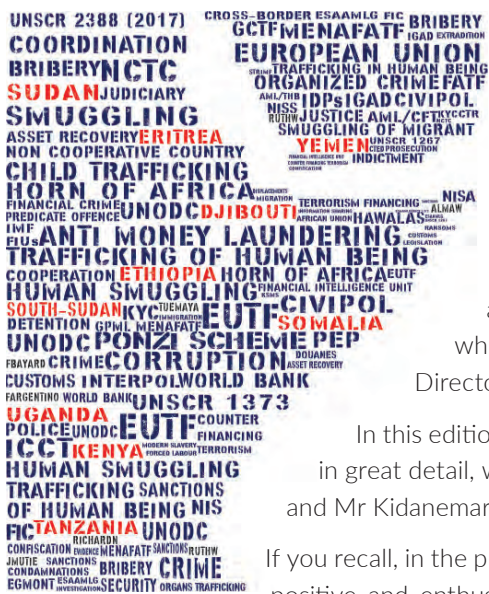


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AML-THB NEWSLETTER

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MESSAGE FROM THE PROJECT DIRECTOR



Happy birthday AML-THB Project (continued)!

This new edition of our newsletter is in fact the continuation of the previous edition, which marked the first anniversary of our project. Indeed, we had so much to tell you that, in the end, we had to take the painful decision with Alma Wanyama, our chief editor, to split our news into two parts because it was so dense.

May I remind you that we had the pleasure of benefiting from the encouragement and advice of Dr Marcus Pleyer, President of the FATF, a very important structure which is a lighthouse for our project, and also, from Hans Christian Stausboll, our Director of the EUTF, this Project's funder.

In this edition, we welcome all reactions to these strategic interventions, which are reflected in great detail, with emphasis and from experience, by our guest speakers, Dr Eliawony Kisanga and Mr Kidanemariam Hadera.

If you recall, in the previous issue, I mentioned that the project team has maintained an exceptionally positive and enthusiastic energy while keeping all the project activities going, staying in touch, encouraging participation and interacting with all regional institutions. And I am proud to testify once again to this overflowing energy in this new edition of our newsletter, as you will see when reading the varied and informative articles by our experts, our participants and, first, by our major partner, Dr Kisanga, Executive Secretary of the Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG). Dr Kisanga introduced our regional webinar on 'Enhancing Inter-Agency Cooperation between Financial Intelligence Units and Law Enforcement Agencies'.

May I point out, and particularly recommend, the contributions in this edition from our expert financial intelligence trainers, as well as from our Senior Technical Advisor on the training of compliance officers in the banking sector. May I also take this opportunity to salute their commitment and extraordinary professionalism, as well as their willingness to pass on their extended knowledge and experience to our participants.

In conclusion, I am pleased to announce the launch in the coming weeks of our project website, which will become our main tool of visibility and interaction. Relevant documentations, and constant updates on our activities will be founded. Finally – a friendly reminder! Because our newsletter is also interactive, please send your comments and feedback to us at info@aml-thb.eu.

Frédéric Bayard



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NATIONAL E-TRAINING WORKSHOP

The Role of Financial Institutions in Detecting, Identifying and Disrupting Illicit Financial Flows of Trafficking of Human Beings and Migrant Smuggling 14–18 September 2020

Tuemay Aregawi,

Senior Technical Advisor to the AML-THB Project and training coordinator

Background

The scope and nature of human trafficking and migrant smuggling in the Greater Horn of Africa (GHOA) is becoming more complex, operated by cross-border criminal networks with established links at national and local levels. Both human trafficking and migrant smuggling are illicit profit-driven crimes that generate substantial proceeds at all levels. Effective anti-money laundering (AML) strategies, asset freezing, asset confiscation and other similar interventions are necessary to prevent criminals from enjoying their ill-deeds. Moreover, effective AML and financial investigation interventions are important instruments for identifying and disrupting criminal networks and financial operations that further deter criminals and their networks. To this end, the European Union funded AML-THB Project has been engaged in designing and delivering capacity building activities since its kick-off in November 2019 to assist the countries of the region to counter the above criminal threats. The Project has continued to deliver e-learning courses despite the COVID-19 pandemic and the subsequent restrictions imposed by governments.

The fight against money laundering, terrorism financing, human trafficking, migrant smuggling and other related crimes requires effective engagement among financial institutions (FIs) and other relevant stakeholders. Operational cooperation and coordination between various public and private institutions is essential for successfully fighting human trafficking, migrant smuggling and protecting the integrity of the financial system. The FIs have a key role in detecting, identifying and disrupting criminal networks and the movement of illicit finances. Further, FIs are essential sources of financial information and evidentiary materials that are necessary for effective financial investigations and prosecutions.

To this end, from 14 to 18 September 2020, the AML-THB Project successfully executed a national e-training workshop for Kenyan banks and regulatory bodies on the 'Role of Financial Institutions in Detecting, Identifying and Disrupting Illicit Financial Flows of Trafficking of Human Beings (THB) and Smuggling of Migrants (SoM) in Kenya'. The training was organised in collaboration with the Kenya Bankers Association (KBA).

Objectives and Results of the Training

The training workshop aimed to sensitise about the role FIs can play and reinforce their capabilities of detecting, identifying and disrupting illicit proceeds of THB and SoM and the financial operations of criminal networks through effective AML measures. The training also intends to enhance participants' understanding of key themes including:

- Kenya's AML and countering of financing terrorism (CFT) regime;
- The THB/SoM environment and Kenya's counter measures;

- THB/SoM criminal networks and their financial flows in Kenya and the GHoA region;
- THB/SoM-related money laundering red flag indicators; and
- Public Private Partnerships – Practices, Challenges and Opportunities

The workshop has provided participants an opportunity to share their good practices/experiences and challenges among themselves and with the Central Bank of Kenya (CBK) to further enhance collaboration in the detection, identification and disruption of THB/SoM criminal networks and their illicit financial flows, which will further intensify the fight against money laundering terrorism financing. Participants took part in intensive discussions that promoted common understanding on the vulnerabilities and risks of THB/SoM, mutual trust and cooperation and devised a way forward on how to implement effective AML interventions to identify and disrupt the flow of trafficking/smuggling proceeds and further inhibit criminal networks from abusing the financial system.

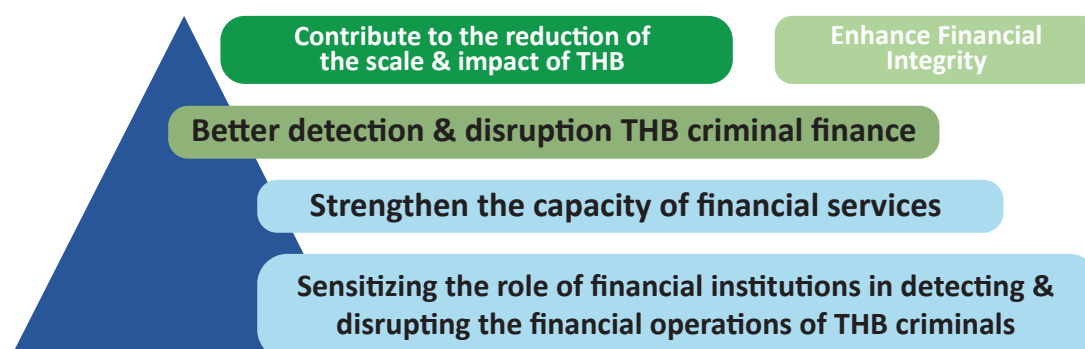
Training Delivery

The training was delivered by experienced Kenyan experts who understand the specific national context, and brought together 34 trainees, of which there were 28 compliance and/or risk management officers/managers from 24 banks, one expert from the KBA and five officers/experts from the CBK. The training was opened by a keynote speech¹ by the CEO of the KBA, Dr. Habil Olaka, that was delivered on his behalf by the KBA Chief Financial Officer, Mr. Kennedy Mutisya along with the AML-THB Project Manager, Mr. Federico Argentino.

NUMBER OF PARTICIPATING BANKS AND TRAINEES				
No	Bank	No. of trainees		
		Female	Male	Total
1	Bank of Baroda	-	2	2
2	UBA	-	1	1
3	Bank of Africa	1	-	1
4	Faulu Microfinance Bank	1	-	1
5	Dubai Islamic Bank	1	-	1
6	Family Bank	-	1	1
7	Guardian Bank	--	1	1
8	National Bank	-	1	1
9	M Oriental Bank	1	1	2
10	Diamond Trust Bank	1	1	2
11	Victoria Bank	1	-	1
12	KWFT Bank	1	-	1
13	SBM Bank	1	1	2
14	Ecobank	1	-	1
15	Gulf African Bank	-	1	1
16	Co-operative Bank	1	-	1
17	Stanbic Bank	-	1	1
18	Sidian Bank	-	1	1
19	HF Group (HFC Bank)	-	1	1
20	Standard Chartered Bank	-	1	1
21	Habib AG Zurich	-	1	1
22	Development Bank	1	-	1
23	KCB	1	-	1
24	NCBA	-	1	1
25	Kenya Bankers Association	-	1	1
26	Central Bank of Kenya	2	3	5
Total		14	20	34

1 The Keynote Speech is posted in this newsletter

Result Chain of the Training



The main topics covered in the training included:

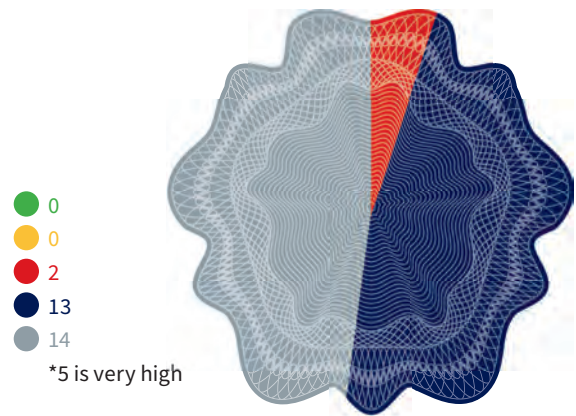
- The AML/CFT regime in Kenya that discussed national legislative, institutional and operational frameworks in line with regional and international standards;
- The role of banks in the AML/CFT regime in general and in particular with regards detecting, identifying, disrupting and reporting suspicious activities and transactions with a special focus on THB/SoM-related illicit financial flows;
- Concepts of THB/SoM and the Kenyan national counter-measures incorporated definitions, elements and characteristics of THB/SoM;
- THB/SoM criminal networks and their financial flows in Kenya including discussed the scale, patterns, trends, routes and criminal networks;
- Methods of detecting, Identifying, reporting and disrupting illicit financial flows from THB/SoM crimes; and
- Public-private partnerships that deliberated existing national frameworks, practices, challenges and opportunities fighting THB/SoM

The participants, who were actively involved in open discussions, exercises and debates recommended the training to be delivered to other financial institutions, besides banks, could also benefit from such programmes. Mr Frederick Bayard, Team Leader of the AML-THB Project and Mr Laban Omani, the KBA Compliance Sub-Committee Chairman expressed their interest in strengthening the partnership to continue providing such support.

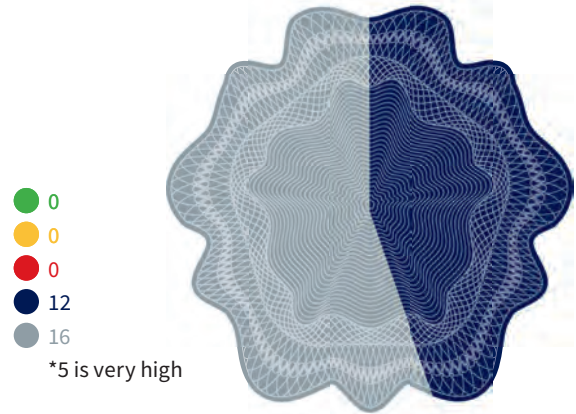
Post-training evaluation and feedback

Participant feedback provided via an online MS Forms survey questionnaire highly rated the training in terms of its relevance/importance, meeting its objectives and value addition in knowledge and skills, to which all 29 respondents answered 'Yes'. See below indicative charts excerpted from the survey analysis.

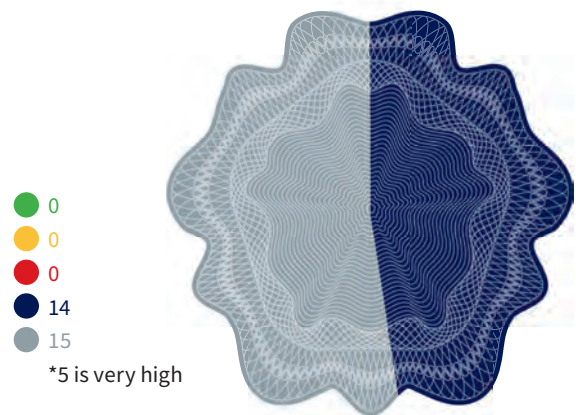
1. Quality of delivery



2. Interaction and engagement



3. Overall assessment



OPENING REMARKS TO THE PARTICIPANTS: National E-Training Workshop on The Role of Financial Institutions in Detecting, Identifying and disrupting Illicit Financial Flows of Trafficking of Human Beings and Migrant Smuggling 14–18 September 2020



Kennedy Mutisya,
Chief Finance Officer|Kenya Bankers Association

Thank you and Good Morning All.

On behalf of the Kenya Bankers Association (KBA), Chief Executive Officer Dr. Habil Olaka we take this opportunity to register the Association's appreciation of the opportunity to collaborate with the European Union to undertake this important training for the benefit of the banking sector members.

The banking sector recognizes the high risk exposure posed by human trafficking and smuggling of migrants within the region and therefore it's our collective interest as an industry to be alert of the vice and to ensure that banks have appropriate safeguard measures within their systems to mitigate against this risk.

In the recent past the horn of Africa region has witnessed unprecedented increase of human trafficking and smuggling of migrants within the Ethiopia-Somalia -Kenya corridor and therefore this training is being offered at an opportune time. Human trafficking vice is dehumanizing and has introduced security challenges and money laundering risks targeting Kenya's financial system.

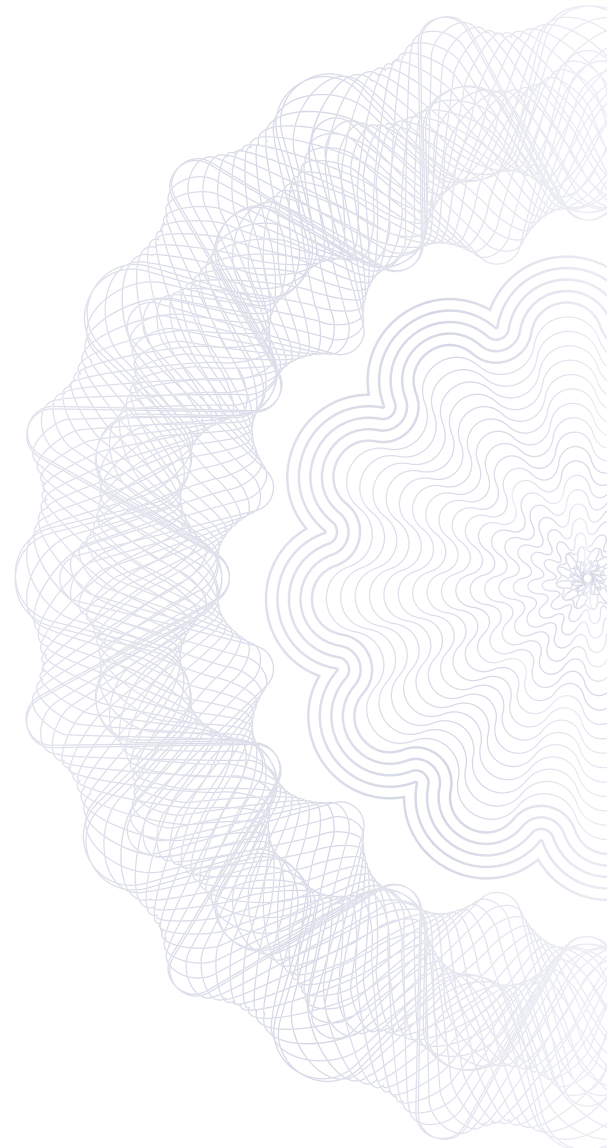
We believe the insights of this training will provide relevant learning to the participants and will also equip them to assist their respective banks enhance their internal controls to combat the risk.

KBA in line with its mandate will strive to continue building capacity for its members. We will seek to partner with other stakeholders to support the industry achieve this goal.

We recognize that this training is being offered when the country is undertaking several critical initiatives to reinforce its AML framework such as the National Risk Assessment and the country's mutual evaluation that is scheduled next. We trust that this training will enrich the two initiatives.

Once again, we thank our partner the European Union for this training and we look forward in future to partner on similar engagements. We wish all the participants a fruitful training and we hope that the knowledge acquired during this training will be utilized to impact your respective banks positively.

Thank you.



REGIONAL WEBINAR 1

Enhancing Collaboration Between Law Enforcement Agencies and Financial Intelligence Units 21–25 September 2020



*Alma Wanyama,
Technical Advisor to the AML-THB Project*

The 'virtual' Regional Webinar 1 on enhancing collaboration between law enforcement agencies (LEA) and financial intelligence units (FIUs), that took place on 21–25 September 2020, was intended to improve coordination and collaboration between criminal investigation units/departments and FIUs as well as to show investigators and intelligence officers how to use anti-money laundering interventions to successfully fight the trafficking of human beings (THB) while also aiming to strengthen collaboration between all stakeholders through existing legal and operational channels. This can be done by highlighting how LEAs can use AML financial information to help investigate and prosecute THB cases as well as uncover the criminal networks involved.

The webinar's specific objectives were to:

- Enhance collaboration between the investigators, state intelligence and FIUs;
- Facilitate a platform for information exchange between the investigators, state intelligence officers and FIUs;
- Promote better understanding of human trafficking and smuggling, the modus operandi of the criminal networks and their financial flows nationally, regionally and internationally;
- Better understand financial investigation processes and the role of the financial sector in disrupting criminal networks through effective AML measures;
- Outline the importance of information sharing and a multi-agency approach in investigating THB and the smuggling of migrants (SoM) financing; and
- Explore practical cases, exchange experiences and best practices in order to learn from practical examples; and
- Identify challenges in multi-agency cooperation and explore how to mitigate them to enhance better collaboration.

Given the restrictions imposed to contain the spread of the COVID-19 pandemic, the webinar was held as a video conference, incorporating an interactive approach through facilitated open dialogue, question-and-answer sessions, group assignments and expert presentations. The webinar, to the extent possible, facilitated and supported informal inter-expert networking among interested participants.

The webinar was attended by two very important guests: Dr Elwonyi Kisanga, Executive Secretary of the the Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG), and Mr Kidanemariam Hadera, Head of the Transnational Organized Crime (TOC) Pillar in the Intergovernmental Agency for Development (IGAD) and former Head of FIU Ethiopia.

In his opening remarks, Dr Kisanga was pleased to note that the ESAAMLG – namely Ethiopia, Kenya, Tanzania, Uganda, Malawi, Mauritius, Madagascar, Mozambique and Seychelles – were able to benefit from this training. Dr Kisanga reiterated the fact that the mutual evaluation reports (MERs) carried out by the ESAAMLG and its partners point out the challenging state of existing AML/CFT regimes, and frequently highlight the fact that the lack of effectiveness of their respective national FIUs and LEAs is due to poor interagency cooperation, and is one of the most obvious key challenges. Dr Kisanga applauded the participation of the countries present at the webinar, stating that it demonstrated a firm commitment to combating THB and money laundering in the region, and to determining priority areas of collaboration in implementing the FATF Standards.

In his address, IGAD representative Mr Hadera stated that human trafficking is one of the major risk areas of crimes that we need to address in our region, both in prevention and in practice. He reported that a recent IGAD study underlined the problems member countries encounter as a result of the irregular and illegal flow of human beings into and through their countries. This illegal movement places considerable strain on some IGAD member states' scarce resources, services and capacities that are required to counter THB, SoM and other problems associated with irregular forms of migration. On a positive note, Mr Hadera observed that several IGAD member states have developed institutional coordination mechanisms and dedicated investigation units, and that these need to be enhanced. He emphasised that building an effective system requires a multi-agency approach ensuring the cooperation and coordination of all national agencies, including LEAs and FIUs. In this regard, investigators and prosecutors need a clear understanding of the importance of FIUs and intelligence-led investigation and prosecution. Besides national efforts, it is also essential to understand the importance of information exchange

with other countries' stakeholders as well as regional and international organisations. Mr Hadera noted that almost all FIUs of the GoHA region have already signed memoranda of understanding (MoUs) to exchange information on cases related to ML, TF and all predicate crimes including THB and SoM.

Webinar content and attendees

The webinar addressed the following thematic areas:

- The role of financial investigations;
- An overview of money laundering and AML interventions;
- Role of financial institutions in AML;
- Financial 'red flag' indicators for THB/SoM;
- Building financial profiles of suspects;
- An overview of THB and SoM;
- Introduction to THB/SoM criminal networks and illicit financial flows;
- Law enforcement and its role in financial investigations;
- Importance of multi-agency cooperation; and
- The business model of trafficking in human beings.

Table 2: Number of attendees per regional organisation

Institution	No. of attendees
ESAAMLG	4
IGAD	1

Table 1: Number of trainees per national agency

No	Country	Institution	No. of trainees		
			Female	Male	Total
1	Djibouti	LEA		1	1
		FIU	1		1
2	Ethiopia	FIU		1	1
3	Kenya	LEA		3	3
4	Somalia	FIU		1	1
		LEA		2	2
5	South Sudan	LEA		3	3
		FIU		1	1
6	Tanzania	LEA		1	1
7	Uganda	LEA	1		1
		FIU		1	1
8	Yemen	LEA		2	2
		FIU		1	1
9	Mauritius	LEA		3	3
		FIU	1		1
10	Malawi	FIU	1		1
11	Seychelles	LEA	1	1	2
		FIU		1	1
Total			5	22	27

Evaluation and feedback

Regional Webinar 1 was successful, receiving positive feedback from the participants. Feedback given by participants on the online MS Survey questionnaire rated the webinar highly in terms of its relevance/importance, meeting its objectives, value addition, quality of delivery, and the level of participation.

During the interactive sessions, the participants expressed the need and importance for training sessions to be made available to more of their colleagues, calling on the Project to organise a second, and similar, webinar. Pertinent issues were raised during the interactive sessions, including issues surrounding public-private partnerships and how to enhance these relationships, especially with banks and mobile remittance services. As a result, sessions on these topics have been added to the agenda for the Regional Webinar 2, which is scheduled to take place on 26–30 October 2020. Regional Webinar 2 will also bring together investigators, intelligence officers and FIUs from within the region, all of whom are key stakeholders in AML/THB investigations.

It is now my pleasure to introduce the two experts who helped deliver the webinar sessions in their various roles.

REGIONAL WEBINAR 1

Enhancing Collaboration Between Law Enforcement Agencies and Financial Intelligence Units

21–25 September 2020



Steve Farrer (MBA CAMS CFE),
Corban Consulting (UK)



Trafficking in human beings (THB) and the smuggling of migrants (SoM) have been identified as two of the largest crimes (GFI, 2017) by revenue, with THB generating an estimated US\$150 billion a year (ILO, 2014). The Financial Action Task Force (FATF) report, Financial Flows from Human Trafficking (July 2018), highlighted

the need to focus on (1) identifying financial networks and revenues from THB as intelligence and/or potential evidence, and (2) the importance of using the financial sector, under the Anti Money Laundering (AML) / Countering Terrorist Financing (CFT) regime, to help identify and report suspicious financial activity that may indicate THB and SoM activity. It is key therefore for law enforcement agencies – often charged with the responsibility to investigate THB and SoM cases and manage such cases through the judicial process – to better understand the powerful use of financial investigations, run in parallel to traditional investigative and evidence-gathering techniques, as well as the use of money laundering and related offences in prosecuting offenders to provide evidence of the proceeds of crime for asset seizure and forfeiture actions.

The virtual workshop, held over five days, from 21–25 Sept 2020 focused on:

- The powerful role of financial investigations, both past and present, and how financial information (‘following the money’) provides different perspectives on network operations, different intelligence information, and different evidential information to support THB/SoM prosecutions;
- The role of financial institutions, how they operate, and what information they have that law enforcement agencies may find useful, and the methods of requesting such information, notably through the financial intelligence unit (FIU);
- Building a financial profile of a suspect, highlighting key information sources, use of databases, and tools to help map and visualise financial information and networks; and

- Understanding the business models of THB – how businesses use forced labour and how law enforcement agencies can understand and investigate such business activities.

Overall, the feedback was very positive, with some great interventions from the participants and strong interaction, despite the limitations of the virtual platform.

About Steve Farrer

For the past five years, Mr Farrer has been actively involved in working with the financial services sector, under the anti-money laundering (AML) framework, to help identify and mitigate the illicit proceeds from human trafficking (modern slavery). Previously he was the head of a global non-governmental organisation team collating information on large-scale trafficking incidences, to proactively inform financial institutions of those individuals and entities that are either directly facilitating or indirectly financially benefiting from human (and other forms of) trafficking.

In recognition of his knowledge and expertise, Mr Farrer has been involved in plenary sessions and working groups of the Financial Action Task Force (FATF), the Egmont Group of Financial Intelligence Units (Egmont) and the Asia-Pacific Group on Money Laundering (APGML) on the use of AML to combat the illicit proceeds from human trafficking and related criminal activities.

Prior to this, Mr Farrer was the regional head of intelligence for a global financial institution, covering Greater China and North and East Asia, leading a world-class team, pioneering the use of open source intelligence and techniques to proactively identify and mitigate AML risk.

With over 25 years of experience, he has enjoyed a number of senior management roles in both small specialist advisory firms and major multinational corporations, focusing on AML and fraud-risk mitigation through the innovative use of technological solutions and intelligence in making risk-based decisions.

Contact Steve Farrer: sf@corbanconsultinguk.co.uk

REGIONAL WEBINAR 1

Enhancing Collaboration Between Law Enforcement Agencies and Financial Intelligence Units

21–25 September 2020



Guillermo Alejandro Hernández Rodríguez,
independent consultant



Financial investigations and their relevance in combating and preventing crime

The use and importance of financial investigation in the prevention and combating of criminal activity, especially when related to money laundering (ML) of predicate crimes, has been slowly

gaining recognition as one of the most valuable tools available to law enforcement agencies (LEAs) worldwide to level the field against organised crime.

Historically, analysing financial flows has enabled authorities to broaden the scope of cases and act against notorious criminals, who, while not directly linked to any criminal activity, were enjoying large amounts of unexplained wealth that could not be legal in origin.

Analysing money trails and following financial flows and assets allows investigators to track down the financial benefits that are the ultimate goal of most criminal endeavours, and to act to contain them, whether to prevent the proceeds from being used or distributed, or, more conclusively, to confiscate them. This is the reason why several jurisdictions around the world have opted to give a prominent role to financial investigations and the identification of assets that could potentially be linked to criminal activity.

The virtual workshop held between 21–25 September 2020 focused mostly on the working relationships between law enforcement agencies (LEAs) and the role of financial investigations to combat criminal phenomena, emphasising trafficking of human beings and smuggling of migrants (THB/SoM). It is worth mentioning that this workshop expanded on a concern raised by participants during earlier webinars on financial intelligence analysis, namely that sometimes financial intelligence did not necessarily translate into investigations, prosecutions and convictions.

This workshop was an excellent opportunity to start exploring how financial investigations can benefit from the work of financial intelligence units (FIUs), especially related to the source of information and the leads that can develop from such sources. However, a challenge remains with turning intelligence and confidential information into documents and material evidence in an admissible form.

Discussions held on the roles of financial investigators, the importance of integrating financial profiles of potential targets for investigation, and the need for coordinated action among authorities then developed into a discussion on how to keep the intelligence flowing from the FIU to an appropriate LEA, and from there to a prosecutor and a judge to achieve the ultimate goal of convicting criminals and to confiscate and seize their assets so that their criminal activities remain unprofitable. This latter outcome should be considered paramount in law enforcement policy. Making sure that crime does not pay sends a loud and clear message to discourage potential offenders from a life of crime.

About Guillermo Alejandro Hernández Rodríguez

Mr Hernández has worked in security and risk consulting services for more than 12 years, with experience in the implementation, evaluation and training of AML/CFT policies, with special expertise in the international standards (FATF Recommendations and Methodology) for over eight years.

In 2012, he joined the Mexican Financial Intelligence Unit (FIU) as Head of the International Cooperation Department, where he engaged with the forums relevant to the work of financial intelligence, including the Egmont Group of Financial Intelligence Units and the Financial Action Task Force (FATF). In November 2014, Mr Hernández was appointed as Technical Specialist at the GAFILAT Secretariat, where he assisted in conducting mutual evaluations and coordinated the Asset Recovery Inter-Agency Network for GAFILAT (RRAG), among others.

In 2018, Mr. Hernández worked for the FATF Training and Research Institute (FATF TREIN), where he delivered training on the FATF Standards and assisted in the development of the Training Course on Terrorist Financing. Mr Hernández is currently an independent consultant specialising in practical implementation and training on aspects related to AML/CFT policies, international cooperation, financial intelligence and asset recovery.

REGIONAL WEBINAR 1

Enhancing Collaboration Between Law Enforcement Agencies and Financial Intelligence Units

21–25 September 2020



Opening remarks by Dr Eliawony J. Kisanga, Executive Secretary of the ESAAMLG

To Mr Frederic Bayard, Director of the EUTF-funded Anti-Money Laundering & Trafficking of Human Beings (AML-THB) Project for the Greater Horn of Africa; to the AML-THB Project team and the training facilitators, and to distinguished participants – Good Morning.

It is an honour to be giving these opening remarks at the start of this e-training on an issue on which we have all worked very closely. Let me begin by extending my thanks to you all for your initiative in organising this important training and for inviting me to make these remarks on behalf of the Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG).

As you know, financial intelligence units (FIUs) and law enforcement agencies are important components in the fight against money laundering/terrorism financing (ML/TF) and the associated predicate offences, including trafficking in persons and migrant smuggling. To win this battle, countries must enhance inter-agency cooperation.

Training programmes for FIUs that are based on a needs-oriented approach are not only an important tool for fighting ML/TF and other financial crimes but are also probably equally important for improving the working and living conditions of millions of people in Africa by fighting the prevailing predicate offences such as corruption and trafficking in persons.

I believe that the bringing together of FIU analysts and experts in one workshop at this crucial moment is itself part of a winning strategy for defeating trafficking in persons and associated ML in the whole of the Horn of Africa region and indeed in the whole of eastern and southern Africa. This is an opportunity to share best practices and discuss ways to collaboratively combat ML and the trafficking in human beings. It will also leverage the private sector to reduce human trafficking in global supply chains. I am pleased to note that the e-training is designed to reinforce the investigative capacity of the analyst to:

- Use anti-money laundering interventions to fight the trafficking in human beings;
- Understand financial investigations and intelligence gathering in the AML/THB field;
- Maximise intra- and inter-state collaboration, coordination and information sharing; and
- Establish and maintain successful partnerships between financial institutions and law enforcement agencies.

I am also glad that Eritrea and nine members of the ESAAMLG – namely Ethiopia, Kenya, Tanzania, Uganda, Malawi, Mauritius, Madagascar, Mozambique and Seychelles – are directly benefiting from this training. I hope that, in the future, more ESAAMLG member countries can also benefit from programmes of this nature.

As a matter of fact, many first and second round mutual evaluation reports (MERs) of the ESAAMLG countries highlight a number of significant challenges in national AML/CTF systems in general and, in particular, with respect to FIUs and law enforcement agencies in implementing Financial Action Task Force (FATF) Standards using various investigative techniques in parallel.

Implementing these FATF Standards and other relevant international instruments is both a vital and a very challenging task due to how comprehensive the regime needs to be – covering the prevention of trafficking in human beings, the smuggling of migrants and money laundering and the financing of terrorism, and also covering the protection and treatment of victims, and the promotion of international cooperation. The multi-dimensional nature of the FATF Standards means that cross-sectoral coordination is the only way to ensure the implementation of successful measures.

The MERs carried out by the ESAAMLG and its partners point out the challenging state of existing AML/CFT regimes, and frequently highlight the lack of effectiveness of their respective national FIU and law enforcement agencies when evaluating FATF Recommendations 26 and 30–32 (under the old FATF Standards), which are now Recommendations 2 and 29–31 and their Interpretive Notes (under the Revised FATF Standards) as well as Immediate Outcomes 1 and 6–9 in relation to the use of financial intelligence, ML/TF investigations and prosecutions, and domestic coordination and cooperation as indicated in the FATF Standards methodology for assessment. The key challenges to effectiveness include:

- Lack of a wide range of interagency cooperation;
- Not keeping comprehensive statistics;

- Factors that may negatively affect the operational independence and autonomy of the FIUs;
- Resource and capacity constraints among the various competent authorities, including FIUs;
- Lack of FIUs' analysis capacity from all perspectives (operational, strategic and tactical); and
- Other factors affecting the AML/CFT system and/or the structure of the competent authorities' jurisdictions, including corruption, etc.

Since its establishment in 1999, the ESAAMLG continues to provide assistance to member states towards the development and delivery of programmes, studies and technical expertise on combating migrant smuggling and trafficking in persons and associated money laundering. It has also conducted studies on 11 typologies, including on the topic 'Trafficking in persons and associated money laundering in the ESAAMLG region'. The ESAAMLG's report on human trafficking observed that:

- The ESAAMLG region is a source, transit hub and destination point for trafficking in persons. East African countries and South Africa are noted as the predominant transit and destination countries, respectively.
- Although trafficking is largely a cross-border activity, there is growing evidence that internal trafficking, particularly of young women from rural areas to the major cities, is on the rise.
- The main factors contributing to the increasing international and domestic prevalence of trafficking in persons include: low socio-economic development, political instability and disparities in income levels within member countries.
- Charges, investigations and prosecutions relating to the offences of trafficking in persons and associated ML are found to be insufficient to effectively combat the problem. This has in turn made trafficking in persons a low risk but high profit-making criminal activity, encouraged by the lack of appropriate legislation and institutional capacity.

Despite the ESAAMLG's and its members' best efforts, human trafficking and the resultant money laundering continue to be a pervasive and lucrative criminal endeavour. As you may know, organised criminal groups earn an estimated US\$150.2 billion in profits per year through the sale, exploitation and abuse of victims of trafficking globally. In recent years, the global economic crisis, coupled with the expansion of new labour markets, service industries and employment opportunities, has also created new challenges to preventing exploitation. Trafficking itself is a crime and the links between human trafficking and other criminal activities such as human smuggling, drug trafficking, money laundering and organised crime are well known. The impact of human trafficking on surrounding communities includes increased crime and gang activity, child exploitation, public

health problems and depressed wages. In view of this, combating THB and associated ML has been, and continues to be, a top priority for the ESAAMLG. In this context, we warmly welcome the EU's initiative to support this project in our region.

The ESAAMLG is proud to continue the longstanding partnership with its partners – including the FATF, their Training and Research Institute (FAIT TREIN), the Egmont Group, the Egmont Centre of FIU Excellence and Leadership (ECOFEL), the Common Market for East and Southern Africa (COMESA), and German donor organisation, the GIZ – to combat THB and ML/TF. I hope that in future we will be able to directly cooperate with the AML-THB Project in developing activities that would also directly benefit our member countries.

I believe that your participation in this workshop demonstrates a firm commitment towards combating THB and ML in the region, and towards determining priority areas of collaboration in implementing the FATF Standards. It is my hope that all of you will come out of this training enriched in the skills required for enhancing coordination and applying different investigative techniques, and that this will benefit your respective institutions, countries and the region in general in the fight against money laundering and terrorism financing as well as against the associated predicate offences, particularly trafficking in persons and migrant smuggling.

In conclusion to these remarks, I would like to emphasise that once we are sure the trainings are of good quality and meet the users' needs, the next challenge is to design a strategy for transferring knowledge. In this regard, there should be quantitative and qualitative targets for the proper M&E of the results of these trainings. This will only work if all the training participants are actively involved throughout the whole training course so that they can then transfer their knowledge to their colleagues afterwards. I am hopeful that the present e-training will help everyone in this respect. I hope the event will provide a platform for continuous interaction among the relevant bodies, give participants a unique opportunity to share their experiences with experts on similar issues in the region and beyond, and promote better understanding of the labour side of THB and associated ML.

Again, it is a great honour to be asked to give the opening remarks for this seminar, and for the ESAAMLG Secretariat to participate.

I wish you all a very productive e-training. Thank you!

REGIONAL WEBINAR 1

Enhancing Collaboration Between Law Enforcement Agencies and Financial Intelligence Units

21–25 September 2020



Opening remarks by Mr Kidanemariam Hadera, Head of the Transnational Organized Crime (TOC) Pillar in the Intergovernmental Authority on Development (IGAD) and former Head of FIU Ethiopia

Colleagues from the AML-THB Project, and participants. I am delighted to welcome you all to this webinar entitled 'Enhancing collaboration between Law enforcement Agencies and Financial Intelligence Units'. I am also very pleased to be part of this seminar to underscore its importance.

The European Union Emergency Trust Fund for Africa (EUTF)-funded Anti-Money Laundering and Trafficking of Human Beings (AML-THB) in the Greater Horn of Africa (GoHA) Project, in collaboration with national, regional or international organisations, has achieved remarkable results in fighting transnational organised crimes in the region. The Intergovernmental Authority on Development (IGAD) has been working closely with the Project to build enforcement capabilities in intelligence production, investigation and the prosecution of financial crimes by focusing on money laundering (ML), terrorism financing (TF), trafficking in human beings (THB) and the smuggling of migrants (SoM).

THB is one of the major crime risk areas that we need to address in our region, both in prevention and in prosecution. Research has underscored that most Horn of Africa countries are a source, transit and destination point for THB. SoM is also prevalent in the region. It is absolutely true that these crimes have major social impact on the region. Studies indicate that networks of traffickers and smugglers sink their roots into various countries, and that the region's socio-economic conditions complicate the fight to uproot them.

A recent IGAD study underlined the problems which member countries encounter due to the irregular and illegal flow of human beings into and through their countries. These problems put considerable stress on IGAD member countries' scarce resources, services and capacities that are required to counter THB, SoM and other problems associated with irregular forms of migration. Several IGAD member states have developed institutional coordination mechanisms and dedicated investigation units; however, capacities to deal with these ever-increasing problems are limited.

The situation cannot be reversed without an understanding of the developments, challenges and mitigating strategies needed to combat these crimes. Above all, law enforcement agencies (LEA) are required to focus on the criminals' motives, the finance, instead of only on the predicate crimes. These days, implementing anti-money laundering legislation is of paramount importance as an effective instrument to tackle financial crimes, including those related to THB and SoM, since the traffickers and smugglers' fundamental motive is money and material benefits. Effective financial investigation and prosecution on the proceeds of crimes can lead to their confiscation, and as a result, criminals are then prevented from spending the profits of their crimes.

Building an effective system requires a multi-agency approach and the cooperation and coordination of all national agencies, including LEAs and FIUs. In this regard, investigators and prosecutors should have a clear understanding of the importance of financial intelligence units (FIUs) and intelligence-led investigations. Apart from national efforts, it is also essential for countries to exchange information among their competent authorities and with regional and international organisations. To this end, almost all FIUs in the Greater Horn of Africa region have already signed a memoranda of understanding (MoUs) to encourage the exchange of information on cases related to ML, TF and predicate crimes including THB and SoM.

Accordingly, this webinar expected to cover all the relevant thematic areas, and provide a platform for enhancing cooperation and collaboration between all LEAs, intelligence services, FIUs and other relevant bodies, thus enabling them to fight THB, SoM and ML. I can assure you that IGAD will continue working with the AML-THB Project and other similar organisations in tackling all forms transactional organised crimes (TOCs).

Finally, let me thank you for being here and being part of the Webinar. Participants, your work as an intelligence officer, financial analyst, investigator, or prosecutor is crucial in detecting and deterring THB, SoM and ML. I would like also to thank the organisers of this webinar.

Thank you very much for listening and may I wish you all a fruitful workshop.

REGIONAL WEBINAR 1

Enhancing Collaboration Between Law Enforcement Agencies and Financial Intelligence Units

21–25 September 2020



Hesham Hussein Qaatabi, Vice President of the Financial Intelligent Unit in Yemen, and data analyst

As a result of the worldwide repercussions and effects of the COVID-19 pandemic, it was necessary to find alternatives and solutions so that the AML-THB Project's meetings, seminars and trainings could continue. The decision to hold these events online has worked out very well.



The webinar on 'Enhancing Collaboration between Law enforcement Agencies and Financial Intelligence Units' successfully covered all relevant aspects, starting with a getting-to-know you session, moving on to the experts' presentations, followed by a question-and-answer session. We were provided with useful homework exercises.

The impact of the webinar has been to increase my knowledge on how to analyse data and find the indicators and clues in the suspicious financial transaction reports (STRs) that point towards the people involved in money laundering, terrorist financing and human trafficking.

The AML-THB Project webinar has had a great impact in clarifying the ways in which money laundering and human trafficking are carried out in our country and across other countries in the Greater Horn of Africa region, and the ways to limit these crimes.



Merrium Chithila, Operations Analyst for the Malawi Financial Intelligence Authority (FIA) and currently acting Head of Analysis

As with all financial intelligence units (FIUs), the core function of the Malawi FIA is to receive and analyse financial transaction reports from reporting entities and to disseminate financial intelligence to law enforcement agencies (LEAs).



The Malawi FIA is grateful to have participated in the AML-THB Project's regional webinars, which are organised to combat trafficking in human beings (THB) and money laundering through financial investigations. Apart from the knowledge and information imparted to the participants by the range of experts in the field, the participants' shared experiences also proved that there is indeed no better way to combat financial crimes than through targeting the proceeds of crime, making the crimes unprofitable and thereby disrupting the criminal enterprises' illicit financial flows.

It is highly recommended that investigations for predicate offences such as THB should go hand in hand with financial investigations – hence the need for collaboration between LEAs and FIUs. The regional webinars helped to put this message across with emphasis, and brought the hope that the fight against THB will be won within our jurisdiction and region.

It is highly recommended that investigations for predicate offences such as THB should go hand in hand with financial investigations – hence the need for collaboration between LEAs and FIUs.

LEVERAGING FINANCIAL INVESTIGATIONS AND OPEN SOURCE INVESTIGATIONS IN TIP/SOM CRIMES



Dr. Amr Rashed, Head of International Relations,
EMLCU/ Vice Chair of Training and Technical Assistance Working Group – Egmont

Introduction

Across the globe, millions of people are smuggled and trafficked for profit. Organized criminal groups and perhaps terrorists engage in dangerous and risky migrant smuggling business or use people's aspirations for a better life to lure them into sexual exploitation, forced labour, organ removal or other exploitative practices.

Even though money is at the core of any migrant smuggling and human trafficking operation, few investigations are carried out to address this. In 2019, we see only 9000 convictions of human trafficking worldwide while the recorded victims may reach around 40 million people¹. Also, financial investigations into these crimes are even fewer and fewer. It is also ironic that in many instances, perpetrators are trialed and sentenced to years in jail, however, larger members of criminal networks go unscathed, as a result of the authorities focusing on the immediate and present organized crime in their respective countries and not go beyond national borders to capture the whole ring.

¹ <https://www.statista.com/statistics/459622/number-of-convictions-related-to-human-trafficking-worldwide/>



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Follow the Money!

So, what should we do to combat this profitable supply chain? Follow the money. FATF recommendations provide guidance to all the value chain of combating financial crime, starting from the reporting entities and government agencies primarily LEAs, FIUs and customs and border control. They are required to have various AML/CFT safeguards in place. Reporting entities submit Suspicious Transaction Reports (STRs) or similar reports and other financial disclosures such as Cash Transaction Reports (CTRs) on cash transactions over a certain threshold to the FIU. As a rule, the FIU analyzes the disclosures, and forwards relevant information and the results of its analyses to LEAs or the investigative authorities.

Whether based on reports from the FIU or more traditional initial sources of information on a potential crime, LEAs conduct criminal investigations of both the original, often profit-generating offence (i.e., the predicate offence to ML) and on the ML aspects of the offence, and collect evidence for a possible prosecution. FATF recommendations call upon LEAs to open a parallel financial investigation for ML/TF offences whenever there is a monetary element (in the large sense of the word) in crimes. Recommendation 30² obliges Law enforcement investigators of predicate offences to "either be authorized to pursue the investigation of any related ML/TF offences during a parallel financial investigation, or be able to refer the case to another agency to follow up with such investigations, regardless of where the predicate offence occurred". Criminal proceeds and other assets discovered during the investigation should be frozen or seized.

The major goal in a financial investigation is to identify and document the movement of money during the commission of an offence. The link between where the money comes from, who receives it, when it is received, and where it is stored or deposited can provide proof of criminal activity.

How Proceeds are collected?

However, things do not go that smooth. When it comes to payment for TIP/SOM crimes, cash is still the king. Cash is

² FATF Methodology of Assessing Compliance - 2012

the preferred method of payment for migrant smugglers, and hence it is most difficult to prove. Europol published a study stating that cash accounts for 50% of proceeds of migrant smuggling³. Migrant smugglers in Europe often use cash-intensive businesses, money service businesses, cash couriers, front companies, and investments in goods, such as cars and real estate, to launder proceeds. A Hawala ring operator mentions in an interview with the WSJ⁴ that he sleeps 4-5 hours a day in one European country due to the booming business of crossing borders.

The same is true for human trafficking offences. A sexually exploited person is likely to receive cash from customers and the cold cash will be submitted to trafficker afterwards. A victim of organ removal is likely also to get the return for his/her body part in cash as well. In cases of forced labor, traffickers benefit from the savings they get from the discounted wages of illegal/forced labors, so it is believed that there might not be a correlation with cash as no physical money is gained. This is not an exception in the GHoA region – as the region is cash intensive with limited access to banking service. The growing use of mobile money is also a booming method in TIP/SOM cases, as well as other crimes.

The banking system, if used by TIP-SOM criminals or money launderers, contains a trove of information for investigators to detect money flows. Banks provide many services and products that organized criminal groups misuse to move their money. Those groups may open accounts to launder criminal proceeds by using shell companies or by using front men or by TBML, if those groups are smarter and more sophisticated.

Leveraging Open Source Intelligence in the fight against TIP-SOM

Traffickers/smugglers operate their lucrative business, making use of the latest technology available to hide their criminal activity with little fear of being caught. The advances in technology are fast providing them with more places to hide and extra strength and reach to their victims. It is used as a propaganda and as a recruitment tool for organized crime.

The internet is becoming a place of choice for smugglers to sell the “services” they push upon their victims. Using only a few clicks in Facebook Pages and the many chatrooms dedicated to these services, one can easily access online escort and prostitution services. Some also compel their victims to spend time advertising themselves online with photo identities.

Social media networks and channels are used in various ways in the context of migrant smuggling as well. One common usage is where various social media serve as ‘forums’. In order to organize journeys, the internet is used to share recommendations (or negative reviews) of migrant smugglers as well as information about routes and prices in social networks, such as Facebook, Telegram, Viber, and WhatsApp, to share their insights. The use of such tools has also been documented in Africa, South Asia and the Mediterranean, for the selection of smugglers. In destination countries, smuggled migrants publish feedback about smugglers and their services; exposing cases where smugglers failed, cheated or treated migrants badly. Migrants and refugees also comment on their experiences in the receiving countries as well as administrative procedures to stay in the country. They also underline payment modalities; for instance, payment after the delivery of the required visa, or keeping the money with a “trusted” broker who will release the funds once the migrant reaches destination. Other groups advertise genuine passports for lookalike migrants, there are also beauty salons that are specialized in the makeover.

Key challenges in pursuing the financial aspects in TIP/SOM cases

The process of delving into the financial aspects of TIP/SOM cases is hampered by many obstacles. Some are related to capacities; others are related to inefficient processes within any country such how well organizations deal with each other and are ready to cooperate. The following is an example of what obstacles related to prosecuting money laundering resulting from TIP/SOM cases may be:

- Use of Cash in receiving proceeds of crime and subsequent laundering.
- Lack of STR reporting in many countries on TIP/SOM cases and lack of feedback on TIP/SOM red flags to FIs.
- Inadequate institutional capacity, organization, resources, and training to address the financial aspects of TIP/SOM
- Lack of international cooperation (formal and informal) among source, transit and destination countries.

Finally, it takes a lot of hands to stop crime and a diversified toolbox to stop financial crime. Your Swiss knife should include financial, criminal and open source tools to follow crime, trace the money and arrest the whole criminal group wherever they are. Financial and non-financial information at financial institutions is an excellent starting point to trace the organized criminal groups, their money, and rescue their victims. Information from Social media and the Internet can lead to better understanding of those crimes, their modus operandi, and the involved criminal groups as well. Difficult as it seems but not impossible.

3 Migrant Smuggling in the EU - 2016

4 <https://www.wsj.com/articles/following-the-migrant-money-trail-1451471405>



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