AML-THB NEWSLETTER

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MESSAGE FROM THE PROJECT DIRECTOR

The year ending semester

As we arrive at the last semester of this project, it is of mutual interest to have a glimpse through the rearview mirror into the previous semester before engrossing in the last planned and unplanned activities...

Time passes very quickly and already, while the memory of the conferences of Heads of FIUs and Heads of Immigration Services is still fresh, we are already looking forward to the next conferences.

We have taken into account a number of requests expressed by the Heads of these Institutions and, of course, we have adapted our general programme according to this request. The requests were rather 'tailor-made' and were both affected at the regional level and, especially, at the national level where the needs were variant in respect to the different partner countries.

At the regional level, with the conferences of Heads of Institutions, we restarted our programs using an 'in person' approach. Our friends from Yemen were the primary beneficiaries as the demand was already there and because an extremely fruitful partnership with the FIU of Egypt existed, we were able to carry out engrossing support actions for the benefit of colleagues from the Central Bank and the FIU of Yemen.

Of course, we continued on our fruitful path with the Judiciary Training Institute of Kenya, in liaison with other very rewarding partners that included the USDOJ who supplemented us superbly… thanks Jody!

The beginning of the year had generous exchanges with our friends in South Sudan for whom the project is firmly committed to via concrete and wide-ranging help. We shall later return to this promising and constructive engagement.

We have so far maintained a number of regional conferences virtually, this is so as to better focus on the urgent requests that we are trying to fulfill in the region. It is a real challenge, but we like it that way, and I would even say that it is a trademark of this team!

Finally, we launched our trainings on cryptocurrency with several levels of access that were followed with great enthusiasm despite being a particularly complex subject. The same went for the training in the seizure of criminal assets, which is an essential link in the fight against money laundering and terrorist financing

In This Issue

REGIONAL TRAINING

Cryptocurrencies are among the emerging financial technology that is widely decentralised, faster, relatively cheaper to transact.
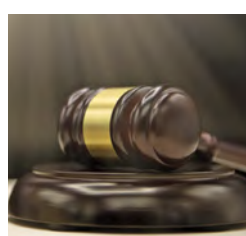
JUDICIARY TRAINING

This National training aimed to enlighten the judges and magistrates with the threat picture of terrorism, the nexus between terrorism and human trafficking and the challenges the prosecution faces in prosecuting these cases.

requiring both broad information, advanced technical and legal training, and a strong strategic sense. In this, we were tremendously supported by our experts Amr and Mark… thanks to them by the way.

I recommend the following technically-exciting and well described read presented by our Senior Technical Advisors.

Happy reading!

Le semestre de fin d'année

Comme nous arrivons dans le dernier semestre de ce projet, il nous a semblé intéressant de jeter un coup d'œil rapide dans le rétroviseur du dernier semestre avant de nous jeter à fond dans les dernières activités prévues et non prévues…

Le temps passe vite, très vite et déjà, alors que le souvenir des conférences des chefs de FIU et chefs des services d'Immigration est encore frais, nous envisageons déjà les prochaines conférences avec impatience.

Nous avons tenu compte d'un certain nombre de demandes exprimées par les chefs de ces institutions et bien sûr, nous avons adapté notre programme général en fonction de cette demande.

Une demande plutôt « sur mesure », à la fois au niveau régional, mais aussi et surtout au niveau national où les besoins sont différents selon les pays partenaires.

Au niveau régional, avec les conférences des chefs d'institutions, nous avons redémarré nos programmes « en personne », et ce sont nos amis du Yémen qui en ont bénéficié en premier car la demande était déjà ancienne et c'est avec un partenariat extrêmement fructueux avec la FIU d'Égypte, que nous avons pu mener des actions de soutiens intéressantes au profit des collègues de la Banque Centrale et de la FIU du Yémen.

Bien sûr, nous avons poursuivi notre chemin très fructueux avec le Judiciary Training Institute du Kenya, en liaison avec d'autres partenaires très enrichissants, notamment l'USDOJ qui nous a superbement accompagnés, Merci à Jody !

Le début d'année a également été très riche en échanges avec nos amis du Sud Soudan pour lequel le projet s'est engagé fermement, avec une aide concrète mais aussi très variée. Nous reviendrons plus tard sur cet engagement prometteur et constructif.

Nous avons pour l'instant maintenu un certain nombre de conférences régionales en virtuel, mais c'est pour mieux nous concentrer sur les demandes urgentes que nous sommes en train d'essayer de combler sur l'ensemble de la région : c'est un vrai challenge mais cela nous plaît bien et je dirais même que c'est une marque de fabrique de cette équipe !

Ainsi, nous avons lancé nos formations sur la cryptomonnaie, avec plusieurs niveaux d'accès qui ont été suivis avec beaucoup d'enthousiasme, même si le sujet est particulièrement complexe. Même chose pour la formation en matière de saisie des avoirs criminels qui est maillon essentiel de la lutte contre le blanchiment d'argent et le financement du terroriste, et qui nécessite à la fois une information très large, mais aussi une formation technique et juridique très poussée, avec un sens stratégique affirmé. Nous avons en cela, été formidablement épaulés par nos experts Amr et Mark. Merci à eux en passant.

Je vous recommande une nouvelle lecture très technique, mais passionnante, décrite avec beaucoup de savoir-faire par nos Senior Technical Advisors.

Bonne lecture !

Frédéric Bayard, *Project Director*

Synopsis:

REGIONAL TRAINING ON CRYPTOCURRENCY AND ANTI-MONEY LAUNDERING MEASURES (FIRST ROUND)

20 – 24 September 2021, Online

Tuemay Aregawi

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

New and emerging technologies have prompted astounding opportunities as well as challenges to the financial industry. Cryptocurrencies are among the emerging financial technology that is widely decentralised, faster, relatively cheaper to transact, less regulated, and sometimes shadowy.

BACKGROUND

The Greater Horn and Southern Africa (GHSA) region is implicated with multiple and complex transnational criminal threats. The growing nexus between terrorism and transnational organised crime (TOC) has further complicated the region's security challenges. Disrupting the flow of criminal and terrorist assets through effective anti-money laundering (AML) and counter financing of terrorism (CFT) measures is instrumental in the fight against crime and criminality.

The European Union has launched a project on "Disrupting criminal trafficking and smuggling networks through increased Anti-Money Laundering and financial investigation capacity in the Greater Horn of Africa" (referred hereafter as AML/THB project). The project aims to strengthen national anti-money laundering

and counter illicit financial flow capacity, increase understanding of the criminal networks and their flow of illicit finance; and enhance coordination of agencies, among others. The AML/THB project has been engaged in designing and delivering capacity-building activities since its kickoff in November 2019.

New and emerging technologies have prompted astounding opportunities as well as challenges to the financial industry. New advancements in technology have enabled the development of innovative electronic payment methods and instruments that facilitated and eased financial transactions but also increased the risk of being used for criminal purposes. Cryptocurrencies are among the emerging financial tech that is widely decentralised, faster, relatively cheaper to transact, less regulated, and sometimes shadowy.

Criminals and terrorists are likely to abuse cryptocurrencies to launder crime proceeds, move funds and finance criminal operations easily. Out of the growing concern and risk of money laundering and terrorism financing (ML/TF), the Financial Action Task Force (FATF) outlined virtual asset red-flag indicators, in which it revealed misuse of virtual assets for purpose of ML/TF, THB, child exploitation and trafficking in controlled/illicit products[1]. Financial intelligence unit (FIU) analysts, law enforcement agency (LEA) investigators, and compliance officers are required to have adequate knowledge and skills to effectively apply cryptocurrency-related international and national AML/CFT standards.

In response to the growing need to strengthen the capacity of beneficiary institutions to address emerging ML/TF and illicit financial flow challenges emanating from cryptocurrencies, the Project commissioned a regional training workshop on "Cryptocurrencies and Anti-Money Laundering Measures" held virtually on 20th – 24th September 2021.

OBJECTIVES AND RESULTS OF THE TRAINING

The objective of the training was to strengthen the knowledge and skills of the trainees on how to detect, analyse, and investigate suspicious transactions and other illicit activities related to cryptocurrencies to enable them to better mitigate misuse of the platforms by criminals to launder proceeds and to transact illicit funds. At the end of the workshop, trainees are expected to better:

- Describe the evolution, definition, types, and forms of cryptocurrencies and their operations;
- Understand the international AML/CFT standards applicable to cryptocurrencies;
- Identify cryptocurrency-related ML/TF vulnerabilities, risks, and red-flag indicators;
- Practice technics of analysing, monitoring and tracing cryptocurrency transactions including blockchain, mining, wallets;
- Appreciate some technics of due diligence applicable to cryptocurrency; and
- Practice tracing and management of crypto assets

ABOUT THE TRAINING

The training was facilitated virtually via Zoom Cloud Meeting. This first round of training focused on understanding main concepts, vulnerabilities, and risks; analysing and tracing cryptocurrency operation and transactions and was complemented by an advanced course delivered on 06th – 10th December 2021. The workshop brought 57 trainees from FIUs, LEAs, regulators, and other relevant agencies from 14 countries of the GHSA region.[2] The training was facilitated by Dr. Amr Rashid and Mrs. Oxana Giska. The workshop was opened and closed by Mr. Frederic Bayard, Project Director and managed through the five days by Mr. Tuemay Aregawi, Senior Technical Advisor supported by Ms. Ruth Watetu. Project Team Members: Alma Wanyama, John Mutie, Faith Analo, and Richard Njoroge contributed to the implementation of the training.

SUMMARY OF THE DELIBERATION OF THE TRAINING

Day 1: Session 1 – Introduction

The training coordinator highlighted the prevalence of serious and organised crime threats and profiles of the criminals operating in the region. He stressed the role of effective AML measures and financial analysis/investigation in realizing the notion "crime should not pay", which is among the primary goals of the Project. He highlighted the main purpose and the scope of the Project and presented the rationale, objectives, contents, expected results, agenda and approaches of the training.

Session 2 – Understanding CryptocurrencyIntroduction: Evolution, definitions, types of cryptocurrencies:

This sub-session covered the evolution, definitions, and types of cryptocurrencies; and basic operational themes including characteristics of Bitcoin, the role of identity in bitcoins, blockchain descriptions and tools, Bitcoin mining, Bitcoin wallets, Blockchain explorers, and locating cryptocurrency dealers. The session was highly interactive with practical exercises, live demonstrations and discussions that helped trainees to understand such a technical subject matter.

International AML/CFT Standards on Virtual Assets

This sub-session covered a presentation and discussion on the international FATF standards on cryptocurrency with a due focus on supervision/regulation and international best practices including risks of ML/TF in cryptocurrency, FATF standards on Virtual Asset Service Providers (VASPs), regulations of VASPs, and good practices in regulating and supervising VASPs from different jurisdictions.

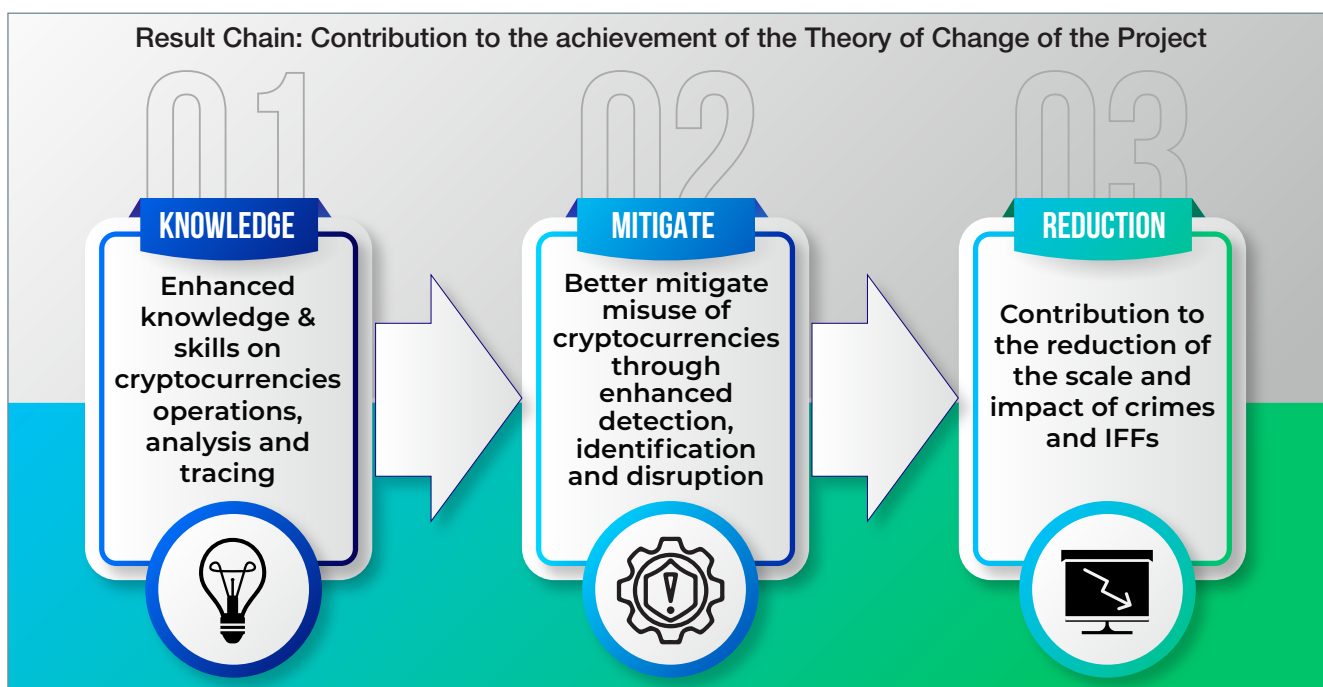### Session 3 – Introduction to THB/SoM and Criminal Networks

This topic introduced the overviews of THB and SoM and the criminal networks operating in/from the GHoA and their financial flows. The discussion included definitions, elements, processes, and methods of trafficking and smuggling; nexus between terrorism and THB/SoM, trafficking/smuggling routes, profiles of criminal groups/syndicates and their networks; and payment fee structures of THB/SoM in the region.

Session 4 – Understanding Bitcoin:

This session provided a comprehensive framework on bitcoin and how it works, the most known types of wallets, characteristic features and functions of different types of wallets, and bitcoin transactions. The session dedicated significant time to exercises, practical demonstrations, and question & answers with actual demonstrative exercises on how Blockchain works, identifying the hash of your name via a practical exercise, public and private keys

Session 5 – Vulnerabilities, risks and red-flag indicators

This session discussed the specific risks and red flag indicators of virtual assets supported by practical exercises based on the FATF 2020 report. Discussions focused on the identification of suspicious activities on virtual currency to mitigate possible abuses by criminals. Trainees were assigned to a breakout exercise to identify red-flag indicators in a given case study in which they successfully listed good numbers of red flags.

1. FATF (2020), Money Laundering and Terrorist Financing Red Flag Indicators Associated with Virtual Assets, www.fatf-gafi.org/publications/fatfrecommendations/documents/Virtual-Assets-Red-Flag-Indicators.html
2. Comoros, Djibouti, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Seychelles, Somalia, Sudan, Tanzania, Uganda & Yemen

Result Chain: Contribution to the achievement of the Theory of Change of the Project

01 KNOWLEDGE
Enhanced knowledge & skills on cryptocurrencies operations, analysis and tracing

02 MITIGATE
Better mitigate misuse of cryptocurrencies through enhanced detection, identification and disruption

03 REDUCTION
Contribution to the reduction of the scale and impact of crimes and IFFs

Session 6: Virtual asset tracing, freezing and confiscation - Introduction

The basic concepts and methods of tracing, freezing, confiscation and management of cryptocurrency assets were introduced with more insights into mining and miners. The trainer run a live demonstration of virtual asset tracing using different software. Participants were involved in a practical exercise on identifying the location of cryptocurrency ATMs and local bitcoin dealers in breakaway sessions.

CHALLENGES AND WAY FORWARD

The training coordinator facilitated an open discussion that allowed participants to list the key limitations and challenges in addressing cryptocurrency-related ML/TF and illicit transactions. The trainees identified key gaps that include lack of legislation, critical limitations of skills, and in most countries, crypto-

currency is either illegal, unregulated, or unaddressed. Trainees also identified key areas of training for the advanced training that included more coverage on cryptocurrency risk analysis, tracing and seizure and investigation in addition to more details on how cryptocurrency works in practice.

CLOSING

The Project Team Leader, Frédéric Bayard, finally delivered closing remarks whereby he outlined the importance of mitigating possible misuse of cryptocurrency by criminals to transact their illicit money. He advised trainees to use available tools given the limitations mentioned above and encouraged them to strengthen information sharing to effectively detect, identify and disrupt illicit financial flows and money laundering. He finally acknowledged the trainees and their institutions, the trainers, interpreters, members of the Project Team and the donor, the EU, for realizing this training.

POST-TRAINING EVALUATION: IMMEDIATE RESULTS ACHIEVED AND FEEDBACK

A post-training survey revealed that the training was a success in terms of achieving its objectives, value addition, quality of delivery and its contribution to professional improvements. The training achieved its immediate results (outputs) in line with the deliverables and key result indicators of the training outlined in the Concept Note based on the DOA of the Project. The table below summarises the achievements and feedback from the participants.

No	KRA	Value	Score	Result
1	No. of participants	55	57 (19 or 33.33% Female and 38 or 66.67% Male)	>100%
2	Participants feedback	75≥ High	Overall assessment: **91.20% ≥ High**	100%
			Relevance/importance: **91.20% Yes**	
			Objective achieved: **88.20% fully achieved**	
			Value addition in knowledge & skills: **93.90% Yes**	
			Quality of delivery/presentations: **91.20% ≥ High**	
			Approach/Method - interactivity: **81.80% ≥ High**	
			Contribution to professional improvement: **94.10% Yes**	
3	Documents shared	N/A	Presentations, exercises, case studies, reports reading materials, resourceful website links shared	100%
4	Activity report	1	Produced	100%
5	Summary report	1	Produced	100%
6	Synopsis & Web Summary	2	Produced and shared	100%
7	Informal network created	N/A	A functional WhatsApp group created	Done

Synopsis

ASSET RECOVERY: CONFISCATION, MANAGEMENT AND VIRTUAL ASSETS (ADVANCED COURSE)

11 – 15 Oct 2021, Online

Tuemay Aregawi

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

Effective asset recovery and confiscation regime is necessary to not only ensure that crimes should not pay but can also deter perpetrators. The Financial Action Task Force (FATF) has explicitly outlined recommendations on asset confiscation.

BACKGROUND

The Greater Horn and Southern Africa (GHaSA) region is a source, transit and destination of existing, evolving and emerging multiple transnational criminal threats. The growing nexus between terrorism and transnational organised crime (TOC) has further complicated the region's security challenges. Disrupting the flow of criminal and terrorist assets through effective anti-money laundering (AML) and counter financing of terrorism (CFT) measures are instrumental in the fight against crime and criminality.

In response, the European Union has launched a project on disrupting criminal trafficking and smuggling networks through increased anti-money laundering and financial investigation capacity in the Greater Horn of Africa (referred hereafter as AML/THB project). The project aims to strengthen national anti-money laundering and counter illicit financial flow capacity, increase understanding of the criminal networks and their flow of illicit finance and enhance coordination of agencies, among others. The AML/THB project has been engaged in designing and delivering capacity-building activities since its kickoff in November 2019.

Effective asset recovery (AR) and confiscation regime is necessary to not only ensure that crimes should not pay but can also deter perpetrators. The Financial Action Task Force (FATF) has explicitly outlined recommendations on asset confiscation (see R4, R38). However, countries of the GHaSA region have weak AR regimes, while few of them even didn't have legislation. Lack of technical knowledge and skills AR and confiscation are among the foremost hindrances to effectively trace, recover and confiscate criminal assets. Most of the countries of the GHaSA region are categorised in their AML/CFT mutual evaluation reports as non-compliant or partially compliant on AR and confiscations.

The AML-THB Project, in collaboration with the Asset Recovery Inter-Agency Network – Eastern Africa (ARIN-EA) deliberated a foundational training on asset recovery in May 2021. As a reinforcement, the AML/THB project commissioned an advanced training course on "Asset Recovery: Confiscation, Management and Virtual Assets" in collaboration with ARIN-EA for trainees who participated in the first-round training[1] held from 11th – 15th October 2021.

OBJECTIVES AND RESULTS OF THE TRAINING

The overall objective of the training was to reinforce the knowledge and skills of the trainees on how to trace, investigate, seize/freeze, and recover/confiscate criminal assets. At the end of the webinar, participants were expected to:

- Better understand the process of asset recovery and apply relevant techniques of AR required in each process;
- Better apply methods and techniques of asset investigation and confiscation;
- Better understand the concepts, types and techniques of tracing, confiscation and management of virtual assets; and
- Better understand the management of assets.

The training, together with other interventions, is expected to contribute to the effective confiscation of criminal proceeds and increased value of confiscated assets.

DELIBERATION OF THE TRAINING

The training was held virtually and trained 50 trainees from 11 countries and ARIN-EA Secretariat. The training was facilitated by Ms. Jacinta Oduor, Asset Recovery Specialist, Mr. Aidan Larkin, virtual AR expert and Mr. Nkosiphendule Mradla, financial investigator. The workshop was opened by Mr. Frederic Bayard, Project Director and managed through the five days by Mr. Tuemay Aregawi, Senior Technical Advisor sup-

1. Comoros, Ethiopia, Kenya, Madagascar, Mauritius, Mozambique, Somalia, South Sudan, Tanzania, Uganda, and Yemen

Photo Courtesy | Freepix

ported by Ms. Ruth Watetu. Project Team Members; Alma Wanyama, John Mutie, Faith Analo and Richard Njoroge contributed to the implementation of the training.

In this training, participants worked through a simulation exercise, "follow the money", using anti-money laundering and asset recovery tools to investigate a corruption case[2], with presentations in between on financial investigations and virtual assets. This exercise enabled trainees to apply their knowledge and skills in practice and produce tangible outputs required to produce evidence, trace assets and identify/take necessary actions to confiscate proceeds.

MAIN TOPICS COVERED DURING TRAINING:

1. Practical Simulation Exercise

a. Simulation exercise

The simulation exercise was based on a training module developed by the Financial Market Integrity Unit of the World Bank. It was about a corruption scandal involving high-ranking public officials and a flawed procurement for arms in a fictional country known as Alkonia. The trainees were placed as financial investigators in Alkonia and worked in groups to unravel the case. Efforts were made to mix the teams to create a multi-agency scenario to plan and mine evidence kept by the moderators.

The simulation was made to look like real day-to-day investigative work. Participants undertook requests for evidence and were assessed on whether the information was available from open source, in which case the moderator would readily release it or if it was information that required special permission or court orders, then, as in a real scenario, they had to demonstrate reasonable suspicion.

The more evidence that was collected, the more the case unravels. Participants were tasked with the following deliverables:

a. Oral Description of the case

b. Develop flowcharts to visually describe the case based on given guideline

c. Identify suspects and criminal charges

d. Identify key witnesses

e. Identify assets: proceeds and benefits

f. Identify interim measures to secure assets

g. describe asset management measures

b. Outcome of the simulation exercise

The participants worked in teams from the first day, Monday, to the last day, Friday, with daily follow-ups and guidance by the moderators. The quality of requests for evidence dramatically improved with participants' appreciating that in financial investigations, the focus is on following the money trail. Participants were engaged to the extent of working on the case well beyond the training sessions, requesting evidence late into the night.

They created their own WhatsApp platform for their teams and had virtual discussions outside of the formal training. Finally, each group produced and presented their findings covering the deliverables mentioned in 1(a) above to a panel comprising the moderator and the trainers who evaluated and graded the results.

1. Asset Tracing investigations, Asse seizures and asset management

This session delved deep into financial investigations focused on asset recovery in the following topics:

- Techniques for Tracing and recovering assets
- Gathering Evidence and preservation of Evidence
- Securing Evidence and Tracing Assets
- Managing assets

The topics were critical not only in enhancing the participant's knowledge on financial investigations, but also supported the participants in navigating through the simulation exercise.

2. Cryptocurrency tracing, seizure, and management:

This session took the participants through tracing, the identification of evidence, seizures, management, and disposal of crypto assets. The presentation showed the exponential growth of digital currency and how criminals have exploited the lack of knowledge and legislation. A component of cryptocurrency was built into the simulation exercise whereby the participants applied some techniques learned in the simulation exercise. This session covered key topics including international standards on virtual assets, securing evidence and tracing virtual assets, managing and selling virtual assets.

CLOSING

The workshop was closed by Ms. Lilian Williams, the President of the Asset Recovery Inter-Agency Network for Eastern Africa-ARINEA along with the Project Director, Mr. Bayard. Both speakers emphasised the importance of financial investigation and asset recovery in the fight against crime.

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2   The simulation was moderated by Ms Jacinta Odour supported by other facilitators

POST TRAINING EVALUATION: IMMEDIATE RESULTS ACHIEVED AND FEEDBACK

The training has achieved its immediate results (outputs) in line with the key result indicators outlined in the Concept Note based on the DOA of the Project. The table below summarises the achievements

No	KRA	Value	Score	Result
1	No. of participants	50	50 (14 or 28 % Female & 36 or 72% Male)	>100%
2	Participants feedback	75≥ High	Overall assessment: **95.70% ≥ High**	100%
			Relevance/importance: **100% Yes**	
			Objective achieved: **91.30% fully achieved**	
			Value addition in knowledge & skills: **100% Yes**	
			Quality of delivery/presentations: **82.60% ≥ High**	
			Approach/Method - interactivity: **86.90% ≥ High**	
			Contribution to professional improvement: **100% Yes**	
3	documents shared	N/A	Presentations, simulation exercises, guidelines, reading materials, re-sourceful website links shared	100%
4	Activity report	1	Produced	100%
5	Newsletter Synopsis	1	Produced	100%
6	Brief Web Summary	1	Produced	100%

Sample simulation exercise outcome: Analysis flowcharts and restraint order
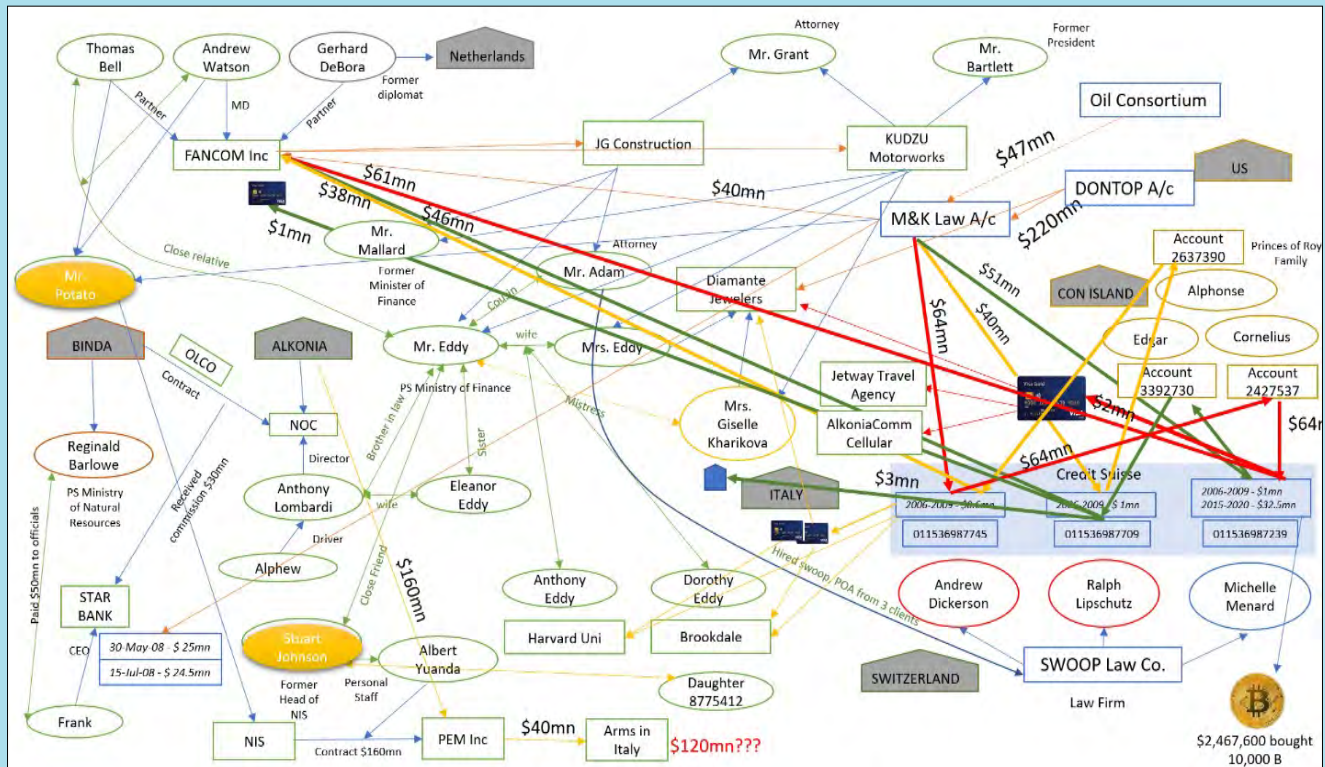
Restraining Order

- **Vehicles**
1. Mr. Eddy - 2008 Mercedes 600SL
2. Mrs. Eddy - 2008 Mercedes E350
3. Mr. Mallard - 2007 Aston Martin
4. Ms. Kharikova - 2002 Ferrari 350
6. Mr. Grant - 2007 GM Humvee
- **Properties**
1. House purchased in Italy for Ms. Kharikova
2. Properties purchased by the driver of Lombardi
3. Properties purchased for Mr. Mallard
4. Properties purchased for Mr. Adam
5. Properties purchased for Mr. Eddy & Mrs. Eddy
6. Properties purchased for Mr. Grant

- **Companies**
1. Fancom Inc
- **Phones**
1 All phones purchased by all the persons involved
- **Bank Accounts**
1. Rand A/c
2. Suisse A/c of Andre Dickerson - $664,00
3. Suisse A/c of Mr. Lipschitz - $1mn
4. Suisse A/c of Mrs. Michelle - $31mn
5. Account of Mr. Alphonse
6. Account of Mr. Edgar
7. Account of Mr. Edgar
8. Bitcoin wallet at Coin Market - 10,000 Bitcoin

9. Account 100344563 held at M&K
10. Visa Gift Cards - 5512002503695587
11. Visa Prepaid Cards - 5243225358967748
12. Visa Prepaid Cards - 5509230255467891
- **Jewellry**
1. All the Jewellry of Mrs. Eddy purchased at Diamante
2. All the Jewellry of Mrs. Kharikova purchased at Diamante
3. All the high-end Clothing purchased

Synopsis:

REGIONAL WORKSHOP ON ENHANCING AWARENESS ON THE RISKS AND ROLE OF DESIGNATED NON-FINANCIAL BUSINESSES AND PROFESSIONALS

25 -29 October 2021, Online

Tuemay Aregawi

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

The growing nexus between terrorism and transnational organised crime (TOC) has complicated the security challenges of the countries in the region. Disrupting the flow of criminal and terrorist assets through effective anti-money laundering (AML) and counter financing of terrorism (CFT) measures are instrumental in the fight against crime and criminality.

OBJECTIVES

...& EXPECTATIONS

The overall objective of the training was to enhance awareness and knowledge on the risks of ML/TF in DNFBPs and their role in detecting, disrupting and reporting suspicious transactions related to criminal financing and laundering of proceeds in general and that emanated from THB/SoM in particular. At the end of the Workshop, the participants were expected to better:

- Describe the meaning, stages, methods and techniques of ML/TF;

- Understand the definition, elements, methods and similarities, and commonalities of THB/SoM

- Discuss the evolution, features, main routes, financial flows of THB/SoM criminal networks;

- Explain international AML/CFT standards relevant to DNFBPs;

- Understand vulnerabilities and risks of ML/TF in DNFBPs and necessary measures applicable for DNFBPs;

- Discuss techniques of detecting, disrupting and identifying suspicious activities and transactions on selected typologies; and

- Describe public Private partnerships and cooperation with regulatory/supervisory bodies.

BACKGROUND

The Greater Horn and Southern Africa (GHa-SA) region is faced with multiple and complex transnational criminal threats. The growing nexus between terrorism and transnational organised crime (TOC) has complicated the security challenges of the countries in the region. Disrupting the flow of criminal and terrorist assets through effective anti-money laundering (AML) and counter financing of terrorism (CFT) measures are instrumental in the fight against crime and criminality.

In response, the European Union has launched a project on "Disrupting criminal trafficking and smuggling networks through increased Anti-Money Laundering and financial investigation capacity in the Greater Horn of Africa" (referred hereafter as AML/THB project). The project aims to strengthen national anti-money laundering and counter illicit financial flow capacity, increase understanding of the criminal networks and their flow of illicit finance; and enhance coordination of agencies, among others. The AML/THB project has been engaged in designing and delivering capacity-building activities since its kickoff in November 2019.

Designated non-financial businesses and professions (DNFBPs) are exposed to the risks of money laundering (ML) and financing of terrorism (FT). As a global standards setter, the FATF stipulated clear recommendations on DNFBPs including customer due diligence and record-keeping (R22), reporting suspicious transactions (R23), and regulation and supervision of DNFBPs (R28). The majority of the recommendations, including obligations and decisions set out for financial institutions, are predominantly applicable to DNFBPs that reveal the importance of the sector regardless of the relatively lower emphasis given to the DNFBPs by the AML/CFT regimes in the region.

DNFBPs can play a critical role in preventing ML/TF and in detecting, disrupting, analysing, and reporting illicit financial flows emanating from different criminal activities including THB/SoM. Therefore, strengthening awareness of DNFBPs on ML/TF risks in the sector and their role in preventing themselves from being abused by criminals can strengthen the national AML/CFT regime. Enhancing their awareness and capacity can also help the DNFBPs to comply with AML/CFT standards to avoid or minimise regulatory and law enforcement sanctions.

Result Chain: Contribution to the achievement of the Theory of Change of the Project

01 KNOWLEDGE — Enhanced awareness & knowledge of DNFBPs ML/TF risks and their AML/CFT roles

02 MITIGATE — Better mitigate misuse of DNFBPs

03 REDUCTION — Contribute to the reduction of the scale and impact of crimes and IFFs

In this regard, the Project deliberated a regional workshop on "Enhancing Awareness on Risks and Roles of Designated Non-Financial Businesses and Professionals". The Workshop was held on 25th –29th October 2021 virtually bringing together selected supervisory/ regulatory bodies, associations or service providers and high-risk DNFBPs from the GHaSA region.

EXPECTATIONS OF THE TRAINING

The training Workshop, together with other interventions, is expected to contribute to enhanced awareness and knowledge of DNFBPs and their regulators to enable the sector to better implement AML/CFT standards as required by law and take initiatives to detect, disrupt and report suspicious transactions.

ABOUT THE TRAINING

The training was facilitated virtually via Zoom Cloud Meeting. The training brought together 31 trainees from supervisory/regulatory bodies and selected high-risk DNFBPs and their associations from 11 countries.[1] The training was facilitated by Mr. Muluken Yirga Dubale and Mr. Diphat Tombe. The workshop was opened by Mr. Frederic Bayard, Project Director and managed through the five days by Mr. Tuemay Aregawi, Senior Technical Advisor supported by Ms. Ruth Watetu.

Summary of the Deliberation of the Training

Day 1: Session 1 - Introduction

The training coordinator briefed about the scale and impact of transnational organised crime (TOC) in the region. He stressed that addressing crimes through effective AML measures is essential to deprive criminals of benefiting from criminal proceeds, which is among the primary goals of the Project. He highlighted the main purpose and the scope of the Project and presented the rationale, objectives, contents, expected results, agenda and approaches of the training.

Session 2 - International AML/CFT Standards and Hawala Services

Understanding Money Laundering & Terrorism Financing:

This sub-session introduced the different terminologies and concepts relating to money laundering and terrorist financing. Topics covered include the definition, processes, stages and processes, methods/techniques, and impacts of ML/TF. AML/CFT compliance measures and standards were also discussed.

AML/CFT International Standards:

This sub-session mainly focused on the preventative and supervision measures on the DNFBPs and how they could be applied in practice including relevant FATF Recommendations and Immediate Outcomes on Preventive Measures and other instruments; category of DNFBPs and their role in AML/CFT; the rationale behind risk-based supervision and the major difference between risk-based supervision and rules-based compliance.

Session 3 – Introduction to THB/SoM

This session covered THB and SoM conceptual frameworks, the criminal networks and their financial flows focusing on:

- Definitions, concepts, definitions, elements, processes, differences THB and SoM from international and national legal perspectives;
- The nexus between terrorism and THB/ SoM supported by practical cases in the region;
- Trafficking/smuggling networks/syndicates, actors, common routes and hub, financial transactions and common means of their financial flows within and out of the GHoA;
- Profiles and financial transactions of the criminal groups/syndicates and networks.

Session 4 – ML/TF Through Selected DNFBPs and AML/CFT Measures

Introduction to Trade-Based Money Laundering (TBML):

The Presentation introduced the definitions and characteristics of Trade-Based Money Laundering (TBML) and the means of the financial flows. Topics here also included methods used in TBM, vulnerabilities associated with TBML, red flags of TBML, challenges in detecting TBM and selected techniques on how to detect and identify TBML. Selected typologies and patterns were also discussed.

Money Laundering /Terrorist Financing in Gems and Precious Metals Trading:

It discussed the overview of precious stones and metals based on FATF definitions and descriptions. Vulnerabilities and red flags of the industry were discussed in more detail based on the characteristics of the different commodities that make them highly susceptible to be used for ML/TF and to transact illicit finance. The session also discussed the Kimberley Process and the Kimberley Process Certification Scheme (KPCS). The Presentation also covered patterns of misuse of precious stones and metals in the ML and TF schemes.

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1. Comoros, Ethiopia, Kenya, Malawi, Mozambique, Seychelles, Somalia, South Sudan, Tanzania, Uganda and Yemen.

Session 6 – Cooperation and Information Sharing

This focused on why and how the private sector should cooperate and share information in the fight against ML/TF and predicate crimes that generate illicit finance. Some key themes covered under this topic include international instruments on cooperation, multiagency approach, public-private partnerships, and chain of information flow.

Summary and Closing

The workshop was attended by both regulators/supervisors and the private sector. Participants were engaging. A regional AML/CFT training on DNFBPs is very rare in the region and this activity was unique in engaging the private sector and the supervisory bodies together. Generally, the compliance levels of DNFBPs with FATF standards remain very low which required further capacity building. It is expected that with increased knowledge of ML/TF risks associated with the DNFBPs, supervision of the sectors for AML/CFT compliance is equally expected to be enhanced to improve compliance across the DNFBPs. This training is expected to contribute to the above expectations.

The workshop was closed by Mr. Frederic Bayard, Project Team Leader, who emphasised the importance of engaging the private sector to enhance AML/CFT compliance in line with FATF's heightened effectiveness standards. He stated that the Project will continue to engage the DNFBPs sector which is vulnerable to being abused by criminals to launder their proceeds and finance their operations. Mr. Bayard stressed that criminals shall not enjoy benefitting from their criminal deeds. Finally, he officially closed the training after he acknowledged all those who played a part in the realization of the training including the attendees, trainers, staff members, and the EU for funding the Project.

POST-TRAINING EVALUATION: IMMEDIATE RESULTS ACHIEVED AND FEEDBACK

The training has achieved its immediate results (outputs) in line with the key result indicators outlined in the Concept Note based on the DOA of the Project. However, several participants were much less than expected despite higher confirmations ahead of the training. The table below summarises the achievements.

No	KRA	Value	Score	Result
1	No. of participants	75	31[1] (7 or 23 % Female & 24 or 77% Male)	41%
2	Participants feedback	75≥ High	Overall assessment: 90.90% ≥ High	100%
			Relevance/importance: 100% Yes	
			Objective achieved: 90.90% fully achieved	
			Value addition in knowledge & skills: 100% Yes	
			Quality of delivery/presentations: 100% ≥ High	
			Approach/Method - interactivity: 95.50% ≥ High	
			Contribution to professional improvement: 95.20% Yes	
3	documents shared	N/A	Presentations, exercises, reading materials, resourceful website links shared	100%
4	Activity report	1	Produced	100%
5	Newsletter article	1	Produced	100%
6	Brief Web Summary	1	Produced	100%

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1   56 candidates confirmed but failed to attend fully. Those who attended 3 or less days are excluded

Kenya National Training:

JUDICIARY TRAINING OF MAGISTRATES AND JUDGES

27 – 29 October: Training dates for Magistrates

22 – 24 November: Training dates for Judges

Alma Wanyama

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

This National training aimed to enlighten the judges and magistrates with the threat picture of terrorism, the nexus between terrorism and human trafficking and the challenges the prosecution faces in prosecuting these cases. This was done by highlighting the terrorism threat in the country and the role of the Judiciary in addressing the threat.

BACKGROUND

The AML/THB project in collaboration with the United States Department of Justice (USDOJ), Judicial Training Institute (JTI) of Kenya, the Office of the Directorate of Public Prosecution (ODPP), Anti-terror Police Unit (ATPU) and the Joint Counter Terrorism Analysis Center (JCTAC), organised a national training workshop for the Judges held on 21st – 25th November 2021 at the Serena Hotel.

This training workshop was designed for the Judiciary adjudicating terrorism and human trafficking cases. The training was designed to equip the Judges with the threat picture of terrorism, the nexus between terrorism and human trafficking and the challenges the prosecution faces in prosecuting these cases. They were involved in plenary sessions to discuss the matter of conversion of intelligence into evidence which is posing a big challenge for the intelligence officers, investigators and prosecutors.

They were taken through the effectiveness of the judicial process and the integrity of evidence in AML and CFT focused on smuggling and trafficking is improved. This training aimed to ensure judicial authorities can better prosecute and adjudicate money laundering related to human trafficking cases.

These joint activities have been formalised and strengthened through an MOU to be signed between The Project and JTI Director. This will go a long way to enhance cooperation and coordination between the two organisations.

OBJECTIVES AND RESULTS OF THE TRAINING

The National training aimed to enlighten the Judges and Magistrates with the threat picture of terrorism, the nexus between terrorism and human trafficking and the challenges the prosecution faces in prosecuting these cases. This was done by highlighting the terrorism threat in the country and

Participants at the Kenya National Judiciary Training of Magistrates.

This training workshop was designed for the Judiciary adjudicating terrorism and human trafficking cases. The overall aim is to equip Judges with the threat picture of terrorism, the nexus between terrorism and human trafficking and the challenges the prosecution faces in prosecuting these cases.

They were involved in plenary sessions to discuss the matter of conversion of intelligence into evidence which is posing a big challenge for the intelligence officers, investigators and prosecutors.

the role of the Judiciary in addressing the threat while focusing also on CFT while emphasising the role of their role in the multi-agency cooperation. The specific objectives of the Forum were to:

1. Promote a better understanding of the terrorism threat in the country

2. Better understand the nexus between Terrorism and Human Trafficking

3. Outline the role of the court in the multi-agency in the fight against terrorism

4. Understand the Judicial expectations of admissible evidence in terrorism cases

5. Better understand the Role of the Prosecution services in terrorism cases and the legal framework for terrorism cases in Kenya

6. Promote a better understanding of the role of the Anti-Terror Police Unit (ATPU) and case management

7. Explore practical cases and exchange experiences and good practices learning practical lessons

To achieve these objectives, the workshop will involve the following thematic areas:

1. Introduction and Overview of Contemporary Terrorism

2. Nexus Between Organised Crime, Human Trafficking and Terrorism Legal Framework Governing Counter-Terrorism

3. Law Enforcement and its role in financial investigation

4. Radicalisation, Violent Extremism and the Psychology of Terrorists

5. Converting Intelligence into Evidence in Counter-Terrorism Cases; A Kenyan Experience (Case study)

6. Management of Counter-Terrorism Cases

7. Emerging Jurisprudence on AML-CFT in Kenya

8. Comparative Jurisprudence and International Best Practices AML-CFT

9. Plenary Discussion on Multi-Agency Cooperation in Terrorism and Human Trafficking Cases

TRAINING DELIVERY

The training was organised for three consecutive days of in-person training facilitated by national experts from a multi-agency team dealing with CT and CFT matters. The training involved presentations, open discussions, exercises and case studies.

The workshop incorporated an interactive approach through facilitated open dialogue, question and answer sessions, critical plenary discussions, group exercises and expert presentations.

The workshop, to the extent possible, facilitated and supported informal inter-experts networking among interested participants. The forum deployed and encouraged open but also critical discussions facilitating mutual learning while observing Chatham House rules of engagement.

Post-training evaluation and feedback
Feedback received informally on the presentations and sessions has been very positive.

Experts who facilitated the sessions were from:

- The Kenya Judiciary National Counter-Terrorism Center (NCTC)

- Radicalisation and Violent Extremism Experts

- Anti-Terror Police Unit

- Office of the Director of Public Prosecution

- USDOJ

The AML-THB Project values its collaboration with the Judiciary and our other Esteemed partners.

judges who attended the Kenya National Judiciary Training that was held held at Serena Beach Hotel & Spa, Mombasa, Kenya.

Dr. Rosalind Nyawira, Director NCTC, at the Magistrates' training.

Participants at the Kenya National Judiciary Training of Judges.

Frédéric Bayard & Jody Young at the training of Magistrates.

Dr. Steve Ouma addressing Judges at their Kenya National Training.

Participants at the Kenya National Judiciary Training of Magistrates.

| Djibouti | Eritrea | Ethiopia | Kenya | Somalia | South Sudan | Sudan | Tanzania | Uganda | Yemen |

| Mauritius | Malawi | Madagascar | Comoros | Seychelles | Mozambique |

The AML-THB PROJECT welcomes authors who would like to feature their articles in the newsletter in the relevant fields of AML-CFT/THB to write to info@aml-thb.eu

www.aml-thb.eu