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# Money Laundering and Terrorist Financing: Policy Implication for Achieving Sustainable Development Goals (SDGS) In West Africa

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**Abstract:** Money laundering and terrorist financing are not new phenomenon in West Africa. They are deep-rooted than the literature has portrayed due to the corrosive effect on a country's economy, government and social well being. This paper reflects on the conventional manner in which money laundering and terrorist financing have been treated in the extant literature and upholds that there is a need to review the risks of money laundering and the financing of terrorism on a regular and ongoing basis so as to achieve sustainable development in West Africa countries. Being a clandestine operation, conspiracy theory is adopted and the paper discovers that while the immediate impetus of money laundering and terrorist financing was the reason that many African countries failed to meet the Millennium Development Goals (MDGs), the challenge of political instability in Africa fuelled especially by proceeds from illicit sources and its attendant destabilizing effect as well as impact in stunting Africa's development no doubt would have adverse implication on the achievement of Sustainable Development Goals (SDGs). Therefore, to minimize money laundering and terrorist financing and achieve sustainable development goals, the paper prescribes strengthening regional integration and cooperation within the context of structures of prevention, enforcement and international co-operation, called the 'Three Pillars'.

**Keywords:** Money Laundering, Terrorist Financing, Sustainable Development

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## I. INTRODUCTION

Money laundering and terrorist financing have become global epidemic and can have a corrosive effect on a country's economy, government and social well being. Money laundering allows criminals and corrupt officials to enjoy the proceeds of their crime with impunity, while terrorist activities are enabled by those who finance them from the proceeds of crime or other sources. Money laundering can also be a problem in its own right, particularly for West African countries with weak or under-regulated financial sectors, because money laundering activities conducted on a large scale can jeopardize the integrity of a national financial system, weaken financial institutions and hinder economic development.

The region of West Africa has been described as 'among the world's most unstable regions. The security challenges are wide-ranging, from governance-related issues to climate change and trans-national criminality. The Sub Saharan Africa is estimated to have over six million illicit arms in circulation and that more than 60 per cent of these arms, are said to be in circulation in the West African sub-region (Makarenko, 2004). These menaces have led to both inter-state and intra-state wars, serious security breakdowns and miserable living conditions for the populations of the region. (International security studies situation report, 2010).

Compounding the situation is the rising radicalization and the southward migration of terrorists and extremists, particularly members of Al Qaeda in the Islamic Maghreb (AQIM), through the Sahel towards Mali, Mauritania, and Niger. Indeed, there are indications that AQIM has operational bases in some West African countries and has forged tactical alliances with terrorist groups such as Boko Haram in Nigeria, the Movement for Oneness and Jihad in West Africa (MUJAO), the National Movement for the Liberation of Azawad (MNLA), and Ansar Eddine in Mali and Niger and Somali militant group known as Al Shabaab (Miguel del Cid Gomez, 2010).

The significant concern of this paper is the challenge of the twin canker worms of money laundering and terrorism financing West African sub region. Infact, this is an emerging challenge ravaging the region since the advent of September, 11 attacks at US. However, the paper prescribed that there is dire need for enhanced transparency and financial integrity in national financial systems in West African countries and comply with global and regional initiatives to fight money laundering and terrorist financing in the region.

## II. METHODOLOGY

The study adopted content analysis research design, qualitative method of data collection was employed in generating secondary data from documentary sources, such as text books, journals articles and conference papers. The secondary data obtained from this source were used to analyze contemporary thinking on the vexed issue of money laundering and terrorist financing. Thus, the use of this method shall greatly enrich this paper.

## III. CONCEPTUAL AND THEORETICAL CLARIFICATION

**Meaning of Money Laundering**

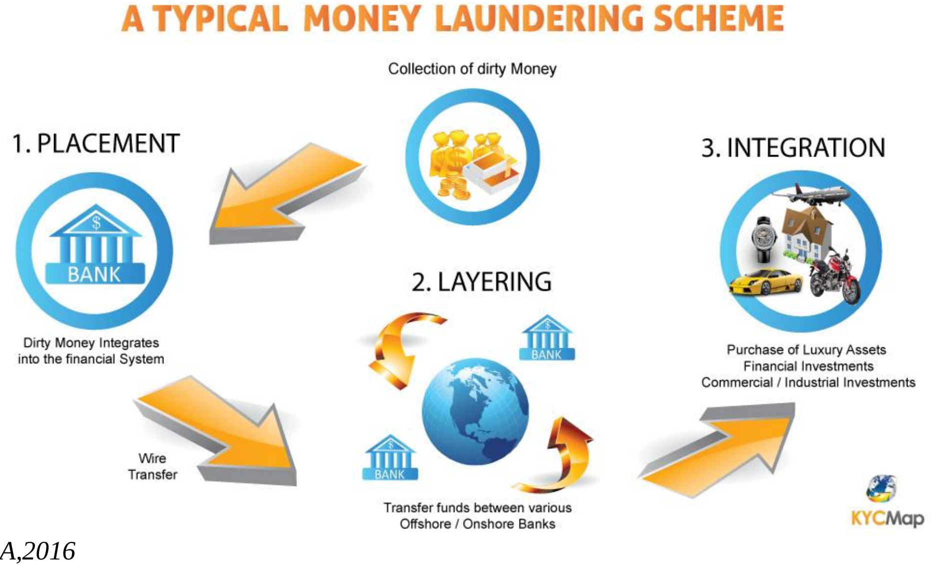
Money laundering is the generic term used to describe the process by which criminals disguise the original ownership and control of the proceeds of criminal conduct by making such proceeds appear to have derived from a legitimate source. In the words of Bolaji (2010), money laundering is the processing of criminal proceeds in order to disguise their illegal origin. This process is critical as it allows the criminal to enjoy the fruit of his ill-gotten gains without identifying their source. The primary purpose of using money laundering techniques is to ensure the availability of illegal funds in another context that would have been otherwise unavailable and to fund ongoing cycle of the illegal activity of drugs, arms, terrorism, gambling etc. According to Shehu (2013), in his paper entitled: *Efforts Against Money Laundering in West Africa,* money laundering is the crime of moving money that has been obtained illegally through banks and other businesses to make it seem as if the money has been obtained legally. To Morshi (2012) Money Laundering, in simplest terms, is the transfer of money obtained from criminal activity into "legitimate" channels to disguise its illegal origins.

Being a clandestine operation, money laundering does not lend itself to empirical research, as criminals go to great lengths to hide the proceeds of their crimes and to conceal their money laundering activities. The methods and techniques they use change frequently. Furthermore, many money laundering activities take place across borders. As a result, it is very difficult to measure the amount of money laundering taking place anywhere in the world, and reliable estimates for Africa are particularly hard to obtain. But there is no country on the continent where the amount of illicit money generated by organized crime, trafficking, fraud and corruption is believed to be negligible. By all accounts, these funds are substantial and, in the wrong hands, can create significant problems in any country (Obi, 2006: Ojo, 2010).

The reason for money laundering is to hide the origin of money. This is important because of the tax implications of ill gotten gains. There are three widely recognized stages in the money laundering process:

I. **Placement** involves placing the proceeds of crime in the financial system.
II. **Layering** involves converting the proceeds of crime into another form and creating complex layers of financial transactions to disguise the audit trail and the source and ownership of funds. This stage may involve transactions such as the buying and selling of stocks, commodities or property.
III. **Integration** involves placing the laundered proceeds back in the economy to create the perception of legitimacy.

These stages are diagrammatically represented as follows;




*Source; GIABA,2016*

It is important to understand that not all money laundering activity involves these three steps or even involves sophisticated processes. The three steps are helpful when analyzing money laundering risk because they allow a structured approach to fast-moving, fluid and dynamic activities. The three steps can be used in money laundering risk assessments when looking at customers, products, channels and geographic risk. Meanwhile, money laundering can take many forms from simple to complex:

1) **Structuring:** Cash is broken into smaller deposits of money.
2) **Bulk Cash Smuggling:** Physically smuggling cash into another jurisdiction, usually overseas, and depositing it in a financial institution with lax reporting requirements.
3) **Cash-Intensive Businesses:** A business typically involved in receiving cash uses its accounts to deposit both legitimate and criminally derived cash.
4) **Trade-Based Laundering:** Adjusting invoice prices up or down to disguise the movement of money.

**Meaning of Terrorist Financing**

A generally accepted definition of terrorist acts is that of ‘criminal acts intended or calculated to provoke a state of terror in the general public, a group of persons or particular persons for political or religious purposes’. After 9/11, terrorism or planning to commit an act of terrorism significantly transformed views around organized crime, money laundering and the financing of terrorism. This watershed event had the effect of broadening the scope of strategies against money laundering and the financing of terrorism.

Terrorism Financing (TF) is the provision or collection of funds with the intention that they should be used (or in the knowledge that they are to be used), in full or in part, in order to carry out acts that are associated with the support of terrorists or terrorist organizations, whether to further their causes or to commit acts of terrorism (Mutiullah, 2014).

According to the definition contained in the UN International Convention for the Suppression of the Financing of Terrorism, the primary objective of terrorism is “to intimidate a population or to compel a government or an international organization to do something by killing, seriously harming or endangering one or more persons; causing substantial property damage that is likely to seriously harm one or more persons; or seriously interfering with or disrupting essential services, facilities or systems. This is in contrast to other forms or criminal activity where financial gain is generally the ultimate objective.

There are two main sources of terrorist financing – financial support from countries, organizations or individuals, and revenue-generating activities that may include criminal activities. The second source, revenue generating activities, may involve drug trafficking, human smuggling, theft, robbery and fraud to generate money. Funds raised to finance terrorism usually have to be laundered and thus anti-money laundering processes in banks and other reporting industries are important in the identification and tracking of terrorist financing activities in Africa.

***Terrorist Financing’s Modus Operandi***

Terrorists use multiple methods for moving funds and these are usually either through cash couriers, informal transfer systems (e.g. *hawala*), money service businesses, formal banking, false trade invoicing, and high value commodities. Detecting terrorist financial transactions is a crucial counter-terrorism activity. Through network and transaction analysis it can illuminate the size of a terrorist network, its entire life-support system and the quality of its connections.

The detection of terrorist financial transactions is extremely difficult as there is an entire spectrum of financial flows extending from legitimate businesses (e.g. mobile phone companies, remittances, real estate and donations to charitable businesses) to illegal activities such as counterfeit goods, drug trafficking, financial fraud and even trade in certain precious commodities. Moving terrorist funds covers a broad spectrum from wire transfers to bulk cash transfers, regulated and unregulated alternate remittance systems. The often small amounts involved make it almost impossible to detect.

**Conspiracy Theory**

A conspiracy theory is an explanation of an event or situation that invokes a conspiracy without warrant, generally one involving an illegal or harmful act carried out by government or other powerful actors. According to the political scientist, Barkin (2011), conspiracy theories rely on the view that the universe is governed by design, and embody three principles: nothing happens by accident, nothing is as it seems, and everything is connected. Conspiracy theory is formulated to explain, power relations in social groups and the perceived existence of evil forces. Being a clandestine operation, terrorist groups can conceal the origins of their funds and launder them by moving them through national and international financial systems. Complex international financial transactions can be abused to launder money or covertly fund terrorist activities. The different stages of that process can take place in any country of the world and often in several countries more or less simultaneously. The source of funding for terrorist activities has equally been affirmed by conspiracy theory. The phenomenon is underpinned by several factors, including the presence of large, informal, cash-based economies, political instability, ethnic and communal violence, pervasive corruption, widespread poverty, gross unemployment, and underemployment.

Significantly, terrorist groups and their financiers drive funds from both licit and illicit activities and move them through formal and informal channels to support their activities secretly. All of these factors have adverse effects on peace, security, and development in the West African sub-region. The devastating effects of money laundering and terrorist financing have provoked strong interest among academics and national governments on countering the threat, based on a clear understanding of the *modus operandi* of terrorist groups and their financiers.

## IV. MONEY LAUNDERING AND TERRORIST FINANCING IN WEST AFRICA

The world economy is heavily affected by money that is illegally acquired and used for illegitimate purposes (Ashley, 2012). Large sums of money are laundered every year, posing a threat to the global economy and its security. Financial services institutions such as banks, non-banking financing companies, insurers, and capital market firms are generally the most favored channels through which illicit money is laundered across the globe. The global nature of the world's financial systems provides criminals with unlimited opportunities to launder money. It is recognized that global efforts to prevent money laundering are only as strong as the weakest national AML framework. International initiatives designed to encourage, and in some cases cajole, national governments into taking or strengthening measures to prevent money from being laundered within their borders are essential. Many financial services institutions may be associated with money launderers unknowingly, which is a primary reason that financial firms are subjected to stringent anti-money laundering (AML) regulations to track the trail of illegally-sourced earnings.

It is disheartening to note that West Africa is considered to be one of the poorest regions in the world. This region consists of 16 countries, namely Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea Bissau, Guinea Conakry, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo. The total mass area covered by the ECOWAS member is approximately 7.9 million km2 about 1.8 times the size of the European Union and has an approximate population of 315 million people reported in 2007 which should expand to approximately 480 million by the year 2030. The average density of the population is 40 people for each km2 . The gross national product for the region in 2007 was estimated at 225 billion US dollars. The weak diversification of the economies, an average income of $700 US per inhabitant or $0.71 per capita and extremely low indicators of education and health explains why 13 out of the 18 countries located in West Africa are considered amongst the poorest and least developed countries in the world. One of the countries located in the ECOWAS region that is not classified as a country the least advanced is Nigeria; it represents almost half of the GNP of the West African region.

West African region faces a challenge with regard to money laundering (ML) and terrorist financing (TF) due to the region's vulnerability to organized crime and limited capacity to respond effectively to this threat. In addition, the people behind ML are using West Africa as a conduit. None of the West African countries can therefore take the issue of transnational organized ML for granted. Moshi (2012) agrees that cash-based economies are more prone to ML. The reasons cited are the dominance of cash transactions and the narrowness of the financial sector.

Money laundering and the financing of terrorism can have devastating economic and social consequences for countries, especially those in the process of development and those with fragile financial systems (Bantekas, 2003; Basile, 2004). Money laundering and the financing of terrorism can have devastating economic and social consequences for countries in West Africa, especially those in the process of development and those with fragile financial systems. The economy, society, and ultimately the security of countries used as money laundering platforms are all imperiled. Here are just a few examples of how illicit financial flows can affect the economy and institutions of the host country:

• Financial institutions that accept illegal funds cannot rely on those funds as a stable deposit base. Large amounts of laundered funds are likely to be suddenly wired out to other financial markets as part of the laundering process, threatening the institution's liquidity and solvency. A financial institution's reputation and integrity can be irrevocably harmed through involvement in laundering money or financing terrorism.
• Local merchants and businesses may find that they cannot compete with front companies organized to launder and conceal illicit funds. Many such front companies offer their services and goods at below-market rates and even at a loss. Because their primary objective is laundering money, they do not need to compete in the marketplace and make a profit for their owners.
• Money laundering may also distort some economic sectors and create instability in their markets. Money launderers may channel funds to sectors or areas where funds are unlikely to be discovered, whether or not

investment is needed or real returns are offered. The often sudden departure of investments from those sectors may impair the industries involved.

• Currencies and interest rates can be distorted by money launderers' investment practices, based as they are upon factors other than market returns.

• Money laundering and terrorist financing do nothing for the reputation of the host country. The loss of investor confidence that follows revelations of large-scale involvement in such activities can sharply diminish opportunities for growth. Once a country's reputation is tarnished, it takes years to repair.

According to Akokegh (2012), West Africa is home to many armed groups, many of which are insurgents or rebels. In Nigeria's Niger Delta region alone, about one hundred militant groups existed before the federal government's amnesty program. In the north-eastern part of the country, the Boko Haram sect is the major insurgent group fighting against the Nigerian state. In the Casamance region of Senegal, the Mouvement des Forces Democtratiques de la Casamance (MFDC) has been fighting the government for more than twenty years. In northern Niger and Mali, the Tuareg insurgency remains alive while Cote d'Ivoire still contends with the remnants of its northern rebels. There are indications that al-Qaeda has presence in Mali and Mauritania, and that Al-Qaeda in the Islamic Maghreb (AQIM) has networks in Mali and Senegal. In addition, the Hezbollah has extensive fundraising network in West Africa (Ajayi and Crowder. 1971). These groups are suspected to raise fund for their activities from illicit sources including oil bunkering, arms smuggling/trafficking, ransoms from kidnapping, hostage-taking, cigarette smuggling, and the illicit drug trade.

The high level of conflicts and the susceptibility of the ECOWAS region to terrorism is attributed to weak arms control mechanisms, long and porous national borders, established smuggling routes, inadequate cooperation among national border security officials, the informal modes of trade, and easy movement of cash across borders.

## V. IMPLICATION OF MONEY LAUNDERING AND TERRORIST FINANCING ON SUSTAINABLE DEVELOPMENT GOALs (SDGs) IN WEST AFRICA

The sustainable development goals (SDGs) are a new, universal set of goals, targets and indicators that UN member states will be expected to use to frame their agendas and political policies over the next 15 years. The SDGs follow, and expand on, the Millennium Development Goals (MDGs) which were agreed by governments in 2000, and had expired at the end of 2015. The 17 Goals of the SDGs include: the eradication of poverty, end hunger, good health and well-being, quality education, gender equality, clean water and sanitation, affordable and clean energy, decent work and economic growth, industry, innovation and infrastructure, reduced inequalities, sustainable cities and communities, responsible consumption and production, climate action, life below water, life on land, peace, justice and strong institutions and partnerships for the goals. These ambitious and all-encompassing goals are to be met by the year 2030.

Generally, achieving development goals remains an unfinished business for African countries. The SDGs fit accurately with Africa's priorities for the next fifteen years. The future of growth and its impact on poverty reduction in Africa hinges on what happens to structural transformation. A new development trajectory of structural transformation is required to ensure improving productivity as Africa industrializes. This requires huge investment in both human and physical capital. Key priorities would be: Investment in infrastructure, especially energy; and, improvement of labour force productivity, to fit the needs of manufacturing and agro-industries.

However, a projection of how Africa will fare in terms of reaching the goals in 2030 paints a bleak picture. Money laundering, terrorist financing and illicit financial flows are currently a major challenge to the world and particularly, in African countries. While the immediate impetus was the reason that many African countries failed to meet the Millennium Development Goals (MDGs), the challenge of political instability in Africa fuelled especially by proceeds from illicit sources and its attendant destabilizing effect as well as impact in stunting Africa's development no doubt would have adverse implication on the achievement of Sustainable Development Goals (SDGs), if the menace continues.

Recent studies have shown how organized criminal networks have succeeded in establishing a common criminal market for illicit goods that covers the entire southern African sub-region (Gastrow 20014). There are well-documented examples of organized criminal groups corrupting, colluding with or penetrating state structures. At the same time, the criminal activities of West African crime networks, in particular, have attracted world attention because their activities have had a global effect (UNODC 2015).

Crime undermines development by eroding Africa's social and human capital, affecting social and political stability; driving up the cost of business, thus driving investment and business away from the continent; and undermining the ability of the state to promote development. Proceeds of crime fuel corruption, which, in turn, facilitates the commission of crimes and debilitates enforcement efforts. In developing countries, with under-resourced and weak governments, this can have consequences which exacerbate distrust of democratic government and social and financial institutions (Goredema 2013).

Pervasive corruption is perhaps the most damaging factor affecting good governance and could impede against sustainable development goals. Programmes for poverty alleviation, which is the one of the core goals of SDGs, for instance, are frequently undermined by corruption and the inability of existing institutions to prevent and combat it. West Africa's poverty trap may thus involve a range of mutually reinforcing economic and social ills, all of which require targeted interventions if momentum is to be maintained and the vicious circle broken. Meanwhile, in order for this to happen, it is important to know and recognize Africa's special needs and the structural constraints which will have to inform any strategy for tackling the problem of money laundering and terrorism in Africa.

## VI. GLOBAL AND REGIONAL INITIATIVES TO CURB MONEY LAUNDERING AND TERRORIST FINANCING

The international community has acted on many fronts to respond to the growing complexity and the international nature of rapidly evolving ML/FT methods. The emphasis is on promoting international cooperation and establishing a coordinated and effective international AML/CFT regime. Many international agencies have helped countries develop a capacity to prevent and counter ML. Since September 2001, they have extended their mandate to address the issue of FT. The Financial Action Task Force (FATF) was established in 1989 by the G-7 countries to respond more effectively to ML. The FATF Forty Recommendations require the criminalization of ML. In addition, the recommendations call on countries to adopt legislative and other measures in order to: freeze, seize and confiscate criminal proceeds; waive bank secrecy laws to permit financial institutions to monitor and report suspicious transactions; protect those reporting these transactions from civil and criminal liability; establish financial investigation units; and, cooperate fully in international law enforcement efforts to combat ML.

Also, the United Nations Convention on Illicit Trafficking in Narcotic Drugs and Psychotropic Substances (Vienna Convention), the UN Convention against Transnational Organized Crime (Palermo Convention), the UN Convention against Corruption and the International Convention for the Suppression of the Financing of Terrorism all contain provisions relating to the tracing, freezing, seizing and confiscation of instrumentalities and proceeds of crime. Financial regulation standards are also set by the Basel Committee on Bank Supervision, for banks, the International Organization of Securities Commissioners (IOSCO), for securities firms and markets, and the International Association of Insurance Supervisors (IAIS), for insurance companies. Other self-regulating bodies, such as the International Federation of Accountants or the Wolsberg Group of Banks, have also set standards for their own area.

Concerns were however raised about the difficulties of implementing the FATF recommendations in developing countries like we have in West Africa. One of the main concerns was the possibility that inappropriate implementation of FATF standards may exclude the financially vulnerable and marginalized citizens of such countries from the formal financial system. In addition, the concern is that this may undermine the social and political stability as well as the economic development of these West African countries. Zerzan (2011) agrees with this view and states that implementing these recommendations in countries requires substantial effort and coordination, budgetary dedication and political will.

**Challenges in Preventing and Combating ML/FT in the African Context**

Implementing comprehensive AML/CFT policies in the context of developing countries offers some unique challenges. All countries face certain challenges in fully implementing the FATF 40+9 recommendations, but the capacity and resource constraints of low income countries make it particularly difficult for them to implement all the necessary measures simultaneously. For countries with severe resource constraints, further consideration need to be given to assessment mechanisms and technical assistance processes that allow for the identification of clear priorities and a roadmap towards full implementation of the 40+9 recommendations.

African countries must be encouraged to focus their efforts on the most fundamental requirements and largest threats first before proceeding with more comprehensive implementation efforts. In developing assessment and assistance strategies, international and regional organizations must take the particularities of the African context into consideration, in particular the capacity and resource constraints of African countries, and their need to establish clear priorities within their overall plans to promote development and good governance.

As compared to financial institutions in other parts of the world, financial institutions in most African countries offer relatively less access to international markets and are presumably less vulnerable to foreign attempts to launder money and move funds for terrorist organizations. On the other hand, because many of these institutions are relatively small and immature and are often struggling to maximize business opportunities within a competitive market, they may be less selective in their business and become more vulnerable to ML/FT. The frequent absence of the required legislative framework, the lack of effective criminalization of ML/FT, and the relative ineffectiveness of financial sector supervision are all factors which render financial sectors in Africa alarmingly vulnerable.

Another major source of complications for African countries attempting to reduce their vulnerability to ML/FT comes from the fact that, if they are at all successful in protecting their financial sector and reducing its vulnerability to ML/FT, they can expect some ML/FT to be displaced to the non-financial sector businesses and professionals, or even to parallel economies, underground banking and alternative remittance systems. Throughout Africa, there is a significant cash-based and parallel economy in which money circulates outside of conventional financial systems. Alternative value transfer and remittance systems play an important, valuable and legitimate role in most African economies. In many instances, these systems are critical to the functioning of national economies. They are, however, vulnerable to misuses for money laundering or terrorist financing purposes. The FATF recommends that jurisdictions impose AML/CFT measures to cover all forms of money/value transfer systems. Money remittance and transfer services are financial services whereby funds are moved for individuals or entities through a dedicated network or through the regulated banking system. The informal money/value transfer system refers to a financial service whereby funds or value are transferred from one geographical area to another (usually outside the regulated financial sector). The nature of the system is such that the anonymity of its customers is assured and the transactions are almost impossible to monitor.

A major challenge however identified despite the presence of laws against money laundering and terrorist financing is most of these laws have not yet been tested by the prosecution of money laundering offences in West Africa. Other challenges includes lack of capacity including short supply of skilled personnel required for the effective and efficient implementation of laws, technological inadequacies of the region, the negative effects of the commercial interests of external stakeholders, principally multi-national corporations who have been largely indicted in trade mispricing which according to the Thabo Mbeki High Level Panel (HLP) on Illicit Financial Flows from Africa constitutes 65% of IFFs , ineffective control of the region's porous national borders and crying need for truly democratic and institutional revival across the region which will make the democratic process inclusive rather than exclusive, foster national unity, decrease armed rebellion, and gradually deliver peace and prosperity to West Africa.

In view of this, the formation of GIABA not only acknowledges the member states of ECOWAS willingness to fight money laundering and the financing of terrorism but GIABA is also a Financial Action Task Force Regional Body (FRSB) that fully adheres to the FATF 40 plus 9 special recommendations that were developed by FATF during 2001 when the 9 special recommendation was added in October 2004. As a FRSB member some of GIABA's core functions include the mutual evaluation to determine its member's compliance with the FATF standards, typology exercises to determine money laundering trends and methods and GIABA is also the only FRSB with a technical assistant mandate. In this way, GIABA is a historic response to a changing world and to the specific and unique circumstances of the ECOWAS member States.

## VII. POLICY OPTIONS FOR SUSTAINABLE DEVELOPMENT GOALS IN WEST AFRICA

Earlier sections have hinted at the challenges that Africa is likely to encounter in its quest to eliminate money laundering and terrorist financing and to achieve sustainable development goals and inclusive growth by 2030. Money laundering and terrorist financing are complex crimes and, for this reason, multiple national agencies must be involved in the various aspects of detecting, preventing and prosecuting them. These policy options are as follows;

### 1. National Strategy

In order to establish an Anti-Money Laundering and Combating Terrorist Financing in West Africa that meets international standards and to strengthen process of achieving sustainable development goals, a national strategy should be coordinated with clear objectives. Most countries in West Africa find this is best achieved through coordination groups comprising both public sector ministry/agency heads and representatives of the relevant private sector. The coordination group's role is to establish specific objectives and assign responsibility for achieving them, to set timeframes within which each specific objective is to be attained, and to monitor progress.

### 2. Implementation

Once the national strategy has been established, and areas of responsibility clarified and potential conflicts minimized, a country should establish an action plan for implementation. Many countries form implementation working groups, usually comprising lower level officials from both the public and private sector constituencies. This implementation is broadly influenced by the need to address structures of prevention, enforcement and international co-operation, called the 'three pillars'. These are stated below;

I. ***Prevention*** In terms of prevention, countries undertake to implement structures that help to flag dirty funds. Both the public and private sectors are called upon to install systems and regulations that are disincentives to cash transactions, and to scrutinize large currency transactions. Financial institutions and non-financial and professional businesses that deal with commodities of value are required to document transactions and critically profile their customers with a view to reporting suspicious transactions to the relevant authorities. Consequently, governments have an international obligation to create the widest possible scope to implement all these international requirements. These prevention and control policies are applicable across all jurisdictions.

II. ***Enforcement*** It is not possible to completely bar dirty money from legitimate financial systems. As a result, law enforcement is often called into action to attach criminal proceeds and follow the paper trail they leave behind. Law enforcement would also seek to penalize those who violate regulations, be the corporates or individuals. The law enforcement role may be specifically delegated to, or co-ordinated by, a specialized agency. At the macro level, the enforcement component obliges states to enact laws that criminalize money laundering and its predicate offences, and to punish criminals who launder money and those who assist them.

III. ***International co-operation*** The prevention and enforcement components of Anti-Money Laundering/ Combating Terrorist Financing for the purpose of achieving sustainable development goals in West Africa are dependent on international co-operation. The global nature of money laundering and the financing of terrorism require that countries are well versed in international prevention and enforcement challenges and endeavor to collaborate with other states and international bodies in sharing information. International conventions are the tools through which countries can benchmark their efforts. Generally this is achievable by harmonizing AML and CFT initiatives.

**3. Mutual Trust**

A successful AML/CFT initiative is one in which the private and public sectors have developed mutual trust. While the two have different views and priorities, they share common goals and, therefore, recognize that it is necessary to cooperate if they are to achieve sustainable fight against money laundering and terrorist financing. If the public sector is trusted by the private sector, then the private sector is encouraged to participate fully and actively in the fight. This is particularly important for suspicious transaction reporting, given the sensitive nature of the information that members of the private sector are required to submit to the public sector. This information must necessarily be accurate, effective, and of a high quality. In order to strengthen the mutual trust, member states of the ECOWAS needs to sincerely strengthen financial intelligence units, anti-fraud agencies, customs and border agencies, revenue agencies, anti-corruption agencies and financial crime agencies.

**4. Good Governance**

Although the region has put in place free and regular elections, international observers believe that the elections are subject to vast forms of fraud and corruption.

**5. Technological Advancement**

Driven by the growing sophistication of money launderers and terrorist financier, various national and international regulations must employ advanced technology to combat money laundry and terrorist financing.

**6. Strengthening Regional Co-operation**

Countries in West Africa should be encouraged to improve upon their regional interconnectedness by enhancing regional cooperation and integration. More importantly too, the roles of banks and non-bank financial institutions that play roles in the movement of financial flows to be examined and an effective supervision be instituted by the relevant regulatory agencies including effective reporting of transactions that may be tainted with illicit activity.

## VIII. CONCLUSION

The challenges facing Africa in implementing AML/CFT measures are enormous. They range from the structure of countries' economies to low human and institutional capacity and the scarcity of resources. All these underscore the fact that Africa is different from other continents, so a one-size-fits-all approach is bound to fail. In view of this, achieving sustainable development goals remains an unfinished business for African countries. The SDGs fit accurately with Africa's priorities for the next fifteen years. This being so, it is important for the global and regional AML institutions not to put undue pressure on the African continent to implement AML/CFT measures without designing, in parallel, a solution framework to the challenges facing the continent. To this end, the need by all ECOWAS member states to enhance transparency and financial integrity in national financial systems is more important than ever

Finally, a truly democratic and institutional revival across the region which will make the democratic process inclusive rather than exclusive, foster national unity, decrease armed rebellion, and gradually deliver peace and prosperity to West Africa is a critical imperative in arresting the threats of terrorism in the region and enhance process of achieving sustainable development goals.

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