



STRENGTHENING ETHIOPIA’S CAPACITY AND REGIONAL ENGAGEMENT TO COUNTER MONEY LAUNDERING AND ILLICIT FINANCIAL FLOWS

INTRODUCTION: The government of the Federal Democratic Republic of Ethiopia regards the curbing of money laundering, terrorist financing and illicit financial flows as matters of high priority. Progress on all of them is critical to Ethiopia’s continued economic growth, and crucial to suppressing terrorism and other crimes. Building on previous support from the Royal Danish Embassy, this AML/CFT project seeks to consolidate and improve the effectiveness of measures to curb the money laundering, financing of terrorism and illicit financial flows affecting Ethiopia.

OBJECTIVES

- Degree of Ethiopian Compliance with Financial Action Task Force (FATF) recommendations increased
- Improved effectiveness of competent authorities (specifically the AG’s office, the FIC and the police) and supervisory bodies to enforce AML/CFT measures
- Capacity of Ethiopian AML and anti IFFs competent authorities to cooperate with foreign counterparts to curb ML and IFFs enhanced

Since August 2019, Tana Copenhagen and its partners BGS and AMICUS has been the implementing agency for the project for *Strengthening Ethiopia’s Capacity and Regional Engagement to Counter Money Laundering and Illicit Financial Flows* commissioned by the Danish Ministry of Foreign Affairs (Danida). The project builds on previous work by the Royal Danish Embassy in Addis Ababa to develop the capacity of key Ethiopian institutions to curb money laundering and the financing of terrorism. This included enhancing their capacity to collaborate with their counterparts in the region and globally.

The project works with the Ethiopian competent authorities that are mandated to combat money laundering, the financing of terrorism and illicit financial flows (IFFs). The anti-money laundering (AML) and countering the financing of terrorism (CFT) authorities are

the Office of the Federal Attorney General (OFAG), the Ethiopian Financial Intelligence Centre (EFIC), and the Ethiopian Police Commission. The primary authorities curbing IFFs are the Customs Commission and the EFIC. The engagement of the project with the police is facilitated by the Ethiopia Police University College (EPUC) and the Federal Bureau of Investigations of Ethiopia (FBI). The Ethiopian Ministry for Peace, which chairs the national AML/CFT committee, is also a key stakeholder.

The three expected outcomes of project interventions are: (1) improved Ethiopian compliance with the recommendations of the Financial Action Task Force; (2) improved effectiveness of the Ethiopian authorities to enforce AML/CFT measures; and (3) increased capacity to cooperate with foreign counterparts on AML/CFT and counter IFF.

TIMING AND PARTNERS

Project implementation is in three phases which are:

Inception Phase 1 (May 2019 - July 2019): This phase provided insight into lessons learned thus far, facilitated an appreciation of the priorities and enabled clarification of outcomes to be achieved through interventions of the Danish Government to date;

Phase 2 & 3 Implementation (Mid July 2019-June 2022): This phase consists of implementing activities and longer-term engagements which include – the development of training manuals, the provision of training, the raising of awareness, the improvement of communication, and the provision of policy and legislative advice.

IMPLEMENTATION & PARTNERS

Tana's support includes an Addis Ababa-based project implementation team, working together with experts from Denmark and elsewhere in provide technical capacity development and expert advice.

A substantial component of the work involves capacity development through delivering training to Ethiopian competent authorities and to reporting entities in line with international norms and standards on AML/CFT and countering IFFs. Capacity building through training takes place in one of three forms:

- ♦ Raising and/or improving awareness of money laundering, terrorist financing and illicit financial flows and the steps to counter them
- ♦ Developing the analytical abilities of the Ethiopian AML/CFT and IFFs competent authorities
- ♦ Improving the scope for robust and evidence-based decision-making by the Ethiopian authorities

These forms of capacity building are provided through training modules and guidance materials, which are developed and reviewed throughout the project. These are complemented by the technical knowledge of the core team and the short-term experts, who provide capacity development and advisory support according to a schedule agreed with the Ethiopian authorities. The project is being implemented closely with the Danish Royal Embassy in Addis Ababa – through meetings and regular reports.



Key stakeholders meet regularly in a Steering Committee to review progress and agree on the next steps.

INCEPTION PHASE

The inception phase of the project commenced on 20 May 2019 and concluded at the end of July 2019. During this phase the project team compiled and updated literature and legal instruments on the Ethiopia AML/CFT/IFF regime. The team also held a number of consultative meetings with key Ethiopian stakeholders with an interest in countering money laundering, financing of terrorism and Illicit Financial Flows. These included the institutions and agencies regarded as competent authorities in terms of current law. These consultations assessed AML/CFT/IFFs capacities and the remaining gaps, and identified institutional priorities and technical assistance needs. The main focus was on supporting the effectiveness of the AML/CFT/IFFs institutions. The Inception Report produced at the close of this phase provides the basis for full implementation and sets out the expected results.

Key Lessons Learned:

- ♦ Importance of co-ordination
- ♦ Need for political buy in
- ♦ Importance of knowledge management

2020 UPDATE

Four milestones should be highlighted. i) The official launch of the programme and establishment of support structures in August 2019. ii) Programme support provided to the Office of the Federal Attorney General. This included several technical training workshops for AML/CFT investigators and prosecutors. iii) Programme support to the Financial Intelligence Centre to assess technical compliance and effectiveness. Finally, iv) technical training to the Ethiopia police on the indicators of, as well as the detection and investigation of financial crimes.

The Tana AML/CFT Team:

Charles Goredema, Team Leader

Contact: +251 955 332 069 (Addis Ababa)
+27 082 904 3040 (Cape Town)

ctg@tanacph.com

Anders Kragh Bingen, Tana Project
Director

Contact T +45 3536 1915
M +45 3171 8811

akb@tanacph.com

tana

Amicus
LEGAL CONSULTANTS

BGS