

Strengthening Anti-Money Laundering and Countering the Financing of Terrorism Capacities in Ethiopia

BACKGROUND

Money laundering and terrorist financing are categories of illicit activity encompassing the means by which criminal and terrorist groups obtain, spend, and conceal their financial assets. A wide range of related offenses and predicate crimes pose significant challenges across the international community—compromising financial integrity, foreign investment, national security, political stability, and economic



A bank teller dispenses a cash withdrawal in Addis Ababa.
Photo: Neil Thomas, 2012

development. While the Ethiopian economy has seen tremendous growth in recent years, financial institutions remain underdeveloped and inaccessible to a vast majority of the local population.

Additionally, related regulatory mechanisms and institutions in the subregion commonly suffer from limited institutional capacity and inadequate resources to address increasingly complex methods of financial crime.

Since 2010, Ethiopia has been listed in the Financial Action Task Force's (FATF) Public Statement as a jurisdiction with "strategic deficiencies" in its anti-money laundering and countering the financing of terrorism (AML/CFT) system. Recognizing its place at the crossroads of formal and informal financial flows in the greater Horn of Africa, Ethiopia has made a high-level political commitment and taken concrete steps toward improving its AML/CFT regime in recent years. Now fully operational, its Financial Intelligence Center (FIC) has been proactively engaged with key national and international partners. Ethiopia has also made great strides in improving its legal framework, including the passage of Proclamation 780/2013 which adequately criminalized money laundering and terrorist financing. The Government of Ethiopia is keen to address these strategic AML/CFT deficiencies, and there is considerable opportunity for consolidating the gains being made on AML/CFT and for addressing the deficiencies highlighted by the FATF. A key priority is to further enhance the capacities and the technical expertise of the FIC, the Ministry of Justice (MoJ), and other agencies responsible for the regulation, detection, investigation, and prosecution of AML/CFT-related cases.

ABOUT THIS PROJECT

Beginning in May 2013, the FIC and MoJ embarked on a dynamic, 17-month capacity-building and technical assistance initiative focused on rapid, deep, and sustained institutional development within the Ethiopian FIC; and a broader effort to enhance the AML/CFT legal and technical expertise of relevant authorities in the Ethiopian government, legislature, and financial sector.

The FIC and MoJ are facilitating this program of work in close partnership with a team of local and international expert-practitioners from the Global Center on Cooperative Security (Global Center), and in collaboration with the Danish State Prosecutor for Serious Economic and International Crime (SØIK), the Danish Embassy in Addis Ababa, and other key stakeholders.

This intensive capacity-building initiative is:

- 1) Addressing the FIC's immediate AML/CFT technical assistance needs, and assisting its leadership in laying a solid foundation for capacity building going forward.
- 2) Assisting Ethiopia in overcoming the deficiencies highlighted in the FATF International Co-operation Review Group (ICRG) Public Statements.
- 3) Enhancing national awareness of AML/CFT laws, issues, and roles of relevant institutions among the general public.
- 4) Supporting Ethiopia in building effective platforms for cohesive interagency coordination and international cooperation on AML/CFT.

ABOUT THE GLOBAL CENTER ON COOPERATIVE SECURITY

Through a competitive bidding process, Denmark contracted the Global Center on Cooperative Security (formerly the Center on Global Counterterrorism Cooperation or CGCC) to be the service provider for this project. The Global Center is a nonprofit, nonpartisan policy and research institute. The Global Center staff and its network of expert-practitioners include analysts experienced in collaborative research, policy analysis, and technical assistance delivery. Over the past four years, the Global Center has been working with stakeholders in the greater Horn of Africa, in particular its partners in Ethiopia, to improve AML/CFT capacity and cooperation through a range of innovative and multi-faceted programming.

The Global Center team leader for this project is Ms. Liat Shetret, New York Office Director and Senior Analyst. Ms. Shetret may be reached via phone at +1 212-682-5930 or via email at lshetret@globalcenter.org.

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