Tracking Progress
AML/CFT Developments in East Africa and the Greater Horn

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BACKGROUND

Money laundering is one enabler of criminal activity and poses a threat to the security of global financial systems. Many states in East Africa and the greater Horn of Africa are undergoing a period of rapid economic growth coupled with increasing access to global markets. As a region with predominantly informal and cash-based economies, these states are particularly vulnerable to money laundering and terrorism financing. This vulnerability is compounded by absent, nascent, or incomplete financial regulatory mechanisms and limited law enforcement and judicial capacities to respond to money laundering and terrorism financing abuses. As a result, many states in the region have prioritized the establishment of national anti-money laundering and countering the financing of terrorism (AML/CFT) frameworks.

Progress has been made, but the Financial Action Task Force (FATF) and the Eastern and Southern Africa Anti-Money Laundering Group (ESAMLG) continue to identify a number of states in the greater Horn as demonstrating weak implementation of international AML/CFT standards. This presents considerable challenges to engagement with the international financial system and threatens investment and trade opportunities that are vital to regional economic growth and development efforts. Although there are considerable obstacles to success, increased efforts are being made through bilateral, regional, and international channels to assist states in rapidly developing their AML/CFT regimes. National political will in the region has been steadily climbing and is part and parcel of regional developments.

In 2012 the Intergovernmental Authority on Development (IGAD) Security Sector Program (ISSP) and the Global Center on Cooperative Security (formerly known as the Center on Global Counterterrorism Cooperation) published a joint baseline study on AML/CFT in the IGAD subregion, which produced an analysis of AML/CFT efforts in Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, and Uganda. Because of the international community’s increased focus on AML/CFT activities in the region, as well as a number of recent
developments since the publication of this initial report, the need has arisen to conduct a study on this progress. Given the geographic and strategic importance of Tanzania and Yemen to cross-border security of IGAD member states and the broader region, this study will also include these two countries to provide a more comprehensive analysis of AML/CFT challenges in the greater Horn.

ABOUT THIS PROJECT

The 2012 baseline study examined AML/CFT challenges and opportunities in the IGAD subregion. The study, supported by the Government of Denmark, was developed in response to repeated requests to the ISSP and the Global Center by governmental, intergovernmental, private sector, and civil society partners who sought assistance in obtaining data about national and regional money laundering risks, detailed analysis of regional AML capacities, and guidance to inform and strengthen CFT efforts. Insights from this study have helped create targeted technical assistance and capacity-building programs for national AML/CFT structures.

Building on this previous work, the Global Center will undertake research for a follow-up report titled “Tracking Progress: AML/CFT Developments in East Africa and the Greater Horn.” The project, also supported by the Government of Denmark, is scheduled to be released at the end of 2014. Cooperation initiated for the 2012 research has led to long-term Global Center partnerships with various national and regional AML/CFT bodies, and the Global Center will continue to work with key partners in the region, including the ESAAMLG, ISSP, and the Middle East and North Africa Financial Action Task Force, in the research and writing for the report.

The resulting report will include two main components: a new examination of legislative and institutional progress of national AML/CFT frameworks across the IGAD subregion since May 2012, and a detailed assessment of AML/CFT capacities, challenges, and opportunities to develop these frameworks further in Tanzania and Yemen. Assessment of AML/CFT capacities will be conducted based on the following categories: governmental policy and strategy; legal and regulatory frameworks; institutional mandates, responsibilities, functions, and resources; interagency cooperation and coordination; professional expertise and resources; operational capabilities; and access to private sector and civil society resources.

ABOUT THE GLOBAL CENTER ON COOPERATIVE SECURITY

The Global Center on Cooperative Security works with governments, international organizations, and civil society to develop and implement comprehensive and sustainable responses to complex international security challenges through collaborative policy research, context-sensitive programming, and capacity development. In cooperation with a global network of expert practitioners and partner organizations, the Global Center fosters stronger multilateral partnerships and convenes key stakeholders to support integrated and inclusive security policies across national, regional, and global levels.

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