

AFRICAN UNION

الاتحاد الأفريقي



UNION AFRICAINE

UNIÃO AFRICANA

Addis Ababa, Ethiopia, P.O. Box: 3243 Tel.: (251-11) 5513 822 Fax: (251-11) 5519 321
Email: situationroom@africa-union.org

**LEGAL INSTRUMENTS ON COMBATING FINANCING OF TERRORISM THROUGH MONEY
LAUNDERING AND FINANCIAL CRIMES**

**28-29 NOVEMBER 2016
ADDIS ABABA, ETHIOPIA**

STATEMENT BY

**DR. TAREK A. SHARIF
HEAD, DEFENCE AND SECURITY DIVISION
PEACE AND SECURITY DEPARTMENT**

**Distinguished Participants,
Ladies and Gentlemen.**

On behalf of the African Union Commission, let me start by welcoming you all to the African Union (AU) headquarters here in Addis Ababa, and to the workshop on “legal instruments on combating financing of terrorism through money laundering and financial crimes” for countries of the SADC region.

This workshop is a follow-up to the workshop on ‘Enhanced Approaches to Prevent and Counter Violent Extremism in the SADC Region’ that was held in Harare, Zimbabwe, from 14-15 September 2015. The workshop highlighted the dynamic nature of the terrorism threat not only in Africa but globally, and called upon the AU Commission and Partners to support and enhance the capacities of countries of the region to develop appropriate response options to tackle the conditions conducive to the spread of terrorism. The current workshop is, therefore, held as part of the efforts of Commission to support Member States to meet their national, regional, continental and global obligations in the prevention and combating of terrorism and violent extremism

This workshop aims to brief the Member States on regional and international policy frameworks on money laundering and financial crimes related to for countering financing of terrorism. It will also enable participants to exchange information and share ideas, experiences and best practices in implementing existing national regulatory frameworks on preventing misuse of the finance sector, including in information sharing and how they facilitate monitoring the non-profit sector to ensure it is not abused by terrorist and extremists to launder money and finance their activities.

Ladies and Gentlemen,

Terrorism remains a major challenge to peace, security and stability of AU member States, and also globally. It diverts the limited national resources from the badly needed national socio-economic development programs to the security sector – thereby impeding the efforts towards the realization of the desired prosperity for the communities.

However, the successes in terrorists and extremist to execute their activities largely depends on their ability to adequately and sustainably finance the preparation, planning and execution of attacks. Indeed, ‘large’ terrorist organizations, ‘small’ terrorist groups and extremist cells, including foreign terrorist fighters and the so called ‘lone wolves’, all require stable funding to operate, although the approaches to securing the financing may vary among them. The conclusion we can draw from this, therefore, is that **money is also the biggest vulnerability of these groups.**

Similarly, criminal networks take advantage of existing financial systems and technologies, which they seek to flout in order to transfer large sums of cash to intended recipients. This is the reason terrorist groups have identified an ally in organized crime syndicates. It is also argued that extremist cells and small groups may not need sophisticated financing models as do the larger terrorist groups, thereby making it difficult to identify their financing activities. However, robust financial intelligence can play a critical role in revealing their activities. Thus, it is essential that countries in the region, on the continent, and across the globe should strengthen their efforts to contain terrorist and extremist financial networks.

It is noted further that terrorist and extremist groups use legitimate private and nonprofit sectors to channel finances. However, the nonprofit sector remains largely ill-informed about its vulnerability to exploitation by terrorist and extremist groups. Nonprofit organizations are often small, informal and not properly regulated. Terrorist and extremist groups, therefore, take advantage of these weaknesses to illicitly move large sums of money under the guise of implementing nonprofit activities. This calls for renewed efforts by Member States to review the adequacy of their laws and regulations aimed at controlling the nonprofit and financial sectors, in order to prevent the possibility of terrorist organizations posing as legitimate entities, or exploiting legitimate entities for terrorist financing. Strong regulation and oversight of the nonprofit sector will go a long way to disrupt its use, as a safe haven for terrorist financing.

Ladies and Gentlemen,

Financial intelligence, including from the private sector, has been instrumental in tracking down terrorists behind most attacks globally, and also in Africa, and this has contributed to both disruption of terrorist financing and preventing further attacks. It is in this context, that strengthening of finance intelligence units is a major component in the AU strategies to defeat terrorists and violent extremists.

The establishment of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) is a reflection of the importance that the countries of the region, and beyond, attach to the need for cooperation and coordinated efforts in ensuring compliance with the regional and international standards against money laundering and terrorist financing. Indeed, the objective of Pillar III of the SADC Regional Counter Terrorism Strategy is to strengthen the capacities of existing institution, including the criminal

justice systems, cybercrime, money laundering and the financing of terrorism, among others.

At the Global level, the Financial Action Task Force (FATF) established in 1989, as an intergovernmental organization to develop policies to combat money laundering, whose mandate was expanded in 2001 to include terrorism financing, has put in place a global framework of standards to combat the financing of terrorism. These standards are based on the relevant Resolutions of the UN Security Council. ESAMLAG is an associate member.

The International Convention for the Suppression of the Financing of Terrorism, of 1999, on the other hand, aims at enhancing international cooperation among States in planning and adopting effective measures for the prevention of the financing of terrorism, as well as for its suppression through the prosecution and punishment of its perpetrators.

Ladies and Gentlemen,

Over these two days, let us highlight areas of improvement to strengthen cooperation in the continent, especially because we are dealing with a borderless threat with borderless impact. Certainly, cooperation among the relevant agencies domestically through a robust policy framework contribute to frustrating terrorist financing. It is equally important to enhance cooperation and sharing of information regionally and globally, through existing mechanisms.

In concluding, it is to be noted that as detection improves, and as countries strengthen vigilance, criminals will intensify concealing the incomes and profits from their criminal activities. But be this as it may, preventing and disrupting financial flows must remain at the center of any successful strategy to defeat terrorists and extremists. It is the adoption

of policies and the creation of laws that govern financial transactions and the functioning of vulnerable sectors. Such laws should not only make it extremely difficult, but also legally dangerous for any group or individual to flout the law because of the sanction and penalties contained therein.

I wish to reiterate the African Union's strong commitment to supporting the Member States in their efforts to prevent and combat terrorism.

I thank you for your kind attention.