



BANQUE D'INVESTISSEMENT ET DE DEVELOPPEMENT DE LA CEDEAO
ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT
BANCO DE INVESTIMENTO E DE DESENVOLVIMENTO DA CEDEAO

**FRAMEWORK DOCUMENT
ANTI-MONEY LAUNDERING
COUNTERING THE FINANCING
OF TERRORISM AND THE
PROLIFERATION OF WEAPONS
OF MASS DESTRUCTION**

April 2023

PREAMBLE

Considering Decision A/Dec.3/06/06 of 14 June 2006 relating to the Reorganisation of the ECOWAS Bank for Investment (EBID);

Considering Articles 24, 25, 26 and 27 of EBID's Articles of Association on the composition, powers, meetings and decision-making procedures of the Board of Directors;

Considering Resolution n° RES.24/08/07/BIDC/EBID/CA/BD/18 of 21 August 2007 relating to the EBID Risk and Credit Committee;

Upon recommendation of the Risk and Credit Committee during the 37th meeting of the Committee held on march 29th 2023;

The Board of Directors, by Resolution N°17/04/23/BIDC/EBID/CA/BD/83 of April 3, 2023, approves the framework document for the anti-money laundering countering the financing of terrorism and the proliferation of weapons of mass destruction.



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I. INTRODUCTION

1. The ECOWAS Bank for Investment and Development is highly committed to the highest standards of integrity in the conduct of its business and to ensure that its behavior contributes to preventing the misuse of the financial system for the purpose of money laundering and terrorism financing by applying preventive measures.
2. The purpose of this policy document is to approve a clear updated policy framework for: 1) anti-money laundering (AML); 2) countering the financing of terrorism (CFT); and 3) countering the financing of the proliferation of weapons of mass destruction.
3. EBID last reviewed its AML/CTF policy in 2013. The escalation of money laundering and, terrorism financing and proliferation financing and their adverse effects on peace, security and development on the continent and in the region continues to be matters of serious concern. The techniques and methods used by the perpetrators of these criminal activities have become more and more sophisticated. This requires efficient and coordinated responses at international level. In the international scenario, there is a constant update of the standards in the fight against money laundering, financial crimes, fraud, terrorism financing and proliferation financing, among other crimes.
4. This policy document results from an exercise of review and update the EBID 2013 AML/CFT policy to further align the Bank with the international best practices, with key international treaties and with the latest innovations in other regions as the European Union. This review represents a great opportunity to strengthen the Bank's systems and procedures to better protect the Bank's operations from financial crimes.
5. Furthermore, this policy is based on GIABA recommendation and guidance and the 40 revised FATF Recommendations. A revised version of the FATF recommendations was adopted during the FATF plenary meeting that was held in Paris in February 2012 and lately updated in March 2022 as follows:
 - a) to improve transparency of beneficial ownership of legal persons;
 - b) to approve a report on the money laundering and terrorist financing risks of migrant smuggling;
 - c) to release a guidance for public consultation that will help the real estate sector to implement risk-based measures to better detect and prevent money laundering;
 - d) to begin work on enhancing asset recovery by strengthening collaboration between the FATF/FSRBs and the Asset Recovery Networks – CARIN and the ARINs;
 - e) to further consider strengthening Recommendations 4 and 38 on the domestic and cross-border frameworks;

- f) to start new work on the proceeds of the trafficking of fentanyl and other synthetic opioids.
6. By virtue of its international institution status, EBID aims to comply with the recommendations adopted by the FATF. Since EBID is operating in an international environment, the Bank aims to be exemplary with regard to anti-money laundering and countering the financing of terrorism standards, in its dealings with ECOWAS Member States, economic partners, financial institutions and companies.
 7. Together, this revised policy document, its related revised procedures, the AML/CFT compliance rules and other EBID's AML/CFT instruments, will provide a comprehensive framework that will position the Bank to further strengthen its fiduciary safeguards, internal procedures and policies, and its audit function to ensure that its finance is used for the intended purposes and not subject to financial abuse, corruption or money laundering.

II. THE EBID POLICY ON AML/CFT, SCOPE AND OBJECTIVES

- 8.** The objective of EBID' work in anti-money laundering, countering terrorism financing and fighting against proliferation financing is to significantly contribute to the region' response to the threat of these crimes. Being an international institution belonging to ECOWAS, EBID will primarily operate in its 15 Member States: Benin, Burkina-Faso, Cabo Verde, Cote d' Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo.
- 9.** ECOWAS institutions include GIABA, a specialized institution established in December 1999 to prevent and control money laundering and terrorism financing in West Africa. The fifteen ECOWAS Member States are members of GIABA who acknowledge that money laundering and the financing of terrorism are issues of crucial importance to the international community and require a global action. Also, the initiatives of ECOWAS derive from an international context galvanized by UN international Conventions. EBID has a focal point in GIABA, which is an observer of FATF. The Bank intends to invest in strengthening international co-operation in the fight against money laundering and terrorism financing.
- 10.** This policy establishes the general framework for EBID' work in the fighting against money laundering and countering the terrorism financing and the proliferation of weapons of mass destruction. It also adopts measures to address the risks and limitations in terms of business relationship with high-risk jurisdictions.
- 11.** It is the objective of EBID to strengthen its internal controls and safeguards to address AML/CTF effectively. The Bank will work to implement internal controls, audit and training measures as well as protection for staff that report suspicious transactions or breaches according to AML/CFT obligations from retaliation. The Bank will invest in strengthening the compliance function for AML/CFT. This will involve developing and enhancing a set of tools supporting the Bank's compliance function, such as AML/CFT rules and training to EBID' staff.
- 12.** Another objective of this policy is to state clear rules for customer due diligence, record keeping and monitoring of transactions, including measures to verify the identity of the beneficial owner(s) of customers and understand the ownership and control of the customer and the measures that are applicable in case of detection of a suspicious transaction.
- 13.** Furthermore, EBID will improve its cooperation with Member States, including FIUs, regional, continent and international organizations to improve its capacity to implement AML/CFT measures.
- 14.** The Bank is aware that its operations are developed within a complex and challenging environment, where criminals can use financial instruments to cover illicit money. For this reason, the Bank intends to identify high-risk countries and jurisdictions and duly

evaluate if there are strategic deficiencies that might endanger its operations. More specifically, the Bank will identify if the legal and institutional framework of the countries with which it does business, contains:

- a) Criminalization of money laundering and terrorism financing;
- b) Measures relating to customer due diligence;
- c) Requirements relating to record keeping; and
- d) Requirements to report suspicious transactions.

15. Finally, the Bank will also evaluate if the jurisdictions of the projects have authorities that are competent and equipped with enough powers and procedures to effectively combating money laundering and terrorism financing as well as the effectiveness of the AML/CFT system in addressing money laundering and terrorism financing risks. Certain prohibitions for projects involving jurisdictions identified as high-risk countries will also be applied by EBID.

III. THE INTERNATIONAL AML/CTF REGIME AND GLOBAL INITIATIVES

16. The international community has acted on many fronts to respond to the growing complexity and the international nature of rapidly evolving money laundering and terrorism financing methods. The emphasis is on promoting international cooperation and establishing a coordinated and effective international AML/CFT regime. Many international agencies have extended their mandate to address the issue of financing terrorism. This section presents some of the main elements of the global and regional initiatives.

17. The Financial Action Task Force (FATF) was established in 1989 by G-7 countries to respond more effectively to money laundering. The FATF Forty Recommendations require the criminalization of money laundering. 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 money laundering.

18. The FATF Special Recommendations require countries to criminalize the financing of terrorism, terrorist organizations and terrorist acts and to designate these new offences as money laundering predicate offences. The FATF is also involved in monitoring the progress of members in complying with its recommendations.

19. 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.

20. Financial regulations 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.
21. In 1998, the Basel Committee put forward some basic principles as part of its Statement for the prevention of Criminal Use of the Banking System for the purpose of Money Laundering. In 1992, the IOSCO addressed the issue of money laundering from the point of view of securities regulation and the reduction of systematic risks for investors. Its resolution on money laundering introduces a number of standards with which it expects its members to comply.
22. The European Union has been putting in place strong standards on anti-money laundering and countering the terrorism financing aiming at preventing the misuse of the financial system for the purpose of money laundering and terrorism financing by applying preventive measures. In 2015, the EU adopted a modernized regulatory framework encompassing the Directive (EU) 2015/849 on preventing the use of the financial system for money laundering or terrorist financing (4th anti-money laundering Directive); and the Regulation (EU) 2015/847 on information on the payer accompanying transfers of funds – makes fund transfers more transparent, thereby helping law enforcement authorities to track down terrorists and criminals. Both instruments take into account the 2012 recommendations of the Financial Action Task Force (FATF) and go further on a number of issues to promote the highest standards for anti-money laundering and to counter the financing of terrorism. On 19 June 2018 the 5th anti-money laundering Directive (Directive (EU) 2018/843), which amended the 4th anti-money laundering Directive, was published in the Official Journal of the European Union.
23. Many countries have established financial intelligence units (FIUs) as a focal point for the AML efforts and a point at which information is exchanged between financial institutions and law enforcement. Since 1995, a number of those units have begun to work closely together, to exchange information and to coordinate their AML efforts. They formed the Egmont Group which facilitates international exchanges and cooperation among FIUs in relation to both money laundering and financing terrorism.
24. Several multi-lateral organizations can provide assistance to countries wishing to implement the FATF 40+9 recommendations. Some of them are particularly active in Africa, including the World Bank and the IMF, the Commonwealth Secretariat which counts four of the Member States on West Africa, and the UNODC which has a country office in Nigeria. The World Bank and the IMF have accepted a responsibility to assist countries in implementing AML/CFT standards, particularly as they relate to banking supervision and financial institutions. They provide AML/CFT technical assistance to members and are funding projects to assess members' compliance with international AML/CFT standards.

25. Closely related to the work of these institutions is the work of the Financial Stability Forum on financial regulations and AML standards within offshore centers, and the work of the Bank for International Settlements on payment and settlement systems and their vulnerability to money laundering and financing terrorism.
26. As part of its work to promote good governance and to fight corruption, the Commonwealth has long been involved in international anti-money laundering efforts. In 1993, it made available a Commonwealth Model Law. In 1996, it developed Guidance Notes for the Financial Sector which was revised in 2000 and in 2005 based on best practices.
27. Finally, for its part, the UNDOC AML/CFT work in Africa is supported by its Global Programme against Money Laundering and the Terrorism Prevention Branch. The UNODC offices in Africa are currently managing several AML projects in various parts of the region. In September 2005, at the Round Table for Africa organized by UNODC in Nigeria, a program of action (2006-2010) to address crime, security and development on the African continent was endorsed by representatives of 47 African Member States and by development partners and international organizations.

IV. PROGRAMMES AND INITIATIVES ON PREVENTION AND THE MANAGEMENT OF AML/CFT

28. EBID adheres to international standards on anti-money laundering, countering terrorism financing and proliferation financing. The Bank will actively work on updating its AML/CTF programme to facilitate compliance with regional and international good practices which will be transposed to internal procedures employees must follow on how to identify, assess and respond to money laundering, financing terrorism and proliferation financing. Furthermore, the Bank will not provide financing or award any contract for the supply of goods, works or services to any person or entity that, according to the UN Security Council and/or the counter-terrorism subsidiary bodies of the Security Council, is or may be supporting terrorism.
29. The Bank acknowledges that the following intentional conducts shall be observed as money laundering:
 - a) The conversion or transfer of property, knowing that such property is derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such an activity to evade the legal consequences of that person's action.
 - b) The concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property, knowing that such property is derived from criminal activity or from an act of participation in such an activity.

- c) The acquisition, possession or use of property, knowing, at the time of the receipt, that such property was derived from criminal activity or from an act of participation in such an activity.
 - d) Participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the actions referred to the previous points.
- 30.** On the other hand, the Bank acknowledges that terrorism financing, means the provision or collection of funds, by any means, directly or indirectly, in the knowledge of their being intended for financing an organization, preparing and committing any of the crimes envisaged by applicable legislation as a terrorist act or for supporting an organized group, illegal military formation or criminal organization that has been formed for the purpose of committing the said crimes. Terrorist activities almost always require support in the form of funding or services. Mobilizing and/or extending such support amounts to financing terrorism. Terrorism may be funded from proceeds of crime or from other sources.
- 31.** Finally, proliferation financing, while there is no internationally agreed definition for proliferation financing yet, according to FATF, proliferation financing is defined as the act of providing funds or financial services, used, in whole or in part, for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons and their means of delivery and related materials (including both technologies and dual use goods used for non-legitimate purposes), in contravention of national laws or, where applicable, international obligations.
- 32.** EBID derives from an international treaty and operates within a complex environment of lending and development finance banking operations. For this reason, the implementation of this policy will strengthen the Banks capacity to detect and and fight against the criminal activities related with money laundering, financing the terrorism and proliferation of weapons of mass destruction.
- 33.** Consequently, EBID strives to implement international best practices and standards in the selection and implementation of financial instruments and drives its treasury operations by the objectives of transparency, control and oversight. On the other hand, EBID's internal controls and safeguards measures are designed to ensure that in carrying out their duties, all staff adhere to the highest standards that protect EBID, its reputation and resources from being misused for the purpose of money laundering, terrorism financing and proliferation financing, and other illegal purposes.
- 34.** EBID is a non-deposit institution and it is not subject to national or supranational regulatory supervision, or anti-money laundering and counter terrorism financing legislation. Nevertheless, EBID has been matching its conduct with international standards and legislations. In doing so, the Bank has been developing programmes to facilitate compliance with AML/CFT good practices which includes internal procedures and integrity guidelines that staff must follow on how to identify, assess, and respond to money laundering and terrorism financing risks in EBID's projects. The Bank's main

AML/CFT programmes include:

- a) Identification of potential money laundering and terrorism financing risks relevant to each project;
- b) Screening clients and key counterparties against relevant sanctions lists;
- c) Identification of beneficial owners relevant to each Bank project;
- d) Regular monitoring for integrity and reputational risks that may arise during the life of a project, including money laundering and terrorism financing risks;
- e) Enhanced due diligence for high-risk clients and sectors;
- f) Enhanced procedures for assessing risks associated with politically exposed persons;
- g) Reporting suspicious transactions.

35. The Bank's programmes and initiatives on prevention and the management of AML/CFT risks comply with the following principles:

- a) strict compliance with the recommendations of FATF, international treaties and international standards;
- b) direct accountability of each Management body, Department, Division;
- c) Enhanced AML/CFT compliance function and framework;
- d) centralized management of the AML/CFT mechanism by the responsible for the compliance function;
- e) integration of the AML/CFT mechanism into EBID's permanent control system;
- f) periodic control of the implementation of the mechanism by the Department responsible for Internal Audit.

36. Beyond compliance with these principles, the AML/CFT policy of EBID implies specific duties and obligations for each Management body and staff member:

- a) Duty to abstain: no commercial or other consideration shall permit a relationship with an entity or client that EBID may have reasons to believe is engaged in illegal activities. The Bank will not enter into a relationship with a client if the Bank cannot form a reasonable belief that it knows the true identity and nature of the business of the client and/ or the ultimate beneficiary ownership. In particular, EBID will not enter into business relationships with:
 - i. individuals or entities known to be terrorists or a criminal organization or member of such; and

- ii. clients operating in prohibited industries.
- b) *Obligation to cooperate*: In applying the FATF and GIABA recommendations including the internal procedures of EBID, each member of the institution is obliged to support the fight against crime, financial crime and the financing of terrorism within the framework of his duties.
- c) *Obligation to report*: In the undertaking of their day-to day business of the Bank, staff are required to watch out for suspicious activities/transactions in relation to money laundering, terrorism financing and proliferation financing. Such activities/ transactions must be properly handled and escalated through the appropriate channels. This policy, the related procedures and the AML/CFT compliance rules contain guidance for identifying and reporting suspicious activities. Regular training on anti-money laundering, countering terrorism financing and fighting against proliferation financing is foreseen to ensure that staff are reminded of their duty to timely report any suspicious activity/transaction through the appropriate channels.
- d) *Individual responsibility*: It is incumbent on each staff member of EBID to know the rules governing AML/CFT by participation in training sessions organized on the subject and by complying with the rules in the course of his duties.

V. ORGANIZATION OF THE AML/CFT MECHANISM

A. Description

37. The Board of Directors in its supervisory and management functions should be responsible for setting, approving and creating the appropriate environment for and overseeing the implementation of an adequate and effective internal governance and internal control framework to ensure compliance with applicable requirements in the context of the prevention of money laundering and terrorism financing.
38. The objective of EBID's AML/CFT Mechanism aims at ensuring that the operations of the Bank do not support actions contributing to money laundering and terrorism financing and do not enter into new or renewed operations with entities incorporated or established in jurisdictions identified as high-risk third countries. The EBID AML/CFT mechanism comprises:
- a) the appointment of a responsible for the compliance with AML/CFT mechanism;
 - b) the constant update of the AML/CFT procedures and the development of compliance function rules (AML/CFT Compliance Charter);
 - c) collection and centralization of information on the identity of clients and other business relationships, originators of transactions, representatives, beneficial owners, actual beneficiaries;

- d) reporting suspicious transactions through an AML/CFT alert form and the processing of the alert forms by the responsible of the AML/CFT compliance function;
- e) regular AML/CFT training for staff;
- f) reporting to relevant authorities (FIU of the ECOWAS Member State concerned by the crime);
- g) monitoring regularly the AML/CFT activities;
- h) preparation of an annual activity report within the larger framework of a compliance report;
- i) archiving of all types of data in particular, dossiers capable of indicating due diligence done with regard to suspicious transactions or situations.

B. EBID AML/CFT Procedures

39. EBID implements its AML/CFT policy through a set of operating procedures for the mechanism which include:

- a) due diligence prior to establishing relationships and in the course of the relationship;
- b) identification of beneficial owners;
- c) identification of the actual beneficiaries;
- d) identification of politically exposed persons;
- e) special review of some complex transactions, without economic justification recorded in a confidential register;
- f) reporting suspicious transactions to the FIU;
- g) archiving of the AML/CFT documents;
- h) staff training;
- i) countering the financing of terrorism;
- j) countering the proliferation of weapons of mass destruction;
- k) internal reporting and provisions to monitor AML/CFT compliance.

40. The AML/CFT procedures shall be approved by the Board and forwarded to all staff members by the responsible for compliance.

C. Updating the AML/CFT Policy and Procedures

41. Policies contain high level principles, rules, limits, exceptions, do's and don'ts that define the universe of acceptable areas for the Bank' interventions. Unlike strategies which are short-to-medium term and subject to periodic review (especially at mid-

term) to adapt to changing circumstances, policies are long term and stable over the duration. This policy will therefore, be subject to revision and update, in the short-to-medium term, only when there are major changes in the world of AML/CTF that affects the key principles on which the Bank's AML/CTF work are premised. Otherwise, the policy may be revised/updated, if necessary, in the long term, say after a period of six years.

42. This policy is further developed and implemented by a set of procedures, AML/CTF templates and forms and set of rules regarding the AML/CFT compliance function. The EBID compliance function shall be responsible for collecting all useful information from international and regional institutions involved in combatting money laundering: FATF, GIABA, OECD, World Bank, IMF and other institutions to keep the Bank's AML/CTF up to date. The rules regarding the AML/CFT compliance function provide detailed competencies and tasks for the regular review and amendment, where necessary, of the Bank's AML/CTF framework.
43. The compliance function shall build on its relationship with the institutions mentioned above and the sub region's FIUs for information on developments relating to AML/CFT with a view to adapting the EBID mechanism to suit the trends.

D. Staff Training

44. Money Laundering and Financing of Terrorism issues are somewhat specialized and distinct from the other professional disciplines that Bank staff normally deal with. With the enhanced role envisaged for the Bank under this policy, the tasks set out for the Bank are clearly onerous and broad ranging, and call for the upgrading and strengthening of the Bank's staff skills, capacity and expertise to deal with internal safeguards issues, and deal more effectively with issues on this area while operating with its Sovereign and Non-Sovereign customers.
45. For this reason, EBID shall have an AML/CFT training support adapted to suit the Bank's activities which should adequately prepare EBID's staff for the effective implementation of the Bank's AML/CFT framework. The Bank's compliance officer shall be responsible for the AML/CFT training and awareness. The Bank recognizes the importance of including its staff in special ongoing training programmes to help them recognize operations which may be related to money laundering or terrorism financing and to instruct them on how to proceed in such areas. A training manual for AML/CTF will be prepared and shall be kept updated and the training support and procedures shall be updated regularly and simultaneously. Moreover, a greater number of staff, especially those in field work who have direct contact with Member States, especially in terms of dialogue and project identification, need to be familiar with the subject. Priority will therefore, be given to the training of staff, especially those dedicated to handling money laundering and terrorism financing matters, to

enable them address the issues effectively and to effectively drive the policy dialogue with Member States and GIABA. The staff training will be developed and conducted, in collaboration with all relevant EBID departments, also with the assistance of external consultants. In addition to the internal in-house training programs, there will be external training programs for relevant staff, where necessary.

46. Undertaking more structured, comprehensive and frequent anti-money laundering/anti-illicit financing training and awareness programs for Bank' staff is extremely important. The trainings will be tailored in such a way to ensure that staff are aware of different possible patterns and techniques of money laundering/illicit financing which may occur in their everyday business. Training will also cover the general duties arising from applicable external (legal and regulatory), internal requirements and the resulting individual duties which must be adhered to in everyday business as well as typologies to recognize money laundering or illicit financing.

E. Internal Reporting

47. EBID AML/ CTF operations will be results-oriented with the ultimate focus being on enhancement of outcomes. The responsible for the AML/CFT compliance function shall report to the President and Chairman of the Board of Directors against a monitoring chart comprising indicators in relation to the AML/CTF mechanism operation requirements.
48. A report on AML/CFT activities (alerts, confidential register, reports to the FIU, training, among others) shall be included in the section reserved for the compliance report that is prepared annually.
49. The AML/CFT Compliance Charter shall provide further details in terms of the elements of the AML/CFT internal report.

F. Archiving AML/CFT documents

50. EBID shall keep the following records for a period of five (5) years:
 - a) documents relating to the identity of clients and other business relationships with effect from the date of closure of the relationship;
 - b) documents relating to suspicious transactions that were investigated and closely monitored or an expression of suspicion with effect from the date of the transaction;
 - c) other AML/CFT documents such as the historical background of procedures, successive training supports.

51. All these documents shall be in paper and/or electronic files, and shall be arranged and kept in a special archive separate from other working documents of the institution.

VI. AML/CFT MECHANISM

A. Risk Assessment

52. An appropriate risk-based approach requires identification of the inherent risks of money laundering and terrorist financing that an entity face by virtue of its business in order to mitigate them effectively and to ensure that its policies, procedures and internal controls are appropriate to address those inherent risks. In doing so, account should be taken of the characteristics of customers, products, services or transactions offered, the countries or geographical areas concerned and the distribution channels used. In light of the evolving nature of risks, such risk assessment should be regularly updated.
53. Furthermore, in performing the risk assessment, the Bank will make sure that all related information is documented, kept up-to-date and made available. On the other hand, EBID can also decide that individual documented risk assessments are not required where the specific risks inherent in the sector are clear or understood.
54. EBID understands the importance of the risks assessment in the context of AML/CFT. As such, the Bank will keep up to date policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorism financing. Those policies, controls and procedures will include the development of model risk management practices, customer due diligence, reporting, record-keeping, internal control, compliance management and the appointment of a compliance officer at management level.
55. On this subject, FATF and other international actors like the European Union developed an AML/CFT approach per risk by proposing an analysis of risk factors with regard to clients, countries and product, and by pointing out the factors which present higher risks and those that present low risks. The AML/CFT procedures document shall further detail the list of factors and types of evidence of potentially lower and higher risks.
56. With regard to the high risk of money laundering and financing of terrorism, the procedures shall also describe the enhanced due diligence measures to be implemented to ensure that the risks are under control. While a person at management level should be identified as being responsible for implementing the Banks's policies, controls and procedures, the responsibility for the compliance with AML/CFT requirements should rest ultimately with the Board. Tasks pertaining to the day-to-day implementation of the Bank's AML/CFT policies, controls and procedures should be entrusted to the compliance officer.
57. For effective implementation of AML/CFT risk measures, it is also vital that the employees of the Bank, who have a role in their implementation understand the requirements and the internal policies, controls and procedures in place in the Bank. EBID will put in place measures, including training programmes, to this effect.
58. Individuals entrusted with tasks related to the Bank's compliance with AML/CFT requirements should undergo assessment of their skills, knowledge, expertise, integrity and conduct.

Performance by employees of tasks related to the Bank's compliance with the AML/CFT framework in relation to customers with whom they have a close private or professional relationship can lead to conflicts of interests and undermine the integrity of the system. Therefore, employees in such situations should be prevented from performing any tasks related to the Bank's compliance with the AML/CFT framework in relation to such customers.

B. Know your customers and other business relationships – Customer due diligence

- 59.** One important measure to prevent money laundering and terrorism financing entails having in place, adequate systems and controls to implement clear "Know your Client" (KYC) practices and requirements. The objective is to mitigate EBID's risks related with its resources being used to facilitate criminal activities, which also would ultimately damage the Banks' reputation.
- 60.** Knowing clients and other business relationships is the first line of defense against the risk of money laundering and the financing of terrorism financing. The due diligences conducted in this regard also prevent counterparty risk. The obligation to know clients extends to borrowers, targets of equity participation, guarantors, correspondent banks, suppliers and various service providers. The obligation requires constant due diligence and the regular updating of clients' data with the objective of ascertaining that the business relationship or the transaction represents low degree of risk. On the other hand, sufficient monitoring of the transactions and business relationships will be performed to enable the detection of unusual or suspicious transactions.
- 61.** It is the objective of EBID to further enhance current Know Your Client (KYC) procedures by establishing and maintaining a risk-based clients due diligence, identification, verification and robust and strict KYC procedures to ensure that EBID clients, in particular, non-sovereign clients and correspondent banks, are subject to adequate identification, risk rating and monitoring measures. This will include strict identification requirements, name screening procedures and the ongoing monitoring and regular review of all existing business relationships. The Bank has enhanced its risk management framework with the approval of the Enterprise Risk Management Framework. The AML/CTF procedures and the Compliance Charter documents detail the elements that EBID staff should verify when performing a due diligence exercise.
- 62.** Furthermore, EBID will strengthen its safeguards and monitoring process for its correspondent banking relationships. This would entail, amongst others, obtaining sufficient information on the correspondent bank to fully understand the nature of its business, its reputation, management and ownership structure and maturity of the bank's regulation and supervision in the correspondent bank's country; and assessment of the correspondent bank's anti-money laundering and terrorism financing controls. In addition, the Bank will not maintain correspondent banking accounts for banks offering services to shell banks. In this regard, the Bank would need to strengthen its due diligence mechanisms that will target both the source and destination of the money trail. This will cover aspects such as confirming the legitimacy of the bank receiving the funds, confirming the legitimacy of the jurisdictions in which the banks are operating from and thereby confirming that the funds are being used for the intended objectives.
- 63.** Shell banks shall be understood as a credit institution or financial institution or an institution that carries out activities equivalent to those carried out by credit institutions and financial institutions, incorporated in a jurisdiction in which it has no physical presence, involving meaningful mind and management, and which is unaffiliated with a regulated financial group.
- 64.** The EBID Know Your Client (KYC) procedures further specify the need to identify and verify the identity of clients according to their category and other business relationships: natural legal persons, corporate bodies, beneficial owners, actual beneficiaries, trust funds, politically

exposed persons, etc. EBID prohibits entering into any new relationship if prior identification checks were not possible nor satisfactory (possible refusal to forward identification documents from reliable and independent sources, falsified documents, among others.)

65. EBID applies strict measures in terms of AML/CTF, including but not limited to:

- a) prohibition of opening of anonymous accounts with names that are obviously fictitious;
- b) interruption of the project examination process and any other related operation if the identification of the business relationship turn out to be unsatisfactory; and
- c) early loan reimbursement and termination of business relationship where the identification data forwarded turns out to be false or extremely incorrect.

C. Enhanced due diligence measures

66. With regard to some categories of clients or business relations, the procedures shall indicate the enhanced due diligence measures to be implemented when the risk of money laundering is considered to be high. The customer due diligence's objective is to manage and mitigate those risks appropriately.

67. Such cases involved dealing with natural person or legal entities established in third countries identified by the Bank as high-risk third countries, politically exposed persons and beneficial owners of trust funds over which the information to be collected should be more comprehensive.

68. More specifically, when dealing with natural or legal persons established in third countries identified as high-risk third countries, EBID will also apply enhanced customer due diligence measures to manage and mitigate those risks appropriately. The AML/CTF procedures and the Compliance Charter will further detail the requirements in relation to enhanced customer due diligence.

69. Enhanced due diligence in relation to establishment of relationships or maintaining existing relationships with correspondent banks shall be confirmed through:

- a) Gather sufficient information (through forwarding a questionnaire or through other means approved by the Bank) about the correspondent bank and to determine from publicly available information the reputation of the institution and the quality of its supervision;
- b) Assess the correspondent institution's AML/CTF controls;
- c) Obtain approval from senior management before establishing new correspondent relationships;
- d) Document the respective responsibilities of each institution;

- e) With respect to payable-through accounts, be satisfied that the respondent institution has verified the identity of, and performed ongoing due diligence on, the customers having direct access to accounts of the correspondent institution, and that it is able to provide relevant customer due diligence data to the correspondent institution, upon request.

70. Enhanced due diligence with regard to transaction and means of payment require a special review of some transactions. EBID shall conduct a special review when there is no clear economic justification for a major and complex transaction or when the source or destination of funds is doubtful.

71. The outcome of the review may either lead to reporting a suspicion to the FIU or recording the dossier in a confidential register to record the due diligence conducted.

72. The Bank will examine, as far as reasonably possible, the background and purpose of all complex and unusually large transactions, and all unusual patterns of transactions, which have no apparent economic or lawful purpose. In particular, EBID will increase the degree and nature of monitoring of the business relationship, in order to determine whether those transactions or activities appear suspicious.

73. Enhanced due diligence in terms of monitoring the means of payment requires EBID's staff to monitor the means of payment utilized especially, cheques and wire transfers for transactions to or from sending countries and beneficiaries indicated as AML/CFT high risk countries.

74. Enhanced due diligence with respect to transaction or business relationships with politically exposed persons, requires, in addition to the Know Your Client due diligence, to:

- a) Have in place appropriate risk management systems, including risk-based procedures, to determine whether the customer or the beneficial owner of the customer is a politically exposed person;
- b) Apply the following measures in case of business relationship with politically exposed persons:
 - i. Obtain senior management approval for establishing or continuing business relationships with such persons;
 - ii. Take adequate measures to establish the source of wealth and source of funds that are involved in business relationships or transaction with such persons;
 - iii. Conduct enhanced, ongoing monitoring of those business relationships.

75. When a politically exposed person is no longer entrusted with a prominent public function relevant to the operations of EBID (in a member State or an international or regional organization) the Bank's staff shall ensure that for at least 12 months, be required to take into account the continuing risk posed by that person and to apply appropriate risk-sensitive measures until such time as that person is deemed to pose no further risk specific to politically exposed persons.

76. The measures applied to politically exposed persons are to be applied also to family members or persons known to be close associates of politically exposed persons.
77. A politically exposed person means a natural person who is or who has been entrusted with prominent public functions and includes (no public function below shall be understood as covering middle-ranking or more junior officials):
- a) Heads of State, heads of government, ministers and deputy or assistants ministers;
 - b) Members of Parliament or of similar legislative bodies;
 - c) Members of governing bodies of political parties;
 - d) Members of supreme courts, of constitutional courts or of other high-level judicial bodies, the decisions of which are not subject to further appeal, except in exceptional circumstances;
 - e) Members of courts of auditors or of the boards of central banks;
 - f) Ambassadors, chargé d'affaires and high-ranking officers in the armed forces;
 - g) Members of the administrative, management or supervisory bodies of State-owned enterprises;
 - h) Directors, deputy directors and members of the board or equivalent function of an international organization.
 - i) For the purpose of the politically exposed person definition, family includes: the spouse, or a person considered to be equivalent to a spouse, of a politically exposed person; the children and their spouses, or persons considered to be equivalent to a spouse, of a politically exposed person; the parents of a politically exposed person.

D. Beneficial ownership information

78. The need to access accurate, up-to-date and adequate information on the beneficial owner is a key factor in tracing criminals who might otherwise be able to hide their identity behind such opaque structures. EBID staff is required to ensure that both corporate and other legal entities as well as express trusts and other similar legal arrangements obtain and hold adequate, accurate and current information on their beneficial ownership. EBID will avoid divergent interpretations on this matter.
79. Detailed rules should be laid down to identify the beneficial owners of corporate and other legal entities and to harmonise definitions of beneficial ownership. While a specified percentage shareholding or ownership interest does not automatically determine the beneficial owners, it should be one factor among others to be taken into account. EBID staff should be able, however, to decide that a percentage lower than 25% may be an indication of ownership or control. Control through ownership interest of 25% plus one of the shares or voting rights or other ownership interest should be assessed on every level of ownership, meaning that this threshold should apply to every link in the ownership structure and that every link in the ownership structure and the combination of them should be properly examined.

- 80.** A meaningful identification of the beneficial owners requires a determination of whether control is exercised via other means. The determination of control through an ownership interest is necessary but not sufficient and it does not exhaust the necessary checks to determine the beneficial owners. The test on whether any natural person exercises control via other means is not a subsequent test to be performed only when it is not possible to determine an ownership interest.
- 81.** The two tests, namely that of control through an ownership interest and that of control via other means, should be performed in parallel.
- 82.** Control through other means may include the right to appoint or remove more than half of the members of the board of the corporate entity; the ability to exert a significant influence on the decisions taken by the corporate entity; control through formal or informal agreements with owners, members or the corporate entities, as well as voting arrangements; links with family members of managers or directors or those owning or controlling the corporate entity; use of formal or informal nominee arrangements.
- 83.** In order to ensure effective transparency, a list of the types of corporate and other legal entities where the beneficial owners are identified in line with the rules for the identification of beneficial owners for corporate entities shall be in place. Also, a list of the types of legal entities and legal arrangements similar to express trusts where the beneficial owners are identified according to the identification of beneficial owners for express trusts and similar legal entities or arrangements should be developed.
- 84.** A consistent approach to the beneficial ownership transparency regime also requires ensuring that the same information is collected on beneficial owners. It is appropriate to introduce precise requirements concerning the information that should be collected in each case. That information includes a minimum set of personal data of the beneficial owner, the nature and extent of the beneficial interest held in the legal entity or legal arrangement and information on the legal entity or legal arrangement.
- 85.** All corporate and other legal entities with which the Bank operates should obtain and hold adequate, accurate and current beneficial ownership information. There may however be cases where no natural person is identifiable who ultimately owns or exerts control over an entity. In such exceptional cases, provided that all means of identification are exhausted, the senior managing officials can be reported when providing beneficial ownership information to the Bank.
- 86.** Trustees of any express trust administered in a Member State should thus be responsible for obtaining and holding adequate, accurate and current beneficial

ownership information regarding the trust, and for disclosing their status and providing this information carrying out client due diligence. Any other beneficial owner of the trust should assist the trustee in obtaining such information.

- 87.** In view of the specific structure of certain legal entities such as foundations, and the need to ensure sufficient transparency about their beneficial ownership, such entities and legal arrangements similar to trusts should be subject to equivalent beneficial ownership requirements as those that apply to express trusts.
- 88.** Nominee arrangements may allow the concealment of the identity of the beneficial owners, because a nominee might act as the director or shareholder of a legal entity while the nominator is not always disclosed. Those arrangements might obscure the beneficial ownership and control structure, when beneficial owners do not wish to disclose their identity or role within them. There is, thus, a need to introduce transparency requirements in order to avoid that these arrangements are misused and to prevent criminals from hiding behind persons acting on their behalf. Nominee shareholders and nominee directors of corporate or other legal entities with which the Bank does business should maintain sufficient information on the identity of their nominator as well as of any beneficial owner of the nominator and disclose them as well as their status to the corporate or other legal entities. The same information should also be reported by corporate and other legal entities, when client due diligence measures are performed.

E. Combating Corruption

- 89.** As parties to international conventions such as the United Nations Convention against Corruption (UNCAC) and the African Union Convention on Preventing and Combating Corruption (CUACC), West African countries that are signatories to these conventions are required to set up special bodies within their legal systems dedicated to preventing corruption. In addition, Article 5 of the African Union Convention renders it mandatory for African states to establish anti-corruption bodies, such as national anti-corruption agencies.
- 90.** Pursuant to its commitment to align its policy and procedures with international and regional practices, the Bank subscribes to the principles enshrined in the following policies: (i) the United Nations Convention Against Corruption; (ii) the United Nations Conventions against Transnational Organised Crime (UNTOC); (iii) the African Union Convention on Preventing and Combating Corruption; (iv) the ECOWAS Protocol on the fight against Corruption. EBID also strives to comply, to the extent possible, with the provisions of the international standard ISO 37001 on Anti-Corruption Management Systems.
- 91.** Corruption is defined as follows:
- a) ‘passive corruption’ means the action of a public official who, directly or through an intermediary, requests or receives advantages of any kind, for himself or for a third party, or accepts a promise of such an advantage, to act or to refrain from acting in accordance with his duty or in the exercise of his functions.

- b) ‘active corruption’ means the action of a person who promises, offers or gives, directly or through an intermediary, an advantage of any kind to a public official for himself or for a third party for him to act or to refrain from acting in accordance with his duty or in the exercise of his functions.

92. In 2018, the Bank approved the Policy and Procedure on Integrity, Fraud Prevention and Anti-Corruption (PPIFC). In accordance with EBID’s PPIFC, all staff and third parties that act on behalf of the Bank are strictly prohibited from acts of bribery and corruption. Furthermore, the Bank’s compliance function conducts investigations into allegations of fraud, corruption and other sanctionable practices within the Bank and in operations financed by the Bank. These include projects financed by the Bank, misconduct involving staff with regard to operations financed by the Bank, administrative budgets and misuse of Bank resources. In addition, it monitors compliance with its policies, procedures and guidelines that relate to integrity and ethics; as well as reviews transactions and other operational material to ensure compliance with the Bank’s policies.

93. The laundering of the proceeds of corruption is defined as the use or concealment of the proceeds of corruption.

94. At the request of G20, FATF prepared a report on the laundering of the proceeds of corruption which indicated the extent of the embezzlement of public funds by politically exposed persons. The international effort to combat corruption also justifies the need to pay particular attention to such persons and to apply appropriate enhanced customer due diligence measures with respect to persons who are or who have been entrusted with prominent public functions and with respect to senior figures in international organizations. The AML/CFT rules regarding the compliance function further specify measures which the Bank should apply with respect to transactions or business relationships with politically exposed persons.

95. EBID aims to be fully involved in combatting corruption by assisting ECOWAS Member States attain the objectives in particular, the detection of corruption cases that could be pointed out in some operations and the exchange of information with specialized authorities on AML/CFT set up by ECOWAS Member States (FIUs, Anti-Corruption Agencies or any other specialized entities).

VII. COUNTERING THE FINANCING OF TERRORISM AND PROLIFERATION – ASSET FREEZING

A. Countering the financing of terrorism

96. Most of the ECOWAS Member States have ratified or subscribed to the International Convention for the Suppression of the Financing of Terrorism which in particular, provides for implementing regimes of targeted financial sanctions in conformity with Resolutions of the United Nations Security Council.

97. States are committed to the prompt freezing of funds and other assets of any persons named by the Security Council or, according to Resolution 1373 of 28 September 2001, named by States under the aegis of the United Nations Organization. Asset freezing is an administrative financial sanction decided by the United Nations Security Council or by States or Group of States against individuals or corporate entities with the aim of depriving them of their funds and economic resources.
98. Furthermore, States shall ensure that funds or other assets shall not be made available directly or indirectly to any person or entity named on the list of sanctions nor shall funds and other assets be utilized in favor of such persons or entities.
99. EBID is committed to this initiative and shall take steps to ensure that its clients and other persons in a business relationship with the Bank are not under asset freezing sanctions decided by the United Nations Security Council or by a State in particular, an African State (or groups of States), the United States (transactions denominated in American dollars) and the European Union (transactions denominated in Euros), United Kingdom (transactions denominated in British pounds) or asset freezing sanctions decided by any other State or group of States directly or indirectly concerned with a transaction.

B. Countering the financing of the proliferation of weapons of mass destruction

100. The FATF has developed standards for jurisdictions to identify, and assess the risks of potential non-implementation or evasion of the targeted financial sanctions related to proliferation financing, and to take action to mitigate those risks. Those new standards introduced by the FATF today do not substitute nor undermine the existing strict requirements for countries to implement targeted financial sanctions to comply with the relevant United Nations Security Council Regulations relating to the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing.
101. EBID supports asset freezing sanctions to any persons named by the United Nations Security Council in resolutions concerning the prevention, repression and interruption of the proliferation of weapons of mass destruction, and the financing of proliferation.
102. EBID shall ensure that persons and entities that the Bank intends to have business relationship with, and those that the Bank already has business relationship with, are not on the list of sanctions (asset freezing and other sanctions) and shall work on the requirement to identify, understand, manage and mitigate risks of potential non-implementation or evasion of proliferation financing-related targeted financial sanctions at the Bank level.

C. Due diligence measures with regard to some non-profit organizations

103. FATF Recommendations alert States on the potential risks that some non-profit organization represent as they could be utilized by terrorist organizations masquerading as legitimate entities even though the organizations actually finance terrorist activities.

104. EBID shall put in place specific measures to ensure compliance with the obligation to know any non-profit organizations the Bank may be dealing with for whatever reason, within the framework of public relations or philanthropy or initiatives within the framework of applying a social or environmental policy in civil society.

VIII. REPORTING SUSPICIOUS TRANSACTIONS TO FINANCIAL INTELLIGENCE UNITS (FIUS)

A. The role of Financial Intelligence Units

105. EBID shall cooperate with ECOWAS institutions in particular, GIABA, and the Financial Intelligence Units put in place in each Member State, to combat money laundering, financing of terrorism and proliferation. The main task of FIUs is to collect and analyse AML/CFT sensitive reports forwarded by various economic operators in the sub-region.

106. FIUs should be able to obtain swiftly from EBID all the necessary information relating to their functions. Their unfettered and swift access to information is essential to ensure that flows of money can be properly traced and illicit networks and flows detected at an early stage. The need for FIUs to obtain additional information from EBID based on a suspicion of money laundering or financing of terrorism might be triggered by a prior suspicious transaction report forwarded to the FIU, but might also be triggered through other means such as the FIU's own analysis, intelligence provided by competent authorities or information held by another FIU.

107. FIUs should therefore be able, in the context of their functions, to obtain information from EBID, even without a prior report being made. EBID should reply to a request for information by the FIU as soon as possible and, in any case, within five days of receipt of the request. In justified and urgent cases, EBID should be able to respond to the FIU's request within 24 hours. This does not include indiscriminate requests for information to EBID in the context of the FIU's analysis, but only information requests based on sufficiently defined conditions. An FIU should also be able to obtain such information on a request made by another Union FIU and to exchange the information with the requesting FIU.

B. Scope of reporting suspicious transactions

108. Suspicious transactions, including attempted transactions, and other information relevant to money laundering, its predicate offences and terrorist financing, should be reported to the concerned FIU, which should serve as a single central national unit for receiving and, analysing reported suspicions and for disseminating to the competent authorities the results of its analyses.

109. All suspicious transactions, including attempted transactions, should be reported, regardless of the amount of the transaction. Reported information may also include threshold-based

information. The disclosure of information to the FIU in good faith by EBID or by its staff or management of such an entity should not constitute a breach of any restriction on disclosure of information and should not involve the Bank or its management or staff in liability of any kind.

110. EBID shall report the following to FIUs in ECOWAS Member States:

- a) when there is suspicion that funds held in the Bank's books and any other assets may be proceeds of crime (offence or crime)
- b) transactions relating to assets that may be proceeds of money laundering
- c) when there is suspicion that funds and all other assets held in the Bank's books may be used for terrorism financing or appear to have resulted from transactions relating to money laundering
- d) funds and any other assets suspected to be intended for the proliferation of weapons of mass destruction
- e) any transaction in which the identity of the originator or beneficiary (including the beneficial owners and unidentified actual beneficiaries) remains doubtful despite the due diligence applied
- f) any transaction made with trust funds of which the trustees and beneficiaries are not known.

C. Modalities for reporting suspicious transactions

111. EBID staff will have a template alert form available to them which shall enable each person in charge of treating operations at commercial level, payments level or at the level of accounts to signal a doubt or suspicion to the EBID AML/CFT compliance officer who will indicate the action to be taken and where necessary, report a suspicion.

112. EBID takes the responsibility to inform the FIUs of a concerned country, in case the Bank knows, suspects or has reasonable grounds to suspect that funds, regardless of the amount involved, are the proceeds of criminal activity or are related to terrorism financing and promptly responds to any FIUs' requests for additional information.

113. The responsible for compliance with the AML/CFT mechanism in EBID shall forward transactions suspected to be money laundering, financing of terrorism and proliferation as soon as the responsible for the department or any other staff become aware of facts or receives information that led to the suspicion to the FIU of the country concerned.

114. If EBID should receive the facts or information that led to the suspicion after the commencement of a transaction, (loan, placement, equity participation, guarantee, others) the suspicion shall also be forwarded to the FIU. All suspicious transactions,

including attempted transactions shall be reported.

115. EBID shall forward any additional information relating to an already reported transaction capable of confirming or invalidating the initial suspicion.

D. Suspension of professional secrecy

116. Banking secrecy remains the rule. However, by way of exception, professional secrecy shall not outweigh FIUs of ECOWAS Member States or the judiciary of the States within the framework of AML/CFT investigations.

E. Prohibition of disclosure-confidentiality

117. Confidentiality in relation to the reporting of suspicious transactions and to the provision of other relevant information to FIUs is essential in order to enable the competent authorities to freeze and seize assets potentially linked to money laundering, its predicate offences or terrorist financing. A suspicious transaction is not an indication of criminal activity. Disclosing that a suspicion has been reported may tarnish the reputation of the persons involved in the transaction and jeopardise the performance of analyses and investigations.

118. EBID applies strictly the confidentiality rule in relation to obligations concerning AML/CFT. EBID staff shall not divulge information to perpetrators of underlying crimes and stakeholders in a transaction to inform them that:

- a) the transaction has been reported suspicious,
- b) transaction is being investigated by an FIU or by a judicial authority in an ECOWAS Member State for acts of money laundering, terrorist financing or proliferation.

119. EBID shall make its staff members aware that any information concerning a suspicion of AML/CFT shall be strictly confidential and shall not be divulged to an unauthorized person who is not explicitly authorized to treat such dossier.

120. The FATF and GIABA recommendations stipulate that the Management and employees of financial institutions shall have legal protection against any criminal or civil responsibility for the violation of any regulation governing the disclosure of information imposed by contract or by any legal, regulatory or administrative provision:

- a) when they report their suspicions to the FIU in good faith,
- b) even if they are not aware of the exact underlying criminal activity,
- c) or where the illegal act that led to the suspicion was not actually committed.

F. Sanctions for non-compliance with AML/CFT obligations

- 121.** The administrative and criminal penalties for non-compliance with AML/CFT obligations are a matter for each State to decide. Among ECOWAS, penalties laid down include 3 to 7 years imprisonment. By virtue of its international status EBID shall not be subject to national legislations.
- 122.** However, in view of the serious impact that non-compliance with AML/CFT rules may have on the image of EBID and financial health, EBID reserves the right to apply its Staff Rules and Regulations which specify the disciplinary measures applicable such as a warning, demotion or dismissal.

IX. MONITORING OF THE AML/CFT MECHANISM

- 123.** EBID shall put in place a system of monitoring the performance of the AML/CFT mechanism in line with the Bank's internal control environment. The AML/CFT procedures and compliance charter documents provide further detailed information on monitoring the AML/CFT Mechanism.

A. Control of the AML/CFT Mechanism

- 124.** The responsible person for the AML/CFT compliance should have the responsibility for ongoing monitoring of the implementation of the measures, policies, controls and procedures adopted to ensure the Bank's compliance with its AML/CFT obligations. The intention is for the compliance officer to ensure the effectiveness of AML/CFT controls applied by business lines and internal units.
- 125.** The responsible for AML/CFT compliance should monitor that the AML/CFT framework is assessed periodically in accordance with the rules set out by the AML/CFT procedures and charter of compliance and updated where necessary and, in any case, when deficiencies are detected, new risks emerge or the legal or regulatory framework has changed.
- 126.** The responsible for AML/CFT compliance should make recommendations to the Board on measures in relation to any supervisory examination by the competent authority and the findings resulting there from.
- 127.** The responsible for AML/CFT compliance should also make recommendations on audits, whether carried out by the Bank's internal audit function or a third party appointed by the Bank and the findings resulting there from.

B. Control procedures for the AML/CFT Mechanism

- 128.** The Bank's AML/CFT compliance rules shall specify the controls for operations of the AML/CFT mechanism.

- 129.** The department responsible for risk management function, and the risk committee, shall have access to relevant information and data necessary to perform their role, including information and data from relevant corporate and internal control functions, such as AML/CFT compliance.
- 130.** A good cooperation to exchange needed information should take place between the risk management and the AML/CFT compliance function. The risk management function should provide relevant information to the AML/CFT compliance function. On the other hand, the AML/CFT compliance function should keep informed the the risk management function of its reporting to the management body and should cooperate with the risk function for the purpose of setting AML/CFT methodologies coherent with the risk management strategies of the Bank.
- 131.** In order to implement a control system the Bank' risk management function shall be required to conduct regular checks on some relevant dossiers and the department responsible for loan administration shall exercise control checks when monitoring the means of payment.
- 132.** The interaction between the Bank's AML/CFT compliance function and the other EBID departments for the purpose of implementing controls for the AML/CFT mechanism are further detailed in the AML/CFT procedures and charter of compliance.

C. Audit of the AML/CFT Mechanism

- 133.** The EBID Department responsible for Internal Audit shall include periodic audits of the AML/CFT mechanism in its audit planning. The interaction between the AML/CFT compliance function and the internal audit function are further detailed in the AML/CFT procedures and charter of compliance.
- 134.** Internal audit reports shall enable the Bank's Management ensure that the AML/CFT mechanism functions properly. Furthermore, the institution will be aware of the quality of permanent control conducted.
- 135.** The EBID annual internal audit report shall include a section on the operation of the AML/CFT mechanism based on verifications conducted within the framework of permanent and periodic control.
- 136.** The report shall examine and evaluate, among others further detailed in the AML/CFT compliance function rules, the adequacy and effectiveness of the governance, policies, controls and procedures adopted by the Bank to comply with the AML/CFT regulatory framework; identify any weaknesses or shortcomings, and make recommendations in relation to those policies, controls and procedures and the application thereof; and monitor the Bank's compliance with those recommendations and the remedial actions.

ANNEX I : List of primary offences from FATF

- membership of an organized criminal group,
- participation in a racket,
- terrorism, including terrorist financing,
- human trafficking and smuggling of migrants,
- sexual exploitation, including the sexual exploitation of children,
- trafficking in narcotics and psychotropic substances,
- weapons trafficking,
- trafficking in stolen goods and other assets,
- corruption,
- fraud,
- currency counterfeiting,
- counterfeiting and product piracy,
- environmental crimes,
- murder and causing serious bodily injuries ,
- kidnapping, unlawful detention, hostage taking,
- robbery,
- smuggling (including tax, customs and excise crimes),
- fiscal crimes (related to direct and indirect),
- extortion,
- forgery,
- piracy,
- insider-trading and market manipulation.

ANNEX II – Acronyms

BCEAO: Central Bank of West African States

CTF: Countering Terrorism Financing

EBID: ECOWAS Bank for Investment and Development

ECOWAS: Economic Community of West African States

FIU: Financial Intelligence Unit.

IMF: International Monetary Fund

FATF: Financial Action Task Force.

GIABA: Inter-Governmental Financial Action Group against Money Laundering in West Africa.

KYC: Know Your Customer

AML/CFT: Anti-Money Laundering

OECD: Organization for Economic Cooperation and Development

UN: United Nations (Organization)

PEP: Politically Exposed Person

WAEMU: West African Economic and Monetary Union.