



**CALL FOR EXPRESSIONS OF INTEREST TO CARRY OUT A STUDY ON THE RISKS OF MISUSE
OF LEGAL PERSONS AND LEGAL ARRANGEMENTS FOR THE PURPOSES OF MONEY
LAUNDERING AND TERRORIST FINANCING IN GIABA MEMBER STATES**

Context

Legal persons and legal arrangements (LP&LA)¹ carry out a wide spectrum of commercial and business activities. Despite their main and legitimate role in the commercial and financial transactions in the world economy, they are also exposed to various risks of money laundering and terrorist financing (ML/TF). Indeed, they can be misused through complex schemes designed to disguise the true identity of beneficial owners, conceal illicit funds and, in many ways, can be used as a means to retain assets and carry out transactions to facilitate ML/TF. If left unchecked, the continued operation of these entities will result in gains for criminals and financial losses for the legal entities themselves, with negative effects on the economy. As the *Panama Papers* and other sources of information on fraudulent activities revealed, large-scale illicit financial flows that often occur through the use of corporate structures can undermine public confidence in the global financial system and undermine countries' socio-economic development.

In many National Risk Assessment (NRA) reports of GIABA member states, the vulnerabilities of legal persons have mostly been classified as "high", given the relative ease with which beneficial ownership can be concealed. In addition, the findings of the mutual evaluations with regard to the different types of legal persons operating in the different Member States indicate the likelihood of the misuse of legal persons for ML/TF purposes. The vulnerability of companies is closely linked to the high threat of money laundering resulting from serious crimes². Indeed, some of the ML/TF cases investigated in GIABA Member States involve legal persons. Examples of such cases include the use of legal structures for the acquisition of real estate and other assets, the laundering of the proceeds of crime through shell companies with hidden funds abroad, the use of fictitious companies to legitimize unexplained sources of income, the mixing of legitimate and illegitimate revenues and the use of such structures to facilitate trade-based money laundering, among others.

The importance of beneficial ownership data in facilitating the work of criminal investigation bodies and prosecutors and prosecuting authorities in the investigation, trial and conviction of ML/TF suspects cannot be over emphasized. Despite this, authorities face difficulties in accessing information on beneficial ownership from business registers, in addition to the unreliability of the information provided at the time of incorporation, the inefficient maintenance of the beneficial ownership register and the lack of up-to-date information, among others. Although the data recorded in the registers of companies varies by country, they often include basic information such as the name, marital status, address, the name and address of the directors of the entity and who holds a certain percentage of the outstanding shares. However, the registers do not contain information on the beneficial owners of the companies, which makes it difficult to identify the natural person that ultimately owns a company and to understand effectively the ownership and control structure of companies. These challenges are largely due to the weakness of the mechanisms (legal, institutional, procedural) for collecting information on the beneficial owners of legal persons. Sanctions against legal persons and legal arrangements and their main managers for various breaches of their obligations to disclose information on beneficial ownership are also weak or **non-existent**.

The difficulties in accessing accurate and up-to-date beneficial ownership information have also been exacerbated by the use of shell companies, complex ownership and control structures involving many levels of shares registered in the name of other legal persons, bearer shares and bearer bonds, unlimited recourse to legal persons as directors, shareholders and the appointment of nominee directors, as well as the interest of PEPs. All this has

¹Corporations, trusts, foundations, partnerships and other types of companies and structures.

²Such as drug trafficking, tax evasion, corruption, etc.

led to significant weaknesses in the measures adopted to prevent the misuse of legal persons and legal arrangements for the purposes of preventing ML/TF.

Taking into account the risks associated with the misuse of legal persons and legal arrangements for the purposes of ML/TF, the significant weaknesses in the measures taken to curb them, identified in the NRAs and the mutual evaluation reports, and taking into account the mandate of GIABA to assist its Member States in the fight against ML/TF, it is necessary to better understand the current situation in the region, its scope and its manifestations.

GIABA is the ECOWAS institution responsible for strengthening the capacity of Member States in the prevention and control of money laundering and terrorist financing (BC/TF). It supports the work of the financial intelligence units (FIUs of each Member State) in reporting suspicious transactions and monitoring investigations).

In view of the above, GIABA now plans to engage individual consultants/experts to carry out country-specific studies on money laundering and terrorist financing related to the misuse of legal persons and legal arrangements for ML/TF purposes in GIABA Member States.

Nature of the Assignment

The nature of the assignment are as follows:

- provide a deeper knowledge and understanding of the risks of misuse of legal persons and legal arrangements for the purposes of ML/TF in West Africa;
- review existing legal frameworks and institutional arrangements for legal persons and legal arrangements, in line with FATF standards and international best practices;
- allow an in-depth understanding of the manifestations of ML/TF through case studies, identifying the types of legal entities/legal arrangements involved, the methods and techniques used;
- review the existing frameworks for international cooperation in combating the misuse of legal persons and legal arrangements for the purposes of ML/TF in the GIABA Member States;
- **identify examples of country-specific cases revealing the misuse of legal persons and legal arrangements for the purposes of ML/TF in the region**
- identify the factors undermining efforts to ensure the transparency of beneficial ownership of legal persons and legal arrangements in GIABA Member States, including with regard to the implementation of the new FATF framework on beneficial Ownership;
- propose relevant policy and operational recommendations for effective action to combat money laundering and terrorist financing resulting from the misuse of legal persons and legal arrangements in the country to be studied.

Scope

The assignment will be carried out in the following countries - **Benin, Côte d'Ivoire, Ghana, Cabo Verde, Nigeria and Senegal**. Competent authorities such as the registrar of companies, land registries, tax authorities, law enforcement authorities, Financial Intelligence Units and other relevant authorities will be engaged for the purpose of gathering information and gaining insight into the challenges facing the authorities in preventing the abuse of legal persons from abuse for ML/TF. It is also expedient to sample some legal entities so as to get their opinion about the challenges they are also facing with regard to AML/CFT compliance.

Deliverables

The following are the deliverables:

- An inception report demonstrating a good understanding of the nature of the assignment and its requirements, to be submitted two (02) weeks after the contract is signed;
- First draft report to be submitted to the GIABA Secretariat within 45 days after the acceptance of inception report of not more than 50 pages, excluding annexes;
- The GIABA Secretariat shall review and revert to the country researcher within a maximum of 3 weeks of receipt of the first draft report;
- Second draft report to be submitted to the GIABA Secretariat two (02) weeks after receipt of the comments of the GIABA Secretariat.

Expression of Interest

Individual consultants/experts are invited to express their interest in providing the above services. Interested consultants/experts must submit their expression of interest accompanied by a Curriculum Vitae, indicating that they are qualified to provide the services. Applicants must also submit a dissertation (maximum of one page) on their understanding of the task and how they intend to carry it out. They are also encouraged to support their application with any additional information where available (brochures, description of similar works, experience in similar contexts, etc.).

The consultants will be selected in full compliance with the ECOWAS Procurement Code. A lump sum amount of three thousand United States dollars (\$3,000) will be paid to the Consultant, subject to the terms and conditions of an Agreement to signed. In the case of Nigeria, the consultant will receive an additional one thousand US dollars due to the size of the legal entities in that country and the additional work that will be required.

Expressions of interest should be sent by e-mail to the address below by **Friday, 8th September 2023 at 12.00 GMT**, with the title of the Consultant clearly identified in the presentation.

Email: procurement@giaba.org

The Director-General

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