Strengthening Action Against Corruption (STAAC) Briefing

Transforming Ghana's Financial Intelligence Centre

2020

STAAC
Strengthening Action Against Corruption - **Ghana**

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Key Messages

- Ghana's Financial Intelligence Centre (FIC) was established in 2008 to detect and analyse suspicious transactions that could constitute money laundering and other financial crimes.
- The FIC relied on manual processes to manage tens of thousands of reports and was unable to support law enforcement with intelligence products.
- STAAC partnered with the FIC in 2016 to design and implement a holistic organisational change approach, re-engineering the FIC's People, Processes, and Technology to deliver on its mandate.
- With this support, the FIC became one of West Africa's most efficient and effective financial intelligence units, overseeing the private sector, interfacing with other financial detection agencies, responding to law enforcement intelligence needs, and coordinating efforts to bring Ghana into compliance with FATF recommendations.
- This case demonstrates the value of trust-based partnerships that focus on problem identification and strategic accompaniment to deliver systemic and sustainable impact.

Acronyms

AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
CTR	Cash Transaction Report
DNFBPs	Designated Non-Financial Businesses and Professions
FATF	Financial Action Task Force
FIC	Financial Intelligence Centre
FIU	Financial Intelligence Unit
GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
ICRG	International Cooperation Review Group
LEAs	Law-enforcement agencies
STR	Suspicious Transaction Report

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1. Introduction

Ghana's Financial Intelligence Centre (FIC) was established by the 2008 Anti-Money Laundering Act with the mandate of receiving and analysing suspicious transaction reports and other information relevant to predicate offences of money laundering and terrorist financing, to disseminate actionable intelligence to competent authorities. It is the Ghanaian counterpart for global efforts on Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT), ensuring that the country complies with standards set by the intergovernmental Financial Action Task Force (FATF) and reviewed by its West African associate member GIABA. The FIC is not only crucial for implementing AML/CFT measures domestically, but also for ensuring that Ghana remains in compliance with international requirements and avoids being put on the 'greylist' for non-compliance. Ghana's compliance with international AML/CFT requirements were first reviewed by GIABA in 2009, and tested again in 2017, when AML laws were found to be inadequately enforced. This put Ghana at risk of being 'blacklisted' by FATF and other international actors, a process that can have devastating impact on exchange rates, financial flows, and international trade.

The Strengthening Action Against Corruption (STAAC) programme was a UK-funded programme (2016-2020) designed to increase the risks of engaging in corrupt behaviour by working simultaneously with anti-corruption institutions and accountability actors[1]. STAAC identified the FIC as a priority partner during inception-phase scoping, given the potential downstream gains that a strong financial intelligence regime could deliver for the entire anti-corruption chain. The FIC was designed in line with international standards. STAAC's shared goal with the FIC was creating a Financial Intelligence Unit (FIU) that exceeded regional performance standards. This was accomplished by first developing a strategic plan with a strong vision, and then implementing a suite of change management initiatives that addressed the People, Processes and Technology dimensions of the organisation. As the FIC's performance became more critical to resolving Ghana's blacklisting risk, STAAC was tasked with providing broader assistance to the government.

2. The challenge: An unrealised mandate

Like many country FIUs, Ghana's Financial Intelligence Centre was established in response to international commitments and obligations, without necessarily endowing it with the necessary resources and capabilities for overseeing a burgeoning private sector and responding to law enforcement requests for intelligence regarding increasingly complex criminal behaviour. By the time STAAC started in 2016, the eight-year-old organisation still relied on manual processes to manage tens of thousands of suspicious transaction reports (STRs) and cash transaction reports (CTRs). This was a futile and unproductive approach. The absence of technology to enable the effective analysis of bulk data together with inadequate staff knowledge and skills to produce and share quality intelligence products in an under-resourced institutional environment represented a significant challenge. However, STAAC interpreted this challenge as manageable due to genuine desire and commitment of the Senior Management in the FIC to be among the best FIU's in Africa.

An initial functional review identified the paper-based system as the main obstacle to fulfilling the FIC's mandate. Virtually all raw intelligence, CTRs and STRs were of poor quality and maintained in either paper format or unstructured electronic format, making it impossible to perform analytical operations. Financial intelligence is a data dependent activity. The inability to search, compare and identify commonalities or corroborating financial data from multiple reports left the FIC totally unable to perform its core function. The initial request for support centred on financial assistance for procuring an expensive (relative to the STAAC budget) software solution. This was not a 'small bet' of the sort STAAC's adaptive approach was looking for. It also raised questions about whether the organisation would even have the capability to roll out, maintain, and use a complex IT system without broader assistance.

When a new detection technical advisor joined STAAC, a more thorough problem identification effort revealed that the mission of the FIC was hampered primarily due to organisational, not technological, constraints; in particular, the failure of the compliance division to perform its FATF-mandated responsibilities, and the inability of the analytical division to perform the value-added analysis needed to support law enforcement. Indeed, functional divisions of the FIC were not clearly defined, and work proceeded fitfully or not at all due to an overlap of perceived responsibilities of different departments.

1 https://devtracker.fcdo.gov.uk/projects/GB-1-204659.

Beyond these internal issues, prior governments had placed little importance on the function of the FIC and the broader fight against corruption in any meaningful way. This impacted morale and staffing practices in the FIC, compounding its already significant challenges. The placing of Ghana on the FATF list of 'jurisdictions under increased monitoring' in 2018 – which threatened ruling party ambitions to become a financial centre for West Africa – provided a new motivation for the government to take corruption and financial crime seriously. This enhanced the space for STAAC's continuing efforts to transform the FIC into a world-class FIU and assist it in its efforts to remove Ghana from the FATF list.

3. STAAC's approach: People, Processes, Technology

STAAC's work with the FIC began in late 2016 and quickly developed into an engagement strategy with a vision to transform the FIC from a non-value added, paper-driven administrative agency into a world-class financial intelligence agency capable of generating high quality actionable intelligence products enabling law enforcement agencies – such as the Economic and Organised Crime Office and the Police's Criminal Investigation Department, both of the STAAC partners – and prosecutors to make financial crimes cases and seize illicit assets.

At the outset, the then FIC CEO was the most ambitious and committed of STAAC's counterparts. However, his initial focus was on procuring expensive enterprise software for the FIC, believing that the absence of this software and the attendant reliance on paper records was the root of all their problems. Having had negative experience of donor programmes and technical assistance in the past, the FIC leadership was also reluctant to engage more strategically. Over time and with consistent messaging, presence and relationship building from STAAC, it began to recognise that technology was only one part of the problem; and that it required further capacity enhancements to be fully utilised. Gradually, this led to an increasingly open and forward-thinking discussion of the wider problems the FIC faced.

STAAC's engagement with the FIC followed a holistic approach. It began with the development and adoption of a strategic plan that provided a vision, goals and objectives; this was later merged into a shared STAAC/FIC 4-year work plan that fully aligned the two partners. This foundation enabled the subsequent execution of a support plan focusing on re-engineering the FIC's People, Processes and Technology. STAAC support encompassed strategic planning, human resource development, process engineering, and change management. STAAC addressed a lack of clarity in the work performed by different functional areas of the FIC and aligned them with core functions (i.e., Analysis Division, Compliance Division, International Cooperation Division, etc.). Streamlined work processes were designed, eliminating non-value-added steps, creating workflow, and incorporating automated process steps resulting from new technology. Job descriptions were designed based on the newly designed processes. This was followed by tactical and strategic analysis training, as well as lengthy and direct mentoring. Underlying these distinct areas of support was an explicit effort to build a cadre of senior and middle managers able to execute the FIC's strategic plan with full trust from the CEO, as well as capacity-building for analysists who would work with LEAs and other public agencies in generating intelligence products.

Upon request from the FIC, STAAC supported the acquisition of the goAML software suite from the U.N. Office of Drugs and Crime, which is designed to automate the business processes of FIUs in accordance with international standards on AML/CFT[2]. goAML caters for customisation to suit the specific needs of the government in which it is being implemented – STAAC worked side-by-side with FIC counterparts to ensured that the IT system was tailored to this need and business processes. In addition, STAAC invested significant resources in linking the FIC's database with government agency including Criminal Investigations Department, Registrar General's Department, Electoral Commission, Ghana Revenue Authority, Driver and Vehicle Licensing Authority, and Passport Office. This was undertaken to enable agencies to share vital information in a timely manner, enhance the FIC's analytical capability, and enable it to identify related persons as well as reveal the existence of assets and other high value information important to law enforcement efforts.

As these activities were taking place, GIABA and FATF determined that Ghana was not in compliance with international AML/CFT standards, which led to the country being 'greylisted' by FATF and placed under supervision by the International Co-Operation Review Group (ICRG). At that point STAAC adapted its portfolio of activities to support Ghana's effort to come into compliance with FATF standards, leveraging capabilities built through the organisational reform

2 The goAML system is considered the leading solution for FIU-type government agencies, and is implemented in 68 countries worldwide in Africa, Asia, Europe, and Latin America.

effort into credible responses to the deficiencies cited in the ICRG action plan requirements. STAAC advisors attended ICRG meetings and prepared the delegation for testimony before the Group, reviewing and revising progress reports and assisting in drafting required deliverables.

Strong trust-based relationships were developed and survived throughout STAAC's implementation phase, including the replacement of the FIC CEO, a retender of the STAAC programme by DFID, and the outbreak of the Covid-19 pandemic. The team demonstrated a constant commitment but also a constant challenge to the FIC to think about wider issues that would improve performance far beyond the technical requirements of acquiring new software. This was enabled by the FIC senior management team's willingness, under good leadership and with the support of the Minister of Finance, to approach change with a much broader perspective, focused on the potential for improving inter-agency coordination and capability across the anti-corruption chain.

4. Impact: A data-centric financial intelligence regime

The chief accomplishment of the STAAC-FIC partnership was the irreversible transformation of the FIC in Ghana from a barely performing organisation to the key Government of Ghana instrument for detecting financial crime. The introduction of new processes and upskilling of key staff resulted in increases in the speed and quality of responses to requests for information from LEAs, as well as the generation of entirely new cases for investigators to pursue. The FIC also began tracking registrations of new reporting entities and the creation of new compliance risk reports for supervising agencies.

By 2020, the FIC was able to add significant value through instantaneous acquisition of data from multiple agencies, resulting in high-quality case referrals to LEAs and foreign FIUs. The investment in merging the FIC's database with other government databases is the first of its kind in the world. The creation of real-time data exchange interfaces between the FIC and six other government agency databases provided critical data needed to supplement STR and CTR data collected from reporting entities. This enabled meaningful analysis of the types of financial crimes, suspects, witnesses, evidence, and assets, leading to the production of Intelligence products upon which LEAs could conduct genuine investigations.

STAAC's support to the FIC in the process of FATF de-listing led to 18 of the 23 deficiencies being determined to be largely compliant by the ICRG/FATF by the time STAAC ended in December 2020. To address the remaining deficiencies after programme completion, the team reached out to other donors, such as GiZ and the EU, to adapt their programs to support the Government of Ghana and FIC in resolving the few final deficiencies.

5. Lessons and implications

Change management needs to be integrated in broader organisational work

Better and more effective change management activities to support transformation from manual to automated environment could have resulted in earlier and better outcomes. STAAC's change management efforts were not well integrated into other FIC work, which resulted in delays and some resistance to the new processes that had been designed. Future support programmes can minimise this risk by embedding specific change management initiatives in broader organisational tasks and goals.

There can't be AML/CFT without adequate resourcing

Despite the pressing concern of addressing FATF requirements, the FIC continues to be plagued by resourcing issues in terms of staff number and quality, infrastructure support, as well as limitations in authority to compel the compliance of accountable institutions and other reporting entities. One of STAAC's final project priorities was engaging the Ministry of Finance to stress the critical issues of properly resourcing of the FIC. In November 2020, this translated into a Ministry resourcing plan for the FIC that provided for a separate line item in the budget as well as a formal support obligation from the Bank of Ghana. Counterparts were optimistic that this would finally grant the ongoing support needed to address capacity constraints.

Trust-based partnerships ensure sustainable change

STAAC's initial engagement strategy was largely responsible for our successes in the FIC. By creating conditions for a genuine partnership and shared work plan under the framework of a strategic plan, STAAC advisors became deeply embedded within the FIC operational and leadership environment. This allowed for adaptation of the intervention portfolio as the need arose, as well as hands-on support to analysts in their adoption of a new role working directly with law enforcement. It also ensured a continued commitment to STAAC by the FIC in the face of severe external shocks, like a re-tender of the programme and Covid-19 disruptions. Strong trust-based relationships led to genuine buy-in and sustainable change.

Areas for further support and development

There remain issues to be addressed in the arena of regulation and reporting on Mobile Money, a means to transfer money and value using telecom operators. Currently, the mobile money operators are regulated under the Ministry of Telecommunication. There is a great need to change the administrative framework to regulate Mobile Money as a Money Value Transfer Service (MVTS) under the Bank of Ghana. In addition, regulations must be amended to force all MVTS to report low threshold transactions to the FIC. There is also a need to support the FIC to create a special purpose tools to detect patterns in Mobile Money transfers in/out and within Ghana. Currently, it is estimated that 60% of all Ghanaian payments are done through mobile money and it continues to grow logarithmically year on year.

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