

EXECUTIVE SUMMARY

No country can consider itself immune to money laundering. The concept has been defined as any process carried out in order to disguise or conceal the nature or source of, or entitlement to, money or property derived from criminal activities.

This monograph seeks to contribute to an appreciation of the dimensions of money laundering in the East and Southern African sub-regions. It was conceived of as part of a project to examine the incidence of money laundering in the countries which comprise the Eastern and Southern African Anti-Money-Laundering Group (ESAAMLG), namely Botswana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, the Seychelles, South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. Membership of ESAAMLG is formalised by signing a Memorandum of Understanding (MOU). At the time that the project commenced at the end of 2000, only nine of these countries had done so. By the end of August 2003, all countries had signed the MOU. This development can be regarded as an indication that at a political level, governments in the sub-region seriously intend to combat money laundering. The linkage between money laundering and the financing of terrorism has added to the urgency of adopting wide ranging initiatives against the concealment of, on the one hand, money originating from unlawful activity and on the other, money destined to support unlawful activity.

The contributions in this monograph do not purport to be detailed expositions of the entire subject. Furthermore, the chapters do not cover the entire sub-region. Space constraints compelled us to confine ourselves to an overview of the prevailing trends. The monograph thus consists of contributions on Kenya, Namibia, South Africa, Tanzania and Zimbabwe. Contributions on the rest of the sub-region will be published separately, through the web site of the Institute for Security Studies (ISS).

The overview in the following chapters is based on observations recorded during the first six months of 2002, by researchers commissioned by the ISS. The study

was premised on certain assumptions, whose validity is not discussed in detail. The key assumption is that money laundering is of strategic importance to organised crime generally, and to corruption in particular. A second assumption is that organised economic crime of one form or another exists in most of the ESAAMLG countries. Specific forms of organised crime, which have been linked to money laundering, include drug trafficking, armed robbery, tax evasion or customs fraud, exchange control evasion and vehicle theft. A third assumption is that serious corruption plagues virtually every country in the region.

The monograph commences with a profile of the region, presented by the Minister of Finance of Swaziland, Honourable Majozi Sithole, in a keynote address to a seminar on money laundering in the sub-region. He cautions that confronting the menace of money laundering is going to be quite a challenge in the sub-region, with its largely cash-based economies, its less developed and loosely regulated financial, business and intermediary sectors, its underground banking or money remitting services, and the gaps in its legal and law enforcement infrastructures and operational capacities. He advises that money laundering can only be fully addressed by countries collectively, as criminals operate without regard to national boundaries. Any weak links in the anti-money laundering chain will be exploited.

In the chapters that follow, the authors explore the areas of vulnerability in respective countries of ESAAMLG. In each case, the protective measures necessary to develop strategies against money laundering are discussed and existing infrastructure within the country is analysed against that background. A chapter by Interpol operative Jackson Madzima adds a police perspective on the issue of money laundering control. It is, in a sense, a precursor to a monograph currently under preparation discussing the capacity of the responsible sectors to detect money laundering.

Louis de Koker, Ray Goba, Prince Bagenda, Bothwell Fundira and George Kegoro have done a commendable job of bringing into the public arena some of the foremost issues facing the sub-region, and the world today. In the final chapter, Charles Goredema offers a portrait of the threat as it emerges from the various studies, by bringing together some of the findings and suggestions for innovation.