

2022 National AML/CFT/CPF Inherent Risk Assessment

Background

- Nigeria's 1st National Risk Assessment published in 2016
- 2nd Round AML/CFT Mutual Evaluation of Nigeria in 2019 and Report (MER) published in 2021
- MER noted deficiencies in Nigeria's understanding of risk and application of counter-measures
- Priority Action includes updating the National Risk Assessment and the AML/CFT National Strategy
- Risk Understanding and the Risk Based Approach are fundamental elements of National AML/CFT frameworks

FATF and the Risk Based Approach

- Risks are composed of threats, vulnerabilities, their likelihood and consequences
- Ensure inclusive approaches to risk assessment, covering public and private sector
- •Ensure broad awareness of the threats and vulnerabilities
- •Understand risks at multiple levels: national, sector-wide and institutional (entity-level)

Understand

Implement

- Tailor law enforcement and supervisory measures (particularly assignment of resources) to the identified risks
- Prioritise the higher risks and apply enhanced measures
- •Apply simplified measures where the risk is lower
- •Allow exemptions where there is a demonstrated and documented low level of risk

- Assess on an ongoing basis the effectiveness of the risk-based measures
- Update the risk assessment on a periodic basis

Assess

The FATF has published guidance on risk-based approaches: https://www.fatf-gafi.org/documents/riskbasedapproach/?hf=10&b=0&s=desc(fatf_releasedate)

2022 NIRA

Dec 2021 May – Aug NIRA 2022 Taskforce Constituted Report with 13 drafting Workstreams May 2022 Jan 2022 Training of Data NIRA Validation Taskforce Workshop Jan-Mar 2022 Mar 2022 Pilot Data

Validation

Workshop

gathering and

analysis

Approval of NIRA by IMC

Aug-Sep 2022

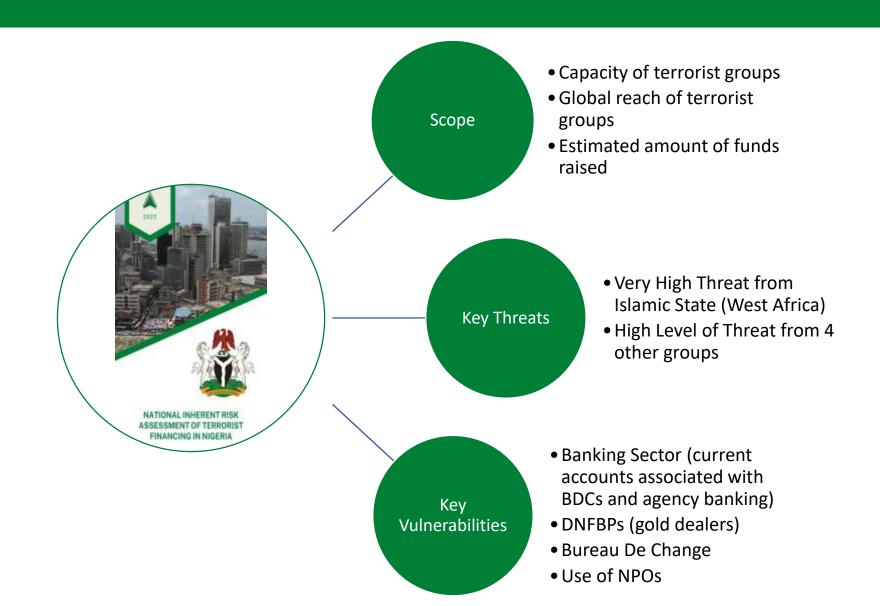
Report

review and

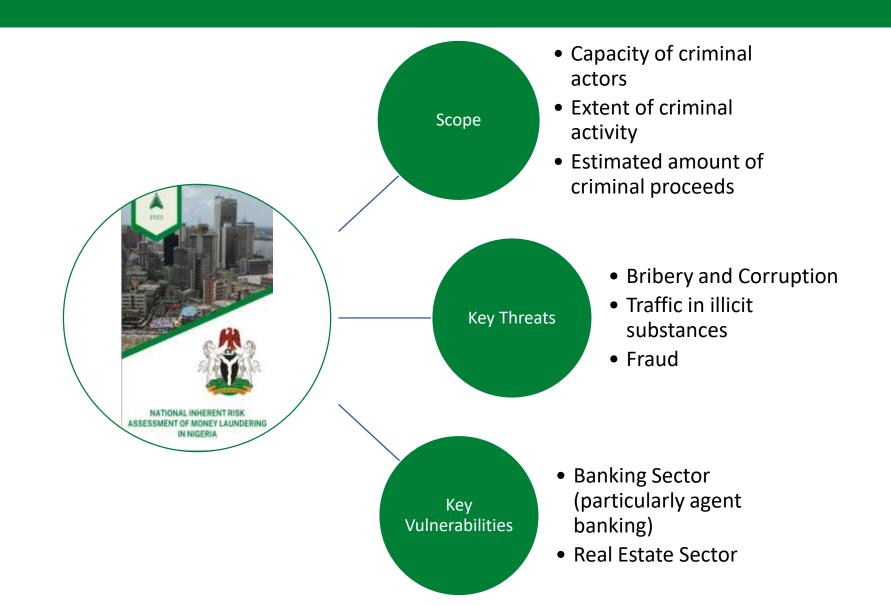
update

Oct 2022

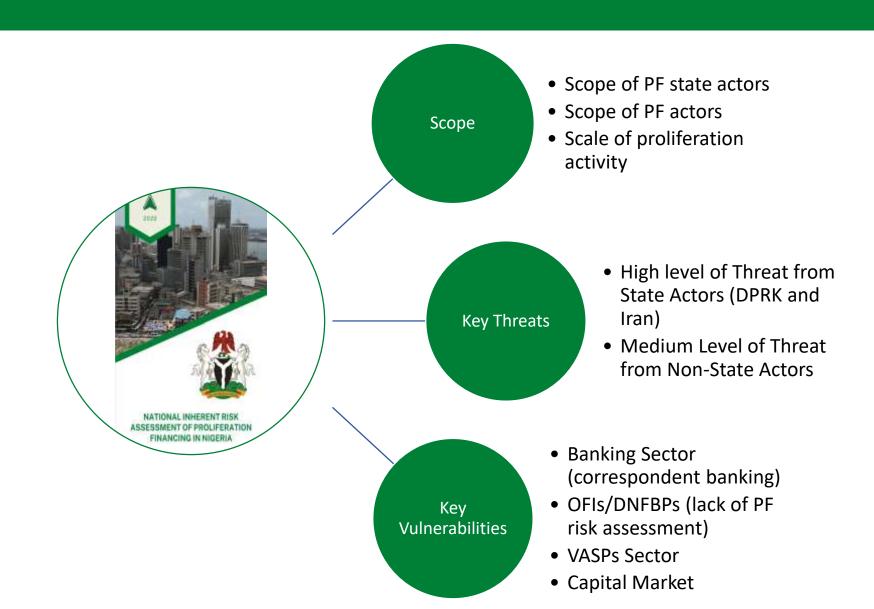
Terrorism Financing Risk Assessment



Money Laundering Risk Assessment

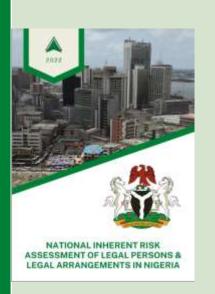


Proliferation Financing Risk Assessment



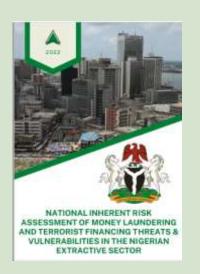
Legal Persons and Legal Arrangements Risk Assessment

Thematic Risk Assessments



- **Mainland Legal Persons**
 - Private Companies Limited (High Risk)
 - Business Names (High Risk)
- Free Trade Zones (FTZs) Foreign Legal Persons
 - Branches of Foreign Legal Persons in FTZ (under the supervision of the Nigeria Export Processing Zones Authority) - (High Risk)
 - Legal Persons operating in the Oil and Gas Export Free Trade Zone (under the supervision of the Oil and Gas Free Zones Authority) – High Risk
- **Legal Arrangements (High Risk)**

Extractive Industries Risk Assessment



- Corruption, tax evasion, illegal mining, smuggling are amongst the predicate crimes evident in this sector.
- The banking sector serves as conduit for illicit proceeds out of the extractive sector. Legal entities and the real estate sector aid in obscuring the source of illicit proceeds and integrating same into the licit economy.

Legal Person and Legal Assessment Vulnerabilities

Legal Persons

- Limited liability companies (LLCs) identified by LEAs in tax, corruption and trade-related crimes
- FOREX malpractice and illegal money transfer using LLCs
- Branches of FZEs from jurisdictions with high levels of corporate secrecy
- Involvement of FZEs in repackaging and re-labelling fraud
- FZEs in Oil and Gas Free Zones linked to tax crimes and transfer pricing fraud

Legal Arrangements

- High levels of anonymity and limited oversight
- Legal arrangements (trusts) identified by LEAs involved in corruption related offences

Business Names

- While not a legal person in Nigeria, have been identified as a specific risk
- LEA investigations have identified Business Names used to facilitate fraud (Ponzi) schemes
- Also exploited to facilitate terrorism financing

NIRA – What Next?



Prioritise the adjudication of high risk predicate offences by issuing practice guidelines

Issue sentencing guidelines to ensure the application of proportionate and dissuasive sanctions for the most serious crimes



Law Enforcement

Prioritise investigation of the highest risk offences

Allocate resources (human/financial) to the highest risk areas



Proceeds of Crime

Pursue confiscation of the proceeds of serious crimes as a priority

Collect data on number of investigations/prosecutions/convictions/recoveries by risk area



NIRA – What Next?



Provide resources targeted at the highest priority risks

Issue policy guidance on prioritization of mitigations against the highest risk areas

Ensure coordination of actions by competent authorities

Regulated Entities

Carry out institutional risk assessment based on NIRA

Develop risk based mitigations

Provide risk assessments and mitigations with supervisor



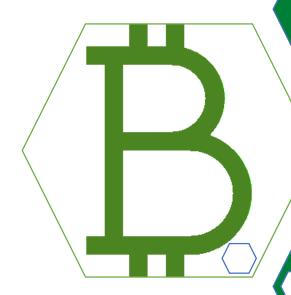
Supervisors

Carry out sectoral risk assessments and review mitigations

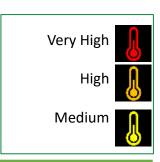
Share risk assessments with all regulated entities

Issue risk-based guidance to regulated entities





NIRA — Priority Threat Areas

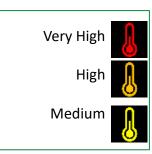


| ML Threats | |
|----------------------------------|--|
| Bribery and corruption | |
| Drug trafficking | |
| Fraud | |
| Participation in organized crime | |
| Trafficking in persons | |
| Kidnapping | |
| Environmental crime | |
| Smuggling | |
| Tax crime | |
| Tax crime | |

| TF Threats | |
|--------------------------------------|--|
| Islamic State (West Africa Province) | |
| Boko Haram (JAS) | |
| Indigenous People of Biafra (IPOB) | |
| Yan Bindiga and Yan Ta'ada | |

| PF Threats | |
|--------------------------------------|--|
| Democratic Peoples Republic of Korea | |
| Islamic Republic of Iran | |
| Non-State Actors | |

NIRA – Priority Vulnerabilities



| ML Threats | |
|---------------------------------------|--|
| Banking sector | |
| Real estate sector | |
| Dealers in precious metals and stones | |
| Trust and company service providers | |
| Trafficking in persons | |
| Casinos and lotteries | |

| Legal Persons | |
|---------------------------------------------------|--|
| Private limited companies | |
| Business names | |
| Branches of foreign legal persons in free zones | |
| Legal persons operating in oil and gas-free zones | |
| Legal arrangements | |



Download the NIRA Reports Via:

https://www.nfiu.gov.ng/Home/NiraReports