



Asian Development Bank

REPORT TO THE EAG PLENARY

December 2008

ADB's Technical Assistance

1. Background

ADB provides assistance to a number of its developing member countries (DMCs) to enhance their AML/CFT regimes. Such assistance is occurring via focused technical assistance (TA) projects, financial sector program support which includes AML/CFT reform measures, and ad hoc technical legislative drafting and legal advice support and cross border regional TA. This work is undertaken in accordance with ADB's policy on *Enhancing The Asian Development Bank's Role in Combating Money Laundering and the Financing of Terrorism*¹. TA activities have included country-specific enhancement of AML regimes involving training for officials involved in AML operations, assistance in drafting AML legislation, technical advice to establish or enhance financial intelligence units (FIU), and support for trade based money laundering, customs enhancement, and cash courier measures. Much of ADB's assistance to DMCs to combat money laundering has been undertaken within the broader context of its existing policies and strategies to facilitate poverty reduction, promote good governance, reduce corruption, and strengthen national financial and border control systems.

2. Ongoing Technical Assistance

Current technical assistance being undertaken within EAG members involves the People's Republic of China (PRC). In conjunction with the PRC's AML/CFT efforts and through ADB's Law and Policy Reform work with the Chinese authorities, a TA project, approved in August 2006 is currently being implemented. The TA assisted with the development and subsequent enactment of China's AML law, particularly in facilitating stakeholder consultations on the draft AML law through domestic and an international symposia. Further implementation of the TA focuses on: (a) revising the criminal law; (b) strengthening the regulation and supervision of financial institutions under the AML law; and (c) extending the application of the AML law to the non-financial sector.

3. Publications

ADB's online AML/CFT toolkit is continually being updated to expand the available reference materials in order to facilitate research on AML/CFT topics and to provide more links to relevant websites. See <http://www.adb.org/documents/others/anti-money-laundering-toolkit/>

The AML/CFT team has published a study on the development opportunities and challenges posed by wireless value transfer systems on the AML/CFT Toolkit². These systems, with the advent of the third generation mobile phones, put the internet in everyone's hand. The study shows that the

¹ The four main components of the policy, which was adopted on 1 April 2003, are: (i) assisting DMCs in establishing and implementing effective legal and institutional systems for AML/CFT; (ii) increasing collaboration with other international organizations; (iii) strengthening internal controls to safeguard ADB funds; and (iv) upgrading ADB's staff capacity.

² See <http://www.adb.org/Documents/Others/OGC-Toolkits/Anti-Money-Laundering/documents/Working-Paper-March2007.pdf>

developing technology will have a huge impact on AML/CFT operations, particularly regarding changes in determining what is evidence, jurisdictional issues, such as where does value lie, and will affect current money laundering investigation and prosecution operations.

An AML/Cross Border Security Network was established to better inform ADB staff on AML/CFT capacity building activities and trade and port security topics. Twenty-six presentations have been made to staff by various expert speakers, including a representative from IMF advising of the IMF AML/CFT related activities.

The AML/CFT team has assisted ADB's Private Sector Operations Division on AML/Anti-fraud program architecture for emerging private sector financial institutions and the wireless value transfer within the region.

During 2008, ADB conducted a training session on AML/CFT Measures and Typologies to about 40 regional participants at the Inspections of Market Intermediaries Training Workshop, held in Manila and to the Export/Import (EXIM) Banks' Association Workshop.

4. ADB/OECD Anti-Corruption Initiative for Asia-Pacific

The Initiative continues to support governments' efforts toward effective and transparent systems for public service, anti-bribery and business integrity, and active public involvement in the Asia/Pacific Region and the Initiative has built strong partnerships with the private sector, civil society, donors, and regional and international organizations actively involved in combating corruption and related matters. The Initiative's new website outlining its activities is at www.oecd.org/corruption/asiapacific.

New Publications

Mutual Legal Assistance (MLA), Extradition and Recovery of Proceeds of Corruption – outcome of the Initiative's 2nd thematic review This publication provides information on requirements for requesting and granting mutual legal assistance among Asian and Pacific countries and with Parties to the OECD Anti-Bribery Convention. It also identifies ways to strengthen legal cooperation in the fight against corruption. A full-text database of legislation and treaties that govern MLA and extradition in Asia-Pacific complements the report.³

Asset Recovery and MLA⁴ Bringing the corrupt to justice and recovering the proceeds of corruption have become more challenging as people and assets cross borders with ever greater ease. Law enforcement authorities in corruption cases increasingly depend on international cooperation to gather evidence and recover proceeds of corruption. At present, many requests for mutual legal assistance (MLA) and asset recovery remain unsuccessful due to defects in frameworks or practice for MLA and asset recovery.

³ See <http://www.oecd.org/dataoecd/32/2/39985369.pdf>

⁴ See http://www.oecd.org/document/25/0,3343,en_34982156_34982441_38950361_1_1_1_1,00.html