

REPORT TO THE FATF PLENARY Ongoing Technical Assistance and Other Activities

1. Background

ADB continues to provide technical assistance (TA) to a number of its developing member countries (DMCs) to enhance their AML/CFT regimes. 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. Under the policy, ADB should (i) assist DMCs to establish and implement effective legal and institutional systems for AML/CFT, (ii) increase collaboration with other international and donor organizations, (iii) strengthen internal controls to safeguard ADB's funds, and (iv) upgrade ADB's staff capacity.

TA activities relating to country-specific enhancement of AML/CFT regimes include training for officials involved in AML/CFT operations, assistance in drafting AML/CFT 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 is 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.

The 2008 review² of ADB's role in combating money laundering and the financing of terrorism recognized the importance of ADB's contribution to the substantive aspects of AML/CFT developments (and not simply as a provider of finance), and ADB's ability to engage with DMCs at the technical level which enables ADB staff, DMC counterparts and expert consultants to forge a better understanding of priority areas and practical approaches to AML/CFT reform and implementation measures. Going forward, ADB continues to focus on the priorities set forth in its AML/CFT policy.

2. Ongoing Technical Assistance

- **Cambodia** The third of a series of three workshops funded by ADB and organized by Bank Negara, Malaysia will support Cambodia to develop a strategic approach and implementation plan for the national AML/CFT. The third workshop will cover AML/CFT supervision for financial institutions and DNFBPs.
- **Lao PDR** In preparing for the APG mutual evaluation in the third quarter of 2010, ADB is providing TA to (i) AMLIU to develop a plan for building capacity of staff and AML/CFT processes and (ii) the Bank of the Lao PDR (BOL) to establish a National Coordination Committee (NCC), to upgrade AML Decree No. 55 into a law to be consistent with international practice, and to undertake further awareness raising amongst the senior officials. The ADB TA also targets drafting guidelines for reporting covered and suspicious transactions and on-the-job training for staff of the AMLIU for intelligence analysis, monitoring and inspections, and report writing.
- **Mongolia** The report on the ADB TA project to create an effective AML system for Mongolia is available at <http://www.adb.org/Documents/Books/anti-money-laundering/default.asp>

¹ See policy at <http://www.adb.org/Documents/Others/OGC-Toolkits/Anti-Money-Laundering/aml0200.asp>

² See report at <http://www.adb.org/Documents/policies/Review-ADB-Role-In-Combating-Money-Laundering/IN108-08.pdf>

- **Pakistan** ADB is supporting the State Bank of Pakistan to strengthen its Financial Monitoring Unit (FMU) by enhancing the legal and institutional aspects of the FMU as well as its capacity to handle STR reporting and analysis and management of STR-related information. Other priority areas to be targeted under the TA will be based on the findings of the 2009 APG/World Bank mutual evaluation of Pakistan.
- **People's Republic of China** In conjunction with China's AML/CFT efforts, ADB is supporting the People's Bank of China (PBC) to: (a) revise relevant aspects of the criminal law; (b) strengthen the regulation and supervision of financial institutions under the AML law; and (c) extend the application of the AML law to relevant parts of the non-financial sector. The TA which includes two international symposiums (held in May 2008 and November 2008), will facilitate stakeholder consultations relating to the non-financial sector in April 2009 to finalize sector recommendations.
- **The Philippines** ADB's TA is supporting the further development and capacity strengthening of the AML regime to bolster compliance by the Philippines targeting efforts in the NPO sector and compliance by government agencies with AML/CFT international standards, raising public awareness of AML/CFT issues, developing continuous educational and training programs, and enhancing inter-agency coordination and international cooperation, among others.
- **Viet Nam** ADB's third TA is under processing and major components include support for: (a) increased public-awareness on the importance of effective AML measures; (b) strengthening inter-agency coordination as well as coordination between supervisory authorities and regulated entities in implementation of the AML regime; (c) AML-related capacity building in supervisory authorities and regulated entities; and (d) strengthening international cooperation.
- **Bhutan** ADB's Loan No. 2279-Financial Sector Development Program provides assistance to the Government to review and revise, as necessary, the existing AML laws and regulations and to assist the Royal Monetary Authority to establish a FIU to address AML/CFT related issues.

3. Border Controls and Port Security

ADB's regional TA in the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area is supporting customs, immigration, quarantine and security (CIQS) harmonization by identifying gaps and differences in the member countries' procedures and documents, facilitating the formulation of solutions to address them and building consensus among member countries on the required regulatory and procedural reforms to streamline, simplify, and harmonize CIQS operations in accordance with international conventions, protocols and best practices.

4. Eurasian Group on Combating Money Laundering and Financing of Terrorism Membership

ADB observer membership, granted at EAG's December 2008 Plenary will allow collaboration between EAG and ADB to provide more effective assistance to their 7 joint members, through enhanced coordination of TA support and sharing of experiences and knowledge materials.

5. Countering the Financing of Terrorism

An ADB staff will participate as legal expert in the UN CTED assessments of Singapore and South Korea with respect to the implementation of UN Security Council Resolution 1373 (2001).

6. Publications/Internal Measures

ADB's online AML/CFT toolkit is being continually updated to provide reference materials as well as information on ADB's AML/CFT activities. See <http://www.adb.org/documents/others/anti-money-laundering-toolkit/>

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

The Initiatives' website outlining its activities is at www.oecd.org/corruption/asiapacific

For more information, contact Rita O'Sullivan rosullivan@adb.org