

REPORT TO THE FATF PLENARY Ongoing Technical Assistance and Other Activities

1. Background

ADB provides technical assistance (TA) and support to a number of its developing member countries (DMCs) to enhance their AML/CFT regimes. This work is undertaken pursuant to ADB's AML/CFT policy titled *Enhancing The Asian Development Bank's Role in Combating Money Laundering and the Financing of Terrorism*¹. Under the policy, ADB is mandated to: (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 technical training for officials involved in AML/CFT operations, assistance to draft AML/CFT related 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 as part of its support for financial sector development and 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 the effective implementation of measures.

2. Ongoing Technical Assistance

- **Cambodia.** The three workshops funded by ADB and World Bank and organized by Bank Negara, Malaysia to support Cambodia to develop a strategic approach and implementation plan for the national AML/CFT have been completed. ADB's current support is targeting technical training within the National Bank of Cambodia, particularly the on-site supervision department which is responsible for reviewing compliance by banks and financial institutions of AML/CFT requirements.
- **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 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.** Current support is targeting the strengthening of governance and anti-corruption with respect to mutual legal assistance and asset forfeiture support.

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. This support is targeting enhancing its legal and institutional aspects as well as its capacity to handle and manage STR reports and related information. Other priority areas will be defined following finalization of the World Bank/APG 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 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 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 linked to ADB's program of support to the financial sector is being designed to 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 solutions and building consensus among member countries on the required reforms to streamline and harmonize CIQS operations in accordance with international conventions, protocols and best practices.

4. Countering the Financing of Terrorism

An ADB staff participated as legal expert on the financing of terrorism in the UN CTED review missions to Singapore and South Korea with respect to the implementation of UN Security Council Resolution 1373 (2001). Discussions were also held regarding possible technical support that these jurisdictions could provide to DMCs in the Asia/Pacific region.

5. Review of ADB's AML/CFT Internal Compliance Procedures (Compliance Program)

An independent review of ADB's Compliance Program was recently undertaken to ensure compliance with international best practices by multi-lateral financial institutions, assess Compliance Program effectiveness, and to raise staff awareness of internal AML/CFT risks. ADB is not a deposit-taking institution but the potential for indirect exposure exists where ADB's operations might (inadvertently or otherwise) involve or facilitate ML and/or TF. ADB's AML/CFT Policy requirements to strengthen internal controls to safeguard ADB's funds are addressed through the Compliance Program which aims to identify, mitigate, and manage ADB's risks.

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 will hold its 9th regional seminar on the political economy of corruption and the impact of the financial and economic crisis on corruption on 9-10 September 2009 at ADB Headquarters in Manila, Philippines. Further details on the seminar will be available soon. The Initiatives' website outlining its activities is at www.oecd.org/corruption/asiapacific

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