



Asian Development Bank

## REPORT TO THE FATF XVI PLENARY

### Recent Events and Future Plans

#### 1. Ongoing Technical Assistance (TA)

- Sri Lanka

ADB's Financial Markets Program for Private Sector Development (Loan No. 2138-SRI) in the amount of \$60 million was approved by the ADB Board on 15 December 2004. Under this Program, support is being provided for the drafting of an Anti-Money Laundering Bill. Submission of the draft to the Cabinet is a required reform measure which is to be undertaken as part of the Program and is scheduled for around June 2006. Introduction of the AML Bill in Parliament is expected soon after that. The IMF is providing technical assistance to draft the AML Bill. ADB will assist with the coordination of further technical assistance to build capacity within the government to implement the new Law once it is enacted.

- Indonesia

ADB's new TA will provide assistance for effective implementation of the AML regime that was established during phase I of ADB's TA 3849. Technical support for AML related activities will cover the following areas: (i) the development of nonbank AML supervision approaches, policies and procedures for the Directorate General of Financial Institutions (DGFI) under the Ministry of Finance; (ii) capacity building for financial sector supervisory agencies (Bapepam and DGFI); (iii) capacity building for Attorney General's Office and Judges; (iv) public awareness and education campaigns and programs; and (v) the development of a process for conducting AML computer-based training in outer provinces.

- Philippines

TA 3847-PHI: Strengthening the Anti-Money Laundering Regime (approved 2002) supported the establishment and development of key elements necessary for an effective anti-money laundering regime including a functional financial intelligence unit (FIU) and strengthened legal and inter-institutional frameworks. Substantial capacity building support has also been provided across a range of AML-related institutions. A policy-based loan (Second Nonbank Financial Governance Program; approved 2003) provided further incentives for the establishment of effective legal and inter-institutional frameworks and development of capacity necessary for a functional AML regime. A follow-on TA is currently being processed (anticipated for 2005 approval), which will have five main components: (i) process mapping of current AML regime to identify implementation bottlenecks and development of a strategy and roadmap to address these; (ii) support for development of an effective "compliance culture" through strengthening of the incentive framework for AML compliance by covered institutions; (iii) support for development of key complementary legislation; (iv) development of locally-based training programs and computer-based materials to allow for sustainable and cost-effective capacity building; and (v) facilitation of the development of a

pairing/mentoring relationship between AMLC and an appropriate well-established regional FIU.

- Lao PDR

The Bank of the Lao PRD has established an FIU Committee as the precursor to the FIU which will be established once the AML Law is enacted. The draft Law is currently under consideration by the government and is expected to be submitted to the National Assembly for consideration at the March 2005 session. AUSTRAC is undertaking a capacity building program for the FIU Committee and ADB is assisting with the coordination of further technical assistance to build capacity within the government to implement the new Law once it is enacted. Support is being proposed to assist the FIU to enter into AML information sharing and cooperation agreements with regulatory institutions in the Asian and Pacific region.

- Viet Nam

The Second Financial Sector Program (Loan No. 1932) is providing assistance to the government to establish an AML regime. Reform measures include (i) issuing an AML Decree and related regulations; (ii) creating an FIU; and (iii) joining an international or regional organization related to AML, at least as an observer. The AML Decree is currently under consideration and is expected to issue soon. Technical assistance for capacity building for staff of the FIU is being provided.

- Cambodia

Technical assistance for Capacity Building for Banking and Financial Management (TA No. 3769) assisted the government in drafting the Regulation on Standardized Procedure for Identification of Money Laundering at Financial Institutions. The Financial Sector Program (Loan No. 1951) includes reform measures to assist the government in continuing to address AML issues.

- Thailand

Proposed technical assistance is being discussed with the government and will be coordinated with other donors' efforts.

- Regional

Under the APEC Financial Regulators' Training Initiative, ADB will finance a seminar on anti-money laundering for banking supervisors in the region. The seminar will be hosted by AUSTRAC and APRA, and use presenters from the US Federal Reserve Bank and AUSTRAC. There are also plans to develop a training program on anti-money laundering issues for non-bank financial regulators during 2005.

## **2. Publications**

- The online AML/CT toolkit is being updated to expand the available reference materials in order to facilitate research on AML/CT topics and to provide more links to relevant websites. See <http://www.adb.org/documents/others/anti-money-laundering-toolkit/>
- A Knowledge Management Applications tool to access reference materials covering Cross Border Security is also being developed and will be launched shortly.

- An AML Technical Assistance and Training Coordination Matrix and an ADB Internal AML Procedure Outline have been prepared to assist ADB officers and staff integrate AML objectives into their project work and related activities and to ensure coordination with other donors providing assistance in the Asian region.

### **3. Status of APEC Cooperation Fund for Regional Trade and Financial Security Initiative**

- The Cooperation Fund was approved in June 2004, and currently has committed contributions amounting to US\$3 million from the governments of Australia, Japan and the United States of America. The Fund is open to further contributions from other countries and organizations.
- The ADB's internal Peer Review Committee reviewed the first batch of technical assistance proposals and in September 2004, three concept papers were submitted to donors for consideration:

<b>Country</b>	<b>Project Title</b>	<b>Status</b>
Indonesia	Development of an AML Regime (Phase II)	Approved Dec 2004
Philippines	Strengthening the AML Regime (Phase II)	TA preparation
Thailand	Promoting Cooperation on AML/CFT	TA preparation

- The second batch of proposals for the Cooperation Fund covers the following technical assistance projects:

<b>Country</b>	<b>Project Title</b>	<b>Status</b>
Indonesia	Capacity Building for Improving Indonesian Port Security System	To be submitted
Regional	Support for BIMP-EAGA Customs Security, Immigration and Quarantine Harmonization	To be submitted
Regional	Harmonization of Pacific Aviation Safety and Security Regulation	To be submitted
Regional	BIMP-EAGA Maritime Security Working Group	To be submitted