

**ASIAN DEVELOPMENT BANK**

**TAR: PHI 36003**

**TECHNICAL ASSISTANCE**

(Financed from the Asian Currency Crisis Support Facility)

**TO THE**

**REPUBLIC OF THE PHILIPPINES**

**FOR**

**STRENGTHENING THE ANTI-MONEY LAUNDERING REGIME**

**March 2002**

## **CURRENCY EQUIVALENTS**

(as of 1 March 2002)

Currency Unit	–	Peso (₱)
₱1.00	=	\$0.0195
\$1.00	=	₱51.23

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
AMLC	–	Anti-Money Laundering Council
APG	–	Asia/Pacific Group on Money Laundering
FATF	–	Financial Action Task Force on Money Laundering
FIU	–	financial intelligence unit
IRRs	–	implementing rules and regulations
IT	–	information technology
NCCTs	–	noncooperative countries and territories
TA	–	technical assistance

## **NOTE**

In this report, "\$" refers to US dollars.

## I. INTRODUCTION

1. The Government of the Philippines has requested technical assistance (TA) from the Asian Development Bank (ADB) to support the implementation of an effective anti-money laundering regime.<sup>1</sup> A fact-finding mission fielded in February 2002 held discussions with officials from the Anti-Money Laundering Council (AMLC),<sup>2</sup> Central Bank, Securities and Exchange Commission, Insurance Commission, Department of Justice, and industry associations. The mission reached an understanding with the Government on the objective, scope, cost estimates, and implementation arrangements for the TA.<sup>3</sup>

## II. ISSUES

2. The need for an effective anti-money laundering regime is crucial and pressing for at least two sets of reasons:

- (i) Money laundering activities have their origins in graft, corruption, and other forms of criminal activity.<sup>4</sup> These activities undermine the Government's legitimacy as well as investor confidence. The development of an effective anti-money laundering regime is fundamental to strengthening market governance and investor confidence. It is likewise fundamental to supporting a broad range of reforms in the context of ADB's core policies on governance and anticorruption, and the 2002-2004 *Country Strategy and Program Update* specifically promotes good governance through "improving transparency...and tackling corruption."
- (ii) The Philippines has been included in the Financial Action Task Force on Money Laundering's (FATF)<sup>5</sup> list of noncooperative countries and territories (NCCTs), and it needs to substantially comply with FATF recommendations to avoid countermeasures. The countermeasures would significantly impede the ability of financial institutions located in the Philippines and of Philippine financial institutions located abroad to conduct international transactions. Imposition of countermeasures would have a disastrous impact on the country's economic recovery.

3. As a fundamental first step towards the establishment of an effective anti-money laundering regime, an anti-money laundering law (Republic Act 9160) was enacted on 29

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<sup>1</sup> The TA first appeared in *ADB Business Opportunities* (Internet Edition) in January 2002.

<sup>2</sup> AMLC was established under the newly enacted anti-money laundering law (Republic Act 9160) and is the lead monitoring and investigative agency in this area (i.e. the financial intelligence unit). Its chair is the Central Bank Governor and its secretariat is drawn from the staffs of the Central Bank, Securities and Exchange Commission, and Insurance Commission.

<sup>3</sup> The TA will draw and build upon the country-specific legal and institutional analysis provided by TA 5967-REG: *Countering Money Laundering in the Asian and Pacific Region*, for \$650,000, approved on 20 December 2000. A similar TA to provide country-specific implementation support to Indonesia is also currently under processing (TA-35498-INO: *Development of an Anti-Money Laundering Regime*, for \$1,500,000, financed from the Asian Currency Crisis Support Facility, expected approval in March 2002).

<sup>4</sup> By nature, money laundering activities are difficult to observe and measure, but the Government estimates that they amount to billions of pesos a year, with drug trafficking, graft, and corruption constituting the largest sources of laundered money.

<sup>5</sup> FATF is the principal international body concerned with money laundering issues. It has issued a set of 40 recommendations that establish a basic framework for anti-money-laundering efforts and now constitute a standard in the field. In 1999-2000, FATF began the process of identifying jurisdictions with serious deficiencies in their anti-money laundering regime. The Philippines was placed on the list of noncooperative countries and territories in June 2000 as a result of this exercise.

September 2001. A subsequent assessment of the law by FATF, however, identified several serious deficiencies, notably

- (i) the threshold for triggering suspicious transaction reports is too high to constitute a meaningful deterrent to money laundering;<sup>6</sup>
- (ii) the scope of predicate crimes covered by the law is too narrow; and
- (iii) provisions in the law hinder rather than strengthen the Government's power to carry out effective investigations.

FATF thus decided to keep the Philippines on its NCCT list.

4. The Government has argued that most of the noted deficiencies can be remedied through implementing rules and regulations (IRRs) and is currently in the process of promulgating these. Should the IRRs prove unable to adequately address FATF concerns, the Government has indicated that it will take necessary steps to amend the law. In either case, the Government has signaled its commitment to establishing an effective anti-money laundering regime.

5. Establishment of an adequate legal framework is, however, only the first step in the development of an effective anti-money laundering regime. An institutional structure will have to be created and institutional capacity built to effectively implement the law. Development of an anti-money laundering institutional structure in the Philippines has involved the creation of AMLC as the lead agency in this area, but it will also involve the designation of special anti-money laundering courts and the formulation and formalization of the various interinstitutional relationships needed to make an anti-money laundering regime function. These changes are not seen as particularly problematic, but they will take time to implement.

6. The development of adequate institutional capacity to implement the law, on the other hand, is an area that will require significant resources including technical support. Specialized capacity will have to be built across a wide range of institutions in order to implement the law effectively. Support will need to be particularly intensive in the case of AMLC, where prior operational experience does not exist domestically.<sup>7</sup>

7. Finally, as previously indicated, implementation of an effective anti-money laundering regime will take time, as an institutional structure needs to be established and adequate capacity needs to be developed. A successful outcome will require the sustained involvement and support of a wide range of government agencies, industry associations, and other constituencies.

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<sup>6</sup> The threshold is set at approximately \$80,000.

<sup>7</sup> This will include the design and implementation of specialized training programs for AMLC staff, as well as a study tour (organized in close consultation with the Asia/Pacific Group on Money Laundering) to familiarize key officials with the practical aspects of financial intelligence unit operations through visits to jurisdictions where such units are currently functioning.

### III. THE TECHNICAL ASSISTANCE

#### A. Purpose and Output

8. The TA will support the implementation of an effective anti-money-laundering regime in the Philippines. In particular, it will (i) draft a time-bound plan for the implementation of an effective anti-money laundering regime, and (ii) provide support to facilitate execution of that plan. The TA framework is in Appendix 1.

9. The major outputs expected from the TA are

- (i) time-bound plan with milestones for the implementation of an effective anti-money laundering regime; the establishment of a time-bound plan is one of the necessary steps outlined by FATF for removal from its NCCT list;
- (ii) blueprint detailing the design and requirements for a suspicious transaction monitoring system; an effective monitoring system is crucial for the operation of AMLC, and the blueprint will enable the Government to take the necessary steps to establish such a system;
- (iii) provision of specialized training across a wide range of key institutions;<sup>8</sup> this will be the main output (measured in terms of consultant inputs) of the TA and is essential in order to develop adequate capacity to implement an effective anti-money-laundering regime; and
- (iv) background study undertaken and disseminated; implementation of an effective anti-money laundering regime will require the sustained involvement and support of a wide range of government agencies, industry associations, and other constituencies; to strengthen and maintain such support, a background study will be undertaken that clearly and concretely identifies the costs to key constituencies of not establishing an effective anti-money laundering regime.<sup>9</sup>

#### B. Methodology and Key Activities

10. The time-bound plan will be instrumental for coordinating, documenting, and maintaining the momentum of efforts towards the establishment of an effective anti-money laundering regime. It will need to be both sufficiently realistic (to adequately reflect existing constraints) as well as sufficiently rigorous (to show meaningful progress towards the establishment of an effective anti-money laundering regime). To help achieve this balance, it will be developed in close consultation with individual implementing agencies as well as with the Asia/Pacific Group on Money Laundering (APG).<sup>10</sup> Consultation with APG on the plan will also help facilitate the development of a regional approach to anti-money laundering issues.

11. An effective system for monitoring suspicious transactions is crucial for the operation of AMLC. To enable the Government to begin taking steps to acquire and establish such a system

<sup>8</sup> Key institutions include the executing and implementing agencies under this TA (para. 16) as well as financial-sector industry associations (whose members have responsibility for reporting functions under the anti-money laundering regime).

<sup>9</sup> The study is different in content and purpose from the country-specific legal and institutional analysis undertaken by TA 5967-REG.

<sup>10</sup> APG is a regional body that is similar in purpose to FATF and shares a close working relationship with it.

as early as possible, the blueprint and requirements for the system will be developed by a small team of international and domestic consultants ahead of the rest of the TA.

12. Orientation and specialized training programs for the staff of key institutions will be designed based on detailed needs assessments. Training will be conducted, where appropriate, by consultants engaged under this TA, but additional resource persons may also be brought in, as necessary, to conduct targeted workshops on special areas. The training programs will be designed and implemented in close consultation, wherever possible, with existing training institutions.

13. The background study is intended to strengthen and maintain support for implementation of an effective anti-money laundering regime. To be effective, it should (i) clearly and concretely communicate the costs to key constituencies of not implementing an effective anti-money laundering regime, (ii) convincingly address concerns expressed during congressional deliberations on the anti-money laundering law, and (iii) be effectively communicated to strategic audiences.

14. Implementation of an effective anti-money laundering regime will require resources significantly in excess of what will be available under this TA. It is anticipated, however, that additional support will be forthcoming from other agencies.<sup>11</sup> This TA will facilitate the effective coordination and timely mobilization of government and external resources through establishment of two key tools: (i) the time-bound plan, which will provide a common reference for what needs to be done and when, and (ii) regular Government-aid agency meetings, which will provide a forum for tracking who is doing what, updating progress on the plan, and addressing needs and constraints as they arise.<sup>12</sup> Key aid agencies have been consulted on the formulation of this TA, and these mechanisms will help ensure that that close coordination is maintained during TA implementation.

### **C. Cost and Financing**

15. The TA is estimated to cost \$1.45 million equivalent, comprising \$742,000 in foreign exchange costs and \$708,000 equivalent in local currency costs. The Government has requested ADB to finance \$1 million equivalent to cover the entire foreign exchange cost and \$258,000 equivalent of local currency costs. The TA will be provided on a grant basis from the Asian Currency Crisis Support Facility, financed by the Government of Japan. The Government will provide facilities and counterpart support valued at \$450,000 equivalent. The cost estimates and financing plan are in Appendix 2.

### **D. Implementation Arrangements**

16. AMLC will be the Executing Agency for the TA. It will establish an interagency coordination committee chaired by its executive director and including representatives from each of the implementing agencies. Implementing agencies will include the Central Bank, Securities and Exchange Commission, Insurance Commission, Department of Justice (including the National Bureau of Investigation and the Solicitor General's Office), and the judiciary. The committee will meet, as needed, to coordinate and facilitate effective implementation of the TA.

<sup>11</sup> The United States Agency for International Development has already provided support for the drafting of the anti-money-laundering law and IRRs and plans to provide additional support for their implementation.

<sup>12</sup> It is proposed that the meetings include all interested aid agencies rather than just those currently active in this area. This is intended to allow the Government to maximize the potential for support in this area as well as to effectively and efficiently communicate the progress it is achieving to a key audience.

The TA will be implemented over 18 months and is expected to commence in May 2002 and be completed by October 2003.<sup>13</sup> To avoid overlap and maximize synergies, TA implementation will be closely coordinated with key aid agencies involved in this area using the mechanisms outlined in paragraph 14.

17. It is estimated that the TA will require a total of 44 person-months of consulting services, consisting of 19 person-months of international and 25 person-months of domestic consulting services. There will be three separate contracts for consulting services. The first two will be for individual consultants who will work together to develop the blueprint and requirements for a suspicious transaction monitoring system for AMLC. This component of the TA will require 2 person-months each of international and domestic consulting services. The international consultant will be a financial intelligence unit/information technology expert, and the domestic consultant will be a financial sector expert. The remaining 17 person-months of international and 23 person-months of domestic consulting services will be contracted to a firm. Requirements for international consulting services under this contract include (i) an anti-money laundering expert, (ii) a financial sector expert, (iii) a forensic accounting/financial intelligence unit expert, and (iv) a law enforcement expert. Requirements for domestic consulting services include (i) an institutional change expert, (ii) a banking expert, (iii) a securities expert, (iv) an insurance expert, (v) a law enforcement expert, (vi) a judicial expert, and (vii) an economist. The consultant team under the firm contract will be responsible for identifying and recruiting (with ADB concurrence) additional resource persons, as needed, for the implementation of specialized training programs under the TA. The team leader will also be responsible for organizing and overseeing a study tour designed to familiarize key officials with practical aspects of financial intelligence unit operations. All consultants will be recruited in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants. Consultants will be engaged using the simplified technical proposal method. The outline terms of reference are in Appendix 3.

18. The consultants engaged under the firm contract will prepare four reports: inception, interim, draft final, and final report. Tripartite reviews will be conducted by ADB, the Government, and the consultants to consider the reports. The consultants will conduct two seminars for stakeholders to discuss the TA. The first seminar will be conducted on inception of the TA and will present the TA concept and solicit feedback on its design. The second will present and discuss the content of the draft final report. Computers and other equipment to support the implementation of the TA will be procured by direct purchase in accordance with ADB's *Guidelines for Procurement*.

#### IV. THE PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance on a grant basis to the Government of the Republic of the Philippines in an amount not exceeding the equivalent of \$1,000,000 for Strengthening the Anti-Money Laundering Regime, and hereby reports this action to the Board.

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<sup>13</sup> The start date refers to the fielding of individual consultants for design of the suspicious transactions monitoring system (para. 17).

### TECHNICAL ASSISTANCE FRAMEWORK

<b>Design Summary</b>	<b>Performance Indicators/Targets</b>	<b>Monitoring Mechanisms</b>	<b>Assumptions and Risks</b>
<p><b>Goal</b></p> <ul style="list-style-type: none"> <li>• Improved governance</li> </ul>	<ul style="list-style-type: none"> <li>• Removal from Financial Action Task Force's (FATF) list of non cooperative countries and territories with respect to anti-money laundering</li> </ul>	<ul style="list-style-type: none"> <li>• Dialogue with Government and industry associations</li> <li>• Successful prosecution of anti-money laundering cases</li> <li>• Assessments by FATF and Asia/Pacific Group on Money Laundering (APG)</li> </ul>	<ul style="list-style-type: none"> <li>• Sufficient political will can be generated and maintained in support of an effective anti-money laundering regime.</li> </ul>
<p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>• Strengthening the anti-money laundering regime</li> </ul>	<ul style="list-style-type: none"> <li>• Time-bound plan established with milestones for implementation of an effective anti-money-laundering regime</li> <li>• Adequate capacity built in Anti-Money Laundering Council (AMLC) and other key institutions to effectively carry out their anti-money laundering functions</li> <li>• Key constituencies built and mobilized in support of an effective anti-money laundering</li> </ul>	<ul style="list-style-type: none"> <li>• Adherence to time-bound plan and achievement of milestones</li> <li>• Regular Government-aid agency meetings on anti-money laundering</li> <li>• Review missions</li> <li>• Assessments by FATF and APG</li> </ul>	<ul style="list-style-type: none"> <li>• Time-bound plan is sufficiently rigorous to show meaningful progress towards the establishment of an effective anti-money laundering regime</li> <li>• Adequate coordination/ cooperation among key institutions responsible for implementation of the anti-money laundering regime</li> <li>• Sufficient political will to satisfactorily resolve FATF concerns about deficiencies in the existing law</li> </ul>

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
	<p>regime</p> <ul style="list-style-type: none"> <li>FATF concerns about deficiencies in the existing law satisfactorily resolved</li> </ul>		
<p><b>Outputs</b></p> <ul style="list-style-type: none"> <li>Significant and timely progress in implementation of an effective anti-money laundering regime</li> <li>Development of suspicious transaction monitoring system in AMLC supported</li> <li>Provision of specialized training across a wide range of key institutions responsible for implementing the anti-money laundering regime (this will be the main output—measured in terms of consultant inputs—of this TA)</li> <li>Domestic constituencies built and mobilized in support of an</li> </ul>	<ul style="list-style-type: none"> <li>Time-bound plan with milestones (developed in consultation with APG) for implementation of an effective anti-money laundering regime</li> <li>Blueprint detailing design and requirements for monitoring system</li> <li>Detailed needs assessments undertaken; training programs designed and implemented</li> <li>Study undertaken and disseminated that clearly and concretely identifies the</li> </ul>	<ul style="list-style-type: none"> <li>Adherence to time-bound plan and achievement of milestones</li> <li>Regular Government-aid agency meetings</li> <li>Progress reports</li> <li>Review missions</li> <li>Assessments by FATF and APG</li> </ul>	<ul style="list-style-type: none"> <li>Sufficient support and capacity in key institutions to adhere to plan and meet milestones</li> <li>Government is able to obtain funding for monitoring system.</li> <li>Adequate support for timely and relevant training needs assessment</li> <li>Training is appropriate and effectively implemented.</li> <li>Constituencies are appropriately identified, and results of study are effectively communicated.</li> </ul>

<b>Design Summary</b>	<b>Performance Indicators/Targets</b>	<b>Monitoring Mechanisms</b>	<b>Assumptions and Risks</b>
effective anti-money laundering regime	costs and benefits to key domestic constituencies of establishing an effective anti-money laundering regime		
<b>Activities</b> <ul style="list-style-type: none"> <li>• Series of targeted workshops for key government institutions, industry associations, and other strategic constituencies</li> </ul>	<ul style="list-style-type: none"> <li>• Significant level of participation and involvement by target audience</li> </ul>	<ul style="list-style-type: none"> <li>• Attendance (e.g. who and how many?)</li> <li>• Quality of interaction (e.g. questions raised, presentations contributed)</li> </ul>	<ul style="list-style-type: none"> <li>• Target audiences are appropriately identified.</li> <li>• Workshop content is appropriately tailored for target audience.</li> <li>• Audience is receptive.</li> </ul>
<b>Inputs</b> <ul style="list-style-type: none"> <li>• 19 person-months of international consultants</li> <li>• 25 person-months of domestic consultants</li> <li>• International and local travel</li> <li>• Reports and communications</li> <li>• Equipment</li> <li>• Resource persons and training workshops</li> <li>• Study tour</li> <li>• Administrative expenses</li> <li>• Contingencies</li> </ul> <p>ADB financing</p>	<ul style="list-style-type: none"> <li>• \$ 500,000</li> <li>• \$ 120,000</li> <li>• \$ 30,000</li> <li>• \$ 15,000</li> <li>• \$ 15,000</li> <li>• \$ 135,000</li> <li>• \$ 40,000</li> <li>• \$ 5,000</li> <li>• \$ 140,000</li> </ul> <hr/> <p>\$1,000,000</p>	<ul style="list-style-type: none"> <li>• Consultant reports</li> <li>• Dialogue with Government and industry associations</li> </ul>	<ul style="list-style-type: none"> <li>• Competent consultants</li> <li>• Government provides adequate counterpart support</li> </ul>

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. Asian Development Bank Financing (ACCSF)</b>			
1. International Consultants			
a. Remuneration and Per Diem			
i. International Consultants <sup>a</sup>	500.0	0.0	500.0
ii. Domestic Consultants	0.0	120.0	120.0
b. International and Local Travel	30.0	0.0	30.0
c. Reports and Communications	10.0	5.0	15.0
2. Equipment	0.0	15.0	15.0
3. Training, Seminars, and Conferences			
a. Facilitators/Resource Persons	72.0	0.0	72.0
b. Training Workshops	0.0	63.0	63.0
4. Study Tour	40.0	0.0	40.0
5. Miscellaneous Administration and Support Costs	0.0	5.0	5.0
6. Contingencies	90.0	50.0	140.0
<b>Subtotal (A)</b>	<b>742.0</b>	<b>258.0</b>	<b>1,000.0</b>
<b>B. Government Financing</b>			
1. Office Accommodation and Transport	0.0	170.0	170.0
2. Remuneration and Per Diem of Counterpart Staff	0.0	210.0	210.0
3. Others	0.0	70.0	70.0
<b>Subtotal (B)</b>	<b>0.0</b>	<b>450.0</b>	<b>450.0</b>
<b>Total</b>	<b>742.0</b>	<b>708.0</b>	<b>1,450.0</b>

ACCSF = Asian Currency Crisis Support Facility.

<sup>a</sup> Per diem as of 15 February 2002 is \$145.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

### A. International Consultants

#### 1. Financial Intelligence Unit/Information Technology (FIU/IT) Expert (2 person-months; individual consultant)

1. The expert will have substantial experience in the design, costing, and implementation of suspicious transaction monitoring systems for financial intelligence units. In close consultation with the domestic financial sector expert and the Anti-Money Laundering Council (AMLC), the FIU/IT expert will

(i) develop the blueprint for a suspicious transaction monitoring system for AMLC; the design should reflect local institutional factors conditioning the flow of information into AMLC as well as expected capacity constraints within AMLC; the blueprint should identify hardware, software, and training requirements for the system and suggest a range of cost-effective options for meeting these;

(ii) develop a set of industry-specific reporting forms (based around a common core) for financial institutions covered under the anti-money-laundering law; and

(iii) recommend appropriate staffing level and skill mix needed for the suspicious transaction monitoring system to function effectively.

#### 2. Anti-Money Laundering Expert/Team Leader (8 person months)

2. The team leader will be responsible for the overall management of the technical assistance and timely delivery of reports. The team leader will be a well-established authority in the anti-money laundering field with an extensive network of professional contacts. The team leader will

(i) in close consultation with individual implementing agencies, the Asia/Pacific Group on Money Laundering (APG), and other active aid agencies, prepare a time-bound plan with milestones for the implementation of an effective anti-money laundering regime;

(ii) in collaboration with other team experts and AMLC officials, prepare a set of recommendations detailing appropriate staffing level, skill mix, and budget for AMLC;

(iii) in collaboration with other team experts, design and conduct training needs assessments for staff of key institutions responsible for the implementation of an effective anti-money laundering regime;

(iv) in collaboration with other team experts and existing local training institutions, design and conduct specialized training programs for staff of key institutions responsible for the implementation of an effective anti-money laundering regime; and identify and recruit (with ADB concurrence) additional resource persons for training programs as needed;

- (v) in consultation with APG, organize and oversee a study tour designed to familiarize key officials with the practical aspects of FIU operations through visits to jurisdictions where FIUs are currently functioning;
- (vi) in collaboration with other team experts, design and implement a strategy for strengthening and maintaining support for the implementation of an effective anti-money laundering regime;
- (vii) monitor and document progress on the time-bound plan;
- (viii) facilitate the timely mobilization and effective coordination of government and external resources in support of the implementation of the time-bound plan; and
- (ix) facilitate communication of the Government's progress in implementing an effective anti-money laundering regime to the wider anti-money laundering community.

### **3. Financial Sector Expert (3 person-months)**

3. The expert will have substantial experience in the design and implementation of training programs to strengthen the reporting functions of an anti-money laundering regime. The expert will also preferably have substantial experience in the assessment of reporting function vulnerabilities. The expert will

- (i) in collaboration with other team experts, diagnose the vulnerabilities of the existing anti-money laundering regime with respect to its reporting functions;
- (ii) in collaboration with other team experts, recommend achievable, concrete measures to strengthen reporting functions for inclusion in the time-bound implementation plan;
- (iii) in collaboration with other team experts, design and conduct training needs assessments for the staff of key institutions responsible for implementing the reporting functions of an effective anti-money laundering regime; and
- (iv) in collaboration with other team experts and existing local training institutions, design and conduct specialized training programs for staff of key institutions responsible for implementing the reporting functions of an effective anti-money laundering regime.

### **4. Forensic Accounting/FIU Expert (3 person-months)**

4. The expert will have a forensic accounting background as well as operational experience in a FIU. The expert will have substantial experience in the design and implementation of training programs to strengthen the investigative functions of an anti-money laundering regime. The expert will also preferably have substantial experience in the assessment of investigative function vulnerabilities. The expert will

- (i) in collaboration with other team experts, diagnose the vulnerabilities of the existing anti-money laundering regime with respect to its investigative functions;

(ii) in collaboration with other team experts, recommend achievable, concrete measures to strengthen investigative functions for inclusion in the time-bound implementation plan;

(iii) in collaboration with other team experts, design and conduct training needs assessments for the staff of key institutions responsible for implementing the investigative functions of an effective anti-money laundering regime; and

(iv) in collaboration with other team experts and existing local training institutions, design and conduct specialized training programs for staff of key institutions responsible for implementing the investigative functions of an effective anti-money laundering regime.

## **5. Law Enforcement Expert (3 person-months)**

5. The expert will have substantial experience in the design and implementation of training programs to strengthen the enforcement functions of an anti-money laundering regime. The expert will also preferably have substantial experience in the assessment of enforcement function vulnerabilities. The expert will

(i) in collaboration with other team experts, diagnose the vulnerabilities of the existing anti-money laundering regime with respect to its enforcement functions;

(ii) in collaboration with other team experts, recommend achievable, concrete measures to strengthen enforcement functions for inclusion in the time-bound implementation plan;

(iii) in collaboration with other team experts, design and conduct training needs assessments for the staff of key institutions responsible for implementing the enforcement functions of an effective anti-money laundering regime; and

(iv) in collaboration with other team experts and existing local training institutions, design and conduct specialized training programs for staff of key institutions responsible for implementing the enforcement functions of an effective anti-money laundering regime.

## **B. Domestic Consultants**

### **1. Financial Sector Expert (2 person-months; individual consultant)**

6. The expert will have a banking, securities, or insurance background, and possess a clear understanding of (i) the reporting requirements needed for an effective anti-money-laundering system, and (ii) the local institutional factors likely to condition the ability of financial institutions to meet those requirements. The expert will work closely with the international FIU/IT expert on the development of the blueprint and requirements for a suspicious transaction monitoring system for AMLC. In particular, the financial sector expert will (i) advise the FIU/IT expert on the factors likely to condition the flow of information into the suspicious transactions monitoring system to be developed for AMLC, and (ii) in close consultation with industry associations, assist the FIU/IT expert in the design of industry-specific reporting forms.

## **2. Institutional Change Expert/Senior Advisor (6 person-months)**

7. The senior advisor will have strong knowledge of the institutional dynamics involved in the implementation of an effective anti-money laundering regime. In particular, the senior advisor will have a clear understanding of congressional concerns in this area as well as a demonstrated ability to work effectively with congress and other key actors to facilitate reforms. The senior advisor will

- (i) have primary responsibility for the design and implementation of a strategy to strengthen and maintain support for the implementation of an effective anti-money laundering regime; this will include advice on the design of the background study and responsibility for its effective dissemination;
- (ii) advise on the design of the time-bound implementation plan; and
- (iii) facilitate progress on the time-bound plan through close and ongoing contact with the executing and implementing agencies to ensure that obstacles are identified and addressed in a timely manner.

## **2. Banking, Securities, Insurance, Law Enforcement, and Judicial Experts (3 person-months each)**

8. The experts will have sound institutional knowledge of their respective sectors as well as extensive contacts within the sectors. The experts will provide support, as needed, for the assessment of sector vulnerabilities, training needs, and the design and implementation of sector-specific training programs.

## **3. Economist (2 person-months)**

9. The economist will have a demonstrated ability to conduct empirical work and communicate the results clearly. The economist will, in collaboration with the senior advisor and other team experts, prepare a background study that (i) clearly and concretely communicates the costs to key constituencies of not implementing an effective anti-money laundering regime, and (ii) establishes an empirical basis for addressing key concerns raised during Congressional deliberations on the anti-money-laundering law (for example, the appropriate threshold for triggering suspicious transaction reports).