Regional: Developing Anti-Money Laundering and Combating the Financing of Terrorism Approaches, Methodologies, and Controls (Subproject B)

**Project Name**
Developing Anti-Money Laundering and Combating the Financing of Terrorism Approaches, Methodologies, and Controls (Subproject B)

**Project Number**
50258-003

**Country**
Regional:BhutanMongoliaNepalPhilippinesPapua New GuineaSri LankaTajikistanThailandViet Nam

**Project Status**
Active

**Project Type / Modality of Assistance**
Technical Assistance

**Source of Funding / Amount**
TA 9706-REG: Developing Anti-Money Laundering and Combating the Financing of Terrorism Approaches, Methodologies, and Controls (Subproject B)
Technical Assistance Special Fund
$1.00 million

**Strategic Agendas**
Environmentally sustainable growth
Inclusive economic growth
Regional integration

**Drivers of Change**
Governance and capacity development
Knowledge solutions
Partnerships
Private sector development

**Sector / Subsector**
Finance - Banking systems and nonbank financial institutions

**Gender Equity and Mainstreaming**
No gender elements

**Description**
Subproject B is part of the cluster regional capacity development technical assistance (TA) that supports the banking and finance sectors in developing member countries (DMCs) of the Asian Development Bank (ADB) to improve the implementation of anti-money laundering and combating the financing of terrorism (AML/CFT) regulatory measures, and strengthen the capacity of domestic banks and nonbank financial institutions (NBFIs) to comply with the requirements of the Financial Action Task Force (FATF). The DMCs that were originally covered by the TA are Bhutan, Mongolia, Papua New Guinea, and the Philippines. Post-circulation of the Technical Assistance Subproject report, the following additional DMCs have also signified their interest to be part of Subproject B: Nepal, Sri Lanka, Tajikistan, Thailand, and Vietnam. In total, Subproject B will now support nine DMCs.

Subproject A has successfully supported the targeted DMCs to expand the reach of domestic AML/CFT reforms beyond the banking sector and into other targeted risk areas, particularly NBFIs and DNFBPs. Subproject B intends to deepen the impact of these reforms by helping the governments of the targeted DMCs to ensure that the improved regulatory frameworks are adequately implemented by the domestic banking sector, NBFIs, and DNFBPs. This is foreseen to entail a deeper level of engagement with covered persons from within these sectors, including focused interventions to train compliance officers in the private sector, and assistance to develop or improve internal AML/CFT governance structures, policies and processes.

**Project Rationale and Linkage to Country/Regional Strategy**
Considering that Subproject A managed to provide technical assistance aimed at strengthening the compliance functions within domestic banks and NBFIs, and supported FIUs and regulators to improve regulatory frameworks, Subproject B is expected to expand the impact of the TA by providing more resources to: (i) further deepen the initial assistance provided, by ensuring that the trainings, tools and guidelines delivered under Subproject A actually translate to improved compliance programs, systems and practices; (ii) broaden the reach of the assistance to a wider number of banks and NBFIs, and to DNFBPs; and (iii) strengthen national corporate registration systems and data sources, which will - in turn - improve the effectiveness of the CDD performed by domestic entities.

**Impact**
Legal and institutional systems to combat money laundering and the financing of terrorism are established and implemented effectively.

**Project Outcome**
Capacity of DFIs to comply with the Financial Action Task Force AML/CFT requirements strengthened

**Progress Toward Outcome**
Implementation Progress

**Description of Project Outputs**
a. AML/CFT risk-based due diligence rules and procedures are developed and implemented by the selected DFIs, b. The capacity of DFIs to effectively use adequate CDD tools and approaches, including the identification of ultimate beneficial ownership, is enhanced.

**Status of Implementation Progress (Outputs, Activities, and Issues)**

**Geographical Location**
Bhutan - Nation-wide; Mongolia - Nation-wide; Nepal - Nation-wide; Papua New Guinea - Nation-wide; Philippines - Nation-wide; Sri Lanka - Nation-wide; Tajikistan - Nation-wide; Thailand - Nation-wide; Vietnam - Nation-wide

**Summary of Environmental and Social Aspects**

**Environmental Aspects**

**Involuntary Resettlement**
Indigenous Peoples
Stakeholder Communication, Participation, and Consultation
During Project Design
During Project Implementation

Business Opportunities
Consulting Services
Consultants will be engaged by ADB in accordance with its Guidelines on the Use of Consultants (2013, as amended from time to time).

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Timetable
Concept Clearance
Fact Finding
09 Jul 2018 to 09 Jul 2018
MRM
Approval
11 Jan 2019
Last Review Mission
Last PDS Update
15 Jan 2019

TA 9706-REG

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