

PACIFIC AML/CFT  
CAPACITY DEVELOPMENT PROGRAMME  
BUSINESS PLAN



**Asia/Pacific Group  
on Money Laundering**

2019 - 2020

## Policy Statement

The APG promotes the effective implementation of the Financial Action Taskforce (FATF) standards for anti-money laundering and countering the financing of terrorism and proliferation (AML/CFT) across the Asia/Pacific region. These standards target the criminal activities that undermine the legitimacy of financial systems and threaten the sound governance of economies, private sector investment and, ultimately, sustainable economic growth.

Crimes including corruption, drug-trafficking and environmental offences are not only threats to good governance; they are also a drain on public resources. Effective implementation of the FATF standards enhances the capabilities of institutions to detect, investigate and prosecute profit-driven crime and confiscate illicit funds.

A robust economy with an effective AML/CFT framework promotes inclusion in the broader international financial system and fosters private sector investment in trade, tourism and fisheries. Increased participation in the global economy encourages productivity, opportunities for trade, and profitability, which leads to economic growth and development. Exclusion from global financial flows as a result of perceived money laundering and terrorist financing (ML/TF) risk and non-compliance with FATF standards has severe consequences on developing economies.

The APG Pacific AML/CFT Capacity Development (PACD) programme aims to support the APG strategic direction while delivering agreed PACD Outputs that facilitate progression towards the Outcomes and Goal of the project. This is outlined in detail in the *PACD Strategic Plan 2017-2020* including the PACD programme's four strategic goals:

- **Strategic Goal 1:** Be an effective technical assistance (TA) cell supporting implementation of the FATF standards and the work of the AML/CFT network in the Pacific;
- **Strategic Goal 2:** National AML/CFT regimes are strengthened;
- **Strategic Goal 3:** AML/CFT regulation is improved and enforced; and
- **Strategic Goal 4:** Increased detection, investigation and prosecution of ML/TF.

The *PACD Business Plan 2019-2020* outlines the planned activities and strategies adopted for the third year of this programme in order to deliver the Outputs of the PACD programme and progress towards the Outcomes and Goal of the project. The activities undertaken in the third year of the PACD programme are designed to build upon the first two (2) years of engagement and political commitment developed with APG Pacific members (Pacific members).

| Strategic Goal           |   | Strategies   | Overarching 2019-2020 Activities   |
|--------------------------|---|--|--|
| <b>Strategic Goal 1:</b> | Be an effective TA cell supporting implementation of the FATF standards and the work of the global AML/CFT network in the Pacific | <ul style="list-style-type: none"> <li>• Ensure effective coordination and governance structures are in place, including within the APG Secretariat and with MFAT, Pacific Island jurisdictions, regional organisations, and other donors and TA providers.</li> <li>• Resource the Pacific TA cell with appropriately qualified staff to ensure delivery of expected outcomes and proper management of NZ funds.</li> </ul>   | <ul style="list-style-type: none"> <li>• Engage in active consultation with Pacific members, the APG's Donors and Providers (DAP) Group, regional organisations, and other stakeholders.</li> <li>• Keep Pacific members, DAP Group members and other stakeholders up-to-date with activities of the PACD programme and upcoming opportunities for collaboration.</li> <li>• Effectively manage the Pacific TA cell.</li> </ul>  |
| <b>Strategic Goal 2:</b> | National AML/CFT regimes are strengthened   | <ul style="list-style-type: none"> <li>• Engage stakeholders to garner political commitment to enhancing AML/CFT systems.</li> <li>• Ensure AML/CFT measures are undertaken on the basis of strong policy discussions and planning, including understanding risk.</li> <li>• Support Pacific Island jurisdictions in engaging productively with the global AML/CFT community, including benefiting from associated activities.</li> <li>• Provide legislative drafting assistance to bring legislation into greater compliance with FATF standards.</li> </ul>     | <ul style="list-style-type: none"> <li>• Maintain up-to-date technical assistance (TA) Implementation Plans for each Pacific member.</li> <li>• Sponsor Pacific members to APG and APG-supported events.</li> <li>• Assist Pacific members to identify and assess their ML/TF risks and implement, through national AML/CFT strategies/policy, co-ordinated risk based approaches to combating identified risks.</li> <li>• Deliver TA programmes of work for AML/CFT legislative drafting assistance to Pacific members.</li> </ul> |
| <b>Strategic Goal 3:</b> | AML/CFT regulation is improved and enforced   | <ul style="list-style-type: none"> <li>• Provide assistance to bring regulatory frameworks into greater compliance with FATF standards.</li> <li>• Provide tailored programmes and mentoring to assist financial supervisors/regulators to improve capacity in enforcing AML/CFT measures and regulating financial activity.</li> </ul>  | <ul style="list-style-type: none"> <li>• Deliver TA programmes to strengthen Pacific members' compliance with FATF standards on preventive measures.</li> <li>• Deliver TA programmes to enhance AML/CFT risk-based supervision of financial institutions.</li> <li>• Deliver TA programmes to enhance AML/CFT risk-based supervision of designated non-financial businesses and professions (DNFBPs).</li> <li>• Deliver TA programmes to address de-risking issues affecting the Pacific members.</li> </ul>                       |
| <b>Strategic Goal 4:</b> | Increased detection, investigation and prosecution of ML/TF   | <ul style="list-style-type: none"> <li>• Provide programmes/mentoring to ensure law enforcement agencies (LEAs) have the capacity and capability to detect and investigate ML/TF.</li> <li>• Provide tailored programmes and mentoring to ensure ML/TF is prosecuted.</li> <li>• Strengthen mechanisms for recovery and repatriation of proceeds and assets connected to criminal activity.</li> <li>• Provide anti-corruption mentoring to improve capacity for use of financial investigations in combating the key regional risk area of corruption.</li> </ul> | <ul style="list-style-type: none"> <li>• Deliver TA programmes to enhance Pacific members' use of financial intelligence in ML and predicate crime cases, and asset confiscation.</li> <li>• Deliver TA programmes to enhance LEAs and/or prosecutors capacity to conduct financial investigations in ML and higher-risk predicate crime cases and recover assets.</li> <li>• Deliver a total of four (4) thematic law enforcement mentoring visits to Pacific members.</li> </ul>   |

## 2019-2020 ACTIVITIES

In 2019-2020 the Pacific TA cell will build upon the relationships established in the first two years of the PACD programme, and the momentum developed in 2018-2019. Targeted TA activities will continue to be coordinated and delivered in accordance with the TA Implementation Plans developed for each Pacific member, and following the updated jurisdiction prioritisation model (see Table 1).

A key component of the PACD programme is the collaboration with DAP Group and Pacific regional organisations. The Pacific TA cell will continue to engage with these key stakeholders via quarterly updates, teleconferences, and face-to-face meetings, to coordinate TA in the region and identify opportunities for collaboration. The Pacific TA cell will aim to jointly implement TA in cooperation with DAPs where possible, to ensure that TA is delivered efficiently and to the highest standards.

**Table 1: 2019-2020 Jurisdiction Prioritisation Model**

|                   |   |   |
|-------------------|---|---|
| <b>Priority 1</b> | Those who are preparing for their third round mutual evaluation; and/or face significant risks                                      | Marshall Islands, PNG and Tonga                               |
| <b>Priority 2</b> | Those who have completed their third round mutual evaluation and are focused on implementing the recommendations of this evaluation | Cook Islands, Samoa, Fiji, Palau, Solomon Islands and Vanuatu |
| <b>Priority 3</b> | Those who have more than three years before their third round mutual evaluation; or pose relatively low risks                       | Nauru and Niue  |

As outlined in the 2018-2019 Annual Report, the total PACD programme underspend at 30 June 2019 is NZD356,468. As outlined in the annual report, NZD118,822 has been rolled into 2019-2020, in staffing costs and technical assistance and training activities. This will allow the Pacific cell to enhance its delivery of TA projects and activities in 2019-2020.

**Table 2: 2019-2020 COSTED WORKPLAN**

| Output                                       | Original Budget | Updated 2019-2020 Budget |
|--|-----------------|--------------------------|
| <b>1 - Pacific TA Cell</b>                   | <b>404,000</b>  | <b>462,667</b>           |
| Permanent Pacific Cell Staff                 | 404,000         | 404,000                  |
| Salary Attribution <sup>1</sup>              |                 | 58,667                   |
| <b>2 - Technical Assistance and Training</b> | <b>298,000</b>  | <b>358,155</b>           |
| Strategic Goal 1 <sup>2</sup>                |                 | 18,400                   |
| Strategic Goal 2                             |                 | 91,555                   |
| Strategic Goal 3                             |                 | 124,100                  |
| Strategic Goal 4                             |                 | 124,100                  |
| <b>3 - Administrative Costs</b>              | <b>49,000</b>   | <b>49,000</b>            |
| <b>TOTAL</b>                                 | <b>751,000</b>  | <b>869,822</b>           |

<sup>1</sup> Salary attribution costs relate to when core APG staff undertake work for the Pacific cell

<sup>2</sup> Budget expenses mainly relate to Pacific TA cell travel for TA coordination activities not directly related to projects or activities under strategic goals 2 to 4

**Strategic Goal 1:** Be an effective TA cell supporting implementation of the FATF standards and the work of the AML/CFT network in the Pacific

- Engage in active consultation with Pacific members, DAP Group members, regional organisations and other stakeholders.
  - Engage with the DAP Group to identify areas of collaboration and coordination in the delivery of TA to Pacific members.
  - Engage with other Pacific regional organisations and stakeholders to enhance collaboration and coordination in the delivery of TA to Pacific members.
- Keep Pacific members, DAP Group members and other stakeholders up-to-date with activities of the PACD programme and upcoming opportunities for collaboration.
  - Disseminate PACD programme quarterly updates.
  - Keep the PACD elements of the APG website up-to-date.
- Effectively manage the Pacific TA cell.
  - Ensure proper management of PACD programme funds and activities.
  - Provide professional development opportunities to Pacific TA cell staff.
  - Manage the performance of Pacific TA cell staff in accordance with the Australian Federal Police Performance Management Framework.

**Strategic Goal 2:** National AML/CFT regimes are strengthened

- Maintain up-to-date TA Implementation Plans for each Pacific member.
  - Update implementation plans based on information collected for, and discussions at, the APG Annual Technical Assistance and Training Forum held in Canberra, Australia in August 2019.
  - Liaise with Pacific members and DAP Group members on an on-going basis to ensure TA needs, TA delivered, and prioritised elements of implementation plans are kept up-to-date.
- Sponsor Pacific members to APG and APG-supported events.
  - Sponsor attendance of Fiji and Samoa to the sub-regional Cash Courier Training Course in the Cook Islands.
  - Sponsor attendance of priority Pacific members at training to enhance capability of Pacific AML/CFT supervisors.
  - Sponsor attendance of priority Pacific members at training to enhance capability of LEAs in financial and ML investigations and asset confiscation.
- Assist Pacific members to identify and assess their ML/TF risks and implement, through national AML/CFT strategies/policies, a co-ordinated risk-based approaches to combating identified ML/TF risks.
  - Identify and engage potential DAP Group members or consultants to assist up to two (2) Pacific members assess their ML/TF risks and implement a national strategy to combat these risks.
  - Continue the ongoing consultant project to assess NPO sector risks in Fiji, and enhance Fiji's compliance with FATF Recommendation 8.
- Deliver TA programmes of work for AML/CFT legislative drafting assistance to Pacific members.
  - Engage a consultant to conduct a gap analysis of Nauru's AML/CFT regime and assist in reviewing or drafting legislative amendments.
  - Support one (1) other Pacific member to undertake a gap analysis of their AML/CFT legislative framework and/or review or draft legislative amendments.
  - Continue the ongoing project to develop model provisions for targeted financial sanctions related to terrorist and proliferation financing (FATF Recommendations 6 and 7), and support Pacific members to increase their compliance with FATF Recommendations 6 and 7.

### **Strategic Goal 3: AML/CFT regulation is improved and enforced**

- Deliver TA programmes to strengthen Pacific members' compliance with FATF standards on preventive measures.
  - Support Cook Islands to enhance its due diligence requirements for corporate and trust structures; and administrative sanctions for AML/CFT non-compliance.
  - Identify and engage DAP Group members or consultants to provide legislative drafting assistance to increase two (2) Pacific members' compliance with preventive measures requirements of the FATF Standards.
- Deliver TA programmes to enhance AML/CFT risk-based supervision of financial institutions.
  - Identify and engage DAP Group members/consultants to develop programmes targeted to the AML/CFT supervision needs of up to two (2) Pacific members, particularly in relation to the banking and/or remittance sectors.
  - Support joint AML/CFT supervision activities between Pacific members.
- Deliver TA programmes to enhance AML/CFT risk-based supervision of DNFBPs.
  - Continue the ongoing project with New Zealand Department of Internal Affairs to provide casino AML/CFT supervision assistance to Vanuatu.
  - Engage DAP Group members to provide casino AML/CFT supervision assistance to the Solomon Islands.
- Deliver TA programmes to address de-risking issues affecting the Pacific members.
  - Support the development of a national de-risking toolkit.
  - Support DAP Group members' Pacific de-risking activities.

### **Strategic Goal 4: Increased detection, investigation and prosecution of ML/TF**

- Deliver TA programmes to enhance Pacific members' use of financial intelligence in ML and predicate crime cases, and asset confiscation.
  - Support the development of the Samoa FIU ICT system.
  - In collaboration with DAPs, provide training to enhance the capability of Pacific FIUs to conduct operational and/or strategic analysis.
- Deliver TA programmes to enhance LEAs and/or prosecutors capacity to conduct financial investigations in ML and higher-risk predicate crime cases and recover assets.
  - Continue the ongoing fisheries project aimed at increasing the use of financial investigations and asset recovery in relation to serious fisheries and environmental crimes.
  - Continue the ongoing asset recovery project aimed at increasing the capacity of Pacific members to recover proceeds in ML and higher-risk predicate crime cases.
  - Deliver a financial investigation and asset recovery workshop in the Solomon Islands and one other high priority jurisdiction.
- Deliver a total of four (4) thematic law enforcement mentoring visits to Pacific members.
  - Coordinate and deliver a maximum of two (2) mentoring visits to support targeting cash smuggling in either Fiji, the Cook Islands or Samoa.
  - Coordinate and deliver the remaining mentoring visits focused on financial investigations and asset recovery of higher-risk crimes including corruption.

