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**ESAAMLG STRATEGIC PLAN  
APRIL 2009-MARCH 2012**

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### *Introduction*

1. The second Three Years Strategic Plan of the ESAAMLG covers the period April 2009 - March 2012 and consolidates the activities and initiatives undertaken under the previous Strategic Plan 2005-2008. It indicates the strategic direction which the ESAAMLG will pursue to attain its objectives and carry out its functions as an FATF Style Regional Body.
2. The Plan contains a vision statement and a mission statement and sets out 9 key strategic objectives, its expected outputs and the strategy needed to achieve these outputs.
3. The Plan seeks to consolidate and sustain efforts to implement the 40+9 recommendations in all member countries in a manner that is consistent with the specific structural peculiarities and vulnerabilities of the region.
4. The document will be complemented on an annual basis by ESAAMLG's work programme which will provide further details on the priorities of the ESAAMLG for each financial year.

### *Background*

5. The first Strategic Plan of the ESAAMLG was approved by the Council of Ministers at its meeting in Livingstone, Zambia in August 2005. It was developed to enable ESAAMLG to focus on developing itself as a fully-fledged FATF Style Regional Body (FSRB). The Plan set out seven key strategic objectives, namely-

- ⇒ **Member countries will develop and implement national AML/ CFT strategies.**
- ⇒ **Member countries implement AML/CFT measures, meeting international standards in accordance with their national strategies and informed, *inter alia*, by mutual evaluations and Financial Sector Assessment Programme reports.**
- ⇒ **Member countries will develop the capacity of institutions and AML/CFT practitioners.**
- ⇒ **The ESAAMLG Secretariat will provide guidance and disseminate knowledge on latest AML /CFT developments, emerging risks and other lessons learned to members, regional stakeholders and FATF.**
- ⇒ **ESAAMLG Member Countries will establish regional priorities for implementing FATF recommendations.**
- ⇒ **ESAAMLG members will encourage non-ESAAMLG members in the region to cooperate in the global fight against money laundering and the financing of terrorism and to join ESAAMLG.**
- ⇒ **A sustainable and efficient ESAAMLG Secretariat.**

6. To achieve these strategic objectives, it was anticipated that it would be necessary to develop an efficient and sustainable Secretariat as early as possible.
7. At the time when the Strategic Plan was approved the Secretariat was a weak institution with very limited capacity to effectively implement its work programme. In particular, it had very limited technical staff capacity and for the objectives of the Strategic Plan to be fully realised the staff capacity needed to be improved. One of the key

activities that was immediately undertaken in order to address this strategic objective i.e. developing “a sustainable and efficient ESAAMLG Secretariat” was to undertake an “*Efficiency Scrutiny*” of the Secretariat and to determine the minimum resources and staff complement that would enable the Secretariat to undertake the critical tasks that a FATF- Style Regional Body (FSRB) is meant to carry out. The recommendations of the “*Efficiency Scrutiny*” report are currently being implemented. The technical capacity of the Secretariat has been increased through the implementation of the recommendations.

8. The Strategic Plan did allocate responsibilities to different stakeholders i.e. The Council of Ministers, Member Countries, the Task Force of Senior Officials, the National Multidisciplinary Committees and the Secretariat. On balance, there has been some progress in achieving the objectives of the strategy by each of the above stakeholders. Much, however, is left to be done<sup>1</sup> in order for the expected results of each strategic objective to be realised.
9. The global AML/CFT standards have also evolved since the adoption of the 2005-2008 Strategic Plan. The FATF has consistently revised the 2004 Methodology for Assessing Compliance with the FATF 40+9 Recommendations. The latest amendments date back to February 2008.
10. Further, recognising the particular problems faced by low capacity countries, the FATF has in February 2008 issued “*Guidance on Capacity Building for Mutual Evaluations and Implementation of the FATF Standards within Low Capacity Countries*”. The primary purpose of the FATF Guidance, which is to support low capacity countries in

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<sup>1</sup> A review of the implementation status of the 2005-2008 Strategic Plan was circulated at the March 2008 Task Force meeting.

implementing the FATF Standards in a manner reflecting their national institutional systems, is consistent with the ML/FT risks they face and takes account of their limited resources. This Guidance will assist member countries to develop and review their national AML/CFT strategies.

11. Further, at a Group level, 10 out of the 14 member countries have been evaluated under the 2004 FATF Methodology while the Kingdom of Lesotho has undergone a Development Strategy Implementation Assessment. Technical assistance needs for the effective implementation of the core Recommendations of the FATF have also been identified.
12. The capacity of institutions and AML/CFT practitioners in countries has been significantly enhanced since the adoption of the first Strategic Plan. About 55 evaluators have been trained so far. The ESAAMLG in collaboration with the supporting nations and organisations has organised training for investigators, prosecutors and law enforcement agents in the region.
13. ESAAMLG welcomed the Union of the Comoros as an observer at the March 2008 Task Force meeting.
14. At the August 2006 Council of Ministers meeting in Harare, the Council agreed that ESAAMLG will apply for FATF Associate Membership at an appropriate date which will be determined in consultation with the Secretariat. Associate membership status will provide better opportunities for ESAAMLG and ESAAMLG member jurisdictions to participate in FATF activities including active participation in developing new AML/CFT standards and having access to plenary meetings, conference, training and participation in consultation processes with the FATF.

15. In order to qualify as an Associate Member of the FATF, ESAAMLG must, *inter alia*, have in place mechanisms which seek to ensure actual and effective implementation of the FATF standards within the body's membership. This is mostly achieved through the mutual evaluation exercise and close monitoring of the follow up actions.
16. In addition, to qualify as an Associate Member, one of the core functions of the ESAAMLG must include conducting regional level research and analysis of ML/TF methods and trends, in particular typologies exercises. To meet this requirement, a Typologies Working Group has been established and it is currently undertaking a number of typologies studies. Further typologies work will be undertaken by the ESAAMLG during the period of implementing the second Strategic Plan.
17. One of the major expected outcomes of the implementation of the 2005-2008 Strategy was to have focused discussion on substantive AML/CFT issues in the meetings of the Task Force of Senior Officials to help shape ESAAMLG meetings so that the Council of Ministers can concentrate on strategic issues and decisions that will drive forward the process of AML/CFT at national level. These expected outcomes have been successfully achieved to a large extent and going forward, the new Strategic Plan aims at consolidating this approach.
18. The second Strategic Plan of the ESAAMLG has been developed against this background. The new Plan which is result-oriented builds on the Strategic Plan 2005- 2008 and also takes into account the regional and international developments described above.

*Contents of the Strategic Plan 2009-2012*

19. The Strategic Plan 2009-2012 describes ESAAMLG's:

- vision
- mission
- strategic objectives and their expected outputs and
- strategies to achieve these objectives

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**VISION STATEMENT**

*A strong and dynamic FATF Style Regional Body committed to eradicate money laundering and terrorist financing in the Eastern and Southern African region.*

**MISSION STATEMENT**

*To consolidate and sustain the combined efforts to combat money laundering and terrorist financing in the Eastern and Southern African region through effective implementation of AML/CFT standards in all ESAAMLG member countries.*

## STRATEGIC OBJECTIVES

1. **Development and review of implementation of national AML/CFT strategies**
2. **Sustaining the evaluation and monitoring of ESAAMLG members' compliance with the international standards against money laundering and terrorist financing**
3. **Undertake research and analysis exercises to better understand money laundering and terrorist financing risks and vulnerabilities in the region and effectively contribute to regional and international AML/CFT policy formulation**
4. **Expansion of ESAAMLG membership**
5. **Strengthening regional cooperation among member countries**
6. **Strengthening ESAAMLG cooperation and participation in AML/CFT global environment**
7. **Consolidating regional AML/CFT capacity building, training and awareness raising programmes**
8. **Sustaining the provision of AML/CFT advisory services to member countries**
9. **Consolidating the sustainability and efficiency of the Secretariat**

## STRATEGY TO ACHIEVE THE STRATEGIC OBJECTIVES

### 1 Development and review of implementation of national AML/CFT strategies

***Expected output:** Each member country has an effective domestic AML/CFT regime consistent with the country's specific structural peculiarities and vulnerabilities taking into account, to the extent possible, the FATF Guidance on Capacity Building for Mutual Evaluations and Implementation of the FATF Standards within Low Capacity Countries.*

#### Strategy

The strategy for achieving the above objective will comprise:

- The Secretariat will support and promote the work of ESAAMLG Working Groups and Project Groups to explore and address specific AML/CFT implementation issues in low capacity countries, including risk profiles and resource constraints which may undermine the speed of implementation.
- Member countries through their established National Multidisciplinary Committees, and where required with the help of technical assistance providers, will update their national AML/CFT implementation plans as informed by assessment programmes such as Mutual Evaluations, Financial Sector Assessment Programme, Development Strategy Implementation and regional AML/CFT priorities as approved by the Council of Ministers on an annual basis and having regard to national risks and resource constraints.
- Member countries will undertake a national ML/TF risk assessment. The Secretariat will coordinate technical assistance to assist member

countries in conducting national ML/TF risk assessment and provide guidance on how to implement the international standards in their specific circumstances and to work on all aspects of setting up an effective AML/CFT regime.

- Member countries will consult and engage with the private sector when reviewing their national implementation plans and conducting the national risk assessments.
- Member countries will identify their technical assistance requirements and seek such assistance as may be required to ensure effective implementation of their national strategies.
- Member countries will maintain monitoring systems on national strategy implementation, and will submit annual progress reports, which will also identify implementation constraints to the Secretariat a month before the meetings of the Council of Ministers.
- The Secretariat will update and maintain regional AML/CFT monitoring and evaluation systems informed by national AML/CFT strategy, implementation plans and progress reports and compile a report to the Council of Ministers to consider possible intervention.
- The Task Force, working together with National Multidisciplinary Committees, will promote integration of AML/CFT issues into member countries' national development programmes such as financial sector reform and anti-corruption measures to encourage joint action with key role-players and allocation of necessary budget at national level.

<p><b>2 Sustaining the evaluation and monitoring of ESAAMLG members' compliance with the international standards against money laundering and terrorist financing</b></p>
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***Expected output:** Conclusion of first round of evaluations/assessments under the FATF ME 2004 methodology and increase the level of compliance by member countries meeting AML/CFT standards.*

**Strategy**

The strategy for ensuring that lessons learned from country assessments are implemented to achieve the above objective will comprise:

- Member countries will continue to participate in an on-going programme of mutual evaluations conducted in accordance with ESAAMLG mutual evaluation procedures and within the Schedule of Mutual Evaluations as approved by the Council of Ministers.
- Member countries will provide follow up reports indicating the progress they are making in moving towards compliance with the AML/CFT standards. Where applicable, countries may undergo a second round of mutual evaluation.
- The Secretariat will effectively continue to manage a programme of mutual evaluations, comprising programme formulation, administrative support, adherence to quality control standards and conduct follow-up on recommendations.
- The Secretariat, with the support from donors, will provide preparation and post mutual evaluation support and, where required, training for ESAAMLG members undergoing mutual evaluations.

- The Secretariat will coordinate review mechanisms through the Expert Review Group process to ensure and maintain the quality and consistency of ESAAMLG mutual evaluation reports.
- The Secretariat will strengthen post-evaluation reporting mechanisms to follow up on action taken by member countries in response to mutual evaluations.

**3 Undertake research and analysis exercises to better understand Money Laundering and Terrorist Financing risks and vulnerabilities in the region and effectively contribute to regional and international AML/CFT policy formulation**

***Expected output:** A comprehensive AML/CFT information and knowledge base to enhance AML/CFT initiatives regionally and internationally*

**Strategy**

The strategy to achieve this objective will comprise:

- The Council of Ministers will on annual basis approve priority regional ML/TF typologies and research work programmes.
- The Task Force in conjunction with the Secretariat will work through the Typologies Working Group to continue studying regional existing and emerging ML/TF risks and vulnerabilities for member countries to consider putting counter measures in place. This will include setting up of sector specific typologies projects and research teams to undertake in-depth ML/TF studies.
- The FATF, other FSRBs and supporting nations and organisations will be encouraged to collaborate in ESAAMLG research and analysis of typologies projects.

- The Secretariat will manage the organisation of the work of the Typologies Working Group in accordance with approved mandate of typologies studies for completion and submission of typologies reports to the Task Force and Council of Ministers.
- The Secretariat will produce an annual synthesis report covering all issues and lessons learned arising from country assessment reports such as mutual evaluations, Financial Sector Assessment Programme, Development Implementation Strategy, implementation plans and follow up reports to evaluations and make recommendations to the Council of Ministers for intervention on lessons learned.
- For the effective formulation of international AML/CFT policies, the ESAAMLG ML/TF Typologies reports will be shared internationally with similar AML/CFT organisation as part of broader contribution to global typologies efforts such as the FATF Annual Typologies Reports. Equally, the Secretariat will distribute such typologies information and the implications thereof for the region to keep member countries informed and encourage their participation in such exercises and apply, where appropriate, lessons learned.
- The Secretariat will organise Typologies meetings and joint meetings with FATF and other FSRBs to discuss the emerging ML/TF typologies.

#### **4 Expansion of ESAAMLG membership**

***Expected output:** To provide a strong and unified regional AML/CFT body which promotes compliance with global AML/CFT standards to minimise the risk of money laundering and terrorist financing in the region*

### Strategy

The strategy for enlarging membership of the Group will comprise:

- The Secretariat in conjunction with the Task Force of Senior Officials will target and consider eligible countries in Eastern and Southern Africa to apply for membership.
- Member Countries to encourage non-member countries in the eastern and southern Africa region to cooperate in the fight against ML/TF.
- The Secretariat will manage the implementation of 'trail-in' process as approved by the Task Force and the Council of Ministers for new member countries intending to join the ESAAMLG.
- The Secretariat will continue to welcome international organisations and cooperating nations involved in AML/CFT work who wish to join ESAAMLG as Observer members.
- The Council of Ministers will approve membership application of countries and international organisations and cooperating nations in accordance with ESAAMLG procedures.

## **5 Strengthening regional cooperation among member countries**

***Expected output:** To establish a gateway in order to facilitate cooperation and exchange of information amongst member countries for effectively combating money laundering and terrorist financing in the region.*

### Strategy

The strategy to achieve this objective:

- The Secretariat will use existing tools as well as develop new mechanisms for cooperation and exchange of information.
- The Secretariat will organise and provide support for the development of FIUs in member countries to enhance cooperation and exchange of information in the region.
- ESAAMLG member countries will consider and agree on entering into a memorandum of understanding for cooperation and exchange of information to combat money laundering and terrorist financing in the region.
- Where requested, the Secretariat will facilitate the promotion of cooperation on a bilateral or multilateral basis.

<b>6 Strengthening ESAAMLG cooperation and participation in AML/CFT global environment</b>
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**Expected output:** *To participate effectively in global standard setting activities and other international AML/CFT initiatives.*

### Strategy

The strategy for ensuring the relevance of the Group will comprise:

- The Secretariat will enhance its working relations with multilateral and international institutions and partner nations on AML/CFT issues.
- The Secretariat will participate in international standard setting initiatives including representation in FATF Plenary, Typologies and Working Group meetings.

- Once the ESAAMLG acquires FATF Associate Membership status ESAAMLG member countries will be encouraged to directly participate in FATF activities.

<b>7 Consolidating regional AML/CFT capacity building, training and awareness raising programmes</b>
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***Expected output:** Sustainable and effective national AML/CFT institutional and personnel development.*

**Strategy**

The strategy for achieving this objective will comprise:

- The Council of Ministers will annually approve AML/CFT priorities for the region to assist the Secretariat in prioritising regional capacity building and enhancement initiatives.
- The Secretariat will organise and provide support for the development of financial intelligence unit in each member country. It will organise and facilitate specialised technical assistance and other FIU capacity development and enhancement programmes, including interdisciplinary FIU-law enforcement and FIU-obliged entity workshops to enhance communication, in accordance with member countries needs.
- The Secretariat will work closely with the Egmont Group Secretariat to facilitate the development of and the acquisition of Egmont Group membership by financial intelligence units in the region to broaden the scope for cooperation on information sharing and exchange.

- The Secretariat will organise and facilitate expert training/workshops, including for supervisors, investigators, prosecutors and other law enforcement agencies, at country and regional levels at the request of the member countries and in accordance with the work programme of the ESAAMLG.
- The Secretariat will manage mentoring programmes for evaluators and evaluators' participation as observers in evaluations/assessments carried out by the FATF, other FSRBs as well as the IMF and the World Bank.
- The Secretariat will organise and facilitate mutual evaluation training courses yearly to enhance and maintain the balanced pool of evaluators capable of undertaking mutual evaluations.
- A 'virtual' network will be developed and maintained by the Secretariat to ensure that the cadre of evaluators are fully apprised of latest developments and encouraged to pass on their knowledge to develop other expertise in their country. The ESAAMLG web page will be improved to support the resource network.
- Member countries will continue to undertake national skills audits for submission to the Secretariat, which will maintain a regional overview of skills.
- The Secretariat will maintain, with the assistance of the National Multidisciplinary Committees, a regional overview and coordinating mechanism for technical assistance and training based on training needs provided by National Multidisciplinary Committees and national skills audits, including workshops to train AML/CFT experts in the region.

## **8 Sustaining the provision of AML/CFT advisory services to member countries**

***Expected output:** Enable member countries to institute appropriately functioning AML/CFT systems informed by reliable knowledge and guidance*

### **Strategy**

- Member countries will use lessons learned from evaluations/assessments, typologies, annual synthesis reports etc to request expert advice and technical assistance from the Secretariat, advanced member countries and collaborating international organisations and nations.
- The Secretariat will strengthen the development of a regional advisory and implementation assistance service by organising a network of AML/CFT experts from within the region to provide advice and support service regarding implementation of national AML/CFT strategies.
- Where AML/CFT specialist expertise is lacking within the ESAAMLG region, the Secretariat will assist in sourcing from outside of the region for member countries to approach for AML/CFT implementation assistance.
- The Secretariat will work in close collaboration with supporting nations and organisations to develop a systematic plan for the provision of technical assistance to member countries.
- The Secretariat will provide advice to member countries on implementation of AML/CFT requirements upon request.

## 9 Consolidating the sustainability and efficiency of the Secretariat

**Expected output:** Results of the strategic plan 2009-2012 achieved and targets set in the annual work plans met.

### **Strategy**

The sustainability and efficiency will be consolidated through the following:

- The Secretariat will continue to productively organise and manage the meetings of the Task Force of Senior Officials and the Council of Ministers
- The Secretariat will continue to prepare and circulate papers for ESAAMLG meetings, including separate briefs for the Chairman of the Task Force and the President of the Council of Ministers, at least 4 weeks in advance of meetings.
- The Secretariat will follow up and track progress made on the implementation of decisions taken at ESAAMLG meetings and provide advice when challenges arise.
- Member countries will assist the Secretariat in performing its activities by providing additional support whenever the need arises.
- Supporting nations and collaborating organisations will be encouraged to continue to actively support the work programme of the ESAAMLG.
- The Secretariat will reach out to other FSRBs' for additional coordination, support and assistance when feasible, to include the development of mentoring relationships between FSRBs and between assessors when conducting mutual evaluations.

- The Secretariat will coordinate and/or facilitate donor funding on AML/CFT activities in the region.
- The Secretariat will continue to improve accounting systems and to respond in writing to external audit observations and recommendations within 30 days of the receipt of a written audit report.
- The Secretariat will mobilise the additional funds necessary to carry out the activities of the Secretariat as set out in the 3-year strategy and ensure timely payment of subscriptions from member countries.
- Member countries to ensure that annual subscription payments are made in accordance with the decisions of the Task Force and the Council of Ministers.

### *Conclusion*

Since the first Strategic Plan was adopted ESAAMLG has developed positively as an FATF Style Regional Body. The second Strategic Plan seeks to consolidate and sustain efforts to implement the FATF 40+9 recommendations in all member countries in a combined effort to combat money laundering and terrorist financing in the Eastern and Southern African Region.