



## **ESAAMLG STRATEGIC PLAN**

**APRIL 2012 - MARCH 2015**

## *Introduction*

1. ESAAMLG's second Strategic Plan 2009-12 was approved by the Council of Ministers at its meeting in Mombasa, Kenya in August 2008. It was developed to consolidate the activities and initiatives undertaken under the first Strategic Plan 2005-2008. It indicated the strategic direction which the ESAAMLG would pursue to attain its objectives and carry out its functions as an FATF Style Regional Body. The plan had nine key strategic objectives, namely-

- Development and review of the implementation of national AML/CFT strategies
- Sustaining the evaluation and monitoring of ESAAMLG members' compliance with the international standards against money laundering and terrorist financing
- 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
- Expansion of ESAAMLG membership
- Strengthening regional cooperation among member countries
- Strengthening ESAAMLG cooperation and participation in AML/CFT global environment
- Consolidating regional AML/CFT capacity building, training and awareness raising programmes

- Sustaining the provision of AML/CFT advisory services to member countries
  - Consolidating the sustainability and efficiency of the Secretariat.
2. The Strategy allocated responsibilities to different stakeholders i.e. The Council of Ministers, Member Countries, the Task Force of Senior Officials, the National Multidisciplinary Committees and the ESAAMLG Secretariat. On balance, there has been considerable progress in achieving the objectives of the strategy by each of the above stakeholders. One of the major outcomes of implementation of the Strategy is the completion of the first round of mutual evaluations under the FATF 2004 Methodology with the adoption of the mutual evaluation reports of Kenya, Lesotho, Mozambique and Swaziland by the Council of Ministers at the September 2011 meeting in Mauritius. The Council of Ministers also adopted the new procedures to monitor the post evaluation implementation of FATF standards in August 2009. This exercise is successfully rolling out. ESAAMLG member countries are currently being monitored under these procedures.
3. Under the current Plan, ESAAMLG achieved much progress in expanding its membership. The Union of Comoros became a full member of ESAAMLG and Angola was welcomed as an observer member at the April 2011 meeting in Zanzibar. At its meeting in September 2011, the Council approved the application from Ethiopia for observer membership. Another, major achievement to be noted under the current Strategic Plan is ESAAMLG's admission as an associate member of the FATF in June 2010. By granting ESAAMLG Associate membership status, the FATF recognised the efforts of

ESAAMLG in the implementation of the FATF Standards in the Eastern and Southern African region over the last ten years.

4. Nevertheless, some objectives still remain to be achieved and have been carried forward under a Third Strategic Plan 2012-15, which has been approved by the Council of Ministers at its meeting in August 2012.

*Contents of the Strategic Plan 2012-2015*

5. The Strategic Plan 2012-2015 describes ESAAMLG's:
  - vision
  - mission
  - strategic objectives and their expected outputs and
  - strategies to achieve these objectives

## ESAAMLG STRATEGIC PLAN

APRIL 2012-MARCH 2015

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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 Africa region.*

### MISSION STATEMENT

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

## STRATEGIC OBJECTIVES

1. **Effective Post Evaluation Implementation of AML/CFT measures in member countries**
2. **Sustaining the evaluation and monitoring of ESAAMLG members' compliance with the international standards against money laundering and terrorist financing under a second round of mutual evaluations**
3. **Increase and sustain the knowledge of money laundering and terrorist financing trends and techniques in the region in order to effectively contribute to regional and international AML/CFT policy formulation**
4. **Expansion of ESAAMLG membership**
5. **Strengthening regional and international cooperation among member countries**
6. **Enhancing ESAAMLG's cooperation and participation in AML/CFT regional and international initiatives**
7. **Prioritising and consolidating regional AML/CFT capacity building, training and awareness raising programmes**
8. **Promoting the Implementation of AML/CFT measures and financial inclusion**
9. **Consolidating the sustainability and efficiency of the Secretariat**

## STRATEGY TO ACHIEVE THE STRATEGIC OBJECTIVES

### 1 Effective Post Evaluation implementation of AML/CFT measures in members countries

*Expected output:* Each member country has an effective domestic AML/CFT regime consistent with the FATF 40 Recommendations – The International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation.

#### Strategy

The strategy for achieving the above objective will comprise:

- Assisting member countries to develop realistic action plans to address deficiencies highlighted in the MERs in a prioritised and sequenced manner.
- The Secretariat supporting and promoting the work of ESAAMLG Review Groups for monitoring the post evaluation implementation of FATF standards in ESAAMLG member countries
- Overseeing the execution of national AML/CFT implementation plans of member countries through their National Multidisciplinary Committees.
- Member countries consulting and engaging with the private sector when reviewing their national implementation plans
- Member countries identifying their technical assistance requirements and seeking such assistance as may be required to ensure effective execution of their implementation plans.
- Member countries maintaining monitoring systems on the execution of their national implementation plans, and submitting annual progress reports, which

will also contain achievements and implementation constraints to the Secretariat a month before the meetings of the Council of Ministers.

- The Task Force with Secretariat monitoring and evaluating progress under the implementation plans and compiling a report to the Council of Ministers to consider possible intervention where there is no significant progress in the execution of the implementation plans.
- The Task Force, working together with National Multidisciplinary Committees, to 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 under a second round of mutual evaluations</b></p>
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***Expected output:** A second round of evaluations/assessments under the FATF ME methodology (as reviewed) and increase the level of compliance by member countries with International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation.*

**Strategy**

The strategy for ensuring that lessons learnt from country assessments under the first round of evaluations are implemented to achieve the above objective will comprise:

- Encouraging member countries to undertake a national ML/TF risk assessment to identify and assess ML/TF risks at national and individual institution levels and develop appropriate policy responses to manage those risks.
- The Secretariat coordinating 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 consulting and engaging with the private sector when conducting national risk assessments.
- Member countries developing and implementing risk-based approach to implementing the FATF Recommendations to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks subsisting in a country.
- Member countries continuing 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 providing follow up reports indicating the progress they are making in moving towards compliance with the FATF Recommendations. .
- The Secretariat continuing to effectively 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 Council will adopt new post-evaluation reporting mechanisms to follow up on action taken by member countries in response to the second round of mutual evaluations.

**3 Increase and sustain the knowledge of money laundering and terrorist financing trends and techniques in the region through research and analysis in order to effectively contribute to regional and international AML/CFT policy formulation**

***Expected output:** Comprehensive reports on common money laundering and terrorist financing trends and techniques in the region that will influence policy action in member countries and contribute to the global AML/CFT standard setting process*

**Strategy**

The strategy to achieve this objective will comprise:

- Identifying existing and emerging ML/TF risks and vulnerabilities that potentially lead to generation of proceeds of crime in the region.
- The Council of Ministers approving priority regional ML/TF typologies and research work programmes on an annual basis.
- The Task Force in conjunction with the Secretariat working 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.

- Encouraging the FATF, other FSRBs and supporting nations and organisations to collaborate in ESAAMLG research and analysis of typologies projects.
- The Secretariat managing the organisation of the work of the Typologies Working Group in accordance with the approved mandate of typologies studies for completion and submission of typologies reports to the Task Force and Council of Ministers.
- Sharing the ESAAMLG ML/TF Typologies reports internationally with similar AML/CFT organisations as part of broader contribution to global typologies efforts such as the FATF Annual Typologies Reports to enable formulation of effective international AML/CFT policies. 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 organising Typologies meetings and joint meetings with FATF and other FSRBs to discuss the emerging ML/TF typologies.

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

***Expected output:** A big, strong and unified region that implements and complies 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 considering eligible countries in Eastern and Southern Africa to apply for membership.
- Member Countries encouraging non-member countries in the Eastern and Southern Africa region to cooperate in the fight against ML/TF.
- The Secretariat managing 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 continuing to welcome regional and international organisations and cooperating nations involved in AML/CFT work who wish to join ESAAMLG as Observer members.

<p><b>5 Strengthening regional and international cooperation among member countries</b></p>
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***Expected output:** An effective gateway to facilitate cooperation and exchange of information amongst member countries for combating money laundering and terrorist financing in the region.*

**Strategy**

The strategy to achieve this objective will comprise:

- The Secretariat providing support to the FIU Forum, whose main objectives are to promote cooperation and provide a platform for information exchange amongst member countries.
- Member countries supporting the work programme of the FIU Forum and other initiatives of the Forum.

- The Secretariat organising and providing support for the development of FIUs in member countries to enhance cooperation and exchange of information in the region.
- The Secretariat working closely with the Egmont Group Secretariat to facilitate attainment of Egmont Group membership by emerging FIUs in the region to broaden the scope for cooperation on information sharing and exchange.
- Encouraging competent authorities in ESAAMLG member countries to 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.

<p><b>6 Enhancing ESAAMLG's cooperation and participation in AML/CFT regional and international initiatives</b></p>
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***Expected output:** Effective participation in global standard setting activities and other international AML/CFT initiatives.*

**Strategy**

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

- Enhancing the working relations between the Secretariat and multilateral, international institutions and partner nations on AML/CFT issues.
- The Secretariat participating in international standard setting initiatives including representation in FATF Plenary, Typologies and Working Group meetings.

- The Secretariat encouraging and facilitating member countries to directly participate in FATF activities.

<b>7 Prioritising and 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 approving annual AML/CFT priorities for the region to assist the Secretariat in prioritising regional capacity building and enhancement initiatives based on regional risks and vulnerabilities identified in the first round of mutual evaluations and through typology studies.
- Encouraging member countries to review the adequacy of their domestic laws and regulations that relate to NPO Sector to protect it from money laundering and terrorist financing abuse.
- The Secretariat organising and providing 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 organising and facilitating 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 managing 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 organising and facilitating mutual evaluation training courses yearly to enhance and maintain the balanced pool of evaluators capable of undertaking mutual evaluations.
- The Secretariat developing and maintaining a 'virtual' network 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 continuing to undertake national skills and capacity audits for submission to the Secretariat, which will maintain a regional database of skills.
- The Secretariat maintaining, 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 Promoting the Implementation of AML/CFT measures and financial inclusion**

*Expected output: Greater financial inclusion to enable member countries to increase the effectiveness of AML/CFT measures*

### Strategy

- Working in collaboration with the Alliance for Financial Inclusion (AFI), ESAAMLG will promote financial inclusion and the effective implementation of the FATF Standards.
- The Secretariat supporting the Ad-Hoc Working Group on Financial Inclusion established to coordinate and oversee proposals and activities between ESAAMLG and AFI.
- Conducting a survey in member countries to establish existence of policies, laws and regulations that support or impede financial inclusion.
- Encouraging member countries to review, and where necessary, amend their AML/CFT laws and regulations to ensure that they are consistent with financial inclusion initiatives.
- The Task Force supporting and participating in ESAAMLG's work programme to promote Financial Inclusion and Implementation of FATF Standards in the ESAAMLG Region.

<b>9 Consolidating the sustainability and efficiency of the Secretariat</b>
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***Expected output:** Achievement of the 2012-2015 strategic objectives and meeting targets set in the annual work plans.*

### Strategy

The sustainability and efficiency will be consolidated through the following:

- The Secretariat continuing to productively organise and manage the meetings of the Task Force of Senior Officials and the Council of Ministers

- The Secretariat continuing 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.
- Encouraging the highest levels of attendance at Ministerial meetings in order to strengthen the decision-making process of the organisation.
- The Secretariat following up and tracking progress made on the implementation of decisions taken at ESAAMLG meetings and providing advice when challenges arise.
- Member countries assisting the Secretariat in performing its activities by providing additional support whenever need arises.
- Encouraging supporting nations and collaborating organisations to continue to actively support the work programme of the ESAAMLG.
- The Secretariat reaching 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 coordinating and/or facilitating donor funding on AML/CFT activities in the region.
- Establishing sound and effective corporate governance policies, systems and practices that will promote efficiency in decision making, accountability and transparency.
- The Secretariat continuing 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 mobilising the additional funds necessary to carry out activities of the Secretariat as set out in the 3-year strategy and ensure timely payment of subscriptions from member countries.

- Urging member countries to pay their annual subscription in accordance with the decisions of the Task Force and the Council of Ministers.

*Conclusion*

Since it was first established, ESAAMLG has developed positively as an FATF Style Regional Body. The third Strategic Plan seeks to consolidate and sustain efforts to implement the FATF 40 Recommendations in all member countries in a combined effort to combat money laundering and terrorist and proliferation financing in the Eastern and Southern Africa Region.

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