



Asia/Pacific Group  
on Money Laundering

# ASIA/PACIFIC GROUP ON MONEY LAUNDERING



**ANNUAL REPORT**  
**1 JULY 2010 – 30 JUNE 2011**  
(Incorporating outcomes from 14<sup>th</sup> Annual Meeting in July 2011)

**Cover Photo L to R:**

Shri Arun Mathur (incoming APG Co-Chair for India, 2011-2012); Hon. Mr Pranab Mukherjee (Indian Finance Minister); and Shri K Jose Cyriac (APG Co-Chair for India, 2010-2011).

Photo taken at Kochi, India during opening of APG's 14<sup>th</sup> Annual Meeting, July 2011.

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## APG ORGANISATIONAL STATEMENTS

<b>VISION</b>	A pro-active APG contributing to a reduction in the economic and social impacts of serious crime in the Asia/Pacific region.
<b>MISSION</b>	To combat money laundering and terrorist financing in the Asia/Pacific region through effective participation in the FATF's standard-setting process, and full and effective implementation of those standards in APG member jurisdictions.
<b>GOALS</b>	<p>To achieve the APG's Mission, the APG will:</p> <ol style="list-style-type: none"><li>1. Provide a strong, cohesive and autonomous regional body for APG members and observers.</li><li>2. Actively participate in, and co-operate with, the global AML/CFT network.</li><li>3. Assess APG members' compliance with the global AML/CFT standards.</li><li>4. Carry out education, research and analysis activities to enhance understanding of the money laundering and terrorist financing environments and the effectiveness of AML/CFT efforts.</li><li>5. Provide assistance to APG members to implement the global AML/CFT standards through implementation planning and the provision of guidance.</li><li>6. Provide coordination, advisory services and information-sharing for technical assistance and training.</li></ol>

## **CERTIFICATION BY CO-CHAIRS**

In accordance with the unanimous Asia/Pacific Group on Money Laundering (APG) plenary resolution of June 2000, requiring the filing of Annual Reports with the membership, we submit the following report on the operations of the APG for the period 1 July 2010 to 30 June 2011.

This report highlights our achievements against the goals and strategies contained in the Strategic Plan 2009-2012, and includes independently audited financial statements.

[signed]

**Commissioner Tony Negus**  
**Co-Chair**  
Australia

[signed]

**Shri Jose Cyriac**  
**Co-Chair**  
India

1 October 2011

## OUTLINE OF THIS REPORT

This Annual Report of the APG reports on the achievement of objectives and delivery of outputs from 1 July 2010 to 30 June 2011 (incorporating outcomes at the 14<sup>th</sup> Annual Meeting in July 2011).

The report is divided into 10 sections and is prefaced by the APG Co-Chairs and the Executive Secretary. Sections 3 to 8, report on the APG's six strategic goals articulated in the APG's Organisational Statements on page 2.

**Section 1** provides an overview of the APG including its role and current members and observers.

**Section 2** outlines the major achievements and outcomes of the APG's 14th Annual Meeting in Kochi, India in July 2011 including the adoption of six Mutual Evaluation (ME) reports.

**Section 3** reports on Strategic Goal 1 (*Developing and sustaining an effective regional AML/CFT body*). It provides a snapshot of the important activities undertaken by the APG.

**Section 4** reports on Strategic Goal 2 (*Actively participating in and cooperating with the global AML/CFT network*) by outlining the major activities undertaken in the reporting year with our key international partner agencies and jurisdictions.

**Section 5** reports on Strategic Goal 3 (*Ensuring compliance with global standards*). It reports on the six APG ME reports adopted this year, including three joint evaluations, outlines the APG's ME follow-up process and includes a schedule of evaluations for the upcoming year.

**Section 6** reports on Strategic Goal 4 (*Carrying out education, research and analysis activities*). This section outlines the achievements of the 2010 APG Typologies Workshop in Dhaka, Bangladesh, and the APG Typologies Working Group during the year.

**Section 7** reports on Strategic Goal 5 (*Implementation planning and providing AML/CFT guidance*) and discusses the activities of the Implementation Issues Working Group (IIWG) and the continuing refinement of the Strategic Implementation Planning (SIP) Framework.

**Section 8** reports on Strategic Goal 6 (*Support and expand the APG's technical assistance and training (TA&T) programme*). This section outlines ongoing TA&T coordination activities, including the outcomes of the 2011 Annual Forum on TA&T during the 2011 Annual Meeting.

**Section 9** provides details of the APG Secretariat, its functions, responsibilities and contact details. It also provides information on the APG's Budget and Financial Statements and outcomes for 2010–11.

**Section 10** sets out APG's future directions and priorities and gives a summary of important APG issues in the next financial year, 2011-12.

### ANNEXES – Audit Report and Financial Statements

Annex C contains the Independent Audit Report and audited Financial Statements of the APG for the period 1 July 2010 to 30 June 2011 by Moore Stephens (of Canberra, Australia) on 6 September 2011.

## ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
AFP	Australian Federal Police
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
APG	Asia/Pacific Group on Money Laundering
ASEAN	Association of South East Asian Nations
AUSTRAC	Australian Transaction Reports and Analysis Centre
CFATF	Caribbean Financial Action Task Force
COAMLI	Coordinating Office for the Pacific Anti-Money Laundering Initiative
CTCB	Counter Terrorism Capacity Building
UN CTED	United Nations Counter-Terrorism Executive Directorate
DAP	Donors and Providers
DFAIT	Department of Foreign Affairs and International Trade (Canada)
EAG	Eurasian Group on Combating Money Laundering and Financing of Terrorism
Egmont Group	Egmont Group of Financial Intelligence Units
ESAAMLG	Eastern and Southern African Anti-Money Laundering Group
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FSRB	FATF-Style Regional Body
GAFISUD	Grupo de Acción Financiera de Sudamérica (Financial Action Task Force of South America Against Money Laundering)
GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
GIFCS	Group of International Finance Centre Supervisors [formerly Offshore Group of Banking Supervisors]
ICRG	International Cooperation Review Group (FATF)
IHWG	Implementation Issues Working Group (APG)
IMF	International Monetary Fund
INTERPOL	International Criminal Police Organization
ME	Mutual evaluation
MER	Mutual evaluation report
MENAFATF	Middle East and North Africa Financial Action Task Force
Moneyval	Committee of Experts on the Evaluation of Anti-Money Laundering Measures
NPO	Non-Profit Organisation
OECD	Organisation for Economic Co-operation and Development
PFTAC	Pacific Financial Technical Assistance Centre
PIFS	Pacific Islands Forum Secretariat
RRG	Regional Review Group (FATF)
SAARC	South Asian Association for Regional Cooperation
SIP	Strategic Implementation Planning
TA&T	Technical Assistance and Training
UNODC	United Nations Office on Drugs and Crime
WGEI	Working Group on Evaluation and Implementation (FATF)

## APG CO-CHAIRS' FOREWORD



**Commissioner Tony Negus**

This Annual Report highlights the major achievements of the APG during the reporting year against the goals in the APG Strategic Plan for 2009–2012.

The APG has now been in existence for almost 15 years during which it has grown to 41 members. The expansion of the membership and the evolution of our role in response to international and regional developments require the APG to keep its structures and business activities under scrutiny to ensure that they remain appropriate and relevant to the changing international environment.



**Shri K Jose Cyriac**

During 2010–11, the APG continued a significant review of both policy and operational issues, commenced in 2009–10, in the lead up to the expiration of the APG's current mandate in 2012. At the 2011 Annual Meeting in Kochi, India, members considered a detailed 'Mandate Policy Paper' which examined a number of constitutional, legal and administrative issues relating to the APG's structure and term together with a number of recommendations across of variety of governance, policy areas and operational areas. Issues discussed in the paper included:

- the need/rationale for extending the APG mandate, including relationship with the FATF's mandate;
- duration of a renewed APG mandate;
- governance arrangements;
- implications for APG Terms of Reference, including membership requirements, and Explanatory Note on Membership; and
- implications for APG Strategic Plan and review of areas of work, including a third round of evaluations.

While members noted that progress has been made in implementing AML/CFT measures throughout the region, much work remains to be done. There is a continuing need for evaluations of APG members' compliance levels with the AML/CFT standards through a further programme of mutual evaluations and for an ongoing follow-up process. Similarly, there is a strong and continuing demand for implementation assistance beyond 2012 including coordination of technical assistance and training, development of money laundering and terrorist financing typologies, and implementation and planning support for many members.

Bearing in mind these and other issues, APG members unanimously agreed at the 2011 Annual Meeting to extend the APG's mandate/term for an additional eight years to 2020. Further work will be done over the next 12 months to 'fine tune' various APG constitutional and other documents so that we commence our new mandate on a sound governance and operational basis. We welcome members' strong commitment to the APG and to the effective implementation of AML/CFT measures in the region.



**Mr Giancarlo del Bufalo**  
FATF President

Thank you to the incoming FATF President, Mr Giancarlo del Bufalo who, in his first official function as President, attended the APG Annual Meeting in July 2011. The APG and the FATF share a common goal and membership. We are strongly linked and will continue to be so as we move into our new term.

As the FATF President said in his opening comments to the APG Plenary in July this year:

The APG is certainly taking an increasingly important role in [the standard setting] process, both through the mutual evaluation and follow-up processes and more recently in the ICRG. The FATF must rely on the APG – as well as the other associate members – to support effective implementation of the FATF Standards at a global level. The APG has traditionally had an important voice in the FATF work as one of the older and more established FSRBs. I would therefore urge you to continue such participation and, as necessary, reinforce it. The FATF can take into account the particular challenges that APG countries face in implementing the FATF Standards only whereby these challenges are pointed out.

We look forward to the next financial year and to the continuing success of the APG into the new mandate beyond 2012.

[signed]

**Commissioner Tony Negus**  
**Co-Chair, Australia**

**Shri Jose Cyriac**  
**Co-Chair, India**

1 October 2011

## EXECUTIVE SECRETARY'S REPORT



**Dr Gordon Hook**

### **The Year**

Welcome to the Kingdom of Bhutan as the 41<sup>st</sup> APG member and welcome to the United Nations (in particular the 1373 Committee Counter-Terrorism Executive Directorate) as the newest Observer. The more jurisdictions and organisations that join the APG as members or observers the stronger the group becomes in its efforts to deter serious financial crime in the region. During the next reporting year (2011–12) a high level membership visit will occur to the Federated States of Micronesia to encourage that country to apply for membership. Discussions to this effect have already occurred with senior officials in Micronesia in keeping with a membership-related decision at the last Annual Meeting.

A considerable amount of work was undertaken during the year consolidating and analysing a large number of reports arising from the new mutual evaluation follow-up procedures adopted last year. A consequence of this, and as result of decisions made at the 2011 Annual Meeting, many of our members are subject to enhanced follow-up which imposes an additional reporting burden. The Secretariat will be contacting these members during the coming year regarding this process.

The Secretariat continues to support members who are under consideration by the FATF's International Cooperation Review Group (ICRG) by attending Asia-Pacific regional review group (RRG) meetings and ensuring that RRG reports are accurate and up-to-date with the latest AML/CFT developments. Twelve members are now involved at various stages of ICRG review with more members likely to be included in the following year. During this last year, eight outreach missions to APG members under ICRG review were conducted, with more planned for the coming year.

As all APG members know, the FATF standards are currently under review through a number of FATF working groups. The purpose of this review is to ensure that the standards remain comprehensive, relevant and up-to-date in light of emerging money laundering and terrorist financing threats. So far this year the review has concluded that:

- Tax crimes need to be added to the list of money laundering predicate offences; and
- New initiatives such as combating corruption more effectively and addressing proliferation financing are necessary.

Other important issues in this review include international cooperation, sharing of information among different authorities, and transparency of legal persons and trusts. The FATF expects to conclude by February 2012 after which it will look at revising the methodology for mutual evaluations. All in all, this means that the next round of APG evaluations will likely commence in late 2013 with training packages developed and implemented among our members beforehand as we prepare for more evaluations.

### **Voluntary Funding**

This last year saw significant funding grants from Canada, Chinese Taipei, New Zealand and the United States for specific programmes including technical assistance and training, sponsorship of APG delegates to important events and other purposes. On behalf of the membership thank you to these members. Without these voluntary donations the APG would not be able to complete its programme of business.

## **The Future**

The APG's mandate (term) expires at the end of 2012. APG members unanimously agreed at the 2011 Annual Meeting to extend the mandate for an additional eight years to 2020. During the next year, and in keeping with previous practice and decisions, the Co-Chairs will write to relevant Ministers in each APG member to secure their formal endorsement of the new mandate. The new term will allow the APG to test more fully each member's compliance levels with the evolving standards and to engage in more focused technical assistance and training to assist low capacity members to implement and effectively employ the tools necessary to meet the international standards.

## **Secretariat Staff**

Two secondments to the Secretariat from Australian agencies occurred during the year: one from AUSTRAC and the other from the Australian Federal Police (AFP). These secondments helped the Secretariat work through the large Secretariat workload. That workload is reflected in the number of documents filed for the 2011 Annual Meeting – the documents together exceeded 7,000 pages of material. Two additional senior project officers were recruited to the Secretariat during the year following the end of the AUSTRAC secondment. The APG membership agreed on the basis of the growing work of the Secretariat that an additional senior officer will be needed commencing at the outset of the new APG mandate on 1 July 2012.

## **Australian Government Support**

The AFP continues to host the APG Secretariat within the AFP's Sydney Office Headquarters and provides administrative, IT, legal, finance, human resources and other essential services at no cost to APG members. At the end of the financial year arrangements were well under way for the APG Secretariat to move to new premises within the AFP's Sydney Office. The AFP will provide this additional space and expanded meeting facilities as part of its ongoing support of the APG Secretariat. The costs of these new offices are considerably more than our previous space, but is treated as a voluntary donation by the Australian Government and the AFP in particular

On behalf of the APG membership, once again, I would like to thank the AFP for its generous support to the APG and to the Secretariat. This support represents a significant cost saving for all members. I would also like to thank our other Australian government partners, including AUSTRAC, the Attorney General's Department, the Department of Foreign Affairs and Trade and the Commonwealth Director of Public Prosecutions for their continuing support of the APG.

The Secretariat looks forward to the busy year ahead and to working closely with both members and our regional and global partners to fulfil the APG's mission.

[signed]

**Dr Gordon Hook**  
**Executive Secretary**  
1 October 2011

# 1. OVERVIEW OF THE APG

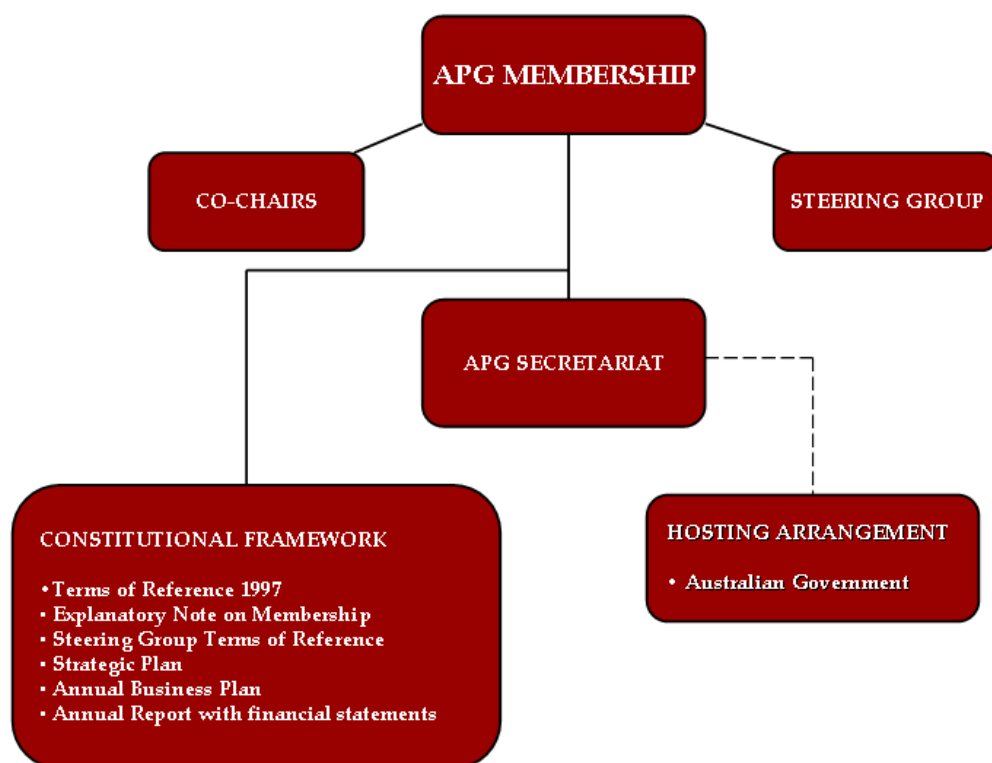
## Background

The APG was officially established by formal Terms of Reference endorsed by 13 founding members in February 1997 at the 4<sup>th</sup> Asia/Pacific Money Laundering Symposium in Bangkok, Thailand. This was the culmination of a process of ‘awareness raising’ by the FATF in the Asia/Pacific region.

## Structure of APG

The APG is an autonomous, voluntary and co-operative international body established by agreement among its 41 members. The APG’s strategic direction, business plan, work schedule and priorities, and its procedures are determined on a consensus basis among its members.

The following diagram outlines the basic constitutional and governance structure of the APG:



The four principal APG bodies are described below in order of importance:

### Membership

The membership is the decision-making authority for the APG. It consists of 41 members (see below for list) whose official delegates meet in plenary once a year at the APG Annual Meeting to discuss the APG's strategic directions and work programme including:

- structure and operation of the APG (including its Terms of Reference, planning issues, budget etc);
- mutual evaluations;
- implementation issues;
- technical assistance and training (TA&T) issues;

- money laundering methods and counter-measures; and
- special regional and international issues and developments of significance to all members, including issues arising from the work of the FATF.

### **Co-Chairs**

Two Co-Chairs (one permanent and one rotating) are responsible for chairing APG meetings and providing strategic advice and direction to the membership. Australia, as host of the Secretariat, retains the permanent Co-Chair. Rotating Co-Chairs serve a two year term but have the same status and functions as the permanent chair.

### **Steering Group**

Pursuant to the Steering Group's Terms of Reference, this group consists of one representative from each sub-regional group, the current Co-Chairs, the previous rotating Co-Chair for one year, and (when known) the incoming rotating Co-Chair in the year previous to assuming the chair. The Steering Group considers governance and other issues of strategic importance referred by the Co-Chairs and membership; engages and consults with APG members in their sub-regional groups to obtain input on key issues; provides advice to the Co-Chairs and members through the Secretariat; and influences all APG members to effectively participate in APG activities, including leading or sponsoring specific APG projects.

### **APG Secretariat**

The Secretariat acts as a focal point for the APG and provides support to the Co-Chairs, Steering Group and membership. The Secretariat organises mutual evaluations; coordinates TA&T; prepares financial statements, annual budgets, annual business plans and policy papers; and reports against all such activities to the membership including expenditure of APG funds. The Secretariat is hosted by the Australian Government in Sydney, Australia.

## **Purpose and functions of APG**

The primary purpose of the APG is to facilitate the adoption, effective implementation and enforcement of the global AML/CFT standards comprised primarily of the FATF's 40+9 recommendations and special recommendations.

The core APG functions include:

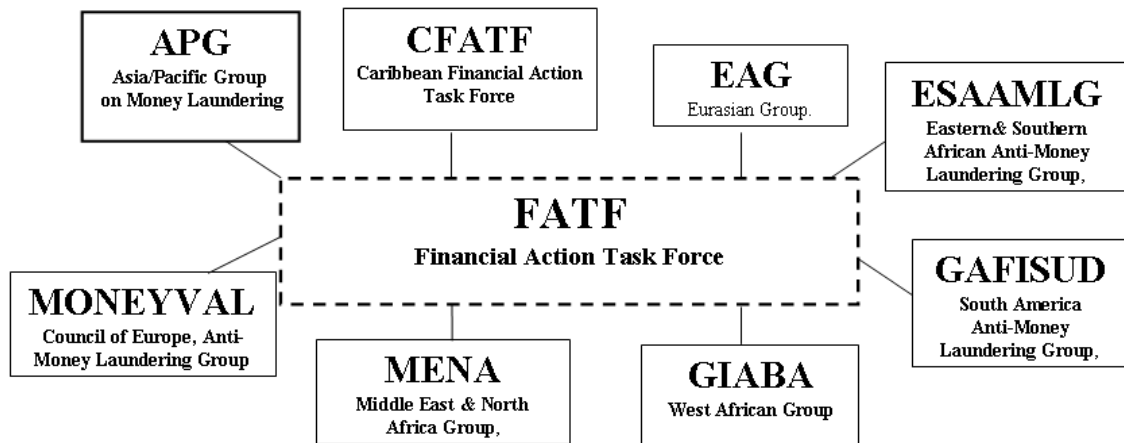
1. Assessing compliance with FATF standards by APG members within a mutual evaluation framework;
2. Co-ordinating TA&T to APG members; and
3. Carrying out education, research and analysis to enhance the understanding of money laundering typologies and the financing of terrorism environment as well as the global efforts against it.

The APG's purpose, mission and goals are further described in the APG's Strategic Plan (2009-12) at **Annex A** which includes the APG Terms of Reference.

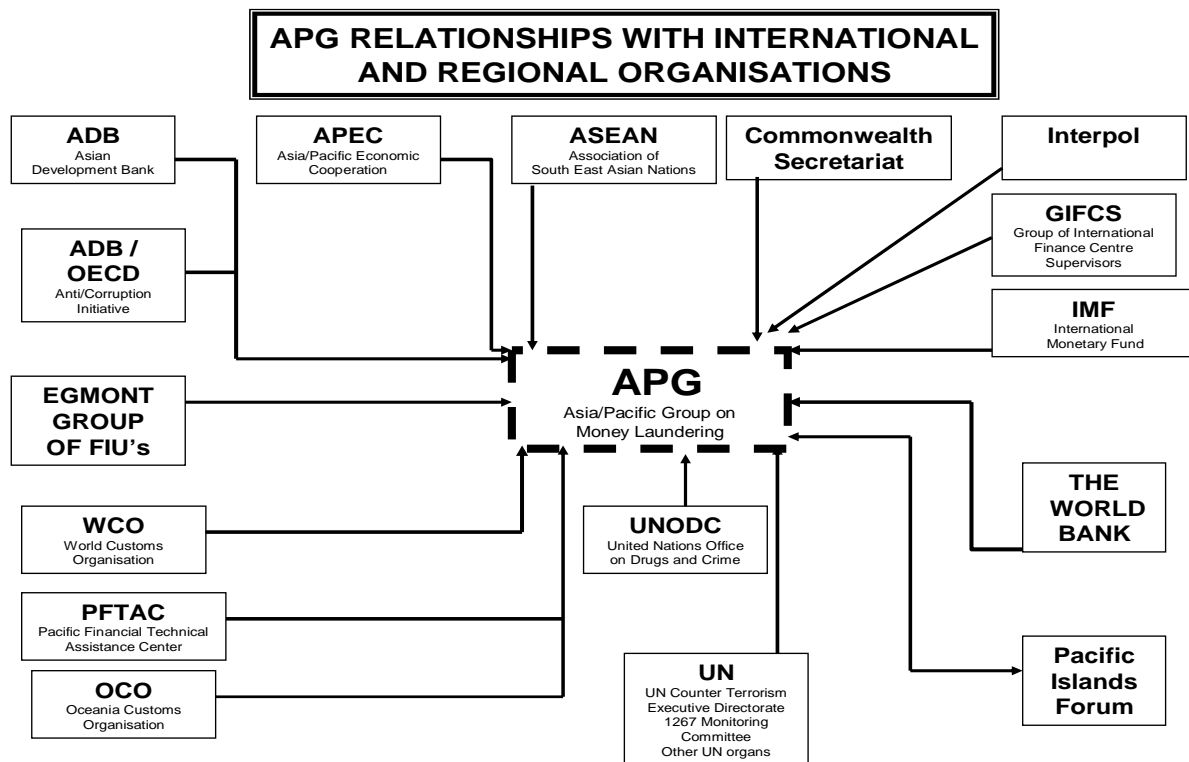
## **APG in the Strategic International and Regional Context**

The APG is an important part of a global network of FATF-style regional bodies (FSRBs), the FATF and the network of inter-governmental organisations. The following chart shows the place of the APG within that network:

## Global FATF/FSRB Network



The next chart shows how the APG fits within the regional AML/CFT context:



## Members and Observers

Membership in the APG is open to any jurisdiction within the Asia/Pacific region that recognises the need to combat money laundering and terrorist financing and recognises the benefits obtained through sharing knowledge and experience. Potential members and observer jurisdictions must also have taken (or be actively taking) steps to develop, enact and implement anti-money laundering and anti-terrorist financing legislation and other targeted financial system prevention measures. Membership requirements are stated in greater detail in the APG Terms of Reference.

As noted above, the APG has 41 active members and five observer jurisdictions. In addition, 24 international organisations participate in APG work, including the FATF, IMF, the World Bank,

the Asian Development Bank (ADB), the Egmont Group, the GIFCS and the United Nations Office on Drugs and Crime as well as the UN. The following Members and Observers are part of the APG effective July 2011:

Members		Observers
1. Afghanistan	22. Myanmar	<b>Jurisdictions</b>
2. Australia*	23. Nauru	1. France
3. Bangladesh	24. Nepal	2. Germany
4. Bhutan	25. New Zealand*	3. United Kingdom
5. Brunei Darussalam	26. Niue	4. Russian Federation
6. Cambodia	27. Pakistan	5. Federated States of Micronesia
7. Canada*	28. Palau	<b>Organisations</b>
8. China, People's Republic of*	29. Papua New Guinea	1. ADB
9. Cook Islands	30. Philippines	2. ADB/OECD
10. Fiji Islands	31. Samoa	3. APEC Secretariat
11. Hong Kong, China*	32. Singapore*	4. ASEAN Secretariat
12. India*	33. Solomon Islands	5. CFATF
13. Indonesia	34. Sri Lanka	6. Commonwealth Secretariat
14. Japan*	35. Chinese Taipei	7. EAG
15. Korea, Republic of*	36. Thailand	8. Egmont Group
16. Lao PDR	37. Timor Leste	9. ESAAMLG
17. Macao, China	38. Tonga	10. FATF
18. Malaysia	39. United States*	11. GAFISUD
19. Maldives	40. Vanuatu	12. GIABA
20. Marshall Islands	41. Vietnam	13. IMF
21. Mongolia		14. Interpol
		15. MENAFATF
		16. MONEYVAL
		17. OCO
		18. GIFCS (formerly OGBS)
		19. PIFS
		20. PFTAC
		21. UN
		22. UNODC
		23. World Bank
		24. WCO

\*Also FATF member

### New Member: Kingdom of Bhutan

In late 2010, Bhutan applied for, and was granted, observer status in the APG. Shortly thereafter Bhutan attended the APG Typologies Workshop in Bangladesh and then expressed a strong desire to join the APG. In May 2011 the APG Co-Chair, Shri K Jose Cyriac, led a high level delegation including Mr Hari Nepal (Deputy Director of the Nepal FIU) and Gordon Hook (Executive Secretary) to Thimphu, Bhutan. The delegation met with the Governor and Deputy Governors of the Royal Monetary Authority and other senior officials. Following that visit a membership application was filed and considered at the



APG Co-Chair, Commissioner Negus, welcomes Bhutan (Deputy Governor, Eden Dema) as the 41<sup>st</sup> member

Annual Meeting.

Bhutan attended the Annual Meeting with a delegation of eight senior officials including the Deputy Governor, Ms Eden Dema. Bhutan is now the 41<sup>st</sup> member of the APG and was warmly welcomed as such by the entire membership. All SAARC members are now members of the APG.

## Co-Chairs

The APG has two Co-Chairs: Australia, as host of the APG Secretariat, holds one Co-Chair position and the other is rotated every two years. The rotating Co-Chair position is currently held by India with a term from July 2010 to July 2012.

### Co-Chair, Australia



Commissioner Tony Negus

The Australian Co-Chair position is held by Australian Federal Police (AFP) Commissioner, Tony Negus, who assumed the role of Australian Co-Chair in September 2009. Commissioner Negus has served in the AFP for 29 years, working in community policing, federal investigations, human resources, training and protection. He holds a Masters Degree in Public Policy and Administration and a Graduate Diploma in Executive Leadership. He has also completed the Executive Leadership Programme at Harvard University and is a member of the Australian Institute of Company Directors. Commissioner Tony Negus was awarded the Australian Police Medal in June 2005.

### Co-Chair, India (July 2010–2012)

The rotating Co-Chair position was held by Shri K Jose Cyriac from July 2010 to July 2011. During the year Mr Cyriac was Special Secretary to the Ministry of Finance, Department of Revenue. In this position he supervised and coordinated all work in the Government of India related to the Prevention of Money Laundering Act, 2002 (policy, planning and implementation), the Directorate of Enforcement (which investigates and prosecutes money laundering offences) and FIU-IND (which is an integral component of the country's AML/CFT preventive regime), and is also a member of the Economic Intelligence Council and the Inter-Ministerial Coordination Committee on AML/CFT.



Shri K Jose Cyriac



Shri Arun Mathur

Prior to the 2011 Annual Meeting Mr Cyriac was promoted to Secretary to the Government of India and transferred to another government department. As a consequence, he could no longer act as APG Co-Chair. In his place, the Minister of Finance appointed Shri Arun Mathur. Mr Mathur is a lawyer and member of the Indian Administrative Service and is a Secretary to the Government of India. Besides working in different administrative capacities, he also represented India as Advisor for the Mission of India to the European Union (Brussels). In the Ministry of Home Affairs, he handled sensitive work relating to the North-East of India, including policy formulation and strategies to deal with insurgencies and terrorism in the region. As a Director in the Prime Minister's Office, he was

involved with policy making at the highest levels. Mr Mathur is currently head of the Directorate of Enforcement of the Government of India. This agency is the primary agency responsible for AML/CFT investigations. In this role he has been responsible for major amendments to the Prevention of Money Laundering Act. Mr. Mathur has also had significant involvement with the FATF and the APG. He was the Co-Chair for the APG Typologies Working Group meetings at Cambodia in 2009 and Kochi, India in 2011.

## 2. APG 14TH ANNUAL MEETING, INDIA



L to R: Indian Finance Minister, Hon. Mr Pranab Mukherjee; FATF President, Mr Gincarlo del Bufalo; APG Co-Chair, Shri K Jose Cyriac; and APG Co-Chair, Commissioner Tony Negus

### Annual Meeting Opening Ceremony



APG Co-Chairs officially open the 2011 Annual Meeting

The 14<sup>th</sup> APG Annual Meeting was held in Kochi, India from 18 to 22 July 2011 at Le Meridien Kochi Convention Centre. The plenary was opened by the Honourable Minister of Finance, Mr Pranab Mukherjee. Mr Mukherjee said in his opening address that: "The global menace of money laundering cannot be contained by any nation alone....The APG has been successfully carrying out its role in the Asia Pacific region in

assessing APG members' compliance with the international anti-money laundering and combating the financing of terrorism (AML & CFT) standards through its programme of mutual evaluations; by supporting implementation of the international AML/CFT standards; through technical assistance and training; and by conducting research and analysis into money laundering and terrorist financing trends and methods.”

The Minister also recognised the critical need for many APG members to be provided with technical assistance and training in order to deal with the issue of money laundering and terrorist financing. In this regard he stated that:

I must congratulate the APG for being the first FATF-Style Regional Body to have formal institutionalized processes for technical assistance and training coordination relating to AML & CFT issues. I am sure the member countries are making full use of the knowledge and expertise available with APG in augmenting their AML & CFT regimes.

FATF President, Mr Giancarlo Del Bufalo (of Italy), attending the APG plenary in his first official capacity as President, stated in his comments on the opening day of the plenary that:

FATF associate members, including the APG, play an essential leadership role in the implementation of the FATF standards in their respective regions and provide expertise and important input to FATF policy-making. Further enhancing the collaboration with associate members will definitely lead to an increase in the overall effectiveness of the global AML/CFT network. It is therefore crucial for the FATF and its associate members to recognise the good things so far attained, but we must also be ready to recognise where improvements may be needed. It will be necessary for the FATF and its associate members to move onto a new stage of our relationship, and to that end, the recent FATF Plenary discussed the paper titled “Reinforcing the FATF Global Network” and agreed on some principles. Yet, we should continue working to enhance the effectiveness of our activities.

### **2011 Annual Meeting Outcomes**

APG Annual Meetings are attended by officials from legal, financial and law enforcement sectors in the Asia/Pacific region responsible for AML/CFT issues. These meetings provide a unique opportunity for delegates to discuss a variety of issues relevant to the FATF standards, TA&T initiatives, mutual evaluation reports, progress reports of APG members and to attend special technical seminars on emerging money laundering and terrorist financing issues.

This year two technical seminars held during the Annual Meeting week:

- Seminar 1: *Flexible Implementation of Preventative Measures -The risk based approach and financial inclusion*
- Seminar 2: *Effective processes for supporting mutual legal assistance requests Issues for Law Enforcement, FIU and Prosecution agencies*

Additional voluntary sponsorship funding to support priority APG officials to the Annual Meeting was provided by Canada’s Counter Terrorism Capacity Building Programme, New Zealand’s Asia Security Fund and Chinese Taipei.

Outcomes of the 14<sup>th</sup> Annual APG meeting include the following:

- Six mutual evaluation reports were adopted: Afghanistan, Lao PDR, the Maldives, Marshall Islands, Nepal and Papua New Guinea;
- The Kingdom of Bhutan was admitted as the 41<sup>st</sup> member;
- The United Nations was admitted and formally acknowledged as an Observer organisation;
- The Technical Assistance and Training Forum included 32 meetings with individual APG members and donor organisations/jurisdictions to coordinate technical assistance;

- Three typologies reports were adopted and published: the annual typologies report, a report on terrorist financing and the NPO sector; and a report on large scale trans-national fraud and money laundering;
- Amendments to improve the Strategic Implementation Planning Framework were adopted to assist low capacity APG members to effectively respond to recommendations made in mutual evaluation reports;
- Further amendments to the APG's mutual evaluation follow-up procedures were adopted in the light of the experience over the previous 12 months of applying the revised procedures adopted in July 2010;
- A new Business Plan for 2011–12 was adopted containing a number of new APG initiatives for the upcoming year as well as a very busy schedule of technical training and assistance missions to priority members; and
- A number of decisions about the structure and functioning of the APG and the Secretariat were made including an important decision to extend the APG term after 2012 to 2020.

Mutual evaluation progress reports and annual member status reports (outlining key policy, technical and statistical information in relation to each member's domestic AML/CFT systems) were also examined and discussed during the meeting. These and other more specific items arising from the meeting are commented upon in more detail in other sections of this report.



Delegation from Brunei Darussalam during opening of Annual Meeting

### **3. DEVELOP AND SUSTAIN AN EFFECTIVE REGIONAL BODY**

This section outlines progress made in achieving Goal 1 of the APG's Strategic Plan 2009-12:

**PROVIDE A STRONG, COHESIVE AND AUTONOMOUS REGIONAL AML/CFT BODY FOR APG MEMBERS AND OBSERVERS, INCLUDING ALL STRATEGICALLY IMPORTANT JURISDICTIONS IN THE ASIA/PACIFIC REGION**

The APG's Business Plan 2010–11 outlined a number of tasks to achieve this strategy. These tasks included the following:

- Delivery of the 2011 APG Annual Meeting and Annual Forum on Technical Assistance & Training in Singapore;
- APG Donor & Provider (DAP) Group meetings, Working Group meetings, Steering Group meetings, and consideration of five mutual evaluation reports;
- Delivery of the 2010 APG Typologies Workshop in Dhaka, Bangladesh;
- Meetings of the APG DAP Group; COAMLI (Coordinating Office for the Pacific Anti-Money Laundering Initiative); and the Association of South East Asian Nations (ASEAN) Coordination Agreement; and
- Ensuring that the APG Steering Group continued to perform its advisory role for members and the Co-Chairs by holding at least five meetings during the year.

Other strategies included soliciting members for voluntary donations to assist in supporting the APG's programmes. Canada, Chinese Taipei, New Zealand and the United States made significant voluntary contributions to the APG this last year to support technical assistance and training activities. Canada's contribution supported post-mutual evaluation implementation, ICRG support, attendance by APG delegates at major APG events and mutual evaluation training.

## **APG Steering Group**

The APG Steering Group provides the Co-Chairs and membership with strategic advice on the structure, functioning and support of the APG. Steering Group representatives in 2010–11 were: Chinese Taipei (North Asia); Papua New Guinea (Pacific Islands); Bangladesh (South Asia); Philippines (South East Asia); and United States (Other). The Co-Chairs (Australia and India) were also members of the Steering Group, as was the previous Co-Chair (Singapore).

The Steering Group held five meetings during in 2010–11 as follows:

- 1 September 2010
- 7 December 2010
- 9 March 2011
- 3 June 2011;
- 18 July 2011 (immediately prior to Annual Meeting)

Some of the issues considered by the Steering Group during 2010–11 included: APG Co-Chairing arrangements for 2012-14; the mandate policy paper dealing with issues beyond 2012; membership matters including the observer applications from Bhutan and the United Nations; updates on mutual evaluations; and mutual evaluation progress reports. The Steering Group's membership for 2011–12 is:

- Co-Chair: Australia
- Co-Chair: India
- Incoming Co-Chair: China
- North Asia: Hong Kong, China
- Pacific Islands: Tonga
- South Asia: Bangladesh
- South East Asia: Philippines
- Other: New Zealand

The Steering Group has a number of important business items on its agenda for the coming year including:

- Developing a new Strategic Plan for 2012–16 to be adopted at the 15<sup>th</sup> Annual Meeting in July 2012;
- Considering the policy implications and required amendments to number of APG constitutional instruments including the Terms of Reference, Explanatory Note on Membership, Steering Group Terms of Reference and Information and Communications Strategy;
- Reviewing and approving a number of detailed progress reports relating to mutual evaluations, including any membership issues arising from the reports;
- Considering issues arising from the APG's status as an associate member of the FATF, including the FATF's current review of the 40 + 9 Recommendations and the assessment methodology; and
- Monitoring and contributing to the FATF's International Cooperation Review Group regional review process on behalf of the membership.

### **APG Action Plan for ICRG Issues 2010-12**

The FATF's International Cooperation Review Group (ICRG) has procedures and remedies to apply pressure on jurisdictions that have significant deficiencies in their AML/CFT systems. The procedures include direct referral for review based on the results of mutual evaluation reports (MERs). Jurisdictions are referred when the MER has 10 or more partially compliant (PC) or non-compliant (NC) ratings on the 16 core and key Recommendations. Procedures also cover individual referral of a jurisdiction from another, or from an FSRB.

ICRG reviews are conducted by ICRG regional review groups (RRG) chaired jointly by a member of the FATF and a member of the relevant FSRB. During 2010 the Asia/Pacific RRG was co-chaired by Australia and Malaysia. As of February 2011 the Asia/Pacific RRG is co-chaired by India and Macao, China. The RRG is tasked with preparing *prima facie* and targeted review reports. Targeted reviews include an action plan to address noted deficiencies. ICRG action plans are agreed with the jurisdiction under review and the RRG and are endorsed at a ministerial level by each jurisdiction under review.



**342 delegates attended the 14<sup>th</sup> Annual Meeting in Kochi, India. Funding from Canada, New Zealand and Chinese Taipei assisted many delegates to attend the meeting and pre-plenary workshops**

Compliance Statement or Public Statement as part of the ICRG process. The FATF is expected to take further decisions on reviewing additional APG members in the latter half of 2011 and 2012.

The ICRG process has raised concerns by APG members on the appropriate role of the APG and the APG Secretariat in FATF proceedings and the scope of information exchange between APG and FATF. APG members have noted the importance of information exchange between the APG and the RRG, including the appropriate framework within which to conduct that exchange. APG notes the significant interface between ICRG action plans and mutual evaluation follow-up processes and technical assistance.

In 2010 members adopted an ICRG Action Plan 2010-12 to provide a framework for APG support to ICRG listed members, cooperation with the FATF, technical assistance providers and for interactions with the Asia/Pacific RRG. The following points highlight actions taken by the APG and donors in support of APG members involved in the ICRG:

- An ICRG issues meeting was convened during the 2011 APG Annual Meeting;
- APG convened TA&T coordination meetings addressing members' ICRG-related needs during the 2011 TA&T Forum and in the margins of the 2010 APG Typologies Workshop;
- The Secretariat held TA&T discussions with APG members in the margins of FATF RRG meetings in September 2010, and January and May 2011;
- Several DAP Group teleconferences were conducted in support of assisting members under ICRG review to address TA&T needs. These included two teleconferences with DAP Group to discuss TA&T needs, including ICRG matters, of 22 APG members;
- Eight outreach missions or briefings at the Secretariat which focused on ICRG issues were undertaken to the following members:
  - Vietnam, August 2010;
  - Bangladesh, August 2010;
  - Nepal May 2011;
  - Brunei Darussalam, October 2010;
  - Samoa, January 2011;
  - Cambodia, March 2011;
  - Mongolia, April 2011;
  - Pakistan, May 2011.
- The Secretariat attended all ICRG meetings and all Asia/Pacific RRG in order to support APG members and to ensure that RRG reports accurately represent our members' AML/CFT systems.
- The Secretariat distributed relevant FATF ICRG documents, papers and decisions with members and prepared APG-specific explanatory materials. Briefing materials were developed by the Secretariat and shared with all ICRG affected members



Russian Federation delegates. The Russian Federation is an APG observer. Russia joined as a delegate in an APG mission to Mongolia in April 2011

## Information and Communications Strategy

Following the 2010 Annual Meeting a need to amend the Information and Communications Strategy was identified to explicitly provide that plenary discussions are confidential and to provide for consequences in the event that the plenary discussions and comments are disclosed to third parties without appropriate authority. In late 2010 the membership agreed to amend the strategy on the advice of the Steering Group to reflect this point. The agreed text is as follows:

### Confidentiality of APG meetings

15. In order to encourage the free and frank interaction between APG members and observers, all plenary, workshop and working group deliberations, will be confidential.
16. Should unauthorised disclosure occur by any member or observer, the matter will be referred to the Steering Group to consider the seriousness of the breach. The Steering Group will, if necessary, ask the APG Co-Chairs to write to the relevant delegation, including the responsible Minister, expressing concern over such disclosure.



APG Co-Chair, Shri K Jose Cyriac, leads media conference during Annual Meeting, July 2011

## Attendance at meetings, conferences and seminars 2010–11

APG representatives and Secretariat staff made a number of important contributions to conferences, seminars, training workshops and meetings during the year as follows:

FATF-Related Activities	APG Activities	Other
<ul style="list-style-type: none"> <li>• ICRG RRG Meetings - Australia, September 10 &amp; January 11, Macao, China, May 11</li> <li>• FATF Plenary, Paris, France, October 10</li> <li>• FATF WGEI Expert Groups Meeting, Hong Kong, December 10</li> <li>• FATF Plenary, Paris, February 11</li> <li>• FATF / G20 Anti Corruption conference, Paris, February 11</li> <li>• FATF WGEI Expert Groups Meeting, Cape Town, March 11</li> <li>• FATF/APG ME, India follow-up, April 11</li> <li>• FATF WGEI Expert Groups Meeting, Paris, May 11</li> <li>• FATF Plenary, Mexico, June 11</li> </ul>	<ul style="list-style-type: none"> <li>• APG Annual Meeting and TA&amp;T Forum, Kochi, July 11</li> <li>• ICRG related visits: Vietnam, August 10; Bangladesh, August 10; Nepal (Secretariat briefing August 10 and visit, April-May 2011); Brunei Darussalam, October 10; Samoa (pre prima facie review), January 11; Cambodia, March 11; Mongolia, April 11; Pakistan, May 11.</li> <li>• APG ME, Nepal, September 10</li> <li>• Brunei SIP Trainer Workshop, Malaysia, September 10</li> <li>• Brunei SIP, Bandar Seri Begawan, October 10</li> <li>• National coordination mission, Timor Leste, October 10</li> <li>• APG Typologies Workshop, Bangladesh, October 10</li> <li>• ICRG Workshop, Sri Lanka, November 10</li> <li>• Regional SIP Train-the-Trainers Workshop, New Zealand, November 10</li> <li>• Meeting with Bhutan Delegation, Australia, December 10</li> <li>• APG/ASEAN - STR workshop, Malaysia, March 11</li> <li>• Australia ME Training Workshop, Australia, March 11</li> <li>• Pre-ME Workshop and AML/CFT National Conference, Timor-Leste, March 11</li> <li>• Tonga SIP workshop, Tonga, April 11</li> <li>• Bhutan APG membership mission, Thimphu Bhutan, May 11</li> <li>• SIP workshop, Solomon Islands, May 11</li> <li>• SIP workshop, Samoa, May 11</li> <li>• DAP Group Meetings, Pakistan, May 11</li> <li>• Niue Pre-ME meeting, Sydney, June 11</li> </ul>	<ul style="list-style-type: none"> <li>• 2nd International Conference on Financial Crime and Terrorism Financing, Malaysia, July 10</li> <li>• GICNT Conference on Countering the Financing of Nuclear Terrorism, Kazakhstan, September 10</li> <li>• South Asia Sanctions Workshop, Nepal, September 10</li> <li>• AUSTRAC Forum on Suspicious matters and emerging trends in the Asia Pacific Region, Australia, October 10</li> <li>• SEARCCCT CFT Seminar, Malaysia November 10</li> <li>• ACAMS Annual General Meeting, Australia, Nov 10</li> <li>• Meeting with HC Vanuatu, Australia, December 10</li> <li>• UN CTED Preventing Abuse of NPO Conference, UK, January 11</li> <li>• Meeting with FSM Ambassador designate, Australia, February 11</li> <li>• National Security Australia Conference, February 11</li> <li>• IMF - Enhancing the AML/CFT Legislative Framework, Singapore, March 11</li> <li>• ML.com's 16th Annual International AML Conference, USA, March 11</li> <li>• UN CTED Regional NPO workshop, Thailand, March 11</li> <li>• AUSTRAC Forum – Ongoing customer due diligence Transaction monitoring programmes, Australia, April 11</li> <li>• Pacific Islands Forum WGCT, NZ, May 11</li> <li>• ComSec South Asian Judicial Forum, Sri Lanka, May 11</li> <li>• UN CTED Workshop on strengthening the oversight role of Pakistan's Parliament in the implementation of CFT laws, Pakistan, May 11</li> </ul>

## 4. ACTIVELY PARTICIPATE IN, AND CO-OPERATE WITH, THE GLOBAL AML/CFT NETWORK

This section reports on progress made to achieve the APG's Strategic Plan Goal 2:

**ACTIVELY PARTICIPATE IN, AND CO-OPERATE WITH, THE GLOBAL AML/CFT NETWORK, INCLUDING THE FINANCIAL ACTION TASK FORCE ON MONEY LAUNDERING (FATF), OTHER FATF-STYLE REGIONAL BODIES AND RELEVANT INTERNATIONAL AND REGIONAL ORGANISATIONS**

Strategies to achieve strategic Goal 2 include maintaining the APG's Associate Membership in the FATF, providing advice to APG members and observers and continuing to develop and enhance APG mechanisms for working our strategically important regional and international organisations and jurisdictions.

As noted above the APG was represented in a wide range of AML/CFT workshops, seminars and conferences in 2010–11. These events provided an excellent opportunity to promote the APG's work, to improve working relationships, to provide technical assistance and to generally support the APG's mission. During 2010-11, the APG:

- Participated as a FATF Associate Member in three FATF plenary and working group meetings, including the joint FATF/GAFISUD plenary meeting held in Mexico in June 2011, as well as a number of inter-sessional meetings;
- Maintained strong working relationships with numerous relevant multilateral bodies including the IMF, World Bank, Asian Development Bank, Commonwealth Secretariat, Egmont Group of FIUs, the Group of International Finance Centre Supervisors (GIFCS), Pacific Islands Forum Secretariat (PIFS) and the United Nations Office on Drugs and Crime (UNODC) and United Nations Counter-Terrorism Executive Directorate (UN CTED).



Co-Chair Commissioner Negus discusses FATF issues with incoming Indian Co-Chair, Arun Mathur, during Steering Group meeting

Under the terms of the APG's ICRG Action Plan, the APG supported the FATF Asia/Pacific Regional Review Group (RRG) to conduct ICRG reviews of APG members. The APG Secretariat supported the RRG with communications support and background information on APG processes and specific MERs, and endeavoured to cooperate with the RRG as much as possible.

### Review of FATF Standards

The FATF standards are currently under review in the lead up to the 4th round of FATF mutual evaluations after 2012. FATF papers supporting the review were made available by the APG Secretariat to all APG members. Members have been encouraged to participate in this exercise as much as possible, as it will have a direct impact on the FATF's and APG's next round of mutual evaluations, expected to commence in 2013. The APG Secretariat has attended most of

the expert group meetings held since December 2010 (during FATF plenary and inter-sessional meetings).

In order to encourage further input into the FATF policy development process, in November 2010 the APG Steering Group established of an ad hoc “Working Group on FATF Associate Membership Issues” in accordance with the terms of the Annual Business Plan for 2010–11. The objective of this working group has been to assist the Secretariat and the members to better manage work associated with FATF issues and to encourage input by our members.

### **CTED NPO Project**

In January 2011, the UN’s Counter Terrorism Executive Directorate (CTED) asked the APG to join a global project to scope terrorist financing issues in the NPO sector.



**Baroness Pauline Neville Jones and CTED Executive Director, Mike Smith, open NPO experts meeting, January 2011**

An all-experts meeting was convened in London, UK at Lancaster House in January 2011. Since then a number of regional meetings have been convened, including one in March 2011 in Bangkok, Thailand for the Asia/Pacific region. Additional meetings will be convened in this region and in other regions with a final report back to the CTED in December 2012.

The London workshop was opened by Baroness Pauline Neville Jones, the UK Minister of State for Security and Counter Terrorism.

### **Global Initiative on Countering Nuclear Terrorism (GICNT)**

In September 2010 the APG attended the Conference on Countering the Financing of Nuclear Terrorism held in Astana, Kazakhstan Co-Chaired by the US and the Russian Federation. The event was co-organised by Australia’s Department of Foreign Affairs and Trade and attended by APG member countries the US, Australia and New Zealand. This was the first time that the APG has been asked to participate in a conference with the Global Initiative to Combat Nuclear Terrorism (GICNT).

The conference was attended by over 100 delegates from over 40 countries. Three presentations were delivered by the APG including on terrorist financing methods, proliferation financing and underground banking.



**US Treasury officials chairing a conference breakout session**

The GICNT is a partnership of 82 nations and 4 observers that are committed to strengthening global capacity to prevent, detect, and respond to acts of nuclear terrorism. This is done by addressing a series of functional areas, one of which is to prevent the provision of financial

resources to terrorists seeking to acquire nuclear materials) through multilateral workshops and conferences. While the GICNT has conducted over 35 activities on functional areas such as nuclear forensics and nuclear detection, this was the first GICNT activity that addresses terrorist financing.

The objectives of the conference were threefold:

- To highlight the importance of financial intelligence, tools and existing international standards in a holistic approach to combating nuclear terrorism
- To strengthen domestic legal, regulatory, and operational frameworks to collect and share relevant information; and
- To emphasize the need for clear and effective gateways to facilitate the prompt international exchange of information.

### **Southeast Asia and Pacific Sub-Regional Nuclear Security Information Management and Coordination**

Following the GINCT meeting in Astana, Kazakhstan, the APG was invited to attend a meeting on Southeast Asia and Pacific Sub-Regional Nuclear Security Information Management and Coordination in Sydney, Australia in December 2010. APG delivered a presentation on weapons of mass destruction (WMD) Proliferation Financing and Misuse of the Trade Sector. This meeting was attended by a number of Pacific Island representatives including most Pacific members of the APG.

Further meetings are planned and the APG is expected to be invited to discuss, among others items, the review of FATF standards and the possible inclusion of PF as a new FATF recommendation for the next round of evaluations.

### **Pacific Islands Forum – Annual Meeting of the Working Group on Counter-Terrorism**



In May 2011 the APG Secretariat presented regional experience and ‘over the horizon’ issues at the Annual Meeting of the Pacific Islands Forum Working Group on Counter-Terrorism in Auckland, New Zealand. The Working Group meeting followed the Ready Pasifika II exercise. In addition to the joint APG/PIF members, key participating international organisations included the UN Counter-Terrorism Executive Directorate, the Experts Committee of UN Security Council Resolution 1540, UNODC Terrorism Prevention Branch, and the Pacific Islands Chiefs of Police Secretariat.

## **5. ENSURING COMPLIANCE WITH GLOBAL STANDARDS**

This section briefly reports on progress made to achieve Goal 3 of the Strategic Plan:

### **ASSESS APG MEMBERS’ COMPLIANCE WITH THE GLOBAL STANDARDS AGAINST MONEY LAUNDERING AND THE FINANCING OF TERRORISM**

The APG meets the requirements of this strategic goal through ensuring that a minimum of six APG members are assessed each year, either through an APG mutual evaluation/joint evaluation or an IMF/World Bank-led assessment.

### **Mutual Evaluations**

The APG’s Terms of Reference require members to commit to a mutual peer review system (“mutual evaluations”) designed to test members’ compliance with the global AML/CFT

standards and to identify weaknesses and make appropriate recommendations to improve legal and administrative weaknesses. To give effect to this mechanism, the APG membership annually adopts an updated schedule of on-site visits. Each member is assessed on all of the 40+9 Recommendations by a team of experts with legal, financial and law enforcement expertise and a member of the APG Secretariat. The APG also conducts evaluations jointly with the FATF, and has cooperative arrangements with other assessing bodies including the International Monetary Fund, World Bank and the GIFCS.



**Nepal Mutual Evaluation Report discussions during Annual Meeting, July 2011**

The first round of APG mutual evaluations ran from March 2000 until July 2005 and included 22 mutual evaluations. Summaries of some of these reports are available on the APG’s website.

The second round of APG mutual evaluations (pursuant to the FATF’s 2004 Assessment Methodology) commenced in July 2005 and is expected to be completed in 2012. By that time, 40 reports will have been adopted and published by the membership. Thirty seven (37) reports have already been adopted in the APG’s second round and are all available on the APG’s website to download.

The remaining three evaluations under the second round – of Nauru; Niue; and Timor Leste – will be adopted at the 2012 Annual Meeting. The APG’s newest member, Bhutan, will be evaluated as part of the APG’s third round of evaluations.



**Lao PDR mutual evaluation team included experts from Australia; Macao, China; World Bank (observer); Hong Kong, China; and Myanmar (absent photo)**

The summary table below shows each member’s general levels of compliance with the FATF Recommendations. It should be noted that the summary is not a mathematical comparison, and

that the rating should be read in conjunction with the full assessment which is available on the APG website at <http://www.apgml.org/documents/default.aspx?DocumentCategoryID=17>.

<b>Summary of ratings for APG members assessed during the APG's Second Round</b>							
	<b>C</b>	<b>LC</b>	<b>PC</b>	<b>NC</b>	<b>NA</b>	<b>Total</b>	<b>Total NC/PC</b>
<b>Afghanistan</b>	1	1	17	29	1	49	46
<b>Australia</b>	12	14	14	9	0	49	23
<b>Bangladesh</b>	1	5	29	14	0	49	43
<b>Brunei</b>	2	5	25	16	1	49	41
<b>Cambodia</b>	0	0	13	33	3	49	36
<b>Canada</b>	7	23	8	11	0	49	19
<b>China</b>	8	16	16	9	0	49	25
<b>Chinese Taipei</b>	7	18	17	7	0	49	24
<b>Cook Islands</b>	4	25	19	0	1	49	19
<b>Fiji</b>	8	6	32	3	0	49	35
<b>Hong Kong, China</b>	10	20	15	4	0	49	19
<b>India</b>	4	25	15	4	1	49	19
<b>Indonesia</b>	4	8	22	14	1	49	36
<b>Japan</b>	4	19	15	10	1	49	25
<b>Korea</b>	5	14	17	13	0	49	30
<b>Lao PDR</b>	1	2	9	35	2	49	44
<b>Macao, China</b>	7	19	22	1	0	49	23
<b>Malaysia</b>	9	23	16	1	0	49	17
<b>Maldives</b>	1	0	10	37	1	49	47
<b>Marshall Islands</b>	5	16	19	9	0	49	28
<b>Mongolia</b>	3	5	23	17	1	49	40
<b>Myanmar</b>	2	2	28	15	2	49	43
<b>Nepal</b>	1	3	10	33	2	49	43
<b>New Zealand</b>	8	17	6	18	0	49	24
<b>Pakistan</b>	6	8	23	12	0	49	35
<b>Palau</b>	4	10	17	18	0	49	35
<b>Papua New Guinea</b>	2	6	19	22	0	49	41
<b>Philippines</b>	4	11	29	5	0	49	34
<b>Samoa</b>	1	4	30	14	0	49	44
<b>Singapore</b>	11	32	4	2	0	49	6
<b>Solomon Islands</b>	6	13	17	12	1	49	29
<b>Sri Lanka</b>	3	4	24	18	0	49	42
<b>Thailand</b>	2	4	28	14	1	49	42
<b>Tonga</b>	0	4	26	18	1	49	44
<b>United States</b>	15	28	2	4	0	49	6
<b>Vanuatu</b>	3	8	26	12	0	49	38
<b>Vietnam</b>	1	3	26	17	2	49	43

### Evaluations in 2010–11

Six APG members were evaluated during the year, namely:

<b>Member</b>	<b>On-site visit dates</b>
<b>Nepal</b>	6 – 17 September 2010
<b>The Marshall Islands</b>	6 – 17 September 2010
<b>Lao PDR</b>	11 – 22 October 2010
<b>Maldives (IMF assessment)</b>	17 – 28 October 2010

<b>Papua New Guinea (World Bank assessment)</b>	8 – 22 November 2010
<b>Afghanistan (IMF assessment)</b>	24 January – 8 February 2011

The evaluations of Afghanistan, Lao PDR, the Maldives and Papua New Guinea were the first evaluations of those members. These members joined the APG after the commencement of the second round of evaluations in 2005. Nepal and the Marshall Islands were both evaluated in the first round of evaluations (prior to 2005).

During the 2007 APG Annual Meeting members agreed that the Secretariat would pursue a pilot programme to expand the peer review of draft APG MERs in order to enhance quality and consistency. An Expert Quality Control Group (EQCG), made up of trained evaluators, was successfully piloted in 2007–08 to assist the Secretariat, evaluation teams, and evaluated members by providing comments on draft ME reports. The EQCG is now a permanent part of the standard process for finalising APG mutual evaluation reports and in 2010–11, EQCGs reviewed each of the draft MERs. EQCG experts were drawn from Australia; Bangladesh; Canada; China; Chinese Taipei; Cook Islands; Fiji; Nepal; New Zealand; Thailand; and the FATF Secretariat.



**APG mutual evaluation team for the Marshall Islands included experts from the Philippines, Australia, Palau and New Zealand**

### **Mutual Evaluation Report Follow-up**

After a mutual evaluation has been adopted, the APG continues to monitor the progress made by the evaluated member. Members are generally required to provide an annual update on progress made.

The APG’s Mutual Evaluation Procedures are periodically revised in the light of lessons learned and changes to FATF procedures. As reported in last year’s Annual Report, at the 2010 Annual Meeting, the procedures were revised to incorporate the FATF’s Key Principles for Mutual Evaluations and Assessments and to expand ME follow-up procedures to be more consistent with FATF procedures. The revised procedures provide for the application of biennial, regular or enhanced follow-up, incorporating expedited reporting requirements depending on the findings of the MER and the level of progress made by the member.

The new follow-up procedures were applied for the first time in 2010–11, with detailed analyses of progress made by members considered and adopted at the 2011 Annual Meeting. When necessary some members were placed in the enhanced follow-up procedure in order to encourage greater efforts to change laws and procedure. Refinements were made to the new procedures at the 2011 Annual Meeting.

## Training

The APG conducted four mutual evaluation-related activities during the reporting year. The 2010 APG/IMF Assessor Workshop was held in Singapore from 23 – 27 August 2010 with 36 experts participating from 25 APG members. The Workshop was sponsored and hosted by the IMF and supported by experts from the IMF, World Bank, FATF Secretariat, Canada, Singapore and the United States. Thank you to the IMF and all participants/presenters for their support.

With only two members (Timor Leste and Niue) yet to attend a preparatory workshop for APG members due to be evaluated, the Secretariat did not hold a regional workshop for members due to undergo an evaluation in 2011. Instead, the Secretariat arranged focussed training for officials from Timor Leste and Niue in March and June 2011 respectively.

Thirty-six (36) experts from Australia and New Zealand were trained at the APG Training Workshop for Australian AML/CFT Practitioners held in Canberra, Australia in March 2011. Also in March the APG assisted with the delivery in Singapore of a one-week workshop: *Enhancing the AML/CFT Legislative Framework focussing on the FATF recommendations.*



World Bank/APG PNG assessment team - final day of on-site visit with PNG officials

The workshop was designed for government officials to improve legal, supervisory and institutional AML/CFT capacity and expertise. The workshop involved practical hands-on exercises.

## 6. UNDERSTANDING THE EFFECTIVENESS OF AML/CFT EFFORTS IN THE MONEY LAUNDERING AND FINANCING OF TERRORISM ENVIRONMENT

Strategic Goal 4 requires the APG to:

**CARRY OUT EDUCATION, RESEARCH AND ANALYSIS ACTIVITIES TO ENHANCE THE UNDERSTANDING OF THE MONEY LAUNDERING AND FINANCING OF TERRORISM ENVIRONMENT AND THE EFFECTIVENESS OF THE AML/CFT EFFORTS**

Typologies work involves the study of methods and trends of money laundering and terrorist financing. Since its commencement, the APG has undertaken extensive typologies research and analysis and filed Annual Typologies Reports in order to better understand the nature, extent and impact of money laundering and terrorist financing as well as the practical effect of AML/CFT measures. Strategies to achieve Goal 4 include maintaining and enhancing the APG's typologies programme and conducting an annual APG Typologies Workshop. The strategy also provides for the yearly publication of typologies reports. This year's report was examined and adopted at the 2011 Annual Meeting and published on the APG's web site.

The APG also cooperates with global typologies partners, including the private sector and the FATF. An APG Typologies Workshop to be convened jointly with the FATF is currently planned for Busan, Korea in December 2011.

## **APG Typologies Framework**

The APG Typologies Framework provides an operating framework to collect, analyse and disseminate information on money laundering and terrorist financing trends in the region. During 2010-11 APG members continued to support the Typologies Framework for collection, analysis and dissemination of typologies information and collaboration with the FATF Working Group on Typologies.

## **APG Typologies Working Group**

The APG Typologies Working Group continued to be co-chaired by Malaysia and India during the year. As a result of decisions taken at the 2010 Typologies Workshop, the Typologies Working Group undertook scoping and substantive research on the following topics: terrorist financing and money laundering vulnerabilities of non-profit organisations; money laundering associated with large-scale trans-national fraud; human trafficking/smuggling and ML; and ML vulnerabilities in carbon emissions trading schemes. The APG produced its yearly regional typologies report, which included a compendium of recent case studies. APG and FATF typologies studies, reports and reference documents on ML/FT methods and techniques were uploaded to the APG website during 2011.

## **APG Typologies Workshop: Bangladesh 2010**

Bangladesh successfully hosted the 12<sup>th</sup> Annual APG Typologies Workshop from 25 to 28 October 2010 in Dhaka, Bangladesh. More than 130 delegates representing 26 APG members and three international and regional organisations attended the workshop. The workshop co-chairs were Mr Ziaul Hasan Siddiqui, Deputy Governor, Bangladesh Bank, and Mr Mohamed Sufyan Mohd Mokhtar, Head of Litigation, Companies Commission of Malaysia.



**APG delegates to the 2010 Typologies Workshop, Dhaka, Bangladesh, October 2010**

**Funding from Canada's Counter Terrorism Capacity Building Programme assisted many delegates to attend**

An address was given by Guest of Honour, the Honourable Prime Minister of the People's Republic of Bangladesh, Sheikh Hasina. Addresses were also given by Honourable Finance Minister, Mr A.M.A. Muhith, the Honourable Minister for Law, Justice and Parliamentary Affairs, Barrister Shafique Ahmed, and Guest Speaker, Bangladesh Bank Governor, Dr Atiur Rahman. The Workshop included discussion groups and presentations on the following emerging areas of concern in the APG region:

- money laundering associated with large-scale transnational frauds;
- corruption and money laundering;

- non-profit organisations and terrorist financing vulnerabilities;
- money laundering and human trafficking/people smuggling; and
- Vulnerabilities in alternate remittance.

### **Future Typologies Work**

During the 2011 APG Annual Meeting, the APG Typologies Working Group considered and adopted proposals for work on trade based money laundering (TBML). The FATF has adopted a proposal to conduct a typology project on the Illicit Tobacco Trade. Both TBML and the Illicit Tobacco Trade have similar aspects to the projects, i.e. trade routes and roles for Customs authorities. The APG and FATF will coordinate closely on the two project and members will contribute to both projects.

The 2011 joint FATF/APG Typologies Workshop will be hosted by Korea from 5 – 8 December 2011. This workshop will enable FATF and APG members and observers to discuss priority TBML and illicit tobacco trade projects. The APG will also use this opportunity to conduct two additional workshops immediately following the Typologies Meeting

- A one-day workshop with the Egmont Group focusing on FIU outreach and international cooperation; and
- A two-day workshop with ESAAMLG and supported by the Commonwealth Secretariat for prosecutors, law enforcement and FIUs. This workshop will focus on strategies to improve the rates of tracing and recovering proceeds of crime, investigating and prosecuting money laundering and terrorism financing, and consider expedited processes for international cooperation.

## **7. ACHIEVE FULL IMPLEMENTATION OF THE GLOBAL AML/CFT STANDARDS IN APG MEMBER JURISDICTIONS**

This section reports on progress made in achieving strategic Goal 5:

### **APG MEMBERS TO IMPLEMENT THE GLOBAL AML/CFT STANDARDS THROUGH IMPLEMENTATION PLANNING AND THE PROVISION OF GUIDANCE**

The strategies to achieve this goal include:

- supporting and promoting the work of APG Working Groups and Project Groups to explore and address specific AML/CFT implementation issues in depth;
- providing in-country, and regional, advice to assist APG members to develop AML/CFT implementation plans that reflect the priorities of individual member jurisdictions and the Asia/Pacific region;
- providing advice and assist members to implement and integrate the AML/CFT global standards with their existing legal, financial and law enforcement systems of each jurisdiction; and
- developing and sharing comprehensive information resources to assist APG members with AML/CFT implementation.

### **APG Implementation Issues Working Group (IIWG)**

The APG Strategic Plan provides a mandate for an integrated approach to addressing implementation issues, including the establishment of an APG IIWG. Malaysia and New Zealand co-chaired the IIWG in 2010-11. The IIWG and the World Bank enhanced the Strategic Implementation Planning (SIP) Framework during the year, and an amended Framework,

including a separate financing of terrorism national risk assessment template, was adopted at the 2011 Annual Meeting.

The IIWG also worked together with the FATF and the World Bank to develop the FATF Guidance on Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion, which was adopted by the FATF and APG in June and July 2011 respectively.

The Secretariat updated the APG website and Implementation Issues Library during the year.

### **Strategic Implementation Planning (SIP) Framework**

The SIP Framework continues to receive very positive feedback from APG members and observers and from international and regional organisations, including the FATF, IMF and all FSRBs. Members have noted the SIP provides a unique and important tool to address complex recommendations in a mutual evaluation report.



A regional SIP Train-the-Trainer workshop was hosted by the New Zealand Ministry of Justice in Wellington, New Zealand in November 2010 and involved 21 participants from eight members: Cambodia, Fiji, Mongolia, Samoa, Solomon Islands, Sri Lanka, Tonga and Vanuatu. Facilitators were provided by the Cook Islands, Malaysia, World Bank and APG Secretariat. Canada financially sponsored this event.

Four (4) SIP missions were conducted with the support of funding from the United States and self-funded experts from Chinese Taipei, Cook Islands, Australia, Indonesia, New Zealand, Pacific Islands Forum and World Bank:

- Brunei Darussalam (September 2010);
- Tonga (April 2011);
- Samoa (April/May 2011) ;and
- Solomon Islands (May 2011).

## 8. TECHNICAL ASSISTANCE AND TRAINING

Goal 6 of the Strategic Plan provides that the APG will:

**PROVIDE COORDINATION, ADVISORY SERVICES AND INFORMATION-SHARING FOR TECHNICAL ASSISTANCE AND TRAINING**

Agreed strategies to meet this goal are as follows:

- supporting the development of an AML/CFT coordination mechanism in each APG member jurisdiction;
- conducting and supporting TA&T needs analyses in targeted members and observers;
- developing and sustaining regional and in-country mechanisms to support the identification of TA&T needs as well as the delivery of assistance;
- facilitating cooperation in, and supporting the design, development and delivery of, AML/CFT technical assistance activities and training programmes in collaboration with donors and providers; and
- building on our close cooperation with global partners to address specific issues and supporting the role of private sector TA&T delivery.



APG Executive Secretary in meeting with Speaker of the Nepal Parliament, Mr Subash Nemwang, May 2011

During 2010-11, a number of activities helped to achieve these goals including the 2011 APG Annual Forum on TA&T, APG DAP Group events, TA&T missions to APG member jurisdictions, and participation in conferences, workshops and training sessions throughout the year. A significant number of TA&T missions and training sessions are planned for the coming year to build on the work of previous years. Particular priority is being given to APG members affected by the FATF's ICRG process.

### 2011 APG Annual Forum on Technical Assistance and Training

The 2011 Annual Forum on TA&T was held in July 2011 concurrently with the Annual Meeting in Kochi and consisted of several sessions including:



TA&T discussions between Vietnam and UNODC officials

- two DAP Group meetings to discuss TA&T programmes and related assistance in the region;
- two technical seminars covering a range of topics including mutual legal assistance and financial inclusion and AML/CFT;
- individual sessions with 21 jurisdictions to discuss TA&T needs;
- a sub-regional meeting for ASEAN members, under the auspices of the Coordinating Agreement between ASEAN and APG Secretariats; and

- a sub-regional meeting for Pacific Islands Forum members as part of the COAMLI agreement between the Forum Secretariat and the APG Secretariat.

As in previous years, positive feedback was received on the significant value of the 2011 Forum. The individual sessions with jurisdictions, where donors are able to make significant progress toward identifying TA&T needs and toward coordinating the delivery of assistance to a number of priority jurisdictions, were again well received.

## Highlights

The APG received strong support from members of the DAP Group in the design, delivery and collaboration relating to TA&T projects for APG members. Other TA&T coordination, advisory and information sharing activities in the year included:

- Two DAP Group teleconference meetings to discuss TA&T needs and delivery involving 22 members including priority assistance to ICRG affected members;
- Missions to Bangladesh, Cambodia, Brunei Darussalam, Mongolia, Nepal, Pakistan, Samoa, Sri Lanka, Timor-Leste, and Vietnam;
- Participation in a number of conferences, workshops and training sessions.

The APG Secretariat continued to support coordination mechanisms with the Pacific Island Forum (PIF) and ASEAN Secretariats:

- APG and ASEAN Secretariats, and members, jointly delivered a workshop on enhancing the level and quality of suspicious transaction reporting, in Malaysia in March 2011. 29 participants took part on a self-funded basis from 9 APG members;
- APG Secretariat participated in the Pacific Islands Forum Working Group on Counter-Terrorism. APG is supporting follow-on work through the WG in relation to SRIII.
- APG and Pacific Islands Forum Secretariat are collaborating to deliver a workshop to Pacific members on enhancing the level and quality of suspicious transaction reporting, based on the successful APG/ASEAN workshop;
- PIF Secretariat and APG Secretariat are working to collate information on AML/CFT TA&T programmes undertaken in the Pacific region.

The APG Secretariat provided support to develop and strengthen national coordination mechanisms in Timor-Leste, Bangladesh and Pakistan. The Secretariat assisted in coordinating the inaugural in-country TA&T donor coordination meeting in Pakistan in May 2011. The event included expert input by Canada and by Indonesia on their successful donor and provider coordination.

The APG updated the TA&T needs information for all recipient members. The information was



**Delegates during APG/ASEAN STR Workshop, Kuala Lumpur, Malaysia, March 2011**

used extensively to assist in the development of DAP Group programmes. TA&T information was regularly exchanged between the Secretariat and DAP Group members. The AG Secretariat collaborated with DAP Group members in developing and designing TA&T programmes and assisting in the delivery of several AML/CFT events across the region. APG shared TA&T coordination and delivery information with the Egmont Group Secretariat.

## Commonwealth Secretariat South Asian Judges Regional Forum on ML/TF

APG Secretariat, supported by funding from New Zealand, took part in the Commonwealth Secretariat South Asian Judges Regional Forum on ML/TF, Hi Tech, Economic and Financial Crimes from May 13-15, 2011 in Colombo, Sri Lanka. This Commonwealth initiative was

© Colombo Page, 2011



Sri Lankan President, Mahinda Rajapaksa opens the Commonwealth Secretariat South Asian Judges Regional Forum on Economic and Financial Crime

amongst the first regional workshop for South Asian judges on AML/CFT, and was well received.

Commonwealth Secretariat is keen to continue to engage with the APG on similar regional judicial forums on AML/CFT and other criminal justice sector projects focused on AML/CFT.

Participating judges were drawn from Bangladesh, The Maldives, Pakistan and Sri Lanka. Facilitating judges and organisations came from Australia, Malaysia, Singapore, United Kingdom, International Law Commission, NSW Judicial Commission and the UN CTED.

### Private Sector Engagement

The APG continued to engage with the private sector and met with global and regional business, academic and other representatives throughout the year including the attendance at regional conferences hosted by or jointly with the private sector. The final day of the 2010 APG Typologies Workshop in Dhaka included over 40 private sector representatives.

### International Conference on Financial Crime and Terrorism Financing 2010, Malaysia



APG Secretariat provided a number of presentations during the 2<sup>nd</sup> International conference on financial crime and terrorist financing 2010 in Kuala Lumpur.

The event included over 300 private sector compliance specialists and a range of government stakeholders. The annual event is jointly organised by the Malaysian Compliance Officers Network Group (CONG) and the Malaysian Bankers Institute (IBBM). These types of event significantly add to government / private sector cooperation on the technical elements of AML/CFT compliance and serve as regional models for dialogue between regulators and the financial sector.



## Funding Assistance from Canada

Canada continues to show high levels of support for the APG through a series of additional grants for a variety of programmes. Canada's contribution to the APG is a crucial source of funding for APG activities and forms a core part of APG financial planning.



Funding assistance from Canada's Counter Terrorism Capacity Building Programme (CTCBP) has been provided for a number of years for different purposes. This year TA&T funding amounted to AUD122,966 in 2010–11. This funding was used to support attendance by delegates at the 2010 Annual Meeting, the 2010 Typologies Workshop, the 2010 regional SIP Train-the-Trainer Workshop, and post-evaluation planning and awareness raising missions to a number of APG members. It would be difficult for many APG member delegates to attend APG events without Canada's assistance. On behalf of the entire membership, the APG Co-Chairs wish to extend their deep gratitude for Canada's important assistance.

## Funding Assistance from United States

The United States State Department provided AUD32,339 in funding to support priority jurisdictions in 2010–11. These funds were used for national coordination mechanism (NCM)



missions to Bangladesh (August 2010) and Timor-Leste (October 2010), for ICRG support missions to Sri Lanka (November 2010) and Pakistan (May 2011), for assisting members deliver their in-country SIP Framework workshops being Samoa (May 2011) that included sponsorship of experts from the Cook Islands and Indonesia, and a

further mission to Timor-Leste to assist with pre-mutual evaluation planning. The remaining funds from the original grant of AUD132,067 provided by the US State Department will be available for expenditure in 2011–12.

The US State Department has consistently been generous in providing significant levels of voluntary funding to the APG to support TA&T programmes to priority APG members. The State Department provided in excess of AUD120,000 to assist the APG's TA&T and needs assessments programme in the area of national coordination mechanisms and policy frameworks. The future application of this grant to assist enhancement of national capacity is to include sponsorship of key APG members to participate as assessors in APG mutual evaluations. This grant recognises the importance of national coordination mechanisms and activities to enhance AML/CFT efforts.

### Funding Assistance from Chinese Taipei



Chinese Taipei delegates to 2011 Annual Meeting

Chinese Taipei has provided a grant totalling AUD105,000 to assist Pacific Island members in participating at regional events and hosting visits from experts to discussing key AML/CFT issues.

While none of these funds were expended during this financial year, application of these funds to sponsor four Pacific members to the 2011 APG Annual Meeting will be reported on in 2012. The remaining funds will continue to be utilised in 2011–12.

The grant from Chinese Taipei shows the strong support that Chinese Taipei has for the APG and the concern for Pacific Island AML/CFT implementation levels. The APG thanks Chinese Taipei for their generous support.

### Funding Assistance from New Zealand

The New Zealand Ministry of Foreign Affairs and Trade has provided three grants totalling NZD180,700 (AUD138,522) to the APG to assist Pacific Island, South East Asian and South Asian jurisdictions respectively. New Zealand continues to strongly support implementation activities in the region through the APG.

During 2010–11, AUD14,607 of these funds were used for one ICRG support mission to Vietnam, facilitation at: the



Commonwealth Secretariat South Asian Judicial workshop, the IMF Workshop on Enhancing the AML/CFT Legislative Framework, the APG/ASEAN workshop on enhancing suspicious transaction reporting, and at the Pacific Island Forum Counter Terrorism Working Group Annual Meeting. The remaining funds will continue to be utilised in 2011–12.

## **9. SUPPORT SERVICES AND FINANCIAL STATEMENTS**

### **APG Secretariat**

The APG Secretariat is based in Sydney, Australia and is hosted by the Australian Government through the Australian Federal Police. As at 30 June 2011, the staffing of the Secretariat was as follows:

Dr Gordon Hook	Executive Secretary
Eliot Kennedy	Deputy Secretary
David Shannon	Principal Executive Officer
Lindsay Chan	Principal Executive Officer
Sisilia Eteuati	Director, Technical Assistance and Training
Shaun Mark	Principal Executive Officer (seconded from AFP to 30 December 2011)
Dietmar Kahles	Executive Officer
Dhayani Yogesvaran	Executive Officer
Jennifer Ford	Project Officer, Technical Assistance and Training
Suzanne Tucker	Project Officer, Business Support and Events
Marnie Campbell	Executive Assistant
Elaine Carolin	Administrative Assistant

### **Secretariat Responsibilities**

The primary responsibilities of the APG Secretariat include:

- support the APG Plenary, Co-Chairs and the Steering Group;
- act as a centre of APG activities;
- coordinate and lead APG mutual evaluations of members and participate in other AML/CFT evaluations including with the FATF, World Bank, IMF and GIFCS on a joint basis;
- implement the APG's TA&T coordination role;
- organise and conduct the APG's annual meetings and workshops;
- prepare, conduct and chair specialist typologies workshops (on methods, trends and case studies on money laundering and terrorist financing);
- support the work of APG Working Groups (Typologies and Implementation Issues);
- advise the FATF on the work of the APG, and participating in the FATF Plenary and Working Groups;
- provide advice and information to agencies (especially financial, legal and law enforcement agencies) on AML/CFT matters;
- provide expertise and material concerning money laundering and terrorist financing to members and other interested parties;
- establish and maintain effective working relationships with relevant international and regional organisations in order to advance the APG's work and its regional strategy; and
- arrange and conduct 'outreach' missions to members and potential members of the APG.

### **Secretariat contact details**

The Secretariat offices are located on the 18<sup>th</sup> floor of 1 Oxford Street, central Sydney, Australia with contact details as follows:

Delivery Address:

110 Goulburn Street  
Sydney, New South Wales 2000  
AUSTRALIA

Postal:

Locked Bag A3000,  
Sydney South, New South Wales 1232  
AUSTRALIA

Telephone: +61 2 9277 0600

Facsimile: +61 2 9277 0606

Email: [mail@apgml.org](mailto:mail@apgml.org)

Website: [www.apgml.org](http://www.apgml.org)

## **Budget and Financial Statements**

### **Summary of budget outcomes for 2010–11**

A core budget for 2010–11 of AUD1,730,000 was approved and adopted at the 2010 Annual Meeting. Contributions required from members to meet that budget were calculated using the APG funding formula that calculates contributions using an 80/20% combination of GDP and GDP per capita and required a minimum contribution of AUD6,630.

As in previous years, members noted at the 2010 Annual Meeting that the core budget would not, of itself, enable the APG to meet fully the work outlined in the 2010–11 Business Plan. Members agreed therefore that voluntary contributions, continued use of accumulated assets and various streams of ‘non-core budget’ funding should be made available in 2010–11 to meet the costs of the APG’s agreed work programme. Total proposed expenditure from all streams of funding (core and non-core) was AUD2,573,663.

The budget outcomes for the period 1 July 2010 to 30 June 2011, based on the audited financial reports (**Annex C**) provided to the APG Secretariat are as follows:

- the APG commenced the financial 2010–11 year with a total equity of AUD592,914;
- total income for the year was AUD2,253,412, with AUD1,729,998 coming from APG members in required contributions, and AUD523,414 in voluntary contributions and other revenue and gains;
- total expenditure for the year to 30 June 2011 from all revenue sources was AUD2,374,727, including expenditure against the core budget, ‘reserved’ expenditure, and in expenditure from other revenue sources (sponsorship and other funding support);
- the APG’s net operating result for 2010–11 was a deficit of AUD121,315; and
- the APG therefore had a total equity of AUD471,599 as at 30 June 2011.

This outcome reflected the members’ decision at the 2010 Annual Meeting to gradually reduce the APG’s equity over the two years to 30 June 2012 to a figure closer to minimum agreed reserve (AUD150,000), as the APG approaches the end of its current mandate and to minimise membership fee increases to the extent possible.

### **External support**

The following agencies supported the work of the APG during 2010–11. Their considerable support is acknowledged:

- Canadian Department of Foreign Affairs and International Trade (DFAIT) CTCB Programme: to support attendance by delegates at major APG events and post-evaluation planning and awareness raising missions to a number of APG members: AUD122,866;

- United States State Department: additional contribution to support the development of national AML/CFT coordination mechanisms in priority jurisdictions, USD32,162<sup>1</sup>;
- New Zealand Ministry of Foreign Affairs & Trade: additional contribution for TA&T activities in the Pacific and South East Asia: AUD27,520<sup>2</sup>;
- Government of Chinese Taipei: additional contribution of AUD \$67,000 for including sponsorship of travel to APG events for Pacific member delegates as well as technical assistance and training<sup>3</sup>;
- AFP, Australian Government: provision of accommodation and essential support services to the APG Secretariat: AUD161,835;
- Australian Government (AUD150,303) and New Zealand Government (AUD26,209) voluntary contributions.

### **Budget for 2011–12**

A ‘core’ budget for 2011–12 of AUD1,736,630 was approved and adopted at the 2011 Annual Meeting, an increase of 0.4%.

## **10. FUTURE DIRECTIONS AND PRIORITIES**

The APG Strategic Plan 2009–12 is the strategic operating framework for the APG’s core business. The APG Annual Business Plan 2011–12 outlines the APG’s work programme in detail for next year. Key tasks for the upcoming year include:

### ***Governance/Meetings***

- The APG will monitor and contribute to FATF mandate extension issues and 4th round mutual evaluation discussions;
- The Steering Group will seek members’ views on necessary changes to APG constitutional documents arising from recommendations in the paper APG Mandate Beyond 2012 and will prepare revised constitutional documents for consideration at 2012 Annual Meeting;
- A mechanism will be established through the Steering Group to draft a new Strategic Plan 2012-2016 in consultation with members for adoption at 2012 Annual Meeting;
- The 15<sup>th</sup> APG Annual Meeting and Annual Forum on Technical Assistance & Training will be held in mid-2011; and
- A joint FATF/ APG Typologies Workshop will be held in Korea in December 2011.

### ***Outreach/membership Missions***

- Up to four (4) outreach/membership missions will be undertaken to APG members and other jurisdictions to facilitate full and active membership and promote commitment to implement the global AML/CFT standards.

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<sup>1</sup> The US State Department donated AUD132,067 in October 2008. \$86,647 was spent by 30 June 2010, with remaining \$46,420 to be spent. In 2010-11, \$32,162 was spent and thus realised as revenue in support of missions to Bangladesh, Sri Lanka, Timor and Samoa. The remaining \$14,259 of the original grant provided by the US State Department will be available for expenditure in 2011–12.

<sup>2</sup> Approximately \$23,473 in revenue of the remaining \$49,734 in funds provided by the New Zealand MFAT in 2009 for technical assistance and training activities in the Pacific and South East Asia was realised in 2010-11. The remaining \$26,421 will be realised in 2011–12. In addition, revenue of \$4,047 was realised from additional New Zealand MFAT funding of \$54,966 provided in 2011 to support TA&T activities in South Asia.

<sup>3</sup> Chinese Taipei has made a larger contribution to the APG in the full amount of \$100,500 over two year (January 2011-December 2012). \$67,000 is earmarked for the calendar year 1 January 2011 to December 31 2011. The first round of spending under this grant commenced after the expiry of this financial year to sponsor delegates to the Annual Meeting.

### ***Participation in global AML/CFT network***

- As a FATF Associate Member, the APG will continue to participate in FATF plenary meetings, typologies, working group meetings and inter-sessional meetings. In 2011–12, this will include inter-sessional meetings associated with preparations for the FATF's 4<sup>th</sup> round of evaluations, and meetings of the FATF's ICRG Asia-Pacific Regional Review (RRG) Group;
- Information from FATF and other AML/CFT bodies will be communicated to members when received through email, APG website and/or individual correspondence/communication;
- The APG will provide priority assistance and support for APG members involved in the FATF's ICRG process, including participation at Asia-Pacific RRG meetings, ICRG meetings, information briefings, supply of information and interpretative materials, implementation assistance and coordination of TA&T;
- APG Secretariat will provide communications, information and liaison assistance to the Asia-Pacific RRG Group in further support APG members in accordance with the *APG Action Plan to Support Members under ICRG Review 2010-2012*; and
- APG and ASEAN Secretariats will collaborate on a workshop on supervisory issues. In-principle support for the concept of the workshop was given by APG/ASEAN members and APG DAP Group members during discussions at the 2011 TA&T Forum.

### ***Mutual evaluations and evaluation training***

- The APG will conduct mutual evaluations of Timor-Leste, Nauru and Niue and adopt their evaluation reports at the 2012 Annual Meeting; and
- The APG will further implement enhanced ME follow-up procedures in 2011–12, including preparation of detailed analyses of progress by selected members for 2012 Annual Meeting.

### ***Typologies Research***

- The APG will support the Typologies Framework and closely collaborate with the FATF Typologies Working Group including:
  - Supporting the FATF Typologies Working Group; and
  - Commenting on FATF typologies projects and participating in related FATF activities.
- The 2011 joint APG/FATF Typologies Workshop will be hosted by Korea in Busan in December 2011. Topics on the agenda will include trade based money laundering; ML and tobacco smuggling; ML and corruption; and operation issues;
- The APG Typologies Working Group will prepare an in-depth study on trade-based money laundering and a paper regional typologies trends for publication in July 2012; and
- The APG will continue to support regional training initiatives (led by Donors and Providers) by building upon relevant typologies work.

### ***Implementation assistance***

- The IIWG will continue to implement the SIP Framework to assist APG members to develop implementation priorities/plans, including a regional train-the-trainer SIP workshop and up to six (6) SIP in-country workshops;
- The IIWG will continue to work on AML/CFT and financial inclusion, and will develop an implementation tool on CDD identification, validation and monitoring practices, and related measures such as record keeping;
- The APG Secretariat will produce a report identifying other thematic implementation concerns for potential IIWG focus in the future;

### ***Technical Assistance and Training Programmes***

- The APG will provide support to members under review by the ICRG, including Bangladesh, Brunei Darussalam, Cambodia, Indonesia, Mongolia, Myanmar, Nepal, Pakistan, Philippines, Sri Lanka, Thailand, and Vietnam. Other members will be supported if brought within the ICRG process;
- APG Secretariat will plan TA&T needs scoping visits to Bhutan;
- A number of regional AML/CFT TA&T projects will be considered in collaboration with DAP Group members for legal, financial, FIU and law enforcement sectors;
- APG will support existing mechanisms with the Pacific Island Forum Secretariat and the ASEAN Secretariat, and continue efforts to establish greater cooperation with a South Asian body such as SAARC (South Asian Association for Regional Cooperation);
- The APG Secretariat will collaborate with DAP Group members to develop, coordinate and deliver AML/CFT-specific programmes in accordance with regional priorities, including:
  - Programmes to build AML/CFT capacity amongst AML/CFT supervisors and regulators
  - Regional enforcement and prosecution capacity building programmes, and
  - AML/CFT implementation programmes.

This is not an exhaustive list of activities for 2011-2012 but represents the core activities needed to meet our business objectives.

Further details of the APG work programme are contained in the 2011-2012 Annual Business Plan available on the APG web site ([www.apgml.org](http://www.apgml.org)) under the “documents” section.

# **ANNEXES**

# ANNEX A TO APG ANNUAL REPORT 2010-2011



Asia/Pacific Group  
on Money Laundering

## **APG Strategic Plan** **1 July 2009 – 30 June 2012**

**Adopted by Members at 12<sup>th</sup> Annual Meeting**  
**Brisbane, Australia, 7 July 2009**

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Asia/Pacific Group  
on Money Laundering

# APG Strategic Plan 1 July 2009 – 30 June 2012

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**APG Strategic Plan  
1 July 2009 – 30 June 2012**

**APG Co-Chairs' Statement**

On behalf of the APG membership and in accordance with the APG's Terms of Reference (**Annex A**) we endorse this document as the 4<sup>th</sup> Asia/Pacific Group on Money Laundering Strategic Plan for the three year period 1 July 2009 to 30 June 2012.

Dated: 7 July 2009.



**Commissioner Mick Keelty**  
Co-Chair  
Australia



**Mr Ong Hian Sun**  
Co-Chair  
Singapore

# APG Strategic Plan

## 1 July 2009 – 30 June 2012

### APG CO-CHAIRS' FOREWORD



Commissioner Mick Keelty



Mr Ong Hian Sun

It is with pleasure that we have endorsed this Strategic Plan on behalf of the membership of the APG, which has grown from a small regional body originally consisting of 13 founding members in 1997 to the world's largest FSRB and a leader among them.

The APG has substantial responsibilities, including for implementing the global anti-money laundering (AML) and countering the financing of terrorism (CFT) standards among our 40 members and for the coordination of technical assistance and training. We actively participate in global AML/CFT standard setting and policy formulation through the Financial Action Task Force (FATF) as part of our Associate Membership status. Globally, our activities are monitored, and our reports used, by a variety of international organisations and by many countries.

We have worked hard to develop forward-thinking initiatives in a number of areas including in the conduct of mutual evaluations and our new mechanisms to peer review evaluation reports; pre-mutual evaluation training for domestic coordination agencies; AML/CFT strategic implementation planning; and the coordination of technical assistance and training.

This plan outlines the broad strategic direction of the APG for the next three years. It builds on the strengths of our previous plans, the lessons learned in implementing those plans, as well as a number of new initiatives developed over the last three years (including mutual evaluation training and the Strategic Implementation Planning Framework). This Strategic Plan also incorporates in one larger and more focussed framework the substance of the APG's separate Strategic Technical Assistance and Training Framework.

The APG's current term (coinciding with FATF's term) expires in 2012. With FATF initiatives already underway towards a fourth round of FATF mutual evaluations after 2012, we need to start thinking of the challenges ahead and what an APG third round of evaluations will mean after 2012. These are important issues and how we respond to FATF and other global and regional developments during the next three years, while this plan is in effect, will shape what we do in the years afterwards.

This plan has four principal components:

- **Vision** a statement of what we want to achieve as an organisation
- **Mission** the strategic outcome of the APG
- **Goals** specific activities to achieve our mission in the next three years, and
- **Strategies** what business we need to conduct to meet our goals.

Each year the APG will agree on an Annual Business Plan to give effect to the strategies stated in this document. The Secretariat will inform members of the APG's progress against this Strategic Plan and against each Annual Business Plan, and it will assist members to agree on specific operational priorities for the ensuing 12 month period. The activities designed to implement these priorities will be reported in the APG's Annual Report as a formal update of the progress we are making with our strategic objectives and programmes.

We are confident that, as the APG moves forward over the next three years, our individual members and the Asia/Pacific region as a whole will benefit greatly from the programmes and activities planned within this document.

Dated: 7 July 2009

A handwritten signature in black ink, appearing to read 'Keelty'.

**Commissioner Mick Keelty**  
**Co-Chair**  
Australia

A handwritten signature in black ink, appearing to read 'Ong Hian Sun'.

**Mr Ong Hian Sun**  
**Co-Chair**  
Singapore

## APG MEMBERS AND OBSERVERS

The APG is an autonomous, voluntary and co-operative international body established in February 1997 at the 4<sup>th</sup> Asia/Pacific Money Laundering Symposium in Bangkok, Thailand by agreement among its members.

As of July 2009, the APG consists of 40 members divided into five sub-regions (**Annex B**), three observer jurisdictions and 20 observer organisations as follows:

### MEMBERS

- |                                |                        |                      |
|--------------------------------|------------------------|----------------------|
| 1. Afghanistan                 | 15. Korea, Republic of | 28. Palau            |
| 2. Australia                   | 16. Lao PDR            | 29. Papua New Guinea |
| 3. Bangladesh                  | 17. Macao, China       | 30. Philippines      |
| 4. Brunei Darussalam           | 18. Malaysia           | 31. Samoa            |
| 5. Cambodia                    | 19. Maldives           | 32. Singapore        |
| 6. Canada                      | 20. Marshall Islands   | 33. Solomon Islands  |
| 7. China, People's Republic of | 21. Mongolia           | 34. Sri Lanka        |
| 8. Chinese Taipei              | 22. Myanmar            | 35. Thailand         |
| 9. Cook Islands                | 23. Nauru              | 36. Timor Leste      |
| 10. Fiji Islands               | 24. Nepal              | 37. Tonga            |
| 11. Hong Kong, China           | 25. New Zealand        | 38. United States    |
| 12. India                      | 26. Niue               | 39. Vanuatu          |
| 13. Indonesia                  | 27. Pakistan           | 40. Vietnam          |
| 14. Japan                      |                        |                      |

### OBSERVERS

#### Jurisdictions:

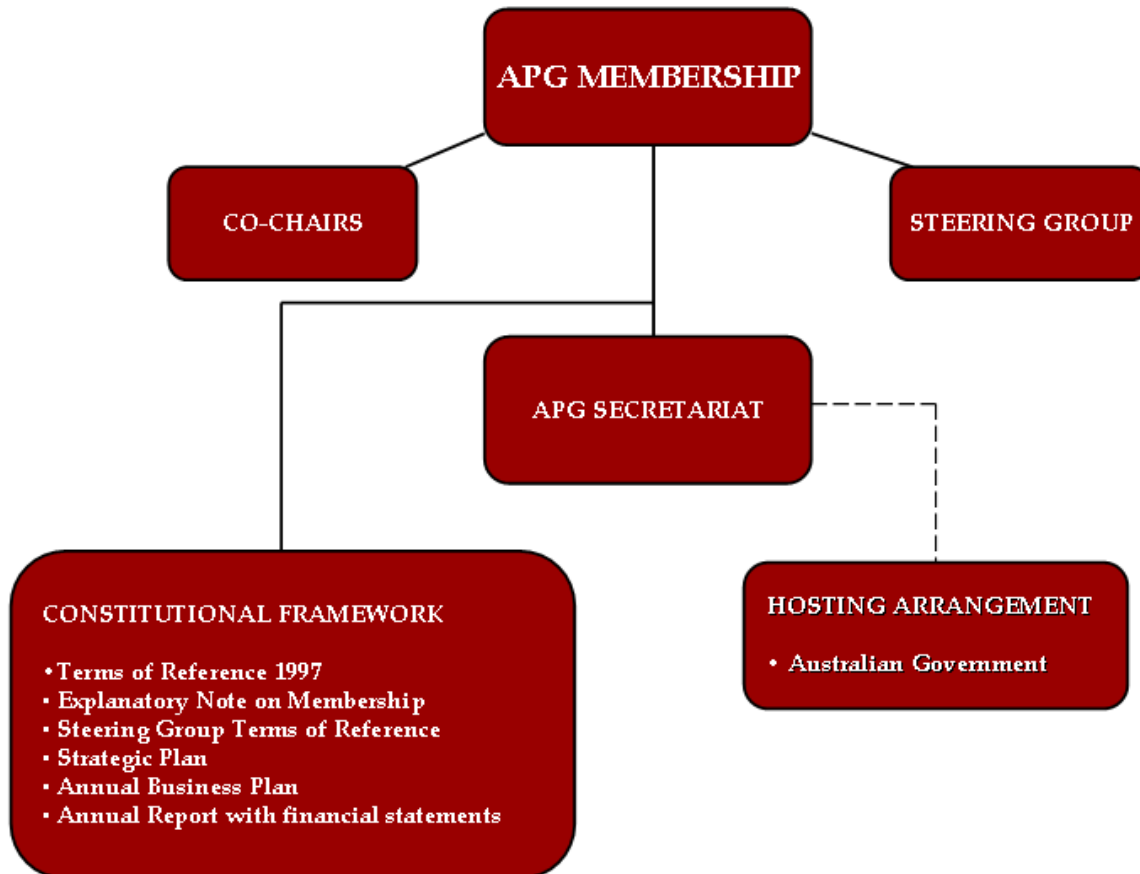
1. France
2. Kiribati
3. United Kingdom

#### Organisations:

- |  |   |
|--|---|
| 1. Asia Pacific Economic Cooperation Secretariat               | 11. Interpol  |
| 2. ADB   | 12. MENAFATF - Middle East & North Africa FATF-style body |
| 3. ADB/OECD Anti-Corruption Initiative for Asia-Pacific        | 13. MONEYVAL - Council of Europe, AML Group               |
| 4. Associations of Southeast Asian Nations (ASEAN) Secretariat | 14. Oceania Customs Organisation                          |
| 5. CFATF - Caribbean Financial Action Task Force               | 15. Offshore Group of Banking Supervisors                 |
| 6. Commonwealth Secretariat (London)                           | 16. Pacific Islands Forum Secretariat                     |
| 7. Egmont Group of Financial Intelligence Units                | 17. Pacific Financial Technical Assistance Centre         |
| 8. FATF  | 18. UN Office on Drugs and Crime                          |
| 9. GAFISUD - South American FATF-style body                    | 19. World Bank  |
| 10. International Monetary Fund                                | 20. World Customs Organisation                            |

## APG CONSTITUTIONAL ARRANGEMENTS

The following diagram outlines the basic constitutional and governance structure of the APG:



**Co-Chairs:** Two Co-Chairs (one permanent and one rotating) are responsible for chairing APG meetings and providing strategic advice and direction to the membership. Australia, as host of the Secretariat, retains the permanent Co-Chair.

**Steering Group:** Pursuant to the Steering Group’s Terms of Reference, this body consists of one representative from each sub-regional group (**Annex B**), the current Co-Chairs, the previous rotating Co-Chair, and (when known) the incoming rotating Co-Chair. The Steering Group considers governance and other issues of strategic importance referred by the Co-Chairs and membership; engages and consults with APG members in their sub-regional groups to obtain input on key issues; provides advice to the Co-Chairs and members through the Secretariat; and influences all APG members to effectively participate in APG activities, including leading or sponsoring specific APG projects.

**APG Secretariat:** The Secretariat acts as a focal point for the APG and provides support to the Co-Chairs, Steering Group and membership. The Secretariat organises mutual evaluations; coordinates technical assistance and training; prepares financial statements, annual budgets, annual business plans and policy papers; and reports against all such activities to the membership including expenditure of APG funds. The Secretariat is hosted by the Australian Government in Sydney, Australia.

**APG Strategic Plan**  
**1 July 2009 – 30 June 2012**

**ORGANISATIONAL STATEMENTS**

<b>VISION</b>	A pro-active APG contributing to a reduction in the economic and social impacts of serious crime in the Asia/Pacific region.
<b>MISSION</b>	To combat money laundering and terrorist financing in the Asia/Pacific region through effective participation in the FATF's standard-setting process, and full and effective implementation of those standards in APG member jurisdictions.
<b>GOALS</b>	<p>To achieve the APG's Mission, the APG will:</p> <ol style="list-style-type: none"> <li>7. Provide a strong, cohesive and autonomous regional body for APG members and observers.</li> <li>8. Actively participate in, and co-operate with, the global AML/CFT network.</li> <li>9. Assess APG members' compliance with the global AML/CFT standards.</li> <li>10. Carry out education, research and analysis activities to enhance understanding of the money laundering and terrorist financing environments and the effectiveness of AML/CFT efforts.</li> <li>11. Provide assistance to APG members to implement the global AML/CFT standards through implementation planning and the provision of guidance.</li> <li>12. Provide coordination, advisory services and information-sharing for technical assistance and training.</li> </ol>



Asia/Pacific Group  
on Money Laundering

## **APG STRATEGIC GOALS AND STRATEGIES**

<b><i>GOAL 1</i></b>	<b><i>STRATEGIES</i></b>
<p><b>PROVIDE A STRONG, COHESIVE AND AUTONOMOUS REGIONAL BODY FOR APG MEMBERS AND OBSERVERS</b></p>	<ol style="list-style-type: none"> <li>1. Undertake a process to decide whether to renew the APG’s mandate beyond the end of 2012 and, if so, for how long.</li> <li>2. Conduct, support and participate in: (i) APG plenary meetings; (ii) an annual APG Forum on Technical Assistance and Training; (iii) a minimum of six compliance assessments of APG members per year; (iv) APG Typologies Workshops; and (v) targeted APG training activities.</li> <li>3. Support and expand the resources of the APG Secretariat to continue to provide an effective focal point for regional AML/CFT activities; and for liaison between APG members and observers, including the FATF and other regional and international organisations.</li> <li>4. Support the APG Steering Group, including maintaining representation from sub-regional areas of the APG, to strengthen APG governance arrangements.</li> <li>5. Maintain and enhance the level of active participation by APG members in the APG’s work programme and conduct outreach missions to targeted jurisdictions to support active membership of, and participation in, the APG.</li> <li>6. Enhance relationships with strategically important regional and international organisations and jurisdictions to encourage their participation as observers in the APG.</li> </ol>

<b><i>GOAL 2</i></b>	<b><i>STRATEGIES</i></b>
<p><b>ACTIVELY PARTICIPATE IN, AND CO-OPERATE WITH, THE GLOBAL AML/CFT NETWORK</b></p>	<ol style="list-style-type: none"> <li>1. Maintain APG's Associate Membership of the FATF and actively participate in global standard setting and related FATF activities.</li> <li>2. Provide AML/CFT policy, implementation and assessment advice to APG members.</li> <li>3. Share Asia/Pacific regional experience of AML/CFT implementation and assessment issues with the FATF and other international organisations.</li> <li>4. Further enhance APG mechanisms for working with the FATF, other FATF-style regional bodies and strategically important regional and international organisations and jurisdictions.</li> </ol>

<b><i>GOAL 3</i></b>	<b><i>STRATEGIES</i></b>
<p><b>ASSESS APG MEMBERS' COMPLIANCE WITH THE GLOBAL AML/CFT STANDARDS</b></p>	<ol style="list-style-type: none"> <li>1. Ensure that a minimum of six APG members are assessed each year against the AML/CFT international standards.</li> <li>2. Complete the APG's Second Round of Mutual Evaluations and prepare for and commence a third round of mutual evaluations.</li> <li>3. Provide training in the international AML/CFT standards and Assessment Methodology for APG evaluators.</li> <li>4. Provide preparation support and training in the global AML/CFT standards and Assessment Methodology for APG members undergoing evaluation.</li> <li>5. Contribute to the refinement of the standard AML/CFT Assessment Methodology and update the APG Mutual Evaluation Procedures as required.</li> <li>6. Maintain and enhance mechanisms to ensure the quality and consistency of APG mutual evaluation reports.</li> <li>7. Maintain and enhance mechanisms to monitor action taken by evaluated APG members in response to their mutual evaluation reports.</li> </ol>

<i><b>GOAL 4</b></i>	<i><b>STRATEGIES</b></i>
<p><b>CARRY OUT EDUCATION, RESEARCH AND ANALYSIS ACTIVITIES TO ENHANCE THE UNDERSTANDING OF THE MONEY LAUNDERING AND FINANCING OF TERRORISM ENVIRONMENT AND THE EFFECTIVENESS OF THE AML/CFT EFFORTS</b></p>	<ol style="list-style-type: none"> <li>1. Maintain and enhance the APG’s programme of collection, analysis and dissemination of typologies information to identify and analyse priority AML/CFT typologies issues, case studies and jurisdictional risks.</li> <li>2. Conduct an annual APG Typologies Workshop to identify and explore key AML/CFT typologies issues in the Asia/Pacific region.</li> <li>3. Support and promote the work of APG Working Groups to explore and address specific AML/CFT typologies issues in depth.</li> <li>4. Cooperate with global typologies partners, including the private sector, and contribute to joint typologies work by participating in FATF typologies activities.</li> <li>5. Cooperate with global research partners, including the private sector, to address specific AML/CFT-related research issues.</li> <li>6. Share the findings of identified key typologies and research issues through education and information exchange.</li> </ol>

<b><i>GOAL 5</i></b>	<b><i>STRATEGIES</i></b>
<p><b>PROVIDE ASSISTANCE TO APG MEMBERS TO IMPLEMENT THE GLOBAL AML/CFT STANDARDS THROUGH IMPLEMENTATION PLANNING AND THE PROVISION OF GUIDANCE</b></p>	<ol style="list-style-type: none"> <li>1. Support and promote the work of APG Working Groups and Project Groups to explore and address specific AML/CFT implementation issues in depth.</li> <li>2. Provide in-country, and regional, advice to assist APG members to develop AML/CFT implementation plans that reflect the priorities of individual member jurisdictions and the Asia/Pacific region using the Strategic Implementation Planning (SIP) Framework, and working in collaboration with global partners.</li> <li>3. Provide advice and assist members to implement and integrate the AML/CFT global standards with their existing legal, financial and law enforcement systems of each jurisdiction.</li> <li>4. Develop and share comprehensive information resources to assist APG members with AML/CFT implementation.</li> </ol>

<b>GOAL 6</b>	<b>STRATEGIES</b>
<p><b>PROVIDE A COORDINATION, ADVISORY AND INFORMATION-SHARING FORUM FOR TECHNICAL ASSISTANCE AND TRAINING</b></p>	<ol style="list-style-type: none"> <li>1. Conduct an annual APG Technical Assistance and Training Forum to facilitate identification of technical assistance and training needs of targeted jurisdictions and to coordinate the delivery of those needs by members of the APG's Donors and Providers (DAP) Group.</li> <li>2. Support and expand the APG's DAP Group to facilitate the sequenced and coordinated identification of technical assistance and training needs and the coordinated delivery of technical assistance and training to APG members.</li> <li>3. Support the development of an AML/CFT coordination mechanism(s) in each APG member jurisdiction.</li> <li>4. Conduct and support technical assistance and training needs analyses in targeted APG jurisdictions.</li> <li>5. Facilitate cooperation in, support the design, development and delivery of, and, where appropriate, provide technical assistance and training that meets the needs of APG members and the APG region.</li> <li>6. Cooperate with APG DAP Group members and other global partners to address specific AML/CFT technical assistance and training issues.</li> <li>7. Recognise, and support, the role of the private sector in AML/CFT technical assistance and training.</li> </ol>

# ANNEX B TO APG Annual Report 2010-2011

## APG TERMS OF REFERENCE\*

### RECOGNISING IN BANGKOK ON 27 FEBRUARY 1997 THAT:

- Money laundering is a significant international issue which requires global action;
- The Asia/Pacific region needs to address this issue as part of the global response;
- The capacity of individual jurisdictions to deal with the issue is limited because of its nature, complexity and international scope;
- Close co-operation between jurisdictions is necessary and much can be gained by increasing understanding of the problem and its solutions;
- There are accepted international standards (the Financial Action Task Force's 40 Recommendations) but the best way to apply the standards within the region needs to be reviewed;
- There is an increasing risk of vulnerability to money laundering in the Asia/Pacific region as other regions introduce anti-money laundering measures; and
- A plan of action should be developed to address regional co-operation, the adoption of standards and to provide assistance to jurisdictions in tackling the problem,

### JURISDICTIONS ESTABLISHED THE ASIA/PACIFIC GROUP ON MONEY LAUNDERING.

#### **NOTING THAT:**

The Working Party, established by the APG met in Beijing 7-9 July 1997 and agreed that:

The 40 Recommendations are the guiding principles for action for the creation of an effective anti-money laundering framework. Member jurisdictions will implement the 40 Recommendations according to their particular cultural values and constitutional frameworks thus allowing them a measure of flexibility rather than prescribing every detail.

#### **RECOGNISING THAT:**

- The United Nations Security Council has adopted a number of Resolutions dealing with terrorist financing; and
- The Financial Action Task Force on Money Laundering has adopted Eight Special Recommendations on Terrorist Financing.

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\* The Terms of Reference for the APG were agreed and adopted in 1997. The Terms of Reference have been revised and approved at each of the APG's annual meetings – Tokyo, March 1998, Manila, August 1999, Sydney, June 2000, Kuala Lumpur, May 2001 and Brisbane, June 2002 and Manila 2006.

***NOTING THAT:***

- APG member jurisdictions adopted a new APG Strategic Plan 2001 – 2004 which included a commitment to combat terrorist financing.

**THE ASIA/PACIFIC GROUP ON MONEY LAUNDERING AGREED IN JUNE 2002 THAT:**

- All member jurisdictions will implement in accordance with their own constitutional arrangements the United Nations Security Council Resolutions dealing with terrorist financing; and
- All member jurisdictions will implement in accordance with their own constitutional arrangements the Eight FATF Special Recommendations on Terrorist Financing.

***NOTING THAT:***

- On 22 October 2004, the Financial Action Task Force on Money Laundering adopted a Ninth Special Recommendation in relation to cash couriers;
- APG member jurisdictions have been assessed against this Special Recommendation since early 2006 as part of APG mutual evaluations; and
- APG member jurisdictions are implementing Special Recommendation IX in accordance with their own constitutional arrangements.

**THE ASIA/PACIFIC GROUP ON MONEY LAUNDERING AGREED IN JULY 2006 TO FORMALLY ENDORSE FATF SPECIAL RECOMMENDATION IX.**

**PURPOSE**

The APG:

1. Provides a focus for co-operative anti-money laundering and anti-terrorist financing efforts in the region;
2. Provides a forum in which:
  - (a) regional issues can be discussed and experiences shared,
  - (b) operational co-operation among member jurisdictions is encouraged;
3. Facilitates the adoption and implementation by member jurisdictions of internationally accepted anti-money laundering and anti-terrorist financing measures;
4. Enables regional and jurisdictional factors to be taken into account in the implementation of international anti-money laundering and anti-terrorist financing measures;
5. Encourages jurisdictions to implement anti-money laundering and anti-terrorist financing initiatives including more effective mutual legal assistance; and
6. Co-ordinates and provides practical support, where possible, to member and observer jurisdictions in the region which request it.

**NATURE**

The APG is voluntary and co-operative in nature. The APG is established by agreement among its

members and is autonomous. It does not derive from an international treaty. It is not part of any international organisation. However, it will need to keep itself informed of action taken or formal agreements made by relevant international and regional organisations or bodies in order to promote a consistent global response to money laundering and terrorist financing.

The work to be done by the APG and its procedures will be decided by consensus agreement among its members.

## **MEMBERSHIP**

Membership of the APG is open to any jurisdiction within the Asia/Pacific region which:

1. Recognises the need for action to be taken to combat money laundering and terrorist financing;
2. Recognises the benefits to be obtained by sharing knowledge and experience;
3. Has taken or is actively taking steps to develop, pass and implement anti-money laundering and anti-terrorist financing legislation and other measures based on accepted international standards;
4. Subject to its domestic laws, commits itself to implementing the decisions made by the APG;
5. Commits itself to participation in the mutual evaluation programme;
6. Contributes to the APG budget in accordance with arrangements agreed by the APG.

It is not a precondition for participation in the APG that anti-money laundering or anti-terrorist financing laws are already enacted.

Each jurisdiction will decide on the particular steps it will take to combat money laundering and terrorist financing. The response by individual jurisdictions will, however, be significantly assisted by participation in the APG.

The APG will welcome new members from the Asia/Pacific region. Smaller jurisdictions whose direct involvement may be difficult may wish to participate in the APG through an appropriate sub-regional forum. To those jurisdictions not yet ready to assume all the requirements of full membership, the APG offers a form of participation in its activities through observer status.

## **OBSERVER STATUS**

The APG recognises that there are significant benefits for member jurisdictions from continuing contact with non-member jurisdictions. As such, the meetings of the APG will also serve to provide opportunities for regular consultation with non-member jurisdictions from within and outside the region who could be invited to attend as observers.

The APG also recognises that many international organisations have a strong interest in anti-money laundering and anti-terrorist financing initiatives. The APG welcomes the support and co-operation from international organisations and other, non-member jurisdictions that may be willing to provide resources to assist the work of the APG.

Observers are:

- (i) jurisdictions which are considering membership of the APG and which are prepared to meet the first three requirements for membership of the APG;
- (ii) organisations which actively support or otherwise are interested in the objectives of the APG;
- (iii) any other jurisdiction or organisation invited by the Co-Chairs and to which no APG

member objects.

In addition to the FATF, the organisations which attended the inaugural meeting (ASEAN Secretariat, ADB, International Monetary Fund, International Organisation of Securities Commissions, INTERPOL, Offshore Group of Banking Supervisors, United Nations Crime Prevention and Criminal Justice Division, United Nations International Drug Control Programme and World Customs Organisation) and any other international organisation with an interest in effectively combating money laundering will be encouraged to participate in future meetings of the APG as observers.

The participation (and the nature of such participation) of non-member jurisdictions and international organisations will be determined by the APG on a case-by-case basis.

## **MEETINGS**

The APG will meet at least once each year. At APG meetings decisions will be made. All APG member jurisdictions should ensure that their delegations to APG meetings have full instructions to participate in the meetings. All decisions at APG meetings shall be by consensus.

Meetings will normally be held in member jurisdictions. In addition to an annual meeting of the APG, meetings may be conducted to coincide with money laundering methods meetings. Some meetings may be limited to APG member jurisdictions only.

Invitations to the annual meeting may be extended to non-member jurisdictions to attend as observers.

While meetings will generally be open to observers some parts of a meeting may be limited to member jurisdictions only to enable the APG to conduct formal consideration of issues which require the agreement of its members.

To ensure a global approach to anti-money laundering and anti-terrorist financing, member jurisdictions of the APG will work closely with the Financial Action Task Force (FATF) and other FATF-style regional bodies. The FATF President and FATF Secretariat will attend APG meetings on the same basis that the APG Co-Chairs and Secretariat attend FATF meetings.

Meetings should be held at the same time each year.

## **STRATEGIC PLAN AND BUSINESS PLAN**

Consistent with these Terms of Reference, the APG will:

- develop a Strategic Plan every three years, to be endorsed by all members, which will set out the APG's mission and goals for each three year period; and
- develop an annual Business Plan, to be endorsed by all members, which will set out in greater detail the work programme of the APG.

## **SECRETARIAT**

Secretariat services will be provided by the Asia/Pacific Group on Money Laundering Secretariat. The APG Secretariat is located in Sydney, Australia. The APG Secretariat will provide a similar service to that provided by Secretariats of other anti-money laundering bodies.

## **WORKING PARTIES**

To enable the work of the APG to be addressed between meetings, Working Parties may be formed. Member jurisdictions may participate in all APG Working Parties, Typologies Workshops and ad hoc committees established in response to specific issues.

## **CHAIRING OF THE APG**

There will be two co-chairs of the APG. During the formative stage of the APG, one co-chair position will be held by Australia which will host the annual meeting in alternate years. The other co-chair position will be rotated every two years amongst member jurisdictions. The rotating co-chair position will be decided every second year at an annual meeting and will carry with it the responsibility of hosting the following annual meeting.

## **RESOURCES**

The APG recognises that the ongoing work of the APG, and in particular the capacity of the Secretariat to assist jurisdictions, will depend on the resources available to it. APG member jurisdictions will determine the budget required for the APG to carry out its work programme on an annual basis according to a fair and equitable budget formula which will be revised and agreed from time to time.

## **CONTACT POINTS**

Each member jurisdiction is required to nominate a person to act as the central contact point for the APG Secretariat. In addition, each member will nominate an appropriate contact point for the three relevant money laundering sectors: legal, financial and law enforcement.

Non-member jurisdictions and organisations will be requested to nominate a person or persons who will be the central point of contact in relation to money laundering matters and the work of the APG.

## **ENDORSED BY:**

Australia  
Bangladesh  
Chinese Taipei  
Hong Kong, China  
Japan

New Zealand  
People's Republic of China  
Philippines  
Singapore  
Sri Lanka

Thailand  
United States of America  
Vanuatu

**BANGKOK, THAILAND**  
**27 FEBRUARY 1997**

\* \* \* \* \*

**APG GEOGRAPHICAL (SUB-REGIONAL) AREAS**

<b><i>SUB-REGION</i></b>	<b><i>PARTICIPATING MEMBERS (with effect: July 2009)</i></b>	<b><i>OTHER JURISDICTIONS (includes non-observers)</i></b>
<b>NORTH ASIA</b>	<ol style="list-style-type: none"> <li>1. China, People's Republic of</li> <li>2. Hong Kong, China</li> <li>3. Japan</li> <li>4. Macao, China</li> <li>5. Mongolia</li> <li>6. Republic of Korea</li> <li>7. Chinese Taipei</li> </ol>	<ul style="list-style-type: none"> <li>• North Korea</li> </ul>
<b>PACIFIC ISLANDS</b>	<ol style="list-style-type: none"> <li>8. Cook Islands</li> <li>9. Fiji</li> <li>10. Marshall Islands</li> <li>11. Nauru</li> <li>12. Niue</li> <li>13. Palau</li> <li>14. Papua New Guinea</li> <li>15. Samoa</li> <li>16. Solomon Islands</li> <li>17. Tonga</li> <li>18. Vanuatu</li> </ol>	<ul style="list-style-type: none"> <li>• Kiribati (observer)</li> <li>• Tuvalu</li> <li>• Federated States of Micronesia</li> </ul>
<b>SOUTH ASIA</b>	<ol style="list-style-type: none"> <li>19. Afghanistan</li> <li>20. Bangladesh</li> <li>21. India</li> <li>22. Maldives</li> <li>23. Nepal</li> <li>24. Pakistan</li> <li>25. Sri Lanka</li> </ol>	<ul style="list-style-type: none"> <li>▪ Bhutan</li> </ul>
<b>SOUTH EAST ASIA</b>	<ol style="list-style-type: none"> <li>26. Brunei Darussalam</li> <li>27. Cambodia</li> <li>28. Indonesia</li> <li>29. Lao PDR</li> <li>30. Malaysia</li> <li>31. Myanmar</li> <li>32. Philippines</li> <li>33. Singapore</li> <li>34. Thailand</li> <li>35. Timor Leste</li> <li>36. Vietnam</li> </ol>	
<b>OTHER</b>	<ol style="list-style-type: none"> <li>37. Australia</li> <li>38. Canada</li> <li>39. New Zealand</li> <li>40. United States of America</li> </ol>	

**ANNEX C**  
**TO APG ANNUAL REPORT 2010-2011**  
**INDEPENDENT AUDIT REPORT AND FINANCIAL STATEMENTS**