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Gap Analysis & Stakeholder Engagement Report for the Egmont Group of Financial Intelligence Units

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Executive Summary

Money laundering and the financing of terrorism are global, borderless crimes. An effective response to such crimes can only be achieved through a strong and interconnected global network of vested stakeholders.

The Egmont Group of Financial Intelligence Units (hereafter “the Egmont Group”) is uniquely positioned within the global Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) network as both the facilitator of financial intelligence sharing and the representative for Financial Intelligence Units (FIUs) in international fora. As the only international body entrusted with representing FIUs – the agencies responsible for enforcing global AML/CFT standards at the domestic level – the Egmont Group acts as the bridge between international and national AML/CFT efforts. Given the Egmont Group’s crucial role in the global fight against money laundering and financing of terrorism, the organization must ensure that it is sufficiently entrenched in the global AML/CFT network and work to strengthen network integration.

The Egmont Group Secretariat has identified development of stronger partnerships with AML/CFT actors in the global network as a key strategy for furthering the Egmont Group’s integration with the global AML/CFT network. The Munk School of Global Affairs’ Consulting Team was therefore tasked with performing an analysis to determine existing gaps in stakeholder¹ engagement, as well as researching present and future partnerships with other stakeholders in the AML/CFT network. Informed by this gap analysis, we were asked to provide the Egmont Group with a set of recommendations aimed at improving and deepening the level of interaction with relevant AML/CFT stakeholders. The results of this effort are contained in this report:

¹ It is important to note from the outset that we use the term “stakeholder” not to refer to stakeholders in the Egmont Group, but rather to other AML/CFT actors. Any organization or body that is part of the AML/CFT network was considered a stakeholder in this global network for the purposes of this project.

Part 1 provides an introduction and background to global AML/CFT efforts, the structure of the global AML/CFT network, and the Egmont Group's role within the network.

Part 2 identifies the systemic challenges and institutional barriers that undermine global cooperation on AML/CFT efforts.

Part 3 outlines the team's two-part methodology for analyzing existing and prospective partner organizations and their relationship with the Egmont Group. The methodological process included: (1) distributing questionnaires to existing partners in order to elicit feedback on how to best align Egmont Group interests with the partner organization; and (2) ranking additional AML/CFT stakeholders on their level of activity in global AML/CFT efforts by assigning nominal values corresponding to a coding checklist developed to measure stakeholder investment in the AML/CFT network.

Part 4 provides our general findings and recommendations for improving stakeholder interaction.

Part 5 specifies detailed analyses of the Egmont Group's interaction with five key AML/CFT stakeholders and offers customized recommendations for improving synergies with each of these key stakeholders.

Part 6 suggests additional AML/CFT stakeholders who may be valuable partners for the Egmont Group in the future, grouped according to categories of high, medium, and lower priority.

Part 7 proposes strategies for engaging with a previously overlooked stakeholder group, i.e. private sector actors.

Finally, **Part 8** provides the Egmont Group with suggested Donor and Aid Agencies heavily involved in funding and supporting AML/CFT efforts.

Our research findings, which are supported by Egmont Group partner feedback, indicate that there are four main gaps in the Egmont Group's current interaction with AML/CFT stakeholders.

First, we found that Egmont Group relations with stakeholders are characterized by **insufficient transparency and disclosure**. We recommend remedying this problem through more active and reciprocal engagement with stakeholders through the creation of formal processes for classifying and declassifying documents, and, where possible, through the provision of more accessible information.

Second, we determined that the Egmont Group suffers from a **lack of strategic direction**, which limits its ability to attract and retain strategic partnerships. We provide detailed recommendations to assist the Egmont Group in formulating an effective three-year strategic plan and suggest the adoption of yearly themes to further enable the formation of strategic and targeted partnerships.

Third, the gaps mentioned above alerted us to the fact that the Egmont Group currently has an **ineffective level of communication with stakeholders**. To optimize communication between the Group and other AML/CFT stakeholders, we recommend developing an extensive stakeholder communication strategy that will include establishment of a Joint Forum for Observer-Member communication, a periodic evaluation of stakeholder outreach efforts, and the dedication of resources to stakeholder outreach through the creation of a designated Stakeholder Outreach Officer position within the Egmont Group Secretariat.

Finally, to address the issue of **under-representation of relevant stakeholders** in the Egmont Group's meetings and processes, we recommend creating a "Dialogue Partner" status to encourage inclusion of relevant stakeholders in Egmont Group AML/CFT discussions and efforts. This new category will ensure that stakeholders who do not meet the criteria for an Egmont Group Observer, or who may not wish to become an Observer, are still given an opportunity to share their expertise with the Egmont Group.

This report is presented to the Egmont Committee and the Heads of FIUs through the Egmont Group Secretariat. This report does not purport to solve all of the Egmont Group's challenges, but does seek to offer new insights from the perspective of an objective external consulting team. Our goal is to provide the Egmont Group with a

blueprint for building effective partnerships, and, consequently, with the foundation for strengthening the overall AML/CFT network.

Acronyms & Terminology Table

AML/CFT Anti-money laundering/ Counter-financing of terrorism

ESW Egmont Secure Web

FATF Financial Action Task Force (an inter-governmental standard-setting, assessor and regulatory body dedicated to promoting the effective implementation of legal, regulatory and operational measures for combating money laundering “ML”, terrorist financing “FT” and other related threats to the integrity of the international financial system)

FIUs Financial Intelligence Units (The Egmont Group’s definition of an FIU: “a central, national agency responsible for receiving, (and as permitted, requesting), analyzing and disseminating to the competent authorities, disclosures of financial information:

(i) concerning suspected proceeds of crime and potential financing of terrorism, or (ii) required by national legislation or regulation, in order to combat money laundering and terrorism financing”

FSRBs FATF-Style Regional Bodies (regional bodies responsible for the dissemination of the FATF recommendations, i.e. global AML/CFT standards, to their specific region. FSRBs also conduct evaluations of the AML/CFT systems of FATF member states and make recommendations for improvements in implementation and compliance)

The eight recognized FSRBs are:

1. Asia/Pacific Group on combating money laundering (APG)
2. Caribbean Financial Action Task Force (CFATF)
3. Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism of the Council of Europe (MONEYVAL)
4. The Eurasian Group (EAG)
5. Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)
6. Financial Action Task Force on Money Laundering in South America

- (GAFISUD)
- 7. Intergovernmental Action Group against Money-Laundering in West Africa (GIABA)
- 8. Middle East and North Africa Financial Action Task Force (MENAFATF)

STRs	Suspicious Transaction Reports (reports filed with an FIU by a reporting entity, usually a financial institution, flagging a financial transaction, or set of transactions, suspected by the reporting entity to be the proceeds of crime or an attempt at money laundering)
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1. Introduction and Background

The Munk School of Global Affairs’ Consulting Team was recruited by the Secretariat of the Egmont Group to conduct a comprehensive stakeholder analysis, addressing the gaps in the Egmont Group’s relationships with other invested AML/CFT stakeholders². Through this analysis, the team was asked to evaluate the Egmont Group’s current partnerships and identify new stakeholders for future engagement. This task derived directly from the Egmont Group’s commitments to develop synergies with international partners through cooperation, as outlined in section 4.2 of the *Egmont Group Charter*.

The following report outlines the Consulting Team’s findings and provides a set of implementable recommendations for the Egmont Group.

1.1 Problem Definition

In today’s increasingly globalized financial system, money laundering and the financing of terrorism (ML/FT) are borderless offences; these are crimes transnational in

² See footnote 1 re: stakeholder

nature and global in scope. These crimes and other relevant predicate offences³ pose dangers for national security and the integrity of the global financial system as whole. To combat these crimes, Financial Intelligence Units (FIUs) must be established in every jurisdiction to collect financial information and share their knowledge with other FIUs worldwide.⁴ International cooperation between and among FIUs across national borders both increases the effectiveness of individual FIUs and contributes to the success of the global fight against money laundering and the financing of terrorism. The Egmont Group is the operational body that brings together 139 FIUs. The Egmont Group allows FIUs to exchange financial intelligence through the Egmont Secure Web (ESW), serves as a forum for FIUs to discuss and cooperate on issues of money laundering and the financing of terrorism, and represents FIU interests in international fora.

International cooperation between the Egmont Group and other organizations is essential to prevent gaps in global efforts to combat money laundering and the financing of terrorism. The Egmont Group is part of an international anti-money laundering and counter-financing of terrorism network⁵. As such, the Egmont Group sees the need to strengthen interaction and synergy with other international partners that influence policies in the AML/CFT field⁶.

The problem facing the Egmont Group is optimizing synergies with its current international partners and identifying new partners for cooperation, with the ultimate

³ Examples of predicate offences, according to the Financial Action Task Force, include tax crimes, corruption and bribery, forgery, extortion and counterfeiting (this is not a complete list).

⁴ The Egmont Group of Financial Intelligence Units. *Egmont Group Charter*, October 22, 2013, Toronto, Canada.

⁵ The Egmont Group of Financial Intelligence Units. "About", Egmontgroup.org. URL: <http://www.egmontgroup.org> (accessed October 15, 2013)

⁶ The Egmont Group Secretariat. "Egmont Group Partnership with Observers and International AML/CFT Partners". Paper presented at: Egmont Group 21st Plenary meeting; 1-5 July, 2013, Sun City, South Africa.

objective of closing the gaps in international AML/CFT efforts and streamlining those efforts for a more effective AML/CFT response.

Lastly, we wish to emphasize that for the purposes of this report, we have defined the term “stakeholder” to mean all relevant actors operating within the AML/CFT network, not stakeholders within the Egmont Group. When we refer to stakeholders, we are referencing organizations such as the International Monetary Fund (“IMF”), various UN bodies, and/or civil society organizations that play a role in strengthening the broader AML/CFT network.

1.2 Overview of Global AML/CFT Initiatives

International efforts and initiatives to combat money laundering and financing of terrorism are understood as being both part of a complex global network and a set of fragmented efforts by various international stakeholders invested in peace, security, and financial integrity issues. Some authors refer to these efforts as an AML/CFT regime⁷; others refer to the set of legislative and regulatory efforts on combating money laundering and financing of terrorism as the global AML/CFT complex⁸, still others, recognizing that there exist many AML/CFT initiatives, characterize the whole field of AML/CFT work as an area comprised of multiple regimes⁹. In a sense, these semantic discrepancies highlight the challenges in AML/CFT work: a globally interconnected financial system requires a coordinated regime to respond to the threats posed by money laundering and terrorism financing. However, the present formulation of global AML/CFT efforts looks more like a loose network of vested stakeholders. AML/CFT

⁷ Tsingou, Eleni. "Global governance and transnational financial crime: opportunities and tensions in the global anti-money laundering regime". *CSGR Working Paper No. 161/05*. May (2005): 1-25. URL: http://wrap.warwick.ac.uk/1959/1/WRAP_Tsingou_wp16105.pdf (accessed January 20, 2014).

⁸ Verhage, Antoinette. *The Anti-Money Laundering Complex and the Compliance Industry*. Abingdon, Oxon : Routledge Studies in Crime and Economics, 2011.

⁹ Thacker Kumar, Leena and Joel R. Campbell. "Global Governance: The Case of Money Laundering and Terrorist Financing", *Forum on Public Policy: A Journal of the Oxford Round Table*, Spring (2009): 1-22. URL: <http://forumonpublicpolicy.com/spring09papers/archivespr09/kumar.pdf> (accessed January 20, 2014).

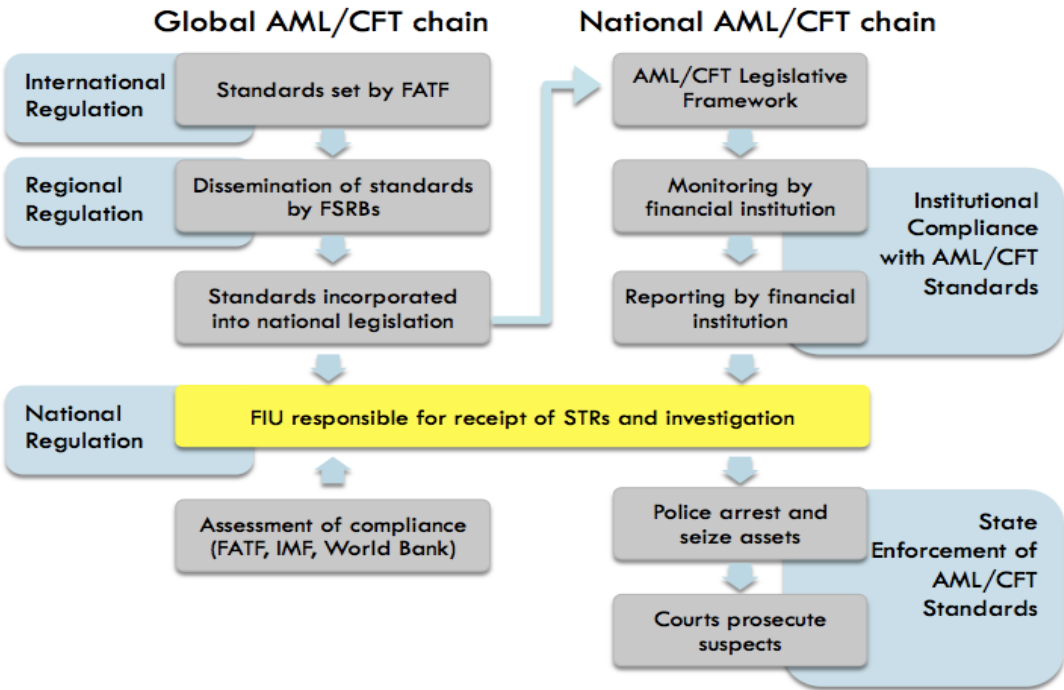
efforts develop on two fronts: prevention and enforcement, and at three levels: national, regional, and international or global¹⁰. Prevention entails dissemination of regulations, supervision, reporting, and sanctions for non-compliance, while enforcement is about asset recovery, prosecution, and punishment¹¹.

The AML/CFT network is composed of both a global and national efforts. At the global level, there are the standard-setting bodies, primarily the Financial Action Task Force (“FATF”), responsible for setting a global standard to guide AML/CFT efforts. The FATF’s widely accepted 40 Recommendations serve as the international standard for AML/CFT compliance. The recently revised 2012 standards were created after much input from a variety of vested stakeholders including the IMF, the World Bank, financial regulatory bodies, and even private sector representatives. These standards are then disseminated by the FATF-style regional bodies (“FSRBs”) that communicate with FIUs in their respective regions and provide guidance on compliance and implementation of the international standards at the domestic level. The FIUs are then responsible for adhering to these international commitments by collecting and analyzing suspicious transaction reports from financial institutions and additional reporting entities and involving the proper authorities in enforcement when necessary. As can be seen in the model below, the FIU serves as the common link in the global and national chains of the AML/CFT network, straddling the line between international prevention efforts and national enforcement. However, the global AML/CFT chain also has a feedback loop: appropriate assessor bodies assess an FIU’s level of compliance with FATF standards; this assessment process is thus a means of gauging the effectiveness of the AML/CFT network.

¹⁰ Eleni Tsingou, 2005.

¹¹ *Ibid.*

A Model of the AML/CFT Network¹²



While many countries have adopted the FATF’s 40 Recommendations, concerns exist that even when countries adopt standards, many remain not fully compliant with their international commitments¹³. In a 2011 IMF Working Paper on “Compliance with the AML/CFT International Standard”, a 161 cross-country analysis revealed low cross-country compliance with the FATF 40+9 standards¹⁴. Full compliance on any FATF Recommendation was relatively rare, occurring in 12.3 percent of the observations in the dataset¹⁵. The countries under review were found to be either partially compliant or non-compliant on individual FATF recommendations over 60 percent of the time, and

¹² This model was created by the Consulting Team based on present literature about AML/CFT networks.

¹³ Cullen, Roy. "Comment: Money laundering has no easy solution." *Times Colonist*, July 12, 2013. URL: <http://www.timescolonist.com/opinion/op-ed/comment-money-laundering-has-no-easy-solution-1.520189> (accessed October 4, 2013).

¹⁴ Concepcion Verdugo, Yepes. "Compliance with the AML/CFT International Standard: Lessons from a Cross-Country Analysis." *International Monetary Fund Working Paper*, WP/11/177, July 2011. URL: <http://www.imf.org/external/pubs/ft/wp/2011/wp11177.pdf> (accessed October 3, 2013)

¹⁵ *Ibid*, p. 10.

largely compliant only 25.5 percent of the time¹⁶. Additionally, the researchers found that while advanced economies were achieving international cooperation at rates just over 70 percent, emerging and developing economies were engaged in international cooperative efforts at rates hovering around 50 percent¹⁷, which is particularly unsettling given the likelihood that it is precisely the developing countries that would most benefit from increased international cooperation.

The IMF report demonstrates a need for greater compliance with FATF standards in the international community and points to obvious gaps in international cooperation on AML/CFT initiatives. The World Bank/UNODC Stolen Assets Recovery Initiative specifically states that “narrowing the gap between stated AML/CFT commitments by institutions and *actual practice on the ground* [emphasis added] has a direct impact on actual recovery of assets”¹⁸.

Effective AML/CFT efforts not only rely on institutional compliance with FATF standards; intelligence-sharing and enforcement also play a crucial role. For example, one of the powers held by many FIUs is the administrative power to order the postponement of reported suspicious transactions as a means of preventing the flight of suspect funds or assets beyond the reach of national law enforcement and prosecutorial authorities. This postponement allows national authorities to seek and obtain a freezing or seizing order from the juridical or other competent authorities.¹⁹ In a 2013 World Bank report titled “Suspending Suspicious Transactions”, an analysis of 88 FIUs revealed that only a relatively small proportion of FIUs with the power to postpone suspicious

¹⁶ *Ibid*, p. 11.

¹⁷ *Ibid*, p. 32.

¹⁸ Van der Does de Willebois, Emile, Emily M. Halter, Robert A. Harrison, Ji Won Park, and J.C. Sharman. *The Puppet Masters: How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It*. Washington D.C. : The International Bank for Reconstruction and Development, The World Bank, 2011.

<http://books.google.ca/books?id=WdTJ6LPhBxYC&printsec=frontcover&dq=isbn:0821388967&hl=en&sa=X&ei=S-rrUpzoMqX42gWwooCgBw&ved=0CC0Q6AEwAA>

¹⁹ Stroligo, Klaudio, Horst Intscher, and Susan Davis-Crockwell. *Suspending Suspicious Transactions*. World Bank Study, 2013. Washington, DC: World Bank. doi:10.1596/978-0-8213-9917-0 License: Creative Commons Attribution CC BY 3.0

transactions are regular users of this power, and a substantial number have not used the power at all during the three-year period covered by the study.²⁰ In 2010, 54 FIUs reported issuing an aggregate total of 1,412 postponement orders.²¹ A mere six FIUs accounted for 62 percent of those postponements.²² These World Bank findings indicate that at present, global enforcement of AML/CFT initiatives remains highly asymmetrical, with the majority of efforts being driven by a tiny subset of AML/CFT network actors. What is needed then for an effective system of AML/CFT is some method for linking together key actors in the AML/CFT chain, from the global, regional, and national levels, in order to disseminate information on best practices across both fronts of AML/CFT governance, prevention and enforcement. We hope that the Egmont Group, with its unique information-sharing and training capacities, can serve as such a link for enabling collective action on the money laundering/financing of terrorism problem, but it can only do so if it brings together the relevant AML/CFT actors.

1.3 The Egmont Group's Role within the Broader Network of International AML/CFT Efforts

We have established in Section 1.2 that effective global AML/CFT efforts entail cooperation and coordination between global, regional, and national stakeholders. The AML/CFT network creates a chain of responsibilities both at the global and the domestic level, with the FIU serving as the link between these two chains. This means that the Egmont Group, as the primary international forum for facilitating multi-lateral information sharing between FIUs, is uniquely positioned to play a key role as a bridge between global and domestic AML/CFT efforts.

The Egmont Group was created in 1995 to bring together a large network of FIUs and establish the ESW, intended to enable cooperation and information sharing among FIUs. Today, the Egmont Group consists of a network of 139 FIUs, and has more or

²⁰ *Ibid.*

²¹ *Ibid.*, p. 16.

²² *Ibid.*, p. 16.

less achieved its initial goal of promoting FIU membership in its multilateral forum; however the Egmont Group now faces the dual challenges of improving cooperation between FIUs as well as engaging and cooperating with other relevant AML/CFT stakeholders that may be in a position to contribute to the goals and principles of the Egmont Group. In order to best serve as the bridge between global and national AML/CFT efforts, the Egmont Group will need to act as a facilitator for communication between the regulatory and assessor agencies (i.e. FATF, the IMF, and World Bank), the regional bodies engaged in AML/CFT training and oversight (i.e. the FSRBs), the FIUs responsible for implementing the global AML/CFT standards domestically, the reporting entities responsible for compliance with the domestic standards, and finally the policing and security organizations responsible for enforcement of AML/CFT commitments. Feedback from international AML/CFT stakeholders suggests that presently the Egmont Group is not viewed as this crucial link capable of connecting the fragmented networks of AML/CFT actors into an AML/CFT regime, despite its unique position to do so. Our analyses and recommendations are designed to bring the Egmont Group closer to fulfilling this role, both within the organization and in the eyes of the international community.

2. Challenges in the AML/CFT Network

In order to gain a better understanding of the Egmont Group's relationship with stakeholders in the global AML/CFT network, we must highlight the challenges and barriers to cooperation that presently exist within this network. Therefore, we have compiled a set of challenges both external to the Egmont Group and within the Egmont Group that might act as barriers to cooperation. Where possible, our recommendations in Sections 4 and 5 seek to address some of the challenges we have identified. However, we note that the systemic challenges we identify are endemic to the global system thus cannot be overcome solely by the Egmont Group. Furthermore, addressing these challenges was outside the scope of our research paradigm, and we suggest that there may be room for future research into how the Egmont Group can leverage its partnerships and its role in the network to address these systemic challenges.

2.1 Systemic Challenges

Though the purpose of this report is to provide the Egmont Group with strategies to optimize stakeholder relationships and Egmont Group operations, such strategies cannot be divorced from the systemic challenges present in the global AML/CFT network. This network is described as both complex and fragmented, and the differences inherent in the network make coordination of efforts especially challenging²³. In addition to the general issue of system fragmentation, discussed above, we have identified two particular sets of challenges currently present in the global AML/CFT system.

2.1.1 Political Barriers to Cooperation

Any efforts toward international cooperation and collective action require political buy-in. A particular challenge that exists within the AML/CFT network is both the under-participation and under-representation of certain states. Arguably, the largest financial centres, that pose the biggest unmitigated money laundering and terrorism financing threats, are the ones that lack the will to meaningfully participate in the AML/CFT network, due to national laws.

An additional political barrier to AML/CFT network effectiveness lies in political disputes over state recognition and cooperation with unrecognized territories. The Egmont Group is not a political body; it is concerned with operations and therefore can and does grant memberships to jurisdictions that are not UN-recognized member states. The Egmont Group grants membership based on whether a territory has a fully operational FIU, recognizing that the goal is to have more oversight in AML/CFT efforts, rather than limit oversight due to political concerns. There is, however, resistance by some states to the Egmont Group precisely due to this approach of granting membership to disputed territories. Some states refuse to join the Egmont Group because they worry that membership entails tacit recognition of state status. When this

²³ Organization for Security and Cooperation in Europe (OSCE). OSCE Handbook on Data Collection in Support of Money Laundering and Terrorism Financing National Risk Assessments, 2012. p. 12. URL: <http://www.osce.org/eea/96398?download=true> (accessed December 2, 2013)

refusal occurs, it creates a loss for not only the state itself because it is not part of a valuable network of AML/CFT efforts, but it is a loss to the network as well.

2.1.2 Variability in FIU Structures and Duties

In addition to political barriers to international cooperation on AML/CFT, there exist the challenges posed by the different structures, duties and responsibilities of FIUs in the AML/CFT network. A 2004 IMF report states that there are at least four different types of FIU structures: (1) administrative-type FIU; (2) law enforcement-type FIU; (3) judicial/prosecutorial-type FIU; and (4) hybrid FIU²⁴. An FIU structure may be influenced by resources, capacity, political will, or additional unknown variables, meaning that a single model of an FIU may not work for all jurisdictions. FATF recommendation 29 states that the core functions of an FIU are to “[serve] as a national centre for the receipt and analysis of: (a) suspicious transaction reports; and (b) other information relevant to money laundering, associated predicate offences and terrorist financing, and for the dissemination of the results of that analysis”²⁵. The recommendation does not however, specify the preferred structure for an FIU.

Different FIU structures may impose additional responsibilities on an FIU but may also enable some FIUs to form closer working partnerships with police and judiciary for enforcement. Along with these structural differences come differences in the capacity of different FIUs. This variability between FIUs creates a greater challenge for coordination at the international level; it also creates a challenge for the Egmont Group as the representative of FIU interests.

A further challenge to cooperation between FIUs stems from the fact that the FATF Recommendations do not have a set of basic guidelines for the content of suspicious transaction reports (“STRs”) nor baseline criteria for what constitutes a

²⁴ Gleason, Paul, and Glenn Gottselig. The International Monetary Fund, "Financial Intelligence Units: An Overview." Last modified July 23, 2004. Accessed October 1, 2013. <http://www.imf.org/external/pubs/ft/FIU/fiu.pdf>.

²⁵ Financial Action Task Force (FATF). International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations, February 2012, 24, Paris, France.

suspicious transaction, often resulting in difficulties of large FIUs to properly analyze the STRs. This discretion and variability result in some FIUs becoming over-saturated with STRs and therefore operationally paralyzed, while others may experience under-reporting and risk being labeled non-compliant. A more unified STR process could improve the effectiveness of information exchange, but until then, the differences in information collection between agencies make it challenging to track STRs²⁶.

2.2 Institutional Challenges within the Egmont Group

Any strategy of stakeholder relations will necessarily be influenced by the internal dynamics of the Egmont Group. In this section we will outline the most striking institutional challenges faced by the Egmont Group and in Section 4 of this report we will provide some recommendations that address some of these challenges.

2.2.1 Institutional Culture of Secrecy

The Egmont Group was created as a small, informal forum for international cooperation and exchange of financial intelligence between like-minded FIUs. The nature of financial intelligence entails confidentiality and information can be exchanged using the Egmont Secure Web between Egmont Group members. It seems that secrecy, a necessity in this one area, has seeped into other procedures within the Egmont Group and shaped the nature of the organization. The fact that the Egmont Group was created by a small group of Western, well-developed FIUs might also contribute to the “closed” culture that the organization signals to its international partners²⁷. For example, much of the meetings and discussions are closed to observers and international stakeholders, important documents, business plans and internal procedures of the working groups are not available to partners. Furthermore, partners

²⁶ Organization for Security and Cooperation in Europe (OSCE). OSCE Handbook on Data Collection in Support of Money Laundering and Terrorism Financing National Risk Assessments, 2012. p. 12. URL: <http://www.osce.org/eea/96398?download=true> (accessed December 2, 2013)

²⁷ This idea that the group is “closed” was expressed by some Egmont Group partners and marked as an impediment to the relations between the organizations.

have no influence over the admission process of new Egmont members, although at times, AML/CFT partners may be the very bodies that assess FIUs and determine their compliance with FATF standards.

2.2.2 Decision Making by Consensus

As a multilateral global organization, the Egmont Group represents 139 members that are all inherently different, as noted above in Section 2.1.2. Any stakeholder strategy will have to be agreed upon and adopted by consensus in the governing body of the organization, the Heads of FIUs (HoFIUs). Managing and overcoming the differences between 139 FIUs to find a workable solution that would be accepted by all members is a significant challenge. This problem is common in multilateral organizations such as the United Nations, World Trade Organization, and others. This challenge is important to consider when structuring recommendations for the Egmont Group, as consensus from the FIUs will often be needed for their implementation.

2.2.3 Growing Number of Members

With the publication of the new FATF Recommendations that require all FIUs to apply for membership with the Egmont Group²⁸, the Egmont Group is expected to grow tremendously in the following years. Since the Egmont Group is based on decision-making by consensus, it is logical to assume that the greater the number of decision-makers, the harder it will be to achieve consensus. Additionally, some logistical challenges may be associated with the growing number of members such as organizing plenary meetings, finding the right host FIUs for working groups meetings, and having a sustainable Secretariat to support the needs of a vastly growing membership base.

2.2.4 Language Barriers

²⁸ Financial Action Task Force (FATF). *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations*, February 2012, Paris, France.

In many global organizations the working language is a main barrier to communication both internally and externally²⁹. The official language of the Egmont Group is English and all of its operations are conducted in English. Many FIUs have expressed their dissatisfaction with the fact that documents are not translated into other languages such as Spanish, French, Russian, and Arabic, given the Egmont Group's FIU composition³⁰. Language barriers prevent FIUs from participating in meetings, expressing opinions, being more active, or commenting on documents.

2.2.5 Membership Participation

It was noted many times by the Executive Secretary, the Chair of the Egmont Group, and the Chairs of Egmont working groups, that FIU participation within the Egmont Group is low and asymmetric. Usually, the more developed, advanced, and better-funded FIUs take key leadership positions within the Egmont Group through leading and participating in projects. However, the majority of Egmont Group members are developing countries; one of the main focuses of the Group is ensuring that these countries are able to benefit from participation in AML/CFT initiatives. Moreover, since the Egmont Group and its Secretariat are funded by membership contributions, FIUs are encouraged to actively represent their countries' needs and concerns.

3. Stakeholder Analysis Methodology

As has been detailed in Section 1.1, this project involves two different sets of recommendations as deliverables: general recommendations for strategic stakeholder interaction, and specific recommendations tailored to improve synergies between the Egmont Group and each of its key stakeholders (the FATF, FSRBs³¹, the World Bank,

²⁹ Marschan-Piekkari, Rebecca. Denice Welch, Lawrence Welch. "In the shadow: the impact of language on structure, power and communication in the multinational", *International Business Review*, Volume 8, Issue 4, August 1999, Pages 421-440. URL: [http://dx.doi.org/10.1016/S0969-5931\(99\)00015-3](http://dx.doi.org/10.1016/S0969-5931(99)00015-3).

³⁰ Information is taken from responses to the Egmont Group Biennial Census 2013.

³¹ In our research we treat all FSRBs as one category of regional bodies working with similar mandates and objectives in different regions.

the IMF, and the United Nations Office on Drugs and Crimes (“UNODC”). These organizations were identified as key stakeholders due to their high-profile roles in the global AML/CFT network and their current high level of interaction with the Egmont Group, as evidenced by their Egmont Group “Observer” status (refer to Section 5). In order to derive these general and specific recommendations, the team elicited feedback from the existing Egmont Group partners on their key concerns regarding interaction with the Egmont Group. These responses were elicited through the use of a questionnaire, which can be found in Appendix B of this report.

In addition to providing recommendations, the team identified new stakeholders for interaction with the Egmont Group and prioritized them according to a coding system developed for this project. This coding methodology will be discussed in further detail below.

3.1 A Focus on Existing Partners

A list of existing partners was obtained from the Egmont Group, and potential future partners were identified through literature reviews, reviewing the partner/observer lists of AML/CFT organizations, and following up on additional names given to us by the Egmont Group Secretariat. Our project was initially designed to provide the Egmont Group with a strategy for engaging with new and existing stakeholders. Due to the results of our research, we determined that the Egmont Group is not currently equipped to perform outreach to new partners until it determines its strategic direction for the next three years (refer to Section 4 below). The strategy we recommend focuses on current partners: on improving, formalizing, and clarifying those relationships before seeking out additional partnerships. We came upon this strategy based on the feedback we received from the Egmont Group’s existing AML/CFT partners.

As mentioned above, we elicited partner feedback by distributing a questionnaire to current partners of the Egmont Group. In this questionnaire, we asked partners to provide detailed feedback on their current relationship and projects with the Egmont Group. We also prompted partners to provide us with suggestions on how to optimize the relationship between the Egmont Group and their organization. Unfortunately, our

response rate was low, but within the feedback we did receive, several consistent themes emerged around communication and transparency, which then formed the foundation for our gap analysis. (A copy of the questionnaire is located at Appendix B).

3.2 Coding Stakeholder Data

Coding was used as a preliminary method of stakeholder assessment. The coding system allowed the synthesis of a large amount of data collected by several different team members, and was developed to remove some of the inherent subjectivity that occurs when examining qualitative data. As a result, our research and ranking of partners is believed to have higher inter-rater reliability (however we point out that we did not conduct any statistical tests to determine if this is indeed the case). A copy of our coding checklist is included at Appendix A.

The coding method was used to explore three aspects of stakeholder engagement in the AML/CFT network by: (1) identifying the kinds of current work the stakeholder is doing within the realm of AML/CFT; (2) identifying the organization's current partnerships thus highlighting its ability/willingness to engage with an additional partner such as Egmont Group; and (3) identifying the potential for future engagement with the Egmont Group through a review of the organization's mandate, staffing, and budget. This final category assisted us in flagging obstacles to engagement, while the other categories assisted us in pinpointing the stakeholder's level of capacity and vested interest in AML/CFT ventures.

The highest score that a partner could achieve in the coding was 22; this score is internally consistent given that groups heavily invested in the AML/CFT network, like the FATF and FSRBs, scored 22 on the checklist. We identified a cut-off score of 12 for low priority stakeholders. While this appears to be a slightly arbitrary cut-off, it derives from the fact that half the highest score is an 11, which could be obtained if a stakeholder received no "yes" scores to indicate engagement in AML/CFT efforts or partnerships. Any score that falls below 12 indicates that a stakeholder is not highly invested in the AML/CFT network by virtue of its minimal involvement in AML/CFT

efforts, limited engagement with other stakeholders, and/or low capacity/institutional will to engage with partners.

While the Egmont Group's key partners (the World Bank, the IMF, UNODC, FATF, and the FSRBs) received the highest scores, high-scoring organizations were not exclusively limited to existing partners, suggesting our coding scheme provided some utility in identifying new partners.

3.3 Challenges and Limitations

In spite of attempts to systematize the AML/CFT stakeholder analysis, several challenges were encountered that may impact the accuracy of our stakeholder profiles. We outline these challenges below, and where possible, indicate how the challenges may impact our stakeholder analysis.

3.3.1 Methodological Challenges

1. **Quantifying Qualitative Information.** At times, it was difficult to discern, from publically available information, whether an organization is genuinely involved in AML/CFT efforts or is merely adopting the language of AML/CFT without active engagement in the AML/CFT network. For instance, if an organization posted publications from another body, did this count as publishing? If an entity is operating under the umbrella of a bigger organization, do the AML/CFT efforts performed by the entity count for the organization or the entity itself? Further, many organizations held conferences or seminars that were only tangentially related to AML/CFT and FATF predicate offences. There were difficulties, especially when the organization had a wide-ranging mandate, in determining how much of an organization's time and resources are spent doing AML/CFT work. We maintained an on-going dialogue throughout the coding process to ensure inter-rater reliability.
2. **No Distinction in Weighing Variables.** Each variable identified in the code was weighed in an identical manner. We did not give more weight to organizations based on how many conferences they attended, or how consistently they worked on issues in AML/CFT or other predicate offences. We do concede that this prevented us from having a more nuanced methodology that would likely produce more varied scores.

Of course, some initiatives may have more value than others to the AML/CFT network, and the code does not reflect that. Nonetheless, the code reflects whether or not the organization is entrenched in AML/CFT work in a holistic sense. The Executive Summaries provided for each organization help to address this methodological challenge by describing each stakeholder's work in their own words (these Executive Summaries can be found in Appendix C).

3. Identifying New Stakeholders. While we employed a strategy for finding as many relevant AML/CFT stakeholders as possible, it is difficult, if not impossible to determine if we have completely covered the field in assessing all the relevant stakeholders working in the area of AML/CFT and other FATF predicate offences.

3.3.2 Research Challenges

1. **Transparency.** Many of the stakeholders had websites with very little information about their substantive work, beyond simply stating their mandate. Other organizations would post publications from other AML/CFT stakeholders, leading to some confusion about whether or not they published themselves on AML/CFT issues (see challenge 1 in 3.3.1 above). Furthermore, some publications on AML/CFT efforts appeared to be outdated on several websites, making it difficult to gauge whether the organization is still involved in AML/CFT work or whether the organization has abandoned its AML/CFT initiatives. This led to a certain amount of variability within our coding scheme. Some organizations who have a low level of transparency or publicly available information on their activities may have lower scores than is merited. This problem was addressed by sending inquiries to the organization in question about gaps in our information, but requests were usually not answered.
2. **Language Barriers.** There are international organizations in our list whose working language is not English. Despite the fact that their websites may operate in English, in many cases the organizations would post only a limited portion of operational information in English. Therefore, we encountered difficulties in translating documents, and once again, the final coding score for such an organization may be lower than is merited.

4. Gap Analysis & Recommendations

From the results of our research, stakeholder analysis, and feedback received from partners, we have determined four broadly classified “gaps” within the Egmont Group’s current relationships with stakeholders. These gaps must be addressed both in improving interaction with current partners and as a precondition for expanding interaction with new stakeholders; addressing these gaps will help to ensure that new relationships are developed in a meaningful and coordinated way.

The four gaps, broadly speaking, are:

- 1. Gaps in transparency and disclosure,
- 2. Lack of mandate clarity and gaps in the Egmont Group’s strategic direction,
- 3. Gaps in communication with international partners, including existing observers and additional AML/CFT stakeholders; and finally,
- 4. Gaps relating to the representation and participation of relevant stakeholders in Egmont Group processes.

Our recommendations, when taken together, provide an integrated framework for the Egmont Group to address these gaps, and improve their stakeholder relations. While it was outside the scope of our project to address the institutional challenges identified in Section 3 above, in some instances our recommendations or gaps directly implicate one or more of these institutional challenges. Where that is the case, we have addressed it within the gap analysis or recommendation itself.

GAP 1: Transparency

The Egmont Group has a culture of secrecy. This institutional culture is one of the challenges that we have identified in Section 3 and must be considered during the development and implementation of these recommendations for greater transparency and disclosure. Much of this culture has evolved as a result of the Egmont Group’s history as an information sharing organization, limited to only a handful of FIUs. That culture has continued today in large part due to institutional inertia. We hope that calling

attention to this gap, together with a supportive Secretariat and Head of FIUs, will go a long way toward combating this inertia. Due to the Egmont Group's limited resources, many of these issues have simply not been raised or addressed in the systematic way we propose.

While our recommendations do not address all aspects of transparency and disclosure, they do target those aspects that will most affect stakeholder relationships and the Egmont Group's reputation in the AML/CFT network.

Most of the key stakeholders (identified in Section 5) flagged the need for increased transparency and disclosure between the Egmont Group and its partners. It is clear from a casual look at the Egmont Group website that there is little publicly available information on the Egmont Group's partners and its current projects. This dearth of information is detrimental to engagement with current and prospective partners because relevant stakeholders cannot gain a clear idea of what the Egmont Group has to offer.

Transparency and disclosure, and an institutional culture of secrecy form a backdrop for all of the following recommendations, and many of the recommendations under different headings will tangentially address this transparency and disclosure gap. However, we have additionally created a set of specific recommendations to address transparency and disclosure issues.

Recommendation 1: Form Criteria for Classifying/De-classifying Documents and Reports

Currently the Egmont Group holds a large number of internal documents that would be of interest to partner organizations. For instance, each of the Egmont Group's working groups has internal documents that detail that working group's processes, and the manner in which external organizations can interact with that working group. This information is not currently available to potential partners, and there is no stated reason

for why this is the case. The Egmont Group will achieve greater transparency by formalizing their process for keeping documents secret, and will achieve greater disclosure by releasing documents that do not fit those criteria. If we again use the working group example, we can see that the Egmont Group has a lot to gain from disclosure: if information on working groups was more publically available, working groups may receive more support from outside organizations. Furthermore, outside organizations might initiate contact with the Egmont Group if they are interested in particular projects, which could save the Egmont Group and its working groups' time, effort, and resources.

The Egmont Group may wish to consider a system for classifying documents that makes some available only to Observers, and the rest available to the general public through their website. This system of classification must be transparent. If a document is kept confidential, the reason for a document's confidentiality should be disclosed. Whenever an external partner produces a report in partnership with the Egmont Group, clear guidelines on whether the final report will be publicly available or not should be agreed upon in advance and formalized in writing to ensure optimal cooperation.

Recommendation 2: Provide Accessible Information on Partnerships and Projects

The Egmont Group collaborates and cooperates with many high level organizations on numerous projects. However, if a potential or current partner wished to find examples of current/previous partnerships or projects, it would not be able to find that information in a timely manner.

For example, the UNODC has stated on its website that it has conducted workshops in conjunction with the Egmont Group, but the Egmont Group makes no mention of these ventures on its own website, nor are there any details available. Likewise, the Basel Institute notes that it has worked in cooperation with the Egmont Group on an important AML/CFT initiative called the Asset Recovery Intelligence

System (ARIS), but the Egmont Group does not publicize its efforts on ARIS³². If the Egmont Group wishes to increase its international profile and partner interactions, it should publicize its projects and partners. This will enhance the Egmont Group's reputation in the AML/CFT field and will make it clear what the Egmont Group has to offer to partners by providing concrete examples of its previous work and commitments.

Recommendation 3: Facilitate Greater External Participation in Egmont Group Events and Egmont Group Participation in Partner Events

The Egmont Group needs to provide clear and unambiguous signals to the international AML/CFT community that it is casting off its veil of secrecy and is ready and willing to interact meaningfully with partners. In this spirit, not only should the Egmont Group encourage participation in its own meetings, but should also reciprocate by attending events, conferences, workshops, and meetings of priority partners. This is akin to engaging in a kind of “soft diplomacy”. Such relationship-building activities form more inter-connected networks, the result of which is greater trust in the network and a greater willingness to exchange resources³³. In addition, legitimacy can be gained through participation, also resulting in a reputational gain for the Egmont Group³⁴.

The knowledge exchange and interpersonal linkages that will be built by such reciprocal activities can help to build institutional linkages, as well as help define overlap

³² If you “Google” search terms “Egmont Group” + “Asset Recovery Intelligence System”, the only Egmont Publications on ARIS are: (1) an Egmont Group White Paper on “The Role of Financial Intelligence Units in Fighting Corruption and Recovering Stolen Assets” where ARIS is mentioned only once as footnote 27 on page 14; (2) an Egmont Group International Bulletin from April 2010 with a one sentence note on ARIS: “The development of the Asset Recovery Intelligence System (ARIS): An update was provided and a prototype of the ARIS system is intended to be demonstrated in June 2010”; and (3) an Egmont Group E-Newsletter from July 2011 with a short description of ARIS under the IT working group subheading. This paucity of results suggests to us that the Egmont Group is insufficiently branding their AML/CFT efforts and engagement with important AML/CFT stakeholders.

³³ R.S. Zaharna, “The Soft Power Differential: Network Communication and Mass Communication in Public Diplomacy”, *The Hague Journal of Diplomacy* 2 (2007): 219. Accessed January 30, 2013.

³⁴ Robert Cooper, “Hard Power, Soft Power, and the Goals of Diplomacy,” in *American Power in the 21st Century*, ed. David Held and Mathias Koeing-Archibugi (2004), 170.

in mandates and projects even before a formalized process of cooperation is initiated. It may smooth the road to cooperation with organizations that, for a variety of reasons, may have been hesitant, either because they were not sure of what the Egmont Group has to offer, or simply because they never considered a partnership with the Egmont Group.

Recommendation 4: Provide a Greater Number of Translated Documents

While the Egmont Group’s working language is English, and many international organizations operate in English as well, we discovered several organizations, such as the Inter-American Drug Abuse Control Commission (“CICAD”) who operated in another language but might nonetheless serve as a useful regional partner. This is not only a barrier for FIU participation, as was identified in the Section 3, but also for stakeholder participation. The Egmont Group, if it implements recommendations to declassify many documents, will quickly become a repository for valuable information on AML/CFT, and the dissemination of that information will be greater if translations were available to represent FIU composition, perhaps as a starting basis in such as languages as Russian, Spanish, French, and Arabic.

It is worth noting that the Egmont Group Secretariat, which handles stakeholder relations, does not have the capacity to collaborate with organizations that do not work in English, so this recommendation may not increase cooperation with the Egmont Group from the organizations benefiting from the translated publications. Nonetheless, these organizations will benefit from the ability to access such publications, increasing their knowledge of AML/CFT, and result in a better-informed network. It may also be possible that once such an organization is aware of the Egmont Group and able to access information on the Group, it may cooperate through another organization better equipped to handle translation or communication services.

GAP 2: Strategic Direction and Mandate Clarity

In the course of eliciting feedback from key partner agencies, the consulting team discovered a pattern of concern among major stakeholders regarding a perceived lack

of strategic direction and clarity of mandate. Feedback elicited from a key AML/CFT partner summarizes these concerns succinctly:

*“It would be easier to improve / strengthen the relationship [between the Egmont Group and this FSRB] if the purpose and scope of the [Egmont Group’s] mandate in global AML/CFT activities was clearer. The purpose of the [Egmont Group] with respect to its internal focus seems relatively clear; **however its role in the regional and international AML/CFT context remains opaque...***

*A more precise defining of that international role, and what the [Egmont Group] is able to offer, and expects from, the FATF and **FSRBs at a strategic level** would make it easier to identify areas of mutual interest and cooperation.”*

(19 December 2013, FSRB high-ranking representative)

Such feedback suggests that at present, the Egmont Group’s role in the AML/CFT network is insufficiently defined. We suggest that this lack of clarity regarding the Egmont Group’s mandate around global AML/CFT initiatives impedes collaboration with AML/CFT stakeholders. Furthermore, there are concerns among relevant stakeholders that the Egmont Group name is insufficiently represented in AML/CFT discourse.

This consulting team believes that the Egmont Group suffers from a “branding” problem when it comes to defining their role in international AML/CFT efforts. This branding issue stems from one overwhelming root cause: the Egmont Group lacks a precise mandate outlining the responsibilities and limitations of the work that the Egmont Group seeks to undertake. If the Egmont Group does not clearly define what work it seeks to do, it cannot formulate a strategy for what stakeholders it wishes to engage and it will be unable to signal avenues for cooperation with potential stakeholders. We therefore believe that the Egmont Group’s problems of visibility and inability to move past ad hoc cooperation can be addressed through the formulation of a strategic work-plan outlining the Egmont Group’s strategic direction, including

necessary partnerships, over the next three years. To that end, we have two sets of inter-related recommendations for the development of this strategic plan.

Recommendation 1: Formulate Three-Year Strategic Plan Including Set of Activities and Targeted Stakeholder Outreach Strategy

We first suggest that the Egmont Group formulate a tentative three-year strategic plan, outlining the Egmont Group’s mandate for the next three years and providing a strategic direction for the Group³⁵. In creating a plan that is time-bound and action-oriented rather than merely aspirational, the Egmont Group will have both a clearer sense of direction and an avenue for pursuing targeted, systematic partnerships instead of ad hoc collaborations. We recognize that the FIUs will still have to vote on this plan of action, therefore we recommend that the Operational working group first create a draft version and bring this to a vote at a town hall meeting, allowing the entire Egmont Group to determine the strategic direction of the Egmont Group for the next three years. In doing so, we believe that the Egmont Group can address the existing questions of: (1) what role the Egmont Group plans to have in international AML/CFT efforts; and (2) how it will engage with AML/CFT partners in the pursuit of this goal (see template recommendation below).

³⁵ We understand that there is a subgroup within the Egmont Group that is tasked with creating the next strategic plan. Because we have not yet seen a draft of this plan, the template in this report is presented as an option to guide the process of formulating the new strategic plan.

For maximum effectiveness, we propose the following template for an Egmont Strategic Plan:

Section 1: Mandate

Will outline the Egmont Group's mandate for the next three years, linking mandate statement to key sections of the Egmont Group Charter and yearly themes

Section 2: Egmont Group Activities

Will outline the activities the Egmont Group will engage in toward fulfillment of the Egmont Group mandate stated above

Sub-sections 2.1 – 2.x: Will list Egmont Group activities, categorized by activity type (i.e. workshops, publications, conferences, etc.) with approximate timeframes for completion and a list of appropriate partners to engage for the purposes of this activity.

See example below:

2.1 Workshops

Create ontology for workshop, meaning distinguish definition of workshop from training session, seminar, etc.

The Egmont Group plans to administer the following workshops:

Workshop Number	Workshop Type	Country or Region	Time-Frame	Partner Organization	Designated Contact at Partner Organization
1.	Workshop on integrating new FATF risk-based approach in national standards	West Africa	Spring 2014 (Apr. – June)	FATF	
				GIABA	
				African Development Bank	
2.	Workshop on using AML/CFT tools to combat drug trafficking	South America	Fall 2014 (Sept. – Oct.)	GAFISUD	
				CICAD	
				Inter-American Development Bank	
				UNODC	

Section 3: Strategy for stakeholder outreach

Will outline plans for additional stakeholder outreach based on mandate

Section 4: Financing

Will outline the Egmont Group strategy for financing its three-year plan including strategies for grant applications and eliciting donations from key donors, most likely on a project-specific basis

Recommendation 2: Create Yearly Thematic Focus for Activities and Release Corresponding Flagship Report on Annual Basis

We recognize that in determining its strategic direction, the Egmont Group will have to make strategic decisions on whether or not it wishes to stretch its current mandate to include developing operational best practices on the role of AML/CFT measures in combatting a host of predicate offences. There is a growing movement within the Egmont Group to engage in more efforts on FATF predicate offences. The challenges associated with mandate expansion can be managed through the development of a yearly thematic focus to guide Egmont Group partnerships. We believe that a yearly focus on a particular predicate offence or AML/CFT issue will help the Egmont Group in allocating limited resources for operations, while at the same time crystalizing a clear mandate for the years ahead. Given that there appears to be a great interest among the Egmont Group members in developing operational best practices specifically in the areas of anti-corruption, asset recovery and tax investigations, we recommend beginning with these three issues as thematic focus areas for the next three years.

Concurrently, the Egmont Group should start producing publicly available flagship reports that will signal to external stakeholders issues and/or activities that are of high priority for the organization for a given time period. Most big development and international agencies publish a yearly flagship report. The World Bank launched its World Development Report in 1978³⁶. The IMF's World Economic Outlook started two years later³⁷. Many other UN agencies publish annual or periodic flagship reports³⁸. The report will become a key instrument in promoting ideas that address current gaps or challenges and stimulate debate on a priority topic identified by the Egmont Group in the AML/CFT field. The Egmont Group may choose to develop this report in

³⁶ Wagstaff, Adam. "Whither the development agency's flagship report?." *LET'S TALK DEVELOPMENT* (blog), January 01, 2011. <http://blogs.worldbank.org/developmenttalk/whither-the-development-agency-s-flagship-report> (accessed December 11, 2014).

³⁷ *Ibid.*

³⁸ *Ibid.*

collaboration with stakeholders already working in the specific thematic area so as to avoid duplicative efforts. (See OECD, Tax Justice Network, and Transparency International in Appendix C for examples of organizations working in specific thematic areas of tax crimes and corruption).

GAP 3: Communication

In every effective stakeholder strategy, communication is a main element. Strong communication with your stakeholders is the key to successful partnerships³⁹. Relations with stakeholders are built on ongoing dialogue and joint projects are developed over time by maintaining this ongoing dialogue⁴⁰. For the communication strategy to be effective, it must be systematized and have clear direction with specific goals and objectives. Currently, the Egmont Group does not have a communication strategy to support its relationships with stakeholders. Many of the comments from stakeholders about their current relationship with Egmont Group reflected a dissatisfaction with the Egmont Group's current communication strategy (or lack thereof). We believe that a clear and organized communication strategy will result in improved relations with international partners and increase Egmont Group's reputation within the AML/CFT global network.

Questionnaire responses from Egmont Group key partners indicate that many partners are confused about the Group's role in the regional and international AML/CFT context. In addition to better defining the Egmont Group's role in this respect (see Gap 2 recommendations above), it must be communicated clearly and effectively to partners. Furthermore, frequent communication with stakeholders is required in order to identify relevant issues for joint projects and prevent duplicative efforts.

³⁹ JISC Sustaining and Embedding Innovations, "Communications and stakeholder engagement strategies." Accessed January 19, 2014.

[https://sustainembed.pbworks.com/w/page/35754150/Communications and stakeholder engagement strategies.](https://sustainembed.pbworks.com/w/page/35754150/Communications+and+stakeholder+engagement+strategies)

⁴⁰ Scholes, Eileen, David Clutterbuck. *Communication with stakeholders: An integrated approach*, Long Range Planning, Volume 31, Issue 2, April 1998, Pages 227-238. URL: [http://dx.doi.org/10.1016/S0024-6301\(98\)00007-7.](http://dx.doi.org/10.1016/S0024-6301(98)00007-7)

Bridging this gap will be difficult without designated stakeholder outreach staff responsible for managing relations with international partners. Today, Egmont Group partners communicate with the relevant officer in the Secretariat on an ad hoc basis: if the synergy relates to training and technical assistance then partners have to contact one officer, if a question is administrative in nature then partners must contact another officer, and so forth, without having one primary and obvious point of contact. Furthermore, potential partners may not even know the right staff member to contact and therefore might be deterred from seeking a partnership with the Egmont Group. To prevent delays and streamline communication, there must be a dedicated officer within the Secretariat that will serve as a centralized address for all partner relations.

Recommendation 1: Develop Extensive Communication Strategy

This strategy should systematize the relations between the Egmont Group and its international partners and address ways of communicating material to the public as well as to international partners. In addition, the strategy should establish guidelines and refer to specific plans of action with the Egmont Group’s key stakeholders.

Recommendation 2: Create Joint Forum for Egmont Members and Observers within the Egmont Annual Plenary

This forum will allow the Egmont Group’s members and Observers to meet and discuss the nature and strategic direction of the synergy between the sides. It will also help establish ongoing relationships and avoid ad hoc communication. This forum will help to shed light on the expectations of the Egmont Group and its Observers, give them the necessary room to express their concerns and allow them to raise issues pertaining to the role the Egmont Group is taking in global AML/CFT efforts. These conversations are only possible if partners know what role the Egmont Group has, and how it is working toward fulfilling this role.

Recommendation 3: Produce Feedback Form and Distribute among Egmont Group Observers.

This feedback form will allow Observers to answer questions and provide much needed information about their organization and the state of relations with the Egmont Group. The feedback form should become a regular practice and can be similar in format to the Egmont Group Biennial Census. The form should be evaluated and

analyzed by the Egmont Group Secretariat and steps should be taken to constantly improve relations with Observers.

Recommendation 4: Create Stakeholder Outreach Officer Position in the Egmont Group Secretariat

A stakeholder outreach officer will serve as a centralized address for partner inquiries. The officer will manage and evaluate the results of the feedback form distributed to Observers, will work with partners to improve ongoing and strategic relations, will lead the Egmont Group Members-Observers forum, will work to create new synergies with existing and additional stakeholders, and will inform the Egmont Committee and the Heads of FIUs on new developments between the Egmont Group and international partners. By having an officer dedicated to stakeholder relations, the Egmont Group will signal a genuine willingness to cooperate with international stakeholders and will ensure that the Group has the human resources to do so in a meaningful and effective way.

Gap 4: Relevant Stakeholder Representation

International partners can apply for an Observer status with the Egmont Group. The “Egmont Group Partnership with Observers and International AML/CFT Partners” paper sets out clear eligibility criteria for admission as an Observer into the Egmont Group, as well as the obligations and privileges of such a status⁴¹. However, not all international bodies that are active in the global AML/CFT network can fit these criteria. This exclusion of specific partners who may still be valuable contributors to AML/CFT efforts creates a vacuum Egmont Group information-sharing, which in turn weakens the global AML/CFT network.

An obvious example of such stakeholders is organizations representing private sector interests, excluded due to concerns about conflicts of interests. However, the

⁴¹ Egmont Group of Financial Intelligence Units. *Egmont Group Partnership with Observers and International AML/CFT Partners*, July 2013. URL: <http://www.egmontgroup.org/library/egmont-documents> (accessed November 15, 2013)

private sector cannot be ignored as it is undoubtedly a major actor in global AML/CFT efforts. This sector includes banks, real estate agents, lawyers, Exchange Bureaus, etc., all of which are considered to be reporting entities. These entities produce the STRs that FIUs receive, analyze, and disseminate; therefore, this group is a very important partner in the global AML/CFT network. Stronger and more systematic synergies should be created to include such private sector entities in the Egmont Group's circle of stakeholders.

It is clear that a conflict of interests might arise from including private entities in all Egmont Group discussions due to the fact that some FIUs have oversight powers over these same reporting entities. Additionally, as a result of FIUs' investigations, these are the entities that will be prosecuted in cases of non-compliance. Acknowledging the difficulty and the possible conflict of interests, we remain confident that a dialogue with the private sector is essential for the healthy functioning of the global AML/CFT network. Egmont Group interaction with the private sector will open a channel for communication between FIUs and reporting entities and allow FIUs to provide feedback on STRs. In addition, FIUs will have a centralized forum to make their requirements regarding STRs clearer (for more information see Section 7 of this report).

The idea of providing feedback to reporting entities is not new. The revised FATF Recommendations, and specifically Recommendation 34, require competent authorities to provide feedback to FIUs on the quality of STRs and best practices on detecting suspicious transactions:

“The competent authorities, supervisors and SRBs should establish guidelines, and provide feedback, which will assist financial institutions and designated non-financial businesses and professions in applying national measures to combat money laundering and terrorist financing, and, in particular, in detecting and reporting suspicious transactions”⁴².

⁴² FATF Recommendations, 2012, p. 26

Given the Egmont Group's commitments to improving the effectiveness of FIUs and FATF Recommendation 34, we believe that private sector engagement is an obvious and necessary step toward fulfilling such commitments.

One other possible category of organizations that are currently excluded from participation in the Egmont Group is the group of organizations that may not wish, for a variety of possible reasons, to become an official Observer. These organizations might choose not to become an Official observer with the Egmont Group but interaction with them may still be important for an effective global AML/CFT network. For example, the UN Counterterrorism Executive Directorate might choose, for political reasons⁴³, not to become an Egmont Group Observer, but it remains an important partner that should be involved in Egmont Group activities and initiatives. Allowing some cooperation with organizations that choose not to become observers with the Egmont Group is essential.

Thus, exclusion of some organizations, as outlined above, creates a gap in the current structure of the Egmont Group partnership with international AML/CFT partners. Private sector, civil-society organizations, and others that choose not to become an official Observer, cannot be ignored and it is one of the Egmont Group's most challenging tasks to incorporate them in the Group's activities in order to fulfill its mandate as outlined in the *Egmont Group Charter*.

Recommendation 1: Create "Dialogue Partner" Status for Non-Observer Stakeholders

Some important AML/CFT stakeholders, by virtue of their structure, interests or mandate, may not meet the Egmont Group Observer status criteria, but they may nonetheless play an integral role in the AML/CFT network. If the Egmont Group does not formalize a process for engaging with such non-Observer entities, it runs the risk of excluding valuable stakeholders from potential AML/CFT initiatives. To solve the problem of stakeholder exclusion, we suggest creating an additional "Dialogue Partner"

⁴³ Counter Terrorism Executive Directorate contains China as a member. China is not part of the Egmont Group for political reasons, mainly its objection for Taiwan being a member. China might not vote in favour of becoming an Egmont Group Observer for similar reasons.

status for those who may wish to engage with the Egmont Group, yet are unwilling or unable to become Egmont Group Observers. This classification will allow the Egmont Group and other partners to interact and participate in each other's meetings without the formal Observer status. The Dialogue Partner status will be different from the Observer status and will have its own eligibility criteria, privileges, and obligations.

This recommendation is another example of the need for systemic, continuous, and efficient relationships with Egmont Group partners. Such a status will help to establish a level of commitment to a partnership from both sides, and formalize relations between the organizations.

The Egmont Group should establish a legal subgroup to examine the Dialogue Partner option and codify the relevant privileges and responsibilities that a Dialogue Partner status might entail. This subgroup should create a document outlining the meetings and sessions these partners will be allowed to participate in, the documents and information they will be granted access to, and the initiatives and projects the Egmont Group and these partners will jointly pursue.

Recommendation 2: Host a Meeting on the Margins of the Egmont Plenary for FIUs and Dialogue Partners

To facilitate dialogue and incorporate the Dialogue Partners into the Egmont Group's activities, a regular annual meeting between the Group and its Dialogue Partners is required. In this meeting FIUs and Dialogue Partners will have the opportunity to discuss the strategic direction of Egmont Group-Dialogue Partner relations. Some topics for discussion might be: ways to increase Egmont Group membership, the creation joint training and technical assistance initiatives with partners, suitable solutions for attendance of Dialogue Partners in the Egmont Group's meetings, etc. A product of the above mentioned forum might be a standardized STR that will be accepted by all Egmont Group members. The benefits of such an initiative should be discussed among FIUs. It is also possible to establish a unified way in which FIUs will provide feedback to reporting entities to improve the quality of STRs. Further discussion on such topics will be required within the Egmont-Dialogue Partners forum and within the Operational working group.

5. Analyses of Key AML/CFT Stakeholders

5.1 Introduction to Key Existing Stakeholders

In the course of our research, we identified five major organizations that serve as key partners and collaborators on Egmont Group AML/CFT efforts: the Financial Action Task Force (FATF), the FSRBs (FATF-Style Regional Bodies), the World Bank, the International Monetary Fund (IMF), and the UN Office of Drugs and Crime (UNODC). These organizations represent regulatory and assessor bodies as well as one security body. Their investment as key stakeholders is evidenced by the fact that each of these organizations engages in a wide-range of AML/CFT efforts, which is reflected in very high scores on our coding checklist (see Section 4 above). These stakeholders are also now being grand-fathered into the Egmont Group as Observers for their “existing long-term, positive, established relationship with the Egmont Group”⁴⁴ and for their consistent contributions to the work of the Egmont Group as recognized by the Egmont HoFIUs.

Here, we wish to note that while the Organization for Economic Cooperation and Development (OECD) is already an observer to the Egmont Group and a high priority partner in AML/CFT efforts, we did not identify the OECD as a key stakeholder for two reasons: (1) because the FATF, already identified as a key stakeholder, is administered under the OECD; and (2) because the OECD’s current work on money laundering appears highly circumscribed to the area of tax crimes.

5.2 FATF

5.2.1 Background

The Financial Action Task Force is an independent, inter-governmental, policy-making body with a ministerial mandate to set the international standards for combatting money laundering and financing of terrorism⁴⁵. Not only is the FATF responsible for

⁴⁴ Charter of the Egmont Group of Financial Intelligence Units.

⁴⁵ FATF/OECD, "An Introduction to the FATF and its Work." Last modified 2010. Accessed October 1, 2013. [http://www.fatf-gafi.org/media/fatf/documents/brochuresannualreports/Introduction to the FATF.pdf](http://www.fatf-gafi.org/media/fatf/documents/brochuresannualreports/Introduction%20to%20the%20FATF.pdf).

setting these international standards, known as the 40 Recommendations, it is also responsible for promoting compliance with these standards and monitoring the effectiveness of their implementation⁴⁶. These 40 Recommendations are now recognized as the international standard for AML/CFT compliance and all FATF members are responsible for ensuring that both national FIUs comply with these standards and that their domestic financial institutions implement the recommendations in their daily operations.

Consistent with the 2012-2020 FATF Mandate⁴⁷, the FATF is responsible for the following functions and tasks:

Standard-setting

- Developing and refining the international standards for combating money laundering and the financing of terrorism and proliferation (the FATF Recommendations);

Research and analysis

- Identifying and analyzing money laundering, terrorist financing and other threats to the integrity of the financial system, including the methods and trends involved;
- Examining the impact of measures designed to combat misuse of the international financial system;
- Responding as necessary to significant new threats to the integrity of the financial system consistent with the needs identified by the international community, including the United Nations Security Council, the G-20 and the FATF itself;
- Preparing guidance as needed to facilitate implementation of relevant

⁴⁶ Financial Action Task Force (FATF), "About Us." Last modified 2013. Accessed November 20, 2014. <http://www.fatf-gafi.org/pages/aboutus/>.

⁴⁷ Financial Action Task Force (FATF), "Financial Action Task Force Mandate (2012-2020)." Last modified April 20, 2012. Accessed October 20, 2014. http://www.fatf-gafi.org/media/fatf/documents/FINAL_FATF_MANDATE_2012-2020.pdf.

international obligations in a manner compatible with the FATF standards (e.g., continuing work on money laundering and other misuse of the financial system relating to corruption);

Monitoring and assessment

- Supporting national, regional and global threat and risk assessments;
- Assessing and monitoring its Members, through 'peer reviews' ('mutual evaluations') and follow-up processes, to determine the degree of technical compliance, implementation and effectiveness of systems to combat money laundering and the financing of terrorism and proliferation;
- Refining the standard assessment methodology and common procedures for conducting mutual evaluations and evaluation follow-up;
- Assisting jurisdictions in implementing financial provisions of the United Nations Security Council resolutions on non-proliferation, assessing the degree of implementation and the effectiveness of these measures in accordance with the FATF mutual evaluation and follow-up process, and preparing guidance as needed to facilitate implementation of relevant international obligations in a manner compatible with the FATF standards;

Education and Training

- Promoting full and effective implementation of the FATF Recommendations by all countries through the global network of FATF-style regional bodies (FSRBs) and international organizations;
- Ensuring a clear understanding of the FATF standards and consistent application of mutual evaluation and follow-up processes throughout the FATF global network;
- Strengthening the capacity of the FSRBs to assess and monitor their member countries;

Strategic Engagement and Outreach

- Engaging and consulting with the private sector and civil society on matters

related to the overall work of the FATF, including regular consultation with the private sector and through the consultative forum;

- Identifying and engaging with high-risk, non co-operative jurisdictions and those with strategic deficiencies in their national regimes, and coordinating action to protect the integrity of the financial system against the threat posed by them;

Obviously, these categories of functions create potential points for further Egmont Group/FATF synergy and engagement (this will be discussed in the next section, 6.2.2). Despite this extensive list of responsibilities, the FATF's primary objective is to "set standards and to promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system"⁴⁸. In response to criticisms that earlier FATF assessments failed to fulfill this primary objective of ensuring effective implementation of AML/CFT regulations by focusing exclusively on technical compliance⁴⁹, the FATF recently put in place its revised assessment methodology aimed at assessing whether FATF members are indeed implementing the 40 Recommendations at the national level. This change in methodology thus creates a higher burden of responsibilities for national AML/CFT systems. FIUs and other operational authorities will be assessed not merely on technical compliance but also on effectiveness of strategy and coordination. In light of these changes and this increased burden, the Egmont Group will be responsible for assisting member FIUs in rising to this challenge.

5.2.2 Analysis of the Egmont Group-FATF Relationship

The FATF and the Egmont Group have a strong need for a synergistic relationship. While the FATF is already an Observer to the Egmont Group and the

⁴⁸ Financial Action Task Force (FATF), "About Us." Last modified 2013. Accessed November 20, 2014. <http://www.fatf-gafi.org/pages/aboutus/>.

⁴⁹ Global Witness, "How FATF can measure and promote an effective anti-money laundering system." Last modified June 14, 2012. Accessed October 17, 2013. <http://www.globalwitness.org/library/how-fatf-can-measure-and-promote-effective-anti-money-laundering-system>.

Egmont Group is an Observer to the FATF, FATF President Vladimir Nechaev has voiced the need to improve and build upon existing relationship synergies⁵⁰. In light of the recent 2012 FATF Recommendations, countries are advised to establish FIUs (FATF Recommendation 29) and seek membership with the Egmont Group once FIUs become operational, suggesting an almost inextricable partnership between the two stakeholders. In addition to their shared mandate, the FATF and the Egmont Group “routinely work together on individual research projects”⁵¹.

According to the HoFIUs’ External Relations Paper on “Egmont Group Partnership with Observers and International AML/CFT Partners”, the Egmont Group’s primary goal is to increase the effectiveness of FIUs. Given that the FATF mandate revolves around effective implementation of the international AML/CFT standards, the FATF and the Egmont Group should be natural partners in organizing training and capacity-building workshops for FIUs. The Egmont Group particularly benefits when observers like the FATF actively participate in the Training working group and the Donors and Providers Contact Group Forum (DAP). Participation in the DAP allows Egmont Observers to share their training initiatives with the Egmont Group and reduce unnecessary duplication of training efforts⁵².

In light of the recently amended FATF assessment methodology, the FATF predicts that countries will likely face challenges in meeting the stricter criteria for implementation and particularly the systemic integration of the risk-based approach. Given these new requirements, the FATF requires the Egmont Group’s support and cooperation in ensuring that “all countries in the global AML/CFT network...carry out

⁵⁰ Nechaev, Vladimir. Financial Action Task Force (FATF), "Enhancing the synergy between the FATF and the Egmont Group ." Last modified July 3, 2013. Accessed October 7, 2013. <http://www.fatf-gafi.org/documents/documents/vnegmontplenaryspeech.html>.

⁵¹ *Ibid.*

⁵² Egmont Group of Financial Intelligence Units, “Egmont Group Partnership with Observers and International AML/CFT partners: On training initiatives”, at p. 6.

balanced, timely and accurate risk assessments”⁵³. This will require the Egmont Group and the FATF to work in partnership to identify and train expert assessors for the next round of evaluations and will particularly require that the Egmont Group prepares FIUs to meet the unique challenges associated with the next round of assessments. In order for this to occur, the FATF needs the Egmont Group to ensure that member FIUs cooperate with other national AML/CFT authorities in a fully integrated national AML/CFT system. This essentially requires that the Egmont Group develop a strategy for FIU cooperation with private financial institutions. FIUs should engage in a feedback loop with the private institutions that are ultimately responsible for national-level compliance. Because FIUs receive and analyze institutional reports on customer due diligence, record-keeping and suspicious transactions, FIUs can determine barriers (whether semantic or operational) to achieving institutional compliance and provide feedback to both the institution on how to best improve its practices and the FATF on how to improve policy guidance to raise compliance.

Additionally, the FATF’s Nechaev has expressed the need to “foster[] a more open interaction” between the FATF and the Egmont Group, in particular pointing to the need for “direct and open participation” in meetings and discussions and increased sharing privileges for AML/CFT documentation. While the Egmont Group is concerned about losing its independence, the FATF is clearly concerned with the Egmont Group’s institutional culture of maintaining closed sessions for operational discussions and encourages the Egmont Group to consider open meetings and access to documentation on a reciprocal basis. The FATF has gone so far as to state that such actions are “a sign of maturity, confidence, and recognition that there are indeed stakeholders with interest in [AML/CFT] work beyond the immediate membership”⁵⁴, perhaps implying that the Egmont Group’s actions to date with regard to closed sessions are not appreciated by the FATF.

⁵³ Nechaev, Vladimir. Financial Action Task Force (FATF), "Enhancing the synergy between the FATF and the Egmont Group ." Last modified July 3, 2013. Accessed October 7, 2013. <http://www.fatf-gafi.org/documents/documents/vnegmontplenaryspeech.html>.

⁵⁴ *Ibid*

5.2.3 Ideas for Strengthening Synergies

- Engage the FATF in the development of the three-year strategic plan recommended in Section 4 above, especially when planning the yearly themes.
- Work with the FATF in carving out what cooperation and partnership will look like between the Egmont Group and FATF in implementing the new assessment methodology. A suggestion here is including a section in the strategic plan that maps out the Egmont Group's role in the next round of assessments.
- Work with the FATF in creating baseline criteria for STRs to be amended to the FATF Recommendations.
- If the Egmont Group wishes to engage more with the private sector, it can leverage its partnership with the FATF by participating in the FATF consultative forum. This can also be used as an opportunity to evaluate the need for an Egmont Group-run consultative forum for Dialogue Partners”.

5.3 FSRBs

5.3.1 Background

FSRBs are some of the most important parts of the AML/CFT chain. They are independent, regional bodies facilitating the implementation of the FATF 40 Recommendations and promoting regional cooperation for combating money laundering and the financing of terrorism⁵⁵. This is being done through conducting evaluations of the AML/CFT systems of the member states and making recommendations for their improvement. FSRBs also plan training and technical assistance sessions to improve the quality of its member states and assist them to comply with international

⁵⁵ Financial Action Task Force (FATF). “High Level Principals and Objectives for FATF and FATF-Style Regional Bodies”, October 2012. www.fatf-gafi.org. URL: <http://www.fatf-gafi.org/media/fatf/documents/High-Level%20Principles%20and%20Objectives%20for%20FATF%20and%20FSRBs.pdf> (accessed October 17, 2013)

standards⁵⁶. Eight FSRBs are Associate Members in the FATF, contributing to the FATF goal of setting international standards for combating money laundering and the financing of terrorism⁵⁷.

There are nine FSRBs, each responsible for a different region in the world. Eight of the nine FSRBs are established organizations operating independently for some time. The Task Force on Money Laundering in Central Africa (GABAC) is the newest FSRB, and the only one that is not an Associate Member of the FATF, but only an Observer. The other eight FSRBs are: the Asia-Pacific Group on Money Laundering (APG), the Eurasian Group of Money Laundering and Financing of Terrorism (EAG), the Caribbean Financial Action Task Force (CFATF), the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), Financial Action Task Force on Money Laundering in South America (GAFISUD), the Inter-Governmental Group Against Money Laundering in West Africa (GIABA), and the Middle East and North Africa Financial Action Task Force (MENAFATF).

Each FSRB is independent, and all are structured slightly differently. However, all consist of a President, an Executive Secretary, and a Secretariat. All FSRBs must have at least five or six members and can consider adding members that are active in the region and not necessarily geographically located in it⁵⁸. For example, Israel is a member of MONEYVAL and not MENAFATF, while Russia is a member of both MONEYVAL and EAG.

The FSRBs conduct training, workshops, and provide technical assistance in order to improve the level of compliance of its member states with AML/CFT

⁵⁶ Euroasian Group on Combating Money Laundering and Financing of Terrorism (EAG). "FATF-Style Regional Bodies", [euroasiangroup.org](http://www.eurasiangroup.org). URL:<http://www.eurasiangroup.org/fsrb.php> (accessed January 12, 2014)

⁵⁷ Financial Action Task Force (FATF), 2012.

⁵⁸ *Ibid.*

international standards. FSRBs also produce and publish typologies reports, independently and jointly with the FATF, to inform partner FIUs on new trends and create a body of knowledge around these trends. The work of the FSRBs directly contributes to strengthening the global AML/CFT efforts. This work is usually being carried out in cooperation with other international partners such as other FSRBs, FATF, the World Bank, IMF, and the Egmont Group. The FSRBs work is also important because it can address regional concerns and facilitate regional meetings.

5.3.2 Analysis of the Egmont Group-FSRBs Relationship

As the ultimate body facilitating international cooperation and information exchange between FIUs, the Egmont Group is an excellent partner for FSRBs in their efforts to improve compliance with international standards. The Egmont Group holds an Observer status in all FSRBs and reciprocates with same status for FSRBs in the Group. As such, the Egmont Group is invited to all plenary meetings and other FSRB conferences and invites the FSRBs to attend Egmont working groups meetings and the Annual Plenary Meeting.

In the past the Egmont Group and FSRBs have worked together on different initiatives such as joint training sessions, typologies workshops, and joint meetings. The first joint meeting of the Egmont Group and FSRBs took place in April 2013 in Doha, Qatar. The meeting was aimed at strengthening cooperation between the regional and international organizations working on combating money laundering and terrorist financing⁵⁹. A meeting between the Egmont Group's Regional Representatives and FSRBs is planned to take place on the margins of the Egmont Group Annual Plenary. Another example of cooperation between the FSRBs and the Egmont Group is the regional action plan developed by a joint project of CFATF and the Egmont Group. This

⁵⁹ The Egmont Group of Financial Intelligence Units. *Egmont Group Annual Report 2012-2013*, January 2014, p. 18. URL:

project is aimed at identifying opportunities for joint Egmont/CFATF work⁶⁰. We highly recommend adopting this format with other FSRBs.

The Egmont Group is moving to implement a Regional Footprint Plan to align its own regional groups with the division of the FSRBs, moving away from the UN continental division⁶¹. This is a step in the right direction for further integration of the Egmont Group into the global AML/CFT network. The FSRBs' division is based on operational reasoning, as well as regional common interests and needs.

According to the Egmont Group *Charter* and the Egmont Group Strategic Plan 2009-2012, a main role of the Group is to encourage the development of FIUs and assist in the establishment of new FIUs⁶². Stronger cooperation between the Egmont Group and FSRBs will help to achieve this goal. The Egmont Group will have the opportunity to share its knowledge and expertise on FIUs and reach out to new members through the FSRBs network. Additionally, this cooperation will allow the Egmont Group to utilize FSRBs' regional resources and plan joint initiatives. For the FSRBs, cooperation with the Egmont Group will allow access to the international network of FIUs and to the Egmont Group's operational knowledge. This knowledge will assist in creating creative and advanced training and technical assistance sessions that will further improve FIUs' compliance with international standards.

5.3.3 Ideas for Strengthening Synergies

- Maintain a forum of Egmont Group-FSRBs that will meet once a year during the Annual Plenary to discuss specific joint Egmont Group-FSRBs projects.
- As part of the Egmont Group's Strategic Plan, identify priority FSRBs according to operational interests and come up with plans of action to improve cooperation in the

⁶⁰ *Ibid*

⁶¹ Egmont Group of Financial Intelligence Units. *Regional Representation – New Global Footprint*, October 4, 2013.

⁶² Egmont Group of Financial Intelligence Units. *The Egmont Group Strategic Plan 2009-2012*, October 12, 2009.

next two years. This recommendation is expanding the initiative developed with CFATF.

- Increase Egmont Group’s attendance in FSRBs’ conferences and training sessions through Regional Representatives. It is imperative that the Egmont Group will show interest and will to participate in FSRBs meetings to encourage them to follow suit.
- The Training working group should identify one or two individuals that will communicate directly with FSRBs’ to advance joint training sessions on a regional basis.
- Work to increase disclosure of information about the maturity and compliance of FIUs with Egmont Group’s standards that might influence Mutual Evaluation Reports (MERs). Additionally, the Egmont Group should use FSRBs’ evaluations of FIUs to reevaluate its members and hold them accountable to the Egmont Group’s Charter and Principles of Information Exchange within the framework of the *Support and Compliance Process*.
- Develop an electronic platform of communication and information exchange between FSRBs and the Egmont Group. An option might be to increase the use of the closed area in the public website, or to create a separate community on the ESW that enables limited access to FSRBs.

5.4 The World Bank

5.4.1 Background

The World Bank is a vital source of financial and technical assistance to developing countries around the world. It helps governments in developing countries reduce poverty by providing them with funding and technical expertise for a wide range of projects—such as education, health, infrastructure, communications, and government reforms.. However, transnational organized criminal activity, corruption, illegal trade in natural resources and money laundering generate illicit flows that undermine good governance, financial-sector stability, and economic development in developing countries. The cross-border flow of global proceeds from criminal activities, corruption,

and tax evasion are estimated at between USD 1 trillion and USD1.6 trillion per year, with roughly half of that sum coming from developing and transitional economies⁶³. Those assets – if recovered – would make a huge difference for developing countries. By helping countries establish systems to obtain information on the source, destination, and ultimate beneficiary of illicit financial flows, the Bank is giving practical and relevant support in the fight against corruption. The issue of asset recovery has gained further prominence following the backing by G8 leaders in 2011 for an action plan to address the concerns of Arab countries in transition, and additional further endorsement from the G8 under the US Presidency in 2012⁶⁴. More broadly, addressing illicit and illegal money flows is a key priority of the World Bank Group.

5.4.2 Analysis of the Egmont Group-World Bank Relationship

Financial integrity and good governance are essential aspects of the World Bank's role in assisting the economic development of developing countries. Programs on AML/CFT are essential elements of the World Bank's development mandate in the financial sector⁶⁵. They relate to, and reinforce, the Bank's complementary work on governance and legal framework issues. In combating corruption and illicit flows, the Bank depends upon the work of Financial Market Integrity Group and the Stolen Asset Recovery (StAR) Initiative⁶⁶.

⁶³The World Bank, "Financial Market Integrity Group." Accessed December 1, 2013. <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTFINANCIALSECTOR/EXTAML/0,,contentMDK:20906351~menuPK:5638549~pagePK:210058~piPK:210062~theSitePK:396512,00.html>

⁶⁴ The World Bank, "Fighting "Dirty Money" and Illicit Flows to Reduce Poverty: Helping Countries Establish Transparent Financial Systems and Robust Mechanisms for Asset Recovery." Last modified April 4, 2013. Accessed December 1, 2013. <http://www.worldbank.org/en/results/2013/04/04/helping-countries-establish-transparent-financial-systems-and-robust-mechanisms-for-asset-recovery>

⁶⁵ The World Bank, "Financial & Private Sector Development. Financial Market Integrity Group ." Accessed December 1, 2013.

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTFINANCIALSECTOR/0,,contentMDK:22176523~menuPK:6110545~pagePK:210058~piPK:210062~theSitePK:282885,00.html>.

⁶⁶ The World Bank, "Fighting "Dirty Money" and Illicit Flows to Reduce Poverty: Helping Countries Establish Transparent Financial Systems and Robust Mechanisms for Asset Recovery." Last modified April 4, 2013. Accessed December 1, 2013.

The Financial Market Integrity Group was established in 2001. It provides client countries along with World Bank staff with the tools for increasing transparency and for going after “dirty money” to strengthen the financial soundness, safety, and integrity of the financial system⁶⁷. The work of this Group focuses on the three major areas: providing technical assistance to client countries; developing policies to influence changes at national and global levels; and carrying out assessments of countries’ AML/CFT efforts to diagnose effectiveness. The Financial Market Integrity Group globally cooperates with the FATF and the FSRBs, G20 Countries, the United Nations, the OECD, the Organization for Security and Co-operation in Europe (OSCE), the Egmont Group, and the Conference of States Parties to the United Convention against Corruption⁶⁸.

The StAR initiative, which was established in 2007, is a partnership between the Bank and the UNODC supporting efforts to end safe havens for corrupt funds. It works with client countries as well as with donors to improve the legal framework for asset retrieval as well as provide training, guidance and practical assistance. StAR recognizes that the technical skills needed to support asset recovery activities are closely related to skills required for on-going World Bank and UNODC financial market integrity, anti-money laundering and anti-corruption programs⁶⁹.

The World Bank attends all Egmont Group plenaries, and, on occasion and as appropriate, working group sessions⁷⁰. World Bank staff remains in regular communication with the Egmont Group Secretariat. Collaboration on specific projects

<http://www.worldbank.org/en/results/2013/04/04/helping-countries-establish-transparent-financial-systems-and-robust-mechanisms-for-asset-recovery>.

⁶⁷The World Bank, "Financial Market Integrity. Financial and Private Sector Development." Accessed December 1, 2013.

<http://siteresources.worldbank.org/FINANCIALSECTOR/Resources/FFSFIBrochure.pdf>.

⁶⁸ *Ibid.*

⁶⁹ World Bank and UNODC, "StAR Work Plan." Last modified November 24, 2008. Accessed December 1, 2013.

http://star.worldbank.org/star/sites/star/files/star_workplan_and_budget_cover_note_0.pdf.

⁷⁰ The Egmont Group, "Annual Report 2011-2012." Accessed December 1, 2013.

www.egmontgroup.org/library/download/233.

has been mainly focused on FIU development, strategic initiatives, and capacity building.

The World Bank in cooperation with the Egmont Group produced a joint study on FIU Power to Suspend/Postpone Suspicious Transactions, which was presented to the HoFIUs at the July 2012 Egmont Group Plenary Meeting⁷¹. The objective of this joint study was to identify and analyze the legal, operational elements, practices and challenges related to the power of the FIU to suspend/postpone transactions and to help FIUs expand/enhance capacities to contribute to effective AML/CFT and confiscation regimes in the respective jurisdictions, as well as internationally. The World Bank liaised with the Egmont Group to produce a report about the governance structure, management, and practice of countries' FIUs. The final report was presented to the Egmont HoFIUs at the Plenary Meeting in Qatar in May 2009. At that time, the Egmont Group decided to keep the final report confidential and prepared a short executive summary for the public.

The World Bank has also assisted the Egmont Group in delivering the Tactical Analysis Course worldwide. The World Bank coordinated, with the assistance of the Egmont Secretariat, Egmont Members and some FSRBs, the delivery of 11 sessions in eight FSRBs, including GAFISUD (Mexico), APG (Malaysia, Thailand), MONEYVAL (France, Spain), GIABA (Dakar – one in English and one in French), EAG (Russia), CFATF (Curacao), MENAFATF (Lebanon) and ESAAMLG (Kenya). In total, over 500 participants from more than 150 FIUs have received the training and 153 participants have also taken the 'Train the Trainer' component⁷². The course was also delivered separately by the World Bank directly to analysts working at the BFIU Bangladesh (non-Egmont member) and the CTAF Tunisia. Also, a joint IMF/World Bank team delivered the course to the Nigerian Financial Intelligence Unit (NFIU)⁷³.

⁷¹ *Ibid.*

⁷² *Ibid.*

⁷³ *Ibid.*

In 2011 in Doha the World Bank assisted the Egmont in delivering a pilot of a course for FIU analysts, designed to increase their ability to perform strategic analysis⁷⁴.

Finally, the World Bank has been working with Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to customize its International Compliance Program (ICP) material into an Egmont product⁷⁵. Together, a first draft of the material has been created. This course will assist member FIUs that have a supervisory mandate to further enhance their programs.

The scope of the World Bank extends far beyond the Egmont Group operational framework. Therefore, the Egmont Group relies on the greater capacity of the World Bank to conduct independent assessments of the countries, provide technical assistance programs to the clients, and provide support for international standard-setting bodies in AML/CFT.

5.4.3 Ideas for Strengthening Synergies

- The Egmont Group and the World Bank should work in partnership to review and develop products and operational guidance. The World Bank has the expertise to review and contribute to the work of the Egmont Group and should therefore be consulted.
- Given World Bank requests for opportunities to comment on the Egmont Group's tools and products, the Egmont Group should consider permitting the World Bank to participate in Egmont Group working group meetings.
- The Egmont Group should consider granting the World Bank the chance to participate in HoFIUs meetings as an observer since many key decisions impacting the Egmont Group are made during these meetings.

⁷⁴ *Ibid.*

⁷⁵ *Ibid.*

5.5 IMF

5.5.1 Background

The International Monetary Fund is a watchdog of the global financial system, and is therefore especially concerned about the possible consequences money laundering, terrorist financing, and related governance issues have on the integrity and stability of the financial sector and the broader economy. The IMF's unique blend of universal membership, surveillance functions, and financial sector expertise make it an integral and essential component of international efforts to combat ML/FT.

The IMF contributes to the fight against financial crimes in several ways. During the past 13 years, the IMF's efforts in this area helped shape international AML/CFT policies, and included over 70 AML/CFT assessments, involvement in Article IV⁷⁶ and input into the design of AML/CFT-related program measures, a large number of technical assistance, and research projects⁷⁷. The IMF's broad experience in conducting financial sector assessments, exercising surveillance over members' economic systems, and providing technical assistance to its member countries has been particularly helpful in evaluating countries' compliance with the international AML/CFT standard and in developing programs to help them address identified shortcomings.

The Fund works alongside other international and bilateral agencies in the fight against money laundering and terrorist financing. In 2000, the G-7 Finance Ministers called on the Fund to expand its work in the area of anti-money laundering⁷⁸. In

⁷⁶ Surveillance in its present form was established by Article IV of the IMF's Articles of Agreement, as revised in the late 1970s following the collapse of the Bretton Woods system of fixed exchange rates. Under Article IV, member countries undertake to collaborate with the IMF and with one another to promote stability. For its part, the IMF is charged with (i) overseeing the international monetary system to ensure its effective operation, and (ii) monitoring each member's compliance with its policy obligations.

⁷⁷ International Monetary Fund, "The IMF and the Fight Against Money Laundering and the Financing of Terrorism." Last modified September 30, 2013. Accessed January 9, 2014. <http://www.imf.org/external/np/exr/facts/aml.htm>

⁷⁸ *Ibid.*

response, the Fund has developed a comprehensive AML/CFT program. Currently, the Fund plays a crucial role in the global AML/CFT architecture. The Fund collaborates with all of these institutions in its work on AML/CFT, which means conducting an assessment of members' AML/CFT efforts and providing practical technical assistance to members seeking to improve their AML/CFT regimes⁷⁹. In support of its assessment and technical assistance (TA) work, the Fund has also conducted policy relevant analytical work and reflected the results of this work in the deliberations of the FATF and FSRBs, presentations to significant conferences, and publications on implementing various AML/CFT measures.

In April 2009, the IMF launched a donor-supported trust fund—the first in a series of Topical Trust Funds (TTF)—to finance technical assistance in AML/CFT⁸⁰. Switzerland, Norway, the United Kingdom, Canada, Kuwait, Qatar, Saudi Arabia, Japan, Luxembourg, the Netherlands, Korea, and France have committed to collectively provide USD 27.3 million over five years to the financing of the TTF to contribute to the strengthening of AML/CFT regimes worldwide using the IMF's proven expertise and infrastructure⁸¹. Now the TTF has begun its fourth year of operations and plans to implement approximately 40 technical assistance projects in over 30 countries this year⁸². In light of the success of the program, and in light of continuing high demand for technical assistance in this area, a new five-year phase of the TTF is currently under discussion for the period 2014-2019⁸³.

⁷⁹ *Executive Summary of the Final Report on Survey of FIU Governance Arrangements the Egmont Group and World Bank Project*. The Egmont Group, 2010.

www.egmontgroup.org/library/download/62 .

⁸⁰ International Monetary Fund, "The IMF and the Fight Against Money Laundering and the Financing of Terrorism." Last modified September 30, 2013. Accessed January 9, 2014.

<http://www.imf.org/external/np/exr/facts/aml.htm>

⁸¹ *Ibid.*

⁸² *Ibid.*

⁸³ *Ibid.*

5.5.2 Analysis of the Egmont Group-IMF Relationship

The IMF has consistently worked with various organizations invested in AML/CFT efforts, including the Egmont Group. The IMF attends all Egmont Group plenaries, and, on occasion and as appropriate, working group sessions. IMF staff remains in regular communication with the Egmont Group Secretariat. Collaboration on specific projects has occurred on an ad hoc basis when synergies exist and when opportunities present themselves.

Feedback elicited from the IMF summarizes the work performed in cooperation with the Egmont Group:

“The IMF has collaborated with the Egmont Group on a number of fronts. In addition to attending Egmont Group plenary and working group meetings, the IMF collaborated with the Egmont Group on an FIU performance study, as well as the compilation of the most significant money-laundering court rulings from around the world...

A series of workshops for the FIUs of Eastern European countries and the Balkans has been organized on the issue of analysis of large amount of data for AML/CFT; and on Egmont Group membership procedures for potential candidate FIUs. The IMF has leveraged Egmont Group tools and expertise in the delivery its Technical Assistance program. The Egmont Group’s Tactical Analysis Course has been the basis for training in TA projects in Nigeria and Belize. IMF staff has also piloted the Strategic Analysis Course in Nigeria and has provided comments on how to improve both training products. The IMF, in collaboration with the World Bank, has also assisted in the delivery of the Egmont Group’s Tactical Analysis Course in Gabon. Egmont Group members’ expertise has also been very helpful in supporting many IMF TA projects targeted to FIUs.”

(03 January 2014, IMF high-ranking representative)

5.5.3 Ideas for Strengthening Synergies

- The IMF would like to have greater access to all non-sensitive materials developed by the Egmont Group including all relevant working group materials. The Egmont

Group could also share strategic information that could be of interest to other international organizations such as the number of information exchanges facilitated by ESW.

- An Egmont Group/IMF partnership should facilitate an annual FIU best practices/lessons learned forum. The forum could be an opportunity to discuss working with large quantities of data, best practices in managing relationships with law enforcement and any other subject of interest relevant to the Egmont Group membership.
- The IMF would like to participate in all Egmont Group working groups since participation would enhance cooperation, leverage existing expertise and provide support to working group activities.
- The IMF would like to participate in HoFIU meetings as an Observer since many key decisions impacting the Egmont Group are made during HoFIU meetings.

5.6 UNODC

5.6.1 Background

The UNODC engages in several kinds of work: research and policy, normative development, and technical assistance. Its mandate is wide-ranging, with seven key areas identified by their 2012-2015 strategy. Several of these sub programs are directly connected to AML/CFT: countering transnational organized crime, illicit trafficking and illicit drug trafficking; countering corruption; and terrorism prevention⁸⁴. The unit responsible for these sub programs is the Law Enforcement, Organized Crime and Anti-Money Laundering Unit (LEOCMLU). This unit runs the Global Program against Money Laundering, Proceeds of Crime and the Financing of Terrorism (GPML), established in 1997⁸⁵.

⁸⁴ United Nations Office on Drugs and Crimes (UNODC). "UNODC Strategy 2012-2015". [www.unodc.org](https://www.unodc.org/unodc/en/about-unodc/unodc-strategy.html?ref=menutop). URL: <https://www.unodc.org/unodc/en/about-unodc/unodc-strategy.html?ref=menutop> (accessed January 1, 2014)

⁸⁵ United Nations Office on Drugs and Crimes (UNODC). "UNODC on Money Laundering and Countering the Financing of Terrorism." www.unodc.org. URL:

The mandate of the GPML is to “strengthen the ability of Member States to implement measures against money-laundering and the financing of terrorism and to assist them in detecting, seizing and confiscating illicit proceedings ... by providing appropriate technical assistance upon request”⁸⁶. The GPML aims to achieve this mandate through providing resources to Member States, enhancing international cooperation through “information exchange and mutual legal assistance” and to strengthen the capacity of Member States to deal effectively with AML/CFT⁸⁷.

The UNODC published the *Model Provisions for Common Law Legal Systems on Money-Laundering, Terrorist Financing, Preventative Measures and the Proceeds of Crime* in 2009. The legislation was crafted in collaboration with the Commonwealth Secretariat, the IMF and a panel of experts⁸⁸.

The GPML has many international partners, and frequently acts in collaboration with them. It has conducted joint activities with bodies such as the OSCE, Asian Development Bank, United Nations Counter-Terrorism Executive Directorate (UNCTED), INTERPOL, and others. It holds observer status in many organizations involved in AML/CFT such as the FATF. The GPML states that it engages in joint projects to “[avoid] duplication of efforts and [help] ensure that technical assistance is delivered in a structured manner”⁸⁹.

One such project is FIU.NET, a decentralized computer network for FIUs in the EU. Instead of having shared information stored in a central database, financial intelligence information is stored only on the FIU.NET databases at the FIUs involved in

<http://www.unodc.org/unodc/en/money-laundering/index.html?ref=menuaside> (accessed January 15, 2014)

⁸⁶ UNODC, “UNODC on Money Laundering and Countering the Financing of Terrorism.”

⁸⁷ United Nations Office on Drugs and Crimes (UNODC). “Model Legislation”. www.unodc.org. URL: <http://www.unodc.org/unodc/en/money-laundering/Model-Legislation.html?ref=menuaside> (accessed January 15, 2014)

⁸⁸ *Ibid.*

⁸⁹ United Nations Office on Drugs and Crimes (UNODC). “Partnerships”. www.unodc.org. URL: <http://www.unodc.org/unodc/en/money-laundering/partnerships.html?ref=menuaside> (accessed January 15, 2014)

the information exchange, with the obvious goal of ensuring security of sensitive information⁹⁰.

The GPML also provides “Advisory Services” and “Tools/Field Support”. Advisory Services includes assisting in drafting legislation, contributing to the development of FIUs, and organizes training workshops⁹¹. Tools/Field Support include training programs, seminars and workshops including e-learning, and a Mentor Program that places senior experts in requesting States for up to a year to provide training and advice. This program helps States to adjust to a “technically complex and rapidly evolving” regulatory environment on AML/CFT⁹².

In addition, the LEOCMU maintains IMoLIN, the International Money-Laundering Information Network, which is a “one-stop” AML/CFT resource. It provides information about national laws, and identifies areas for improvement, countermeasures and international cooperation. It is freely available to all, with the exception of a secure database called the Anti-Money Laundering International Database (AMLID)⁹³. AMLID contains information and analysis of AML laws and regulations, as well as information about national contacts and authorities. It is intended as a secure tool for law enforcement officers involved in cross-jurisdictional work⁹⁴.

⁹⁰ FIU.NET. “FIU.NET in a nutshell”. <https://www.fiu.net/> (accessed January 15, 2014)

⁹¹ United Nations Office on Drugs and Crimes (UNODC). “Advisory Services on Money Laundering”. [www.unodc.org](http://www.unodc.org/unodc/en/money-laundering/advisory-services.html). URL: <http://www.unodc.org/unodc/en/money-laundering/advisory-services.html> (accessed January 15, 2014)

⁹² United Nations Office on Drugs and Crimes (UNODC). “Tools and Field Support” [www.unodc.org](http://www.unodc.org/unodc/en/money-laundering/tools-field-support.html). URL: <http://www.unodc.org/unodc/en/money-laundering/tools-field-support.html> (accessed January 15, 2014)

⁹³ International Money Laundering Information Network (IMoLIN)/Anti-Money Laundering International Database (AMLID),” UNODC, accessed on January 1, 2014, <http://www.unodc.org/unodc/en/money-laundering/imolin-amlid.html?ref=menuse>

⁹⁴ United Nations Office on Drugs and Crimes (UNODC). “Key Features resnternational Money Laundering Information Network (ImoLIN)”. www.unodc.org. URL: <http://www.unodc.org/unodc/en/money-laundering/Key-Features-IMoLIN.html> (accessed January 15, 2014)

5.6.2 Analysis of the Egmont Group-UNODC Relationship

The UNODC is currently an observer at the Egmont Group through the GPML and has conducted workshops in collaboration with the Egmont Group⁹⁵. As recently as December 12-13, 2013, the UNODC invited the Egmont Group to attend a “Networking the Networks” Meeting in Istanbul to discuss improving cooperation on combating the illicit drug trafficking⁹⁶. “UNODC was very appreciative of the Egmont Group’s participation”, in particular, the Egmont Group’s presentation that outlined “how important financial intelligence could be in effectively combatting heroin/opiate trafficking”⁹⁷. Based on available publications, the Consulting Group infers that the majority of UNODC/Egmont Group interactions are confined to meetings and networking sessions.

The mandate of the UNODC and the GPML overlaps with the Egmont Group, most importantly the GPML’s stated desire to increase information exchange and international cooperation. Both the Egmont Secretariat and GPML have expressed a desire to streamline international cooperation and eliminate duplicative efforts.

As discussed above, in Section 4, what the Egmont Group wants from its partnerships has not been well defined by the Egmont Group or communicated to its partners. One aspect of the Egmont Group’s work that lends itself to partnership with the UNODC is training. The Egmont Group has a working group dedicated to developing training programs, and UNODC could be a valuable partner to explore in this context, potentially for funding, alternatively, as a more cost-effective option the Egmont Group could incorporate the e-learning format of UNODC to disseminate its training materials, or have its staff and experts taking part in the mentorship program offered by

⁹⁵ United Nations Office on Drugs and Crimes (UNODC). “Advisory Services on Money Laundering”. www.unodc.org. URL: <http://www.unodc.org/unodc/en/money-laundering/advisory-services.html> (accessed November 25, 2013)

⁹⁶ Egmont Group of FIUs. Activities Report of Egmont Group of Financial Intelligence Units: Internal Document.

⁹⁷ *Ibid*

the UNDOC. The Egmont Group could also continue to cooperate, as it has done in the past, to hold seminars and workshops with UNODC.

The Egmont Group may be concerned that in spite of an enumerated desire to eliminate duplicative efforts, the GPML is supporting FIU.NET, a program that aims to create a rival information exchange system to that used by the Egmont Group. The system created by FIU.NET is also inherently exclusionary, reserved for EU nations and thus ignoring the premise that AML/CFT spreads beyond borders and entire regions.

An additional obstacle is funding. The UNODC relies on voluntary contributions, 90 percent of which come from governments⁹⁸. Non-traditional donors such as UN entities, private sector entities, and multi-donor trust funds are increasing their funding to the UNDOC relative to its funding history⁹⁹. Despite this increase, funding has been unable to keep up with demand for UNDOC's services. For this reason, UNODC is struggling to cover expenses for "core functions". UNDOC expressed concern in their Annual Report that it may not be able to fulfill its mandate effectively if more resources are not committed to it. Most funding is directed at special purposes and programs, and little remains for general purposes. Reflecting this reality, in 2009, 29 general purpose posts were abolished¹⁰⁰.

5.6.3 Ideas for Strengthening Synergies

- Given the UNODC's funding difficulties, and its stated need to reduce ad hoc cooperation, the Egmont Group needs to formalize its relationship with UNODC. This includes better communication of the Egmont Group mandate and its parameters of cooperation with the UNODC. Having a relationship that is better

⁹⁸ United Nations Office on Drugs and Crimes (UNODC). "Promoting health, security and justice: cutting the threads of drugs, crime and terrorism". 2010. URL: http://www.unodc.org/documents/frontpage/UNODC_Annual_Report_2010_LowRes.pdf (accessed January 15, 2014)

⁹⁹ United Nations Office on Drugs and Crimes (UNODC). "Funds and Partners". www.unodc.org, URL: <http://www.unodc.org/unodc/en/donors/index.html?ref=menu> (accessed January 13, 2014)

¹⁰⁰ UNODC. "Promoting health, security and justice," , 2012.

defined could help to ensure that the Egmont Group is not pushed out by a funding crunch.

- Part of providing the UNODC with clarity about the sphere of cooperation would be to focus on an area where the two organizations share a significant amount of overlap and an area where the collaboration could be cost-saving for the UNODC: training. The Egmont Group has the expertise to develop training materials and seminars, and a working group that is already doing so. One of the Egmont Group's issues is a lack of a means to disseminate this training. By partnering with UNODC, the Egmont Group finds multiple channels for disseminating information, and UNODC saves money by not having to develop training materials itself.
- The Egmont Group could also increase its transparency about what projects it is working on. Making partnerships public, and the work that is done within the partnership public will help to raise the Egmont Group's status and reputation, and give potential partners a better idea of what the Egmont Group has to offer. Advertising the collaboration that happens between the Egmont Group and a large, reputable organization such as the UNODC could help to raise the Egmont Group's profile and attract new partners.

6. Additional Stakeholders to Consider

In addition to the key stakeholders identified above, our stakeholder analysis revealed that there are many other AML/CFT stakeholders active in global AML/CFT efforts, many of who have only ad hoc partnerships or limited engagement with the Egmont Group. In total our stakeholder analysis yielded 40 additional (non-key) stakeholders and we have classified these stakeholders below according to high, medium and lower priority categories using the scoring developed in our methodology (refer to Section 4 of the Report, above). Stakeholders who received a score of 11 or below are not included in this section, however Executive Summaries for all stakeholders, including the lowest scoring organizations, are available in Appendix C of this report.

The rationale for prioritizing stakeholders was based on the understanding that it is not practical and usually not necessary for the Egmont Group to channel its efforts into engaging with all AML/CFT stakeholders. After all, partnerships and engagement, while beneficial, can be time-consuming and resource intensive. For an organization with limited resources, it is of high importance to be strategic and clear about whom to engage with and why.

Following the recommendation of creating a yearly focus for the Egmont Group, we suggest using our Stakeholder Map and Executive Summaries as reference tools to identify stakeholders whose attributes can be leveraged for the benefit of the Egmont Group. For instance, when it comes to private sector engagement, the Wolfsberg Group will be considered a high-priority partner even though in our Stakeholder Map the organization received a low-priority score. Likewise, should the Egmont Group choose “Tax Offences” as a yearly theme, a stakeholder like the Tax Justice Network may become a higher priority partner given the group’s focus in the area of tax offences.

6.1 High Priority Stakeholders

The stakeholders identified as high-priority partners gained a score of 18 or higher (out of 22) on our Stakeholder Analysis Checklist. These stakeholders proved to be vested in AML/CFT efforts, which was evident through their attendance at conferences, summits and/or workshops dedicated to AML/CFT initiatives. They actively interact with the Egmont Group or other international organizations devoted to AML/CFT work. For instance, OECD has an observer status with both the Egmont Group and the FATF, while the Basel Institute worked closely with the Egmont Group to develop the Asset Recovery Intelligence System tool.

The following is a full list of high priority stakeholders (in addition to the key stakeholders noted in Section 5 above):

- The OECD
- The Inter-American Drug Abuse Control Commission – CICAD
- Organization for Security and Cooperation in Europe – OSCE
- Basel Institute on Governance –esp. ICAR (International Center for Asset Recovery)

6.2 Medium Priority Stakeholders

Medium Priority stakeholders gained scores in the range of 15 to 17. Despite the fact that most of them are not observers with the FATF, and collaborate with the Egmont Group on ad hoc basis, these organizations still sufficiently contribute to AML/CFT initiatives. For instance, since 2009, the G20 has shown its commitment to FATF's work in fighting ML/FT. In particular, FATF's efforts in identifying high-risk and non-cooperative jurisdictions have been reinforced by consistent calls from the G20 to continue this successful work¹⁰¹.

The following is a full list of medium priority stakeholders:

- Global Organization of Parliamentarians Against Corruption (GOPAC)
- Central Asian Regional Information and Coordination Centre (CARICC)
- The G20
- World Customs Organization (WCO)

6.3 Low Priority Stakeholders

Scores between 12 and 14 indicate a low priority stakeholder. The organizations in this section can be potentially useful partners for the Egmont Group depending on how the Egmont Group mandate and strategy evolves over time, especially with respect to work on predicate offences, however currently these stakeholders are listed as having lower importance. These organizations merely attend AML/CFT conferences and/or workshops and have either very low levels of cooperation with the Egmont Group or no cooperation at all. Some of them are mostly engaged in other predicate offences like drug control or tax crimes; and only tangentially engage with AML/CFT efforts. Also, this section includes a private sector actor like the Wolfsberg Group that may be left out of certain international AML/CFT efforts due to perceived conflicts of interest with the private sector. Although quantitatively the Wolfsberg Group scores as a low priority partner, it must be pointed out that qualitatively, the Wolfsberg Group is the only private

¹⁰¹ The Financial Action Task Force (FATF), "G20 support for FATF's work on fighting money laundering and terrorist financing." Last modified July 23, 2013. Accessed October 31, 2013. <http://www.fatf-gafi.org/documents/documents/g20-communicue-july-2013.html>.

sector stakeholder that can serve as a bridge between the private sector and public sector AML/CFT stakeholders.

The following is a full list of lower priority partners:

- Basel Committee on Banking Supervision (BCBS) + the Joint Forum, composed of Parent Committees BCBS, International Association of Insurance Supervisors (IAIS), and International Organization of Securities Commissions (IOSCO)
- UN Counter Terrorism Committee (CTC/CTED)
- The G8
- International Financial Reporting Standards Foundation (IFRS)
- Tax Justice Network
- The Cooperation Council for the Arab States of the Gulf (GCC)
- Economic Cooperation Organization (ECO) Drug Control Coordination Unit
- Global Financial Integrity (GFI)
- GUAM, Virtual Center of GUAM
- Wolfsberg Group

7. Private Sector Engagement

The Egmont Group's criteria for "observer status" preclude private, for-profit stakeholders from becoming Egmont Group Observers. Concerns about conflicting interests and regulatory capture, especially in the context of the Egmont Group Charter mandate against undue influence or interference (part F, s. (12)), may explain why the Egmont Group does not directly engage with private sector stakeholders. In spite of these concerns about independence, the FATF President recently noted that "the FATF and the Egmont Group have a common interest in finding ways to facilitate the communication between FIUs and relevant parts of the private sector" because "financial institutions and other types of private businesses remain in the front line for

detecting money laundering and terrorist financing”¹⁰². These recent FATF sentiments reflect the reality that private sector cooperation and engagement is the key to effective implementation of the revised FATF standards and in particular the new risk-based approach to reporting. With this in mind, we wish to briefly outline chief concerns from relevant private sector actors, namely compliance officers, in hopes of pointing out potential avenues for cooperation and communication between the Egmont Group and the entities responsible for implementing the new and revised AML/CFT standards.

A 2006-2009 study conducted through interviews and surveys of European compliance officers indicates that a lack of feedback from authorities is a primary and overarching concern among private banking compliance officers because this lack of feedback from FIUs impedes the improvement of reporting practices¹⁰³. In particular, the officers and institutions point out that they have “no clear view on the outcomes of the reports they make to the FIU,” making it “very difficult to determine whether reporting mechanisms are working well or, on the contrary, are below standards”¹⁰⁴. Furthermore, the reporting entities note that without this feedback from FIUs, the banks cannot make well-informed decisions on how to proceed with the client relationship. The results of Verhage’s study echo the sentiments voiced by Nechaev:

“More transparency and communication within the AML chain, allowing for an assessment of [the reporting entities] work and for more extensive cooperation between public and private actors, would make compliance and AML activities more efficient, and more importantly, more effective.”

(Verhage 2011, p. 60)

¹⁰² Nechaev, Vladimir. Financial Action Task Force (FATF), "Enhancing the synergy between the FATF and the Egmont Group ." Last modified July 3, 2013. Accessed October 7, 2013. <http://www.fatf-gafi.org/documents/documents/vnegmontplenaryspeech.html>.

¹⁰³ Antoinette Verhage, *The Anti-Money Laundering Complex and the Compliance Industry*, (Abingdon, Oxon : Routledge Studies in Crime and Economics, 2011), 60.

¹⁰⁴ *Ibid.*

The challenge for the Egmont Group is how to meet the competing interests from the private sector on increased communication and guidance and the Egmont Group's *Charter* principles on non-interference from private sector interests. Creating a partnership with private sector stakeholders is complicated because there is currently no avenue for continuous private sector engagement in the Egmont Group *Charter*. We believe however that the creation of a separate category of stakeholder, i.e. the "Dialogue Partner", as mentioned earlier in Section 4 of this report, might serve as a useful first step toward formalizing Egmont Group cooperation with private sector interest groups. A Dialogue Partner category in the Egmont Group's *Charter* would signal an openness and willingness communicate with private sector groups while managing expectations by operationalizing the extent of the relationship between the Egmont Group and the private sector. We believe there is space to engage the private sector, especially in developing procedures for sharing feedback and reporting criteria on STRs, and we see a potential to move from existing informal, ad hoc arrangements to a systematic strategy for cooperating with the private sector.

We know, for example, that the Egmont Group forms ad hoc arrangements to work with the Wolfsberg Group on joint projects, but there is no real avenue for consistent cooperation and communication between the Wolfsberg Group and the Egmont Group. The Wolfsberg Group is an association of 11 global banks, which aims to develop financial services industry standards, and related products, for the implementation of Anti-Money Laundering and Counter Terrorist Financing policies¹⁰⁵. As the standard-setter and main line for international AML/CFT cooperation for the world's top systemically important financial institutions, the Wolfsberg Group is well-equipped to represent the best interests of the private sector, while the Egmont Group is best equipped to represent the interests of member FIUs. We recommend that the Egmont plenaries include an annual consultative forum meeting for compliance expert representatives from the Wolfsberg Group and FIU representatives from the Egmont

¹⁰⁵ The Wolfsberg Group , "Global Banks: Global Standards." Last modified 2013. Accessed October 30, 2013. <http://www.wolfsberg-principles.com>.

Group, as a means for improving the feedback loop between FIUs and reporting entities. We believe these recommendations are in line with the recommendations found in the “Egmont Group Partnership with Observers and International AML/CFT partners” internal document, which suggests that outside entities, including private companies, involved in AML/CFT matters can and should be invited to participate on the margins of the Egmont Group Plenary¹⁰⁶. We do, however note that the FATF also has a consultative forum for engaging in consultations with “the private sector and civil society on matters related to the overall work of the FATF”, and the FATF states that it engages in “regular consultation with the private sector and through the consultative forum”¹⁰⁷. In light of FATF/Egmont Group commitments to play complementary roles in AML/CFT efforts, we recommend that the Egmont Group first consider whether the consultative forum envisaged in the above recommendation can be administered through the FATF consultative forum in order to eliminate any duplicative processes.

8. Donor Agencies

While the Consulting Team did not conduct an extensive analysis of donor organizations, our research into civil society AML/CFT stakeholders revealed several donor groups consistently engaged in funding non-profit financial integrity and AML/CFT initiatives. These entities, ranging from charitable organizations to development banks and national governments, are widely cited as key partners and contributors to AML/CFT efforts by financial integrity civil society groups and are therefore mentioned here as avenues for future engagement or consideration. These organizations are:

- The Ford Foundation;
- The African Development Bank;
- The Inter-American Development Bank;

¹⁰⁶ Egmont Group of Financial Intelligence Units, “Egmont Group Partnership with Observers and International AML/CFT Partners”, p. 7.

¹⁰⁷ Financial Action Task Force (FATF), “Financial Action Task Force Mandate (2012-2020).” Last modified April 20, 2012. Accessed October 20, 2014. http://www.fatf-gafi.org/media/fatf/documents/FINAL_FATF_MANDATE_2012-2020.pdf, 3.

- The Norwegian Ministry of Foreign Affairs, and;
- The Swiss Secretariat for Economic Affairs (SECO).

8.1 The Ford Foundation

8.1.1 About the Organization

The Ford Foundation is a private, charitable foundation whose mission “to promote international cooperation”¹⁰⁸ aligns particularly well with the operating principles of the Egmont Group. We believe that the Egmont Group would make an attractive grantee given the Foundation’s ostensible purpose to “mak[e] grants or loans that build knowledge and strengthen organizations and networks”. The Ford Foundation lists “Reforming Global Financial Governance” as a key issue and initiative area¹⁰⁹. The Foundation’s heavy investment in financial integrity initiatives and countering illicit capital flows is evidenced by its seat on the partnership panel of the Financial Transparency Coalition¹¹⁰, and the generous funding it provides for policy advisory NGOs like Global Financial Integrity¹¹¹ and Global Witness¹¹². Recent grants for Global Witness (2010, 2011) and Global Financial Integrity (2013) projects ranged from \$200,000 USD (for the former) to \$450,000 USD (for the latter)¹¹³.

8.1.2 How to Apply for Funding

If the Egmont Group wishes to pursue a grant from the Ford Foundation, it will have to initiate the Foundation’s grant inquiry process. We have already established

¹⁰⁸ Ford Foundation, "Mission." Last modified 2014. Accessed January 18, 2014. <http://www.fordfoundation.org/about-us/mission>.

¹⁰⁹ Ford Foundation, "Human Rights: Reforming Global Financial Governance." Last modified 2014. Accessed January 18, 2014. <http://www.fordfoundation.org/issues/human-rights/reforming-global-financial-governance>.

¹¹⁰ Financial Transparency Coalition, "Partnership Panel." Last modified 2012. Accessed January 18, 2014. <http://www.financialtransparency.org/about/partnership-panel/>.

¹¹¹ Global Financial Integrity, "About Us: Funding." Last modified 2013. Accessed January 18, 2014. <http://www.gfintegrity.org/content/view/342/139/>.

¹¹² Global Witness, "Support Us: Our Supporters." Last modified 2013. Accessed January 18, 2014. <http://www.globalwitness.org/support-us/our-supporters>.

¹¹³ Ford Foundation, "Grants Database: Grant Search Results." Last modified 2014. Accessed January 18, 2014. <http://www.fordfoundation.org/grants/search>.

that the Egmont Group's work falls under the Foundation's "Reforming Global Financial Governance" Initiatives therefore the Egmont Group is likely eligible for funding. To begin the process, the Egmont Group can apply online by submitting a grant inquiry at <http://www.fordfoundation.org/grants/organizations-seeking-grants>

The grant inquiry submission will require the Egmont Group to pitch a project, estimate a total budget for the project and provide the Foundation with a country, region or list of countries that are likely to benefit from the project (supplementary/supporting documents such as a work plan or proposal may be uploaded as part of the submission)¹¹⁴. We wish to point out that engaging in the Ford Foundation grant process offers more than simply monetary benefits; in applying for a grant, the Egmont Group is required to develop work plans for future projects, thus addressing some of the gaps in strategic direction identified earlier.

Our only note of caution is that the grant inquiry process is very competitive with less than one percent of yearly inquiries result in a Ford Foundation grant¹¹⁵. Nonetheless, we perceive the Ford Foundation as a very attractive donor agency for the Egmont Group given the Foundation's obvious alignment with Egmont's mission and purpose and the Foundation's past record of funding functionally similar initiatives.

8.2 The African Development Bank

8.2.1 About the Bank

The African Development Bank is a regional, public organization that focuses on poverty reduction through the promotion of sustainable economic development and social progress in its regional member countries. The Bank Group achieves this objective by mobilizing and allocating resources for investment in member countries and providing policy advice and technical assistance to support development efforts. The

¹¹⁴ Ford Foundation , "Organizations Seeking Grants: Global: Grant Inquiry Form." Last modified 2014. Accessed January 18, 2014. <http://www.fordfoundation.org/grants/grant-inquiry/global>.

¹¹⁵ Ford Foundation , "Grant Application Guide." Last modified 2014. Accessed January 18, 2014. <http://www.fordfoundation.org/pdfs/grants/grant-application-guide.pdf>.

Bank is the continent's premier development finance institution and the main source of knowledge and research on African development issues¹¹⁶.

The African Development Fund (ADF) is the concessional window of the African Development Bank (AfDB) Group. The ADF is comprised of 27 contributing countries and benefits 40 countries. The 40 ADF-eligible countries include those that are increasing their economic capacities and heading toward becoming the new emerging markets—as well as those that remain fragile and need special assistance for basic levels of service delivery. The Fund has cumulatively invested UA 29.4 billion (USD 45 billion) over its 40 years of operationalization on the African continent¹¹⁷. The Fund's resources are replenished every three years by its donor countries.

The AfDB has published a strategy for the prevention of money laundering and the financing of terrorism¹¹⁸. In the strategy the Bank recognizes that money laundering and the financing of terrorism are dangerous offences that directly influence the Bank's mission to promote development and poverty eradication. Additionally, like all financial institutions, the Bank Group is required to establish and maintain internal procedures to prevent its assets from being used for ML or FT purposes. Hence combating money laundering and the financing of terrorism is a priority for the Bank.

8.2.2 Recommendation for Capacity-Building Partnerships

To combat money laundering and the financing of terrorism the Bank has committed to facilitate the implementation of AML/CFT standards in its member countries by participating in regional and national AML/CFT capacity building initiatives in collaboration with other international organizations¹¹⁹. Additionally, the Bank will

¹¹⁶ African Development Bank Group. *About us*, www.afdb.org. URL: <http://www.afdb.org/en/about-us/african-development-bank-afdb/> (accessed January 25, 2014)

¹¹⁷ African Development Bank Group. *African Development Fund*, www.afdb.org. URL: <http://www.afdb.org/en/about-us/african-development-fund-adf/about-the-adf/> (accessed January 25, 2014)

¹¹⁸ African Development Bank, African Development Fund. *Bank Group Strategy for the Prevention of Money Laundering and Terrorist Financing in Africa*, May 2007. URL: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/10000012-EN-STRATEGY-FOR-THE-PREVENTION-OF-MONEY-LAUNDERING_01.pdf

¹¹⁹ *Ibid.*

assist member countries in developing laws and strategies in compliance with international standards, including establishing FIUs. These two commitments were outlined in the Bank's strategic plan and align with the Egmont Group's stated purpose to assist FIUs in implementing FATF standards, and establish and develop FIUs operationally.

Only member countries within the ADB mandate are allowed to apply for grants. Since the Bank is providing assistance to issues of AML/CFT initiatives, countries are encouraged to apply for a grant. However, the Bank is already providing financial support to its member countries in different areas. Since the Egmont Group cannot apply for funding from the ADB, *the most efficient way to interact with the Bank is to develop partnerships on initiatives relating to Africa jointly with African FSRBs*. The Bank is already engaging with FSRBs in creating technical assistance and training for African countries and in a multilateral cooperation between the Bank, a sub-regional FSRB, and the Egmont Group.

8.3 Inter-American Development Bank

8.3.1 About the Bank

The Inter-American Development Bank (IADB) is the largest source of development financing in Latin America and the Caribbean¹²⁰. As Latin America and the Caribbean's main partner for economic, social, and institutional development, the IADB provides financial and nonfinancial resources to the governments, business, and civil society organizations of its 26 borrowing member states¹²¹.

¹²⁰ Inter-American Development Bank, "Prioritizing sustainable growth. Fighting poverty and inequality." Accessed January 10, 2014.

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35752507>.

¹²¹ Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay, and Venezuela.

Currently the IADB runs six projects under its Financial Market sector of Financial Regulation and Supervision¹²². One of these projects is dedicated to AML/CFT efforts and has a regional focus. The goal of this project called “Strengthening the Integrity of Financial Systems: Improving the Capacity” is to support member countries in their efforts to prevent money laundering and terrorist financing, in compliance with the recently adopted International Standards on Combatting Money Laundering and Financing of Terrorism & Proliferation (FATF Standards)¹²³. The total cost of this non-reimbursable technical cooperation project is 1 million USD¹²⁴. The funding is coming from the Transparency Trust Fund (TTF), which operates under the umbrella of the IADB¹²⁵.

The TTF was established in 2007 with an initial contribution from the government of Norway for approximately 5 million USD, which was increased by 1 million USD in 2011, and an additional 2.4 million USD in 2012 provided by the IADB and Norway, respectively¹²⁶. Initially the TTF focused on strengthening the institutional capacity of countries in Latin America and the Caribbean to design and implement access to information and targeted transparency policies. After five years of implementation, the TTF not only obtained tangible results at the country and regional levels, but it was also recognized as a source of innovation and a catalyst for substantial institutional reforms towards transparency. In April 2013, the Norwegian government announced that it

¹²² Inter-American Development Bank, "Projects by Sector." Accessed January 10, 2014. <http://www.iadb.org/en/projects/projects-by-sector,6785.html>.

¹²³ Inter-American Development Bank, "RG-T2224: Strengthening the Integrity of Financial Systems: Improving the Capacity." Accessed January 10, 2014. <http://www.iadb.org/en/projects/project-description-title,1303.html?id=RG-T2224>.

¹²⁴ *Ibid.*

¹²⁵ Inter-American Development Bank, "Anti-corruption Activities Trust Fund (AAF)." Accessed January 10, 2014. <http://www.iadb.org/en/topics/transparency/support-for-countries/anticorruption-activities-trust-fund-aaf,1194.html>.

¹²⁶ Inter-American Development Bank, "IDB and Norway reaffirm transparency partnership for Latin America and the Caribbean." Last modified April 18, 2013. Accessed January 10, 2014. <http://www.iadb.org/en/news/news-releases/2013-04-18/transparency-trust-fund,10427.html>

would make an additional 5 million USD contribution to the TTF, bringing Norway's country contribution to 7.4 USD million for the 2013-2016 period¹²⁷.

The objective of the TTF is to strengthen the institutional capacity of the IADB's borrowing member countries to support the design and implementation of policies, mechanisms and practices to promote access to information and targeted transparency¹²⁸. The TTF supports financial integrity initiatives, which includes preventing and controlling money laundering, and strengthening fiscal transparency. Public and private sector entities including governments, civil society organizations, and private foundations are eligible to apply to the TTF for financing. Proposals for financing may come from public entities, the IADB itself, civil society organizations, and regional and sub-regional organizations that have legal capacity to receive non-reimbursable technical assistance resources (grants). *Although the Egmont Group itself is not eligible for obtaining TTF grants, FIUs from IDB member countries as well as regional FSRBs can apply for TTF grants.*

8.3.2 How to Apply for Funding

Applying for financing from the IADB TTF requires that the interested institution or organization contact a Bank Specialist. If the project is under the priorities of work between the IADB and the country, the IADB specialist will send the Expression of Interest to the Grants and Co-Financing Management Division (ORP/GCM) for identification of a funding source (GCM-SW@iadb.org). If the TTF is deemed the most suitable funding source, ORP/GCM will forward the proposal to the TTF Technical Advisor (IFD/ICS), who will provide the team with comments and recommendations¹²⁹.

¹²⁷ *Ibid.*

¹²⁸ Inter-American Development Bank, "Anti-corruption Activities Trust Fund (AAF)." Accessed January 10, 2014. <http://www.iadb.org/en/topics/transparency/support-for-countries/anticorruption-activities-trust-fund-aaf,1194.html>.

¹²⁹ *Ibid.*

8.4 The Norwegian Ministry of Foreign Affairs

8.4.1 About the Ministry

The Norwegian Ministry of Foreign Affairs appears committed to supporting various initiatives around CFT and addressing FATF predicate offences. The Ministry provides major funding to the Financial Transparency Coalition¹³⁰, and has open calls for proposals from international organizations on projects in support of the UN global counter-terrorism strategy¹³¹. The Egmont Group may be particularly well-suited to receiving funding on initiatives related to illicit financial flows and tax offences in light of the Norwegian government's recent (2012-2013) commitments to "work for more strategic coordination of the various international initiatives to combat tax havens and financial secrecy" and to "increase its support for NGOs and other bodies that are engaged in advocacy against illicit financial flows and tax havens"¹³². Furthermore, the Ministry and Norwegian government might serve as useful partners in such areas as training and capacity building given their signals to "support individual countries in establishing more robust tax systems with a view to preventing illicit financial flows out of the country"¹³³. We have already noted that some Egmont Group members are interested in developing operational best practices for tax investigations; we recommend that the Egmont Group consider requesting funding and capacity assistance from the Norwegian Ministry in light of their mutual interests and commitments.

¹³⁰ Financial Transparency Coalition, "Funding." Last modified 2012. Accessed January 18, 2014. <http://www.financialtransparency.org/about/funding/>.

¹³¹ Norwegian Ministry of Foreign Affairs, "Grants: Calls for proposals." Last modified January 31, 2014. Accessed January 31, 2014. http://www.regjeringen.no/en/dep/ud/about_mfa/grants/calls_proposals.html?id=612816.

¹³² Norwegian Ministry of Foreign Affairs, "Sharing for prosperity: Promoting democracy, fair distribution and growth in development policy (White Paper)." Last modified 2013. Accessed January 31, 2014.

http://www.regjeringen.no/pages/38299114/PDFS/STM201220130025000EN_PDFS.pdf.

¹³³ *Ibid.*

8.4.2 How to Apply for Funding

In order to receive funding, the Egmont Group would have to complete and submit the s51 grant application form available on the Norwegian Ministry for Foreign Affairs website at:

http://www.regjeringen.no/en/dep/ud/about_mfa/grants/project_application.html?id=612525

Similarly to the Ford Foundation application process, the Ministry of Foreign Affairs website requires the applicant to identify a project and create a project plan in order to be considered for funding. Again, we believe that applying for such grants enables the Egmont Group to meet two strategic objectives simultaneously: 1) contributing to the improvement of FIUs through the formulation of targeted projects; and 2) procuring financial and capacity assistance for more effective administration of Egmont Group efforts.

8.5 The Swiss Secretariat for Economic Affairs (SECO)

8.5.1 About the Secretariat

The State Secretariat for Economic Affairs of Switzerland (SECO) is the Swiss federal government's centre of expertise for all core issues relating to economic policy¹³⁴. Founded in 1999, SECO combines the Federal Offices for External and Internal Economic Affairs¹³⁵. Its aim is to ensure sustainable economic growth by putting in place the necessary regulatory and economic policy conditions¹³⁶. Switzerland, as a global financial centre, has a responsibility in helping to safeguard global financial stability and is interested in endorsing adequate though effective financial market regulation. Awareness on the impact of financial sector performance on growth has led SECO to engage early in providing financial sector support to its partner countries. Support has been directed to: (a) strengthening the international financial architecture

¹³⁴ State Secretariat for Economic Affairs SECO, "State Secretariat for Economic Affairs SECO." Accessed January 9, 2014. <http://www.seco.admin.ch/org/00686/index.html?lang=en>.

¹³⁵ *Ibid.*

¹³⁶ *Ibid.*

and macroeconomic stability; (b) improving the domestic market infrastructure, regulation and supervision; and (c) financial sector deepening and improving access to financial services¹³⁷. Supporting the modernization of financial sector infrastructure and reforming the legal, regulatory, and supervisory frameworks in accordance with relevant global standards and codes constitutes a core pillar of SECO's efforts to strengthen financial sectors of partner countries, support financial sector soundness and the integration into the global financial system¹³⁸.

8.5.2 How to Apply for Funding & Capacity Building

SECO contributes to the financial sector through different global initiatives that address the challenges linked to strengthening market infrastructure. SECO is one of the five bilateral founding member countries of the global Financial Sector Reform and Strengthening Initiative (FIRST), which provides a systematic mechanism for following up recommendations generated by the Financial Sector Assessment Program (FSAP) and the Reports on Observance of Standards and Codes (ROSC). The total budget of the Initiative is 85 million USD where SECO's contribution is 11 million USD¹³⁹.

Applicants eligible for funding through FIRST are: government agencies, regulatory bodies, policy makers, and —under limited circumstances— quasi-public institutions such as self-regulatory organizations and industry associations. Questions regarding access to FIRST funding must be fielded through wemu.sekretariat@seco.admin.ch

¹³⁷ Bernasconi, Jean-Luc, Thierry Buchs, Matthias Feldman, Nathalie Floras, Martin Gisiger, and Monica Rubiolo. State Secretariat for Economic Affairs SECO, "Finance for Development Impact." Last modified October 2010. Accessed January 31, 2014. www.seco-cooperation.admin.ch/themen/.../01094/index.html?....

¹³⁸ *Ibid.*

¹³⁹ State Secretariat for Economic Affairs SECO, "Financial Sector Reform and Strengthening Initiative (FIRST)." Last modified January 05, 2011. Accessed January 9, 2014. www.swiss-cooperation.admin.ch/albania/.../resource_en_201111.pdf.

FIRST gives preference to projects with the following characteristics¹⁴⁰:

- Show client ownership and are demand driven.
- Likelihood of achieving the stated project objectives, and of successful implementation.
- Show strong elements of “additionality” (the absence of overlap and conflict with other sources of funding).
- Are catalytic; that is, show a capacity to lead to further financial sector strengthening.
- Short- to medium-term nature (6-18 months).

SECO’s FIRST fund gives preference to the following themes:

- Financial sector reform strategy and policy advice (in particular, financial sector development plans following FSAP).
- Advisory services to strengthen legal, regulatory and supervisory frameworks.
- Financial sector market and product development.
- Institution and capacity building.

In addition to the funding SECO provides through FIRST, SECO also supports a new initiative in AML/CFT. The IMF Trust Fund on AML/CFT is a multi-donor initiative with the objectives to strengthen AML/CFT frameworks on a global level and thereby to protect the integrity and stability of the international financial system and to promote the integration of financial markets and to strengthen national AML/CFT legislation. The Trust Fund works in low-income countries, but also in more advanced economies and countries with large AML/CFT risk exposure, so as to make them compliant with relevant international standards. Technical assistance is delivered mainly through longer-term projects integrating recipients' needs and their implementation capacity.

¹⁴⁰ Financial Sector Reform and Strengthening Initiative (FIRST), "Apply for Funding: Project Selection Criteria." Accessed January 9, 2014.
<http://www.firstinitiative.org/content/index.cfm?ctID=45&usidfrfpgs=>.

The total budget of the Fund currently is 30 million USD, where SECO is the biggest contributor (5 million USD) among other countries¹⁴¹.

First experiences with the AML/CFT Trust Fund showed positive results. In its first year of operation, 11 projects were initiated in nine countries¹⁴². In the second year, 21 countries received technical assistance under the Trust Fund¹⁴³. Several requests for additional modules show that client satisfaction is very high. In light of the success of the program, and in light of continuing high demand for technical assistance in this area, a new five-year phase of the TTF is currently under discussion for the period 2014-2019¹⁴⁴.

The AML/CFT Trust Fund follows a demand-driven approach. It is global in its outreach. Eligible countries need to satisfy a set of criteria. The criteria include: (a) the level of economic development; (b) institutional weaknesses and capacity needs; (c) risk exposure to money laundering and financing of terrorism; and (d) long-term commitment to bring about significant improvements in AML/CFT frameworks consistent with international standards. The list of eligible countries will have to be approved by the Steering Committee on a rolling basis. Based on the criteria, it is expected that a large part of resources will be devoted to LICs; more advanced countries with particular AML/CFT risks will be the second largest group of beneficiaries.

¹⁴¹ State Secretariat for Economic Affairs SECO, "IMF Topical Trust Fund Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)." Last modified January 05, 2011. Accessed January 9, 2014. www.swiss-cooperation.admin.ch/albania/.../resource_en_200396.pdf.

¹⁴² *Ibid.*

¹⁴³ *Ibid.*

¹⁴⁴ International Monetary Fund, "The IMF and the Fight Against Money Laundering and the Financing of Terrorism." Last modified September 30, 2013. Accessed January 9, 2014. <http://www.imf.org/external/np/exr/facts/aml.htm>

Conclusion

This gap analysis report has identified four key areas for the Egmont Group to consider in the near future. It is clear that the Egmont Group, due to its unique position in the AML/CFT network, has almost unrivalled potential to influence and improve global AML/CFT efforts. The FIU is the central actor within both the domestic and international AML/CFT context. By strengthening the Egmont Group and increasing its integration with other important AML/CFT actors, the global AML/CFT network becomes stronger, more cohesive, and better positioned to counter the trans-border threats of money laundering and financing of terrorism.

Despite its unique position within the global AML/CFT network as the bridge between international and domestic efforts representing FIUs, the Egmont Group currently operates in an ad hoc manner with other AML/CFT partners, thus undermining its ability to guide AML/CFT initiatives. We noted that these ad hoc partnerships are often a result of lack of transparency, lack of mandate clarity, lack of strategic direction, lack of communication and lack of established participation practices within the Egmont Group. Our recommendations, when taken together, form a coherent strategy to address these concerns and thereby improve relationships and collaboration with current partners. Furthermore, the implementation of these recommendations will build a foundation for successful engagement with additional partners in the future.

As outside consultants, this report was an opportunity to evaluate the processes of the Egmont Group in an objective manner, apart from the political and strategic interests of Egmont Group Members. We were originally tasked with analyzing existing Egmont Group partnerships and identifying additional AML/CFT partner organizations for future interaction. However, in the course of our research, we discovered a challenge inherent in the Egmont Group that must be addressed before initiating partnerships with additional stakeholders.

After soliciting feedback from current Egmont Group partners and analyzing Egmont Group partnership practices, we noted that the Group's lack of integration with partners is rooted in a broader and more deep-seated problem: the Egmont Group's lack of clarity on its mandate which stands in the way of developing the organization's

strategic direction. This lack of clarity perpetuates confusion among existing and potential partners as to the strategic gains to be made through partnership with the Egmont Group. A clearly defined mandate and strategic plan signals to other AML/CFT stakeholders that the Egmont Group should be a key partner for collaboration and cooperation on AML/CFT initiatives. Clarifying the Egmont Group's mandate is a foundational challenge that must be addressed prior to reaching out to new partners.

But we did not stop at identifying the foundational challenge that stands in the way of effective partnerships, we also provide the Egmont Group with implementable solutions to address this challenge. This report provides the Egmont Group with a template and set of options for guiding the organization's strategic direction. Furthermore, we help the Egmont Group in creating a prioritized partnership strategy. It is our hope that the majority of the recommendations provided in this report will be implemented in the next three years to ensure an effective response to changes occurring in the AML/CFT network and the FATF standards.

Our recommendations provide a coherent plan for the Egmont Group, beginning first and foremost with this clarification of mandate. Once this clarity is established, the Egmont Group will be able to identify linkages and areas for collaboration with partners based on the research contained in the body of this report and in the Executive Summaries located at Appendix C.

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Appendix A

Sample Stakeholder Checklist & Coding Guidelines

Name of Organization/Stakeholder: WOLFSBERG GROUP

Stakeholder Coding Guidelines:

- 0 = no
- 1 = unclear/maybe (some indications that yes, but not definitive, note: if there are no indications that an answer might be yes, then code as 0)
- 2 = yes (only check yes where there is evidence & references that would indicate "yes")

Coding Checklist

Heading 1: Interests (qualitative)

Question 1: public or private

Wolfsberg represents private sector interests

- an association of eleven global banks, aims to develop financial services industry standards (acts in the interest of the financial services industry):
 1. Banco Santander
 2. Bank of Tokyo-Mitsubishi UFJ
 3. Barclays
 4. Citigroup
 5. Credit Suisse
 6. Deutsche Bank
 7. Goldman Sachs
 8. HSBC
 9. J.P. Morgan Chase
 10. Société Générale
 11. UBS

Question 2: Sources of funding

- Unclear, most likely membership fees

Question 3: governance structure

- Collection of private institutions, collaborative approach,

Heading 2: Current work on AML/CFT & FATF predicate offenses

Question 1: are they an associate member or observer of FATF?

yes (=2) no (=0)

Note: members are countries so the stakeholder won't be a member

[Click here for list of FATF members & observers](#)

[Click here for list of predicate offences](#)

Question 2: do they attend conferences/ summits/ high-level meetings on AML/CFT and/or Predicate Offenses?

yes (=2) unclear/maybe (=1) no (=0)

[checklist continued on next page]

- AML & Financial Crime Conference Europe, Netherlands 2013¹
- Wolfsberg Group reps attended Egmont Committee Meetings² and Plenaries

Question 3: do they **hold** conferences/ summits/ high-level meetings on AML/CFT and/or Predicate Offenses?

yes (=2) unclear/maybe (=1) no (=0)

- It doesn't look like the group itself holds AML/CFT conferences, however reps from the group often attend other AML/CFT events as speakers or representatives of the group and therefore may co-sponsor events through their institutions

Question 4: do they **attend** workshops/seminars/training/technical assistance sessions?

yes (=2) unclear/maybe (=1) no (=0)

- Egmont Group Secretariat notes Wolfsberg attendance at Egmont Plenary Workshops
- Were able to find example of Wolfsberg participation in plenary workshop on "Current challenges in AML from a banking perspective" at Thirtieth International Symposium on Economic Crime (September 2012)³

Question 5: do they **hold** workshops/seminars/training/technical assistance sessions?

yes (=2) unclear/maybe (=1) no (=0)

- Provide example(s) of workshops/seminars/training/technical assistance sessions held/convened and reference in footnotes

Question 6: do they **publish** guidances/standards/guidelines/reports on AML/CFT and/or Predicate Offenses?

yes (=2) unclear/maybe (=1) no (=0)

- the group drafts AML guidelines for private banking
- due diligence repository - a repository for the collection and storage of relevant due diligence information and documentation
- also provide guidance on due diligence, reports include:
 - ✓ [Wolfsberg Private Banking Principles, May 2012](#)
 - ✓ [Wolfsberg FAQs on Intermediaries, May 2012](#)
 - ✓ [Wolfsberg FAQs on Beneficial Ownership, May 2012](#)
 - ✓ Also includes: Wolfsberg Standards on various sets of AML Principles, as well as related Statements on the standards (interpretive)⁴

¹ <http://www.amleurope.org/speakers.asp>

² The Egmont Group International Bulletin. (April 2009) Retrieved from www.egmontgroup.org/library/download/11

³ Thirtieth international symposium on economic crime: 2012 Programme. Retrieved from <http://www.bakerlaw.com/files/Uploads/Documents/Events/2012/2012-Cambridge-Symposium.pdf>

⁴ Retrieved from <http://www.wolfsberg-principles.com/standards.html>

[checklist continued on next page]

Heading 3: Engagement with other organizations

Question 1: does this organization already **interact** with a global AML/CFT partner on a regular basis? (e.g. through collaboration, attendance at meetings/summits, identifying key partners on website)

yes (=2) unclear/maybe (=1) no (=0)

- Not an FATF observer, but holds informal discussions with FATF
- A joint working group between the Financial Action Task Force (FATF) and the Wolfsberg Group released a report on the risk-based approach in anti-money laundering regulation and compliance⁵
- Also holds informal discussions with Egmont group and collaborates on ad hoc basis
- Is comprised of AML executives from the world's top banks

Question 2: does this organization **receive** AML/CFT capacity assistance or funding from partners?

yes (=2) unclear/maybe (=1) no (=0)

- Sources of funding are unknown, most likely from private institutions rather than intergovernmental and international AML/CFT partners

Question 3: does this organization **give** AML/CFT capacity assistance or funding to partners?

yes (=2) unclear/maybe (=1) no (=0)

- Has provided some assistance on ad-hoc basis to FATF and Egmont Group in the past
- Unclear if they provide any funding for AML/CFT efforts

Heading 4: Capacity to Engage with additional partners

Question 1: Is there a **mandate** to engage with stakeholders?

yes (=2) unclear/maybe (=1) no (=0)

- If yes, provide relevant section of mandate or Charter and reference in footnotes
- Flag if Egmont Group is a specific partner identified in the mandate, reference section in footnotes

Question 2: Does the organization have staff or a department for engagement with the Egmont Group?

yes (=2) unclear/maybe (=1) no (=0)

- Has engaged with Egmont in the past, although on an ad hoc basis
- Not sure if there is full time staff or institutional will to continue to engage

⁵ <http://www.risk.net/operational-risk-and-regulation/feature/1516038/fatf-wolfsberg-group-release-aml-report>

[checklist continued on next page]

Question 3 (qualitative): *are there financial/capacity considerations for engaging with stakeholders?*

List any indications you've come across that would suggest that the organization might not have:

- institutional will,
- money,
- time,
- staff (capacity)

to engage with additional stakeholders

FINAL SCORE:

**Question
Number**

[end of checklist]

Appendix B**Questionnaire Distributed to Existing Stakeholders**

Questionnaire for AML/CFT partners of the Egmont Group

Hello,

We are the Munk Consulting Team for the Egmont Group of Financial Intelligence Units.

We are currently working on a project for the Egmont Group, exploring and analyzing the synergy of the Egmont Group with other existing and future stakeholders in the global AML/CFT regime. This research will lead to a comprehensive gap analysis paper with recommendations focused on ways for Egmont to optimize partnerships and integration with other stakeholders.

While we have full access to Egmont Group materials and personnel, we would also like to receive your perspective, as an Egmont stakeholder, on the nature of the relations between your organization and the Egmont Group.

We appreciate your help.

Questions:

1. Does your organization have any type of partnership with the Egmont Group?
 - a. If yes, please specify the type of partnership (e.g. joint projects, communication, participation in Egmont meetings, etc.).
 - b. If no, have your organization ever considered to establish relationship with the Egmont Group?

2. If you are engaged in joint projects with the Egmont Group, please provide:
 - concrete examples of these projects and/or name resources (e.g. websites, reports, books, papers) where this information can be found
 - sources of funding for these projects (e.g. jointly funded, funded by the Egmont Group, funded by your organization, external donors)

3. How frequent is your organization's collaboration with the Egmont Group? (e.g. ad hoc basis, observer status in the Egmont Group, attendance of all WG and Plenary meetings, constant communication, only specific projects, in certain areas, etc.)

4. How would you characterize your working relationship with the Egmont Group to date? (e.g. satisfactory/ unsatisfactory)

- a. If your answer is unsatisfactory, please specify the reasons for that.
 - b. Are there any current difficulties in working with the Egmont Group?

- 5. Can the relationship with the Egmont Group be improved?
 - a. If yes, please specify how exactly it should be improved?
 - b. If no, please specify the challenges/obstacles for that (e.g. limited resources, lack of capacity, lack of political will).

- 6. What is your vision for an optimal synergy with the Egmont Group?

- 7. What steps do you think the Egmont Group should take in order to improve and/or optimize its relationship with other global AML/CFT partners?

HIGH PRIORITY STAKEHOLDERS

Inter-American Drug Abuse Control Commission (CICAD) A policy forum established by the General Assembly of the Organization of American States (OAS) with a core mission to enhance the human and institutional capacities of its member states in reducing the production, trafficking and use of illegal drugs, and to address the health, social and criminal consequences of the drug trade. Promotes regional cooperation and coordination among OAS member states through action programs carried out by the CICAD Executive Secretariat, which include improving money laundering control laws and practices, administered by its Anti-Money Laundering Section.

CICAD's AML Section focuses its efforts on providing technical assistance and training on judicial, law enforcement and financial matters, including strengthening of FIUs. The AML Section works with international and national institutions to develop training activities and technical assistance and cites the Inter-American Development Bank (IADB), the Bureau of International Narcotics and Law Enforcement Affairs (INL) of the U.S. Department of State, the Ministry of Interior and the Plan Nacional de Drogas of Spain, and the United Nations Office on Drugs and Crime (UNODC) as its main partners. The AML Section also acts as the technical secretariat of CICAD's Expert Group on the Control of Money Laundering. The Expert Group is the hemispheric forum to discuss, analyze and draft policies to deal with money laundering and the financing of terrorism. In an effort to improve public administration of seized and forfeited assets, CICAD also initiated the Seized and Forfeited Asset Management (The BIDAL Project). The BIDAL project includes national and regional workshops on asset seizure, forfeiture and management.

Current projects with potential for synergies:

1. **FIU Training.** The AML Section continues to provide training and assistance to FIUs (the Egmont Group is currently not partnering with CICAD's AML Section on these initiatives despite the obvious potential for cooperation).

2. **Asset Recovery Support.** Using lessons learned from the BIDAL Project, CICAD offers technical assistance to Member States interested in creating and/or improving their seized and forfeited asset administration units. The objective is to help them strengthen their recovery mechanisms for assets and products linked to drug trafficking and money laundering. It also promotes the exchange of experience, information and best practices in asset administration among member states and stimulates further discussion about national and international cooperation in areas such as the detection, identification, seizure and forfeiture of assets found abroad.

Suggested points of interaction with Egmont Group

- Communication and Collaboration on Training Programs

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- Collaboration asset recovery initiatives and communication with Expert Group on the Control of Money Laundering Nelson Mena (AML Section Chief)
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Basel Institute on Governance and ICAR

An independent non-profit competence centre specializing in corruption prevention and public governance, corporate governance and compliance, anti-money laundering, criminal law enforcement and the recovery of stolen assets; composed of four divisions: (1) the International Centre for Asset Recovery (ICAR); (2) the division for Public Governance; (3) the division for Corporate Governance and Compliance; and (4) the International Centre for Collective Action (ICCA).

Holds conferences and seminars on a variety of AML/CFT and FATF predicate offense topics and publishes a yearly Basel AML index which continues to be the only rating of country money laundering/terrorist financing risk by an independent non-profit institution. Additionally, the Institute has a history of providing AML/CFT training for select FIUs while ICAR specializes in strengthening country capacity for recovery of stolen assets, with an emphasis on financial investigations and asset tracing techniques, mutual legal assistance and international cooperation in relation to corruption and money laundering cases. Furthermore the Institute's ICAR program develops specialized IT tools and products to facilitate the management and implementation of asset recovery processes, including the ARIS developed in partnership with the Egmont Group.

Current projects with potential for synergies:

1. **Asset Recovery Training.** ICAR training team will continue to support capacity building in asset recovery through on-going development and delivery of its core training services. ICAR will seek ways to improve its learning methodology, including through the creation of new e-learning modules. These new training modules will form part of the ongoing construction of the web-based resource and learning platform, "the Asset Recovery Campus", envisioned to be an e-learning and networking resource. Egmont Group may wish to offer feedback on these training services or may wish to work in collaboration in the development of the e-learning tools.
2. **Regionally-based Case Work Assistance.** ICAR is considering piloting long-term placement of experts in select regions for case work assistance; possibility for Egmont Group to advise ICAR based on the needs of its member FIUs.
3. **Developing "Best Practices Guide for Efficient Recovery of Stolen Assets".** ICAR seeks to contribute to the development and dissemination of good practices in implementing the asset recovery process and its procedures in the global arena through the development of this guide.
4. **Establishing long-term solution for ARIS.** ARIS concluded its pilot phase late 2013 and ICAR is now working on a strategy for long-term implementation of ARIS. Given that ICAR worked with the Egmont Group in the past on the development of this tool, the Egmont Group should be involved in planning these next steps for maximal benefit.

Suggested points of interaction with Egmont Group

- Development and Implementation of Training Programs Phyllis Atkinson (Head of Training)
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- | | |
|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
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| <ul style="list-style-type: none"> ▪ Facilitating Private Sector/Corporate interaction | <p>Gemma Aiolfi
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| <ul style="list-style-type: none"> ▪ IT Tool Development and Deployment (esp. ARIS) | <p>Lukas Nick
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Organization for Security and Cooperation in Europe (OSCE)

The world's largest security-oriented intergovernmental organization with 57 participating states in North America, Europe and Asia. The OSCE offers a forum for high-level political dialogue on a wide range of security issues such as arms control, and a platform for practical work to improve the lives of individuals and communities. Created during the Cold War era as an East-West forum, the OSCE is concerned with early warning, conflict prevention, crisis management, and post-conflict rehabilitation.

OSCE Participating States have repeatedly emphasized that money laundering is a threat to security and reaffirmed their commitment to combat the problem. Based on OSCE Ministerial and Permanent Council decisions, the OSCE has intensified its efforts to combat both money laundering and the financing of terrorism over the past few years.

The Office of the Co-ordinator of OSCE Economic and Environmental Activities (OCEEA) began to assist OSCE participating States in strengthening their ability to suppress terrorist financing and money laundering in 2002, following the Bucharest Ministerial Council Decision No. 1 on Combating Terrorism and the Programme of Action endorsed at the Bishkek International Conference in December 2001. The OCEEA has developed a range of activities to help combat money laundering and the financing of terrorism. At the request of OSCE participating States, these activities aim to assess national legislation, advise on improving the legal framework and build national capacity. For example, the OCEEA is helping to create and strengthen national institutions, such as financial intelligence units (FIUs).

Current projects with potential for synergies:

1. Promotion and awareness-raising. The OCEEA assists in promoting the ratification and implementation of the UN Convention against Corruption and the Financial Action Task Force's 40+9 Recommendations on anti-money laundering and countering the financing of terrorism.

2. Regionally-based capacity building. The OCEEA conducts national and regional seminars and capacity building workshops, on request, in the areas of prevention, detection, financial investigation, criminalization, cooperation and stolen asset identification and tracing for public officials and representatives of civil society and the

private sector. As a part of activities related to good governance, the OCEEA organizes training courses for government officials on international mechanisms and tools to combat money laundering and terrorism financing.

3. Supporting money laundering national risk assessments. The OSCE in cooperation with the UNODC and the World Bank organizes a series of workshops aimed at assessing the risk money laundering poses in a specific country. This entails understanding the proceeds of crime generated in the country, the vulnerability of the economic and financial sectors to money laundering, and the weaknesses in the criminal justice and preventive system, among others. During the workshop, OSCE, UNODC and World Bank experts introduced the World Bank's national risk assessment methodology and tool.

4. Asset Recovery Support. The OSCE supports and closely co-operates with the Stolen Asset Recovery Initiative (StAR) of the World Bank and UNODC.

Suggested point of interaction with Egmont Group

- Negotiating a multilateral partnership on money laundering national risk assessments with OSCE, FATF and other assessor bodies to avoid duplication

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Organization for Economic Co-operation and Development (OECD)

An international economic organization of 34 countries founded in 1961 to stimulate economic progress and world trade. It is a forum of countries committed to democracy and the market economy, providing a platform to compare policy experiences, seek answers to common problems, identify good practices and co-ordinate domestic and international policies of its members.

The OECD's work on tax crime and money laundering is designed to complement that carried out by FATF. This work is being pursued in a variety of ways including typologies exercises, developing practical guidance on detection of money laundering for tax auditors, examining key risk areas and reviewing current country practices for sharing information between tax and anti-money laundering authorities. In 2010 the OECD adopted a new OECD Recommendation to facilitate cooperation between tax and other law enforcement authorities to combat serious crimes. In 2012 the FATF revised its recommendations to include tax crimes in the list of predicate offenses to money laundering.

Suggested point of interaction with Egmont Group

- Tax crimes-focused initiatives/and or a tax crime yearly theme

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MEDIUM PRIORITY STAKEHOLDERS

Global Organization of Parliamentarians Against Corruption (GOPAC)

The Global Organization of Parliamentarians Against Corruption (GOPAC) is an international network of parliamentarians dedicated to good governance and combating corruption throughout the world. Since its inception, GOPAC has provided information and analysis, established international benchmarks, and improved public awareness through a combination of global pressure and national action. The organization has a Global Task Force (GTF) on Anti-Money Laundering issues. The task force cooperates with other AML/CFT organizations to fight corruption and pass the knowledge to Parliamentarians.

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Central Asian Regional Information and Coordination Centre (CARICC)

Central Asian Regional Information and Coordination Centre for combating the illicit trafficking of narcotic drugs, psychotropic substances and their precursors, established within the Memorandum of Understanding on sub-regional drug control cooperation dated May 4 1996 (Tashkent, Uzbekistan) between the Republic of Azerbaijan, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation, the Republic of Tajikistan, Turkmenistan, the Republic of Uzbekistan and UN Office on Drugs and Crime (UNODC).

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G20

The Group of Twenty (G20) is the premier forum for its members' international economic cooperation and decision-making. Its membership comprises 19 countries plus the European Union. G20 leaders meet annually, additionally during the year Finance Ministers and Central Bank Governors meet regularly to discuss ways to strengthen the global economy, reform international financial institutions, improve financial regulation, and discuss the key economic reforms that are needed in each of the member countries. Underpinning these meetings is a year-long program of meetings among senior officials and of working groups coordinating policy on specific issues.

Australia's G20 presidency runs from 1 December 2013 to 30 November 2014. The year will involve a series of preparatory meetings that will culminate in the G20 Leaders Summit which will be held on 15 and 16 November in Brisbane, Queensland. The issues of money laundering and tax avoidance will be discussed under Civil Society 20

(C20). In 2014 the C20 will coordinate civil society's input on key issues relevant to the G20 economic reform agenda. In 2014 the C20 will be organised by the Australian C20 Steering Committee, which is chaired by the Reverend Tim Costello AO.

Contact

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World Customs Organization (WCO)

An independent intergovernmental body, representing 179 customs administrations around the world, dedicated to enhancing the effectiveness and efficiency of Customs administrations. According to the WCO website, the organization is an active contributor to FATF, INTERPOL and Europol fora and initiatives. The WCO Enforcement Committee may be of particular interest to the Egmont Group given its role to "contribute to the strategic direction of work done by the WCO in compliance, control and intelligence within the framework of the WCO Strategic Plan in areas such as security, the intelligence function...mutual administrative assistance, illicit drug trafficking, money laundering, electronic crime...transnational organized crime, firearms..."

Contact

WCO Director Compliance and Facilitation
(oversees Enforcement and Compliance functions)

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gaozhang.zhu@wcoomd.org

LOWER PRIORITY STAKEHOLDERS

Basel Committee on Banking Supervision (BCBS)

A forum for regular cooperation on banking supervisory matters and the primary global standard-setter for the prudential regulation of banks. Its mandate is to strengthen the regulation, supervision and practices of banks worldwide with the purpose of enhancing financial stability. With G20 backing, the Committee has recently established a more active programme to monitor members' commitments to implement Basel Committee standards. The programme is designed to promote greater consistency in the implementation of global standards, and improved transparency of instances where national differences exist. As recently as January 2014, the BCBS has issued a set of guidelines describing how banks should include risks related to money laundering and financing of terrorism within their overall risk management framework.

The BCBS, together with the IAIS and the IOSCO, form the Joint Forum, which meets three times per year to share knowledge and information on, inter alia, risk assessment and supervision, including AML/CFT. We therefore recommend that the Egmont Group form a closer partnership with the Joint Forum to ensure optimal and focused cooperation between these three supervisory constituencies on AML/CFT issues.

Contacts

Current Chair of Joint Forum

Thomas Schmitz-Lippert
(BaFin, Germany)
Thomas.Schmitz-Lippert@bafin.de

BCBS Secretary General

Wayne Byres
wayne.byres@bis.org

UN Counter Terrorism Committee (CTC/CTED)

The Counter-Terrorism Committee (CTC) comprises of all 15 Security Council members, and is tasked with monitoring the implementation of resolution 1373 which requested that UN members implement measures designed to enhance their legal/institutional ability to counter terrorism. Several of those measures involve financing, such as freezing funds, denying support to terrorist organizations, and criminalizing the financing of terrorism. The CTC disseminates best practices, identifies technical, regulatory, financial and legislative assistance programs, and promotes synergies between organizations.

The CTED was established to assist the work of the CTC. The CTED is comprised of an Assessment and Technical Assistance Office, and an Administrative and Information Office. The CTED also serves as an intermediary between potential donors and recipients and maintains an on-line directory of assistance providers. Both the CTC and CTED are engaged in developing partnerships with international organizations that support the implementation of resolution 1373. Since 2003, the CTC has held 5 special meetings with partners to discuss cooperation. The CTED also brings experts on country visits.

Contact

New CTED Executive Director
Jean-Paul Laborde

Jean-Paul.Laborde@unodc.org OR

Reach via Elizabeth Joyce (CTED Senior Legal Officer)
Phone: 1 212 457 1747
joyce@un.org

G8

The Group of Eight (G8) is a forum for the governments of seven leading industrialized democracies, plus Russia. The G8 provides an important occasion for busy leaders to discuss major, often complex international issues, and to develop the personal relations that help them respond in effective collective fashion to sudden crises or shocks. The summit also gives direction to the international community by setting priorities, defining new issues and providing guidance to established international organizations. At times it arrives at decisions that address pressing problems or shape international order more generally. This year, Russia assumed the 2014 G8 presidency.

Contact

General Contact

info@g8russia.ru

International Financial Reporting Standards Foundation (IFRS)

The IFRS Foundation is an independent, not-for-profit private sector organization working in the public interest. The principal objectives of the IFRS Foundation are:

- to develop a single set of high quality, understandable, enforceable and globally accepted International Financial Reporting Standards (IFRSs) through its standard-setting body, the International Accounting Standards Board (IASB);
- to promote the use and rigorous application of those standards;
- to take account of the financial reporting needs of emerging economies and small and medium-sized entities (SMEs); and
- to promote and facilitate adoption of IFRSs, being the standards and interpretations issued by the IASB, through the convergence of national accounting standards and IFRSs.

Contacts

Director of Corporate Communications and External Affairs

Mark Byatt
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mbyatt@ifrs.org

General Secretariat

Phone: +44 (0)20 7246 6410
info@ifrs.org**Tax Justice Network**

An independent international network dedicated to high-level research, analysis and advocacy in the field of international tax and the international aspects of financial regulation. The network publishes reports and blogs on a variety of tax offense-related topics and created a spinoff alliance in 2013 called the Global Alliance for Tax Justice which serves as the campaigning body for the research focused Tax Justice Network.

We recommend keeping this organization in mind for tax offense initiatives if the Egmont Group adopts our yearly thematic focus recommendation.

Contacts

Network Director

John Christensen
Phone: +44 (0) 7979 868302
john@taxjustice.net**The Cooperation Council for the Arab States of the Gulf (GCC)**

This is an organization for cooperation between the Gulf countries in the areas of economy, security, and politics. The goal of the organization is to facilitate coordination, integration, and inter-connection among member states. Some of the areas that may relate to the work of the Egmont Group is the cooperation in counter-terrorism and corruption, as well as cooperation in the field of drug control.

Contacts

General Secretariat

Phone: 966 11 4827777

Economic Cooperation Organization (ECO) Drug Control Coordination Unit

Economic Cooperation Organization (ECO), is an intergovernmental regional organization established in 1985 by Iran, Pakistan and Turkey for the purpose of promoting economic, technical and cultural cooperation among the Member States. In accordance with the ECO Plan of Action on Drug Control, the Drug Control Coordination Unit (DCCU) was established in 1999 based on a two-phased Project with the UNODC, at the ECO Secretariat, in order to enhance drug control regional cooperation and coordination among the ECO Member States.

Contacts

Officer In-charge of the ECO-Drug and Organized Crime Coordination Unit

Hossein Pourkarami
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& 0098-912-3802171
registry@ecodoccu.org &
hpourkarami@yahoo.com

ECO Secretariat

Phone: +9821 228317334 &
22292066
Registry@ECOsecretariat.org**Global Financial Integrity (GFI)**

A non-profit, non-governmental organization promoting national and multilateral policies, safeguards, and agreements aimed at curtailing the cross-border flow of illegal money. GFI work includes “putting forward solutions, facilitating strategic partnerships, and conducting groundbreaking research” in an efforts to curtail illicit financial flows.

GFI’s Policy Advisory Program may be of particular interest to the Egmont Group. Policy Advisory Program experts assist developing countries around the world in understanding the impact of illicit flows leaving their country. The experts tailor their recommendations to country-specific challenges at hand and work directly with host

country officials in a free and open exchange of information, on a confidential and ongoing basis. The GFI and host country teams review current regulations and processes, identify the country's key concerns, and design sound and implementable recommendations. By partnering with GFI's Policy Advisory Program, the Egmont Group could boost capacity-building in the area of illicit financial flows for select FIUs and/or select regions.

<i>Contacts</i>	Managing Director of Global Financial Integrity (responsible for strategic planning)	Tom Cardamone Phone: 1 202 293 0740 tcardamone@gfintegrity.org
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GUAM, Virtual Center of GUAM

The GUAM Virtual Center for combating terrorism, organized crime, drug trafficking and other serious kinds of crimes is an international association of the law enforcement agencies and other state authorities of the GUAM member countries (Azerbaijan, Georgia, Moldova and Ukraine), formed in accordance with the Agreement on Establishment of the GUAM Virtual Center and the Statute of the GUAM Virtual Center, signed in Yalta on July 4, 2003, and operates on the base of using GUAM Interstate Information Management System (IIMS).

The Virtual Center provides real-time communications, analysis and information exchange to facilitate cooperation in carrying out joint operations and coordination of the investigations of the most serious crimes. The Virtual Center renders assistance to law enforcement agencies and their officers through timely analyses and secure distribution of information, intelligence and patterns, threat evaluations and other subjects of interest of the GUAM Member States.

This organization may be a useful lead for technical expertise, information exchange and possible partnership on ARIS if the Egmont Group and ICAR decide to forge a technical assistance treaty with GUAM.

<i>Contact</i>	Secretariat GUAM (Kiev, Ukraine)	Phone: + 380 44 206 37 37 secretariat@guam-organization.org
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Wolfsberg Group

An association of eleven private global banks, working to develop financial services industry standards, and related products, for "Know Your Customer", Anti-Money Laundering and Counter Terrorist Financing policies. The Wolfsberg Standards are used widely throughout the financial services industry and the Group holds consultations with the FATF and the Egmont Group on an ad hoc basis. As we note in Section 7 of this report, the Wolfsberg Group serves as a useful conduit for private sector engagement given the Group's activity in AML/CFT policy implementation.

<i>Contact</i>	Executive Secretary, Wolfsberg Group	Tracy Paradise Phone: +41 58 705 4056 or +41 79 476 9053 tracy.paradise@hsbcpb.com
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Center on Global Counter-Terrorism Cooperation (CGCC)

A non-profit, nonpartisan policy institute dedicated to strengthening international counterterrorism cooperation by building stronger networks and partnerships among various actors such as the UN, regional organizations, police and governments, and researchers. CGCC develops counterterrorism programs and training and provides practical advice to stakeholders. CGCC is currently working with the UN to assess and raise awareness of the risk of terrorist abuse of the nonprofit sector. Additionally, CGCC is working on AML/CFT capacity-building in East Africa, among other regions. CGCC also facilitates an informative platform for experts to upload reports and presentations.

Contact Programs Associate, CGCC New York Office Rafia Barakat
(contributes to development and planning of Phone: +1.646.350.4740
new projects and strengthening relationships rbarakat@globalct.org
with CGCC global partners)

INTERPOL

An international network of police agencies that aims to facilitate a high level of cooperation between criminal law enforcement authorities, through provision of secure communications, access to data, and operational support. INTERPOL combats money laundering through data exchange and facilitating access to experts. It aims to foster greater international awareness and facilitate more effective investigations through the use of financial investigative techniques. INTERPOL currently has a working group on Money Laundering and Terrorism Financing that provides expert advice on INTERPOL's ability to enable effective investigations through information sharing. This working group partners with other international organizations and the private sector. INTERPOL has partnered with the World Customs Organization to organize two conferences on illicit cash carriers. INTERPOL also provides technical assistance in the form of training, information and data exchange.

Contact Regional Specialist Officer Geophrey Kawela
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+254 722 615550
info@srbnairobi.or.ke

INTERPOL General Secretariat Phone: +33 4 72 44 71 63

APICC, (Asia-Pacific Information Coordination Center for combating Drug Crimes)

APICC, (Asia-Pacific Information Coordination Centre for combating Drug Crimes) which is a regional drug control centre for international cooperation having its secretariat at the Narcotics Division of Supreme Prosecutors' Office and which is being based on the mutual consideration and cooperation amongst the Anti-Narcotics of Member Countries. The goal of the organization is to share information related to illegal drug trafficking in the region and facilitate an effective regional response.

Contact Secretary General Cheol-Hee, Lee
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lch2272@spo.go.kr

EUROPOL

Two of EUROPOL's mandate areas are money laundering and terrorism. One program targeting terrorist financing is the Terrorism Financing Tracking Program. One overarching objective of EUROPOL is to develop better external partnerships, as stated in its 2013 Work Plan. It plans to reduce ad hoc cooperation for partners and increase formalized cooperation that contributes to its stated objectives. Currently has two kinds of partnerships, operational and strategic. Its only operational agreement is with INTERPOL, and has strategic agreements with UNODC and the World Customs Organization. In a strategic partnership, the exchange of information is more limited, with one designated contact person that liaises with EUROPOL, mostly on issues of technical assistance.

<i>Contact</i>	Permanent Secretariat	Phone: + 31 70 302 5000 Inquiry forms available at: https://www.europol.europa.eu/content/page/inquiry-forms-209
Financial Transparency Coalition	<p>A global network comprised of a Coordinating Committee of civil society organizations, a Partnership Panel of governments, an Economic Advisory Council of leading development economists, and Allied Organizations, promoting recommendations to create more transparency in the financial system. The Coalition works on a number of issues, including AML/CFT issues around due diligence and beneficial ownership, as well as holding annual conferences on financial transparency.</p> <p>The Egmont Group may consider contacting the coalition for partnerships on conferences. The Coalition shares leadership and contacts with several other civil society organizations noted in this report, including Global Witness and Global Financial Integrity.</p>	
<i>Contacts</i>	<p>Chair, Coordinating Committee (& AML Lead at Global Witness)</p> <p>Vice Chair, Coordinating Committee (& Director at European Network of Debt and Development – EURODAD)</p>	<p>Robert Palmer Phone: +44 (0) 20 7492 5860 or +44 (0)7545 645406 rpalmer@globalwitness.org</p> <p>Jesse Griffiths Phone: +32 2 894 46 42 jgriffiths@eurodad.org</p>
Organization of Eastern Caribbean States (OECS)	<p>Created in 1981 as an inter-governmental organization dedicated to economic harmonization and integration, protection of human and legal rights, and the encouragement of good governance between countries and dependencies in the Eastern Caribbean.</p> <p>The OECS works on a number of issues including AML/CFT. The Egmont Group may consider contacting the organization for building and/or strengthening the capacity of local FIUs. Despite tight regulation introduced in OECS countries, the FATF named three OECS states (Dominica, St Kitts-Nevis and St Vincent) among 15 countries which do not co-operate with money laundering controls.</p>	
<i>Contact</i>	OECS Secretariat	Phone: 758-455-6300 oesecc@oeecs.org
Shanghai Cooperation Organization (SCO)	<p>A permanent intergovernmental international organization creation of which was proclaimed on 15 June 2001 in Shanghai (China) by the Republic of Kazakhstan, the People's Republic of China, the Kyrgyz Republic, the Russian Federation, the Republic of Tajikistan and the Republic of Uzbekistan. Its prototype is the Shanghai Five mechanism. The main goals of the SCO are strengthening mutual confidence and good-neighbourly relations among the member countries; promoting effective cooperation in politics, trade and economy, science and technology, culture as well as education, energy, transportation, tourism, environmental protection and other fields; making joint efforts to maintain and ensure peace, security and stability in the region, moving towards the establishment of a new, democratic, just and rational political and economic international order.</p>	

Contact

SCO Secretariat

Phone: +86-10-65329807

sco@sectsco.org

The Group of International Finance Center Supervisors (GIFCS)

A group and forum of financial services supervisors with a core interest in promoting the adoption of international regulatory standards especially in the banking, fiduciary and AML/CFT arena. The group's present membership accounts for a market share of nearly 10% of global international banking assets. According to the GIFCS website, the Group "has become a very positive contributor to promoting compliance among its membership with the Basel Core Principles and the FATF Recommendations". GIFCS is also recognized as a leading authority on the regulation of trust and company service providers, and the interface of these intermediaries with AML/CFT standards. The Group has recently identified "enhance[ing] interaction and communication with external stakeholders" as a key priority area."

Contact

Chairman of GIFCS

John R. Aspden

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john.aspden@fsc.gov.im

Camden Asset Recovery Interagency Network (CARIN)

Part of EUROPOL, CARIN is an information network of contacts, forming a cooperative group in all aspects of tackling the proceeds of crime. The broad objective of CARIN is to deprive criminals of their illicit profits. In pursuing this objective, CARIN focuses on establishing a network of key contacts, bringing together expertise, promote information exchange and best practices, facilitate training, and act as an advisory group. Most recently, in 2012, CARIN held a conference called "Targeting Unexplained Wealth" where it brought together 100 experts to increase the effectiveness of asset recovery. Membership in CARIN is open to EU member states, and observer status is available to states and jurisdictions that do not qualify as members. For example, the UNODC is an observer, as is INTERPOL.

Contact

For more information on CARIN, contact Europol at info@europol.europa.eu indicating that e-mail is intended for the CARIN Secretariat.

Financial Stability Board (FSB)

Established to coordinate at the international level the work of national financial authorities and international standard-setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. Among its many initiatives, the FSB engages in consultation on AML/CFT issues including shadow banking, in 2013.

Contact

Secretariat of FSB

fsb@bis.org**Intergovernmental Authority on Development (IGAD)**

The Intergovernmental Authority on Development (IGAD) in Eastern Africa was created in 1996 to supersede the Intergovernmental Authority on Drought and Development (IGADD), which was founded in 1986. The organization's goal is to promote economic cooperation and integration, peace, security and human affairs, and food security and environmental protection.

<i>Contact</i>	IGAD Secretariat	H.E. Ambassador Mahboub Maalim (Executive Secretary of IGAD) Phone: +253-21354050 info@igad.int
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International Association of Insurance Supervisors (IAIS) The international standard-setting body responsible for developing and assisting in the implementation of principles, standards and other supporting material for the supervision of the insurance sector. The IAIS also provides a forum for Members and Observers to share their experiences and understanding of insurance supervision and insurance markets. According to their website, the IAIS is routinely called upon by the G20 leaders and other international standard setting bodies. The IAIS is part of the Joint Forum (together with BCBS and IOSCO), that meets several times per year to discuss compliance issues including AML/CFT.

<i>Contact</i>	IAIS Secretary General (responsible for overall management and external interaction)	Yoshihiro Kawai Phone: +41 61280 9135 yoshihiro.kawai@bis.org
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EU DG Home Affairs lead DG in the EC on organized crime Countering the financing of terrorism is a key objective of the EU's strategy to fight terrorism and the Commission has developed a range of measures to this end. For example the Cash Control Regulation requires the disclosure of cash or equivalent in excess of 10,000 euros when entering or leaving the EU. The Commission also promotes close cooperation between FIUs and the harmonization of criminal penalties for money laundering. The Commission is funding FIU.NET project, which aims to establish a secure computer network for the exchange of information.

<i>Contact</i>	Send an email using the form (http://ec.europa.eu/dgs/home-affairs/who-we-are/contact-us/contact_us2_en.htm) located at the DG Home Affairs website; they are legally obligated to answer any inquiries within 15 days.	
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International Organization of Securities Commissions (IOSCO) An international body bringing together the world's securities regulators, recognized as the global standard setter for the securities sector. IOSCO develops, implements, and promotes adherence to internationally recognized standards for securities regulation, and is working intensively with the G20 and the Financial Stability Board (FSB) on the global regulatory reform agenda. The IOSCO is part of the Joint Forum (together with BCBS and IAIS), which meets several times per year to discuss compliance issues including AML/CFT.

<i>Contact</i>	IOSCO Secretary General	David Wright fmiresolution@iosco.org or d.wright@iosco.org
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South Asian Association for Regional Cooperation (SAARC) An economic and geopolitical cooperation among eight member nations that are primarily located in South Asia continent. The idea of regional political and economical cooperation in South Asia was first coined in 1980 and the first summit held in Dhaka on 8 December in 1985 led to its official establishment by the governments of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri-Lanka.

The SAARC policies aim to promote welfare economics, collective self-reliance among

the countries of South Asia, and to accelerate socio-cultural development in the region.

The SAARC annually holds the Police Conferences deliberated on a number of important matters relating to Networking arrangements among Police Authorities in the Member States, Concept Paper on the establishment of "SAARCPOL", Prevention of organized crimes, combating corruption, drug abuse, drug trafficking and money laundering and training requirements of police officers and networking among Police authorities. So far, nine Conferences have been held.

Contact Secretary General - Arjun Bahadur Thapa
SAARC Phone: +977 1 4221785, 4226350, 423134, 4221411

ASEANAPOL Aims to foster mutual assistance and cooperation among its members and increase cooperation and efforts against transnational crime. While AML/CFT is not an explicit focus area for ASEANAPOL, it does fall under its broad mandate to fight transnational crime. ASEANAPOL holds conferences, coordinates joint operations, and participates in training, capacity building, and technical support. Current partners include INTERPOL, Australia, Japan, China, Korea, and New Zealand.

Contact ASEANAPOL Permanent Secretariat Phone: +603 22668821/22
aseanapolsec@aseanapol.org

Global Counter-Terrorism Forum (GCTF) The GCTF's objective is to reduce vulnerability to terrorism around the world by preventing, combating, and prosecuting terrorism. It provides a venue for counter-terrorism experts to meet and share experiences, best practices, and capacity building programs. Another core aspect of the GCTF's mandate is to support the implementation of the UN Global Counter-Terrorism Strategy, and places special importance on working with the UN and other relevant international bodies. Relevant officials from these bodies are invited to participate in the GCTF Coordinating Committee and/or working group meetings. The GCTF has five working groups. Two are thematic: Criminal Justice and the Rule of Law, and Countering Violent Extremism. The others are geographical and focus on building capacity: the Shale, the Horn of Africa, and Southeast Asia. All working groups seek to address operational and capacity gaps, and mobilize expertise and resources to implement effective counterterrorism strategies.

Contact GCTF@state.gov

CSTO (Collective Security Treaty Organization) The CSTO is an intergovernmental military alliance which was signed in 1992. The member states are all from the former Soviet Union and the region. Member countries hold joint military exercises and summits on military cooperation. The CSTO is the Eastern European version of NATO and an attack on one of its member states is considered as an attack on all.

Contact General Secretariat odkb@gov.ru

South East European Law Enforcement Center (SELEC)

The objective of SELEC, within the framework of cooperation among Competent Authorities, is to provide support for Member States and enhance coordination in preventing and combating crime, including serious and organized crime, where such crime involves or appears to involve an element of trans-border activity. The organization has several task forces dealing with a variety of subjects: countering human trafficking and illegal migration, anti-drug trafficking, anti-fraud and anti-smuggling, anti-terrorism, etc.

Contact

General Secretariat

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Public Affairs Officer

Office Phone: (+ 4021) 303.60.79
paoffice@selec.org**Global Witness**

An independently funded non-governmental organization responsible for awareness raising campaigns and reporting on, *inter alia*, corruption and banking. In the past Global Witness has published several reports on customer due diligence and in June 2012, released an advisory publication for FATF Recommendation reform. The organization states that it “works closely with the FATF”.

While it is unclear if the organization is engaged in any current AML/CFT or corruption projects, the Egmont Group may consider engaging with the organization on “corruption”-themed projects and inquire about Global Witness’ investigations.

Contact

AML/CFT Campaign Lead

Robert Palmer
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or +44 (0)7545 645406
rpalmer@globalwitness.org**Transparency International**

A non-partisan, independent coalition aiming to end corruption and to promote transparency, accountability and integrity. This organization may become a higher priority stakeholder if the Egmont Group adopts a “Corruption” theme at any point in its work.

Contact

TI Research Director

Finn Heinrich
Phone: +49 30 3438 20 50
fheinrich@transparency.org**Eastern Africa Police Chiefs Cooperation Organisation (EAPCCO)**

EAPCCO consists of 11 member countries in East Africa, and the INTERPOL Sub-Regional Bureau in Nairobi acts as its Secretariat. EAPCCO aims to strengthen cross-border cooperation for all forms of cross border crime. It makes recommendations and works to formulate systematic regional police training programs and strategies.

Contact

srb.nairobi@interpol.int

Appendix D**Full Stakeholder Map**

[See separate attachment appended to the end of this report]