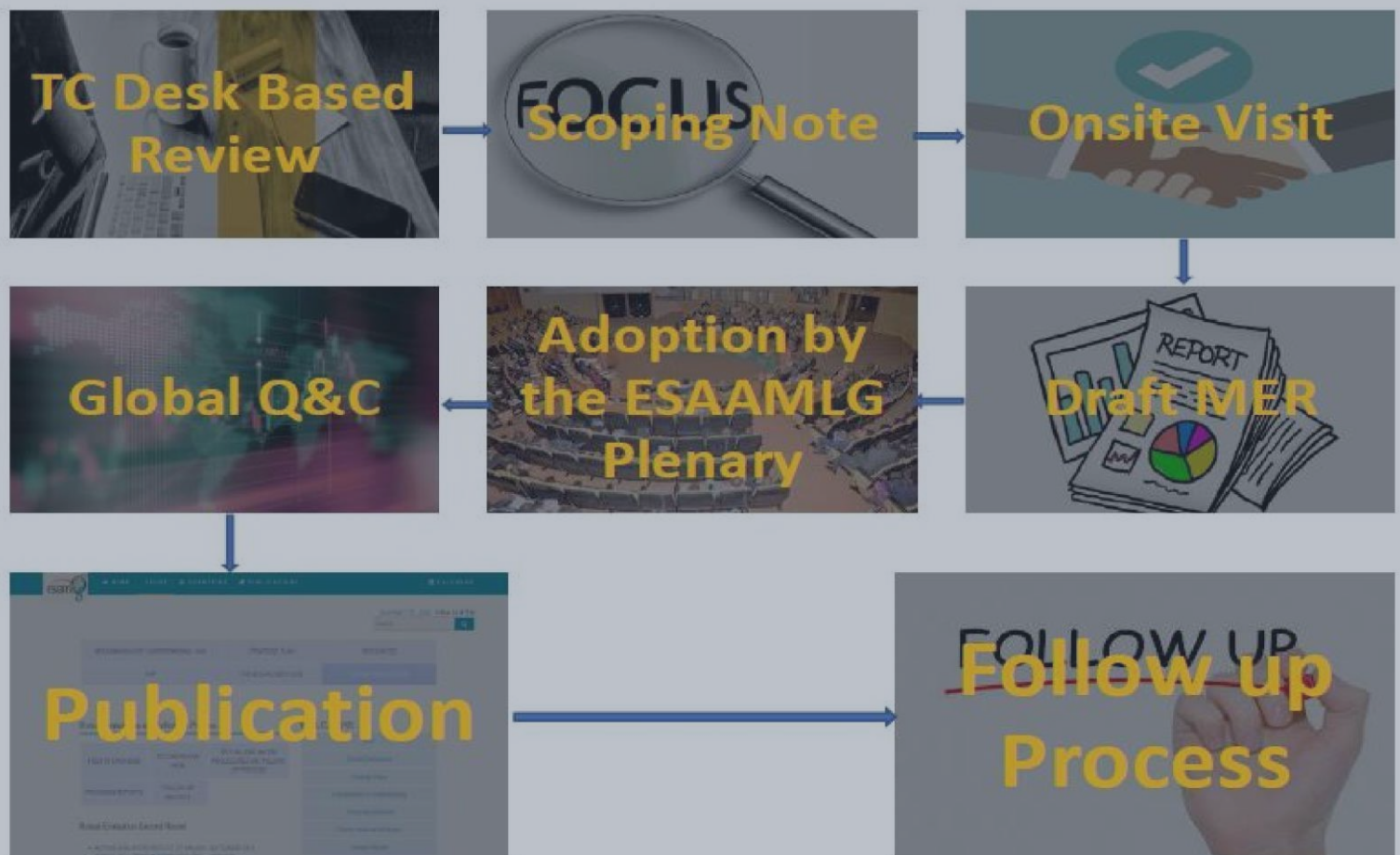


## PROCEDURES FOR THE 3<sup>rd</sup> ROUND OF ESAAMLG AML/CFT/CPF MUTUAL EVALUATIONS AND FOLLOW-UP PROCESS

May 2025



## **PROCEDURES FOR THE 3<sup>rd</sup> ROUND OF ESAAMLG AML/CFT/CPF MUTUAL EVALUATIONS AND FOLLOW-UP PROCESS**

The FATF amended the universal procedures, standards and methodology in 2022. Pursuant to the amendments, the ESAAMLG has revised its Mutual Evaluation (ME) Procedures to be consistent with the changes brought about by the amendments. The ESAAMLG will be using the Revised ME Procedures to assess its member countries when it commences its 3<sup>rd</sup> Round of Evaluations in 2025.

The ESAAMLG Procedures for the 2<sup>nd</sup> Round of AML/CFT Mutual Evaluations and the 2013 FATF Methodology for assessing compliance with the FATF Recommendations and the effectiveness of AML/CFT systems will continue to apply to countries still under the follow-up processes of the 2<sup>nd</sup> Round of MEs.

## Table of Contents

<b>A. INTRODUCTION.....</b>	<b>5</b>
I. <i>Scope, Principles and Objectives for Mutual Evaluations and Follow-Up.....</i>	<i>5</i>
II. <i>Changes in the FATF Standards or Methodology .....</i>	<i>6</i>
III. <i>Scheduling Mutual Evaluations.....</i>	<i>7</i>
IV. <i>Co-ordination with the FSAP Process.....</i>	<i>8</i>
V. <i>Supra-nationality.....</i>	<i>9</i>
<b>B. ROLES AND RESPONSIBILITIES IN THE EVALUATION, FOLLOW-UP AND ICRG PROCESS 10</b>	
I. <i>Responsibilities for the Assessed country.....</i>	<i>10</i>
II. <i>Responsibilities for the Mutual Evaluation Assessment Team .....</i>	<i>11</i>
III. <i>Responsibilities of the Mutual Evaluation Reviewers .....</i>	<i>12</i>
IV. <i>Responsibilities of the Expert reviewers .....</i>	<i>12</i>
V. <i>Responsibilities of the Secretariat .....</i>	<i>13</i>
VI. <i>Confidentiality and Conflict of Interest.....</i>	<i>14</i>
VII. <i>Respecting Timelines.....</i>	<i>15</i>
VIII. <i>Meetings .....</i>	<i>16</i>
IX. <i>Mutuality and Assessor Contributions .....</i>	<i>16</i>
<b>C. COMPOSITION OF TEAMS AND SELECTION OF PARTICIPANTS IN ME AND FOLLOW-UP PROCESSES .....</b>	<b>16</b>
I. <i>Composition and formation of a ME Assessment Team .....</i>	<i>16</i>
II. <i>Selecting Mutual Evaluation Reviewers .....</i>	<i>17</i>
III. <i>Selecting Expert Reviewers (Follow-up Experts) .....</i>	<i>18</i>
<b>D. PROCEDURES AND STEPS IN THE EVALUATION PROCESS.....</b>	<b>18</b>
I. <i>Preparation for the on-site visit .....</i>	<i>19</i>
II. <i>On-site Visit .....</i>	<i>25</i>
III. <i>Post On-site – Preparation of Draft MER, KRA Roadmap and Executive Summary .....</i>	<i>26</i>
IV. <i>The Plenary Discussion.....</i>	<i>30</i>
V. <i>Adoption of the MER, KRA Roadmap and Executive Summary.....</i>	<i>31</i>
VI. <i>KRA Roadmaps.....</i>	<i>32</i>
<b>E. EVALUATIONS OF NEW MEMBERS .....</b>	<b>33</b>
<b>F. JOINT MUTUAL EVALUATIONS WITH FATF.....</b>	<b>33</b>
<b>G. IMF OR WB LED ASSESSMENTS OF ESAAMLG MEMBERS .....</b>	<b>34</b>
<b>H. FOLLOW-UP AND ICRG PROCESSES.....</b>	<b>35</b>
I. <i>Overview .....</i>	<i>35</i>

II.	<i>General expectations</i> .....	36
III.	<i>Reporting Requirements</i> .....	37
IV.	<i>Diminished Compliance</i> .....	38
V.	<i>KRA Rating Scale</i> .....	38
VI.	<i>Follow-Up Monitoring Mechanisms</i> .....	39
VII.	<i>Analysis of KRA Progress and Technical Compliance Re-rating</i> .....	42
VIII.	<i>Enhanced Measures</i> .....	44
<b>I.</b>	<b>POST-PLENARY QUALITY AND CONSISTENCY (Q &amp; C) REVIEW</b> .....	45
I.	<i>Application</i> .....	45
II.	<i>Steps in the Post-Plenary Q &amp; C Review</i> .....	45
<b>J.</b>	<b>PUBLICATION OF REPORTS AND TECHNICAL COMPLIANCE RE-RATINGS</b> .....	48
I.	<i>Publication of MERs</i> .....	48
II.	<i>Publication of other documents</i> .....	48
	<b>APPENDIX 1 – Timelines for the Mutual Evaluation Process</b> .....	49
	<b>APPENDIX 2 – Timelines for The Follow-Up</b> .....	61
I.	<i>Regular Follow-Up</i> .....	61
II.	<i>Enhanced Follow-Up</i> .....	63
	<b>APPENDIX 3 – Authorities and Businesses Typically Involved for On-Site Visit</b> .....	66
	<b>APPENDIX 4 – Questionnaire for Chapter 1</b> .....	68
I.	<i>Update on risk and context</i> .....	68
II.	<i>Size and Structure of the financial, DNFBP and VASP Sectors</i> .....	68
	<b>Appendix 5 – Sample Questionnaires for Technical Compliance update and input on recommendations under review from [COUNTRY X]</b> .....	71
	<i>Sample 1: TCRR-Style Template</i> .....	71
	<b>Recommendations under Review</b> .....	71
1.1.	<i>Recommendations where the country has made changes to the legal, regulatory or operational framework</i> .	73
1.2.	<i>Revised Recommendations for re-assessment</i> .....	73
2.	<b>Technical compliance update (Recommendations not under Review)</b> .....	74
	<i>Sample 2: Full TC Annex</i> .....	74
	<b>TECHNICAL COMPLIANCE INFORMATION</b> .....	75
	<b>Recommendation 1 (RUR)</b> .....	75
	<b>Recommendation 3 (MER 2019; TCRR June 2020, June 2022 - Rated C</b> .....	75
	<i>Sample 3: Compiling TCRR Reports and updating MER TC Annex</i> .....	75
	<b>APPENDIX 6: -Terms of Reference for the Review Groups for Monitoring the Follow-Up Process</b> .....	79
	<b>ATTACHMENT A – Confidentiality Undertaking for the ESAAMLG ME</b> .....	90
	<b>ATTACHMENT B- Confidentiality Undertaking for the ESAAMLG on the Follow-Up Process</b> .....	91

## *TABLE OF ACRONYMS*

<b>AML/CFT/CPF</b>	Anti-Money Laundering/Countering the Financing of Terrorism/Countering the Financing of Proliferation of Weapons of Mass Destruction (also used for combating the financing of terrorism and financing of proliferation)
<b>CDD</b>	Customer Due Diligence
<b>DAR</b>	Detailed Assessment Report
<b>DNFBP</b>	Designated Non-Financial Businesses or Professions
<b>ECG</b>	Evaluation and Compliance Group
<b>ESAAMLG</b>	Eastern and Southern Africa Anti-Money Laundering Group
<b>FATF</b>	Financial Action Task Force
<b>FIU</b>	Financial Intelligence Unit
<b>FSAP</b>	Financial Sector Assessment Programme
<b>FSSA</b>	Financial System Stability Assessment
<b>FSRB</b>	FATF-Style Regional Body
<b>FT</b>	Financing of Terrorism
<b>FUR</b>	Follow-up Report
<b>ICRG</b>	International Co-operation Review Group
<b>IFI</b>	International Financial Institutions
<b>IMF</b>	International Monetary Fund
<b>IO</b>	Immediate Outcome
<b>JG</b>	Joint Group
<b>KID</b>	Key Issues Document
<b>KRA</b>	Key Recommended Action
<b>ME</b>	Mutual Evaluation
<b>MER</b>	Mutual Evaluation Report
<b>ML/TF</b>	Money Laundering/Terrorist Financing
<b>NC</b>	Non-Compliant
<b>PC</b>	Partially Compliant
<b>Q&amp;C</b>	Quality and Consistency
<b>RUR</b>	Recommendations Under Review
<b>SRB</b>	Self-Regulatory Body
<b>TC</b>	Technical Compliance
<b>TCRR</b>	Technical Compliance Re-Ratings
<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>UNSCR</b>	United Nations Security Council Resolutions
<b>VASP</b>	Virtual Asset Service Provider

## PROCEDURES FOR THE ESAAMLG AML/CFT/CPF MUTUAL EVALUATIONS AND FOLLOW-UP PROCESS

### A. INTRODUCTION

1. The ESAAMLG is conducting a third round of mutual evaluations (MEs) and follow-up monitoring for its members based on the FATF Standards<sup>1</sup>, and the FATF Methodology for Assessing Compliance with the FATF Recommendations and the Effectiveness of AML/CFT/CPF Systems, as amended from time to time. This document sets out the procedures that are the basis for those ME, and follow-up and should be read in conjunction with the Consolidated Processes and Procedures for AML/CFT/CPF Mutual Evaluations and Follow-up (Universal Procedures).
2. The Universal Procedures form the basis for the mutual evaluations (ME) and follow-up conducted by all assessment bodies, including the ESAAMLG. The ESAAMLG will periodically review its procedures to identify on-going challenges and update the procedures to address those challenges. When such changes are made, the ESAAMLG shall send them to the FATF Secretariat to check the updates against the Universal Procedures. Also, when the Universal Procedures are updated, *e.g., after the FATF Procedures are changed*, ESAAMLG should within a reasonable time update its own procedures to be consistent with the changes and have them checked by the FATF Secretariat for consistency against the updates to the Universal Procedures. Where the ESAAMLG Procedures continue to remain inconsistent with the Universal Procedures, the FATF Secretariat will provide a paper to allow for discussion by the FATF's Evaluation and Compliance Group. Therefore, ESAAMLG will have an up-to-date version of its procedures accessible through publication on its website or any other means, all the time.

#### I. *Scope, Principles and Objectives for Mutual Evaluations and Follow-Up*

3. Consistent with the Methodology, the scope of mutual evaluations will be based on two inter-related components for technical compliance and effectiveness. The technical compliance will assess whether the necessary laws, regulations or other required measures are in force and effect, and whether the supporting Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT)/ Countering the Financing of Proliferation of Weapons of Mass Destruction (CPF) institutional frameworks are in place. The effectiveness component will assess whether

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<sup>1</sup> The FATF Standards comprise the Recommendations themselves and their Interpretive Notes, together with the applicable definitions in the Glossary. References to an individual Recommendation includes reference to any Interpretive Note or relevant Glossary definition.

the AML/CFT/CPF systems are working, and the extent to which the country<sup>2</sup> is achieving the defined set of outcomes.

4. The follow-up process, including the FATF ICRG process, is intended to: (i) encourage members' implementation of the FATF Standards; (ii) provide regular monitoring and up-to-date information on countries' compliance with the FATF Standards (including the effectiveness of their AML/CFT/CPF systems and progress against Key Recommended Actions (KRA); and (iii) apply sufficient peer pressure and accountability. Although the ICRG process applies to all the Global Network, it remains an FATF-led process.
5. There are a number of general objectives and principles that govern the AML/CFT/CPF MEs and follow-up that are conducted by the ESAAMLG. The procedures should:
  - a) require application of the peer review principle in all mutual evaluation and follow-up processes and, where available, ICRG processes;
  - b) produce objective and accurate reports of a high standard in a timely way;
  - c) ensure that there is a level playing field, whereby mutual evaluation reports (MERs), including the Key Recommended Actions and Roadmap (KRA Roadmap), and executive summaries, are consistent, especially with respect to the findings, the recommendations and ratings;
  - d) ensure that there is transparency and equality of treatment, in terms of the assessment, follow-up and ICRG processes, for all countries assessed;
  - e) seek to ensure that the evaluation and assessment exercises conducted by all relevant assessment bodies and follow-up exercises (ESAAMLG, FATF, IMF, World Bank, other FSRBs) are equivalent, and of a high standard;
  - f) facilitate mutual evaluation, follow-up and, where available, ICRG processes that:
    - (i) are clear and transparent;
    - (ii) encourage the implementation of higher standards;
    - (iii) identify and promote good and effective practices, and
    - (iv) alert governments and the private sector to areas that need strengthening
  - g) be sufficiently streamlined and efficient to ensure that there are no unnecessary delays or duplication in the process and that resources are used effectively.

## II. *Changes in the FATF Standards or Methodology*

6. Work on ME processes in the FATF is dynamic and this may lead to further changes to the

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<sup>2</sup> All references in the Procedures to country or countries apply equally to territories or jurisdictions

FATF Standards, or the Methodology used by ESAAMLG. All member countries of ESAAMLG should be evaluated based on the FATF Standards and the Methodology as they exist at the date of the country's mutual evaluation (ME) technical compliance submission is due. The MER should state clearly if an assessment has been done taking into consideration the recently amended Standards.

7. To ensure equal treatment, and protection of the international financial systems, technical compliance with any FATF Standards that have been revised after the date the country's ME technical compliance submission is due will be assessed as part of the follow-up process if they have not been assessed as part of the mutual evaluation. For purposes of the regular or enhanced follow-up ESAAMLG countries should be evaluated based on the FATF Methodology as it exists at the date the country's submission is due for its follow-up report.
8. From time to time, the FATF Plenary makes decisions regarding interpretation of the Standards and application of the *FATF Methodology* and *Procedures*. These decisions are recorded in the FATF Summary Record of the Plenary where the decision is made, take effect immediately and are applied to all subsequent reports. However, such decisions do not constitute changes to the FATF Standards or the *FATF Methodology* and do not trigger automatic reassessment as part of the follow-up process.

### III. *Scheduling Mutual Evaluations*

9. The schedule of MEs, and the number of MEs to be carried out each year is primarily governed by the number of MERs that can be discussed at each Task Force of Senior Officials Plenary meeting, and the need to complete the entire round in a reasonable timeframe. Normally, one to two MERs will be discussed per Plenary.
10. The Task Force of Senior Officials Plenary will decide on the sequence of mutual evaluations based on risk related considerations. These considerations may include the following factors:
  - a) The date of the country's last MER with a view not to ideally exceed a maximum of 11 years or minimum of 5 years since the last evaluation. However, where a country has not been assessed before, consider the country's ML/TF risk as determined by the country's level of implementation of the FATF Standards<sup>3</sup>.
  - b) General ML/TF risk, as determined by the country's level of implementation of the FATF Standards and resulting residual risk and the country's follow-up status,

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<sup>3</sup> The level of implementation of the FATF Standards will be determined based on the progress which the country will have made in sufficiently addressing the recommendations of the High-Level Mission to the country when its membership to the ESAAMLG was being considered compared to the outstanding unaddressed recommendations and areas of risk.

including whether the country remains in the ICRG process<sup>4</sup>.

- c) Subject to adequate information and data being available, the relative size of the economy and relative size of the financial sector in comparison to the economy.
11. A schedule of MEs showing the fixed or proposed date of the on-site visit, and the date for the Plenary discussion of the MER will be maintained by the ESAAMLG Secretariat. At all times the scheduling of the ESAAMLG mutual evaluations shall be according to the Schedule of MEs. Due to the short 3<sup>rd</sup> Round assessment period and in order not to disrupt the order and timing of the mutual evaluations, all member countries are required to abide by the timelines of their assessment as adopted under the Schedule of MEs. Any proposed changes to the mutual evaluation scheduling will require Task Force Plenary adoption and approval of the Council of Ministers. However, this should only be allowed under exceptional special circumstances, at minimum, examples can be an untimely election in a member country, or a political disturbance which will make it impossible for the assessed country to provide adequate security for the assessment team during the time of the on-site visit.
12. Under normal circumstances, the ESAAMLG will maintain the discussion of one MER for the Task Force of Senior Officials Plenary meetings held immediately before the Council of Ministers Plenary meetings, and two MERs for the Task Force of Senior Officials Plenary meetings not preceding the Council of Ministers' meetings. As the ESAAMLG Task Force of Senior Officials has two Plenary Meetings with only one Council of Ministers Plenary Meeting per year, the MERs adopted by the ESAAMLG Task Force of Senior Officials during a Plenary Meeting not preceding a Council of Ministers' meeting shall be approved by the Council of Ministers out of Plenary session by way of written Resolution as provided under *Article X.4* of the Memorandum of Understanding of the ESAAMLG. The MERs adopted by the Task Force Plenary preceding the Council of Ministers' Plenary shall be recommended for approval by the Council of Ministers at its meeting immediately after the Task Force Plenary

#### IV. *Co-ordination with the FSAP Process*

13. The FATF Standards are recognised by the IMF or World Bank as one of 12 key standards and codes, for which Reports on the Observance of Standards and Codes (ROSCs) are prepared, often in the context of a Financial Sector Assessment Programme (FSAP). Under current FSAP policy, every FSAP and FSAP update should incorporate timely and accurate input on AML/CFT/CPF. Where possible, this input should be based on a comprehensive quality

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<sup>4</sup> The country's level of implementation of the FATF Standards is informed by the MER results, follow up status (i.e., existing enhanced follow-up (EFU) or regular follow up (RFU) and follow-up outcomes, resulting in a general understanding of residual risk). Risk-based sequencing should take such residual risk into account. When considering a country's status in the ICRG process, the ESAAMLG could consider allowing at least 12 months between the expiration of the country's ICRG Action Plan and the date on which the country's TC submission is due to avoid overlap of ME and ICRG processes to the extent possible. However, if the country has not exited ICRG before the TC submission is due, the ICRG and ME processes may run concurrently.

AML/CFT/CPF assessment, and in due course, on a follow-up assessment conducted against the prevailing standard. When there is a reasonable proximity between the date of the FSAP mission and that of a mutual evaluation or follow-up assessment conducted under the prevailing methodology, the IMF or World Bank allows for the key findings (including the KRA Roadmap) of that evaluation or follow-up assessment to be reflected in the FSAP.<sup>5</sup>

14. The basic products of the evaluation process are the MER, KRA Roadmap and the Executive Summary (for the ESAAMLG) and the Detailed Assessment Report (DAR) and, if requested, ROSC (for the IMF or World Bank)<sup>6</sup>. Where possible, the KRA Roadmap and Executive Summary, whether derived from a MER or follow-up assessment report, will form the basis of the ROSC. Following the Plenary and after the finalisation of the Executive Summary, the summary is provided by the Secretariat to the IMF or World Bank so that a ROSC can be prepared, following a pro forma review.
15. The substantive text of the draft ROSC will be the same as that of the Executive Summary, though the following formal paragraph will be added at the beginning:  

This Report on the Observance of Standards and Codes for the *FATF Recommendations and Effectiveness of AML/CFT/CPF Systems* was prepared by the ESAAMLG. The report provides a summary of [the/certain] <sup>7</sup> AML/CFT/CPF measures in place in [*Jurisdiction*] as at [*date*], the level of compliance with the FATF Recommendations, the level of effectiveness of the AML/CFT/CPF system and contains recommendations on how the latter could be strengthened. The views expressed in this document have been agreed by the ESAAMLG and [*Jurisdiction*], but do not necessarily reflect the views of the Boards or staff of the IMF or World Bank.

## V. *Supra-nationality*

16. Any entity comprising jurisdictions in the Global Network may petition the FATF Plenary at any time to be designated as a supra-national jurisdiction<sup>8</sup> for purposes of determining

<sup>5</sup> If necessary, the staff of the IMF or World Bank may supplement the information derived from the ROSC to ensure the accuracy of the AML/CFT/CPF input. In instances where a comprehensive assessment or follow-up assessment against the prevailing standard is not available at the time of the FSAP, the staff of the IMF or World Bank may need to derive key findings on the basis of other sources of information, such as the most recent assessment report, and follow-up, and/or other reports. As necessary, the staff of the IMF/WB may also seek updates from the authorities or join the FASP mission for a review of the most significant of the AML/CFT/CPF issues for the country in the context of the prevailing standards and methodology. In such cases, staff would present the key findings in the FSAP documents: however, staff would not prepare a ROSC or ratings.

<sup>6</sup> The DAR and ROSC use the common agreed template that is annexed to the Methodology and have the same format, although the ROSC remains the responsibility and prerogative of the IMF/World Bank.

<sup>7</sup> For ROSCs based on an MER, the word “the” should be used; for ROSCs based on a MER follow-up assessment, the alternative wording “certain” would be used (since the follow-up assessment is not a comprehensive one).

<sup>8</sup> Refers to an autonomous entity with its own legal order independent of its member states

compliance with any FATF Standards. Such a petition will be considered separate from a country's mutual evaluation. More guidance for bodies seeking recognition as supra-national jurisdiction is provided in the *FATF Procedures for Assessment, Follow-up and ICRG*.

17. When an assessed country is a member state of a supra-national jurisdiction, the onus is on the assessed country to provide all relevant and necessary information (both in relation to technical compliance and effectiveness) about any applicable supra-national measures that are relevant to its AML/CFT/CPF framework. This includes being responsible for facilitating the assessment team's appropriate access to representatives of any supra-national authorities and agencies that conduct operational AML/CFT/CPF activities of direct relevance to a country's implementation of AML/CFT/CPF measures. The assessment team may also request that meetings with certain national government agencies or supra-national agencies are restricted to those agencies only.

## B. ROLES AND RESPONSIBILITIES IN THE EVALUATION, FOLLOW-UP AND ICRG PROCESS

### I. Responsibilities for the Assessed country

18. The onus is on the assessed country to demonstrate that it has complied with the Standards and that its AML/CFT/CPF regime is effective. Therefore, the country should provide all relevant information to the assessment team during the course of the assessment, and to expert reviewers or Joint Group (JG) members<sup>9</sup> during the course of follow-up or ICRG monitoring. The country should ensure that all information provided is accurate and up to date. As appropriate, assessors, expert reviewers and JG members should be able to request or access documents (redacted if necessary), data, or other relevant information. All updates and information should be provided in an electronic format, and countries should ensure that laws, regulations, guidelines and other relevant documents are made available in the language of the evaluation and the original language. In situations where documents are translated into the language of the evaluation, countries should ensure that the meaning of the translated version is the same as that of the original language.
19. At an early stage in the evaluation process, the assessed country should consider appointing a national coordinator responsible for the mutual evaluation process to ensure adequate co-ordination and clear channels of communication between the ESAAMLG Secretariat and the

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<sup>9</sup> In the exceptional case where a country reports directly to the ICRG, references to the ICRG Joint Group and JG members should be interpreted to include ICRG and ICRG members participating in the review of that country.

assessed country<sup>10</sup>.

20. In preparing for the mutual evaluation, the assessed country is responsible for any costs associated with assessed country training. During the on-site visit, the assessed country should provide the assessment team with a specific office for the duration of the on-site mission. The room should have, or have access to, photocopying, printing, computer projector and other basic facilities, as well as internet access. The assessed country should also ensure that confidentiality is maintained, and appropriate security protocols are in place, including measures to prevent use of listening or recording devices during meetings with authorities and deliberations of the assessment team. If interpretation from English to the country language is required, the country should ensure professional and well-prepared interpreters who are subject to confidentiality requirements in line with paragraphs 32-34 and are available to provide, ideally, simultaneous translation or consecutive interpretation to the authorities. Such services shall be provided with the assessed country recognizing that the working language in ESAAMLG is English<sup>11</sup> and all costs for the interpretation will be borne by the country.

## II. *Responsibilities for the Mutual Evaluation Assessment Team*

21. The core function of the mutual evaluation assessment team is to collectively produce an independent report (containing analysis, findings and recommendations) concerning the country's compliance with the FATF Standards, in terms of both technical compliance and effectiveness. To safeguard their independence, assessors should maintain as confidential all documents and information produced and accessed during the mutual evaluation as outlined in paragraphs 32-34 and disclose any potential bias or conflict of interest between their responsibilities as an assessor and their professional or private interests.
22. Assessors should take the lead on, or take primary responsibility for, topics related to the assessor's own area of expertise. However, assessors also must conduct an evaluation in a fully collaborative process, whereby all aspects of the evaluation are considered holistically by the entire team. Each assessor is expected to actively contribute to all parts of the evaluation. As a result, assessors will be actively involved in all areas of the report and beyond their primary assigned areas of responsibility. Assessors need to be open and flexible and seek to avoid narrow comparisons with their own national requirements or practices.
23. It is critical that assessors are able to devote their time and resources for the duration of the

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<sup>10</sup> The coordinator should have the appropriate seniority to be able to coordinate with other authorities effectively and make certain decisions when required to do so. The Co-ordinator should also have an understanding of the mutual evaluation process and be able to perform quality control of responses provided by other agencies.

<sup>11</sup> Article 15 of the ESAAMG MoU

mutual evaluation process. This includes reviewing all the documents (including the information updates on technical compliance, and information on effectiveness), collaborating with other team members, consulting with the assessed country (via the Secretariat) on an ongoing basis, raising queries and participating in conference calls prior to the on-site, preparing and conducting the on-site assessment, drafting the MER, attending post-onsite meetings (e.g. face-to-face meeting, and ECG/Plenary discussions), finalising the report after adoption by Plenary, adhering to the deadlines indicated, and, if necessary, participating in a handover meeting with ICRG JG members after Plenary adoption of the MER.<sup>12</sup>

### III. *Responsibilities of the Mutual Evaluation Reviewers*

24. The main functions of mutual evaluation reviewers (ME Reviewers) are to ensure MERs are of an acceptable level of quality and consistency, and to assist both the assessment team and the assessed country by reviewing and providing timely input on the risk and scoping exercise, TC Annex, the draft MER, Key Recommended Actions and Roadmap (KRA Roadmap). Reviewers should maintain as confidential all documents and information produced during the mutual evaluation as outlined in paragraphs 32-34 and disclose any potential bias or conflict of interest between their responsibilities as an ME reviewer and their professional or private interests.
25. The ME reviewers need to be able to commit time and resources to review the risk and scoping exercise and the quality, coherence and internal consistency of the second draft TC Annex, second draft MER, as well as consistency with the FATF Standards and FATF precedent. Reviewers are encouraged to consider each TC Annex and MER in its entirety; however, each ME reviewer could, in principle, focus on part of the report so that, at minimum, ME reviewers collectively cover the entire TC Annex, MER and KRA Roadmap.

### IV. *Responsibilities of the Expert reviewers*

26. The function of experts for ESAAMLG follow-up processes (expert reviewers)<sup>13</sup> is, aided by the Secretariat and as part of a designated Review Group, to contribute in producing an independent report (containing analysis, conclusions, guidance to the country under review and proposed ratings) outlining the measures a country has taken to address the KRA in its KRA Roadmap, improve its technical compliance with the FATF Standards, to comply with

<sup>12</sup> To factor in time required by an assessor for the whole duration of the assessment, their supervisors (or those they report to) should consider integrating the assessor's ME work into the assessor's annual performance appraisal to enable it to be considered as part of the key areas of performance by the assessor during the relevant period of the assessment forming part of the performance review.

<sup>13</sup> This role is played by expert reviewers (of the different Review Groups) in ESAAMLG and ESAAMLG will continue to use this process to fulfil the responsibilities required.

FATF Standards that have changed since its MER or last FUR with technical compliance re-ratings (TCRR), and any area in which the country's technical compliance has diminished. To safeguard their independence, expert reviewers should maintain as confidential all documents and information produced during the follow-up exercise as outlined in paragraphs 32-34 and disclose any potential bias or conflict of interest between their responsibilities as expert reviewers and their professional or private interests.

27. Expert reviewers will need to be able to commit time and resources to reviewing all the country's submissions, collaborating with any other expert reviewers involved in the follow-up exercise, being open and flexible and seeking to avoid narrow comparisons with their own national requirements or practices, raising queries, participating in conference calls, conducting and writing up the analysis and adhering to the deadlines indicated (see Appendix 6 –Annex II terms of reference of the expert reviewers). If any issues for which an expert reviewer is primarily responsible require discussion in ECG or Plenary, the expert reviewer will be required to attend the ECG/Plenary discussion.

#### *V. Responsibilities of the Secretariat*

28. The mutual evaluation is a dynamic and continuous process. The Secretariat should engage and consult the assessed country at least five (5) months before the commencement of the mutual evaluation. This will provide an opportunity for early engagement with higher level authorities to obtain support for, and coordination of, the entirety of the evaluation process and provide early training for the assessed country to familiarise stakeholders with the mutual evaluation process. In addition, the Secretariat should facilitate engagement between the assessment team and the assessed country on an ongoing basis, commencing as early as possible, but not less than eight months before the on-site. Throughout the process, the Secretariat should ensure that the assessors can access all relevant material and that regular conference calls take place between assessors and the assessed country so as to ensure a smooth exchange of information and open lines of communication.
29. During the mutual evaluation process, the Secretariat, among other things:
  - a) Impartially supports both the assessment team and the assessed country and ensures consistent application of the procedures;
  - b) Focuses on quality and consistency, including taking steps necessary to ensure that the assessors' analysis is clearly and concisely written, comprehensive, objective and supported by evidence;
  - c) Assists assessors and assessed country in the interpretation of the Standards and application of the FATF Methodology and Procedures in line with past FATF and, where applicable,

ESAAMLG Plenary decisions;<sup>14</sup>

- d) Ensures that assessors and assessed countries have access to relevant documentation; and
- e) Co-ordinates the process and other tasks as outlined in these Procedures.

30. During the follow-up and ICRG processes, the Secretariat<sup>15</sup> will impartially assist expert reviewers, and ICRG JG members in achieving quality reports and consistency in the application of the FATF Standards, Methodology and Procedures, and should impartially support the countries in the ESAAMLG follow-up and FATF ICRG processes. The Secretariat will also advise the Working Groups and Plenary on process and procedural issues (e.g., in cases where all KRA are not fully or largely addressed or where no progress has been made).
31. ESAAMLG will review from time to time whether the Secretariat is sufficiently resourced/staffed to adequately support the ME process, considering the size, complexity and needs of a specific assessment. Three Secretariat experts supporting a ME may be considered optimal for most of the MEs. In the event of the ESAAMLG having resource issues, it should review its work plan and allocation of resources to other projects to ensure that work on MERs/FURs is adequately prioritised. ESAAMLG members should provide sufficient resources to ensure that this prioritisation does not prevent it from fulfilling its core functions.

## VI. *Confidentiality and Conflict of Interest*

32. All discussions, internal deliberations and documents and information produced during a mutual evaluation, follow-up or ICRG exercise should be treated as confidential, including information produced:
  - a) by an assessed country (e.g., updates and responses, documents describing a country's AML/CFT/CPF regime, measures taken or risks faced (including those for which there will be increased or decreased focus), or responses to queries by assessors, ME reviewers, expert reviewers, or ICRG JG members, including lead reviewers, (collectively referred to in this section as "participants");
  - b) by the ESAAMLG Secretariat or participants (e.g., reports from participants, draft MER, draft FUR, etc.); and
  - c) in comments received through consultation or review mechanisms.
33. These discussions, internal deliberations and documents and information should only be used for the specific purposes provided and not be disclosed to any person who is not a participant, unless the assessed country and the ESAAMLG (and where applicable, the originator of the document) consent to their release. These confidentiality requirements apply to the participants, the Secretariat, officials in the

<sup>14</sup> It is recognized that the FATF has a specific role in ensuring consistency with the application of the FATF Standards as interpreted by the FATF. In this regard, FATF precedent would take priority over decisions by the ESAAMLG Plenary, where there is inconsistency between the two.

<sup>15</sup> In the ICRG process, FSRB Secretariats will assist to ensure the quality and consistency of the reports and act as a neutral party to help reach consensus during JG discussions.

assessed country and any other person with access to the documents or information (see Attachments A & B to Annex II for templates used in ESAAMLG).<sup>16</sup>

34. Before they are given access to confidential documents or information, the participants should sign a confidentiality agreement, which will include a requirement to disclose any potential bias or conflict of interest between their responsibilities as a participant and their professional or private interests.

## VII. *Respecting Timelines*

35. The timelines are intended to provide guidance on what is required if the reports are to be prepared within a reasonable timeframe, and in sufficient time for focused discussion in Plenary. Delays may significantly impact on the fairness of the process, the quality of the report and the ability of the Plenary to discuss the report in a meaningful way. It is therefore important that all parties respect the timelines.
36. The draft schedule of evaluations has been prepared to allow enough time between the on-site visit and the Plenary discussion and reflects the ideal that the assessed country and assessment team will gradually narrow the range of issues under discussion over the course of the ME process. Timelines for follow-up and ICRG reports are also designed to allow enough time to complete the reports and allow for consideration by delegations. A failure to respect the timelines may mean that this would not be the case. By agreeing to participate in the mutual evaluation, follow-up and ICRG processes, the country, the assessors, ME reviewers, expert reviewers, and ICRG JG members undertake to meet the necessary deadlines and to provide full, accurate and timely responses, reports or other material as required under the agreed procedure. Where there is a failure to comply with the agreed timelines, then the following actions could be taken (depending on the nature of the default):
  - a) Failure by the country – (i) The Chair of the Task Force of Senior Officials (Chair of the Task Force) may write to the head of delegation, or the President of the Council of Ministers (where appropriate) may write to the Minister in the country; (ii) The report may be deferred. The Plenary will be advised as to reasons for deferral, and publicity could be given to the deferment (as appropriate) or other additional action considered; (iii) If deferment is not practicable, the assessment team or expert reviewers will finalise and conclude the report based on the information available to them at that time. In the case of a country under active ICRG review, deferral is not possible except in extraordinary circumstances<sup>17</sup>.
  - b) Failure by the assessors, ME reviewers, expert reviewers, and ICRG JG members or the Secretariat - the Chair of the Task Force may write a letter to or liaise with the Head of Delegation of the assessor, ME reviewer, follow-up expert, ICRG JG member or the ESAAMLG Executive Secretary (for the Secretariat).
37. Where there is failure to comply with the agreed timelines by any participant in an ICRG process, the Procedures for the FATF AML/CFT/CPF Mutual Evaluations, Follow-Up and ICRG will apply.

<sup>16</sup> Note the FATF ICRG uses its own confidentiality undertaking template.

<sup>17</sup> See the Procedures for the FATF AML/CFT/CPF Mutual Evaluations, Follow-up and ICRG

38. The Secretariat will keep the Chair of the Task Force, and where appropriate, the Presidency advised of any failures, so that depending on the gravity of the circumstances, either the Chair or the President can respond in an effective and timely way. The Plenary is also to be advised if the failures result in a request to delay the discussion of the MER or follow-up report as this will have the impact of disrupting the mutual evaluation timelines and process in the ESAAMLG.

## VIII. Meetings

39. While in-person meetings are generally preferred, they are not always possible. Except in cases where in-person participation is specifically required (e.g., on-site visits), meetings referred to in these Procedures may take place by video or teleconference when in-person meetings are not practicable.

## IX. Mutuality and Assessor Contributions

40. Due to the nature of the peer review process, the ESAAMLG will work to ensure that the mutuality of the process is maintained. Accordingly, all ESAAMLG members when selections are made are required to release the qualified experts and ensure that those experts are made available to meet the responsibilities of an ME assessment team member in a timely manner. Each member country shall provide at least one qualified assessor during the course of this round.

## C. COMPOSITION OF TEAMS AND SELECTION OF PARTICIPANTS IN ME AND FOLLOW-UP PROCESSES

### I. Composition and formation of a ME Assessment Team

41. ESAAMLG assessors are selected by the Secretariat from member countries' officials who are knowledgeable about the FATF Standards and FATF Methodology, and would have successfully undergone and completed an ESAAMLG, FATF, another FSRB, or joint FATF/ESAAMLG assessor training course before being nominated to conduct the mutual evaluation. The Secretariat, in nominating the assessors, will strive to ensure that at least one of them has experience in conducting an assessment. The selection will also be influenced by the performance of the individual during the assessors' training conducted by either the ESAAMLG, or jointly with either the FATF or any other FSRB. The Secretariat, in all cases of such training shall retain a record of the participants, including a shortlist of those participants agreed by the trainers to have performed extremely well during the training, who can be prioritised for selection into an assessment team. The composition of the Assessment Team should be confirmed at least seven (7) months before the on-site visit and the coordination with the countries that provide the assessors will be done by the Secretariat. Where appropriate, for developmental purposes, the Secretariat may include in the team of assessors a trained assessor nominated as an Observer by his/her country to observe or assist with the mutual evaluation

work. Such observers cannot be more than two per mutual evaluation.

42. The Secretariat will formally advise the assessed country of the composition of the assessment team at the time the team is confirmed, including an overview of assessors' respective primary responsibilities and reminder that the assessment remains an all-team responsibility.
43. An assessment team will usually consist of five to six expert assessors (comprising at least one legal, one financial<sup>18</sup> and one law enforcement expert), principally drawn from ESAAMLG members, and will be supported by members of the ESAAMLG Secretariat. Depending on the country and the ML/TF/PF<sup>19</sup> risks, context, and other factors<sup>20</sup>, additional assessors or assessors with specific expertise may also be required. To ensure that the assessment team has the appropriate balance of knowledge and skills, a number of factors will be considered when selecting the assessors, including:
  - a) their relevant AML/CFT/CPF operational and assessment experience;
  - b) level of performance in the assessor training course;
  - c) their willingness and ability to conduct the evaluation impartially and abide by the ESAAMLG Procedures, including requirements related to confidentiality and conflict of interest or potential bias;
  - d) their commitment, supported by their Head of Delegation, to make available the necessary time to take part in a mutual evaluation or follow-up process and to attend the meetings;
  - e) their interpersonal skills to work well in a multi-cultural team, and to communicate with diplomatic sensitivity;
  - f) language of the evaluation;
  - g) nature of the legal system (civil law or common law) and institutional framework;
  - h) regional and gender balance among members of the assessment team; and
  - i) specific characteristics of the assessed country (e.g., size and composition of the economy and financial sector, geographical factors, and trading or cultural links)
44. For the ESAAMLG evaluations, the Secretariat could, with the consent of the assessed country, invite an expert from an FATF/FSRB (member or Secretariat) or the IMF/World Bank to participate as an expert on the assessment team, based on reciprocity. Normally there should be no more than one, or in exceptional cases two, such experts per evaluation. In joint evaluations, the assessment team should be made up of assessors from both the FATF and the ESAAMLG (see Part F - Joint Mutual Evaluations with FSRBs) and will be supported by members of the FATF Secretariat (with a representative from the ESAAMLG Secretariat being an observer).

## II. *Selecting Mutual Evaluation Reviewers*

<sup>18</sup> The assessment team should have assessors with expertise relating to the preventive measures necessary for the financial sector and designated non-financial businesses and professions.

<sup>19</sup> "Proliferation financing risk" refers strictly and only to the potential breach, non-implementation or evasion of the targeted financial sanctions obligations referred to in Recommendation 7.

<sup>20</sup> Such as the size, maturity and complexity of the country's AML/CFT system and its financial system; and whether the country is a joint member of the FATF and one of the FSRBs.

45. Due to the nature of the peer review process, the Secretariat will work to ensure that the mutuality of the process is maintained, and members should provide qualified experts as ME reviewers. ME reviewers should be experts from FATF and FSRB delegations, FSRB Secretariat members, and the IMF or World Bank. To avoid potential conflicts and to strengthen the peer review nature of the process by involving a broader range of peers in the assessment, the ME reviewers selected for any given quality and consistency review will be from countries other than those of the assessors and will be made known to the country and assessors in advance. Generally, three ME reviewers would be allocated to each assessment; comprising two ME reviewers from the ESAAMLG and one ME reviewer from another FSRB, or the FATF, or any other assessment bodies.

### III. *Selecting Expert Reviewers (Follow-up Experts)*<sup>21</sup>

46. Assessments of a country's technical compliance re-ratings and, when in enhanced follow-up, progress against its KRA will be undertaken by other members consistent with the ESAAMLG peer review principle of the Mutual Evaluation process. These expert reviewers through their Review Groups assisted by the Secretariat<sup>22</sup> shall conduct the analysis of progress against the KRA and TCRR requests from any of the member countries reviewed under the Review Group and conduct their analysis electronically in written summary report form. Each Review Group shall have a Chair to lead the work of the group. To the extent possible, the original assessors or ME reviewers or ICRG lead reviewers, if available, can be added to be part of the expert reviewers. Expert reviewers other than original assessors or ME reviewers or ICRG lead reviewers, should be experts from ESAAMLG delegations with the relevant legal, financial or law enforcement background, who have successfully completed training on mutual evaluations, follow-up or ICRG processes and are nominated by their Heads of Delegation to represent their own countries in Review Groups. The Chairs assisted by the Secretariat (based on the record of trained assessors retained at the Secretariat as well as previous participation in mutual evaluations) shall ensure that the assigned reviewing countries to each of the Review Groups have appointed expert reviewers with relevant expertise to analyse and determine TCRR requests, and progress against the KRA for countries under the enhanced follow-up process. Where the Chair is of the view that a particular expertise will be needed to properly determine the issue under consideration, he/she shall request for such an expert from the Co-chairs of the ECG. The Co-chairs of the ECG shall make consultations through the Secretariat for the appointment of such an expert reviewer as quickly as possible, at least not later than a week after receiving the request. The expert reviewers are confirmed by the Chair of the Task Force through the Secretariat (see Appendix 6).

## D. PROCEDURES AND STEPS IN THE EVALUATION PROCESS

47. A summary of the key steps and timelines for the assessment team and the country in the ESAAMLG

<sup>21</sup> ESAAMLG already has established Review Groups to manage the follow-up process after adoption of MERs. Expert reviewers, who are trained assessors (in most cases having participated in a ME) and Secretariat facilitate the work of the Review Groups

<sup>22</sup> Each of the Secretariat teams facilitating work in each of the Review Groups shall wherever possible be headed/led by a Senior Expert

mutual evaluation process is set out at Appendix 1. Those steps are described more fully below.

48. The assessed country and the Secretariat should begin informal engagement as far in advance of the on-site visit as possible. The country and the Secretariat will set a date for assessed country training. Ideally, assessed country training should take place before the country begins preparing its technical compliance submissions (at least four (4) months before the commencement of the TC assessment).
49. The assessed countries and assessment teams have the flexibility to extend the overall timeline up to one or two months to plan around ESAAMLG Plenary meetings, events or holidays, or to adjust the date of the on-site visit to the most appropriate time. In practice, this will require an earlier start to the evaluation process as there is no scope for reducing the time allocated to the post-onsite stages of the process. The assessed country and the Secretariat should therefore agree on the broad timeline of the evaluation at least 18 months before the ESAAMLG Plenary discussion. The assessed country should also advise the Secretariat of Recommendations where the country has made legal, regulatory or operational framework changes since the country's last previous MER, or FUR with TCRR as outlined in paragraph 63.

#### *I. Preparation for the on-site visit*

50. At least seven months before the on-site visit or as early as possible, the Secretariat will fix the precise dates for the evaluation on-site visit as well as the timelines for the whole process in consultation with the country, and based on the timelines in Appendix 1 (as noted above, some flexibility is permissible)
51. No less than seven months before the on-site, the assessed country should provide all the necessary updates and information to the Secretariat. The updates and information provided by the assessed country are intended to provide key information for the preparatory work before the on-site visit, including understanding the country's ML/TF/PF risks, identifying potential areas of increased focus for the on-site, and preparing the draft MER.

#### *a) Ensuring Adequate Basis to Assess International Co-operation and Input on Risk*

52. Approximately seven months before the on-site visit, the FATF Secretariat will invite FATF members and other FSRBs members, including ESAAMLG members<sup>23</sup> to provide feedback on their experience of international co-operation<sup>24</sup> with the country being evaluated. The feedback could relate to: (i) general experience, (ii) positive examples, and (iii) negative examples, on the assessed country's level of international co-operation and should include information on any results achieved based on co-operation with the assessed country. Delegations may also provide any comments regarding AML/CFT/CPF issues they would like to see raised during the on-site visit or information that would

<sup>23</sup> FSRBs and their members will only be invited to provide this information where they are willing to reciprocally invite FATF members to provide the same type of information in relation to their mutual evaluations.

<sup>24</sup> In this section, *international co-operation* refers to both informal international co-operation and formal mutual legal assistance.

assist the team to focus on areas of higher or lower risks.

53. In addition, the assessment team and the assessed country should identify countries that, based on the ML/TF/PF risks of the assessed country, would be able to provide valuable feedback on international co-operation or risk. During the risk and scoping exercise (see paragraphs 56 - 61), the assessment team will select the countries for specific outreach. Regarding these countries, the assessment team should also identify the specific types of information that would be most valuable.<sup>25</sup>
54. The Secretariat will advise the assessed country which countries the assessment team has selected for specific outreach. The Secretariat will then reach out to the selected countries, inviting them to provide both general and specific feedback regarding their experience of participating in international co-operation with the assessed country or their perspective on risks. This feedback should be provided to the Secretariat before completion of the scoping note and may be provided in writing or by teleconference.<sup>26</sup>
55. All feedback received, whether from the general call for feedback or a specific request, will be made available to the assessment team and the assessed country. The assessed country will have an opportunity to respond to or supplement any information that may be used for the purposes of the evaluation.

*b) Risk and Scoping Exercise*

56. The assessment team will, from the beginning of the mutual evaluation process, review the assessed country's risk, context and general situation, to ensure the mutual evaluation is, from the outset, fully informed by risk. Assessors may identify specific areas to which they would pay more attention during the on-site visit and in the MER, as well as possible areas of reduced focus. This will usually relate to effectiveness issues but could also include technical compliance issues.
57. To facilitate this review, the assessed country should provide the information required to complete Chapter 1 of the MER and any other information necessary to explain its identification, assessment and understanding of its risks, context and materiality, including material relevant to core issue 1.1 of Immediate Outcome 1. The country should include this information with its initial submission of technical compliance information seven months before the on-site visit. Within two weeks after making its initial submission, the country and the assessment team should begin to engage to discuss their understanding of the assessed country's risks, context and materiality. This engagement will include an oral presentation by the assessed country, accompanied by any material it considers to be relevant, to explain its understanding of its risks, context and materiality.
58. The assessment team may consider multiple sources of information to develop its preliminary

<sup>25</sup> Examples may include co-operation between customs agencies where a border is shared, cooperation between tax authorities where money laundering from tax crimes is a significant risk, etc.

<sup>26</sup> Where information is received via teleconference, the ESAAMLG Secretariat should confirm the summary information with the source originating the information before providing it to the Assessment Team and the assessed country.

understanding of the assessed country's risks, context and materiality and a scoping note. The information provided by the country as well as the country's explanation of its understanding of ML/TF/PF risks serve as a starting point. The assessment team will also consider information from credible and reliable sources external to the assessed jurisdiction, including the assessed country's most recent MER and FUR and the list of contextual factors outlined in the Introduction to the *FATF Methodology*. A list of the information sources used in the risk and scoping exercise should be attached as an annex to the MER, and the assessment team should be able to explain their use when asked by the assessed country

59. The scoping note should set out briefly the areas for increased focus, as well as areas of reduced focus, and clearly articulate why these areas have been selected on the basis of risk, context and materiality. While the final decision lies with the assessment team, the areas for increased or reduced focus should, to the extent possible, be mutually agreed with the assessed country. In addition to determining areas for increased or reduced focus, the assessment team should use their conclusions from the scoping exercise to determine the level of weight given to risk, context and materiality when providing ratings in MERs.
60. The draft scoping note, along with relevant background information, should be sent to the ME reviewers and to the assessed country at least six months before the on-site. Having regard to the material made available to them, as well as their general knowledge of the jurisdiction, ME reviewers should provide their feedback to the assessment team regarding whether the scoping note reflects a reasonable view on the focus of the assessment. Similarly, the assessed country can also provide comments on the scoping note to be considered by the assessors together with those from the ME Reviewers. ME reviewers should provide this feedback within two weeks of receiving the scoping note. The assessment team should consider the merit of the ME reviewers and where provided, the assessed country's comments and amend the scoping note as needed, in consultation with the country.
61. After the technical compliance review and reviewing the assessed country's information on effectiveness, the assessment team should update the scoping note as needed, in consultation with the assessed country. The final version should be sent to the country, at least six weeks before the onsite, along with any requests for additional information on the areas of increased focus. The country should seek to accommodate any requests arising from the additional focus.

c) *Technical Compliance Review*

i. *Information Updates on Technical Compliance*

62. The ME technical compliance review should only consider Recommendations where the country has made legal, regulatory or operational framework changes<sup>27</sup> since the assessed country's immediate last MER (or FUR with TCRR) and Recommendations where there has been a change in the FATF Standards for which the country has not previously been assessed. The assessment team will determine the

<sup>27</sup> Any such changes should be *material to the technical requirements of the Recommendation and the functional implications of the changes* that would warrant or lead to a re-rating, not minor changes or changes only as to form.

Recommendations that fall within the scope of the ME process, referred to as “Recommendations under review” (RUR), based on consultation with the assessed country and having regard to the Recommendations identified by the assessed country and previous MER and FUR.<sup>28</sup>

63. The assessed country is required to identify any Recommendations that it considers to be under review<sup>29</sup>. For each RUR, countries should rely on a questionnaire for the technical compliance update to provide relevant information and explain the relevant changes within each criterion to the assessment team. This questionnaire will be used as a starting basis for the assessment team to conduct the desk-based review on technical compliance for the RUR and should be submitted seven months before the on-site visit. The questionnaire is a guide to assist countries to provide relevant information in relation to: (i) background information on the institutional framework; and (ii) information on the measures that the country has taken to meet the criteria for each RUR. Countries should complete the questionnaire and may choose to present other information in whatever manner they deem to be most expedient or effective.
64. For Recommendations not under review, the Secretariat will compile pre-existing information from the assessed country’s most recent MER or follow-up reports with TCRR for inclusion in the TC Annex.

*ii. Desk Based Review for Technical Compliance*

65. Prior to the on-site visit, the assessment team will conduct a desk-based review of the country’s level of technical compliance with the RUR. The assessment team will base its review on information provided by the country in the information updates on technical compliance, pre-existing information drawn from the country’s most recent MER, FUR with TCRR and other credible or reliable sources of information. The team will carefully and comprehensively analyse this information, indicating if each sub-criterion is met, mostly met, partly met or not met and why.
66. The assessment team may highlight relevant strengths or weaknesses not previously noted in the country’s MER or FUR and should consider whether there are any significant issues from the previous MER or FUR that should be corrected in the current MER to protect the FATF brand. If the assessors reach a different conclusion to previous MER or FUR (in cases where the Standards or the framework have not changed) then they should explain the reasons for their conclusion. In addition, if the team identifies changes in the assessed country’s AML/CFT/CPF system that raises doubts about the ratings of a Recommendation not under review, the assessment team would re-examine that Recommendation.<sup>30</sup>
67. To ensure accurate and comprehensive analysis, the assessment team must consider all criteria of the

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<sup>28</sup> Where there is disagreement between the assessment team and the assessed country in this respect, they should discuss the issue with the ECG Co-chairs to reach an agreement.

<sup>29</sup> That is to say, where it considers that the legal, institutional, or operational framework has changed.

<sup>30</sup> Likewise, if the assessment team identifies any additional Recommendations (other than those under review) that are implicated by changes made to the country’s AML/CFT/CPF system, it should request additional information from the assessed country to re-assess these Recommendations.

Recommendations under Review and examine the relevant legal, regulatory or operational framework in its entirety, even when some elements of the framework remain unchanged from the country's last previous MER, or FUR. However, where a Recommendation is being assessed, but the situation relating to a particular criterion had not changed, the country should indicate that the analysis from the MER or FUR remains valid, and assessors should take a "light touch" approach in considering such criteria.

68. In conducting the review, assessors should only take into account relevant laws, regulations or other AML/CFT/CPF measures that are in force and effect at that time or will be in force and effect by the end of the on-site visit. Where relevant bills or other specific proposals to amend the system are made available, these may be referred to in the MER (including for the purpose of the recommendations to be made to the country) but should not be taken into account in the conclusions of the assessment or for ratings purposes.
69. The assessors will do the analysis of the RUR from the assessed country and come up with the preliminary drafts of the technical compliance annex (TC Annex) of their respective sectors. The Secretariat working closely with the assessors will review and accordingly improve the TC Annex draft taking into account the quality and consistency of mutual evaluation reports, including the correct interpretation of the FATF Standards and application of the Methodology and the ESAAMLG Mutual Evaluation Procedures in line with past FATF and, where applicable, ESAAMLG Plenary decisions.<sup>31</sup>
70. The assessors, within a reasonable period but not later than six months before the on-site visit should provide the Secretariat with the preliminary first draft TC Annex. The Secretariat will review the draft TC Annex and send the revised draft TC Annex to the assessment team to come up with the first draft before sending it to the assessed country. About five months before the on-site, the assessment team will provide the country with the first draft of the TC Annex (which need not contain ratings or recommendations). The draft will include a description, analysis, and list of potential technical deficiencies identified. The country will have three weeks to clarify and comment on this first draft TC Annex.
71. After considering the assessed country's clarifications and comments on the first draft, the assessment team will prepare a revised draft TC annex. The revised TC annex (second draft) will be sent to the country and the ME reviewers three months before the on-site visit. The second draft TC Annex should contain preliminary ratings. The country and ME reviewers will have three weeks to comment on this second draft TC Annex. Although the primary focus of the on-site visit is assessing effectiveness, a limited number of outstanding TC issues may be discussed during the on-site.

d) *Information and preliminary review on Effectiveness*

72. The assessment team will examine the country's level of effectiveness in relation to all of the 11 Immediate Outcomes. Countries should provide information on effectiveness based on the 11 Immediate Outcomes identified in FATF Methodology approximately four months before the on-site. They should set out fully how each of the core issues is being addressed as set out in each Immediate

<sup>31</sup> It is recognized that the FATF has a specific role in ensuring consistency with the application of the FATF Standards as interpreted by the FATF. In this regard, FATF precedent would take priority over decisions by the ESAAMLG Plenary, where there is inconsistency between the two.

Outcome. It is important for countries to provide a full and accurate description (including examples of information, data and other factors) that would help to demonstrate the effectiveness of the AML/CFT/CPF regime. The assessed country should highlight areas where it believes recommended actions could improve effectiveness. The Secretariat should facilitate communication between the assessment team and assessed country to promote clarity and ensure a smooth exchange of information. In examining a country's level of effectiveness, assessors should consider the output of AML/CFT/CPF systems (data, statistics, case studies, etc.) that are complete by the end of the on-site visit.

73. After reviewing the information on effectiveness and any clarifications provided by the assessed country, the assessment team will prepare a preliminary outline of initial findings and requests for further information. In preparing this outline, the assessment team will bear in mind the assessed country's risk, context and general situation as identified in the risk and scoping exercise. The preliminary outline of initial findings and requests for further information will be provided to the assessed country two months before the on-site visit. The assessed country should provide any comments on the findings and provide requested information not later than six weeks before the onsite.
74. To expedite the mutual evaluation process, and to facilitate preparing the programme for the on-site visit, the assessment team will update its preliminary outline of initial findings and identify key issues and potential recommended actions for discussion. The updated outline of initial findings, key issues and potential recommended actions for discussion will be provided to the assessed country one month before the on-site visit.

e) *Programme for On-Site Visit*

75. The country (through its designated National Co-ordinator) should work with the Secretariat and prepare a draft programme and coordinate the logistics for the on-site. The draft programme, together with any specific logistical arrangements, should be sent to the assessment team no later than two months before the visit. Please see **Appendix 3** for the list of authorities and businesses that would usually be involved in the on-site.
76. The draft programme should take into account the areas where the assessment team may want to apply increased or decreased focus based on the risk and scoping exercise. However, attention to any sector or category of financial institutions, DNFBPs or VASPs identified as an area of decreased focus should be commensurate with the level and nature of associated risk and should not be completely excluded from the programme.
77. To the extent possible, meetings should be held in a fixed location to avoid the assessors travelling between venues, which can be time-consuming and wasteful. However, this should not preclude some meetings taking place at the premises of the agency/organisation being met (e.g., the FIU). The programme should be finalised at least three weeks before the on-site visit. The assessment team may also request additional meetings during the on-site, particularly where information gathered during meetings with country authorities and the private sector indicates higher risk levels than those identified in the risk and scoping exercise. When necessary for clarification, the assessment team may also request follow-up meetings with country authorities or the private sector.

78. As a general rule (in terms of Article XV of the Memorandum of Understanding of the ESAAMLG) the working language of the ESAAMLG is English. However, where the assessed country is non-English speaking and during the on-site visit, it is willing to meet the cost of the interpretation from the country's language into English, it will be given the option to use its own language with translation into English (please see para 18 under responsibilities of the Assessed Country).

## II. *On-site Visit*

79. The on-site visit provides the best opportunity to clarify issues relating to the country's AML/CFT/CPF system. Assessors need to be fully prepared to review the 11 Immediate Outcomes relating to the effectiveness of the system and clarify any outstanding technical compliance issues. Assessors should also pay more attention to areas where higher ML/TF/PF risks are identified. Assessors must remain cognisant of the different country's circumstances and risks, and that countries may adopt different approaches to meet the FATF Standards and to create an effective system. Assessors thus need to be open and flexible and seek to avoid narrow comparisons with their own national requirements or practices.
80. Experience has shown that at least nine to ten days of meetings are required for countries with developed AML/CFT/CPF systems; however, the exact time needed may vary. A typical on-site visit could thus allow for the following:
- a) An initial first day preparatory meeting between the Secretariat and assessors<sup>32</sup>
  - b) Nine to ten days of meetings with representatives of the assessed country, including an opening and closing meeting. Time may have to be set aside for additional or follow-up meetings, if, in the course of the set schedule, the assessors identify new issues that need to be explored, or if they need further information on an issue already discussed.
  - c) Two or three days, where assessors work on the draft MER (supported by the Secretariat), ensure that all the major issues that arose during the evaluation are noted in the report, and discuss and agree on preliminary ratings, key findings and recommended actions. The assessment team should provide a summary of its preliminary key findings and recommended actions to the assessed country officials at the closing meeting.
81. The average total length of the on-site visit may be in the order of 13 to 16 working days. However, the actual time needed may be shorter or, in exceptional cases, longer, based on the size and complexity of the jurisdiction.
82. It is important that the assessment team be able to request and meet with all relevant agencies during the on-site. The country being evaluated and the specific agencies met should ensure that appropriate staff, including operational staff, are available for each meeting.

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<sup>32</sup> The assessment team should also set aside time midway through the on-site to review the progress of the mutual evaluation and where relevant, the identified areas of increased focus for the on-site initially.

83. Meetings with the private sector or other non-government representatives<sup>33</sup> are an important part of the visit. Generally, the assessors should be given the opportunity to meet with such bodies or persons in private, and without a government official present, if there is concern that the presence of the officials may inhibit the openness of the discussion. The team may also request that meetings with certain government agencies are restricted to those agencies only. The assessed country should, however, ensure that both senior manager, who can speak at policy level and operational staff who can answer detailed/technical questions are present to engage in discussions to be conducted at each meeting.

### III. *Post On-site – Preparation of Draft MER, KRA Roadmap and Executive Summary*

84. There should be a minimum of 29 weeks between the end of the on-site visit and the discussion of the MER and KRA Roadmap in Plenary. The timely preparation of the MER, KRA Roadmap and Executive Summary (ES)<sup>34</sup> will require the assessors to work closely with the Secretariat and the country. Depending on when the Plenary discussion is scheduled, the time period may also be extended or adjusted.
85. The steps in finalising a draft report for discussion at Plenary, and the approximate time that is required for each part, are set out in greater detail below (see also Appendix 1). With the aim of facilitating communication between the assessment team and the assessed country, the Secretariat should facilitate regular conference calls between all parties, in particular after the circulation of an updated draft MER.
86. In drafting the MER, the assessors should focus on providing their conclusions and the reasons for them rather than reciting facts. In notes to the assessed country that accompany the first and second draft MER, assessors should aim to clarify as much as possible how information submitted by the assessed country was taken into account, what information was not taken into account and why, and where additional information is still needed. The ESAAMLG Secretariat will oversee this process and improve the draft as necessary to ensure the assessors' analysis is clearly and concisely written, comprehensive, objective and supported by evidence. In addition, the Secretariat as already stated above has to facilitate regular conference calls between all parties (assessment team and assessed country), particularly after the circulation of an updated draft MER.

#### *a) 1<sup>st</sup> Draft MER and Key Recommended Actions Roadmap*

87. The assessment team will have approximately five weeks to coordinate and refine the first draft MER (including the key findings, potential issues of note and recommended actions for the country). The first draft MER will include the preliminary recommended actions and ratings. During this time, the assessment team should also consider which recommended actions should be considered as Key

<sup>33</sup> E.g., those listed in Appendix 3.

<sup>34</sup> The format for the Executive Summary, MER and KRA Roadmap is contained in Annex II of the Methodology. Assessors should pay special attention to the guidance on how to complete the Executive Summary, MER in the Introduction to the Methodology, including with respect to the expected length of the MER (100 pages or less, together with a technical annex of up to 60 pages).

Recommended Actions (KRA) and compile the KRA in a separate list for the country (the KRA Roadmap).<sup>35</sup> These documents are then sent to the country for comments.

88. The country will have four weeks to review and provide its comments on the first draft MER, including the KRA Roadmap and other recommended actions, to the assessment team. During this time, the assessment team should be prepared to respond to queries and clarifications that the country may raise and discuss the KRA Roadmap.

*b) 2<sup>nd</sup> Draft MER and KRA Roadmap*

89. On receipt of the country's comments on the first draft MER and KRA Roadmap, the assessment team will have four weeks to review the various comments and make further amendments, as well as refine the KRA Roadmap. As in the case of the first draft, assessors should aim to clarify as much as possible, in writing, how specific information was taken into account in their analysis. The second draft MER and KRA Roadmap will then be sent to the country and to the ME reviewers.

*c) Pre-Plenary Quality and Consistency Review*

90. As part of the mutual evaluation process, ME reviewers will conduct a pre-Plenary quality and consistency (Q&C) review with a view to:
- a) Commenting on assessors' preliminary review and analysis of the country's risks, materiality and context and the draft scoping note.
  - b) Reflecting a correct interpretation of the FATF Standards and application of the Methodology (including the assessment of risks, integration of the findings on technical compliance and effectiveness, and identifying areas where the analysis and conclusions are clearly deficient).
  - c) Checking whether the description and analysis supports the conclusions (including ratings).
  - d) Considering whether sensible, relevant, measurable and achievable recommended actions for improvement are made and whether the most strategic recommended actions have been identified as KRA.
  - e) Where applicable, highlighting potential inconsistencies with earlier decisions adopted by the FATF and, where applicable the ESAAMLG,<sup>36</sup> on technical compliance and effectiveness issues.
  - f) Checking that the substance of the report is generally coherent and comprehensible.

<sup>35</sup> Assessors should review the Methodology Introduction para.72-76 for guidance on developing recommended actions, determining which will be Key Recommended Actions and other recommended actions and preparing the KRA Roadmap. Subject to Methodology Introduction para.72, Key Recommended Actions should only relate to IOs rated ME or LE or Recommendations rated PC or NC where these relate to any IO rated ME or LE. Normally, there should be no more than two to three KRA related to each IO, including KRA for technical compliance for Recommendations related to that IO. In addition, there may be one KRA for each of Recommendations 3, 5, 6, 10, 11, and 20 that is rated NC or PC, where these do not pertain to any IO rated ME or LE.

<sup>36</sup> It is recognized that the FATF has a specific role in ensuring consistency with the application of the FATF Standards as interpreted by the FATF. In this regard, FATF precedent would take priority over decisions by the ESAAMLG Plenary, where there is inconsistency between the two.

91. The ME reviewers should have a copy of the comments provided by the country on the first draft MER and KRA Roadmap. Reviewers need to be able to access all key supporting documents - including the assessed country's technical compliance and effectiveness submissions and its risk assessment. The ME reviewers will have three weeks to examine the second draft MER and draft KRA Roadmap and provide their comments. To ensure transparency, all comments from the ME reviewers will be disclosed to the assessors and country. The ME reviewers do not have any decision-making powers or powers to change reports.
92. It is the responsibility of the assessment team to consider the ME reviewers' comments and then decide whether any changes should be made to the report. In addition to any changes made, assessors should respond to all substantive comments provided by ME reviewers. When the draft MER and KRA Roadmap are circulated to delegations for comment, the assessment team should provide a short response to the Plenary regarding the decisions and any substantive changes it made to the report or KRA Roadmap based on the ME reviewers' comments.
93. The assessed country will have the opportunity to submit further comments on the second draft MER and KRA Roadmap, in parallel with the Q&C review process.
94. Where any ME reviewer (FATF or FSRB member, the FATF Secretariat, FSRB Secretariat or the IMF or World Bank) in the pre-Plenary Q&C process considers that an ESAAMLG report has significant problems of quality or consistency, it should wherever possible raise such concerns with the ESAAMLG as the assessment body conducting the assessment during this pre-Plenary Q&C process.<sup>37</sup> The ESAAMLG, assessment team and assessed country should consider and work to appropriately address the concerns before circulation of the report to the Global Network for the pre-Plenary review. If an ME reviewer identifies fundamental concerns, a targeted review may be considered as outlined in paragraph 98.
95. Following the conclusion of the pre-Plenary quality and consistency review, the assessment team and the country will have three weeks to consider country and ME reviewers' comments received on the second draft MER and KRA Roadmap, discuss likely changes and unresolved issues, and identify issues for discussion at the face-to-face meeting. At this stage, the draft MER should be as close as possible to the final text, with a narrow range of unresolved issues for discussion.

*d) Face-to-Face Meeting*

96. A face-to-face meeting is an important way to assist the country and assessment team to resolve outstanding issues. The assessment team (including Secretariat) and the country should have a face-to-face meeting to further discuss the second draft MER and KRA Roadmap. During this session, the assessment team and country should work to resolve any disagreements over technical compliance or

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<sup>37</sup> If the ME reviewers identify fundamental concerns with the MER's quality and consistency or misapplication of the FATF Standards or FATF Methodology, a targeted review may be considered as outlined in the *Universal Procedures*.

effectiveness issues and identify potential key issues for Plenary discussion. Sufficient time during the face-to-face meeting should be allocated to discuss the KRA Roadmap. The face-to-face meeting should take place at least nine weeks before the Plenary. Whenever possible, an effort should be made by the Secretariat to have one or both of the ECG Co-Chairs attend the face-to-face meeting as this will assist in the identification of key issues for Plenary discussions.

97. After the face-to-face meeting, the assessment team will consider whether any further changes should be made to the draft MER or KRA Roadmap.<sup>38</sup> The assessment team, in consultation with the assessed country, will then prepare the Executive Summary.<sup>39</sup>

*e) Targeted Review (for exceptional cases only)*

98. In exceptional cases where:

- a) changes made after the face-to-face meeting to the analysis or conclusions in the MER are so extensive or substantively different from the previous draft as to have a potential significant impact on the quality and consistency of the MER; or
- b) in the pre-Plenary Q&C process, the ME Reviewers identified fundamental concerns with the MER quality and consistency or misapplication of the FATF Standards or Methodology,

the Secretariat will consider circulating a revised second draft to ME reviewers for a targeted review. The targeted review will not have more than five substantive issues. At least two weeks will be allocated to the ME reviewers and the assessment team to respond to any reviewers' comments prior to circulating the pre-plenary draft MER to the Global Network. The comments provided in the targeted review will be circulated to the Global Network with the draft MER, or as soon as possible, thereafter.

99. In exceptional cases where:

- a) a targeted review is triggered but there is not enough time to conduct such a review, or
- b) there remain fundamental concerns with the quality and consistency of the MER, or misapplication of the FATF Standards or Methodology<sup>40</sup> that cannot be addressed in time to circulate the pre-plenary draft MER at least six weeks before Plenary,

acting on the recommendation of the ME Reviewers, Secretariat, Co-Chairs of the ECG, Task Force of Senior Officials (Chair) and Council of Ministers (President), the ESAAMLG ECG Co-Chairs, Chair of the Task Force Plenary in consultation with the President of the Council will consider postponing circulation

<sup>38</sup> If changes are made after the face-to-face meeting to the analysis or conclusions in the MER are so extensive or substantially different from the previous draft as to have a potential significant impact on the quality and consistency of the MER, a targeted review may be considered as outlined in the *Universal Procedures*.

<sup>39</sup> The Executive Summary will describe the key risks, the strengths and weaknesses of the system, and the KRA for the country to improve its AML/CFT/CFP regime.

<sup>40</sup> Any such concerns should be consistent with the substantive threshold required to trigger the Post Plenary Q&C Process (see Part H) and the Q&C aspects of draft MERs in line with the ESAAMLG Plenary decisions.

of the pre-plenary draft MER to the membership and the Global Network until the review is complete, or the concerns are addressed. Such a postponement will not exceed one Plenary cycle.

*f) Identifying Issues for Plenary Discussion*

100. The revised MER, KRA Roadmap and Executive Summary (collectively, the pre-Plenary drafts), will then be circulated to all members, associate members and observers six weeks before Plenary.<sup>41</sup> Delegations will have two weeks to provide any written comments on the pre-Plenary drafts, and in particular, to identify any key issues that they wish to discuss in ECG/Plenary. The comments should focus on the substantive key issues, or on other high-level or horizontal aspects of the assessment, though other observations may also be made. The comments received, including those from the ME Reviewers and the assessed country, will be circulated to all delegations.
101. The Secretariat working with the ECG Co-chairs will engage the country and the assessment team and prepare a list of (usually five and not more than seven) priority and substantive key issues that will be discussed in ECG. This engagement will be based on the MER, KRA Roadmap, Executive Summary and delegation comments received. The ECG Co-chairs/Secretariat should take into account and reflect equally the issues that the assessed country and delegations are most keen to discuss. The list of key issues for discussion in ECG would include the key issues arising from the report (whether raised by the country, the assessment team or delegations), as well as any questions of interpretation or inconsistency with other MERs adopted by the FATF and where applicable, ESAAMLG.<sup>42</sup> To the extent possible, the Secretariat staff directly involved in preparing the MER should not be included in the process of identifying and selecting priority and substantive key issues.
102. The finalised list of priority and substantive key issues for ECG discussion will be distributed to delegations two weeks before the Task Force Plenary. After discussions in ECG, a revised Key Issue Document (KID) and any proposed amendments to the MER, KRA Roadmap and Executive Summary are submitted to the Plenary for discussion. To the extent possible, the revised KID should be circulated at least 24 hours before the Task Force Plenary discussion to give members sufficient time to prepare for discussion. Issues that are resolved by consensus in ECG will be presented to Task Force Plenary as information items. Proposed amendments to the Executive Summary, KRA Roadmap or MER can be made after the Plenary.

#### *IV. The Plenary Discussion*

103. The discussion of each MER, KRA Roadmap and Executive Summary in Task Force Plenary will be based on the list of key issues and focus on high-level and substantive issues, primarily concerning effectiveness and the KRA Roadmap. Where appropriate, important technical issues would also be discussed. Adequate time should always be set aside to discuss the KRA Roadmap. The discussion is

<sup>41</sup> Where the original draft is in French, the English translation will be distributed at this time.

<sup>42</sup> It is recognized that the FATF has a specific role in ensuring consistency with the application of the FATF Standards as interpreted by the FATF. In this regard, FATF precedent would take priority over decisions by the ESAAMLG Plenary, where there is inconsistency between the two.

likely, on average, to take three to four hours of Task Force Plenary time. The procedure for the discussion will be as follows:

- a) Assessment team briefly presents in high-level terms the key findings from the report. The assessment team will have the opportunity to intervene or comment on any issue concerning the MER, KRA Roadmap or Executive Summary.
- b) Assessed country makes a short opening statement.
- c) The Task Force Plenary discusses:
  - i. the list of key issues identified by the ECG; and
  - ii. the KRA Roadmap.

These would usually be introduced briefly by ECG co-chairs.

- d) Time permitting, other issues could be raised from the floor, and discussed by the Task Force Plenary

104. In highly exceptional cases, fundamental concerns may be raised regarding the draft MER or KRA Roadmap or misapplication of the FATF Standards or Methodology which cannot be addressed during the ECG or Plenary discussions.<sup>43</sup> The ESAAMLG will take all possible steps, including, when necessary, through engagement with the FATF Secretariat, to resolve any such concerns or issues arising from misapplication of the FATF Standards or Methodology. If despite best efforts, the concerns or issues cannot be resolved, the ESAAMLG will consider postponing the discussion, or further discussion of the draft MER and KRA Roadmap until the concerns or issues can be addressed. Any such postponement should be highly exceptional and should not exceed a single Plenary cycle.

## V. *Adoption of the MER, KRA Roadmap and Executive Summary*

105. At the end of the Task Force Plenary discussion, the MER, KRA Roadmap and the Executive Summary will be submitted to Plenary for adoption. Plenary may direct that changes be made to the proposed MER, KRA Roadmap or Executive Summary if there is a consensus in Task Force Plenary to do so. Following the adoption of the report, the Secretariat will indicate to the Plenary in which level of follow-up the assessed country should be placed based on the final ratings and the plenary at which the assessed country will be expected to report on its progress in addressing the KRA (see Part H– Follow-up and ICRG Processes). Based on Task Force Plenary's decision regarding follow-up, the KRA Roadmap will be updated to reflect the expected reporting date.
106. If Task Force Plenary reaches consensus that it does not agree with proposed text, or does not adopt the MER, KRA Roadmap and the Executive Summary, then the assessors, the assessed country and the Secretariat should prepare amendments to address the issues raised by the Plenary. Where substantive changes are required, either because additional information is required to be added, or the report has to be substantially amended, then the Task Force Plenary could decide to:
  - a) adopt the report subject to it being amended, and the amended report being approved through the post-Plenary Q&C process; or

<sup>43</sup> The Secretariat working with the ECG Co-Chairs will consult with the assessed country and assessment team when changes are proposed to the text of the MER, KRA Roadmap or Executive Summary in the revised KID for Plenary discussion.

- b) where* the required changes are significant, defer adoption of the report, and agree to have a further discussion of an amended report at the following Plenary.

107. The final report is a report of the ESAAMLG and not simply a report by the assessors. As such, the Task Force Plenary will retain the final decision on the wording of any report, consistent with the requirements of the FATF Standards and Methodology. The Task Force Plenary will give careful consideration to the views of the assessors and the country when deciding on the wording, as well as take into account the need to ensure consistency with other published reports.
108. The assessment team is responsible for ensuring that all the changes to the report agreed by the Task Force Plenary have been made. Care will be taken to ensure that no confidential information is included in any published report. The Secretariat will check the adopted report, KRA Roadmap and Executive Summary, for typographical or similar non-substantive errors and will circulate a revised version of the report to the country within one week of the Plenary. Within two weeks of receiving, it from the Secretariat, the country must confirm that the report is accurate and advise of any typographical or similar errors. The report, KRA Roadmap and Executive Summary, will then be subject to post-Plenary Q&C review (see Part I.II) which will also apply to MERs approved by the Council of Ministers out of their Plenary meeting sessions, [Part I.III applies to approval of MERs by Council])

## VI. *KRA Roadmaps*

### *i. Notice to Minister*

109. When an MER for an ESAAMLG member is published (following post-Plenary Q&C review), the ESAAMLG President will provide a copy of the KRA Roadmap to the appropriate Minister of the assessed country and advise the Minister regarding the ESAAMLG's expectations for follow-up by the assessed country. The ESAAMLG Executive Secretary will provide a copy of this communication which, where applicable, might indicate any upgrades in re-ratings, to the assessed country's Head of Delegation annually while the assessed country remains in the follow-up process.

### *ii. ICRG Handover*

110. When an assessed country meets the ICRG entry criteria based on its MER results and a preliminary determination by the ESAAMLG Secretariat that the country also meets the ICRG prioritisation criteria has been made, the assessment team and assessed country, supported by the assessment body that led the ME (if the assessment was conducted by an IFI or any other assessment body), should meet with members and co-chairs of the ICRG Joint Group that has responsibility for the country's geographical region. Whenever possible this meeting should take place on the margins of the plenary at which the MER is adopted and virtual participation of the ICRG JG Co-Chairs, interested JG members and FATF Secretariat supporting the JG, should be facilitated. If such a meeting is not possible, a virtual handover meeting should take place as soon as possible, and not later than two months after adoption of the MER. This meeting is to ensure that there is a shared understanding of the

KRA Roadmap.

## E. EVALUATIONS OF NEW MEMBERS

111. Where a potential new member undergoes a mutual evaluation by the ESAAMLG, IFIs or any other assessment body in order to determine whether it meets the criteria for ESAAMLG membership, the ESAAMLG may use the report applying procedures laid out in *Part D* of these procedures. If the criteria for membership are met, and the country is admitted as an ESAAMLG member, but has deficiencies which have been identified in its AML/CFT/CPF system, then Task Force Plenary shall apply ESAAMLG's follow-up process. Where no ME has been conducted, the ESAAMLG at the cost of the new member can organise a High-Level Mission (HLM) to the country to determine at high level the country's political commitment to meeting the requirements of the ESAAMLG as set out in the Memorandum of Understanding, the level of compliance with the FATF Standards and the effectiveness of the AML/CFT/CPF measures in place. The HLM shall provide a report to the Task Force Plenary setting out its recommendations on the country's application to join the ESAAMLG. The HLM, where deficiencies have been identified, may in agreement with the country come up with an action plan for the country to address the deficiencies as part of its recommendations to the Task Force. Equally where the country has been assessed and the membership criteria are not met and the country is willing to cooperate in addressing the shortcomings before being re-assessed for membership, the Task Force Plenary with the approval of the Council may agree to an action plan with the country which has to be completed before the application for membership is re-assessed. The determination of whether the country has fully addressed the agreed terms of the action plan resulting from an assessment or a HLM may also include an on-site visit by the Task Force *ad-hoc* group monitoring the implementation of the action plan by the country to determine the preparedness of the country to become a member of ESAAMLG. The *ad-hoc* group will submit a report of its findings and recommendations to the Task Force Plenary at its next meeting after the visit.

## F. JOINT MUTUAL EVALUATIONS WITH FATF

112. In line with FATF Procedures, FATF members that are also members of FSRB(s) will undergo a joint evaluation by these bodies. Generally, the FATF will be the principal organiser, and will provide three assessors, while one to two assessors could be provided by the ESAAMLG. The FATF and the ESAAMLG Secretariats will participate. Reviewers should be provided by FATF, the ESAAMLG, and another assessment body. To ensure adequate attention is given to consistency, a joint evaluation may use additional ME reviewers beyond the three set out in paragraph 45. The first discussion of the MER should take place in the FATF, and given the additional measures adopted for joint evaluations, the presumption is that the FATF's view would be conclusive.

113. The processes (including following the FATF Procedures for preparing the draft MER, KRA Roadmap and Executive Summary and follow-up monitoring) for joint evaluations would be the same as for other FATF evaluations. The ESAAMLG and its members have opportunities to participate directly through being part of the assessment team and providing comments and input on the draft MER, KRA Roadmap, Executive Summary and follow-up reports like other delegations. ESAAMLG should allow reciprocal participation in mutual evaluation discussions for FATF members, and on this basis, the following measures should also apply for joint evaluations:
- a)* A representative from the ESAAMLG will be given a specific opportunity to intervene during the FATF Plenary discussion of the MER.
  - b)* All the ESAAMLG assessors on the assessment team are encouraged to attend the FATF Plenary at which the joint evaluation report is considered, and at least one FATF assessor should attend the ESAAMLG Plenary. The same approach should be applied to IMF or World Bank-led assessments of FATF members that are also members of ESAAMLG.
  - c)* In an exceptional case where a report was agreed within FATF but subsequently the ESAAMLG identified major difficulties with the text of the report, then the ESAAMLG Secretariat would advise the FATF Secretariat of the issues, and the issues should be discussed at the following FATF Plenary.
  - d)* Consideration will also be given to the timing of publication, if the MER has not been discussed in ESAAMLG, with a view to finding a mutually agreed publication date.
114. The FATF Procedures thus allow for input from ESAAMLG in the FATF Plenary consideration of a joint report.

## G. IMF OR WB LED ASSESSMENTS OF ESAAMLG MEMBERS

115. The ESAAMLG is responsible for the mutual evaluation process for all its members, and there is a presumption that the ESAAMLG will conduct the mutual evaluations of all ESAAMLG members, including any follow-up required as part of this process. The presumption can be overridden at the discretion of the Council of Ministers' Plenary on a case-by-case basis with the assessed country's agreement.
116. The broad intention is that evaluations whether led by the International Monetary Fund/ World Bank (IMF/WB) or by the FATF or FSRBs should be interchangeable and should use consistent procedures. It is also intended that a coordinated approach be taken to conducting of evaluations globally, to reduce both duplication of evaluations and inconsistencies between them.
117. As part of burden sharing arrangements, the IMF or WB shall, with the consent of the country concerned, advise the ESAAMLG Secretariat on a timely basis of their willingness to conduct the AML/CFT assessment of particular ESAAMLG members. The Task Force Plenary will decide on any such requests. For the purposes of the ESAAMLG mutual evaluations, the

ESAAMLG Task Force Plenary has discretion as to the number of ESAAMLG assessments that can be conducted by the IMF or WB and shall notify the Council of Ministers of the decision. The ESAAMLG Secretariat will engage the IMF or WB to eventually come up with the number of member countries they can assess.

- Where the IMF or WB conduct an AML/CFT assessment as part of the ESAAMLG mutual evaluations, they should use procedures and timelines similar to those of the ESAAMLG. The IMF or WB will maintain regular dialogue with the ESAAMLG Secretariat throughout the assessment process. The ESAAMLG Task Force Plenary will in all cases have to adopt an assessment that is conducted by the IMF or WB under the ESAAMLG mutual evaluations for it to be eventually approved by the Council of Ministers as an ESAAMLG mutual evaluation.
- The Council of Ministers Plenary will in all cases have to approve the IMF or WB assessment that is conducted under the ESAAMLG mutual evaluations for it to be accepted as an ESAAMLG MER.

## H. FOLLOW-UP AND ICRG PROCESSES

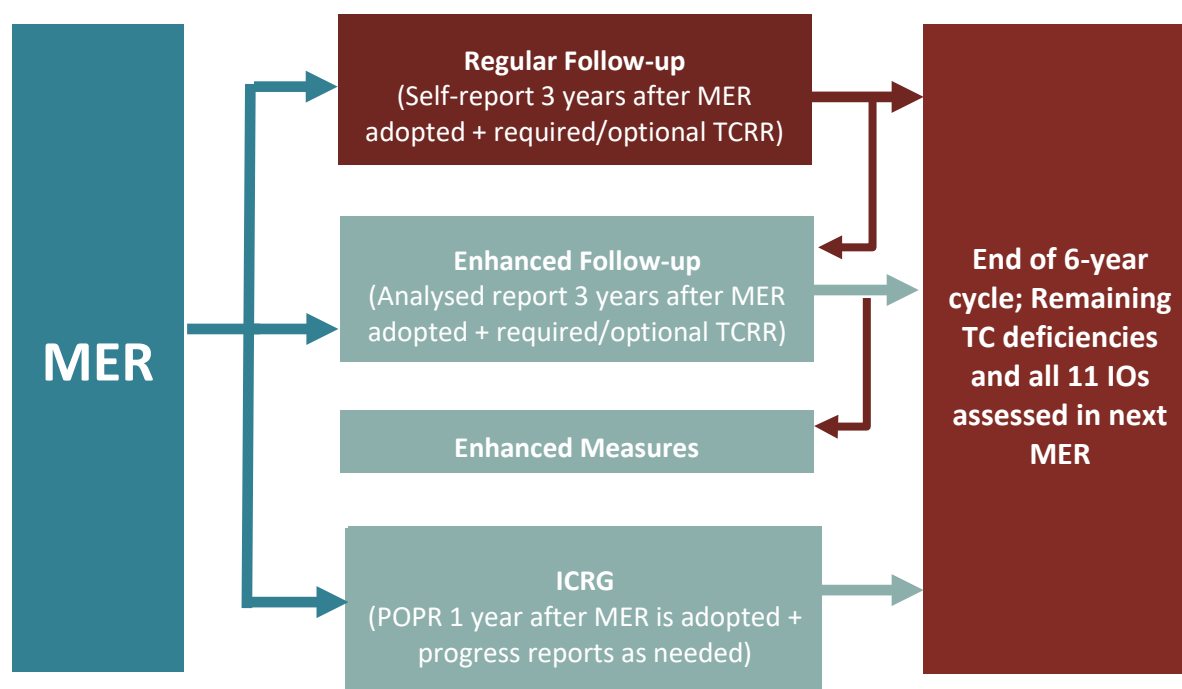
### I. Overview

118. The follow-up process is intended to:

- i. encourage members' implementation of the FATF Standards;
- ii. provide regular monitoring and up-to-date information on countries' compliance with the FATF Standards (including the effectiveness of their AML/CFT systems); and
- iii. apply sufficient peer pressure and accountability.

119. Following the discussion and adoption by the Task Force and approval of the MER by the Council, the country could be placed in either regular, or enhanced follow-up, or referred to ICRG. Regular follow-up is the default monitoring mechanism. Enhanced follow-up is based on the ESAAMLG's policy that deals with members where the AML/CFT/CPF system needs major improvements (for technical compliance or effectiveness) and involves a more intensive process of follow-up. The FATF ICRG is a compliance enhancing mechanism for countries across the Global Network where the system needs fundamental improvements and involves more direct monitoring by the FATF. The following figure provides a basic overview of the follow-up and ICRG processes.

Figure 1. Follow-up and ICRG Processes



## II. General expectations

120. As a basic commitment of membership, the ESAAMLG expects that, in the three-year period since the MER was adopted<sup>44</sup>, countries would have:

- a) fully or largely addressed all KRA in their KRA Roadmap;
- b) improved their technical compliance with any Recommendation rated NC or PC to the extent that re-rating to LC or C is warranted; and
- c) made necessary changes to comply with any FATF Standards revised since the date the country's technical compliance submission was due.

121. All assessed ESAAMLG countries that are not subject to active ICRG monitoring (including ESAAMLG countries in the FATF ICRG Pool) will report back to the ESAAMLG, 3 years after the adoption of the country's MER. The ESAAMLG will include the approximate date of the Plenary at which the follow-up will be presented as part of the KRA Roadmap. This follow-up is intended to be a targeted but a more comprehensive report on the extent to which the country has addressed the KRAs in its KRA Roadmap and any actions taken that might justify technical compliance re-rating (TCRR). Member countries that qualify for ICRG review and meet the prioritisation threshold will report to the FATF ICRG as outlined in the *FATF Procedures*.

<sup>44</sup> Deadlines to address specific KRA may be shorter than 3 years for countries in the ICRG process, on the basis of particular risks identified in the assessment process.

122. All countries should seek re-ratings for technical compliance with Recommendations rated as NC or PC<sup>45</sup> as part of the follow-up process.<sup>46</sup> Requests for technical compliance re-ratings will not be considered where the expert(s) determines that the legal, institutional, or operational framework has not changed since the country's MER (or previous FUR, if applicable) and there have been no changes to the FATF Standards or their interpretation.
123. If any of the FATF Standards have been revised since the date the country's ME technical compliance submission was due, the country will be assessed for compliance with all revised Standards at the time its follow-up report is considered (including cases where the revised Recommendation was rated LC or C) as outlined in paragraph 6.
124. Any recommended actions which are not the subject of a KRA or technical compliance issues that remain after the follow-up report (after 3 years) or exit from the ICRG process will be assessed as part of the country's next mutual evaluation, unless the Plenary directs the country to report sooner.

### III. *Reporting Requirements*

125. For both regular and enhanced follow-up reports, the country will provide an update to the Secretariat identifying changes made to the legal, regulatory or operational AML/CFT/CPF framework since its MER was adopted and setting out the actions it has taken or is taking to address the KRA Roadmap.<sup>47</sup> Information relevant to KRA may include information identified in the lists in the FATF Methodology on the Examples of Information that could support the conclusions on core issues for each Immediate Outcome and should demonstrate sufficient progress against the relevant KRA so that the KRA is addressed or largely addressed.
126. Some KRA may relate to technical compliance deficiencies, and the country will also submit material on its progress to improve compliance with any Recommendation rated NC or PC where it is requesting re-rating<sup>48</sup> and with any revised FATF Standards as outlined in paragraph 6. Technical compliance updates should be provided in a similar format to the Mutual Evaluation technical compliance questionnaire.
127. For any follow-up or ICRG report, only relevant laws, regulations or other AML/CFT/CPF measures that are in force and effect by the deadline to submit information for a follow-up or ICRG Joint Group report, will be taken into account for determining the extent to which a KRA is addressed, or a technical

<sup>45</sup> Requests for technical compliance re-rating (TCRR) may include Recommendations not included in the KRA Roadmap that are rated PC or NC where the legal, regulatory or operational AML/CFT/CPF framework has changed.

<sup>46</sup> Countries under ICRG review should make their TCRR requests to their respective assessment body in line with that assessment body's procedures.

<sup>47</sup> Representative timelines for preparing follow-up reports, including ICRG reports, are outlined in Appendix 2.

<sup>48</sup> For countries under active ICRG review, requests for TCRR should be made to the relevant assessment body in line with that body's procedures.

compliance re-rating is justified.<sup>49</sup>

128. To ensure accurate and comprehensive analysis, the expert reviewers and ICRG JG members, including lead reviewers, should consider all criteria of the Recommendations under review and examine the relevant legal, regulatory or operational framework in its entirety, even when some elements of the framework remain unchanged from the country's MER. The expert reviewers and ICRG JG members may highlight relevant strengths or weaknesses not previously noted in the country's MER. If the expert reviewers and ICRG JG members reach a different conclusion to previous MER (in cases where the Standards or the framework have not changed) then they should explain the reasons for their conclusion.

#### IV. *Diminished Compliance*

129. If, at any time, delegations or the Secretariat become aware that a country has significantly diminished its technical compliance to a level that the Task Force Plenary considers as equivalent to NC/PC on any one or more of R.3, 5, 6, 10, 11 and 20 the Task Force Plenary may require a TCRR report on the Recommendation. If it comes to the Task Force Plenary's attention that a country has significantly lowered its compliance with any other FATF Standards, the Task Force Plenary may request the country to address any new deficiencies as part of the follow-up process.
130. If, at any time, delegations or the Secretariat become aware that a country has significantly diminished its level of effectiveness for any one or more Immediate Outcomes since its MER, Task Force Plenary may require the country to provide an overview report of the relevant Immediate Outcome to determine whether a more comprehensive analysis of the Immediate Outcome by the relevant Review Group expert reviewers is required.
131. In cases where Task Force Plenary considers whether a country's level of technical compliance or effectiveness is significantly diminished <sup>50</sup>, the Secretariat will contact the assessed country for comment and prepare a decision paper for consideration by Task Force Plenary. The assessed country will have an opportunity to explain its position to Task Force Plenary orally or in writing.

#### V. *KRA Rating Scale*

132. To ensure clear and comparable decisions, a country in regular follow-up, expert reviewers, and ICRG

<sup>49</sup> This rule may only be relaxed in the exceptional case where the legislation is not yet in force at the deadline to submit information for follow up, but the text will not change and will be in force by the time of the Plenary. In other words, the legislation has been enacted but is awaiting the expiry of an implementation or transitional period before it is enforceable. In all other cases, the procedural deadlines should be strictly followed to ensure that experts have sufficient time to do their analysis.

<sup>50</sup> Illustrative examples could include judicial decisions that diminish the powers or responsibilities of law enforcement authorities, the FIU or other competent authorities or that render elements of the AML/CFT/CPF legal framework unenforceable; the repeal or replacement of important elements of the AML/CFT/CPF legal framework.

JG members should reach a conclusion about the extent to which the country has (or has not) addressed each KRA. For each KRA, there are four possible ratings based on the extent to which the KRA is addressed: *Fully addressed*, *Largely addressed*, *Partly addressed*, and *Not addressed*. These ratings should be decided on the basis of the following:

KRA Ratings		
<b>Fully addressed</b>	FA	The country has fully addressed the KRA.
<b>Largely addressed</b>	LA	The country has addressed the KRA to a large extent, but minor improvements are needed.
<b>Partly addressed</b>	PA	The country has addressed the KRA to some extent, but moderate improvements are needed.
<b>Not addressed</b>	NA	The country has not taken any action or steps or has only taken negligible steps to address the KRA; major improvements are needed.

133. In cases where a country is under active ICRG review and a KRA relates to technical compliance,<sup>51</sup> progress against that KRA should be rated using the KRA rating scale until the country requests TCRR from the ESAAMLG.

## VI. Follow-Up Monitoring Mechanisms

### i. Regular Follow-up

134. Regular follow-up provides a light-touch process for monitoring those countries whose MER reflect substantial to high levels of effectiveness and technical compliance. Countries in regular follow-up will present their follow-up report as a self-assessment, including application of the KRA rating scale outlined in paragraph 132. Review of progress on KRA relating to effectiveness will not be analysed but will be circulated to delegations for information.
135. Compliance with FATF Standards that have changed since the date the country's ME TC submission was due and any Recommendation where the country requests TC re-rating will be analysed for re-rating by expert reviewers. Where a country in regular follow-up seeks technical compliance re-ratings, it should indicate which Recommendations should be considered for re-rating seven months in advance of the relevant Plenary meeting.<sup>52</sup> The TC update by the country should be submitted to the Secretariat one month later (at least six months in advance) of the relevant Plenary meeting.

<sup>51</sup> See paragraph 97 and related footnote regarding KRA on technical compliance.

<sup>52</sup> For the purposes of this chapter, the Plenary meeting at which a country's report is scheduled to be considered is referred to as the "relevant Plenary meeting".

136. The KRA Roadmap self-assessment report outlining progress against KRA that do not involve TCRR should be submitted at least two months in advance of the relevant Plenary meeting. The Secretariat will prepare a cover note briefly summarising which KRA the country reports as being fully or largely addressed and which KRA the country reports as being partly or not addressed and making a recommendation regarding the next step in the follow-up process, if any.
137. The Secretariat will provide the cover note and any TCRR report to the country for its comments before it is sent to delegations. The cover note and the country's self-assessment follow-up report will be considered by Plenary as information items, unless all KRA are not fully or largely addressed. If a country has not fully or largely addressed all KRA, the follow-up report will be discussed in the relevant Review Group, which will make recommendations for discussion in ECG and Task Force Plenary as outlined in paragraphs 154-155. Any TCRR report will be considered as outlined below in the section entitled *Analysis of KRA Progress and TCRR*.
138. After considering a regular follow-up report in which the country reports that all KRA have not been fully or largely addressed, the Task Force Plenary may direct that the country submits an updated report for analysis as outlined for enhanced follow-up. Using a risk-based approach, Task Force Plenary may also decide to apply enhanced measures if strategic shortcomings remain.

*ii. Enhanced Follow-up*

139. After the discussion of the MER, the Plenary will place the country in enhanced follow-up if any one of the following applies:
  - a) it has 5 or more PC ratings for technical compliance, or
  - b) it has 1 or more NC ratings for technical compliance, or
  - c) it is rated PC on any one or more of R.3, 5, 6, 10, 11 and 20, or
  - d) it has a moderate level of effectiveness for 6 or more of the 11 effectiveness outcomes, or
  - e) it has a low level of effectiveness for 1 or more of the 11 effectiveness outcomes.
140. For countries in enhanced follow-up, progress against all KRA will be analysed by expert reviewers based on the information submitted by the country, consistent with the peer review principle of the ME process. Compliance with FATF Standards that have changed since the date the country's TC submission was due and any Recommendation where re-rating is requested will be analysed for re-rating as part of this process.
141. Where a country in enhanced follow-up seeks technical compliance re-ratings, it should indicate nine months in advance of the relevant Plenary meeting, which Recommendations should be considered for re-rating. The update by the country on steps taken to address its KRA, including both effectiveness and technical compliance, should be submitted to the Secretariat one month later (at least eight months

in advance of the relevant Plenary meeting). The country's submission will be analysed for progress against the KRA and for any technical compliance re-ratings by a group of expert reviewers, consistent with the peer review principle of the ME process.

142. The expert reviewers will prepare a follow-up report comprising an analysis of the measures taken to address the KRA and improve technical compliance and conclusions regarding the extent to which those measures address the KRA and whether TCRR is warranted. The analysis and conclusions will be provided to the country for its comments before it is sent to delegations.
143. After the discussion of an enhanced follow-up report in which all KRA have not been fully or largely addressed, the Plenary will apply enhanced measures, as outlined in paragraph 158.

### *iii. ICRG*

144. After the discussion of the MER, the Plenary will refer a country to ICRG for observation if it meets any of the following criteria:
  - a) it has 15 or more NC/PC ratings for technical compliance; or
  - b) it is rated NC/PC on 3 or more of R.3, 5, 6, 10, 11 and 20; or
  - c) it has a low or moderate level of effectiveness for 9 or more of the 11; Immediate Outcomes, with a minimum of 2 low level ratings; or
  - d) it has a low level of effectiveness for 6 or more of the 11 Immediate Outcomes.
145. ESAAMLG or FATF member/delegation may nominate a country for active ICRG review as outlined in the FATF Procedures.
146. Procedures for all stages of the FATF ICRG process are published in the *FATF Procedures*.
147. To avoid duplication of efforts and potential inconsistency, the FATF ICRG has exclusive jurisdiction over any issues in a country's KRA Roadmap, including any TC issues listed in the KRA Roadmap, for any country under active ICRG review. Once a country exits ICRG, that country can request for TCRR for any TC issues listed in the KRA Roadmap from ESAAMLG.
148. In the third year after adoption of its MER, if a country remains in active ICRG review it may request TCRR from ESAAMLG only on Recommendations not included in the KRA Roadmap rated NC/PC where the country has made legal, regulatory or operational framework changes since the MER and Recommendations where there has been a change in the FATF Standards for which the country has not been previously assessed. A country can make a request for TCRR for any Recommendation rated NC/PC that is included in its KRA Roadmap:
  - a) where the FATF ICRG has determined that the KRA regarding the technical deficiency has been fully or largely addressed; and
  - b) in preparing the technical compliance analysis for TCRR, the expert reviewers

should, to the extent possible draw on the work already done by the ICRG as set out in the ICRG progress reports and adopted by the FATF Plenary.

*iv. Role of the ESAAMLG Secretariat in the ICRG Process*

149. In participating with the FATF ICRG Joint Group (ICRG JG), the ESAAMLG Secretariat will impartially assist the ICRG JG members in achieving quality reports and maintain consistency in the application of the FATF Standards, FATF Methodology and Procedures, and impartially support its member countries in ICRG. The impartial support provided by the Secretariat may include the following:
- a) facilitate communication between the assessment team, assessed and virtual participation of Co-chairs, interested members and FATF Secretariat supporting the relevant ICRG JG during the ICRG handover meeting;
  - b) in close coordination with the FATF Secretariat, assist countries under review with ICRG country training;
  - c) when possible, help identify and source technical assistance from donors and providers to assist countries under review to address or largely address their KRA Roadmaps;
  - d) help inform ICRG JG discussion by providing contextual information on the region, risks and materiality of countries under review and such other relevant and objective information as the ICRG JG may find useful; and
  - e) guide countries under review on understanding the type of information and statistics that could be provided to demonstrate progress against its KRA Roadmap (also refer to Annex III - Assistance to countries under the FATF ICRG Pool, or FATF ICRG Monitoring).<sup>53</sup>
150. For countries in the FATF ICRG Pool, the ESAAMLG Secretariat will:
- a) Explain consequences of the country's MER results, including the possibility that the country can be referred for active ICRG review should it come to meet the prioritisation threshold or the FATF Plenary agreeing that active review is necessary based upon risk and context; and
  - b) Facilitate communication with the FATF Secretariat to answer any questions that the country under review has on the FATF ICRG process.

*VII. Analysis of KRA Progress and Technical Compliance Re-rating*

151. As outlined in the relevant sections above, progress against KRA by countries in enhanced follow-up

<sup>53</sup> The onus is on the country under ICRG review to demonstrate progress against its KRA Roadmap. The Secretariat should not be responsible for drafting the country's submission. Nor should the Secretariat represent or advocate on behalf of the country during ICRG JG deliberations.

must be subject to expert analysis and approved by the Task Force Plenary. Likewise, re-ratings for technical compliance may only be made with Task Force Plenary approval. Generally, Task Force Plenary's approval for these reports will be sought by written process. In cases where expert reviewers conclude that a country has not fully or largely addressed all KRA, the follow-up reports will be discussed in the relevant Review Group, which will make recommendations for discussion at the ECG and Task Force Plenary as outlined in paragraphs 156-157. Reports on TCRR requests will likewise be discussed if they are not adopted by written process.

*i Reporting of analysis and approval by written process*

152. At least ten weeks before the ECG/Plenary meeting, the expert reviewers should report their analysis of progress against KRA and/or technical compliance to all members, associate members and observers, who will have two weeks to comment on the report. If no comments are received (including from the assessed country), the report will be circulated for approval at the Task Force Plenary meeting without any further deliberations done and then proceed to publication, and the President of Council informed for noting.
153. If comments are received, a revised report will be circulated seven weeks before the ECG/Task Force Plenary meeting. Delegations will have one week to comment on the revised text. Unless two or more delegations (not including the assessed country) raise concerns regarding the expert reviewers' analysis of a particular KRA or Recommendation in the revised report, the report will be circulated for approval at the Task Force Plenary meeting without any further deliberations done and then proceed to publication, and the President of Council informed for noting.

*ii Review Group and ECG consideration of enhanced follow-up or TCRR reports*

154. If two or more delegations (not including the assessed country) raise concerns regarding the expert reviewers' analysis of a particular KRA or Recommendation in the revised report, that KRA or Recommendation and the issues raised will be discussed by the relevant Review Group which assisted by the Secretariat will compile a short list of the priority issues for discussion, and should circulate this list to all members, observers and associate members at least two weeks prior to the ECG discussion. The discussion should be limited in time and scope. Although follow-up and TCRR reports will be discussed at Review Groups and ECG, Task Force Plenary remains the only decision-making body. If ECG reaches consensus on the issues for discussion, the report will be circulated for approval by the Task Force Plenary meeting without any further deliberations done and then proceed to publication, and President of Council informed for noting.

*iii Plenary consideration of enhanced follow-up or TCRR*

155. Where ECG does not reach agreement (consensus) on the issues for discussion, any unresolved issues will be considered by the Task Force Plenary as a discussion item, and a revised list of issues for Task Force Plenary discussion will be distributed. Task Force Plenary discussions of an enhanced follow-up

or TCRR report should take on average, no more than one hour of Plenary time. In relation to a TCRR report, Task Force Plenary will not discuss an individual criterion rating unless it will impact an overall Recommendation rating. Task Force Plenary consensus is required to change a report.

*iv Consideration of follow-up reports with substantive issues or where all KRA are not fully or largely addressed.*

156. Although regular follow-up reports will be presented as an information item and most enhanced follow-up reports will be adopted by written process, Review Groups (RG), ECG and Task Force Plenary will discuss follow-up reports in cases where expert reviewers conclude that a country has not fully or largely addressed all KRA.
157. Task Force Plenary may also opt to discuss follow-up reports that involve strategic or substantive issues. If the issue involves highly technical matters, Task Force Plenary may request that ECG consider the issue first and make a recommendation to Plenary. Examples of substantive issues include, but are not limited to:
  - a) Significant changes in a country leading to a decline in technical compliance or effectiveness.
  - b) Insufficient progress made by a country against its KRA Roadmap.
  - c) Recommendations to analyse a self-report or apply enhanced measures.

## VIII. *Enhanced Measures*

158. If a country does not fully or largely address all KRA outlined in its KRA Roadmap, the Plenary will apply enhanced measures on an escalating basis in accordance with the timeline outlined below:
  - a) As soon as possible, but not later than six months after the Plenary adopts the follow-up report, a high-level mission to the member jurisdiction will be arranged to ascertain the level of political commitment to effective implementation of the FATF Standards. This mission would meet with Ministers and senior officials and will result in a report at the following Task Force Plenary to advise whether there is sufficient political commitment. The ESAAMLG will also require the country to report on progress against any remaining KRA at the Task Force Plenary following consideration of the report.
  - b) If the high-level mission concludes there is insufficient political commitment, or if a country has still not addressed or largely addressed all KRA when it reports to Task Force Plenary, the ESAAMLG will issue a formal ESAAMLG statement to the effect that the member jurisdiction is insufficiently in compliance with the FATF Standards.
  - c) ESAAMLG may recommend other appropriate action like recommending the country to ICRG for monitoring, and potential listing.
  - d) In cases referred to in sub-paragraph (b), the Task Force Plenary may also recommend to the Council of Ministers the suspension of the jurisdiction's membership of the ESAAMLG until it addresses the KRA concerns. Suspension will mean that the country would be considered as a

non-member of the ESAAMLG for the period of the suspension; would not be able to attend the ESAAMLG meetings or provide input into ESAAMLG processes except for the process to determine whether the country's KRA has been sufficiently addressed.

- e) The Council of Ministers on the recommendation of the Task Force Plenary may terminate the membership of the jurisdiction.

159. Where the recommendation is to be referred to Council out of its Plenary session to take steps outlined in (c) to (e) by way of Resolution, the President through the Secretariat shall immediately after the Task Force Plenary meeting circulate a written Resolution for adoption of the measure(s). The measures will be assumed approved, unless if within two weeks at least one third of the Council Members formally submit objections to the approval.
160. To end the enhanced measures process at any time, the country must demonstrate that it has addressed or largely addressed all of its KRA. To do so, the country should inform the Secretariat and submit a progress report for analysis by the respective Review Group experts assisted by the Secretariat, six (6) months before the meeting the report will be discussed. The ECG Co-chairs with the assistance of the Secretariat will consider the analysis and recommend determination by the Task Force Plenary. The Task Force Plenary upon considering the analysis and recommendation from the Co-chairs will decide on whether to recommend to the Council as quickly as possible termination or continuation of the enhanced measures.

## I. POST-PLENARY QUALITY AND CONSISTENCY (Q & C) REVIEW

### I. *Application*

161. Highly exceptional situations may arise where significant concerns about the quality and consistency (Q&C) of a report remain after its adoption. The post-Plenary Q&C process seeks to prevent the publication of reports with significant Q&C problems and ensure that poor quality assessments do not damage the FATF brand.
162. The post-Plenary Q&C review process applies to all assessment bodies and
  - a) all MERs (including the KRA Roadmaps and Executive Summaries);
  - b) detailed assessment reports (DARs)<sup>54</sup> (including the KRA Roadmaps and Executive Summaries); and
  - c) FATF enhanced follow-up reports or any technical compliance re-rating reports with issues discussed in ECG or Plenary<sup>55</sup> and all FSRB FURs with TCRR.<sup>56</sup>

### II. *Steps in the Post-Plenary Q & C Review*

<sup>54</sup> Where the evaluation is conducted by the IMF or WB

<sup>55</sup> ESAAMLG TCRR adopted by written process are not subject to the Post-Plenary Q&C process

<sup>56</sup> In this section MERs, DARs and FURs are collectively referred to as reports

163. The adoption by the Task Force Plenary initiates the MER's post-plenary Q&C process:
- a) Following the adoption of the report at the Task Force Plenary meeting and where the report is approved by the Council of Ministers at its meeting held immediately after the Task Force Plenary meeting, the Secretariat as directed by Plenary will amend the MER, KRA Roadmap and (Executive Secretary) ES, and do the necessary checks for accuracy within one week after the Plenary and send the documents to the assessed country for confirmation. The assessed country has two weeks to confirm the accuracy of the MER, KRA and ES after which the ESAAMLG Secretariat will provide the final post-plenary MER to the FATF Secretariat for circulation to all its members, other FSRB Secretariats and IMF/WBs along with a template for raising Q&C issues for consideration; or
  - b) For reports adopted by the Task Force at its first Plenary Meeting of the year when Council is not having a Plenary meeting, once the Secretariat has amended the report as directed by Task Force Plenary and done the necessary checks for accuracy (one week) and has shared the revised MER, ES and KRA Roadmap with the assessed country for confirmation (two weeks), it shall immediately on behalf of the President, circulate a Resolution seeking the approval of the MER out of session by the Council of Ministers whilst simultaneously sending the MER to the Global Network (to the FATF Secretariat) for post-plenary Q & C review. The report shall be considered approved unless one third of the Council of Ministers formally object within the two weeks of receiving the Resolution.
164. Once the FATF Secretariat has uploaded the MER on its website for review and raising of possible Q&C issues for consideration, the ESAAMLG Secretariat will circulate the same report and template for raising Q&C issues for consideration to its own member countries. Parties will have two weeks to notify both the FATF and/or ESAAMLG Secretariats in writing, of any serious or major issue of quality or consistency with the MER. Parties should use the template provided to indicate their specific concerns and how these concerns meet the substantive threshold<sup>57</sup>
165. Unless two or more parties,<sup>58</sup> using the required template, identify the same specific concern before the comment period expires, the post-Plenary Q&C review process is complete at this stage. The FATF Secretariat will advise the parties and the ESAAMLG Secretariat accordingly and the report will be

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<sup>57</sup> The substantive threshold is *when serious or major issues of quality and consistency are identified, with the potential to affect the credibility of the FATF brand as a whole*. Examples of situations meeting this substantive threshold include (but are not limited to) the following:

- a) the ratings, KRA or other recommended actions are clearly inappropriate and not consistent with the analysis;
- b) there has been a serious misinterpretation of the Standards, Methodology or Procedures;
- c) an important part of the Methodology has been systematically misapplied; or
- d) laws that are not in force and effect have been taken into account in the analysis and ratings of a report.

<sup>58</sup> At least one of which should have participated in the adoption of the report.

published.

166. Where a specific concern is identified by two or more parties, the Co-Chairs of the FATF Evaluations and Compliance Group (FATF ECG) will review the concern to determine whether *prima facie* it meets the substantive threshold and procedural requirements.<sup>59</sup> The FATF Secretariat will provide the FATF ECG Co-Chairs with any relevant information on the issue, which may include the following:<sup>60</sup>
- a) information submitted by parties raising the Q&C issue;
  - b) any related comments raised at the pre-Plenary stage;
  - c) an overview of any discussion of the issue by the ESAAMLG ECG/Plenary, including the pertinent facts in the report, the co-chairs' report or summary record from the ESAAMLG ECG/Plenary meeting where the report was discussed, whether the issue was discussed in detail, the outcome of those discussions and any rationale or reasons cited for maintaining or changing the report;
  - d) objective comparisons with previous FATF reports that address similar issues;
  - e) the report's consistency with the FATF Standards or Methodology;
  - f) any implications for the follow-up or ICRG processes; and
  - g) recommendations to resolve the issue, including appropriate next steps.
167. If the FATF ECG Co-Chairs conclude that *prima facie* the substantive threshold and procedural requirements are not met, the FATF Secretariat will present an information paper to Plenary explaining the basis for the Co-chairs' conclusion. The post-Plenary Q&C review process is then complete and FATF Secretariat will advise the parties and ESAAMLG Secretariat accordingly and the report will be published.
168. If the FATF ECG Co-Chairs conclude that *prima facie* the substantive threshold and procedural requirements are met, the FATF Secretariat will circulate the report to all FATF delegations for consideration by the FATF ECG with a decision paper prepared by the FATF Secretariat.<sup>61</sup> The decision paper will include any relevant information referred to in paragraph 166. The ECG will decide whether the report meets the substantive threshold.<sup>62</sup>
169. If the FATF ECG decides that the report does not meet the substantive threshold, the decision will be reported to Plenary as an information item. The post-Plenary Q&C review process is then complete and the FATF Secretariat will advise the parties and the ESAAMLG Secretariat accordingly and the report

<sup>59</sup> Procedural requirements are that the same concern is raised by two or more parties, other than the assessed country, one of whom should have participated in the report's adoption; use of the required template; and submission of concerns before the comment period expires.

<sup>60</sup> For an FSRB, IMF or World Bank, the FATF secretariat will liaise with the relevant assessment body to obtain this information.

<sup>61</sup> The FATF secretariat will prepare this paper in consultation with the ESAAMLG Secretariat.

<sup>62</sup> Concerns identified less than four to six weeks before an FATF ECG meeting will be discussed at the next ECG meeting to ensure sufficient time for preparation and consideration of the decision paper.

will be published.

170. If the FATF ECG decides that the concerns identified meet the substantive threshold, it will refer the matter to the FATF Plenary with recommendations for the actions needed to resolve the Q&C issue.<sup>63</sup> The FATF Plenary will decide whether to adopt the recommendations made by the FATF ECG and indicate the actions needed to resolve the Q&C issue.
171. The FATF Secretariat will advise the ESAAMLG of the FATF Plenary decision. If the ESAAMLG declines to take the actions indicated by the FATF, the FATF Plenary will consider what further action will be necessary. The ESAAMLG will not publish the MER until the issue is resolved within FATF and the ESAAMLG, and the FATF Secretariat advises that the post-Plenary Q&C review process is complete.

## J. PUBLICATION OF REPORTS AND TECHNICAL COMPLIANCE RE-RATINGS

### I. *Publication of MERs*

172. The ESAAMLG Secretariat, following the completion of the post-Plenary Q&C review process, will publish the MER, KRA Roadmap and Executive Summary on the ESAAMLG website, so does the FATF on its website, in order to give timely access and publicity to an important part of the ESAAMLG work. Both MERs, KRA Roadmaps and Executive Summaries approved by Council of Ministers during its Plenary meeting and out of session through a Round Robin process will be published six weeks after the approval.

### II. *Publication of other documents*

173. The ESAAMLG publication policy would apply to actions taken under the ESAAMLG's follow-up policy. Enhanced follow-up reports, and TCRR reports will be published at the conclusion of the post-Plenary Q&C review process.
174. For regular follow-up reports, only the technical compliance analysis is published by the ESAAMLG, as assessment of progress against the KRA Roadmap is not analysed or discussed by Task Force Plenary. If requested by a country, a link will be provided from the ESAAMLG website to a website of the country on which it has placed additional updates or other information relevant to the actions it has taken to enhance its AML/CFT/CPF system, including for effectiveness.
175. The ESAAMLG Secretariat will publish and maintain an up-to-date version of the mutual evaluation and follow-up procedures on its website.

<sup>63</sup> Next steps might include requesting that the relevant assessment body reconsider elements of the report where the issues of concern are addressed; revise the text of the report as directed to address the concerns raised.

***APPENDIX 1 – Timelines for the Mutual Evaluation Process***

<u>ME Month</u>	<u>Week</u>	<u>Date notes</u>	<u>Key Indicative Milestones</u>		
			For Assessment Team	For Assessed Country	For ME Reviewers
Pre-ME		As early as possible in advance of ME start date (Procedures para.48)		<ul style="list-style-type: none"> <li>- Designate a National Coordinator and where possible, focal points in each of the stakeholder institutions, all set up an internal coordination mechanism (as necessary)</li> <li>- Begin informal engagement on the evaluation, and set a date for assessed country training</li> <li>- Assessed country training</li> </ul>	
ME-3 months	On-site visit (OS) – 40 weeks	At least 18 months before the ESAAMLG Plenary discussion (para.49)		<ul style="list-style-type: none"> <li>- Agree on the broad timeline of the evaluation with the Secretariat</li> <li>- Advise the Secretariat which Recommendations are impacted by change to laws, regulations or operational framework</li> </ul>	

ME-1 month	OS-32	(para.28, 41, 52, 64)	<i>[Secretariat:</i> - <i>Gather material from previous MERs and FURs; prepare Technical Compliance (TC) Annex template</i>  - <i>Form assessment team selected from member countries</i>		
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<u>ME Month</u>	<u>Week</u>	<u>Date notes</u>	<u>Key Indicative Milestones</u>		
			For Assessment Team	For Assessed Country	For ME Reviewers
			- <i>Advise country of the assessors once the team is confirmed.</i> - <i>Facilitate engagement between the assessment team and assessed country (ongoing)</i>  - <i>Invite ESAAMLG members, FATF and FSRBs to provide information about a) assessed country's risk situation and any specific issues which should be given additional attention by assessors and b) their international cooperation experiences with the assessed country. (4 weeks)</i>		

1	OS-28	At least 7 months before on-site (para.50-55, 57, 63)	<ul style="list-style-type: none"> <li>- Review background material, including material from previous MERs and FURs - Review material sent by country including TC submission and discuss risk, context, materiality and scoping with assessed country</li> <li>- Develop understanding of risks, context and materiality</li> <li>- Identify and contact countries for specific outreach on international co-operation and risk.</li> <li>- Begin to identify and contact countries for specific outreach on international co-operation and risk and advise assessed country  <i>[- Deadline at start of OS-28 for ESAAMLG members, FATF and FSRBs to provide information on the risk situation and international cooperation with the assessed country – Secretariat to share feedback with country  Secretariat to provide compiled TC Annex to assessment team]</i> </li> </ul>	<ul style="list-style-type: none"> <li>- Fix the precise dates for the evaluation on-site visit as well as the timelines for the whole process in consultation with the Secretariat.</li> <li>- Submit TC update questionnaire, providing updated information including on risk and context and scoping material, and material relevant to core issue 1.1 to assessment team</li> </ul>	
	OS-26	(para.54, 57)	- Facilitated by the Secretariat:	- Facilitated by the Secretariat, engage with assessment team, including oral	

<u>ME Month</u>	<u>Week</u>	<u>Date notes</u>	<u>Key Indicative Milestones</u>		
			For Assessment Team	For Assessed Country	For ME Reviewers
			a) Engage with assessed country to discuss understanding of risk, context and materiality b) Begin preparing preliminary draft scoping note in consultation with the assessed country (2 weeks).	presentation on risk, context and materiality - Respond to or supplement any risk and international co-operation information received	
2	OS-24	6 months before on-site (para.60)	- Finalise and send draft scoping note and any other relevant background information to reviewers and country	- Review and comment on draft scoping note (2 weeks)	- Review draft scoping note and other relevant background information (2 weeks)

	OS-22	(para 61, 65-68)	<ul style="list-style-type: none"> <li>- Consider assessed country and reviewer comments and amend the scoping note as needed, in consultation with the assessed country (1 week)</li> <li>- Complete initial TC analysis based on the TC Annex template received from Secretariat; give preliminary views on whether each criterion is met, mostly met, partly met or not met. Give preliminary views on the overall rating for each Recommendation, if possible (2 weeks)</li> </ul>		
3	OS-20	5 months before on-site (para 70.)	- Finalise 1 <sup>st</sup> draft TC annex and send to assessed country	- Review 1 <sup>st</sup> draft TC annex (3 weeks)	
	OS-17	(para.71)	Consider and incorporate assessed country's comments on 1 <sup>st</sup> draft TC annex; prepare 2 <sup>nd</sup> draft TC Annex (3 weeks)		
4	OS-16	4 months before on-site (para.72)		<ul style="list-style-type: none"> <li>- Provide material on effectiveness based on the 11 Immediate Outcomes and the underlying core issues</li> <li>- Highlight areas where recommended actions could</li> </ul>	

				improve effectiveness	
	OS-14	(para.71)	Finalise 2 <sup>nd</sup> draft TC Annex [Secretariat]		
5	OS-12	3 months before on-site (para 71, 73)	-Send 2 <sup>nd</sup> draft TC Annex to country and reviewers	- Review and comment on 2 <sup>nd</sup> draft TC Annex (3 weeks)	- Review and comment on 2 <sup>nd</sup> draft TC annex (3 weeks)

<u>ME Month</u>	<u>Week</u>	<u>Date notes</u>	<u>Key Indicative Milestones</u>		
			For Assessment Team	For Assessed Country	For ME Reviewers
			- Prepare preliminary outline of initial findings, questions and requests for further information on effectiveness to assessed country (3 weeks)		
	OS-9	(para.73)	- Finalise preliminary outline of initial findings, questions and requests for further information on effectiveness to assessed country (1 week)		

6	OS-8	2 months before on-site (para. 61, 73-75)	<ul style="list-style-type: none"> <li>- Review risk and scoping information based on the country's effectiveness submission and update scoping note; request additional information on areas of increased focus</li> <li>- Finalise areas of increased focus and decreased focus and key government agencies and private sector to meet for onsite visit (2 weeks)</li> <li>- Send preliminary outline of initial findings, questions and requests for further information on effectiveness to assessed country</li> </ul>	<ul style="list-style-type: none"> <li>- Provide draft programme for onsite visit to the assessment team, and point of contact for on-site logistics (only if different from the national coordinator)</li> </ul>	
	OS-7	(para.54, 71, 73)	<ul style="list-style-type: none"> <li>- Consider and incorporate country and reviewer comments on 2<sup>nd</sup> draft TC annex</li> <li>- Review draft on-site programme (2 weeks) [<i>- Deadline for countries subject to specific outreach to provide information on the risk situation and international cooperation with the assessed country – Secretariat to share feedback with assessed country</i>]-</li> </ul>	<ul style="list-style-type: none"> <li>- Respond to questions and requests for information on effectiveness materials to assessment team</li> </ul>	

	OS-6	6 weeks before on-site (para.58, 71, 73-74)	<ul style="list-style-type: none"> <li>- Send revised scoping note to the country for review, along with any requests for additional information on areas for increased focus</li> <li>- Update outline of initial findings, key issues and develop potential recommended actions for discussion (2 weeks)</li> </ul>	- Provide any remaining responses and requested information on effectiveness materials to assessment team	
	OS-5		- Provide comments to assessed country on draft on-site programme		
<u>ME Month</u>	<u>Week</u>	<u>Date notes</u>	<u>Key Indicative Milestones</u>		
			For Assessment Team	For Assessed Country	For ME Reviewers
7	OS-4	1 month before on-site (para. 74)	- Send updated outline of initial findings, key issues and potential recommended actions for discussion to the assessed country		
	OS-3	At least 3 weeks before on-site (para. 77)	- Facilitated by Secretariat, assessment team and assessed country finalise programme and logistical arrangements for on-site		
	OS-2	At least 2 weeks before the on-site	- Refine outline of initial findings and key issues to discuss during on-site.		
8	OS-0	(para.79-87)	ONSITE VISIT (Approx. 13 to 16 working days <sup>64</sup> )		

<sup>64</sup> This reflects the average length of an on-site visit. Actual time needed may be shorter or, in exceptional cases longer, based on the size and complexity of the jurisdiction.

9	Plenary discussion (P)29 weeks	(para.87)	- Prepare 1 <sup>st</sup> draft MER and KRA Roadmap, including updated TC Annex (4 weeks)		
10	P-24	Within 5 weeks of on-site visit (para.87)	-Finalise 1 <sup>st</sup> draft MER and KRA Roadmap, and to country (1 week)		
		(para.88)	- Facilitated by Secretariat, liaise with assessed country as needed	- Respond to 1 <sup>st</sup> draft MER and KRA Roadmap (4 weeks)	
11	P-20	(para.89)	- Consider country response, and prepare 2 <sup>nd</sup> draft MER and KRA Roadmap (3 weeks)		
12	P-16	(para.89-91)	- Finalise 2 <sup>nd</sup> draft of MER and KRA Roadmap and send to country and reviewers (1 week)	- Respond to 2 <sup>nd</sup> draft MER and KRA Roadmap (3 weeks)	- Review 2 <sup>nd</sup> draft MER and KRA Roadmap (3 weeks)
13	P-13	Minimum 11 weeks before Plenary (para.92, 95)	<ul style="list-style-type: none"> <li>- Consider country and ME reviewers' comments received on the 2<sup>nd</sup> draft MER and KRA Roadmap (3 weeks)</li> <li>- Facilitated by the Secretariat, assessment team and assessed country engage to discuss further changes to the draft MER and identify issues for discussion at the face-to-face meeting</li> </ul>		
			- Update MER draft based on reviewer and country comments (1 week)		
14	P-9		Face-to-face meeting (1.5 days)		

<u>ME Month</u>	<u>Week</u>	<u>Date notes</u>	<u>Key Indicative Milestones</u>		
			For Assessment Team	For Assessed Country	For ME Reviewers
		Minimum 9 weeks before Plenary (para.96)	- Work with country to resolve potential disagreements and identify potential priority issues for Plenary discussion	- Work with assessment team to resolve potential disagreements and identify potential priority issues for Plenary discussion	
		(para.97)	- Finalise pre-Plenary draft (1 week) - Prepare Executive Summary in consultation with assessed country	- Consult with assessment team regarding Executive Summary	
	P-6	6 weeks before Plenary (para.100)	Circulate final draft MER (along with reviewers' comments, assessed country's views and assessment team responses) to all delegations for a 2-week comment period		
15	P-4	(para.101)	- Consider delegation comments - Identify priority issues for Plenary discussion		
			<i>[Secretariat - Prepare compilation of delegation comments with responses, and in consultation with assessment team, assessed country, ECG Co-chairs and Task Force Chair, develop Key Issues Document</i>		

			(KID)] (2 weeks)		
	P-2	Two-week period before Plenary (para.100-102)	<ul style="list-style-type: none"> <li>- Engage country on priority key issues and other comments received on MER or Executive Summary</li> <li>- Review and provide input on priority key issues and other comments received on MER or ES.</li> </ul> <i>[Secretariat- Circulate a) the compilation of delegation comments and b) the finalised KID]</i>	- Work with assessment team on priority key issues and other comments received on MER or Executive Summary.	
	P-0		Plenary discussion of MER		
Post-Plenary	P+3	(para.108)	<ul style="list-style-type: none"> <li>- Modify report as directed by Plenary and perform accuracy checks (1 week)</li> </ul> <i>[Secretariat- At the end of P+3, circulate report to delegations for 2-week comment period]</i>	- Confirm MER is accurate and advise of any typographical or similar errors (2 weeks)	
	P+5	- Deadline for delegation comments (para.163-171)	Post-Plenary Quality & Consistency Review: - If no concerns are raised during post-plenary Q&C, MER proceeds to publication. - If concerns are raised, Secretariat facilitates discussions and circulates revised text for 1-week comment period.		
<u>ME</u> <u>Month</u>	<u>Week</u>	<u>Date notes</u>	<u>Key Indicative Milestones</u>		

			For Assessment Team	For Assessed Country	For ME Reviewers
		(para.172)	Publication of document: - If no concerns are raised during post-plenary Q&C, publication would ordinarily happen within 6 weeks of the report being adopted - If concerns are raised, the ESAAMLG will publish the report on its website following completion of the post-Plenary Q&C review process.		
			- ESAAMLG President writes to Minister regarding the KRA Roadmap		

## APPENDIX 2 – Timelines for The Follow-Up

### I. Regular Follow-Up

FUR	Week	Date notes month	Key Indicative Milestones		
			Expert Reviewers	Secretariat	Country
1	P-28	7 months before the relevant Plenary meeting (para.135)		<i>If the country requests TCRR:</i> Confirm with the country the nominated expert reviewer(s) Expert Reviewers assisted by the Secretariat prepare the adapted Technical Compliance (TC) analytical tool template based on the deficiencies in the MER to facilitate country's TC submission (2 weeks)	- Inform Secretariat whether it is requesting TCRR and, if so, identify which Recommendations are implicated
<i>If the country requests TCRR</i>					
2	P-24	6 months before the relevant Plenary meeting (para.135)	- Review and analyse any requests for TCRR. (4 weeks)		- Submit TC update and re-rating request to the Secretariat
3	P-20			- Finalise and send draft TC analytical tool to the country. (1 week)	

	P-19				- Provide comments on draft TC analytical tool (2 weeks)
	P-17		<div>- Consider country comments on TC and make necessary edits</div> <div>- Draft FUR related to TCRR requests.</div>	- Consolidate TC analytical tool, send revised FUR and tool to assessed country (2 weeks)	
4	P-15				- Provide final comments on FUR and TC analytical tool (1 week)
	P-14				- Submit self-assessment of progress made against KRA roadmap
				- Draft cover note for progress made against KRA roadmap and incorporate it into the draft FUR (2 weeks)	
<i>FUR</i>	<i>Week</i>	<i>Date notes month</i>	<i>Key Indicative Milestones</i>		
Expert Reviewers			Secretariat		Country
5	P-12		- All parties agree on the version of the report which will be circulated to delegations (2 weeks)		
	P-10	At least 10 weeks pre-plenary (para.152)		- Circulate draft FUR to delegations for 2-week comment period	
If the country does not request TCRR					

6	P-8	2 months pre-plenary (para.136)		- Prepare summary of self-assessment and send to country for comment (2 weeks)	- Submit self-assessment of progress made against KRA roadmap
	P-6				- Comment on draft summary (1 week)
		No later than 2 weeks before Plenary		- Circulate FUR (self-assessment and summary) to delegations <u>for information</u>	

## II. Enhanced Follow-Up

<u>FUR month</u>	<u>Week</u>	<u>Date notes</u>	<u>Key Indicative Milestones</u>		
			Expert Reviewers	Secretariat	Country
1	P-36	9 months before relevant Plenary meeting (para.141)		Confirm with the country the nominated expert reviewer(s) Prepare the adapted Technical Compliance (TC) analytical tool template based on the deficiencies in the MER to facilitate country's TC submission (2 weeks)	- Inform Secretariat which Recommendations it is requesting to be re-rated
2	P-32	8 months before the relevant Plenary meeting (para.141)	- Review and analyse the extent to which the country has addressed KRAs (including any KRA related to TC) (3 weeks)		- Submit information to support country's progress made against Key Recommended Actions (KRA) roadmap - Submit TC update and

					re-rating request to the Secretariat
	P-29		- Liaise with Secretariat on questions for assessed country and draft analysis of progress against KRA (2 weeks)		- Respond to questions and requests for information from experts
3	P-27		- Analysis of TC re-rating requests (4 weeks)	- Prepare the 1 <sup>st</sup> draft KRA analysis (in consultation with the expert reviewers] and send to the country (2 weeks)	
	P-25				- Provide comments on draft analysis of progress against KRA roadmap (3 weeks)
4	P-23			- Finalise draft analysis on TC re-rating request analysis (in consultation with the expert reviewers] and send to country (1 week)	
	P-22		- Consider country comments on KRA progress and make necessary edits. Draft FUR and send revised KRA analysis to country (2 weeks)	Work with the expert reviewers in drafting the FUR and revising the KRA (2 weeks)	- Provide comments on draft TC analytical tool (2 weeks)

5	P-20		- Consider country comments on TC and make necessary edits. Incorporate updated TC analysis into draft FUR (2 weeks)	Work with the expert reviewers in updating the TC analysis and incorporating into the draft FUR (2 weeks)	- Provide comments on revised analysis of progress against KRA roadmap (3 weeks)
	P-17		- Consider country comments on revised KRA and make necessary edits. Finalise FUR. (2 weeks)	- Send FUR and analytical tool to country for review	
6	P-15				- Provide final comments on revised FUR (including TC analytical tool and analysis of progress against KRA roadmap) (3 weeks)
7	P-12		- Facilitated by the Secretariat, all parties agree on the version of the report which will be circulated to delegations (2 weeks)		
	P-10	At least 10 weeks pre-plenary (para.152)		- Circulate draft FUR to delegations for 2-week comment period	

N.B. This timeline is an example and might not include all possible steps of adoption by written process if comments are received.

### *APPENDIX 3 – Authorities and Businesses Typically Involved for On-Site Visit<sup>65</sup>*

#### **Ministries:**

- Ministry of Finance
- Ministry of Justice, including central authorities for international co-operation
- Ministry of Interior
- Ministry of Foreign Affairs
- Ministry responsible for the law relating to legal persons, legal arrangements, and non-profit organisations
- Other bodies or committees to co-ordinate AML/CFT/CPF action, including the assessment of the money laundering and terrorist financing risks at the national level

#### **Criminal justice and operational agencies:**

- The FIU
- Law enforcement agencies including police and other relevant investigative bodies
- Prosecution authorities including any specialised confiscation agencies
- Customs service, border agencies, and where relevant, trade promotion and investment agencies
- If relevant - specialised drug or anti-corruption agencies, tax authorities, intelligence or security services
- Task forces or commissions on ML, FT, PF or organised crime

#### **Financial sector bodies:**

- Ministries/agencies responsible for licensing, registering or otherwise authorising financial institutions
- Supervisors of financial institutions, including the supervisors for banking and other credit institutions, insurance, and securities and investment

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<sup>65</sup> When AML/CFT/ CPF issues are addressed not just at the level of the national government, but also at supra-national, state/province or local levels, the assessed country should also facilitate access to supra-national, state/province or local authorities and agencies. See Procedures for conducting assessments in the supra national context (paragraph 15) and the FATF *Methodology* paragraphs 27 - 31.

(2025)

- Supervisors or authorities responsible for monitoring and ensuring AML/CFT/CPF compliance by other types of financial institutions, in particular bureaux de change and money remittance businesses
- Exchanges for securities, futures and other traded instruments
- If relevant, Central Bank
- The relevant financial sector associations, and a representative sample of financial institutions (including both senior executives and compliance officers, and where appropriate internal auditors)
- A representative sample of external auditors

**DNFBP, VASP and other matters:**

- Casino supervisory body
- Supervisor or other authority or Self-Regulatory Body (SRB) responsible for monitoring AML/CFT/CPF compliance by other DNFBPs
- Supervisors or authorities responsible for monitoring and ensuring AML/CFT/CPF compliance by VASPs
- Registry for companies and other legal persons, and for legal arrangements (if applicable)
- Bodies or mechanisms that have oversight of non-profit organisations, for example tax authorities (where relevant)
- A representative sample of professionals involved in non-financial businesses and professions (managers or persons in charge of AML/CFT/CPF matters (e.g., compliance officers) in casinos, real estate agencies, precious metals/stones businesses as well as lawyers, notaries, accountants and any person providing trust and company services)
- Any other agencies or bodies that may be relevant (e.g., reputable academics relating to AML/CFT/CPF and civil societies)

Efficient use has to be made of the time available on-site, and it is therefore suggested that the meetings with the financial sector, DNFBP and VASP associations also have the representative sample of institutions/DNFBP/VASP present.

(2025)

## APPENDIX 4 – Questionnaire for Chapter 1

### I. Update on risk and context

#### INSTRUCTIONS

##### Instructions for the assessed country

The **assessed country** should briefly summarise any significant developments in their AML/CFT/CPF system which have taken place since the MER or the last follow-up report. In particular, identify any changes to risk and context that are relevant to any Recommendations to be re-assessed (e.g., a dramatic increase in the number of companies registered would be relevant context in the re-rating of R.24). This includes:

- New risk and context information, including new national risk assessments, predicate or ML/TF threat profile, and significant changes to the structure of the financial institutions, DNFBP and VASP sectors. This information will assist experts in weighing the relative importance of each criterion in the re-rating.
- Major new AML/CFT/CPF laws.
- Significant changes to co-ordination arrangements, competent authorities, or significant reallocation of responsibility between competent authorities.

For further details, the **assessed country** should see the *FATF Methodology for Assessing Technical Compliance with the FATF RECOMMENDATIONS and the Effectiveness of AML/CFT/CPF Systems*, Annex 1, MER Template for Chapter 1.

[For example, since the mutual evaluation, the following major changes have been made to Country X's AML/CFT/CPF framework:

- Country X completed and published its second ML risk assessment in 2018 (Annex B).
- Country X passed the 'Law on Suspicious Transaction Reporting (2018)' which came into effect on 12 June 2018.
- Responsibility for investigating suspicious transactions has been transferred from the Ministry of Interior to the FIU as of 23 August 2018, according to Government Order number 2018-1503.]

### II. Size and Structure of the financial, DNFBP and VASP Sectors

*AML/CFT/CPF Preventive Measures for Financial Institutions, DNFBPs and VASPs (R.10 to R.23)*

(2025)

Type of Entity*	No. Licensed / Regulated / Registered	AML/CFT/CPF Laws** / Enforceable Means for Preventive Measures	Date in Force or Last Updated ( <i>where applicable</i> )	Other additional Information (e.g., highlights of substantive changes etc.)***
Banks				
Life Insurers				
Securities				
MVTS				
VASPS				
Casinos				
Lawyers				
Notaries				
Accountants				
Precious Metals & Stones Dealers				
Trust and Company Service Providers				
Others				

\* Additional rows may be added for other type of financial institutions and DNFBPs. Countries may also choose to have more granular and specific classification of the types of financial institutions and DNFBPs.

(2025)

\*\* Countries should indicate the specific provisions in the AML/CFT/CPF laws that set out the customer due diligence, record keeping and suspicious transaction or suspicious activity reporting obligations.

\*\*\* Where there have been changes since its last update or where relevant, countries should also set out the specific provisions in the AML/CFT/CPF laws or enforceable means and key highlights of the obligations for other preventive measures (e.g., politically exposed persons (PEPs), wire transfers, internal controls and foreign branches and subsidiaries etc.).

*Legal Persons and Arrangements (R.8, R.24 and R.25)*

Type of Legal Persons / Arrangements*	No. Registered (where available)	Applicable Laws / Regulations / Requirements	Date in Force or Last Updated (where applicable)	Other additional Information (e.g., highlights of substantive changes etc.)**

\* Additional rows may be added for other types of legal persons or arrangements. Countries may also choose to have more granular and specific classification of the types of legal persons or arrangements.

\*\* Countries should indicate the specific provisions in the applicable laws / regulations / requirements and key highlights that set out the obligations to maintain the requisite information in R.24 (e.g., basic and beneficial ownership) and R.25 (e.g., settlors, trustees, protectors (if any), the (class of) beneficiaries, and any other natural person exercising control) respectively.

(2025)

## Appendix 5 – Sample Questionnaires for Technical Compliance update and input on recommendations under review from [COUNTRY X]

### Sample 1: TCRR-Style Template

#### Recommendations under Review

#### INSTRUCTIONS

##### Instructions for the assessed country

The **assessed country** should fill in the tables below for each Recommendation for which the country has made legal, regulatory or operational framework changes<sup>66</sup> since the country's last previous MER (or FUR with TCRR) (Section 1.1) or where the FATF Standards have changed since the country's previous MER/FUR<sup>67</sup> (Section 1.2).

- For Recommendations for which re-rating is requested (Section 1.1): The table should include all criteria, including those that were met, and identify all deficiencies identified in the MER. The Secretariat will assist the country to identify the deficiencies and complete this part of the table if needed.
- For Recommendations which have been revised (Section 1.2): The table should include all criteria, clearly identifying the criteria that have changed since the country's MER or previous FUR. Countries can refer to the FATF website or Methodology for a list of updates to the FATF Standards and the date at which any changes were made. The Secretariat will assist the country to identify the new or revised criteria.

The assessed country should use the "Action taken" cell in the tables to provide information on what actions (if any) have been taken to address the identified deficiencies or implement the revised FATF Standards, and to draw attention to any other legal, institutional or operational changes that may impact compliance with the criteria. This information will be used by ME assessment team in their analysis and to make recommendations on any re-rating. When providing your input:

- Provide **brief factual information only**—there is no need for lengthy argument or interpretation. Ideally, countries should not need to provide more than 1-2 paragraphs at most per criterion. Do not copy large sections of laws or regulations; a clear statutory reference is sufficient. The (translated) text of all relevant legal provisions, enforceable means, and other documents should be provided separately as an attachment to your submission.
- Only include information on actions that have been taken since the MER/previous FUR. Avoid re-iterating information that has previously been assessed. Only laws, regulations and other measures that are in force and effect at the time of the review, or will be in force and effect by the end of the on-site visit, will be taken into account for the purposes of TC re-rating; do not provide information on planned actions or measures that will not be in effect before the end of the on-site visit. Information that is not relevant or eligible to be considered (e.g., draft laws or planned actions, or information already included in the MER/previous FUR)

<sup>66</sup> Any such changes should be *material to the technical requirements of the Recommendation and the functional implications of the changes* that would warrant or lead to a re-rating, not minor changes or changes only as to form.

<sup>67</sup> FATF and FSRBs Secretariats should guide members on which Recommendations have changed since their last FUR/MER and therefore need to be considered for re-rating against new criteria.

(2025)

will not be taken into account in the ME assessors' analysis or included in the TC Annex.

- It is the responsibility of the assessed country to demonstrate that its AML/CFT system is compliant with the Recommendations. Countries may refer to the FATF Methodology for examples of information that could be provided.

### Instructions for the ME assessor

The ME assessor should review:

- (a) the information provided by the assessed country in the table below (and any additional supporting material);
- (b) the MER (or previous FUR) analysis of each Recommendation covered in the table below (including those criteria which were met); and
- (c) the FATF Methodology which sets out each criterion and related sub-criteria.

In the template below, explain whether the criteria is met / mostly met / partly met / not met (or not applicable) based on the information provided by the country. For example: Has the country addressed the deficiency identified in the MER? Do any legislative, institutional or operational changes have an impact on compliance? Be brief and avoid lengthy descriptive text.

Your starting point should be the MER (or previous FUR) and its analysis. You can assume that the legal, institutional and operational situation in the assessed country remains as described in the MER (or previous FUR) unless the country has indicated otherwise. However, you should be conscious that changes to address one deficiency may impact the legal and regulatory framework in other parts of the Recommendation, and if so, these should be analysed and described. In line with the FATF Methodology, you should consider the entire Recommendation (all criteria), noting that this will be a cursory review where the legal, institutional or operational framework is unchanged. In highly exceptional circumstances, you may identify a deficiency not assessed or incorrectly assessed due to a material or factual error in the previous MER or FUR (e.g., an element of the criteria was not considered, a law not in force and effect was taken into account, the lack of requirements in a relevant overseas territory was not been taken into account, etc.).<sup>68</sup> If you come to a different conclusion from the previous report (MER/FUR), you should clearly explain and justify the reasons for this conclusion.

Based on the analysis of each criterion, come to a conclusion on the overall rating for the Recommendation and indicate whether a re-rating is justified or not. Explain the weighting of each deficiency in the context of the Recommendation and in light of the country's risks and context. Clearly state whether deficiencies are major, moderate or minor. Remember to assess the Recommendation as a whole in considering any re-ratings. Although addressing identified TC deficiencies is a means of achieving compliance, assessing the Recommendations against the requirements of the Methodology means reflecting on and evaluating whether each requirement is met.

<sup>68</sup> This excludes cases in which the assessed country, the expert or any delegation seeks to re-litigate previous Plenary decisions, i.e., seeks to re-open a rating on the basis of a difference of opinion to the finding of the MER or previous FUR, in the absence of a material or factual error or a change to the country's legal, institutional and operational framework.

(2025)

### 1.1. Recommendations where the country has made changes to the legal, regulatory or operational framework

#### Recommendation X

c.X.X (e.g., c.37.1) [Completed by the Secretariat. Remember to include all criteria. This can be broken down into sub-criteria (a, b,c, etc.) as necessary.]

Criterion rating from the MER/previous FUR: *Met / Mostly met / Partly met / Not met*

Revised criterion rating based on action taken by assessed country: *Met / Mostly met / Partly met / Not met*

[Completed by the Secretariat. The criteria ratings are available in the post-Plenary version circulated for Q&C, available on FACT (they are not included in the published version of the MER and should not be taken from the pre-Plenary draft MER as they may have changed during Plenary.)

[To be completed by the ME assessor]

Any deficiencies identified in the TC Annex to the MER/previous FUR:

E.g., Statutory timeframes for the PPO to consider MLA requests do not permit MLA to be provided rapidly.

[Completed by the Secretariat. If using the table of deficiencies, remembers to cross-check with the MER to ensure all deficiencies are clearly covered. If criteria was met, state "None".]

Action taken since the MER/previous FUR (input from assessed country):

[Completed by the assessed country/ Briefly describe any legal, institutional or operational changes since the MER/previous FUR that would impact compliance with this criterion. Be clear where action was taken to respond to a particular deficiency. Include citations to any new or amended AML/CFT laws, regulations and enforceable means and attach (translated) material. Be concise: 1-2 paragraphs at most. Refer to the 'Instructions for the assessed country' in the box above for further advice.]

E.g., The MLA Act was amended in May 2019 to remove the 3-month timeframe for the PPO to consider MLA requests, and instead require such requests to be considered "rapidly" (s.23). There have been no other legal, regulatory or institutional changes that would impact compliance with c.37.1. The rest of the framework remains as described in the MER (see c.37.1, pg.190).

Analysis of whether deficiency addressed (input from ME assessor):

[Completed by the expert]

[Repeat above table as necessary for all criteria]

Weighting and conclusion [Completed by the ME assessor]

Rating from the MER: (e.g., PC)

Revised rating: (e.g. LC) [After stating the revised rating, the expert should briefly set out their conclusions on the appropriate rating, and the reasoning for this. They should be explicit about the importance they attach to each of the criteria and any outstanding deficiencies (including with reference to the country's risk and context)].

### 1.2. Revised Recommendations for re-assessment

#### Recommendation X

(2025)

c.X.X (e.g., c.15.1) [Completed by the Secretariat. Remember to include all criteria]

Rating from the MER/previous FUR: *Met / Mostly met / Partly met / Not met*  
 [Completed by the Secretariat. The criteria ratings are available in the post-Plenary version circulated for Q&C, available on FACT (they are not included in the published version of the MER and should not be taken from the pre-Plenary draft MER as they may have changed during Plenary. If the criterion is new, state "New criterion")]

Revised rating based on action taken by assessed country: *Met / Mostly met / Partly met / Not met*

[To be completed by the ME assessor]

Any deficiencies identified in the TC Annex to the MER/previous FUR:

•

[Completed by the Secretariat. If using the table of deficiencies, remembers to cross-check with the MER to ensure all deficiencies are clearly covered. If criteria is new or was met, state "None". If criteria was revised to the extent that previous deficiencies are no longer relevant, state this.]

Action taken since the MER/previous FUR (input from assessed country):

[Completed by the assessed country/ Briefly describe any legal, institutional or operational changes since the MER/previous FUR that would impact compliance with this criterion. Be clear where action was taken to respond to a particular deficiency. Include citations to any new or amended AML/CFT laws, regulations and enforceable means and attach (translated) material. Be concise: 1-2 paragraphs at most. Refer to the 'Instructions for the assessed country' in the box above for further advice.]

Analysis of whether deficiency addressed (input from ME assessor):

[Completed by the expert]

[Repeat above table as necessary for all criteria]

Weighting and conclusion [Completed by the ME assessor]

Rating from the MER: (e.g., PC)

Revised rating: (e.g. LC) [After stating the revised rating, the expert should briefly set out their conclusions on the appropriate rating, and the reasoning for this. They should be explicit about the importance they attach to each of the criteria and any outstanding deficiencies (including with reference to the country's risk and context).]

## 2. Technical compliance update (Recommendations not under Review)

The **assessed country** may use the section below to provide an update on technical compliance progress for Recommendations where minor changes or changes only as to form have been made that are not sufficient to warrant or lead to a re-rating, with a focus on progress made on TC deficiencies identified in the MER or FUR with TCRR. Countries do not need to go into detail as to how each of the deficiencies identified in the MER or FUR with TCRR have been addressed.

### *Recommendation X*

[Provide a brief overview of progress made to address any identified deficiencies relevant to this Recommendation.

E.g., The new 'Law on Suspicious Transaction Reporting (2018)' came into effect on 23 August 2018. This law amends Country X's reporting framework to require FIs and DNFBPs to report STRs to the FIU, thereby addressing the deficiency identified in criterion 20.1 in the MER.]

### *Sample 2: Full TC Annex*

(2025)

**TECHNICAL COMPLIANCE INFORMATION**

Countries should provide information on their technical compliance with each of the Criteria used in the FATF Methodology. For each criterion, countries should, as a minimum, set out the reference (name of instrument, article or section number) that applies. Countries should always specifically refer to the specific clauses of their laws, enforceable means, or other mechanisms which are relevant to each criterion. If necessary, countries should also briefly explain the elements of their laws, enforceable means, or other mechanisms which implement the criterion, (e.g. an outline of the procedures followed, or an explanation of the interaction between two laws). Countries could also note whether the law or enforceable means referred to has changed since the last MER or follow-up report. The (translated) text of all relevant laws, enforceable means, and other documents should be provided separately (but as early as possible). Countries should provide brief factual information only – there is no need for lengthy argument or interpretation. There is no need to set out each criterion in full. Information could be provided in the following form:

**Recommendation 1 (RUR)**

**Criterion 1.1:** [Example – “Country X has conducted separate risk assessments on Money Laundering (attached as document R1) and on Terrorist Financing (edited public version attached as document R2). These risk assessments are both used as the basis for the National Strategic Plan on AML/CFT (attached as document R3) which brings together both ML and TF risks.”]

**Criterion 1.2:** [Example – “The Minister of Finance has overall responsibility for AML/CFT. The National Strategic Plan on AML/CFT (document R3) assigns responsibility for ML risk assessment to the National Police Authority (page 54), and for TF risk assessment to the Interior Ministry (page 55). Actions are coordinated through the National AML/CFT Coordinating Committee (terms of reference on page 52).”]

**Criterion 1.3:** [Example – “Both ML and TF risk assessments are required to be updated on an annual basis (document R3, pages 54, 55)”]

**Criterion 1.4.:** [Example – “The ML risk assessment is a public document (document R1). The TF risk assessment is confidential but available to selected staff of all relevant competent authorities. A public version of the TF assessment is prepared which sets out key findings for financial institutions, and DNFBPs (document R2).”]

Etc.

**Recommendation 3 (MER 2019; TCRR June 2020, June 2022 - Rated C**

**Criterion 3.1:** [Compliant. Insert text from MER c.3.1]

**Criterion 3.2:** [Example – “MER deficiencies comprised fundamental gaps in many designated offences. Upgraded to PC June 2020: Insert text from June 2020 FUR with TCRR indicating how deficiencies were addressed. Upgraded to C June 2022: Insert text from June 2022 FUR with TCRR indicating how remaining deficiencies were addressed.”]

**Criterion 3.3:** [Compliant. Insert text from MER c.3.3]

Etc.

*Sample 3: Compiling TCRR Reports and updating MER TC Annex*

(2025)

## INSTRUCTIONS

### Instructions for the assessed country

The Secretariat has provided the **assessed country** with MS Word versions of its MER and TCRR reports. For each Recommendation (i) where Plenary changed a rating during the follow-up process, (ii) for which the country has made legal, regulatory or operational framework changes<sup>69</sup> since the country's last previous MER or FUR with TCRR, and (iii) where the FATF Standards have changed since the country's previous MER/FUR<sup>70</sup>, the assessed country should update the MER TC Annex using tracked changes as follows:

- For Recommendations re-rated during the follow-up process: insert into the MER TC Annex the text from the FUR with TCRR indicating how the deficiencies were addressed and the new rating. Clearly indicate the name and document number of the TCRR report from which the text was taken.
- For Recommendations for which the country has made legal, regulatory or operational framework changes: In the MER TC Annex, the text in tracked changes should describe how all deficiencies identified in the MER have been addressed. The Secretariat will assist the country to identify the deficiencies and facilitate completion of the text as needed.
- For Recommendations which have been revised against which the country has not yet been assessed: The text in tracked changes should include all criteria, clearly identifying the criteria that have changed since the country's MER or previous FUR. Countries can refer to the FATF website or Methodology for a list of updates to the FATF Standards and the date at which any changes were made. The Secretariat will assist the country to identify the new or revised criteria.

This information will be used by ME assessment team in their analysis and to make recommendations on any re-rating. When providing your input:

- Provide **brief factual information only**—there is no need for lengthy argument or interpretation. Ideally, countries should not need to provide more than 1-2 paragraphs at most per criterion. Do not copy large sections of laws or regulations; a clear statutory reference is sufficient. The (translated) text of all relevant legal provisions, enforceable means, and other documents should be provided separately as an attachment to your submission.
- Only include information on actions that have been taken since the MER/previous FUR. Avoid re-iterating information that has previously been assessed. Only laws, regulations and other measures that are in force and effect at the time of the review, or will be in force and effect by

<sup>69</sup> Any such changes should be *material to the technical requirements of the Recommendation and the functional implications of the changes* that would warrant or lead to a re-rating, not minor changes or changes only as to form.

<sup>70</sup> FATF and FSRBs Secretariats should guide members on which Recommendations have changed since their last FUR/MER and therefore need to be considered for re-rating against new criteria.

(2025)

the end of the on-site visit, will be taken into account for the purposes of TC analysis; do not provide information on planned actions or measures that will not be in effect before the end of the on-site visit. Information that is not relevant or eligible to be considered (e.g., draft laws or planned actions, or information already included in the MER/previous FUR) will not be taken into account in the ME assessors' analysis or included in the TC Annex.

- It is the responsibility of the assessed country to demonstrate that its AML/CFT system is compliant with the Recommendations. Countries may refer to the FATF Methodology for examples of information that could be provided.

### **Instructions for the EXPERT REVIEWER/ME assessor**

The ME assessor should review:

- (a) the MER TC Annex, particularly any text in tracked changes, provided by the assessed country (and any additional supporting material);
- (b) the MER (or previous FUR) analysis of each Recommendation containing tracked changes (including those criteria which were met); and
- (c) the FATF Methodology which sets out each criterion and related sub-criteria.

In the same MS Word document of the MER TC Annex, using tracked changes, explain whether the criteria is met / mostly met / partly met / not met (or not applicable) based on the information provided by the country. For example: Has the country addressed the deficiency identified in the MER? Do any legislative, institutional or operational changes have an impact on compliance? Be brief and avoid lengthy descriptive text.

Your starting point should be the MER (or previous FUR) and its analysis. You can assume that the legal, institutional and operational situation in the assessed country remains as described in the MER (or previous FUR) unless the country has indicated otherwise. However, you should be conscious that changes to address one deficiency may impact the legal and regulatory framework in other parts of the Recommendation, and if so, these should be analysed and described. In line with the FATF Methodology, you should consider the entire Recommendation (all criteria), noting that this will be a cursory review where the legal, institutional or operational framework is unchanged. In highly exceptional circumstances, you may identify a deficiency not assessed or incorrectly assessed due to a material or factual error in the previous MER or FUR (e.g., an element of the criteria was not considered, a law not in force and effect was taken into account, the lack of requirements in a relevant overseas territory was not been taken into account, etc.).<sup>71</sup> If you come to a different conclusion from the previous report (MER/FUR), you should clearly explain and justify the reasons for this conclusion.

Based on the analysis of each criteria, come to a conclusion on the overall rating for the Recommendation and indicate whether a re-rating is justified or not. Explain the weighting of each

<sup>71</sup> This excludes cases in which the assessed country, the expert or any delegation seeks to re-litigate previous Plenary decisions, i.e., seeks to re-open a rating on the basis of a difference of opinion to the finding of the MER or previous FUR, in the absence of a material or factual error or a change to the country's legal, institutional and operational framework.

(2025)

deficiency in the context of the Recommendation and in light of the country's risks and context. Clearly state whether deficiencies are major, moderate or minor. Remember to assess the Recommendation as a whole in considering any re-ratings. Although addressing identified TC deficiencies is a means of achieving compliance, assessing the Recommendations against the requirements of the Methodology means reflecting on and evaluating whether each requirement is met.

(2025)



## ***APPENDIX 6: -Terms of Reference for the Review Groups for Monitoring the Follow-Up Process***

### **Background**

1. The Review Groups formed at the Task Force of Senior Officials Meeting in March 2010 pursuant to Article IX(5) of the ESAAMLG Memorandum of Understanding (as amended) are a substantive part of the ESAAMLG mutual evaluation process.
2. The main objective of coming up with the Review Groups was to review the progress which was being made by assessed member countries in their post evaluation implementation of the FATF Standards through the Follow-up Reports they submitted for peer review. Over the years, as the FATF Standards evolved, the capacity of the Review Groups to skillfully determine compliance with those Standards and later their effective implementation has been growing. With the change of the FATF Recommendations (2012), and Methodology (2013), the mandate of the Review Groups was extended to also review the progress the assessed countries were making in the effective implementation of the Recommendations (effectiveness review). The Review Groups were further mandated to review requests by the assessed countries for Technical Compliance Re-rating. As the ESAAMLG trained more and more assessors, the capacitation of the Review Groups with trained Expert Reviewers and the quality of the results of the reviews have been improving.
3. The Review Groups are an integral part of the mutual evaluation and follow-up process as the ESAAMLG prepares to commence another round of assessments. Therefore, the Terms of Reference of the Review Groups are being revised to be more relevant for the new round of assessments.

### **Membership**

4. For the purposes of managing and maintaining consistency of reviews under the

(2025)

follow-up process, the ESAAMLG will continue to use the Review Groups in its mutual evaluation work. The current four Review Groups as set up by the Task Force comprising of reviewed and reviewer member countries, will continue to exist.

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### **Appointment of the Chairperson and Vice Chairperson**

5. The countries that chair the Review Groups shall be appointed by the Task Force upon the recommendation of the Evaluations and Compliance Group with the concurrence of the Review Group. Where the person appointed by the country is no longer able to chair the Review Group for any reason whatsoever, member countries shall inform the Secretariat accordingly and shall expeditiously appoint a new expert as Chair. The name, contact details and expertise (with a short profile in AML/CFT/CPF) of the new Chair shall also be communicated to the Secretariat. This will enable the ESAAMLG to retain experience within the Review Groups and at the same time ensure that reviews of member countries continue to be done in a consistent, efficient and professional manner in line with the ESAAMLG ME Procedures and the Global Network expectations.
6. The country that holds the office of the Vice-Chair shall also be appointed by the Task Force under the same terms and conditions as the Chairperson.

### **Tasks**

7. The Review Groups, which will be in charge of analyzing the corrective actions taken by the assessed countries and the progress achieved, will be assisted by the Secretariat in this regard.

### **Reporting**

8. The Review Groups will report to the Evaluations and Compliance Group (ECG), which will report to the Task Force Plenary on assessed countries' follow-up processes and actions taken.

## *ANNEX II- SELECTION OF EXPERT REVIEWERS*

### *Membership*

1. Membership of the Review Groups is open to all ESAAMLG member countries.
2. Countries shall nominate experts from the following three sectors: legal, financial (regulatory/supervisory) and FIU/law enforcement, who have been trained as assessors and have participated in mutual evaluations to represent them as Expert Reviewers in the Review Groups.
3. At all times, each Review Group shall be composed of expert reviewers representing the three sectors aforementioned.
4. Where an Expert Reviewer is no longer able to participate in the Review Group for any reason whatsoever, the member country shall inform the Secretariat in not more than a week after the notification by the person and shall as expeditiously as possible, at least not later than two weeks, appoint a new expert reviewer. The name, contact details and expertise with a short profile in AML/CFT/CFT of the new expert reviewer shall also be communicated to the Secretariat.
5. The meetings of the Review Groups shall be open sessions for members and Co-operating and Supporting Nations and Observers (the COSUNS) who may wish to attend.
6. The membership of the Review Groups shall be composed of member countries set out in the table below and any other new members to ESAAMLG. The member countries shall be responsible for reviewing the follow-up reports of peer-member countries as follows:

(2025)

<b>Review Group Membership</b>	<b>Follow-Up Reports under Review</b>
<b>Review Group A</b>	
Uganda	Seychelles
Namibia	Ethiopia
Botswana	Malawi
Madagascar	Eswatini
Angola	Mozambique
Secretariat	
<b>Review Group B</b>	
Seychelles	Eritrea
Zambia	Tanzania
Kenya	Uganda
Malawi	Lesotho
Rwanda	Angola
Secretariat	
<b>Review Group C</b>	
Eswatini	Zimbabwe
Mauritius	South Africa
Tanzania	Madagascar
Ethiopia	Kenya
South Sudan	Rwanda
Secretariat	Burundi
<b>Review Group D</b>	
South Africa	Botswana
Lesotho	Mauritius

(2025)

Eritrea	Namibia
Zimbabwe	Zambia
Mozambique	South Sudan
Burundi	
Secretariat	

### Confidentiality

7. Documents produced by a member country for the purposes of the Follow-up Process, which the member country considers must be kept confidential, will be treated as confidential by the Expert Reviewers and will not be made publicly available unless the country gives its consent (see Part B.VI).
8. Members of the Review Groups will be required to sign a Confidentiality Undertaking in the form set out in Attachment A.

### Term

9. The term of the Review Group shall expire at such time in the future as may be determined by the Council of Ministers (the Council) upon the recommendation of the Task Force of Senior Officials (the Task Force).

### Tasks

10. The Expert Reviewers and the Secretariat shall closely monitor the follow-up process as set out under the ESAAMLG ME Procedures and shall for this purpose:
  - (a) review and analyse the progress being made by assessed countries in addressing Key Recommended Actions (KRA). Where appropriate, the Review Groups shall make such recommendations, as may be relevant, for the country to sufficiently address the KRA outstanding deficiencies;
  - (b) review and analyse the FURs by member countries in addressing the requirements of the FATF Standards and other recommended actions of the MER

### Meetings

11. Expert reviewers of the Review Groups shall endeavor to attend all ESAAMLG

(2025)

and Review Group meetings.

12. Where an expert reviewer is not able to attend any Review Group or ESAAMLG meetings, he/she shall notify the Chairperson of the Review Group and the Secretariat in advance of the meeting. **The absentee expert reviewer will be expected to contribute online to any ongoing work by the Review Group and engage as needed as well as send his/her contribution to the Chairperson of the Group and the Secretariat before the meeting.**
13. The Secretariat shall maintain records of attendance of members of the Review Groups, and work done by the Review Groups of all meetings and deliberations.
14. The Review Groups, except for where decisions have been made following the written process, should normally meet physically during the Task Force meetings to discuss aspects of their work where there has been no consensus, upon direction by the ECG or Task Force. However, the Review Groups may meet in between these meetings depending on the exigencies and urgency of the business and whenever the Chairperson directs after consultation with the Secretariat, Chair of Task Force and members of the Review Group.

#### Administrative arrangements

15. The Secretariat shall, as may be required, provide secretarial and administrative support to the Review Groups, including:
  - Following up on countries to submit follow-up reports in preparation for all Task Force meetings.
  - Upon receipt of the follow-up reports, reviewing and preparing a preliminary analysis of the report, including comments on the quality of the information submitted for expert reviewers.
  - Submitting its preliminary analysis report of the follow-up reports, and KRAs to the expert reviewers of the Review Groups.
  - Disseminating any other information to assist the Review Groups in the preparation of their follow-up reports.
  - Liaising with the Chair of each Review Group for the draft reports (on the follow-up report) and any other comments by the expert reviewers to be referred to the country submitting the report before the Task Force meetings.
  - Facilitating the holding of meetings of the Review Groups to discuss their findings on the follow-up reports with delegates of reviewed member countries and prepare their final written reports for submission to the ECG.
  - Updating the Chairs of Review Groups with countries under the FATF ICRG Process on the progress the countries are making in addressing their agreed Action Plans with the FATF. The roles of the Secretariat and Review Groups

(2025)

in providing such assistance are set out in ANNEX III, below.

- For countries submitting requests for Technical Compliance Re-rating (TCRR) analyse the submissions supporting the request and come up with the draft preliminary Analytical Tool analysis, which together with the request from the country (and supporting submissions) shall be shared with the Expert Reviewers for review and input.
- Upon input on the analysis of the draft preliminary Analytical Tool by the Expert Reviewers, engage the reviewers on review of progress made by the reviewed country on addressing the KRA Roadmap as well as sharing the revised draft Analytical Tool with both the reviewed country and the expert reviewers for further comments.
- Work with the expert reviewers to come up with the FUR incorporating both the TC analysis and the KRA Roadmap analysis.
- Consult both the expert reviewers and the reviewed country in developing the final FUR to be circulated to the Global Network (*see Appendix 2 for a detailed outline of the Secretariat, Expert Reviewers and Reviewed country's responsibilities*)

(2025)

### **ANNEX III - ASSISTANCE TO COUNTRIES UNDER THE FATF ICRG POOL, OR THE FATF ICRG MONITORING**

#### **Role of the Secretariat and the Assessed Country**

All the Secretariat experts shall support countries with potential or already under the FATF ICRG Monitoring Process. It shall be the duty of each of the Secretariat Expert assigned to a Review Group at the end of the mutual evaluation of a country which is reviewed in the Review Group to advise the Chair of the Review Group (depending on the results of the MER) of the potential of the country to ultimately fall under the FATF ICRG Monitoring Process. The Chair of the Review Group shall ensure that the processes (outlined below) initiated by the Secretariat to start assisting the assessed country soon after the adoption of the MER are acknowledged by the Review Group to ensure additional monitoring of the implementation processes. Meanwhile, the assessed country will have started engaging with the Secretariat soon after the adoption of its MER (including those countries that are already in the FATF pool) to agree and implement the following processes:

- i) Organise meetings in the assessed country to be facilitated by the Secretariat to build awareness of the possibility of the country being identified for ICRG and what it might mean for the assessed country, and the importance of the KRA Roadmap shared with the assessed country. The awareness meetings should commence at high level soon after the adoption of the MER to enable soliciting of high-level political commitment from the assessed country's policy makers to ensure availing of adequate resources and timely support for implementation of any urgently needed changes. This will then be followed by engagement with relevant institutions and sectors of the country, including the private sector (especially the banking sector). Attention should be drawn to what it means for the assessed country to be under the FATF ICRG Observation Period/Monitoring Process, the pros and cons, possible impact on the country's economy and mitigation measures/actions, addressing what needs to be done by the country to either avoid ending up in the Process or to minimise the issues for consideration by the time the country is placed under the Observation Period. Organisation and costs associated with the travel of the Secretariat will be borne by the assessed country.
- ii) Soon after the awareness sessions, the assessed country should

(2025)

engage the Secretariat in being assisted to develop an

Implementation/Action Plan setting out clear timelines on how and when the country will have addressed identified strategic deficiencies. The Action Plan should aim at the assessed country initially addressing identified strategic TC deficiencies. The assessed country, through the Action Plan, should also commit itself to express the political will and availing of resources needed to see the implementation of the exercise achieved within the agreed timelines

- iii) The assessed country should be assisted by the Secretariat to develop a monitoring process of the Implementation/Action Plan, with the steps taken considered adequate to address the specific action items. Once agreed, both the Implementation/Action Plan and the monitoring process shall also be presented to the Review Group at the earliest meeting to ensure that if there are any concerns pertaining to the progress of the assessed country during this window period, they are further discussed by the Review Group. The Review Group can then decide on whether to escalate the issue to the ECG with a recommendation on the intervention which can be taken to ensure that the country stays on track to implementing its Action Plan as agreed.
- iv) The assessed country should ensure continued engagement of the Secretariat where further inductions are needed with the country's different AML/CFT stakeholders to enhance prompt implementation of specific actions under the Action Plan, either through short on-site visits which will be funded by the assessed country, or conference calls. The purpose of the on-site visits will also be to quickly discuss issues arising which need direct engagement with the assessed country's authorities. However, when the time is too short to allow such an on-site visit, or where the issues are straightforward to allow/enable adequate understanding through holding of conference call/virtual discussions, the assessed country should engage the Secretariat to ensure that adequate assistance is provided through this platform.
- v) The assessed country should continue working with the Secretariat, if it is eventually placed under the Observation Period in order to ensure that most of the outstanding strategic shortcomings are addressed during this period Facilitated by Secretariat, assessment team

(2025)

and assessed country engage to discuss further changes to the draft MER and identify issues for discussion at the face-to-face meeting or ultimately targeting at the assessed country having a short Action Plan when eventually placed under a full-fledged ICRG process.

- vi) Given that the onus to show that the assessed country is making sufficient progress in addressing its agreed Action Plan with the FATF rest with the country, once it has been placed under a full-fledged ICRG Monitoring Process, it should engage with the Secretariat to re-assess whether the agreed Implementation/Action Plan still meets the objective of assisting the country to address all outstanding strategic deficiencies identified by the FATF in the shortest time possible. If the review of the Action Plan identifies actions which need to be further enhanced then the assessed country should revise it, accordingly, with the assistance of the Secretariat. The assessed country still has to commit itself to the revised Action Plan and avail of required resources to ensure that its implementation is successful within the set timelines.
- vii) The assessed country should within the agreed timelines submit the relevant progress report for review by the Secretariat before being submitted to the FATF ICRG or Joint Group for consideration. The prior reviews will ensure that the progress reports submitted to the FATF ICRG are more focused in addressing the specific issue agreed under the FATF/Assessed Country Action Plan. This direct engagement between the assessed country and the Secretariat should be able to speedily resolve issues of concern to the assessed country or the Secretariat and enable appropriate guidance to be provided promptly where needed.
- viii) In the event of the assessed country not being clear of the specific actions it has to take after any of the Joint Group meetings or ICRG meetings in the FATF, it may seek the assistance of the Secretariat to articulate the remaining Action Plan items and help in ensuring that the implementation plan is still focused at addressing the remaining ICRG action items within the timelines provided.
- ix) The Secretariat shall help the country to engage with the international community for technical assistance and training (TA & T) before and during the Observation Period to enable the country to quickly address the expectations under the Action Plan agreed with

(2025)

the Secretariat before being subjected to the ICRG process. Where the assessed country is placed under full-fledged ICRG, the Secretariat should continue assisting the country to engage with the international community for TA & T.

- x) The assessed country should ensure continued political commitment to address the identified KRA Roadmap deficiencies with the policy makers/executive of the country throughout the ICRG process.

(2025)

***ATTACHMENT A – Confidentiality Undertaking for the ESAAMLG ME*****CONFIDENTIALITY UNDERTAKING**

I, [name of assessor or reviewer], of [country of residence] having agreed to participate in the mutual evaluation of [name of assessed country] as an assessor/reviewer, hereby undertake to keep, as **confidential**, all information and documents imparted to me or generated in the course of the mutual evaluation process and to also abide by the confidentiality provisions set out in paragraph 32 - 34 of the ESAAMLG AML/CFT/CPF ME Procedures. I further undertake not to disclose to any third party any such information or document unless expressly authorised in writing to do so by the Government of [name of assessed country] or the ESAAMLG Secretariat following consultations with the assessed country. In the event of potential or conflict of interest, I am obliged to declare such conflict to the ESAAMLG Secretariat, four (4) months or within any other reasonable period on gaining knowledge of such conflict before the on-site visit.

**Signed** .....

**Date:** .....

**Witnessed by (name of witness)** .....

**Signature**.....

**Date:** .....

***ATTACHMENT B- Confidentiality Undertaking for the ESAAMLG on the Follow-Up Process***



**CONFIDENTIALITY UNDERTAKING**

I, [name of expert reviewer], of [Country of reviewer], [mobile number and email address of reviewer] having been nominated as a member of Review Group (A, B, C, or D) for the purposes of the ESAAMLG Follow-Up process, hereby undertake to keep, as confidential, all information and documents, of such a nature, imparted to me or generated in the course of this process. I further undertake not to disclose to any third party, any such information or document unless expressly authorised in writing to do so by the Government of the country undergoing the process, or the ESAAMLG Secretariat following consultations with the reviewed country. In the event of potential or conflict of interest, I am obliged to declare such conflict to the ESAAMLG Secretariat, two (2) months or within any other reasonable period on gaining knowledge of such conflict before a decision on the review is made by either the Review Group or Secretariat is made.

Signed .....

Date.....

Witnessed by.....

Name of Witness.....

Signature.....

Date.....