

PROCEDURES FOR THE ESAAMLG 2ND ROUND OF AML/CFT MUTUAL EVALUATIONS AND FOLLOW-UP PROCESS

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TABLE OF ACRONYMS

AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
CDD	Customer Due Diligence
DAR	Detailed Assessment Report
DNFBP	Designated Non-Financial Businesses and Professions
ECG	Evaluation and Compliance Group
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FATF	Financial Action Task Force
FSAP	Financial Sector Assessment Programme
FSSA	Financial System Stability Assessment
FSRB	FATF-Style Regional Body
FUAR	Follow-Up Assessment Report
FUR	Follow-up Report
IFI	International Financial Institutions
IMF	International Monetary Fund
ME	Mutual Evaluation
MER	Mutual Evaluation Report
ML/TF	Money Laundering/Terrorist Financing
Q&C	Quality and Consistency
ROSC	Report of the Observance of Standards and Codes
SRB	Self-Regulatory Bodies
TC	Technical Compliance
UNODC	United Nations Office on Drugs and Crime
UNSCR	United Nations Security Council Resolutions
WB	World Bank

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INTRODUCTION

1. The ESAAMLG is conducting a second round of mutual evaluations (MEs) for its members based on the FATF Recommendations (2012), and the Methodology for Assessing Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems (2013), as amended from time to time. This document sets out the process and procedures that are the basis for the second round of MEs. It covers the following areas:
 - a) the underlying scope, objectives and principles;
 - b) changes in the FATF standards;
 - c) the evaluation schedule;
 - d) the procedures and steps in the evaluation process;
 - e) procedures for follow-up of MEs;
 - f) joint evaluations; and
 - g) assessments of ESAAMLG members by the International Financial Institutions (IFIs) and co-ordination with the Financial Sector Assessment Programme (FSAP) process.

I. SCOPE, BASIS AND PRINCIPLES FOR THE SECOND ROUND

2. The scope of the evaluations will be based on two inter-related components for technical compliance and effectiveness. Technical compliance will centre on assessing whether necessary laws, regulations or other required measures are in force and effect, and whether the supporting AML/CFT institutional framework is in place. The effectiveness component will assess whether the AML/CFT systems are working, and the extent to which the country is achieving the defined set of outcomes.
3. There are a number of general objectives and principles that govern MEs conducted by the ESAAMLG. The process and procedures should:
 - a) produce objective and accurate reports of a high standard in a timely way;
 - b) ensure that there is a level playing field, whereby mutual evaluation reports (MERs), including the executive summaries, are consistent, especially with respect to the findings, the recommendations and ratings;

- c) ensure that there is transparency and equality of treatment, in terms of process and results, for all members assessed;
- d) seek to ensure that the evaluation or assessment exercises conducted by all relevant organisations and bodies (ESAAMLG, FATF, IMF, World Bank, other FSRBs) are equivalent, and of a high standard and not duplicative;
- e) have sufficient clarity and transparency; encourage the implementation of higher standards, identify and promote good and effective practices, and alert governments and the private sector to areas that need strengthening;
- f) be sufficiently streamlined and efficient to ensure that there are no unnecessary delays or duplication in the process and that there is effective use of resources.

II. CHANGES IN THE FATF STANDARDS

- 4. Work on ME processes in the FATF is dynamic and this may lead to changes to the Recommendations, the Interpretive Notes or the Methodology used by ESAAMLG. All members of ESAAMLG should be evaluated on the basis of the FATF Recommendations and Interpretative Notes, and the Methodology as they exist at the date of the country's on-site visit. The MER should state clearly if an assessment has been done based on the recently amended Standards. To ensure equal treatment, and protection of the international financial systems, compliance with the relevant elements of the changes, could be assessed as part of the follow-up process explained (see section IX), for countries that have not been assessed or as part of the ME.

III. SCHEDULE FOR THE SECOND ROUND

- 5. The schedule of MEs for the second round, 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.
- 6. A schedule of MEs showing the fixed or proposed date of the on-site visit, the dates of relevant FSAP missions where possible and the date for the Plenary discussion of the MER will be maintained by the ESAAMLG Secretariat. Under normal circumstances, the ESAAMLG will maintain the discussion of one MER per Plenary but depending on circumstances the number can be increased to a maximum of two. As the ESAAMLG Task Force of Senior Officials has two Plenary Meetings with only one Council of Ministers Plenary Meeting per year, the MER adopted by the ESAAMLG Task Force of Senior Officials during its first Plenary Meeting shall be

approved by the Council of Ministers out of Plenary session by way of written Resolution as provided under *Clause X.6* of the Memorandum of Understanding of the ESAAMLG. The time frames for the out of session adoption of the MER are described in the *Publication and other procedures following Council of Ministers Meeting's* part, at pages 22-24 below. 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. The factors determining the sequence of MEs will be based on:

- The scheduled date of any possible FSAP mission.
- The date of the last mutual evaluation of the country.
- Members' views on their preferred date - members are consulted on the possible dates for on-site visits and Plenary discussion of their MER and this is taken into account in the schedule.

IV. PROCEDURES AND STEPS IN THE EVALUATION PROCESS

7. The procedures and steps set out in this section relate to the general conduct of ESAAMLG mutual evaluations. The ESAAMLG Secretariat will maintain a detailed Checklist based on the agreed finalised Schedule of Meetings. This process will be followed for each ESAAMLG mutual evaluation.
8. These procedures and steps should be read in conjunction with the FATF 40 Recommendations, the Interpretive Notes (adopted in February 2012) and the Revised Methodology for Assessing Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems [Methodology] (adopted in February 2013). The key steps apply to both the assessment team and the assessed country and are summarised in **Appendix 1**. The assessed country and assessment team have the flexibility to extend the overall timeline of the evaluation by up to one or two months to factor in dates of ESAAMLG Plenary meetings, events or holidays, or to adjust the date of the on-site to the most appropriate time. An earlier start to the evaluation might become necessary as there is no flexibility to reduce the time allocated to post-onsite stages of the process, therefore the assessed country and assessment team will have to agree on the outline of the evaluation timelines at least 14 months before the ESAAMLG Task Force Plenary discussion. A detailed description of the timelines for each of the steps in a ME is set out below.

Pre-Mutual Evaluation Training Workshop

9. The ESAAMLG Secretariat shall conduct a pre-mutual evaluation training workshop to assist the assessed country to prepare for the mutual evaluation, four (4) months or such earlier period as may be agreed between the assessed country and the Secretariat before the commencement of the desk-based review process. Such training workshop shall be tailor made to meet the conditions of each jurisdiction's requirements, including issues of language.

PREPARATION FOR THE ON-SITE VISIT

10. The ESAAMLG Secretariat will fix the dates for the evaluation on-site visit as well as the timelines for the whole process in consultation with the country at least eight months before the on-site visit. The timelines shall be guided by those set out in Appendix 1, with some flexibility where possible. The onus is on the country to demonstrate that it has complied with the Standards and that its AML/CFT regime is effective, hence, the country should provide all relevant information up to the last day of the on-site visit and any other additional information when requested by the assessment team or to clarify a certain position¹ during the course of the assessment. As appropriate, assessors should be able to request or access documents, data, or other relevant information.
11. 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 English and the original language.

(a) Information Updates on Technical Compliance

12. 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 risks, identifying potential areas of increased focus for the on-site, and preparing the draft MER. Countries should provide the necessary updates and information to the Secretariat no less than 6 months before the on-site. Prior to that, it would be desirable to have informal engagement between the country and the Secretariat.

¹ It will not be expected that the assessed country will be providing new information after the on-site visit unless with the consent of the assessors where it is necessary to clarify information already provided.

13. In some countries AML/CFT issues are matters that are addressed not just at the level of the national government, but also at state/province or local levels. Countries are requested to note the AML/CFT measures that are the responsibility of state/provincial/local level authorities, and to provide an appropriate description of these measures. Assessors should also be aware that AML/CFT measures may be taken at one or more levels of government, and should examine and take into account all the relevant measures, including those taken at a state/provincial/local level. Equally, assessors should take into account and refer to supra-national laws or regulations that apply to a country.

14. Countries may rely on the questionnaire template for the technical compliance update (see **Appendix 3**) to provide relevant information to the assessment team. Along with previous reports, this will be used as a starting basis for the assessment team to conduct the desk-based review on technical compliance. The questionnaire template is a guide to assist assessed countries to provide relevant information in relation to: (i) any new laws, regulations and guidance, and relevant updates and information on the institutional framework, (ii-) information on money laundering and terrorist financing risks and context, and (iii) information on the measures that the country has taken to meet the criteria for each Recommendation. Countries should complete the questionnaire and may also choose to present other information in whatever manner it deems to be more expedient or effective.

(b) Information on Effectiveness

15. Assessed countries should provide information on effectiveness based on the 11 Immediate Outcomes identified in the effectiveness assessment no less than 4 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 Outcome of the Methodology. 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 regime.

(c) Composition and Formation of Assessment Team

16. The ESAAMLG Secretariat will select the assessors and this should be at least six (6) months before the on-site. The Secretariat will formally advise the assessed country of the composition of the assessment team at the time of confirmation of the team.

17. Assessors will be selected by the ESAAMLG Secretariat from different member countries. The assessment team will normally consist of five expert assessors (one

legal, two financial², one FIU and one law enforcement), plus the Secretariat (with the number determined by the size and complexity of the jurisdiction being evaluated). Also depending on the country and the money laundering and terrorist financing risks, additional assessors or assessors with specific expertise may also be required. In selecting the assessors, a number of factors to ensure that the assessment team has the correct balance of knowledge and skills will be considered. These will include: (i) their relevant operational and assessment experience; (ii) relevance of knowledge of assessed country's original language, where necessary³; (iii) type of the legal system (civil law or common law) and institutional framework; and (iv) specific characteristics of the jurisdiction (e.g. size and composition of the economy and financial sector, geographical factors, and trading or cultural links). Assessors should be very knowledgeable about the FATF Standards, and should have attended the 2nd round of assessors' training before they conduct a mutual evaluation. To ensure best results of the mutual evaluation exercise, at least one of the assessors should have had previous experience conducting an assessment.

18. ESAAMLG as an assessment body should review from time to time whether the Secretariat is adequately staffed to support the mutual evaluation process, understanding that 2 or 3 staff members should be considered optimal for the majority of evaluations. Where the Secretariat has had problems of resources, ESAAMLG should review its work plan and allocation of resources to other projects to ensure work on MERs/FURs is adequately prioritised.
19. In joint evaluations, the assessment team will be made up of assessors and Secretariat from both the ESAAMLG and the FATF/FSRB(s) or IMF/World Bank. For some other ESAAMLG evaluations, the Secretariat could, with the consent of the assessed country, invite an expert from another FSRB (member or Secretariat) or the IMF/World Bank⁴ to participate as an assessor or observer, on the basis of reciprocity. Where appropriate, for developmental purposes, the Secretariat may also select an additional team member as observer to observe or assist the evaluation team. The additional member will normally be an expert who has not previously participated in a mutual evaluation and/or whose jurisdiction has not previously been involved in a mutual evaluation. Normally, there should be no more than two observers per evaluation.

² Assessors in the assessment team should have expertise in preventive measures necessary for the financial sector and designated non-financial businesses and professions

³ The language of evaluation in ESAAMLG is English.

⁴ Participation (on reciprocal basis) from other observers that are conducting assessments could be considered on a case by case basis.

20. The Secretariat will submit the list of assessors and observer(s) to the assessed country for information at least six (6) months before the on-site. The decision concerning the composition of the team will rest with the Secretariat. Due to the nature of the peer review process, the Secretariat will work to ensure that the mutuality of the process is maintained. A list of assessors will be kept, and the Secretariat will try to keep the process a mutual one, in which all member countries provide an expert for at least one mutual evaluation. Member countries are encouraged to commit themselves to releasing the assessors whenever requested to do so by the Secretariat. For the assessors trained under the sponsorship of ESAAMLG's 2nd round of MEs, their governments will have to be ready to release them whenever they are requested by the Secretariat to undertake an evaluation. This does not stop the Secretariat from making independent invitations of any of the trained assessors under the ESAAMLG 2nd Round of MEs to participate in any evaluation.

(d) Responsibilities of the Secretariat

21. The Secretariat:

- Supports the assessment team to ensure that questions asked of the assessed country are relevant to the FATF Standards and responses provided by the assessed country are supported by relevant information explaining how the requirements of the Standards are met;
- 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;
- Ensures compliance with process and procedures;
- Assists assessors and assessed country in the interpretation of the FATF Standards and Methodology in line with past FATF Plenary decisions;
- Ensures that assessors and assessed country have access to relevant documentation and information;
- Ensures that statistics and legislative references are cited correctly;
- Project-leads the process and performs other tasks as indicated in these procedures to make the evaluation a smooth process.

(e) Responsibilities of Assessment Team

22. The core function of the assessment team is, collectively, to produce an independent report (containing analysis, findings and recommendations) of the country's compliance with the FATF Standards, in terms of both technical compliance and effectiveness. A successful assessment of an AML/CFT regime requires, at a minimum, a combination of financial, legal and law enforcement expertise, particularly in relation to the assessment of effectiveness. Experts therefore have to conduct an evaluation in a fully collaborative process, whereby all aspects of the review are conducted holistically. Each expert is expected to contribute to all parts of the review, but should take the lead on, or take primary responsibility for topics related to his or her own area of expertise. Information on each of the assessors' primary responsibility during the evaluation should be shared with the assessed country, even if the evaluation remains an all-team responsibility. It is also important that assessors are able to devote their time and resources to reviewing all the documents (including the information updates on technical compliance, and information on effectiveness), raising queries prior to the on-site, preparing and conducting the assessment, drafting the MER, attending the meetings (e.g. on-site, face to face meeting, and Plenary discussion), and adhere to the deadlines indicated.
23. Due to the mutual evaluation process being dynamic and a continuous process, the assessment team and Secretariat should engage and consult the assessed country on an on-going basis. Such engagement should commence as soon as reasonably possible. Ideally, this should be done through the identified contact person(s) or point(s) indicated by the country at least 6 months before the on-site. The assessed country should ensure the contact person to be of appropriate seniority to enable effective coordination with other authorities and make certain decisions when required to do so. The contact person should also have an understanding of the mutual evaluation process and do quality control of responses from other agencies before it is provided to the assessment team. The assessed country should rely on the questionnaire template for the technical compliance update to provide relevant information to the assessment team. Throughout the process the Secretariat will ensure that the assessors can access all relevant materials and regularly review whether the engagement to exchange information between the assessors and the assessed country is working effectively or facilitation of more communication is required.

(f) Desk Based Review for Technical Compliance

24. Prior to the on-site visit, the assessment team assisted by the Secretariat will conduct a desk-based review of the country's level of technical compliance, and the contextual factors and ML/TF risks. The review will be based on information relevant

to the mutual evaluation provided by the assessed country to the assessment team using the questionnaire template for the technical compliance updates, pre-existing information drawn from the country's 1st round MER, follow-up reports and other reliable or credible sources of information. The assessment team is to carefully take into account this information and through review of the findings from the previous MER and follow-up reports, and where relevant may highlight strengths or weaknesses not previously noted. If the assessment team reaches a different conclusion to previous MERs and follow-up reports in circumstances where the Standards and legislation of the assessed country have not changed then the assessors should explain the reasons for their conclusion.

25. The assessors in drafting the technical compliance annex, are supposed to do a comprehensive analysis, indicating if each criterion (and sub-criterion where included) is met, mostly met, partly met or not met and the reasons. Prior to a revised technical compliance annex, the assessment team will provide the country with a 1st draft of the technical compliance analysis annex (which need not contain ratings or recommendations) about three (3) months before the on-site. This will include a description, analysis, and list of potential technical deficiencies noted. The country will have one month to clarify and comment on this 1st draft on technical compliance.
26. During the review process for technical compliance, assessors are only to take into account relevant laws, regulations or other AML/CFT measures that are in force and effect at that time, or will be in force and effect at the time of the on-site. 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.

(g) Ensuring Adequate Basis to Assess International Cooperation

27. In order to make the process as transparent and as effective as possible, six months before the on-site visit ESAAMLG, other FSRBs and FATF⁵ members will be invited to provide information to the Secretariat on their experiences of international co-operation with the country being evaluated, or any other AML/CFT issues that they would like to see raised and discussed during the on-site visit.

⁵ The FATF, other FSRBs and their members will only be invited to provide this information where they are willing to reciprocally invite ESAAMLG members to provide the same type of type of information in relation to their mutual evaluations.

28. In addition, the assessment team and the assessed country may also identify key countries which the assessed country has provided international cooperation to or requested it from, and seek specific feedback. The feedback could relate to: (i) general experience, (ii) positive examples, and (iii) negative examples, on the assessed country's level of international cooperation. The responses received will be made available to the assessment team and the assessed country.

(h) Identifying Potential Areas of Increased Focus for On-Site Visit

29. During the on-site, the assessment team will have to examine the country's level of effectiveness in relation to all the 11 Immediate Outcomes. The assessment team *may* also, based on its preliminary analysis (of both technical compliance and effectiveness issues) prior to the on-site, identify specific areas which it would pay more attention to during the onsite visit and in the MER, as well as reduced focus. This will usually relate to effectiveness issues but could also include technical compliance issues. In doing so, the team will consult the assessed country. In addition, delegations will be invited to provide any comments that would assist the team to increase its focus on areas of higher risks or reduce its focus on areas of lower risks.

30. In cases where there are potential areas of increased or reduced focus for the on-site, the assessment team should obtain and consider all relevant information and commence discussion of these areas approximately four months before the on-site. It will then consult the assessed country at least two months before the on-site. Ordinarily, the assessed country is expected to provide additional information regarding the areas which the assessment team would like to pay more attention to. While the prerogative lies with the assessment team, the areas for increased and reduced focus should, to the extent possible, be mutually agreed with the assessed country and should be set out in a draft scoping note. The assessment team should look at areas of reduced risk, as well as increased risk as part of the scoping note. The draft scoping note should set briefly (in not more than two pages) the areas of increased and reduced focus, and why these areas have been selected. The draft scoping note, along with relevant background information (e.g. the country's risk assessment), should be sent to the reviewers (described in the section on quality and consistency, below) and to the country. Reviewers should, within one week of receiving the scoping note, provide their feedback to the assessment team regarding whether the scoping note reflects a reasonable view on the focus of the assessment, having regard to the material made available to them as well as the general knowledge of the jurisdiction. The assessment team should consider the merit of the reviewers' comments, and amend the scoping note as needed, in consultation with

the assessed country. The final version of the scoping note should be sent to the country at least 3 weeks prior to the on-site, along with any requests for additional information on the areas of increased focus. The assessed country should seek to accommodate any requests arising from the additional focus. The country should also consider making a country presentation on its risk and context at the start of the on-site visit for assessors to better evaluate the country's understanding of risks.

31. To expedite the mutual evaluation process, and to facilitate the on-site visit, the assessment team will, one week before the on-site visit, prepare a revised draft TC annex and an outline of initial findings/key issues to discuss on effectiveness. In order to facilitate the discussions on-site, the revised TC annex will be sent to the country at that time.

(i) Programme for On-Site Visit

32. The country (designated contact) should work with the Secretariat, and prepare a draft schedule of meetings and coordinate the logistics for the on-site visit. The draft schedule of meetings, together with any specific logistical arrangements, should be sent to the assessment team no later than one month before the visit. The assessors may request such additional meetings as they think are necessary. The draft schedule of meetings should be flexible enough to allow follow-up and requests for additional meetings by the assessment team, where they become necessary. Please see **Appendix 2** for the list of authorities and businesses that would usually be involved in the on-site. The assessment team, to assist in preparing itself, should prepare a preliminary analysis identifying key issues on effectiveness, eight weeks before the on-site visit.
33. The draft schedule of meetings for the on-site visit should take into account the areas where the assessment team may want to apply increased or reduced focus. The assessed country will make arrangements for a single venue where the assessment team shall hold interviews with agencies/organisations during the assessment, unless there are peculiar circumstances which will render this arrangement impracticable⁶. In such circumstances, the assessed country will advise on the appropriate venue for the assessors to meet with the agencies/organisations to be interviewed. For the latter arrangement to be effective, appropriate travel times between meetings must be built into the draft schedule of meetings and should be kept to a maximum of 3 venues per

⁶ Where it becomes necessary for the assessment team to verify certain facts on-site to determine issues of effectiveness, the assessed country shall make the necessary arrangements for the assessors to visit the specific agency/organization.

day unless the venues are in close proximity.

34. Where a translator is required for meetings, this needs to be factored into the draft schedule of meetings and the meetings made sufficiently long for reasonable discussions to take place using a translator. Where English is not the official language of the evaluated country, the process of translation of relevant laws, regulations and other documents should start at an early stage so that they can be provided to the assessment team a month before the commencement of the technical compliance desk-based review, which will be six months before the on-site visit. However, the relevant laws and other documents should also be provided in the language of the jurisdiction to minimize and enable verification of technical translation errors. During the on-site visit, if the jurisdiction experts are not fluent in English, translators provided should be professional and well prepared. The jurisdiction being evaluated will provide the translators and translated documents.
35. Based on the draft schedule of meetings submitted by the assessed country, the assessment team, the country and the Secretariat will work to agree and finalise the schedule of meetings at least three weeks prior to the on-site visit.
36. It is the responsibility of the jurisdiction being assessed to provide the appropriate security arrangements, where required. All transportation during the visit, both to and from the airport and between appointments, is the responsibility of the assessed country. The assessment team should be provided with a specific office for the duration of the on-site mission, the room should have photocopying, printing and other basic facilities, as well as internet access.

(j) Confidentiality

37. All documents and information produced: (i) by an assessed country during a mutual evaluation exercise or follow up process, (e.g. updates and responses, documents describing a country's AML/CFT regime, measures taken or risks faced [including those where there will be increased focus] or responses to assessors' queries); (ii) by the ESAAMLG Secretariat or assessors (e.g. reports from assessors, draft MER); and (iii) comments received through the consultation or review mechanisms, should be treated as confidential. They should only be used for the specific purposes provided and not be made publicly available, unless the assessed country (for documents under (i) above) or the country and Secretariat (for documents under (ii) and (iii) above) consent to their release. These confidentiality requirements apply to the assessment team, the Secretariat,

reviewers, officials in the assessed country and any other person with access to the documents or information. At least four months before the on-site visit, members of the assessment team and reviewers should sign a confidentiality agreement, which should include the requirement to declare a conflict of interest.

ON-SITE VISIT

38. The on-site visit provides the best opportunity to clarify all issues relating to the AML/CFT system of the evaluated country as it allows for face-to-face meetings with all relevant government agencies/departments and with the private sector. The 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 money laundering and terrorist financing risks are identified. Assessors must be cognisant of the different country circumstances and risks, and that countries may adopt different approaches to meet the FATF Standards and to create an effective system. They thus need to be open and flexible, and seek to avoid narrow comparisons with their own national requirements.
39. Depending on the extent of the size, complexity and development of the AML/CFT systems in member countries, previous evaluations have shown that a period of 8 – 11 days which allow the following, is required for on-site visits:
- An initial one to two days preparatory meeting between the Secretariat and assessors;
 - Up to eight days of meetings⁷ with representatives of the jurisdiction. The opening meeting might also include an overview of the country's understanding of risk, to complement the write-ups of the NRA(s). The programme of the meetings will take into account areas where the assessment team may want to apply increased and reduced focus. Time may also have to be set aside for additional or follow-up meetings, where assessors have identified new issues that need to be discussed with the authorities or where further information is needed on an issue already discussed;
 - Finally, two to three days where the Secretariat and assessors work on the preliminary draft MER, to ensure that all the major issues that arose during the evaluation are noted in the preliminary draft report, and discuss and

⁷ The assessment team should also set aside time midway through the on-site to review the progress of the mutual evaluation and where relevant identified areas of increased focus for the on-site, initially.

agree possible ratings, key findings and key recommendations. The assessment team should also provide a summary of its key findings at the closing meeting with the authorities of the assessed country.

40. The total length of the mission for a normal evaluation is likely to be in the order of ten working days but this could be extended for large or complex jurisdictions.
41. The initial one to two days preparatory meeting between the evaluation team and the Secretariat is held on-site to inter-alia:
 - Ensure all evaluators have all relevant documentation and identify any outstanding documentation;
 - Confirm the sharing of responsibilities between evaluators, including who will take the lead role during each meeting during the on-site visit; and
 - Discuss issues arising from relevant information/documentation provided by the jurisdiction.
 - Ensure that the assessors acquaint with each other since they will be meeting physically for the first time.
42. The assessed country should ensure that the assessment team is able to request and meet with all relevant agencies during the on-site. The assessed country and the specific agencies being met should ensure that appropriate staff is available for each meeting. In addition to providing transport to the assessment team and where necessary translator facilities, the assessed country shall provide a dedicated senior officer to assist the assessment team with arranging the meetings to ensure continuity.
43. The meetings with the private sector and other non-governmental representatives⁸ are an integral part of the visit, and generally, the assessors should be given the opportunity to meet with various representatives of associations and institutions in private, and without a government official present. The team may also request that meetings with certain government agencies be restricted to those agencies only. The assessed country should however ensure that both senior managers, who can 'speak for' the agency/jurisdiction at a policy level, as well as 'operational' staff who can answer detailed/technical questions, are present at each meeting.

POST ON-SITE PREPARATION OF DRAFT EXECUTIVE SUMMARY AND MER

44. There should be a minimum of twenty- seven (27) weeks between the end of the on-

⁸ E.g. those listed in Appendix 2

site visit and the discussion of the MER in the Task Force Plenary. The timely preparation of the MER and Executive Summary⁹ will require the assessors to work closely with the Secretariat and the assessed country. Depending on when the Plenary discussion is scheduled, the time period may also be extended or adjusted. In exceptional cases, and based on justified circumstances (and with the consent of the assessed country), a shorter period of time may be allowed for.

45. The steps in finalising a draft report for discussion at the Task Force Meeting, and the approximate time that is required for each step, are set-out below (see also **Appendix 1**). In their drafting of the 1st and 2nd second draft MERs, assessors should aim to clarify as much as possible how information submitted by the assessed country was taken into consideration, if /where additional information is still needed, and state clearly, if they are not willing to change their views on a particular topic.

(k) 1st Draft MER

46. Assessors will have six weeks to coordinate and refine the 1st draft MER (including key findings, potential issues of note, recommended actions and ratings for the assessed country). This is then sent to the assessed country for comments. The assessed country will have four weeks to review and provide its comments to the Secretariat for immediate onward transmission to the assessment team. During the time of the review by the assessed country, the assessment team should be prepared to respond to queries and clarifications that may be raised by the assessed country.

(l) 2nd Draft MER and Executive Summary

47. Upon receipt of the country's comments on the 1st draft MER, the assessment team will have **three weeks** to review the various comments and make further amendments, as well as prepare the Executive Summary. Every effort should be made to ensure that the revised draft is as close to a final draft MER as possible. The second draft MER and Executive Summary will then be sent to the country and to the reviewers (**approximately 13 weeks after the on-site**). As in the 1st draft MER, assessors, when writing up the draft MERs and/or during calls, should aim to clarify as much as possible, in writing or orally, how specific information was taken account in their analysis, if/where additional information is still required.
48. The Secretariat, with the aim to facilitate communication between the assessment

⁹ The format for the Executive Summary and MER is contained in Annex II of the Methodology. Assessors should also pay attention to the guidance on how to complete the Executive Summary and MER, including with respect to the expected length of the MER (100 pages or less, together with a Technical Annex of up to 60 pages).

team and the assessed country, should facilitate regular conference calls between all parties, when necessary, in particular after the circulation of an updated draft MER.

(m) Initial Quality and Consistency Review

49. As part of the ESAAMLG mutual evaluation process, there will be a quality and consistency review. The main functions of the reviewers are to ensure MERs are of an acceptable level of quality and consistency, and to assist the assessment team and assessed country by reviewing and providing timely input on the scoping note and the draft MER and Executive Summary (including any annexes) with a view to:
- Commenting on assessors' proposals for the scope of the on-site,
 - 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 areas where the analysis and conclusions are identified as being clearly deficient).
 - Checking whether the description and analysis supports the conclusions (including ratings), and whether, based on these findings, sensible recommended actions and priority actions for improvement are made.
 - Where applicable, highlighting potential inconsistencies with earlier decisions adopted by the FATF on technical compliance and effectiveness issues, and
 - Checking that the substance of the report is generally coherent and comprehensible.
50. The review will draw on expertise from a pool of qualified volunteer experts. This pool would contain experts from the ESAAMLG Evaluations and Compliance Group, which is composed of experts from the ESAAMLG member countries (including Chairpersons of Review Groups on Follow-Up Process¹⁰ and those from Cooperating and Supporting Nations and Observers). The latter among others, include experts from the FATF, IMF, WB, UNODC, expert groups formed pursuant to the UNSCRs and experts from delegations of supporting nations. Other FSRBs will also be invited to have their experts take part in the review exercise, particularly if the member country being assessed does not use English as its first language.¹¹ ESAAMLG Secretariat experts who are not directly involved with the assessment of a member country whose report is up for review will manage the review process. To avoid potential conflicts, the reviewers selected for any given quality and consistency review will be from countries other than those of the assessors, and will

¹⁰ See Appendix 4

¹¹ Member countries that are either French or Portuguese speaking.

be made known to the country and assessors in advance. Generally, three reviewers will be allocated to each assessment, comprising of two reviewers from the ESAAMLG and one external reviewer (where ever possible the external reviewer will be from the FATF Secretariat) from any of the other assessment bodies or delegations of one of the Supporting Nations, FSRB or Observers, each of whom could in principle focus on a part of the report.

51. The reviewers will need to be able to commit time and resources to review the scoping note and the quality, coherence and internal consistency of the 2nd draft MER, as well as consistency with the FATF Standards and, FATF precedents. In doing so the reviewers should have a copy of the comments provided by the country on the 1st draft MER. The reviewers need to be able to access all key supporting documents from the assessed country's technical compliance submission to its risk assessment. In order to ensure transparency of the process, all comments from the reviewers will be disclosed to the assessors and country. The reviewers will have three weeks to examine the 2nd draft MER and provide their comments to the ESAAMLG Secretariat experts managing the review process, who will forward the comments to the assessment team and the assessed country within a day from the date of receipt. The reviewers for the quality and consistency review do not have any decision-making powers or powers to change a report. It is the responsibility of the assessment team to consider the reviewers' comments and decide whether any changes should be made to the draft report. The assessment team will provide a short response to the ESAAMLG ECG and Plenary regarding the changes it has made to the draft report based on the reviewers' comments and decisions it will have made.
52. The assessed country will have the opportunity to submit further comments on the 2nd draft MER, in parallel with the review process. Following the receipt of the reviewers' and assessed country's comments, the assessment team will consider those comments and prepare a 3rd draft MER. The 3rd draft MER and the comments from the Reviewers will be sent to the assessed country after three weeks from the date of receipt of the comments (Reviewers') by the assessors to be used by the assessed country to prepare for the face-to-face meeting.
53. Due to the nature of the peer review process, the Secretariat will work to ensure that the mutuality of the process is maintained, and that members provide qualified experts as reviewers. A list of past and forthcoming reviewers will be maintained and monitored by the Secretariat.

(n) Face to Face Meeting

54. A face-to-face meeting is an important way to assist the country and assessment team to resolve outstanding issues. Therefore, it becomes necessary for the assessed country, the assessment team and the Secretariat to arrange for a face-to-face meeting, which should take place at least eight weeks before the Plenary to further discuss the 3rd draft MER and Executive Summary. The process set-out below is necessary in preparing for the meeting:
- Following the receipt of the 3rd draft MER, Executive Summary and comments from the Reviewers, the assessed country will have two weeks to consider the drafts, propose likely changes and identify unresolved and other issues for discussion during the face-to-face meeting.
 - The assessed country will provide in writing to the assessment team, these proposed changes to the 3rd draft MER and Executive Summary, comments and other outstanding issues one week before such a meeting.
55. At the time of the meeting, the assessment team, assessed country and the Secretariat should work to resolve any disagreements over technical compliance or effectiveness issues and identify potential priority issues for Plenary discussion. If a physical meeting is not possible then there should at a minimum be a video or teleconference.
56. During the period before and of the face-to-face meeting, the assessment team will consider whether any further changes should be made to the draft MER and Executive Summary. Where significant substantive changes are made to the MER after the face-to-face meeting, the ESAAMLG Secretariat shall consider circulating a preliminary fourth draft to external reviewers for targeted review.

(o) Identifying Issues for Plenary Discussion

57. The revised Executive Summary and MER (4th draft), together with the Reviewers' comments, assessors' and assessed country's responses will then be sent to all members, cooperating partners, organizations and supporting nations at least 5 weeks (ideally six weeks) prior to Plenary. Delegations will have 2 weeks to provide any written comments on the draft MER and Executive Summary, and in particular, to identify any specific issues that they wish to discuss during the ESAAMLG ECG and Task Force Plenary. No further changes of substance can be made to the draft MER sent to delegations for comments before it is discussed during the Task Force

Plenary. The comments should mainly focus on key substantive issues, or other high level or horizontal aspects of the assessment, though other observations can be made. The comments received, including those from the assessed country will be made available to all delegations at least 2 weeks before the Task Force Plenary.

58. Based on the MER, the Executive Summary and comments received from members, cooperating partners, organizations and supporting nations, the Secretariat will engage the assessed country, assessors and reviewers, and prepare a list of (usually 5 to 7) priority and substantive issues that will be discussed in the ECG. The list of key and substantive issues should focus on effectiveness, but may include issues relating to technical compliance and should take into account the issues that the assessed country and delegations are most keen to discuss. The list of priority issues for discussion in the ECG would include key issues arising from the report (whether referenced by the assessed country, assessment team or delegations), as well as any areas of inconsistency or interpretation with other MERs adopted by the ESAAMLG.
59. The finalised list of key and substantive issues will be circulated to delegations two weeks before the Plenary discussions.
60. After discussion of the Key Issues in the ECG meeting, the Co-chairs will prepare a revised Key Issues Document (KID) for the Task Force Plenary. The revised KID should contain decisions of the ECG on the Key Issues. The revised KID will be in two broad categories: (a) issues on which there was no consensus, and (b) issues which have been resolved by the ECG and referred to Plenary for noting. The revised KID will be circulated to all delegations before the Plenary meeting.
61. Drafting amendments on the MER and/or the Executive Summary recommended by the ECG to Plenary as well as amendments and/or decisions made during the Plenary will be incorporated in the adopted MER and Executive Summary after the Plenary discussion.

(p) Respecting Timelines

62. The timelines are intended to provide guidance on what is required if reports are to be prepared within a reasonable timeframe, and in sufficient time for discussion at the Task Force Meeting. It is therefore important that all parties respect the timelines, since delays may significantly impact on the ability of the Task Force to discuss the report in a meaningful way.

63. Evaluations are scheduled so as to allow enough time between the on-site visit and the Task Force Meeting discussion, however a failure to respect the timetables may mean that this would not be the case. By agreeing to participate in the mutual evaluation process, the jurisdiction and the assessors undertake to meet the necessary deadlines and to provide full, timely and accurate responses, reports or other material as required under the agreed procedures.
64. The failure to comply with the agreed timelines, may lead to one of the following actions being taken (depending on the nature of the default):
- a) Failure by the assessed country - the Executive Secretary may write to the Primary Contact Point or the relevant Minister in the assessed country. Members will be advised at the Task Force Meeting as to reasons for deferral, and publicity could be given to the deferment (as appropriate) or other additional action considered. In addition, the assessment team may have to finalise and conclude the report based on the information available to them at that time.
 - b) Failure by the assessors, or reviewers – the Executive Secretary may write a letter to the Primary Contact Point or the relevant Minister in the jurisdiction, or liaise with the head of delegation of the assessor or reviewer.
 - c) Failure by the Secretariat – the aggrieved member country may write a letter to the Executive Secretary, the Executive Secretary may write to the concerned member of the Secretariat; or the Chair of the Task Force may discuss the matter with the Executive Secretary; or recommend to the President to write a letter to the Executive Secretary.
65. The Executive Secretary shall keep the Chair of the Task Force advised of any failure so that the Chair can decide on the action to take in an effective and timely manner. The Task Force Plenary will also be advised, if the failures may result in a request to delay the discussion of the MER.

PLENARY DISCUSSION

66. The discussion of the MER and Executive Summary will focus on high level and key substantive issues (particularly the list of priority issues)¹², primarily concerning effectiveness. Where appropriate, important technical aspects of the MER will also be

¹² The Executive Summary will describe the key risks, the strengths and weaknesses of the system, and the priority actions for the country to improve its AML/CFT regime.

discussed. Adequate time should always be set aside to discuss the assessed country's response to the ME and other issues. Depending on the issues to be covered, the discussion may take on average, 3 to 4 hours of Plenary time. The procedure for the discussion will be as follows:

- Assessment team briefly presents in high level terms the key issues and findings from the report. The team will have the opportunity to intervene/comment on any issue concerning the Executive Summary or MER.
- Assessed country makes a short opening statement.
- The Plenary discusses the list of priority issues identified by the ESAAMLG ECG. This would usually be introduced briefly by the ECG Co-Chairs.
- Adequate time (approximately half the Plenary's time allocated for discussion of the report) will be set aside to discuss the overall situation of the assessed country's AML/CFT regime and ML/TF risks, the priority actions set out in the Executive Summary, the country's response to the mutual evaluation including any actions already taken, and the key findings.
- Plenary discussion will provide members and observers adequate opportunity to raise and discuss concerns about the quality and consistency of the MER.
- During both the ECG and Plenary discussions, the representative from the FATF Secretariat can assist and advise on all issues relating to the interpretation of the Recommendations and the quality and consistency aspects of the draft MER.

Adoption of the MER and Executive Summary (ES)

67. After the completion of Task Force discussion, the Task Force Plenary adopts the MER and the ES and makes a recommendation to the Council of Ministers to approve the MER and ES. The adopted report will be subject to further checks for typographical or any other likely errors. Care will be taken to ensure that confidential information is not included in any published MER.
68. If the MER and ES are not agreed, then the assessors, the assessed country and the Secretariat should carry out 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 could decide to: (a) defer the adoption of the report, and agree to have a further

discussion of an amended report at the following Task Force meeting, or (b) where the required changes are less significant, adopt the report subject to it being amended. The Secretariat and the assessment team would be responsible for ensuring that all the changes agreed by Plenary are factored into the report. Following the adoption of the report by the Task Force and prior to its approval by the Council of Ministers, the Task Force should discuss the nature of the follow-up measures that would be required based on the outcome of the assessment.

69. The final report that is agreed is a report of the ESAAMLG and not simply a report by the assessors. The Task Force will therefore make the final decision on the wording of any report consistent with the requirements of the FATF Standards and Methodology and will give careful consideration to the views of the assessors and the jurisdiction, when deciding on the wording. In this regard, and taking into account the need to ensure consistency between reports, the Task Force should carefully consider the text of the reports. The approval of the MER and its ES by the Council of Ministers closes the assessment exercise as such, and at the same time, it creates the basis for future follow-up activities.

V. POST-PLenary QUALITY AND CONSISTENCY (Q&C) REVIEW AND PUBLICATION

70. Where an FATF or FSRB member, the FATF Secretariat, FSRB Secretariat or an IFI considers that a FATF or FSRB report has significant problems of quality and consistency (Q&C), it should wherever possible raise such concerns with the body conducting the assessment (the assessment body) prior to adoption. The assessment body, assessment team and assessed country should consider and work to appropriately address the concerns.
71. Nevertheless, highly exceptional situations may arise where significant concerns about the Q&C of a report remain after its adoption. To address such issues, the post Plenary Q&C process applies to all assessment bodies with a view to preventing the publication of reports with significant Q&C problems and ensuring that poor quality assessments do not damage the FATF brand.
72. The post-Plenary Q&C review process applies to all mutual evaluation reports (MERs) (including the Executive Summaries [ES]), detailed assessment reports

(DARs)¹³ (including the ES), mutual evaluation follow-up reports with technical compliance re-ratings (FURs) and follow-up assessment reports (FUARs).¹⁴ The exception is FURs with technical compliance (TC) re-ratings where no Q&C issues are raised through the pre-plenary review process or during the ECG/Plenary discussion. Such FURs are not subject to the post-Plenary review process and ordinarily should be published within six weeks after their adoption by Plenary.

Steps in the Post-Plenary Q&C process and Publication of the reports

73. The adoption by the Task Force initiates the MER post-plenary process:
- a) Following the discussion of the report at the Task Force Plenary meeting¹⁵ and where the report is approved by the Council of Ministers at its meeting held immediately after the Task Force Plenary meeting, the Secretariat will amend the MER and ES as necessary within one week after the Plenary and send the two documents to the assessed country for confirmation. The assessed country has two weeks to confirm the accuracy of the MER and ES and/or advise of any typographical or similar errors. Thereafter, processes set out in paragraph 74 will apply; **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, the Secretariat 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 circulation) for post-plenary Q & C review pursuant to paragraph 74. The report shall be considered approved unless one third of the Council of Ministers formally object within the two weeks of receiving the Resolution. In the event of one third of the Council of Ministers formally objecting to the approval of the MER within the two weeks then the process set out in paragraph 68 above, shall equally apply.
74. After the adoption of the MER and ES and necessary editorial revisions, the ESAAMLG Secretariat shall send the final version of the MER to the FATF Secretariat to circulate to all its members, ESAAMLG members, other FSRB Secretariats and/or members and IFIs along with a template for referring Q&C issues for consideration. Parties who identify any serious or major O&C issues have two weeks to advise the ESAAMLG and FATF Secretariats, in writing, using the template provided to

¹³ Where the evaluation is conducted by one of the International Financial Institutions (IFI)(International Monetary Fund [IMF] or World Bank [WB]).

¹⁴ In this section, MERs, DARs, FURs and FUARs are collectively referred to as *reports*.

¹⁵ Task Force's second Plenary meeting of the year which is immediately followed by the Council of Ministers' Plenary the next day.

indicate their specific concerns and how these concerns meet the substantive threshold¹⁶.

75. In order to be considered further, a specific concern should be raised by at least two of the following parties: FATF or FSRB members (excluding the assessed country) or Secretariats or IFIs, at least one of which should have taken part in the adoption of the report. In the event of no comments being received as described, the post-Plenary Q&C review process will be complete and the FATF Secretariat will advise the ESAAMLG Secretariat and the delegations accordingly and the report will be published¹⁷
76. Where a specific concern is identified by two or more parties, the Co-Chairs of the FATF Evaluations and Compliance Group (ECG) will review the concern to determine whether *prima facie* it meets the substantive threshold and procedural requirements. To assist in making the decision, the FATF Secretariat will liaise with the ESAAMLG Secretariat to provide the ECG Co-Chairs with any necessary background information on the issue, including (where relevant and appropriate):
- a) information submitted by parties raising the Q&C issue;
 - b) background information on any related comments raised at the pre-Plenary stage;
 - c) the rationale for the relevant rating/issue under discussion based on the facts in the report and/or any relevant co-chairs' report or summary record from the ESAAMLG ECG/Plenary meeting which discussed the report (including whether the issue was discussed in detail, what the outcome of those discussions was and reasons cited for maintaining or changing the rating or report)
 - d) objective cross-comparisons with previous FATF reports that have similar issues;
 - e) the report's consistency with the corresponding parts of the Methodology;
 - f) any connection or implications for the ICRG process; and
 - g) what next steps might be appropriate.

¹⁶ The substantive threshold is *when serious or major issues of Q&C are identified, with the potential to affect the credibility of the FATF brand as a whole.*

¹⁷ Ordinarily publications would happen within six weeks of the report being adopted if no further steps in the post-Plenary Q&C process are needed.

77. If the conclusion of the FATF ECG Co-Chairs is 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 ECG along with a decision paper prepared by the FATF Secretariat in consultation with the ESAAMLG Secretariat. However, if the FATF ECG Co-Chairs conclude that *prima facie* the substantive threshold and procedural requirements are not met, the issue would not be taken forward for discussion, but a short note explaining the Co-Chairs' position would be presented to FATF ECG for information.
78. Issues identified less than four to six weeks before the FATF Plenary will be discussed at the next FATF Plenary to ensure sufficient time for consultation among Secretariats and preparation of the decision paper. The decision paper prepared by the FATF Secretariat in consultation with the ESAAMLG Secretariat will include the background information listed above in paragraph 76 to the extent that it is relevant and appropriate.
79. The FATF ECG will decide whether the report meets the substantive (serious or major issues of Q&C with the potential to affect the credibility of the FATF brand as a whole). Examples of situations meeting this substantive threshold include:
- a) the ratings are clearly inappropriate and not consistent with the analysis;
 - b) there has been a serious misinterpretation of the Standards and Methodology;
 - 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.
80. If the FATF ECG decides that the report meets the substantive threshold, it will refer the matter to the FATF Plenary along with clear recommendations on what action would be appropriate (e.g. requesting the ESAAMLG to reconsider the report and/or make appropriate changes before any publication). However, if the FATF ECG decides that the report does not meet the substantive threshold, the FATF Secretariat will advise the ESAAMLG and delegations that the post-Plenary Q&C review process is complete and the MER will be published.
81. Where the FATF ECG has referred a post-Plenary Q&C issue, the FATF Plenary will discuss the matter and decide on the appropriate action. The FATF Secretariat will advise the ESAAMLG of the FATF Plenary decision. If the ESAAMLG declines to

respond to the action requested 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, the FATF Secretariat advises that the post-Plenary Q&C review process is complete.

82. The ESAAMLG Secretariat, following the completion of the post-Plenary Q&C review process, will publish the MER 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. The MER and Executive Summary approved by Council of Ministers during its Plenary, will be published six weeks after the Plenary meeting. Similarly, with reports approved by the Council of Ministers out of session through a Round Robin process.

VI. EVALUATION OF NEW MEMBERS

83. 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 sections I to IV 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 system, then Plenary shall apply ESAAMLG's follow-up process. However, if the membership criteria are not met and the country applying for membership 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 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.

VII. JOINT MUTUAL EVALUATIONS WITH THE FATF AND OTHER FSRBS

84. Where ESAAMLG members are also members of the FATF, joint evaluations shall be conducted with the FATF and the FATF mutual evaluation procedures shall apply

to the evaluation. Generally, the FATF will be the principal organiser, and will provide three assessors, while one or two assessors could be provided by the ESAAMLG. Both the FATF and ESAAMLG Secretariats will participate in the evaluation. Reviewers should be provided by FATF, the FSRB(s), and another assessment body. To ensure adequate attention is given to consistency, a joint evaluation may use additional reviewers beyond the three set out in section IV(m). The first discussion of the MER will take place in the FATF and the second discussion may take place in the FSRB but might not be as intense as the discussion in the FATF as the presumption is that given the additional measures adopted for joint evaluations, the FATF's view would be conclusive.

85. Joint mutual evaluations already allow for considerable ESAAMLG input in this exercise since an ESAAMLG expert and an expert from the ESAAMLG Secretariat participate at every step of the process. Moreover, the draft report is shared with the ESAAMLG and its members to provide comments and inputs like other delegations. In addition, on the basis that the ESAAMLG allows reciprocal participation in the mutual evaluation discussions for FATF members, the following additional steps are added to the evaluation process for joint evaluations:
- a) ESAAMLG and other FSRB delegates would be given a specific opportunity to intervene during the FATF Plenary discussion of the MER;
 - b) The ESAAMLG assessors are also expected to attend the FATF Plenary discussion of the MER.
 - c) All the FATF assessors on the assessment team are encouraged to attend the ESAAMLG Plenary at which the joint evaluation report is discussed, and at least one FATF assessor should attend the ESAAMLG Plenary. The same approach should be applied to IFI-led assessments of FATF members that are also members of ESAAMLG.
 - (c) In the exceptional case where a report was agreed within the 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 next 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.
86. The FATF Procedures thus allow for input from ESAAMLG members in the FATF Plenary consideration of a joint report.

VIII. *IMF OR WORLD BANK LED ASSESSMENTS OF ESAAMLG MEMBERS*

87. 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.
88. The ESAAMLG formally agreed at its 2003 Council of Ministers Meeting to co-operate with the IMF and World Bank in assessing ESAAMLG members. The broad intention is that evaluations whether led by the Fund/ Bank or by the FATF or FSRBs should be interchangeable and should use consistent procedures. It is also intended that a co-ordinated approach be taken to the conduct of evaluations globally, to reduce both duplication of evaluations and inconsistencies between them.
89. There are thus two broad aspects to the co-operation between the ESAAMLG and the IMF/World Bank:
- Use by the IMF and World Bank of ESAAMLG MERs; and
 - Use by the ESAAMLG of IMF/World Bank Assessment Reports
90. As part of burden sharing arrangements, the IMF or World Bank 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 Plenary will decide on any such requests. For the purposes of the ESAAMLG 2nd round of mutual evaluations, the ESAAMLG Council of Ministers Plenary has discretion as to the number of ESAAMLG assessments that could be conducted by the IFIs. The ESAAMLG Secretariat will engage the IFIs 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 2nd round, they should use procedures and timelines similar to those of the ESAAMLG. The ESAAMLG Task Force Plenary will in all cases have to adopt an IFI assessment that is conducted under the ESAAMLG 2nd round of MEs for it to be eventually approved by the Council of Ministers as an ESAAMLG mutual evaluation. Therefore, under the ESAAMLG process there will be: Discussions and adoption of the DAR/ROSC by the Task Force and recommendations to Council.
 - The Council of Ministers Plenary will in all cases have to approve an IFI assessment that is conducted under the ESAAMLG 2nd round for it to be accepted as an ESAAMLG mutual evaluation report.

IX. CO-ORDINATION WITH THE FSAP PROCESS

91. The FATF Standards are recognized by the IFIs as one of the twelve (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. Where possible, this input should be based on a comprehensive quality AML/CFT assessment and, in due course, in the case of the ESAAMLG, on a follow-up assessment, conducted under the prevailing standard. The ESAAMLG and the IFIs should therefore co-ordinate with a view to ensuring a reasonable proximity between the date of the FSAP mission and that of a mutual evaluation or a follow-up assessment conducted under the prevailing methodology, to allow for the key findings of that evaluation or follow-up assessment to be reflected in the FSAP; and members are encouraged to co-ordinate the timing for both processes internally and with the ESAAMLG Secretariat and IFI staff.¹⁸
92. The basic products of the evaluation process are the MER and the Executive Summary (for the ESAAMLG) and the Detailed Assessment Report (DAR) and ROSC (for the IFIs)¹⁹. The Executive Summary, whether derived from a MER or follow-up assessment report, will form the basis for the ROSC. ESAAMLG members may choose to participate in the IMF/World Bank FSAP process, and the product of that process is an IMF Financial System Stability Assessment (FSSA) or a stand-alone assessment, or a World Bank FSA. Following the Council of Ministers 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.

¹⁸ If necessary, the staff of the IFIs may supplement the information derived from the ROSC to ensure the accuracy of the AML/CFT 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 IFIs 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 IFIs may also seek updates from the authorities or join the FSAP mission for a review of the most significant AML/CFT issues for the country in the context of the prevailing standard and methodology. In such cases, staff would present the key findings in the FSAP documents; however, staff would not prepare a ROSC or ratings.

¹⁹ The DAR uses a similar template to that of the common agreed template that is annexed to the Methodology and has a similar format.

93. The substantive text of the draft ROSC will be the same as that of the Executive Summary, though a 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 Systems* was prepared by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). The report provides a summary of the/certain²⁰ AML/CFT measures in place in [*Jurisdiction*] as at [*date*], the level of compliance with the FATF Recommendations, the level of effectiveness of the AML/CFT 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.”

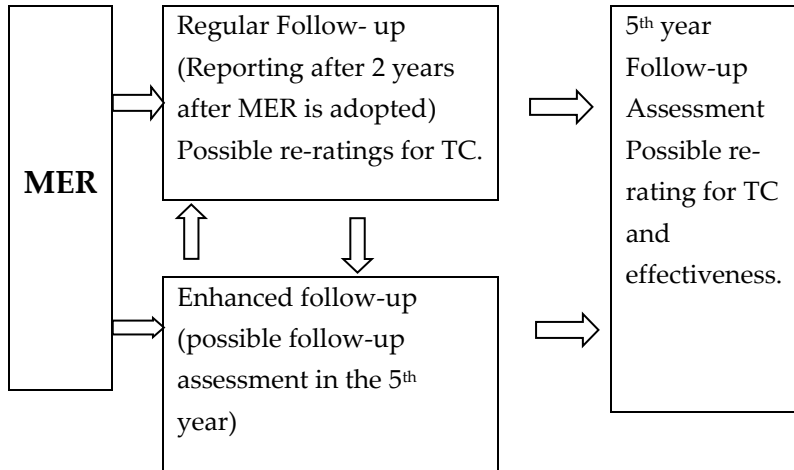
X. FOLLOW-UP PROCESS

94. 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);
 - iii. apply sufficient peer pressure and accountability; and
 - iv. better align the ESAAMLG and FSAP assessment cycle.
95. 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. Regular follow-up is the default monitoring mechanism, whereby the country will submit its first follow-up report for discussion by the Task Force, two years after the date of adoption of the MER and thereafter report to Plenary every two years. Enhanced follow-up is based on the ESAAMLG’s policy that deals with members with significant deficiencies (for technical compliance or effectiveness) in their AML/CFT systems, and involves a more intensive process of follow up. Whether under regular or enhanced follow up, the country will also have a follow-up assessment after 5 years. This is intended to be a targeted but more comprehensive report on the countries’ progress, with the main focus being on areas in which there

²⁰ 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).

have been changes, high risk areas identified in the MER or subsequently on the priority areas for action. Re-ratings will be possible as part of the follow-up process. A schematic of the 2nd round process is included below.

Figure1. **Process of the 2nd Round of Mutual Evaluations**



96. Member countries may seek re-ratings for technical compliance with Recommendations rated as NC or PC before or after the 5th year follow-up assessment as part of the follow-up process. The general expectation is for countries to have addressed most if not all of the technical compliance deficiencies by the end of the 3rd year, and the effectiveness shortcomings by the time of the follow-up assessment.
97. Re-ratings for technical compliance may be allowed if the follow-up report, and other relevant information submitted by the country, provides sufficient justification for the Plenary to come to such a conclusion.
98. Requests for technical compliance re-ratings will not be considered where the expert(s) in the Secretariat at initial review of the request determine(s) that the legal, institutional, or operational framework has not changed since the country's MER (or previous FUR, where applicable) and there have been no changes to the FATF Standards or their interpretation.²¹
99. The following conditions shall apply to member countries requesting for re-rating(s):

²¹ Where there is disagreement between the expert(s) in the Secretariat and the assessed country in this respect, the request should be referred to the Reviewers in the Review Group for their expert views and determination.

- a) Member countries may seek re-ratings only on Recommendations rated NC or PC, and not on any Recommendation rated LC or C (this requirement will also apply to FURs without re-rating requests);
 - b) Member countries shall only be eligible to make a re-rating request after presenting the first Enhanced Follow-up Report and concurrence being given by the Review Group that the country has made sufficient progress to support a request for a re-rating review on specific Recommendations deliberated by the Review Group. However, countries placed under the FATF ICRG Observation Period are eligible to request for re-rating within one (1) year after the adoption of their MER by the Task Force. Such requests will still be submitted in accordance with the timelines set-out for re-rating requests.
 - c) Member countries seeking re-ratings for technical compliance, upon being satisfied that sufficient progress has been made, shall only make such a request, once in every 12 months; and
 - d) The request shall not be of more than 15 Recommendations at a time.
100. If any of the FATF Standards have been revised since the end of the on-site visit (or previous FUR, is applicable), the country will be assessed for compliance with all revised standards at the time its re-rating request is considered (including in cases where the revised Recommendation was rated LC or C). In the exceptional case that it comes to the attention of the Task Force Plenary that a country has significantly lowered its compliance with the FATF Standards, the Plenary may request the country to address any new deficiencies as part of the follow-up process.

(a) Regular Follow-up

101. Under the regular follow-up process, it is expected that after the adoption of the country's MER, the normal first step is that the assessed country would report back to the Plenary two years from the date of the adoption of the MER. The country will be expected to provide information on the actions it has taken or is taking to address the priority actions and recommendations, and deficiencies in its MER, particularly on TC. The expectation is that significant progress would have been made within the two years. Thereafter, the member country on regular follow-up process is expected to be reporting back to the Task Force Plenary once every two (2) years, on the progress it will be making in addressing the outstanding deficiencies in its MER.

102. The country will provide the first two-year follow-up report to the Secretariat two months²² before the next Task Force Plenary, setting out the actions it has taken since its MER was adopted. This should include relevant changes to the laws, regulations, guidance, relevant data and information relating to effectiveness, and other contextual and institutional information. The Secretariat expert(s) will do a preliminary summary analysis of the follow-up report (same process may apply to countries requesting for re-ratings) and where the expert(s) is of the view that the country has not made enough progress in terms of the laws, regulations, guidance or any other aspect of the FUR, the expert(s) shall advise both the country and the expert reviewers of the Review Group, where the country's FURs are reviewed and make appropriate recommendations on further action which should be taken on the country in terms of these procedures. If the country has made progress, the secretariat expert will then send the follow-up report and the preliminary summary analysis to the expert reviewers in three weeks of receipt of the follow-up reports, to enable further detailed analysis and a review of the follow-up report. Where the expert reviewers are in agreement that the country has made progress, they will prepare a summarised analysis report of their findings and refer it to the reporting country for comments, two weeks before the Task Force Plenary meeting. Although, the analysis and review of the follow-up report by the expert reviewers before Review Group discussions will be a desk-based review, to the extent possible issues relating to effectiveness are also to be considered.
103. The expert reviewers will discuss the summarised analysis report of their findings on the follow-up report and any issues (including comments from the reporting country) arising from the report with the reporting country during the Task Force Meetings. The expert reviewers will then provide a revised summarised report with recommendations (including a recommendation(s) on the country's next step in the follow-up process) to the country delegates for discussion and comments. Thereafter, expert reviewers will prepare the final report and recommendations for submission to the ESAAMLG ECG. The ESAAMLG ECG will discuss and consider the recommendations made to it by the expert reviewers and may call on the Chair of the Review Group or country to answer specific questions or make clarifications, when necessary. Unless, there are substantive issues to be discussed by both the ESAAMLG ECG and Task Force Plenary coming out of the recommendations made by the Reviewers, the ESAAMLG ECG shall make a recommendation in its report to the Task Force for the Review Group's summarised analysis report to be included as an information item to its Plenary agenda. Where there are substantive issues raised in the Review Group's report, the ESAAMLG ECG shall deliberate on such issues

²² The same procedure will be followed for every regular follow-up or enhanced follow-up assessment report, whenever its submission to the Secretariat is due.

and make the necessary recommendations in its report to the Task Force Plenary. *Examples* of substantive issues include:

- The country requests for technical compliance re-ratings;
- Significant changes in the country leading to a decline in technical compliance or effectiveness;
- Insufficient progress made by the country against the priority actions in its MER; and/or
- The report recommends placing the country in or out of enhanced follow-up.

104. The Task Force Plenary will consider the report and the recommendations coming from the ECG (whether as a discussion or information item) and the progress made by the country, and decide whether the country should report back on a regular basis (*i.e.* in two years after discussion of the first two year follow-up report), or should be placed on enhanced follow-up and report back sooner, and still decide on the frequency of follow-up reporting by the country. A similar process would apply for subsequent regular follow-up reports.

(b) Enhanced Follow-up

105. The criteria for enhanced follow-up for member countries that have been evaluated shall be determined based on the following factors:

A. After the discussion of the MER: a member country shall immediately be placed under enhanced follow-up, if any one of the following applies:

- i. it has 8 or more NC/PC ratings for technical compliance, or
- ii. it is rated NC/PC on any one or more of R.3, 5, 10, 11 and 20, or
- iii. it has a low or moderate level of effectiveness for 7 or more of the 11 effectiveness outcomes; or
- iv. it has a low level of effectiveness for 4 or more of the 11 effectiveness outcomes

B. After the discussion of a regular follow-up report or the 5th year follow-up assessment: the Task Force Plenary based on recommendations from the ECG or on its own, could decide to place the country into enhanced follow-up, if a significant number of priority actions have not been adequately addressed on a timely basis.

C. If and when it comes to the attention of the Task Force Plenary that a country has lowered its compliance with the FATF Standards during the regular follow-up process: a country will be placed under enhanced follow-up, if its level of technical compliance changed from a level that the Task Force Plenary considers to be equivalent to NC/PC on any one or more of R. 3, 5, 10, 11 and 20.

106. The member country will present its first enhanced follow-up report at the first Task Force meeting one (1) year after the date of the adoption of the country's MER which together with updates on the progress which has been made within the first one year will also be clearly outlining expected timelines of when it will have addressed its technical compliance deficiencies within the following 3-year period. The country will thereafter report annually to the Task Force Plenary, or according to any other timelines prescribed by the Task Force Plenary, on the progress it will be making in addressing outstanding deficiencies and recommendations made in its MER.
107. Where a member country is already on enhanced follow-up and the Task Force Plenary makes a determination that the country is not taking sufficient steps to deal with the priority actions or implementing the recommendations made by the assessors and deficiencies in its MER, in addition to more frequent reporting, it will immediately trigger the Task Force Plenary to take the steps set out in (a) and (b), or make recommendations to Council to immediately take steps outlined in (c) to (f)²³:
- a) The ESAAMLG President to send a letter to the relevant minister(s) in the member jurisdiction drawing attention to the lack of compliance with the FATF Standards.
 - b) To arrange a high-level mission to the member jurisdiction to reinforce this message and the President of the Council would write to the relevant Minister about the arranged mission. The mission will meet with Ministers and senior officials.
 - c) In the context of the application of Recommendation 19 by its members, issuing a formal ESAAMLG statement to the effect that the member jurisdiction is insufficiently in compliance with the FATF Standards, and recommending appropriate action, and considering whether additional counter-measures are required.

²³ Steps (a) to (f) will be taken in escalation of each other where a country is making insufficient progress or in combination where there has been no progress from the time the MER was adopted.

- d) To refer the country to ICRG for monitoring, and potential listing.
 - e) Suspending the jurisdiction's membership of the ESAAMLG until the priority actions have been implemented. Suspension would 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 deficiencies and agreed work plan have been sufficiently addressed.
 - f) Terminate the membership of the jurisdiction.
108. Where the recommendation is to be referred to Council out of its Plenary session to take steps outlined in (c) to (f) 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) and if one third of formal objections are not received from any of the Council Members within two weeks, then the measure(s) shall be assumed adopted.
109. The Task Force Plenary upon recommendations from the ESAAMLG ECG or on its own may move the country back to regular reporting at any time during the enhanced follow-up process in the following situations:
- a) Where the country entered enhanced follow-up on the basis of meeting a criterion in paragraph 105, the Task Force Plenary may decide that the country will be moved from enhanced to regular follow-up following its decision that the country no longer meets any of those criteria (i.e., after approving request for re-ratings), or
 - b) Where the Task Force Plenary is satisfied that the country has made significant progress against the priority actions in its MER or has taken satisfactory action to address its deficiencies, even if the country still meets a criterion in paragraph 105.

(c) *Follow-up Reports*

110. The follow-up assessment is intended to provide a more comprehensive update on the country's AML/CFT regime. In preparation for the follow-up reports, a member country will provide an update to the Secretariat setting out the actions it has taken or is taking to address the priority actions and recommended actions, and deficiencies in its MER.

- **For regular follow-up reports**, as the expectation is that the member country would be making significant progress in addressing the priority and recommended actions throughout the two-year period after the adoption of its MER, the report should focus on re-ratings for technical compliance and/or demonstrating progress in addressing the shortcomings in the MER.
- **For enhanced follow-up**, the first follow-up report should at least contain an outline of the country's strategy for addressing the issues identified in its MER and exiting enhanced follow-up, for the Reviewers, ECG and Task Force Plenary's information. If not already contained in the first enhanced follow-up report, subsequent reports should focus on re-ratings for technical compliance and/or demonstrating progress in addressing the shortcomings in the MER.
- **For countries subject to review by the International Cooperation Review Group** (on the basis of an agreed action plan), no reporting is expected on the Recommendations that are included in an ongoing action plan. However, progress on the other technical compliance deficiencies which will not have been deemed to be strategic and not included in the assessed country's action plan agreed under the FATF ICRG process will still be expected to be achieved before the end of 3 years after the adoption of the country's MER.
- Countries being reviewed under the FATF ICRG process will until their review process is finalised under the FATF, be reporting and reviewed under their allocated Review Group which will assist such countries in making sufficient progress to enable them to quickly comply with the ICRG targeted review requirements and exit the process (see **ANNEX III (of APPENDIX 4)** for the kind of assistance which can be provided to countries in the FATF ICRG Pool or under the FATF ICRG Process).

111. The member country will be asked to submit information regarding technical compliance (which may be used to justify re-ratings) and effectiveness (for information only).

- **Technical Compliance updates** in relation to the shortcomings identified in the MER should be in the format set out in Appendix 3 and submitting the updates in any other format will result with the updates not being considered.
 - **Effectiveness updates** should include any information that goes to show the progress which is being made in addressing the priority actions and/or other recommended actions in the MER (which may be drawn from the lists in the FATF Methodology on the Examples of Information that could support the conclusions on Core Issues for each Immediate Outcome). There is no fixed format for the effectiveness update.
112. Although effectiveness will not be re-assessed until the follow-up assessment, supported updates on effectiveness enable the country to show the progress it is making in preparing for it to be re-assessed and facilitate a better understanding by the ESAAMLG of the progress made by the country over time. Review Group, ECG and Task Force Plenary may refer to such updates in determining whether to move a country from enhanced follow-up to regular follow-up (or vice versa), or whether to apply other enhanced measures to countries in enhanced follow-up that are not achieving satisfactory progress.
113. **Re-ratings** for technical compliance, which will be sought by written process, will need to be approved by the Task Force Plenary and brought to the attention of the Council for noting. Where a member country wishes to seek technical compliance re-ratings, it should indicate on which Recommendations a re-rating will be requested, **seven months** in advance of the Task Force Plenary meetings. The update by the country and all other information supporting the request should be submitted to the Secretariat **at least 6 months in advance** of Task Force Plenary meetings. Only relevant laws, regulations or other AML/CFT measures that are in force and effect by the six-month deadline to submit information for a re-rating request will be taken into account for a re-rating²⁴
- **Peer review principle.** Assessment of a member country's request for technical compliance re-ratings and preparation of the summary report will be done by the Review Group assigned to review the member

²⁴ This rule may only be relaxed in the exceptional case where the legislation is not yet in force at the six-month deadline, but the text will not change and will be in force by the time of the Task Force 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.

country's follow-up reports, consistent with the peer review principle of the ESAAMLG Mutual Evaluation process. The Review Group during its analysis should highlight both the progress made and the remaining deficiencies, **and propose timelines for the reviewed country to take remedial action.**

- **Composition of the Review Group.** The Review Group shall consist of expert assessors nominated from each of the member countries assigned to the Review Group in terms of the ESAAMLG Follow-Up Procedures. Where necessary, other experts may be assigned to the Review Group by the ECG. The Review Group experts shall coordinate the analysis of re-ratings requests from any of the member countries reviewed under the Review Group and conduct the analysis electronically in written form. The Chair of the Review Group with the assistance of the Secretariat (based on the record of trained assessors retained at the Secretariat as well as previous participation in evaluations) shall ensure that the assigned reviewing countries in the Review Group have appointed Experts (Reviewers) with the relevant expertise to analyse and determine the re-rating request. Where the Chairperson of the Review Group is of the view that a particular expertise will be needed to properly determine the request for re-rating, 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.
- **Reporting of Analysis and recommendations.** The expert reviewers should submit their analysis (incorporating the preliminary analysis done by the Secretariat experts) at least **nine** weeks before the Review Group/ECG meeting to be circulated for comments to all members, associate members and observers, including the FATF (for circulation to its members), who will have two weeks to provide written comments on the draft. If no comments are received (including from the assessed country), the report will be deemed approved and proceed to publication. If comments are received, a revised draft will be circulated for adoption six weeks before the Review Group/ECG/Plenary meeting. If no comments are received on the revised report, the report will be deemed approved and proceed to publication. If two or more delegations (not including the assessed country) raise concerns, regarding the expert reviewers' analysis of a particular Recommendation, that Recommendation and the issues will

be submitted for discussion to the ECG by the Review Group as part of the Review Group's report to the ECG.

- Based on the comments received, the follow-up report will be first discussed at ECG before making recommendations to Plenary. Where there are major disagreements between the expert reviewers and the assessed country on the findings contained in the follow-up report (e.g. re-ratings) and/or major issues raised through the pre-plenary review process, the expert Review Group and/or Secretariat shall compile a short list of the most significant issues, **and should circulate this to all members, observers and associate members at least two weeks prior to the relevant working group and/or plenary discussion.** At the time of the Review Group's meeting, it will submit the short list of the most significant issues and any other additional information which might assist the ESAAMLG ECG in conducting the discussion of the follow-up report before making recommendations to the Task Force Plenary which will make a final decision on the issues raised followed by the initiation of the post adoption Q & C process before publication. The decision will be sent for noting with the Council of Ministers at the next Council meeting following making of the decision. The review group, ESAAMLG ECG and Task Force Plenary, should always prioritise discussion of such issues when they arise and should be limited in time and scope.
- **Consideration of follow-up reports.** Follow-up Reports with re-ratings for technical compliance where two or more delegations (excluding the assessed country) raise concerns regarding the experts' analysis of a particular Recommendation, the report will be scheduled as a discussion item by the relevant Review Group, which makes recommendations to the ESAAMLG ECG. The ESAAMLG ECG shall discuss the concerns and consider the recommendations from the Review Group, after which it will refer the concerns and its recommendations for consideration and decision by the Plenary. Task Force Plenary discussions on a follow-up report with technical compliance re-ratings should take, on average, no more than one hour of Plenary time. Task Force Plenary will not discuss an individual criterion rating unless it will impact on an overall Recommendation rating.
- **Continued involvement of Secretariat.** The Secretariat in addition to the analysis described in paragraph 102, above, will assist experts in achieving consistency in the application of the FATF Standards and Methodology, and will equally assist the countries in follow-up. The

Secretariat will also advise the ESAAMLG ECG, and Task Force and Council Plenaries on process and procedural issues (e.g. in cases where no progress has been made).

114. Follow-up reports that do not involve re-ratings should be submitted to the Secretariat **at least 2 months** before the preceding relevant Plenary meeting. The Secretariat will do a preliminary desk-based summary analysis of the follow-up report and prepare a cover note solely focusing on the follow-up process and progress. Thereafter, send the follow-up report and the preliminary summary analysis to the Review Groups in three weeks of receipt of the follow-up reports, to enable any further detailed analysis and a review of the follow-up report, if necessary. The expert reviewers will revise the Secretariat prepared summarised analysis report to add any of their findings and propose a recommendation(s) regarding the next step in the follow-up process after which they will refer the report and recommendation(s) to the reporting country for comments, two weeks before the Task Force Plenary meeting. If matters provided in paragraph 103 have not arisen, then these reports will be considered by Plenary as information items only.
115. **Out-of-session discussion of Enhanced FURs without re-rating requests.** The Secretariat and the Chair of the Review Group, for every discussion of a FUR without a request for re-rating, depending on the number of countries on Enhanced FU reporting to the Review Group at each Task Force meeting, shall make all the necessary arrangements with both the Review Group and the reviewed country, to discuss such reports out-of-session. Where the findings of such discussions are agreed between Secretariat, Review Group and the reviewed country during the out-of-session discussions, the Secretariat and the Chair of the Review Group in consultation with the reviewed country shall prepare a report summarising the findings of the analysis and proposed recommendations to the ECG. The report should be circulated to the full membership at least two weeks before the Review Group meeting during the Task Force Plenary. However, where there is no agreement on the analysis of a specific Recommendation between the Secretariat, Reviewers and the reviewed country, the specific issues focusing only on the disagreed criterion/criteria of the Recommendation should be prepared by the Secretariat in consultation with the Chair (Review Group) and the reviewed country for discussion at the Review Group Meeting during the Task Force Meeting and the necessary recommendations made to ECG. This approach should then create more time for Review Groups to focus exclusively on FURs with requests for RRs when meeting in person during the Review Group meetings.

(d) 5th Year Follow-Up Assessment (FUA)

116. The follow-up assessment is intended to provide a more comprehensive update on the country's AML/CFT regime. This takes place five years after adoption of the country's MER, and will occur regardless of whether the country has been in regular or enhanced follow-up. A request to conduct a follow-up assessment before or after the fifth year, may be made to the Task Force of Senior Officials which shall deliberate on such requests on a case-by-case basis. If in agreement with the request and where such a request does not interfere with the work plan and resources of the Secretariat, the Task Force shall recommend the request for approval by the Council of Ministers.
117. The scope of FUAs should primarily target the IOs with Low or Moderate Effectiveness in areas of higher risk and materiality. In principle, there will be flexibility to consider more than four IOs but on a very targeted basis (e.g. focusing only on the most important deficiencies and areas of highest risk, rather than systematically analysing every aspect of every IO) so as to reduce the burden on resources. A scoping exercise, based on a review of the MER and subsequent follow-up reports, will occur about two years before discussion of the report, in coordination with expert reviewers and the assessed country, supported by the Secretariat.
118. Each FUA requires up to three assessors who are expert reviewers monitoring the progress of the assessed country from the adoption of the MER. The FUA assessors have the same role as they do in the mutual evaluation process (responsible for analysing countries' level of effectiveness and determining whether a re-rating is appropriate). To ensure quality and consistency, each FUA is supported by one Secretariat staff assigned to assist and coordinate the work of the Review Group where the country is reviewed. The level of the Secretariat's involvement is the same as it is in the mutual evaluation process. The FUA process will be streamlined to limit the resource burden on the Secretariat and delegations.
119. Assessed countries should deliver their effectiveness material to the Secretariat six months before discussion of their FUA and are encouraged to present it using structured formats. As well, to the extent possible, video-/tele-conferencing may be used to narrow the issues. The on-site visit occurs about 4 months before the discussion of the report. The team would prepare a progress assessment report for Plenary discussion and decision. Re-ratings on technical compliance and effectiveness are possible, and Task Force Plenary will decide whether the country should then be placed in regular or enhanced follow up and notify the Council of Ministers for information, with the process continuing as before.

(e) Publication of Follow-up

120. The ESAAMLG publication policy would apply to actions taken under the ESAAMLG's follow-up policy. The follow-up assessment reports of member countries will be published. The Task Force Plenary retain flexibility regarding the frequency with which enhanced follow-up reports are published, but will be published whenever there is a re-rating. However, the Secretariat shall ensure that after adoption, and prior to publication, final follow-up reports with TC re-ratings are provided to the FATF Secretariat and all other assessment bodies for consideration in the post-Plenary Q&C Review described in section V of these Procedures. Follow-up reports where no issues are raised through the pre-plenary review process or during the relevant working group/plenary discussion will not be subject to this ex-post review process.

121. The follow-up reports, only the technical compliance analysis is published by the ESAAMLG, as effectiveness updates will only be analysed and discussed by the Review Groups for purposes of providing guidance to the reviewed country, where necessary but will not be discussed by the Task Force Plenary until the follow-up assessment. The analysis of effectiveness will be included in the publication of the follow-up assessment report. The reports where the Task Force Plenary has made a recommendation to be considered by Council for a member country to be subjected to measures set-out in (c) to (f) of paragraph 107 above, the Secretariat shall not publish the analysis of such follow-up reports until Council has made a decision on the recommendation.

APPENDIX 1 – Timelines for the 2nd Round Mutual Evaluation Process

Date ²⁵	Week	Key Indicative Milestones ²⁶		
The Secretariat shall conduct a pre-mutual evaluation workshop for the assessed country eight months before the on-site visit.				
		<i>For assessment team</i>	<i>For the country²⁷</i>	<i>For Reviewers</i>
At least 6 months before the on-site	-26	<ul style="list-style-type: none"> Commence research and desk-based review on technical compliance (TC). Confirm (or find) assessors drawn from the list of assessors²⁸. The Secretariat to formally advise assessed country of the assessors once confirmed. Invite delegations to provide information about (a) assessed country's risk situation and any specific issues which should be 	<ul style="list-style-type: none"> Designate contact point(s) or person(s) and set up an internal coordination mechanism (as necessary)²⁹. Respond to technical compliance update by providing updated information on new laws and regulations, guidance, institutional framework, risk and context. 	

²⁵ Differences between the timeline expressed in months and the timeline expressed in weeks are part of the flexibility that assessors and the assessed country have when determining the calendar.

²⁶ Interaction between assessors, secretariat and country is a dynamic and continuous process. The assessment team should engage the assessed country as soon and as much as reasonably possible and seeking and provision of information will occur throughout the process. Countries should respond to queries raised by assessment team in a timely manner.

²⁷ The country would have to commence preparation and review of its AML/CFT regime for compliance with the FATF Standards more than 6 months prior to the on-site.

²⁸ The assessment team should comprise at least 4 assessors, including at least one legal, law enforcement and financial expert. Depending on the country and risks, additional assessors with the relevant expertise may be sought.

²⁹ Contact point(s) or person(s) should ideally be familiar or trained in the FATF Standards before the commencement of the process.

		given additional attention by assessors, (b) their international cooperation experience with the assessed country.		
4 months before the on-site	-16	<ul style="list-style-type: none"> • Prepare preliminary draft TC annex. • Analyze country's assessment of risk and discuss potential areas of increased focus for on-site³⁰. • Confirm reviewers (drawn from ESAAMLG ECG and Review Groups.) 	<ul style="list-style-type: none"> • Provide response on effectiveness based on the 11 Immediate Outcomes and the underlying Core Issues (including as relevant supporting information and data). 	
3 months before the on-site	-13	<ul style="list-style-type: none"> • Send 1st Draft TC annex (need not contain ratings or recommendations) to country for comments. 	<ul style="list-style-type: none"> • Contact point(s) or person(s) to engage Secretariat for on-site. 	
2 months before the on-site visit	-9	<ul style="list-style-type: none"> • Advise and consult country on preliminary areas of increased or reduced focus for on-site. This could involve preliminary 	<ul style="list-style-type: none"> • Provide comments on draft TC assessment. • Provide draft programme for the on-site visit to the 	<ul style="list-style-type: none"> • Review draft scoping note

³⁰ This may identify a need to request additional experts with other specific expertise for the assessment team

		<p>discussions on the assessment team's impressions on the country's ML/TF risks.</p> <ul style="list-style-type: none"> • Send draft scoping note to reviewers. • Prepare a preliminary analysis identifying key issues on effectiveness. 	assessment team. ³¹	
1 month before on-site visit	-4	<ul style="list-style-type: none"> • Final date for members and FSRBs to provide specific information on their international cooperation experiences with the assessed country. • Finalise areas of increased focus for on-site visit, and key government agencies and private sector bodies to meet. • Provide draft programme for on-site visit to the assessment team³². 		

³¹ Contact point(s) or person(s) to identify and inform key government agencies and private sector bodies that would be involved for the on-site.

³² Contact point(s) or person(s) to identify and inform key government agencies and private sector bodies that would be involved for the on-site.

At least 3 weeks before the on-site.	-3	<ul style="list-style-type: none"> Finalise programme and logistics arrangements for on-site. 		
At least 2 weeks before the on-site	-2	<ul style="list-style-type: none"> Assessment team to prepare revised draft TC annex, draft TC text for MER, and outline of initial findings/key issues to discuss on effectiveness. Where possible a working draft MER prepared. Revised TC annex sent to country. 	<ul style="list-style-type: none"> Country to provide responses to any outstanding questions from the assessment team. 	
On-site Visit				
Usually 2 weeks (but may vary)	0	<ul style="list-style-type: none"> Conduct opening and closing meetings with country. A written summary of key findings is to be provided at the closing meeting. Where relevant, assessment team to review the identified areas for greater focus for the on-site. Discuss Key Findings, Recommended Actions and draft MER. 		

After the on-site visit				
Within 6 weeks of on-site visit	6	<ul style="list-style-type: none"> Assessment team to prepare the complete 1st draft MER and draft Executive Summary, and send to assessed country for comments. 		
Within 4 weeks of receipt of draft MER	10	<ul style="list-style-type: none"> Review and provide inputs on queries that assessed country may raise. 	<ul style="list-style-type: none"> Respond to 1st draft MER. 	
Within 3 weeks of receiving country comments	13	<ul style="list-style-type: none"> Review assessed country's response on 1st draft of MER. Prepare and send 2nd draft MER to assessed country and reviewers. Send country comments to reviewers. 		
Within 3 weeks of receiving the 2 nd draft MER	16			<ul style="list-style-type: none"> Provide comments on 2nd draft MER.

Minimum -10 weeks before the Plenary	19	<ul style="list-style-type: none"> • Prepare and send 3rd draft MER and ES to assessed country. • Engage the assessed country to discuss the 3rd draft MER, and identify issues for discussion at the face-to-face meeting. • Send assessment team's comments/responses on reviewers' comments to the assessed country. 	<ul style="list-style-type: none"> • Respond to the 3rd draft MER 	
Minimum-8 weeks before the Plenary	21	<ul style="list-style-type: none"> • Conduct face to face meeting to discuss the 3rd draft MER and ES. • Work with assessed country to resolve disagreements and identify potential priority issues for discussion in Plenary. 	<ul style="list-style-type: none"> • Provide 2nd set of comments to the assessment team <i>at least one week</i> prior to the face-to-face meeting. 	
Minimum -5 weeks before Plenary	24	<ul style="list-style-type: none"> • Send final draft MER and ES, together with reviewers' comments, assessed country's views and assessment team response to all delegations for 		

		comments (2 weeks).		
Minimum -3 weeks before Plenary	26	<ul style="list-style-type: none"> • Deadline for written comments from delegations. 		
Two-week period before Plenary	27	<ul style="list-style-type: none"> • Engage assessed country and assessors on priority key issues, and other comments received on MER or ES. • Circulate (a) compilation of delegation comments, and (b) finalized list of priority key issues to be discussed in Plenary. • Review and provide inputs on priority key issues, and other comments received on MER or ES. 	<ul style="list-style-type: none"> • Work with assessment team on priority key issues, and other comments received on MER or ES. 	
Plenary week		<u>Discussion of MER</u>		
Post Plenary – Publication and Finalisation of MER				
The MER adopted by Council of Ministers is to be published as soon as possible, and within 7 (to be consistent with the period of MERs approved by Council through round robin process) weeks, once the assessment team has				

reviewed it to take into account additional comments raised in the Task Force Plenary, and the country confirms that the report is accurate and/or advises of any consistency, typographical or similar errors in the MER. This period to publication is inclusive of any post-Plenary quality and consistency review as required by the Universal Procedures for AML/CFT assessments.

APPENDIX 2 – Authorities and Businesses Typically Involved for On-Site Visit

(Please note that the list provided below is just to provide guidance on the kind of institutions assessors would expect to meet during the on-site but it is not definitive as jurisdictions might have similar institutions but under different names although performing the same functions. So, it is expected that jurisdictions guide assessors on the kinds of AML/CFT stakeholders they have in their jurisdictions in coming up with the Programme for the on-site visit.)

Ministries:

- Ministry of Finance;
- Ministry of Justice, including central authorities for international co-operation;
- Ministry of Interior;
- Ministry of Foreign Affairs;
- Ministry/Authority responsible for the law relating to legal persons, legal arrangements, and non-profit organisations;
- Other bodies or committees to co-ordinate AML/CFT 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 or organised crime.

Financial sector bodies:

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

- Supervisors or authorities responsible for monitoring and ensuring AML/CFT 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 and other matters:

- Casino supervisory body;
- Supervisor or other authority or Self-Regulatory Body (SRB) responsible for monitoring AML/CFT compliance by other DNFBPs;
- 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 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 and civil societies).

AML/CFT Reporting Entities

Efficient use has to be made of the time available on-site, and it is therefore suggested that the meetings with the financial sector and DNFBP associations also have the representative sample of institutions/DNFBP present (e.g. banks, insurance companies, insurance brokers, stock brokers, real estate agencies, precious stone dealers, law firm, casinos, etc).

APPENDIX 3 – QUESTIONNAIRE FOR TECHNICAL COMPLIANCE UPDATE

BACKGROUND AND KEY DOCUMENTS

Countries should list the principal laws and regulations in their AML/CFT system, and give a brief, high level summary of their scope. The text (translated where necessary) of these laws should be given to assessors. It is preferable to assign each document a unique number or name to ensure references are consistent. These numbers should be listed here.

Countries should list the main competent authorities responsible for AML/CFT policy and operations, and summarise their specific AML/CFT responsibilities.

Countries should briefly note any significant changes to their AML/CFT system which have taken place since the last evaluation or since they exited the follow-up process. This includes:

- New AML/CFT laws, regulations and enforceable means.
- New competent authorities or significant reallocation of responsibility between competent authorities.

1. *[Example – “ The principal laws relevant for AML/CFT are:*

- *Money Laundering Act (1963) (document L1) – establishes the criminal offence of money laundering.*
- *Proceeds of Crime Act (2007) (document L2) – sets a legal framework for confiscation of the proceeds of crime.*
- *National Security Act (2005) (document L3) – establishes the criminal offence of terrorist financing and a legal framework for implementing targeted financial sanctions.*
- *Financial Sector Act (1999) (document L4) – provides the legal basis for financial sector regulation and supervision and sets out the basic AML/CFT obligations of firms.”]*

2. *[Optional Example – “Since the last evaluation, Country X has passed the ‘Law on Suspicious Transaction Reporting (2009)’ and established an FIU. Responsibility for investigating suspicious transactions has been transferred from the Ministry of Interior to the FIU.”*

RISK AND CONTEXT

Countries should provide assessors with available documents about the ML/TF risks in their country. They should list each document they provide and briefly describe its scope. Countries should also note any important considerations about risk and context which they wish to bring to the attention of the assessors. They should not duplicate information included in the documents provided. If countries wish to highlight specific contextual factors, they should provide documentation of these.

Countries should describe the size and structure of the financial and DNFBP sectors, using the tables in Annex 1.

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 refer to the specific clauses of their laws, enforceable means, or other mechanisms which are relevant to the 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 should also note whether the law or enforceable means referred to has changed since the last MER or follow –up report.

The text (translated where necessary) 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

Criterion 1.1

122. *[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

123. *[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

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

Criterion 1.4

125. *[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).”]*

ANNEX 1 TO THE QUESTIONNAIRE FOR TECHNICAL COMPLIANCE UPDATE: SIZE AND STRUCTURE OF THE FINANCIAL SECTOR AND DNFBP SECTORS

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

Type of Entities*	No. Licensed / Regulated / Registered	AML/CFT 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.)***	Additional Comments/Questions from the Assessors (upon receipt of responses from country)
Banks					
Life Insurers					
Securities					
MVTS					
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.

** Countries should indicate the specific provisions in the AML/CFT laws that set out the CDD, record keeping and STR 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 laws or enforceable means and key highlights of the obligations for other preventive measures (e.g. 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 <i>(where applicable)</i>	Other additional Information (e.g. highlights of substantive changes, etc.)**	Additional Comments/Questions from the Assessors (upon receipt of responses from country)

* Additional rows may be added for other type 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.

APPENDIX 4



ANNEX I-TERMS OF REFERENCE FOR THE REVIEW GROUPS FOR MONITORING THE POST EVALUATION IMPLEMENTATION OF FATF STANDARDS IN ESAAMLG MEMBER COUNTRIES

Background

1. At the Task Force of Senior Officials (Task Force) meeting held in Arusha, Tanzania in March 2010, it was observed that as a result of the new initiative of setting up the Review Groups for monitoring the post evaluation implementation of the FATF standards in member countries, there was a need to put in place guidelines for the work of the Groups. The Secretariat was requested to formulate the pertinent guidelines.
2. Pursuant to the provision of Article IX(5) of the ESAAMLG Memorandum of Understanding, the Task Force may, with the consent of the President of the Council of Ministers establish standing working groups to undertake specific tasks, such as the Finance and Audit Committee; and ad hoc groups, as appropriate, to deal with specific issues³³.

Amended Draft Terms of Reference

3. The amended draft Terms of Reference for the Review Groups address the issues set out below.

Membership

4. For the purposes of reviewing the progress of the assessed countries in implementing the FATF Standards, four Review Groups set up by the Task Force, comprising of member countries will continue to exist.

³³ This paper amends the Terms of Reference for the Review Groups established in March 2010 for monitoring the post evaluation implementation of the FATF standards in member countries after the 1st round of MEs, to include monitoring of the Follow-Up process introduced under the revised ESAAMLG 2nd Round of AML/CFT Mutual Evaluation Procedures. The setting up of these Review Groups was approved by the Task Force at the same meeting in March 2010. The Review Groups were also constituted at this meeting and conducted their first review of the draft implementation plans submitted by member countries.

Terms of the Review Groups

5. Initially no definite term was proposed for the Review Groups but now since they are a substantive element of the ESAAMLG 2nd Round of AML/CFT Mutual Evaluation Procedures, it is expected that their existence will be determined after the 2nd round process of MEs has been completed. ESAAMLG is expected to finish its second round of mutual evaluations under the FATF 2013 Methodology by April 2024. The Review Groups shall be responsible for monitoring the follow-up process (on TC and where possible, on effectiveness) of member countries starting two years from the date of adoption of each member country's MER³⁴ and once every two years, thereafter for member countries on regular follow-up, and one year after the adoption the MER on TC for countries placed under enhanced follow-up at the time of adoption of the report. During the transitional period until a member country is removed from the post evaluation monitoring process relating to ESAAMLG's first round of MEs or is assessed under the 2nd round of MEs, whichever comes first, the Review Groups shall continue to review the progress made by member countries based on their first round post evaluation monitoring implementation plans and progress reports until the Task Force Meeting immediately preceding the on-site visit to the assessed country under the 2nd Round of MEs.

6. A member country being assessed under the 2nd round of MEs is expected to submit its first follow-up report to the ESAAMLG Secretariat for review by the Review Groups, two months before the Task Force Meeting the review is due (after every one year, unless directed otherwise by the Task Force) and six (6) months in advance of the Task Force meeting where a member country is seeking TC re-rating. The submission of follow-up reports by member countries will be determined by whether a country has been placed under the regular follow-up process (when it will be required to submit its first follow-up report two years after adoption of the MER and thereafter, report in every two years to the Task Force) or enhanced follow-up process (when it will be required to submit its follow-up report on TC for discussion a year after the adoption of its MER and more frequently [annually] thereafter, to the Task Force). The Review Groups are then expected to review a comprehensive follow-up assessment report of each of the member countries' progress after five years.

³⁴ Refer to the Follow-up Process described in the ESAAMLG 2nd Round AML/CFT Mutual Evaluation Procedures

7. The Review Groups, as part of the ESAAMLG mutual evaluation process shall be an integral part to the review process for quality and consistency of ESAAMLG draft mutual evaluation reports and FURs requesting for re-rating(s). The requirements on quality and consistency of the reviews are set out in more detail in the ESAAMLG 2nd Round of AML/CFT ME Procedures, which includes the timelines and procedures for countries applying for *TC re-ratings*.

Appointment of the Chairperson and Vice Chairperson

8. The countries that chair the Review Groups shall be appointed by the Task Force upon the recommendation of the Evaluations and Compliance Group and shall hold office until the end of the ESAAMLG's 2nd round of ME process. 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 background in AML/CFT 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 ensuring 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 FATF Standards.
9. The country that holds the office of the Vice-Chairperson shall also be appointed by the Task Force under the same terms and conditions as the Chairperson.

Tasks

10. 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 exercise. The Review Groups are expected to analyse the progress reports of member countries online/electronically, one month before the commencement of Task Force meetings. The reviewers through their Chair, will then submit their first written draft reports with preliminary findings to the Secretariat to be circulated to the reviewed countries for comments two weeks before the Task Force meetings.

Reporting

11. 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

actions and progress accomplished in implementing the recommendations set out in the mutual evaluation report within the agreed timeframes and the next steps.

Meetings

12. The Review Groups will meet physically during the Task Force meeting to finalise on their findings of each of the progress reports and thereafter, meet with the delegations of each of the member countries to discuss the result of their progress/follow-up report. The Chairs of the Review Groups will then present the Review Group reports to the ECG.

ANNEX II-TERMS AND PROCEDURES FOR THE REVIEW GROUPS

Membership

1. Membership of the Review Groups is open to all ESAAMLG member countries.
2. Members 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 in the Review Groups.
3. At all times, each Review Group shall be composed of experts representing all the three sectors.
4. Where experts are no longer able to participate in the Review Groups for any reason whatsoever, member countries shall inform the Secretariat accordingly and shall appoint a new expert, expeditiously. The name, contact details and expertise with a short background in AML/CFT of the new expert 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 progress/follow-up reports of member countries as follows:

PROCEDURES FOR THE ESAAMLG SECOND ROUND OF AML/CFT MUTUAL EVALUATION AND FOLLOW-UP PROCESS

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

Eritrea	Namibia
Zimbabwe	Zambia
Mozambique	(South Sudan)
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 Reviewers and will not be made publicly available unless the country consents to it.

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 post evaluation follow-up process as set out under the ESAAMLG 2nd Round of AML/CFT ME Procedures and shall for this purpose:
 - (a) review and analyse the follow-up action plans of member countries. Where appropriate, the Review Groups shall make such recommendations, as may be relevant, to amend the action plans to assist member countries in meeting the requirements of the FATF Standards and effectively implementing core issues on effectiveness;
 - (b) review and analyse the progress made by member countries in meeting the requirements of the FATF standards and where possible, effective implementation of the core issues on effectiveness within the agreed time frames. Analysis of progress made will essentially involve looking into the main laws, regulations and other documentation to verify the technical compliance of domestic legislation and other relevant requirements with the FATF standards. In assessing the progress achieved, where possible effectiveness should also be taken

into account, primarily through a consideration of data provided by the country; and

- (c) after analysing the follow-up reports submitted by member countries on either the regular follow-up or enhanced follow-up process, make recommendations to the ECG addressing the following circumstances:
 - (i) where a country is making sufficient progress, to deliver a subsequent follow-up progress report as provided in the ESAAMLG 2nd Round of AML/CFT ME Procedures; or
 - (ii) in the case where no significant progress has been made, propose steps in the context of enhanced follow-up process which will call for closer monitoring of the member country as set out in the ESAAMLG 2nd Round of AML/CFT ME Procedures.

Reporting

11. The Review Groups after discussions with the member countries shall prepare a final written report, (which will take into consideration the comments made by the reviewed member country) for each reporting member country summarising the progress made under the regular or enhanced follow-up processes.
12. The final report shall be prepared together with the Secretariat and shall be circulated to ESAAMLG members in advance of the ECG meeting.
13. The Review Groups shall report to the ECG which shall be responsible for reporting to the Task Force Plenary on assessed countries' follow-up actions and progress made in implementing the recommendations set out in the MER within the agreed timeframe and the next steps.

Meetings

14. Expert reviewers of the Review Groups shall endeavour to attend all ESAAMLG and Review Group meetings.
15. 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 send his/her contribution to the Chairperson of the Group and the Secretariat before the meeting.**
16. 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.

17. The Review Groups should normally meet physically during the Task Force meetings. 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 and members of the Review Group.

Administrative arrangements

18. 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/progress reports in preparation for all Task Force meetings.
 - Upon receipt of the follow-up/progress 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/progress reports, and follow-up/progress reports to members of the Review Groups.
 - Disseminating any other information to assist the Review Groups in the preparation of their reports
 - Liaising with the Chair of each Review Group for the first draft report on the follow-up/progress report and any other comments by the expert reviewers to be referred to the country submitting the progress report, before the Task Force meetings.
 - Facilitating the holding of meetings of the Review Groups to discuss their findings on the follow-up/progress 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 in providing such assistance are set-out in ANNEX III, below.

ANNEX III - ASSISTANCE TO COUNTRIES UNDER THE FATF ICRG POOL, OR THE FATF ICRG PROCESS

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 on the possibility of the country being identified for ICRG and what it might mean for 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 urgent 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 Monitoring Process, the pros and cons, possible impact on the country's economy and possible 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 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 or not 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 arising issues which need direct engagement with the assessed country's authorities. However, where 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 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, 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 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 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 deficiencies with the policy makers/executive of the country throughout the ICRG process.

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 37 of the ESAAMLG 2nd Round of AML/CFT 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.

Signed

Date.....

Witnessed by.....

Name of Witness.....

Signature.....

Date.....

Appendix 5 – Update for Follow-up Report

Please carefully read the background information at the end of this template first.

INTRODUCTION

In this section, countries should briefly outline their high-level commitment and strategy for addressing the issues identified in the country's MER and for exiting enhanced follow-up, as well as the initial compliance enhancing steps taken to date.

When countries are seeking technical compliance re-ratings in their follow-up report, this section should clearly indicate for which Recommendation countries request a re-rating.

1. *[Example – Country X plans to address most if not all of the shortcomings identified by 2019. A national strategy or similar document, e.g. action plan, has been developed and endorsed by the Government, prioritizing the following areas:*

- _____]

2. *[Example – The following steps/measures were already taken:*

- _____]

3. *[Example – In light of the progress made since the last follow-up report, Country X would like to seek technical compliance re-ratings for Recommendations 10, 22, and 27.]*

BACKGROUND, RISK, AND CONTEXT

Countries should summarise any significant developments to their AML/CFT system which have taken place since the mutual evaluation or the last follow-up report. This includes:

New AML/CFT laws, regulations and other enforceable means. The (official translated) text of these instruments should be provided, along with a brief, high-level summary of their scope.

New coordination arrangements, competent authorities, or significant reallocation of responsibility between competent authorities.

New risk and context information, including new national risk assessments, predicate offences or ML/TF threat profile, and significant changes to the structure, composition and size of the financial and DNFBP sectors. This information will assist follow-up assessors in weighing the relative importance of each criterion in the re-rating.

3. *[Example – Since the mutual evaluation, Country X has passed the 'Law on Suspicious Transaction Reporting (2009)' (see Annex A for the full text) which came into effect on XX-XX-XXXX]*

4. *[Example – Responsibility for investigating suspicious transactions has been transferred from the Ministry of Interior to the FIU as of XX-XX-XXXX, according to Government Gazette number XXXX.]*

5. *[Example – Country X has completed and published its ML or revised 2016 ML risk assessment (Annex B).]*

TECHNICAL COMPLIANCE UPDATE

Countries are to seek re-ratings for technical compliance in their follow-up reports (except for the 1st follow-up report under enhanced follow-up where requests for re-ratings are optional). The general expectation is for countries to have addressed most if not all of the technical compliance deficiencies³⁵ by the end of the 2nd year³⁶, if not, the Plenary may decide to apply other enhanced measures.

As is the case with mutual evaluations, it is the responsibility of the country to demonstrate that its AML/CFT system is compliant with the Recommendations. Although addressing the technical compliance shortcomings is a means of achieving compliance, Reviewers will assess the Recommendations in their entirety against the requirements of the Methodology. This recognises that countries may achieve compliance through other means, and also takes into account actions by countries that may negatively affect their compliance with the Recommendations.

The table below should include all factors underlying the ratings as listed in the MER. The Secretariat can assist the country in follow-up to populate the table below with the relevant shortcomings. Technical issues that are also listed as key findings and recommended actions in the MER should be marked with an asterisk (*) to support Plenary and Reviewers in re-rating assessments. The information that is provided by the country (table and supporting material) will be used by the Reviewers in their analysis and to produce a follow-up report. Technical compliance re-ratings and their analyses (if approved by the Plenary) will be published on the public website in the form of updates to the Technical Compliance Annex.

For each factor/criterion, countries should, as a minimum, set out the reference (name of instrument, article or section number) that applies. Countries should refer to the specific clauses of their laws, regulations, enforceable means, or other mechanisms that are relevant to the factor/criterion. If necessary, countries should also briefly explain the elements of their laws, regulations, enforceable means, or other mechanisms that address the shortcomings and implement the criterion (e.g., an outline of the procedures followed, or an explanation of the interaction between two laws).

The (official translated) text of all relevant laws, regulations, enforceable means, and other documents should be provided separately (if not already provided as part of the “Background, Risk, and Context” update in the section above). Countries should provide brief

³⁵ This is irrespective of the rating (LC, PC or NC), if the country is in regular or enhanced follow-up, or if a particular technical shortcoming led the country to be placed in enhanced follow-up.

³⁶ To enable the assessed country to thereafter concentrate more on implementation of the laws and building institutions for the three years remaining in order to have addressed the effectiveness shortcomings by the time of the follow-up assessment at 5 year

factual information only – there is no need for lengthy argument or interpretation³⁷.

Rec	Factors underlying the rating	Relevant to criterion	Actions taken [List specific reference to AML/CFT laws, regulations & enforceable means. If necessary, briefly explain why the cited references meet each criterion under discussion.]	Reviewer's comments where appropriate
<u>R. 1</u>	<p><i>Factor 1 [from the ME report]</i></p> <p><i>e.g. As there are no established areas of ML/TF high risk identified at national level, the allocation of resources is not prioritised according to the risks.</i></p>	R. 1.5	<p><i>E.g. Carried out a National Risk Assessment which has identified areas of ML/TF high risk at national level. The results of the NRA are now being used in prioritising allocation of resources in ML/TF high risk areas, e.g. highest ML risk area was identified to be the real estate sector due to various factors. The Government has designated an AML/CFT Supervisor for the sector. The supervisor's office has been prioritised in the allocation of resources to build capacity of staff, carry out awareness on AML/CFT and reporting of STRs to members of the public and real estate agents and dealers, come up with policies and procedures which minimise the use of cash above a set threshold when purchasing immovable properties, etc</i></p>	<p><i>E.g. Satisfactory progress has been made in addressing the deficiency but more information is needed on the other areas identified to be of ML/TF high risk and the remedies taken to ensure prioritisation of resource allocation.</i></p>
	Factor 2			
	Factor 3			

³⁷ Countries which are either on regular or enhanced follow-up will report on all Recommendations rated NC/PC.

<u>R.2</u>	Factor 1			
	Factor 2			

*EFFECTIVENESS UPDATE (FOR INFORMATION)*³⁸

Countries may provide any relevant information that goes toward improving the effectiveness of the country's AML/CFT system. This should include measures that have been taken to address the priority actions or recommended actions listed in the MER³⁹.

Countries may refer to the FATF Methodology for examples of information that could be provided, i.e., the "Examples of Information that could support the conclusions on Core issues for each Immediate Outcome"

It is advisable to structure the information provided by Immediate Outcome⁴⁰:

Immediate Outcome 1

[Example – Competent Authority Y has published new guidance on the national risk assessment for the DNFBP sectors, and conducted XX number of outreach sessions over the last 6 months, etc.]

³⁸ For countries on enhanced follow-up process, progress reported during the five years of reporting will be determined during the 5th year follow-up assessment

³⁹ For both Technical Compliance (TC) and Effectiveness, the country should report in a way that addresses the shortcomings identified by the TC analysis (the factors underlying the ratings) and also the priority actions on effectiveness as highlighted by the Mutual Evaluation Report

⁴⁰ Countries which are either on regular or enhanced follow-up will report on all Immediate Outcomes rated Low or Moderate Level of Effectiveness

BACKGROUND INFORMATION

The full text of the follow-up procedures can be found in Section IX of the Procedures for the ESAAMLG 2nd Round of Mutual Evaluations and Follow-Up Process.

Following the discussion and adoption of a MER, the country could be placed in either regular or enhanced follow-up. Regular follow-up is the default monitoring mechanism for all countries, where countries are required to report back to Plenary annually, from two years after the adoption of the MER during the five years between the adoption of the MER and the 5th year follow-up assessment. Enhanced follow-up is for members with significant deficiencies (for technical compliance or effectiveness) in their AML/CFT systems, and requires countries to report back bi-annually, commencing six months after the adoption of the MER until significant progress has been made by the assessed country within the five years before the follow-up assessment.

As is stated in the procedures, the general expectation is for assessed countries to have addressed most if not all of the technical compliance deficiencies by the end of the 2nd year, after that concentrate more on implementation of the laws and building institutions for the three years remaining in order to have addressed the effectiveness shortcomings by the time of the follow-up assessment at 5 years.

This template is designed to facilitate the preparation of countries' follow-up reports to the Plenary. Where there are technical compliance re-ratings, parts of the follow-up report relevant to the analyses will be published on the ESAAMLG website together with the re-rating.

Regular follow-up:	Regular FUR 1			Followed by 5th year follow-up assessment Focus on assessing effectiveness
	<p><u>When:</u>th Plenary meeting after adoption of MER.</p> <p><u>Format:</u> Each report follows the same template for consistency and comparability.</p> <p><u>Technical compliance:</u> Focus on technical compliance re-ratings. The expectation is that most if not all technical compliance shortcomings are addressed at that point in time. Re-ratings will be published.</p> <p><u>Effectiveness:</u> An update to keep Plenary informed is expected.</p>			
Enhanced follow-up:	Enhanced FUR 1	Enhanced FUR 2	Enhanced FUR 3	
	<p><u>When:</u>th Plenary meeting</p> <p>Update for information (at a minimum) with flexibility regarding the format.</p> <p>If re-ratings are sought, the report would be identical to regular FUR 1 (with lower</p>	<p><u>When:</u>th Plenary meeting</p> <p>Identical to regular FUR 1 (with lower expectations regarding overall compliance levels).</p>	<p><u>When:</u>th Plenary meeting</p> <p>Identical to regular FUR 1.</p>	

	expectations regarding overall compliance levels).			
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General process

The Secretariat will carry out the preliminary analysis of follow-up reports with requests for re-ratings and send the analysis to the Reviewers for further analysis⁴¹. The draft report will be circulated to the membership by the Secretariat for written comments⁴². The format of the re-rating analysis should be identical to the format of the technical compliance analysis in the Technical Compliance Annex to the Mutual Evaluation Report. Should delegations raise issues with the draft analysis, Expert Reviewers will first discuss them and make recommendations to the ESAAMLG Evaluation and Compliance Group (ECG) which will further make recommendations to the Task Force of Senior Officials Plenary on these issues. The Plenary, if it is in agreement with the re-rating recommendations will then adopt the re-rating and recommend the re-rating to the Council of Ministers for noting. Otherwise, reports will be directly sent to the Expert Reviewers for analysis on progress being made by the assessed country and make the necessary recommendations to the ECG for discussion. The ECG will then make recommendations and table both the report and its recommendations in the Task Force of Senior Officials Plenary for discussion, together with a process and progress update by the Expert Reviewers assisted by the Secretariat.

Reports without re-ratings will be tabled during the Task Force of Senior Officials Plenary for Plenary to only note the recommendations by the ECG, unless the delegation raises any issues with the draft report, or unless the Secretariat and/or the Reviewers, and/or the ECG identifies a process or progress issue in the follow-up report that requires discussion by the Task Force of Senior Officials Plenary (e.g., insufficient progress).

⁴¹ The follow-up reports for re-rating may include one of the following three scenarios: a) report which does not lead to a re-rating; b) report which contains proposals for re-rating in respect of which delegations have not raised issues; & c) report which contains proposals for re-rating in respect of which delegations have raised issues

⁴² To assist delegations to review the draft analysis, all supporting material received and analysed by the Reviewers, including the update provided by the country, will be made available to all delegations.