

STRATEGIC PLAN

2020- 2023





FIFTH ESAAMLG STRATEGIC PLAN
April 2020 – March 2023

ACRONYMS AND ABRIEVIATIONS

AFI	Alliance for Financial Inclusion
AML/CFT/CPF	Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation
COMESA	Common Market for Eastern and Southern Africa
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FSRB	FATF Styled Regional Body
GIZ	German International Cooperation for Development
ICRG	International Cooperation Review Group
ICT	Information Communication Technology
IMF	International Monetary Fund
ME	Mutual Evaluation
MER	Mutual Evaluation Report
ML	Money Laundering
MOU	Memorandum of Understanding
NPOs	Non Profit Organisations
PF	Proliferation Financing
TF	Terrorist Financing
VASP	Virtual Asset Service Providers

Introduction

1. The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) is a Regional Body subscribing to global standards to combat money laundering and financing of terrorism and proliferation.

2. Since the commencement of its operations, ESAAMLG has implemented four strategic plans. The First Strategic Plan was approved by the Council of Ministers at its meeting in Livingstone, Zambia in August 2005 and the second (2009-2012) in Maseru, Lesotho in August 2009, the third (2013-2015) in Swakopmund, Namibia in September 2013 and the fourth (2017-2020) in Victoria Falls, Zimbabwe. The strategic plans were produced to enable ESAAMLG to focus on developing itself as a fully-fledged FSRB. They envisage developing *“A strong and dynamic FATF Style Regional Body committed to eradicate money laundering and terrorist financing in the Eastern and Southern African region.”* This vision would be realised through consolidating and sustaining the combined efforts to combat money laundering and terrorist and proliferation financing in the Eastern and Southern African region through effective implementation of AML/CFT standards in all ESAAMLG member countries.

3. ESAAMLG’s Fourth Strategic Plan 2017-2020 was developed to consolidate the activities and initiatives undertaken under the Third Strategic Plan 2012-2015. It indicated the strategic direction which the ESAAMLG would pursue to attain its objectives and carry out its functions as an FATF Style Regional Body. The plan had nine key strategic objectives, namely:-
 - Sustaining effective Post Evaluation Implementation of AML/CFT measures in member countries under the first round of assessments.
 - Sustaining the second round of assessments and monitoring of ESAAMLG members’ technical compliance with the FATF Recommendations and the Effectiveness of their AML/CFT systems.

- Increase and sustain the knowledge of money laundering and terrorist financing trends and techniques in the region in order to effectively contribute to regional and international AML/CFT policy formulation.
 - Expansion of ESAAMLG membership and increase the visibility of ESAAMLG in the Region.
 - Strengthening and enhancing regional and international cooperation among member countries.
 - Enhancing ESAAMLG's cooperation and participation in AML/CFT regional and international initiatives.
 - Prioritizing and consolidating regional AML/CFT capacity building, particularly for assessing ML/TF risks and adopting risk based approach to implementation of AML/CFT Standards.
 - Promoting the Implementation of risk-based AML/CFT measures which support implementation of financial inclusion initiatives.
 - Consolidating the sustainability and efficiency of ESAAMLG and its Secretariat through implementing the recommendations of the Efficiency Scrutiny Working Group approved by the Council in August 2015.
4. The Strategy allocated responsibilities to different stakeholders i.e. The Council of Ministers, Member Countries, the Task Force of Senior Officials, the National Multidisciplinary Committees and the ESAAMLG Secretariat. On balance, there has been considerable progress in achieving the objectives of the strategy by each of the above stakeholders. One of the major outcomes of implementation of the Strategy is sustaining effective Post Evaluation Implementation of AML/CFT measures in member countries under the first round of assessments. In this regard, member countries other than Eswatini, Kenya, Lesotho and Rwanda have exited the first round follow up process. Under the Fourth Strategic Plan, the MERs of Botswana, Madagascar, Malawi, Mauritius, Seychelles and Zambia, undertaken using the FATF Revised Methodology (2013), were approved by the Council and published on ESAAMLG's website. The assessments of

Eswatini, Mozambique, South Africa and Tanzania are ongoing and expected to be completed as part of the work programmes under the Fifth Strategic Plan.

5. Under the 2017-20 Strategic Plan, ESAAMLG completed two typologies studies on *“Procurement Corruption in the Public Sector and Associated Money Laundering in the ESAAMLG Region”*, *“Smuggling of Cigarettes and Associated Money Laundering in the ESAAMLG Region”*, and a special typologies project report on *“Poaching and Illegal Trade in Wildlife and Wildlife Products and Associated Money Laundering in the ESAAMLG Region”*. ESAAMLG also undertook a De-Risking Survey in the Region.
6. In addition to the above achievements, ESAAMLG achieved progress in expanding its membership. Madagascar was admitted as a member of ESAAMLG. The organisation however, terminated Burundi’s membership process due to the lack of progress, but left open the possibility of reengaging Burundi when the jurisdiction was ready to do so. At its September 2017 meeting in Zanzibar, the Council approved the application for observer status by GIZ. It also signed MoUs with AFI, COMESA and Attorney General Alliance - Africa Alliance Partnership (AGA-AAP) in 2018 and 2019 respectively.
7. Implementation of the 2017/20 Strategic Plan saw Uganda (under the third round) and Ethiopia (under the fourth round) exiting the ICRG monitoring process after successfully finalizing their Action Plans agreed with the FATF. Botswana, Mauritius, Uganda and Zimbabwe are currently under the fourth round FATF ICRG monitoring process.
8. Another prominent highlight of the 2017-2020 Plan is implementation of the recommendations of the Efficiency Scrutiny Working Group Report. The main focus of the ESAAMLG efficiency scrutiny exercise was to determine whether ESAAMLG as an FSRB, is adequately resourced and appropriately structured to address the challenges of implementing the Revised FATF Standards, as well as participating and contributing

effectively in the AML/CFT Global Network. ESAAMLG continued implementing the recommendations of the Efficiency Scrutiny Working Group (ESWG) throughout the period of the strategic plan, including operationalizing the new governance structure and amendment of the MoU to reflect this, increasing the staff compliment of the Secretariat by filling the critical posts of 1 Principal Expert, 3 Senior Experts and 3 Experts as recommended by the ESWG during the 2018/19 financial year and upgrading its ICT infrastructure. The Secretariat has also completed the recruitment process for the Finance and Administration Officer.

9. Successful implementation of the previous strategic plans has mainly resulted in ESAAMLG member States enacting laws dedicated to countering ML and TF and increasingly PF. However, the issue of effectiveness as per the current FATF Standards remains a challenge for the ESAAMLG member countries. These challenges are in relation to understanding ML/TF risks and applying a risk based approach, providing and proactively seeking international cooperation consistent with the risk profile of the member countries, sectoral review of the NPO sector for TF, taking targeted financial sanctions on terrorism and proliferation financing, conducting risk based supervision, conducting strategic analysis and the use of financial intelligence, carrying out parallel financial investigations, securing effective and dissuasive sanctions, confiscation measures based on risk profiles of the member countries, and maintaining comprehensive statistics on ML/TF. There are also emerging issues in relation to the regulation and supervision of virtual assets service providers (VASPs) for AML/CFT purposes.
10. The Fifth Strategic Plan (2020-2023) is designed to build on the successes achieved and learn from the challenges encountered in the implementation of the earlier plans. The plan will run through the period when ESAAMLG would continue undertaking the second round of Mutual Evaluations of its member countries. The Plan has strategic objectives that are intended to move ESAAMLG to the level of performance expected by the FATF and the Global AML/CFT/CPF Network.

Contents of the Strategic Plan 2020 -2023

11. The Strategic Plan 2020-2023 describes ESAAMLG's:
- Vision;
 - Mission;
 - Strategic objectives and their expected outputs; and
 - Strategies to achieve these objectives.

ESAAMLG STRATEGIC PLAN

APRIL 2020 - MARCH 2023

VISION STATEMENT

A strong and dynamic FATF Style Regional Body committed to prevent and combat money laundering and terrorist and proliferation financing in the Eastern and Southern Africa Region.

MISSION STATEMENT

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

STRATEGIC OBJECTIVES

1. Sustaining effective Post Evaluation Implementation of AML/CFT measures in member countries under the first round of assessments.
2. Sustaining the second round of assessments and monitoring of ESAAMLG members' technical compliance with the FATF Recommendations and the Effectiveness of their AML/CFT/CPF systems.
3. Increase and sustain the knowledge of money laundering and terrorist financing trends and techniques in the region in order to effectively contribute to regional and international AML/CFT policy formulation.
4. Complete the Expansion of ESAAMLG membership and increase the visibility of ESAAMLG in the Region.
5. Strengthening and enhancing regional and international cooperation among member countries.
6. Enhancing ESAAMLG's visibility, cooperation and participation in AML/CFT/CPF regional and international initiatives.
7. Prioritizing and consolidating regional AML/CFT/CPF capacity building, particularly for assessing ML/TF/PF risks and adopting risk based approach to implementation of AML/CFT/CPF Standards.
8. Promoting the Implementation of risk-based AML/CFT/CPF measures which support implementation of financial inclusion initiatives.
9. Consolidating the Sustainability and Efficiency of ESAAMLG and its Secretariat.

IMPLEMENTATION PLAN TO ACHIEVE THE STRATEGIC OBJECTIVES

1. Sustaining the Effective Post Evaluation Implementation of AML/CFT/CPF measures in member countries under the first round of assessments

***Expected output:** Complete post evaluation implementation of the remaining three (3) member countries (Kenya, Lesotho and Rwanda) assessed under the first round of mutual evaluations by 2022 so that each member country has an effective domestic AML/CFT/CPF regime consistent with the FATF 40 Recommendations – The International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation.*

Strategy

The strategy for achieving the above objective will comprise:

- Member countries monitoring actions on the execution of their national implementation plans, and submitting progress reports, which will also contain achievements and challenges to the Secretariat two months before the meetings of the Task Force and the Council of Ministers.
- The Secretariat supporting and promoting the work of ESAAMLG Review Groups for monitoring the post evaluation implementation of the FATF Standards in ESAAMLG member countries.
- The Task Force and Secretariat, monitoring and evaluating progress under the implementation plans and compiling a report to the Council of Ministers to consider possible intervention where there is no significant progress in the execution of the implementation plans, which includes undertaking high level mission to the concerned member country and reporting to the FATF-ICRG.
- Overseeing the execution of national AML/CFT/CPF implementation plans of member countries through their National Multidisciplinary Committees.

- Member countries consulting and engaging with the private sector when reviewing their national implementation plans.
- Member countries identifying their technical assistance requirements and seeking such assistance as may be required to ensure effective execution of their implementation plans.
- The Task Force, working together with National Multidisciplinary Committees, to promote integration of AML/CFT/CPF issues into member countries' national development programmes such as financial sector reform and anti-corruption measures, to encourage joint action with key role-players and allocation of necessary budget at national level.

2. Sustaining the second round of mutual evaluations and monitoring of ESAAMLG members' technical compliance with the FATF Recommendations and the Effectiveness of their AML/CFT/CPF systems.

Expected output: Complete evaluation of the remaining nine (9) member countries and Eritrea¹ by 2023 under the second round of mutual evaluations using the revised FATF ME Methodology and increase technical compliance with FATF Standards and level of effectiveness of anti-money laundering and the countering of terrorism and proliferation financing (AML/CFT) systems of member countries.

Strategy

The strategy to achieve the above objective will comprise:

- Encouraging member countries to undertake and/or regularly update a national ML/TF/PF risk assessment to identify and assess ML/TF/PF risks at national, sectoral and individual institution levels and develop appropriate policy and legislative responses to manage those risks.
- The Secretariat coordinating training and technical assistance to assist member countries in conducting ML/TF/PF risk assessment and provide guidance on how to implement the international standards in their specific circumstances and to work on all aspects of setting up an effective AML/CFT/CPF regime including the AML/CFT/CPF regulation of virtual asset service providers.
- Member countries consulting and engaging with the private sector when conducting or updating national risk assessments.

¹ If it joins ESAAMLG as a full member

- Member countries developing and implementing risk-based approach in accordance with the FATF Standards to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks subsisting in a country.
- Member countries continuing to participate in an on-going programme of mutual evaluations conducted in accordance with the ESAAMLG mutual evaluation procedures and within the Schedule of Mutual Evaluations as approved by the Council of Ministers.
- Member countries providing follow up reports indicating the progress they are making in moving towards compliance with the FATF Recommendations and effectiveness of the AML/CFT/CPF systems.
- The Secretariat continuing to effectively manage a programme of mutual evaluations, comprising programme formulation, administrative support, adherence to quality control standards and conduct follow-up on recommendations.
- The Secretariat, with the support from donors, will provide preparation and post mutual evaluation support and, where required, training for ESAAMLG members undergoing mutual evaluations.
- The Secretariat will coordinate review mechanisms through the Expert Review Group process to ensure and maintain the quality and consistency of ESAAMLG mutual evaluation reports.
- The Council will adopt and implement new post-assessment reporting mechanisms to follow up on action taken by member countries in response to the second round of mutual evaluations.
- The Secretariat organising workshops and meetings to improve the level of effectiveness on targeted financial sanctions on terrorism and proliferation financing.

3. Increase and sustain the knowledge of Money Laundering and Terrorist financing trends and techniques in the region through research and analysis in order to effectively contribute to regional and international AML/CFT policy formulation

Expected output: Conduct at least one typologies study per year and prepare comprehensive reports on common money laundering and terrorist financing trends and techniques in the region that will influence policy action in member countries and contribute to the global AML/CFT standard setting process.

Strategy

The strategy to achieve this objective will comprise:

- Identifying existing and emerging ML/TF risks and vulnerabilities that potentially lead to generation of proceeds of crime in the region.
- The Council of Ministers approving priority regional ML/TF typologies and research work programmes on an annual basis.
- The Task Force, in conjunction with the Secretariat, working through the Risk, Trends and Methods Group to continue studying regional existing and emerging ML/TF risks and vulnerabilities for member countries to consider putting counter measures in place. This will include setting up of sector specific typologies projects and research teams to undertake in-depth ML/TF studies.
- Encouraging the FATF, other FSRBs and supporting nations and organisations to collaborate in ESAAMLG research and analysis of typologies projects.
- The Secretariat managing the organisation of the work of the Risk, Trends and Methods Group in accordance with the approved mandate of typologies studies

for completion and submission of typologies reports to the Task Force and Council of Ministers.

- Sharing the ESAAMLG ML/TF Typologies reports internationally with similar AML/CFT organisations as part of broader contribution to global efforts such as the FATF Annual Typologies Reports to enable formulation of effective international AML/CFT policies. Equally, the Secretariat will distribute such typologies information and the implications thereof for the region to keep member countries informed and encourage their participation in such exercises and apply, where appropriate, lessons learned.
- The Secretariat organising Typologies meetings and joint meetings with FATF and other FSRBs to discuss the emerging ML/TF/PF risks, trends and methods.

4. Complete the Expansion of ESAAMLG membership and increase the visibility of ESAAMLG in the region.
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***Expected output:** A strong AML/CFT Regional organization and unified region that implements and complies with global AML/CFT standards to minimise the risk of money laundering, terrorist and proliferation financing in the region.*

Strategy

The strategy for expanding membership of the Group will comprise:

- The Secretariat, in conjunction with the Task Force of Senior Officials, considering eligible countries in Eastern and Southern Africa to apply for membership.
- Member Countries encouraging non-member countries in the Eastern and Southern Africa region to cooperate in the fight against ML/TF and proliferation financing.
- The Secretariat managing the implementation of 'trail-in' process as approved by the Task Force and the Council of Ministers for new member countries intending to join the ESAAMLG.
- The Secretariat continuing to welcome regional and international organisations and cooperating nations involved in AML/CFT/CPF work who wish to join ESAAMLG as Observer members.
- Raise the profile of ESAAMLG by providing inspiring and dynamic information through the website on the activities of ESAAMLG.

5. Strengthening Regional and International Cooperation among member countries

***Expected output:** Established Forums which will act as platforms to facilitate cooperation and exchange of information on specialised areas of expertise amongst member countries.*

Strategy

The strategy to achieve this objective will comprise:

- Identify areas for which cooperation and coordination will play a pivotal role in enhancing or promoting effectiveness in the implementation of AML/CFT/CPF measures.
- The Secretariat providing support to the Forums/Working Groups/Groups whose main objectives are to promote cooperation and provide a platform for information exchange amongst member countries.
- Member countries supporting the work programme of the Forums/Working Groups/Groups and other initiatives of the Forums.
- The Secretariat organising and providing support for the development of FIUs in member countries to enhance cooperation and exchange of information in the region.
- The Secretariat working closely with the Egmont Group Secretariat and Egmont Centre of FIU Excellence and Leadership (ECOFEL) to facilitate attainment of Egmont Group membership by emerging FIUs in the region to broaden the scope for cooperation on information sharing and exchange.
- Encouraging competent authorities in ESAAMLG member countries to consider and agree on entering into Memorandum of Understanding for cooperation and

exchange of information to combat money laundering and terrorist financing in the region.

- Where requested, the Secretariat will facilitate the promotion of cooperation on a bilateral or multilateral basis.

6. Enhancing ESAAMLG's visibility, cooperation and participation in AML/CFT/CPF regional and international initiatives and ensuring that the interests of the region are considered in all FATF policy or standard setting initiatives.

***Expected output:** Improved and effective participation in the AML/CFT/CPF global network meetings, activities and other international AML/CFT/CPF initiatives*

Strategy

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

- Enhancing the working relations between the Secretariat and multilateral, international institutions and partner nations on AML/CFT/CPF issues.
- The Secretariat participating in international standard setting initiatives including representation in FATF Plenary, Typologies and Working Group meetings.
- The Secretariat encouraging and facilitating member countries to directly participate in FATF activities.
- The Secretariat circulating to member countries documents prepared by the FATF seeking comments from the global network members and coordinate comments on such documents for submission back to the FATF.
- The Secretariat guiding member countries on areas of focus in the documents from the FATF and indicate areas which are of particular concern to the region.

7. Prioritising and consolidating regional AML/CFT/CPF capacity building, training and awareness raising programmes

***Expected output:** Sustainable and effective national AML/CFT/CPF institutional and Human Resource development*

Strategy

The strategy for achieving this objective will comprise:

- The Secretariat collating the training and technical assistance requirements and facilitate transmission of the requirements to technical assistance and training providers on an ongoing basis.
- Engage the private and academic sectors to make presentations or conduct training on AML/CFT/CPF issues.
- The Council of Ministers approving annual AML/CFT/CPF priorities for the region to assist the Secretariat in prioritising regional capacity building and enhancement initiatives based on regional risks and vulnerabilities identified in the first round of mutual evaluations and through typology studies.
- Encouraging member countries to review the adequacy of their domestic laws and regulations that relate to such vulnerable areas such as the NPO Sector and the virtual asset service providers (VASP) to protect them from money laundering and terrorist financing abuse.
- The Secretariat organising and providing support for the development of financial intelligence unit in each member country. It will organise and facilitate specialised technical assistance and other FIU capacity development and enhancement programmes, including interdisciplinary FIU-law enforcement and

FIU-obliged entity workshops to enhance communication, in accordance with member countries' needs.

- The Secretariat organising and facilitating expert training/workshops, including for supervisors, investigators, prosecutors and other law enforcement agencies, at country and regional levels at the request of the member countries and in accordance with the work programme of the ESAAMLG.
- The Secretariat managing mentoring programmes for assessors and assessors' participation as observers in evaluations/assessments carried out by the FATF, other FSRBs as well as the IMF and the World Bank.
- The Secretariat organising and facilitating mutual evaluation training courses yearly to enhance and maintain the balanced pool of evaluators capable of undertaking mutual evaluations.
- The Secretariat developing and maintaining a 'virtual' network to ensure that the cadre of assessors are fully apprised of latest developments and encouraged to pass on their knowledge to develop other expertise in their country. The ESAAMLG web page will be improved to support the resource network.
- Member countries continuing to undertake national skills and capacity audits for submission to the Secretariat, which will maintain a regional database of skills.
- The Secretariat maintaining, with the assistance of the National Multidisciplinary Committees, a regional overview and coordinating mechanism for technical assistance and training based on training needs provided by National Multidisciplinary Committees and national skills audits, including workshops to train AML/CFT/CPF experts in the region.

8. Promoting the Implementation of risk-based AML/CFT/CPF measures which do not inhibit other equally important policy initiatives such as financial inclusion policies.

***Expected output:** Adoption and implementation of AML/CFT/CPF measures commensurate with the nature and level of ML/TF/PF risks which will promote complementarity between AML/CFT/CPF Standards and financial inclusion.*

Strategy

- Encourage and monitor member countries to carry out national ML/TF/PF risk assessment and/or sectoral ML/TF/PF risk assessment.
- Through the Technical Assistance and Training Coordination Forum, facilitate availability of technical assistance for countries which do not have the capacity to carry out ML/TF/PF risk assessments.
- Encouraging member countries to review, and where necessary, develop AML/CFT/CPF policies and amend their AML/CFT/CPF laws and regulations to bring them in line with the outcome/ findings of ML/TF/PF risk assessment.
- Working in collaboration with the Alliance for Financial Inclusion (AFI), ESAAMLG will promote financial inclusion and the effective implementation of the FATF Standards.
- The Secretariat supporting the Working Group on Risk, Compliance and Financial Inclusion established to coordinate and oversee proposals and activities between ESAAMLG and AFI.
- Encourage implementation of recommendations of the Report on *Public and Private Surveys on Financial Integrity and Financial Inclusion Frameworks and Compliance Practices*.

- The Task Force supporting and participating in ESAAMLG's work programme to promote Financial Inclusion and Implementation of FATF Standards in the ESAAMLG Region including by organising two private-public sector dialogues.

9. Consolidating the Sustainability and Efficiency of ESAAMLG and its Secretariat

***Expected output:** Enhanced capacity of the Secretariat in terms of human and technical resources necessary to support ESAAMLG's activities and raise its profile in the region and within the AML/CFT/CPF global network*

Strategy

The sustainability and efficiency will be consolidated through the following:

- The Task Force and the Council providing necessary support and resources for the Secretariat to effectively implement approved work programmes.
- The Secretariat working with the ESAAMLG Steering Committee and the Task Force to implement a robust governance structure capable of addressing all emerging challenges for the organization.
- The Secretariat continue implementing the proposed organogram that will take into consideration all staffing, human resources and administration issues commensurate with the current size of the ESAAMLG membership.
- Secretariat enhancing the current Information Communication and Technology systems, processes and infrastructure for ESAAMLG and ensuring that it is kept current.
- The Secretariat continuing to mobilize extra-budgetary resources for the implementation of the approved work programmes.
- Secretariat working with the Task Force and the Council of Ministers in continuously reviewing the operations of the ESAAMLG Working Groups in order to align them with the mandates of the FATF Working Groups.

- Secretariat strengthening the ESAAMLG Associate Membership position by continuously interfacing with the FATF and increasing visibility regionally and internationally.
- Secretariat continuing to productively organise and manage the meetings of the Task Force of Senior Officials and the Council of Ministers as well as the Public-Private Sector Dialogues.
- The Secretariat continuing to prepare and circulate papers for ESAAMLG meetings at least 4 weeks in advance of meetings.
- The Secretariat reaching out to other FSRBs' for additional coordination, support and assistance when feasible, to include the development of mentoring relationships between FSRBs and between assessors when conducting mutual evaluations.
- The Secretariat continuing to improve financial management systems including by comprehensively addressing External Audit Recommendations, working with the Budget, Finance and Audit Committee.

Conclusion

Since it was first established, ESAAMLG has developed positively as an FATF Style Regional Body. The fifth Strategic Plan seeks to consolidate and sustain efforts to implement the FATF 40 Recommendations (2012) in all member countries to enable the Region to effectively combat Money Laundering, and Terrorist and Proliferation Financing. The Strategic Plan also seeks to develop systems and processes that would enable ESAAMLG to be an effective member of the FATF Global Network. It is anticipated under the Fifth Strategic Plan that countries will continue improving their level of effectiveness in addition to technical compliance in consistent with their risk profile and context. The Secretariat will present a briefing paper for discussion on the annual review of implementation status of the Strategic Plan.