

# APG Strategic Plan



**Asia/Pacific Group  
on Money Laundering**

## 2016-2020

Asia/Pacific Group on Money Laundering  
6 September 2016

#### **APG Strategic Plan 2016 - 2020**

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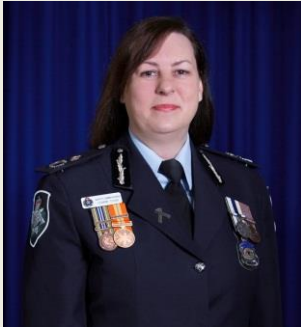
Asia/Pacific Group  
on Money Laundering

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## APG CO-CHAIRS' STATEMENT AND CERTIFICATION

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Under the APG Terms of Reference 2012, the APG is required to:

- develop a strategic plan every four years, to be endorsed by all members (the Co-Chairs to indicate this endorsement in each plan), which will set out the APG's mission and goals for each four-year period; and
- develop an annual business plan, to be endorsed by all members, which will set out in greater detail the work programme of the APG.

This is the seventh APG Strategic Plan since the establishment of the APG in 1997. Initially approved as three-year plans, the APG moved to a four-year planning cycle in 2012 to better reflect the nature of the APG mandate and to provide for longer range strategic priorities and planning. Unlike previous plans this document undertakes an operating environment analysis and identifies challenges opportunities and risks in our business environment and in the broader Asia-Pacific region.



The APG continues to grow and make a difference regionally and internationally. This four-year Strategic Plan commencing 1 July 2016 was prepared under the direction of the APG steering group in accordance with the governance requirements of the APG Terms of Reference 2012 and an APG membership decision in July 2015.

Relevant operating and financial implications have been considered in the preparation on this plan. Priorities outlined in the plan were developed in the context of the APG's governance arrangements as contained in the APG's Terms of Reference 2012 and in various Co-Chairs' policy statements. The steering group and the full membership have been closely consulted in the preparation of this plan.

The Co-Chairs, membership and steering group are fully committed to meeting the goals detailed in this Strategic Plan 2016-2020.

**Dated:** 6 September 2016

Endorsed pursuant to Article 8 of the APG Terms of Reference 2012 by:

[signed]

**Leanne Close**

**Deputy Commissioner Operations**

Australian Federal Police

APG Co-Chair, Australia

[signed]

**Rajesh Chhana**

**Deputy Secretary, Policy**

New Zealand Ministry of Justice

APG Co-Chair, New Zealand

## ORGANISATIONAL STATEMENTS

### VISION

***A proactive multilateral organisation focused on reducing serious crime in the Asia/Pacific region***

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The APG is an inter-governmental organisation operating regionally within the Asia/Pacific. Its focus is to ensure full compliance with the international standards against money laundering, terrorist financing and proliferation financing by its members and, in doing so, it assists in reducing serious crimes related to those issues.

### MISSION

***The effective implementation of the international anti-money laundering and countering the financing of terrorism and proliferation (AML/CFT) standards across the Asia/Pacific region***

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In order to achieve its vision, the APG's mission is to ensure that its members implement the international standards to mitigate the risks they face from money laundering and terrorist financing (including proliferation financing). In this regard the APG's typologies programme seeks to understand the money laundering and terrorist financing environment; the mutual evaluation programme tests a member's compliance with the international standards; and the technical assistance and implementation support programmes are designed to assist members to strengthen their implementation of the international standards.

### VALUES

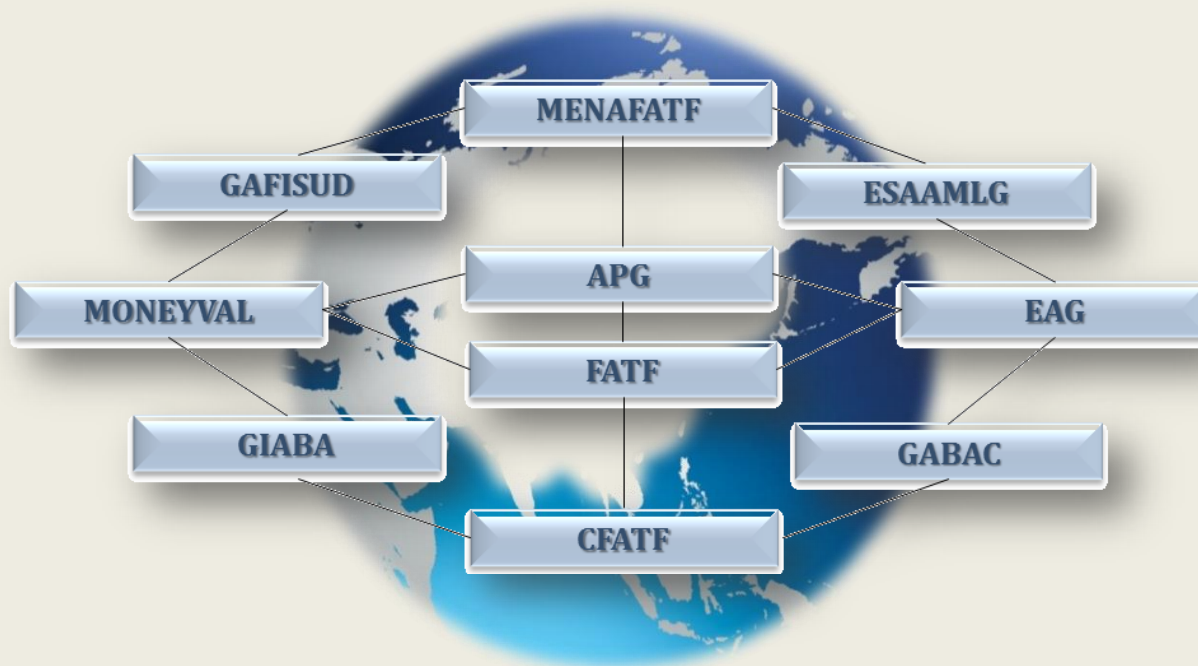
***The APG as an organisation and through each of its delegates will be:  
cooperative, accountable and consistent***

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As a task force-style body, the APG conducts its business and makes significant decisions on the basis of consensus. Cooperation and consistency are therefore critical to achieving outcomes. Moreover, the nature of assessments against the international standards demands high levels of consistency in order for the APG to maintain its credibility as an international organisation. Accountability to the international standards and the APG's own rules of procedure are paramount. The APG is therefore committed to these three values in all of its activities.

## STRATEGIC INTERNATIONAL CONTEXT

The FATF, with input from the global AML/CFT network, sets the global standards for combating money laundering, terrorist financing and proliferation financing. The APG is one of nine FATF-style regional bodies which bring together almost all jurisdictions to commit to and implement the global AML/CFT standards. The APG works closely with the FATF and other FATF-style regional bodies (FSRBs) both in terms of development of the FATF standards and in coordinating joint programmes, research and workshops. Together with the APG and FATF there are a total of 10 AML/CFT bodies with which the APG is closely connected as follows:



The other FATF-style regional bodies are:

- CFATF Caribbean Financial Action Task Force, based in Trinidad and Tobago;
- EAG Eurasian Group, based in Moscow, Russia;
- ESAAMLG Eastern & Southern Africa Anti-Money Laundering Group, based in Dar es Salaam, Tanzania;
- GABAC Central Africa Anti-Money Laundering Group, based in Libreville, Gabon;
- GAFISUD South America Anti-Money Laundering Group, based in Buenos Aires, Argentina;
- GIABA West Africa Money Laundering Group, based in Dakar, Senegal;
- MENAFATF Middle East and North Africa Financial Action Task Force, based in Manama, Bahrain;
- MONEYVAL Council of Europe Anti-Money Laundering Group, based in Strasbourg, France

The APG, FATF and the other bodies have reciprocal rights of attendance at each others' meetings as well as reciprocal sharing of documents and participation in working groups. The APG works jointly with these bodies in mutual evaluations, typologies, and other projects.

The APG also works closely with the International Monetary Fund, World Bank and Group of International Finance Centre Supervisors on assessing and assisting APG members.

The size and diversity of the APG presents a number of issues in the long term for implementation of the international standards including:

- A large number of low capacity jurisdictions with structural economic issues;
- High levels of corruption within the APG region;
- Large informal banking and trade sectors and low levels of financial inclusion;
- A number of members lacking the necessary political will to fully implement the standards.

Also on an individual APG member basis:

- The needs of members to operate an effective and efficient tax system including the collection of undeclared tax funds (including in off-shore accounts) through voluntary tax compliance programmes, balanced against the requirements to comply with the FATF standards are major challenges for individual APG members.
- Complying with the full requirements of the FATF standards within special economic zones designed to attract foreign investment with lesser or no direct and indirect tax obligations and other investment incentives also presents issues.

## APG MEMBERSHIP ORGANISATION

As at 1 July 2016, the APG membership consisted of 41 member jurisdictions across the Asia-Pacific. For efficient management and effective representational purposes for members, the APG region is divided into five easily identifiable sub-regions as follows:

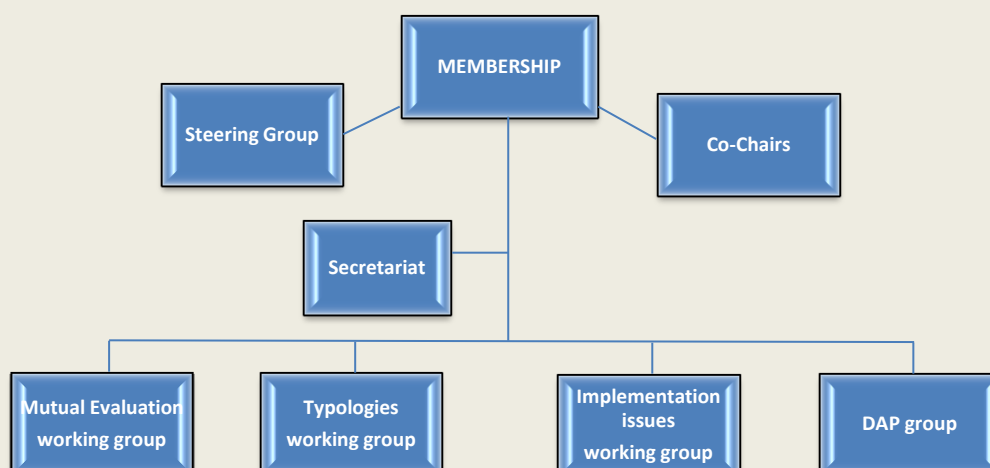
1. North Asia;
2. South East Asia;
3. South Asia;
4. Pacific;
5. CANZUS.

The membership composition of each sub-region effective 1 July 2016 is as follows:

APG Members by Sub-Region				
North Asia	South East Asia	South Asia	Pacific	CANZUS
China Hong Kong, China Japan Macao, China Mongolia Republic of Korea Chinese Taipei	Brunei Darussalam Cambodia Indonesia Lao PDR Malaysia Myanmar Philippines Singapore Thailand Timor-Leste Vietnam	Afghanistan Bangladesh Bhutan India Maldives Nepal Pakistan Sri Lanka	Cook Islands Fiji Marshall Islands Nauru Niue Palau Papua New Guinea Samoa Solomon Islands Tonga Vanuatu	Australia Canada New Zealand United States

The APG has two Co-Chairs in accordance with the APG Terms of Reference 2012: one permanent Co-Chair from Australia and another rotating Co-Chair selected by the membership for a two-year term. In addition a number of observer jurisdictions and organisations participate closely in the work of the APG.

The organisational structure of the APG is as follows:



The APG membership is the ultimate decision-making body of the APG, although, the steering group may make decisions on behalf of the membership if delegated to do so. Decisions within the membership and in the steering group are made on a consensus basis. All other organs of the APG including the Co-Chairs, steering group and secretariat are responsible and accountable to the APG membership.

## **APG SECRETARIAT**

Management and accountability of APG business is centred within the APG secretariat which is managed by the Executive Secretary. The secretariat is staffed in accordance with the requirements of the work programme as agreed by the APG membership. The secretariat offices are located in Sydney, Australia and its operations and staff members are subject to Australian law.

Policy formulation, membership fee collection, budgeting and expenditure, asset management, financial audits and membership communication are all focused within the secretariat. All staff members of the APG secretariat are employed by the Australian government within the Australian Federal Police (AFP) for management and accountability purposes. The secretariat's general responsibilities include:

- Supporting the governance framework of the APG, including Co-Chairs and steering group;
- Providing secretariat services to and serving as a focal point for the APG;
- Coordinating and leading AML/CFT mutual evaluations of APG members;
- Implementing the APG's technical assistance and training (TA & T) strategy including the effective coordination of those services with donors and providers;
- Providing expertise and research on money laundering, terrorist financing and proliferation financing in relation to weapons of mass destruction as well as other emerging issues to members and interested persons and organisations;
- Organising and conducting the APG's annual meeting and other inter-sessional meetings, including working group meetings;
- Preparing, conducting and chairing the Annual Typologies Workshop to analyse and share information on methods, trends and case studies, and to conduct projects on emerging typologies;
- Attending FATF plenary meetings as an Associate Member and liaising regularly with the FATF secretariat;
- Participating in the FATF's Asia/Pacific Regional Review Group on International Cooperation;
- Providing advice and information to, and linkages between, international and regional agencies (especially financial, legal and law enforcement agencies) on money laundering, terrorist financing and proliferation financing matters;
- Establishing and maintaining effective working relationships with relevant international and regional organisations, including the UN, World Bank, International Monetary Fund, Asian Development Bank, Egmont Group, OECD, APEC, Pacific Islands Forum secretariat, ASEAN, the Group of International Finance Centre Supervisors, and other similar bodies to advance the APG's strategic goals;
- Providing information and education to private sector agencies, including universities and other tertiary education institutions, in relation to the global AML/CFT standards under the APG's private sector outreach programme.

## **APG's OBJECTIVE AND PROGRAMME FRAMEWORK**

The APG's objective (outlined in the APG Terms of Reference 2012) is to:

1. provide a focus for co-operative efforts in combating money laundering and the financing of terrorism and proliferation in the region.
2. provide a forum in which:
  - regional issues can be discussed and experiences shared; and
  - operational co-operation among members is encouraged;
3. facilitate the adoption and implementation by members of internationally accepted combating of money laundering and financing of terrorism and proliferation measures;
4. enable regional and jurisdictional factors to be taken into account in the implementation of international combating of money laundering and the financing of terrorism and proliferation measures;



5. encourage members to implement combating money laundering and the financing of terrorism and proliferation initiatives including more effective mutual legal assistance; and
6. coordinate and provide practical support, where possible, to members and observer jurisdictions in the region.

In order to achieve this objective, the APG has a five-fold programme framework including a governance framework, as follows:

<b>GOVERNANCE</b> Co-Chairs, Steering Group, Secretariat Annual Meetings (plenary of members)	
<b>MUTUAL EVALUATIONS</b>	<b>TECHNICAL ASSISTANCE</b>
<ul style="list-style-type: none"> <li>• Mutual evaluations/reports</li> <li>• Follow-up reporting by members</li> <li>• Assessor training</li> <li>• Pre-mutual evaluation training</li> <li>• Policy development, including procedures</li> <li>• Contribution to global policy development</li> </ul>	<ul style="list-style-type: none"> <li>• DAP Group donor coordination</li> <li>• Needs assessments</li> <li>• Technical assistance (TA) visits</li> <li>• Expert advice and training programmes – regional and member-specific</li> <li>• Participation with other bodies on global TA</li> <li>• Regional workshops</li> </ul>
<b>TYOLOGIES</b>	<b>IMPLEMENTATION ISSUES</b>
<ul style="list-style-type: none"> <li>• Annual Typologies Workshops</li> <li>• Annual Typologies Report</li> <li>• Typologies Projects</li> <li>• Participation with FATF and FSRBs in global network typologies work</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in FATF policy development</li> <li>• ICRG Regional Review Group participation</li> <li>• Strategic Implementation Planning</li> <li>• Implementation projects for regional priorities</li> <li>• High level visits</li> </ul>

## **FUNDING SOURCES AND ALLOCATIONS**

Since 1997 the membership has grown from 13 original members to 41 members across the entire region.

As the membership has grown the work programme has increased. Consequently, the budget has increased to accommodate the need for more secretariat staff to support the APG's core work.

The APG is funded from two primary sources:

- Core budget; and
- Voluntary grants from members.

Core funds are those funds that each member pays based on a budget formula. These funds support most of the APG establishment costs and infrastructure. Voluntary funding consists of contributions in-kind to host the secretariat, grants provided by APG members to meet certain costs related to the work programme and related to sponsorship of low capacity APG members.

Voluntary funds, together with core funds, support APG business operations.

Based on an average over the last four years:

- Core funds make up: between 61% and 72% of the annual budget
- Voluntary funds make up: between 28% and 39% of the annual budget

APG Funding Sources and Allocation			
Establishment Costs	Category	Source	Percentage Range
	Secretariat (salaries)	Core	54-61%
		Voluntary	4-12%
	Office accommodation, ICT systems, financial, HR and hosting support	Core	-
		Voluntary	11-13%
	Supplier (equipment, IT assets and website service)	Core	1-2%
		Voluntary	0-1%
Annual Operational Costs	Governance	Core	2-3%
		Voluntary	2-4%
	Mutual evaluations	Core	0-5%
		Voluntary	0-5%
	Technical assistance	Core	0-1%
		Voluntary	0-2%
	Implementation	Core	0-1%
		Voluntary	0-6%
	Typologies	Core	0-1%
		voluntary	1-3%

A large portion of secretariat staff salaries (up to 70%) support the mutual evaluation programme.

## ANALYSIS OF APG OPERATING ENVIRONMENT

### 1. STRENGTHS

- Global political pressure for action on AML/CFT is strong and drives regional action.
- Large and diverse membership from which to draw implementation experience and typology information.
- 11 members of the APG are also FATF members/observers ensuring high visibility in the global network.
- APG has a strong record and a positive reputation within the global AML/CFT network.
- Strong and effective governance arrangements, including effective operation of the steering group and working groups.
- Consistently well-managed budgets with sound financial and strategic management.
- Significant voluntary funding support from a number of members and observers over a lengthy period of time.
- Members and observers have provided high levels of practical support to APG work over many years, including a large pool of trained assessors for 3<sup>rd</sup> round evaluations.
- A stable, well supported hosting arrangement for the APG secretariat with transparent financial and human resource management systems.
- The stability, management and combined experience of the secretariat.
- Engaged and cooperative group of technical assistance providers.

### 2. WEAKNESSES

- A general lack of public awareness/misunderstanding of APG role.
- The size of the APG means that only one plenary meeting is currently undertaken each year, which reduces the frequency of in-session decision-making by the plenary of members.
- Some members lack capacity to contribute to all key APG programmes.
- There is a low availability of trained assessors to participate in mutual evaluations.
- Location of secretariat imposes additional travel costs.

### 3. CHALLENGES

- APG is increasingly required to respond to FATF universal policies and procedures, which has resource and policy implications.
- Resourcing mutual evaluations and APG projects with sufficient member experts and secretariat staff.
- Inherent complexity of mutual evaluations is a challenge for many members.
- Balancing resources between the five-fold APG work programme.

### 4. OPPORTUNITIES

- Closer working relationships with FSRBs to share assessors and expertise across a range of issues.
- Additional APG members may join FATF, further enhancing APG's profile.
- Possible use of external experts/consultants to deliver specific projects to fill secretariat resource gaps.
- For more delegates to assume project and support roles for mutual evaluation and project work.
- Members second/place staff into secretariat to improve APG capacity.
- Members' AML/CFT institutional capacity is increased by involving delegates in APG programmes.
- Increased resources are applied to members preparing for and responding to mutual evaluations.

### 5. THREATS/RISKS

- APG's positive reputation and support from the global AML/CFT network diminishes over time.
- Within the APG there is a loss of confidence in core structures, including the secretariat, working groups or governance structures.
- Discontinuance of voluntary funding and subsequent demands on core budget.
- Inherent length and complexity of mutual evaluations leads to a reduction in the pool of assessors.
- A lack of secretariat staff resources over balance of APG mandate to deliver all expected programmes.

## STRATEGIC GOALS AND STRATEGIES

The APG has three principal goals to achieve in this strategic planning cycle:

- **Goal 1:** Be an effective multilateral organisation supporting implementation of the FATF standards and the work of the global AML/CFT network.
- **Goal 2:** Work cooperatively to understand the risk environment for money laundering and terrorist financing and support implementation of the FATF standards.
- **Goal 3:** Conduct and respond to the assessment of members' compliance with, and implementation of, the FATF standards.

These goals are supported by overarching strategies designed to give them effect. The strategies will be implemented through annual business plans which will articulate achievable and clear objectives (key performance indicators) to achieve the goals outlined in this document. Each goal is stated below with four strategies each to achieve the designed objectives.

## GOAL 1

**Be an effective multilateral organisation supporting implementation of the FATF standards and the work of the global AML/CFT network**

### Purpose

The APG Terms of Reference 2012 provide that:

In order to ensure a global approach to combating money laundering and the financing of terrorism and proliferation, and as an associate member of the FATF, members of the APG will work closely with the FATF and other FATF-style regional bodies.

The APG's primary goal is to ensure its members implement the FATF standards. In order to be effective the APG must be well managed internally and participate externally in the global network. Moreover the APG must be well governed and funded to achieve its strategic objective outlined in the mission statement.

### STRATEGIES TO ACHIEVE GOAL 1

**1. Include all relevant regional and international stakeholders in the work of the APG.**

To achieve this objective it is necessary to strategically engage and work with the key stakeholders (members, observers and others) in the APG's various work programmes.

**2. Ensure effective governance structures, including plenary of members and observers, steering group, Co-Chairs, working groups and secretariat.**

The APG must be properly structured and transparent in its strategic and operational planning and reporting, including financial reporting, with participation in governance structures open to all members.

**3. Resource the APG and its operations and ensure proper management of APG funds and activities.**

The work programme of the APG cannot be achieved without adequate funding from members. Core and voluntary funding are critical to effective delivery of APG programmes.

**4. Actively participate in international AML/CFT policy development and, standard setting processes through cooperation with the FATF and international partner organisations.**

The APG is part of a global network whose overarching standards are set by the FATF. Participation in the global network is fundamental to effective delivery of APG objectives.

## GOAL 2

**Work cooperatively to understand the risk environment for money laundering and terrorist financing and support implementation of the FATF standards**

### **Purpose**

In order for APG members to effectively implement measures in accordance with Goal 1, tailored to their own risk and context, it is necessary to understand the environment including methods, trends, techniques and patterns of money laundering, terrorist financing and proliferation financing.

The APG therefore needs to undertake detailed and relevant typologies research to better understand the money laundering and terrorist financing environment in the Asia/Pacific region. Findings regarding the risk environment help the APG and its members individually to target policies and strategies to combat these threats and to identify broader implementation issues and opportunities for technical assistance.

### **STRATEGIES TO ACHIEVE GOAL 2**

**1. Support research on AML/CFT risks and contextual issues.**

APG typologies research is critical to understanding emerging risks, trends and contextual issues in money laundering, terrorist financing and proliferation financing. Typologies research projects and annual consolidated reports support policy makers and all stakeholders involved in implementing AML/CFT systems.

**2. Identify domestic and regional issues that affect implementation of the FATF standards, including members' assistance needs and opportunities for enhanced international cooperation.**

APG members face different risks and opportunities in the implementation of the FATF standards. Across the APG there are varying levels of capacity and political will which need to be identified with specific plans to assist with implementation advice and to highlight policy issues relevant to the APG and global network.

**3. Provide guidance, advice, and technical assistance on implementation of the FATF standards, in collaboration with global partners.**

APG shares good practice and contributes to the design and delivery of advice, guidance and training programmes to support members and observers achieve higher levels of compliance with the international standards.

**4. Support the coordination of technical assistance between members and relevant providers of assistance.**

A key function of the APG since 2002 is coordination with donors of technical assistance and the design, planning, and delivery of technical assistance and training to members and observers.

## GOAL 3

### Conduct and respond to the assessment of members' compliance with and implementation of the FATF standards

#### Purpose

Of the 41 current members of the APG all but one (which joined in 2011 near the end of the last round of evaluations) were evaluated in the APG's second round of evaluations.

The third round of evaluations is much more comprehensive in its scope, focussing not only on technical compliance (which was the primary focus of the last round of evaluations) but the effective implementation of those technical measures in the domestic context of each member. In order to meet the requirements of the third round programme there must high levels of commitment by all members.

The goals in this section seek to ensure those levels of commitment throughout the third round.

#### STRATEGIES TO ACHIEVE GOAL 3

**1. Conduct the APG's third round mutual evaluation programme**

The APG's 3<sup>rd</sup> round of mutual evaluations commenced in 2014 and will be completed in approximately 2022 with 41 members evaluated. The programme consists of a full evaluation (including pre-evaluation support and on-site visits), annual follow-up reporting and a fifth year on site follow up visit.

**2. Respond to mutual evaluations with follow-up processes**

APG members' progress with responding mutual evaluation report findings are reported, reviewed and subject to further action by the membership.

**3. Support the mutual evaluation programme and follow-up with experts, training and procedures**

The intensity and complexity of the FATF assessment methodology places resource demands on the APG for trained experts to act as evaluators and reviewers. APG members must commit to training experts and making those experts available to participate as assessors, reviewers and experts for follow up reports.

**4. Participate in the FATF's ICRG and its processes on behalf of APG members**

The FATF's ICRG is a global compliance mechanism separate but related to APG compliance mechanisms. APG contributes to various aspects of ICRG processes, including the Asia-Pacific Regional Review Group, ICRG meetings and policy discussions in order to ensure effective operation of this important global mechanism.

## CRITERIA FOR BUSINESS PLAN ACTIVITIES

In developing annual business plans to incorporate key performance indicators for the strategies contained in each goal, the following criteria will guide the preparation of tasks and performance targets:

- The activity must be clearly stated and achievable within time frames contemplated;
- Proposed activities must contribute directly to the achievement of the desired outcomes;
- Each and every activity is cost-effective and supported by available funding;
- The number of activities is targeted and manageable, given the resources available; and
- All activities must be linked directly or indirectly to the primary business objectives and purposes outlined in the Vision, Mission and Values statements in this document.

## MEASURING RESULTS

The overall success of this Strategic Plan will be measured through the level of achievements of the indicators contained in annual business plans under each strategy in the three goals. This will require on-going monitoring of business plan activities and semi-regular reporting including mid-year reporting, annual business plan reporting and end of term strategic plan reporting.

In 2015 the APG membership agreed on a reporting template for APG Strategic Plans. That template will be used for reporting against this plan. The strategic international context will be taken into account when evaluating the success of this strategic plan over its four year period.

## CONCLUSION

This Strategic Plan has three principal goals with discrete strategies to attain those goals. This plan will be supported by Annual business plans which further articulate the strategies year on year to achieve the overall objectives stated in this plan.

### **Formally adopted by:**

APG membership  
2016 Annual Meeting  
San Diego, California

6 September 2016