



**THE WORLD BANK**



Asia/Pacific Group  
on Money Laundering

# **Strategic Implementation Planning (SIP) Framework**

**An implementation tool to prioritise your  
Mutual Evaluation Report  
recommendations**

**Developed by the APG Implementation Issues Working Group  
(IIWG) and the World Bank**

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# OVERVIEW OF THE STRATEGIC IMPLEMENTATION PLANNING (SIP) FRAMEWORK

## (A) PURPOSE

The Strategic Implementation Planning (SIP) Framework aims to provide post-mutual evaluation implementation assistance.

It will help evaluated jurisdictions to prioritise and sequence the implementation of their mutual evaluation report (MER) recommendations, on the basis of identified risks/vulnerabilities and 'building block' FATF Recommendations, and factoring in resourcing and capacity issues.

It is intended to be a new tool for jurisdictions to use on a voluntary basis.

The tool is ideally used immediately after the adoption of an MER but can be used at any time. In the case of the risk assessment, it should be used prior to mutual evaluation if possible.

The SIP Framework is applicable to all assessed jurisdictions, but in particular countries which may lack the required resources, knowledge and skills with respect to AML/CFT.

It is important to note that the templates provided in the SIP Framework are dynamic documents and they will be updated, modified, or changed to reflect evolving thinking and feedback provided on these issues.

## (B) OBJECTIVES

The SIP Framework is expected to:

- Guide jurisdictions to identify money laundering and terrorism financing (ML/TF) risk areas and vulnerabilities in their current AML/CFT system;
- Guide jurisdictions to allocate resources efficiently and effectively based on priorities/risk areas when implementing the required AML/CFT measures;
- Enhance jurisdictions' understanding of the Financial Action Task Force on Money Laundering (FATF) 40+9 Recommendations, and their implementation requirements in respect of both compliance and effectiveness;
- Enable jurisdictions to prioritise MER recommendations based on a clear set of criteria;
- Enable jurisdictions to identify and assign responsible primary and secondary implementing agencies;
- Enable jurisdictions to identify and set completion dates for key outputs and recommendations;
- Enable jurisdictions to identify implementation issues that may be obstacles to the implementation plan;

- Facilitate jurisdictions formulation of detailed AML/CFT implementation plans; and
- Enable jurisdictions to identify potential technical assistance (TA) needs in implementing the required AML/CFT measures.

## **(C) SCOPE AND COMPONENTS**

The SIP Framework is divided into the following three components using three templates:

### **Component 1: National Risk Assessment using Template 1**

- Jurisdictions need a basis for prioritising and allocating limited resources to ensure their actions are focused effectively and efficiently.
- For the purpose of prioritisation and more efficient allocation of resources, jurisdictions may consider conducting a risk and vulnerability analysis to identify the relevant areas to be focus at when implementing the required AML/CFT measures.
- National risk assessment should assist jurisdictions to understand sources and methods of ML/TF threats; identify vulnerabilities and risks across various sectors; and evaluate weakness in the legal, judicial and institutional systems.
- Template 1 contains some of the information that jurisdictions may collect in order to assess the jurisdiction's ML/TF risks.
- Template 1 serves as a guide only and jurisdictions should consider obtaining other relevant information for a more comprehensive national risk assessment. In doing so, jurisdictions may refer to *Money Laundering/Terrorist Financing Risk Assessment Strategies*, which is expected to be published by the FATF in 2008.
- Ideally risk assessment should be undertaken prior to mutual evaluation. However, if the jurisdiction has not undertaken the risk assessment prior to mutual evaluation, then it is recommended that the jurisdiction undertakes the risk assessment after the mutual evaluation in order to assist effective and efficient implementation of the required AML/CFT measures.

*Note: Detailed Instructions for the Use of Template 1 are contained in the template.*

### **Component 2: Prioritisation and Identification of Implementation Requirements using Template 2**

This template provides criteria for prioritising MER recommendations and for identifying other important implementation requirements. These are highlighted in the nine columns forming template 2. While the template 2 provides the framework for prioritisation,

jurisdictions may need to consider how best to phase implementation of the priority recommendations, which is covered in Template 3.

Template 2 allows for all the columns to be sorted based on the different requirements as defined in each of the columns. For example, a data 'sort' can be conducted on the basis of Column 4 – primary implementing agency or Column 8 – completion milestone. This will enable agencies to see which agency is carrying the implementation burden or when completion of recommendations is due respectively.

*An explanation of the nine columns is provided below:*

### **(a) Columns 1, 2 and 3: Prioritisation Criteria**

This involves populating Column 3 with MER recommendations based on the prioritisation criteria in Column 1.

Column 2 is a cross-reference to the relevant FATF recommendation.

An explanation of the five prioritisation criteria is provided below:

*i. Part A - Coordination/Resources*

*Objective*

This component reflects the fundamental role of coordination and resourcing in building an effective AML/CFT framework. The objective of this component is to ensure that domestic cooperation and coordination mechanisms are established, and to enable jurisdictions to plan and allocate the resources that are required to develop and implement policies and measures to combat ML/TF.

*ii. Part B – Building Blocks*

*Objective*

Building blocks are essentially the non-negotiable Recommendations (FATF 'core' and 'key' recommendations) that must be implemented by jurisdictions. The objective of this component is therefore to ensure that 'core' and 'key' FATF Recommendations (R1, R3, R5, R10, R13, R23, R35, R36, R40, SRI, SRII, SRIII, SRIV and SRV) and other important FATF Recommendations (R26 and R27) are identified and accorded priority in Template 2.

*iii. Part C – Significant risks/issues identified in the ME (outside building block)*

*Objective*

The objective of this component is to ensure all significant risks highlighted in the mutual evaluation report are identified and incorporated in Template 2 and, later, into Template 3 ('Implementation Plan'), if not already covered in Parts A and B. These risks are generally listed in Template 1 ('National Risk Assessment').

iv. Part D – Other significant issues identified by jurisdiction & risk analysis

Objective

The objective of this component is to ensure all significant risks which are specific to the jurisdiction, but which have not already been addressed in previous sections or by assessors (Parts A, B and C), are considered in Templates 2 and 3. These risks are generally identified in Template 1 on the National Risk Assessment, but may also be derived from other sources such as the jurisdiction's domestic priorities.

v. Part E – 'Quick Wins'

Objective

It is important to identify potential 'quick wins' in the implementation plan. Even though Template 2 is primarily focused on recommended actions related to 'building blocks' Recommendations and those which are high risk concerns, jurisdictions should nevertheless endeavour to implement all other recommended actions in the ME. This can be achieved by implementing 'quick wins' – that is, recommended actions which have minimal or no major implementation constraints.

The objective of this component is therefore to ensure all the recommended actions which are not part of the 'building blocks', but that are relatively easy to implement, are also considered in Template 2.

**(b) Columns 4 and 5: Primary and Secondary Agency**

*Primary Agency*

Identify and assign a primary or lead agency responsible for implementing the MER recommendation. Assigning a primary/lead agency will ensure ownership, identification of resourcing requirements and follow-up of the measures undertaken.

*Secondary Agency*

Identify and assign a secondary agency (s) that will work in collaboration with the primary agency in implementing the Recommendation.

**(c) Column 6: Related FATF Recommendations**

This involves identifying related FATF Recommendations. There is no need to populate this column with MER recommendations.

Some FATF Recommendations may necessitate concurrent implementation of other related FATF Recommendations, or it may simply be more effective and efficient to concurrently implement other related Recommendations in conjunction with the original FATF Recommendation. The related Recommendation(s) should be captured and

highlighted in this template (Template 2) to ensure equal priority and consideration is given to these related Recommendations.

**(d) Column 7: Output Required**

Identify outputs expected from implementation of MER recommendations identified Column 3 (MER Recommendations).

**(e) Column 8: Completion Timeframe**

This column should identify the end completion date for the MER Recommendation or key output.

This information will link to Template 3 ('Implementation Plan'). Jurisdictions should consider external factors and broader strategic objectives when determining timeframes.

**(f) Column 9: Implementation Issues**

Users should identify possible constraints that may be faced by the jurisdiction in implementing certain MER Recommendations.

*Note: Detailed Instructions for the Use of Template 2 are contained in the template.*

**Component 3: Detailed implementation action plan using SIP Template 3**

Upon completion of formulating an AML/CFT implementation action plan using Template 2, jurisdictions may use Template 3 as a tool to develop detailed action plans to put in place the required AML/CFT measures in accordance with the FATF 40+9 Recommendations.

Full co-operation, collaboration and support from the relevant agencies identified in Template 2 are essential to develop and implement a detailed action plan that is practical and effective. Development of the detailed action plan will also enable jurisdictions to identify any obstacles to implementation and could be used as a basis to request for TA.

**(D) FOLLOW UP ACTIONS**

The implementation of the plan itself is solely the responsibility of the individual jurisdiction, although the jurisdictions may request for TA to assist its implementation. The follow up on the progress of the jurisdictions in implementing the recommended actions will be done through the annual update on progress by jurisdictions at the APG Plenary.

## **(E) REFERENCE MATERIALS**

Materials to be used and/or for reference include the following:

- FATF 40 Recommendations on Money Laundering and 9 Special Recommendations on Terrorist Financing.
- FATF Methodology for Assessing Compliance with the FATF 40 Recommendations and the FATF 9 Special Recommendations - hyperlink (press CTRL + click) to [FATF Website Methodology](#).
- Guidance on Capacity Building for Mutual Evaluations and Implementation of the FATF Standards within Low Capacity Countries – hyperlink (press CTRL + click) to [FATF Website LCC paper](#).
- Money Laundering and Terrorist Financing Risk Assessment Strategies, which is expected to be published by the FATF in 2008.

## **Annexes**

**Template 1: National Risk Assessment**

**Template 2: Prioritisation and Identification of Implementation Requirements**

**Template 3: Implementation Action Plans**