



Asia/Pacific Group
ON MONEY LAUNDERING

ANNUAL REPORT

ASIA/PACIFIC GROUP ON
MONEY LAUNDERING

2023-24



The Asia/Pacific Group on Money Laundering (APG) is an inter-governmental organisation consisting of 42 members in the Asia-Pacific region, as well as organisations and observers from outside the region.

Under Article 1 of the APG Terms of Reference 2019, the APG is a non-political, technical body, whose members are committed to the effective implementation and enforcement of the internationally accepted standards against money laundering, financing of terrorism and proliferation financing set by the Financial Action Task Force. This document, any expression herein, and/or any map included herein, are without prejudice to the status of, or sovereignty over, any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Under the APG Terms of Reference, membership in the APG is open to jurisdictions which have a presence in the Asia-Pacific region.

Cover image: 2024 APG Annual Meeting, Abu Dhabi, United Arab Emirates.

For more information about the APG, please visit our website.

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APG CO-CHAIRS' FOREWORD



Deputy Commissioner
Ian McCartney



Deputy Vice Minister of
Finance for International
Affairs Mitsutoshi
Kajikawa

In accordance with Section 5.5 of the APG Terms of Reference 2019, we submit the following report to the membership on the operations of the Asia/Pacific Group on Money Laundering (APG) for the period 1 July 2023 to 30 June 2024.

This report highlights the achievements of the APG over the reporting period against the goals and strategies contained in the Strategic Plan 2020-2024.

The APG has grown from strength to strength since its establishment in 1997, and the outcomes achieved position the APG and the region to more effectively defeat efforts by criminals and terrorists to subvert the integrity of the international financial system.

The 2024 APG Annual Meeting was kindly hosted by the United Arab Emirates in Abu Dhabi and saw the consideration of the mutual evaluation reports for India (FATF/EAG/APG), Nauru, Papua New Guinea, Timor-Leste and the Marshall Islands. The 2024 APG Technical Assistance and Training Forum was held in parallel and continued the important technical assistance coordination work undertaken by the Secretariat and Donors and Providers Group.

Over the last year, the APG has conducted a number of events and training programs, including mutual evaluation preparation meetings and assessor training workshops. Further details of the achievements of the APG are detailed in the following report. This year represented the end of Canada's 2022-2024 Co-Chair term, by Associate Assistant Deputy Minister, Julien Brazeau, of Canada's Department of Finance. Canada's Co-Chairs' Priorities for 2022-2024 focused on beneficial ownership, money laundering and grand corruption, combatting terrorism financing and increasing expertise and the use of data analytics by authorities and digital transformation of AML/CFT, as well as providing mutual evaluation support to the APG.

The APG looks forward to the implementation of the Co-Chairs' Priorities for 2024-2026 under the leadership of the current Co-Chair Mitsutoshi (Toshi) Kajikawa, Deputy Vice Minister of Finance for International Affairs at Japan's Ministry of Finance. The Japan Co-Chairs' Priorities focus on preparation for the Global 5th Round of assessments, strengthening AML/CFT/CPF regimes, and responding to evolutions in finance.

This year we also farewelled Gordon Hook after 18 years as the Executive Secretary of the APG, and Erin Lubowicz after almost 5 years as Deputy Executive Secretary. On behalf of the membership, the Co-Chairs thanked both Gordon and Erin for their dedicated service to the APG and wish them all the best for the future. Dr Chris Black was appointed to the role of Executive Secretary and we look forward to continuing to work with him during such a crucial time for the APG.

We would like to extend our thanks to all APG members and observers who made 2023-2024 a successful year for the APG.

[Signed]

Deputy Commissioner Ian
McCartney
APG Co-Chair
Australia
January 2025

[Signed]

Deputy Vice Minister of Finance for International
Affairs Mitsutoshi (Toshi) Kajikawa
APG Co-Chair
Japan
January 2025

PART ONE

Overview and Summary

APG Organisational Structure 2023-2024

1. The APG has 42 member jurisdictions as follows:

Afghanistan (inactive)	Korea, Republic of	Papua New Guinea
Australia	Lao People's Democratic Republic	Philippines
Bangladesh	Macao, China	Samoa
Bhutan, Kingdom of	Malaysia	Singapore
Brunei Darussalam	Maldives	Solomon Islands
Cambodia	Marshall Islands	Sri Lanka
Canada	Mongolia	Chinese Taipei
China, People's Republic of	Myanmar	Thailand
Cook Islands	Nauru	Timor-Leste
Fiji	Nepal	Tonga
Hong Kong, China	New Zealand	Tuvalu
India	Niue	United States of America
Indonesia	Pakistan	Vanuatu
Japan	Palau	Vietnam

2. The APG has seven observer jurisdictions and 35 observer organisations (including FATF-style regional bodies, or 'FSRBs'). APG observers are as follows: H5 Bold sentence case 10p

APG Observers			
Jurisdictions	Organisations		FSRBs
France	Alliance for Financial Inclusion	International Monetary Fund	CFATF
Germany	APEC secretariat	Interpol	EAG
Democratic Republic of Korea (DPRK) ¹	ARIN-AP	Islamic Development Bank	ESAAMLG
	ASEAN Secretariat	Oceania Customs Organisation (OCO)	FATF
	Asian Development Bank (ADB)	Pacific Islands Chiefs of Police	GABAC
	ADB/OECD Anti-Corruption Initiative	Pacific Islands Forum Secretariat	GAFILAT
Kazakhstan	Commonwealth Secretariat	Pacific Islands Legal Officers' Network (PILON)	GIABA
Kiribati	Egmont Group of FIUs	Pacific Financial Technical Assistance Centre	MENAFATF
Federated States of Micronesia	European Commission	United Nations (UN)	MONEYVAL
United Arab Emirates	Financial Services Volunteer Corps	UN Office on Drugs and Crime	
United Kingdom	Global Center for Cooperative Security	World Bank	
	Group of International Finance Centre Supervisors	World Customs Organisation (WCO)	
	International Institute for Justice and the Rule of Law (IJ) ²		

¹ At the 2024 APG Annual Meeting, APG members agreed to remove DPRK's observer status due to a lack of engagement or participation in the APG for over five years

² Observer status granted in September 2024

APG Co-Chairs

3. The APG has two Co-Chairs: one Co-Chair is a permanent position, and the other rotates among APG members every two years. The Co-Chairs are responsible for chairing the plenary and Governance Committee and providing strategic advice and direction to the membership.
4. **Co-Chair, Australia:** The permanent Co-Chair is held by Australia, represented by Deputy Commissioner Ian McCartney of the Australian Federal Police. Deputy Commissioner McCartney has significant experience in national and international economic and organised crime investigations. In 2014, Deputy Commissioner McCartney was awarded with the Australian Police Medal in recognition of his distinguished service, particularly in the areas of law enforcement liaison in Asia, and for his role in national investigations.
5. **Co-Chair, Canada (outgoing):** The rotating Co-Chair position was held by Canada for a two-year term from 2022-2024, represented by Associate Assistant Deputy Minister Julien Brazeau of the Department of Finance Canada. Associate Assistant Deputy Minister Brazeau leads the Department's work on financial crimes and security, amongst a number of financial sector policy related areas. He held roles in the private sector as partner with Deloitte Canada's Financial Services group and as counsel with one of Canada's leading corporate law firms. In addition, Associate Assistant Deputy Minister Brazeau previously held roles within the Government of Canada including Director General, Financial Services Division, where he led the Department of Finance's work on financial sector innovation and modernization. He previously served as Associate Deputy Commissioner, Competition Bureau where he led the Bureau's competition policy and advocacy efforts.
6. **Co-Chair, Japan (current):** The rotating Co-Chair position is now held by Japan for a two-year term from 2024-2026, represented by Mitsutoshi (Toshi) Kajikawa, the Deputy Vice Minister of Finance for International Affairs at Japan's Ministry of Finance. In this role, he oversees critical areas including anti-money laundering, counter-terrorism financing, and counter-proliferation financing, while leading Japan's delegation to the Financial Action Task Force. Toshi brings a wealth of expertise to his role in advancing the APG's mission, backed by an extensive career at the Ministry of Finance, where he has worked in areas such as financial regulation, fiscal analysis, budget management, and government reform. His recent efforts have focused on multilateral financial cooperation, including leading negotiations to strengthen a currency swap arrangement for liquidity support among ASEAN+3 nations.

Previous Rotating Co-Chairs

7. Since the APG's establishment in 1997 there have been 13 previous rotating Co-Chairs as follows:

APG member	Agency/Department	Period
1. Philippines	Department of Foreign Affairs	1998–2000
2. Malaysia	Bank Negara Malaysia	2000-2002
3. Korea	Korea Financial Intelligence Unit	2002-2004

4. Japan	Japan Financial Intelligence Office	2004-2006
5. Indonesia	Indonesian Financial Transaction Reports & Analysis Centre	2006-2008
6. Singapore	Commercial Affairs Department	2008-2010
7. India	Directorate of Enforcement	2010-2012
8. China	People's Bank of China Anti-Money Laundering Bureau	2012-2014
9. New Zealand	Ministry of Justice	2014-2016
10. Sri Lanka	Financial Intelligence Unit	2016-2018
11. Bangladesh	Bangladesh Financial Intelligence Unit	2018-2020
12. Malaysia	Bank Negara Malaysia	2020-2022
13. Canada	Department of Finance Canada	2022-2024

APG Co-Chairs' Priorities 2024 - 2026

8. At the Annual Meeting in September 2024, the APG membership endorsed a set of 2024-2026 Co-Chairs' Priorities over two years, which are set out in the below table.

Priorities	Envisioned Deliverables
<p>Preparation to ensure APG's successful start to the Global 5th Round of evaluations:</p> <ul style="list-style-type: none"> Ensuring that the APG is prepared and sufficiently resourced as the APG commences the Global 5th Round of MEs, noting that the next round will be more intensive than the current round. 	<ul style="list-style-type: none"> Assessor Trainings: Contribute to increasing the number of quality assessors across the APG for the Global 5th Round of evaluations. Regional ME preparation workshops: Support efforts and enhance awareness and understanding of Global 5th Round ME processes and best practices for ME preparation and coordination.
<p>Strengthening AML/CFT regimes in the APG region and international cooperation:</p> <ul style="list-style-type: none"> Strengthening AML/CFT/CPF regimes in order to better prevent, detect and deter serious financial crimes and enhance the development of financial systems and economies. Providing capacity building to strengthen AML/CFT/CPF regimes in the APG region. Enhancing international cooperation not only within the region but also among regions to strengthen AML/CFT/CPF regimes 	<ul style="list-style-type: none"> High-level ME preparation visits: Conduct high-level ME preparation visits focused on lower capacity jurisdictions in the lead up to their MEs to bolster political will for AML/CFT/CPF reform and raise awareness of the ME process. Event sponsorship: Provide event sponsorship to support the APG Pacific AML/CFT Capacity Development Program (PACD) events: support capacity development for jurisdictions with significant AML/CFT/CPF deficiencies. Sharing of knowledge: Promote overall knowledge exchange, including sharing Japan's experiences relating to AML/CFT/CPF, and initiatives to support collaboration among FSRBs.

<p>Monitoring and responding to evolutions in Finance:</p> <ul style="list-style-type: none">• Enhancing APG members' understanding of evolutions in finance including digital transformations and the associated risks and potential responses. This reflects financial markets' continuous evolution which can pose new questions about the scope and interpretation of the FATF Standards applicable to a new environment.• Monitoring and responding to development in finance and working with strategic public and private sector partners has rapidly grown to address emerging ML/TF/PF risks.	<ul style="list-style-type: none">• Technical seminars: Deliver and support webinars and/or outreach activities to enhance understanding of the FATF Standards regarding virtual assets and new technologies/instruments• Exchange views: Facilitate the exchange of views between members on new threats and risks in the region (e.g. new vulnerabilities from DeFi, P2P, and CBDCs).
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PART TWO

Annual Meeting and Technical Assistance & Training Forum 2024

2024 Annual Meeting

9. The 2024 APG Annual Meeting was held in Abu Dhabi, United Arab Emirates, from 22 to 27 September 2024. The meeting was opened with remarks delivered by H.E. Hamid Saif Al Zaabi, Secretary General and Vice-Chair of the National Committee for Anti-Money Laundering and Combatting Financing of Terrorism and Illegal Organizations.
10. Over 400 delegates attended the 2024 Annual Meeting. A number of APG delegates received sponsorship funding to attend the meeting, generously provided by China, New Zealand and Chinese Taipei.

Membership Decisions

11. During the 2024 APG Annual Meeting the APG decided important matters on membership, including:
 - a) The APG welcomed one observer organisation, the International Institute for Justice and the Rule of Law (IJJ).
 - b) The APG removed one jurisdiction from its list of observers, the DPRK, due to a lack of engagement over a six-year period.
 - c) The APG welcomed the new APG Co-Chair for 2024-2026 - Mr. Mitsutoshi Kajikawa of Japan, the Deputy Vice Minister of Finance for International Affairs at the Ministry of Finance.

Governance

12. During the 2024 APG Annual Meeting the membership decided on several important governance-related matters, including:
 - a) Establishing an ad hoc group supporting strategic AML/CFT leadership across the Asia/Pacific region, with a focus on engaging leadership to spearhead and sustain effective AML/CFT systems.
 - b) Establishing an ad hoc group on long-term resourcing to develop proposals to support the membership to increase resources needed for the APG to conduct the Global 5th Round of Evaluations.
 - c) Establishing a Diversity and Inclusion Network to best support the regional AML/CFT workforce.
 - d) Adopting procedures and an updated schedule for the Global 5th Round of Evaluations.

Financial

13. The APG ended the FY 2023–24 in a strong financial position, with a surplus of \$485,019. The APG's financial performance during the year is summarised as follows:

- Income: \$6,037,232³
- Expenses: \$5,552,213
- **Surplus:** **\$485,019**

This resulted in the retained surplus increasing from \$2,297,733 to \$2,782,752.

14. The Special Purpose financial statements (**Annex B**) for the year ended 30 June 2024 and explains each of the line items in detail.
15. The 2024-25 Budget and Business Plan were adopted by the membership during the Governance Committee meeting on 30 July 2024, noting the later than usual annual meeting in 2024. The core budget for FY 2024-25 was approved as \$4,707,379 in income and \$5,147,864 in expenses, with a net operating deficit of \$440,485, to be drawn from accumulated equity. Initiatives for the year FY 2024-25 are outlined in Part Five of this report.

Mutual Evaluation and Follow-Up Reports

16. At the 2024 APG Annual Meeting members adopted the APG mutual evaluation (ME) reports of the Republic of Marshall Islands, Nauru, Papua New Guinea, Timor-Leste and the joint FATF/APG/EAG ME report of India.
17. The APG commenced the final two MEs in the APG's 3rd Round during 2023-24: the Maldives and Niue. Both of these ME reports will be adopted at the 2025 APG Annual Meeting.
18. During 2023-24 the APG adopted and published follow-up reports (FURs) for 25 APG and four joint APG/FATF members. This included seven FURs with re-ratings for Palau, Cambodia, Samoa, Vietnam, Myanmar, Nepal and Brunei Darussalam. The FURs without re-ratings were adopted using the out-of-session adoption process.
19. The APG commenced the Global 5th Round with the MEs of Malaysia and Singapore. These ME reports are scheduled for discussion and adoption by the FATF plenary in October 2025 and February 2026, respectively. Two APG Secretariat staff are participating in each of these assessments.
20. The APG continues to work with the FATF to prepare for the Global 5th Round of evaluations. The APG adopted Procedures for the Global 5th Round and agreed to six changes to the ME Schedule at the 2024 APG Annual Meeting. Members also agreed to implement priority preparation activities for the Global 5th Round. This included ME-specific support and planning for regional ME preparation workshops.

Typologies

21. At the 2024 Annual Meeting, the Operations Committee agreed that the draft 2024 APG Typologies Report would be discussed and adopted at the APG 2024 Typologies Workshop, to be held in Kuala Lumpur, Malaysia in November 2024. The report will then be published at the end of 2024. The 2024 APG Typologies Report contains a synopsis of the typologies projects

³ From all sources, core and voluntary. Notes 1 and 4 to Annex B explain.

undertaken in 2023-24, recent trends in money laundering and terrorist financing, and a number of case studies.

22. The Operations Committee also discussed the outreach activities conducted for completed APG typologies projects and sought interest from members and observers to lead future APG typologies projects.

Technical Assistance

23. The 2024 Technical Assistance and Training (TA&T) Forum was held concurrently with the 2024 APG Annual Meeting. The Forum was well attended, with 25 technical assistance recipient APG members and 19 members of the APG's Donor and Providers (DAP) Group actively participating in meetings held throughout the TA&T Forum.
24. The DAP Group met to discuss technical assistance coordination and cooperation across the region. APG held three sub-regional meetings with the DAP Group and APG members, focused on the identification and discussion of sub-regional AML/CFT issues and needs for the Pacific, South East Asia and South Asia respectively. In addition to the sub-regional discussions, the TA&T Forum held 25 individual meetings between TA recipient APG members and members of the DAP Group, providing APG members with a one-on-one opportunity to identify key gaps and challenges and seek TA opportunities in line with priorities. This event also provided an opportunity for DAPs to deconflict and sequence the delivery of technical assistance.
25. The 2024 TA&T Forum welcomed three new TA providers; the EU AML/CFT Global Facility, Germany's Global Program Combating Illicit Financial Flows (GIZ), and Luxembourg's Institute for Legal Support and Technical Assistance (ILSTA).

Pacific Technical Assistance

26. A separately funded APG Pacific AML/CFT Capacity Development (PACD) program was supported by the APG Secretariat to complement the APG's wider TA&T coordination role. The multi-year PACD program is generously funded by the government of New Zealand (Ministry of Foreign Affairs and Trade). The PACD program reported to the membership at the TA&T Forum and a copy of the PACD Program Annual Report 2023-2024 is provided at **Annex C**.

PART THREE

Performance Highlights

APG Strategic Priorities

27. The APG Strategic Plan 2020–2024 includes four strategic goals, each containing a subset of strategies or performance outcomes against which the goals are measured. These performance outcomes are set against a framework of APG values, which the APG membership endeavours to incorporate into its operational activities and reflect in its dealings with other international and inter-governmental organisations, including FSRBs.
28. Below is a summary of APG’s performance highlights for the 2023-24 financial year under each strategic goal.

STRATEGIC GOAL #1 EFFECTIVE MULTILATERAL ORGANISATION

CONTINUOUSLY UTILISE AND IMPROVE ON EFFECTIVE GOVERNANCE STRUCTURES, INCLUDING THE MEMBERSHIP, CO-CHAIRS GOVERNANCE COMMITTEE AND SECRETARIAT

Required activities in 2023–2024:

- Deliver the 2024 APG Annual Meeting and Annual TA&T Forum in Abu Dhabi, United Arab Emirates in September 2024.
- The Governance Committee (GC) will consult with members and meet at least five times in the year to provide on-going advice to the membership and co-chairs on governance, policy and planning issues and will implement, where needed, membership decisions and directions.
- At least one (1) membership-related visit will be undertaken to members and non-members to facilitate full and active membership and to promote commitment to the global AML/CFT standards. Additional visits and activities will be undertaken with external donor funding.
- APG committees and project groups will deliver programmes as agreed by the membership and consider others suggested by the GC, Operations (OC) and ME Committees (MEC).

Achievements:

- The 2024 APG Annual Meeting was hosted by the United Arab Emirates in Abu Dhabi in September 2024.
- The GC met five times during the year (including during the 2024 APG Annual Meeting) and:
 - Made recommendations on significant membership and observer-status issues;
 - Received regular budget updates and recommendations from the Secretariat on financial matters (see achievements under the next Goal 1 activities for details);

- Monitored, and evaluated the implementation of, the Co-Chairs' Priorities for 2022-2024;
 - Monitored administrative and policy planning for the 2024 Annual Meeting;
 - Monitored FATF referrals in accordance with the policy *ICRG Managing Referrals from FATF's International Cooperation Review Group*;
 - Responded to a range of broad governance and specific membership-related matters including ME schedule postponements for members; and
 - Considered member and observer applications from the International Institute for Justice and the Rule of Law (IIJ) as well as a number of other organisations.
- The Secretariat provided administrative and advisory support and briefing documents to the Co-Chairs, GC and APG committees as per the *APG Terms of Reference 2019* and the terms of reference of each committee. The work of each committee is outlined in other goals below.

USE OPEN, TRANSPARENT AND INCLUSIVE BUSINESS AND FINANCIAL PLANNING

Required activities in 2023–2024:

- The Secretariat will manage and report on APG revenue and expenditure in accordance with the agreed 2023–2024 budget and legal obligations of the host government, Australia, including engaging independent auditors for the APG special purpose financial statements.
- The Secretariat will:
 - Develop a new Strategic Plan reporting template commencing with the 2024 Strategic Plan Report;
 - Report against the outcomes of the 2020-2024 Strategic Plan to the GC prior to the 2024 APG Annual Meeting;
 - Review the 2020-2024 Strategic Plan and propose a new plan and plan format to be considered at the 2024 APG Annual Meeting which will also take account of the APG Mid-Mandate Review and the recommendations of that review.
 - Establish a policy hub on the APG website for greater ease of access to APG policy documents.
 - Consider the creation of a diversity and inclusion network to recommend strategies to the APG and report these at the 2024 APG Annual Meeting
- The Secretariat will provide the GC with quarterly updates of the budget in 2023-2024 with any necessary budget-line adjustments to account for variations in supplier costs and any unforeseen expenses. Adjustments could be made either way and if savings eventuate additional travel can be considered.
- The Secretariat will file monthly reports of APG income and expenses related to its Special Reserve Bank of Australia account with the Deputy Commissioner of the AFP in accordance with the hosting obligations of the Secretariat.

Achievements:

- Following consultation through the GC the APG Strategic Plan 2024-2028 was adopted at the 2024 APG Annual Meeting. The APG Strategic Plan 2024-2028 takes into account the APG Mid-Mandate Review and focuses the work of the APG into three strategic goals: engagement,

assessment and implementation. Reporting against this Strategic Plan will use a new template from previous plans.

- The Report Against the Strategic Plan 2020 – 2024 was adopted at the 2024 APG Annual Meeting.
- The Secretariat managed funds in accordance with the laws and governance frameworks of its host agency, the AFP, as well as internal Secretariat policies and arrangements with donors of voluntary contributions.
- Savings were realised in 2023-2024, primarily in employee vacancies. Details of the management of funds are contained in the *Summary of Financial Performance 2023-2024*.
- The Secretariat reported on APG revenue and expenditure on a continuous basis to the Co-Chairs and GC with quarterly budget updates seeking decisions throughout the year for the re-allocation of savings.
- The membership established the Diversity and Inclusion Network at the 2024 APG Annual Meeting to recommend strategies to the APG to enhance diversity and inclusion efforts.
- A policy hub has been set up on the APG website which brings together the APG's key policy documents (About APG – Policy Documents),

EFFECTIVELY RESOURCE THE APG AND ITS OPERATIONS AND ENSURE PROPER MANAGEMENT OF APG ASSETS

Required activities in 2023–2024:

- In addition to budget contributions, members and observers will support operations through voluntary contributions, project support, active working group participation, expert advice or other resources.
- The Secretariat will manage and report on APG assets in the APG Business Report for 2023-2024.
- The Secretariat will annually review and revise the formal hosting arrangement with the Australian government to ensure that it continually supports APG operations in a transparent and effective manner and that it provides for accountability and management of secretariat staff.

Achievements

- APG members Australia, China, Japan, New Zealand and Chinese Taipei as well as an observer, the United Kingdom, provided voluntary contributions and project support to APG programs, including funding activities such as visits to members, workshop costs, and ME preparation. APG members can find details of these contributions in the *Summary of Financial Performance 2023-2024*.
- APG members supported operations through project support, working group participation, expert advice and technical assistance programmes and events. This included New Zealand hosting an assessor training workshop in May 2024. The first year of the second tranche of the New Zealand Ministry of Foreign Affairs and Trade funded PACD Program was delivered. See **Annex C** for further details.

- Many members supported APG operations through project support, working group participation, expert advice and technical assistance programs and events. This included hosting and supporting in person and virtual events.
- In FY 2023-24 there were no irregularities or unaccounted for assets. The Secretariat regularly reviewed its internal policies and processes to ensure the best value for money in expenditure. APG non-staff and non-financial assets were acquired and managed through the Secretariat's host agency but accountable to the membership.
- The AFP/APG Hosting Arrangement was reviewed. Minor changes were made to clarify procedures that did not alter the general legal framework of the arrangement.

STRATEGIC GOAL #2 EFFECTIVELY ORGANISED AND ENGAGED MULTILATERAL ORGANISATION

CONTINUOUSLY UTILISE AND EFFECTIVELY SUPPORT PRIORITY WORK STREAMS WITHIN THE APG OPERATIONS COMMITTEE AND MUTUAL EVALUATION COMMITTEE

Required activities in 2023–2024:

- The Mutual Evaluation Committee (MEC) will support the design and delivery of the APG ME program. The MEC will consider ME policy issues, ME and follow-up reports, implementation and training, and preparation for the APG Global 5th Round of MEs. The MEC will make recommendations to the plenary as necessary. The MEC will meet at least five times in the year, including a meeting at the plenary meeting.
- The Operations Committee (OC) will consider and approve new typologies projects and implementation activities in consultation with APG members and observers.

Achievements:

MEC Activities:

- The MEC, co-chaired by Macao, China and New Zealand, met seven times via videoconference and once in person at the 2024 APG Annual Meeting – with active support from a large number of delegates. During year the MEC:
 - Considered and endorsed 25 APG FURs, with 69 re-ratings considered by 29 reviewers from across the APG membership and the Global Network⁴;
 - Developed amendments to the MEC Terms of Reference and adaptations to the MEC meeting agenda to improve efficiencies under the Global 5th Round of evaluations;
 - Considered key issues with the ME reports of the Marshall Islands, Nauru, Papua New Guinea and Timor-Leste;
 - Endorsed amendments to the APG ME Procedures for the Global 5th Round;
 - Implemented a mechanism to further identify and manage horizontal issues, and complex quality and consistency issues with APG ME reports and follow-up reports;
 - Discussed ongoing work to develop a paper on good practice to meet aspirational APG assessor contribution goals;
 - Continued work on the development of regional ME preparation workshops for the Global 5th Round; and
 - Supported the delivery of assessor training workshops.

⁴ Between October 2023 and September 2024

OC Activities:

- The OC, co-chaired by India and Samoa, met three times during the year, including in-person at the 2024 APG Annual Meeting. The OC:
 - a) supported implementation and typologies work, including oversight of three typologies projects that concluded in late 2023;
 - b) contributed to the planning of the APG Typologies Workshop; and
 - c) approved and oversaw the successful delivery of a pilot of an APG Virtual Assets Network, which facilitated peer-to-peer knowledge sharing. On conclusion of the pilot, the work of the Network was consolidated into the OC.
- The OC maintained oversight of three typologies projects in the year (see Strategic Goal 4 for more details). The DAP Group met three times to discuss technical assistance needs and coordination, including twice virtually and once in person during the 2023 TA&T Forum.
- The APG Secretariat engaged with the private sector through targeted ME preparation events and regional private sector events focused on compliance officers, assessments, ICRG, beneficial ownership, etc. This included multiple presentations (both in person and virtually) at public events (commercial and university based) across the region which are listed in **Annex A**.

ENGAGE WITH ALL RELEVANT AML/CFT REGIONAL AND INTERNATIONAL STAKEHOLDERS

Required activities in 2023–2024:

- Continue engagement with FATF, FSRBs, and other relevant bodies on strategically important regional initiatives as well as conferences, seminars, workshops.
- The Secretariat will encourage bilateral and multilateral engagement between members, observers and other jurisdictions and organisations to advance strategic objectives.
- Continue engagement with existing observer jurisdictions of APG.
- Identify relevant international organisations for possible observer status.

Achievements:

- APG strategic objectives were advanced by members, observers, and the APG Secretariat, through continued engagement across the Global Network. The APG and particularly the Secretariat, contributed to a wide range of conferences, seminars and workshops on priority AML/CFT topics. These are listed in **Annex A**.
- The Secretariat coordinated with all other FSRB Secretariats through regular multilateral meetings in the margins of FATF plenaries and various channels of engagement throughout the year.
- The APG engaged with various regional bodies, including both observers and non-observers, to support APG events and projects. This included typologies and technical assistance projects and events.
- The APG engaged with contributing organisations that are not APG observers including: the OECD's Task Force on Tax Crimes and Other Crimes, the Royal United Services Institute, Global

Forum on Transparency and Exchange of Information for Tax Purposes, Institute for Legal Support and Technical Assistance, the EU Global Facility on AML/CFT, the American Bar Association's Rule of Law Initiative (ABA-ROLI), the Financial Intelligence Consultative Group and the Pacific Financial Intelligence Community.

- In November 2023 the Canadian APG Co-Chair and Executive Secretary took up an invitation to visit and provide briefings to the UN Counter Terrorism Executive Directorate and addressed a session of the UN Security Council Counter-Terrorism Committee in New York. The address was on progress in the APG region with the implementation of international standards to counter the financing of terrorism.
- The APG Secretariat engaged with private sector entities and academia of direct relevance to supporting the APG's programs and priorities (see **Annex A** for the complete list).

ACTIVELY PARTICIPATE IN INTERNATIONAL AML/CFT POLICY DEVELOPMENT AND STANDARD-SETTING PROCESSES THROUGH COOPERATION WITH FATF AND INTERNATIONAL PARTNERS

Required activities in 2023–2024:

- Participate in FATF plenaries and working groups with the express goal of shaping and influencing global AML/CFT policy.
- Coordinate input to FATF and other bodies' projects, policy development, assessment work and studies of risks, trends and methods.
- Enhance communication with members at the ministerial level on the timing of each member's ME in the Global 5th Round.

Achievements:

- The APG contributed to FATF processes and the FATF's ongoing policy development through written input and (virtual and in person) attendance at meetings and input to project teams. The APG Secretariat and APG members:
 - Attended three FATF plenary meetings;
 - Attended FATF working group meetings, including intersessional working group meetings; and
 - Provided members' and Secretariat comments on FATF policy papers (contact groups, working groups and the plenary) throughout the year.
- The APG Secretariat served as expert reviewers on the assessments of the British Virgin Islands (CFATF), Iraq (MENAFATF), and Kuwait (MENAFATF).
- The APG Secretariat continued to participate in Q&C reviews of select FATF and FSRB MERs and FURs including providing comments on New Zealand's FUR.
- The APG Secretariat was a member and active participant in the FATF Training Project Team and the FATF Q&C Project Team.
-

- The APG Secretariat is a member of the PDG project team on “Financial Exclusion and De-Risking: Potential Revision to Recommendation 1” and has attended project team meetings and provided written input into the draft revisions to R.1/INR, and the draft Guidance on AML/CTF measures and Financial Inclusion.
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- The APG Secretariat contributed as an observer to the FATF Virtual Asset Coordination Group (VACG) and attended two VACG meetings and provided input to support the expansion of the membership to allow select APG members to join.

STRATEGIC GOAL #3 CONDUCTING AND RESPONDING TO ASSESSMENTS

COMPLETE THE APG'S THIRD-ROUND MUTUAL EVALUATION PROGRAM

Required activities in 2023–2024:

- Complete the MEs of India (joint APG/EAG/FATF); Marshall Islands; Nauru; Papua New Guinea and Timor-Leste.
- Commence the MEs of the Maldives and Niue to be adopted at the 2025 APG Annual Meeting and complete the APG's 3rd Round.

Achievements:

- The India (joint APG/EAG/FATF); Marshall Islands; Nauru; Papua New Guinea and Timor-Leste ME reports were completed consistent with the APG ME Procedures and related quality and consistency requirements and adopted in September 2024.
- Pre-ME preparation support was provided to Niue, the Maldives, Malaysia, Canada and Sri Lanka.
- The MEs of the Maldives and Niue commenced. On-site visits are scheduled for late 2024 and early 2025 with ME reports to be adopted at the 2025 APG Annual Meeting.
- A revised APG ME schedule for the Global 5th Round was adopted at the 2024 Annual Meeting.
- The updated APG ME Procedures for the Global 5th Round, which integrate the FATF Universal Procedures for Assessments, were prepared and endorsed by the MEC and adopted at the 2024 APG Annual Meeting.
- The APG Secretariat closely coordinated with the FATF and FSRB Secretariats on the preparation for the upcoming Global 5th Round, including on the preparation of the Universal Procedures for Assessments in the 5th Round.

RESPOND TO MUTUAL EVALUATIONS WITH FOLLOW-UP PROCESSES

Required activities in 2023–2024:

- Follow-up process will continue through the MEC for all non-FATF members assessed in the APG 3rd Round of MEs.
- Support enhanced quality and consistency (Q&C) reviews of follow-up reports.

Achievements:

- Noting that the FATF listed Myanmar as a High Risk Jurisdictions Subject to a Call for Action ('blacklist') in October 2022 and weaknesses identified in Myanmar's 2023 APG follow-up report, APG members agreed to take membership action in relation to Myanmar's compliance with R.8

at the 2023 APG Annual Meeting. The GC conducted monitoring of Myanmar's progress with R.8 during the course of the year.

- All APG follow-up reports were subject to internal Secretariat Q&C review and all follow-up reports with re-ratings were subject to global Q&C review in accordance with the FATF Universal Procedures.
- In 2023-24, the MEC considered 25 APG FURs, with 69 re-ratings considered by 29 reviewers from across the APG membership and the global network.
- APG members continued refining processes for identifying horizontal issues and complex Q&C issues in adopted APG assessments and coordinating with FATF and FSRB Secretariats. The MEC invited APG members to raise any horizontal issues or complex Q&C issues noted in adopted APG assessments for discussion during MEC meetings. No issues were raised over the past year.

SEEK ASSESSMENT EXPERTS, CONDUCT TRAINING AND IMPROVE ASSESSMENT PROCEDURES IN ORDER TO EFFECTIVELY DELIVER THE APG'S ASSESSMENT PROGRAMME

Required activities in 2023–2024:

- Members and observers will provide assessors and reviewers for evaluations. This will include pre-evaluation visits, face-to-face meetings, and plenary meetings to adopt reports.
- Members will strive to meet the aspirational assessor contribution goals as agreed at the 2023 annual meeting to prioritise members' contributions of assessors and reviewers to the APG in the Global 5th Round.
- Members will work with the Secretariat in conducting a stocktake of previously trained assessors and develop a member-level plan to identify and support the contribution of quality assessors to APG activities in the Global 5th Round.
- The Secretariat will deliver at least one assessor-training workshop for MEs planned in 2023-24 and for the Global 5th Round.
- The MEC will amend ME procedures to align with revised FATF Universal Procedures and the needs of the APG for the Global 5th Round.
- The Secretariat will design and deliver programs and activities to prepare APG members and assessors for the Global 5th Round
- The Secretariat will deliver one or more assessor training workshops for assessors and follow-up reviewers.

Achievements:

- APG members and observers provided assessors and reviewers across various stages of eight MEs in 2023-24.
- The APG's final Global 4th Round Assessor Training event was held jointly with the FATF in Ottawa, Canada in November 2023 with 36 participants in attendance. The APG appreciates all

members and observers that have supported APG assessor training throughout the Global 4th Round.

- Hong Kong, China hosted the APG's first assessor training workshop for the Global 5th Round in March 2024. This was a joint event with the FATF and IMF involving 44 participants.
- New Zealand hosted an APG Global 5th Round assessor training workshop in Auckland in May 2024. The workshop involved 41 participants including nine from Pacific Island jurisdictions. New Zealand generously provided financial support for the attendance of expert presenters and priority Pacific delegates under PACD funding. Expert presenters and facilitators were provided by Macao, China (MEC Co-Chair) and New Zealand (MEC Co-Chair and previous expert assessors).
- Virtual ME preparation events and briefings were provided to the Marshall Islands, Nauru, Timor-Leste and Sri Lanka. In-person ME preparation briefings were delivered to authorities in India, Timor-Leste and Papua New Guinea. The APG Secretariat conducted a pre-ME visit to the Maldives in February 2024 and held a pre-ME visit with Niue in the APG Secretariat's Sydney office in April 2024.
- Malaysia hosted the FATF TRAIN standards training course (STC) workshop in November 2023 for 40 participants.
- APG provided longer-term ME preparation support to Sri Lanka and Malaysia as part of a pilot program.

SUPPORT FATF'S ICRG PROCESS AND APG MEMBERS IN ICRG PROCESS

Required activities in 2023–2024:

- The Secretariat and members will actively participate in FATF's ICRG meetings and Asia-Pacific Joint Group meetings.
- The Secretariat will provide assistance, advice and support to the Asia-Pacific Joint Group Co-Chairs as required.
- The Secretariat will provide assistance, advice and engagement with members and technical assistance donors on FATF's ICRG rules and procedures and strategic responses to ICRG review.
- The Secretariat and members will provide input to FATF on ICRG processes and the development of ICRG procedures.

Achievements:

- The APG provided support to members, including Lao PDR, Myanmar, Nepal, the Philippines and Vietnam, in relation to the ICRG process and observation period.
- The APG Secretariat and members participated in:
 - three ICRG meetings (October 2023, February 2024 and June 2024); and
 - three Asia-Pacific Regional Joint Group meetings (September 2023, January 2024 and May 2024).

- The APG Secretariat provided advice to the Asia-Pacific Joint Group Co-Chairs and to members under ICRG review including on:
 - ICRG process, rules and practice;
 - General comments on legislative, regulatory and administrative measures to address ICRG concerns;
 - Technical assistance coordination;
 - Implementation planning; and
 - The impact of ICRG processes on APG membership status.
- The APG provided policy input to to the FATF Secretariat on ICRG processes and procedures, in particular revision of the FATF's ICRG prioritisation threshold.

STRATEGIC GOAL #4 WORKING COOPERATIVELY & SUPPORTING IMPLEMENTATION

CONDUCT AND/OR SUPPORT RESEARCH ON EXISTING AND EMERGING AML/CFT RISKS AND CONTEXTUAL ISSUES

Required activities in 2023–2024:

- Deliver the Annual Typologies Workshop, in collaboration with India as host, in December 2023;
- Complete the typologies projects on (1) ML associated with tax crimes, (2) illicit financial flows from illegal fishing, and (3) the challenges and lessons learned in the in the Asia-Pacific region with the implementation of R.8 and IO.10; and
- The APG will participate in FATF and other FSRB typologies projects if relevant to APG business.

Achievements:

- The 2023 APG Typologies & Capacity Building Workshop was hosted by the government of India in collaboration with the APG and World Bank from 28 November to 1 December 2023 in New Delhi, India. This was the first in-person typologies workshop since 2018 and was attended by approximately 100 delegates from 25 APG members, 1 APG observer and private sector organisations.
- The 2023 APG Annual Meeting adopted two typologies reports concluding projects that were initiated in 2021:
 - The joint APG/Global Center on Cooperative Security Report on Implementation of FATF R. 8 and I.O. 10 – Successes, Challenges, and Lessons Learned from the Asia Pacific Region;
 - The joint APG/Australian Tax Office Money Laundering Associated with Tax Crimes Report.
- The Operations Committee met in the margins of the 2023 APG Typologies & Capacity Building Workshop to endorse an Issues Paper on illicit financial flows generated from illegal fishing.
- The APG Secretariat engaged in outreach to build awareness of the three typologies projects and their findings. This included presenting on the *APG/Australian Tax Office Money Laundering Associated with Tax Crimes Report 2023* at 'Implementing AML/CFT Standards – Enhancing Beneficial Ownership Transparency Frameworks' hosted by the IMF, Singapore, July 2023 and a virtual meeting of the OECD Task Force on Tax Crimes and Other Crimes in November 2023; the *APG/Global Center on Cooperative Security Report on Implementation of FATF R. 8 and I.O. 10 – Successes, Challenges, and Lessons Learned from the Asia Pacific Region 2023* at the Asia NPO Regional Consultation: Best Practices in AML/CFT While Preserving Civic Space workshop hosted by the EU AML/CFT Global Facility, Indonesia, July 2023 and Asia-Pacific Regional Conference On CFT Measures And Their Impacts On Civil Society And Democratic Spaces hosted by the National Union of Peoples Lawyers and European Centre for Not-For-Profit Law, the Philippines, November 2024 (virtual). The *APG Issues Paper - Illicit financial flows generated*

from illegal fishing was presented virtually to the Pacific Financial Intelligence Community in April 2024.

- The APG Secretariat continued to contribute to the FATF discussion on financing Islamic State of Iraq and the Levant (ISIL), Al Qaeda and affiliates and have nominated to participate in three RTMG projects with relevance to APG members, (i) comprehensive update on TF risks, (ii) complex proliferation financing and sanctions evasion schemes, and (iii) online child sexual exploitation.

IDENTIFY DOMESTIC, REGIONAL AND GLOBAL ISSUES THAT MAY AFFECT IMPLEMENTATION OF THE FATF STANDARDS AND ASSESS MEMBERS' ASSISTANCE NEEDS AND OPPORTUNITIES TO IMPROVE INTERNATIONAL COOPERATION

Required activities in 2023–2024:

- Engage with members and technical assistance providers to identify domestic and regional assistance needs, and implementation issues, arising from members' experience of international cooperation, risk assessments, typologies work, mutual evaluations (including follow-up) and FATF processes.
- The APG will support the Canadian Co-Chairs' Priorities during the chairing by Canada from 2022-2024.
- Continue to identify other domestic and regional technical assistance and implementation issues.

Achievements:

- The APG identified domestic and regional implementation issues through the APG's technical assistance coordination processes and encouraged assistance in response to identified needs.
- In line with the TA priority needs identified at the TA&T Forum and in response to changes to the FATF standards, the Secretariat prioritised coordination and assistance for members undergoing ICRG review, and the thematic areas of virtual assets, proliferation financing risk assessments, asset confiscation and beneficial ownership. Other key priorities included the provision of post-mutual evaluation support and obtaining donor funding to support regional TA programs focused on those priority areas.
- In line with the APG Co-Chairs' Priorities for 2022-24, the Secretariat hosted:
 - a data analytics and digital transformation technical webinar in November 2023 which was delivered to over 60 participants from 28 members and four observers.
 - a webinar on grand corruption, the application of the FATF standards, a panel discussion on asset seizure and recovery and a presentation on G20 Anti-Corruption Working Group commitments.

PROVIDE GUIDANCE, ADVICE, AND TECHNICAL ASSISTANCE ON IMPLEMENTATION OF THE FATF STANDARDS IN COLLABORATION WITH REGIONAL AND GLOBAL PARTNERS

Required activities in 2023–2024:

- Work closely with the APG Co-Chairs and DAP Group members to support a number of priorities for 2023-24, either by providing guidance, sharing expertise, or by conducting technical assistance projects in line with these priorities.
- Assist members to develop sustainable strategies to meet ME report recommendations, including applying the SIP Framework.
- Support members to build AML/CFT capacity and mechanisms consistent with the FATF standards, including through technical assistance visits, workshops and desk-based assistance.

Achievements:

- APG established a pilot VA/VASP network to convene on regional issues, which met three times in 2023-2024 (August 2023, October 2023, December 2023). The pilot concluded in December 2023 and the future work of the VA/VASP Network was moved into the OC.
- Post-ME strategic implementation planning support was provided to Lao PDR (August 2023, with the support of the UNODC), Nepal (February 2024, with the support of the IMF), Vietnam (supported by IMF, WB and UNODC) and Tonga (May 2024 with the support of UNODC, funded by the PACD program).

SUPPORT THE COORDINATION OF TECHNICAL ASSISTANCE BETWEEN MEMBERS AND RELEVANT PROVIDERS OF ASSISTANCE

Required activities in 2023–2024:

- Deliver the Annual Technical Assistance and Training (TA&T) Forum in 2024.
- Collect and analyse information on members' AML/CFT technical assistance needs.
- Coordinate and support assistance provided by the DAP Group.
- Deliver technical assistance and training programs funded under voluntary grants pursuant to specific implementation plans.
- Coordinate and deliver Pacific TA&T in accordance with the second phase of the Pacific AML/CFT Capacity Development program funded by New Zealand, in line with the grant agreement and implementation plan.

Achievements:

- The 2024 TA&T Forum was held concurrently with the APG Annual Meeting in September 2024 and included:
 - **A DAP Group meeting** where DAP Group members shared details of their AML/CFT-related assistance to members and discuss common opportunities and challenges for technical assistance in the region;
 - **Three sub-regional meetings** where the DAP Group and members identified and discussed TA needs in the Pacific, South East Asia, and South Asia respectively; and

- **25 bilateral meetings** between the DAP Group and individual members and focused on each member's TA needs.
- The Secretariat:
 - Distributed information on members' assistance needs and their ongoing TA activities to the DAP Group prior to the 2024 TA&T Forum;
 - Shared a report on TA commitments and outcomes with DAP Group members with respect to each of the 25 APG members who receive technical assistance
 - Assisted DAP Group members with background information on TA activities and needs, supporting bilateral and regional TA, and advice on FATF Standards, ME processes and the FATF ICRG process.
- Activities under the New Zealand funded Pacific AML/CFT Capacity Development Program (PACD) are separately outlined in detail in the PACD Program 2023-2024 Annual Report.
- Key PACD technical assistance projects for 2023-24 included:
 - Three four-day workshops delivered in person on financial investigations, money laundering investigations and criminal asset confiscation, followed by mentoring support to law enforcement agencies (Cook Islands, Palau and Samoa).
 - Seven virtual regional training courses, on AML/CFT supervision fundamentals, and AML/CFT supervision of banks, remittance providers and offshore entities.
 - Organisation of the Pacific AML/CFT Supervisors' Forum, co-hosted by the New Zealand Department of Internal Affairs and the Pacific Islands Forum Secretariat. The Forum was held in Auckland from 30 May–1 June and attended by over 40 participants from across the APG Pacific jurisdictions. The Forum was co-funded by MFAT and the Ministry of Finance, Japan.
 - Legislative drafting support to Nauru.
- Commencement of a project to provide legislative drafting assistance to Palau on targeted financial sanctions for terrorism and proliferation financing (FATF Recommendations 6 and 7).
- Mentoring support to the Marshall Islands, Tonga, Palau and Nauru on AML/CFT supervision.

PART FOUR

Management and Accountability

Summary of financial performance for 2023-24

29. The Contributions required from members to meet the budget were calculated using the APG funding formula that calculates contributions using an 80/20 per cent combination of GDP and GDP per capita and required a minimum contribution of \$16,185. As in previous years, members noted that the core budget would not, of itself, enable the APG to complete the work outlined in the 2023–2024 Business Plan. Members agreed, therefore, that voluntary contributions, continued use of accumulated equity (reserves) and various streams of ‘non-core budget’ funding totalling \$2,280,281 should be made available in 2023–24 to meet the costs of the APG’s agreed work programme. Total revenue from all sources was budgeted at \$6,517,320. Total proposed expenditure from all streams of funding (core and non-core), including reserves, was \$7,013,414. The APG therefore budgeted for a deficit of \$496,094.

30. The financial results for the period 1 July 2023 to 30 June 2024 are as follows:

2023-24 FY	Budget	Actual	Variance
Income	6,517,320	6,037,232	480,088
Expenses	7,013,414	5,552,213	1,461,201
Net Operating Position	-496,094	485,019	981,113

31. Temporarily vacant staff positions and some savings in travel resulted in an underspend of core funding in FY2023-2024.

Core Funding 2023-24

32. Membership contributions are utilised by the APG as the core budget to undertake core business. For 2023-24, the core budget was approved and adopted at the 2023 APG Annual Meeting. Below is an overview of the performance against core budget in the year 2023–2024. All figures are in Australian dollars.

2023-24 FY	Budget	Actual	Variance
Income	4,237,039	5,102,809	865,770
Expenses	4,733,133	4,549,514	183,619
Net Operating Position	-496,094	553,295	1,049,389

Voluntary financial support 2023–2024

33. The Co-Chairs and the Secretariat on behalf of all APG members thank Australia, China, Japan, New Zealand and Chinese Taipei for their significant and ongoing voluntary financial support

of APG activities in 2023–2024, which has contributed to ensuring that the APG remains a high-performing FSRB.

Untied Funding

34. In 2023-2024 Australia paid a voluntary contribution of \$21,033.

Project funding

35. Five members provided project funding, each tied to particular projects and realised as revenue as expenditure is made, in FY2023–2024: Australia, China, Japan, New Zealand and Chinese Taipei.

36. Australia: In 2020, Australia provided \$526,000 over three years to provide technical assistance to Afghanistan ahead of their mutual evaluation. No expenses were incurred in FY2023-2024 and steps are being taken to return these funds to Australia.

37. China made a voluntary contribution of US\$200,000 to support an additional policy officer in the Secretariat for two years. \$109,343 of this amount was expensed in FY2022-2023 and the remaining funds proposed to be rolled over to other grants. In December 2018, China provided a grant of US\$130,000 over three years (2019-2021) to support the APG’s ICRG program and support specific Pacific APG members’ attendance at APG annual events. China also agreed to roll over the balance (\$30,035) of the 2016-18 voluntary contribution into the 2019-2021 program to support specific Pacific members. In November 2017 China provided a grant of US\$130,000 over four years (2018–19 to 2020–21) to support the APG’s 3rd Round ME programme. \$128,659 was spent in FY2023–2024 and the remaining balance of \$80,034 is expected to be spent in FY2023-24.

China	AUD
Total VC Received	641,445
Total Expense	561,431
Balance Remaining	80,034

38. Japan: In April 2020, Japan provided \$266,533 to the APG to support training on the FATF standards. \$64,288 was spent in 2023-24 and the remaining balance of \$52,262 is expected to be spent in FY 2023-24.

Japan	AUD
Total VC Received	266,533
Total Expense	214,271
Balance Remaining	52,262

39. New Zealand: New Zealand has made voluntary contributions to support experts travelling from New Zealand to APG events to benefit members, and other agreed activities. New Zealand provided an additional \$80,000 in July 2023 and \$139,358 in June 2024. \$182,703

was spent in FY 2023-24 and the remaining balance is budgeted for use in FY 2024-25 and beyond.

New Zealand	AUD
Total VC Received	639,358
Total Expense	317,297
Balance Remaining	322,061

40. Chinese Taipei: In April 2019, Chinese Taipei agreed to provide a grant of \$75,000 per year over two years (March 2019 to March 2021) for priority Pacific Island members and observers. This funding has been extended due to the inability to utilise funds for their intended purpose as a result of travel restrictions. The remaining balance of the previous voluntary contribution for 2016-18 was allocated for expenditure on the APGML website redevelopment. In November 2021, Chinese Taipei agreed to provide \$205,500 over three years to support the work of the Secretariat in addressing strategic deficiencies related to AML/CFT. \$207,080 was spent in FY 2023-24 and the remaining balance is budgeted for use in FY 2024-25 and beyond.

Chinese Taipei	AUD
Total VC Received	394,660
Total Expense	187,579
Balance Remaining	207,081

PACD program funding

41. New Zealand agreed in June 2023, through the Ministry of Foreign Affairs and Trade, to continue supporting economic stability in APG Pacific Island members through Phase II of the PACD program. Total value of the programme is NZD6,000,000 over five years (2023-2028). In 2023-2024, a total of AU\$652,815 was spent on: (i) dedicated staff positions, (ii) delivery of technical assistance and training projects to APG Pacific Members, and (iii) administrative costs. Additional detail is outlined in the PACD Program 2022-2023 Annual Report (**Annex C**).

In-kind support

42. Australia: Australia provides yearly in-kind support (accommodation, ICT services, finance, human resources, security, legal etc.). In FY2023–24, the value of this in-kind support was attributed at \$828,137.

Budget for 2024–2025

43. The APG's agreed 2024-2025 budget outlines the anticipated income and expenditure to support the agreed business plan adopted by the membership in 2024. The membership agreed to a 11.1% budget increase over 2023-2024 for membership contributions. Income for the year from both membership contributions and voluntary donations is budgeted to be \$7,172,288. Non-core expenditure from voluntary donations, reserves and in-kind support is

budgeted for \$2,905,394. Total expenditure from all sources in this year is budgeted at approximately **\$7,612,773**, resulting in a budgeted deficit of \$440,485.

2024-25	Income
Core	4,707,379
Non-core	2,464,909
Total Income	7,172,288
	Expenses
Core	5,147,864
Non-core	2,464,909
Total Expense	7,612,773
Net position	-440,485

44. The business plan for the year is budgeted against these figures. The activities are outlined in the next part of this report.

PART FIVE

Programs and Plans 2024-2025

Principal Tasks 2024–25

45. The APG's key tasks for 2024–25 were agreed by the membership using the *Out of Session* process through the Governance Committee. These are set out below

Key meetings

46. The following key APG meetings will occur in 2024–25:

- 2024 Annual Typologies Workshop;
- 2025 APG Annual Meeting and Annual Forum on Technical Assistance and Training; and
- APG Governance Committee will meet at least five times in the year.

Membership visits

47. One membership-related visit will be undertaken to members and/or non-members to facilitate full and active membership and promote commitment to the global AML/CFT standards. Additional visits and activities will be undertaken with external donor funding, if required.

Participation in global AML/CFT network

48. As an associate member of the FATF, the APG will participate in:

- three FATF plenary meetings;
- three ICRG meetings (during plenary meetings);
- working group meetings in the FATF; and
- meetings of the FATF's Asia/Pacific Joint Group (A/P JG).

49. Information from the Global Network will be disseminated to members when received. The Secretariat will provide communication, information and liaison assistance to the A/P JG in further support of APG members in accordance with the APG Strategic Plan 2024–2028.

Mutual Evaluations

50. The APG will:

- Complete the MEs of Niue and the Maldives;
- Commence the MEs of Canada, Malaysia and Singapore as FATF-led joint APG assessments;
- Continue the ME follow-up process for all non-FATF members assessed in the 3rd Round of assessments; and
- Support enhanced quality and consistency reviews of ME and follow-up reports including contributions to FATF and FSRB reports.

ME Training and Other Support

51. In relation to the Global 5th Round, the APG will:

- Deliver standards training workshops for potential assessors and officials preparing for or responding to a ME;
- Conduct pre-mutual evaluation training for members yet to be assessed;
- Provide ME preparation training, including regional ME preparation training, briefings and awareness raising to members on their upcoming MEs; and
- Deliver assessor training and AML/CFT workforce plans to ensure all APG members are able to provide sufficient skilled assessors during the APG Global 5th Round.

ME Policy and Schedule

52. In relation to the APG 3rd Round, the APG will:

- Amend ME procedures (as needed) through the ME Committee for final approval by the membership.

Implementation, Technical Assistance and ICRG Activities

53. The APG will:

- Provide priority assistance and support for members involved in the ICRG process, including participation at A/P JG meetings, ICRG meetings, information briefings, supply of information and interpretative materials, implementation assistance and coordination of technical assistance and training;
- Conduct ICRG-related assistance visits to members under ICRG review with external donor support;
- Assist members to develop sustainable strategies to meet MER recommendations including implementing the Strategic Implementation Planning Framework and responding to ICRG action plans;
- Continue to coordinate and support technical assistance and training, including supporting the APG DAP Group, deliver the annual TA&T Forum in 2025 and collect, analyse and share information on the needs and delivery of TA through the DAP Group and other processes;
- Consider a number of regional AML/CFT technical assistance projects, in collaboration with DAP Group members for legal, financial, FIU and law enforcement sectors;
- Support existing mechanisms with the Pacific Island Forum Secretariat and the ASEAN Secretariat, and will continue efforts to support greater cooperation with South-Asian regional bodies;
- Work closely with the APG Co-Chairs and DAP Group members to support a number of the priorities for 2024-2025, either by providing guidance, sharing expertise or by conducting technical assistance projects in line with those priorities. The APG Secretariat's thematic TA areas of primary focus throughout 2024-25 will include:
 - virtual assets/VASPs;
 - proliferation financing risk assessments;
 - asset confiscation; and
 - beneficial ownership.
- Implement the Pacific AML/CFT Capacity Development program funded by New Zealand.

Typologies

54. The APG will:

- Deliver the 2024 Annual Typologies Workshop. The workshop will be held in Kuala Lumpur, Malaysia, from 11 to 13 November 2024 and consist of two streams: abuse of legal persons and cyber-enabled fraud/scams;
- Adopt the 2024 APG Yearly Typologies Report, with a focus chapter on abuse of legal persons; and
- Support initiatives by the FATF's RTMG and typologies-related work from members and observers where possible.

APG resources

55. The financial resources required to achieve these programmes and plans for 2024–25 extend beyond members' core contributions to include additional financial resources, as well as human and technical resources. Many TA activities and visits rely on voluntary funding and on participation by individual member experts. The APG will continue in the coming year to seek additional resources from members and observers to assist in meeting our strategic objectives.

ANNEX A

APG Activities and Conferences 2023-2024

Associate Member Activities	Member Activities	Conferences, Workshops, Seminars
<ul style="list-style-type: none"> • FATF Plenary, Paris, France, February 2024 • FATF Plenary, Paris, France, October 2023 • FATF Plenary, Singapore, October 2024 • FATF/Interpol Roundtable Engagement II (FIRE II), September 2023 • GAFILAT's Beneficial Ownership Transparency, tax crimes and the fight against ML/TF forum, November 2023 • Asia Pacific Joint Group meeting (FATF ICRG), Bangkok Thailand, January 2024 • Asia Pacific Joint Group meeting (FATF ICRG), Mumbai India, August 2023 • Asia Pacific Joint Group meeting (FATF ICRG), Bali, Indonesia, August 2023 	<ul style="list-style-type: none"> • Chinese Taipei, meeting with TECO Director, Sydney, Australia, August 2023 • Lao PDR Strategic Implementation and Planning visit, August 2023 • Sri Lanka high level visit, September 2023 • Teen Diplomatic Envoy visit from Chinese Taipei, Sydney Australia visit, January 2024 • APG Co-Chairs' Priorities: Technical Seminar on Grand Corruption, virtual meeting (Canadian Department of Finance and Global Affairs and APG), May 2024 • Nauru ME Onsite Visit, October 2023 • Timor Leste ME Onsite Visit , October 2023 • RMI ME Onsite Visit, October 2023 • PNG ME Onsite Visit, October 2023 • India ME Onsite Visit, November 2023 • Nauru F2F, Brisbane Australia, April 2024. • Timor Leste F2F, April 2024. • PNG F2F, April 2024. • RMI F2F, Brisbane Australia, April 2024 • India F2F, Paris, France, April 2024 	<ul style="list-style-type: none"> • Speaker on 'Implementing AML/CFT Standards – Enhancing Beneficial Ownership Transparency Frameworks', Singapore Training Institute, July 2023 • Co-host, 'ROK-U.S.-APG Counter Proliferation Financing Outreach Program', Korea, U.S., APG, virtual workshop, July 2023 • Speaker on 'Asia NPO Regional Consultation: Best Practices in Countering Money Laundering and Terrorism Financing While Preserving Civic Space' workshop, virtual meeting, July 2023 • Speaker on 'The Decline of Correspondent Banking in Pacific Island Countries, (PIFS), Fiji, 7 August 2023 • Speaker on 'Anti-Corruption Initiative for Asia and the Pacific', webinar, (ADB & OECD), virtual meeting, August 2023 • Speaker on 'PPPs for Financial Integrity', webinar, (ABA & ROLI), August 2023 • Interview and Research Study: Peer Review of Financial Regulatory Agencies, Sydney University, August 2023 • International Conference on Financial Crime and Terrorism Financing, Asian Institute of Chartered Bankers, October 2023 • The Global Coalition to Fight Financial Crime APAC Chapter on combatting online sexual exploitation of children, virtual meeting, October 2023 • Brief to the UN Counter-Terrorism Committee on the efforts and challenges of the implementation of CFT international standards, New York, December 2023 • 26th Meeting of the Task Force on Tax Crimes and Other Crimes, (OECD), November 2023 • 2nd Annual PFIC Plenary, Cook Islands, November 2023 • 8th ARIN-AP Annual General Meeting, Thailand, December 2023

		<ul style="list-style-type: none"> • ADB Conference on correspondent banking, Australia, November 2023 • Asia-Pacific Regional Conference on Counter-Terrorism Financing Measures and Their Impacts on Civil Society and Democratic Spaces, (European Center for Not-For-Profit Law) virtual presentation, December 2023 • Expert Working Group on Disrupting the Financing of the Proliferation of Weapons of Mass Destruction (UNODC), New York, December 2023 • Winter Asia Wolfsberg Meeting, virtual presentation, February 2024 • Promotion of Transparent and Competitive Business Climate in Sri Lanka Workshop (Sri Lanka), virtual presentation, February 2024 • Money Laundering Workshop (Australian Federal Police), Australia, February 2024 • AML/CTF Regulation for Virtual Assets (VAs) and Virtual Assets Service Providers (IOSCO Asia Pacific Hub), virtual presentation, March 2024 • CBR Roadmap Implementation Coordination Event (PIFS, WB), Australia, March 2024 • 2024 Pacific Financial Intelligence Community Meeting (PFIC), virtual meeting, April 2024 • Technical Experts Meeting on Following the Money in Trafficking in Persons (ASEAN – Australia Counter Trafficking program and the Global Initiative Against Transnational Organised Crime) Jakarta, Indonesia, June 2024. • 13th open-ended intergovernmental expert meeting to enhance international cooperation under the UNCAC, virtual presentation, June 2024 • ACAMS Australasia Assembly, speaker, Australia, June 2024. • IJ SE Asia TF Program Launch, virtual presentation, June 2024 • UNSCR 1540 Training Course, virtual presentation, June 2024.
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ANNEX B

Asia/Pacific Group on Money Laundering

Special Purpose Financial Statements for the year ended 30 June 2024

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Statement by the Executive Secretary

In my opinion:

1. The Asia/Pacific Group on Money Laundering (APG) is not a reporting entity and these special purpose financial statements and notes:

- are based on properly maintained financial records and prepared in accordance with the accounting policies outlined in the overview to the financial statements which are appropriate to meet the needs of users;
- present fairly the APG's financial position as at 30 June 2024 and its performance for the year ended on that date; and

2. At the date of this statement, there are reasonable grounds to believe that APG will be able to pay its debts as and when they become due and payable.



Chris Black
Executive Secretary, APG Secretariat

13th September 2024

Statement of comprehensive income

for the year ended 30 June 2024

	Notes	2024 \$	2023 \$
INCOME			
Contributions from members	1.1	4,253,619	3,612,997
Other contributions	1.2	955,476	1,054,290
Total revenue		5,209,095	4,667,287
Gains			
Resources received free of charge from the AFP		828,137	804,875
Total gains		828,137	804,875
Total income		6,037,232	5,472,162
EXPENSES			
Employee benefits	2.1	3,544,694	3,273,686
Depreciation and amortisation		572	572
Supplier expenses	2.2	1,051,060	1,251,761
Travel expenses	2.3	955,887	566,258
Total expenses		5,552,213	5,092,277
Surplus		485,019	379,885

The above statement should be read in conjunction with the accompanying notes.

Statement of financial position

as at 30 June 2024

	Notes	2024 \$	2023 \$
ASSETS			
Financial assets			
Cash and cash equivalents		6,091,597	4,844,614
Trade and other receivables	3	78,694	162,174
Total financial assets		6,170,291	5,006,788
Non-financial assets			
Property, plant and equipment		1,096	1,668
Prepayments		-	93,356
Total non-financial assets		1,096	95,024
Total assets		6,171,387	5,101,812
LIABILITIES			
Payables¹			
Supplier payables		125,289	57,628
Unearned income	4	2,235,865	1,603,339
Salaries and wages		76,648	78,867
Superannuation		12,377	12,322
FBT		2,337	2,818
Total payables		2,452,516	1,754,974
Provisions			
Leave provisions ²		936,119	1,049,105
Total provisions		936,119	1,049,105
Total liabilities		3,388,635	2,804,079
Net assets		2,782,752	2,297,733
EQUITY			
Retained surplus		2,782,752	2,297,733
Total equity		2,782,752	2,297,733

The above statement should be read in conjunction with the accompanying notes.

¹ All supplier payables are expected to be settled within 7 days (2023: 7 days). All other payables are expected to be settled within 12 months.

² Employee provisions which are expected to be settled beyond 12 months (commonly long service leave), are discounted to present value using market yields on the 10-year government bond rate.

Statement of changes in equity

for the year ended 30 June 2024

	2024	2023
	\$	\$
Retained surplus		
Opening balance	<u>2,297,733</u>	<u>1,917,848</u>
Comprehensive income		
Surplus for the period	485,019	379,885
Total comprehensive income	<u>485,019</u>	<u>379,885</u>
Closing balance	<u>2,782,752</u>	<u>2,297,733</u>

The above statement should be read in conjunction with the accompanying notes.

Cash flow statement

for the year ended 30 June 2024

	2024	2023
	\$	\$
Operating activities		
<i>Cash received:</i>		
Contributions and other receipts	5,925,102	4,394,908
Net GST received from ATO	12,319	51,682
Total cash received	<u>5,937,421</u>	<u>4,446,590</u>
<i>Cash used:</i>		
Employees	3,659,844	3,243,988
Suppliers and other payments	1,030,594	1,187,408
Total cash used	<u>4,690,438</u>	<u>4,431,396</u>
Net cash from operating activities	<u>1,246,983</u>	<u>15,194</u>
Net increase in cash held	1,246,983	15,194
Cash and cash equivalents at the beginning of the reporting period	4,844,614	4,829,420
Cash and cash equivalents at the end of the reporting period	<u>6,091,597</u>	<u>4,844,614</u>

The above statement should be read in conjunction with the accompanying notes.

Overview

Objectives of Asia/Pacific Group on Money Laundering

The purpose of the Asia/Pacific Group on Money Laundering (APG) is to facilitate the adoption, implementation and enforcement of internationally accepted standards against money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction, in particular the Forty Recommendations of the Financial Action Task Force (FATF). The APG allows for regional factors to be taken into account in the implementation of anti-money laundering, anti-terrorist financing and anti-proliferation financing measures and provides for peer review by means of a mutual evaluation process.

Basis of preparation of the financial statements

The APG's accounts form part of the Australian Federal Police (AFP) special account, Services and Other Entities Trust Moneys Account.

The AFP continued to host the APG for the year ended 30 June 2024 and has prepared this special purpose financial report for the members of the APG. This special purpose financial report has been prepared for distribution to the members to fulfil the Executive Secretary's financial reporting requirements under the APG Terms of Reference.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention.

The financial statements are presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Unless alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the statement of financial position when it is probable that future economic benefits will flow to the entity or future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an Accounting Standard. Assets and liabilities that are unrecognised are reported as commitments. There are no operating or capital commitments payable at 30 June 2024 (2023: nil operating or capital commitments).

Contingent liabilities and assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote. The APG does not have any contingencies as at 30 June 2024 (30 June 2023: nil).

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when and only when the flow, consumption or loss of economic benefit has occurred and can be reliably measured.

Significant accounting judgements and estimates

In the process of applying the accounting policies listed in this note, the APG has made the following judgement that has the most significant impact on the amounts recorded in the financial statements:

- The liability for long service leave has been estimated using present value techniques. This takes into account expected salary growth through promotion, inflation, attrition and future discount rates.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

Overview (cont.)

New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No new or revised standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period had a material effect on the APG's financial statements.

Future Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date stated in the standard.

Gains

Resources received free of charge

Resources received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Financial instruments

The APG's financial instruments are measured at fair value. Interest-earning financial assets and liabilities are measured using the effective interest rate method. The carrying amount of all financial instruments in the Statement of financial position approximates fair value. Financial instruments held by the APG carry minimal credit, liquidity and market risk.

Taxation

The APG is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Events after the reporting period

No significant events have occurred since the reporting date requiring disclosure in the financial statements.

Note 1: Income

	2024	2023
	\$	\$
Note 1.1: Contributions from members		
Australia	248,967	206,794
Bangladesh	39,492	33,458
Bhutan	16,185	13,792
Brunei Darussalam	16,185	13,792
Cambodia	16,185	13,792
Canada	280,269	236,023
China	499,971	426,055
Chinese Taipei	114,354	85,261
Cook Islands	16,185	13,782
Fiji	16,185	13,792
Hong Kong, China	102,597	80,416
India	376,359	320,715
Indonesia	148,456	126,506
Japan	610,134	519,931
Korea	260,835	220,275
Lao PDR	16,185	13,792
Macau, China	16,185	75,783
Malaysia	60,036	49,472
Maldives	16,185	13,792
Marshall Islands	16,185	13,792
Mongolia	16,185	13,775
Myanmar	16,185	13,792
Nauru	17,981	16,185
Nepal	16,185	13,792
New Zealand	76,440	59,404
Niue	16,185	13,792
Pakistan	42,214	37,536
Palau	16,185	13,792
Papua New Guinea	29,977	13,792
Philippines	52,122	43,515
Samoa	16,185	13,792
Singapore	121,402	95,261
Solomon Islands	16,185	13,792
Sri Lanka	16,185	13,335
Thailand	77,544	64,407
Timor-Leste	16,185	13,792
Tonga	16,185	13,792
Tuvalu	16,185	-
United States	717,049	610,197
Vanuatu	16,185	13,792
Vietnam	37,535	30,447
Total contributions from members	4,253,619	3,612,997

Note 1: Income (cont.)

	2024	2023
Note 1.2: Other contributions	\$	\$
Voluntary Contribution - Australia	21,033	103,918
Project Contribution - China	128,659	131,970
Project Contribution - Chinese Taipei	81,950	14,817
Project Contribution - NZ Ministry of Foreign Affairs and Trade	547,537	595,751
Project contribution - Japan	64,288	155,780
Project Contribution - NZ MOJ Specific Travel	112,009	52,054
Total other contributions	955,476	1,054,290

Accounting Policy

Contributions

Contributions from members are annual contributions from APG members to fund the ongoing activities of the APG. They are recognised as income on receipt. This treatment of income is consistent with AASB 1058 *Income of Not-for-Profit Entities*.

Voluntary contributions are received from members in accordance with funding agreements which establish the purpose of the activities, proposed budgets, monitoring and evaluation plans. Revenue from voluntary contributions are recognised as revenue over time when performance obligations are met. This treatment of revenue is consistent with AASB 15 *Revenue from Contracts with Customers*.

Project contributions are additional allocations attributed to particular projects or activity as specified by the donor. Project contributions are recognised over time when performance obligations are met. This treatment of revenue is consistent with AASB 15 *Revenue from Contracts with Customers*.

Note 2: Expenses

	2024	2023
Note 2.1: Employee benefits	\$	\$
Wages and salaries	2,615,319	2,371,358
Superannuation:		
Defined contribution plans	336,907	310,810
Defined benefit plans	136,157	129,395
Leave and other entitlements	450,657	450,232
Other employee expenses	5,654	11,891
Total employee benefits	3,544,694	3,273,686

Accounting Policy

Liabilities for services rendered by employees are recognised at the reporting date to the extent they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Note 2: Expenses (cont.)

Accounting Policy (cont.)

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting as the average sick leave taken in future years by employees of the APG is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates at the time the leave is taken, including the APG's employer superannuation contribution rates to the extent the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2024. Attrition rates and pay increases through promotion and inflation are taken into account in the estimate of the present value of the liability. A full review by an actuary is conducted every 3 years.

Superannuation

Staff of APG are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap). The CSS and PSS are defined benefit schemes for the Commonwealth of Australia. The PSSap is an accumulation fund.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

APG make employer contributions to their employee's superannuation scheme at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the APG's employees. APG accounts for the contributions as if they were contributions to defined contribution plans.

Note 2.2: Supplier expenses

	2024	2023
Goods and services	\$	\$
Consultants and contractors ¹	295,529	344,309
Audit fees	11,500	34,000
Legal fees	36,387	10,583
Staff and recruitment	909	1,170
Conference costs	28,331	223,445
Communications and IT	9,917	9,983
General and office	10,386	4,720
Building and accommodation ¹	43,809	55,360
Office space ¹	529,933	508,158
Other expenses	30,405	18,251
Total goods and services	997,106	1,209,979
Other supplier expenses		
Workers compensation expenses	53,954	41,782
Total other supplier expenses	53,954	41,782
Total supplier expenses¹	1,051,060	1,251,761

¹ Supplier expenses include \$828,223 (2023:\$804,875) of resources received free of charge from the AFP comprising consultants and contractors \$254,481 (2023: \$241,357), building and accommodation \$43,809 (2023: \$55,360) and office space \$529,933 (2023: \$508,158).

Note 2.3: Travel expenses

Airfares	550,198	301,769
Accommodation	311,810	157,301
Other travel expenses	93,879	107,188
Total travel expenses	955,887	566,258

Note 2: Expenses (cont.)

Note 2.4: New Zealand Ministry of Foreign Affairs and Trade (MFAT) expenses*

Breakdown of expenses	MFAT	All Other APG	Total
	\$	\$	\$
Employee	388,144	3,156,550	3,544,694
Supplier	88,571	962,489	1,051,060
Travel	121,720	834,167	955,887
Total	598,435	4,953,206	5,551,641

In 2017, the New Zealand government provided voluntary funding over five years to support a programme of technical assistance and training in the Pacific. This includes the establishment of three additional staff (referred to as the "Pacific Cell") in the APG secretariat. Reflecting COVID-related delays, the timeframe for expenditure of the funding was extended to a sixth year and will conclude in the 2nd half of 2024. A second phase of this funding was agreed to in 2023 for an additional five-year period covering 2023 to 2028. This funding forms part of the APG's accounts and is reflected in these financial statements. However, for accountability reasons, and to ensure that this funding does not affect other APG resourcing from member contributions, day to day management of this funding is kept separate from other APG funds. It is reported on separately here for transparency.

* Note 2.4 does not include the depreciation expense.

Note 3: Trade and other receivables

	2024	2023
	\$	\$
Member contributions and other receivables	59,280	160,857
GST receivable from the Australian Taxation Office	2,399	1,317
Receivable from AFP	17,015	-
Total trade and other receivables	78,694	162,174
Total impairment loss allowance	-	-
Total trade and other receivables (net)	78,694	162,174

¹ This amount includes membership contributions from five members which have not been received in full as at 30 June 2024.

Accounting Policy

Credit terms for goods and services are 30 days (2023: 30 days). Receivables are held for the purpose of collecting contractual cash flows and measured at amortised cost using the effective interest method adjusted for any loss allowance.

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses.

Note 4: Unearned income

	2024	2023
	\$	\$
Member and project contributions paid in advance		
Project contribution - US State Department	30,238	30,238
Project contribution - China	80,034	208,693
Project contribution - Chinese Taipei	207,080	289,031
Project contribution - NZ Ministry of Foreign Affairs and Trade	653,235	142,294
Project contribution - New Zealand	182,703	294,712
Project contribution - US State Department	1,618	1,618
Project contribution - Australian Department of Foreign Affairs and Trade	526,000	526,000
Project contribution - Japan	540,292	110,753
Project contribution - UK	14,665	-
Total unearned income	2,235,865	1,603,339

ANNEX C



Asia/Pacific Group
ON MONEY LAUNDERING

August 2024

Pacific AML/CFT Capacity Development Program

Phase II Annual Report
2023 – 2024

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Abbreviations & Acronyms

ADB	Asian Development Bank
AFI	Alliance for Financial Inclusion
AFP	Australian Federal Police
AGD	Attorney-General's Department
AML/CFT	Anti-Money Laundering / Countering the Financing of Terrorism
APEC	Asia-Pacific Economic Cooperation
APG	Asia/Pacific Group on Money Laundering
ARIN-AP	Asset Recovery Interagency Network Asia Pacific
ASEAN	Association of Southeast Asian Nations
AUSTRAC	Australian Transaction Reports and Analysis Centre
CBRs	Correspondent Banking Relationships
CIFIU	Cook Islands Financial Intelligence Unit
DAP	Donors and Providers of AML/CFT technical assistance
DFAT	Department of Foreign Affairs
DIA	Department of Internal Affairs New Zealand
DNFBPs	Designated Non-Financial Businesses and Professions
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FSVC	Financial Services Volunteer Corps
FY	Financial Year
GIFCS	Group of International Finance Centre Supervisors
IDB	Islamic Development Bank
IMF	International Monetary Fund
KRA	Key Recommended Action
LEA	Law Enforcement Agency
MFAT	New Zealand Ministry of Foreign Affairs and Trade
ML	Money laundering
ME	Mutual Evaluation
MER	Mutual Evaluation Report
MERL	Monitoring, Evaluation, Research and Learning
MOJ	Ministry of Justice
NCBF	Non-Conviction Based Asset Forfeiture
NPO	Non-profit organisation
NZ	New Zealand
NZD	New Zealand dollar
OCO	Oceania Customs Organisation
OECD	Organisation for Economic Co-operation and Development
PACD	Pacific Anti-Money Laundering and Combating the Financing of Terrorism Capacity Development
PF	Proliferation Financing
PFIC	Pacific Financial Intelligence Community
PFTAC	Pacific Financial Technical Assistance Centre
PICs	Pacific Island Countries
PICP	Pacific Islands Chiefs of Police
PIF	Pacific Islands Forum

PIFS	Pacific Islands Forum Secretariat
PILON	Pacific Islands Law Officers' Network
POC	Proceeds of Crime
PNG	Papua New Guinea
SIP	Strategic Implementation Planning
SOP	Standard Operating Procedure
STR	Suspicious Transaction Report
TA	Technical assistance
TA&T	Technical assistance and training
TF	Terrorist Financing
TFS	Targeted Financial Sanctions
UNODC	United Nations Office on Drugs and Crime
UN CTED	United Nations Counter-Terrorism Committee Executive Directorate
WCO	World Customs Organisation

Pacific AML/CFT Capacity Development (PACD) Program

Vision

Support economic stability in the Pacific, particularly for those most vulnerable, including women.

Mission

Coordinate the provision of technical assistance to strengthen national anti-money laundering and countering financing of terrorism (AML/CFT) systems in the Pacific.

Policy Statement

The Asia/Pacific Group on Money Laundering (APG) aims to promote the effective implementation of international Financial Action Task Force (FATF) standards for AML/CFT across the Asia/Pacific region. These standards target the criminal activities that undermine the legitimacy of financial systems and threaten the sound governance of economies, private sector investment and, ultimately, sustainable economic growth.

Criminal activities, including corruption, drug-trafficking and environmental crimes, are not merely threats to good governance; they also draw illicit funds out of jurisdictions and public resources. This strains already scarce resources and thereby impacts the prosperity and stability of economies. By working to enhance the capabilities of institutions to detect, investigate, prosecute and repatriate illicit funds, this manipulation of public funds and capital flight can be minimised.

A robust economy with an effective AML/CFT framework promotes inclusion in the broader international financial system and fosters private sector investment in trade, tourism and fisheries. Increased participation in the global economy encourages productivity, opportunities for trade and profitability leading to economic growth and development. Conversely, we have seen the severe repercussions on developing economies if they are excluded from global financial flows as a consequence of perceived risks of money laundering and terrorist financing (ML/TF).

Overview

In 2023 the APG Secretariat received a funding grant from New Zealand Ministry of Foreign Affairs and Trade (MFAT) for a second five-year phase (Phase II) of the Pacific AML/CFT Capacity Development (PACD) program, to be implemented from 2023-2028. Phase II of the program builds upon the relationships established and the activities delivered under Phase I, while addressing recommendations from the program's external review in 2022 and expanding the program to incorporate additional support for the APG's Pacific members. A key component of the PACD Program is the collaboration with the Donors and Providers (DAP) Group and Pacific regional organisations. As travel has returned after the COVID-19 period, the Pacific Cell has been able to strengthen its in-person engagement with these partners. This 2023-2024 Annual Report provides information on the first year of funding under Phase II of the PACD Program.

APG members and observers involved in the program

APG Members	Pacific APG Observers	Members of the APG Donors and Providers (DAP) Group	
Cook Islands Fiji Republic of Marshall Islands Nauru Niue	Federated States of Micronesia Kiribati	ADB/OECD Anti-Corruption Initiative for Asia-Pacific AFI APEC secretariat ARIN-AP	Interpol IDB Japan Korea Malaysia New Zealand

Palau		ASEAN secretariat	OCO
Papua New Guinea		ADB	PICP
Samoa		Australia	PIFS
Solomon Islands		Canada	PILON
Timor-Leste*		China	PFTAC
Tonga		Commonwealth	Chinese Taipei
Tuvalu		secretariat	United Kingdom
Vanuatu		Egmont Group of FIUs	United Nations
		FSVC	UN CTED
		France	UNODC
		Germany	United States
		GIFCS	World Bank
		IMF	WCO

* In May 2024 MFAT approved the inclusion of Timor-Leste in the PACD Program. Timor-Leste is not classified as a Pacific member within APG governance structures, but will be classified as one in the PACD program.

PACD Strategic Goals

The PACD Program originally had four strategic goals:

- **Strategic Goal 1:** Be an effective technical assistance (TA) cell supporting implementation of the FATF standards and the work of the AML/CFT network in the Pacific;
- **Strategic Goal 2:** National AML/CFT regimes are strengthened;
- **Strategic Goal 3:** AML/CFT regulation is improved and enforced; and
- **Strategic Goal 4:** Increased detection, investigation and prosecution of ML/TF.

Following consultation with Pacific members, in April 2024 the PACD Strategic Plan 2024-2028 was finalised and published. This plan included two new strategic goals to the PACD Program:

- **Strategic Goal 5:** The ME process supports the development of Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regimes; and
- **Strategic Goal 6:** Enhanced role of women in AML/CFT in the Pacific.

This Annual Report sets out progress against Strategic Goal 1-4 only. Projects to achieve goals 5 and 6 will be outlined in the PACD 2024-25 Business Plan.

2023-2024 Report Against PACD Strategic Priorities

The *PACD Business Plan 2023-2024* outlined the planned activities adopted for the first year under Phase II (2023-2028) of the PACD Program.

Pacific AML/CFT TA&T operating environment and PACD focus

The current Pacific AML/CFT technical assistance operating environment is notably different to when the PACD program commenced in 2017. There are considerably more TA donors and providers interested in, and providing active support to, Pacific members. This reflects an increased global focus on the Pacific region more broadly. De-risking challenges continue for the region, but a positive change is the significant increase in attention and support being given to work with Pacific members by development partners.

In light of the TA landscape, PACD's position in the Pacific AML/CFT TA operating environment is aligned with its strengths and niche: TA coordination, mutual evaluation preparation, and strategic implementation planning. The PACD program complements these core program components with the delivery of targeted TA. PACD is uniquely placed in that the program's broad coverage allows it to deliver targeted TA in areas where other donors and providers of TA are not providing support in key areas.

In May 2024 MFAT agreed for Timor-Leste to enter the PACD Program, which will allow for direct support to be provided in 2024-2025. This complements the completion of Timor-Leste's mutual evaluation and allows PACD to provide support to implement the recommendation actions set out in the 2024 mutual evaluation report. Tuvalu became an APG member at the July 2023 Annual Meeting and will have an individual TA coordination meeting with the DAP Group for the first time at the 2024 Annual Meeting Technical Assistance & Training (TA) Forum.

The timing of Pacific members MEs in the global 5th Round have been confirmed as follows:

- 2027: Fiji and Vanuatu*
- 2028: Samoa
- 2029: Palau
- 2030: Solomon Islands
- 2031: Cook Islands and Papua New Guinea
- 2032: Marshall Islands, Nauru, Niue, Timor-Leste, Tonga and Tuvalu*

** Vanuatu and Tuvalu's mutual evaluation timings are to be confirmed by APG members at the 2024 Annual Meeting*

The Pacific Cell has aligned activities under Phase II of the PACD program to the ME schedule, with targeted support to be provided in the years leading up to the Pacific members' MEs.

2023-2024 Summary of Activities

In the 2023-2024 financial year, the Marshall Islands, Papua New Guinea (PNG), Nauru, and Timor-Leste underwent their APG 3rd round ME, with the reports to be adopted at the 2024 APG Annual Meeting in September 2024. No Pacific jurisdictions MEs were considered at the July 2023 Annual Meeting.

Niue commenced its APG 3rd round ME in May 2024. The APG Secretariat provided extensive support for a pre-ME workshop for Niue, delivered with the Australian Attorney-General's Department (AGD) and the New Zealand Ministry of Justice (MOJ).

During the design of Phase II of the Program, it was agreed that the Program requires a **Monitoring, Evaluation, Research and Learning (MERL) framework**, to establish baseline data and better monitor the outcomes of the Program. In early 2024 the Secretariat went to tender for a contractor to create the MERL framework, however no suitable tenders were received. The Secretariat will continue to liaise with New Zealand's MFAT on suitable and affordable suppliers and is currently preparing a direct approach. The

ongoing challenge remains the lack of required skills of suppliers – those who have both AML/CFT experience and MERL experience in the Pacific region.

Recruitment of two new staff in the Pacific Cell was completed during this period, with a Policy Officer commencing in February 2024 and a Deputy Director commencing in March 2024. This will enable the Pacific Cell to have greater capacity to deliver projects for the next financial year. Onboarding staff members to Pacific Cell has been a particular focus, including training in AML/CFT standards and assessment processes, as well in internal APG policies and procedures. The Deputy Director completed the Pacific-focussed assessor training in Auckland in April 2024 and the new Policy Officer will attend assessor training in late 2024. The Pacific Cell Director commenced 12 months parental leave in June 2024 and will be backfilled at-level by another Director in the Secretariat for 2024-2025.

Strategic Goal 1: Be an effective technical assistance cell supporting implementation of the FATF Standards and the work of the AML/CFT network in the Pacific

Pacific Regional: The **APG's TA Forum** was held in July 2023 in parallel to the APG Annual Meeting in Vancouver, Canada. The TA Forum coordinated technical assistance between APG members and a large group of donors and providers. A key component of the PACD Program is the collaboration with the **Donors and Providers (DAP) Group** and Pacific regional organisations. The DAP Group is a voluntary group of APG members and observers whose goal is to provide technical assistance and advisory services in the region on a range of issues associated with AML/CFT. This year the PACD Program has worked closely with DAP Group members Australia, New Zealand, Japan and the United States, as well as International Organisations including the Pacific Islands Forum Secretariat (PIFS), Asia Development Bank (ADB), International Monetary Fund (IMF), United Nations Office on Drugs and Crime (UNODC), and the World Bank (amongst others).

A total of 23 meetings were held at the Forum, including a regional Pacific meeting and individual meetings with all Pacific jurisdictions (excluding Vanuatu, Nauru and Niue who did not attend). The TA Forum produced useful outputs, including TA delivery plans for the year. The 2024 Annual Meeting and TA Forum is being held in Abu Dhabi in September 2024, and the Pacific Cell has commenced planning for the event.

Pacific Regional: The PACD Program has had frequent engagement with the **World Bank** and **Pacific Island Forum's (PIF)** regarding the **Correspondent Banking Relationships (CBRs) project** throughout the financial year. The Program funded the APG's Deputy Executive Secretary to travel to the World Bank's CBR Workshop in Fiji in August to deliver an overview of AML/CFT compliance in the Pacific. In March 2024 the APG acting Executive Secretary, PACD Program Director and Deputy Director attended the PIFS/World Bank CBR coordination event in Sydney to contribute APG perspectives to addressing AML/CFT elements of the de-risking issues. At that event the APG committed to being a member of the project's Pacific De-risking Group, which has been established to act as a steering committee and provide oversight for implementation of the project's CBR Roadmap, enable information exchange, and to act as a coordination mechanism for the project as it develops.

Pacific Regional: Towards the end of the financial year the PACD Program engaged with United States Treasury, Australian Treasury, and Department of Foreign Affairs (DFAT) to support their hosting of the **Pacific Banking Forum** in Brisbane in July 2024, which focused on exploring the decline in CBRs and discuss potential solutions. Several outcomes of this project are focused on the work of the APG, and the PACD Program will continue to engage with this project into the next financial year.

Pacific Regional: The Pacific Cell members also attended a **two-day virtual workshop on de-risking in the Pacific region hosted by the Alliance on Financial Inclusion and the Central Bank of Samoa** in August 2023.

Tonga and PNG: The PACD Program **sponsored a female expert from Tonga to be an assessor on the PNG ME**, including funding two visits to PNG for the onsite (in October), and the face-to-face (in April), both of which are part of the ME process. During the onsite visit, the evaluation team held meetings with government authorities and representatives from the private sector and civil society groups. PNG's mutual evaluation

report will be considered for adoption at the 2024 APG Annual Meeting and the PACD Program will fund the Tongan assessor's travel to this event.

Pacific Regional: The Pacific Cell Director attended the second in-person **plenary of the Pacific Financial Intelligence Community (PFIC)** in the Cook Islands in November, which was co-hosted by the Australian Transaction Reports and Analysis Centre (AUSTRAC) and the Cook Islands Financial Intelligence Unit (CIFIU). During the meeting, Pacific Financial Intelligence Units (FIUs) and members of the region's AML/CTF teams identified pathways for future collaboration to detect and disrupt regional financial crime threats. PFIC members signalled their collective desire to broaden their efforts to share financial intelligence and collaborate to fight financial crime through the signing of a statement of intent. Representatives from the FIUs of Australia, Cook Islands, Fiji, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga and Tuvalu attended.

Detailed actions against the proposed activities in the *PACD Business Plan 2023-2024* under Goal 1 are in Annex A.

Strategic Goal 2: National AML/CFT regimes are strengthened

Niue: In August 2023 the PACD Program initiated a **legislative drafting project with Niue** which was subsequently cancelled by as despite an initial confirmation its interest in receiving drafting assistance for an AML/CFT Bill, Niue later advised it were proceeding with another provider.

Palau: In August 2023 **Palau requested drafting assistance on Targeted Financial Sanctions (TFS) for Terrorism Financing and Proliferation Financing (TF/PF)**. The PACD program engaged a law firm to provide this assistance. The drafting process is largely complete, however has been subject to delays due to slow response times by the recipient. Work will continue in 2024-2025.

Cook Islands: A **Non-Conviction Based Asset Forfeiture (NCBF) model law project with the Cook Islands** commenced in November. This project is being delivered by a law firm and will develop a model law and money laundering offence provisions via a model legal framework focused on and tailored to the Cook Islands (and potentially other Pacific jurisdictions if requested). The program will also develop implementation support, training materials and resources on the new legal framework as required by the Cook Islands. The project will continue into the next financial year.

Fiji: In October 2024 the Program contracted a consultant to complete a **Non-Profit Organisations (NPO) assistance project for Fiji**. The purpose of the project was to conduct a terrorism financing risk assessment of NPOs in Fiji, addressing elements of FATF Recommendation 8. The assessment aimed to identify FATF NPOs and current higher-risk NPOs, establish criteria for future high-risk NPOs, and provide recommendations for competent authorities including sustained outreach, risk-based monitoring, and potential legislative amendments. This project included one in-country visit to Fiji to meet with various authorities and NPO representatives to obtain further information and discuss the risk assessments and the broader project

The project found that:

- 60 per cent of all registered and deregistered NPOs meet the FATF NPO definition;
- FATF NPOs in Fiji are assessed as low TF risk, with a likelihood of threat actor abuse being possible but unlikely;
- 48 NPOs were assessed as low-risk due to their better governance and oversight mechanisms, and that they are an important sub-group as partners in enhancing understanding of TF risks and best practices among all NPOs; and
- Eight NPOs were identified as having medium threat and vulnerability due to ongoing links to groups in high-risk regions.

The project made 13 priority recommendations including:

- the need to increase staffing resources for sustained outreach and monitoring of NPOs, and that a policy and procedural framework must be developed to continuously implement the recommended outreach and monitoring;
- the need to implement annual checks for compliance with the relevant legislation; and
- while outreach and monitoring can be undertaken within the existing legal framework, specific amendments will further enhance the supervisory framework in the medium to long term.

Tonga: The Program funded APG staff travel to **Tonga to deliver a Strategic Implementation Planning (SIP) visit** in May 2024. The APG works with members in the years after their ME to assist with planning to address the ME report (MER) recommendations and work towards developing compliant and effective AML/CFT systems. The SIP visit identified that while Tonga has many pressing national priorities, two key reasons to include AML/CFT reforms amongst high order national priorities are to:

- protect remittance flows/correspondent banking relationships from de-risking; and
- address financial crime risks related to the profit-driven social threats facing Tonga, especially increasing problems with drugs and corruption and tax evasion/fraud risks.

Seven Pacific members: The PACD Program sponsored seven Pacific delegates (one from the Cook Islands, two from Fiji, one from Niue, one from Samoa, and two from the Solomon Islands) to attend the **FATF Standards Training Course in Kuala Lumpur** in November 2023. The course enhanced participants' understanding of the FATF Standards on AML/CFT and the implementation of effective measures to combat ML/TF. It is an intermediate level training for practitioners looking to improve their countries' AML/CFT measures.

Pacific Regional: In July, the APG Secretariat virtually briefed the **Pacific Fusion Centre** on the APG's work and the PACD Program.

Pacific Regional: in November the Secretariat presented virtually at the **Pacific Islands Law Officers' Network (PILON)** meeting on the PACD Program's work.

Three Pacific members: The PACD Program sponsored 7 Pacific participants – four women and three men (one from the Solomon Islands, two from Samoa, four from Fiji) to attend the **Pacific-focused APG assessor training workshop** in Auckland in May 2024. The PACD Program also sponsored the attendance of one of the APG MEC Co-Chairs to facilitate the training. The training prepared the participants to be assessors on the APG's next round of MEs. The PACD Program will work with these newly trained delegates to become assessors or reviewers in future MEs or follow-up activities.

Pacific Regional: The Program had commenced work with the **UNODC on a regional PF risk assessment project** and discussed funding a consultation workshop. After some delays, this project will be continued in the next financial year.

Nauru: The face-to-face meetings for Nauru's mutual evaluation were conducted in April in Brisbane. The PACD Program sponsored two Pacific assessors to attend this visit, a man from the Cook Islands and a woman from Palau. Nauru's mutual evaluation report will be considered and adopted by APG members at the 2024 APG Annual Meeting.

Niue: The PACD Program enhanced its **ME preparation support to Niue**. This included in-person pre-ME support to Niue in March 2024 in collaboration with Australia's AGD and New Zealand's MOJ. The APG Secretariat hosted three delegates from Niue in the APG offices in Sydney for a week to provide briefings on the ME process, to advise of changes from the previous round and to provide AGD and MOJ an opportunity to support Niue's preparation of its technical compliance submission. The visit also provided for the identification of Niue's TA needs prior to the commencement of the ME. AGD has continued to provide support to Niue following the visit.



IMAGE 1 - NIUE DELEGATES WITH MEMBERS FROM AUSTRALIA'S AGD, NEW ZEALAND'S MOJ AND THE APG SECRETARIAT

Tuvalu: The PACD Program has offered **technical assistance to Tuvalu** since it became a member of the APG in July 2023. Tuvalu has sought support with the implementation of its AML/CFT National Action Plan. Subject to Tuvalu's availability to engage in the project, work is likely to commence in the next financial year.

Detailed actions against the proposed activities in the *PACD Business Plan 2023-2024* under Goal 2 are in Annex A.

Strategic Goal 3: AML/CFT regulation is improved and enforced

Pacific regional: In September a program was discussed with New Zealand Department of Internal Affairs (DIA) to provide mentoring support on **Supervision of DNFBP (Designated Non-Financial Businesses and Profession)**, however this project was postponed by DIA due to resourcing challenges. It is envisaged this delivery of this project will commence in 2024-2025.

The 2024 **Pacific Supervisors' Forum** was held in Brisbane in July 2024, co-hosted by the APG, New Zealand DIA and PIFS. Planning had commenced in the second half of the financial year and involved close coordination with DIA, PIFS and the organisers of the Pacific Banking Forum. The event The Pacific Supervisors' Forum brought together 62 AML/CFT supervisors and practitioners from each of the APG's 12 Pacific members, as well as delegates from Australia, New Zealand, United States, PIFS and the World Bank. Participants shared key updates and discussed AML/CFT supervisory trends and developments in the Pacific region, with a variety of in-depth sessions and presentations delivered over the two days. Discussions of TA needs during the Forum identified members' eagerness to receive more on the job support, for example through the conduct of joint supervisory activity and through the provision of expert mentors to guide supervisory activity. More details on the Pacific Supervisors' Forum will be provided in the 2024-2025 Annual Report.

Detailed actions against the proposed activities in the *PACD Business Plan 2023-2024* under Goal 3 are in Annex A.

Strategic Goal 4: Increased detection, investigation and prosecution of ML/TF

Fiji and Tonga: The PACD Program has been delivering a project on **mentoring support on asset confiscation to Tonga and Fiji**, through a contracted law enforcement expert along with Australia's AGD (who are funding their own involvement in the project). The project assesses the recipient jurisdiction's key needs in the area of asset confiscation, and provide mentoring and operational support.

The first visit to Tonga took place in June. During this visit, the mentors:

- worked with investigators from several working groups and prosecutors to develop two restraints;
- identified evidence to advance three ML charges against two persons;
- delivered two targeted workshops to key persons within the Tonga law enforcement system;
- supported a response to a Suspicious Transaction Report (STR) which may result in a further ML charge;
- provided guidance and ongoing mentoring in a fraud matter; and
- continued the review of Tonga's new 2022 AML/POC Bill.

The project will continue into the next financial year, with a second visit to Tonga planned for July 2024, and visits to Fiji planned for July and September 2024.



IMAGE 2 - PACD PROGRAM CONTRACTOR CRAIG HAMILTON, AND AUSTRALIA'S AGD MEMBER JACK MATTHEWS DURING THE ASSET CONFISCATION PROJECT IN TONGA

Detailed actions against the proposed activities in the *PACD Business Plan 2023-2024* under Goal 4 are in Annex A.

Progress in Implementing 2022 Ernst & Young Evaluation Recommendations

The PACD Program was evaluated by Ernst & Young in 2022, with nine key recommendations presented in the report. The Program's progress in implementing these recommendations in the 2023-2024 financial year is set out below.

Recommendation	Proposed response in 2023-2024 Business Plan	Implementation progress
Increased focus on providing in-country mentoring-based TA to Pacific Island Countries (PICs), supplemented by virtual mentoring where appropriate.	Increase the amount of in-country mentoring-based TA, primarily in person but virtually when beneficial or necessary and taking into account the cost of travel. Mentoring to be provided by consultants, APG staff, external experts and/or embedded experts on secondment.	The PACD Program is delivering a project to develop expertise and experience through delivering in-country law enforcement training and mentoring with a focus on asset confiscation in Fiji and Tonga. The Program delivered an in-country SIP workshop to support Tonga to support strategic planning to implement the MER recommendations and improve its AML/CFT regime. The NPO project with Fiji included an in-country visit in 2023-2024
Virtual training delivery should be more focused and personally targeted, with smaller audiences if possible.	Provide smaller, more targeted virtual training products and focus on mentoring (as above).	As travel restrictions are less of a concern than during the EY evaluation period in 2022, the Program did not run any virtual training in this financial year, focussing on in-person delivery.
Address sustainability as part of the design stage of AML/CFT development programmes and activities to support long-term AML/CFT resilience.	Commence planning for providing yearly introductory AML/CFT training programmes for new staff to enhance the sustainability of AML/CFT capability in PICs.	The APG intended to develop a version of the FATF Standards Training course which the APG/PACD Program could deliver to its Pacific members, however the FATF has not authorised external delivery of its Standards Training course. The APG is continuing to engage with FATF to discuss options to permit DAPs to deliver the standards training. The FATF training project team are currently looking at options and the APG Secretariat will continue to advocate for access to these materials.
Enhance PICs' involvement in the PACD programme, including the initial design and seeking regular feedback on the outputs and outcomes.	Seek PICs' feedback on the programme design and develop individual roadmaps with PICs. Establish an annual feedback mechanism to better understand PICs' views on the PACD programme's effectiveness.	The Pacific Cell engaged with Pacific members during the planning of Phase II, including via the 2023 TA Forum and through the 2023 Pacific Supervisors' Forum. The draft PACD Phase II Strategic Plan was shared with all Pacific members, who were invited to provide input. Nauru made suggestions which will be implemented in the new financial year. More input will be sought from members during the 2024 TA Forum and Annual Meeting, particularly in relation to the new PACD strategic goals 5 and 6, with a discussion on

		diversity and inclusion planned for the Annual Meeting plenary session.
TA&T priorities and plans should be fully defined at the beginning of development programmes, with clear communication about any variations.	Increase the focus on TA priorities and planning prior to commencing new activities. Enhance the communication with PICs and other stakeholders about changes to the scope or timing of activities.	The Pacific Cell continues to engage with Pacific members and other stakeholders, both throughout the year and in-person at the TA Forum. The Secretariat collected TA needs information from its Pacific members ahead of the 2023 TA Forum, and will do so in the lead up to the 2024 TA. Additionally, the development and implementation of the MERL framework will provide a template to follow for all future projects which ensures that project outcomes are established at the beginning of projects, and that all projects engage meaningfully with the relevant PICs throughout the planning process.
Consider establishing an AML/CFT knowledge repository for PICs.	Consider the repository as part of the broader project to re-design the APG website.	This project is ongoing in consultation with the wider APG Secretariat and is focussed on the redesign of the APG website. The Pacific Cell use the APG website to share materials (e.g. presentations) with delegates, for example with the participants of the Pacific Supervisor's Forum.
Increased coordination between the APG Secretariat and PICs when scheduling TA&T delivered to PICs.	Increase the involvement of PICs in the early stages of activity design, including scheduling.	TA recipients are included in activity design from the start of a project, noting their provision of TA needs prompts the commencement of an activity.
PICs should provide input into future programmes' priorities, design and development.	Increase the involvement of PICs in the early stages of Phase II of the PACD programme and yearly business planning.	As above.
Consider the role of the private sector in any future AML/CFT programmes.	Consider including the private sector in regional or in-country events, or as part of any PACD programme activities.	Where relevant, the private sector has been included in PACD Program activities. For example, the private sector was invited to the 2023 Supervisors forum, attended specific private sector meetings during the Tonga Strategic Implementation Planning visit, and were a key stakeholder in the Fiji NPO project, with numerous NPO representatives meeting with the consultant during the in-country visit.

Report against the costed work plan for 2023-2024

The following section provides a summary of 2023-2024 expenditure and explanation for variance against the costed work plan in the *PACD Business Plan 2023-2024*.

Summary of Expenditure (NZD) 2023-2024

Output	2023-2024 Budget	2023-2024 Expenditure	Variance
Pacific TA Cell	478,055	412,919	-65,136
Technical Assistance and Training	484,000	209,058	-274,942
Strategic Goal 1	10,000	5,127	-4,873
Strategic Goal 2	291,000	158,982	-132,018
Strategic Goal 3	85,000	17,425	-67,575
Strategic Goal 4	98,000	27,524	-70,476
Administrative costs	17,500	14,656	-2,844
TOTAL	979,555	636,633	-342,922

Intended Use of Grant Underspend

As set out in Table 1, the total underspend for 2023-24 is NZD 342,922. The primary reasons for the underspend are recruitment delays, resulting in an underspend on salaries, and delays in the delivery of projects. Project delays occurred due to project partners being unable to proceed as per the project plan, or because consultants experience delays in receiving crucial input or feedback from TA recipients.

The underspend will be reallocated to the 2024-2025 work plan, noting a number of projects are ongoing.

Detailed Expenditure (NZD) 2023-2024

Output	Total (NZD)
Pacific TA Cell	412,919
Permanent Pacific Cell Staff costs	412,532
Salary Attribution Costs	387 ¹
Technical Assistance and Training	209,058
Strategic Goal 1	5,127
Correspondent Banking Relationship Workshop, Suva, Fiji	346
Pacific Financial Intelligence Community (PFIC) meeting, Cook Islands	4,781
Strategic Goal 2	158,982
TFS legislative drafting project - Palau	28,000
NPO project – Fiji	20,540
NCBF legislative drafting project - Cook Islands	10,709
Assessor Training – Auckland, New Zealand	29,276
Tonga SIP	4,147
Pre-ME support – Niue	6,722
PNG On-site (October) and F2F (April) – Assessor sponsorship	12,488
Sponsorship to APG & APG supported training	37,833
ME support for Nauru F2F (April) – Assessor sponsorship x 2	9,266
Strategic Goal 3	17,425
Pacific Supervisor' Forum – Brisbane, Australia (July 2024) ²	17,425
Strategic Goal 4	27,524
Asset Confiscation support – Tonga & Fiji	15,166
LEA Training ³	12,357
Administrative costs	14,656
General administration costs (recruitment)	548
Staff travel	2,417
Procurement of Standalone Laptop	2,216
APG Annual Meeting	8,596
TOTAL	636,633

¹ An accounting error resulted in the inaccurate salary attribution figures being reported to the APG auditors. The correct figure should be NZD 13,827. The difference will be attributed in 2024-2025.

² Part cost assigned to 2023-2024, remained will be attributed to 2024-2025 financial year

³ Final payment for 2022-2023 LEA training project

Annex A – Detailed actions against the proposed activities in the PACD Business Plan 2023-2024

Strategic Goal 1: Be an effective Pacific cell supporting implementation of the FATF standards and the work of the global AML/CFT network in the Pacific

Strategies:

- Ensure effective coordination and governance structures are in place, including within the secretariat and with MFAT, Pacific Island jurisdictions, regional organisations, and other donors and TA providers.
- Resource the Pacific Cell with appropriately qualified staff to ensure delivery of expected outcomes and proper management of NZ funds.

Proposed 2023-2024 Activities	Status	Comments
1.1: Review the PACD Strategic Plan to ensure the Strategic Goals are aligned with the objectives of Phase II of the programme. In particular, the new Strategic Plan will focus on the role of women in Pacific AML/CFT efforts with the following activities planned for 2023-2024	1.1.1: Explore establishing and supporting a Pacific network of women in AML/CFT, in collaboration with New Zealand	In development Due to delays in staffing of the Pacific Cell, this project is currently in the planning phase and will continue in FY24/25.
	1.1.2: Ensure Pacific Cell activities are aligned with broader APG activities on gender	In development The Secretariat is developing a terms of reference on diversity and inclusion for consideration by the APG membership at the 2024 Annual Meeting to establish a 12-month pilot program. Once completed the Pacific Cell will align with relevant gender-based secretariat activities.
	1.1.3: Where possible, select women to be sponsored for training events and workshops	In development The PACD program has funded several women as sponsored delegates to events and to trainings, including the April Assessor Training in Auckland, in which the nomination invitation stated that <i>nominations are welcome, irrespective of the applicant's racial or ethnic origin, opinions or beliefs, gender, sexual orientation, health, or disabilities</i> . The program will develop an SOP for gender balance in selections for FY24-25 onwards.
	1.1.3: Enhance the way PACD statistics are compiled to include details on gender	In development The program will develop a SOP for the maintenance of statistics on gender and implement this requirement for FY24-25 onwards.
1.2: Engage in consultation with Pacific members, DAP	1.2.1: Deliver the Pacific elements of the 2023 APG Annual TA&T Forum, and engage with the DAP Group, to	Complete Completed successfully at the 2023 TA Forum.

Group members, regional organisations and other stakeholders.	identify areas of collaboration and coordination in the delivery of TA to Pacific members.		
	1.2.2: Engage with other Pacific regional organisations and stakeholders to enhance collaboration and coordination in the delivery of TA to Pacific members.	Ongoing	PACD program has worked with the following DAPs during the 23-24FY: PIFS, PICP, PILON, ADB, World Bank, IMF, UNODC, UNDP, ARIN-AP, Australia, Canada, China, Japan, New Zealand, Chinese Taipei, United Kingdom and United States.
	1.2.3: Establish an annual feedback mechanism to seek APG Pacific members' views on the PACD programme's effectiveness.	Ongoing	The TA Forum at the APG Annual Meeting is the primary mechanism for collecting feedback from Pacific member's views on the program's effectiveness. A procurement activity is underway to developing a MERL framework which will capture more detailed feedback in the future.
1.3: Maintain up-to-date TA Overviews for each Pacific member.	1.3.1: Update Overviews based on information collected for, and discussions at, the 2023 APG Annual TA&T Forum.	Ongoing	TA Overviews were updated based on the information collected prior to, and discussions had during, the 2023 TA Forum. These Overviews were shared with members of the DAP Group and were subsequently updated throughout the year. Work has commenced on a pilot 'TA snapshot' of a particular jurisdiction to provide to DAPs more frequently.
	1.3.2: Liaise with Pacific members and DAP Group members on an on-going basis to update TA needs, TA delivered, and elements of the Overviews.	Ongoing	As above.
	1.3.3: Develop individual roadmaps for each Pacific member, taking into consideration the ME schedule.	Ongoing	PACD funded APG staff travel to Tonga for a SIP visit in May 2024 to plan for strategic implementation priorities to ensure they develop compliant and effective AML/CFT systems. The Pacific Cell is developing a live dashboard of Pacific jurisdiction's needs. This will be used to develop individual roadmaps in 2024-2025. In addition, the APG Secretariat has developed a pre-ME program which will be rolled out in the next FY. All MERs in the APG's 4 th round will contain a Key Recommended Actions (KRAs) Roadmap, which will be used to inform individual roadmaps for Pacific jurisdictions after their MEs.
1.4: Keep Pacific members, DAP Group members and other stakeholders up-to-	1.4.1: Disseminate PACD newsletters and keep the PACD elements of the APG website up-to-date.	Ongoing	The PACD newsletter was distributed periodically and the APG website is updated with PACD-related news stories as they occur.

date with activities of the PACD programme and upcoming opportunities for collaboration.			
1.5: Effectively manage the Pacific TA Cell.	1.5.1: Ensure proper management of PACD programme funds and activities.	Complete	Proper management of PACD programme funds and activities was achieved.
	1.5.2: Establish a Monitoring, Evaluation, Research & Learning (MERL) Framework for the PACD programme.	In development	Following an unsuccessful tender process, the Secretariat is currently preparing a direct approach to a list of suppliers provided to the Pacific Cell by MFAT.
	1.5.3: Recruit staff for two currently vacant Pacific Cell positions, and provide training for new staff members.	Complete	Two new staff members were recruited – a Policy Officer and a Deputy Director in early 2024. Both staff members have received, and will continue to receive, relevant training.
	1.5.4: Provide professional development opportunities to Pacific Cell staff.	Ongoing	The Deputy Director attended APG Assessor Training, and both new staff completed the FATF e-learning training. On the job training and mentoring has been delivered to all staff, including on program design, monitoring and evaluation. The Director participated in an Executive Leadership course.
	1.5.5: Manage the performance of Pacific Cell staff in accordance with the Australian Federal Police (AFP) Performance Management Framework.	Complete	Proper management of the performance of Pacific Cell staff was achieved.

Strategic Goal 2: National AML/CFT regimes are strengthened

Strategies:

- Engage stakeholders to garner political commitment for enhancing AML/CFT systems.
- Ensure AML/CFT measures are undertaken on the basis of strong policy discussions and planning, including understanding risk.
- Support Pacific mutual evaluations and follow-up assessments.
- Support Pacific Island jurisdictions in engaging productively with the global AML/CFT community, including benefiting from associated activities.
- Provide legislative drafting assistance to bring legislation into greater compliance with FATF standards

Proposed 2023-2024 Activities	Status	Comments
2.1: Assist Pacific members to identify and assess their ML/TF risks and implement, through national AML/CFT strategies/policies, coordinated risk-based approaches to combating identified ML/TF risks.	2.1.2: Support Tuvalu in completing a national ML/TF risk assessment.	Postponed The Secretariat has offered technical assistance to Tuvalu since it became a member of the APG in July 2023. Tuvalu has sought support with implementation of its AML/CFT National Action Plan. Subject to Tuvalu's availability to engage in the project, work is likely to commence in the next FY.
	2.1.2: Engage in and support a UNODC-led project to conduct a Pacific regional risk assessment on proliferation financing.	Delayed This project has commenced, however the workshop component has been delayed until next FY.
	2.1.3: Sponsor two participants to attend the APG Typologies meetings in New Delhi in December 2023.	Did not complete It was planned to sponsor a delegate from Tuvalu to attend the Typologies workshop, however the delegate's visa was not approved in time to travel.
	2.1.4: Sponsor participants to attend training on the FATF Standards on AML/CFT.	Complete The PACD Program sponsored seven Pacific delegates (one from the Cook Islands, two from Fiji, one from Niue, one from Samoa, and two from the Solomon Islands) to attend the FATF Standards Training Course in Kuala Lumpur in November 2023.
2.2: Deliver TA projects providing AML/CFT legislative drafting assistance to Pacific members	2.2.1: Under the Pillar Project Legislation Drafting, continue and expand an AML/CFT legislative project focused on enhancing Pacific members' compliance with targeted financial sanctions for terrorism and proliferation (FATF Recommendation 6 and 7).	Delayed In August 2023 Palau requested drafting assistance on TFS for TF/PF and the PACD Program engaged a law firm to provide this assistance. Palau reviewed the draft legislation and had finalised their comments on it but the project was then delayed for several months during the FY. It has since been re-commenced, and work will continue into the new FY.
	2.2.2: Under the Pillar Project Legislation Drafting, commence a project to provide drafting assistance to Niue.	Did not complete In August 2023 the PACD Program initiated the legislative drafting project with Niue which was subsequently cancelled

			as Niue advised they were proceeding with another provider separately.
2.3: Provide assistance on Pacific MEs and FURs	2.3.1: Provide pre-ME related support to Niue ahead of its ME in 2024/2025.	Complete	The Program provided in-person pre-ME support to Niue in March 2024 in collaboration with Australia's AGD and New Zealand's MOJ. The APG hosted three delegates from Niue in the APG offices in Sydney for a week. Australian's AGD has continued to provide support following this visit.
	2.3.2: Support Tonga with post-ME implementation planning.	Complete	The Program funded APG staff travel to Tonga for a SIP visit in May 2024 to plan for strategic implementation priorities to ensure they develop compliant and effective AML/CFT systems following their ME.
	2.3.3: Organise a Pacific-focused assessor training course (together with the rest of the APG Secretariat) and sponsor Pacific participants to attend the training.	Complete	The PACD Program sponsored 9 Pacific participants – five men and four women (one from the Solomon Islands, two from PNG, two from Samoa, four from Fiji) to attend the Pacific-focused APG assessor training workshop in Auckland in May 2024. The PACD Program will work with these newly trained delegates to become assessors or reviewers in future MEs or follow-up activities.
	2.3.4: Support a Pacific assessor to participate in the ME process of another Pacific member.	Complete	The PACD Program sponsored a female assessor from Tonga on the PNG ME, and sponsored two Pacific assessors on the Nauru ME – a man from the Cook Islands and a woman from Palau. Both MERs will be considered and adopted by APG members at the 2024 APG Annual Meeting.
	2.3.5: Review and provide desk-based input on Pacific FURs.	Complete	The Pacific Cell provided input to, and reviewed, Pacific FURs as required across the year.

Strategic Goal 3: AML/CFT regulation is improved and enforced

Strategies:

- Provide assistance to bring regulatory frameworks into greater compliance with FATF standards.
- Provide tailored programmes and mentoring to assist financial supervisors/regulators to improve capacity in enforcing AML/CFT measures and regulating financial activity.

Proposed 2023-2024 Activities		Status	Comments
3.1: Deliver TA programmes to strengthen Pacific members' compliance with FATF standards on preventive measures	3.1.1: Continue and commence legislation drafting projects as discussed above under Strategic Goal 2	Delayed	Please see 2.2.1 and 2.2.2 for details.
3.2: Deliver TA programmes to enhance AML/CFT risk-based supervision of financial institutions and DNFBNs.	3.2.1: Provide individual support and mentoring on the AML/CFT supervision of DNFBNs in collaboration with the New Zealand Department of Internal Affairs (DIA).	Delayed	The DNFBN supervision support project was delayed due to New Zealand DIA's resourcing challenges. It is envisaged this project will take place in 2024-2025.
	3.2.2: Deliver a regional forum on Pacific AML/CFT supervision (the Pacific AML/CFT Supervisors' Forum). The aim of the forum is to enhance supervisory cooperation in the Pacific, share best practices and engage in joint projects (e.g. regional guidance on AML/CFT supervision).	Complete	Planning for the 2024 Pacific Supervisors' Forum commenced in the second half of the financial year. The Forum was held in July 2024 and brought together 62 AML/CFT supervisors and practitioners from each of the APG's 12 Pacific members, as well as delegates from Australia, New Zealand, United States, PIFS and the World Bank. More details will be available in the next Annual Report.

Strategic Goal 4: Increased detection, investigation and prosecution of ML/TF

Strategies:

- Provide programmes/mentoring to ensure law enforcement agencies (LEAs) have the capacity and capability to detect and investigate ML/TF.
- Provide tailored programmes and mentoring to ensure ML/TF is prosecuted.
- Strengthen mechanisms for recovery and repatriation of proceeds and assets connected to criminal activity.
- Provide anti-corruption mentoring to improve capacity for use of financial investigations in combating the key regional risk area of corruption

Proposed 2023-2024 Activities	Status	Comments
4.1: Deliver TA programmes to enhance LEAs' and/or prosecutors' capacity to conduct financial investigations in ML and higher-risk predicate crime cases and recover assets	4.1.1: Continue the consultant project to deliver in-person training and mentoring on financial investigations of higher-risk predicate crimes and ML investigations.	Ongoing The PACD Program commenced a mentoring support projects focused on asset confiscation to Tonga and Fiji, delivered by an LEA expert and Australia's AGD (who are funding their own involvement in the project). The project determine the jurisdiction's needs in the area of asset confiscation, and provide mentoring and operational support. The program is will continue in 2024-2025.
	4.1.2: Provide individual support and mentoring on asset confiscation and asset management.	Ongoing As above.