

Anti Corruption Reform under the Action Plan's 2nd Implementation Cycle (2005-2006):
Reform projects and implementation assessment

Fiji Islands

Reforming Anti-Money-Laundering Legislation

1 Project Summary

Project Title:

Reforming Anti-Money-Laundering Legislation

Priority Area for Reform:

Pillar 2 – Ensuring the existence and effective enforcement of anti-money laundering legislation

Implementing Institution:

Financial Intelligence Unit, (Reserve Bank of Fiji & Ministry of Justice)

Contact Person:

Mr. Razim Buksh, Director FIU, Reserve Bank of Fiji, Private Mail Bag, Suva, Fiji Islands,
e-mail: razim@rbf.gov.fj, Phone (679) 3223216 mobile 9266460

Beginning and End of the Project:

October 2004 – October 2006

- *legal framework*
 1. Drafting assistance provided by IMF for New Financial Transaction Reporting Bill (FTR) and amendments to existing Anti-Money Laundering (AML) laws. *Completed November 2004*
 2. Advice for implementing FTR Act and Amendments *2006*
 3. Drafting of regulations, forms, and policy guidelines *2006*
- *Anti-Money Laundering (AML) Training and Awareness* *on-going 2006/2007*
- *Financial Intelligence Unit* *on-going 2006/2007*
 - Advice on operation the FIU
 - Capacity Building and Human Resources Development
 - Computer and other equipments
 - Software/database
 - Training and attachment of FIU officers
 - Methods and typologies seminars, conferences and workshops
 - Capacity building for conducting evaluations and assessments
- *Financial Sector* *on-going 2006/2007*
 - Issuance of MLA Policies and Guidelines for supervisors and regulators
 - AML on-site compliance and examination guides and manuals
 - AML supervision of non-bank financial institutions
 - fit and proper persons guidelines for financial institutions
 - AML training for supervisors and regulators including banking supervisors,

securities regulators, insurance supervisors	
– AML training for banks	
– AML training for other non-bank financial institutions	
– <i>Law enforcement</i>	<i>on-going 2006/2007</i>
– Financial investigation techniques for Fiji Police Force;	
– Intelligence and investigation techniques for Fiji FIU;	
– Information exchange and sharing techniques for Fiji immigration;	
– Investigation techniques for Fiji Island Revenue Services;	
– Investigation and border control techniques for Fiji Customs Service;	
– Asset forfeiture and other order for Fiji DPP officer;	
– Attachment generally for Fiji law enforcement officers.	
– <i>Cooperation of International Matters</i>	<i>2006</i>
– Bilateral and international treaties;	
– Memoranda of Agreement (MOAs)	
– Asset sharing procedures	
– <i>CFT Framework</i>	<i>on-going 2006/2007</i>
– Drafting of CFT legal framework;	
– Guidance to FIU on CFT implementation;	
– Financial sector awareness, implementation and enforcement;	
– Law enforcement awareness, implementation and enforcement;	
– Alternative remittance systems;	
– Non-profit organizations and charitable trusts awareness, implementation and enforcement.	

2 Project Context

Which deficiencies and/or problems that allow corruption to proliferate does the project address and aim to resolve? Please outline the related current legal or institutional framework and its weaknesses or the exact circumstances that require improvement:

Fiji now has a new Financial Transactions Reporting Act that came into force in January 2006.

The FTR Act has widened the scope and coverage of financial institutions. Lack of adequate resources and technical expertise to undertake training and awareness would affect effective implementation of the FTR Act.

The FIU is vested with wide functions and responsibilities and full implementation would depend on provision of adequate resources.

Issuance of regulations and guidelines to the covered financial institutions would also require external technical assistance to Fiji.

3 Expected Outcome of the Project

In relation to the above mentioned deficiencies and/or problems, which concrete improvements are expected to be achieved through the project? In which way does the project help to curb corruption?

Full compliance with international standards and obligations on anti-money laundering and combating the financing of terrorism.

4 Components – Main Activities – Method

What are the project's components, implementation steps, main activities and/or methods to achieve the above mentioned outcome and objectives?

The Financial Transaction Reporting Act together with the amendments to the Proceeds of Crimes Act and Mutual Assistance in Criminal Matters Act came into force in January 2006.

The FIU is required to draft and issue regulations and policy guidelines for the financial institutions to be able to efficiently implement the FTR Act.

Threshold reporting that is, cash transactions above FJD10,000, electronic funds transfer transactions above FJD10,000 and cross-border transactions above FJD10,000 will come into force at a later date.

The FIU is responsible to implement the above provisions and therefore it needs to be appropriately resourced, including human and technical resources, to be able to carry out its functions and objectives in an effective and efficient manner.

Similarly, the law enforcement authorities, financial regulators and the financial institutions need to be trained and resourced to achieve the desired objectives.

The staff of the Office of the Director of Public Prosecutions also need to be provided with the necessary training on the new provisions of the Proceeds of Crime Act and the Mutual Assistance in Criminal Matters Act.

5 Involvement of non-governmental actors

In which way does the project involve civil society actors or other stakeholders and have they been consulted during the project development phase?

Involvement of non-governmental players is expected to be the financial institutions and the financial sector licensing, regulatory and supervisory authorities.

6 Related Projects under the 1st Implementation Cycle

Is the project linked to reforms accomplished under the Action Plan's 1st Implementation Cycle? In which way does this project follow up previous activities?

The amendments of the Proceeds of Crime Act and the Mutual Assistance in Criminal Matters Act will supplement the provisions and intentions behind the enactment of the Financial Transactions Reporting Act.

7 Project Financing and Budget

Approved or estimated overall project budget: USD 750,000

Is external funding required? Yes

If external funding is required, have donor organisations been approached yet, and have any commitments been made? Yes, some donor agencies have been approached:
– Austrac (Australian Government): Assistance to develop Fiji FIU reporting and information management system (2006/2007)
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If external funding is required, what percentage of the total project costs requires external funding? Approximately 50% for the following:
– FIU equipments
– FIU Database/software
– Drafting, policy guidelines, FIU MOAs, etc.
– Training including attachments for FIU and law-enforcement.
– Training & Awareness for:
 ○ All covered financial institutions
 ○ Law enforcement officials
 ○ Office of the DPP
 ○ Judiciary
 ○ Financial sector licensing, regulatory and supervisory authorities

8 Technical Assistance

Is external technical assistance required? Have relevant agencies been approached and have they made any commitments?

Technical Assistance is currently provided by Austrac (Australian Government) technical assistance to develop Fiji FIU reporting and information management system (2006/2007)

Implementation Assessment

9 Output Evaluation

Has the impact of the project on the identified deficiency (cf. item 2 above) been measured or evaluated? Please describe the evaluation method and the outcome.

APG/IMF/World Bank evaluation & assessment programmes – March 2006

Self-assessment – Post implementation (compliance visits by the FIU and financial sector regulatory and supervisory authorities)

Regular reporting and feedback to the National Anti-Money Laundering Officials Committee – On going

Terrorist financing component – counter terrorism officials committee
Cross-border currency reporting – FIU/Customs/Immigration authorities

10 Overall Project Assessment

Did the project meet the defined goal (cf. item 3 above)? Did the project remedy the deficiency identified (cf. item 2 above)? Has the project been fully implemented in the foreseen timeframe (cf. item 1 above)?

1. Fiji's AML/CFT legal framework was successfully completed as follows:

- 2004: Financial Transactions Reporting Act
- 2005: Proceeds of Crime (Amendment) Act
- 2005: Mutual Assistance in Criminal Matters (Amendment) Act
- 2006/07: FTR Act Regulations and Reporting Forms

11 Project Design Changes (if any)

Have any modifications to the project been made in the course of its implementation compared to the initial design of the project (cf. item 4 above)? What circumstances made these changes advisable or necessary?

No major changes except the focus have now shifted to ensure an effective implementation of the enhanced AML/CFT regime in Fiji

12 Major Lessons Learned

Given the assessment of the project above, what experience can be drawn from the implementation of this project for future reform projects under the Anti-Corruption Action Plan?

International AML/CFT standards are for uniform implementation by all countries. Although Fiji is committed to complying fully with these standards, as a small and developing country and due to internal budgetary and resource constraints, full implementation and effective implementation could not be achieved unless international and regional organizations and foreign governments provide technical assistance and training.

13 Follow-Up

Is it planned to continue or extend this project or to continue a linked reform project? Which measures have been taken to ensure the sustainability of the outcome and the future assessment of the project's impact?

Government agencies will continue to dedicate resources as may be appropriate to ensure domestic commitment and sustainability of these projects.