

LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

National Coordination Committee
for Anti-Money Laundering and
Counter Financing of Terrorism
Anti-Money Laundering Intelligence Office

Vientiane Capital, Date 06 December 2020

The Feasibility Study
National Strategic Plan on the Anti-Money Laundering and Counter
Financing of Terrorism Activities of the Lao PDR Year 2021-2025

I. Overview

To build the National Strategic Plan on the Anti-Money Laundering and Counter Financing of Terrorism Activities (AML/CFT) year 2021-2025 to be reference in implementation the resolution plan for pending issues of the AML/CFT activities which received from the result of the national risk assessment of each sector as to have consistency and fairness, as well as to build measurement to protect not having a criminal use of advantage in money laundering and financing of terrorism, as well as to be a plan and define focus point in implementing the AML/CFT activities to be systematic to be strength to meet the international standard and consistency with 40 Recommendation of the Financial Action Task Force (FATF).

II. Necessity

- Support the Mutual Evaluation (ME) according to the Recommendation 2 which stated countries should build or define to establish the strategic plan on the AML/CFT activities of its country by based on information or results from the national risk assessment "NRA" to be used as the identifier policy which is the national strategic plan in each aspect of the country;
- Strengthening to the AML/CFT activities of the Lao PDR through the strategic plan in building, updating and developing the regime of law on the AML/CFT for more oriented, enrich capability limitation to relevant officer (the criminal case proceeding organization and supervisor section), increase efficient in following up monitoring and use measurement, ensure cooperate mechanism to be strengthening and covered both central and local, create awareness to relevant sector for both deeply and widely.

III. Primary Content of the Strategic Plan

Base on the Recommendation 2 of FATF, the national strategic plan on the AML/CFT activities will able to respond the technical implementation as follows:

1. The strategic which is a policy shall have been reviewed from time to time (base on the lesson of nearby countries with majority to be reviewed between 4-5 year/time);

2. The strategic plan must define work plan and volume that deem necessary required to perform;
3. Must define the responsibilities to the relevant organization to responsible only the policy work in each level;
4. In determining the policy, it must ensure that the specific policy for FIU, law enforcement organization, management unit organization with duty to report and other relevant organization.

Determination of the strategic by set policy on determination and implementation in actual event must have mechanism with effective and efficient in the cooperation activities and cooperate between the domestic organization to develop and movement of activities which defined in the strategic plan.

IV. Associated Sector

Those relevant sectors with the establishment or determination the national strategic plan on the AML/CFT activities of the country is consist with following sectors:

1. FIU;
2. Criminal Proceeding Authorities consist of 7 sectors: The People's Supreme Court, the People's Supreme Prosecutor, Ministry of Public Security, Ministry of Finance, Ministry of Agriculture and Forestry and State Audit and Anti-Corruption Organization;
3. Supervisors of Reporting Entities consist of 8 sectors: The Bank of Lao PDR, Ministry of Finance, Ministry of Industry and Commerce, Ministry of Natural Resource and Environmental, Ministry of Home Affairs, Ministry of Justice, Ministry of Planning and Investment, Ministry of Information, Cultural and Tourism.
4. International cooperation sector: Ministry of Foreign Affairs.

V. Strategic Plan Structure

The national strategic plan on the AML/CFT activities consist with VIII strategic and 22 sub-clauses with structure detail as follows:

I. Build Understanding and Mitigation Risks on Money Laundering and Terrorist Financing of Lao PDR

1. Build understanding on risk to the supervisor of REs, REs and Society
 - 1.1. For the supervisor of REs
 - 1.2. For REs
 - 1.3. For society
2. Mitigating ML/TF risks
 - 2.1. Risk behavior
 - 2.2. Risk divisions
3. Follow up and evaluation of risk from time to time.
 - 3.1. Follow up and evaluation
 - 3.2. Expectation of the future work plan

II. Planning on Measurement to Protect the Scope of Legislation

1. Build and update legislation

2. Build mechanism to force use of legislation
3. Advertise and publish the adopted legislation

III. Effective of the Financial Intelligence report

1. Enrich capability to the AMLIO
2. Enrich effectiveness of the financial intelligence report to endorse the enforce the use of measurement on the AML/CFT of relevant sectors

IV. Effective of the Reporting Entities Supervision

1. Enrich capability of the supervisor of AML/CFT activities
2. Enrich effectiveness on measurement to audit before issue the business license
3. The management using Risk-Based Approach principle (RBA)
4. Enrich capability in implementing the obligation on the AML/CFT activities to the REs
 - 4.1. For the Financial Institutions
 - 4.2. For the Designated Non-Financial Businesses and Professions

V. Ability of the Investigation, Prosecution and Allocation of Property related to the Money Laundering

5. Enrich effective of the investigation of misconduct on money Laundering and predicate offences
 - 1.1. Develop human resource and capability of the investigation organizations
 - 1.2. Increase the investigation on money laundering and predicate offences
2. Enrich effective of the prosecution on the money laundering and predicate offences
 - 2.1. Develop human resource for proceeding on money laundering and predicate offences
 - 2.2. Prioritize the prosecuting money laundering and predicate offences
3. Enrich effective on freeze, seize and confiscate property resulting from predicate offences
 - 3.1. Increase the capacity of responsible departments
 - 3.2. Prioritize the importance of freeze, seize and confiscate property as a result of the main offense

VI. Counter Financing of Terrorism and Distribution of Mass Destruction Weapons

1. Enrich effective on mechanism in counter financing of terrorism
2. Build and update legal scope in counter financing of distribution of mass destruction weapons
3. Enforce use of legislation and build mechanism with the REs and relevant private sector

VII. International Cooperation

1. Improvement of legislation to be able to adopt the international cooperation
2. Improvement and development the mechanism of conduction and roles of the person who responsible.

VIII. Administrative Conduction for the National Strategic Plan

1. Follow up the performance of the National Strategic Plan

2. Support fund for the National Strategic Plan

❖ **Action Plan**

IX. Perspectives of the AMLIO and Proposal

Through the technical study to the performance according to the resolutions of the AMLCN which is to build the national strategic plan on the AML/CFT activities of the Lao PDR year 2021-2025 deem that this work is a work duty that quite wide and related to roles in many ministries also as a part due from the national assessment which the actual determination shall base on risk, specific pending concerns and capability in implementing the actual event of that sectors. However, the AMLIO able to utilize the mechanism of the technical unit to cooperate with the existing AML-Working Group to provide comment for consistency and suitable with the situation of the implementation in actual event of each sector. Base on the proposal of the AMLNC which is the government shall consider approve the draft of initial strategic plan prior deliver the effective report in January 2021 and approve the complete draft prior the actual event in coming mid-2021. With that reason, the AMLIO is propose for how to perform as follows:

1. To be the technical research mechanism to propose appointing the committee within the AMLIO to study draft of the strategic plan (draft of the decision in Attachment 1) base on the strategic plan structure which have (Attachment 2) and base on the additional lesson study of nearby countries;
2. After complete the initial draft may use the existing AML Working Group mechanism to provide comment to each policy content from time to time according to appropriate prior propose to the AMLIO by April 2021;
3. Considering the possibility in requesting aids from international in providing training and fund to host the meeting on technical activities which associated to the draft strategic plan from time to time;
4. For detail plan and schedule of the responsible committee activities will be reported and propose the progress from time to time after the implementation.

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