



CE-FATF-ENG NEWSLETTER

FATF EVALUATION

The Financial Action Task Force was established in 1989 by the G-7 member countries in response to concerns over money laundering.

It is primarily charged with setting standards for international financial systems and promoting effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats.

One of the duties of FATF is to conduct mutual evaluations of its members. These evaluations take the form of peer reviews where members from different countries assess other countries' level of implementation and compliance to the FATF Recommendations and vice versa.

The relevance of a mutual evaluation report lies in its ability to provide an in-depth and unbiased analysis of a country regarding preventing criminal abuse of the financial system.

It also ensures that focused recommendations are made to further strengthen the system. This is because the most important goal of mutual evaluations is to make improvements

in national systems for combating money laundering and terrorist financing.

The scope of the evaluations will involve two inter-related components for technical compliance and effectiveness. The technical compliance component will assess whether the necessary laws, regulations or other required measures are in force and effect, and whether the supporting anti-money laundering (AML) / countering the financing of terrorism (CFT) institutional framework is in place. The expectation is that during this round of assessments countries should have addressed their shortcomings and achieve better technical compliance ratings than last time.

The effectiveness component will assess whether the AML/CFT systems are working, and the extent to which the country is achieving the defined set outcomes. Effectiveness will make assessments more challenging because judgments will need to be made on how various components of the AML/CFT regime interact.

Reports will provide a basis upon which countries can address the issues that are most critical for them.

Although not a member, Nigeria is affiliated with FATF through its associate membership status with GIABA. The country has however signified interest in joining the inter-governmental body.

Procedures of becoming a member of FATF comprise two broad steps: engaging with the country to grant observer status and carrying out a mutual evaluation, agreeing on an action plan which will lead to official grant of membership. See <http://www.fatf-gafi.org/about/membersandobservers/membershipprocessandcriteria.html>

Before evaluations begin, it is important that the government engages with the non-profit sector in order to allow for an effective evaluation of the country.

It is however pertinent to note that, the mutual evaluation report is not the end of the process; there is rigorous and long-term follow-up, to make sure countries do make changes, and also to provide the help, support, advice, and sometimes pressure; that will ensure permanent changes are made to their national systems.



Published with the support of

This newsletter is published as part of the civic engagement on the Financial Action Task Force evaluation on Nigeria project supported by OSIWA. All opinions expressed are that of the authors and does not reflect that of OSIWA or NNNGO or any other organization(s) mentioned.

About CE-FATF-ENG: CE-FATF-ENG stands for civic engagement on the Financial Action Task Force evaluation on Nigeria. This newsletter is part of the CE-FATF_ENG project implemented by NNNGO with the support of Open Society Initiative for West Africa (OSIWA).

Further information: E: nnngo@nnngo.org | T: 0802 857 3849 | F: @nnngo T: @nnngo