

Belize's Efforts - Meeting the FATF Recommendations related to money laundering and the financing of terrorism and proliferation

Webinar: *“Navigating Compliance Standards: Strategies for Caribbean Nations in Response to FATF and EU Designations”*

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Overview

- The AML/CFT/CPF Compliance Landscape – FATF and CFATF
- Belize's 4th Round Mutual Evaluation by the CFATF
- Belize's Progress and National Coordination Mechanisms
- Lessons Learnt and Advice
- What's Next for Belize?



What is FATF?



(FATF) - Financial Action Task Force

Established in 1989, The FATF is an intergovernmental organization that is based in Paris and is the global money laundering and terrorist financing watchdog.

The FATF sets international standards that aim to prevent these illegal activities and the harm they cause to society. As a policy-making body, the FATF works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas by accessing the implementation of the standards.

The FATF Recommendations

The FATF Recommendations set out a comprehensive and consistent framework of measures which countries should implement to combat money laundering and terrorist financing, as well as the financing of proliferation of weapons of mass destruction.

The FATF and the Global Network are currently undergoing the 4th Round of Country Assessments



What is CFATF?

(CFATF) - Caribbean Financial Action Task Force



An organization comprising of twenty-four States in the Caribbean Basin, Central and South America who have agreed to implement common countermeasures to address the problem of Money Laundering, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction.



CFATF Members States



- Antigua & Barbuda, Anguilla, Aruba, The Bahamas, Barbados, Belize, Bermuda, The British Virgin Islands, The Cayman Islands, Curacao, Dominica, Grenada, Guyana, Republic of Haiti, Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia , St. Maarten, St. Vincent & The Grenadines, Suriname, The Turks & Caicos Islands, Trinidad & Tobago, and Venezuela.

Assessing the Implementation of the Standards

- Countries are assessed against two interrelated components: technical compliance, and the effectiveness of implementation measures.
- At the CFATF seventeen (17) Mutual Evaluation Reports have been published, with seven (7) countries remaining to allow for the close of the 4th Round.
- Following an evaluation, a country may end up in one of two processes at the CFATF Level, regular follow-up and enhanced follow-up.
- Those members who are in the CFATF enhanced follow-up process, based on their assessment results may end up a pool of countries that the FATF may take up for active review by its ICRG based on certain triggers, including a prioritization criterion based on country's M3 broad money supply indicator being 5 billion and above.
- To date, fifteen (15) CFATF member jurisdictions - Trinidad and Tobago, Jamaica, The Bahamas, Barbados, Antigua and Barbuda, Cayman Islands, Haiti, Grenada, Turks and Caicos Islands, St Kitts and Nevis, Saint Lucia, Suriname, Venezuela, St. Vincent and the Grenadines and The Virgin Islands have been placed in Enhanced follow-up. Bermuda and Aruba were placed in Regular follow-up.





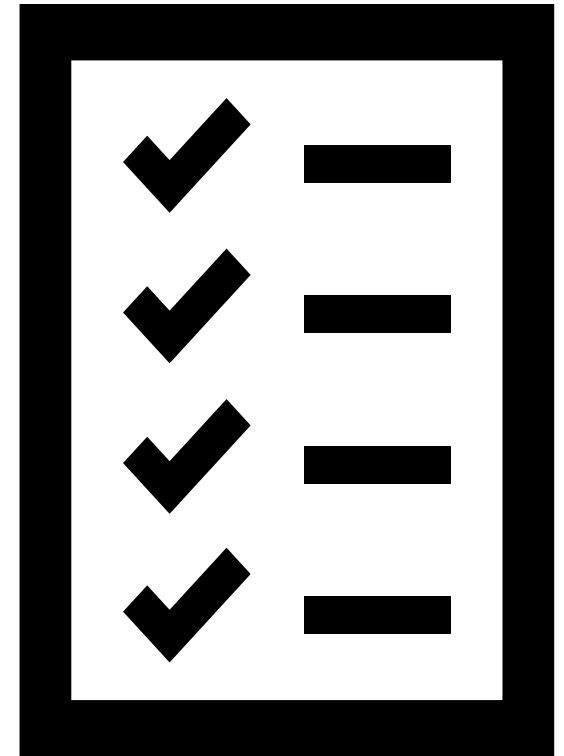
Belize Progress

CFATF Mutual Evaluation



Belize's 4th Round Mutual Evaluation

- Belize's 4th Round Mutual Evaluation Process Commenced in December of 2022
- The Assessment is an 18 to 24-month process
- Technical Compliance Submission June 2, 2023
- Effectiveness Submission August 4th, 2023
- Review of Draft Reports between February to August 2024
- Plenary consideration and adoption - November 2024
- Finalization of report after post plenary review - February 2025



Critical Action Elements



Reliable and robust legislative framework – Conduct Gap Analysis and address identified deficiencies.



Demonstrate effectiveness of AML/CFT/CPF framework – Assess information required and gather available data and information, prepare submission on implementation measures.

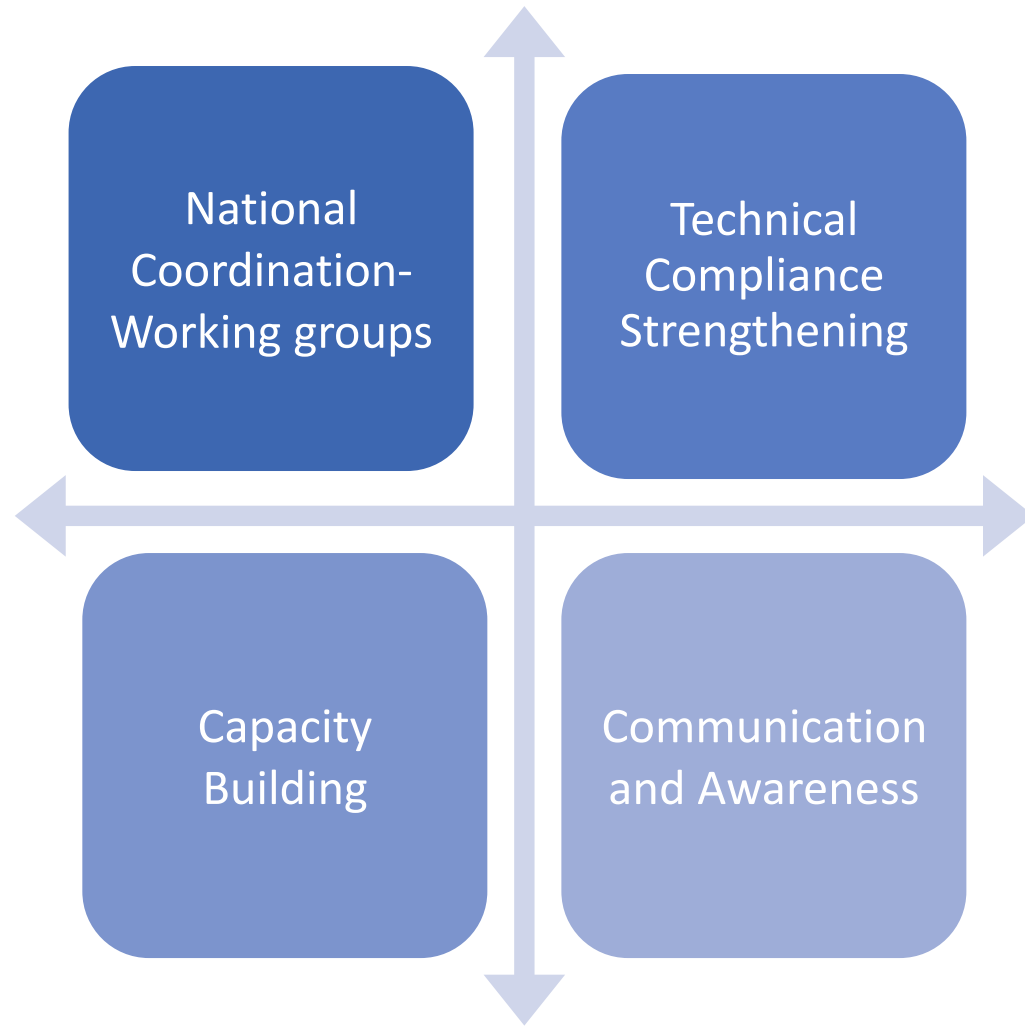


Continuous monitoring, review and implementation mechanisms in place to address evolving Standards and 5th Round requirements.



Mechanism in place to execute the work in Belize

- Multi-dimensional approach



National Coordination -

To meet the requirement for a domestic coordination and cooperation mechanism, NAMLC was formally established on the 7th of February 2014, under section 77B of the Money Laundering and Terrorism Prevention Act and includes the following members:

- Director, Financial Intelligence Unit (Chairperson)
- Financial Secretary
- Solicitor General
- Governor of the Central Bank of Belize
- Commissioner of Police
- Chief Executive Officer of the Ministry responsible for the Police
- Director of Public Prosecutions
- Comptroller of Customs
- Director General of the Financial Services Commission
- Director General of the Belize Tax Service Department
- Supervisor of Insurance and Private Pensions
- Director of Immigration and Border Management Services





NAMLC is guided by the National AML/ CFT/ CPF Policy and Strategy

- Developed by NAMLC in 2022 and updated in 2023
- Provides a holistic guide and blueprint for all authorities in implementing AML/CFT/CPF measures based on the nationally identified risk and mitigation measures and calls for the implementation of the FATF Recommendations.



Capacity Building

- FATF Standards Training for representatives from all Competent Authorities – conducted virtually by the CFATF in 2019 and 2023
- Training in conducting review and horizontal analysis of published mutual evaluation reports



National Coordination Mechanisms

NAMLC is the core mechanism to prepare for the peer review. NAMLC promotes the coordination of the mutual evaluation preparation and review activities through its working groups (standing and ad-hoc):

Group 1: Policy and Legislative Drafting Working Group-

- Priority was to conduct a gap technical compliance gap assessment for Belize and identify legislative mechanisms to address gaps.
- Organizations reviewed each other's analysis and recommendations- and legislative frameworks/ measures were identified by the working group.
- Findings along with drafting instructions were reported to NAMLC. NAMLC approved any recommendations for amendments to the Cabinet.



National Coordination Mechanisms

Group 2: Group of Supervisors –

- Explore strategies to tackle prevalent supervisory challenges and identify areas requiring targeted guidance, such as AML training.
- Collaborate with Technical Assistance Providers to build capacity in risk-based supervision.
- Conduct sensitization with the private sector of the legislative amendments that were going through the legislative process for the evaluation.
- The desired outcome is to capitalize on the available resources and harness the unique strengths of each organization to foster collective enhancement.



National Coordination Mechanisms

Group 3: Working Group on Technical Compliance and Effectiveness Matters –

- Appointed lead agencies for each recommendation and immediate outcome on effectiveness.
- Periodic meetings to monitor and discuss progress and conduct peer reviews of each agency's analysis.
- The desired outcome is to prepare and review Belize's submission to the Assessment Team and to review and advise on the draft Mutual Evaluation Report.

Group 4: Financial Crimes Working Group –

- Continued to meet to conduct reviews of operational matters.



Technical Compliance and strengthening

Amended key legislation such as:

- Money Laundering and Terrorism (Prevention) (Amendment) Act
- Financial Intelligence Unit (Amendment) Act
- Central Bank of Belize (Amendment) Act
- Domestic Banks and Financial Institutions (Amendment) Act
- International Banking (Amendment) Act
- Moneylenders (Amendment) Act
- National Payment Systems (Amendment) Act
- Customs Regulations (Amendment) Act
- Credit Unions (Amendment) Act
- Belize Companies (Amendment) Act
- International Limited Liability Companies Amendment Act
- International Foundations (Amendment) Act



Technical Compliance and strengthening

New Legislation:

- Non-Profit Organizations Act
- Extradition Act
- Civil Asset Recovery and Unexplained Wealth Act



Communication and Awareness

Continuous updates to the Ministerial Level:

- Prioritization of legislative agenda and resources

Private Sector is a key Stakeholder in the preparation activities:

- Sensitization of Belize's peer review process, expectations and possible outcomes
- Important to sensitize and conduct consultations on any legislative amendments
- Sensitization on new legal obligations such as obligations related to targeted financial sanctions





Lessons Learnt and Advice

CFATF Review



Lessons Learnt/ Advice

- Political will and support for the preparation process is fundamental
- Established systems and features to adeptly navigate the regulatory terrain are essential.
- Continuous evolution of standards requires a mechanism to be in place to consistently scrutinize and update various legislative frameworks.
- Ongoing capacity building is key, focusing on the enhancement of the evolving policy requirements.
- Ongoing sensitization and communication with the heads of the relevant agencies is fundamental.
- With a high demand for resources, it's imperative to prioritize human resources and budget allocation.
- Effective communication is paramount, with the private sector playing a significant role in usage and validation processes. Engaging the private sector is a vital component of the assessment process, emphasizing the need for their buy-in and comprehension of the overarching goals and outcomes.



What is next for Belize?

- Continue to review the Draft Mutual Evaluation Report to narrow down issues for discussion at the CFATF Plenary.
- Belize's Report is being considered at the November of 2024 CFATF plenary with publication projected for February 2025 following a final review process.
- Belize continues to work on any remediation measures likely to be flagged in the Mutual Evaluation Report in preparation for the follow-up process and the 5th Round Assessment





Thank you

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