

PAKISTAN MAKES PROGRESS ON TERROR FINANCE RATINGS

Relevant for: International Relations | Topic: FATF

Pakistan improved its ratings with the Asia Pacific Group (APG) on Money Laundering, a 41-country grouping that is a regional associate of the Financial Action Task Force, ahead of a decision on its grey listing status later this month. Of the 40 parameters, Pakistan has made progress in about 21 and been downgraded on 1, the APG's Mutual Evaluation Report (MER) published on June 4 said, adding that this meant Pakistan moves 'up' one category in its evaluation at the APG.

"Overall, Pakistan has made notable progress in addressing the technical compliance deficiencies identified in its MER and has been re-rated on 22 recommendations," explained the APG's second follow up report on the MER, adding that it had cleared 31 of 40 points in total as compliant or largely compliant of the international body's standards on anti-money laundering/combating financing of terrorism (AML/CFT) measures.

"Pakistan will move from enhanced [expedited] to enhanced follow-up, and will continue to report back to the APG on progress to strengthen its implementation of AML/CFT laws. Pakistan submitted its third progress report in February 2021," said the APG's report that was presented in May, which noted that Pakistan had passed a number of new laws in the past few months that made its systems more compliant on these issues.

The APG's meeting, which included India, also retained Bhutan on the "enhanced follow-up" list, with 29 of 40 recommendations being rated as compliant or largely compliant.

Government sources here said it is not necessary that Pakistan's improvement in the APG would also lead to a reprieve at the FATF, which will decide at its next plenary session from June 21-25 on whether to retain Pakistan on the greylist, downgrade it to the blacklist or remove it from the colour-coded list of countries facing punitive measures that has impacted its global credit rating and access to international loans.

In particular, Pakistan's inability to end funding to the UN Security Council- designated terror groups and entities, including the Haqqani group, the Al-Qaeda, the Lashkar-e-Taiba and the Jaish-e-Mohammad, and prosecute their leadership successfully had held up its ratings. The Paris-based FATF, has thus far cleared Pakistan on 24 of 27 points on the action plan it has been tasked with since 2018, leading its Industries [now Energy] Minister Hammad Azhar to declare in February 2021, that being downgraded to the FATF blacklist is "not an option" any longer.

The last three outstanding action points on which Pakistan claims it will also be cleared are: demonstrating that terrorist financing (TF) investigations and prosecutions target persons and entities acting on behalf or at the directive of the designated persons or entities; demonstrating that TF prosecutions result in effective, proportionate and dissuasive sanctions; and demonstrating effective implementation of targeted financial sanctions against all designated terrorists, particularly those acting for them or on their behalf.

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