KINGDOM OF CAMBODIA

NATION RELIGION KING

NATIONAL STRATEGY FOR COMBATING

MONEY LAUNDERING AND FINANCING OF TERRORISM

2019 – 2023

Confiscation

Investigation

Cooperation

Analysis

Prosecution

Supervision

Coordination

TABLE OF CONTENTS

In the eras of modern information technology, the rapid development of financial innovations causes the global financial system to face the threats of illicit money that flows from proceeds of crimes into the system. United National Office of Drug and Crime (UNODC) has estimated the amount of dirty money laundered by criminals at approximately 2 to 5 percent of global GDP or around 800 billion to 2 trillion USD every year. This figure shows its serious effects on social and economic stability. Every jurisdiction must pay close attention to take timely actions to prevent and suppress them by detecting illegal activities in order to freeze and confiscate the proceeds and instruments of the offences. Also, relevant authorities have imposed subsequent measures to enhance effectiveness of combating the offences including money laundering and terrorism financing (ML/TF).

To join international community in combating ML/TF, Cambodia under the wise leadership of Samdech Akka Moha Sena Padei Techo **Hun Sen**, Prime Minister of the Kingdom of Cambodia has issued subsequent laws and regulations to effectively prevent and suppress ML/TF offences including transnational ones. Recognizing the fact that ML/TF offences have always evolved and become more complex, and the National Strategies on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) and the Supplementary Strategies 2013-2017, Cambodia has updated the National Strategies on AML/CTF 2019-2023, has aiming at enhancing effectiveness of combating ML/TF and other offences, which are threatening our society and economy at domestic, regional and global levels.

The National Strategy comprises of strategic objectives, prioritized action points and exact timeline, in which relevant authorities in collaboration with the private sector to ensure success of the fight against ML/TF and especially to implement the recommendations set out in Cambodia Mutual Evaluation Report 2017 and National Risk Assessment (NRA) 2016.

The preparation of the National Strategy 2019-2023, which indicates commitment of the Royal Government of the Kingdom of Cambodia in combating ML/TF, was assisted by International Monetary Fund technical assistance in consultation with the relevant ministries and agencies, who provided inputs in all key areas to ensure effective implementations of laws and regulations related to AML/CFT.

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Phnom Penh, 31 October 2018
Governor
Chairman of the National Coordinating Committee
On Anti-money laundering and terrorist financing

Signed: Chea Chanto

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Anti-Corruption Unit	ACU
Asia Pacific Group on Money Laundering	APG
Beneficial Ownership	BO
Cambodia Financial Intelligence Unit	CAFIU
Central Authority	CA
Council of Ministers	COM
Democratic People's Republic of Korea	DPRK
Designated Non-Financial Businesses and Professions	DNFBPs
Financial Action Task Force	FATF
General Commissariat of National Police	GCNP
General Department for Taxation	GDT
General Department of Customs and Excise of Cambodia	GDCE
Law Enforcement Agency	LEA
Ministry Of Commerce	MOC
Ministry of Economic and Finance	MEF
Ministry of Foreign Affairs and International Cooperation	MFA-IC
Ministry of Interior	MOI
Ministry of Justice	MOJ
Ministry of Land Management, Urban Planning and Construction	MLMUPC
Ministry of Posts and Telecommunications	MPT
Ministry of Public Work and Transportation	MPWT
Money Laundering and Terrorist Financing	ML/TF
Mutual Evaluation Report	MER
The Technical Inter-Ministries Working Group on Anti-Money Laundering and Combating the Financing of Terrorism	MEWG
Mutual Legal Assistance	MLA
National Accounting Council	NAC

National Bank of Cambodia	NBC
National Coordination Committee on Anti- Money Laundering and Terrorist Financing	NCC
National Risk Assessment on Money Laundering and Terrorist Financing	NRA
National Strategy For Combating Money Laundering and Financing of Terrorism 2019-2023	National Strategy 2019-2023
Non-Profit Organizations	NPOs
Politically Exposed Persons	PEPs
Proliferation Financing	PF
Secretariat National Authority for Combating Drugs	SNACD
Secretariat National Counter Terrorism Committee	SNCTC
Securities and Exchange Commission of Cambodia	SECC
Trade-Based Money Laundering	TBML
United Nation Security Council Resolutions	UNSCR

Since 2004, upon joining the Asia Pacific Group on Money Laundering (APG), Cambodia has actively pursued a range of policies and measures designed to protect its financial institutions and economy from the adverse effects of money laundering and terrorism financing.

A comprehensive legal framework was introduced to support Cambodia's AML/CFT programs, the Cambodian Financial Intelligence Unit (CAFIU) was founded and key stakeholder agencies have responded to the challenges posed by money laundering and predicate financial crimes.

As Cambodia increased its commitment to combat ML/TF, efforts were made to coordinate the activities of the various stakeholder agencies that, collectively, aim to protect Cambodia from the effects of financial crime. These efforts include the founding of the National AML/CFT Coordination Committee in 2012; the preparation of Cambodia's first National AML/CFT Strategy for the period 2013 – 2017 and the completion of Cambodia's first National Money Laundering and Terrorism Financing Risk Assessment (NRA) in 2016.

The expiration of the first National AML/CFT Strategy and the publication of Cambodia's second Mutual Evaluation Report (MER) by the APG in 2017 have prompted the Government of Cambodia to prepare a new National AML/CFT Strategy that is designed to address ML/TF risks identified in the NRA, to respond to recommendations made in the MER, and to guide the policies and operations of all stakeholders in Cambodia's AML/CFT programs for the next five years.

This Strategy is the result of wide-ranging consultations with all Cambodian AML/CFT stakeholder agencies and uses information obtained from these consultations, focus group discussions, and several questionnaires.

The National Strategy 2019 – 2023 has been divided into ten key strategic objectives that cover:

- Understanding and Managing Risk

- Licensing and Supervising Financial Institutions and DNFBPs and Implementation of Preventative Measures

- Enhancing entity transparency

- Collecting, Analyzing and Disseminating Useful Financial Intelligence

- Effective Investigation of Money Laundering and Predicate Offences

- Effective Prosecution of Money Laundering and Predicate Offences

- Effective Confiscation of the Proceeds of Money Laundering and Predicate Offences

- Undertaking Effective International Cooperation

- Detection and Suppression of Terrorist Financing and Proliferation Financing and

- Management of the National AML/CFT Program.

Each of the above key objectives are expanded and explained in the body of this National Strategy. Practical steps for the achievement of these key objectives are set out in the annexed Action Plan. The priority of individual action plan items and the timeline prescribed for the achievement of each item have been informed by ML/TF risks identified in the NRA and the MER, as well as by national AML/CFT priorities.

This National Strategy provides a practical and, subject to the availability of resources, promotes effective national coordination between key AML/CFT stakeholders through an achievable road-map and action plan for the agencies and authorities that, collectively, are responsible for the effective implementation of Cambodia's AML/CFT programs

INTRODUCTION AND VISION STATEMENT

Cambodia had experienced a period of unstable and successive changes in the country's government. After the collapse of Pol Pot regime, Cambodia started to rebuild the nation from scratch, while ensuring the people's survival on the one hand, struggling to maintain peace and stability on the other from 1979-1993. After signing Paris Peace Accord in 1991, Cambodia held its first general election in 1993. Nevertheless, only from 1998 that Cambodia gained a full peace that enable a full focus on its reconstruction.

Over the last 20 years, the Royal Government has achieved a great deal by which public institutions have been built and new legal and regulatory frameworks have been developed whilst maintaining peace and political stability and promoting social and economic development. All of these are the principle foundations for strengthening the rule of law, and fostering a prosperous democracy that supports human rights. Since 2003, the Royal Government of Cambodia has paid particular attention to prioritized areas including legal framework and judicial system. Strategic plans, national development plan, legal documents and various activities as well as AML/CFT have been laid out to ensure the success of the reforms.

With strong commitment to reforms, Cambodia has experienced high economic growth and manageable level of inflation during the last two decades. With an average growth of 7.7% during 1995-2017, Cambodian economy has been robustly supported by four main pillars which are agriculture, manufacturing, construction and tourism. Moreover, Cambodia is committed to integrating itself into regional and global economy. Cambodia has been both competitive on the international markets and attractive for international investors to further expand its economy. However, these factors make the Royal Government of Cambodia to become more vigilant on risks such as high volatility of capital flows and money laundering and financing of terrorism.

In 2004, the Royal Government of Cambodia joined the Asia Pacific Group on Money Laundering (APG) and committed itself to the implementation of the Financial Action Task Force (FATF) 40 + 9 Recommendations. In 2007, the Law on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT Law) and the Counter Terrorism Law were promulgated. In the same year Cambodia underwent an assessment by the World Bank as the result of which a Detailed Assessment Report was prepared and accepted by the APG.

In 2009, the Cambodian Parliament passed the Criminal Code, which included provisions that criminalized money laundering. A more extensive money laundering offence that is consistent with the requirements of the FATF standards was contained in amendments to the AML/CFT Law in 2013.

The Cambodian Financial Intelligence Unit (CAFIU) was founded as an autonomous financial intelligence unit(FIU) within the National Bank of Cambodia (NBC) in 2008. It operates as an administrative FIU and has responsibility for the AML/CFT supervision of reporting entities as defined in the AML/CFT Law. A Prakas on AML/CFT to better implement the AML/CFT Law in relation to banks and other financial institutions supervised by the NBC was issued by the Governor of the NBC in 2008. A second Prakas applicable to other reporting entities was issued in 2010.

In 2010, the Anti-Corruption Law was promulgated and the Anti-Corruption Unit was established to combat corruption.

The National AML/CFT Coordination Committee (NCC) was founded in 2012 on the instructions of SamdechAkkaMohaSenaPadeiTecho **Hun Sen**, Prime Minister of the Kingdom of Cambodia, to properly co-ordinate Cambodia's increasingly complex AML/CFT programs. One of the first actions of the NCC was to commission the National AML CFT Strategy 2013 – 2017 (the First NS). This document has guided the various agencies and ministries that collectively are responsible for the implementation of AML/CFT controls in Cambodia.

In 2016, and in accordance with section 2.3 of the First NS, the Cambodia National Money Laundering and Terrorism Financing Risk Assessment Report (NRA) was prepared. This detailed study contains an analysis of the ML/TF threats faced by Cambodia and the country's vulnerability to ML/TF. Vulnerability to ML/TF at sectoral level is also covered with sections dealing with financial activities ranging from large scale banking to smaller, specialized sectors occupied by designated non-financial businesses and professions (DNFBPs).

In 2016, Cambodia underwent a second national AML/CFT assessment process in the form of a mutual evaluation that was conducted by the APG. The mutual evaluation report (MER) was accepted by the APG at is annual general meeting in Colombo, Sri Lanka in July 2017.

The expiration of the First NS is the first reason for the preparation of a second National AML/CFT Strategy to guide Cambodia over the next five years of its development.

Secondly, publication of the MER in 2017 with its useful suggestions for the improvement of Cambodia's AML/CFT programs provides additional good grounds for renewing Cambodia's national strategies.

The third reason for renewal of the First NS are the substantial changes to the financial and demographic profile of Cambodia that have occurred over the past two decades and that are continuing. Between 1995 – 2017 Cambodia achieved an annual average growth rate of 7.7% – the sixth highest rate of growth in the world[1]. Over this period, poverty in Cambodia has fallen dramatically. In 2014, the poverty rate was 13.5%. Seven years before this it was 47.8%. Economic growth in Cambodia has been matched by growth in key financial sectors. For example, in 2007, there were 17 commercial banks operating in Cambodia. By 2017, that figure had more than doubled to 39 banks. To ensure that recent growth and poverty reduction measures are sustainable, we must protect the integrity of our financial system.

Whilst there have been increases in the numbers of staff and resources available to the operational units that have been established to combat ML and TF in Cambodia, it is also true that these increases have not kept pace with the growth of Cambodia's economic infrastructure and markets or with the increased scale and sophistication of criminal enterprise, both domestic and foreign, that seeks to exploit the Cambodian financial sector.

This National AML/CFT Strategy 2019-2023 emphasizes the importance of the following key issues:

- Key agencies and units responsible for the implementation of Cambodia's AML/CFT programs will need increased resources if they are to properly discharge their responsibilities;

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[1] www.worldbank.org/en/country/cambodia

- High priority should be given to the effective implementation of AML/CFT measures by all key players in Cambodia:

  o Reporting entities shall set up and implement sound AML/CFT policies
  o CAFIU shall effectively collect, analyze and disseminate financial intelligence
  o Reporting entities shall be subject to effective risk-based AML/CFT supervision
  o LEAs shall effectively investigate, prosecute and sanction on money laundering offenders and confiscate the proceeds of crime.

- The achievement of AML/CFT objectives is dependent upon effective cooperation and coordination between key actors, both within agencies and in related agencies.

METHODOLOGY

The National Strategy 2019–2023 was prepared with the input from over 70 participants from across 22 ministries and agencies: Cambodia Financial Intelligence Unit, Ministry of Economic and Finance, Anti-Corruption Unit, Ministry of Justice, Ministry of Interior (i. Department of Association and Political Party, ii. General Department of Immigration iii. General Department of Identification, iv. General Commissariat of National Police), Office of the Council of Ministers, Ministry of Commerce, Ministry of Foreign Affairs and International Cooperation, Ministry of Land Management, Urban Planning and Construction, Ministry of Public Work and Transportation, Ministry of Posts and Telecommunications, National Bank of Cambodia, Secretariat of National Counter-Terrorism Committee, Secretariat of National Authority for Combating Drugs, Securities and Exchange Commission of Cambodia, General Department of Customs and Excise of Cambodia, General Department for Taxation, National Accounting Council, and The BAR Association of the Kingdom of Cambodia.

The National Coordination Committee (NCC) delegate Inter-Ministerial Working Group to formulate National Strategy by drawing out information through in-depth discussions. Further, it disseminated questionnaires that were answered by participants based on their experience. Finally, the National Strategy also draws from relevant background materials (such as FATF's 2017MER, the latest NRA, the most recent Financial Sector Development Plan, and other reports and studies conducted by international organizations).

The questionnaires were prepared based on the strategic objectives outlined in the National Strategy (Understanding and Managing Risk, Licensing and Supervising Financial Institutions and DNFBPs and Implementation of Preventative Measures, Enhancing entity transparency, Collecting, Analyzing and Disseminating Useful Financial Intelligence, Effective Investigation of Money Laundering and Predicate Offences, Effective Prosecution of Money Laundering and Predicate Offences, Effective Confiscation of the Proceeds of Money Laundering and Predicate Offences, Undertaking Effective International Cooperation, Detection and Suppression of Terrorist Financing and Proliferation Financing, Management of the National AML/CFT Program).

Focus groups were also convened to discuss the primary challenges faced by authorities in carrying out their duties with respect to the strategic objectives. Discussions were facilitated in small groups and then workshopped. The primary challenges identified across the board with respect to all agencies and objectives were: limited resources (both human and financial) and lack of capacity. Many agencies also described blockages in interagency cooperation, both domestic and international, and frustrations obtaining information. These constraints have been considered and are reflected in the current National Strategy.

OVERVIEW OF GOALS AND OBJECTIVES

This National AML/CFT Strategy for 2019 – 2023 is designed to provide comprehensive guidance for the effective implementation of Cambodia's AML/CFT regime. At the highest level the strategies and objectives contained in this document are designed to prevent property from being laundered through Cambodian financial institutions and DNFBPs; detect proceeds of crime and property connected with terrorism financing when it is laundered; and ensure that law enforcement agencies work effectively together to investigate, prosecute, sanction and confiscate the proceeds and instruments of predicate and money laundering and terrorism financing offences.

The National Strategy is divided into ten key strategic objectives:

- Understanding and Managing Risk
- Licensing and Supervising Financial Institutions and DNFBPs and Implementation of Preventative Measures
- Enhancing entity transparency
- Collecting, Analyzing and Disseminating Useful Financial Intelligence
- Effective Investigation of Money Laundering and Predicate Offences
- Effective Prosecution of Money Laundering and Predicate Offences
- Effective Confiscation of the Proceeds of Money Laundering and Predicate Offences
- Undertaking Effective International Cooperation
- Detection and Suppression of Terrorist Financing and Proliferation Financing
- Management of the National AML/CFT Program.

These objectives have been designed by the Royal Government to protect Cambodian from the damaging effects of crimes committed for financial gain. They have also been designed to satisfy the international obligations to which Cambodia is subject through its ratification of international treaties and its commitment to the FATF 40 Recommendations. The reasons for selecting the above key objectives and the important components of each objective will be expanded in the following ten chapters. Prioritized action items required for the achievement of each strategic objective are set out in the attached Action Plan.

The National Strategy and the Action Plan that has been devised for its implementation, also recognize that completion of all strategic objectives will take time and that not all elements of the Strategy have the same priority or level of urgency.

The priority and related time-line attached to each Action Plan item is informed by the level of ML/TF risk that is identified in the NRA and that is relevant to the action plan item, or by the priorities determined in this National Strategy.

KEY NATIONAL STRATEGIC OBJECTIVES

1. Understanding and Mitigating ML/TF risks

➢ Money Laundering Threats Identified in the NRA

In 2016, Cambodia undertook its first NRA. This report was prepared by a joint inter-ministerial working group using the World Bank Methodology. The working group drew on the widest possible range of sources of information from both government and private sectors. The NRA took into account available statistical data and the perceptions of those engaged in AML/CFT work and the provision of financial services based upon their years of experience in these areas.

The NRA rates overall ML risk as medium high. The factors that pushed up ML risk included: the largely cash based, dollarized economy; the widespread use of informal financial services; the booming real estate sector; and the large casino-based gambling sector.

As assessed in the NRA, the main proceeds generating crimes in Cambodia are:

- Fraud and scams perpetrated by a wide range of groups both domestic and foreign;
- Corruption and bribery offences;
- Forestry and wildlife offences;
- Human trafficking offences;
- Drug trafficking;
- Cross-border smuggling of goods/cash across the national border.

Fraud and scams and corruption are rated the highest ML threats with risk levels of high and medium-high.

The NRA identified the following sectors as being the most vulnerable to ML:

- Banking
- Remittance
- Casino
- Real estate

The NRA determined that each of these sectors are subject to medium-high levels of ML threat.

These NRA findings on ML threats and vulnerabilities have been carefully considered by the Joint Inter-Ministerial Working Group and have been incorporated into each of the ten key strategic objectives that are set out in this National AML/CFT Strategy.

Elements of the strategy that are linked to the control of the highest risk predicate crimes or the supervision of the most vulnerable financial sectors have been given the highest priority and have been made the subject of recommendations for the most substantial increases in funding and human resources on higher risk sectors. The authorities must conduct more focused risk assessment exercises which will produce a better understanding of the risk of money laundering that these sectors present and the control measures that will be most effective.

➢ Terrorism Financing Threats Identified in the NRA

The risk of terrorism financing in Cambodia is rated in the NRA as medium-low. No case of terrorism or terrorism financing has been detected in Cambodia, nor have the funds of any

terrorist or terrorist organization designated by the UN Security Council ever been detected in Cambodia's financial institutions.

Counter-terrorism and counter-terrorism financing control measures have already been implemented and, looking to the future, the primary objective is to maintain these measures and to continue to be vigilant to ensure that no financial institutions or non-profit organizations (NPOs) are used for terrorism financing purposes.

1.1 Reduce ML/TF risk across sectors and with respect to entities

The NRA has been of considerable value to Cambodia as a tool to come to a better understanding of its ML/TF risks and, through the development of policies and strategies such as this National Strategy, a tool for crafting better enforcement and control measures over the next few years.

The value of any NRA diminishes over time as the document becomes a less accurate reflection of the threats, vulnerabilities and the consequences of ML/TF within Cambodian society and its institutions. It is therefore important to plan to undertake a new NRA exercise. Such an exercise should be completed no later than one year before the expiration of this National AML/CFT Strategy at the end of 2023.

Additionally, ML and TF threats are dynamic and need to be dealt with as they arise. The NCC therefore should be alert to changes and developments to the ML/TF threats facing the country and respond to these with focused ML/TF assessments of vulnerable sectors, types of financial services, or emerging predicate crime threats.

The following areas are those where enhanced assessments of ML/TF threats are needed.

1.1.1 Identify risks associated with specific sectors
1.1.1.1 The NPO Sector
A risk assessment of Cambodia's NPO sector was not covered in the NRA. A focused review of the ML/TF threats and vulnerabilities of this sector will enable the authorities to identify those parts of the sector where AML/CFT controls are needed and the form of these controls.

1.1.1.2 Dealers in Precious Metals and Stones
The access provided by dealers in precious metals and stones to valuable and transferable assets is a potential ML/TF threat the extent of which has not been assessed in Cambodia. As this sector has thus far been unsupervised it is important to identify the extent of the ML/TF risk that it poses and the measures that should be adopted to manage this risk.

1.1.1.3 Real estate sector
The real estate sector was identified in the NRA as posing a medium to high risk of money laundering. An assessment of the money laundering risks posed by this sector should be undertaken to identify the its vulnerabilities and the most effective supervisory and regulatory response to manage and mitigate those risks.

1.1.1.4 Casino sector
The operations of casinos were identified in the NRA as posing a medium to high risk of money laundering. An assessment of the money laundering risks posed by this sector should be undertaken to identify the its vulnerabilities and the most effective supervisory and regulatory response to manage and mitigate those risks.

1.1.2 Improve understanding of risks associated with entities and arrangements

Cambodia has not yet carried out a formal assessment of the ML/TF risks posed by legal persons and arrangements that may be established or managed within its borders. A study of the vulnerability of such legal persons to abuse for ML or TF purposes should therefore be undertaken. Similarly, foreign legal arrangements may also operate in the country and their potential for abuse for ML/TF purposes should also be assessed. A new Law on General Trusts is in the process of being introduced that will permit the creation of domestic trusts. The potential for the misuse of such trusts should be assessed in conjunction with the assessment of foreign legal arrangements.

1.1.3 Spread awareness of ML/TF risks

Reporting entities should be informed about the nature of the ML/TF risks to which Cambodia is exposed as they may need to modify their internal controls and procedures to manage this risk effectively. The NRA (modified as appropriate) and this National AML/CFT Strategy should be distributed to all reporting entities and to members of the public. Supervisors of reporting entities should ensure that the relevant parts of the NRA and this strategy are incorporated into the policies and procedures of reporting entities.

1.2 Reduce financial crime arising from illicit inflows and outflows of cash

Trade-based money laundering is one of the main ways in which criminals and terrorist financiers are able to integrate funds arising from illicit origins into the formal economy. Cambodia has lost significant tax revenue as a result of illicit flows into and out of the country and will continue to do so if the issue is not addressed. The National Strategy 2019–2023 therefore highlights the need to understand and tackle this problem.

1.2.1 Understand the risks associated with trade-based money laundering

The MER noted that the ML/TF threat posed by trade-based money laundering was not covered by the NRA. If Cambodia is to successfully confront this problem, it must – as a first step – understand the specific money laundering and terrorist financing risks associated with such activity. An important element of the next NRA will be to consider the risks associated with trade-based money laundering.

1.2.2 Obtain a Better Understanding of risks associated with cash smuggling

Cash still remains the instrument of choice of criminals to facilitate money laundering. Cambodia has the Mekong River, which flows through China, Myanmar, Lao PDR, Thailand, Cambodia and Vietnam about 4 350 km. It also shares land border with Vietnam, Lao PDR and Vietnam. These borders represent ample opportunity for transnational organized criminal groups to smuggle the cash proceeds from their illicit activities. Cambodia has been working to improve its cross-border controls to combat the bulk smuggling of cash. The latest NRA assessed the risks associated with the illicit movement of cash across Cambodia's borders to be low; Cambodia should continue to study this issue to ensure that its risks are accurately reflected in the next NRA.

2. Preventative measures and supervision

Supervisory authorities' high level strategic objectives relating to the supervision of reporting entities and the implementation of preventative measures by reporting entities are supported by three pillars.

First pillar: the supervisory authorities shall control over licensing, registration, or other appropriate means to prevent criminals and their associates from holding significant or controlling interests or management roles in reporting entities.

Second pillar: CAFIU and prudential supervisory authorities shall ensure proper supervision of reporting entities. All supervisors shall identify and understand the ML/TF risks of the sectors that they supervise by employing a risk-based approach to monitoring and supervising the management and mitigation of ML/TF threats by reporting entities. Where compliance failures are identified, supervisors should take remedial actions and impose effective sanctions.

Third pillar: reporting entities shall understand their AML/CFT obligations and ML/TF risks and develop appropriate risk-based policies and procedures to manage and mitigate those risks. Reporting entities shall apply enhanced measures to deal with PEPs, new technologies, wire transfers, targeted financial sanctions relating to TF and high risk countries, customers or products identified by the NCC, CAFIU, or other supervisory authorities or their own risk management systems. Reporting entities shall also establish the necessary systems and procedures to comply with their reporting obligations under the Law on AML/CFT.

The previous National Strategy (2013–2017) aimed to develop supervisory regime for AML/CFT by identifying all relevant reporting entities, confirming the role of relevant regulatory bodies in AML/CFT supervision, and agreeing to an appropriate model for supervision. The authorities and reporting entities shall continue to refine supervision system by rectifying deficiencies in its AML/CFT regulatory framework, bolstering the ability of financial institutions and DNFBPs to carry out their AML/CFT obligations under the Law on AML/CFT, and enhancing the capacity of all relevant supervisors.

Since its inception, CAFIU has been vested with the primary responsibility for AML/CFT supervision, in collaboration with the SECC (supervisory authority of the securities sector), the MEF (supervisory authority of the real estate, casinos, and insurance sectors), and the Cambodian Bar Association (overseeing lawyers). CAFIU retains as AML/CFT supervisory authority for all financial institutions and designated non-financial businesses and professions.

Most supervisory authorities (including prudential and general supervisors) have been operating for a relatively short period of time and face challenges in carrying out their duties. The main challenge shared across all supervisors is the constraint in human resources, both in terms of number of staff and capacity. Increasing the resources available for supervisors is therefore highlighted as one of the priority areas of action by supervisory authorities.

2.1 Improve implementation of AML/CFT measures among reporting entities and industry

The private sector is an important partner in the fight against ML/TF. As a rapidly growing economy, Cambodia must ensure that it attracts high quality and sustainable businesses by ensuring that principles enshrined in law are also followed in practice. Towards the achievement of this end, industry should acquire the tools it needs to carry out its obligations under the law.

The path to achieving this goal is two-fold; firstly, through engagement with industry to spread awareness of the law and encourage effective implementation and secondly through effective supervision, focusing on high risk sectors.

2.1.1 Improve legal framework for AML/CFT preventive measures

Although Cambodia has made significant changes to its legal framework in recent years, further improvements are needed. For instance, the Law on AML/CFT does not fully capture all requirements to report transactions or perform enhanced due diligence in compliance with recommendation 12 of FATF. Additionally, AML/CFT regulations still need further refinement, such as ensuring that the threshold for triggering customer due diligence requirements are not less stringent than the international standard. These improvements will improve authorities' ability to detect, investigate, and prosecute financial crime irrespective of whether the crime is of foreign or domestic origin.

2.1.2 Bolster AML understanding throughout financial sector and among DNFBPs

The financial sector is rapidly growing and requires support in maturing its understanding of the risks associated with money laundering, terrorist financing, and other forms of financial crime. Although Cambodia has undertaken efforts to improve industry's understanding of AML/CFT and the FATF standards, the recent evaluation by the APG found that the understanding of money laundering and terrorist financing risks among dealers in precious metals and stones, real estate firms, and some casinos, to be low. Moreover, implementation of AML controls remains low across DNFBPs and some financial institutions. An essential aspect of the National Strategy is to promote engagement with private sector to provide guidance on the implementation of the law and on risk mitigation.

2.2 Improve system of risk-based supervision

Cambodia has made important strides in developing and improving its legal and supervisory framework to combat money laundering and terrorist financing, notably with the promulgation of the law on AML/CFT and the Counter Terrorism Law in 2007 and the establishment of the CAFIU in 2008. Following these developments, Cambodia also issued a number of AML/CFT regulations: the Prakas on AML/CFT in 2008 and the Prakas on AML/CFT relating to All Reporting Entities Not Regulated by the National Bank of Cambodia in 2010.

Cambodia understands the importance of monitoring the financial sector and "gatekeeper" professions. CAFIU, the main AML/CFT supervisor, continues to improve its capabilities, including by developing new supervisory tools and enhancing its engagement with other agencies and private sector. However, due to its resource constraints and its need to prioritize supervision, CAFIU has been largely focusing its supervisory efforts on banks and deposit taking micro-finance institutions. Extremely limited supervision of non-banking financial institutions and DNFBPs has been undertaken.

2.2.1 Ensure proper market entry controls are in place

Although some fit and proper control mechanisms are in place to reduce the likelihood of criminals and associations from entering the market, measures are lacking in the money changer sector and other high-risk sectors. This reduces the effectiveness of the licensing and registration system given the risks posed by some of these sectors (in particular, the casino sector).

In addition, the regulations setting out the fit and proper measures that supervisors have to undertake during the licensing process of financial institutions are insufficient. The agencies responsible for the licensing and/or registration of reporting entities under the Law on

AML/CFT should review the fit and proper requirements contained in their laws and supporting Prakas and should strengthen these provisions where gaps and weaknesses were identified.

2.2.2 Ensure adequate supervisory coverage of all sectors on a risk sensitive basis

Currently, risk-based supervision has been consistently applied only to the banking sector. Since 2015, some risk-based supervision has been undertaken for the insurance sector. Other non-banking financial institutions are not yet subject to risk-based supervision. Therefore, it is important to enhance the understanding of money laundering and terrorist financing risks of all supervisors and to take a preventive approach that combines tightening the license process and applying risk-based supervision of the relevant financial and non-financial sectors.

AML/CFT supervision across all financial sectors has been constrained by limited resources. No on-site supervision has been conducted, with the exception of some inspections of banks by CAFIU. Similarly, off-site supervision has also been limited, although off-site supervision of banks by CAFIU is now being undertaken. Cambodia recognizes the importance of supervising all financial sectors, particularly those vulnerable to ML/TF activities. Cambodia's rapid rate of growth means that there could have potential ML threats increasing rapidly in active sectors. Accordingly, the National Strategy shall set out an action plan to enable more effective supervision of all relevant industry actors.

Additionally, the importance of DNFBPs in the fight against money laundering and terrorist financing cannot be overlooked. DNFBPs are considered the gatekeepers for several sectors and should play an important role in limiting market access to undesirable elements and ensuring the availability of information necessary to fight financial crime. DNFBPs must also be supervised to ensure that they are fulfilling their duties as gatekeepers.

2.2.3 Improve risk-based AML/CFT supervision

Supervisors should be adequately staffed and have the necessary budget to effectively carry out their supervisory functions. Although tasked with monitoring all financial sectors and important DNFBPs, CAFIU's Compliance and Cooperation Department has limited staff. Similar constraints are felt by other supervisory agencies. Supervisors also expressed difficulty in assisting industry to successfully apply AML/CFT measures set out in the law. Finally, blockages and delays in information sharing (including accessing criminal records and entity ownership information) have also been an impediment to effectively conducting licensing and supervision of all relevant industries and professionals. This National Strategy aims to address the constraints supervisors experience in the conduct of their duties through a clear and targeted plan of action.

To carry out effective supervision, regulatory bodies must be equipped with the necessary tools to enforce the provisions of the Law on AML/CFT and its supporting Prakas. Supervisory tools include powers to access necessary information and punish non-compliance, as well as internal systems in place to guide supervisors in the conduct of their duties effectively.

3. Enhance entity transparency

Money laundering and other financial crimes are facilitated by the ability of criminals to hide their ownership of assets through opaque corporate structures. Uncovering the true beneficial owners of corporations and legal arrangements is one of the most challenging tasks for compliance professionals. An important goal of the National Strategy 2019–2023 is to improve availability and access to beneficial ownership information.

3.1 Develop policy framework on beneficial ownership

High quality and accurate beneficial ownership information will be available only where there is a consistent understanding of the concept of beneficial ownership across the jurisdiction. The concept of beneficial ownership is still relatively new to many agencies. The Ministry of Commerce, as the repository of basic ownership information, should give careful consideration to the ways in which the legal framework that it enforces, and its registries might be utilized to capture beneficial ownership information as well. Training on the notion of beneficial ownership information, as well as on the means and methods by which beneficial ownership information may be collected, should be made available to relevant regulators and agencies involved in the potential collection and maintenance of beneficial ownership information.

At present, customer identification requirements under AML/CFT procedures are the sole avenue by which to capture beneficial ownership information. Beneficial ownership information is not required to be registered with the Companies Registry or held by entities themselves. However, this channel may not consistently yield adequate, accurate and up-to-date beneficial ownership information. Therefore, the approach to beneficial ownership should be reviewed and consideration should be given to whether other methods may be required to ensure that adequate, accurate, and up-to-date beneficial ownership information is available.

All relevant agencies should work together to develop and implement a coherent policy framework on beneficial ownership.

3.2 Improve quality and availability of beneficial ownership information

Based on the requirement that all companies and partnerships formed under the Law on Commercial Enterprises shall continuously engage a registered agent, beneficial ownership information should be gathered pursuant to customer due diligence obligations arising under AML/CFT. However, implementation of AML/CFT measures by non-financial and banking reporting entities remains a challenge; therefore, the quality of beneficial ownership information collected under customer due diligence obligations has not yet been assessed. To ascertain whether this avenue of gathering beneficial ownership information is effective, AML/CFT supervisors must regularly – in the process of their supervisory activities – check whether reporting entities are identifying the beneficial owners of their customers.

Law also permits the issuance of bearer shares and does not explicit prohibit nominee shareholding or directorship arrangements. The 2017 MER recommended that Cambodia either explicitly prohibit or introduce mechanisms to regulate bearer shares and nominees to ensure that they are not misused for ML or TF. Accordingly, the relevant authorities ML/TF threat posed by the availability of bearer shares and nominee shareholdings and directorships should be reviewed. Consideration also should be given to the steps that might be taken to mitigate or control this risk, including abolishing or substantially restricting the uses that can be made of such features of corporations.

4 Collecting, Analyzing and Disseminating Useful Financial intelligence

Collection, analysis, dissemination and use of financial intelligence is a fundamental part of the effective investigation and prosecution of money laundering and terrorist financing. CAFIU should collect and disseminate financial intelligence and other relevant information to law enforcement agencies, either spontaneously or upon request. The information disseminated should support law enforcement needs and be sufficient to permit the initiation of investigations into money laundering or predicate offences or tax recovery proceedings and should support the identification and tracing of the proceeds of crime associated with money laundering, terrorist financing and predicate crimes.

The analysis of financial intelligence should be used for the purpose of gaining insight into money laundering and terrorism financing trends and developments that have the potential to adversely affect Cambodia and to inform national policies on AML/CFT.

4.1 Enhance capabilities of CAFIU

The Cambodia Financial Intelligence Unit (CAFIU) was established as a Financial Intelligence Unit (FIU) under the Law on AML CFT of 2007. The CAFIU is an operationally independent body that is housed within the NBC.

CAFIU is an administrative FIU with responsibilities and powers to collect and disseminate financial intelligence which are its "core" FIU functions in accordance with the Law on AML/ CFT. Nominally, four analysts and two managers are assigned to the unit responsible for these functions. In addition to its core FIU functions, CAFIU also has responsibility for the following:

- AML/CFT supervision of reporting entities;

- Representation of Cambodia at international meetings dealing with AML/CFT; issues including FATF committees, APG and the Egmont Group; and,

- Contributing to domestic AML/CFT projects and organizations and management such as the NRA, Cambodia's mutual evaluation against the international standards, the operations of the NCC, and its technical working group.

Analysts are assigned to work on some of these additional functions, which result in limiting the time that is available to devote to core FIU functions.

CAFIU has insufficient resources to achieve the key strategic objectives referred to above. CAFIU does not have the resources to undertake strategic analysis. It has not been able to analyze the STRs that it has received in a timely or effective way and does not have the capacity to provide more than a few spontaneous disseminations of financial analysis to law enforcement. Therefore, CAFIU should increase the resources to enable it to undertake the action itemsset out below.

4.1.1 Enhance CAFIU resources

CAFIU analytical resources currently are below those needed to deal with current levels of threshold and STR reporting, the growing number of police requests, and international requests. Further, as this National Strategy 2019-2023 is implemented, the demands on CAFIU will likely increase as more transactions are reported by reporting entities and law enforcement requirements for financial intelligence increase (both in terms of numbers of requests and the complexity of analysis needed). As has been the case for some years, the substantial ongoing

growth in the banking and other financial sectors will also drive up the volume of financial information that CAFIU will need to process.

Therefore, the National Strategy 2019-2013 recommends that an expansion plan for the Financial Analysis Division of CAFIU be put in place that doubles the number of analysts and then steadily increases the size of its current staffing level committed to core functions[2] of the FIU to 12 financial analysts by April 2019. The CAFIU should plan for the expansion of the analysis division of CAFIU to at least30 analysts to be appointed over the period covered by this national strategy 2019-2023.[3]

4.1.2   Bolster analytical capabilities of CAFIU

Ongoing training should be provided to CAFIU analytical staff to ensure that they are familiar with the most up-to-date analysis techniques and are aware of the investigative requirements of law enforcement agencies. CAFIU analysts should also be provided with the tools and training to be able to undertake strategic analysis that will enable the authorities to better identify emerging ML/TF risks and trends. Once CAFIU has more resources, it should increase awareness amongst reporting entities and the general public of emerging ML/TF trends and typologies by publishing strategic analysis reports to government and the private sector.

4.1.3   Improve technological systems to support CAFIU core functions

CAFIU has a data-base solution that permits it to store financial information collected from reporting entities in searchable databases. This has proved to be a useful resource to analysts. However, the analytical tools available to analysts for manipulating and analyzing this data are limited. CAFIU should investigate ways to improve its data-base and analytical tools and be provided with the resources to acquire such tools in order to build more comprehensive and descriptive financial intelligence reports for dissemination to law enforcement agencies. Any solution acquired should include the means to access information held in digital form in other government databases.

4.2   Equip CAFIU to support ML/TF enforcement actions

To fit into the AML/CFT enforcement framework of a jurisdiction, an FIU needs to understand how financial investigations and prosecutions are conducted pursuant to the jurisdiction's laws and procedures. Improving an FIU's knowledge in this regard will assist it in preparing effective financial intelligence reports that allow investigators to pursue cases and gather evidence.

CAFIU operations should be more focused on collecting and analyzing financial intelligence that is relevant to the investigation of high risk predicate offences and associated money laundering, third party money laundering and the laundering of foreign proceeds. This will require the expansion and improvement of relationships with foreign FIUs and more extensive use of Egmont Group facilities.

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[2]Receiving, analyzing and disseminating financial intelligence reports to law enforcement of suspicion of money laundering and related predicate offences, and financing of terrorism.

[3] Resources recommendation based on normal FIU staffing levels for preforming core functions in other countries with similar financial sectors and reporting levels to Cambodia's.

4.2.1 Improve CAFIU's understanding of law enforcement needs

CAFIU needs to continue strengthening its capacity for understanding law enforcement needs through training, participating in law enforcement working groups and fully implementing feedback processes on financial intelligence reports that CAFIU disseminate. CAFIU already receive in relation to their requests and sharing of information with foreign FIUs through feedback processes which have been established by Egmont which.

4.2.2 Improve cooperation between CAFIU and law enforcement

CAFIU should also continue the work to build better ongoing relationships with law enforcement agencies and to standardize its operating procedures through the development of Standard Operating Procedures.

4.2.3 Increase the dissemination of intelligence by CAFIU

The amount of intelligence disseminated to law enforcement agencies should be substantially increased during the currency of this strategy, particularly intelligence relating to money laundering or predicate crimes identified in the National Strategy as generating the most proceeds of crime.

5 Effective investigation of Money laundering and Predicate Offences

Cambodia introduced its money laundering offence in the Penal Code in 2009. A second, more comprehensive offence was included in the Law on Amendment of Article 3, Article 29 and Article 30 of Law on AML/CFT. It is important that these laws should be enforced more rigorously. Law enforcement agencies with responsibility for the investigation of money laundering (ACU for money laundering offences arising from corruption predicates and GCNP and other investigation agencies for money laundering offences linked to other predicates) should ensure that ML cases are identified and investigated (either by the predicate crime investigation or in a parallel investigation).

The extent to which ML activities are investigated and prosecuted (using both the ML offence and other available predicate offences) should be broadly consistent with ML threats identified in the NRA and given high priority in this National Strategy 2019-2023. High priority should be attached to the identification of third party money launderers and persons attempting to launder the proceeds of foreign crimes. Money laundering investigations should cover both natural and legal persons who are engaged in money laundering activities.

Investigation agencies should have ongoing liaison arrangements with other branches of government so that where it is not possible or practicable to secure a conviction for money laundering or an appropriate predicate offence, the case can be referred for other forms of possible enforcement action such as taxation recovery proceedings.

Available intelligence sources, such as the intelligence held by CAFIU, should be used routinely and in a timely and effective way by law enforcement agencies for the investigation and prosecution of ML and TF cases and the confiscation of the proceeds of crime. It should be actively sought in law enforcement agency-initiated investigations or followed up when disseminated spontaneously to a law enforcement agency by CAFIU. Law enforcement agencies should also make use of financial intelligence reports for the development of their own investigation policies and programs.

5.1 Build the resources and capacity of investigative agencies responsible for ML and predicate offence investigations (GCNP, GTD, GCDE, ACU, NCC)

Several key law enforcement agencies have the authority to conduct investigations into predicate crimes and related or stand-alone money laundering offences.[4] However, since the ML offence was introduced in 2013, there have been few investigations into money laundering and only one ML conviction.[5] The powers available to investigators to support ML investigations are comprehensive and sufficient for LEA to effectively investigation these crimes. The laws provide powers for law enforcement agencies to trace and identify assets, conduct searches, take witness statements, and secure evidence.

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[4]GCNP Transnational Crime Department has established recently a ML unit dedicated to investigating ML offences and pursuing seizing assets that are POC. The ML division conducts parallel investigations with the GNCP predicate crime units (drugs, frauds and other predicate crime divisions) with the primary focus to investigate for prosecuting the ML offences and identifying the proceeds of crime and seizing assets relating to crimes.
General Tax Department (GTD) conduct ML investigations relating to tax evasion which includes investigating, seizing and freezing assets relating to ML;
General Department of Customs (GDC) can investigate predicate crime and freeze and seize assets relating to ML and its predicate crimes;

Numerous proceeds generating predicate offences are investigated every year but very few result in money laundering charges being issued or proceeds of crime being confiscated. Lack of awareness about the ML offence or how it should be used by police or other investigators appears to be a disincentive to the proper enforcement of this offence. Lack of capacity to conduct investigations and limited human and financial resources may also be a problem, as may lack of support from senior officers to pursue money laundering cases. These issues need to be addressed.

5.1.1 Increase resources available to support for AML/CFT investigations

Additional resources and funding for AML/CFT enforcement are needed to cope with increased demands for ML investigations caused by financial crimes driven by growing economy, tourism and other factors that make Cambodia attractive for money laundering, such as the expanding Casino, real estate and banking sectors. In many countries AML task forces or other units dedicated to the investigation of ML and financial crimes, including currency smuggling target teams operating at airports and border crossings. These units can recover their operating cost through the confiscation of smuggled cash and other proceeds of crime that they detect in the course of their work. The establishment of a mechanism to fund national AML/CFT enforcement costs from the proceeds of confiscated proceeds and instrumentalities of crime should be investigated by the NCC and appropriate recommendations on such a mechanism provided to the government.

5.1.2 Build capacity through training

To carry out complex financial investigations, law enforcement agents must be adequately trained and have sufficient specialized resources at their disposal. As a first step, law enforcement agencies must assess their needs for both training and capacity development. Plans to obtain the funding required obtain the necessary training and capacity development should be developed and implemented.

5.1.3 Establish dedicated units for ML investigations

To be successful, ML investigations require a focused investigative effort. One way to achieve this it to establish dedicated, integrated units with a clear mandate to undertake ML investigations. These units can also provide guidance or support on the ML offence or other financial investigation challenges to predicate crime investigation units that will assist them to successfully conduct parallel investigations into related ML predicate crimes.

The existing structures for undertaking ML investigations within law enforcement agencies responsible for the investigation of ML arising from high risk predicates should be reviewed. Where necessary changes to these structures should be made. Inquiries should be made in each agency to determine whether the allocation of responsibilities is effective. For example, the GCNP should consider whether the current allocation of responsibility for ML investigations to the Anti-Drug Department in the International Crime Division the most effective way of

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Anti-Corruption Unit (ACU) can investigate and can trace and seize assets that are POC relating to corruption offences.

[5] The first conviction for money laundering was obtained in June 2018.

investigating money laundering offences connected with high risk predicates investigated by the GCNP. A similar exercise should be undertaken by the ACU and GDCE.

5.1.4 Consider the establishment of inter-agency task forces

The complex nature of many money laundering investigations can require the cooperative effort of several law enforcement agencies if they are to be undertaken effectively. One way to achieve this it to establish multi-agency task forces with a clear mandate to undertake serious ML investigations.

This approach has been endorsed by the FATF and has proven to be very effective in many countries in which such task forces have been established. Such units are comprised of financial investigators from key AML agencies such as police, tax, customs, prosecutors and predicate crime investigators (drugs, anti-corruption, environmental crime etc.) and can also include representatives of the FIU. The integrated ML/TF task force, once established, will become the lead agency for investigating ML/TF, which is responsible for investigating the multi-jurisdictional, international or high profile complex ML/TF cases. The talents and powers concentrated in such investigation groups could be used to effectively target high risk predicate crimes and associated money laundering activity. The multi-agency ML/TF task force do no replace dedicated units established with in the LEA predicate crime units (i.e., GCNP Criminal Investigation Division who have established a unit for asset forfeiture).

In order to comply with FATF standards and enhancing the effectiveness of LEA for investigating ML and TF, Cambodia should establish task forces comprised of investigators from GCNP, GDCE, GDT, Prosecutors, ACU,CAFIU and others.[6]

An example of such a task force would be the establishment of AML/CFT cross border cash smuggling target teams to be placed at international airports and other major land border crossings into Cambodia (i.e. Phnom Penh and Siem Reap international airports and Poipet/Aranyaprathet border crossing). These cross border target teams could be led by GDCE and include investigators from GDT, and GNCP with support from CAFIU. The mandate of the teams would be to detect cross border currency smuggling and conducting resulting ML /FT investigations. The target teams would also be available to respond to international requests for assistance on ML/FT cross border currency smuggling requests received from foreign counterparts.

5.2 Increase investigations into money laundering and financial crime

It is critical for the success of ML investigations, assets confiscation, and securing evidence for prosecution that the investigators dedicated to conducting the financial investigations for the ML case work closely with the predicate crime units (i.e. drug units). Conducting a parallel ML investigation at the same time as the predicate crime investigation facilitates the timely identification of proceeds of crime and evidence to support the ML case. This parallel investigation approach encourages effective communication between ML and predicate crime investigators and reduces the risk of evidence or proceeds of crime being destroyed or concealed.

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[6]Multi- agency ML/TF task force to be led by GCNP. Terms of reference (TOR) or MOU to be developed that provides guidance how the ML/TF Task force will operate.

5.2.1 Develop a national ML investigative strategy and priorities

Priorities include ensuring that each LEA has: 1/-sufficient dedicated resources as referred in Section 5.1 for investigating ML cases, 2/-effective organizational structures for effectively conducting ML investigations, 3/-training for investigators as referred in Section 5.1.2 relating to policies and procedure manuals for conducting ML investigations, and 4/-establishing operational working groups to support enhancing national cooperation on ML investigations.

5.2.2 Develop internal agency policies and strategies to investigate ML

Each agency that has responsibility for the investigation of money laundering or any predicate offence should develop an internal policy, supported by appropriate procedures, that will result in the more effective detecting and investigation of money laundering. These policies should include requirements for predicate offence investigators to consider possible ML charges, particularly where high ML risk predicate offences are involved, and the referral of ML related issues to specialized ML investigation units

6 Effective prosecution of Money laundering and Predicate Offences

Money laundering has been criminalized in Criminal Code since 2009. Law on Amendment of Article 3, Article 29 and Article 30 of Law on AML/CFT 2013 defines money laundering in accordance with the requirements of the international standards and imposes substantial penalties against persons and corporations who convert, acquire, possess or deal with property knowing that it is the proceeds of a predicate offence (whether committed in Cambodia or in a foreign country).

However, there have been very few investigations into money laundering and even fewer prosecutions and convictions by LEAs. As the ML offence is committed in many forms upon completion of almost every predicate offence, it is unfortunate that the investigation and prosecution figures for this offence are so low. This is not to say that a money laundering charge should automatically be laid in conjunction with every charge for a predicate offence. There will be many predicate offences where the gravity or complexity of associated money laundering activity is insufficiently serious to warrant the imposition of a penalty in excess of the penalty applied for the predicate crime.

For the above reasons, money laundering offences should be identified and, where evidence to support a charge is available, consideration should be given to prosecution for this offence in addition to any available charges dealing with predicate offences. The highest priority should be attached to the prosecution of third party launderers for money laundering offences, particularly those who are reporting entities as defined in Article 4 of the Law on AML CFT of 2007 or who are engaged in laundering the proceeds of foreign crimes in Cambodia.

6.1 Increase resources for the prosecution of ML and predicate offences

Priority and resources available for the prosecution of money laundering and high risk predicate offences should be increased so that such cases can be dealt with by prosecutors as they arise.

As this National AML/CFT Strategy calls for greater emphasis to be placed upon the investigation of high risk predicate offences (fraud, corruption and related money laundering offences) complementary policies and resources for the prosecution of such offences should be established at the highest level by prosecution authorities.

6.1.1 Increase resources available for ML prosecutions

Prosecution agencies should be provided with additional resources to enable them to undertake money laundering prosecutions in addition to existing caseloads without prejudicing other functions.

6.1.2 Build capacity through training

Comprehensive training should be provided for those people selected to work as specialist money laundering prosecutors or advisors. However, it is recognized that, for the time being, such training may be difficult to obtain domestically and that the primary source of developing expertise with confiscation may be on the job training or training by doing. For this reason, prosecutors experienced in financial crime cases should be selected to work in such units.

General training to all operational staff should be provided on the legal framework for handling money laundering and high priority predicate crime prosecutions, these policies and any implementation structures that are established to apply them.

6.1.3 Develop dedicated units for ML prosecution

Practice in many jurisdictions demonstrates that specialist advice and support for money laundering prosecutions can be provided through the creation of dedicated units or teams within agencies and sometimes by establishing special inter-agency task forces. Prosecution agencies should implement a solution that best suits their operational environment.

Such units should be given responsibility for handling ML prosecutions, either as stand-alone or joint prosecutions or parallel to prosecutions for the predicate offence. Such units could also have responsibility for the prosecution of ML offences relating to the laundering of foreign proceeds of crime in Cambodia and the prosecution of third party money laundering cases.

Coordination and liaison arrangements should be established between prosecutors responsible for ML prosecutions and prosecutors responsible for predicate offence prosecutions and investigation agencies to ensure the effective handling of cases where there is the potential for laying ML charges.

6.2 Prioritize the prosecution of ML offences

Prosecution agencies should develop policies that prioritize the prosecution of ML offences and that provide guidance to prosecutors on the use of the ML offence where predicate offence charges are also available should be developed.

These policies should require all prosecutors to give proper consideration to the laying of ML charges in cases where proceeds of crime have been generated. Policies should attach the highest priority to the laying of ML charges in relation to high risk predicate crimes, crimes involving foreign proceeds and ML conduct by third party launderers.

7 Effective confiscation of the proceeds of crime

Confiscation of proceeds and instrumentalities of crime should be pursued as a stated policy objective by all law enforcement, prosecution and judicial authorities responsible for the investigation or prosecution of money laundering or predicate offences.

There is a legal framework for the tracing, freezing, and seizure of the proceeds and instrumentalities of crime and for the confiscation of such property upon conviction for money laundering or a predicate offence. This framework provides ample evidence of the existence of a high-level policy that supports the confiscation of proceeds and instrumentalities of crime. However, the available statistics on the use of this legislation suggests that it has been under-used.

On the face of it, every crime in which an instrumentality has been used or that has generated proceeds of crime has the potential to be the basis for the confiscation of the relevant instrumentality and proceeds upon conviction.

To improve the effectiveness of confiscation of the proceeds of crime, each agency that has responsibility for the investigation or prosecution of the money laundering offence or any predicate offences should develop an internal policy, supported by appropriate procedures, that will result in the more effective implementation of the laws on confiscation.

7.1 Enhance capacity of agencies responsible for confiscating proceeds and instruments of crime

International experience suggests that the most effective asset confiscation systems are implemented by dedicated units responsible for various elements of the asset confiscation process, ranging from the tracing and identification of proceeds and instrumentalities; the gathering of evidence required to justify the seizure or restraint of such property; the processing of confiscation cases through the legal system to the management and disposal of assets subject to confiscation. These units need to work effectively with existing investigation and prosecution units that are responsible for the investigation and prosecution of related predicate offences. For this to happen, resources must be allocated, training must be provided, and appropriate policy and legal frameworks established.

7.1.1 Build capacity through training

Comprehensive training should be provided for those people selected to work in specialist confiscation units or teams. However, it is recognized that, for the time being, such training may be difficult to obtain domestically and that the primary source of developing expertise with confiscation may be on the job training or training by doing. For this reason investigators/prosecutors experienced in financial crime cases should be selected to work in such units.

General training to all operational staff should be provided on the legal framework for confiscation, these policies and any implementation structures that are established to apply them.

7.1.2 Develop dedicated staff and expertise

Practice in many jurisdictions demonstrates that specialist advice and support on confiscation can be provided through the creation of dedicated units or teams within agencies and sometimes by establishing inter-agency task forces. Investigation and prosecution agencies should implement a solution that best suits their operational environment.

Law enforcement and prosecution agencies that implement these policies should be provided with additional resources to enable them to do so without prejudicing other functions.

7.2 Prioritize the confiscation of the proceeds of crime

7.2.1 Develop a national confiscation policy or strategy to deal with confiscation of falsely declared cross border cash movements

There is a legal framework in place that requires cross border movements of cash and bearer negotiable instruments to be reported and many undeclared or falsely declared cash movements have been detected. The legal framework for dealing with non-declared or falsely declared cash and bearer negotiable instruments is largely in place and was rated largely compliant in the 2017 MER. However, the system is not working to its full potential and is not resulting in the expected level of confiscations or prosecutions for money laundering. A task-force involving the GDCE, GCNP, CAFIU, MEF, ACU (and any other relevant agency) should be constituted to consider the legal, policy, and enforcement framework applicable to the confiscation of falsely declared or undeclared cross-border movements of cash or bearer negotiable instruments. The task-force should make recommendations to the NCC on the improvements that need to be made in order to implement an effective system for the detection, seizure and confiscation of such falsely or undeclared cash and bearer negotiable instruments.

7.2.2 Develop LEAs' internal agency policies and strategies to confiscate proceeds of crime

Internal policies for investigation and prosecution agencies should be developed that address the following issues: consideration of possible confiscation options by investigators responsible for the investigation of predicate crimes; the taking of appropriate steps to trace or follow the proceeds of crime in ML and predicate offence investigations; appropriate steps for the freezing or seizing of proceeds and instrumentalities of crime when identified during the course of an investigation into ML or a predicate offence; timely liaison with specialist confiscation investigators or prosecutors; appropriate handling of confiscation cases by prosecutors; and timely liaison between predicate offence prosecutors, specialist confiscation prosecutors and investigators.

8   International cooperation

As with other forms of financial crime, money laundering and terrorist financing often have a transnational dimension. Consequently, money laundering and terrorist financing cases frequently require the assistance of foreign law enforcement in finding and gathering evidence. The National Strategy seeks to address existing obstacles to allow Cambodia to seek and receive international assistance as well as provide it.

The Central Authority (CA) within the Ministry of Justice (MOJ) is responsible for both incoming and outgoing requests and is an important tool to facilitate the extension of investigations or prosecutions to foreign jurisdictions. The resources available to the CA should be increased in anticipation of the imminent passage of the MLA law and training on MLA techniques and procedures should be provided.

8.1   Improve legal framework to enable international cooperation

Although Cambodia's efforts assisting other countries in their enforcement of money laundering and predicate offences and terrorist financing, Cambodia still does not make full use of assistance from its treaty partners in pursuing such crimes within its own borders. The main impediments to its ability to seek international assistance stem from the absence of a formal MLA law and insufficient dedicated resources. It is therefore necessary to ensure that the legislative framework provides a sound legal basis for the provision of mutual legal assistance.

8.2   Improve institutional practice to ensure effective international cooperation

The CA should develop standard operating procedures dealing with the efficient handling of incoming and outgoing requests and that include the provision of assistance to investigators and prosecutors who need to initiate or respond to a MLA request.

The CA should also develop a case management system for monitoring and prioritizing both incoming and outgoing MLA requests that will help to ensure that they are implemented in a timely way. This system should also include the maintenance of statistics on both incoming and outgoing requests and the extent to which they are processed effectively.

Arrangements to encourage the informal sharing of information between CAFIU and investigation and prosecution agencies and relevant foreign counterparts should also be pursued.

9 Combatting terrorist financing and proliferation financing

Cambodia's obligations as a member state of the United Nations require it to implement CFT preventative measures including: 1/-freezing of assets of designated terrorists without delay pursuant to provisions of UNSCR 1267 (Taliban and ISIL);2/-establishing processes for listing of domestic terrorists and freezing assets of these individuals in accordance with UNSCR1373;and 3/-implementing preventative measures for reporting of financial transactions by reporting entities and freezing of funds of Foreign Terrorist Fighters. Cambodia has put a domestic legal framework in place that implements the requirements of these UN Security Council resolutions and ensures that they are enforced properly.

9.1 Improve legal framework to combat proliferation financing

The UNSCR has also introduced mandatory requirements for member states to implement targeted financial sanctions to combat the proliferation of weapons of mass destruction. Cambodia has not introduced a legal framework for the enforcement of these measures. It is therefore a matter of high priority to address this gap in legal framework as soon as possible.

The legal and enforcement framework for investigating financing of terrorism and freezing of assets under the criminal provisions are comprehensive and sufficient for LEA's to effectively investigation FT. A legal framework exists for the implementation of both UNSCR 1267 and UNSCR 1373 and is being implemented by CAFIU and law enforcement agencies with CFT responsibilities. Up to the present time, no assets caught by the operation of UNSCR 1267 or its successor resolutions have been detected in the country.

The MER findings and input from AML/CFT stakeholders confirm that the legal framework and enforcement mechanisms that implement targeted financial sanctions against FT and is available to respond to any instances of FT detected in the country is operating effectively. The MER notes a number of shortcomings with the enforcement of targeted financial sanctions against FT. These should be carefully reviewed and addressed.

9.2 Engage with private sector to combat proliferation financing

The Secretariat of the National Counter Terrorism Committee, the Counter Terrorism and Transnational Crime Department of the GCNP, CAFIU, and other relevant parties should also review the procedures and mechanisms that will be necessary to implement the new legal framework dealing with proliferation financing and should make recommendations to the NCC on the resources and arrangements that will be required to implement such a framework. These resources and arrangements should be in place prior to the commencement of the new laws/Prakas on proliferation financing.

10 Management of the National AML CFT Program

This section of the National Strategy deals with issues that are relevant to the effective implementation of the complex network of laws, Prakas, implementing agencies and ministries, policies, procedures and guidelines that collectively amount to National AML/CFT Program. Action items for the proper implementation of this strategy and national AML/CFT goals not dealt with elsewhere in this document are covered here.

10.1 Monitor compliance with the National Strategy

Progress implementing the National Strategy (in terms of completing action points) should be continuously monitored to ensure that strategic objectives can be achieved in the stipulated timeframe.

10.1.1 Responsible Monitoring Body

An administrative unit reporting to the NCC should be created and provided with sufficient resources to monitor stakeholder compliance with this Strategy and the attached Action Plan and to report to the NCC. Serious failures in implementation, particularly dealing with high priority action items should be addressed by the NCC and senior officials.

10.1.2 NCC Timetable

The NCC should schedule periodic meetings to receive reports from the monitoring body and consider any issues that have arisen, particularly those relating to failure to implement high priority action items.

10.2 Funding Support for National Strategy Action Items

Many action items call for the provision of additional staff and other resources for agencies and Ministries that have important roles to play in the implementation of AML/CFT programs. Each of these items will require the allocation of additional government funding.

To carry out action items of the national strategy 2019-2023, law enforcement agencies, supervisory authorities of financial sector and ministries-agencies that have important roles to play in the implementation of AML/CFT Programs have to ensure additional staff and other resources supported by the national budget. In addition to existing funding mechanism of each ministry/agency proposed annually, NCC will set up additional funding mechanism(s) in order to ensure extra budget to support 5-year implementation of action items in the national strategy by allocating available resources to the implementing ministerial/agencies in a fair and efficient manner to achieve the objectives of this strategy.

Individual agencies should report to the NCC where sufficient funding for high priority items cannot be obtained through regular budget processes.

ACTION PLAN

NATIONAL STRATEGY FOR COMBATING

MONEY LAUNDERING AND FINANCING OF TERRORISM 2019 – 2023

Priority level:

- High priority items are labeled 1 **(end 2019)**
- Medium priority items are labeled 2 **(end 2021)**, and
- Low priority items are labeled 3 **(end 2023)**

Objectives	Actions	P	Timeframe[7]	Primary Agency	Supporting Agency
1	**Understanding and Mitigating ML/TF risks**				
1.1	**Reduce ML/TF risks across sectors and with respect to entities**				
1.1.1	**Identify risks associated with specific sectors**				
1.1.1.1	Conduct risk assessment of the NPO Sector	1	Jul – Dec 2019	MOI (Domestic NGO), MFA-IC (Foreign NGO)	MEF, NBC
1.1.1.2	Conduct risk assessment of dealers in precious metals and stones	3	Jan – Jun 2022	MOC, NBC	GDCE, GDT

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[7] Timeframes (that should include a start month and a target completion month) should be included in this column. If these timeframes are to be meaningful and attainable they need to be entered after the primary agency (in consultation with supporting agencies) has broken down the action plan item into the necessary component parts and made an estimate of the time required to complete each part. This should be set out in an agency level plan a copy of which should be provided to the NS monitor which will monitor progress and report to the NSWG/NCC on compliance non/compliance with the plan.

Objectives	Actions	P	Timeframe[7]	Primary Agency	Supporting Agency
1.1.1.3	Conduct risk assessment of real estate sector	1	Jan –Dec 2019	MEF (Real Estate)	MOC, MUMLC
1.1.1.4	Conduct risk assessment of casino sector	1	Jan –Dec 2019	MEF-Casino	MOC
1.1.2	**Improve understanding of risks associated with legal person and arrangements**				
1.1.2.1	Conduct a risk assessment of the ML/TF posed by legal persons	1	Jan –Dec 2019	MOC, CAFIU	All regulators, GDT, NAC, BAR
1.1.2.2	Conduct a risk assessment of the ML/TF posed by legal arrangements (both foreign and domestic)	1	Jan –Dec 2019	MEF (trust)	GDT, NAC, BAR
1.1.2.3	Spread awareness raising of ML/TF risks	1	On-going	NCC	CAFIU
1.1.2.4	Publishing the findings of the NRA to stakeholders in government agencies	1	Immediate	NCC	CAFIU
1.1.2.5	Sharing the sanitized NRA findings to reporting entities and members of the public	1	Immediate	NCC	CAFIU
1.2	**Reduce financial crime arising from illicit inflows and outflows of cash**				
1.2.1	Conduct risk assessment of ML/TF associated with trade-based money laundering	2	Jun –Dec 2021	GDCE	MOC (Cam-Control), GDT
1.2.2	Conduct risk assessment of ML/TF risks associated with cash smuggling	2	Jun –Dec 2021	GDCE	NBC
2	**Preventative measures and supervision report entities**				
2.1	**Improve implementation of AML/CFT measures among reporting entities and industry**				
2.1.1	**Improve legal framework for AML/CFT Preventative measures**				

Objectives	Actions	P	Timeframe[7]	Primary Agency	Supporting Agency
2.1.1.1	Amend AML/CFT Law to capture all requirements for reporting transactions and CDD	1	Jan – Dec 2019	MEWG Legal Sub-working Group	
2.1.1.2	Issue regulations or Prakas as needed to provide further guidance on CDD requirements to reporting entities or on a sectoral basis.	2	Jan – Dec 2020	MEWG Legal Sub-working Group	
2.1.2	**Bolster AML/CFT understanding throughout financial sector and among DNFBPs(primarily the responsibility of reporting entities, but assisted by supervisory guidance and feedback)**				
2.1.2.1	Issue supervisory guidance and feedback on compliance with and implementation of AML/CFT measures	2	Jan – Dec 2020	CAFIU	All relevant stakeholders including REs
2.1.2.2	Establish a platform or mechanism for regular engagement with reporting entities to keep the industry abreast of the latest ML/TF developments, risks, and trends and AML/CFT obligations	1	Jun – Dec 2019	CAFIU, Sectorial Supervisors	REs and industry
2.2	**Improve system of risk-based supervision**				
2.2.1	**Ensure proper market entry controls are in place**				
2.2.1.1	Implement market entry controls, including applying fit and proper controls to money changers	1	Mar 2019 – Mar 2020	NBC	MOC
2.2.1.2	Implement market entry controls including applying fit and proper controls to casinos	1	Jan-Dec 2019	MEF-Casino	MOC
2.2.1.3	Implement market entry controls including applying fit and proper controls to real estates	1	Jan - Dec 2019	MEF-Real estates	MOC
2.2.1.4	Implement market entry controls including applying fit and proper tests or other similar measures to other sectors	2	Jan – Dec 2021	All regulators	
2.2.2	**Ensure adequate supervisory coverage of all sectors on a risk sensitive basis**				
2.2.2.1	Develop plan for undertaking effective risk-based AML/CFT supervision of all sectors, starting with higher risk sectors.	1	Jan – Dec 2019	CAFIU	All Supervisory Authorities

Objectives	Actions	P	Timeframe[7]	Primary Agency	Supporting Agency
2.2.2.2	Implement plan for undertaking effective risk-based AML/CFT supervision of the casino sector	1	Jan – Dec 2019	MEF-Casino CAFIU	
2.2.2.3	Implement plan for undertaking effective risk-based AML/CFT supervision of the real estate sector	1	Jan – Dec 2019	MEF-Real Estate CAFIU	
2.2.2.4	Implement plan for undertaking effective risk-based AML/CFT supervision of other sectors	2	Jan – Dec 2020	CAFIU	All Supervisory Authorities
2.2.3	**Improve risk-based AML/CFT supervision of the banking sector**				
2.2.3.1	Establish an off-site monitoring system to assess the ML/TF risks posed by individual banks	1	Immediate	CAFIU	
2.2.3.2	Implement off-site monitoring system of the banking sector	1	Immediate	CAFIU	
2.2.3.3	Develop on-site examination procedures for the on-site supervision of banks	1	Jan – Mar 2019	CAFIU	NBC
2.2.3.4	Implement risk-based schedule for onsite inspections of banks	1	Jan-Dec 2019	CAFIU, NBC	
2.2.3.5	Develop sanctioning program to address persisting non-compliance by reporting entities	2	Jan – Dec 2020	CAFIU, Sectorial Supervisors	All relevant stakeholders including REs
3	**Enhance entity transparency**				
3.1	**Develop policy framework on beneficial ownership**				
3.1.1	Provide training to Ministry of Commerce and other relevant agencies involved in the gathering or holding of beneficial ownership information on the concept of beneficial ownership and applicable legal provisions in AML/CFT framework.	2	Jan 2020 – Dec 2021	CAFIU	Other relevant regulators
3.1.2	Conduct a gap analysis on the availability of adequate, accurate and current beneficial ownership information.	2	Jan –Dec 2021	MOC, CAFIU, other relevant regulators	

Objectives	Actions	P	Timeframe[7]	Primary Agency	Supporting Agency
3.1.3	Develop a coherent policy on beneficial ownership that ensures capture of ownership information for all legal entities and arrangements, including under AML, laws governing corporate entities, and other means.	2	Jan 2022 - Dec 2023	MOC, CAFIU, other relevant regulators	
3.2	**Improve quality and availability of beneficial ownership information**				
3.2.1	AML/CFT supervisors should assess the quality of beneficial ownership information collected by reporting entities through the customer due diligence process	2	Jan 2020 – Dec 2021	CAFIU and other relevant regulators	
3.2.2	Review the use of bearer shares and consider whether they should be abolished or whether mechanisms to prevent their misuse should be introduced.	3	Jan- Dec 2023	MOC, NCC	CAFIU and relevant regulators
4	**Collecting, Analyzing and Disseminating Useful Financial intelligence**				
4.1	**Enhance capabilities of CAFIU**				
4.1.1	Gradually increase CAFIU's Transaction Report Analysis Division to 30 staff dedicated to perform FIU's core functions effectively	1	Jan 2019 – Dec 2023	CAFIU	
4.1.2	Increase additional IT tools for improving analysis, case management and the preparation of financial intelligence products provided by CAFIU to LEAs and other counterparts	1	Jan – Mar 2019	CAFIU	
4.1.3	CAFIU should sign MOUs to obtain direct access to government external data bases needed to support conducting financial analysis and should acquire additional analytical tools to support the analysis and dissemination of financial intelligence	2	Jan2020 – Jul 2021	CAFIU	
4.1.4	Provide training to CAFIU staffs on how to undertake financial analysis and work effectively with key stakeholders combatting ML and FT	1	Immediate	CAFIU	
4.1.5	Enhance the capacity of CAFIU analysts to produce AML/CFT strategic analysis products	2	Jan – Dec 2020	CAFIU	

Objectives	Actions	P	Timeframe[7]	Primary Agency	Supporting Agency
4.1.6	Increase awareness of ML/FT trends and typologies by publishing strategic analysis reports for government, private sector and general public	2	Jan - Dec 2021	CAFIU	
4.2	**Equip CAFIU to support ML/TF enforcement actions**				
4.2.1	**Improve CAFIU's understanding of law enforcement needs**				
4.2.1.1	Develop intelligence products that address areas of high risk for ML or FT as identified in the NRA	1	Immediate	CAFIU	
4.2.1.2	Develop SOP for responding to and initiating international requests through Egmont	1	Immediate	CAFIU	
4.2.1.3	CAFIU need to finalize MOU on exchange of financial intelligence with key foreign FIUs	2	Jan 2020 – Dec 2022	CAFIU	
4.2.2	**Improve Cooperation between CAFIU and law enforcement**				
4.2.2.1	Build a LEA working team to improve operational work with CAFIU and key domestic stakeholders including GCNP, MOJ, ACU, GDCE, GDT, NCTC	3	Jan – Dec 2023	CAFIU	All LEAs
4.2.2.2	Implement effective processes for feedback from LEAs on FIU intelligence reports and, implement standard procedures for LEA requests to CAFIU.	1	Jan – Mar 2019	CAFIU	
4.2.2.3	Establish Standard Operating Procedures (SOPs) that provide guidance to financial analysts to provide financial intelligence reports that meet the needs of LEAs	1	Immediate	CAFIU	
4.2.3	**Increase use of financial intelligence**				
4.2.3.1	Increase the intelligence packages disseminated by CAFIU relating to high risk predicate crimes by 15% annually over the duration of this Strategy	1	Immediate	CAFIU	

Objectives	Actions	P	Timeframe[7]	Primary Agency	Supporting Agency
5	**Effective investigation of Money laundering and Predicate Offences**				
5.1	**Build the resources and capacity of investigative agencies responsible for ML and predicate offence investigations (GCNP, GDT. GDCE, ACU, NCC)**				
5.1.1	**Increase resources available to support AML/CFT investigations**				
5.1.1.1	Increase budget for AML/CFT investigations and investigations into high risk predicate offense	1	Jan 2019 – Jan 2020	MEWG LEA Sub-working Group	All LEAs
5.1.1.2	Consider the creation of a confiscated assets fund to support financial crime investigations, prosecutions and confiscation	2	Jan – Dec 2021	NCC	MEWG
5.1.2	**Build capacity through training**				
5.1.2.1	Conduct a needs assessment to identify the training requirements that will be needed to enhance key LEA stakeholders to effectively conduct ML investigations that result in successfully prosecuting and securing convictions for ML crimes, and forfeiting relating proceeds of crime	1	Jan 2019 – Jan 2020	MEWG LEA Sub-working Group	All LEAs
5.1.2.2	Build capacity for ML/FT investigations for investigators and train the trainer.	2	Jan 2019 – Jan 2021	MEWG LEA Sub-working Group	All LEAs
5.1.2.3	Develop and implement standard operating procedures and policy manuals for conducting ML/FT financial investigations (all agencies)	1	Oct 2018 – Jan 2020	MEWG LEA Sub-working Group	All LEAs
5.1.2.4	Develop effective operational communication channels between LEA agencies	1	Jan 2019 – Jan 2020	MEWG LEA Sub-working Group	All LEAs
5.1.2.5	Establish inter agency LEA working groups to enhance national cooperation	1	Jan 2019 – Jan 2020	MEWG LEA Sub-working Group	All LEAs
5.1.2.6	Establish specialized group work for detecting and investigating cross border currency smuggling	1	Jan-Dec 2019	GDCE	All LEAs
5.1.2.7	Improve access to government records for ML investigations for LEAs	1	Jan 2019 – Jan 2021	MEWG LEA Sub-working Group	All LEAs

33

Objectives	Actions	P	Timeframe[7]	Primary Agency	Supporting Agency
5.1.3	**Establish dedicated teams for ML investigations**				
5.1.3.1	Expand capacity including human resources of GDCE to undertake cross border investigations related to ML and FT	1	Jan–Dec 2019	GDCE	All LEAs
5.1.3.2	Establish effective structures for GDCE programs including provide "train the trainer" program, create manuals and institute policies and procedures for conducting trade base ML investigations and cash smuggling ML/FT cases	1	Jan–Dec 2019	GDCE	All LEAs
5.1.3.3	Increase resources and establish specialized integrated teams to work with CAFIU and other key LEA agencies for targeting and undertaking cash smuggling investigations relating to ML and FT	1	Nov 2018 – Jan 2020	All LEAs	CAFIU
5.1.4	**Establish inter-agency task force to undertake the multi-jurisdictional, international or high profile complex ML/TF cases, which comprises at least of investigators from GCNP, GDCE, GDT, MOJ, ACU and CAFIU[8].**				
5.1.4.1	Establish a cross-border cash smuggling investigation team consisting of investigators from GCNP, GDT, CAFIU GDCE.[9] ,	1	Jan–Dec 2019	GDCE	MOI, GDT, CAFIU
5.2	**Increase investigations into money laundering and financial crime**				
5.2.1	Conduct a national needs analysis and strategic plan in line with the national risk assessment to identify the needed organizational structures, policies and procedures, resources, training for investigators, budgets and other requirements that will ensure that the authorities will have the ability to effectively investigate, prosecuting, convict and forfeit proceeds of crime relating to ML and its related predicate crimes.	2	Jan – Dec 2021	- Relevant LEAs - CAFIU	All relevant stakeholders

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[8]To be lead by GCNP and located in major centers

[9]To be lead by GDCE to be focussed on detecting, enforcement and investigating cross border currency smuggling relating to ML /FT. Teams to be established at major airports and border crossings including Phnom Penh and Siem Reap international airports and Poipet/Aranyaprathet border crossing

Objectives	Actions	P	Timeframe[7]	Primary Agency	Supporting Agency
5.2.2	Establish effective organizational structures for LEA's programs, by providing sufficient resources (budget and staffing) needed for conducting ML investigations, provide training, create manuals and institute policies and procedures.	1	Jan 2019 – Jan 2020	Relevant LEAs	MEF
5.2.3	Each agency with responsibility for the investigation of ML and predicate crimes should develop its own ML investigation policies and strategies	1	Jan 2019 – Jan 2021	Relevant LEAs	
6	**Effective prosecution of Money laundering and Predicate Offences**				
6.1	**Increase resources for the prosecution of ML and predicate offences**				
6.1.1	**Increase resources available for ML prosecutions**				
6.1.1.1	Provide additional [or "Increase] funding to support prosecution of ML and high-risk predicate offences	1	Jan-Dec 2019	MOJ	MEF
6.1.2	**Build capacity through training**				
6.1.2.1	Develop training program to provide specialist training on financial prosecution for officers allocated to ML cases	1	Jan-Dec 2019	MOJ	MEF
6.1.2.2	Provide training to all prosecutors on the legal framework and procedures for handling money laundering cases and related predicate crimes	1	Jan-Dec 2019	MOJ	MEF
6.1.3	**Develop dedicated teams for ML prosecutions**				
6.1.3.1	Create specialized AML prosecution team within MOJ dedicated to ML prosecutions (may also have responsibility for undertaking confiscation work)	1	Jan-Dec 2019	MOJ	

Objectives	Actions	P	Timeframe[7]	Primary Agency	Supporting Agency
6.2	**Prioritize the prosecution of ML offences**				
6.2.1	Develop internal agency policies and strategies to prosecute ML	2	Jan-Dec 2021		
6.2.2	Develop standard operating procedures that implement the strategies and policies at 6.2.1	1	Jan-Dec 2019	MOJ	
6.2.3	Develop liaison arrangements between the AML unit and (i) units responsible for prosecution of predicate crimes (particularly high-risk predicate crimes); (ii) investigation units responsible for investigation of ML offence; and (iii) investigation and prosecution units responsible for confiscation	1	Jan-Dec 2019	MOJ	
6.2.4	Develop liaison arrangements between the AML unit and other agencies that can either support ML prosecutions or take referrals of ML related cases where an ML prosecution is not possible (for example tax authorities)	1	Jan-Dec 2019	MOJ	GDT
7	**Effective confiscation of the proceeds of crime**				
7.1	**Enhance capacity of agencies responsible for confiscating the proceeds and instruments of crime**				
7.1.1	**Build capacity through training**				
7.1.1.1	Provide training to officers assigned to specialized confiscation teams	1	Jan-Dec 2019	MOJ	MEF
7.1.1.2	Provide training to prosecutors on the policy, procedural and legal framework for the confiscation of the proceeds and instrumentalities of crime	1	Jan-Dec 2019	MOJ	MEF
7.1.2	Develop dedicated official resources and expertise	1	Jan-Dec 2019	MOJ	MEF
7.1.2.1	Allocate additional resources for confiscation work to investigator and prosecutor	1	Jan – Dec 2019	MEF	MOJ, GCNP
7.1.2.2	Create specialist units within MOJ and GCNP for confiscation work, investigations and prosecutions	1	Jan-Dec 2019	MOJ, GCNP	CAFIU, All relevant LEAs

Objectives	Actions	P	Timeframe[7]	Primary Agency	Supporting Agency
7.2	**Prioritize the confiscation of the proceeds of crime**				
7.2.1	Develop a national confiscation policy or strategy to deal with confiscation of falsely declared or non-declared cross border cash movements	1	Jan-Dec 2019	GDCE	MOJ, GCNP, CAFIU
7.2.2	Develop internal policies, strategies and Standard Operating Procedures (SOPs) for the confiscation of the proceeds and instrumentalities of crime	1	Jan-Dec 2019	MOJ	
8	**International cooperation**				
8.1	**Improve legal framework to enable international cooperation**				
8.1.1	Pass MLA law	1	Jul 2019 (to Council of Ministers)	MOJ	
8.2	**Improve institutional practice to ensure effective international cooperation**				
8.2.1	Establish an SOPs for prioritization and execution of international cooperation requests	**1**	Feb – Dec 2019	MOJ	
8.2.2	Develop a case management system for the effective processing of incoming and outgoing international cooperation requests	1	2018-Dec 2019	MOJ	
8.2.3	Increase the staffing and resources of the MLA central authority	1	Dec 2019 (4-6 Staff) Dec 2020-2023 (4-6 Staff)	MOJ	
9	**Combatting terrorist financing and proliferation financing**				
9.1	**Improve legal framework to combat proliferation financing**				
9.1.1	Issue binding statutory instruments to implement UNSCR in relation to proliferation of WMD	1	Jan-Dec 2019	MOI	Relevant stakeholders

Objectives	Actions	P	Timeframe[7]	Primary Agency	Supporting Agency
9.2	**Engage with private sector to combat proliferation financing**				
9.2.1	Assess risks of the Cambodian economy being used directly/or indirectly to evade UN sanction in relation to proliferation of WMD	2	Jan –Dec 2020	MFA-IC, MOC, CAFIU	All public stakeholders
9.2.2	Conduct awareness raising sessions with the private sector on PF risks and upcoming asset freezing obligations	3	Jan –Dec 2022	MFA-IC, MOC, CAFIU	All public stakeholders
9.2.3	Issue guidelines on PF to the private sector	3	Jan –Dec 2022	MOI, CAFIU	REs and industry
10	**Management of the National AML CFT Program**				
10.1	**Monitor compliance with the National Strategy**				
10.1.1	Establish an administrative unit to monitor progress of the **2019–2023** NS implementation	1	Immediate	NCC	CAFIU
10.1.2	Create a budget for the operations of the administrative group;	1	Jan – Dec 2019	MEF, NBC	
10.1.3	Set out the procedure for addressing failures in implementation	1	Jan – Dec 2019	NCC	MEWG
10.1.4	Set up regular lines of reporting from all relevant entities to receive updated information on a periodic and ongoing basis	1	Jan – Dec 2019	NCC, MEWG	CAFIU
10.1.5	Set up regular lines of reporting to the NCC	1	Jan – Dec 2019	MEWG	CAFIU
10.1.6	Create a calendar of meetings for the MEWG to discuss National Strategy implementation	1	Jan – Dec 2019	NCC, MEWG	
10.2	**Funding Support for National Strategy Action Items**				
10.2.1	Establish additional mechanism(s) to provide more financial support to successfully implement action points	1	Immediate	NCC	MEF, NBC, CAFIU
10.2.2	Prepare report on funding for implementation of the National Strategy and submit to NCC	1	Jan – Dec 2019	MEWG	
10.2.3	Implement new funding arrangements	1	Jan – Dec 2019	NCC	MEF, NBC, CAFIU