



Department of Performance Monitoring and Evaluation

Report on the Assessment of Government Evaluations

Mutual Evaluation Report: Anti-Money Laundering and Combatting the Financing of Terrorism

Date Evaluation was completed: 26/02/2009

Name of assessor: Kevin Foster

Evaluation Number: 105

Date Assessment Completed: 31/01/2013

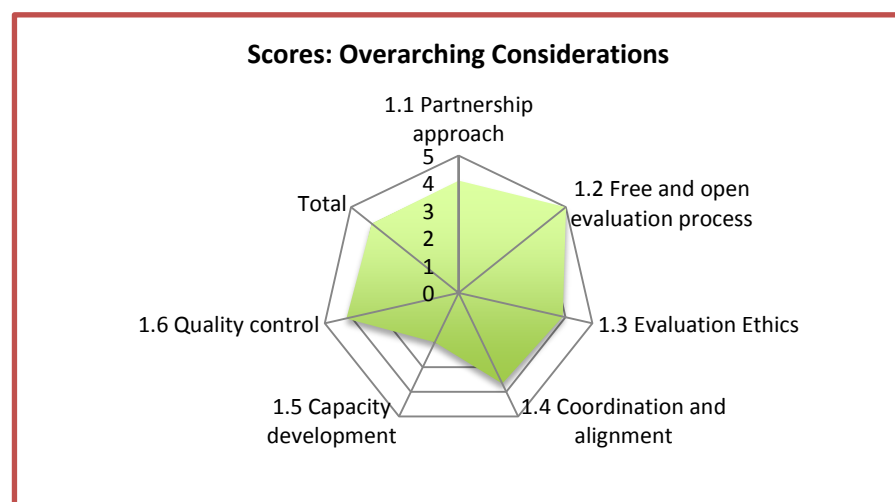
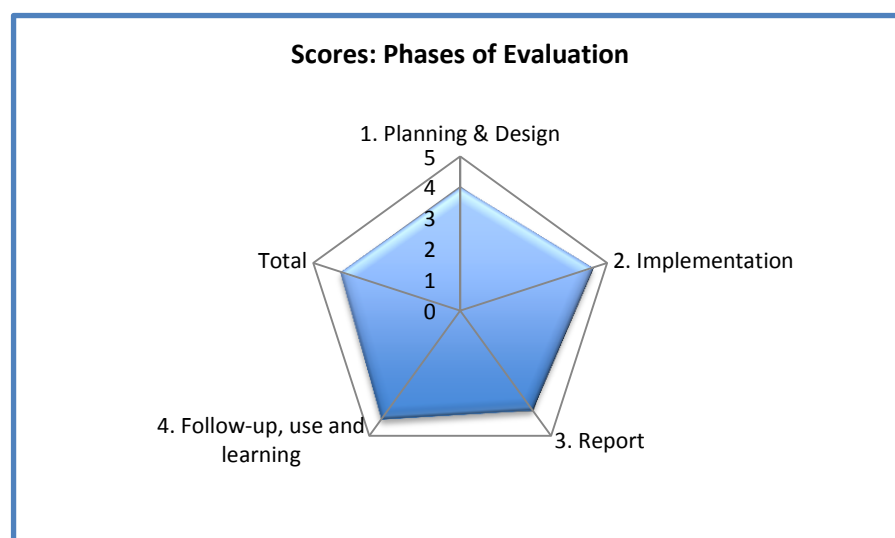
Evaluation Assessment Details

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|-------------------------------|---|
| Title of evaluation report | Mutual Evaluation Report: Anti-Money Laundering and Combatting the Financing of Terrorism |
| Completion Date of Evaluation | 26/02/2009 |
| Name of Assessor | Kevin Foster |
| Evaluation Number | 105 |
| Completion Date of Assessment | 31/01/2013 |
| Initiated by | Financial Action Task Force |
| Evaluation undertaken by | African Anti-Money Laundering Group |
| Evaluation area / sector | Public finance, financial management |
| | Additional |
| National Outcome | Outcome 6 |
| | Additional |
| Type of Evaluation | Implementation |
| | Additional |
| What is being evaluated | Programme |
| | Additional |
| Geographic Scope | National |
| Period of Evaluation | 10 months (May 2008-February 2009) |
| Known Cost of Evaluation | N/A |

Quality Assessment Scores

| Phase of Evaluation | Score |
|-----------------------------|-------------|
| Planning & Design | 4.00 |
| Implementation | 4.50 |
| Report | 3.95 |
| Follow-up, use and learning | 4.32 |
| Total | 4.16 |

| Overarching Consideration | Score |
|----------------------------------|-------|
| Partnership approach | 4.09 |
| Free and open evaluation process | 5.00 |
| Evaluation Ethics | 3.89 |
| Coordination and alignment | 3.67 |
| Capacity Development | 2.00 |
| Quality control | 4.20 |



1. Planning & Design

1.1. Clarity of Purpose and Scope in TOR

STANDARD: *The evaluation was guided by a TOR with at least the following sections explicit: purpose, scope and objectives; expectations regarding design and methodology; resources and time allocated; reporting requirements; expectations regarding evaluation process and products.*

Comment and Analysis

There was no explicitly acknowledged TOR, the evaluation was initiated by the Financial Action Task Force (FATF) and completed in terms of standard arrangements of FATF mutual evaluations and with the established mutual evaluation methodology and procedures which have been accepted by all FATF member countries. The documents support the evaluation, the methodology and the report, make clear the purpose, scope and objectives as well as the overall design of the evaluation. Time and resource allocations are determined on a case by case basis, and are therefore not covered in the standard documents. Clear expectations reporting requirement and expectations for the products are established through participation in the FATF.

Rating 4

STANDARD: *The purpose of the evaluation was clear and explicit in the TOR*

Comment and Analysis

Not applicable for this report.

Rating N/A

STANDARD: *The evaluation questions were clearly stated in the TOR and appropriate to addressing the evaluation purpose*

Comment and Analysis

Not applicable for this report.

Rating N/A

STANDARD: The approach and type of evaluation was suited to the purpose and scope of the evaluation TOR**Comment and Analysis**

Not applicable for this report.

Rating N/A

STANDARD: Intended users and their information needs were identified in the TOR**Comment and Analysis**

Not applicable for this report.

Rating N/A

STANDARD: Key stakeholders were involved in the scoping of the TOR and determining the purpose of the evaluation**Comment and Analysis**

No, the evaluation was designed internationally, no local stakeholders were involved other than through membership of the FATF.

Rating 2

1.2. Evaluation was adequately resourced

STANDARD: The evaluation was adequately resourced in terms of time allocated

Comment and Analysis

It was adequately resourced in terms of time allocated for the evaluation and time allocated by stakeholders involved in the data collection process.

Rating 4

STANDARD: The evaluation was adequately resourced in terms of original budget

Comment and Analysis

The budget for the evaluation is covered by the FATF member countries who provide the evaluation assessors. Each member country has a responsibility to, at some, point provide assessors for evaluation of other members.

Rating N/A

STANDARD: The evaluation was adequately resourced in terms of staffing and skills sets

Comment and Analysis

Yes, the evaluation team was comprised of highly skilled international experts in the field.

Rating 5

STANDARD: *Where appropriate, the evaluation planned to incorporate an element of capacity building of partners/staff responsible for the evaluand*

Comment and Analysis

Not applicable for this evaluation.

Rating N/A

1.3. Alignment to Policy Context and Background Literature

STANDARD: *There was evidence that a review of the relevant policy and programme environments had been conducted and used in the planning of the evaluation by the evaluators*

Comment and Analysis

While there is no comment on the planning of the evaluation in the report, there is clear evidence of extensive background research into the environment and policy and legislative frameworks which form part of the assessment.

Rating 3

STANDARD: *There was evidence of a review of appropriate literature having been conducted and used in the planning of the evaluation by the evaluators*

Comment and Analysis

The evaluation uses a separately documented methodology for assessments of the implementation of FAFT recommendations on anti-money laundering and combatting the financing of terrorism. There is evidence that this methodology document is planned .

Rating 3

1.4. The evaluation methods planned were appropriate to the project

STANDARD: There was explicit reference to the intervention logic or the theory of change of the evaluand in the planning of the evaluation

Comment and Analysis

Not applicable in this case.

Rating N/A

STANDARD: Key stakeholders were consulted on the design and methodology of the evaluation

Comment and Analysis

The methodology was designed by the FATF and accepted by its plenary, no local stakeholders were involved.

Rating N/A

STANDARD: The planned methodology was appropriate to the questions being asked

Comment and Analysis

The methodology used was the established FAFT methodology for assessing implementation of anti-money laundering and combatting financing of terrorism. It was appropriate and well tested.

Rating 5

STANDARD: Planned sampling was appropriate and adequate given the focus and purpose of evaluation***Comment and Analysis***

The sampling amounted to a thorough review of all anti-money laundering and combatting the finance of terrorism legislation and their application to relevant bodies. It was adequate.

Rating 5***STANDARD: There was a planned process for using the findings of the evaluation prior to undertaking the evaluation******Comment and Analysis***

This is not clear from the report, but from the interview with the Senior Manager of the Legal and Policy Unit at the Financial Intelligence Centre it is clear that membership of the FATF obliges member countries to use the findings.

Rating 3**1.5. Inception phase*****STANDARD: The inception phase was used to develop a common agreement on how the evaluation would be implemented******Comment and Analysis***

The inception phase was used to make contact with relevant stakeholders and ensure their compliance and to establish a steering committee incorporating these stakeholders which facilitated implementation.

Rating 3

2. Implementation

2.1. Ethical Review and Considerations

STANDARD: *Where data was gathered in contexts where ethical sensitivity is high, appropriate clearance was obtained through an ethics review board; e.g. in evaluation involving minors, institutions where access usually requires ethical or bureaucratic clearance, and situations where assurances of confidentiality was offered to participants*

Comment and Analysis

No reference is made to clearance obtained in the report. Nor is this discussed in the standard FAFT methodology. However, no individuals are included but the names of potentially threatened private institutions are not revealed. The interview with the Senior Manager of the Legal and Policy Unit at the Financial Intelligence Centre made it clear that stakeholders could choose not to disclose information where it was sensitive provided that non-disclosure was adequately motivated.

Rating 3

2.2. Evaluator independence

STANDARD: *Where external, evaluation team was able to work freely without significant interference*

Comment and Analysis

So far as the FIC and FATF can establish the evaluation was free from interference, and this was accepted by the FATF plenary.

Rating 5

STANDARD: The evaluation team was impartial and there was no evidence of conflict of interest***Comment and Analysis***

Evaluation was conducted by an internationally recognised specialist institution with a team of international experts with no evidence of conflict of interest. The evaluation was accepted by the FATF plenary leaving little room for partiality.

Rating 5**2.3. Key stakeholder involvement*****STANDARD: Key stakeholders were consulted through a formalised mechanism or institutional arrangement during the evaluation******Comment and Analysis***

An exhaustive list of stakeholders were consulted in the evaluation, with at least industry associations consulted from all relevant sectors, through liaison with the South African Financial Intelligence Centre. According to the Senior Manager of the Legal and Policy Unit at the Financial Intelligence Centre representatives for all stakeholders were represented on the steering committee.

Rating 5***STANDARD: Where appropriate, an element of capacity building of partners responsible for the evaluand was incorporated into the evaluation******Comment and Analysis***

This is not made clear in the report.

Rating N/A

2.4. Methodology

STANDARD: The methods employed in the process of the evaluation were consistent with those planned

Comment and Analysis

Given there was not an acknowledged ToR, this standard does not apply.

Rating N/A

STANDARD: Data collection was not compromised by fieldwork-level problems or unplanned diversions from original intentions

Comment and Analysis

At times the availability of data, particularly accurate and complete record of money laundering cases, limited the evaluation's ability to assess execution of anti-money laundering legislation. This is a failure of record keeping in several South African Departments and informs recommendations in the evaluation.

Rating 3

STANDARD: Forms of data gathering were appropriate given the scope of evaluation

Comment and Analysis

The evaluation uses a comprehensive review of legislation and regulations as well as requesting data from relevant stakeholders to assess levels of enforcement. Data has been regularly supplied to the FATF in the time preceding the site visit in August 2009.

Rating 5

STANDARD: The data analysis approach and methods were appropriate and sufficient given the purposes of the evaluation

Comment and Analysis

The methods were appropriate, amounting to a thorough review of AML/CFT legislation and how it matches recommendations and an analysis of the execution of this legislation through a review of implementation information from stakeholders and records of procedures against violators of the legislation.

Rating 5

STANDARD: Key stakeholders were significantly engaged as part of the methodology

Comment and Analysis

The methodology was designed to incorporate significant stakeholder participation, and they were comprehensively engaged in practise.

Rating 5

STANDARD: The methodology included engaging beneficiaries appropriately as a key source of data and information

Comment and Analysis

Not applicable to this evaluation.

Rating N/A

2.5. Project management

STANDARD: The evaluation was conducted without shifts to scheduled project milestones and timeframes

Comment and Analysis

There were some shifts in intermediate timeframes to allow for comprehensive engagement with stakeholders. These shifts did not affect the overall timeframe.

Rating N/A

3. Report

3.1. Report was well-structured and presentation was clear and complete in each of these areas

STANDARD: Executive summary captured key components of the report appropriately

Comment and Analysis

The executive summary highlighted the background and summarised the findings and recommendations effectively.

Rating 5

STANDARD: The context of the development intervention was explicit and presented as relevant to the evaluation

Comment and Analysis

The context was made clear in the description of South Africa's participation in the FATF, and was presented clearly as relevant to the evaluation aimed at strengthening the South African AML/CTF system.

Rating 4

STANDARD: There was a clear rationale for the evaluation questions**Comment and Analysis**

The questions are established in the methodology, which is used and are designed to test implementation of the 40+9 recommendations made by the FATF, the rationale is clear in this context.

Rating 5

STANDARD: The scope or focus of the evaluation was apparent in the report**Comment and Analysis**

The scope was clearly apparent in the report, covering the full extent of anti-money laundering and anti-financial terrorism legislation and implementation.

Rating 5

STANDARD: A detailed methodology was outlined in the relevant section of a report (full report or 1/3/25) to the point that a reader could understand the data collection, analysis and interpretation**Comment and Analysis**

The methodology is outlined in a separate document. This document outlines the recommendations to be tested, and the measures and gives guidance to the assessors. An additional procedural manual is also made available to the assessors. A brief background to the methodology is included in the report, which contributes somewhat to the understanding of the data collection, analysis and interpretation.

Rating 3

STANDARD: Key findings were presented in a clear way; they were made distinct from uncertain or speculative findings; and unused data was not presented in the body of the report

Comment and Analysis

Findings were presented collectively without highlighting key findings. Unused data was not presented.

Rating 3

STANDARD: Conclusions and recommendations were clear and succinctly articulated

Comment and Analysis

The recommendations are generally clear and succinct in the report.

Rating 5

STANDARD: Acknowledgement of limitations of all aspects of the methodology and findings were clearly and succinctly articulated

Comment and Analysis

Limitations are acknowledged in the narrative of the report and potential limitations are mentioned in the methodology document but they are clearly and separately discussed.

Rating 3

3.2. Writing and presentation

STANDARD: *Quality of writing and presentation was adequate for publication including: adequate layout and consistent formatting; complete sentences and no widespread grammatical or typographical errors; consistency of style and writing conventions (e.g. tense, perspective (first person, third person); levels of formality; references complete and consistent with cited references in reference list and vice versa; etc)*

Comment and Analysis

The quality of writing is high and all legal terms are clearly defined. There are few to no grammatical errors and complete sentences are used. The layout and formatting are consistent, though the layout does not clearly set out the methodology, limitations and other structural features of an evaluation, incorporating these into the narrative of the analysis rather.

Rating 4

STANDARD: *Appropriate conventions were used in presentation of data (e.g. use of appropriate statistical language; reporting of p-values where appropriate; not reporting statistically insignificant findings as significant; clarifying disaggregation categories in constructing percentages; not using quantitative language in reporting qualitative data, etc.)*

Comment and Analysis

Data presented is primarily qualitative, as a legal analysis, in appropriate form. Some descriptive financial and legal statistics are also used and are appropriately presented in tabular form or in the narrative.

Rating 4

3.3. Presentation of findings

STANDARD: *The use of figures and tables was such that it supported communication and comprehension of results; and data reported in figures and tables was readily discernible and useful to a reader familiar with data presentation conventions*

Comment and Analysis

Tables are used to present financial data, legal records and summaries of the qualitative analysis. They are readily discerned.

Rating 5

STANDARD: Data analysis appeared to have been well executed

Comment and Analysis

All analysis appears to have been well executed.

Rating 5

STANDARD: Findings were supported by available evidence

Comment and Analysis

The findings only address what is established in the evidence.

Rating 5

STANDARD: The evidence gathered was sufficiently and appropriately analysed to support the argument

Comment and Analysis

The evidence was sufficiently analysed to support the argument.

Rating 5

STANDARD: There was appropriate recognition of the possibility of alternative interpretations

Comment and Analysis

There is no explicit recognition of the possibility of alternative interpretation although the scope for these may be limited given the expert conducting the evaluation and expert local legal opinion sought.

Rating 2

STANDARD: The report appeared free of significant methodological and analytic flaws

Comment and Analysis

There were no clear flaws in the approach or the evaluation. The report could be structured better.

Rating 4

3.4. Conclusions

STANDARD: Conclusions were derived from evidence**Comment and Analysis**

The conclusions are clearly derived from the evidence and the two are clearly linked in the narrative of the report.

Rating 5

STANDARD: Conclusions took into account relevant empirical and/or analytic work from related research studies and evaluations**Comment and Analysis**

The conclusions are mostly limited to the empirical work in this evaluation, though it makes some reference to the initial evaluation of the state of South African legislation at the beginning of the programme. Comparisons to other studies using this methodology are not made, rather it treats South Africa as an individual case. It is unclear if there are other relevant studies and evaluations using these methods that could inform this evaluation of the South African case.

Rating 3

STANDARD: Conclusions addressed the original evaluation purpose and questions**Comment and Analysis**

The conclusions directly address the evaluation purpose and questions.

Rating 5

STANDARD: Conclusions were drawn with explicit reference to the intervention logic or theory of change**Comment and Analysis**

Not applicable in the case of this evaluation.

Rating N/A

3.5. Recommendations***STANDARD: Recommendations were made in consultation with appropriate sectoral partners or experts*****Comment and Analysis**

It is not clearly stated whether recommendations are made in consultation with appropriate partners or experts, however, consultation was extensive in the data gathering process and could have informed recommendations. According to the Senior Manager of the Legal and Policy Unit at the Financial Intelligence Centre a draft report was distributed to stakeholders for comment and discussion.

Rating 3

STANDARD: Recommendations were shaped following input or review by relevant government officials and other relevant stakeholders**Comment and Analysis**

This is not made clear in the report, but the standard arrangement for the evaluation in FAFT procedure covers this. According to the Senior Manager of the Legal and Policy Unit at the Financial Intelligence Centre a draft report was distributed to stakeholders for comment and discussion, changes were made and a second draft was discussed before it was approved by the FATF plenary. The report does not clearly outline the changes and areas of disagreement.

Rating 3

STANDARD: Recommendations were relevant to the policy context**Comment and Analysis**

The recommendations were clearly relevant to the policy context, referencing interventions to be made by appropriate organisations and changes to made to regulations and legislation.

Rating 5

STANDARD: Recommendations were targetted to a specific audience sufficiently - were specific, feasible, affordable and acceptable**Comment and Analysis**

The recommendations were targetted at a legal and government audience and were specific and feasible though affordability is not clear. According to the Senior Manager of the Legal and Policy Unit at the Financial Intelligence Centre not all the recommendations were useful given the South African context, often alternative approaches are used to address the findings concerned.

Rating 3

3.6. Relevant limitations of the evaluation have been noted**STANDARD: Relevant limitations of the evaluation were noted****Comment and Analysis**

The limitations are not clear and explicit.

Rating 1

3.7 Protection of participants and risk considerations

STANDARD: *The full report documented procedures intended to ensure confidentiality and to secure informed consent where this was needed (in some cases this is not needed - e.g. evaluation synthesis - in which case N/A should be recorded)*

Comment and Analysis

The procedures to ensure confidentiality were not clearly indicated.

Rating 1

STANDARD: *There were no risks to participants in disseminating the original report on a public website*

Comment and Analysis

There are no risks to disseminating the original reports, stakeholders could withhold sensitive information as it was necessary and that they could motivate for.

Rating 5

STANDARD: *There were no unfair risks to institutions in disseminating the original report on a public website*

Comment and Analysis

There do not appear to be unfair risks to disseminating the report.

Rating 5

4. Follow-up, use and learning

4.1. Presentation to stakeholders

STANDARD: *Results were presented to all relevant stakeholders*

Comment and Analysis

This is not made clear in the report, but the report is published on the FATF website. According to the Senior Manager of the Legal and Policy Unit at the Financial Intelligence Centre the report was given to all stakeholders.

Rating 3

4.2. Resource utilisation

STANDARD: *The evaluation was completed within the planned timeframes*

Comment and Analysis

The evaluation was completed within the planned timeframes.

Rating 5

STANDARD: *The evaluation was completed within the agreed budget*

Comment and Analysis

This information was not available.

Rating N/A

4.3. Transparency

STANDARD: *The report was publicly available (website or otherwise published document), except where there were legitimate security concerns*

Comment and Analysis

The report was publicly available on the the FATF website.

Rating 5

4.4. Lessons learnt

STANDARD: *After completion of the evaluation, a reflective process was undertaken by staff responsible for the evaluand to reflect on what could be done to strengthen future evaluations*

Comment and Analysis

There was no discussion of this in the report. The interview suggested that there had been some reflection, though not formalised.

Rating 1

4.5. Symbolic and conceptual value

STANDARD: *The evaluation study was seen by interviewed stakeholders as having added significant symbolic value to the policy or programme (eg raised its profile)*

Comment and Analysis

According to the Senior Manager of the Legal and Policy Unit at the Financial Intelligence Centre the evaluation has helped improve the motivation of stakeholders in implementing the recommendations, there has been improved cooperation between stakeholders and an increase in money-laundering cases prosecuted as well as increased activity by regulators. According to the Senior Manager of the Legal and Policy Unit at the Financial Intelligence Centre the high visibility of the evaluation helped to improve compliance.

Rating 4

STANDARD: The evaluation study was of conceptual value in understanding what has happened and possibly in shaping policy and practice

Comment and Analysis

According to the Senior Manager of the Legal and Policy Unit at the Financial Intelligence Centre committees and joint committees have been established to improve relations between stakeholders such as the SAPS and the NPA. Regulators have taken similar action. The findings of the evaluation have been particularly useful in improving the legislative and policy context.

Rating **4**

4.6. Utilisation of findings and recommendations

STANDARD: There was clear evidence of instrumental use - that the recommendations of the evaluation were implemented to a significant extent

Comment and Analysis

From the interview with the Senior Manager of the Legal and Policy Unit at the Financial Intelligence Centre it is clear that there has been significant use of the evaluation in improving the relationships between stakeholders involved in anti-money laundering activities. It has been used to inform amendments to the FIC Act and other regulations.

Rating **5**

STANDARD: There was clear evidence that the evaluation has had a positive influence on the evaluand, its stakeholders and beneficiaries over the medium to long term

Comment and Analysis

Following the evaluation there has been a clear improvement in the prosecution of money laundering cases and in compliance by regulators as well as the establishment of committees to improve regulation and compliance. It is also being used to inform legislative amendments which should have a clear long term impact.

Rating **5**

References

Financial Action Task Force, 2009. Mutual Evaluation Report: Anti-Money Laundering and Combating the Financing of Terrorism: South Africa. Financial Action Task Force, Financial Action Task Force, 2009. Mutual Evaluation Report Exucutive Summary: Anti-Money Laundering and Combating the Financing of Terrorism: South Africa. Financial Financial Action Task Force, 2004. Methodology for Assessing Compliance with the FATF 40 Recommendations and the FATF 9 Special Recommendations. Financial Action Task

List of Interviewees

Advocate Pieter Smit, Legal and Policy Unit: Financial Intelligence Centre, Telephonic Interview, 31/01/2013.