

Safeguarding the Republic of Palau against Illicit Financial Activity

Strategic Plan

FY 2023-2028



FINANCIAL INTELLIGENCE UNIT
Republic of Palau

Table of Contents

Overview of Financial Intelligence Unit	2
Mission, Vision, and Core Values	3
Financial Intelligence Unit Strategic Plan Overview	4
Overview of Strategic Foci	5
Strategic Focus 1: APG Follow-up Reports (Yearly) and Round 4 Mutual Evaluation Process and Report (2027-2028)	5
Strategic Focus 2: Legislation, Regulations, and Interagency Operating Procedures	5
Strategic Focus 3: Virtual Assets and Virtual Asset Service Providers	5
Strategic Focus 4: External Engagement Plan	6
Strategic Focus 5: Budget and Funding	6
Strategic Focus 6: Mis-It & Operations	6
Strategic Focus 7: Human Resource	6
Adoption of Strategic Plan FY 2023 – 2028	7

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Overview of the Financial Intelligence Unit

The Financial Intelligence Unit (“FIU”) was established in 2001 with the enactment of the Money Laundering and Proceeds of Crime Act of 2001. The Office of the Attorney General initially housed the FIU, followed by the Financial Institutions Commission (“FIC”) in 2008. In 2014, with the latest amendment to the Money Laundering and Proceeds of Crime Act, the FIU became a fully independent agency.

The FIU is not only responsible for the initial investigations of suspected proceeds of crime and terrorist property, but is also responsible for ensuring that entities subject to its supervision comply with the anti-money laundering and counter terrorism financing (“AML/CFT”) requirements stipulated in the amended Money Laundering and Proceeds of Crime Act of 2001. Under the Money Laundering and Proceeds of Crime Act, the FIU supervises Financial Institutions and Designated Non-Financial Businesses and Professions (“DNFBPs”). DNFBPs include attorneys, high value dealers, and real estate agents, among other sectors.

As member of the Asia Pacific Group (“APG”), a Financial Action Task Force (“FATF”)-style regional body, the Republic of Palau (“ROP”) works towards compliance with the FATF 40 Recommendations and 11 Immediate Outcomes. The FIU actively supports the ROP’s efforts towards compliance with these international AML/CFT recommendations and norms.

The FIU is headed by a Director that reports to the Governing Board of the FIC. The agency is further supported by a Senior Intelligence Analyst and an Administrative Specialist. The FIU’s budget is provided for annually through annual appropriations from the national government of the ROP.

Mission, Vision, and Core Values

Mission

Detect, disrupt, and deter money laundering, terrorism and proliferation financing, and other transnational crimes through coordination, collaboration, and cooperation with relevant domestic and international partners, while working towards alignment with international best practices and standards and promoting FIU staff growth and excellence.

Vision

To safeguard the Republic of Palau against illicit financial activity.

Values

To achieve this vision, the Financial Intelligence Unit is guided by the following values:

- We conduct ourselves with integrity and maintain our independence to ensure our credibility is not at risk.
- We are ethical, fair, and respectful in all that we do.
- We communicate openly, honestly, and with good intent among ourselves and with those we serve.
- We provide an environment for learning and growth so we are regarded as subject matter experts in financial sector issues and matters.
- We are proactive in our approach to development within the financial sector and the impact on Palau's economy.

FIU Strategic Plan Overview

About the Plan

This strategic plan is composed of seven (7) strategic foci which, together, aim to promote a robust system to detect and deter financial crimes, enhance cooperation with international and domestic entities, fulfill the FIU's statutory mandate under the Money Laundering and Proceeds of Crime Act and Regulations, promote a high performing workforce, and also assist the ROP in meeting its international AML/CFT obligations.

The FIU staff and Governing Board of the FIC put in place the foundation for Strategic Plan FY2023 - 2028 during a 2-day strategic planning session held September 16 and 17, 2022. This is the first strategic plan for the FIU, although it had participated in previous FIC Strategic Planning sessions in 2017, 2019, and 2020, where objectives for the FIU were discussed.

Strategic Plan FY2023 - 2028 is formally adopted by the Governing Board of the FIC and is a public document.

Performance

To ensure accountability to Strategic Plan FY 2023 – 2028, the FIU will use various processes and reports to regularly evaluate its performance in fulfilling the Strategic Plan's objectives.

The Director will, at a minimum, provide quarterly reports to the Governing Board of the FIC detailing the FIU's progress on Strategic Plan FY 2023 – 2028. At this time, action plans may be adjusted in order to better fulfill the Strategic Plan's foci.

External and internal factors beyond the FIU's control may affect its fulfillment of the strategic objectives. External factors include natural disasters and public health crisis; economic and financial fluctuations; geo-political changes; rapid technological advancements; and governmental actions. Internal factors include limited resources, both human capital and budgetary. The FIU will be mindful of these factors and work to limit or eliminate their impact on the FIU's ability to achieve the Strategic Plan's objectives.

Strategic Plan FY 2023 - 2028 is supported by internal documents, such as strategic analysis from the 2022 planning session, a 5-year plan timeline, action plans for each goal, and a strategic plan calendar. These documents will be updated as the FIU progresses through each objective.

Overview of Strategic Foci

Strategic Focus 1: APG Follow-up Reports (Yearly) and Round 4 Mutual Evaluation Process and Report (2027-2028)

Purpose: To assist in making progress towards compliance with the FATF 40 Recommendations and 11 Immediate Outcomes, specifically in preparation for the Asia Pacific Group Follow-up Reports and Mutual Evaluation Process. Objectives include:

1. Attend and facilitate agenda for Money Laundering Working Group meetings and hold regular Financial Crimes Investigative Unit meetings
 2. Assist in completion of national and sectorial risk assessments
 3. Onboard relevant sectors to Money Laundering and Proceeds of Crime Act, Financial Institutions Regulation, and DNFBP Regulation supervision
 4. Facilitate establishment of proliferation financing law
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Strategic Focus 2: Legislation, Regulations, and Interagency Operating Procedures

Purpose: To provide an adequate legal and regulatory framework to support the FIU mandate and Vision. Objectives include:

1. Work with relevant domestic agencies to put in place interagency operating procedures for terrorism financing
 2. Review and update Money Laundering and Proceeds of Crime Act, Financial Institutions Regulations, and DNFBP Regulations
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Strategic Focus 3: Virtual Assets and Virtual Asset Service Providers

Purpose: To assist in the proper regulation and supervision of virtual assets and virtual asset service providers. Objectives include:

1. Work towards Money Laundering and Proceeds of Crime Act supervision of Virtual Assist and Virtual Asset Service Providers by:
 - a. Assisting in a Virtual Asset and Virtual Asset Service Providers Risk Assessment;
 - b. Promulgating Money Laundering and Proceeds of Crime Virtual Asset and Virtual Asset Service Providers Regulations; and
 - c. Working closely with FIC to determine registration and/or licensure structure.

Strategic Focus 4: External Engagement Plan

Purpose: To engage all key stakeholders, partners, and agencies. Objectives include:

1. Create partnerships with other international governmental agencies, within regional bodies, and domestically through the signing of MOUs and other means
2. Through the Money Laundering Working Group and Financial Crimes Investigative Unit, assist in increasing collaboration between member agencies
3. Establish and implement domestic FIU outreach calendar to increase understanding of FIU purpose and understanding of threats around money laundering and proceeds of crime

Strategic Focus 5: Funding and Budget

Purpose: For adequate framework to support our mandate and for anticipating and implementing future developments. Objectives Include:

1. Grow budget to better support FIU functions

Strategic Focus 6: Mis-It & Operation Plan

Purpose: To secure operational viability and capacity of the organization. Objectives include:

1. Establish Standard Operating Procedure
2. Establish Disaster Relief Plan

Strategic Focus 7: Human Resources Plan

Purpose: To form a long-term viability and capacity development for the organization. Objectives include:

1. Grow FIU personal to better support FIU functions
 2. Establish succession planning protocol
 3. Implement and maintain staff meeting schedule on a monthly basis
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Adoption of Strategic Plan FY 2023 – 2028

On this day April 18, 2023, Strategic Plan FY 2023 – 2028, in its entirety, is formally adopted by the Governing Board of the Financial Institutions Commission.



Chair, Governing Board
Financial Institutions Commission
Republic of Palau

April 18, 2023

Date

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