Pakistan and FATF

Why in news?

The Financial Action Task Force has granted Pakistan on its watch list a 3-month extension to fulfil its 27-point action plan.

What is FATF?

- The Financial Action Task Force (FATF) is headquartered in Paris.
- It was set up in 1989 by the G7 countries.
- **Objective** - FATF acts as an international watchdog on issues of money laundering and financing of terrorism.
- It is empowered to curtail financing of UN-designated terrorist groups.
- It is to limit the concerned countries from sourcing financial flows internationally and thereby constraining them economically.
- **Members** - FATF has 39 members, which comprise 37 member jurisdictions and 2 regional organisations.
- India became a full member in 2010.

What situation is Pakistan facing?

- The 3-month extension was given by the FATF in view of the pandemic.
- In June 2018, Pakistan was placed on the grey list.
- It was given time until October 2019 to complete a 27-point action plan on countering terror finance and anti-money laundering.
- Failing that, it would be put on the black list of high-risk jurisdictions facing severe financial sanctions.
- Pakistan has only completed about 14 points so far.
- However, it will have had at least one extra year to meet its deadlines.

What are the remaining deadlines?

- To improve the mechanisms for curbing terror financing.
- To amend laws to curb ‘Hawala’ transactions and placing sanctions against cash couriers who facilitate terror groups.
- To complete the prosecution of groups banned by the UNSC.
- To convert the madrassas run by these groups into formal schools.
- Each item demands more accountability by Pakistan on terror groups.

What does a US report say?

- In a U.S. report on terrorism, Pakistan remains a “safe haven” for most UN proscribed groups.
- The report also adds that its steps to prosecute certain leaders of JeM and LeT are inadequate.
- In 2019, Pakistan has pursued indictments against LeT leaders, but not on serious charges.
- Even, Pakistan has convicted the 26/11 mastermind Hafiz Saeed only for being part of a banned terrorist outfit and for having illegal property.
- Pakistan’s failed attempt to have the UNSC designate four Indians as terrorists, speaks to its lack of credibility on the issue.

What is Pakistan doing to achieve the 27-points plan?

- Pakistan is facilitating the Afghanistan peace deal by pushing Taliban leaders to participate in it.
- It does this in order to mitigate its troubles at the FATF.
- Eventually, given the rigorous FATF action plan, Pakistan would realise that only clear actions would free it from the FATF commitments.

Source: The Hindu

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