



13th ANNUAL REPORT

**OF THE MIDDLE EAST AND NORTH
AFRICA FINANCIAL ACTION TASK FORCE
FOR THE YEAR 2017**

The Middle East and North Africa Financial Action Task Force
13th Annual Report for the Year 2017

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MENAFATF President Foreword

**In the Name of God,
the Most Compassionate, the Most Merciful,**

Greetings I have the pleasure to introduce to you the 13th annual report of the MENAFATF for 2017, during which I am honored to have represented my dear country, Kuwait, in my capacity as President of the MENAFATF. I would like to extend my thanks and appreciation to all member countries, observers and their representatives and in particular, my colleagues at the MENAFATF Secretariat, and I wish that we have all been successful in our path and endeavors towards achieving the MENAFATF objectives.



Thanks to the efforts made by the Presidents who assumed the MENAFATF presidency and by the MENAFATF Secretariat team, MENAFATF has striven to further support the regional efforts in this field, in order to protect the international community in general and member countries in particular, against the risks of money laundering and terrorist financing offenses. In this context, the State of Kuwait has endeavored, through its presidency of the MENAFATF for 2017, to continue the efforts jointly exerted to achieve the objectives sought after, in addition to its commitment to support MENAFATF efforts and the international efforts in this regard.

In supporting MENAFATF, and under the auspices of HE the Deputy Prime Minister and the Minister of Finance Mr. Anas Khaled Al-Saleh, the State of Kuwait hosted the (25th) MENAFATF Plenary Meeting from 22 to 27/4/2017, during which MENAFATF adopted some proposals we have made during our Presidency, in an attempt to complete the evolution process we are all striving for, by proposing some priorities, namely in the training field, in order to enhance the capacities of member countries and assist them in facing the ML/TF offense. MENAFATF held its (26th) meeting from 2 to 7/12/2017, during which it sought to accomplish the proposals which have been made by the State of Kuwait, and to complete its AML/CFT work plan.

During this year, MENAFATF made several achievements regarding its various works and activities and took many decisions, such as increasing its efforts in

the field of combating terrorist financing Through the Operational Forum on Terrorist Financing (OFTF), MENAFATF focused on two main topics concerning the return of foreign terrorist fighters and the financing of small terrorist cells. Furthermore, MENAFATF pursued the follow-up processes which are subsequent to the assessment of member countries for compliance with the AML/CFT international standards within the first round of evaluation. During this year, MENAFATF has also completed the preparation for the second round of assessment of member countries for compliance with the international standards on combatting money laundering, the financing of terrorism and proliferation, by amending the procedures of the second round of the mutual evaluations and the procedures for the organization of the follow-up process, in order to be abreast of the general procedures issued by the Financial Action Task Force (FATF).

Furthermore, in an attempt to continue the cooperation and joint work in combating money laundering and terrorist financing, MENAFATF has acquired the seat of observer at the AMF Board of Governors; and the Arabic Version of the Guidance on “Criminalizing Terrorist Financing” Issued by FATF was adopted. On typologies, MENAFATF has adopted the typologies reports on “Money Laundering and Corruption” and “Money Laundering through Electronic Means”, in addition to a number of achievements and topics presented in detail in this report.

Finally, I hope we have been successful in our path and we have contributed to achieving the objectives we are all seeking. I would also like to reiterate my thanks and appreciation to all colleagues, from heads of delegations, all the MENAFATF Secretariat staff, mainly the Executive Secretary, for their efforts, support and courtesy. On this occasion, I would like to congratulate the next MENAFATF President, wishing him and all my colleagues luck and success.

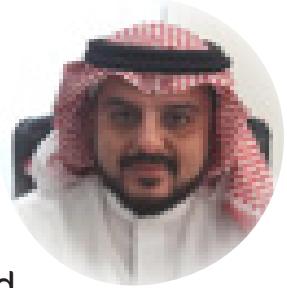
Best Regards

Talal Ali Al-Sayegh

Executive Secretary Foreword

**In the Name of God,
the Most Compassionate, the Most Merciful,**

Dear Brothers and Sisters, I am pleased to welcome you on the occasion of releasing this 13th issue of the MENAFATF annual report of year 2017. I would like to seize this opportunity to extend my deepest thanks and gratitude to the MENAFATF member countries and observers for their cooperation, trust and support since I started my position as MENAFATF executive secretary in January 2017, where the efforts we have all exerted were crowned with success by achieving valuable gains for MENAFATF at the international and regional level and at the MENAFATF member countries level, as well.



During this year, MENAFATF has devoted part of its efforts and available resources to promote direct engagement and outreach with the Financial Action Task Force (FATF) and FATF-Style Regional Bodies (FSRBs). It has also organized, during this year, in cooperation with FATF, several joint events that comprised joint workshops for the preparation of assessors and assessed countries for mutual evaluation, in addition to the co-organization of on-site visits in the context of the mutual evaluation processes.

On this note, MENAFATF was keen on approaching FSRBs and relevant international authorities, and attended with several member countries the Egmont Group plenary meetings. It has also organized a workshop with said Group, and has approached financial action task forces in Africa in order to organize the joint typologies and capacity building workshop between the Middle East and North Africa Financial Action Task Force (MENAFATF), the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), and the Task Force on Money Laundering in Central Africa (GABAC), where a large number of AML/CFT experts from various countries, in addition to relevant international organizations, are expected to participate. Regarding typologies, MENAFATF has participated with the Asia Pacific Group (APG) in studying a typologies subject on “Terrorist Financing and Social Media”. The 26th Plenary Meeting adopted both typologies reports on “Money Laundering through Electronic Means” and “Mon-

ey Laundering and Corruption". It has also adopted a new typologies project on "Money Laundering through the Real Estate Sector" which will be finalized in May 2018.

Regarding technical assistance, MENAFATF has executed, during 2017, more than 5 training programs on important topics, which included prevention and disruption of terrorist financing, strategic analysis, preparation and qualification of assessors, and preparation of countries for mutual evaluations. These programs were attended by a group of trainees who represent MENAFATF member countries and were executed in cooperation with the MENAFATF partners from donors, such as FATF, the International Monetary Fund (IMF), the World Bank, the United Nations, the Egmont Group and other authorities.

During 2017 and in following-up MENAFATF member countries for compliance with the AML/CFT international standards, MENAFATF has adopted six Follow-Up Reports in the first round, and one Follow-up Report in the second round of the mutual evaluation processes, as well as 4 Update Reports. These reports highlighted the extent of progress achieved by these countries in improving their AML/CFT regimes in the light of the comments mentioned in their respective evaluation reports. On this note, it was agreed to remove the Republic of Lebanon and the Sultanate of Oman from regular follow-up to biennial update, where MENAFATF praised the achievements of both countries in addressing the deficiencies set out in their respective Mutual Evaluation Reports and on the level of compliance they have achieved; hence, the approval upon their exit from regular follow-up to biennial update.

In an attempt pursued by MENAFATF to foster its relationships with regional and international organizations and counterparts, to enhance its position among these groups and to promote the fine reputation it has acquired in the field of combating money laundering and terrorist financing, MENAFATF has recently acquired the seat of observer at the Arab Monetary Fund Board of Governors.

On the other hand, the 26th Plenary Meeting approved upon the request of the Republic of Djibouti to join MENAFATF

Finally, I would like to extend my thanks and appreciation to all those who con-

tributed to the achievement of MENAFATF objectives. I would also like to thank my colleagues at the MENAFATF Secretariat for their valuable efforts and all the observers for their constant support and cooperation and their prominent role in supporting MEANFATF efforts aimed at combating money laundering and terrorist financing at the regional and international level, wishing everyone success in all their efforts and endeavors,

Peace be upon you,

God's Mercy and His Blessings,

AlWaleed AlSheikh

Section One

Overview of MENAFATF

Overview of MENAFATF

In 2003, the idea of founding a FATF style regional body for the Middle East and North Africa for combating money laundering and terrorist financing was officially proposed. It was followed by a series of official meetings during the period from October 2003 to July 2004. On 30 November 2004, the governments of 14 Arab countries decided at a ministerial meeting held in Manama, the Capital of the Kingdom of Bahrain, to establish the aforementioned group, and it was called the Middle East and North of Africa Financial Action Task Force (MENAFATF). Five more countries have subsequently joined the Group. All member countries signed a memorandum of understanding, which represented a historic achievement for the Arab Countries, whereas it shows their seriousness in facing all the risks that result from ML/FT operations.

The Kingdom of Bahrain hosts the headquarters of the MENAFATF Secretariat which became operational since MENAFATF establishment, knowing that the Kingdom of Bahrain provided it with all necessary resources in this regard. To confirm the importance of MENAFATF role, the headquarters agreement was signed between the Kingdom of Bahrain and MENAFATF and approved by the Consultative Council and the Parliament; His Majesty the King of Bahrain, Hamad Ben Issa Al-Khalifa, promulgated Law No. (5) of 2009 to ratify the agreement on 26 March 2009; and it was published in the official Gazette on 2 April 2009.

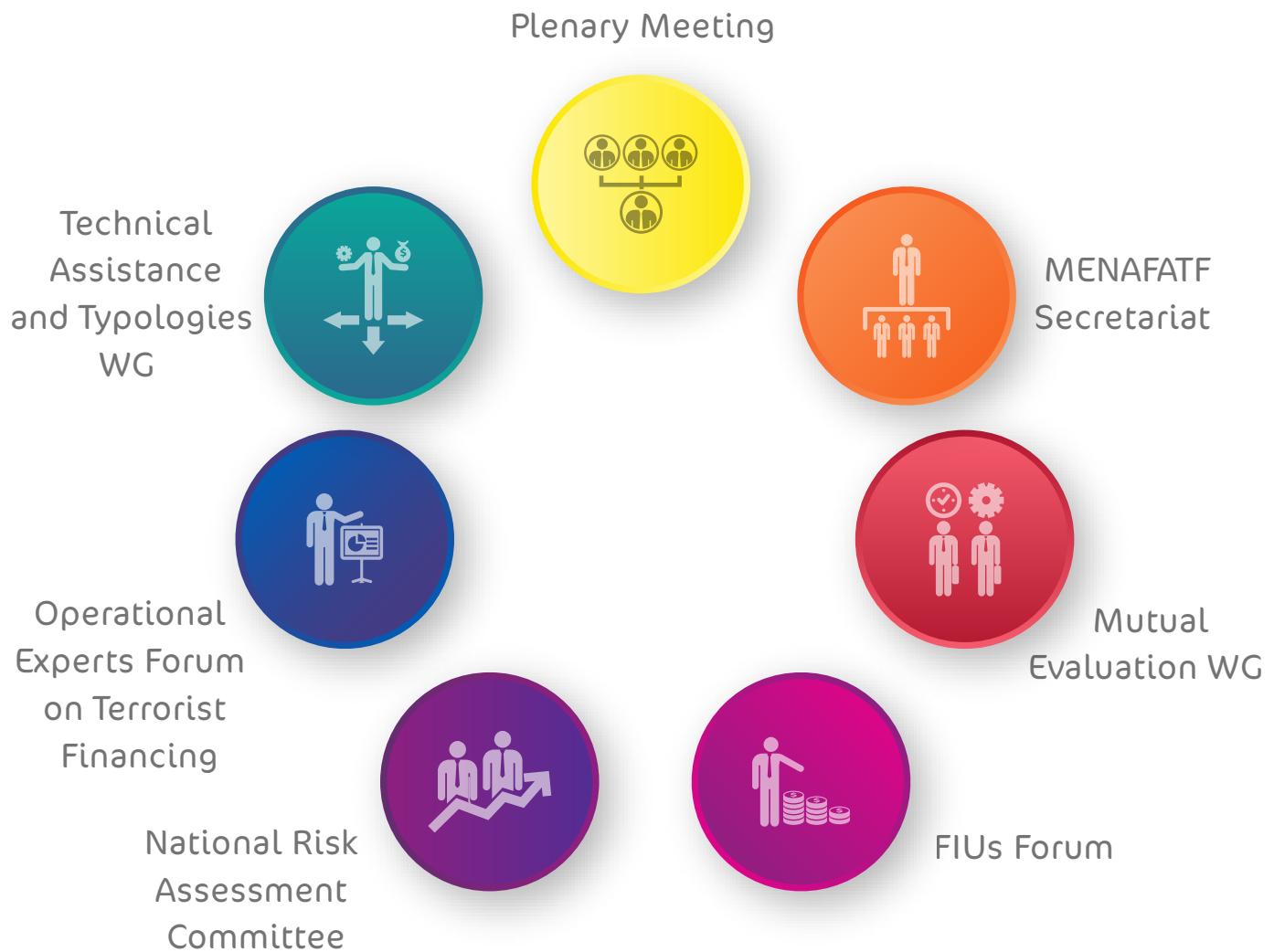
Given that the stability of the financial and economic regime in any country or region in the world is greatly and negatively affected by ML & TF crimes, MENAFATF member countries and observers continuously seek to implement and disseminate relevant international policies and standards, and to increase the level of effective compliance therewith, particularly the FATF recommendations.

MENAFATF OBJECTIVES

MENAFATF MEMBER COUNTRIES ENDAVOUR TOWARD'S ACHIEVING THE FOLLOWING OBJECTIVES:

- To adopt and implement the FATF 40 Recommendations on combating money laundering and financing of terrorism and proliferation;
- To implement the relevant UN treaties and agreements and United Nations Security Council Resolutions;
- To co-operate among each other to raise compliance with these standards within the MENA Region and to cooperate with other international and regional organizations, institutions and agencies to improve compliance worldwide;
- To work jointly to identify issues of regional nature related to money laundering and terrorist financing, and to share relevant experiences and to develop solutions for dealing with them; and
- To take measures throughout the region to effectively combat money laundering and terrorist financing in a way that does not contradict with the cultural values, constitutional frameworks and legal systems in the member countries.

General Structure of MENAFATF



The Plenary Meeting

Is the body in charge of taking decisions within MENAFATF. It is composed of representatives from member countries, who are experienced in the AML/CFT fields.

The Secretariat

Is responsible for executing the technical and administrative functions to fulfill the activities of MENAFATF, such as coordinating the mutual evaluation processes and cooperating with international entities and counterparts, especially the FATF, in addition to other tasks as decided by the Plenary Meeting.

The Mutual Evaluation Working Group

Is formed of member countries with the aim of preparing and organizing the mutual evaluation program for member countries, developing the procedures, working on qualifying and training the assessors and following up the international developments in this regard.

The Technical Assistance and Typologies Working Group

Is formed with the mandate to execute the typologies programs and projects, identify the technical needs of member countries in terms of training and co-ordination for the provision of technical assistance, and follow -up the latest global developments with a view to benefit from them in improving the combating regimes in the region.

The FIUs Forum

Is the communication channel and mechanism between FIUs of member countries and aims at promoting regional cooperation and exchange of experience among them; The Forum is convened on the margin of the MENAFATF plenary meetings and when necessary; the Secretariat acts as the coordinator of the Forum.

Operational Experts Forum On Terrorism Financing

The year 2016 witnessed significant developments in terms of developing the MENAFATF work mechanisms according to the Presidency vision for this year, where the Operational Experts Forum on Terrorist Financing was formed to discuss operational matters, monitor the developments, and consider the pertinent subjects on an ongoing basis, while making recommendations in their regard to the plenary meeting. The forum is held on the margin of the MENAFATF Plenaries and whenever necessary, and the Secretariat acts as the coordinator of the forum.

National Risk Assessment Committee

During the 18th Plenary Meeting held in the Kingdom of Bahrain in November 2013, MENAFATF approved upon the constitution of the National Risk Assessment Committee, which works under the Technical Assistance and Typologies Working Group, and which is charged with discussing the subject of national risk assessment and exchange of experiences and best practices in this regard, given the importance of the national risk assessment to implement the amended recommendations of FATF (February 2012) and the new assessment methodology (February 2013), and to prepare member countries for the second round of mutual evaluations. The membership of the committee is available to the experts in the field of ML/TF risk assessment from all member countries and observers and financial working groups, who fulfill the educational qualifications and have the work experience needed for the national risk assessment. The committee holds its meetings on the margin of the MENAFATF plenary meetings and whenever deemed necessary by the committee, and the Secretariat acts as the coordinator of the committee.

Member Countries and Observers of MENAFATF

MENAFATF currently includes 19 Arab countries as members – after the approval upon the request of the State of Palestine to join it in April 2015, in addition to 16 countries and international organizations as observers – after the approval of Australia's adherence request in April 2016; these figures actually reflect the interest in the activities and work of the MENAFATF. MENAFATF is also an Associate Member in FATF since 2007, and holds the position of observer on a reciprocal basis with: The Egmont Group of Financial Intelligence Units, The Asia/Pacific Group (APG), and the Eurasian Group (EAG).

Member Countries

Hashemite Kingdom of Jordan	United Arab Emirates	Kingdom of Bahrain	People's Democratic Republic of Algeria	Republic of Tunisia
Kingdom of Saudi Arabia	Republic of Sudan	Syrian Arab Republic	Republic of Iraq	Sultanate of Oman
State of Palestine	State of Qatar	State of Kuwait	Lebanese Republic	Libya
Arab Republic of Egypt	Kingdom of Morocco	The Islamic Republic of Mauritania	Republic of Yemen	

OBSERVERS OF MENAFATF:

France	United Kingdom	USA	IMF
The World Bank	GCC	FATF	The Egmont Group
Spain	APG	WCO	Arab Monetary Fund (AMF)
EAG	UN	Republic of Somalia	Australia

For more information, please visit the MENAFATF website:

www.menafatf.org

Section Two

Regional and International Coordination and Cooperation

Regional and International Coordination and Cooperation

Regional and international cooperation is a great importance for MENAFATF, considering that it is a primary focal point to achieve its objectives and to supporting and developing AML/CFT regimes for member countries. MENAFATF acts as a link between member countries on one hand, and with regional and international institutions engaged in the AML/CFT field, on the other hand.

It is undeniable that the regional and international cooperation plays an important role in the AML/CFT field in general, in this context, the joint meetings and plenary meeting's between member countries and observers constitute an opportunity to communicate, exchange, expertise, experiences and review the latest regional and international developments in the AML/CFT field. These meetings contribute to shifting knowledge and information, while also enhancing and improving the AML/CFT systems of MENAFATF member countries.

This section handles a number of periodical meetings, as well as meeting's, in addition to the events organized or co-organized by MENAFATF during 2017, here in after main outcomes, as follows:

First: MENAFATF Plenary Meeting's and Working Groups Meetings during 2017

25th Plenary Meeting, Kuwait, State of Kuwait, 25-27 April 2017

The 25th Plenary Meeting was held in Kuwait, State of Kuwait, from 25 to 27 April 2017 and was chaired by the State of Kuwait represented by H.E Mr. Talal Ali Al-Sayegh, Chairman of the National Anti-Money Laundering and Terrorist Financing Committee, President of Kuwait Financial Intelligence Unit and President of MENAFATF.

The Plenary Meeting was attended by a large number of AML/CFT experts from seventeen Arab countries (Jordan, UAE, Bahrain, Tunisia, Algeria, Saudi Arabia, Sudan, Iraq, Oman, Palestine, Qatar, Kuwait, Lebanon,

Libya, Egypt, Morocco and Mauritania). The Plenary Meeting was also attended by representatives of several countries and bodies that have observer status (France, USA, UK, IMF, WB, GCC, FATF, UN, Egmont Group, AMF, Eurasian Group, Somalia and Australia).

The Plenary Meeting tackled, during its sessions, several important subjects related to the MENAFATF work and activities, and took several decisions. In the context of the follow-up processes subsequent to mutual evaluations, the Plenary Meeting discussed the first follow-up report for the Republic of Tunisia, in the context of the follow-up processes of the second round of mutual evaluations. The Plenary Meeting also reviewed four Follow-Up Reports within the first round of the follow-up processes, for each of: Syria, Iraq, Oman, and Lebanon, in addition to two Update Reports for Kuwait and Jordan. These reports included the latest developments and actions taken by these countries toward improving their AML/CFT systems. The Plenary Meeting decided to approve upon the requests made by Lebanon and Oman to move from follow-up to biennial update and congratulated them on the progress made in their AML/CFT systems. It also praised the level of compliance achieved in this regard. In addition, the Plenary Meeting informed by a report on the Voluntary Tax Compliance Follow-Up Program which is submitted by Algeria and it was decided that it shall submit the next report to the 26th Plenary Meeting which will be held in November 2017. The Plenary Meeting adopted the procedures for the second round of evaluations and the time line for the follow-up process which is subsequent to the first round of mutual evaluation, as well as the time line for the second round of mutual evaluation.

In the framework of typologies, the Plenary Meeting approved the amended draft of the Technical Assistance and Typologies Working Group mandate. It also approved the adoption of the new typologies Project on “Money Laundering through the Real Estate Sector - May 2017- May 2018, and urged member countries to fully cooperate and participate in the working group and taking part in all the stages of the project; The Plenary Meeting also approved upon organizing a joint workshop on typologies and capacity building between the Middle East and North Africa Financial Action Task Force (MENAFATF), the Eastern and Southern Africa Anti-Money Launder-

ing Group (ESAAMLG), the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), and the Task Force on Money Laundering in Central Africa (GABAC) in December 2017.

The Plenary Meeting reviewed the co-chairs report of the Mutual Evaluation Working Group and the Co-Chairs report of the Technical Assistance and Typologies Working Group, where both reports comprised the recommendations reached by both working groups during their respective meetings held on the margin of the Plenary Meeting, on Tuesday, 24 April 2017 and the National Risk Assessment Committee co-chairs report on the meeting of the Committee which was held on Monday, 23 April 2017, as well as the FIUs Forum report on the main discussions held at its 15th meeting which took place on Sunday, 23 April 2017 and the most important issues tackled.

Several meetings concerning the relevant working groups were held on the margin of the 25th Plenary Meeting, as follows:

2nd Operational Forum on Terrorist Financing (OFTF), 22 April 2017

The 2nd Operational Forum on Terrorist Financing was held on the margin of the 25th Plenary Meeting on 22 April 2017. It handled the TF risks, trends and methods, based on the practical experience of the participants, the most important of which was the financing of small terrorist cells and the return of foreign terrorist fighters. The Forum also tackled the detection and prevention of TF operations through TF investigation and prosecution, including: The financing of small terrorist cells, the return of foreign terrorist fighters, etc., cooperation among concerned entities at the national and international level and with the private sector on cases of financing small terrorist cells and return of foreign fighters. Presentations were made by each of: The Egyptian AML/CFT Unit, the Lebanese Special Investigation Commission, the Sudanese Technical Committee for Combating Terrorism Financing, the 1267 Monitoring Working Group, the Security Council, the United Nations, the Iraqi AML/CFT Office, the Executive Directorate of the Counter-Terrorism Committee, the United Nations, the Egmont Group, the Tunisian Financial Analysis Committee, the Australian FIU; and interven-

tions from other member countries and observers. In addition, the Forum discussed the technical assistance related to combating terrorist financing.

6th Meeting of the National Risk Assessment Committee, 23 April 2017

The National Risk Assessment Committee held its fourth meeting on the margin of the 23rd Plenary Meeting held on Monday, 23 April 2017, which it discussed, within its agenda, the interventions of member countries concerning the national risk assessment process and which comprised the stance of member countries regarding the national risk assessment process, and the most important challenges and lessons learned at each stage. presentations were made by Tunisia, Kuwait, USA and the WB regarding the methodology, and the main procedures implemented in this regard.

15th FIUs Forum, 23 April 2017

Members of the FIUs Forum held a meeting on Monday, 23 April 2017, where they discussed the progress achieved by the FIUs of member countries in joining the Egmont Group and the topic related to “the promotion of regional cooperation in the field of exchanging financial intelligence”, while highlighting the relevance of this topic for FIUs. presentations were made in this regard by the Kuwaiti FIU and the Lebanese SIC. In addition to case studies presentations made by the Kuwaiti FIU, the Omani National Center for Financial Information, the Palestinian Financial Follow-Up Unit and the Egyptian AML/CFT Unit, and tackled the most important issues raised in these presentations, as well as the experiences of FIUs in this regard, which were praised and highly approved.

30th Meeting OF THE MUTUAL EVALUATION WORKING GROUP, 24 APRIL 2017

The MEWG held its 30th meeting on Monday, 24 April 2017 in Kuwait, on the margin of the 25th MENAFATF Plenary Meeting. The working group discussed a number of important items which comprised the latest developments concerning the events of the second round of mutual evaluation,

where the Secretariat presented the latest developments regarding the mutual evaluation for each of Mauritania, KSA, and Bahrain. Two workshops on the preparation of KSA and Bahrain for the mutual evaluation were prepared and conducted. The working group also discussed the amended version of the procedures of the second round paper; the changes concluded the comments made by the MEWG members of the working group and share it with the FATF and member countries to prepare a revised version to be submitted to the next meeting of the group. The group also discussed the draft mandate of the MEWG, where members made a few comments on the drafting of the paper and made a recommendation to the Plenary Meeting for its adoption. On the recent works of the FATF, a discussion was held on the guidance for the selection of assessors and ensuring the provision of a sufficient number of assessors for the second round, by determining the needs of MENAFATF for assessors and reviewers in advance through communicating those required needs to countries, requesting the IMF to organize an annual training workshop on the AML/CFT international standards, holding a second training Workshop for assessors during the first quarter of 2018, in addition to revising the paper issued by the MENAFATF on the provision and qualification of assessors, in the light of the FATF papers and presenting it to the next Plenary Meeting for discussion by the working group, in preparation for its adoption by the Plenary. The working group reviewed the time line of the second round of the mutual evaluation process and eventually adopted the time line while delaying the mutual evaluation for Libya until its security situation improves. It also adopted the time line of the first and second rounds of the follow-up process and made a recommendation to the Plenary Meeting for adoption and approval.

24th Meeting of the Technical Assistance and Typologies Working Group, 24 April 2017

The 22nd meeting of MENAFATF TATWG was held on Monday, 24 April 2017. During this meeting, the amendments proposed to the mandates paper were approved and adopted, the most important of which being the opening for Work Group membership of the working group for all member countries and

observers of MENAFATF, while emphasizing the importance of commitment by each member country to effectively participate in the group's works, training programs, hosting workshops, adhoc meetings and leading typologies projects. The Working Group heard update on the typologies projects on money laundering and corruption, money laundering through electronic means, and money laundering through the real estate sector; and urged countries to participate in these projects in order to make them successful.

The working team also examined another report on the joint typologies and capacity building workshop between MENAFATF and APG, which was held in Jeddah, KSA, from 28 November to 1 December 2016 and which aimed at discussing ML/TF risks, techniques and trends. On this note, and similarly to the previous experience, the working group reviewed the preparations for the typologies and capacity building workshop that MENAFATF is planning to co-organize with the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), the Task Force on Money Laundering in Central Africa (GABAC) and the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) in December 2017. Accordingly, counterpart groups which expressed their readiness and interest about the idea and their aspiration to work with MENAFATF were approached.

On another hand, the Secretariat made a presentation on the training plan for 2017-2019 which was established based on the analysis outcomes of MENAFATF countries needs in terms of technical assistance in the AML/CFT field. The working group recommended to approve and to begin the execution of the submitted plan and urged countries to host the events listed in it.

At the end of the meeting, the working group heard the interventions of donors about their latest works and activities in the field of technical assistance, and the expressed their readiness to cooperate with MENAFATF to execute the workshops and training programs that are listed in its plans. The representative of UNODC made a presentation about the training provided by the Office regarding CFT.

26th Plenary Meeting, Manama, Kingdom of Bahrain 5-7 December 2017

The 26th MENAFATF Plenary Meeting was held in Manama, Bahrain, from 5 to 27 December 2017 under the chairmanship of Kuwait represented by H.E Mr. Talal Ali Al-Sayegh, Chairman of the National Anti-Money Laundering and Terrorist Financing Committee, President of Kuwait Financial Intelligence Unit, and President of MENAFATF.

The Plenary Meeting was attended by a large number of AML/CFT experts from seventeen Arab countries (Jordan, UAE, Bahrain, Tunisia, Algeria, Saudi Arabia, Sudan, Iraq, Oman, Palestine, Kuwait, Lebanon, Libya, Egypt, Morocco, Mauritania and Yemen). The Plenary Meeting was also attended by representatives of several countries and observers at MENAFATF (France, USA, Spain, Australia, Somalia, IMF, GCC, FATF, UN, Egmont Group, AMF and EAG).

The Plenary Meeting tackled the efforts exerted by MENAFATF in the field of combating terrorist financing, by following up the activities of the third Operational Forum on Terrorist Financing held on the margin of the 26th Plenary Meeting on 2 December 2017. It also handled some subjects concerning the relationship and cooperation between MENAFATF, FATF, international and regional organizations and counterparts. It is worth noting that MENAFATF has recently acquired the seat of observer at the AMF Board of Governors.

The Plenary Meeting also approved upon the request of the Republic of Djibouti to join MENAFATF, taking into consideration the approval of the countries which were not present at the meeting. On the same context, the Plenary Meeting approved the amendments made to the paper on the criteria for accessing MENAFATF and it was adopted.

In the context of the second round of mutual evaluation, the Plenary Meeting discussed the 2nd Follow-Up Report for Tunisia, in the context of the follow-up process which is subsequent to mutual evaluation; and in the

context of the follow-up processes which are subsequent to the first round of mutual evaluations, the follow up reports for Iraq and Syria and the 2nd Update Report for Morocco were reviewed. In addition, a brief update regarding the latest developments in Oman was also presented, including the latest developments and actions taken by both countries toward improving their AML/CFT systems.

On typologies framework, the Plenary Meeting adopted the typologies report on money laundering and corruption. This project aimed at identifying the main challenges and the issues which arise from detecting the laundering of proceeds of corruption, and highlighting the role of AML/CFT measures in preventing or detecting the laundering of proceeds of corruption. The report also presented a brief outline of the anti-corruption legal and regulatory frameworks, namely the United Nations Convention against Corruption and its requirements. The Plenary Meeting also adopted the typologies report on money laundering through electronic means, which primarily aims at detecting and understanding ML methods through electronic means, identifying risks arising from their misuse and detect the best ways to face these risks and address the effects.

On the margin of the Plenary Meeting, a meeting of the Operational Forum on Terrorist Financing was held on Saturday, 2 December 2017, the meeting of the national risk assessment committee and the meeting of the FIUs forum were held on Sunday, 3 December 2017 and the meetings of the TATWG and the MEWG were held on Monday, 4 December 2017. The Plenary Meeting adopted the working groups and committees chairs reports and approved their recommendations.

The following are the most important outputs and details of the main discussions held at these meetings:

3rd Operational Forum on Terrorist Financing (OFTF), 2 December 2017

On the margin of the 26th Plenary Meeting held on 2 December 2017, the 3rd OFTF meeting was held. It tackled the challenges and best practices to

detect and prevent TF operations through investigation, prosecution, and national and international cooperation between the concerned authorities on cases of terrorist financing through the use of cash and terrorist financing through smuggling. In addition, the Forum reviewed the latest developments regarding the TF risks, trends and methods, based on the practical experience of the participating experts. On this note, the Plenary Meeting adopted the Arabic version of the Guidance on “Criminalizing Terrorist Financing” Issued by FATF and which will be published soon on the MENA-FATF website.

7th National Risk Assessment Committee Meeting

3 December 2017

The National Risk Assessment Committee held its 7th meeting on the margin of 26th Plenary Meeting, on Monday, 3 December 2017, during which it tackled, in its agenda, interventions made by member countries on the exchange of expertise and best practices regarding NRA process, and which comprised the stance of member countries regarding this process, the discussion of “DNFBPs” in the context of NRA process. presentations on the experiences were also made by Palestine, Morocco, Egypt, Saudi Arabia and Bahrain in this regard.

16th FIUs Forum, 3 December 2017

The MENAFATF member FIUs Forum tackled in its 16th meeting which took place on Sunday, 3 December 2017, on the margin of the 26th MENAFATF Plenary Meeting, several important topics, such as encouraging and following up the joining of Egmont Group, its latest activities, the exchange of expertise based on best practices among FIUs, where the Forum discussed the “implementation of the risk-based approach”, while highlighting this topic for FIUs; presentations were made by the Egyptian AML/CFT Unit and the Omani National Center for Financial Information; in addition, case studies presentations were made by the Egyptian AML/CFT Unit and the Palestinian FIU. The most important issues raised in these presentations were also

tackled, in addition to the experiences of FIUs in this regard, and these presentations were highly approved by the Forum members.

31st Mutual Evaluation Working Group Meeting, 4 December 2017

The MEWG held its 31st meeting on Monday, 4 December 2017, in Manama, Kingdom of Bahrain, during which it discussed several important items as regards the latest developments concerning the events of the second round of mutual evaluation by the Secretariat, included the latest developments regarding each of the following: Assessment of the Islamic Republic of Mauritania, on-site visit to the Saudi Arabia and Bahrain, mutual evaluation of the Kingdom of Morocco, mutual evaluation of Jordan, two workshops for assessors training in Kuwait and Jordan, and a workshop for the preparation of member countries placed under the mutual evaluation process in Abu Dhabi, UAE. The State of Palestine made a verbal presentation on the arrangements for the second round of its evaluation process. The working group discussed the paper on the provision and qualification of assessment team experts for the second round of mutual evaluation, where the Secretariat presented a brief summary which comprised the most important developments mentioned in the paper. Members of the group made a few changes based on the comments made by members and submitted a recommendation to the Plenary Meeting for its adoption. The group also discussed the time line of the second round of mutual evaluation, which comprised the amendment, and the on-site visits dates to member countries by months, to avoid any confusion. The time line was adopted and a recommendation was made to the Plenary Meeting concerning the date for conducting the mutual evaluation Libya and Yemen, where the Plenary Meeting decided to delay the mutual evaluation for them until the security situation improves. Furthermore, the paper on the statistics and information about effectiveness was discussed and the working group adopted the Arabic version of the paper, provided that member countries should provide the Secretariat with their comments on the quality of the translation and published on the MENAFATF document portal. The working group discussed the time line of the first and second rounds of the follow-up process

and made a recommendation to the Plenary Meeting for their adoption. Concerning the procedures for the second round of mutual evaluation and follow-up, the working group adopted the paper and made a recommendation to the Plenary Meeting for its adoption. As to the latest developments concerning the international standards and the methodology for assessing technical compliance with the FATF recommendation and the effectiveness of the AML/CFT systems, it was agreed on establishing a mechanism for the on-going update of the Arabic translated version of the international standards and the assessment methodology. In addition to the foregoing, the group discussed the 2nd enhanced Follow-Up Report for the Republic of Tunisia (request of some technical compliance re-ratings), where Tunisia requested a re-rating for 17 recommendations. Accordingly, the Secretariat formed a review team made of three experts who reviewed the report and the Plenary Meeting decided to upgrade the technical compliance ratings of 9 recommendations to “Largely Compliant”, and 3 recommendations to “Partially Compliant”, while keeping the same technical compliance rating of “Partially Compliant” for five recommendations. The Plenary Meeting also decided to keep the Republic of Tunisia under the enhanced follow-up process provided that it submits its 3rd Enhanced Follow-Up Report to the 28th Plenary Meeting scheduled for November 2018.

25th Technical Assistance and Typologies Working Group Meeting

4 December 2017

The TATWG held its 25th meeting on Monday, 4 December 2017 and discussed the topics listed on its agenda. The working group reviewed a presentation on the changes made to the draft Typologies Project Report on Money Laundering and Corruption, after insert the comments raised by some member countries which were decided by last meeting and to refer it to the Plenary Meeting. Concerning the Typologies Project on Money Laundering through Electronic Means, a presentation was made on the draft report, its most important contents and outcomes, and make a recommendation to the Plenary Meeting to adopt and publish the report on the MENAFATF website. As

to the relationships of MENAFATF with regional and international organizations and FSRBs, the working group informed by the latest developments regarding the joint typologies project between MENAFATF and APG on “Terrorist Financing and Social Media”. It also heard the update concerning the work progress of the Typologies Project on “Money Laundering through the Real Estate Sector” which is currently on going.

Similarly, the working group reviewed the communications and preparations made by MENAFATF to conduct a joint typologies and capacity building workshop between the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), the Task Force on Money Laundering in Central Africa (GABAC), and the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), in December 2017 and the steps taken in this regard.

On another hand, the Secretariat made a presentation on an updated training plan for 2017-2019 with donors and countries which will host the workshops listed in the plan during this period, and to submit it to the Plenary Meeting for adoption, and to urge countries to host the events which need hosting countries. On the other hand, the workshop regarding “the national risk assessment for the Republic of Tunisia” which was listed in the last meeting of the group was considered upon the request of member countries and an initial date to conduct the workshop was proposed in September 2018. During the meeting, the working group also heard several reports on the events and workshops which took place following the previous meeting of the working group according to the said plan, as follows:

- Workshop On “Disruption of Terrorist Financing”, in Cooperation with the United Nations Office on Drugs and Crime (UNODC) in Doha, the State of Qatar, from 8 to 11 May 2017.
- A workshop on strategic analysis in cooperation with the Egmont Group, In Riyadh, Kingdom of Saudi Arabia, from 16 to 20 July 2017.
- Seventh Assessors Training Workshop in cooperation with the IMF 24-

28 September 2017, IMF's Middle East Center for Economics and Finance (CEF), Kuwait City, State of Kuwait.

- Eighth Assessors Training Workshop in cooperation with the FATF, 1-5 October 2017, Grand Millennium Hotel, Amman, Hashemite Kingdom of Jordan.
- Workshop on the “Preparation of Member Countries to the Second Round of Mutual Evaluations”, in cooperation with the Arab Monetary Fund, 29-31 October 2017, Economic Policy Institute (AMF), Abu Dhabi, United Arab Emirates.

These workshops targeted participants from different professional levels working at monitoring and supervisory authorities, FIUs, LEAs, policy and decision makers, countries and authorities concerned with the requirements and tools of mutual evaluations.

At the end of the meeting, donors presented their latest works and activities in the field of AML/CFT technical assistance.

Second: Coordination and Cooperation with FATF, FSRBs and other International Bodies

MENAFATF is exerting great efforts at the regional and international levels to improve its work relations to better serve the interests of its member countries. It is seeking to achieve this through its participation and contribution to a number of activities and events, as well as its coordination and outreach to the Financial Action Task Force and FSRBs. MENAFATF relationships witnessed a noticeable development in terms of growth of work relations at the regional and international levels, and also with several organizations like the AMF, the IMF, the World Bank, FATF, UN bodies, the GCC, Egmont Group, Asia/Pacific Group, and the Eurasian Group, knowing that these bodies have the capacity of observer and attending the MENAFATF meetings. MENAFATF is keen on staying up-to-date with the latest developments in the AML/CFT field, by taking part in the meetings, events, and workshops

organized by these bodies and benefiting from their experiences in different ways, and by participating in relevant conferences and seminars, unlike the technical assistance, training, and support provided by such bodies to the member countries. This part of the report tackles the MENAFATF activities with some international and regional organizations engaged in the AML/CFT field, and looks into the forms of cooperation among these bodies, as shown below:

FATF Plenaries and Working Group Meetings

MENAFATF – as an FSRB - has a close relationship with the Financial Action Task Force, since it seeks to adopt, publish and promote, on the regional scale, the AML/CFT international standards issued by the FATF. This relationship allows greater participation in the work of the FATF by granting the Presidency, Secretariat, and member countries of MENAFATF the opportunity to attend FATF plenaries and working group meetings, as well as participating in discussions and decision-making and expressing the regional point of view. MENAFATF and its members regularly participate in these meetings. During 2017, MENAFATF attended several joint events with FATF, which included workshops and training programs, on-site visits for mutual evaluations and attendance of meetings and plenary meetings as follows:

Participation of MENAFATF and member countries in FATF meetings during 2017	
Meeting	Date and Place
2 nd Plenary Meeting, 28 th plenary meetings, and working groups meetings.	19-24 February 2017, Paris, France.
3 rd Plenary Meeting, 28 th plenary meetings, and working groups meetings.	18-24 June 2016, Valencia, Spain.
1 st Plenary Meeting, 29 th plenary meetings, and working groups meetings.	29-31 October 2017, Buenos Aires, Argentina.

Participation of MENAFATF in workshops organized or co-organized by FATF during 2017

Meeting	Date and Place
Participation of MENAFATF Secretariat in cooperation with FATF in a workshop on the preparation of countries for mutual evaluation.	14-15 February 2017, Riyadh, Saudi Arabia.
Participation of MENAFATF Secretariat in the workshop organized by FATF on the international standards for combating money laundering and proliferation issued by FATF.	15-19 May 2017, Busan, Korea.
MENAFATF organized the 8th workshop on the preparation and qualification of assessors in cooperation with FATF.	1-5 October 2017, Amman, Jordan.

Participation of MENAFATF in the International Cooperation Review Group meetings during 2017

Meeting	Date and Place
Participation of the MENAFATF Secretariat in the FATF regional review group meetings.	18 – 19 January 2017, Paris, France.
Participation of the MENAFATF Secretariat in the FATF regional review group meetings.	9 – 10 May 2017, Rabat, Morocco.
Participation of the MENAFATF Secretariat in the FATF regional review group meetings.	21 - 22 September 2017, Kampala, Uganda.

Participation of MENAFATF in on-site mutual evaluation visits in participation with FATF, during 2017

Meeting	Date and Place
Participation of the MENAFATF Secretariat in cooperation with FATF in an on-site visit for the mutual evaluation of KSA.	8-24 November 2017, Riyadh, Saudi Arabia.
Participation of the MENAFATF Secretariat in cooperation with FATF in an on-site visit for the mutual evaluation of Bahrain.	8-24 November 2017, Manama, Bahrain.

Eurasian Group Plenary Meeting & Working Group Meetings,

City of Bishkek, Kyrgyzstan, 22-26 May 2017

In the frame of cooperation with FSRBs, MENAFATF participated in the 24th Plenary Meeting of the Eurasian Group, workshops and events in Bishkek, Kyrgyzstan from 22 to 26 May 2017. The meeting discussed a number of important issues listed on the agenda, such as follow up reports, risk-based approach, national risk assessment, preparation of member countries for the assessment, improvement of compliance procedures for financing terrorism and intervention with the private sector in this regard.

Relationship with the Egmont Group of Financial Intelligence Units

In the context of cooperation and outreach to international bodies in the AML/CFT field and with FSRBs, MENAFATF and representatives of its member countries attended the Egmont Group plenary meetings during 2017, which comprised the following: (1) Meetings of the Egmont Group of FIUs, in Doha, the State of Qatar, from 29 January to 3 February 2017, and (2) the Plenary Meeting of the Egmont Group of FIUs, in Macao, China, from 2 to 7 July 2017, in addition to the MENAFATF co-organized with the Egmont Group of FIUs a workshop on “strategic analysis”, in Riyadh, KSA, from 16 to 20 July 2017.

Other regional and international participations of MENAFATF during 2017

Regional participations:

Meeting	Date	Place
Participation of the MENAFATF Secretariat in the digital currencies conference.	16-18 January 2017.	Doha, Qatar.
Participation of the MENAFATF Secretariat in the Middle East and North Africa Financial Crime Compliance Group (MENA FCCG) meeting.	6 – 7 February 2017.	Dubai, UAE.
Participation of the MENAFATF Secretariat and speaking at the 9th annual gathering of AML/CFT officers.	15 – 16 May 2017.	Riyadh, Saudi Arabia.
Participation of the MENAFATF Secretariat in the meeting on “the project of creating a system for clearing and settlement of intra-Arab payments”.	6 July 2017.	Abu Dhabi, UAE.
Participation of the MENAFATF Secretariat and speaking at the annual conference of the international alliance for financial inclusion,	13-16 September 2017.	Sharm Al-Sheikh, Egypt.
Participation of the MENAFATF Secretariat in the on-site visit to the Arab Republic of Egypt with the follow-up team of the United Nations Counter-Terrorism Committee Executive Directorate (CTED).	18 -20 July 2017.	Cairo, Egypt.
Participation of the MENAFATF Secretariat in the high-level workshop on the consequences of the global correspondent banks procedures.	18 September 2017.	Abu Dhabi, UAE.
Participation of the MENAFATF Secretariat and speaking at the 2nd annual gathering of AML/CFT officers working in the Palestinian banking sector.	25-26 September 2017.	Istanbul, Turkey.

International participations:

Meeting	Date	Place
Participation of the MENAFATF Secretariat and speaking at the 8th conference of USA-MENA dialogue on combating terrorist financing and enhancing relations with correspondent banks.	16 October 2017.	New York, USA.
Participation of the MENAFATF Secretariat in the assessors training workshop organized by FATF in participation with the APG and the Caribbean Financial Action Task Force (CFATF).	27 – 31 March 2017.	Washington, USA.

Section Three

Building and Promoting AML/CFT Frameworks In the Middle East and North Africa

Building and Promoting AML/CFT Frameworks

In the Middle East and North Africa

MENAFATF works on building robust and effective framework's for anti-money laundering and terrorist financing in the region, according to the objectives set forth in the Memorandum of Understanding. MENAFATF is pursuing several important steps in this endeavor, including following up on the commitment of countries to implement international standards through mechanisms and tools adopted in this regard, which mainly include mutual evaluation and follow-up processes which are followed to the mutual evaluation. The following is a review of the main events and developments in this regard during 2016:

First: Mutual Evaluation

Follow-up of MENAFATF Member Countries

MENAFATF follow up the progress made by it's member countries in improving and strengthening AML/CFT systems. The follow-up process is one of the tasks that fall within the program of the MENAFATF mutual evaluation process. Following the assessment process, countries submit follow-up reports within periods as specified in the evaluation process procedures adopted by the MENAFATF Plenary Meeting. The 26th Plenary Meeting which was held in Manama, Kingdom of Bahrain from 5 to 7 December 2017 adopted the paper on the procedures for the second round of mutual evaluation and follow-up. The objective of mutual evaluation is to assess the anti-money laundering and countering the financing of terrorism and proliferation regime of the assessed country, in relation to its technical compliance with the Forty Recommendations and effectiveness of its systems. The scope of the mutual evaluation involves two main components: technical compliance and effectiveness. The technical compliance component will assess whether the necessary laws, regulations or other related AML/CFT controls are in force and effect, and whether the supporting AML/CFT institutional framework is in place. While the effectiveness component will assess whether the AML/CFT systems are working, and the extent to which

the country being assessed has achieved the outcomes according to the methodology.

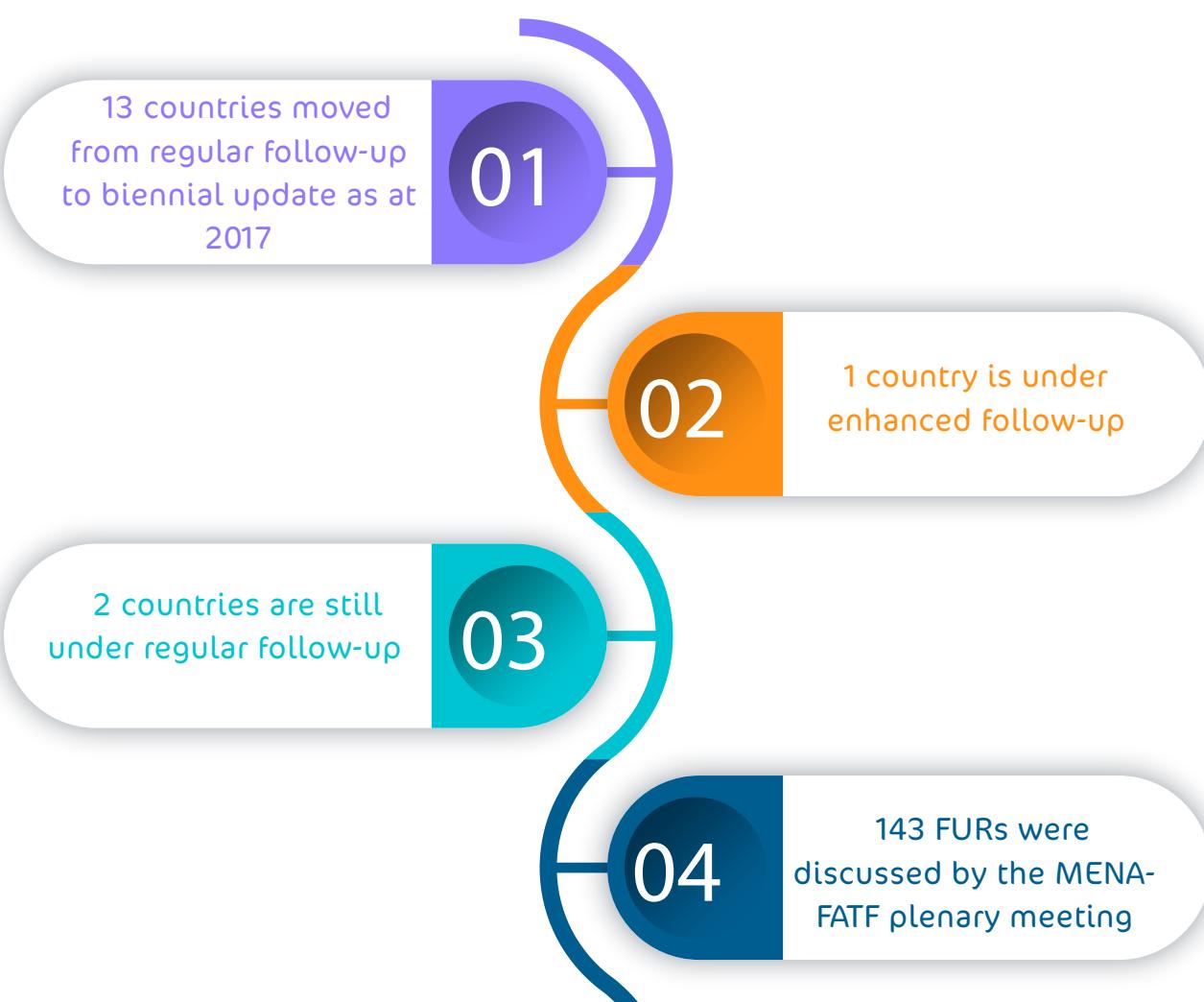
The follow-up process is intended to urge and encourage member countries to correct, within a reasonable time frame, the deficiencies identified in the Mutual Evaluation Report (MER), namely those related to technical compliance and effectiveness, and to take the necessary steps towards the priority actions and recommendations that were set out in the MER and to ensure that the member countries' AML/CFT regimes are being continuously developed. The follow-up process is significantly important for the MENAFATF work, considering that it is one of the follow up it uses to monitor its members for their compliance with the AML/CFT standards, which is the main objective that MENAFATF was established for, and to promote cooperation and joint work among the MENAFATF members in such a manner that the international standards are complied with. MENAFATF member countries started submitting and discussing follow-up reports (FURs) since May 2009.

During 2017, the MENAFATF plenary meeting adopted 9 follow up reports in the first round and one of them regard in the second round. These reports highlighted the progress made by these countries in terms of improving their AML/CFT systems based on the comments mentioned in their respective MERs. The Plenary also examined the update reports for Kuwait, Jordan and the Morocco, concerning the latest developments and actions they have taken over the last two years toward developing their AML/CFT systems. On this note, the Plenary reviewed the progress made by the Sultanate of Oman in complying with the AML/CFT international standards and praised its achievements in enhancing its AML/CFT systems in the light of the plan set out in its MER. The Plenary also adopted its FUR and approved upon its exit from regular follow-up to biennial update.

In December 2017, the 26th Plenary Meeting adopted the 2nd Enhanced Follow up Report for Tunisia (request of technical compliance re-rating). The report covers the efforts Tunisia has exerted to address the deficien-

cies mentioned in its MER and which it has to implement and to comply with the international standards. In general, it can be said that member countries have experienced significant developments, as this period witnessed the issuance of several AML/CFT laws and regulations, whether to enhance the criminalization of money laundering and terrorist financing or to impose new requirements on FIs and DNFBPs, such as the customer due diligence requirements, the issuance of regulations and procedures to implement the UNSCRs 1267 (1999) and 1373 (2001), in addition to the improvement of the efficiency and effectiveness of supervisors by providing training to their staff through programs provided by MENAFATF or through other specialized programs. This year has also witnessed the issuance of several guidance and instructions to entities required to report suspicious transactions, and a number of requirements to enhance the countries' internal regulations related to risk management, detection, verification of information and data submitted by customers and follow-up and monitoring of transactions, in addition to the promotion of regional and international cooperation through bilateral or multilateral agreements to enhance the exchange of information.

General update of member countries' follow-up process in the first and second rounds of mutual evaluation for 2009-2017



Voluntary Tax Compliance (VTC) Follow-Up Program

Voluntary tax compliance program refers to any program designed to facilitate legalization of the taxpayer's situation for assets or funds that were previously unreported or incompletely reported, particularly those involving asset repatriation, and which also include programs that fully or partially incorporate tax amnesty, with immunity from prosecution. On this regard, the 21st Plenary Meeting held in April 2015 approved upon the revised procedures for the VTC follow-up program implemented by MENAFATF member countries. MENAFATF also heard the report of the People's Democratic Republic of Algeria at its 25th meeting held in the State of Kuwait in April 2017 and at its 26th meeting held in the Kingdom of Bahrain in December 2017; and the 26th Plenary Meeting decided that Algeria shall submit the final outcome of the program during the next MENAFATF Plenary Meeting scheduled in April 2018.

E-learning program

The E-Learning Program is one of the general topics included in the MENAFATF Presidency Vision for 2017 and one of the objectives of the strategic plan of the FATF Training and Research Institute (TREIN). In this context, an agreement with the TREIN institute was reached as regards the final version of the technical paper of the project after consulting the Financial Action Task Force (FATF) and ensuring the availability of the fundamental technical elements required for launching the project (the technical content of the portal). The search for funding this project is currently ongoing.

Time line of the Second Round of Mutual Evaluation

MENAFATF started implementing the member countries' assessment program within the second round in order to verify the level of effectiveness of the systems applied and their extent of consistency with the international standards (revised in February 2012) related to combating money laundering, the financing of terrorism and proliferation, based on the new assessment methodology issued by FATF (February 2013) and their respective subsequent amendments. The 22nd Plenary Meeting adopted the time line of the second round of the mutual evaluations, where two to three

countries will be assessed every year and where all the laws and regulation related to combating money laundering, the financing of terrorism and proliferation which are in effect in member countries will be examined and the effectiveness of their implementation reviewed. MENAFATF follow up the progress made by member countries in improving their AML/CFT systems on an on-going basis. Following the evaluation process, countries submit follow-up reports within periods as specified in the evaluation process procedures adopted by the MENAFATF Plenary Meeting.

During this round, the MENAFATF member countries will be assessed, based on the following time line:

Country	Assessing authority	Date of on-site visits for the 2nd round of mutual evaluations (1)	Discussions of MERs by the Plenary Meeting
Tunisia	The World Bank	February 2015	April 2016
Mauritania	MENAFATF	19–30 December 2016	April 2018
Libya	-	First half of 2017 (2)	November 2017
Bahrain	MENAFATF and FATF	7 – 22 November 2017	June 2018
Saudi Arabia	MENAFATF and FATF	8 – 23 November 2017	June 2018
Syria (3)	MENAFATF	February/March 2018	November 2018
Morocco	MENAFATF	5 - 20 March 2018	November 2018
Yemen (3)	MENAFATF	August/September 2018	May 2019
Jordan	MENAFATF	8 - 23 July 2018	May 2019
UAE	MENAFATF and FATF	Second half of 2019	February/April 2020
Qatar	MENAFATF and FATF	Second half of 2019	June/November 2020
Egypt	MENAFATF	February/March 2020	November 2020
Palestine	MENAFATF	July/August 2020	May 2021
Oman	MENAFATF and FATF	Second half of 2020	June/November 2021
Lebanon	MENAFATF	February/March 2021	November 2021
Kuwait	MENAFATF and FATF	Second half of 2021	February/May 2022
Algeria	MENAFATF	February/March 2022	November 2022
Sudan	MENAFATF	August/September 2022	May 2023
Iraq	MENAFATF	February/March 2023	November 2023

TIME LINE OF THE SECOND ROUND OF MUTUAL EVALUATION

- 1- The date for submitting the technical questionnaire is fixed in coordination with the Secretariat and the assessed country or between FATF, the Secretariat and the assessed country.
- 2- It was agreed to postpone the mutual evaluation process for Libya, Yemen and Syria pending on the improvement of their security circumstances.

Establishment of the National Experts Pool

The establishment of the National Experts Pool is one of the topics included in the MENAFATF Presidency Vision for 2017, where the 26th Plenary Meeting which was held in December 2017 had a discussion and agreed on sending the revised paper to member countries to take their related views, while urging them to participate in the pool meetings, sending proposals on some projects based on the FATF work plan (the Policy Development Group and the Evaluations and Compliance Group) to the Secretariat, determining the sufficient number of employees needed by the Secretariat, using the other FSRBs in this field and requesting member countries to nominate their experts who have capacities and expertise to implement the work projects that MENAFATF will begin to study.

Second: Technical Assistance and Typologies

Raising Awareness about ML/FT Methods, Techniques and Trends in the Year 2017

The task of raising awareness about ML/TF risks is one of the most important MENAFATF duties, which is carried out through annual workshops on typologies and capacity building, periodical and non-periodical typologies project reports it issues, dedicated technical meetings it organizes or co-organizes within its work fields, in addition to training workshops that MENAFATF holds or joint one's with other partners and donors. The following are the most important achievements made in these areas during 2017.

Typologies Project on “Money Laundering and Corruption”

The 26th MENAFATF Plenary Meeting held in Manama, kingdom of Bahrain, in December 2017 adopted the draft Typologies Project on “Money Laundering and Corruption”. The 20th MENAFATF Plenary Meeting held in Bahrain (November 2014) approved to conduct a new typologies project in the field of money laundering and corruption, under the leadership Qatar and Lebanon and the working group which consisted of experts from Morocco, KSA, Sudan, Tunisia and a representative of the United Nations Office on Drugs

and Crime (UNODC).

This report highlights the issue of laundering the proceeds of corruption in the Middle East and North Africa region; and while preparing this report, (56) ML cases were considered, at various stages of the investigation and prosecution procedures. Some of these cases were provided by some countries that worked on this project.

The report reached several important recommendations, mainly: Emphasizing the importance and main role of FIUs in co-establishing a national anti-corruption strategy, which would be directly reflected in the priorities trends of the national strategy; the necessity of reinforcing the operational cooperation and coordination between the relevant authorities in the intelligence and investigation of corruption crimes and the FIU through parallel financial investigations; the promotion of the exchange of information on corruption crimes among MENAFATF member countries; benefiting from this report outcomes by amending the national and regional priorities in the light of the techniques, methods and trends which were analyzed.

Typologies Project on “Money Laundering Through Electronic Means”

The 26th MENAFATF Plenary Meeting held in Manama, the Kingdom of Bahrain, in December 2017 approved the recommendation of the TATWG to adopt the draft typologies project report on “Money Laundering through Electronic Means”. MENAFATF launched a new typologies study project on money laundering through electronic means in May 2016 until September 2017, under the leadership of KSA and Oman and a working group of experts formed of: KSA, Oman, Sudan, Qatar, Jordan and Egypt. This project was launched when KSA proposed that MENAFATF undertakes the study of this topic, considering the lack of studies about it. In general, the report highlights the most important ways of money laundering through electronic means in the Middle East and North Africa region, in favour of helping member countries to improve their capacities and to prevent the associated crimes, thus promoting their efforts in combating money laundering through electronic means.

The study reached in many important recommendations, represented in the necessity of assessing the risks posed by electronic means, implementing the risk-based approach accordingly, developing and updating the legislative and regulatory frameworks relevant to the regulation of the use of electronic payment methods, in addition to the necessity that the entities which are created and which provide electronic payment services are licensed, regulated and subjected to the monitoring and supervision of specific competent official authorities, according to the domestic legislations; and to the importance of eliminating any obstacles related to the intelligence and investigation procedures in case of misusing the modern electronic means for ML, provision of highly trained human resources specialized in dealing with offenses committed through the modern electronic means and training them on a periodical basis, and providing these authorities with technical capacities to keep abreast of the evolution in this field. The study stressed on the importance that countries should study the possibility of benefiting from the modern financial technologies (FINTECH), which would largely contribute and enhance the ability to trace and monitor financial transactions at any stage of their execution.

Workshops and training programs organized and co-organized by MENAFATF during 2017

Joint Typologies And Capacity Building Workshop Between The Middle East And North Africa Financial Action Task Force (MENAFATF), The Eastern And Southern Africa Anti-Money Laundering Group (ESAAMLG), the Inter-Governmental Action Group Against Money Laundering In West Africa (GIABA), and the Task Force On Money Laundering In Central Africa (GABAC),

December 2017, Rabat, the Kingdom of Morocco

As is the usual practice for MENAFATF to hold a typologies workshop in December, every year, a joint typologies and capacity building workshop was coordinated between MENAFATF, ESAAMLG, GIABA and GABAC in December 2017, in Rabat, the Kingdom of Morocco. However, the postponement of the

suggested period to the period from 22 to 25 January 2018 was considered to avoid the timing overlaps with the previous commitments of other participating groups during December 2017.

It is worth mentioning that this workshop has a significant importance considering that it brings together a group of competent ML/TF experts working at international and regional organizations. This four day workshop will tackle the important topics listed on its agenda, as follows: “ML/TF Smuggling of goods”; “terrorist financing risk’s”; “money laundering through the real estate sector”; “flows from human trafficking” and “professional money laundering networks”.

The fundamental aspects that make this workshop even more important are reflected in the participation of FATF in it and its chairing of one of its breakout sessions, considering that it is serving one of the typologies projects listed on its agenda, which it is currently working on. On this note, it is worth mentioning that the topics chosen for discussion at the breakout sessions represent typologies projects and studies which are under consideration by the FSRBs participating in the workshop, since breakout sessions were dedicated for each topic.

This workshop aims to identify and study the latest methods, techniques and trends in ML/TF operations and determine the best solutions to face them, in addition to the exchange of expertise and experiences.

Workshop On “Disruption of Terrorist Financing”, in Cooperation with the United Nations Office on Drugs and Crime (UNODC) in Doha, the State of Qatar, from 8 to 11 May 2017.

In the context of the MENAFATF training plan for 2017-2019, MENAFATF held a joint workshop on “Disruption of Terrorist Financing”, in cooperation with the United Nations Office on Drugs and Crime and the National Anti- Money Laundering and Terrorist Financing Committee in Qatar. The event took place during the period 8 to 11 May 2017 in Doha, State of Qatar.

The workshop targeted financial investigators and operations planners

(dealing with TF or in charge of operational planification's) from LEAs, Intelligence, and Military (intelligence/Special Forces), FIUs and General Prosecutors.

The workshop aimed at training participants on the UNODC's «Financial Disruption» strategy and tools on disrupting terrorist financing through functional analysis, auditing terrorist's business model, vulnerabilities analysis, predicitive analysis, creating information and disruption toolkits and reviewing impact of operations.

This workshop was attended by 18 participants from various professional levels at Financial Intelligence Units in 11 MENAFATF member countries, which included: Jordan, UAE, Bahrain, KSA, Sudan, Iraq, Oman, Libya, Qatar, Palestine, Egypt, Morocco.

The workshop was held over a period of four days and discussed - throughout 15 sessions - important issues along with practical exercises in which the participants were actively engaged.

The 4-day workshop discussed important issues which comprised an overview of financial disruption, the work pattern of terrorist networks, financial disruption and options relevant to the suspension of TF sources. The workshop also tackled the activities of the MENAFTF OFTF and its latest works in this regard.

The workshop ended with practical exercises in which the participants were actively engaged through used a set of new technologies to understand “Business modelling the terrorist network”, identify weaknesses and synchronize the use of a set of disruption and options related to the disturb terrorist financing sources to gradually thwart the ability of terrorist networks to operate.

Workshop on “Strategic Analysis” in Cooperation with the Egmont Group, in Riyadh, Kingdom of Saudi Arabia, from 16 to 20 July 2017



Workshop on “Strategic Analysis” in Cooperation with the Egmont Group

In participation with the Egmont Group of FIUs and in cooperation with the Saudi Arabia General Administration of Financial Investigation (Saudi FIU) MENAFATF organized a joint workshop on “strategic analysis” which took place at the Security Forces Officers Club, in Riyadh, KSA, from 16 to 20 July 2017. This workshop was conducted by experts from MENAFATF under the patronage of the Egmont Group.

This workshop was attended by 18 participants from various professional levels at Financial Intelligence Units in 11 MENAFATF member countries, which included: Jordan, Bahrain, Saudi Arabia, Sudan, Iraq, Kuwait, Oman, Lebanon, Libya, Palestine, Egypt.

This workshop aimed at training and qualifying a number of AML/CFT experts from MENAFATF member countries for the strategic analysis processes, and enhancing participants skills and capacities in order to enable them to conduct strategic analysis processes with high efficiency.

The workshop tackled important issues, where participants were able, through practical exercises, to form a clearer vision on how to conduct the strategic analysis and its usages, and how to benefit from it; the introductory presentations made have played a significant role in changing the concept of strategic analysis among participants and they also understood the steps accompanying to the analysis process in achieving valuable products, as well as numerous and open uses of the analysis. It is worth noting that this is the first training program that is organized in cooperation with the Egmont Group and held in Arabic language.

**Seventh Assessors Training Workshop in cooperation with the IMF
24-28 September 2017 IMF's Middle East Center for Economics and
Finance (CEF) Kuwait City, State of Kuwait.**

MENAFATF cooperated with the International Monetary Fund (IMF) on the delivery of the 7th assessors training workshop during the period 24-28 September 2017 in Kuwait City, Kuwait.

The workshop aimed at preparing and training a number of AML/CFT experts from MENAFATF countries on, and providing them with sufficient knowledge about, the evaluation process using the 2013 FATF assessment methodology.

This workshop was attended by 37 participants from 16 MENAFATF member states as follows: Jordan, UAE, Saudi Arabia, Sudan, Iraq, Oman, Libya, Syria, Somalia, Qatar, Egypt, Morocco, Mauritania, Lebanon, Tunisia, Kuwait.

During the workshop and by reviewing the 2013 FATF assessment methodology, the participants were given detailed presentations about the assessment of technical compliance and effectiveness of AML/CFT systems, respectively through the assessment of the extent to which the TC criteria are fulfilled and the immediate outcomes are achieved.

The participants were trained on the assessment of technical compliance and effectiveness through a case study (Mock evaluation) that focused on

the study of the information provided by the assessed country in addition to other information provided through the different interviews of the onsite visits. The participants have been made aware about the importance of the assessed country's context and its ML/TF risks and the importance of taking those into consideration in the assessment process.

Participants largely benefited from the valuable information provided by the experts, particularly as regards the requirements of the assessment methodology and their practical expertise in this regard. They also recommended that it is important to review the training materials and the assessment methodology beforehand, prior to the workshop, because the program contains a lot of information, in addition to the practical exercises.

Eighth Assessors Training Workshop in cooperation with the FATF, 1-5 October 2017, Grand Millenium Hotel, Amman, Hashemite Kingdom of Jordan.

MENAFATF held the 8th assessors training workshop in Amman, the Hashemite Kingdom of Jordan during the period 1-5 October 2017. The Workshop was jointly organized with the Financial Action Task Force (FATF) and in co-operation with the Anti Money Laundering and Counter Terrorist Financing Unit (AML/CFT Unit) in the Hashemite Kingdom of Jordan which hosted the event.

The workshop aimed at preparing and training a number of AML/CFT experts from MENAFATF countries on, and providing them with sufficient knowledge about, the evaluation process using the 2013 FATF assessment methodology.

The workshop was attended by 43 participants from 19 MENAFATF and FATF countries, both Secretariats, as well as from the UNODC and the WB as follows: Jordan, UAE, Sudan, Oman, Tunisia, Kuwait, Turkey, France, Germany, Sweden, Palestine, Egypt, Morocco, Mauritania, Lebanon, Ireland, Portugal, Singapore, United Kingdom, FATF Secretariat, MENAFATF Secretariat, UNODC, WB.

As usual to this kind of workshops which are organized by MENAFATF, this workshop aimed at preparing and training a number of AML/CFT experts from MENAFATF countries on, and providing them with sufficient knowledge about, the evaluation process using the 2013 FATF assessment methodology.

The participants were trained on the assessment of technical compliance and effectiveness through a case study (Mock evaluation) that focused on the study of the information provided by the assessed country in addition to other information provided through the different interviews of the onsite visits. Trainers played a significant role in enabling the participants to benefit from the workshop content and increasing their knowledge and making them yield important results in the mutual evaluation context.

Workshop on the “Preparation of Member Countries to the Second Round of Mutual Evaluations”, in cooperation with the Arab Monetary Fund, 29-31 October 2017, Economic Policy Institute (AMF),

Abu Dhabi, United Arab Emirates.

In promoting the relationship with regional organizations, and in view of the importance of the joint work and the fruitful and constructive cooperation between the AMF and MENAFATF, MENAFATF organized in cooperation with the AMF, a workshop for the preparation of MENAFATF member countries for the second round of mutual evaluation, at the Economic Policy Institute in Abu Dhabi in the United Arab Emirates, from 29 to 31 October 2017. This workshop brought together experts from MENAFATF, the IMF and the WB.

This workshop aimed at preparing the MENAFATF countries for the second round of mutual evaluation, according to the assessment methodology (2013) and the FATF 40 recommendations on combating money laundering and the financing of terrorism and proliferation (2012).

This workshop was attended by various professional levels at supervisory authorities, FIUs and law enforcement entities in the member countries. 42

participants attended this workshop from 15 MENAFATF member countries, as well as 5 participants representing the Arab Trade Financing Program of the Arab Monetary Fund. The list of participants by country is as follows: Jordan, UAE, Bahrain, Algeria, KSA, Sudan, Iraq, Syria, Oman, Palestine, Kuwait, Lebanon, Libya, Egypt, Morocco.

Participants largely benefited from the valuable information shared by the participating experts, particularly as regards the FATF recommendations and their recent amendments, in addition to the new assessment methodology and its amendments. The discussions highlighted the efforts currently exerted by MENAFATF countries in preparing for the next stage of assessment by understanding the requirements of this stage and the necessity of implementing it in a sound manner.

Section Four

**Financial statements and final accounts
for the year ending on 31 December 2017**

Statement of the financial position as at 31 December 2017 (Amounts in US\$)

STATEMENT	2017	2016
Assets		
Non-Current Assets		
Equipment and Vehicles	7,412	9,537
Current Assets		
Member Countries Accrued Contributions	339,505	469,981
Prepaid Amounts and other Accounts Receivable	30,798	13,955
Cash and Bank Balance	1,606,178	1,200,476
	1,976,481	1,684,949
Total Assets	1,983,983	1,693,949
Accumulated Funds and Liabilities		
Accumulated Funds		
Strategic Reserve	300,000	300,000
Accumulated Funds	374,907	333,215
Total Accumulated Funds	674,907	633,215
Non-Current Liabilities		
End of Service Benefits for Employees	156,628	110,473
Deferred Bonuses	119,104	119,104
	275,732	229,577
Current Liabilities		
Trade Accounts Payable	116,790	59,872
Deferred Income - Member Countries	916,465	771,285
	1,033,255	831,157
Total Accumulated Funds and Liabilities	1,983,894	1,693,949

Statement of revenues and expenses for the year ending on 31 December 2017 (Amounts in US\$)

STATEMENT	2017	2016
Income		
Member Countries Contributions	1,472,013	1,370,436
Write Back of Liabilities	-	14,904
Recognized Bonuses	-	16,162
Gains from the Sale of Equipment and Vehicles	15,957	-
Total Revenues	1,487,970	1,401,502
Expenses		
Direct Costs	1,098,574	1,055,606
Overhead and Administrative Expenses	202,290	162,910
Depreciation	3,763	4,191
Total Expenses	1,304,627	1,222,707
Surplus of the Year	183,343	178,795

