



# 15<sup>th</sup> ANNUAL REPORT

Of THE MIDDLE EAST AND NORTH  
AFRICA FINANCIAL ACTION TASK FORCE  
FOR THE YEAR 2019

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## MENAFATF President Foreword



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

On behalf of myself and of the state of Libya, I am honored to assume the presidency of Middle East North Africa Financial Action Task Force (MENAFATF) for the purpose of combating money laundering and terrorist financing for the year 2019, in order to support the Task Force in achieving its desired goals, hoping that cooperation and effort will continue to raise the MENAFATF to a level we all aim for during the next round of presidencies.

Within the framework of achieving MENAFATF's goals, and in a manner that meets the aspirations of its members to protect its financial and economic systems from the threats of money laundering, terrorist financing and proliferation, the State of Libya has endeavored by receiving the MENAFATF's presidency for the year 2019 to achieve its presidential program - with the active contribution of many member countries and observers - whose priorities have been determined in order to increase the effectiveness of the MENAFATF performance. Whereas, the State of Libya aspired to enhance the efforts made during the past years in order to conduct good mutual evaluation processes and produce high-quality evaluation reports and consistent. Therefore, the Twenty-ninth Plenary Meeting decided to adopt the Financial Action Task Force (FATF) Initiative by working on preparing an action plan that is prepared in cooperation between the two Groups which was prepared for discussion in order to ensure more effective performance for the MENAFATF and its Secretariat.

As for Anti-Corruption, laundering the proceeds of corruption and recovering/restituting assets, the State of Libya has coordinated with MENAFATF in contact with the Arab Anti-Corruption and Integrity Network (ACINET) in order to launch a forum to combat corruption and asset recovery/restitution to be a periodic forum-meeting that brings together anti-corruption bodies in the MENA region with their counterparts in Financial Intelligence Units (FIUs) and many related agencies and authorities in order to enhance the exchange of experiences and improve mutual coordination through offering best practices locally and internationally and carrying out related studies with the aim of supporting the achievement of common goals.

Besides, the State of Libya has proposed the implementation of typologies project on combating money laundering through the crimes of human trafficking and smuggling of migrants starting from the beginning of the year 2020, of which many member countries have expressed support thereto, since these two crimes are considered cross-border crimes; the Tunisian Republic has thankfully showed desire to head the Team. This project aims to prepare a report that contributes to presenting the latest developments on the nature and scope of human trafficking and smuggling of migrants crimes and their relation to money laundering offence, and to provide new indicators on combating human trafficking and smuggling of migrants and their risks, while providing best practices, and highlighting prevailing practices in the Middle East and North Africa, which would contribute to helping countries better understand the issue and improving their prevention, detection and obstruction capabilities, and, in turn, strengthening their efforts to combat money laundering through human trafficking and smuggling of migrants.

During April 2019, MENAFATF held the 29th Plenary Meeting in Amman, the Hashemite Kingdom of Jordan, and a number of meetings, work groups, and committees, during which, many important issues were discussed. Within the framework of the Mutual Evaluation Working Group (MEWG), the Plenary Meeting adopted the Mutual Evaluation Report for the Kingdom of Morocco, provided that the Kingdom

of Morocco submits the first enhanced follow-up report to the thirty-first Plenary meeting, and the Plenary Meeting decided, in accordance with the procedures of the MENAFATF, to postpone the decision on the Mutual Evaluation Report of the Hashemite Kingdom of Jordan to the 30th Plenary meeting. Within the framework of the follow-up process, following the Mutual Evaluations, the first follow-up report for the Islamic Republic of Mauritania (which included a request to re-assess TC ratings) was adopted within the framework of the second round of the mutual evaluation process, provided that its second report to be submitted during the enhanced follow-up process of the thirty-first Plenary Meeting. The first update report was adopted for both the Sultanate of Oman and the Republic of Lebanon and they stopped submitting update reports within the framework of the first round due to the close date of the Mutual Evaluation process for the two countries during the second round, as well as adopting the second update report for the State of Kuwait provided that the third update report is submitted to the Plenary Meeting in April 2021. Within the framework of technical assistance and typologies, the Plenary Meeting appealed to member states to actively participate and chair the sub-sessions in the typologies and capacity building workshop in conjunction with counterpart financial working groups in Africa in Cairo, Egypt, during the period 30 July - 2 August 2019. The report of the Voluntary Tax Compliance (VTC) program in the Hashemite Kingdom of Jordan was also adopted, as long as Jordan provides the 30th Plenary Meeting with an update of what has been accomplished.

During November 2019, the MENAFATF held the 30th Plenary in Cairo, Arab Republic of Egypt, where several important issues related to combating money laundering and terrorist financing crimes were discussed at the regional and international levels. Within the framework of the Mutual Evaluation process, the Plenary Meeting decided to adopt the Hashemite Kingdom of Jordan's MER and being subject to the Enhanced Follow-Up, provided that the enhanced follow-up report is presented at the 32nd Plenary Meeting. Also, 4th Enhanced Follow-Up report of the Tunisian Republic (which included a request to reassess some ratings of Technical Compliance) Within the framework of the second round of the Mutual Evaluation process. The Plenary Meeting adopted the first Enhanced Follow-Up Report for the Kingdom of Bahrain (without a request to reassess the ratings of Technical Compliance), as well as the update submitted by the Kingdom of Saudi Arabia on the First Enhanced Follow-Up Report (which included a request to reassess some ratings of Technical Compliance). In the field of technical assistance and typologies, the Plenary Meeting adopted the recommendation of the Technical Assistance and Typologies Working Group (TATWG) to implement the typologies project on AML through the crimes of Human Trafficking and smuggling of migrants, as of the beginning of 2020.

In conclusion, as we pay tribute to what the successive presidencies of the MENAFATF leadership have accomplished and achieved, I hope that I have succeeded in my endeavors as well, and that we, have contributed to achieving the goals that we all seek. I, therefore, extend my sincere thanks and gratitude to all colleagues from the heads of delegations and all employees of the MENAFATF secretariat, headed by the executive secretary, for their efforts, support and good treatment, and I hope that cooperation and effort will continue to assist the MENAFATF moving to a level that we all aspire to in accomplishing our mission in the next presidency cycle.

*Best Regards*

*Dr. Subhi Musbah Zeed*  
*President of MENAFATF*

## MENAFATF President Foreword



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

Dear Brothers and Sisters,

In the beginning, I have the pleasure to introduce to you the 15th Annual Report of the Middle East and North Africa Financial Action Task Force for Year 2019. I would also like to congratulate the MENAFATF Presidency, all member countries, observers, and members of the MENAFATF Secretariat on all the achievements and accomplishments made during 2019.

In the course of this year, MENAFATF has devoted part of its efforts and available resources to promote its relationship and direct engagement with the FATF and FSRBs. It has also organized, during this year, in cooperation with the 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.

MENAFATF has also endeavored, Since its inception, to achieve its goals in AML/CFT, especially in the area of raising awareness among member states about ML/TF risks and their modern methods and trends, assisting countries in finding the best solutions to combat them, and assessing the extent of compliance of member states to international standards and ensuring the effectiveness of the systems applied thereto. In addition to assisting member states in obtaining technical assistance and high-level training to supports their AML/CFT efforts, as well as making arrangements and measures to develop the AML/CFT systems they have in place.

MENAFATF always affirms its keenness in achieving its AML/CFT goals, preventing its risks, contributing with its member states to reach the best solutions to the combating thereof, assessing the extent of member states' compliance with international standards and ensuring the effectiveness of the systems applied thereto. In addition to assisting member states in obtaining technical assistance and high-level training to supports their AML/CFT efforts, as well as making arrangements and measures to develop the AML/CFT systems they have in place. Therefore, MENAFATF was able to highlight its role in the international community through its distinguished presence in various forums and its active participation in AML/CFT efforts.

In the context of strengthening the relationship and cooperation with FATF, MENAFATF Secretariat participated in the face to face meeting of the Joint Group for Africa and the Middle East (JG/AME) of the FATF during the period 16-17 January 2019 in Dubai, United Arab Emirates and FATF's Plenary Meeting during the period 17-22 February 2019 in Paris, France, as well as the first joint workshop for the MENAFATF and other regional groups on the "Mutual Evaluation Process" during the period 2-6 September 2019 in France. MENAFATF Secretariat also organized a joint workshop with FATF to train and qualify assessors during the period 24-28 February 2019 in Muscat, Sultanate of Oman.

And in continuation of MENAFATF's endeavor to enhance its relations with regional and international organizations and counterpart groups, MENAFATF Secretariat, in cooperation with the Egyptian Anti-Money Laundering and Terrorist Financing Unit organized a joint workshop for typologies and capacity building between the Middle East and North Africa Financial Action Group (MENAFATF) and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) and Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) during the period 30 July - 2 August 2019 in the Arab Republic of Egypt. MENAFATF Secretariat also participated in the 43rd regular session of the Board of Governors of Central Banks and Arab Monetary Authorities on 15 September 2019 which was also held in the Arab Republic of Egypt.

As part of MENAFATF's efforts in Mutual Evaluations during this year, MENAFATF Secretariat organized, in conjunction with FATF, the onsite visit of the Mutual Evaluation Team to the United Arab Emirates

during the period 1-18 July 2019 in the United Arab Emirates, and a workshop on “preparing the country for the process of mutual evaluation” During the period 27-29 July 2019 in the Arab Republic of Egypt, the face to face meeting between the Mutual Evaluation Team and the Hashemite Kingdom of Jordan during the period from 10 to 13 September 2019 in the Hashemite Kingdom of Jordan. The MENAFATF Secretariat also organized, in cooperation with FATF, a workshop on “Preparing the country for the Mutual Evaluation Process” during 22-24 October 2019 in the State of Qatar.

In the field of Technical Assistance, MENAFATF implemented, during 2019, training programs for important topics that included, exchanging experiences, challenges and best practices in the field of AML/CFT, preparing countries subject to the mutual evaluation process, and proving the effectiveness of AML/CFT systems, understanding the UN Security Council system and mechanisms, and ML/TF RBA banking supervision. As many of the trainees participated in these programs, representing the member states of MENAFATF, and these programs were implemented in cooperation with donors such as the FATF, the International Monetary Fund, and others.

During 2019, and within the framework of MENAFATF member states’ compliance follow-up to international standards in AML/CFT, MENAFATF adopted three reports within the framework of the first round for each of the State of Kuwait, the Sultanate of Oman and Lebanon, and three Enhanced Follow-Up Reports within the framework of the second round of each of the Kingdom of Bahrain , The Republic of Tunisia and the Islamic Republic of Mauritania. These reports clarified the progress made by these countries in improving the AML/CFT systems in light of the observations/comments in their evaluation and follow-up reports for their mutual evaluation. I also congratulate the Kingdom of Morocco and the Hashemite Kingdom of Jordan on adopting their reports, which shows the extent to which these countries comply to the relevant international standards as we appreciate the efforts they made in their reports.

In conclusion, I hope that we have been successful in preparing this MENAFATF 15th annual report, and that we have contributed to achieving the goals that we all seek, and thanks to all my colleagues working in the MENAFATF Secretariat for their efforts, and for all the observers for their support and continued cooperation. With all the best of luck and success.

Peace be upon you, God’s Mercy and His Blessings.

***Alwaleed Bin Khalid Alsheikh***

***Executive Secretary of MENAFATF***

## Section One: Overview of the MENAFATF

### Overview of MENAFATF

In 2003, the idea of founding a FATF style regional body for 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 an inter-ministerial meeting held in Manama, the Capital of the Kingdom of Bahrain, to establish the aforementioned group, and it was called "Middle East North Africa Financial Action Task Force" (MENAFATF). Five more countries have subsequently joined the MENAFATF. All member countries signed a memorandum of understanding, which represented a historic achievement for the Arab Countries, given that 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 Bin Isa 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 and TF crimes, MENAFATF member countries and observers are continuously seeking to implement and disseminate relevant international policies and standards, and to increase the level of effective compliance therewith, particularly the FATF recommendations.

### MENAFATF 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.
- 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 **MENAFATF Secretariat** is responsible for executing the technical and administrative functions in order to carry out the activities of the MENAFATF, such as coordinating the mutual evaluation processes and cooperating with international and counterpart authorities, especially the FATF, in addition to other tasks as decided by the Plenary Meeting.

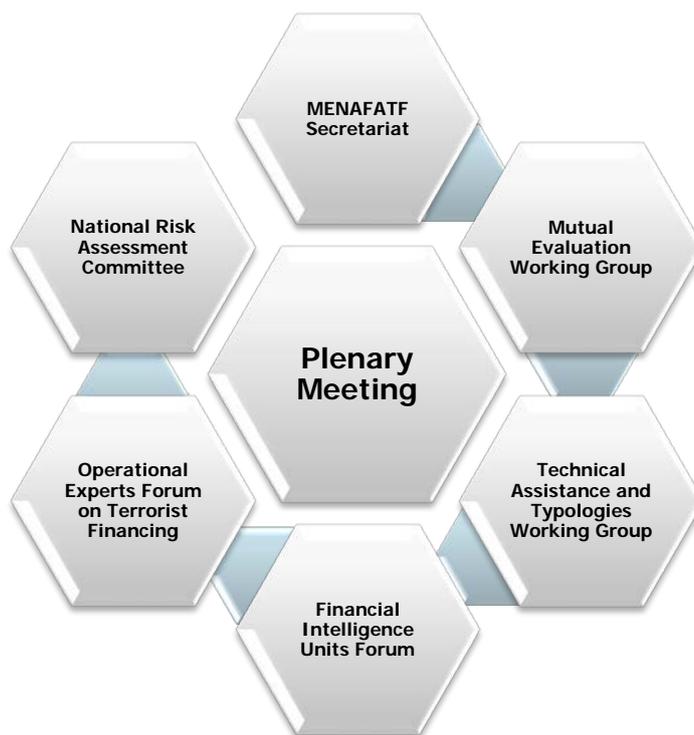
The **Mutual Evaluation Working Group (MEWG)** is formed of some member countries with the aim of preparing and organizing the mutual evaluation program for member countries, developing the procedures, working on qualifying and training assessors and following up the international developments in this regard.

The **Technical Assistance and Typologies Working Group (TATWG)** is formed and is mandated to execute the typologies programs and projects, identify the needs of member countries in terms of technical assistance, training and coordination for the provision of such assistance, and follow up the latest global developments with a view to benefiting from them in improving the AML/CFT regimes in the region

The **Financial Intelligence Units Forum (FIUF)** is the communication channel and mechanism between FIUs of member countries. It aims at promoting regional cooperation and exchange of expertise among them. The Forum is convened on the margin of the MENAFATF plenary meetings and when necessary; the MENAFATF Secretariat acts as the coordinator of the Forum

In addition, the **Operational Experts Forum on Terrorist Financing (OETF)** is 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 when necessary; the MENAFATF Secretariat acts as the coordinator of the Forum

The **National Risk Assessment Committee (NRAC)** is also formed, and works under the Technical Assistance and Typologies Working Group. It is charged with discussing the subject of national risk assessment and exchanging expertise and best practices in this regard. The membership of the committee is open to the experts in the field of ML/TF risk assessment from all member countries, observers and regional financial action task forces, who fulfill the educational qualifications and have the work experience in the national risk assessment field. The Committee holds its meetings on the margin of the MENAFATF plenary meetings and whenever it deems it necessary; the MENAFATF Secretariat acts as the coordinator of the Committee.



## Member Countries and Observers of the MENAFATF

The MENAFATF currently has 21 Arab countries as members – after the approval upon the request of the Republic of Djibouti to join it in December 2017 and the Federal Republic of Somalia, in October 2018, in addition to 16 countries and international organizations which hold the observer status in the MENAFATF – after the approval of the Federal Republic of Germany's accession request in April 2018. These figures actually reflect the interest in the activities and work of the MENAFATF. The MENAFATF is also an Associate Member of the FATF since 2007, and holds the observer status on a reciprocal basis with: The Egmont Group of Financial Intelligence Units (EGMONT), the Asia/Pacific Group on Money Laundering (APG), and the Eurasian Group on (EAG).

### MEMBER COUNTRIES:

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

**OBSERVERS:**



Republic of France



United Kingdom of  
Great Britain and  
Northern Ireland



United States of  
America



Kingdom of Spain



Australia



Federal Republic of  
Germany



International Monetary  
Fund



THE WORLD BANK

World Bank



Co-operation Council  
for the Arab States of  
Gulf



Financial Action Task  
Force



Egmont Group of  
Financial Intelligence  
Units



Asia/Pacific Group on  
Money Laundering



World Customs  
Organization



Arab Monetary Fund



Eurasian Group on  
combating money  
laundering and  
financing of terrorism



United Nations

## Section Two: Regional and International Coordination and Cooperation

Regional and international cooperation is of great importance to the MENAFATF, considering that it is a primary focal point to achieve its objectives and to support and develop AML/CFT regimes for member countries. The MENAFATF acts as an important link between member countries on the 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 highly contributes to the AML/CFT field in general. In this context, the joint meetings between member countries and observers offer an opportunity to communicate, exchange expertise and experiences and review the latest regional and international developments in the AML/CFT field. These meetings also contribute to the sharing of knowledge and information, thus enhancing and improving the AML/CFT systems of the MENAFATF member countries.

This section lists a number of periodical meetings, encounters, events organized or co-organized by the MENAFATF during 2019 and their main outcomes, as follows:

### MENAFATF Plenaries and Working Groups Meetings during 2019

#### 29<sup>th</sup> Plenary meeting, 20 – 25 April 2019

The 29th Plenary Meeting was held in Amman, the Hashemite Kingdom of Jordan, from 20 - 25 April 2019 and was chaired by Libya, represented by H.E. Dr. Subhi Musbah Zeed, Director of the Libyan Financial Intelligence Unit (FIU).

The Plenary Meeting was attended by AML/CFT experts from twenty Arab member countries (Hashemite Kingdom of Jordan, United Arab Emirates, Kingdom of Bahrain, Republic of Tunisia, Republic of Djibouti, Kingdom of Saudi Arabia, Republic of Sudan, Syrian Arab Republic, Federal Republic of Somalia, Republic of Iraq, Sultanate of Oman, State of Palestine, State of Qatar, State of Kuwait, The Lebanese Republic, State of Libya, Arab Republic of Egypt, Kingdom of Morocco, The Islamic Republic of Mauritania and Republic of Yemen). It was also attended by representatives of several countries and bodies that have observer status at the MENAFATF (Republic of France, United Kingdom, United States of America, Kingdom of Spain, Australia, Federal Republic of Germany, International Monetary Fund, World Bank, The Secretariat General of Cooperation Council for the Arab States of the Gulf, Financial Action Task Force and the United Nations).

The Plenary Meeting tackled, during its sessions, several important subjects related to the MENAFATF work and activities, and took several decisions related to the MENAFATF, including its human resources. The Plenary Meeting decided to approve MENAFATF's performance management system program and performance enhancements according to the presentation submitted by Falak Consultancy on the MENAFATF's performance management system, and instructed the MENAFATF Secretariat to prepare a detailed report on the project of compensation and benefits policies for the Secretariat's employees to present to the 30th Plenary Meeting. FATF proposal was also approved to work on preparing an action plan to ensure more effective performance for the MENAFATF and the MENAFATF Secretariat, which is prepared in collaboration between the FATF and the MENAFATF Secretariat, to be implemented under FATF's supervision and follow-up.

Within the framework of mutual evaluation processes, the Plenary Meeting adopted the report of the mutual evaluation for the Kingdom of Morocco, provided that the Kingdom of Morocco submits the first enhanced follow-up report to the 31st Plenary Meeting. The Plenary Meeting decided, in accordance with the procedures of the MENAFATF, to postpone the decision on the mutual evaluation report for the Hashemite Kingdom of Jordan until the 30th Plenary Meeting. The Plenary Meeting adopted the first follow-up report for the Islamic Republic of Mauritania (which included a request to re-assess TC ratings) was adopted within the framework of the second round of the mutual evaluation process, provided that its second report to be submitted during the enhanced follow-up process of the thirty-first Plenary Meeting. Within the framework of the follow-up process, following the Mutual Evaluations, the first update report was adopted for both the Sultanate of Oman and the Republic of Lebanon and they stopped submitting update reports within the framework of the first round due to the close date

of the Mutual Evaluation process for the two countries during the second round, as well as adopting the second update report for the State of Kuwait provided that the third update report is submitted to the Plenary Meeting in April 2021. The timeline of the mutual evaluation process in the framework of the second round, and the timeline of the follow-up process in the framework of the first and second rounds had also been adopted.

Within the framework of technical assistance and typologies, the Plenary Meeting appealed to member states to actively participate and chair the sub-sessions in the typologies and capacity building workshop in conjunction with counterpart financial working groups in Africa in Cairo, Egypt, during the period 30 July - 2 August 2019. The Plenary Meeting also approved the regular typologies report (every two years) and the revised training plan for the years 2017 - 2019. Regarding the follow-up with VTC program, the Hashemite Kingdom of Jordan report on VTC program was adopted, with Jordan providing an update on what is being accomplished for the next Plenary Meeting.

At the end of the meeting, several reports made by the working groups and committees were presented, including the Mutual Evaluation Working Group co-chairs report and the Technical Assistance and Typologies Working Group Co-Chairs report. Both reports comprised the recommendations reached by both working groups during their respective meetings, in addition to the National Risk Assessment Committee co-chairs report on the NRAC meeting, the OFTF chair report and the FIUF chair report.

### **6<sup>th</sup> Operational Forum on Terrorist Financing, 20 April 2019**

The 6<sup>th</sup> Operational Forum on Terrorist Financing was held on Saturday, 20 April 2019, on the margin of the 29<sup>th</sup> Plenary Meeting. It handled the TF risks, trends and methods, based on the practical experience of the participants, the most important of which was the presentation by the representative of the UN 1267 Monitoring Team, The Security Council, of the update on latest information with regards to Terrorism and TF risks in the region, especially with regards to the current position of ISIL, and Al Qaeda, and their developments in some jurisdictions. Then the representative from the State of Palestine presented the provisions of the national strategy conducted by the national authorities in Palestine in order to limit the risks of TF in accordance with the threats and vulnerabilities identified in the NRA. The FIU's role in coordinating the efforts exerted by the local authorities to prepare the national strategy on CFT was also presented. The Forum discussed, in its meeting, the risks, trends and methods of financing terrorism through the money transfer sector. In this regard, the representative from Republic of Iraq reviewed the national efforts to combat the financing of terrorism, especially those of ISIL's. He also reviewed a practical comprehensive case on terrorist financing process through which the money transfer sector and other sectors were exploited for the purpose of financing terrorism. The Forum also touched on the proposal to establish specialized working groups/task forces from member states to provide technical reports on "detecting and investigating terrorist financing cases, prosecuting and litigations on terrorist financing crimes, as well as electronic technologies in financial investigations and their role in uncovering emerging patterns/trends of terrorist financing activities in implementation of the operational plan to combat TF adopted by the MENAFATF. FATF representative also made a presentation on the latest projects on CFT, by reviewing an overview of the MENAFATF's report on the financing of ISIL and al-Qaeda and its affiliated groups, strategies related to disrupting terrorist financing, as well as a guide to assessing the risks of TF. In the area of raising awareness and holding training courses for those involved in combating the financing of terrorism, the representative of the United Nations Office on Drugs and Crime (UNODC) made a presentation on the office's "efforts and activities in the region" represented by holding a number of training courses, especially those related to the sanctions imposed pursuant to United Nations Security Council resolutions 1267, 1988 and 1373 also, workshops on "Proliferation Financing".

### **19<sup>th</sup> Financial Intelligence Units Forum, 20 April 2019**

The 19<sup>th</sup> meeting of the Financial Intelligence Units Forum was held on Saturday, 20 April 2019, on the margins of the 29<sup>th</sup> Plenary Meeting, and it discussed, within its agenda, a number of topics, which included encouraging and following up the FIU's joining and cooperating with the Egmont Group, where the Egmont representative reviewed the most prominent works of the Egmont Group, and shedding light on the affairs that concern the region and the member states of the MENAFATF and its FIUs. In addition to exchanging expertise out of best practices. Egmont Group, Bahrain FIU and the Tunisian FIU made presentations on this topic. The Forum touched on matters related to the FIUs boards of

directors which is formed from the relevant authorities and matters of the FIUs independency to sign memoranda of understanding. Sultanate of Oman submitted a proposal to benefit from the experiences that have been discussed/reviewed, and organized workshops discussing each matter, independently.

### **34<sup>th</sup> Mutual Evaluation working group, 20 – 22 April 2019**

The 34th meeting of the Mutual Evaluation Working Group was held from Saturday - Monday, 20 - 22 April 2019, on the margin of the 29th Plenary Meeting. The working group discussed several important topics which included the First enhanced follow-up report for the Islamic Republic of Mauritania (Which included a request for Reassessment of some of Technical Compliance ratings) as well as having discussed The Hashemite Kingdom of Jordan and the Kingdom of Morocco's MER.

In the context of the latest developments related to the second round of the mutual evaluation process, a summary of the mutual evaluation processes for the United Arab Emirates and the Arab Republic of Egypt was presented.

The working group discussed timeline of the mutual evaluation process in the framework of the second round, and the timeline of the follow-up process in the framework of the first and second rounds had also been adopted. It also discussed the procedural paper for the second round of the mutual evaluation process and the follow-up process, in addition to mechanisms to reassess technical compliance ratings.

### **10<sup>th</sup> National Risk Assessment Committee, 21 April 2019**

The 10th NRAC meeting was held on Sunday, 21 April 2019, on the margin of the 29th Plenary Meeting. It discussed, within its agenda, the status of member countries in the national risk assessment process, and the experiences of the member countries in the processes of the ML/TF NRA which included a presentation of the experiences of both the State of Palestine and the Islamic Republic of Mauritania as well as the experiences of FATF, International Monetary Fund which were discussed during the Plenary Meeting.

### **28<sup>th</sup> Technical Assistance and Typologies working group, 22 April 2019**

The 28th meeting of the TATWG was held on Monday, 22 April 2019, on the margin of the 29th Plenary Meeting. Were the TATWG discussed the articles of its own agenda.

In the area of typologies, the MENAFATF made a presentation on the draft regular typologies project report (every two years), and MENAFATF presented a paper on new topics that were proposed for study as projects in the area of typologies. MENAFATF also pointed out the importance of participating in the joint typologies and capacity building workshop between the MENAFATF, ESAAMLG, and GIABA, which will be held in Egypt 30 July - 02 August 2019. The TATWG recommended to the importance of this joint workshop, in which experts from members of FSRBs, FATF and several regional and international organizations will participate.

Where in the area of technical assistance, TATWG discussed the updated training plan for 2017 - 2019 And the programs that have been implemented in accordance with the plan. TATWG recommended to submit it to the Plenary Meeting for approval, as well as encouraging the countries to host the activities included therein. In this context, the representative of Egmont Group made a presentation on the topic of FIUs independency, and the United Nations Office on Drugs and Crime (UNODC) gave a presentation on the latest activities of the office in the Middle East and North Africa.

### **30<sup>th</sup> Plenary meeting, 23 – 28 November 2019**

The 30th Plenary Meeting was held in Cairo, Egypt, from 23 - 28 November 2019 and was chaired by Libya, represented by H.E. Dr. Subhi Mesbah Zeed, Director of the Libyan Financial Intelligence Unit (FIU).

The Plenary Meeting was attended by AML/CFT experts from twenty Arab member countries (Hashemite Kingdom of Jordan, United Arab Emirates, Kingdom of Bahrain, Republic of Tunisia, Republic of Djibouti, Kingdom of Saudi Arabia, Republic of Sudan, Syrian Arab Republic, Federal Republic of Somalia, Republic of Iraq, Sultanate of Oman, State of Palestine, State of Qatar, State of Kuwait, The Lebanese Republic, State of Libya, Arab Republic of Egypt, Kingdom of Morocco, The Islamic Republic of Mauritania and Republic of Yemen). It was also attended by representatives of several countries and bodies that have observer status at the MENAFATF (Republic of France, United Kingdom, United States of America, Kingdom of Spain, Federal Republic of Germany, International

Monetary Fund, World Bank, The Secretariat General of Cooperation Council for the Arab States of the Gulf, Financial Action Task Force, the United Nations and EGMONT Group).

With regard to enhancing the MENAFATF's efforts in CFT, the Plenary Meeting reviewed the MENAFATF's efforts in CFT through following up on the activities of the 7th Operational Forum on Terrorist Financing (OFTF). and the Forum addressed the topic related to the size of the criminal proceeds of the crime of smuggling of migrants and its relationship to TF, and the most prominent challenges facing countries when dealing with this type of crime while providing some solutions and recommendations to countries to mitigate the risks of the crime of smuggling of migrants. Also, countries efforts in conducting TF risk assessments for the NPOs sector were discussed.

Regarding the enhancement of human resources at the MENAFATF, the Plenary Meeting adopted the Falak Consultancy project with regards to the compensation and benefits policies for the MENAFATF's employees.

As for the relationship with FATF, international and regional organizations and counterparts, the Plenary Meeting addressed some issues related to MENAFATF's relationship with FATF, and followed up the outcomes and developments of the latest projects to combat terrorist financing related to FATF report on the financing of ISIL and Al-Qaeda and their affiliations, as well as the Guidelines for Investigating and Prosecuting Terrorist Financing.

Within the framework of the second round of assessing Member States' compliance to (revised) international standards in the area of AML/CFT and Proliferation Financing, in accordance with the revised assessment methodology issued by FATF, the Plenary Meeting adopted the procedural paper for the second round of the mutual evaluation process and the follow-up process which was updated In line with the requirements of general procedures and the needs of member countries.

And within the framework of the Mutual Evaluation and follow-up process, the Plenary Meeting decided to adopt the Hashemite Kingdom of Jordan's MER and being subject to the Enhanced Follow-Up, provided that the First Enhanced Follow-Up Report is presented at the 32nd Plenary Meeting in November 2020. Also, 4th Enhanced Follow-Up report of the Tunisian Republic (which included a request to reassess some ratings of Technical Compliance), provided that the 5th report within the enhanced follow-up process to the 32nd Plenary Meeting in November 2020, Within the framework of the second round of the Mutual Evaluation process. The Plenary Meeting adopted the First Enhanced Follow-Up Report for the Kingdom of Bahrain (did not include a request to re-assess technical compliance ratings) provided that it submits its second report within the enhanced follow-up process to the 32nd Plenary Meeting in November 2020, as well as the First Enhanced Follow-Up Report update submitted by Kingdom of Saudi Arabia which was discussed FATF's Plenary Meeting (included a request to re-assess some technical compliance ratings). The timeline of the mutual evaluation process in the framework of the second round, and the timeline of the follow-up process in the framework of the first and second rounds had also been adopted.

Within the framework of technical assistance and typologies, the Plenary Meeting adopted the recommendation of the Technical Assistance and Typologies Working Group to implement the typologies project on AML through the crimes of Human Trafficking and smuggling of migrants, as of the beginning of 2020 with the membership of the following: The Hashemite Kingdom of Jordan, the Tunisian Republic, the Arab Republic of Egypt, the Republic of Sudan, the State of Libya, and the Kingdom of Morocco. And with a joint presidency of each: The Republic of Tunisia and the Arab Republic of Egypt to lead the project work group. The project was also supported and propped by the United Nations Office on Drugs and Organized Crime. The Plenary Meeting also, adopted the MENAFATF's training Plan for the years 2020 - 2021. Moreover, the Plenary Meeting decided to adopt the update submitted by the Hashemite Kingdom of Jordan with regards to the VTC.

At the end of the meeting, several reports made by the working groups and committees were presented, including the Mutual Evaluation Working Group co-chairs report and the Technical Assistance and Typologies Working Group Co-Chairs report. Both reports comprised the recommendations reached by both working groups during their respective meetings, in addition to the National Risk Assessment Committee co-chairs report on the NRAC meeting, the OFTF chair report and the FIUF chair report.

## **7<sup>th</sup> Operational Forum on Terrorist Financing, 23 November 2019**

The 7th Operational Forum on Terrorist Financing was held on Saturday, 23 November 2019, on the margins of the 30th Plenary Meeting, where the meeting discussed best practices and challenges to detect and prevent terrorist financing operations in terms of risks, methods and trends. Most notably, the 1267 Monitoring Team representative at the United Nations Security Council reviewed an update on the latest information regarding the risks of TF in the region, particularly, with regards to the current status of ISIL and Al-Qaeda and the risks developments of this organization in certain regions. With a clear indication of important information about the resources of ISIL funds and how is it being spent, as well as the current resources of financing for terrorist groups in the region, and the most important means recently monitored by which terrorist groups hide and transfer funds and other assets. The representative of the UNODC also made a presentation, in which it outlined the proceeds of the crime of smuggling of migrants and the most prominent challenges facing countries when dealing with this type of crime, while providing some solutions and recommendations to countries to mitigate the risks of smuggling of migrants. The representative of the office had addressed practical cases related to TF and indicated that there was a product prepared by the Office containing indications of suspicion linked to the crime of smuggling migrants. The representative of the Office also reviewed the importance of applying Targeted Financial Sanctions to persons and entities designated by the United Nations Security Council. The representative of the UNODC gave a presentation on the efforts of the Office and its activities in the region represented by holding a number of training courses related to the sanctions imposed pursuant to UNSCR 1373, as well as workshops on financing proliferation and preventing the exploitation of NPOs in financing activities of terrorism. The representative of the State of Palestine reviewed the risk assessment of ML/TF in the NPOs sector in Palestine and the implementation of international requirements, and the sectoral evaluation assessment for NPOs in Palestine as well as practical cases from international reports. The representative of the Republic of Iraq also reviewed national efforts in CFT, in particular, the ISIL, as well as a practical case related to the TF. Then, MENAFATF gave a presentation on the latest projects CFT and a detailed presentation in which it addressed important issues in terms of good approaches to identify areas of TF risks and national coordination, and mechanisms for assessing cross-border terrorism financing risks related to specific sectors, in addition to the sectoral assessment of NPOs and the importance of updating the NRA.

## **20<sup>th</sup> Financial Intelligence Units Forum, 23 November 2019**

The 20th meeting of the Financial Intelligence Units Forum was held on Saturday, 23 November 2019, on the margins of the 30th Plenary Meeting, and it discussed, within its agenda, a number of topics, which included encouraging and following up the FIU's joining and cooperating with the Egmont Group. The forum reviewed the progress of the FIUs in the member countries through the Follow-Up Matrix that is updated by the concerned units before the holding of each forum, in which the Unit's position is reflected according to the stages of the application procedures for joining the Egmont Group. The forum then, listened to the intervention of a representative of the Egmont Group for FIUs, on the most prominent work of the Egmont Group, and to highlight the issues of concern to the region, member countries, and its FIUs. The Forum also listened to the presentation of the Leadership and Excellence Center (ECOFEL) of the Egmont Group on a practical case that addressed the topic of operational independence for the FIUs. Regarding the exchange of experiences based on best practices, the Forum discussed the topic of "exchanging information between the FIUs, LEAs and investigative authorities, and its impact on parallel financial analysis and investigations reports." As for the mechanisms for building and enhancing the capabilities of FIUs, a presentation was made on managing the organizational processes associated with the financial industry using REGTECH/FINTECH technology, by a specialist expert Mr. Maher Abu Ghaly, in which he explained the various advantages of linking the FIUs system with these technologies and benefiting from important outputs and reducing the time that takes operations to be carried out by the Unit, especially in the areas of analysis and the request of information from domestic and counterpart bodies in a secure manner, which usually requires a long time to complete.

## **11<sup>th</sup> National Risk Assessment Committee, 24 November 2019**

The 11th NRAC meeting was held on Sunday, 24 November 2019, on the margin of the 30th Plenary Meeting. It discussed, within its agenda, the status of member countries in the national risk assessment process, and the experiences of the member countries in the processes of the ML/TF NRA which included a presentation by Lebanon as well as a joint presentation by Tunisia: and the consultant office

"Green Acre". Also, the expansion of the scope of the work of the NRAC was discussed, to include studying and exchanging experiences in all IOs and the 40 Recommendations among member countries and in cooperation with observers.

### **35<sup>th</sup> Mutual Evaluation working group, 24 – 25 November 2019**

The 35th meeting of the Mutual Evaluation Working Group was held from Sunday - Monday, 24 - 25, November 2019, on the margin of the 30th Plenary Meeting. The working group discussed several important topics which included the most prominent updates related to the second round of the the ME process, where it discussed The Hashemite Kingdom of Jordan's ME, and the 4th enhanced follow-up report for Republic of Tunisia (including a request for Reassessment of some of Technical Compliance ratings). In addition to the proposal by the State of Palestine on the subject of "The second round procedures of the mutual evaluation process and the follow-up process for the GCC countries." The preprocedural paper for the second round of the mutual evaluation process and follow-up process was discussed and presented to the Plenary Meeting. MENAFATF also reviewed the latest amendments made to international standards and the FATF technical compliance assessment methodology and the effectiveness of AML/CFT systems in accordance with the recent amendments approved by FATF meeting in October 2019, as well as the most important topics mentioned in MENAFATF's work plan. As for exchanging experiences on the process of mutual evaluation, KSA reviewed its experience in providing data related to technical compliance and effectiveness, in addition to the experience of the Republic of Tunisia in the process of mutual evaluation related to IOs. MENAFATF also presented a summary of the latest developments related to mutual evaluation processes for member countries in the framework of the second round, where mutual evaluation processes were reviewed for: The State of the United Arab Emirates, the State of Qatar, the State of Palestine, the Arab Republic of Egypt, and the Lebanese Republic.

The timeline of the mutual evaluation process in the framework of the second round, and the timeline of the follow-up process in the framework of the first and second rounds had also been adopted by the Plenary Meeting.

### **29<sup>th</sup> Technical Assistance and Typologies working group, 25 November 2019**

The 29th meeting of the TATWG was held on Monday, 25 November 2019, on the margin of the 30th Plenary Meeting. Were the TATWG discussed the articles of its own agenda.

In the area of typologies, TATWG recommended the Plenary Meeting to adopt the implementation of a new group project on AML through the crimes of human trafficking and smuggling of migrants. The MENAFATF also praised the success of the joint typologies and capacity building workshop between the MENAFATF, ESAAMLG, and GIABA, which was held in the Arab Republic of Egypt during the period 30 July - 02 August 2019, and the MENAFATF thanked the Egyptian authorities, AML/CFT Unit and the Central Bank of Egypt for their cooperation and the great support they provided for the success of this workshop.

In the area of technical assistance, Egmont Group made a presentation on the topic "The independence of FIUs", and a presentation was made by the private sector regarding financial and regulatory technologies to improve the effective implementation of AML/CFT standards (REGTECH/FINTECH), and MENAFATF also made a presentation about financial investigations related to Virtual Assets. Then the UNODC gave a presentation on the latest activities of the Office in the Middle East and North Africa region implemented in member countries.

TATWG also reviewed the training plan for 2017 - 2019, where the MENAFATF agreed to postpone some training workshops for the next training plan 2020 - 2021 and recommended to the Plenary Meeting the adoption of the proposed training plan for the years 2020 - 2021 while accommodating the observations/comments from member countries, and the completion of the previous training plan 2017 - 2019.

## Coordination and Cooperation with FATF, FSRBS and other International Authorities

The MENAFATF exerts substantial efforts at the regional and international levels to improve work relations, and it works to achieve this through participation and contributing in a number of activities and events as well as coordination and communication with FATF FSRBs and other international bodies. The MENAFATF has witnessed remarkable development at the regional and international levels, and with many organizations such as AMF, IMF, WB, FATF, UN, GCC, EGMONT, APG, EAG and WCO. The MENAFATF is keen to follow up with the latest developments and updates in AML/CFT through participating in meetings, events and workshops held by these authorities and benefiting from their experiences in various ways as well as participating in relevant conferences and seminars, in addition to technical assistance, training and support provided by these authorities to the countries of the MENAFATF.

This part of the report reviews the activities of the MENAFATF with some international and regional organizations and authorities working in the area of AML/CFT, and it discusses aspects of cooperation between the MENAFATF and some of those authorities.

### Plenary Meetings and FATF Working Groups Meetings

The MENAFATF has a close relationship with FATF - as well as with FSRBs. The MENAFATF works to adopt, publish and promote the international AML/CFT standards issued by FATF on a regional scale. This relationship allows for participation in FATF works by giving the Presidency, MENAFATF Secretariat and member countries the opportunity to attend FATF meetings and the meetings of its Working Groups, participate in discussions and express a regional viewpoint, where the MENAFATF and Member Countries participate in these meetings on regular basis.

During 2019, the MENAFATF participated in many joint activities with FATF, which included workshops and training programs, as well as onsite visits within the framework of - the MENAFATF's mutual evaluations or FATF's joint evaluations. The MENAFATF's participation was as follows:

Participation of the MENAFATF and member countries in the FATF meetings during 2019		
2 <sup>nd</sup> Plenary Meeting, 30th round.	MENAFATF Secretariat and some member countries.	17 - 22 February 2019 Paris, France
3 <sup>rd</sup> Plenary Meeting, 31st round.	MENAFATF Secretariat and some member countries.	16 - 21 June 2019 Orlando, USA
1 <sup>st</sup> Plenary Meeting, 32nd round.	MENAFATF Secretariat and some member countries.	13 - 18 October 2019 Paris, France

Participation of the MENAFATF in the International Cooperation Review Group (ICRG) meetings during 2019	
Participation of the MENAFATF Secretariat in the FATF's Joint Working Group for Africa and the Middle East (ICRG).	16 - 17 January 2019 Dubai, UAE
Participation of the MENAFATF Secretariat in the FATF's Joint Working Group for Africa and the Middle East (ICRG).	20 - 21 May 2019 Paris, France
Participation of the MENAFATF Secretariat in the FATF's Joint Working Group for Africa and the Middle East (ICRG).	16 - 19 September 2019 Tunis, Tunisia

Participation of the MENAFATF in mutual evaluation events in participation with the FATF during 2019	
Participation of the MENFATF Secretariat with FATF in workshop on preparing countries for the ME Process.	22 - 24 October 2019 Doha, Qatar
Participation of the MENFATF Secretariat in the first joint workshop on the ME process for FATF Secretariat and other FSRBs.	2 - 6 September 2019 Paris, France
The participation of the MENAFATF secretariat & FATF in the face to face meeting between the United Arab Emirates and the Assessment Team.	4 - 6 December 2019 Paris, France

## Other Regional and International Participations of the MENAFATF During 2019

### Regional participations:

EVENT	DATE	PLACE
1. Participation of MENAFATF Secretariat in a joint assessors training in cooperation with FATF.	24 - 28 February 2019	Muscat - Oman
2. Participation of the MENAFATF Secretariat in a workshop on the risk of abuse of NPOs in TF and enhancing capacity of the NPO supervision authorities in cooperation with Qatar's National Anti Money Laundering and Terrorism Financing Committee and the UNODC and charitable institutions in the United Kingdom and Wales.	08 - 10 July 2019	Doha - Qatar
3. MENAFATF Secretariat participation in a workshop on the risks of TF, organized by the US Treasury.	16 - 17 July 2019	Riyadh - KSA
4. MENAFATF Secretariat organized a joint workshop for typologies and capacity-building between the MENAFATF, ESAAMLG and GIABA in cooperation with the Egyptian AML/CFT Unit.	30 July - 02 August 2019	Cairo - Egypt
5. MENAFATF Secretariat participation in the 4th Annual Forum for Heads of AML/CFT Compliance, organized by the Palestinian FIU in conjunction with the heads of AML/CFT in the Hashemite Kingdom of Jordan.	21 - 22 August 2019	Amman - Jordan
6. MENAFATF Secretariat participation in the 43rd regular session of the Board of Governors of Central Banks and Arab Monetary Authorities.	15 September 2019	Cairo - Egypt
7. MENAFATF Secretariat Participation in a workshop on the undergoing an AML/CFT mutual evaluation, in cooperation with the International Monetary Fund.	22 - 26 September 2019	Kuwait - Kuwait

8. MENAFATF Secretariat participation in the 11th Seminar for compliance and AML.	04 November, 2019	Riyadh - KSA
9. MENAFATF Secretariat Participation in the 16th meeting of The Financial Stability Board (FSB) Regional Consultative Group (RCG) for the Middle East and North Africa.	17 November 2019	Riyadh - KSA
10. MENAFATF Secretariat Participation in a workshop on currencies and virtual assets in cooperation with UNODC and the Tunisian Financial Analysis Committee.	7 - 9 December 2019	Tunis - Tunisia
11. MENAFATF Secretariat participation in the 34th meeting of the Arab Committee on Banking Supervision, and the 14th annual high-level meeting on global banking standards and legislative and regulatory and supervisory priorities.	9 - 12 December 2019	Abu Dhabi - UAE
12. MENAFATF participation in a workshop on Enhancing Effective Targeting of Illicit Financial Flows from Money Laundering Terrorist Financing and Trafficking in Human Beings in cooperation with the European Union and the Tunisian Financial Analysis Committee.	10 - 12 December 2019	Tunis - Tunisia

#### International participations:

EVENT	DATE	PLACE
1. MENAFATF Secretariat participation in a workshop on Pilot Countering the Financing of Terrorism held at FATF Training Center.	13 - 17 MAY 2019	Busan - South Korea
2. MENAFATF Secretariat participation in the 26th meeting for EGMONT Group for FIUs.	1 - 4 July 2019	Amsterdam - Netherlands

## **Section Three: Building and Promoting AML/CFT Frameworks in the Middle East and North Africa Region**

The MENAFATF is striving to build robust and effective frameworks for anti-money laundering and terrorist financing in the region, according to the objectives set forth in the Memorandum of Understanding. The MENAFATF is, therefore, pursuing several important steps in this endeavor, the most important of which is following up on the commitment of countries to the implementation of the international standards through mechanisms and tools adopted in this regard. They mainly include mutual evaluations and all types of follow-up processes which follow the mutual evaluation. The following is a presentation of the main events and developments in this regard during 2019

### **First: Mutual Evaluation**

#### **Assessment and Follow-Up of the MENAFATF Member Countries**

Based on the MENAFATF Procedures and by virtue of the 2012 FATF international standards and the 2013 Methodology, the MENAFATF conducts the mutual evaluation process to assess the anti-money laundering and countering the financing of terrorism and proliferation regime of member countries, in respect of their technical compliance with the Forty Recommendations and effectiveness of their systems.

In this context, the 29th Plenary meeting which was held in Amman, the Hashemite Kingdom of Jordan, from 23 to 25 April 2019, adopted the MER for the Kingdom of Morocco that highlights the extent of Morocco's compliance with the relevant international standards. The report addressed the efforts made by Morocco and the deficiencies it had to address by executing the recommended actions set out in the said report, in an attempt to comply with the implementation of the international standards.

The MER of the Hashemite Kingdom of Jordan was adopted by MENAFATF Plenary Meeting which was held in Cairo, Egypt, from 26 to 28 November 2019. Which shows the the compliance of Jordan with the relevant international standards. The report addressed the efforts made by Jordan and the deficiencies it had to address by executing the recommended actions set out in the said report, in an attempt to comply with the implementation of the international standards.

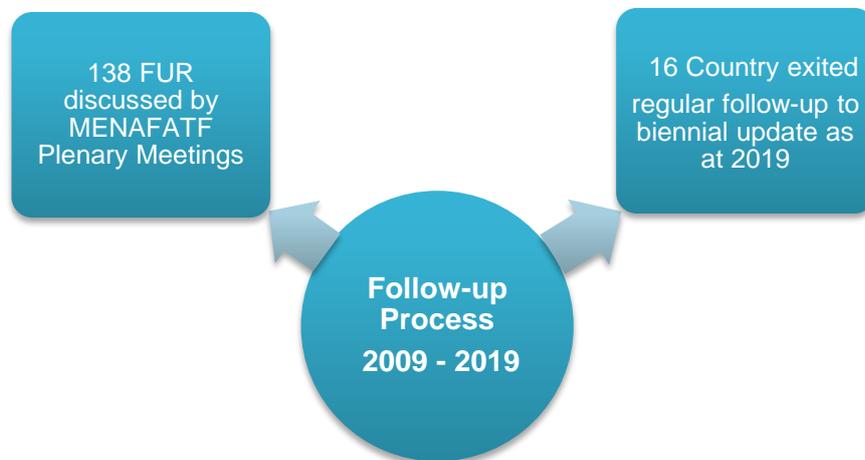
With regards to the (regular and enhanced) follow-up process, the MENAFATF monitors the progress made by member countries to verify that their AML/CFT systems are being developed continuously, to encourage and urge them to address the deficiencies set out in the MER, and to take the necessary actions within reasonable periods of time in order to execute the priority actions and recommendations set out in the said report. In the context of the follow-up assessment in the second round of mutual evaluation and five years after the adoption of the MER of the assessed country, a short on-site visit is made to the concerned country, for the purpose of assessing the improvement of its effectiveness and other areas as well.

During 2019, the Plenary Meeting adopted three Follow-Up Reports in the first round (biennial update reports for each of Kuwait, Oman and Lebanon), and three Enhanced Follow-Up Reports (Two reports with a request for re-assessing technical Compliance ratings) in the second round for Republic of Tunisia and Islamic Republic of Mauritania as well as one enhanced follow-up report (without a request for re-rating) for the Kingdom of Bahrain. These reports clarified the progress made by these countries in improving the AML/CFT systems in light of the comments in their evaluation and follow-up reports.

In general, it can be said that efforts and significant developments have been done in the member countries level, given that 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 implementation of UNSCRs, the activation of the recommended actions in respect of effectiveness, in addition to the improvement of the efficiency and effectiveness of various authorities, including supervisors and law enforcement authorities, by providing training to their staff through programs delivered by the 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.

As to countries subjected to the follow-up by the FATF International Cooperation and Review Group, member countries continue to provide information and data that demonstrate the effectiveness of their systems, according to the action plan drawn up by the said group. In this context, Tunisia provided regular reports to the Africa/Middle East Review Group in which it showed its continuous efforts to address the deficiencies set out in the MER for the second round and to improve the effectiveness of its AML/CFT system. FATF Plenary Meeting that was held in October 2019 in Paris, France, decided that the Tunisian Republic should exit the ICRG process in the light of the positive results of the onsite visit report that was held during the period from 16-17 September 2019 with the participation of the MENAFATF Secretariat.



**GENERAL UPDATE OF MEMBER COUNTRIES' FOLLOW-UP PROCESS  
DURING THE PERIOD 2009-2019**

## Timeline of the Second Round of Mutual Evaluation

The 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) on combating money laundering and the financing of terrorism and proliferation, based on the new assessment methodology issued by the FATF (February 2013) and their respective subsequent amendments. The 22nd Plenary Meeting adopted the time line of the second round of mutual evaluations, where two to three countries will be assessed every year, and all the laws and controls 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. The MENAFATF will continuously monitor the progress made by member countries in improving their AML/CFT systems. Following their evaluation, countries submit follow-up reports within periods specified in the evaluation process procedures which are adopted by the MENAFATF Plenary Meeting

During this round, the MENAFATF, up to the end of 2019, adopted the timeline of the member countries as follows:

Country	Assessment Authority	Date of the onsite visit for the 2nd round of ME (1)	Discussions of the 2nd round MER's Plenary Meeting
Tunisia	World Bank	February 2015	April 2016
Mauritania	MENAFATF	19-30 December 2016	April/May 2018
Libya (2)	-	First Half of 2017 (2)	November 2017
Bahrain	MENAFATF and FATF	7-22 November 2017	June 2018
KSA	MENAFATF and FATF	8-23 November 2017	June 2018
Syria (2)	The MENAFATF	February/March 2018	November 2018
Morocco	The MENAFATF	5-20 March 2018	April 2019
Yemen (2)	The MENAFATF	August/September 2018	May 2019
Jordan	The MENAFATF	8-23 July 2018	April/May 2019
UAE	MENAFATF and FATF	1-17 July 2019	February 2020
Qatar	MENAFATF and FATF	29 June - 17 July 2020	February 2021
Egypt	The MENAFATF	1-18 March 2020	November 2020
Palestine	The MENAFATF	16 August - 03 September 2020	May 2021
Oman	MENAFATF and FATF	August 2021	February 2022
Lebanon	The MENAFATF	February/March 2021	November 2021
Kuwait	MENAFATF and FATF	October/November 2021	June 2022
Algeria	The MENAFATF	February/March 2022	November 2022
Sudan	The MENAFATF	August/September 2022	April/May 2023
Iraq	The MENAFATF	February/March 2023	November 2023
Djibouti	The MENAFATF	July/August 2023	April 2024
Somalia	The MENAFATF	February/March 2024	November 2024

(1) The date for submitting the technical questionnaire is determined in coordination between the MENAFATF Secretariat and the countries subject to evaluation, or between the FATF and the MENAFATF Secretariat and the countries subject to evaluation.

(2) It was agreed to postpone the Mutual Evaluation process for Libya, Yemen and Syria, until political and security conditions improve.

## **Second: Technical Assistance and Typologies**

### **Raising Awareness about ML/TF Methods, Techniques and Trends in 2019**

The task of raising awareness about ML/TF risks is one of the major duties of the MENAFATF. It is undertaken through annual workshops on typologies and capacity building, periodical and non-periodical typologies project reports it issues, specialized technical meetings it organizes or co-organizes within its work fields, in addition to training workshops that it holds solely or jointly with other associates and donors. The following are the most important achievements made in these areas during 2019.

#### **Training workshops and programs organized and participated by MENAFATF during 2019**

##### **The 9<sup>th</sup> Joint Assessors Training 24 - 28 February 2019, Muscat - Sultanate of Oman**

The 9th joint assessors training was held in cooperation with FATF during the period from 24 - 28 February 2019 in Muscat, Sultanate of Oman. This workshop aims to train and qualify a number of anti-money laundering and terrorist financing experts from the MENAFATF countries to gain sufficient knowledge about the mutual evaluation process and how it is conducted, using FATF's methodology of technical compliance and the effectiveness of the anti-money laundering and terrorist financing systems (2013), as well as providing a number of assessors - qualified experts - with financial and legal expertise as well as law enforcement to participate in mutual evaluation processes and reassessing upcoming technical compliance ratings. The workshop reviewed the most important outcomes reached, where the participants benefited greatly from the valuable information provided by the experts, especially with regard to the requirements of the evaluation methodology and practical experience in this regard, and they got acquainted, by reviewing the requirements of the new evaluation methodology, on how to evaluate technical compliance and effectiveness of AML/CFT system through the extent to which international standards are complied with and Immediate Outcomes are met as specified in the methodology. The participants also realized the importance of learning about the context of the country's under assessment, the risks of money laundering and terrorist financing, and how to take it into consideration within the framework of the mutual evaluation process. Participants were also trained to evaluating technical compliance and effectiveness through a hypothetical practical case that included a study of information provided by the case about the extent of the country's compliance to international standards, in addition to additional information requested from the concerned authorities in the country through mock onsite visits.

##### **Workshop on the risk of abuse of NPOs in TF and enhancing capacity Of the NPO supervision authorities, 08 - 10 July 2019, Doha, State of Qatar**

MENAFATF Secretariat, in cooperation with the National Anti Money Laundering and Terrorist Financing Committee of the State of Qatar and the United Nations Office on Drugs and Organized Crime and Charitable Institutions in the United Kingdom and Wales, organized a workshop on the the risk of abuse of NPOs in TF and enhancing capacity of the NPO supervision authorities during the period 8-10 July 2019, in Doha, State of Qatar. This workshop aimed to raise awareness and identify the risks of exploiting NPOs in TF operations. The workshop reviewed the most important topics concerning developing the relationship between the supervisory authorities and the sector through supervision, follow-up, and communication/reach-out, and providing appropriate support for this sector, as well as the relationship with LEAs and FIUs. The workshop also reviewed the most important outcomes reached, by identifying the aspects surrounding the NPOs sector and the optimal approach to dealing with issues related to ensuring the transparency and integrity of this sector, thus not being exploited in terrorist financing activities in accordance with FATF's international standards, in addition to supporting knowledge and experiences they gained and implement in actual practical cases.

**Workshop on preparing the country for ME process  
27 - 29 July 2019, Cairo, Arab Republic of Egypt**

MENAFATF organized a workshop on preparing the country for the process of mutual evaluation during the period 27-29 July 2019 in Cairo, Arab Republic of Egypt, which aimed to evaluate compliance with FATF standards in consistent and effective manner as well as to verify countries' compliance in implementing FATF's standards, and preparing countries for the process of mutual evaluation. The most important topics were discussed included, the importance of awareness of all concerned with the aspects of the evaluation process, the purpose of the mutual evaluation process and its stages according to FATF's methodology and requirements, technical compliance and its stages, the ratings of assessing technical compliance, the schedule of the evaluation process, and the sharing of experiences from some of the countries previously evaluated. Among the most important outcomes reached are, the participants benefiting greatly from the valuable information provided by the experts, especially with regard to the method followed by the assessment team during the onsite visit, and the requirements of the evaluation methodology and practical experience in this regard, and identify the requirements of the evaluation methodology and how to evaluate the technical compliance and effectiveness of AML/CFT system.

**Joint workshop on Typologies and Capacity building  
30 July - 02 August 2019, Cairo, Arab Republic of Egypt**

MENAFATF Secretariat, in cooperation with the Egyptian AML/CFT Unit, organized a joint workshop for typologies and capacity-building between the MENAFATF and ESAAMLG, and GIABA during the period from 30 July to 02 August 2019, in Cairo, Arab Republic of Egypt, under the patronage of His Excellency President Abdel Fattah El-Sisi, President of the Arab Republic of Egypt. This workshop aimed to exchange knowledge and experiences regarding emerging risks, trends and methods used in ML/TF, in addition to national assessments of ML/TF risks. The workshop reviewed the most important topics regarding the recovery of assets obtained from money laundering crimes related to corruption crimes, informal and illicit foreign exchange, money laundering through human trafficking and smuggling of migrants, illicit financial flows and money laundering linked to wildlife trade. The workshop also reviewed the most important outcomes; most important of which are, to identify new trends and methods in ML/TF as per the topics on the agenda, and to exchange experiences and best practices around them, and to identify the common challenges facing the countries of the Middle East and Africa in the field of combating money laundering and terrorist financing, where Under this workshop; "Cairo Recommendations to Combating Money Laundering and Terrorist Financing in the Middle East and Africa" were issued.

**Workshop on the undergoing an AML/CFT  
22 - 26 September 2019, Kuwait, State of Kuwait**

MENAFATF, In cooperation with the International Monetary Fund, organized a joint workshop on the undergoing an AML/CFT mutual evaluation during the period 22-26 September 2019 in Kuwait, State of Kuwait. The workshop targeted draft law makers, policy makers, financial and DNFBPs sector supervisory officials, FIUs officials, criminal justice officials and other officials involved in combating money laundering and terrorist financing. This workshop, presented by the Legal Department of the International Monetary Fund, aimed to tackle the participants' familiarity with the ME process and its timeframes through the evaluation process schedule, and to give an overview of the international standards adopted by FATF, and ways to demonstrate the effectiveness of AML/CFT systems, and identifying what is required of the country before, during and after the onsite visit, and highlight the challenges and lessons learned from the mutual evaluation processes. The workshop reviewed the importance and the stages of the evaluation process, technical compliance, its stages and ratings, presenting the core issues of IOs, ways to prove the effectiveness of anti-money laundering and terrorist financing systems, and the most prominent challenges and lessons learned from the evaluation process. The workshop also reviewed the most important outcomes, of which, an understanding of the nature of the main stages and challenges related to the mutual evaluation process, the awareness of the participants in the evaluation process, preparing local bodies with the necessary information and statistics before the onsite visit, and the willingness of the participants to support their countries' efforts for the success of the mutual evaluation processes that they are subject to.

**Workshop on preparing the country for ME process  
22 - 24 October 2019, Doha, State of Qatar**

MENFATF organized, in cooperation with FATF, a workshop on “Preparing the country for the Mutual Evaluation Process” during 22-24 October 2019, in Doha, State of Qatar. And it aimed to prepare Qatar for the process of mutual evaluation and onsite visit, and to define the importance of mutual evaluation and the timetable for the evaluation process, and to identify what is required by the state before, during and after the onsite visit. The most important matters, including the objective and stages of the evaluation process, the technical compliance, its stages and ratings, the key issues of the country subject to evaluation (political commitment and national coordination) were discussed, as well as presenting the core issues related to the IOs. Among the most important outcomes reached are, the participants benefiting greatly from the valuable information provided by the experts, especially with regard to the requirements of the evaluation methodology and practical experience in this regard, and identify the requirements of the evaluation methodology and how to evaluate the technical compliance and effectiveness of AML/CFT system.

**Workshop on currencies and virtual assets  
7 - 9 December 2019, Tunis, Republic of Tunisia**

A workshop on currencies and virtual assets was held in cooperation with the UNODC and the Tunisian Financial Analysis Committee during the period 7-9 December 2019 in Tunis, Republic of Tunisia, which aimed to provide LEAs, in particular public prosecutions, MOI, FIUs, banks and FIs, with the information necessary to counter the use of cryptocurrencies by criminal groups. The workshop reviewed the most important topics on what virtual currencies are, how they work, the risks associated therewith, especially those related to the dark web, tracking virtual currencies, key concepts and tools, and the similarity between bank transfers and Block Chain transactions. The workshop also dealt with the aspect of investigations in virtual currencies, identifying URLs/IP Addresses and tracking down software that explains how to use them, as well as dealing with the regulations and professional money laundering and how to prosecute/pursue it and international cooperation in this regard. Among the most important outcomes reached is to identify the ways in which the various parties, including legal and illegal methods are dealt with, and also to identify the transactions that take place in societies where currencies and virtual assets are traded in, how to conduct deals and some of the websites used to that purpose, and how virtual currencies are used to settle transactions.

**Workshop on preparing the country for ME process  
17 - 19 December 2019, Ramallah, State of Palestine**

MENAFATF organized a workshop on preparing the country for the process of mutual evaluation during the period 17-19 December 2019 in Ramallah, State of Palestine, which aimed to evaluate compliance with FATF standards in consistent and effective manner as well as to verify countries' compliance in implementing FATF's standards, and preparing countries for the process of mutual evaluation, including TC template and submitting information related to effectiveness. The most important matters, including the objective and stages of the ME process in accordance with FATF Methodology, the technical compliance, its stages and ratings, and the role of concerned authorities in combating TF, the key issues of the country subject to evaluation (political commitment and national coordination) were discussed, as well as presenting the core issues related to the IOs. Among the most important outcomes reached are, the participants benefiting greatly from the valuable information provided by the experts, especially with regard to the method followed by the assessment team during the onsite visit, the requirements of the evaluation methodology and practical experience in this regard, identify the requirements of the evaluation methodology and how to evaluate the technical compliance and effectiveness of AML/CFT system.

**Section Four: Financial statements and final accounts  
for the year ending on 31 December 2019**

**Statement of the Financial Position as at 31 December 2019  
(Amounts in US \$)**

STATEMENT	2019	2018
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Equipment	<u>3,730</u>	<u>6,727</u>
Right-of-use assets	<u>7,083</u>	-
	<b><u>10,813</u></b>	<b><u>6,727</u></b>
<b>Current Assets</b>		
Members' contributions receivable	89,672	-
Prepayments and other receivables	8,016	16,217
Cash and bank balance	<u>817,027</u>	<u>741,353</u>
	<u>914,715</u>	<u>757,570</u>
<b>Total Assets</b>	<b><u>925,528</u></b>	<b><u>764,297</u></b>
<b>ACCUMULATED FUNDS AND LIABILITIES</b>		
<b>Accumulated Funds</b>		
Strategic reserve	112,800	112,800
Accumulated funds	<u>186,531</u>	<u>158,910</u>
<b>Total Accumulated Funds</b>	<b><u>299,331</u></b>	<b><u>271,710</u></b>
<b>Non-Current Liabilities</b>		
Employees' terminal benefits	84,724	62,373
Deferred grants	<u>44,783</u>	<u>44,783</u>
	<b><u>129,507</u></b>	<b><u>107,156</u></b>
<b>Current Liabilities</b>		
Trade and other payables	56,570	41,883
Lease liability	7,146	-
Deferred income - members	<u>432,974</u>	<u>343,548</u>
	<b><u>496,690</u></b>	<b><u>385,431</u></b>
<b>Total Accumulated Funds and Liabilities</b>	<b><u>925,528</u></b>	<b><u>764,297</u></b>

**Statement of Revenues and Expenses for the year ending on 31 December 2019**

(Amounts in US \$)

STATEMENT	2019	2018
<b>Income</b>		
Contributions from members'	656,240	594,459
Liabilities no longer payable written back	-	16,794
Gain on sale of equipment	<u>15</u>	<u>163</u>
<b>Total Income</b>	<b><u>656,255</u></b>	<b><u>611,416</u></b>
<b>Expenses</b>		
Direct costs	583,385	547,825
General and administrative expenses	42,252	42,753
Depreciation	<u>2,997</u>	<u>2,893</u>
<b>Total Expenses</b>	<b><u>628,634</u></b>	<b><u>593,471</u></b>
<b>Surplus for the year</b>	<b><u>27,621</u></b>	<b><u>17,945</u></b>