



**H.H. Mr.
Marwan bin Turki Al- Said
President**

It gives me great pleasure to welcome you to the 12th issue of our newsletter where we publish our most important news and latest activities held during the second half of 2015. As we thank Allah for the success we have achieved, I wish to extend sincere thanks to all members and observers as well as the Secretariat for their ongoing support towards achieving MENAFATF objectives and to all the contributors to our valuable achievements.

Throughout 2015, the MENAFATF has continued to support as well as unify the regional efforts aiming at protecting the economies of members against ML/TF crimes, particularly since the last year has unfolded a series of unprecedented accelerated developments, challenges and incidents on both the regional and international levels, specifically with respect to the

terrorism and its financing; which has largely intersected with the Group objectives and duties. Therefore, the MENAFATF has been keen on increasing the coordination and cooperation with its members, the international community and the related regional stakeholders.

On another part, the Group has strived to prepare for the next round of mutual evaluations in parallel with the national risk assessment in particular, which requires providing support to members with a view to improve their capacities and exchange expertise among each other in order to meet this requirement.

At the end, I cannot but welcome the State of Palestine as a new member and the Republic of Somalia as new observer in the MENAFATF, wishing that their membership would be a mutually beneficial experience. Also, I would like to extend my regards and thanks to all those who have contributed in the Group events and works during the year and I always look forward to their valuable contributions in moving the Group forward. As well, I wish the State of Qatar, President for 2016, all the best and to the MENAFATF, more success.

Wishing everyone the best,

Plenary Meeting discusses the most important issues and developments on terrorism financing

The 22nd plenary meeting held in Manama, Kingdom of Bahrain (24- 26 November 2015) under the presidency of the Sultanate of Oman discussed the most important issues on terrorism financing. In this regard, the meeting reviewed the initiatives undertaken and activities conducted by the FATF, IMF, UNODC, CTED, WB and the committee established by virtue of UNSCR 1267 on combating terrorism financing; They addressed the most important issues, challenges and outcomes of related projects and studies and asserted the importance of combining efforts towards suppressing terrorism and terrorism financing.

Over a 3 days period, the plenary meeting examined many topics on the Group activities and work and took a series of decisions. Within the scope of the follow up process, the meeting reviewed 6 follow up reports for Syria, Lebanon, Mauritania, Iraq, Oman, and Algeria. Further, the plenary meeting heard the first update report of Morocco covering the recent developments and measures taken to improve the AML/CFT regime. With regard to Voluntary Tax Compliance programs, the plenary discussed the Report of the People's Democratic Republic of Algeria and the program was found to be consistent with FATF 4 principles on VTC. The plenary meeting decided that Algeria should submit follow up reports in this respect throughout the duration of the program.

The plenary meeting also adopted the joint FATF/MENAFATF typologies project on the physical cross border transportation of funds. The main aim of the project was to assist the bodies



concerned with fighting money laundering, gain an in-depth understanding of the extent, scope and the operating models as well as the inherent risks and identify the trends, methods and techniques used; the report included also some suggestions and recommendations in this regard.

The plenary meeting was attended by AML/CFT experts representing 16 member countries (Jordan, UAE, Bahrain, Tunisia, Algeria, Saudi Arabia, Sudan, Iraq, Oman, Palestine, Qatar, Kuwait, Lebanon, Libya, Egypt and Morocco) and the following observer countries as well as regional and international organizations (Republic of France, United States of America, International Monetary Fund, World Bank, Cooperation Council for the Arab States of the Gulf, Financial Action Task Force, the United Nations, Egmont Group, Arab Monetary Fund and Eurasia Group).



Charity Work

Adel Al Qulish
Executive Secretary

The prevalence of charitable organizations and associations (Non Profit Organizations) are one of the most positive phenomena in the modern societies; they play a human and developmental role to improve the social links and unity among all different social categories. For religious, social and economic considerations, the prevalence of charity work is a key characteristic and important part of the member countries in the region; as they take into consideration the importance of and the need to maintain such work. Countries continuously seek to review and improve the legislations of the charity sector, including the supervision and control with a view to secure its safety and the safety of the funding sources, to make sure that they reach the real beneficiaries and they are not misused by illicit activities or operations. Needless to say that members seek to improve the regulations of such sector in order to contribute in preserving its integrity and in reinforcing the trust of the society through financial transparency regulations and others and never to reduce or limit charity. In this sector, huge financial resources from different sources are used or re-channeled and distributed to beneficiaries with high flexibility; they may be transported to countries that do suffer instability or weakness in the resources. Such qualities may be the center of attraction

and interest for criminals and terrorist individuals and organizations around the world in order to misuse them and benefit from the gaps, if any. R.8 of FATF recommendations issued in 2012 draws general frameworks that aim at assisting countries in protecting charity work against any misuse. The FATF is currently working in reviewing its Interpretive Note by conducting publicants consulting for amendment to be consistent with the recent developments. Also, the paper drafted recently by the FATF (June 2015) on the best practices represents a valuable resource in building mechanisms that regulate charities and adopt a guided approach for supervision and protection purposes; Prior to this process, non-profit organizations are defined which are only covered by the requirements of R.8 (Legal persons and legal arrangements which provide (gather) or distribute funds for charity or social purposes or others). Under this general scope, the most important measures that can be concluded is to largely take into consideration R.1 requirements on risk assessment and application of a risk based approach by identifying the sector and the level of TF risks, by focusing on the organizations that represent high TF risks, those which have huge financial resources or have a large share of the sector, in order to take proportionate measures which would spare countries from imposing requirements on all sector, consuming thus its resources in a manner that is disproportionate with the objectives of protecting this sector, as well as identify the responsibility of supervision and regulation, reinforce transparency and declaration criteria and the relation with the sector.

Assessors Training Course



In collaboration with the Anti-Money Laundering and Suspicious Cases Unit (AMLSCU) - United Arab Emirates and the Asia Pacific Group (APG) and the World Bank (WB), MENAFATF held its "Sixth Assessors Training Course" during the period from 4th to 8th October 2015, at the Central Bank of United Arab Emirates in Abu Dhabi, United Arab Emirates.

This course is highly important for MENAFATF within the preparations for the 2nd round of mutual evaluations,

as it aims to training a limited number of experts from various professional backgrounds (law, financial, and law enforcement), who have met specific criteria to be qualified to evaluate anti money laundering and counter terrorism financing systems and its effectiveness by using the FATF methodology of evaluation 2013, in order to serve as assessors in mutual evaluations to be conducted by the MENAFATF in the second round and in a manner to improve the participants

skills and capacities for an effective participation. Participants were trained to carry out a mock mutual assessment during the last day of the workshop.

31 Professionals from a number of MENAFATF and APG member countries received the training at this course including: Jordan, United Arab Emirates, Bahrain, Oman, Saudi Arabia, Iraq, Kuwait, Sudan, Qatar, Libya, Lebanon, Egypt, Morocco, Palestine, India and the APG Secretariat.

The Financial Information Unit and Feedback

In its 12th meeting held on Sunday 22 November 2015 on the margin of the 22nd plenary meeting, the FIUs Forum discussed the topic «FIU and feedback» with a series of other issues over 4 sessions. The first session discussed encouraging and following up Egmont membership for non members. Second Session discussed the exchange of expertise from best practices and addressed in details the topic on «FIU and feedback»; as well, the importance of feedback on the STRs submitted and the outcomes achieved, which would help improve

the quality of information provided to the FIU and meet the requirements and criteria provided for under FATF recommendations on achieving FIUs compliance with the publication of information to supervisors and regulators from the STRs received and exchanging such information with national bodies such as Law Enforcement Agencies. They discussed as well the various types of feedback by purpose such as, specific feedback which aims to inform the status of the case and the decision taken; and the general feedback, such as reports issued

by FIUs. The Forum discussed the most important challenges to the feedback process, such as weak and non reliable technical solutions in the area of AML/CFT and insufficient qualified human resources. The forum concluded that technical solutions must be developed to secure a flow of feedback between the competent authorities in the area of fighting money laundering and terrorism financing, increasing the training for the reporting authorities and urging them to benefit from the guidance provided by the FIU on the reporting methods.

Money Laundering through physical transportation of cash

Originally, the cross border physical transportation of funds was for legitimate objectives and needs, such as, travel or tourism or a better investment atmosphere. However, some may misuse the transportation of funds for illegitimate objectives as it happens with the transportation of funds of illicit sources such as illicit trafficking in drugs or abuse of political power and administrative and political corruption, or theft or tax evasion and others. Normally, such quality of funds find their way abroad to avoid being detected and thus confiscated or frozen as well as many other criminal sanctions. Regional and international AML/CFT organizations have given this issue a particular importance and attention; a study on its relation with ML was jointly conducted by MENAFATF and FATF between October 2013 and October 2015; the report was adopted by and published on MENAFATF website in December 2015 under the title «Money Laundering through physical transportation of cash». The study has received an international attention as information and examples from case studies were provided from more than 60 countries which have responded to the questionnaire; the study was largely discussed in 2 workshops on typologies held in December 2013 and December 2014.

This report represents a large contribution about the physical transportation of funds as a method to launder proceeds of crimes; it explains the risks inherent to both developing countries with developed and sophisticated financial systems and cash based economies countries as well as . The report identifies the reasons behind adopting this method, among others, to avoid being detected in the official sector due to enhanced measures and controls that regulate AML efforts. It discusses as well the techniques used to detect cross border transportation of cash and the inherent challenges. It provides a compilation of case studies and statistics on the scope and methods used, which have helped identify some indicators to assist the related national bodies.

National Risk Assessment

The national risk assessment committee held its 3rd meeting on the margin of the 22nd plenary meeting on Sunday 22 November 2015 in Manama, Kingdom of Bahrain. The committee discussed the expertise acquired and the best practices applied in national risk assessment. In this scope, some member countries shared their experience on the national risk assessment process they have conducted; and many of them stated that they have formed committees and technical working groups which are in line with the purpose of the assessment process and its scope, regulating the sectors and bodies on the regional level, as well as granting most countries political support from the highest national authorities in order to facilitate the phases of the process and obtain as much as possible the required data and studies. A special session was dedicated to exchange expertise on the identification of risks, being the first phase of the NRA process. Presentations on the methodology and the most important procedures adopted in this respect were also given.



Typologies and Capacity Building workshop

In cooperation with Sudan National Anti Money Laundering and Terrorism Financing Committee and the FIU, the Middle East and North Africa Financial Action Task Force (MENAFATF) held the Typologies and Capacity Building workshop in Khartoum, Republic of Sudan from 14 to 16 December 2015. In his opening speech, H.E. Dr. Awad Al-Hassan Al-Nur, Sudan Minister of Justice welcomed the attendees and underscored commitment to cooperate with the MENAFATF and the international bodies in connection with AML/CFT, to apply the international standards and to reinforce the combating regimes. The workshop included 2 Typologies sessions on «Money Laundering and Corruption» and «Terrorist Financing»; and 3 sessions on building capacities which have addressed



the following topics: «The national risk assessment (NRA) and role of financial institutions», «Role of the financial institutions in encountering terrorist financing» and «Role of the financial institutions in combating corruption».

The workshop was attended by more than 70 AML/CFT experts in the public sector from members and observers and more than 50 AML/CFT experts from the financial institutions.

Money Laundering and Corruption

The main objective of this session is to share regional experiences in identifying the methods of laundering the proceeds of corruption and to identify techniques used and relevant suspicious indicators. The session also aims to review case studies and to identify the main types of crimes in this area and provide an overview on the international standards on anti-corruption. One of the general objectives of this session is the collection of observations and feedback from participating experts in light of the preliminary findings of the project the MENAFATF is currently working on. During the session, many given presentations have raised important questions and discussions on the relation of corruption with money laundering, the techniques used in laundering the proceeds of corruption crimes and the suspicion indicators that would reinforce the combating efforts of the competent authorities.



Terrorist Financing

The main objective of this session was to share regional experiences through presentations to learn about the prevailing methods and techniques of terrorist financing used to generate and to move funds, either through the regular and traditional methods and techniques or through modern ones, such as, new electronic payment methods. The session reviewed many case studies followed by fruitful discussions that have revealed the most important funding sources, transportation methods and misused bodies. The session addressed other issues also which included risks of terrorism financing and efforts to combat them, experience of members in international cooperation and among national different entities (Law enforcement agencies, FIU and private sector) to exchange information and fight terrorism financing as well as receive updates on the most recent FATF works on terrorism financing as well as the prevailing and emerging trends around the world. The presentations made and the discussions held have revealed that the funding sources are divided to legitimate sources such as self funding or sale of properties or lending and to illegitimate sources such as the proceeds of the crimes of corruption, smuggling, forgery and counterfeiting and illicit trafficking in drugs. On another part, cross border transportation of cash, Hawala, electronic transfers and the use of debit cards are seen among the most common methods in transporting funds, those used in terrorism financing; While FIs, financial transfer companies and nonprofit organizations are considered among the entities that may be misused.

Capacity Building

This session focused on the importance of the role of FIs in combating the crimes of laundering corruption proceeds, on the application of international standards to combat the laundering of the proceeds of corruption and the challenges faced in this area and to discuss possible solutions. Besides terrorism financing, some financial institutions shared their experience through presentations about CFT and interventions to discuss ways to support cooperation between financial institutions from the private sector and the national authorities (the FIU, law enforcement authorities) to exchange financial information about prevailing and emerging terrorist financing risks particularly those relating to terrorist groups and foreign terrorist fighters (FTFs). Other presentations were also given on the expertise acquired by some participants on the NRA process with a focus on the role of private sector financial institutions in this respect.