



17th Annual Report

2021م





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President Foreword

In the Name of Allah, the Most Compassionate, Most Merciful.

Greetings,

In the beginning, and as an introduction for the 17th annual report of the MENAFATF 2021, I would like to welcome you all, and I ask Allah the Almighty to keep us all in good health and protect our well-being, I also pray Allah the Almighty to protect us all during this pandemic, be us in the Middle East and North Africa regions, in particular, and around the world. Last I forget, I would like to extend my thanks to MENAFATF's member countries for their precious confidence in the leadership of the Arab Republic of Egypt for the MEANFATF for the second year in a row in accordance with the recommendations and decisions of the 31st Plenary in November 2020, and for providing them with the opportunity to continue to achieve MENAFATF's objectives and member countries' aspirations by completing its objectives as priorities of the presidency during the current year, in addition to extending the vice presidency of the Kingdom of Morocco for 2021.

During the mentioned period, Egypt sought to continuously develop the MENAFATF, its tools and

capabilities in light of various challenges. Within the framework of working forward to achieve the objectives of the MEANFATF, and in a manner that meets the aspirations of the member countries, the Arab Republic of Egypt was keen to complete the work to implement the action plan developed by the FATF in cooperation with the MENAFATF secretariat, in which the challenges facing the MEANFATF in the ME processes and the plan to increase the effectiveness of the MENAFATF secretariat performance were addressed, as well as putting in place a mechanism that enables the MENAFATF's member countries to periodically follow up the implementation of this plan and receive their views regarding overcoming any obstacles to the implementation thereof.

As for the development of the MENAFATF's work mechanisms, the terms of reference and powers of the plenary have been developed so that they are precisely defined and keep pace with developments, and the foundations of decision-making in the

plenary and work groups have been developed, including setting specific and clear standards, and the necessary development of standards for joining the group has been made, whether for members or observers. The financial resources of the MENAFATF were also supported and developed by reviewing the MENAFATF's budget financing model, developing two financing models that reflect the views of the proposed member countries and approving the second model as it was proposed, provided that the MENAFATF's budget for 2021 will continue to be financed in accordance with the principle of equality.

A mechanism has also been adopted to assess the extent to which member countries contribute to providing assessors experts for mutual evaluations and follow-up reports using a template to assist the Secretariat in providing statistics on the contribution of Member countries in providing expert assessors and reviewers within the framework of the second round, and it is expected to present them regularly to the MEWG which shall report this to the Plenary Meeting. According to this mechanism, countries that did not participate in providing any expert in the mutual evaluations are obligated to provide qualified experts to participate in the evaluations that will be conducted during the next three years, provided that the countries that did not participate in the follow-up processes of which

included a request to re-rate technical compliance provide qualified experts and communicate with the Secretariat on the subject when experts are needed to review the follow-up reports in accordance with the procedures.

In this context, the MENAFATF proceeded to continue developing the working groups, forums and committees formed in the MENAFATF, in particular increasing the effectiveness of the Technical Assistance and Typologies Work Group, developing the Forum of Financial Intelligence Units, and communicating with the TATWG to identify the most important challenges facing member countries in the areas related to the work of these committees in order to study, discuss and develop the most appropriate solutions to confront them, in addition to forming an "Pool of Experts Forum" in line with the action plan set by the FATF.

Despite the circumstances of the Covid-19 pandemic, the MENAFATF continued to affirm the commitment of member countries to international standards relating to AML/CFT/CPF, as the MER of the Arab Republic of Egypt and several follow-up reports were approved, such as the 1st EFUR for the United Arab Emirates and the Kingdom of Saudi Arabia. The Kingdom of Bahrain, and the Hashemite Kingdom of Jordan.

In fact, the MENAFATF, under the leadership of the Arab Republic of Egypt over the past two years, has

started important and vital works that will change the MENAFATF's path for the coming period. Certainly, the Kingdom of Morocco and the subsequent presidents of the MENAFATF will also have their own mark in the MENAFATF's works, which will undoubtedly complete these endeavors. Therefore, and from where we stand now, I would

like to call for redoubling our efforts and communications with the largest possible segment of relevant international organizations to enhance the work of the MENAFATF further and to harnessing those relations in the service of member countries.

With all due respect,

Ahmad Saeed Hussain Khalil

Counsellor, Vice President of the Court of Cassation, Chairman of the Board of Trustees of the EMCLU, Arab Republic of Egypt, and President of MENAFATF,



Executive Secretary Foreword

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

Ladies and Gentlemen

It is an honor to meet you, here at the beginning of the 17th annual report of the MENAFATF, and I also would like to take the opportunity to thank, in particular, the presidency of the MENAFATF, represented by His Excellency Counselor/ Ahmed Saeed Hussein Khalil - President of the MENAFATF, Vice President of the Court of Cassation, and Chairman of the Board Trustees of the EMLCU.

I would like also to extend my thanks to the MENAFATF presidency team for their great cooperation and guidance in leading the works over the past two years.

In light of extremely complicated situations due to the continuing outbreak of the Coronavirus pandemic, the MENAFATF secretariat sought, through ambitious goals, to increase the operational efficiency of the MENAFATF, by working closely with members and observers regarding a number of important files, foremost of which are the ME and processes and follow-up on their implementation according to the schedule, and communication with

the competent authorities in the assessed countries in order to prepare them for the evaluation process, and to provide highly qualified experts to conduct the assessments or review processes that would ensure the quality of ME and follow-up reports, in addition to following up on the countries that have been assessed in addressing deficiencies and taking the necessary corrective actions. Also in the same context, work was carried out on other topics, including identifying the member countries for training and technical assistance needs, setting appropriate policies and plans for their implementation, and continuing to hold training and educational events to raise awareness of the ML/TF/PF risks in emerging issues in the areas of money laundering, terrorist financing and proliferation risks, with the aim of ensuring that the MENAFATF and its member countries are not affected by the implementation of their obligations towards international standards for AML/CFT/CP.

In terms of the scope of the MENAFATF works, 2021 witnessed a real boom in areas of exchanging

experiences and cooperation with countries and international and regional bodies concerned with AML/CFT, by participating in meetings and various events, including more than 50 activities in total during 2021.

Within the framework of Mutual Evaluations, the MENAFATF participated in a joint virtual workshop with the International Monetary Fund (“IMF”) on the ME process in January 2021. The MENAFATF also organized, in coordination with the FATF, a joint training course on international standards for AML/CFT/CPF in cooperation with the FATF’s Training Institute in Korea (“FATF TRAIN”), 27 June – 08 July 2021. The MENAFATF also participated in the virtual workshop to train and qualify assessors between the FATF and FSRBs, 6-10 September 2021. It also participated in similar topics with the FATF’s Training Institute in assessors training project. The MENAFATF also held a number of training courses on preparing the assessed countries, to familiarize the concerned parties with the ME process.

In Technical Assistance and Typologies, the MENAFATF secretariat has endeavored to provide a variety of them in the relevant fields, which included the implementation of a number of training programs that fall under the framework of the MENAFATF’s training plan (2020 - 2021) in coordination with donors and relevant organizations. As well as organizing a series of webinars on “Asset Recovery Channels” in

cooperation with UNODC, as well as a virtual training session on “Combating proliferation of Weapons of Mass Destruction”. The MENAFATF also participated with the German Agency for International Cooperation (“GIZ”) in a series of webinars on the “Risk-Based Approach” for the business sector and DNFBPs, and another session on “how to prepare an effective framework for the Risk-Based Approach in the control and supervision of the business sector and DNFBPs”

In another context, the MENAFATF secretariat sought to identify and provide the needs of member countries for technical assistance during 2021, through the matrix adopted in this regard after being updated by the member countries. This initiative has found the interaction of many donors and observers, for example, but not limited to, the United States, Australia, and the United Nations Office of Counterterrorism “UNOCT”, which have expressed their support and assistance of the MENAFATF secretariat in meeting the needs of member countries for technical assistance and training in AML/CFT/CPF. Whereby other parties continued to consult with the MENAFATF secretariat to meet other requirements that will be coordinated and implemented immediately to reach an agreement with the countries wishing to obtain technical assistance.

with relation to studies and typologies, during 2021, the MENAFATF approved a number of typologies reports, including a report on updated study of the Coronavirus pandemic and its impact on the

AML/CFT systems in the MENA region, and the periodic typologies report (biennial) 4th edition 2020. Also, approving the typologies project on Money Laundering Resulting from the Human Trafficking and Migrants Smuggling Crimes. The MENAFATF recently started implementing new typologies project on the abuse of NPOs in TF,

In conclusion, I hope that we have succeeded in reflecting some of the efforts and achievements

made by the MENAFATF during 2021, and that the content of this report will meet your satisfactions.

I also would like to extend my thanks to all my colleagues working in the secretariat for their efforts and to all member countries and observers for their support and continuous cooperation, Wishing everyone all the best and success.

Peace be upon you, Allah's Mercy, and His Blessings.

Suliman bin Rashid Al-Jabrin

MENAFATF Executive Secretary

Section One: Overview of MENAFATF

Overview of MENAFATF and its objectives

Given the severe negative effects of ML/TF crimes on the stability of the financial and economic system of any country or region in the world, in 2003, the idea of establishing a regional group for the Middle East and North Africa region was proposed to combat money laundering and terrorist financing, similar to the Financial Action Group (FATF). On November 30, 2004, in the city of Manama, capital of the Kingdom of Bahrain, the governments of 14 Arab countries decided in a ministerial meeting to establish that (group) MENAFATF, and it was called the “Middle East and North Africa Financial Action Task Force” (MENAFATF), with the aim of continuously seeking to implement and disseminate relevant international policies and standards, and enhance its effective compliance thereto, especially the recommendations issued by the FATF and relevant Security Council resolutions. 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.

MENAFATF Objectives

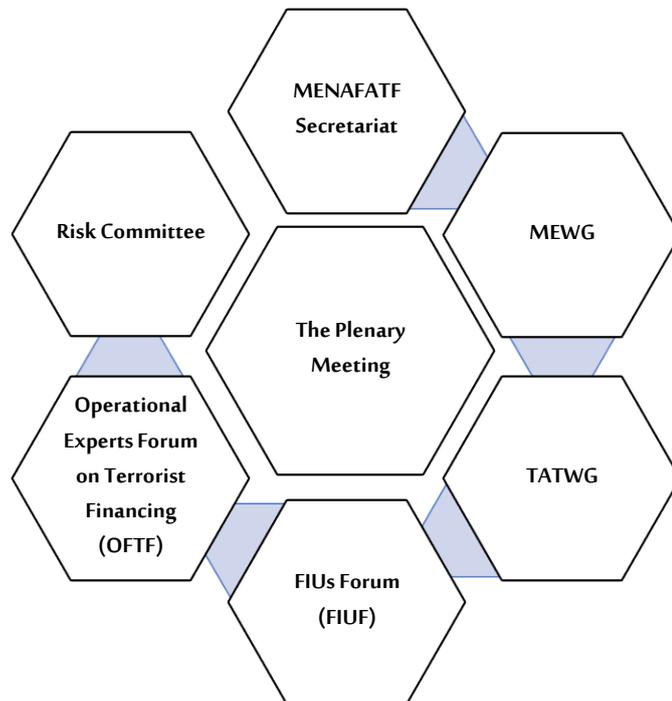
- To adopt and implement the FATF 40 Recommendations on combating money laundering and financing of terrorism and proliferation
- To implement the relevant UN treaties and agreements and United Nations Security Council Resolutions
- To co-operate among each other to raise compliance with these standards 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; and

- To take measures throughout the region to effectively combat money laundering and terrorist financing in a way that does not contradict with the cultural values, constitutional frameworks and legal systems in the member countries.

General Structure of MENAFATF

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

The **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



MEWG: Responsible for preparing and organizing the ME program for member countries, preparing procedures, working on qualifying and training assessors, and following up on international developments in this field.

TATWG: 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.

FIUF is a mechanism and a channel of communication between the FIUs of member countries to increase regional cooperation and exchange experiences.

OFTF is a forum to discuss operational issues, monitor developments and study topics related to combating terrorist financing.

Risk Committee: It is concerned with discussing issues related to risks, as well as issues related to identifying and assessing the risks of money laundering, terrorist financing and financing proliferation.

Member Countries and Observers of MENAFATF

The MENAFATF's membership currently includes 21 Arab countries, in addition to 18 countries and international organizations that occupy observer seats in the MENAFATF, and this reflects the extent of interest in the MENAFATF's activities and work. The MENAFATF is 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 (EAG).

The table below shows the member countries and observers at the MENAFATF:

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	 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
 European Commission	 The Russian Federation		

- For More Information, Please Visit the Official Website of The Menafatf: www.menafatf.org.

Section Two: Regional and International Coordination and Cooperation

Regional and international cooperation plays an important role in AML/CFT/CPF, as the MENAFATF works to achieve its goals through its coordinative role within the framework of cooperation between member countries to enhance compliance with the international standards issued by FATF in AML/CFT/CPF in the Middle East and North Africa region, and cooperating with other regional and international organizations, institutions and bodies to promote compliance with these standards internationally, as well as through joint work to identify issues related to ML/TF/PF of a regional nature, and exchange experiences in this regard and developing solutions to deal therewith, and reviewing the latest developments in AML/CFT/CPF, which helps to convey expertise, knowledge and exchange experiences, which would strengthen the legislative and procedural tools of countries and improve AML/CFT/CPF systems and robust them.

Meetings, joint meetings and other forms of regional and international coordination and cooperation between the parties related to the MENAFATF system and its areas of work, are a real opportunity to achieve communication at the regional and international levels. In this regard, the MENAFATF held, during 2021, many periodic meetings and mutual meetings, the following are the most important outputs and what discussions therein:

First: MENAFATF Plenary Meetings and Working Groups Meetings during 2021:

The 32nd Plenary (Virtual) 6-8 June 2021.

The MENAFATF (virtually) held its 32nd plenary in June 2021, chaired by His Excellency Counselor / Ahmed Saeed Hussein Khalil - President of the MENAFATF, Vice-President of the Court of Cassation and Chairman of the Board of Trustees of the Egyptian FIU.

During its sessions, the Plenary discussed many important topics related to the MENAFATF's work areas and activities and took many important decisions in this regard, the most important of which are the basis of the MENAFATF financing, which aims to support and develop the MENAFATF's financial resources by adopting a new model for financing the MENAFATF's budget. The proposed amendments in the draft bylaws, which aim to develop the basis for decision-making in the plenary and working groups. It also approved the paper on the contribution of member countries to the provision of assessors' experts, which aims to provide qualified experts to participate in the assessment processes.

Within the framework of the ME processes and their subsequent follow-up, the plenary reviewed the progress made by some member countries in compliance with international standards related to AML/CFT/CPF. The plenary also approved the Arab Republic of Egypt MER and the EFURs for each the United Arab Emirates, the Kingdom of Bahrain and the Hashemite Kingdom of Jordan. In addition, the Plenary Meeting decided to adopt the update submitted by the Kingdom of Morocco with regards to the VTC.

In technical assistance and typologies, the plenary agreed to adopt and publish the typologies report on “Money Laundering Resulting from Trafficking of Human Beings and Migrants Smuggling Crimes” The plenary also approved the implementation of a new typologies project on “the abuse of Non-Profit Organizations in Terrorism Financing,” and the necessity involve the private sector therein.

The plenary was also briefed on the latest developments regarding the TC matrix and training and praised the efforts of the observers to meet the needs of member countries in the field of AML/CFT/CPF.

The 37th MEWG Meeting, 30 May - 1 June 2021

The 37th meeting of the MEWG was held on the margins of the 32nd plenary, and discussed a number of important topics, including the MER of the Arab Republic of Egypt and the 1st EFUR of the United Arab Emirates. It also approved updates on the paper “Exceptional Procedures for Dealing with the ME Process during the Coronavirus Pandemic”, which aims to ensure the conduct of ME processes while providing more flexibility in response to the exceptional circumstances of the Coronavirus, and also aims to continue implementing the procedures and requirements of international standards on all members countries and in a manner that guarantees equality between them.

The 31st TATWG Meeting, 2 June 2021

The 31st meeting of the TATWG was also held on the margins of the work of the 32nd plenary of the MENAFATF. It discussed a number of important topics, the most important of which was reviewing the paper on the draft typologies report on “Money Laundering Resulting from the Human Trafficking and Migrants Smuggling Crimes”, and recommending to the plenary meeting to approve the adoption of the report and published on the MENAFATF's website.

The new typologies project on “abuse of Non-Profit Organizations in Terrorism Financing.” was also reviewed, stressing the importance of not affecting the work of these organizations by imposing strict

measures to combat the financing of terrorism and the financing of proliferation that are not parallel to the risks.

In Technical Assistance, the meeting discussed the item of the training plan for 2020-2021, including six virtual training programs in cooperation with the FATF and the UNODC in 2021, a workshop for preparing and qualifying assessors and a workshop on CPF.

They also discussed the latest developments in the work of the Risk Committee, and the expansion of the committee's work activity by focusing on various risks related to money laundering, terrorist financing and proliferation financing.

At the end of the meeting, the working group listened to expert Maher Abu Ghali, from intelliSYS, a presentation on new financial and regulatory techniques to improve the effective implementation of anti-money laundering, terrorist financing and proliferation measures. The UAE also deliver a presentation on its experience in combating cross-border gold smuggling.

The 33rd Plenary Meeting, Cairo, Arab Republic of Egypt, 16-17 November 2021

The 33rd plenary of the MENAFATF was held in Cairo, Arab Republic of Egypt in November 2021, chaired by His Excellency Counselor/ Ahmed Saeed Hussein Khalil, President of the MENAFATF, Vice President of the Court of Cassation and Chairman of the Board Trustees of the Egyptian FIU. This meeting was held both in person and by virtual attendance.

Over the course of two days, the plenary discussed a number of administrative issues related to the MENAFATF work set on its agenda, the most important of which are the MENAFATF's strategic plan for 2022-2024 and membership request submitted by the Russian Federation as an observer, in addition other relevant matters. A number of FURs were also approved, including the Islamic Republic of Mauritania, the United Arab Emirates, the Kingdom of Morocco and the Republic of Tunisia.

The fourth edition of the 2020 typologies project report and "The COVID-19 pandemic and its impact on the AML/CFT systems in the Middle East and North Africa study", were approved. Training programs and webinars plan for 2022.

The 38th MEWG Meeting, 7 - 8 November 2021

The 38th MEWG meeting was held on the margins of the MENAFATF 33rd plenary, where the MEWG discussed a number of important topics and the EFURs for the United Arab Emirates and the Islamic Republic of

Mauritania. The MEWG also discussed the Explanatory Paper on the secretariat's resources in light of the MEs and upcoming FURs, and recommended to the plenary to adopt the paper to ensure the completion of the current round of MEs according to the approved schedule.

The 32nd TATWG Meeting, 9 November 2021

TATWG 32nd meeting was held on the margins of the 33rd Plenary of the MENAFATF. TATWG reviewed the latest progress of the typologies project on "abuse of Non-Profit Organizations in Terrorism Financing", and recommended to the plenary the adoption of the periodic typologies report and its publication on the MENAFATF's website, which deals with the most prominent patterns of money laundering and terrorist financing operations regionally. The TATWG recommended the plenary to adopt the updated version of the Coronavirus Pandemic (COVID-19) and its impact on AML/CFT systems in Middle East and North Africa Region.

On the same context, the MENAFATF secretariat prepared a plan for training programs and webinars for 2022, which is based on the outputs of the analysis of the matrix for technical assistance and training for member countries in AML/CFT/CPF, in addition to the outputs of the ME processes for countries that have subject to the mutual evaluation process in order for the MENAFATF to direct its plans and resources in line with addressing the needs of member countries for technical assistance and training programs, and implementing them from the beginning of 2022.

The 13th Meeting of the Risk Committee (RC), 10 November 2021

The Risk Committee held its 13th meeting, virtually, on the margins of the 33rd plenary of the MENAFATF, where the committee discussed updating the draft of the Tasks of the Risk Committee, and recommending it to the plenary meeting for adoption, as well as the importance of preparing periodic questionnaires on the most important risks facing member countries. The most important issues related to assessing ML/TF/PF risks and their progress were also discussed, and an update was presented by a number of member countries in this context (Mauritania, Algeria, Saudi Arabia, Egypt, Iraq, Morocco, Tunisia, Qatar, Kuwait).

During the meeting, the Republic of Tunisia, the Kingdom of Saudi Arabia, the United Arab Emirates, the Hashemite Kingdom of Jordan, the Arab Republic of Egypt, and the Royal Institute for Defense and Security Studies presented presentations about their experience and the best practices followed by their concerned authorities on a number of topics related to the risks of money laundering and terrorist financing arising from VAs, assessing of money laundering, terrorist financing and proliferation risks, sectoral assessments and self-

assessments in AML/CFT/CPF, and assessment of proliferation financing risks and best practices for mitigating them.

The 21st FIU's Forum Meeting, 11 November 2021

The FIUs Forum held its 21st meeting on the margins of the MENAFATF's 33rd plenary, in the presence of the Egmont Group, whose representative emphasized, in his intervention, the importance of supporting FIUs with the required resources and human capabilities to carry out their functions, and working to provide them with new digital technology and artificial intelligence in relation to its performance of operational analysis functions. On the other hand, he stressed on strategic analysis as it has an important role in the work of FIUs, and the focus of Egmont Group and its Center for Leadership and Excellence in support of FIUs to carry out such tasks optimally.

The forum also discussed the progress of the FIUs to complete the membership procedures for joining the Egmont Group, and a recommendation to review the obstacles that cause delays in the joining process and the best ways to overcome them. The Forum also discussed the best practices with relation to "The Impact of the COVID-19 Pandemic on FIUs", whereby the Bahraini, Tunisian and Egyptian FIUs made presentations on this subject, and a case study was presented by the Yemeni FIU.

A proposal on the development of FIUF was discussed, it included number of ideas, such as allocating time during the forum's meetings to discuss recommendation 29 related to the work of the FIUs, and IO.10 for topics of interest to the FIUs to support them in these aspects, in addition to a proposal to reach out to counterpart groups and to invite FIUs therein to benefit from their expertise.

Second: Coordination and cooperation with the FATF and FSRBs during 2021:

The Group is making great efforts at the regional and international levels in order to enhance working relations to AML/CFT/CPF through participation and contribution in activities and events, and coordination and communication with the FATF, FSRBs, and other regional and international bodies, where these relations have witnessed a notable development at the regional and international levels during 2021, in particular with some of them such as the FATF, Egmont Group and its Leadership Center (ECOFEL), the United Nations with its specialized departments and other bodies, as well as communication with countries and donors to provide technical assistance and training to member countries of the MENAFATF. Below we review the most important features and activities undertaken by the MENAFATF:

Coordination and Cooperation With FATF

During 2021, the MENAFATF participated in many joint events with the FATF, which included plenary meetings and work groups meetings, workshops and training programs, and onsite visits for mutual evaluations. The MENAFATF's participation was as follows:

1. The FATF Plenary and working groups meetings, which were held three times during 2021.
2. Meeting with FATF's president and other regional groups (FSRBs).
3. FATF meetings with the Global NPO Coalition, as part of the Unintended Consequences Project.
4. FATF's AGSR Meeting.
5. Meeting of the working group assigned to study the project to mitigate the unintended consequences of the implementation of international standards, the second phase of the project.
6. Organizing the joint virtual training course on international standards for AML/CFT in cooperation with the FATF Training Institute in Busan, Republic of Korea.
7. Participation with TREIN to prepare the Train the Trainers project.
8. The joint Africa and the Middle East Working Group On-site visit to the Republic of Mauritius and Botswana to verify the effectiveness of the measures and actions taken.

Coordination and Cooperation with FSRBs

1. The virtual plenary meeting of the Asia Pacific Group (APG).
2. The Virtual Technical Conference of the Asia-Pacific Group (APG) and the State of Malaysia on Public-Private Partnership (on the margins of the Plenary of the APG).
3. The MENAFATF secretariat participated in the hybrid training workshop organized by the Eurasian Group (EAG) on VAs.

Other Regional and International Participations for MENAFATF During 2019

1. AML/CFT workshop The ME process (virtual meeting) held by the IMF.
2. United Nations Workshop to Build National Capacity of the Republic of Sudan on Combating the Financing of Terrorism.
3. AMF forum on digital transformation and gave a presentation on AML/CFT in digital transformation.

4. Forum entitled "Compliance Challenges and Combating Financial Crimes", sponsored by the Union of Arab Banks, Sharm El-Sheikh, Arab Republic of Egypt.
5. The 36th meeting of the Arab Committee for Banking Supervision, presented a presentation on "the risks of money laundering and terrorist financing in light of reliance on modern financial technologies during the Coronavirus pandemic".
6. The joint national workshop (a hybrid workshop) on CFT in Iraq between the Republic of Iraq and the United Nations Counter-Terrorism Center (UNCTC) in Istanbul.
7. The 45th regular session of the Board of Governors of Central Banks and Arab Monetary Authorities.
8. The 23rd periodic meeting of the Arab Committee for Payment and Settlement Systems at the AMF.
9. The hybrid training workshop organized by the UNODC in West and Central Africa on the relationship between transnational organized crime and terrorism, in Nouakchott, Mauritania.
10. MENAFATF and UNODC Organized hybrid training workshop on "parallel financial investigation on TF", Cairo, Arab Republic of Egypt.

Section Three: Building and Enhancing AML/CFT/CPF Frameworks in the Middle East and North Africa Region

The MENAFATF is striving to build robust and effective frameworks for anti-money laundering, terrorist financing and financing of proliferation in the region. The MENAFATF is, therefore, pursuing several important steps in this endeavor, the most important of which is following up on countries compliance to the implementation of the international standards through mutual evaluations and all types of follow-up processes which follow the mutual evaluation.

The MENAFATF also identifies topics of a regional nature related to money laundering, terrorist financing and proliferation financing through typologies projects, finding the best solutions to combat them, and raising awareness about the methods and trends of money laundering, terrorist financing and proliferation financing and related typologies. In this context, seeking to activate cooperation and exchange experiences with peer groups.

In addition to studying the typologies topics, there is a special importance for technical assistance and training in supporting and assisting the MENAFATF countries at the regional or national level in raising the level of their compliance with international standards and in order to build and strengthen the capacities of the relevant authorities and institutions. The most important technical assistance tools may include: Reviewing and drafting legislation, holding workshops to raise awareness, train and guide relevant employees, build the capacities of the concerned authorities, and issue publications and specialized guidance.

The technical assistance also covers basic topics in AML/CFT/CPF with the aim of strengthening the combating operations, for example: Assessing risks, developing national AML/CFT/CPF strategies, strengthening legislation and the work of existing institutions in AML/CFT/CPF, and raising the capacity and efficiency of FIUs, supervisory bodies, and actors of criminal justice.

Based on the foregoing, we review below the most important events and developments at the MENAFATF level in this regard during 2021, in mutual evaluation, technical assistance and typologies:

First: On Mutual Evaluation:

Mutual Evolutions and Follow-Up of the MENAFATF Member Countries

The MENAFATF conducts a mutual evaluation process to assess the AML/CFT/CPF systems of member countries regarding their technical compliance with the 40 recommendations and the effectiveness of their

systems. The MENAFATF follows up on the progress made by member countries through the follow-up process (regular or enhanced), in order to ensure the continued development of their AML/CFT/CPF systems, and to motivate and urge them to address shortcomings and take the necessary steps within reasonable time frames. Concerning the priority actions and recommended actions identified in the MER. 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 2021, the plenary adopted 7 Reports, including the MER for the Arab Republic of Egypt, and the EFURs for the Islamic Republic of Mauritania, the United Arab Emirates, the Hashemite Kingdom of Jordan, the Kingdom of Bahrain, the Kingdom of Morocco, and the Republic of Tunisia. These reports reflect great efforts and developments that have taken place at the level of member countries to strengthen AML/CFT systems through the issuance of many laws and regulations, the implementation of UN Security Council resolutions, and the activation of the recommended actions in terms of effectiveness, in addition to raising the level of efficiency and effectiveness of various bodies, including Supervisory Authorities and LEAs.

It is worth noting that the current round (the second round) aims to confirm the extent of effectiveness of the systems applied and their extent of consistency with the international standards on AML/CFT/CPF, based on the new assessment methodology issued by the FATF (February 2013) and their respective subsequent (successor) amendments. The 22nd Plenary adopted the timetable below for the mutual evaluation exercise in the context of the second round of MEs.

Country	Discussions of Plenary Meeting
Republic of Tunisia	April 2016
Islamic Republic of Mauritania	April/May 2018
State of Libya	Postponed, awaiting better security status
Kingdom of Bahrain	June 2018
Kingdom of Saudi Arabia	June 2018
Syrian Arab Republic	Postponed, awaiting better security status
Kingdom of Morocco	April 2019
Republic of Yemen	Postponed, awaiting better security status
Hashemite Kingdom of Jordan	November 2019

Country	Discussions of Plenary Meeting
United Arab Emirates	February 2020
State of Qatar	February 2022
Arab Republic of Egypt	May 2021
State of Palestine	May 2023
Sultanate of Oman	TBD
Lebanese Republic	May 2023
State of Kuwait	TBD
the People's Democratic Republic of Algeria	May 2023
Republic of Sudan	November 2023
Republic of Iraq	April/May 2024
Republic of Djibouti	November 2024
Federal Republic of Somalia	April/May 2025

Second: On Typologies, Technical Assistance and Training:

❖ Typologies:

During 2021, the MENAFATF started implementing a new typologies project on “abuse of NPOs in Terrorist Financing Activities”, which aims to understand how NPOs are abused to carry out TF activities at the regional and international levels, and the mechanisms and best practices followed in mitigating the risks of abusing NPOs in terrorist financing activities, and preparing a list of indicators that will assist FIs, DNFBCs, LEAs and other stakeholders in identifying suspicious activities related to terrorist financing activities because there is an urgent need to identify risks associated with this sector and ensuring not to allow abuse thereof in TF activities, taken into account the relevant FATF recommendations (R.8 and IO.10), also, ensure the application of the risk-based approach, in particular, alongside other standards, and stress that this does not affect the work of these NPOs.

On the other hand, the MENAFATF completed a number of typologies reports during 2021, which illustrate the latest trends in the Middle East and North Africa region regarding ML/TF crimes. These reports also help member countries to identify vulnerabilities and threats that lead to such risks, and work to strengthen its AML/CFT systems by taking appropriate corrective measures for the system.

The following is a summary of the most important topics covered by the adopted reports during 2021:

Typologies on "Money Laundering resulting Arising from Human Trafficking and Migrants Smuggling Crimes"

The MENAFATF 32nd plenary, in June 2021, adopted a typologies project report on "Money Laundering Resulting from Human Trafficking and Migrants Smuggling Crimes".

The report reviews the methods and trends of laundering proceeds from human trafficking and human smuggling based on the information and case studies provided by the MENAFATF member countries, in addition to the member countries of FATF's International network. The report also provides an overview of the size and nature of crimes related to human trafficking and human smuggling and the extent of its relationship with ML in general, and in the MENA region.

The report also touches on many indicators and suspicion indicators to assist FIUs identifying the proceeds of the two crimes, in addition to supporting the efforts exerted by all stakeholders (i.e. Regulatory authorities, LEAs and any other related operational authority) in order to prevent this phenomenon from occurring and putting in place combating and prevention mechanisms. For more information, you can refer to the MENAFATF's website at the link attached to the report.



Money Laundering Resulting from the Human Trafficking and Migrant Smuggling Crimes

August 2021

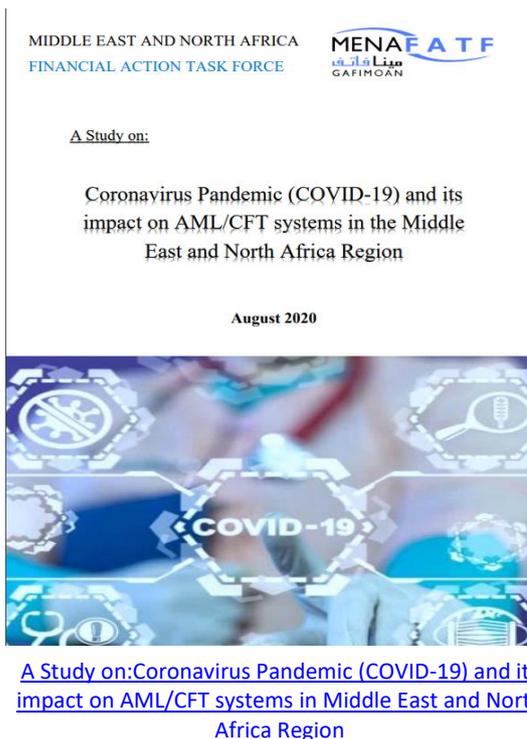


[\(Money Laundering Resulting from the Human Trafficking and Migrant Smuggling Crimes | MENAFATF Official Website\)](#)

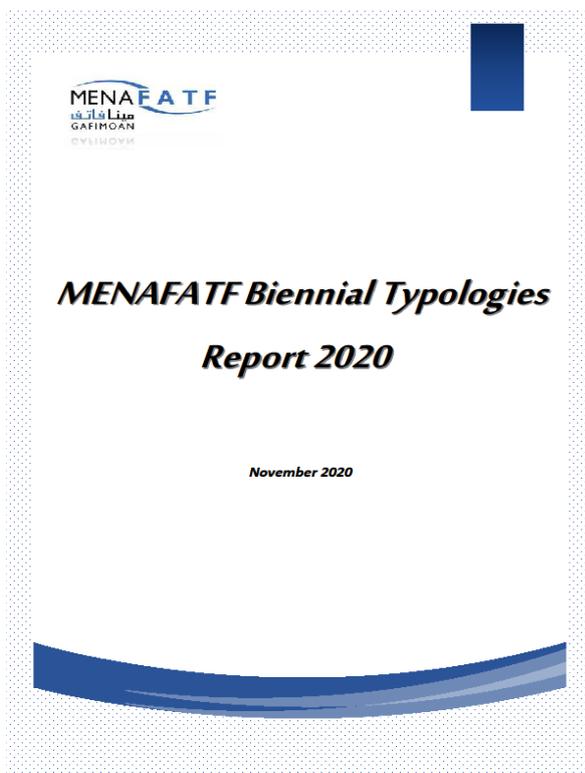
Updated Study on the Coronavirus Pandemic (COVID-19) and its impact on AML/CFT systems in Middle East and North Africa Region

The MENAFATF 33rd plenary meeting in November 2021, adopted "Updated a study on The Corona Pandemic and its Impact on AML/CFT Systems in the Middle East and north Africa region". This study is an updated version of the previous study issued in October 2020.

This report provides information and statistics that will help MENAFATF's member countries in identifying emerging and new risks related to the Coronavirus pandemic (COVID-19) with relation to ML/TF crimes in the MENA, in addition to providing a list with the most important indicators of suspicion that can help in discovering these crimes and how to address them and presenting a number of case studies from countries of the region during the study period. For more information, you can refer to the MENAFATF's website at the link attached to the report.



Periodic Typologies Project (biennial) fourth version 2020



The MENAFATF adopted the issuance of the "periodic typologies report (biennial), which reflects the most prominent patterns of money laundering and terrorist financing regionally, by analyzing the practical cases that are provided and identified through the participation of member countries. The 4th version of this report was issued, as it was distinguished by a remarkable diversity in terms of the methods and patterns used in money laundering and terrorist financing crimes during the reporting period (May 2018 - May 2020), as well as the impact of the Coronavirus pandemic on the methods and patterns of crimes and the ways in which they were committed. For more information, you can refer to the MENAFATF's website at the link attached to the report

[MENAFATF's Periodic Typologies Report - 2020](#)

❖ Technical Assistance and Training:

The Training Plan for 2020 - 2021

The importance of these programs stems from meeting the needs of the MENAFATF member countries in several aspects related to the follow-up of mutual evaluation processes, and to keep pace with the emerging requirements on the regional and international arena in AML/CFT/CPF.

The following is an overview of the programs that were implemented according to the MENAFATF's training plan for 2020 - 2021:

Table No. 5 - Virtual Training Plan 2020 - 2021

Number	Subject of the training	Date of execution	Donor(s)
1	AML/CFT Mutual Evaluation Process	10 -14 January 2021	International Monetary Fund
2	Combating proliferation of WMDs	2-3 March 2021	United Nations Office on Drugs and Crime "UNODC"
3	Training and Qualification of Assessors (held in English Language)	29 March - 02 April 2021	Financial Action Task Force
4	Training and Qualification of Assessors (held in French Language)	26-30 April 2021	
5	FATF Recommendations and standards	27 June - 8 July 2021	
6	Training and Qualification of Assessors, between FATF and FSRBs	6 -10 September 2021	
7	Capacity Building on investigations in TF - Importance of Parallel Financial Investigations	3 -5 October 2021	UNOCT/UNCCT

Webinars plan 2021

MENAFATF adopted a series of webinars that aim to raise awareness, increase knowledge, and assist in implementing measures related to AML/CFT and proliferation, in accordance with the requirements contained in international standards issued by FATF.

The following is the programs offered in 2021:

Table No. 6 - Virtual Webinars Plan 2021

Number	Topic	Presenter of the Webinar	Date of the Webinar
1	Understanding UN Counter-Terrorist Financing Sanctions: UNSCRs 1267 and 2462	Security Council Monitoring Team	8 March 2021.
2	CFT Requirements pursuant to UNSCR 2462 and the Status of Implementation of UNSCR 1373 by MENAFATF member countries	The Executive Counter-Terrorism Committee	16 March 2021.
3	TF through VAs	Security Council Monitoring Team	6 April 2021
4	Anti-corruption agreement and the mechanism for its implementation	UNODC	22 June 2021
5	AML measures contained in the UN's Anti-Corruption Convention		29 June 2021
6	Assets Recovery Channels		16 August 2021
7	An introduction to the risk-based approach to control and supervision, and a presentation of the general basics about compliance with the AML/CFT requirements for DNFBPs	GIZ	25 August 2021
8	Presentation of the guidance on risk-based approach to supervision DNFBPs		26 August 2021
9	How to prepare an effective framework for the risk-based approach to control and supervision of DNFBPs		1 September 2021
10	How to develop a regional roadmap for DNFBPs		2 September 2021
11	Improving the quality of STRs	ECOFEL	26 - 27 October 2021
12	Financial Investigations Techniques	ECOFEL	2 -3 November 2021

AML /CFT/CPF Technical Assistance and Training Matrix

AML/CFT/CPF Technical Assistance and Training Matrix reviews the needs of the MENAFATF member countries for technical assistance in combating money laundering and financing terrorism and financing proliferation, which is constantly updated based on requests received from member countries, or in response to these requests by donors.

Accordingly, communication and coordination with relevant international organizations were conducted and countries' needs for technical assistance were offered. UNODC, UNOCT, GIZ and RUSI showed their concern and cooperation to provide technical assistance programs for a number of the MENAFATF countries in combating money laundering and financing terrorism and financing proliferation.

Section Four: Policies Development and Quality Assurance

The Plan to Increase the Effectiveness of the MENAFATF

The FATF plenary in October 2019 approved an action plan to improve the effectiveness of the MENAFATF, with the aim of ensuring the submission of high quality MERs and FURs and that they are implemented within a specific time frames. In addition to improving some issues that would develop the MENAFATF's work systems. A contact group has been established by the FATF to follow up on the MENAFATF's progress reporting to the FATF's GNCG working group.

These efforts ended with the implementation of all matters contained in the Effectiveness Plan, including achieving strategic goals and priorities that include amending the evaluation policies and procedures in line with international standards, implementing the strategic plan for 2019-2021, developing a strategic plan for 2022-2024, reviewing the funding bases and introduction of internal governance principles to ensure the smooth running of the MENAFATF's work, flexibility and high-level transparency. The completed plan also includes many other important matters, including working on the MENAFATF's and the MENAFATF secretariat's structure, members' participation in ME processes, preparing the MENAFATF's countries for the evaluation process, and cooperating with the FATF.

Based on these efforts, FATF issued its decision in October 2021, that the MENAFATF met all the requirements contained in the action plan, as the FATF considered the plan complete, and the progress made was sufficient to exit the follow-up of the GNCG working group.

Amending the MENAFATF'S BY-LAW:

MENAFATF has adopted basic amendments to its internal system in order to focus on defining strategic priorities around providing high quality MERs and FURs, increasing the MENAFATF's ability to work efficiently, enhancing the transparency of decision-making processes, and providing sustainability for all of the MENAFATF's works. The bylaws cover the powers of the plenary, the working groups and the advisory committee, in addition to the roles and responsibilities. Moreover, the powers granted to all working groups, committees, and forums. In addition to reviewing the rights and obligations of members and observers that must be taken into consideration and followed up. At the same time, aspects of the presidency and vice presidency were tackled to ensure that high-level responsibilities are clearly conducted during their

respective tenures. In addition to additional provisions related to the mechanism of the secretariat's work and the rights and responsibilities of the executive secretary and secretariat's staff.

Section Five: Financial Statement and Closing Accounts of the Year

Ending on 31 December 2021

Statement of the Financial Position as of 31 December 2021

(Amounts in US \$)

Statement	2021	2020
<u>ASSETS</u>		
<u>Non-Current Assets</u>		
Equipment	53,460	9,556
Right-of-use assets	15,372	72,370
	68,832	81,926
<u>Current Assets</u>		
Members' contributions receivables	626,221	563,646
Prepayments and other receivables	24,287	45,298
Cash and bank balance	3,685,843	1,823,261
	4,336,351	2,432,205
<u>Total Assets</u>	4,405,184	2,514,130
ACCUMULATED FUNDS AND LIABILITIES		
<u>Accumulated Funds</u>		
Strategic reserve	300,000	300,000
Accumulated funds	1,903,354	979,207
<u>Total Accumulated Funds</u>	2,203,354	1,279,207
<u>Non-Current Liabilities</u>		
Employees' terminal benefits	275,130	269,949
Deferred grants	221,215	191,928
Non-current portion of lease liability	=	19,005
	496,345	480,883
<u>Current Liabilities</u>		
Current portion of lease liability	16,261	54,795
Trade and other payables	256,316	149,654
Deferred income - members	1,432,907	549,590
	1,705,484	754,040
<u>Total Accumulated Funds and Liabilities</u>	4,405,183	2,514,130

Statement of Revenues and Expenses for the year ending on 31 December 2021.

(Amounts in US \$)

Statement	2021	2019
<i>Income</i>		
Contributions from members'	2,450,875	2,031,016
Other income	<u>177,378</u>	<u>185,277</u>
<i>Total Income</i>	<u>2,628,253</u>	<u>2,216,293</u>
<i>Expenses</i>		
Direct costs	1,662,309	1,676,957
General and administrative expenses	28,516	47,902
Depreciation	<u>13,282</u>	<u>8,319</u>
<i>Total Expenses</i>	<u>1,704,107</u>	<u>1,733,178</u>
<i>Surplus for the year</i>	<u>924,146</u>	<u>483,115</u>

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