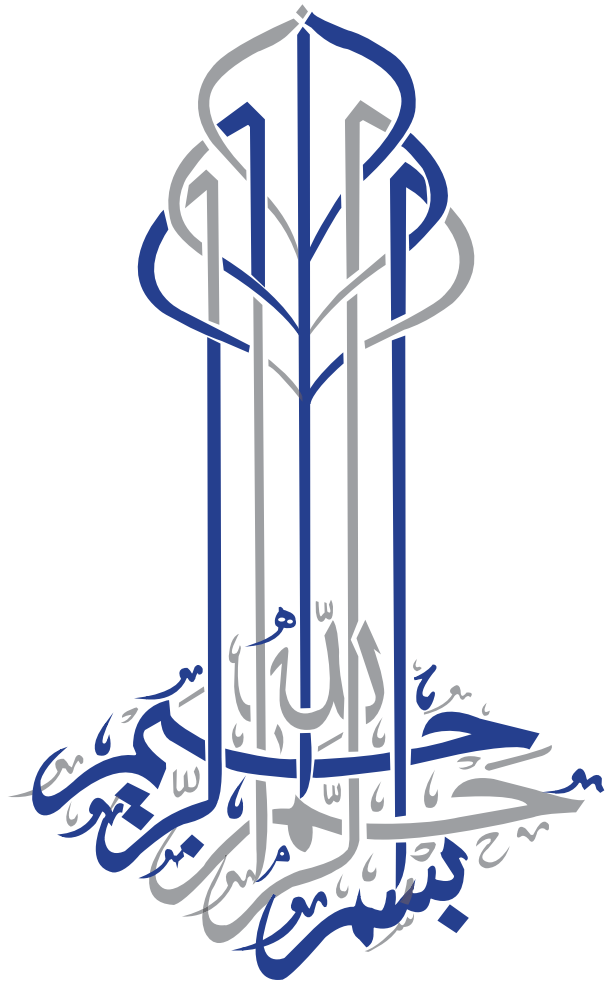


2016

**12th ANNUAL
REPORT**

OF THE MIDDLE EAST AND NORTH AFRICA
FINANCIAL ACTION TASK FORCE
FOR THE YEAR 2016



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MENAFATF President Foreword

In the Name of God Most Gracious Most Merciful and Peace be upon our Prophet Muhammad and all his family and Companions,

In my name and in the name of the State of Qatar which is chairing the Group for this year 2016, I would like to express my heartfelt gratitude and thank our sister country, the Sultanate of Oman, and H.H. Marwan Bin Turki Al Said, for all the loyal efforts they have expended when they presided the Group in 2015, and for the important gains and achievements they have made for the Group during this period. I ask God to reward them and support and inspire us to follow their good example. On this occasion, I would like to present the 12th annual report of the Group for the year 2016.

The year 2016 witnessed increased violence and terrorism, and many events that occur daily here and there in the Middle East and North Africa and the world as a whole. These terrorist events, violence acts, and explosions mostly affect the region of the Middle East and North Africa; and it is worth mentioning in this context that the Group is keen on fulfilling relevant role and fighting against such violent attacks while protecting its Countries and the region as a whole from the risks of terrorism and financing of terrorism, and cooperating with FSRBs and the international parties and organizations to combat ML and Ft at world level.

In light of these requirements, and if get deeper into the real facts of today, we find out that it is important to establish strategic plans and work programs that fulfill these conceptions based on a vision with clear objectives to be executed in the short term and the long term, and which consists in taking advantage of the capacities and experiences of the member Countries in the field of CFT, with a view to improve the level of contributions of the

Group and its Countries in the Group's programs and FATF programs and the other international organizations, and therefore improve the capacities of such Countries to face such Countries. Accordingly, the financing of terrorism will be a subject of priority in 2016, knowing that the same requires the provision of adequate mechanisms that would enable the Group to show pertinent efforts and ensure effective contribution. In this context, the 23rd plenary meeting, held in Doha in April 2016, adopted the presidency proposal to form the CFT experts' forum, which is charged with discussing the operational matters, monitoring the developments, and considering the pertinent subjects on an ongoing basis, while making recommendations in their regard to the plenary meeting. Also the vision of the presidency of this year considered a number of other issues, the main of which was enhancing the compliance of the member Countries with the requirements of CFT, by following up the compliance of the Countries with the international standards and all explanatory and interpretive notes issued in their concern and any subsequent amendments thereto, and by determining and understanding the risks and trends of Ft in MENA region, while defining the needs of the member Countries in terms of the technical assistance required for their CFT systems and endeavoring to fulfill the same, along with promoting the available mechanisms to support the effective national and international cooperation between the national parties and the counterparts.

In support of the Group and its activities, the State of Qatar hosted the 24th plenary meeting of the Group in Doha. It was a three-day event which started on 15 November 2016, which tackled several important subjects related to the work and different activities of the Group, and during which a number of decisions were taken in their regard.



In the three days preceding the plenary meeting, the two meetings of the mutual evaluation team and the technical assistance and typologies team were held, in addition to the forum of the Group's Countries FIUs, the CFT experts' forum, the meeting of the national risk assessment committee, and other meetings. The plenary meeting adopted the biennial periodical typologies report of 2016, and a number of follow-up reports in the context of the post-mutual evaluation follow-up processes, given that the same included the latest developments and procedures taken by the concerned Countries to improve their AML and CFT systems.

In the year 2016, the Group focused on promoting the communication with the pertinent parties, mainly FATF, FSRBs, and other partners, and on increasing the participation in the events and formalities organized and held by such parties, and engaging the member Countries in some works and activities of FATF directly to gain more experience, by knowing the modern methods, means, and trends of ML and Ft in the region. And the Group worked on organizing bilateral meetings and forums and specialized programs in order to provide the technical assistance needed by the member Countries especially in the field of CFT more accurately, and establish the adequate training plans to increase the efficiency of AML/CFT systems and raise the awareness of member Countries and the region as a whole.

Last but not least, I ask God to support our cause, and I can't but mention your valuable participation, without which our objectives and aims couldn't have been achieved. May God bless you all.

Sincerely,

Sheikh Fahad Bin Faisal Al Thani

MENAFATF President



MENAFATF Executive Secretary Foreword

In the Name of God Most Gracious Most Merciful and Peace be upon our Prophet Muhammad and all his family and Companions,

I have the pleasure to present the 12th annual report of the Group, which highlights the achievements made in 2016. The presentation of this report coincides with the end of my term as executive secretary of MENAFATF by the end of this year, and I seize this opportunity to express my heartfelt gratitude and thank all member Countries for their valuable trust and confidence in me to occupy this position.

The Group interacted with the current events witnessed by the world in general, and by MENA region in particular, in terms of FT risks level increase, whereas ISIS and relevant extremist groups constitute an increased risk on the economic, political, and social situations of the Countries. Therefore, one of the main priorities of the Group for this year was focusing on CFT and the activities related thereto, and enhancing the compliance of the member Countries with CFT requirements. The Group sought to cooperate with FATF in the two previous years and help the Countries promote relevant efforts in the field of CFT, whereas it participated and contributed to the initiative of FATF to increase the level of compliance with R. 5 and R. 6 related to CFT. In addition, the Group will carry on collecting information from the member Countries regarding the efficiency of measures taken in this concern. Also the Group has formed the forum of CFT experts, charged with discussing the operational matters, monitoring the developments, and considering the pertinent subjects on an ongoing basis, while making recommendations in their regard to the plenary meeting.

In 2016, the plenary meetings of the Group adopted about 17th Follow up report in the scope of the first round of mutual evaluations, whereas such reports clarified the progress made by the concerned Countries in terms of improvement of the AML/CFT systems in light of the observations included in

the evaluation report of each of them, in addition to two reports about exiting the follow-up process for Sudan and Algeria, knowing that the plenary meetings praised their achievements to remedy the deficiencies mentioned in their report, and praised the level of compliance achieved by each of them, and the plenary meetings approved their transfer from the follow-up process to the biennial update. In the scope of the follow-up process as well, a high-ranking delegation, chaired by the vice-president of the Group, visited Mauritania in March 2016, to urge the country to make the required progress to remedy the remaining deficiencies in its previous evaluation report (2006), and get a high level political commitment from the Mauritanian Government to remedy the same within a specific timeframe. This experience was a great success, whereas the various authorities showed their commitment to remedy the deficiencies, and the Parliament was called to hold an extraordinary urgent session to discuss a number of laws, including the amending law of Law no. 035/2010 on CFT, and Law no. 048/2005 on AML and CFT.

The Group launched the second round of mutual evaluation, whereas the 23rd plenary meeting discussed the detailed evaluation report of Tunisia, which clarifies the technical compliance of Tunisia with the 40 recommendations, and the efficiency of its AML/CFT systems, based on the direct results. The Republic of Mauritania is currently subject to an ongoing mutual evaluation process in the scope of the second round since June 2016, knowing that the evaluation report of the country will be discussed during the 26th plenary meeting in November 2017.

With regard to the technical assistance and typologies and the raise of awareness about risks, the 24th plenary meeting adopted the biennial periodical typologies report of the year 2016; approved the execution of a new typologies project on “money laundering through electronic means”; and

approved another typologies project in partnership with Asia Pacific Group on money laundering and social media; with a view to increase and promote the relationships of the Group with the AML/CFT regional and international organizations. The Group organized, in partnership with Asia/Pacific Group, a workshop on typologies and capacity building, in Jeddah – KSA in December 2016; this workshop was a great success and was given great attention at world level, given that 300 participants attended it from more than 55 Countries worldwide. The Group will carry on enhancing relevant relationships with the regional and international organizations and other FSRBs, and extending relevant participation in the events organized by such parties, mainly FATF, not to forget the organization of joint projects and workshops, and charging the member Countries with taking part in some works and activities of FATF directly and gaining more experience.

Finally, I avail myself of this opportunity to thank all those who helped the Group achieve its desired objectives, especially those who occupied the position of MENAFATF president since the establishment thereof. I would like to thank as well all those who work in the Secretariat for their efforts, and I wish the coming executive secretary all the success. I also thank all the observers for their fruitful cooperation during this period and for their active communication that helped the Group fulfill relevant obligations and play an effective role in the field of AML/CFT at the regional and international levels.

I would like to reiterate my thanks to all of you. Mr. President, I would like to congratulate you and this group and to congratulate all efforts and endeavors on success and success,

Peace, mercy and blessings of God, May God support this Group and help us achieve all objectives successfully.

Adel Hamad Al Qulish

MENAFATF Executive Secretary

First: Establishment and Objectives

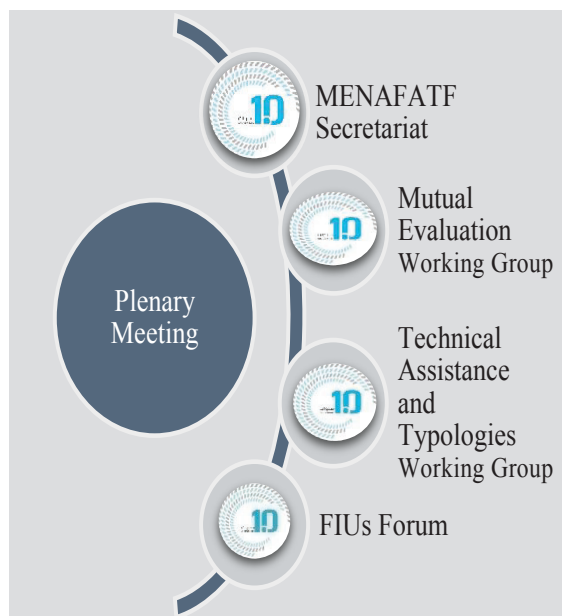
In 2003, the idea of founding a regional AML/CFT task force for the Middle East and North Africa was officially proposed. It was followed by a series of official meetings between the periods October 2003 to July 2004. On 30 November 2004, the governments of 14 Arab Countries decided at a ministerial meeting held in Manama to establish the aforementioned group, and it was called the Middle East and North of Africa Financial Action Task Force (MENAFATF). Later, four more Countries joined the Group. And all member Countries signed a memorandum of understanding, which represented a historic achievement for the Arab Countries, whereas it showed their seriousness in preventing all such risks that result from ML/FT operations.

The MENAFATF Secretariat is located in the Kingdom of Bahrain, and it started its activity 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 ratified and entered into force and effect between the Kingdom of Bahrain and MENAFATF, and it was approved by the Consultative Council and the Parliament; His Majesty the King of Bahrain promulgated Law no. 5 of 2009 to ratify the agreement in question on 26 March 2009; It was published in the official gazette on the 2nd of April 2009.

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

MENAFATF Objectives	<ul style="list-style-type: none"> * 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.
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Second: MENAFATF Main Bodie



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

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

The Mutual Evaluation Working Group is formed of the Members and it is charged with developing and organizing the mutual evaluation program for member Countries, and with several other tasks, mainly to develop the procedures, work on training the assessors and follow-up with the international developments in this regard.

The Technical Assistance and Typologies Working Group is charged with assisting the Secretariat, and giving advice thereto with regard to training, identifying the technical needs of the member Countries, raising awareness and following up on the international developments with a view to improve the regimes in the region.

The FIUs Forum is the communication channel and mechanism between FIUs in the member Countries and aims at promoting regional cooperation and exchange of experience among them; the Secretariat acts as the Forum's coordinator with respect to preparing the relevant meetings.

The year 2016 witnessed significant developments in terms of MENAFATF work mechanisms according to the presidency vision of this year, whereas the **Operational Experts Forum on Terrorist Financing** was formed to discuss the 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 Group's plenary meetings and whenever necessary, knowing that the Secretariat acts as the coordinator of the forum.

Besides, the Group approved, during the 18th plenary meeting held in the Kingdom of Bahrain in November 2013, the constitution of the National Risk Assessment Committee, which works under the technical assistance and typologies working group, and which is charged with discussing the subject of national risk assessment and exchange of experiences and best practices in this regard, given the importance of the national risk assess-

ment to implement the amended recommendations of FATF (February 2012) and the new evaluation methodology (February 2013), and to prepare the member Countries for the second round of mutual evaluations. The membership of the committee is available to the experts in the field of ML/FT risk assessment from all member Countries and observers and financial working groups, who fulfill the educational qualifications and have the work experience needed for the national assessment. The committee holds relevant meetings on the margin of the plenary meetings of the Group and whenever deemed necessary by the committee, and the Secretariat acts as the coordinator of the committee.

Third: Member Countries and Observers of MENAFATF

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

MENAFATF Members

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

MENAFATF Observers

1. France	2. UK	3. USA	4. IMF
5. World Bank	6. GCC	7. Fatf	8. Egmont Group
9. Spain	10. APG	11. WCO	12. AMF
13. EAG	14. UN	15. Somelia	16. Australia

* For more information, please visit the website of the Group: WWW.MENAFATF.ORG.

Section Two: Regional and International Coordination and Cooperation

MENAFATF works on strengthening the AML and CFT systems of the member Countries, and supporting the same through the coordinative role it plays between the member Countries and the other partners, like the Countries and the observer authorities in the Group and the pertinent regional and international institutions. The regional and international cooperation plays an important role in the field of AML and CFT, and in this context, the joint meetings and gatherings between the member Countries and the observers constitute real communication opportunities at the regional and international levels between the Group, Member Countries and observers countries and international institutions and organizations. These meetings help review the latest developments in the field of combating money laundering and financing of terrorism, and therefore contribute to transferring knowledge, expertise, and exchanging experiences, while also enhancing the legislative and procedural tools of the Countries, and the AML/CFT systems therein. In 2016, the Group held a number of periodical meetings and mutual gatherings, and here below are the main outcomes of such meetings and the main issues tackled therein:

First: MENAFATF Plenaries and Working Groups Meetings during 2016

23rd Plenary Meeting, Doha, State of Qatar, 26-28 April 2016



MENAFATF 23rd Plenary Meeting was held in Doha, State of Qatar, between 26 and 28 April, 2016 and was chaired by the State of Qatar represented by H.E Sheikh Fahad bin Faisal Al Thani, Deputy Governor of the Central Bank of Qatar, Chairman of the National Anti-Money Laundering and Terrorism Financing Committee and President of MENAFATF.

The Plenary Meeting was attended by a large number of AML/CFT experts from seven-

teen Arab Countries (Hashemite Kingdom of Jordan, United Arab Emirates, Kingdom of Bahrain, Republic of Tunisia, People's Democratic Republic of Algeria, Kingdom of Saudi Arabia, Republic of Sudan, Republic of Iraq, Sultanate of Oman, State of Palestine, State of Qatar, State of Kuwait, Republic of Lebanon, State of Libya, Arab Republic of Egypt, Kingdom of Morocco and Islamic Republic of Mauritania). The Plenary Meeting was also attended by representatives of several countries and bodies that have observer status (Republic of France, United Kingdom, United Countries, International Monetary Fund, World Bank, Cooperation Council for the Arab Countries of the Gulf, Financial Action Task Force (FATF), United Nations (UN), Egmont Group, Arab Monetary Fund and Eurasian Group).

The three-day plenary meeting tackled several important subjects related to the work and different activities of the Group, and a number of decisions were taken in their regard, And within the framework of the presidency proposals, the plenary meeting approved the establishment the Operational Experts Forum on Terrorist Financing(OFT), who will discuss the operational issues, monitor the latest developments in this regard and study relevant topics on an ongoing basis as well as make recommendations and proposals to the plenary meeting. The forum will hold its first meeting in November 2016. The plenary meeting also adopted the first MER of Tunisia in the scope of the second round of mutual evaluations, which was prepared by the World Bank with the participation of the Group.

Within the framework of the follow-up processes subsequent to the mutual evaluations, the plenary meeting discussed five follow-up reports for the following countries: Syrian Arab Republic, Republic of Iraq, Sultanate of Oman, Republic of Lebanon and Islamic Republic of Mauritania. The plenary meeting discussed the exit follow-up reports of the Republic of Sudan and the People's Democratic Republic of Algeria and agreed on moving them from the follow-up process to the biennial update. Furthermore, the Plenary Meeting reviewed three update reports pertaining to the Kingdom of Saudi Arabia, the Republic of Yemen and the State of Qatar, which included the latest developments and procedures taken by those countries towards improving their AML/CFT systems. Within the framework of the typologies work, the plenary meeting approved the adoption of a new typologies project on «Money Laundering through Electronic Means». It urged Member Countries to fully cooperate in order to implement the project by participating in the Working Group, throughout the project's phases. In addition, the Plenary Meeting adopted several other reports, including the Mutual Evaluation Working Group (MEWG) and the Technical Assistance and Typologies Working Group (TATWG) co-chairs reports. Both reports include the recommendations as developed and decided in the WG meetings held on Sunday and Monday 24 and 25 April 2016 on the margins of the plenary meeting, and the Co-Chairs report of the NRA Committee on the meeting held on Saturday 23 April 2016 was also adopted, along with the report of the chair of the FIUs forum about the matters discussed in relevant 13th meeting held in Saturday 23 April 2016 and main deliberations therein.

On the margin of the plenary meeting, a number of meetings related to the concerned working groups were held, as follows:

4th Meeting of the National Risk Assessment Committee, 23 April 2016

On the 23rd of April 2016, the National Risk Assessment Committee held its second meeting on the margin of 23rd plenary meeting, whereas the committee members interfered to discuss within the agenda the process of national risk assessment, and the stage of “risk analysis”, and the importance of this stage when conducting the national risk assessment process, knowing that a special session was consecrated thereto at the meeting to exchange pertinent experiences. In this context, the IMF made a presentation about the risk assessment methodology, where the three assessment stages were fully explained, namely: the risk determination, analysis, and assessment. The representative of FATF stressed on the importance of conducting the national risk assessment process in each state, before the latter is subject to the mutual evaluation by the regional financial group it is related to, and all participants supported this idea. Also presentations were made about the methodology and the main procedures followed in this regard.

13th FIUs Forum, 23 April 2016

The members of FIUs forum held a meeting on Sunday the 23rd of April 2016. They discussed the progress made by FIUs in joining Egmont Group. Moreover, the meeting tackled the subject of the “cooperation between the FIU and the private sector”, whereas the members stressed on the importance of this matter for the FIUs, while presentations were made in this regard in addition to case studies presentation. The forum also discussed the main issues evoked in these presentations and the experiences of the FIUs in this field, and same was praised and applauded. With regard to the mechanisms related to FIUs capacity building and strengthening, the forum heard FIU’s sub-committee chair report regarding its 12th meeting in the morning of the same day, who gave a summary on the work progress in the committee and the main subjects discussed at the 12th meeting of the committee.

28th Meeting of the Mutual Evaluation Working Group, 24-25 April 2016

The Mutual Evaluation Working Group (MEWG) held its 28th meeting on Sunday and Monday the 24th and 25th of April 2016, during which the working group discussed a number of important topics, including the MER of the Republic of Tunisia in the second round of mutual evaluation on Sunday the 24th of April 2016, and the working group decided to develop a paper regarding the results of discussion of the main issues and present the same to the plenary meeting for discussion and approval of the MER of Tunisia. As to the preparations for the second round of mutual evaluations, a brief report was presented about the main issues discussed at the workshop entitled “Preparing MENAFATF Countries for the Mutual Evaluation Process”, which was held by the Group, in cooperation with AMF and the Central Bank of UAE, in Abu Dhabi, in March 2016. And the members of the working group made several proposals, namely: organizing a special workshop for the state under evaluation similar to the workshop that was held by the Central bank of Tunisia before the evaluation thereof; and urging the Countries that are about to be evaluated to take advantage of such workshops. As to organizing the follow-up process, the

working group discussed the special procedures for moving the state from the enhanced follow-up process to the regular follow-up, and the expected effects of the follow-up process on the group's resources, and the importance of activating the peer review principle, in a way to have recourse to the group's experts in the analysis and development of the follow-up reports. Furthermore, the working group discussed the time schedule of the mutual evaluation process and the time schedule of the follow-up process in the scope of the second round, and made recommendations to the plenary meeting for their adoption and approval.

22nd Meeting of the Technical Assistance and Typologies Working Group, 25 April 2016

The MENAFATF technical assistance and typologies working group (TATWG) held its 22nd meeting on Monday, 25th April 2016. With regard to the typologies project on money laundering and corruption, the working group perused the work process in the project, and decided to make a recommendation to the plenary meeting for approving the extension of the project's implementation period till November 2016, and urged the Countries to answer the questionnaire within 4 weeks from the end of the plenary meeting.

The working group tackled as well another report about the workshop on typologies and capacity building within MENAFATF, which was held on 14-16 December 2015, in Khartoum, Republic of Sudan, and which was attended by more than 50 participants from financial institutions (25 banks, 13 insurance companies, 6 money service companies); the workshop came to many valuable recommendations, and we urge all member Countries to peruse the same and take them into consideration. The meeting approved the proposal of the KSA to make a new study for a new typologies project related to money laundering through electronic means, May 2016 - May 2017. In addition, the representative of the Kingdom made a presentation in which he revealed the importance of this issue and the resources deemed necessary to complete the same and the proposed time schedule. Some member Countries expressed their wish to adhere to the project is working group, and the Sultanate of Oman was selected as co-leader along with the Kingdom of Saudi Arabia. On the other hand, the State of Qatar informed the working group about a workshop on virtual currencies and relevant relation to ML and FT, which will be held with the INTERPOL in the last quarter of this year, and the member Countries were invited to participate in this workshop.

At the end of the meeting, the working group heard the interventions of the donors about their latest works and activities in the field of technical assistance, and the donors expressed their readiness to cooperate with the group in order to execute the workshops and training programs that are listed in its plans. The representative of UNODC made a presentation about the training organized by the office regarding CFT. Also the working group listened to the report of the co-chairs of the NRA committee and the main issues tackled at relevant meeting on Saturday 23 April 2016.

24th Plenary Meeting, Doha, State of Qatar,

15-17 November 2016

On Thursday the 17th of November 2016, the 24th plenary meeting of MENAFATF on AML/CFT was closed. This three-day meeting was held in Doha, Qatar starting 15 November 2016, and it was presided by the State of Qatar, represented by H.E. Sheikh Fahad Bin Faisal Al Thani, Vice-Governor of the Qatar Central Bank, the President of the National AML/CFT Committee in Qatar, and the President of MENAFATF.

The plenary meeting was attended by a big number of AML/CFT experts from 17 member Countries in the Group (Jordan, UAE, Bahrain, Tunisia, Algeria, KSA, Sudan, Iraq, Oman, Palestine, Qatar, Kuwait, Lebanon, Libya, Egypt, Morocco, Mauritania). The meeting was also attended by representatives from several Observer Countries and organizations within the Group (France, UK, USA, Australia, Somalia, IMF, the World Bank, GCC, FATF, UN, Egmont Group, and the Arab Monetary Fund). The plenary meeting followed up the execution of the proposals of the presidency of the Group regarding the reinforcement of the efforts in the field of CFT, by promoting the capacities and potential of the Countries in order to face the threats, giving the terrorism financing issue top priority in the current phase of the Group's work, and establishing appropriate mechanisms that enable the Group to face such phenomenon.

In the scope of the follow-up processes conducted after the mutual evaluation processes, the plenary meeting discussed four follow-up reports related to Syria, Iraq, Oman, and Lebanon, in addition to three update reports related to the UAE, Egypt, and Bahrain, which included the latest developments and procedures taken by such Countries in order to improve their AML/CFT system.



The plenary meeting adopted the procedures of the second round of mutual evaluations and the procedures of organizing the round's follow-up process, and the biennial periodical typologies report 2016, which tackles the main case studies and the innovated techniques of ML and FT at regional level, and provides an overview of the main activities of the Group in the field of typologies during the period between May 2014 and May 2016.

On the margin of the plenary meeting, a number of meetings were held for the concerned working groups, whereas the first meeting of the CFT Experts Forum was held on Saturday the 12th of November 2016, along with the meeting of the National Risk Assessment Committee the meeting of the FIUs forum held on Sunday the 13th of November 2016. Besides, the meetings of the Mutual Evaluation Working Group and the Technical Assistance and Typologies Working Group took place on Monday the 14th of November 2016. The plenary meeting adopted the reports of the Chairs and Co-chairs of the working groups and the committees, and approved their recommendations. Here below are the main outcomes and details of the discussions held during the aforementioned meetings:

1st Meeting of the Operational Experts Forum on Terrorist Financing, 12 November 2016

The first meeting of the Operational Experts Forum on Terrorist Financing, presided by the State of Qatar, was held on the margin of the 24th plenary meeting of the Group on 12 November 2016. In the scope of the exchange of practical experiences among the participants, the forum tackled the challenges and best practices to detect and prevent FT operations, and the forum stressed on the importance of consolidating the national cooperation among CFT organs, and the importance of FIUs role in detecting the financing of terrorist organizations, and the role of the monitoring and supervisory authorities, and the importance of establishing developed databases to facilitate the monitoring and tracking operations, and the exchange of information with the counterpart organs, while providing technical assistance in the field of CFT based on the needs of the member Countries.

5th Meeting of the National Risk Assessment Committee, 13 November 2016

The National Risk Assessment Committee held its fifth meeting on Sunday the 13th of November 2016. At the meeting, a number of member Countries and observers made presentations about their experiences in the evaluation field, and several practical matters were discussed, especially the challenges faced when dealing with the non-financial sector – which is considered less organized than the financial sector – and the ways of overcoming the same. The meeting also discussed the necessity of finding specific tools to measure the crimes and relevant proceeds, and mentioned the importance of statistics in this regard, not to forget the importance of the data and information to understand and determine the risks.

14th FIUs Forum, 13 November 2016

The 14th FIUs Forum was held on Sunday the 13th of November 2016, on the margin of the 24th plenary meeting of the Group, and tackled a number of important topics, includ-

ing: encouraging and following up the adherence to Egmont Group and the latest activities of Egmont Group, and building and reinforcing the capacities of FIUs, whereas the forum heard the report of the FIU's sub-committee chair report regarding its 13th meeting in the morning of the same day, who gave a summary on the work progress in the committee and the main subjects discussed at the 10th meeting of the committee. The forum also discussed in the second session of the meeting the "relationship between the FIU and the DNFBPs", whereas the members focused on the importance of this matter for the FIUs, and presentations were made in this regard in addition to case studies presentation. The forum also discussed the main issues evoked in these presentations and the experiences of the FIUs in this field, and same was praised and applauded among members.

29th Meeting of the Mutual Evaluation Working Group, 14 November 2016

The MEWG held its 29th meeting on Monday the 14th of November 2016, during which the working group discussed a number of important topics. With regard to the latest developments about the mutual evaluation of Mauritania, a number of residents were selected and adopted from the Countries of the Group to form the evaluation team according to the set standards, and other preparatory procedures for the field visit process were established. The working group perused the results of the workshop that was organized by IMF Center for Economy and Finance in the Middle East between 25 and 29 September 2016, on the training of the Countries that are getting ready to the AML/CFT mutual evaluation process, knowing that this session focused on the requirements that would help the FIUs fulfill relevant basic functions, mainly the operational and strategic analysis and other pertinent functions. As to the time schedule of the mutual evaluation in the scope of the second round, it has been agreed on postponing the mutual evaluation of Libya till the improvement of the current security situation and circumstances therein. Also the State of Palestine filed a request to the working group for being included in the time schedule of the second round of mutual evaluations in alphabetical order, and the working group agreed on coordination between the authorities, the State of Palestine, and the Secretariat in this regard, and on referring the matter to the plenary meeting for consideration. Furthermore, the working group perused the time schedule paper of the follow up process and decided to make a recommendation to the plenary meeting for the approval thereof. Based on the amended procedures of FATF, namely that the state under enhanced follow up shall present its first report after one year from the date of adoption of the mutual evaluation date, a new date was adopted for the presentation of the first FUR of Tunisia – April 2017 instead of November 2017 – within the time schedule of the second round of mutual evaluations.

23rd Meeting of the Technical Assistance and Typologies Working Group, 14 November 2016

The technical assistance and typologies working group held its 23rd meeting on Monday the 14th of November 2016. The working group discussed a number of the agenda items, whereas the working group perused MENAFATF typologies project periodical report 2016, and made recommendations to adopt the report and publish the same on the website

of the Group. With regard to the project of typologies on money laundering and corruption, the working group perused the first draft of the report, and made a recommendation to the plenary meeting for approving the extension of the project's implementation period till early March 2017, so that the remaining member Countries make their contributions to enrich and finalize the report. With regard to the Group's relationship with the regional and international organizations and the FSRBs, the working group perused the communication efforts with Asia / Pacific Group on holding the joint workshop on typologies and capacity building between MENAFATF and Asia / Pacific Group, in Jeddah, KSA, between 28 November and 1 December 2016; while urging the member Countries to effectively participate in the workshop, presenting case studies, and charging experts with chairing the sessions of the workshop with the representatives of Asia/Pacific Group. The working group also tackled the latest developments about the joint typologies project between MENAFATF and Asia / Pacific Group regarding "the financing of terrorism and the social media", and asked the member Countries to take part in the working group who is concerned with executing the project, while charging experts with leading the project with the representatives of Asia/Pacific Group.

The working group considered the activities of the donors, including the UNODC, regarding the project of "using typologies to automatically detect ML/FT operations", and urged the member Countries to take part in this important project. On the other hand, the working group heard the presentation of the FIU of Somalia, and many member Countries and observers praised the presentation and expressed their readiness to offer technical assistance to Somalia's FIU. Also the Secretariat of the Group made another presentation about the needs of the Group's Countries in terms of technical assistance in the field of AML/CFT; accordingly, communication will take place with the member Countries and donors to provide the same. At the end of the meeting, the working group perused the report of the co-chairs of the NRA committee and the main issues discussed at relevant meeting on Saturday 12 November 2016.

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

MENAFATF is exerting strenuous efforts at the regional and international levels to improve its work relations to better serve the interests of its member Countries. It is seeking to achieve this through its participation and contribution to a number of activities and events, as well as its coordination and communication with the Financial Action Task Force and FSRBs. MENAFATF relationships witnessed a noticeable development in terms of growth of relationships at both the regional and international levels, and also with several organizations like the AMF, the IMF, the World Bank, FATF, UN bodies, the GCC, Egmont, Asia/Pacific Group, and the Eurasian Group, knowing that such parties have the capacity of observer and therefore they can attend the meetings of the group. MENAFATF gives great attention to stay up-to-date with the latest developments in the field of AML/CFT, by taking part in the meetings, formalities, and workshops organized by such parties and benefiting from their experiences in different ways, in addition to participating in pertinent conferences and workshops – unlike the technical assistance, training, and support provided by such parties to the Member Countries. This part of the report tackles the activities of the Group with some international and regional organiza-

tions and the parties that operate in the AML and CFT field, and looks into the aspects of cooperation between the Group and some of these parties, as shown here below:

FATF Plenaries and Working Group Meetings

MENAFATF – as an FSRB - has a close relationship with Financial Action Task Force, seeking to adopt, publish and promote, on the regional scale, AML/CFT international standards issued by the FATF. This relationship allows greater participation in the work of the FATF by granting the Presidency, Secretariat, and Member Countries of the Group the opportunity to attend FATF plenary and working group meetings, as well as regularly participating in discussions and decision-making and expressing the regional point of view. The Group and its Members participate in these meetings regularly. In 2016, the Group attended the meetings held by FATF as follows:

Participation of the Group and the Member Countries in FATF Meetings 2016

Meeting	Participation	Date and Place
3 rd plenary meeting, 27 th session, working group meetings	MENAFATF Secretariat, and some member Countries	15-19 February 2016, Paris-France
On the margin of the 3 rd plenary meeting, the 27 th session above, participation in the joint meeting between FATF and CIFG	MENAFATF Secretariat, and some member Countries	13-14 February 2016, Paris-France
3 rd plenary meeting, 28 th round, working group meetings	MENAFATF Secretariat, and some member Countries	28-24 June 2016, Busan-South Korea
1 st plenary meeting, 29 th session, working group meetings	MENAFATF Secretariat, and some member Countries	16-21 October 2016, Paris-France

Participation of the Group in the Meetings of the International Cooperation Review Group 2016

Event	Date	Place
Participation of the Group's Secretariat in the meetings of FATF MENA Regional Review Group, and field visit to Algeria	19-21 January 2016	Algiers, People's Democratic Republic of Algeria
Meetings of FATF MENA Regional Review Group	4-5 May 2016	Pretoria, South Africa
Meetings of FATF MENA Regional Review Group	21-22 September 2016	Rome, Italy

Plenary Meeting & Working Group Meetings of the Eurasian Group Astana, Kazakhstan, 6 – 10 June 2016

In cooperation with similar regional groups, the Middle East & North Africa Financial Action Task Force (MENAFATF) participated in the 24th Plenary Meeting of the Eurasian Group in addition to the organized side workshops and events in Astana, Kazakhstan between 6th and 10th of June 2016 amid a representation of member Countries and observers in the Group. The meeting discussed a number of important issues and cases on the agenda such as follow-up reports, risk-based approaches, national risk assessment, preparation of assessment by member Countries, improvement of compliance procedures for financing terrorism and interaction with the private sector. The most important issues raised at the Plenary Meeting dealt with the subject of what was known as ISIS organization and urged the Countries to intensify efforts to combat the financing of this terrorist organization while working to implement relevant United Nations resolutions.

Other Regional & International Participations of MENAFATF in 2016

Regional Participations:

Event	Date	Place
1. The Group's participation with the Union of Arab Banks in organizing a forum of "Mechanisms for Drying Up the Sources of Financing Terrorism".	10 – 11 February 2016	Amman, Jordan
2. Participation of the Group's Secretariat and Speaking in the 9 th Conference of Underground Economy.	03 – 06 April 2016	Doha, Qatar
3. Participation of the Group's Secretariat and Speaking in the 8 th Compliance & Anti-Money Laundering Workshop.	09 – 10 May 2016	Riyadh – Kingdom of Saudi Arabia

International Participations

Event	Date	Place
1. The Group's participation with some member Countries in the joint meeting of application experts between the financial working group, the United Nations Office on Drugs and Crime UNODC and the Eurasian Group.	11 – 09 May 2016	Vienna, Austria
2. Participation of the Group's Secretariat and Speaking in the Workshop organized by World Monetary Fund on Law and Financial Stability.	18 – 16 May 2016	Washington, United States of America
3. Participation of the Group's Secretariat and Speaking in a conference on using Social Network websites for terrorist purposes.	13 – 15 July 2016	Singapore, Republic of Malaysia
4. Participation of the Group's Secretariat and Speaking in the 3 rd Session of European Union – Middle East & North Africa Private Sector Dialogue EU-MENA PSD.	20 – 19 September 2016	Paris, France

Section Three: Building and Promoting Means of Anti-Money Laundering & Combating Terrorism Financing in the Middle East & North Africa

MENAFATF works on building robust and effective means for anti-money laundering and financing terrorism in the region, according to the objectives set forth in the Memorandum of Understanding. The MENAFATF is pursuing several important steps in this endeavor, including following up on the commitment of Countries to implement international standards through mechanisms and tools adopted in this regard, including mutual evaluation and subsequent follow-up of mutual evaluation in various kinds. The following is a review of the main events and developments in this regard during 2016:

First: Follow-up of MENAFATF Member Countries

The MENAFATF monitors the progress made by member Countries in improving and strengthening AML/CFT systems. The follow-up process is one of the tasks that fall within the program of the MENAFATF's mutual evaluation process. Following the evaluation process, the Countries make follow-up reports within periods as specified in the evaluation process adopted by the MENAFATF's Plenary Meeting. The most recent issuance of these procedures was in September 2013. Member Countries of the MENAFATF started to submit follow-up reports and discussed them since May 2009. The follow-up process aims at ensuring that AML/CFT systems continue to be developed in the member Countries with its great importance to the MENAFATF's work. It is one of the means by which it supervises the adherence of its members to the standards, which is the main objective from establishing this MENAFATF and promotion of cooperation and working together among the MENAFATF's members in a manner that complies with international standards. The follow-up process is mainly based on the extent to which the deficiencies identified in the Mutual Evaluation Report of each state are addressed.

General Principles & Objectives that Rules the Follow-up Process

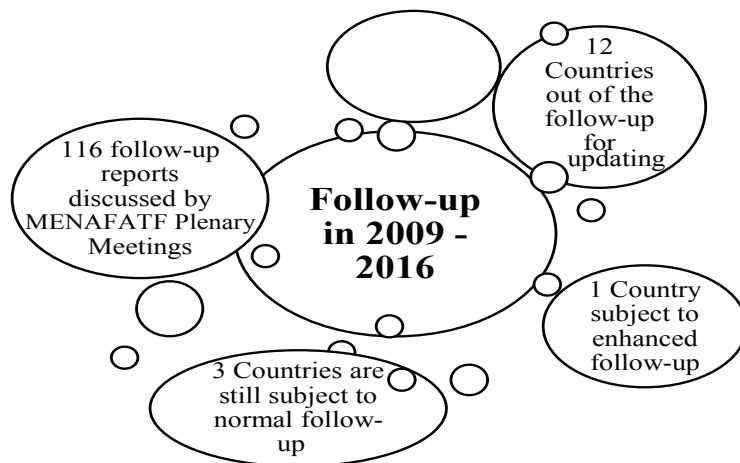
1. The follow-up process is intended to motivate and push countries to address the deficiencies referred to in the Mutual Evaluation Report within a reasonable time frame.
2. The follow-up process is primarily focused on what Countries are doing to address the deficiencies of core and main recommendations.
3. It is expected that the deficiencies and the exit from the follow-up process will take a reasonable period of four and a half years.
4. Decisions of the Plenary Meeting shall be binding on all Countries subject to follow-up.

During 2016, MENAFATF plenary meetings adopted 17 follow-up reports in the first

round. These reports indicated the progress made by these Countries in improving AML/CFT systems in the light of the observations in their respective assessment reports. The meeting also followed up updating reports on Kingdom of Saudi Arabia, State of Qatar, the Republic of Yemen, the Kingdom of Bahrain, the Arab Republic of Egypt and the United Arab Emirates on the latest developments and actions taken over the last two years towards the development of developing their money laundering system and terrorist financing. In the same context, the meeting reviewed the progress made by the People’s Democratic Republic of Algeria and the Republic of Sudan in adhering to international standards on anti-money laundering and financing terrorism and commended its achievements in strengthening its AML/CFT systems in light of the plan established in its Mutual Evaluation Report. In addition, the Plenary Meeting adopted their follow-up reports and agreed to leave the regular follow-up process and move to Biennial update.

In April 2016, the 23rd Plenary Meeting adopted the Mutual Evaluation Report of the Republic of Tunisia as the first report to be discussed in the context of mutual evaluation of the second round, which demonstrates the commitment of the Republic of Tunisia to international standards on anti-money laundering and financing terrorism issued by the financial action Task Force in 2012, according to the new evaluation methodology issued in 2013, the report addresses Tunisia’s efforts, deficiencies to be implemented in compliance and implementing international standards.

In general, it is possible to say that there have been significant developments at the level of member Countries. Many laws and regulations were promulgated to combat money laundering and terrorist financing, whether to improve the criminalization of money laundering, financing terrorism or imposing new requirements on financial institutions, non-financial businesses and professions defined as due diligence requirements towards customers in addition to raising the level of efficiency and effectiveness of the supervisory bodies through training the human elements of those bodies through the programs offered by the MENAFATF or other specialized programs. This year also witnessed the issuance of a number of guidelines and instructions to entities subject to suspicious transactions reporting and a number of requirements to strengthen internal risk management systems, detect and verify information and data provided by customers, monitor and follow-up the operations as well as to promote regional and international cooperation through bilateral or multilateral agreements to promote information exchange.



Updated overall follow-up process to the member Countries during the period from 2009 to 2016

The High-Level Visit to Mauritania

The Mutual Evaluation Report of the Islamic Republic of Mauritania (Mauritania) was adopted by the 4th Plenary Meeting in November 2006. As a result, Mauritania was placed under the normal follow-up process. Due to insufficient progress in addressing deficiencies, enhanced follow-up procedures were implemented since the 18th Plenary Meeting (November 2013). An official letter was sent to the authorities in the country. A second letter was sent by decision of the 19th Plenary Meeting (April 2014) and a third message was issued by the 21st Plenary Meeting (April 2015). In light of the lack of progress expected from Mauritania during the enhanced follow-up process, the 22nd Plenary Meeting (Bahrain, November 2015) decided to undertake a high-level official visit to Mauritania to review the challenges facing the authorities in adhering to international standards and urging them to take corrective action as soon as possible, In addition to expressing the concerns and interests of the group in this regard.

On 1st and 2nd of March 2016, a high-level delegation headed by the Vice-Chair of the MENAFATF visited Mauritania to express the MENAFATF's concerns and interests about lack of progress required in addressing the remaining deficiencies and obtaining high-level political commitment from the Mauritanian Government to address them within a time-bound framework, defining the latest developments regarding the adoption of the amended law of Law No. 2010/035 on Combating Terrorism and Law No. 2005/048 on anti-money laundering and financing terrorism noting that the deficiencies are mainly the special second and third Recommendations and deficiencies in some other recommendations.

The visitor delegation held several meetings in the capital Nouakchott and met with many prominent personalities and officials in the state, including the Minister of Interior and Decentralization, the Minister of Justice, the Governor of the Central Bank, the Secretary General of the Financial Intelligence Unit and others. In addition, the delegation met many executive officials in ministries and concerned entities. In addition, members of the delegation stressed that the high-level visit was very successful and achieved all its objectives. The various authorities expressed their commitment to pass the laws before the Parliament and address the specific shortcomings. The Parliament was called for an extraordinary session to discuss a number of laws including Law No. 035 of 2010 on counter-terrorism and Law No. 48 of 2005 on Anti-money Laundering and Financing Terrorism.

Second: Second Round of Mutual Evaluation Timeline

MENAFATF started implementation of the assessment program of member Countries for the second round in order to ascertain the effectiveness of applicable regulations and their conformity with international standards (amended February 2012) regarding the combating of money laundering, financing terrorism and spread of armaments in accordance with the new evaluation methodology issued by the Financial Action Task Force) and subsequent amendments thereto. The 22nd Plenary Meeting adopted the schedule for mutual evaluation in the second round of mutual evaluations, with two to three assessments per year examining all laws and regulations in force in AML/CFT member Countries, the spread of armaments and their effective application. The Task Force will continuously

monitor the progress made in improving the AML/CFT systems of member Countries. Following the evaluation process, the Countries will submit follow-up reports within specified time periods as stipulated in the evaluation process adopted by the MENA-FATF's Plenary Meeting. During this round, the Task Force's member Countries will be evaluated according to the following table:

Country	Date of On-Site Visits	The Plenary Discussions of MER
Tunisia	February 2015	April 2016
Mauritania	December 2016	November 2017
Libya	1 st Half of 2017	November 2017
Bahrain	2 nd Half of 2017	June/November 2018
Saudi Arabia	2 nd Half of 2017	June/November 2018
Syria	1 st Half of 2018	November 2018
Morocco	1 st Half of 2018	November 2018
Yemen	2 nd Half of 2018	May 2019
Jordan	2 nd Half of 2018	May 2019
United Arab Emirates	2 nd Half of 2019	February / April 2020
Qatar	2 nd Half of 2019	June / November 2020
Egypt	1 st Half of 2020	November 2020
Oman	2 nd Half of 2020	June / November 2021
Lebanon	1 st Half of 2021	November 2021
Kuwait	2 nd Half of 2021	February / May 2022
Algeria	1 st Half of 2022	November 2022
Sudan	2 nd Half of 2022	May 2023
Iraq	1 st Half of 2023	November 2023

Second Round of Mutual Evaluation Timeline

Third: Follow-up of the Voluntary Tax Compliance Program

The Voluntary Tax Compliance Program is a program developed to facilitate the correcting of taxpayers' legal status against previously undisclosed or insufficiently undisclosed assets or funds, in particular those involving restitutions. Programs that accompany them prepare a full or partial tax exemption with immunity against judicial prosecution. In this regard, the 21st Plenary Meeting approved in April 2015 the amended procedures for following up the voluntary tax compliance programs of the member Countries of the

MENAFATF. At its 23rd Plenary Meeting in April 2016, Doha, Qatar, MENAFATF heard the report of the People's Democratic Republic of Algeria, and it was decided that Algeria shall provide follow-up reports throughout the duration of the program in this regard.

Fourth: Raising Awareness about Techniques, Trends and Methods of AML/CFT in 2016

The task of spreading awareness of the risks of money laundering and financing terrorism is one of the most important duties of the MENAFATF. For example, there are annual workshops for Typologies and capacity building, periodic and non-periodic typology reports, specialized technical meetings and meetings organized or shared in their respective areas of work. The following are the main efforts of MENAFATF to raise awareness about the ways, trends and methods of money laundering and the financing of terrorism during the year 2016:

The Biennial Typologies Report Project 2016

The 20th Plenary Meeting at Manama, Kingdom of Bahrain (November 2014), approved the recommendation of the technical assistance and Typologies team concerning adoption of procedures of issuing the periodic (Biennial) typologies report in the Financial Action MENAFATF for the Middle East and North Africa (MENAFATF), which reflects the most significant case studies and developed patterns of regional money laundering and terrorist financing operations as provided and identified by member Countries. The biennial periodic typologies report of the MENAFATF, in its second edition 2016, reviews the most case studies and trends emerging for AML/CFT operations based on case studies provided by member countries for the period from May 2014 to May 2016. The report also provides an overview of the Group's most prominent activities in the area of Typologies during the period mentioned, as well as various studies, workshops and discussions in the field of Typologies. This report is a reference to the relevant information (the report can be found at www.menafatf.org).

Money Laundering through Electronic Means Typologies Project

The MENAFATF launched a new typologies study project on money laundering through electronic means (May 2016 - September 2017), led by Saudi Arabia and Oman. This project comes after the Kingdom's suggestion that the MENAFATF shall study this subject due to lack of other studies dealing with it. In view of the great risks that may result from money laundering operations by misuse the great progress in electronic means and the ease of concealment through these means, especially in light of the development of online financial services, the existence of electronic funds, provision of electronic services by financial institutions that are often not controlled by a specific entity, and the distance between parties associated with electronic transactions. In general, the project aims to help member Countries better understand electronic money laundering method, improve their detection and prevention capabilities, and thus enhance their efforts in combating electronic money laundering across the Middle East and North Africa MENA region.

Social Media and Terrorist Financing Typologies Project

Towards strengthening the MENAFATF's relations with regional and international organizations working in the field of AML/CFT, especially the FATF and the regional counterpart groups, the MENAFATF agreed with the Asia and Pacific Group to hold a joint workshop of typologies experts in December 2016 (like the achievement with the Financial Working Group in 2013 and the Eurasian Working Group in 2014), and cooperation to achieve a joint application project in 2016 with participation of experts from the two groups (as was done with the Financial Action Task Force in 2015 – Money Laundering Project through financial cash transfer). In general, the project aims to identify methods and trends associated with the use of social network websites to finance terrorist activities or terrorist organizations. The project is expected to identify areas of cooperation between law enforcement agencies, Financial Intelligence Units, social media companies and the private sector in general, with a view to identifying terrorist financing operations through social network websites, developing preventive measures to reduce them and supporting investigative bodies in this field. The project started in July 2016 and is scheduled for completion in November 2017.

The Joint International Workshop on Typologies and Capacity Building, between MENAFATF and APG, 27 November - 1 December 2016, Jeddah, Kingdom of Saudi Arabia

The Financial Action Task Force for the Middle East and North Africa (MENA), in partnership with the Asia Pacific Group (APG) and the Permanent Committee for Combating Money Laundering in Saudi Arabia, organized the International Workshop on Typologies and Capacity Building from 27 November to 1 December 2016, Jeddah, Kingdom of Saudi Arabia.

The workshop received great concern from various entities concerned with anti-money laundering and financing terrorism all over the world as this workshop was attended by about 300 participants from more than 55 countries from different continents including Australia, America, United Kingdom, France, Italy, Spain, Sweden, Russia, China, Japan, South Korea, Pakistan, India, most of the Eastern, Central and South Asia, a number of African Countries, and other countries. The workshop was also attended by about 15 regional and international organizations as well as regional counterparts namely: Financial Action Task Force (FATF), International Monetary Fund (IMF), Regional and international task forces on combating Money Laundering and terrorist financing, Inter-Governmental Action Group against money Laundering in West Africa (GIABA), Task Force on Money Laundering in Central Africa (GABAC), Eastern and South African Anti-Money Laundering Group (ESAAMLG), Eurasian Group on Combating Money Laundering (EAG), European Bank for Reconstruction and Development (EBRD), Interpol, Basel Committee, United Nations, General Secretariat of the Cooperation Council for the Arab Countries of the Gulf as well as other organizations. Experts also attended it from most Arab countries member of MENAFATF.



The workshop succeeded in achieving its objectives through four concurrent sessions, which dealt with the latest developments in the regional and international arenas, in addition to reviewing case studies in related topics, exchanging practical experiences, identifying best practices and identifying the new and emerging methods and trends in money laundering and terrorism financing operations, studying them and benefit from them in finding the best possible solutions to address them.

First Session: Financing Terrorism & Social Network Websites

A number of presentations and related working papers on the “Financing Terrorism and Social Networks” were presented at the meeting, which aimed to identify the risks of financing terrorism through social media means and services, the extent of these risks, and to share experiences and opportunities for international cooperation to assess these challenges. At the same time, this joint work of the FATF and regional groups provides a deeper and more comprehensive understanding of how social media can be used to finance the Terrorism by terrorists and terrorist organizations.

Second Session: Money Laundering through Electronic Means

The subject of “Money Laundering through Electronic Means” engaged the entities concerned with anti-money laundering and financing terrorism and received great attention from experts participating in this workshop, which helped the success of this meeting in achieving its objectives and clarifying some outstanding points in understanding the scope and size of the problem determining a number of used electronic means, identifying the challenges related to the detection, investigation and prosecution of cases of money

laundering through electronic means. This session is an important resource for information and practical situations to feed the new application project launched by the Group in April 2016 on e-money laundering through electronic means led jointly by Saudi Arabia and Oman to study methods and techniques used in money laundering through the use of electronic means, which helps to understand Including new electronic payment methods, online banking, electronic funds, pre-paid cards, mobile payments, virtual currencies, etc.

Third Session: Challenges of Pursuing the Proceeds of Corruption in Foreign Countries

Corruption has posed a major challenge to AML/CFT agencies, including legal, law enforcement, financial and banking institutions. This session, through presentations and valuable work papers contributed by a number of participating experts, discussed the challenges in pursuing the proceeds of corruption that have been laundered in foreign countries, namely the difficulties in identifying and tracking assets obtained from corruption that have been hidden outside the country. The session also tackled an important aspect of the issue: the support that AML/CFT experts can provide to anti-corruption experts in financial investigations, enabling AML/CFT agencies to track proceeds from corruption.

fourth Session: identification of best Operational Practices & Challenges of Information Exchange between Domestic Agencies

The significance of “identifying best operational practices and the challenges of information exchange between domestic agencies” is to help identify best practices, effective mechanisms for information exchange and challenges in terms of availability, access, exchange and use of information for the purposes of counter-terrorism and information on a wider scale, access to various mechanisms and models for information exchange, and practices related to prevention and investigation of terrorist financing operations.

At the conclusion of the workshop, the participating countries, regional delegations and international organizations thanked Saudi Arabia for the good reception, the good organization and the good arrangement, which reflected positively on the results of the workshop and expressed their desirability for this experiment. They also called for repeating such workshop for its great effect to make important recommendations to assist the Countries in improving their AML/CFT system.

Preparing members of the MENAFATF to the second round of the Mutual Evaluation Process, Economic Policy Institute, Abu Dhabi, United Arab Emirates, 20-22 March 2016.

In promoting relationship with regional organizations, the significance of joint work, fruitful and positive collaboration between the Arab Monetary Fund (AMF) and the



MENAFATF, the latter organized a workshop on preparation of the FATF and MENA countries for the second round of mutual evaluation process during the period from 20 to 22 March 2016, at the Institute of Economic Policy in Abu Dhabi, United Arab Emirates. The workshop was attended by experts from MENAFATF, APG and the World Bank.

The workshop was also attended by participants from 13 Arab countries: Jordan, United Arab Emirates, Bahrain, Kingdom of Saudi Arabia, Sudan, Iraq, Oman, Qatar, Libya, Egypt, Morocco, Mauritania and Palestine. This workshop aimed to prepare the countries of the MENAFATF for the 2nd round of the mutual evaluation process in accordance with the evaluation methodology (2013) and the 40 recommendations of the FATF and spread of armaments (2012).

The participants benefited greatly from the valuable information provided by the participating experts, particularly with regard to the text of the FATF recommendations and the recent amendments thereto, as well as the recent evaluation methodology and its amendments. The discussions highlighted the current efforts of the Group countries to prepare for the next phase of the evaluation by understanding the requirements of this phase and the need for proper application.

Securing of Financial Intelligence Units

The Qatar Financial Intelligence Unit (QFIU), in collaboration with MENAFATF and Egmont Group, hosted a joint meeting entitled “Protection of Financial Intelligence Units”, in 30-31 October 2016, in Doha, State of Qatar.

The purpose of this meeting is to discuss and review practical experiences and experiences in development and implementation of policies and procedures regarding security of individuals, enterprises, documents and information of FIUs. The meeting presented a practical guide prepared by the Egmont Group on best practices that assist in the development and implementation of security policies and procedures in order to protect the staff of financial units and the security of information and documents. A number of interventions were made during the meeting, the most important of which were the Center for Analysis of Financial Transactions and Reports in Canada and the Investigation Commission for Lebanon.

Section Four: Financial Statements for the Year Ending on 31 December 2016



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INDEPENDENT AUDITOR'S REPORT TO THE PLENARY OF MIDDLE EAST AND NORTH AFRICA FINANCIAL ACTION TASK FORCE

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Middle East and North Africa Financial Action Task Force ('MENAFATF'), which comprise the statement of financial position as at 31 December 2016, and the statements of comprehensive income, changes in funds and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MENAFATF as at 31 December 2016, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of MENAFATF in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Management for the financial statements

MENAFATF's Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing MENAFATF's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate MENAFATF or to cease its operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**INDEPENDENT AUDITOR'S REPORT TO THE PLENARY OF
MIDDLE EAST AND NORTH AFRICA FINANCIAL ACTION TASK FORCE (continued)**

Report on the Audit of the Financial Statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MENAFATF's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by MENAFATF's Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on MENAFATF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause MENAFATF to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Registration No. 190
13 April 2017
Manama, Kingdom of Bahrain

Middle East and North Africa Financial Action Task Force
 STATEMENT OF FINANCIAL POSITION
 At 31 December 2016

	<i>2016</i> <i>USD</i>	<i>2015</i> <i>USD</i>
ASSETS		
Non-current assets		
Equipment and vehicles	<u>9,537</u>	<u>8,149</u>
Current assets		
Members contribution receivables	469,981	267,170
Prepayments and other receivables	13,955	7,481
Bank balance and cash	<u>1,200,476</u>	<u>1,543,293</u>
	<u>1,684,412</u>	<u>1,817,944</u>
TOTAL ASSETS	<u><u>1,693,949</u></u>	<u><u>1,826,093</u></u>
ACCUMULATED FUNDS AND LIABILITIES		
Accumulated funds		
Strategic reserve	300,000	300,000
Accumulated funds	<u>333,215</u>	<u>268,899</u>
Total accumulated funds	<u>633,215</u>	<u>568,899</u>
Non-current liabilities		
Employees' end of service benefits	110,473	388,636
Grants	<u>119,104</u>	<u>135,266</u>
	<u>229,577</u>	<u>523,902</u>
Current liabilities		
Trade and other payables	<u>831,157</u>	<u>733,292</u>
Total liabilities	<u>1,060,734</u>	<u>1,257,194</u>
TOTAL ACCUMULATED FUNDS AND LIABILITIES	<u><u>1,693,949</u></u>	<u><u>1,826,093</u></u>

Middle East and North Africa Financial Action Task Force
 STATEMENT OF COMPREHENSIVE INCOME
 For the year ended 31 December 2016

	<i>2016</i> <i>USD</i>	<i>2015</i> <i>USD</i>
INCOME		
Contributions from members	1,370,436	1,276,003
Write back of liabilities	14,904	16,755
Grants	16,162	9,774
TOTAL INCOME	1,401,502	1,302,532
EXPENSES		
Direct costs	1,055,606	949,572
General and administration expenses	162,910	204,537
Depreciation	4,191	17,686
TOTAL EXPENSES	1,222,707	1,171,795
PROFIT FOR THE YEAR	178,795	130,737
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	178,795	130,737

Middle East and North Africa Financial Action Task Force
STATEMENT OF CASH FLOWS
 For the year ended 31 December 2016

	2016	2015
	USD	USD
OPERATING ACTIVITIES		
Profit for the year	178,795	130,737
Adjustments for:		
Depreciation	4,191	17,686
Provision for employees' end of service benefits	74,247	75,120
Write back of liabilities	(14,904)	(16,755)
Grants	(16,162)	(9,774)
	226,167	197,014
Members contribution receivables	(202,811)	(75,426)
Prepayments and other receivables	(6,473)	44,266
Trade and other payables	(1,710)	471,856
Net cash flows from operating activities	15,173	637,710
Employees' end of service benefits paid	(352,410)	-
Net cash flows (used in) from operating activities	(337,237)	637,710
INVESTING ACTIVITY		
Purchase of equipment and vehicles and cash flows used in investing activity	(5,580)	(4,681)
FINANCING ACTIVITY		
Grants received during the year and cash flows from financing activity	-	26,596
(DECREASE) INCREASE IN BANK BALANCE	(342,817)	659,625
Bank balance and cash at the beginning of the year	1,543,293	883,668
BANK BALANCE AND CASH AT THE END OF THE YEAR	1,200,476	1,543,293