

A semi-annual newsletter issued by the Secretariat of MENAFATF





Dear all,

It is with great pleasure that I welcome you to the 8th issue of MENAFATF newsletter which highlights the most important news and events organized or attended by the MENAFATF during the last period. The Group has achieved during 2013 many projects and held various events in cooperation with member countries and observers and has participated in many regional and international events. I take the opportunity to express my sincere thanks to all members and observers for their full

support and cooperation and I wish the MENAFATF continued success.

MENAFATF is currently implementing the 3rd strategic plan for the years 2013 to 2015 which includes many tasks whether on the level of preparing for the 2nd round of mutual evaluations or activating its role on the regional level and participating more effectively in the international events.

The coming period carries considerable responsibilities for each member jurisdiction, and more specifically the MENAFATF, in order to achieve compliance with the new requirements of the international standards. Therefore, all members should be keen to closely follow the developments and increase cooperation to achieve and promote mutual Arab work within the MENAFATF which was established for the purposes of

protecting the region against the risks of ML/TF crimes.

As it is known, MENAFATF Secretariat team plays a significant role in promoting and protecting the financial systems in the member countries against ML/TF operations and ensuring their stability; Therefore, we should all be keen to provide the required support for the Secretariat for a continuously improved performance with a view to take the MENAFATF to a higher ranking.

The Republic of Sudan has endeavored during its presidential tenure to contribute in achieving the objectives sought after based on its belief in their importance. It has been an honor to have represented my country and presided the MENAFATF in 2013 and I hope that I have succeeded in my role; I do wish the Republic of Iraq all the best in presiding the MENAFATF in 2014 and the MENAFATF more success.

MENAFATF  
President

## The Plenary meeting adopts the MOU amendments in Manama

MENAFATF hosted the 18th plenary meeting in Manama, Kingdom of Bahrain being the headquarters from 26 to 28 November 2013. The meeting was chaired by H.E. Mr. Esam Eddine Abdul Gadir Al Zain, MENAFATF President and Undersecretary of the Ministry of Justice in Sudan. AML/CFT experts participated in the Plenary meeting, representing MENAFATF 18 member countries, in addition to the countries and organizations that hold the observer status: Palestine, the United Kingdom, the United States of

America, the World Bank, the International Monetary Fund, the Cooperation Council for the Arab States of the Gulf, the Financial Action Task Force, the Arab Monetary Fund, Eurasia Group, the United Nations and Asia Pacific Group.

All the topics listed on the agenda of the meeting with respect to MENAFATF work and activities were discussed during the sessions of the plenary meeting. The meeting issued many decisions; the most important were to adopt the amendments of the Memorandum Of Understanding



signed by all member countries reflecting the latest developments that occurred in relation to the new international standards on combating money

laundering, terrorism financing and proliferation. On another part, it was decided to hold the 19th plenary meeting in April/ May 2014.

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### Financial Inclusion and Money Laundering

“... The issue of enhancing financial inclusion in all countries, and specifically in the developing countries, has been increasingly becoming important over the last years, following the effects of the financial crisis...” and “... the financial inclusion is additionally important for Arab Countries since the unfolding events in the Arab World have called for the large need to develop strategies to achieve a more inclusive economic growth which address the unemployment and reinforce social justice...” “Director General of Arab Monetary Fund”.

FATF believes that reinforcing the prevalence of financial systems and formal services and their secure and easy

access at a reasonable cost is important mainly for any regime combating ML/TF operations and believes at the same time that disproportionate implementation of AML/CFT regimes may have negative implications such as excluding businesses and legal beneficiaries from the formal financial system, creating (underground) parallel informal systems that could be misused in illegal methods.

In view of the importance of this subject and with more countries promoting financial inclusion, such promotion intersects with the issue of compliance with AML/CFT requirements which represented, at a time, a challenge for the financial inclusion that aims at achieving fair economic and social growth.

This challenge lies in the nature of requirements imposed before 2012 which required to be respected at all levels and by all financial sectors and DNFBPs regardless of their size and the nature of the services provided as well as the risk volume they are exposed to.

However, issuing FATF revised recommendations in February 2012 and their new requirements, particularly applying the Risk Based Approach, has offered a great opportunity for the countries around the world to reap the benefits of the new technical approach that reflects a quality change in the FATF view as to presenting the revised recommendations and addressing the new threats.

The 40 Recommendations provide a flexible approach to the implementation which helps the countries design an effective and appropriate regime that takes into consideration the reinforcement of the prevailing financial services and their inclusion in all sectors at a reasonable cost; which offers the countries – after risk assessment - the freedom whether or not to apply some preventive measures “exemptions” in case of low risks, and apply simplified measures in case of lower risks; in the case of high risks, countries should apply enhanced measures.

MENAFATF  
Executive Secretary

## 8th FIUs Forum discusses combating the corruption and assets recovery



MENAFATF FIUs convened at the 8th FIU forum which was held in the Kingdom of Bahrain on Sunday 24 November 2013 and discussed a series of topics of common interest. Within the framework of exchanging Best Practices, combating corruption and assets recovery were on top of list of the topics that were discussed as well as FIUs readiness and their role in national risk assessment. Some FIUs made presentations on their efforts in the 2 areas and reflected their experience and strategies; As well, they discussed the

importance of regional and international cooperation and drafting plans, preliminary studies and statistics. The participating FIUs have stressed the importance of FIUs role in combating corruption and recovering assets as well as the need to provide them with the required resources to effectively fulfill their role in national risk assessment. The participating FIUs indicated the importance of guidelines issued by the international organizations such as the International Monetary Fund and the World Bank in this regard.

## Money laundering through physical transportation of cash

With the framework of MENAFATF study of ML/TF methods and techniques, the topic of “money laundering through physical transportation of cash” was selected for consideration in cooperation with the FATF. The topic – which is highly viewed by many countries around the world – has been widely supported by many regional and international countries and organizations at the FATF/RTMG meeting in October 2013. A Workshop on the project was organized on the margin of FATF/MENAFATF joint Typologies Expert’s meeting which was held in Qatar, from 2 to 4 December 2013. The workshop represented, at this phase of the project, a great opportunity to identify how largely money laundering exists through physical transportation of cash, their methods and trends as well as present and review some case studies that were discussed and obtain the views of the participating experts.

## Morocco exits the regular follow up process

Following a substantial progress made by the Kingdom of Morocco in complying with AML/CFT international requirements and having addressed the deficiencies that were identified in its mutual evaluation report issued by the MENAFATF in 2007 on FATF

key and core recommendations; and having improved the level of AML/CFT regimes, having discussed the 8th follow up report at the 18th plenary meeting, the plenary meeting has decided to approve the request of Morocco to move from regular follow up to biennial update.

The plenary meeting has praised the efforts made to improve the AML/CFT regimes. It is worth to mention that the Kingdom of Morocco has undergone the mutual evaluation process by a group of assessors from MENAFATF Secretariat and member countries.

## The Effective Implementation of UNSCRs and the relevant United Nations Conventions and International Standards



Based on the importance of implementing UN resolutions on combating money laundering and the financing of terrorism and proliferation, the MENAFATF held in cooperation with the Anti Money Laundering Unit and Counter Terrorist Financing of Jordan (AMLU) and the UN Counter-Terrorism Committee Executive Directorate (CTED) a regional workshop on the effective implementation of UN resolutions and the relevant UN conventions on 2 and 3 October 2013 in Amman, the Hashemite Kingdom of Jordan. The workshop brought together experts from the FATF, 1267 Monitoring Team, the UNODC as well as Panel

of Experts on Iran created pursuant to resolution 1929 (2010) and was attended by 48 participants from the governmental institutions concerned with the implementation of UN resolutions and related international conventions and being from various professional levels: legislative authorities, Law Enforcement authorities (LEAs), Public Prosecution, Ministry of Interior and Ministry of Foreign Affairs and FIUs in 14 countries from the MENA region in order to raise awareness about ML/TF risks and the requirements of effective implementation as well as improve their performance in fulfilling their AML/CFT role in light of the

international standards and resolutions. The workshop discussed the technical challenges and how to address them in implementing the relevant UN resolutions, such as matching names and incomplete data of individuals and entities listed on the UN lists; the challenges on the level of building the capacities of employees and enable them respond sufficiently to the challenges that face them; the difficulty to implement UN resolutions by small financial and non financial institutions that may not hold banking accounts or may not have large commercial transactions, particularly that the Risk Based Approach (RBA) does not apply to UN Resolutions.

## Doha hosts the Joint FATF/MENAFATF Experts' Meeting on Typologies

The National Anti-Money Laundering / Counter Financing of Terrorism (AML/CFT) Committee of Qatar hosted a joint FATF/MENAFATF Typologies Experts Meeting from 2 to 4 December 2013. The first of its kind in the region, the meeting brought together more than 180 experts from 40 countries and 14 regional and international organizations

to examine current methods and trends in money laundering and terrorist financing. The event was an opportunity for the members of FATF/MENAFATF as well as regional and international organizations to exchange information and expertise through the main meetings and related workshops on typologies project under study:

Non Profit organizations, financial flows linked to illicit production and smuggling of Afghan drugs, physical transportation of cash and the gold trade. The workshops thus allowed research in each of these areas to make significant progress on a series of relevant studies that will be published next year.

## “Proceeds of forgery & counterfeiting of instruments and documentary credits and their relation with ML/TF”

The 18th plenary meeting held in the Kingdom of Bahrain in November 2013 adopted the typologies report on “Proceeds of forgery & counterfeiting of instruments and documentary credits and their relation with ML/TF” in which most of the member countries have participated in providing information and case studies. The report revealed that forgery and counterfeiting crimes occur by forging and counterfeiting currencies and documents such as personal and bank checks, credit cards, swift messages and others. Criminals benefit from the legal loopholes and technical deficiencies to achieve their illicit targets. The study indicated the presence of many techniques on which money launderers rely in laundering proceeds of forging and counterfeiting financial tools, mainly buying banking tools then submit them as mortgage guarantee,

opening accounts with forged powers of attorney, withdrawing funds generated from forgery by transfers, checks, cash withdrawals or forging personal and bank checks.

On the other side, the report highlighted the area of misusing documentary credits and their relation to ML crimes, considering that the criminal misuse of documentary credits occurs via forging LC documents and that proceeds of forgery are outputs of ML operations; knowing that forging facts occurs when altering the information related to the quantity or price or quality of imports or exports. The report concluded number of recommendations on the best techniques to counter laundering the proceeds of forgery & counterfeiting of financial tools and documentary credits.

