

Financial Action Task Force

Annual Report  
2010-2011



## THE FINANCIAL ACTION TASK FORCE (FATF)

The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering and terrorist financing. Recommendations issued by the FATF define criminal justice and regulatory measures that should be implemented to counter this problem. These Recommendations also include international co-operation and preventive measures to be taken by financial institutions and others such as casinos, real estate dealers, lawyers and accountants. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CFT) standard.

For more information about the FATF, please visit the website:

[WWW.FATF-GAFI.ORG](http://WWW.FATF-GAFI.ORG)

© 2011 FATF/OECD. All rights reserved.

No reproduction or translation of this publication may be made without prior written permission.

Applications for such permission, for all or part of this publication, should be made to the FATF Secretariat, 2 rue André Pascal 75775 Paris Cedex 16, France

(fax: +33 1 44 30 61 37 or e-mail: [contact@fatf-gafi.org](mailto:contact@fatf-gafi.org)).

## Table of Contents

• Letter by Luis Urrutia Corral President FATF-XXII (2010-2011) .....	3
• How is the FATF helping to build a stronger and safer international financial system? - Letter by the Executive Secretary .....	6
● <b>Setting the International Standards</b> .....	8
Review of the FATF Standards .....	8
Guidance .....	9
FATF Recommendations and Corruption .....	9
● <b>Monitoring Compliance with AML/CFT Standards</b> .....	11
Purpose .....	11
Follow-up reports .....	14
● <b>Money Laundering and Terrorist Financing Threats</b> .....	16
The 2010 Typologies exercise .....	16
Typologies Research 2010-2011 .....	16
● <b>High-Risk and Non-Cooperative Jurisdictions</b> .....	20
● <b>Strengthening the AML/CFT Network</b> .....	23
Dialogue with the private sector .....	23
FATF and the FATF Style Regional Bodies .....	24
● <b>Support Services and Financial Statements</b> .....	27
Annex .....	29



## Letter by **Luis Urrutia Corral** President FATF-XXII (2010-2011)

It has been a privilege and honour to represent the Financial Action Task Force these past 12 months. During this period, with the valuable contribution of members and key players, the FATF was able to cover a wide range of topics contemplated in the FATF's mandate and the objectives set out at the start of the Mexican Presidency.

The FATF Global Network, built through the FATF and the FATF's Associate Members or FATF-Style Regional Bodies (FSRBs), relies on these essential players in ensuring that the AML/CFT standards are effectively implemented worldwide. Together, the FATF and its Associate Members have been very successful in moving closer to global implementation of the FATF Standards. Over 180 jurisdictions have now committed to implement the FATF Recommendations. Nevertheless, we must look toward the future and continue to monitor where and when improvements can be made. During my Presidency, we have moved into a new stage in the relationship between the FATF and its Associate Members. We are working more closely together, seeking improvements and clarifications that will ultimately improve the effectiveness of the FATF's Global Network and safeguard the global financial system.

Reinforcing global AML/CFT standards also means identifying and working with jurisdictions that have serious deficiencies in their AML/CFT system. This work has provided valuable results this year. Two of the jurisdictions which were identified as having deficiencies in their AML/CFT system have since made significant progress in addressing the AML/CFT deficiencies. The FATF continues the important work of identifying high-risk and non-



cooperative jurisdictions and working closely with jurisdictions to address deficiencies.

The review of the FATF Recommendation was of course a priority for this year. The FATF completed its third round evaluations this year and as is good practice with any standard setting organisation, has started the process of reviewing its standards to make sure they still address today's threats and challenges. I am confident that the results from the first phase, and continued work in the second phase under the Italian Presidency, will result in a set of up to date and relevant Recommendations that will result in more effective AML/CFT systems worldwide.

Another issue that was high on the FATF's agenda, and also one of the priorities of the Mexican Presidency, was Financial Inclusion. It is important for the FATF to ensure that the implementation of AML/CFT measures does not get in the way of providing access to financial services for low-income populations. In close collaboration with the World Bank and the Asia Pacific Group on Money Laundering, as well as other relevant players, a guidance document has been published which explains and demonstrates how financial inclusion and AML/CFT measures can complement each other and ultimately lead to stronger and safer financial systems.

Finally, the FATF has made significant progress in the area of corruption. Fighting corruption is a global priority. G20 leaders, in the conclusions of their Pittsburgh summit, called on the FATF to give

a higher priority to fighting corruption. In response to this call, the FATF has published an information note on the use of AML/CFT measures in the fight against corruption, completed a study to identify the links between corruption and money laundering and continues to liaise closely with anti-corruption experts to avoid duplication of efforts.

The threats and challenges that are facing the international financial system continue to evolve and increase in complexity. I am confident that under the leadership of my successor, Mr. Giancarlo Del Bufalo of Italy, the FATF will continue to make important progress in addressing AML/CFT related issues.



Luis Urrutia Corral



## Why is the FATF working on Corruption?

The FATF was called upon by the G20 to look at how the FATF Recommendations could help in the fight against corruption. There are close links between money laundering and corruption, the motivation for money laundering is similar to that for corruption: economical gain. There are also similarities in the conduct that is displayed in both money laundering and corruption.

The FATF Recommendations were designed to combat money laundering and terrorist financing, but when effectively implemented they can also help combat corruption, by:

- safeguarding the integrity of the public sector
- protecting designated private sector institutions from abuse
- increasing transparency of the financial system
- facilitating the detection, investigation and prosecution of corruption and money laundering, and the recovery of stolen assets.

This year, the FATF issued an information note which explains why compliance with the current FATF Recommendations creates an environment in which it is more difficult for corruption to thrive undetected and unpunished (see also page 9). As a first step towards developing further guidance or best practices on AML/CFT measures relevant to combating corruption, the FATF has conducted a study to determine how money laundering methods are being used in the context of corruption (see also page 18).

## What is the FATF's added value?

The FATF not only promotes the endorsement of the FATF Recommendations but also measures how effectively they have been implemented. Through its Mutual Evaluation process, the FATF has been very successful at ensuring that the standards are well applied by its jurisdictions and has been a model for many other organisations.

## Cooperation

Corruption continues to be an issue of high political importance internationally. Several international efforts are underway to fight against corruption. The FATF works closely with other organisations that are working actively on the fight against corruption to avoid duplication of efforts and to determine what steps could be taken by the FATF to further leverage AML/CFT tools to fight corruption.

[www.fatf-gafi.org/focusoncorruption](http://www.fatf-gafi.org/focusoncorruption)

for more information about **FATF's work on corruption**

## How is the FATF helping to build a **stronger** and **safer** international financial system?

### Letter by the Executive Secretary

The FATF's mutual evaluation process and the resulting reports on its members provide the primary compliance mechanism for achieving implementation of the FATF standards. It is a unique mechanism of rigorous peer review that goes much deeper than the simple endorsement by a country of our Recommendations.

This peer review process allows us to test how well a country has followed our recommendations and to determine whether its measures against money laundering and terrorist financing are effective. Only if the measures are implemented effectively and globally can we fully combat money laundering and terrorist financing and safeguard and strengthen the international financial system from abuse.

We passed an important milestone this year with the successful completion of the third round of mutual evaluations of all FATF members.

Our focus now is on the preparation for the fourth round of evaluations. A review of the FATF Recommendations in preparation for the next round is now well underway.

Once completed the revision of the FATF Recommendations will provide a reinforced response to today's risks and threats.



The objective of the evaluation process is not simply to provide a technical assessment at a given point in time. It is to identify areas where improvement is needed and to ensure that steps are taken to make those improvements.



A follow-up process is in place for that purpose and is designed to ensure that countries address the deficiencies identified in their mutual evaluation report.

In addition, the FATF's International Co-operation Review Group now has a well established process of regional review groups that bring to the attention of the international financial community, those countries that have serious deficiencies in their AML/CFT system and could pose a risk to the international financial community. This has resulted in a number of jurisdictions committing to work closely with the FATF to put in place the necessary measures that will make it safe to do business with or through their jurisdiction.

Our work on typologies has produced some excellent results, dealing with current threats such as money laundering using new payment methods and we continue to keep a close eye on new developments, new trends and technologies because those looking to launder illicit gains or finance terrorism are continually seeking new methods.

It has been a challenging but rewarding year for the FATF Secretariat to help coordinate the varied and detailed work of the FATF. Interest and participation in the FATF's activities has increased. The successful use of the mutual evaluation and follow up processes has, in part, led to an expanded work program and a call from the G20 for the FATF directly to look at issues such as corruption and financial inclusion with a consequential increase in the number of working meetings and missions. Closer ties have been forged with representatives of the private sector in order to ensure they have a voice in these important challenges and that we retain a realistic understanding of how best to implement the standards.



Rick McDonnell  
FATF Executive Secretary

## Setting the International Standards

The 40+9 FATF Recommendations are the internationally recognised standards against money laundering and terrorist financing. The FATF Recommendations, together with the interpretative notes form the FATF standards, a comprehensive set of policies, measures and tools to fight against money laundering and terrorist financing.

### Review of the FATF Standards

Developed in 1990, the FATF Recommendations were subject to an in-depth review and update in 2003. Now at the end of the third round of evaluations of its members, the FATF is again undertaking a review of some of the key components of the standards to ensure that they remain effective and relevant.

The review is a focused and balanced exercise, aiming at maintaining the necessary stability in the standards while addressing any deficiencies or loopholes in the current FATF standards. The FATF, the FSRBs and other international organisations such as the World Bank and the IMF actively participate in this work. One of the fundamental issues of the review process is the increased focus on effectiveness. The 4th Round of Mutual Evaluations should give a higher emphasis to effective implementation of the AML/CFT requirements by countries, which could in the future lead to restructuring the evaluation process, with a greater focus on risks and vulnerabilities faced by particular jurisdictions.

The first phase of the review took place during the Mexican Plenary year, and included a public consultation on proposals for consideration in the review of the Recommendations. The public consultation provided a significant number of responses and valuable input from the private sector and civil society. The FATF has reviewed all the comments made and in particular considered comments relating to risk-based approach, customer due diligence, wire transfers and politically exposed persons.

#### More information:



[www.fatf-gafi.org/standardsreview](http://www.fatf-gafi.org/standardsreview)

for more information about  
the review of the FATF Recommendations

The FATF is now concluding the second phase of the review process, and a second public consultation has been launched on issues considered during the second phase of the review. The second phase covers issues such as:

- Clarifying beneficial ownership requirements (Recommendations 5, 33 and 34);
- Ensuring no inconsistency between AML/CFT and data protection / privacy requirements;
- Creating an obligation for group wide compliance programmes for financial groups;
- Enhancing international cooperation (Recommendation 40);
- Promoting a risk based approach to supervision;
- Strengthening measures in relation to politically exposed persons;
- Enhancing the transparency of wire transfers;
- Implementing targeted financial sanctions in the context of terrorist financing and proliferation financing; and
- Strengthening and clarifying the requirements for financial intelligence units and law enforcement authorities.

The revised set of FATF Recommendations are expected to be presented to the FATF Plenary for adoption in February 2012.

## Guidance

### FATF Recommendations and Corruption

The G20 leaders have asked the FATF to help detect the proceeds of corruption and deter corruption offences by strengthening the FATF Recommendations, taking corruption issues into account in the process. The FATF has developed an information note to raise public awareness on how the use of the FATF Recommendations can help combat corruption.

#### Reference guide and Information note on the use of the FATF Recommendations to support the fight against corruption

Corruption and money laundering are intrinsically linked. Similar to other serious crimes, corruption offences, such as bribery and theft of public funds, are generally committed for the purpose of obtaining private gain. Combating money laundering is a cornerstone of the broader agenda to fight organised and serious crime by depriving criminals of ill-gotten gains and by prosecuting those who assist in the laundering of such ill-gotten gains.

A successful and effective implementation of the FATF Recommendations creates an environment in



which it is harder for corruption to thrive and remain undetected. Compliance with the FATF Recommendations will allow countries to:

- better safeguard the integrity of the public sector
- protect designated private sector institutions from abuse
- increase transparency of the financial system
- facilitate the detection, investigation and prosecution of corruption and money laundering, and the recovery of stolen assets.

[www.fatf-gafi.org/focusoncorruption](http://www.fatf-gafi.org/focusoncorruption)

for more information about **FATF's work on corruption**

## Monitoring Compliance with AML/CFT Standards

The FATF's peer review process, or mutual evaluation process, provides an in-depth description and analysis of each country's system for preventing criminal abuse of the financial system.

### Purpose

The purpose of the FATF peer review process is to assess whether:

- The necessary laws, regulations or other measures required under the FATF standards are in force and in effect.
- There has been a full and proper implementation of all necessary measures.
- The system in place is effective.

Each country is assessed on all of the 40+9 Recommendations by a team of experts with legal, financial and law enforcement expertise and members of the FATF Secretariat.

With the evaluations of Argentina (joint evaluation with GAFISUD), France and the Netherlands, the FATF has now completed the third round of mutual evaluations of its own members. During this round of reviews, which started in 2005, all FATF members were subject to an in-depth review of their anti-money laundering and terrorist financing systems and rated on their level of compliance with the FATF Standards.

The summary Table 1 below shows each country's ratings in their assessment during the third round of mutual evaluations.

The reports and the ratings reflect a country's regime at the time of the evaluation, the information in the mutual evaluation report may no longer be up to date.

#### More information:



[www.fatf-gafi.org/mer](http://www.fatf-gafi.org/mer)

for more information about  
the FATF's mutual evaluation process

The summary of ratings is not a mathematical comparison; the ratings should therefore be read in conjunction with the full assessment which is available on the FATF website at [www.fatf-gafi.org/mer](http://www.fatf-gafi.org/mer).

Table 1. Summary of assessments of FATF members during the 3rd Round

	Argentina	Australia	Austria	Belgium	Brazil	Canada	China	Denmark	Finland	France	Germany	Greece	HK, China	Iceland	India	Ireland	Italy	Japan	Korea	Luxembourg	Mexico	Netherlands (1)	New Zealand	Norway	Portugal	Russia	Singapore	South Africa	Spain	Sweden	Switzerland	Turkey	United Kingdom	United States		
	2010	2005	2009	2005	2010	2008	2007	2006	2007	2011	2010	2007	2008	2006	2010	2006	2005	2008	2009	2010	2008	2011	2009	2005	2006	2008	2008	2009	2006	2006	2005	2007	2007	2006		
<b>40 Recommendations</b>																																				
○	1	PC	LC	LC	C	PC	LC	PC	LC	PC	LC	PC	LC	PC	LC	PC	LC	PC	LC	PC	LC	PC	LC	PC	LC	PC	LC	PC	LC	PC	LC	PC	LC	PC	LC	
	2	PC	LC	LC	C	PC	LC	PC	LC	LC	LC	PC	C	PC	LC	LC	PC	LC	PC	PC	LC	LC	LC	C	LC	LC	LC	LC	LC	LC	LC	C	LC	C	C	
●	3	PC	C	PC	LC	PC	LC	LC	LC	LC	PC	LC	PC	LC	PC	C	LC	LC	PC	PC	LC	LC	LC	C	LC	C	LC	C	LC	LC	C	LC	C	LC	C	LC
●	4	PC	C	PC	C	LC	C	C	C	C	C	PC	C	C	C	C	C	C	LC	PC	C	C	C	C	C	C	C	C	C	LC	LC	LC	LC	C	C	
○	5	NC	NC	PC	LC	PC	NC	PC	PC	PC	LC	PC	PC	PC	PC	PC	PC	NC	PC	PC	PC	PC	NC	PC	LC	PC	LC	PC	PC	PC	PC	PC	NC	PC	PC	
	6	PC	NC	LC	LC	LC	NC	NC	NC	NC	PC	PC	NC	PC	NC	PC	NC	NC	NC	PC	LC	PC	NC	NC	NC	PC	LC	NC	NC	NC	LC	NC	NC	NC	LC	
	7	NC	NC	LC	C	LC	PC	PC	NC	NC	PC	PC	LC	C	PC	LC	NC	NC	NC	NC	LC	LC	NC	NC	PC	PC	C	NC	NC	NC	NC	NC	NC	NC	LC	
	8	PC	NC	LC	C	LC	NC	LC	NC	PC	LC	LC	PC	LC	LC	PC	C	PC	C	PC	PC	LC	NC	C	C	PC	LC	PC	PC	LC	PC	PC	C	LC		
	9	NC	NC	LC	C	NA	NC	PC	NC	NC	PC	LC	PC	PC	PC	NA	NC	PC	NA	NC	PC	NC	NC	NA	NA	LC	NC	NA	NA	LC	NC	PC	LC	LC		
	10	PC	PC	C	C	LC	LC	LC	C	C	LC	LC	LC	PC	C	LC	C	C	LC	LC	LC	C	LC	C	C	LC	LC	PC	C	LC	C	C	C	LC		
	11	PC	PC	PC	C	LC	PC	PC	NC	PC	LC	PC	PC	PC	LC	LC	PC	LC	PC	NC	PC	LC	LC	NC	C	LC	PC	LC	PC	C	LC	C	NC	PC	LC	
○	12	NC	NC	PC	PC	NC	NC	NC	NC	NC	PC	NC	NC	NC	PC	NC	NC	NC	NC	NC	NC	PC	NC	PC	PC	PC	NC	NC	PC	PC	PC	NC	PC	NC	PC	
	13	NC	LC	PC	LC	LC	PC	PC	LC	LC	PC	PC	LC	PC	PC	C	PC	LC	PC	PC	PC	LC	LC	LC	LC	LC	LC	LC	LC	PC	PC	PC	C	LC	LC	
	14	PC	C	LC	C	C	C	C	PC	C	C	LC	C	LC	C	C	C	LC	C	PC	C	PC	LC	C	C	PC	LC	C	C	C	PC	LC	C	C	LC	
	15	PC	NC	PC	LC	LC	PC	LC	PC	PC	PC	PC	LC	PC	LC	LC	LC	NC	PC	PC	LC	PC	NC	LC	LC	PC	LC	PC	LC	LC	LC	LC	PC	LC	LC	
	16	NC	NC	PC	LC	NC	NC	NC	PC	PC	PC	NC	NC	NC	PC	NC	PC	NC	NC	NC	NC	PC	NC	LC	PC	PC	PC	PC	PC	PC	PC	PC	NC	LC	NC	
	17	NC	PC	PC	LC	LC	PC	PC	PC	LC	PC	PC	PC	PC	PC	PC	PC	LC	PC	NC	PC	LC	NC	LC	LC	PC	LC	PC	LC	LC	PC	PC	LC	LC	LC	
	18	PC	PC	C	C	PC	LC	PC	PC	PC	C	C	LC	LC	C	LC	PC	PC	PC	LC	LC	C	NC	PC	LC	C	C	PC	PC	PC	LC	PC	PC	LC	PC	C
	19	C	C	C	C	C	C	C	LC	C	C	C	NC	C	C	C	C	C	C	PC	C	C	C	C	C	C	C	C	C	PC	C	C	C	C	C	
	20	PC	C	LC	C	LC	C	C	C	C	C	C	LC	LC	C	LC	C	C	C	PC	NC	C	C	C	C	C	LC	C	LC	C	LC	C	LC	C	C	
	21	NC	PC	PC	C	PC	PC	NC	PC	PC	LC	PC	NC	LC	LC	PC	PC	LC	NC	NC	NC	LC	PC	NC	C	LC	PC	LC	NC	C	PC	LC	NC	PC	LC	
	22	NC	NC	LC	LC	PC	NC	NC	LC	PC	LC	LC	PC	LC	PC	C	LC	PC	NC	PC	PC	C	PC	NC	LC	LC	NC	LC	NC	LC	PC	PC	NC	NC	LC	
●	23	PC	PC	PC	PC	PC	PC	PC	PC	LC	LC	PC	LC	PC	PC	LC	PC	PC	PC	PC	PC	LC	NC	LC	LC	PC	LC	PC	PC	PC	PC	LC	PC	LC	LC	LC
	24	NC	PC	PC	PC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	PC	NC	NC	NC	PC	NC	LC	PC	PC	NC	PC	NC	NC	LC	NC	PC	PC	PC	
	25	PC	PC	LC	LC	PC	LC	LC	NC	PC	PC	PC	NC	C	NC	LC	LC	PC	LC	LC	PC	PC	LC	PC	PC	LC	PC	PC	PC	LC	PC	LC	C	PC	C	
●	26	PC	C	PC	C	LC	PC	LC	LC	LC	LC	LC	NC	C	PC	LC	LC	LC	LC	LC	LC	LC	LC	LC	LC	LC	C	LC	LC	LC	LC	LC	LC	LC	LC	LC
	27	PC	LC	C	C	LC	LC	LC	C	LC	LC	LC	C	LC	LC	C	C	LC	LC	PC	PC	C	C	C	LC	LC	LC	LC	LC	LC	LC	C	PC	C	C	
	28	LC	C	LC	C	LC	C	C	C	C	C	C	C	C	C	C	C	C	C	LC	LC	LC	C	C	C	C	C	C	C	C	C	C	C	C	C	C
	29	NC	PC	LC	LC	PC	LC	LC	LC	PC	LC	LC	PC	PC	LC	LC	LC	LC	PC	LC	C	LC	NC	LC	LC	PC	LC	PC	PC	LC	PC	PC	PC	LC	C	
	30	NC	LC	LC	PC	PC	PC	LC	PC	PC	LC	NC	LC	PC	LC	LC	LC	LC	PC	PC	PC	LC	PC	PC	LC	PC	C	LC	PC	PC	LC	PC	LC	LC	LC	
	31	PC	LC	C	LC	LC	LC	LC	LC	LC	LC	PC	LC	C	LC	LC	LC	LC	LC	PC	LC	LC	C	LC	LC	LC	C	C	LC	LC	LC	LC	LC	C	LC	
	32	NC	LC	PC	LC	PC	LC	LC	PC	PC	PC	NC	LC	NC	LC	PC	LC	LC	PC	PC	LC	LC	LC	PC	PC	LC	LC	PC	PC	PC	LC	PC	LC	PC	LC	LC
	33	NC	LC	PC	PC	PC	NC	NC	PC	PC	LC	NC	PC	PC	PC	C	NC	NC	PC	NC	PC	PC	LC	PC	LC	PC	PC	PC	NC	PC	PC	NC	PC	PC	NC	

	Argentina	Australia	Austria	Belgium	Brazil	Canada	China	Denmark	Finland	France	Germany	Greece	HK, China	Iceland	India	Ireland	Italy	Japan	Korea	Luxembourg	Mexico	Netherlands (1)	New Zealand	Norway	Portugal	Russia	Singapore	South Africa	Spain	Sweden	Switzerland	Turkey	United Kingdom	United States		
	2010	2005	2009	2005	2010	2008	2007	2006	2007	2011	2010	2007	2008	2006	2010	2006	2005	2008	2009	2010	2008	2011	2009	2005	2006	2008	2008	2009	2006	2006	2005	2007	2007	2006		
● 34	NC	PC	PC	NA	NA	PC	PC	PC	NA	LC	NC	NA	PC	NA	PC	PC	PC	NC	NC	NC	LC	PC	NC	NA	PC	NA	PC	PC	NA	NA	NA	NA	PC	NC		
● 35	PC	LC	LC	LC	PC	LC	PC	PC	PC	LC	PC	PC	LC	PC	PC	LC	PC	PC	PC	PC	LC	PC	LC	LC	C	LC	LC	LC	LC	LC	LC	LC	PC	C	LC	
● 36	PC	C	PC	LC	LC	LC	C	LC	LC	LC	LC	LC	LC	LC	LC	C	C	PC	LC	LC	LC	PC	LC	LC	C	LC	LC	LC	C	LC	C	LC	LC	LC	LC	
● 37	C	C	LC	LC	C	C	C	C	C	C	LC	LC	C	PC	LC	C	C	PC	C	C	LC	LC	C	LC	C	C	C	C	C	C	LC	LC	C	C	C	
● 38	PC	C	PC	LC	LC	LC	LC	LC	LC	LC	LC	LC	LC	LC	LC	C	C	LC	LC	LC	PC	PC	LC	PC	C	C	LC	LC	C	LC	C	PC	C	LC	LC	
● 39	PC	C	LC	LC	LC	LC	C	LC	LC	LC	LC	LC	LC	LC	LC	C	C	PC	LC	LC	LC	PC	LC	LC	C	LC	C	LC	C	C	LC	LC	LC	C	LC	
● 40	NC	C	LC	C	LC	LC	LC	C	LC	LC	LC	PC	C	LC	LC	C	C	LC	LC	LC	C	LC	LC	C	C	C	C	C	LC	C	LC	LC	LC	C	C	
<b>IX Special Recommendations</b>																																				
● I	PC	LC	LC	LC	NC	LC	PC	PC	PC	LC	PC	PC	PC	PC	PC	PC	LC	PC	PC	PC	PC	PC	LC	PC	PC	PC	LC	LC	LC	LC	PC	LC	PC	PC	C	LC
○ II	PC	LC	PC	C	NC	LC	PC	PC	LC	C	LC	PC	PC	LC	PC	LC	LC	LC	PC	PC	PC	PC	PC	C	LC	LC	LC	LC	LC	LC	LC	LC	LC	PC	C	C
● III	NC	LC	PC	PC	NC	LC	NC	PC	PC	PC	PC	PC	PC	NC	LC	PC	LC	PC	PC	PC	NC	LC	PC	PC	PC	PC	PC	PC	LC	PC	LC	PC	PC	PC	C	LC
○ IV	NC	LC	PC	C	LC	LC	NC	LC	LC	LC	PC	PC	LC	LC	PC	C	PC	LC	NC	NC	PC	LC	LC	LC	LC	PC	C	LC	LC	PC	PC	PC	PC	C	LC	
● V	PC	LC	PC	LC	PC	LC	LC	LC	LC	LC	LC	LC	LC	LC	LC	C	C	PC	LC	PC	PC	PC	PC	LC	LC	LC	LC	LC	LC	LC	LC	LC	PC	C	LC	
● VI	NC	PC	LC	C	LC	NC	LC	LC	PC	LC	LC	PC	PC	NC	LC	PC	LC	PC	PC	PC	PC	LC	NC	PC	LC	NC	LC	LC	PC	LC	PC	C	PC	LC	LC	
● VII	PC	NC	C	LC	LC	NC	LC	PC	PC	C	C	PC	PC	NC	LC	NC	NC	LC	PC	PC	PC	C	NC	NC	NC	PC	LC	PC	LC	LC	NC	PC	NC	PC	LC	
● VIII	NC	PC	PC	C	NC	LC	LC	LC	PC	LC	LC	NC	LC	NC	NC	PC	C	PC	PC	PC	PC	LC	PC	NC	LC	PC	LC	PC	LC	PC	LC	PC	LC	PC	LC	C
● IX	PC	PC	PC	NC	PC	C	PC	PC	PC	LC	LC	NC	NC	PC	PC	PC	C	NC	LC	NC	PC	LC	PC	PC	LC	NC	LC	PC	LC	NC	NC	LC	LC	LC	C	

C Compliant    
 LC Largely compliant    
 PC Partially compliant    
 NC Non compliant    
 NA Not applicable

- Core Recommendations (Recommendations 1, 5, 10, 13 and Special Recommendations II and IV)
- Key Recommendations (Recommendations 3, 4, 23, 26, 35, 36, 40 and Special Recommendations I, III and V)

(1) Kingdom of the Netherlands, which is a member of the FATF, is comprised of the Netherlands, Aruba, Curaçao and Saint Maarten. Aruba was assessed in October 2009. See also [www.fatf-gafi.org/mer](http://www.fatf-gafi.org/mer).

During the past year, 22 evaluations were completed by the FATF Style Regional bodies (see Table 2). The bodies that were engaged in evaluating or assessing the implementation of AML/CFT standards have published the full reports on their website. The complete list of jurisdictions that have been assessed using the 2004 Assessment Methodology can be found in the Annex.

The FATF aims to have a consistent approach in the evaluations conducted by the FATF and the FSRBs. This is achieved by close collaboration between the Secretariats of the FATF and the FSRBs and the use of standard documentation, questionnaires, evaluator training sessions and the participation of FSRB members at FATF events. Fourteen of the 36 FATF members are also members of one or more of the FSRBs.

Table 2. Evaluations adopted by FSRBs in 2010-2011

APG	CFATF	EAG	ESAAMLG	GAFISUD	GIABA	MENAFATF	MONEYVAL
Brunei Darussalam	Guatemala	Kazakhstan	Comoros	Argentina	Liberia	Algeria	Albania
Solomon Islands	Montserrat	Turkmenistan	Mozambique	Bolivia	Togo		Czech Republic
Tonga	Belize		Swaziland	Chile			Hungary
	Guyana						

## Follow-up reports

After the mutual evaluation has been completed and the findings published, the FATF continues to monitor progress made by the evaluated jurisdiction in addressing the areas in their AML/CFT system that were found to be weak or deficient. Usually, the evaluated jurisdiction is required to submit a follow-up report to the FATF Plenary two years after the evaluation, detailing progress made in addressing the issues identified in the mutual evaluation report. The jurisdiction may be required to report on a more regular basis if the FATF Plenary finds that not enough progress is being made.

Where a member jurisdiction has achieved a high degree of compliance for the 'core' and 'key' FATF Recommendations, then the jurisdiction moves to a process of providing a 'biennial updates' for information, on any remedial action it is taking.

Denmark, Spain and Sweden submitted final follow-up reports in October 2010, setting out the progress they had made in addressing the deficiencies that were identified during their assessments. The FATF considered these reports and judged their progress sufficient to allow them to move to the 'biennial update' process for their future AML/CFT actions. Similarly, Singapore submitted their follow-up report in February 2011 and is now required to provide a 'biennial update'.

Table 3. Table of Mutual Evaluations and Follow-up Reports/Biennial Updates

FATF Member	June 2005	October 2005	February 2006	June 2006	October 2006	February 2007	June 2007	October 2007	February 2008	June 2008	October 2008	February 2009	June 2009	October 2009	February 2010	June 2010	October 2010	February 2011	June 2011
Argentina																	MER	1	2
Australia		MER					1				2		3		4				5
Austria													MER					1	
Belgium	MER					1							2						3
Brazil																MER			
Canada									MER			1						2	
China <sup>(1)</sup>							MER	1	2	3	4		5		6				7
Denmark				MER						1			2				3		



FATF Member	June 2005	October 2005	February 2006	June 2006	October 2006	February 2007	June 2007	October 2007	February 2008	June 2008	October 2008	February 2009	June 2009	October 2009	February 2010	June 2010	October 2010	February 2011	June 2011
Finland							MER						1			2	3		
France															MER			MER	
Germany															MER				
Greece						MER	1	2	3	4		5	6	7	8	9			
HK, China									MER						1				2
Iceland				MER						1			2					3	4
India															MER	1	2	3	
Ireland			MER					1				2		3	4			5	6
Italy		MER					1			2	3	❖						1	
Japan										MER							1		
Korea												MER		1	2	3	4		
Netherlands (1)																		MER	
Luxembourg														MER	1	2	3		
Mexico										MER						1			
New Zealand														MER					
Norway	MER					1			2		3	4	❖						1
Portugal				MER									1						
Russia									MER						1				2
Singapore									MER						1			2	❖
South Africa												MER						1	
Spain				MER					1				2				3	❖	
Sweden			MER					1				2	3				4	❖	
Switzerland		MER					1			2			3	4	❖				
Turkey						MER						1			2	3		4	5
United Kingdom							MER						1	2	❖				
United States				MER						1			2			3	4		5

MER Adoption of Mutual Evaluation Report   
 1 1st Follow-up report   
 2 2nd Follow-up report, etc.   
 1 1st biennial update   
 2 2nd biennial update, etc.   
 Enhanced follow-up   
 Report to Plenary   
 ❖ End Follow-up

(1) Kingdom of the Netherlands, which is a member of the FATF, is comprised of the Netherlands, Aruba, Curaçao and Saint Maarten. Aruba was assessed in October 2009. See also [www.fatf-gafi.org/mer](http://www.fatf-gafi.org/mer).

## Money Laundering and Terrorist Financing Threats

The study of money laundering and terrorist financing methods, techniques and trends – 'typologies' – plays a key role in the FATF standard-setting process. The methods and techniques used are in constant evolution. The FATF constantly monitors and identifies new threats and risks for the financial and non-financial systems. These risks and threats are described in typologies reports, aiming to raise global awareness and allow an early detection of use and abuse of the systems. The typologies reports are also instrumental to developing the most appropriate standards to respond globally to the new and emerging ML/TF risks and threats.

### The 2010 Typologies exercise

The FATF worked together with the Egmont Group of Financial Intelligence Units (FIUs) to organise a joint meeting of experts on typologies for the year 2010. The meeting took place in Cape Town, South Africa from 16 to 18 November and was chaired and hosted by the Financial Intelligence Centre (FIC), the South African FIU. This was the eighth joint experts' meeting and the first organised jointly with the Egmont Group. This was the first FATF typologies meeting to take place on African soil; therefore, there was a large presence from the region.

As in previous meetings of this type, the 2010 meeting centred on a series of workshops followed by a round-table discussion of their conclusions. Each workshop focuses on one of a series of ongoing typologies research projects, thus helping to validate the work done so far as well as identify areas for further research. Workshops at the Cape Town meeting dealt with: human trafficking and smuggling of migrants; maritime piracy and related kidnapping for ransom; information exchange and international co-operation enhancement (led by the Egmont Group); impact of the financial crisis on money laundering (led by the Egmont Group). One additional workshop considered the FATF Standards as they relate to the work of FIUs.

### Typologies Research 2010-2011

In 2010-2011, the FATF conducted five research projects which resulted in the publication of key typologies studies.

In October 2010, the FATF completed a key study on money laundering using new payment methods. This work built on research documented in the 2006 report *New Payment Methods* (NPMs).

## Money Laundering and New Payment Methods

Since the earlier research on New Payment Methods, a significant rise has occurred in the number of transactions and the volume of funds moving through NPMs. Consequently, the number of cases detected in which such payment systems were misused for ML/TF purposes has also increased.

The 2010 research draws a comparison between the "potential risks" identified in the 2006 report and the "actual risks" as found in new case examples. The new report also lists a series of indicators of suspicious activity. These red flags will help NPM service providers and other financial institutions to detect ML/TF activities. There are challenges in developing appropriate legislation and regulations for NPMs, the report concludes, due to the different approaches taken by national legislators and regulators.



**Report available on [www.fatf-gafi.org](http://www.fatf-gafi.org)**

In October 2010, a joint FATF/CFTAF typologies research project was completed, the use of Trusts and Company Service Providers (TCSP)s for money laundering purposes. The research on TCSPs follows up on previous typologies work carried out by the FATF, in particular the study, *Misuse of Corporate Vehicles*, published in 2006.

## Money Laundering and Trust and Company Service Providers

TCSPs play an important role as an intermediary between financial institutions and many of their customers. Joint FATF/CFATF typologies research completed in October 2010 concludes that TCSPs – because of their special role – have often been misused, wittingly or not, in money laundering activities

The new research updates information on the potential vulnerabilities of TCSPs and evaluates the effectiveness of the practical application of the FATF Recommendations in this area. It also considers the role of TCSPs in the detection, prevention and prosecution of money laundering and terrorist financing, along with the potential need for additional international sector-specific AML/CFT guidelines for TCSPs.



**Report available on [www.fatf-gafi.org](http://www.fatf-gafi.org)**

In June 2011, the FATF published a report which reviews the financial aspects of the organised maritime piracy and related kidnapping for ransom.

## Organised Maritime Piracy and Related Kidnapping for Ransom

A dramatic rise in organised piracy on the high seas has been observed in recent years - mainly due to rising activities of pirates off the coast of Somalia. Maritime piracy is thus an increasingly visible problem facing international community. In addition there has been a growing level of concern internationally over kidnapping for ransom, which is a principal element in much of the maritime piracy that takes place throughout the world. It is also an activity that generates funding in support both of organised crime and terrorist organisations.

The study reviews the current piracy problem worldwide and analyses the money flows involved. It also considers the relative importance of the kidnapping for ransom as a source of terrorist financing and identifies the threats posed by this problem to the international financial system as well as relevant vulnerabilities in the global regulatory and operational framework.



Report available on [www.fatf-gafi.org](http://www.fatf-gafi.org)

Corruption continues to be a significant public policy issue throughout the world. At the Pittsburgh Summit of 2009, the G20 has called on FATF to address corruption by finding ways to create greater transparency of the financial system. The FATF completed a study in June 2011 on the links between corruption and money laundering.

## Money Laundering and Corruption

This aim of this work is to provide an overview research in this area and carry out analysis to identify laundering methods used for corruption proceeds. Drawing on case examples in which corrupt officials have secretly moved money, the research identifies key vulnerabilities of the current AML/CFT system and discusses the barriers for the recovery of corrupt proceeds once discovered. This report will be used as a catalyst for future FATF work in developing further guidance or best practices on AML/CFT measures relevant to combating corruption.



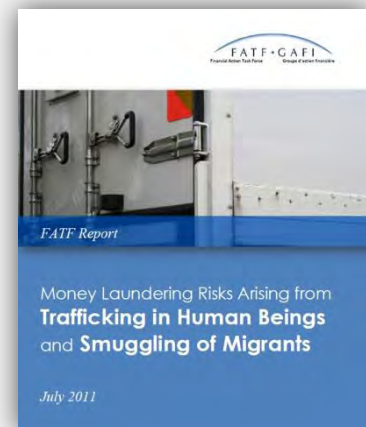
Report available on [www.fatf-gafi.org](http://www.fatf-gafi.org)

The trafficking in human beings and smuggling of migrants (THB/SOM) is considered to be among one of the major profit-generating crimes globally. The FATF completed research on the related money flows in June 2011.

## Money Laundering and Trafficking in Human Beings / Smuggling of Migrants

This report reviews work carried out previously by international bodies, national authorities and private sector to deal with this problem. Researchers for this project analysed available statistics as well as global trafficking and smuggling in order to develop estimates of the illegal money flows related to these activity. Also the business sectors vulnerable to this type of activities are identified.

THB/SOM trends are heavily region-specific, the report concludes. Red flag indicators identified in the report for various destination/origin countries and different sectors may help banks and other financial institutions better detect suspicious financial activity.



Report available on [www.fatf-gafi.org](http://www.fatf-gafi.org)

## High-Risk and Non-Cooperative Jurisdictions

Responding to the threat posed by high-risk and non-cooperative jurisdictions is a key objective of the FATF's mission for promoting the global implementation of its AML/CFT standards. Worldwide compliance with the standards protects the integrity of the international financial system and enhances international co-operation on AML/CFT. In addition, public identification of non-compliance has encouraged jurisdictions to improve their AML/CFT systems through addressing their strategically important deficiencies.

Since 2007, the FATF's International Co-operation Review Group (ICRG) reviews and monitors a number of high-risk jurisdictions and recommends specific action to address the ML/TF risk emanating from them. Since 2008, the FATF has subsequently issued public statements expressing concerns and calling for particular actions from FATF members and other jurisdictions. In particular, the FATF called upon its members and urged all jurisdictions to strengthen preventive measures and apply effective counter-measures against Iran and the Democratic People's Republic of Korea, since February 2009 and February 2011, respectively.

In 2009, the Leaders of the Group of 20 specifically called for the FATF to reinvigorate its process for assessing countries' compliance with international AML/CFT standards and to publicly identify high risk jurisdictions by February 2010. In response to this call, FATF's International Co-operation Review Group (ICRG) revised its procedures, including expanding the initial criteria for referral and publicly identifying jurisdictions. Subsequent declarations of G20 summits in Toronto (26-27 June 2010), Seoul (11-12 November 2010) and Paris (18-19 February 2011), specifically and repeatedly called for the FATF to pursue its successful work in identifying non-cooperative jurisdictions as well as regularly updating a public list on non-co-operative and jurisdictions with strategic deficiencies. These calls reinforced the revision process already underway within the FATF and strengthened the FATF's initiative for further engaging with a larger number of jurisdictions.

Initial referral to the ICRG is based on information on threats, vulnerabilities or particular risks emanating from a specific jurisdiction that comes to the ICRG's attention. Such information includes, but is not exclusively based on, the results of MERs or the lack of a clear commitment to implementing the FATF standards. Jurisdictions that are identified as having serious AML/CFT threats and vulnerabilities, or posing significant ML/TF risks are referred to the ICRG for a preliminary or *prima facie* review conducted by one of the four regional review groups, covering: the Africa/Middle East, the Americas, the Asia/Pacific, and the Europe/Eurasia regions. Based upon that report, the FATF decides whether it should conduct a more in-depth, *targeted* review of the jurisdiction's strategic AML/CFT deficiencies. Each reviewed jurisdiction is provided an opportunity to participate in face-to-face meetings with the

regional review group to discuss the report, including developing an action plan with the FATF to address the deficiencies identified. The FATF specifically requests high-level political commitment to implement these action plans.

On the basis of the results of the ICRG review, jurisdictions may be publicly identified in one of the two FATF public documents that are issued three times a year. The first public document, the FATF's Public Statement, identified 1) jurisdictions that have strategic AML/CFT deficiencies and to which counter-measures apply—as of June 2011, this includes Iran and the Democratic People's Democratic Republic of Korea); and 2) Jurisdictions with strategic AML/CFT deficiencies that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies. As of June 2011, this includes: Bolivia, Cuba, Ethiopia, Kenya, Myanmar, Sri Lanka, Syria, and Turkey. For these jurisdictions, the FATF calls upon its members to consider the risks arising from the deficiencies associated with the jurisdiction.

In the second FATF public document, *Improving Global AML/CFT Compliance: On-going Process*, the FATF identified jurisdictions with strategic AML/CFT deficiencies that have provided a high-level political commitment to address the deficiencies through implementation of an action plan developed with the FATF. The situation differs in each jurisdiction and therefore each presents different degrees of ML/FT risks. The FATF encouraged its members to consider the strategic deficiencies identified in the second public document. Jurisdictions subject to the second public document, as of June 2011, are: Angola, Antigua and Barbuda, Argentina, Bangladesh, Brunei Darussalam, Cambodia, Ecuador, Ghana, Honduras, Indonesia, Mongolia, Morocco, Namibia, Nepal, Nicaragua, Nigeria, Pakistan, Paraguay, Philippines, São Tomé and Príncipe, Sudan, Tajikistan, Tanzania, Thailand, Trinidad & Tobago, Turkmenistan, Ukraine, Venezuela, Vietnam, Ukraine, and Zimbabwe.

The FATF closely monitors progress of the jurisdictions under ICRG review and identified those jurisdictions publicly identified for one year that have not made sufficient progress, taking into account the specific agreed timelines as well as the jurisdiction's risks and deficiencies. As of June 2011, this category includes: São Tomé and Príncipe. If this jurisdiction does not take sufficient action to implement significant components of its action plan by October 2011, then the FATF will identify this jurisdiction as being out of compliance with its agreed action plans and will take the additional step of calling upon its members to consider the risks arising from the deficiencies associated with the jurisdiction.

Procedures have also been established to remove jurisdictions from the FATF's public documents and the ICRG review process. As a pre-condition to this removal, the jurisdiction is required to make sufficient progress in implementing its action plan and to adequately address the concerns identified by the FATF. As of June 2011, the following jurisdictions have been removed from the ICRG review process: Azerbaijan and Qatar (in October 2010), and Greece (in June 2011). In June 2011, the FATF indicated that Ukraine has demonstrated progress in improving its AML/CFT regime, and the FATF will conduct an on-site visit to confirm that the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF.

The FATF will continue monitoring the progress made in all identified jurisdictions. According to its mandate to review and consider issues related to international co-operation against money laundering and terrorism financing, the

ICRG will continue identifying and reviewing non-cooperative jurisdictions and jurisdictions that are failing to implement effective AML/CFT systems. Reaching out to and engaging with these jurisdictions strengthens AML/CFT global compliance and protects the integrity of the international financial system.



## Strengthening the AML/CFT Network

### Dialogue with the private sector

The FATF regularly seeks input from the private sector and other stakeholders. This input is essential for a successful implementation of the AML/CFT standards, and it also assists the FATF in staying informed about relevant developments in the financial and other relevant sectors.

Over the years, the FATF has established a strong dialogue with key private sector representatives, and this dialogue is facilitated by the FATF private sector consultative forum which establishes a framework for ongoing two-way engagement.

This year, as an integral part of the review of the FATF Standards, the FATF conducted several consultation exercises. The FATF undertook a public consultation on the first phase of its review of the FATF Standards, and there was a very significant response to the consultation, both in terms of the number of submissions received and their content (75 submissions received). The FATF is considering the issues raised during this initial consultation, in particular, it is examining proposals relating to the risk-based approach, customer due diligence, wire transfers and politically exposed persons.

To support the public consultation the FATF also held a meeting of the Consultative Forum at the OECD in Paris in November 2010. The meeting brought together approximately 100 participants, representing the global financial sector and other businesses and professions covered by the FATF Standards, representatives of civil society, as well as officials from FATF member countries and observers and FATF style regional bodies. The meeting discussed the issues that were in the first phase of the FATF review, and also the issue of the interaction between and complementarity of AML/CFT and financial inclusion objectives. The FATF has continued to work closely with the private sector on this last issue, which led to the issuance of Guidance in June 2011 on the topic.

### Financial Inclusion Guidance

The application of AML/CFT should not impede financial inclusion for financially excluded and underserved groups. Since June 2010, the FATF has the issue of financial inclusion on its agenda and has committed itself to examining potential challenges posed by AML/CFT requirements to the goal of achieving financial inclusion. FATF's interest in financial inclusion is driven by its objective of promoting the development of sound global financial markets, covering large parts of the populations of all the jurisdictions that have

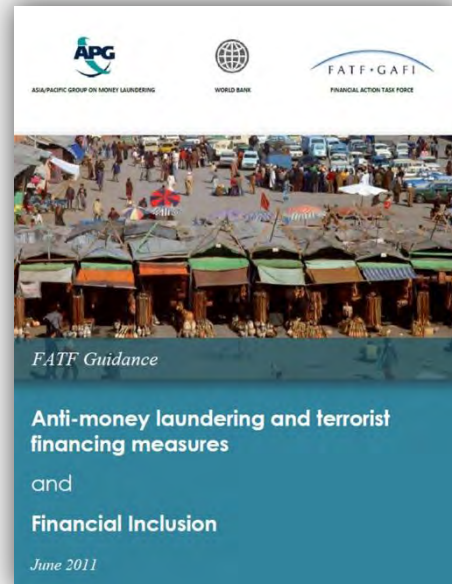
committed to the FATF Standards. FATF has also a strong interest in financial inclusion due to the fact that many of the countries that are the constituents of the FATF-Style Regional Bodies (FSRBs) are jurisdictions that can be considered as emerging markets, developing countries, or low capacity countries.

The FATF, in close collaboration with the World Bank and the APG, as well as many players in the industry, has developed guidance on AML/CFT and financial inclusion. This document primarily aims at supporting efforts among competent authorities, across sectors and across jurisdictions that promote the complementarity of AML/CFT and financial inclusion. It also aims to support the development of a common understanding of the FATF Standards that are relevant when promoting financial inclusion and explicit the flexibility they offer, in particular the FATF risk-based approach. Finally, it shares countries' experiences and initiatives to address financial inclusion within the AML/CFT context.

The paper echoes very much the work being carried out in the G20 context. In that respect, this paper contributes to the work being done internationally to improve access to financial services for the unbanked people, through supporting the safe and sound spread of new modes of financial service delivery capable of reaching the poor.

The FATF will continue to work to ensure that financial inclusion and AML/CFT objectives do not conflict. The FATF will keep financial inclusion issues in mind as it addresses such issues as the potential lower risks of financial products or services that contribute to increase access to financial services or when reviewing new payments methods that can contribute to serve the financially excluded or underserved groups.

**Report available on [www.fatf-gafi.org](http://www.fatf-gafi.org)**



## FATF and the FATF Style Regional Bodies

An effective global AML/CFT system depends on the work of and co-operation with the eight FATF-style Regional Bodies (FSRBs). These regional bodies have an essential role in ensuring that the AML/CFT standards are implemented worldwide. Furthermore, the FATF is exploring the possibility to extend the reach of the Global Network beyond these regional bodies.

The FATF established the Associate Membership status to grant FSRBs that meet the requirements, more access to FATF meetings and documents and a greater role during the FATF discussions. During the past year, the FATF has focused on further reviewing how FATF and Associate members can enhance the cooperative work we are doing to ensure a continued consistent application and evaluation of the FATF Recommendations which will further strengthen the FATF Global Network. Of these eight regional bodies that have Associate Membership status, two celebrated ten years of dedication and commitment to combating money laundering and terrorist financing in their region: the Financial Action Task Force of South America Against Money Laundering (GAFISUD) and the Inter Governmental Action Group against Money Laundering in West Africa (GIABA).

## GIABA's 10th anniversary

GIABA celebrated its 10th anniversary on 10 December 2010, in Abuja, Nigeria, in the margin of the December 2010 plenary meetings. The Inter Governmental Action Group against Money Laundering in West Africa (GIABA) is a specialised institution established by the Economic Community of West African States (ECOWAS) to fight against money laundering and terrorist financing in West Africa. GIABA's membership gathers the fifteen ECOWAS countries: Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo. Sao-Tome and Principe and Mauritania are observers respectively since May 2008 and May 2010.

GIABA became an observer to the FATF in July 2004 and was granted FATF-Style Regional Body Status in June 2006, recognising GIABA's commitment to the FATF 40+9 Recommendations and its Mutual Evaluation process as well as the establishment of an operational Secretariat.

As an FSRB, GIABA has continuously met its obligations and has made ongoing and significant progress on several fronts, in particular the mutual evaluations and typologies research. This demonstrates GIABA's ability to be a full member of the global FATF network. In June 2010, GIABA was granted Associate Member status.

During the celebration of GIABA's 10th Anniversary, the FATF President congratulated GIABA's members for what has been achieved so far and at the same time focused on the significance of the Associate Membership status and the need for its full participation in a number of new issues the FATF community has to address, such as the fight against corruption or financial inclusion.

### More about GIABA



[www.giaba.org](http://www.giaba.org)

## GAFISUD's 10th anniversary

The *Grupo de Acción Financiera de Sudamérica* (GAFISUD) celebrated its 10th anniversary in December 2010. GAFISUD was formally created on December 2000 in Cartagena de Indias, Colombia, through a Memorandum of Understanding signed by the governments of nine countries: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru and Uruguay. Three full members were also incorporated in the following years: México (2006), Costa Rica and Panamá (2010).

### More about GAFISUD



[www.gafisud.info](http://www.gafisud.info)

The group was created to promote the implementation of the FATF 40 + 9 Recommendations and aims to combat crime and prevent the threats and economic, political, and social costs through strengthening the institutional capacity of member countries. GAFISUD became an associate member of the FATF in 2006.

Since the year 2000, GAFISUD has grown as an organisation, the most significant achievements being the improvement in national AML/CFT systems, the carrying out of three rounds of mutual evaluations and ongoing follow-up processes, implementation of a regional FIU cooperation agreement, the creation of a GAFISUD Asset Recovery Network, and coordination of ongoing technical assistance projects to further improve AML/CFT cooperation and national systems.

From 22 – 24 June 2011, the FATF and GAFISUD held the first joint plenary of the two organisations, which was chaired by Luis Urrutia of Mexico, president of FATF, and Benito Lopez of Paraguay, president of GAFISUD. That meeting approved the mutual evaluation of Bolivia and agreed that Chile would take the presidency of GAFISUD in 2012.

## Support Services and Financial Statements

There are currently 21 staff members at the FATF Secretariat: an Executive Secretary, four Principal Administrators, one Senior Expert, eight Administrators, one Administrative Officer, one Electronic Information Management Officer and five Assistants. In addition, the FATF occasionally also hosts short term interns and consultants.

The FATF Secretariat provides support to the FATF, including:

- Organising Plenary and Working Groups meetings.
- Providing support to the FATF President, the Steering Group and FATF delegations.
- Preparing and producing policy papers to be discussed in Working Groups and/or the Plenary.
- Coordinating of and participating in mutual evaluation missions and drafting the related assessment reports.

The FATF Secretariat also liaises on an on-going basis with the numerous FATF partners, undertakes a representational role at professional events and provides information to the public and the media.

Funding for the FATF Secretariat is provided by the FATF members on an annual basis and in accordance with the scale of contributions to the OECD. The scale is based on a formula related to the size of the country's economy. Non-OECD members' contributions are also calculated using the OECD scale. The two member organisations also make voluntary contributions to the FATF budget. Table 4 reflects the budget of the FATF for fiscal years 2010-2011.

Table 3. FATF Budget summary, Fiscal years (FY) 2010 and 2011

Budget items	Budget FY 2010	Budget FY 2011
Permanent staff, Auxiliaries and Consultants	2 065 800	2 146 981
Travel	313 800	295 000
Entertainment expenses	1 000	1 000
Operating expenditure	164 100	185 000
Share of OECD's overheads	236 000	326 000
Meetings Room costs, documents, translation and interpretation	240 700	244 700

<b>Budget items</b>	<b>Budget FY 2010</b>	<b>Budget FY 2011</b>
Hardware and other investments	6 700	7 650
Other IT costs	59 100	59 100
Carry forward/adjustments	21 221	40 014
<b>Total</b>	<b>3 108 421</b>	<b>3 305 445</b>

## Annex

### JURISDICTIONS WHICH HAVE ENDORSED THE 40+9 RECOMMENDATIONS

The table below shows the jurisdictions which have endorsed the 40+9 Recommendations, the highlighted jurisdictions have been assessed using the 2004 FATF Methodology. The reports can be found on the websites of the assessor bodies.

APG:	<a href="http://www.apgml.org">www.apgml.org</a>
CFATF:	<a href="http://www.cfatf.org">www.cfatf.org</a>
EAG:	<a href="http://www.eurasiangroup.org">www.eurasiangroup.org</a>
ESAAMLG:	<a href="http://www.esaamlg.org">www.esaamlg.org</a>
FATF:	<a href="http://www.fatf-gafi.org">www.fatf-gafi.org</a>
GAFISUD:	<a href="http://www.gafisud.info">www.gafisud.info</a>
GIABA:	<a href="http://www.giaba.org">www.giaba.org</a>
International Monetary Fund:	<a href="http://www.imf.org">www.imf.org</a>
MENAFATF:	<a href="http://www.menafatf.org">www.menafatf.org</a>
Moneyval:	<a href="http://www.coe.int/moneyval">www.coe.int/moneyval</a>
GIFCS <sup>1</sup> :	<a href="http://www.ogbs.net">www.ogbs.net</a>
World Bank:	<a href="http://www.worldbank.org">www.worldbank.org</a>

The reports which involved more than one assessor body, are often more easily obtained from the FATF website or the website of the relevant FATF-Style regional body (APG, CFATF, EAG, ESAAMLG, GAFISUD, GIABA, MENAFATF and MONEYVAL).

Jurisdiction	Membership	Assessor Body
Afghanistan	APG	IMF (APG and WORLD BANK)
Albania	MONEYVAL	IMF
Algeria	MENAFATF	MENAFATF

<sup>1</sup> The Group of International Finance Centre Supervisors, formerly the Offshore Group of Banking Supervisors (OGBS)

Jurisdiction	Membership	Assessor Body
Andorra	MONEYVAL	MONEYVAL
Antigua & Barbuda	CFATF	CFATF
Anguilla	CFATF	CFATF
Argentina	FATF, GAFISUD	FATF (GAFISUD)
Armenia	MONEYVAL	IMF (MONEYVAL)
Aruba <sup>1</sup>	CFATF, FATF, GIFCS	FATF
Australia	APG, FATF	FATF (APG)
Austria	FATF	IMF (FATF)
Azerbaijan	MONEYVAL	MONEYVAL
Bahamas	CFATF, GIFCS	CFATF
Bahrain	MENAFATF	IMF (MENAFATF)
Bangladesh	APG	APG
Barbados	CFATF, GIFCS	CFATF
Belarus	EAG	IMF (EAG)
Belgium	FATF	FATF
Belize	CFATF	CFATF
Benin	GIABA	GIABA
Bermuda	CFATF, GIFCS	IMF (CFATF)
Bolivia	GAFISUD	GAFISUD
Bosnia and Herzegovina	MONEYVAL	MONEYVAL
Botswana	ESAAMLG	WORLD BANK (ESAAMLG)
Brazil	FATF, GAFISUD	FATF (GAFISUD)
British Virgin Islands	CFATF, GIFCS	CFATF
Brunei Darussalam	APG	APG
Bulgaria	MONEYVAL	MONEYVAL
Burkina-Faso	GIABA	GIABA
Cambodia	APG	WORLD BANK (APG)
Canada	APG, FATF	FATF (APG)
Cape Verde	GIABA	IMF (GIABA)
Cayman Islands	CFATF, GIFCS	CFATF



Jurisdiction	Membership	Assessor Body
Chile	GAFISUD	GAFISUD
People's Republic of China	APG, EAG, FATF	FATF (EAG)
Chinese Taipei	APG	APG
Colombia	GAFISUD	GAFISUD
Comoros	ESAAMLG	IMF (ESAAMLG)
Cook Islands	APG, GIFCS	AGP (GIFCS)
Costa Rica	CFATF	CFATF
Cote D'Ivoire	GIABA	
Croatia	MONEYVAL	MONEYVAL
Cyprus	MONEYVAL	MONEYVAL
Czech Republic	MONEYVAL	MONEYVAL
Denmark	FATF	IMF (FATF)
Dominica	CFATF	CFATF
Dominican Republic	CFATF	CFATF
Ecuador	GAFISUD	GAFISUD
Egypt	MENAFATF	WORLD BANK (MENAFATF)
El Salvador	CFATF	CFATF
Estonia	MONEYVAL	MONEYVAL
Fiji Islands	APG	WORLD BANK (APG)
Finland	FATF	FATF
France	FATF	
Gambia	GIABA	GIABA
Georgia	MONEYVAL	MONEYVAL
Germany	FATF	FATF (IMF)
Ghana	GIABA	GIABA
Gibraltar	GIFCS	IMF
Greece <sup>2</sup>	FATF	FATF
Grenada	CFATF	CFATF
Guernsey	GIFCS	IMF
Guinea	GIABA	

Jurisdiction	Membership	Assessor Body
Guinea Bissau	GIABA	GIABA
Guatemala	CFATF	CFATF
Guyana	CFATF	CFATF
Republic of Haiti	CFATF	WORLD BANK (CFATF)
Honduras	CFATF	WORLD BANK (CFATF)
Hong Kong, China	APG, FATF	FATF (APG)
Hungary	MONEYVAL	IMF (MONEYVAL)
Iceland	FATF	FATF
India	APG, FATF	FATF (APG)
Indonesia	APG	APG
Republic of Iraq	MENAFATF	
Ireland	FATF	FATF
Isle of Man	GIFCS	IMF
Israel <sup>3</sup>	MONEYVAL	MONEYVAL
Italy	FATF	IMF (FATF)
Jamaica	CFATF	CFATF
Japan	APG, FATF	FATF (APG)
Jersey	GIFCS	IMF
Jordan	MENAFATF	MENAFATF
Kazakhstan	EAG	EAG
Kenya	ESAAMLG	ESAAMLG
Republic of Korea (South Korea)	FATF, APG	FATF (APG)
Kuwait	MENAFATF	IMF (FATF and MENAFATF)
Kyrgyzstan	EAG	EAG
Labuan	GIFCS	
Lao People's Democratic Republic	APG	APG (WORLD BANK)
Latvia	MONEYVAL	IMF (MONEYVAL)
Lebanon	MENAFATF	MENAFATF
Lesotho	ESAAMLG	ESAAMLG

Jurisdiction	Membership	Assessor Body
Liberia	GIABA	GIABA
Libya	MENAFATF	MENAFATF
Liechtenstein	MONEYVAL	IMF (MONEYVAL)
Lithuania	MONEYVAL	MONEYVAL
Luxembourg	FATF	FATF
Macao, China	APG, GIFCS	APG (GIFCS)
Madagascar	WORLD BANK	WORLD BANK
Former Yugoslav Republic of Macedonia	MONEYVAL	MONEYVAL
Malawi	WORLD BANK	WORLD BANK
Maldives	APG	IMF (APG)
Malaysia (incl. Labuan)	APG	APG
Mali	GIABA	WORLD BANK (GIABA)
Malta	MONEYVAL	MONEYVAL
Marshall Islands	APG	
Islamic Republic of Mauritania	MENAFATF	WORLD BANK (MENAFATF)
Mauritius	ESAAMLG, GIFCS	IMF (ESAAMLG)
Mexico	FATF, GAFISUD	IMF (FATF)
Moldova	MONEYVAL	MONEYVAL
Monaco	MONEYVAL	MONEYVAL
Mongolia	APG	APG
Montenegro	MONEYVAL	MONEYVAL
Montserrat	CFATF	CFATF
Morocco	MENAFATF	MENAFATF
Mozambique	ESAAMLG	ESAAMLG
Myanmar	APG	APG
Namibia	ESAAMLG	WORLD BANK (ESAAMLG)
Nauru	APG	
Nepal	APG	APG
Netherlands <sup>1</sup>	FATF	IMF (FATF)

Jurisdiction	Membership	Assessor Body
Netherlands Antilles <sup>1</sup>	CFATF, FATF, GIFCS	
New Zealand	APG, FATF	FATF (APG)
Nicaragua	CFATF	CFATF
Niger	GIABA	WORLD BANK (GIABA)
Nigeria	GIABA	GIABA
Niue	APG	
Norway	FATF	FATF
Oman	MENAFATF	MENAFATF (FATF)
Pakistan	APG	WORLD BANK (APG)
Palau	APG	IMF (APG)
Panama	CFATF, GIFCS	IMF (CFATF)
Papua New Guinea	APG	WORLD BANK (APG)
Paraguay	GAFISUD	IMF (GAFISUD)
Peru	GAFISUD	GAFISUD
Philippines	APG	WORLD BANK (APG)
Poland	MONEYVAL	MONEYVAL
Portugal	FATF	FATF
Qatar	MENAFATF	IMF (MENAFATF and FATF)
Romania	MONEYVAL	MONEYVAL
Russian Federation	EAG, FATF, MONEYVAL	FATF (EAG, MONEYVAL)
Rwanda	WORLD BANK	WORLD BANK
Samoa	APG, GIFCS	APG (GIFCS)
San Marino	MONEYVAL	MONEYVAL
Saudi Arabia, Kingdom of	MENAFATF	FATF (MENAFATF)
Senegal	GIABA	GIABA
Serbia	MONEYVAL	MONEYVAL
Seychelles	ESAAMLG	ESAAMLG
Sierra Leone	GIABA	WORLD BANK (GIABA)
Singapore	APG, FATF	FATF (APG)
Slovak Republic	MONEYVAL	MONEYVAL

Jurisdiction	Membership	Assessor Body
Slovenia <sup>4</sup>	MONEYVAL	MONEYVAL
Solomon Islands	APG	WORLD BANK (APG)
South Africa	ESAAMLG, FATF	FATF (ESAAMLG)
Spain	FATF	FATF
Sri Lanka	APG	APG
St. Kitts & Nevis	CFATF	CFATF
St. Lucia	CFATF	CFATF
St. Vincent & The Grenadines	CFATF	IMF (CFATF)
Sudan	MENAFATF	WORLD BANK
Suriname	CFATF	CFATF
Swaziland	ESAAMLG	ESAAMLG
Sweden	FATF	FATF
Switzerland	FATF	FATF
Syria	MENAFATF	MENAFATF
Tajikistan	EAG	WORLD BANK (EAG)
Tanzania	ESAAMLG	ESAAMLG
Thailand	APG	IMF (APG)
Timor Leste	APG	
Togo	GIABA	GIABA
Tonga	APG	APG
Trinidad and Tobago	CFATF	CFATF
Tunisia	MENAFATF	WORLD BANK (MENAFATF)
Turkey	FATF	FATF
Turkmenistan	EAG	EAG
Turks and Caicos Islands	CFATF	CFATF
Uganda	ESAAMLG	ESAAMLG
Ukraine	MONEYVAL	MONEYVAL
United Arab Emirates	MENAFATF	IMF (MENAFATF)
United Kingdom	FATF	FATF
United States	APG, FATF	FATF (APG)

Jurisdiction	Membership	Assessor Body
Uruguay	GAFISUD	GAFISUD
Uzbekistan	EAG	EAG
Vanuatu	APG, GIFCS	APG (GIFCS)
Venezuela	CFATF	CFATF
Vietnam	APG	APG
Yemen	MENAFATF	MENAFATF
Zambia	ESAAMLG	ESAAMLG
Zimbabwe	ESAAMLG	ESAAMLG

**Table notes:**

1. The Kingdom of the Netherlands is a member of the FATF. It comprises Aruba, the Netherlands Antilles and the Netherlands, which have been (and will be the case of the Netherlands Antilles) evaluated separately.
2. Greece was also assessed by the IMF in 2005. The detailed assessment report was not published.
3. Active observer status at MONEYVAL.
4. Third and Fourth Round Evaluations.





FATF/OECD  
September 2011

[www.fatf-gafi.org](http://www.fatf-gafi.org)