



Middle East and North Africa
Financial Action Task Force

3rd Enhanced Follow-Up Report for The Islamic Republic of Mauritania

TC Re- Rating Request

Anti-Money Laundering and Combating the Financing of Terrorism

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The Islamic Republic of Mauritania

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This document contains the 3rd Enhanced FUR for The Islamic Republic of Mauritania, which includes a TC re rating for (4) recommendations. This report reflects Mauritania's efforts, since the adoption of the MER in May 2018. The 33rd MENAFATF plenary has adopted this report provided that The Islamic Republic of Mauritania remains in the Enhanced FU process and submits its 4th Enhanced FUR in the 35th plenary meeting in November 2022.

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The 3rd Enhanced Follow-up Report for the Islamic Republic of Mauritania (with a TC re-rating request)

Introduction:

1. The Islamic Republic of Mauritania (“Mauritania”) was rated during the second round of the Mutual Evaluation process by MENAFATF, in accordance with the FATF 40 recommendations and 11 immediate outcomes adopted by FATF in 2012 and its amendments. The MER was prepared in accordance with the methodology adopted in 2013 and its amendments. Mauritania’s MER was approved by the MENAFATF 27th Plenary, which was held in May 2018 in Beirut, Lebanon. Based on the TC/EC ratings, and as per the ME and FU process, the Plenary Meeting concluded that the Mauritania will be subject to Enhanced Follow-up process.
2. Mauritania’s 1st EFUR was submitted to the 29th Plenary, which was held in April 2019 in Amman, the Hashemite Kingdom of Jordan. Mauritania submitted a request to re-rate technical compliance for six recommendations (11, 13, 14, 17, 18 and 27), and the Plenary decided to upgrade the TC ratings for recommendation (13) to “Largely Compliant”, and to upgrade the rating for two recommendations (17 and 18) to "Partially Compliant"; maintaining the rating "Partially Compliant" for the recommendations (11, 14 and 27). The Plenary also decided, in light of FATF’s amendments to recommendations after the adoption of Mauritania's MER, to maintain the rating of “NC” to R.2, 7 and 15); and (R.21) at "PC".
3. Also Mauritania’s 2nd EFUR was submitted to the 31st Plenary, which was held virtually in November 2020, after Mauritania submitted a request to re-rate 32 Recommendations, namely (1, 2, 4, 5, 6, 7, 8, 10, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 30, 31, 32, 34, 35, 38, 39 and 40), and these recommendations included those which was amended by FATF after the adoption of the MER. The Plenary decided to upgrade the TC ratings of Recommendations (10, 12, 17, 19, 20, 22, 27, 31 and 35) to "Compliant", and to upgrade the TC ratings of Recommendations (1, 4, 6, 14, 16, 23, 30, 32, 34, 38, 39 and 40) to “LC”, and the TC rating of Recommendations (8, 24 and 28) to “PC”, while maintaining R.26 at “PC”. As for the recommendations that were amended by FATF after the adoption of Mauritania’s MER, the plenary decided to upgrade the TC rating of two recommendations (5 and 18) to "Compliant", and to upgrade the TC rating of Recommendations (7, 21 and 25) to "LC", and upgrading the TC rating of the two recommendations (2 and 15) to "PC".
4. This report presents an analysis of the recommendations that Mauritania requested to re-rate, namely Recommendations (2, 11, 15 and 26)¹, and these recommendations included those that FATF modified after the adoption of the MER.

¹ The Islamic Republic of Mauritania submitted a preliminary request on 27 April 2021 to re-rate recommendations (2, 4, 8, 11, 15, 16, 24, 26). In compliance with the MENAFATF’s procedures regarding the request to re-rate the recommendations in which Mauritania obtained a rating of (non-compliant) or (partially compliant), as well as in compliance with the schedule to submit the TC matrix, Mauritania requested to re-rate recommendations (2, 11, 15 and 26). It should be noted that Mauritania obtained (LC) in recommendations 4 and 16, and therefore coordination was made with the secretariat not to request their re-rating. As for recommendations 8 and 24, the secretariat did not receive any information to justify the re-rating six months prior the plenary meeting and it was agreed as well not to be re-rated.

Results of the TC assessment as per the MER and the 1st and 2nd EFURs:

5. According to the MER and the 1st and 2nd EFURs, Mauritania was rated “Compliant” in (11 Recommendations), “LC” in (21 Recommendations), and “PC” in (8 Recommendations), of the 40 recommendations.
6. The following are brief of TC ratings:

Table (1): TC ratings as per Mauritania's MER and the 1st and 2nd EFURs

R. 1	R. 2	R. 3	R. 4	R. 5	R. 6	R. 7	R. 8	R. 9	R. 10
Largely Compliant	Partially Compliant	Largely Compliant	Largely Compliant	Compliant	Largely Compliant	Largely Compliant	Partially Compliant	Largely Compliant	Compliant
R. 11	R. 12	R. 13	R. 14	R. 15	R. 16	R. 17	R. 18	R. 19	R. 20
Partially Compliant	Compliant	Largely Compliant	Largely Compliant	Partially Compliant	Largely Compliant	Compliant	Compliant	Compliant	Compliant
R. 21	R. 22	R. 23	R. 24	R. 25	R. 26	R. 27	R. 28	R. 29	R. 30
Largely Compliant	Compliant	Largely Compliant	Partially Compliant	Largely Compliant	Partially Compliant	Compliant	Partially Compliant	Largely Compliant	Largely Compliant
R. 31	R. 32	R. 33	R. 34	R. 35	R. 36	R. 37	R. 38	R. 39	R. 40
Compliant	Largely Compliant	Partially Compliant	Largely Compliant	Compliant	Largely Compliant	Largely Compliant	Largely Compliant	Largely Compliant	Largely Compliant

Note: There are five Possible ratings for Technical Compliance (Compliant, Largely Compliant, Partially Compliant, Non-Compliant and Not Applicable)

Reference: <http://menafatf.org/sites/default/files/Newsletter/Mauritania-%202nd%20FUR-%20Ar.pdf>

7. In coordination with the secretariat, Mrs./ Rania Mohammad Al-Hassan, in her capacity as expert in the Sudanese FIU, analyzed TC recommendations in which Mauritania requested a TC re-rating for, as well as the recommendations that were amended by FATF.

Overview on the progress made in implementing the assessed Recommendations:

8. This chapter tackles the actions taken by the Mauritanian side in order to comply with the Recommendations requested for re-rating, which are as follow:
 - a. **Address some deficiencies in TC as identified in the MER with relation to recommendations requested to be re-rated.**
 - b. **Implement the new requirements as per the amendments made to FATF Recommendations since the adoption of the EFURs with relation to R.2 and 15.**

Recommendations of which Mauritania requested a TC re-rating:

9. Mauritania addressed all TC deficiencies mentioned in the MER with relation to R.11 and 26. As result of this progress, these two recommendations received re-rating.

Recommendation 11 - Record Keeping (PC)

10. The MER stated that Mauritania did not require FIs to keep files of accounts, commercial correspondence, and the results of any analysis conducted for at least five years from the date of termination of the business relationship or the date of the occasional operation, and that there is no legal provision that requires the existence of all information – with relation to the operations that must be kept - with the possibility of traceability and reconfiguring of individual operations so as to provide, when necessary, evidence for the prosecution against criminal activity. The MER also did not require FIs to ensure that CDD information and transaction records are swiftly made available to the relevant local authorities after appropriate authorization is obtained.
11. According to the 1st EFUR, it remains for Mauritania to require FIs to retain/keep all records obtained through CDD measures. And that its definition of FIs include all financial institutions according to FATF definition, and that the Central Bank of Mauritania Supervision includes insurance and reinsurance companies and obligates them to implement the relevant instructions.
12. To address the deficiencies mentioned in criteria (2, 3 and 4), Mauritania has taken a number of measures represented in the definition and classification of FIs, including banks operating in Mauritania, and in requiring FIs and DNFBPs to keep all records, documents and data, including copies of IDs, obtained through due CDD and EDD measures, account files, operations, correspondence, and any analysis conducted, for a period of no less than ten years from the date of the end of the operation, business relationship or account closure. The measures taken required the aforementioned institutions to take whatever measures required to enable data analysis, track all types of operations and reconstruct individual operations, provided that the files of accounts, operations, correspondence, records, documents kept are sufficient to allow data analysis and tracking of financial transactions, and be swiftly made available to the competent authorities upon request, so that it can be provided when necessity as evidence for the prosecution. This is also stipulated in the Central Bank ordinance No. 06-2019 regarding the supervisory controls for AML/CFT (for all FIs other than insurance companies), as well as Central Bank ordinance No. 07-2019 related to the instructions for AML/CFT in insurance companies and insurance agents and brokers.
13. **Conclusion:** It appears from the analysis above that Mauritania met the requirements of R.11 completely. **Accordingly, the TC rating for this Recommendation is “Compliant”.**

Recommendation 26 - Regulation and Supervision of Financial Institutions (PC):

14. The MER stated that there is no application of a risk-based approach to supervision and follow-up for the purposes of AML/CFT, and that the consolidated group-wide supervision is not applied for AML/CFT purposes, and that it is not clear that there is regulation, supervision or follow-up that takes into account the ML/TF risk-level in other FIs, and that it has not been clear that there is any assessment of the ML/TF risks, nor the application of the risk-based approach, and that the extent of the frequency or intensity of on-site supervision has not been shown, and that it is not clear that there is an offsite supervision over the FIs or Financial groups for AML/CFT purposes, and that the supervisory authorities do not review the ML/TF risks assessment structure of FIs or financial groups.

15. The 2nd EFUR indicates the absence of measures consistent with the basic principles of insurance and reinsurance companies. In addition to the absence of texts and procedures to fulfill the requirements of criteria 26.5 and 26.6.
16. To address the deficiencies related to this recommendation, insurance companies are subject to additional measures that are consistent with the basic principles (1, 3, 18, 11, 21, 22, 23 and 25) with relation to insurance companies issued by the IAIS. Noting that most of insurance companies' activity in Mauritania is limited to car insurance, as for other FIs operating in Mauritania and their branches and subsidiaries at home and abroad, including MVTS, they are all subject to the supervision of the Central Bank of Mauritania, which is in charge of taking the measures and procedures as stipulated for the AML Law and its executive regulations.
17. "Risk-Based Supervision Guide for Financial Institutions on AML/CFT" issued by the Central Bank in the first half of 2020, indicates that the Central Bank conducts a comprehensive periodic onsite examinations (tests) in accordance with a pre-established plan based on the risk-based approach where there is a minimum periodic inspection for financial institutions even if the risks of the institution are low, and this period is often about a year, and for financial institutions with high risks, this period is reduced to less than that. Determining FIs level of risk for the purpose of determining the time period for the inspection depends on the size of FIs, its complexity and the level of risks to which it is exposed to, according to the last inspection and its risk profile, with a focus on FIs that suffer from moderate or major risks or those suffering significant shortcomings or those that have been discovered to have committed violations in their policies, measures and procedures taken in relation to AML/CFT.
18. With regard to offsite supervision, the institutions subject to the supervision of the Central Bank are obliged to submit 3 periodic reports every 3 months with relation to ML/TF risks and training programs, in addition to a report for updating identification data, as well as to submitting an annual report on the AML/CFT systems in the FIs. Knowing that, the strategy for supervising FIs is based on several basic considerations, including ML/TF risks in the country in general, and the risks of the different FIs sectors, according to studies carried out by the Central Bank of Mauritania in light of the risk-based approach.
19. The "Risk-Based Supervision Guide for Financial Institutions on AML/CFT" indicates that the ML/TF risk structure assessment for financial institution or group, which includes the risks of non-compliance, is reviewed periodically and when there are significant events or developments in the management or operations of the financial institution or group.
20. **Conclusion:** It appears from the analysis above that Mauritania met the requirements of R.26. Accordingly, the TC rating for this Recommendation is "Compliant".

The recommendations requested by the state, and which were amended by the FATF after the adoption of the MER:

21. Since the adoption of the MER, some amendments have been made to some of the FATF recommendations. This section clarifies the extent of Mauritania's compliance to the new requirements of recommendations (2 and 15), which the state requested a re-rating therein. For reference, these two recommendations were previously analyzed in the second EFUR, where the reviewer expert indicated that there are deficiencies should be addressed.

Recommendation 2 - National Cooperation and Coordination (PC)

22. The MER mentioned a number of shortcomings, including the lack of mechanisms at the policy development level that would enable the responsible authorities to coordinate locally with each other regarding the development and implementation of policies and activities for AML/CFT, and the lack of operational coordination and its lack of clear mechanisms and procedures, the absence of evidence that there is cooperation and coordination between the concerned authorities to ensure that AML/CFT is in compliance with the rules for data protection and privacy and other similar provisions.
23. According to the 2nd EFUR, the shortcomings are represented in the failure to meet the requirements of criterion (2.3), as the mechanisms adopted by the National Committee were limited to the application of TFS and the implementation of the NRA process, which did not include all policies and activities for AML/CFT, and in the absence of evidence that there is cooperation and coordination between the concerned authorities in accordance with the requirements of criterion (2.5).
24. To address the shortcomings under criterion 2.3 and 2.5 referred to above, the National Committee issued a revised mechanism in February 2021 regarding cooperation and coordination between the competent authorities. This mechanism included forms of coordination between the relevant authorities, including policy development, exchange of information and the development and implementation of AML/CFT policies and activities. Paragraph (8) of this mechanism indicates that the competent authorities must cooperate and coordinate among themselves to ensure that AML/CFT requirements are consistent with the rules of data protection and privacy and other similar provisions, which requires that data and information be circulated via secure protected channels, and that data and information are kept in a secure manner, provided that the type of data that is allowed to be accessed is determined by each authority according to its jurisdiction, and according to the requirements of each case.
25. **Conclusion:** It appears from the analysis above that Mauritania met the requirements of R.2. **Accordingly, the TC rating for this Recommendation is “Compliant”.**

Recommendation 15 - New Technologies (PC)

26. According to the MER, Mauritania and FIs did not identify and assess ML/TF risks regarding the development of new technologies and professional practices.
27. As mentioned in the 2nd EFUR, there is no indication that the state decided to ban virtual assets and did not provide any information on the measures taken with regard to the criteria of recommendation 15 (from 3 to 11) regarding virtual assets and VASPs.
28. In order to address the deficiencies related to this recommendation, the Central Bank issued Circular No. 11/M/2020 which states that it is prohibited for all FIs to deal in VAs or perform any activities or services related to them or with VASPs, whether for the account of the FIs or for the account of third parties, in addition to the stipulation that it is prohibited for all natural or legal persons in Mauritania to deal or perform any activities or services related to VAs or VASPs. In addition, Mauritania assessed VAs and VASPs risks within the NRA, which resulted in the absence of ML/TF risks arising from the VAs and VASPs activities, and that it

is not being practiced at all. Mauritania did not provide an assessment of ML/TF risks arising from the activities of VASPs after the adoption of the new amendments to Recommendation 15 in 2019 by FATF, knowing that these risks remain low taking into consideration the context of Mauritania as mentioned in the 1st chapter of the MER.

29. The AML Law grants the competent authority (i.e., the supervisory authorities, including the Central Bank) the right to exchange information related to crime (generally without specifying the type or nature of the crime in which information may be exchanged) in appropriate speed with the counterpart foreign authorities and to implement requests received from any competent authority in foreign countries with which the country has an effective agreement or based on reciprocal basis.

Conclusion:

30. The above analysis shows that Mauritania Met some of the previous deficiencies of the requirements of this recommendation by, within the framework of the NRA process, evaluating the risks associated with VAs and finding the absence of related risks. The Central Bank of Mauritania performs a risk-based supervision process on all activities prescribed by the law, including VAs, pursuant to the Risk-Based Supervision Guide for Financial Institutions concerning AML/CFT issued in mid-2020. Due to the absence of this practice in Mauritania, no sanctions were imposed on violators, yet there are different types of dissuasive and proportionate sanctions for all violations and crimes. In addition to having the necessary legal basis that provides international cooperation in relation to ML, predicate offenses and TF.
31. It remains for Mauritania to update the assessment of AML/CFT risks emerging from VA activities and the activities or operations of VASPs, taking into account the new amendments to Recommendation (15) adopted in 2019, and to rely on a wide range of quantitative and qualitative information to determine the level of these risks and the extent to which persons (natural or legal) engage in any of the five activities that fall under the FATF definition, and taking actions based on a risk-based approach. It remains for Mauritania to clarify the procedures for identifying natural or legal persons that carry out VA activities and the activities or operations of VASP without the requisite license or registration and apply appropriate sanctions to them (15.5). Moreover, to point out that providing international cooperation in AML, predicate offenses and TF occurs regardless of the different nature or status of the counterpart authority requesting cooperation, be it civil or administrative, LEAs or others in accordance with criterion 15.11

Conclusion:

32. The reviewer, after analyzing the information provided by the Mauritanian authorities attached to its TC re-rating request for recommendations (2, 11, 15 and 26), ² concluded the following:

a. Recommendations of which Mauritania requested a TC re-rating:

² The Islamic Republic of Mauritania submitted a preliminary request on 27 April 2021 to re-rate recommendations (2, 4, 8, 11, 15, 16, 24, 26). In compliance with the MENAFATF's procedures regarding the request to re-rate the recommendations in which Mauritania obtained a rating of (non-compliant) or (partially compliant), as well as in compliance with the schedule to submit the TC matrix, Mauritania requested to re-rate recommendations (2, 11, 15 and 26). It should be noted that Mauritania obtained (LC) in recommendations 4 and 16, and therefore coordination was made with the secretariat not to request their re-rating. As for recommendations 8 and 24, the secretariat did not receive any information to justify the re-rating six months prior the plenary meeting and it was agreed as well not to be re-rated.

- To upgrade the rating from “PC” to “C” for Recommendations 11 and 26.

b. Recommendations requested by the country and amended by FATF:

- To upgrade the rating from “PC” to “C” for Recommendation 2.
- Maintain R.15 at “PC”.

33. Compliance ratings after re-rating can be summarized as follow:

Table (2): TC ratings as of November 2021

R. 1	R. 2	R. 3	R. 4	R. 5	R. 6	R. 7	R. 8	R. 9	R. 10
Largely Compliant	<u>Compliant</u>	Largely Compliant	Largely Compliant	Compliant	Largely Compliant	Largely Compliant	Partially Compliant	Largely Compliant	Compliant
R. 11	R. 12	R. 13	R. 14	R. 15	R. 16	R. 17	R. 18	R. 19	R. 20
<u>Compliant</u>	Compliant	Largely Compliant	Largely Compliant	<u>Partially Compliant</u>	Largely Compliant	Compliant	Compliant	Compliant	Compliant
R. 21	R. 22	R. 23	R. 24	R. 25	R. 26	R. 27	R. 28	R. 29	R. 30
Largely Compliant	Compliant	Largely Compliant	Partially Compliant	Largely Compliant	<u>Compliant</u>	Compliant	Partially Compliant	Largely Compliant	Largely Compliant
R. 31	R. 32	R. 33	R. 34	R. 35	R. 36	R. 37	R. 38	R. 39	R. 40
Compliant	Largely Compliant	Partially Compliant	Largely Compliant	Compliant	Largely Compliant	Largely Compliant	Largely Compliant	Largely Compliant	Largely Compliant

Note: There are five Possible ratings for Technical Compliance (Compliant, Largely Compliant, Partially Compliant, Non-Compliant and Not Applicable)

34. Based on the above, Mauritania obtained “Compliant” in 14 recommendations: “LC” in 21 and “PC” in 5 of the 40 recommendations as a result of the re-rating request within the 3rd EFUR. Accordingly, and as per MENAFATF procedures; Mauritania shall remain in the Enhanced Follow-up process; provided that it submits its 4th EFUR to the 35th Plenary to be held in November 2022.