



CARIBBEAN FINANCIAL ACTION TASK FORCE

Annual Report 2015-2016

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EXECUTIVE SUMMARY

For the family of twenty-seven nations that comprise the Caribbean Financial Action Task Force (CFATF), the period November 2015 to November 2016 was a time of dynamic, energising, positive and successful change.

National elections in Trinidad and Tobago on September 7th, 2015 ushered in a new administration with changes in the officials who would engage with the CFATF on behalf of the jurisdiction. Major General (Ret'd), the Honourable Edmund Dillon, Minister of National Security, was appointed Prime Contact to the CFATF, and the Honourable Faris Al-Rawi was assigned to perform the duties of CFATF Chairman for the period November 2015 to November 2016.

From the outset, it was evident that Chairman Al-Rawi had recognised that the CFATF, and the important work with which it was engaged, were critical ingredients towards ensuring the peace and ongoing economic security of the Caribbean Basin Region, notwithstanding the fiscal challenges that were being experienced by most, if not all, members.

Chairman Al-Rawi's presence at the FATF's October 2015 Plenary provided a valuable opportunity to observe, at very close quarters, the standard setting process in action, with its emphasis on effectiveness, the intensive resource requirements not only for assessment bodies like the FATF and the FATF Style Regional Bodies (FSRBs) but also for FATF/CFATF member countries themselves.

The FATF October 2015 Plenary provided the Chairman with an educative insight into the role of the G20 nations in influencing the global Anti Money Laundering and Financing of Terrorism (AML/CFT) agenda, the potential for calls for expedited compliance with the FATF Standards at any stage depending on emerging threats globally, and the attendant dangers where responses from jurisdictions were less than satisfactory.

Chairman Al-Rawi was also able to witness, first-hand, the considerable amount of advocacy by the CFATF Secretariat to prevent the publication of the names of any members in the FATF Report to the G20.

The Chairman also noted that the CFATF and FATF Secretariat were commended for managing the flow of information about the Questionnaire and responses to follow up questions.

Fully seized of the global picture and the need for prompt and sustained action from all CFATF Members, Chairman Al-Rawi issued a call for the convening of the CFATF Council of Ministers for November 29th, 2015.

Chairman Al-Rawi noted that an immediate concern was that the Fourth Round of Mutual Evaluations should proceed with dispatch, regularity and improved roll out.

The Conclusion section of the Chairman's Work Programme noted as follows; "The world is at a critical point in its history about the threats posed by terrorism and trans-national organised crime in particular. As an organization, CFATF joins the rest of the wider Financial Action Task Force (FATF) community in confronting the challenges posed by implementing the Fourth Round of Mutual Evaluations. There is no small task ahead but the price of failure is too high for us to yield. Our experiences position us to not only make a positive difference in our own jurisdictions but also to become an exemplar among FSRBs. This relies squarely on the support, assistance and hard work of our membership"

This call for action from the membership was reflective in the Chairman's call that all CFATF Members should respond to the FATF Terrorist Financing Fact Finding Initiative (TFFFI) on Recommendations 5 and 6 and strengthen relevant legislative provisions with urgency as the deadline for action was due to expire on December 31st, 2015.

Drawing on this sense of urgency the CFATF Secretariat redoubled its efforts to ensure that no CFATF member would be placed in jeopardy. The usual channels of communication through notifications were pursued, and were also followed up by further emails and personal calls from the Executive Director.

The results of these combined efforts were extremely encouraging. One-member enacted Terrorist Financing legislation within two days. Another took

the necessary steps and communicated these to the FATF Secretariat which precluded any negative reporting. The CFATF had a one hundred (100) percent response rate, not only to the TFFFI but also to a subsequent and related FATF Project namely the Terrorist Financing Information Gathering Exercise.

The focus on membership participation was high on Chairman Al-Rawi's agenda and in tandem, the Secretariat was instructed to prepare and circulate a Paper in January 2016, which sought to address the issue of membership participation in the affairs of the organisation and providing support to the Secretariat.

The backdrop for this decision was data showing difficulties being experienced with the sourcing of Assessors and Reviewers for the Mutual Evaluation Programme, preparing for and participating in the discussions of Trinidad and Tobago's Mutual Evaluation Report, populating the three Sub Committees of the Steering Group, a small group of countries consistently volunteering their officials to participate in the work of the Steering Group, the delays in providing data and finalising reports on the various Typologies projects, seconding officials to or providing virtual support to the Secretariat and importantly volunteering to fill the post of Deputy Chair.

The issue of the need for heightened membership participation was an ongoing topic for discussions at Steering Group and Plenary Meetings, and concerns were also expressed by the Group of Cooperating and Supporting Nations (COSUNs) as supported by the FATF Secretariat in their Statements to Plenary Meetings in May 2015, November 2015 and June 2016.

The dangers of this to CFATF Members was not lost on Chairman Al-Rawi and such was the gravity of the overall situation and the potential dangers to the reputation of the CFATF and its standing as an Associate Member of the FATF that the Steering Group at its June 2016 meeting explored suggestions that;

Chairman Al-Rawi should write to all political drivers in all CFATF member countries not only the Prime Contacts but

also the Heads of relevant institutions to facilitate enhanced membership and transparency on AML/CFT and other pertinent issues, and

The Honourable Prime Minister of Trinidad and Tobago will be requested to raise the issue and seek to persuade fellow Heads of Governments at CARICOM level.

The response from some members to the call for enhanced involvement was positive. Venezuela, The Bahamas and Antigua and Barbuda joined and became actively involved in the Planning Committee which led to the completion of the CFATF Strategic Plan 2017-2019.

Trinidad and Tobago seconded twelve (12) officials from the Offices of the Chairman and Prime Contact on a full time, part time, ad hoc and virtual basis, to assist with the work of the Secretariat. These officers contributed their experiences and expertise in the areas of information technology, redesign of the website and logo, projecting the CFATF's image and work on all social media platforms, launching CFATF TV, accounting and finance, human resources, media communications and redesign of the physical infrastructure at the Secretariat.

High level officials from Sint Maarten, The Bahamas, Trinidad and Tobago, Turks and Caicos Islands participated in the interview process for the Bi-Lingual Deputy Executive Director which resulted in appointment of Mr. Carlos Acosta, from El Salvador to the position.

In another much-welcomed development, The Bahamas nominated three officials to the Budget and Audit Committee (BAC) which is a sub-committee of the SG, tasked to oversee the CFATF's financial management, including preparation and execution of the budget, and carrying out the responsibilities of an audit committee on behalf of the Steering Group.

This addressed a long-standing need that the human resource burden in this very critical area, namely oversight of the budget and auditing process, could be shared beyond the three officials from Bermuda, Barbados and Trinidad and Tobago.

After considerable delays and with the prospect of Chairman Al-Rawi holding talks with the Co-Chairs on the margins of the June 2016 Plenary in Montego Bay, the CFATF Risks Trends and Methods Group (CRTMG) completed the Illegal Lotteries and the Cash and Negotiable Instruments Typologies Projects with Plenary approval of the reports.

An extension was requested in relation to the Proliferation of Small Arms and Ammunition project so that additional data could be collected and with the expectation that it will be completed before the November 2015 Plenary. The report was subsequently approved for publication at the November 2016 XLIV Plenary held in Providenciales Turks and Caicos Islands

So, all in all an encouraging response from the membership which has been recognised by our international partners. Notwithstanding this truth, more still needs to be done, so much so that in relation to the Steering Group consideration is being given to including officials from the wider membership in the work of the Steering Group.

More encouragement is also needed for the enhanced membership participation in the Mutual Evaluation Programme and with particular reference to ensure that all CFATF Mutual Evaluation Reports are of a high quality and in keeping with the international standards so that they can all pass the robust global Quality and Consistency review process which determines whether the FATF as standard setter will approve the publication of any Mutual Evaluation Report.

The CFATF must be particularly vigilant with its performance in this area because it has serious implications for our global reputation and standing as an Associate Member of the FATF.

The Mutual Evaluation Programme is the core work of the CFATF, and the importance of successfully undertaking the Fourth Round of Assessments cannot be over-emphasised given the use that is made of the Mutual Evaluation Reports by the international investment community and the implications for the ability of CFATF member countries to attract and maintain foreign direct investment.

With this in mind, the Operational Work Plan and Budget for 2017 outlines a wide range of Action Items that seek to strengthen organisational capacity to contribute to the global standard setting process, encourage members about effective implementation of the FATF Recommendations, produce high quality Mutual Evaluation Reports, implement a forceful follow up process and increase the staff complement with particular reference to the Mutual Evaluation Team.

Considering the ongoing effects of the global economic and financial crisis, the ongoing support of our long-standing friends and allies continues to be critical to the ability of the CFATF to undertake its core mandate. Consequently, the Secretariat will continue its pursuit of Technical Assistance and Training resources to alleviate the economic burden on the membership. The CFATF has a wide network and considerable goodwill within the international donor community that would facilitate this goal.

However, a measure of self-help from CFATF Members who are sufficiently resourced economically, and can make Extraordinary Contributions in addition to the annual contribution would be welcomed and during the period under review some countries have been able to do so.

Contributions in kind are also welcomed and the efforts of Trinidad and Tobago provides a solid example of what could be accomplished in this regard although it must be acknowledged that not all members hold the advantage of being the seat of the Secretariat.

Chairman Al-Rawi pledged in his work Programme to continue with the implementation of the results of the Management Audit, which was the central plank of the Work Programme of Immediate Past Chairman Luis Antonio Martinez Gonzalez of El Salvador. This has been accomplished for the most part, except for the Fixed Assets Register, the Financial Operations Manual and the physical restructuring of the Secretariat.

However, with the support provided and to be continued by the Facilities Management Teams from the Ministry of the Attorney General and Legal Affairs and the Ministry of National Security, it was anticipated that all three outstanding matters would

have been addressed before the end of Chairman Al-Rawi's term in office.

Trinidad and Tobago adopted a strong leadership role during the period under review and these efforts are signposting the way the annual contribution for 2017 and beyond could be kept within certain limits with the help and support of the membership.

And in another significant way the start of Trinidad and Tobago's term as Chair is another indicator of the important roles that the current Chair, Deputy Chair, Incoming Chair and former Chairman can all collaborate in ensuring that the business of the organisation can continue seamlessly.

The scheduling difficulties of Immediate Past Chair Luis Martinez and the need for Deputy Chair Faris Al-Rawi to lead the Trinidad and Tobago delegation for the reading of the jurisdiction's Mutual Evaluation Report, led former Chairman Samuel Bulgin to chair the discussions at very short notice but with admirable skill and expertise.

And in similar fashion Deputy Chair Rhondalee Braithwaite-Knowles readily travelled to Paris for one day to represent the CFATF on behalf of Chairman Al-Rawi, moving directly from the airport to the FATF Working Group meeting for the Quality and Consistency discussions of Trinidad and Tobago's Mutual Evaluation Report and doing so with grace, ease and aplomb all of which paid rich dividends for the image and reputation of the CFATF.

It is clear that the CFATF during the period under review demonstrated that it has a strong and solid foundation of committed officials who possess the requisite skill and knowledge that can facilitate the fulfilment of Chairman Al-Rawi's goal that the CFATF should become an exemplar among FSRBs.

The full realisation of this promise as the Chairman's Work Programme highlights relies squarely on the sustained support, assistance and hard work of our entire membership.

THE ORGANISATIONAL STRUCTURE

Under the direction of Members, the Chair, Deputy Chair, the Steering Group, the Working Groups, the

COSUNs, Observer Organisations and the Secretariat, undertook the annual Work Programme and conducted the general business of the Caribbean Financial Action Task Force (CFATF).

There were no changes to the organisational structure during the period under review.

CHAIR/DEPUTY CHAIR

The Chair of the Caribbean Financial Action Task Force (CFATF) for November 2015-November 2016 was Senator the Honourable Faris Al-Rawi, Attorney General, Government of Trinidad and Tobago.

The CFATF Deputy Chair for November 2015 to November 2016 was the Honourable Rhondalee Braithwaite Knowles, Attorney General, Government of the Turks and Caicos Islands.

On assuming their leadership positions, both Trinidad and Tobago and Turks and Caicos Islands pledged to work in close collaboration with each other to serve the best interests of the CFATF.

Throughout the period under review, the pledge of close collaboration became a reality when Deputy Chair Hon. Rhondalee Braithwaite-Knowles undertook the responsibility of presiding over meetings of the Steering Group, Plenary and Council of Ministers on those occasions when Chairman Al-Rawi was not available.

COUNCIL OF MINISTERS

The Council of Ministers ("the Council") is the supreme authority within the CFATF and consists of one (1) Ministerial representative or duly authorised alternate proposed in writing from each Member.

The Council is required to meet at least once annually and where urgent circumstances dictate, may make decisions in respect of its functions and duties by a two thirds majority using a procedure by which the Secretariat will circulate to each Member in writing (in electronic or other form) the proposed recommendation for their individual consideration and approval or otherwise within ten (10) days of receipt of the proposed recommendation, which approval or otherwise will be communicated to the Secretariat for tabulation and dissemination.

The functions and duties of the Council include examining, modifying, approving or rejecting inter alia:

- i. The Annual Reports of the Organisation
- ii. The audited Financial Reports for the previous financial year;
- iii. The Work Programme for the following year;
- iv. The Budget for the following year;
- v. The admission of new and the removal of Members, Co-operating and Supporting Nations and Observers.
- vi. The appointment of the Executive Director and the Deputy Executive Director(s) of the Secretariat, and
- vii. Election of the Chair and Deputy Chair.

With Chairman Al-Rawi at the forefront, the September 2016 Council of Ministers recognised that an immediate concern was the necessity that the Fourth Round of Mutual Evaluations should proceed with dispatch, regularity and underpinned by the required resources to achieve efficient and effective implementation and the declared goal of at least seventy-five (75) per cent compliance with the FATF Recommendations.

The concerted focus on the demands of the Fourth Round of Mutual Evaluations was also reflected in the development of the CFATF Strategic Plan as mandated by the Council of Ministers.

The 2011 – 2015 Strategic Plan contained seven Strategic Objectives which remain relevant to the ongoing work of CFATF given the advent of the Fourth Round of Mutual Evaluations and the challenging global economy.

Drawing on the confluence of previous work undertaken by the CFATF and current developments, the Planning Committee identified and the Council of Ministers agreed, as part of the Strategic Plan for 2017-2019, two (2) primary and two (2) supporting Strategic Objectives that are intended to guide the prioritization of initiatives over the period 2017 – 2019.

These are all set out for ease of reference in the following chart.

Strategic Objectives 2011-2015	Specific Strategic Objectives for the period 2017 – 2019
Increase capacity Achieve Compliance	Primary Objectives To ensure that its members achieve effective Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation Financing Regimes, through compliance with the FATF Recommendations, and Immediate Outcomes
Develop Proactive Organization Contribute to Global Standards	To contribute to global standards
Achieve Mutual Evaluation targets	Supporting Objectives Ensure the quality and consistency of mutual evaluations undertaken
Improve accountability and use of resources	Continue to develop a proactive organization through implementing an effective advocacy programme
Contribute to Global standards	
Achieve compliance	
Build an effective organization	

The Strategic Plan 2017-2019 has four subsidiary documents and members responded positively to the call for active involvement to complete this task as follows:

Strategic Plan 2017-2019 and four Subsidiary Documents. Status Report

A Membership Training Plan (encompassing assessor training, standards training and other technical support for Members);
 Leader- Antonio Delgado, Venezuela
 Member–Salisha Mohammed, Trinidad and Tobago;
 Tiffany Moss, The Bahamas; Sinclair White, Bermuda and Carlos Acosta, CFATF Secretariat.

A Human Resource Plan (including developmental training for secretariat staff);
Leader-Stacey Benjamin, The Bahamas.
Members-Cheryl Lister Bermuda, Angela Brooks Turks and Caicos Islands, Magdalene Walcott CFATF Secretariat.

A Communications Plan (including an Advocacy Plan and Outreach Policy);
Leader-Yolande Rolle, The Bahamas
Member- Cheryl Greenidge Barbados, Michelle Dean The Bahamas, Asha Claxton Trinidad and Tobago, Calvin Wilson, Risha Pragg-Jaggernauth, CFATF Secretariat.

A Fourth-Round Mutual Evaluations Execution Plan. (This plan must go beyond the timetabling of Mutual Evaluations over the coming years and should include specific components to enhance Member participation in the quality and consistency review process.)
Leader-Andrew Dalip Trinidad and Tobago/Edward Croft Antigua and Barbuda
Member-Paula Tyndale Bermuda, Khalila Astwood-Dorset Turks and Caicos Islands, Vyana Sharma Trinidad and Tobago, Dawne Spicer CFATF Secretariat.

The overall work of the Planning Committee is coordinated by Ana Folgar, CFATF Secretariat.

In tandem with the spirit of the Strategic Plan, the Operational Work Plan and Budget 2017 was guided by the critical necessity of keeping abreast of and understanding international developments which could result in a call at any stage by the global AML/CFT network for the expeditious implementation of the FATF Recommendations as was the case with FATF initiatives on Recommendations 5 and 6.

Given the global focus on effective implementation of the FATF Recommendations, The Council of Ministers instructed that each CFATF Member should ensure that preparations for the Fourth Round of Mutual Evaluations commence at an early stage so that the national AML/CFT architecture is sufficiently resilient and in keeping with the international standards.

In taking this positive and proactive approach, CFATF Members were advised to be mindful of the implications of the FATF or CFATF International Co-operation Review Group (ICRG) initiatives and the attendant negative consequences, economic and otherwise.

It was also recommended that the CFATF should take the steps necessary to enhance and upgrade its mutual evaluation procedures, ensuring that the FATF Methodology is appropriately applied such that reports approved by the CFATF Plenary are of a high quality and consistency.

With a view to ensuring that the CFATF can effectively carry out its role to enforce compliance with the FATF standards, it was agreed that the CFATF should continue to implement a vigorous follow-up process appropriately supported by the work of the CFATF ICRG which will work as necessary in tandem with the FATF.

It was also necessary for the CFATF to embark upon a global advocacy and outreach programme using an all of organization approach, vis-a-vis resources, to protect the best interests of all CFATF members and the Caribbean Basin Region considering developments in the international arena which may impact the region's economic well-being and reputational integrity

With the foregoing in mind, the Council of Ministers approved the Operational Work Plan and Budget 2017 with a significant increase in members' annual contribution from US\$40,000 in 2016 to US\$57, 400 for 2017.

The rationale for this decision against the backdrop of a downturn in the economic climate regionally, was to ensure that the Mutual Evaluation Programme and the overall operations of the Secretariat and the organisation as whole could be properly resourced.

With a view to strengthening the ability of the CFATF to effectively undertake its monitoring responsibilities, the Council of Ministers mandated that the current staff complement should be increased.

Accordingly, the Operational Work Plan and Budget 2017 made provisions for an additional ten staff positions namely, Legal Advisor, Financial Advisor, Law Enforcement Advisor, three Research Officers, an Administrative Assistant, Accounting Assistant, Information Technology Assistant and a Communications Assistant.

Previous experience with the staff procurement process and the need for newly engaged staff to be trained to undertake their responsibilities particularly in relation to the Mutual Evaluation Programme which is the core work of the organization, demanded that the recruitment process commenced at the earliest opportunity. In tandem, a firm time frame was established for the recruitment of the new staff between September 2016 and April 2017.

In addition to mandating an enhanced staff complement, the Council of Ministers with a serious focus on the importance of the human capital and staff security to the longevity and efficiency of the CFATF, mandated that to attract and maintain competent staff and ensure security of tenure, staff contracts of employment should cover a four-year period and should include the payment of a twenty (20) per cent gratuity at the end of each contractual term.

Ministers also mandated that a separate Reserve Fund into which a sum equivalent to five (5) per cent of the base salary for each employee would be set aside annually to meet the twenty (20) per cent gratuity payment as it falls due.

The clear focus of Chairman Al-Rawi and the Council of Ministers was to improve the efficiency of the CFATF's discharge of its core responsibilities, namely the Mutual Evaluation Programme and to attract and maintain a highly specialized and competent staff complement with security of tenure as a central component at a pivotal juncture for the organisation with the onset of the resource intensive Fourth Round of Mutual Evaluations.

The Council of Ministers were of the view that the longer contract period would provide staff with a greater sense of security while the gratuity would provide some comfort as contract staff are not

normally afforded the benefit of a pension scheme. Additionally, the gratuity would be conditional on the completion of the contract term to motivate staff to complete their contract period.

A further signpost to the seriousness of their intentions about the recruitment of the new staff, the Council of Ministers approved drawings on the Reserve Fund as appropriate for the engagement of new staff on a priority basis during September – December 2016 pending receipt of the annual contributions for 2017 and the restitution to the Reserve Fund in same measure by December 31st, 2017.

Another important guiding principle was that the recruitment process for the new staff should be informed by the need to ensure that the overall staff complement reflected the composition of the membership, the diversity of legal and economic systems and experience and expertise in the professional disciplines needed to effectively implement the mandate of the organization

It was also of critical importance that the staff should function at their fullest potential, serving the best interests of all CFATF members, in a conducive, empowering work environment that also catered for ongoing professional development. These principles were to be the guiding components of the organisational Human Resources Plan which was to be finalized by the Human Resources Committee (HRC).

In arriving at their decisions as outlined above, the Council of Ministers were indeed mindful that the economic climate regionally and the fiscal challenges which continue to confront members may impact the ability of members to meet the increase in annual contribution for 2017 and indeed beyond.

Accordingly, consideration was also given but not pursued to a framework through which the overall financial burden in terms of annual contribution due from each member could be reduced through the Secretariat dialoguing with members and securing their agreement on what services they can provide to the organization which ordinarily would be provided for in the Budget. Such services included for example as the seconding of staff, translation of documents, simultaneous interpretation, equipment rental,

technical and administrative support services and funding coffee breaks at CFATF meetings.

Another driver for the enhancement of the staff complement was the acknowledgement by Ministers of the serious problem that was being posed by the issue of de-risking and loss of correspondent banking relationships and the issues that could arise because of the FATF's focus on Recommendations 24 and 25 in relation to legal persons and legal arrangements.

PLENARY

The CFATF Plenary meets at least twice annually and is the ultimate decision-making body on all technical issues (i.e. Mutual Evaluation Reports, Follow up Reports and adoption of the revised FATF Recommendations).

The Chair and Deputy Chair of the Council will be respectively Chair and Deputy Chair of the Plenary, but the Chair can delegate a senior official with strong technical knowledge to preside over the meetings of the Plenary.

The functions and duties of the Plenary entail amongst other things, where applicable to review, analyse, modify and make recommendations and decisions on the draft Agenda; the draft Annual Report; the Mutual Evaluation and Follow-up Reports on Members; the implementation of the approved Work Programme as it relates to technical issues; the Technical Assistance and Training Reports on Members; the Typology Reports on money laundering and terrorist financing trends in the Region; and Policy matters, including the adoption of any revised Recommendations; and instances of failure to comply with the Memorandum of Understanding and the Recommendations by a Member.

The Plenary may also establish working groups to undertake specific tasks.

The principal responsibility of the Plenary is oversight of the Mutual Evaluation Programme which

includes the Follow up and ICRG processes all with a view to ensuring membership compliance with the FATF Recommendations.

The Compliance Reports prepared and presented by the Secretariat at each Plenary provide a valuable insight into the operations of the overall Mutual Evaluation Programme and Follow up processes including the CFATF International Cooperation Review Group exercise in terms of member countries rectifying deficiencies identified in their respective Mutual Evaluation Reports as well as complying with processes and procedures and participating in the global standard setting process.

As at the end of the period under review, twenty-three (23) of the CFATF's twenty-seven (27) Member countries have exited the Follow-Up Process and are therefore no longer in the 3rd round, namely Anguilla, Antigua and Barbuda, Aruba, Bermuda, Belize, Cayman Islands, Curacao, Dominica, Dominican Republic¹, El Salvador, Grenada, Guatemala, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, Montserrat, The Bahamas, Trinidad and Tobago, Turks and Caicos Islands, Venezuela and the Virgin Islands.

It is anticipated that the remaining four countries, Haiti, St. Vincent and the Grenadines, St. Maarten and Suriname will exit during 2017.

Regarding the timely submission of follow-up matrices and the posting of follow-up reports (FURs) generally, most members were within a few days of the March 2016 deadline applicable for the June 2016 Plenary with one being over a month late and three Members meeting the deadline.

Regarding the timely posting of follow-up reports, none were posted by the October 7, 2016 deadline applicable for the November 2016 Plenary. A revised deadline of October 21, 2016 resulted in the posting of two reports at the time of this writing.

The difficulty in meeting the deadline date was a result of the work being done by the Secretariat's

¹ The Dominican Republic exited 3rd Round reporting due to the proximity of their Mutual Evaluation and the deficiencies were transferred to 4th Round. The Dominican Republic notified the CFATF that it was

withdrawing its Membership on September 1, 2016. Pursuant to paragraph 56 of the CFATF MOU, a withdrawal will be effective three (3) months after receipt of written notice by the Secretariat, namely December 31st, 2016.

Mutual Evaluation Team on the MERs of Barbados and The Bahamas and the ongoing acute shortage of staff on the overall operations of the Secretariat.

Delays in meeting the established timelines for the submission of documents to the Secretariat as outlined in the CFATF Mutual Evaluation Procedures continue to be a source of concern not only for the Mutual Evaluation Team at the Secretariat, the CFATF Steering Group, Plenary and Council of Ministers but also for our longstanding friends and allies the COSUNs and the FATF Secretariat, our fervent supporters, who have the best interests of the CFATF at heart.

The presentation of the Mutual Evaluation Report on Jamaica was postponed from the June 2016 Plenary and presented at the November 2016 Plenary.

The presentation of the Mutual Evaluation of The Bahamas was postponed from November 2016 to May 2017.

During 2016 there were important developments in relation to the Mutual Evaluation Reports of Guatemala, Dominican Republic and Barbados which were monitored by the Plenary.

Regarding the Mutual Evaluation of Guatemala (a joint member of both the CFATF and GAFILAT), the Mutual Evaluation Report was adopted by GAFILAT's Plenary at its August 2016 meeting. It should be noted that the draft Mutual Evaluation Report was reviewed by the CFATF Secretariat and comments on a later version were provided by two CFATF Members². Based on the agreement between the CFATF and GAFILAT, an overview of the adopted MER was presented at the November 2016 Plenary by GAFILAT's Deputy Executive Secretary.

Considering its decision to withdraw its CFATF membership, the Mutual Evaluation of Dominican Republic was not undertaken by the CFATF. However, based on discussions between the CFATF and GAFILAT Secretariats, the Technical Compliance (TC) Annex and Draft Scoping Note

which were prepared by the CFATF Secretariat have been sent to GAFILAT for their use in the Dominican Republic's Mutual Evaluation.

Additionally, the Dominican Republic agreed to a Mutual Evaluation onsite visit for October of 2017 with the presentation of the Mutual Evaluation Report in their Plenary in July 2018³.

The Mutual Evaluation of Barbados was scheduled for the period December 5-16, 2016. The TC Annex is currently being reviewed by the Assessment Team based on the comments received from the Barbados Authorities, while the draft Scoping Note is being finalized.

The quality and consistency of all Mutual Evaluation Reports prepared by all Assessment Bodies is of critical importance to the global AML/CFT network. In this regard, the FATF conclusions on issues raised in Mutual Evaluation Reports has also been posted on the CFATF website. The intention is to add relevant issues that have been formulated from Plenary discussion to this list to ensure consistency of treatment in CFATF Mutual Evaluation Reports.

In a further step to ensure quality and consistency of all CFATF Mutual Evaluation Reports, the CFATF Review Working Group (CRWG) has been established to review the first three (3) Fourth Round Mutual Evaluations and provide guidance on areas of accomplishments but also lessons to be learnt where improvements are needed.

THE STEERING GROUP

The CFATF Steering Group acts as the Organization's Board of Directors, reflects the multicultural, multi-lingual diversity of the various member groupings, and was established at the Council of Ministers meeting in October 1997. Over the ensuing years, it has played a critical role in the growth and development of the Organisation.

During November 2015 and November 2016, the CFATF Steering Group comprised the following:

the discussion on the Mutual Evaluation Group, therefore not included in the discussions.

³ Final approval was pending confirmation at GAFILAT's Plenary in December 2016.

² Virgin Islands comments were submitted for GAFILAT's Mutual Evaluation Group and Plenary discussion and Trinidad and Tobago, whose comments were received after

Chair-Trinidad and Tobago; Deputy Chair-Turks and Caicos Islands; Outgoing Chair-El Salvador, Members Antigua and Barbuda, Barbados, Bermuda, Sint Maarten The Bahamas, Venezuela, and Virgin Islands. The COSUNs is represented on the Steering Group by the United States.

The Steering Group is an advisory committee to the Secretariat on policies which for practical purposes cannot be dealt with by all Members or where the responsibility has been delegated by Plenary or the Council of Ministers as appropriate.

The oversight and monitoring functions and responsibilities of the Steering Group and its sub groups; the BAC, the HRC and the new Planning Committee, over all aspects of CFATF affairs, have been firmly established and will continue to strengthen the organisation.

The November 2015 Council of Ministers mandated that every member of the SG should sit on one of its Sub Committees with a view to sharing the enormous and growing workload. This is designed to spread the burden of the workload beyond the five members who currently do the work of the Sub Committees.

Some of the important milestones for the Steering Group during the leadership of Chairman Al- Rawi were as follows:

- Overseeing, endorsing and recommending to the Council of Ministers the excellent work of the Executive Director, Financial Comptroller, the BAC, the HRC and the Planning Committee, on the strategic vision and far reaching provisions of the Operational Work Plan and Budget 2017, which was approved by the September 2016 Ministerial Meeting.
- Ensuring that most of the issues in relation to the Management Audit were addressed, except the development of the Financial Manual (which commenced at the beginning of September 2016), Fixed Assets Inventory and the refurbishment of the Secretariat.

- Responding positively to the calls for wider participation in the work of the three Sub Committees, given the growing workload of the organization and the establishment of the Planning Committee, as well as being responsive to the idea by the Executive Director for extending the call for participation in the three Sub Committees to the wider membership.
- Supporting the efforts by the Executive Director in relation to dialogue with France on membership in the CFATF as a consequence of the Council of Ministers approval of the CFATF Outreach Policy on membership which is a guide to the work of the Secretariat to approach potential candidates for new members.
- Enhancing the efficiency with which the Steering Group operated through proper management of attendant administrative arrangements and timely preparation and circulation of Discussion Papers for Steering Group meetings, as well as the introduction of Briefing Notes for the Chairman as a guide for the effective conduct of the meetings and detailed Annotated Agenda to inform the proceedings and thereby facilitate cogent decision making.

CFATF WORKING GROUPS

Working Groups have been an integral part of the CFATF organisational structure, since its inception. During the period under review, the CFATF had five (5) established and functioning Working Groups. These were the Heads of Financial Intelligence Units Forum, the Accreditation Council, the CRTMG, the CFATF Working Group on FATF Issues (CFATF WGFI), and the CFATF International Cooperation Review Group (CFATF ICRG).

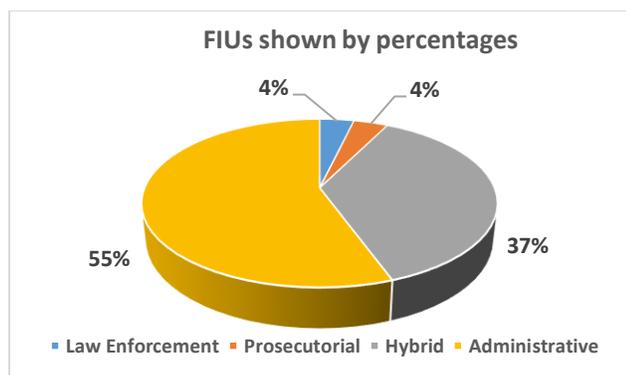
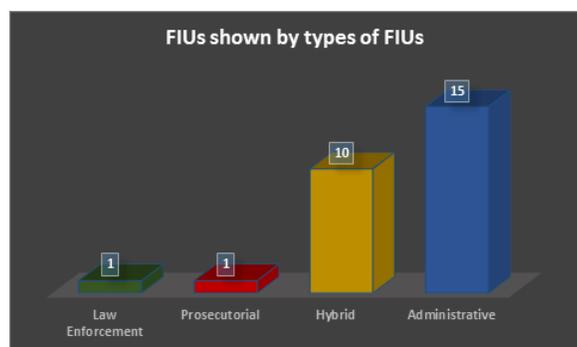
The hallmark of all the CFATF Working Groups as they engage to advance the business of the organization is their continuous reflection of the diversity, multi-cultural and multi-lingual character

of the CFATF. Additionally, encouraging is the preparedness of some Members to take on challenging projects which demonstrate the leadership qualities that redound to the benefit of the organization and offer sterling examples which can be emulated by all Members.

HEADS OF FINANCIAL INTELLIGENCE UNITS FORUM

The CFATF Heads of Financial Intelligence Units (FIUs) Forum continues to be a huge success in relation to the signing of Memoranda of Understanding between CFATF members and between CFATF Members and other countries around the world, including FATF member countries.

BREAKDOWN OF CFATF FIU TYPES



Commendations and congratulations should be extended Ms. Susan Francois, Director, FIU, Trinidad and Tobago, for her stewardship of this Forum during the period under review and Mr. Jefferson Clarke,

Law Enforcement Advisor for coordinating the work of the Forum.

At the CFATF June 2016 CFATF Heads of Financial Intelligence Units Forum the Heads expressed a desire that, considering the 4th round Methodology emphasis on the work of FIUs, they should become more active in the ongoing work of the WGFI and formed a sub-committee made up of Directors from Bermuda, Dominican Republic, Curacao, Trinidad and Tobago and Antigua and Barbuda, to look at possible ways in which this could be possible. At the CFATF November 2016 meeting the Heads decided to ask for future meeting days of the Forum to be moved from its current day so that it would not clash with the simultaneous meeting of the WGFI, thus permitting the Heads the opportunity to contribute to the work of the WGFI.

During this period the Heads, at the behest of Madam Chair Francois, began discussions on the evolving role of regional FIUs, which saw FIUs moving away from their core responsibilities thus resulting in the creation of burdens that were not anticipated.

ACCREDITATION COUNCIL

The Heads of FIU's Forum during May 2009, established the Accreditation Working Group (AWG), now the Accreditation Council, which is the driving force for advancing the Accreditation and Training Project for Financial Investigators and Analysts, and has been functioning with the aim of determining the framework for the Accreditation and Training Programme.

The overall aim is to ensure that regional capacity to take the profit out of crime is enhanced through the successful investigation and prosecution of criminal activity and the confiscation of illegal proceeds.

Partnering with the CFATF in this critical capacity building initiative are the CARIFORUM, and the European Commission through whom a commitment of one million, two hundred thousand Euros (€1.2 million) has been pledged. This partnership included the Governments of Dominican Republic, Jamaica and Trinidad and Tobago where training facilities to undertake course delivery will be based, and the Caribbean Criminal Asset Recovery Programme (CCARP).

The Accreditation Council has a membership comprising Berdie Dixon-Daley, Jamaica-Chair, Shelly Nichols- Hunte, Barbados, Dulce Luciano, Dominican Republic, Alcedo Fahie, Virgin Islands, Eamon Kearney, Caribbean Criminal Asset Recovery Programme (CCARP) and Jefferson Clarke, CFATF Secretariat as Coordinator.

The mandate of the Accreditation Council is to oversee and direct operations which will result in the accreditation of financial investigators and analysts.

The Accreditation Council is pivotal to the successful implementation of the three year, 1.3 Million Euros project, for the training and accreditation of Financial Investigators and Analysts over three years and began in September of 2016

This three (3) year project is another success for the CFATF as it is the first programme of its kind in the AML/CFT global network and is an example that could be followed by other FSRBs.

This project has been long in coming to fruition and Madam Chair, Mrs. Birdie Dixon-Daley, Executive Director, Calvin Wilson, Law Enforcement Advisor, Jefferson Clarke must be thanked for their tenacity in ensuring that the dialogue and relationships with our donor partners were kept alive.

The Grant Contract was signed on Monday June 13th, 2016, by Executive Director Calvin Wilson and the first tranche of the funding was received in August 2016, thus commencing the implementation phase of the project. A Project Team was established at the Secretariat to manage the day to day activities of the project.

The Chairman of the Accreditation Council oversaw the engagement of a service provider that specialises in change management and executive coaching with a specific emphasis on the implementation of AML and CFT frameworks. The goal was to condense

aspects of Egmont's Tactical Analysis and Strategic Analysis courses, infused with regional content, into one course for the purposes of the analyst training.

The first course to be delivered as part of this project will be the Train-the-Trainer for Analysts course, which will commence on January 9th 2017, until January 17th 2017, with three other analysts specific courses scheduled during 2017.

RISKS TRENDS AND METHODS GROUP (RTMG)

The CRTMG is also anchored in the Heads of FIUs Forum and is important so that regional stakeholders could be kept abreast of the trends and methods being used by criminals in the region, to launder funds and finance terrorism.

Since February 1996, the CFATF has been conducting a number of Typology Exercises which allow for the sharing of information collated by various bodies involved in the fight against money laundering, with the aim of increasing awareness of the attendant risks to the Caribbean Basin Region.

These exercises have explored money laundering activity in Domestic Financial Institutions, the Casino and Gaming Industry, through International Financial Transactions conducted in both Domestic and Offshore Institutions and the Emerging Cyberspace Technologies and AML/CFT vulnerabilities of Free Trade Zones.

Under the leadership of Co-Chairs Mrs. Jacqueline Somersall-Berry, St. Kitts and Nevis, Dwayne Baker, Turks and Caicos Islands and Yves-Fils Stimphat, Haiti, in June 2016, the CRTMG concluded and published the typology reports on Illegal Lotteries⁴ and Movement of Cash and Negotiable Instruments⁵. In November 2016, the CRTMG concluded and published the report on the Proliferation of Small Arms and Ammunition⁶.

⁴ <https://www.cfatf-gafic.org/index.php/documents/typologies/6949-illegal-lotteries-typology-project-report>

⁵ [https://www.cfatf-gafic.org/index.php/documents/typologies/7171-](https://www.cfatf-gafic.org/index.php/documents/typologies/7171-movement-of-cash-and-negotiable-instruments-september-2016/file)

[movement-of-cash-and-negotiable-instruments-september-2016/file](https://www.cfatf-gafic.org/index.php/documents/typologies/7171-movement-of-cash-and-negotiable-instruments-september-2016/file)

⁶ [https://www.cfatf-gafic.org/index.php/documents/typologies/7585-the-proliferation-of-small-](https://www.cfatf-gafic.org/index.php/documents/typologies/7585-the-proliferation-of-small-arms-and-amunition)

Co-Chair Somersall-Berry departed the CRTMG in October 2016 and we take this opportunity to formally recognise her contribution to the CRTMG and by extension the CFATF and wish her all the best in her future endeavours. It must be noted that when project leaders were unable to bring two of the typology projects to completion for various reasons, Co-Chair Somersall-Berry took up the mantle and ensured that she saw them through to the finish. The CFATF thanks her for her sterling contribution to this body of work.

CFATF WORKING GROUP ON FATF ISSUES (CFATF WGFI).

Pursuant to the mandate of the November 2010 Ministerial Meeting, the CFATF Working Group on FATF Issues (WGFI) was established so that the CFATF could effectively follow and engage the FATF Evaluations and Compliance Group and the FATF Policy Development Group.

CFATF-WGFI's membership consists of Anguilla, Belize, Bermuda (Co-Chair), Barbados (Co-Chair), Cayman Islands, Curacao, Dominican Republic, FATF Secretariat, Guatemala, Jamaica, St. Kitts & Nevis, Turks and Caicos Islands, Trinidad and Tobago, Venezuela, Virgin Islands and U.S.A.

This partnership between the CFATF and FATF Members and the FATF Secretariat is critical to understanding the requirements of the revised FATF Recommendations and the application of the Methodology.

In May 2014, the mandate of the CWGFI was changed to incorporate the work of the newly established FATF Working Groups which are the Global Network Coordinating Group, Evaluations and Compliance Group and the Policy Development Group

Commendations and congratulations should therefore be extended to WGFI Co-Chairs Cheryl Greenidge,

Barbados and Cheryl Lister, Bermuda for the excellent work they continue to do in this regard supported by Deputy Executive Director, Dawne Spicer, Roger Hernandez, Financial Advisor and Ana Folgar, Legal Advisor.

The Council of Ministers in November 2015 noted that both the FATF and CFATF should undertake a review of their initial five (5) and three (3) Mutual Evaluation Reports during the Fourth Round of Mutual Evaluations.

It was also recognised that the FATF had completed its review of the first five Mutual Evaluation Missions and a review of FATF Recommendations, the AML/CFT Methodology and Mutual Evaluation Procedures is in progress. The CFATF monitored the outcome of the FATF February 2016 Plenary with a view to eventually amending its Mutual Evaluation Procedures.

In November 2015, there were discussions regarding the CFATF's review of its first three (3) mutual evaluations (Trinidad and Tobago, Jamaica and The Bahamas) during the period January to June 2016. In that regard, the CFATF WGFI established a Sub-Working Group to undertake the review.

INTERNATIONAL COOPERATION REVIEW GROUP

The November 2010 CFATF Council of Ministers meeting authorised the creation of the CFATF International Co-operation Review Group (CFATF-ICRG) with a view to active participation by the CFATF in the FATF ICRG Process. For further details please see under the Mutual Evaluation Programme below.

THE DONORS' FORUM

The Donors' Forum is a critical mechanism for facilitating the effective coordination and delivery of technical assistance and training opportunities by clinically matching available resources from CFATF donor partners to areas of need across the CFATF membership.

[arms-and-ammunition-october-2016?highlight=WyJhcm1zIiw1YW1tdW5pdGlubiJd](https://www.fatf-mlg.org/~/media/Files/2016/highlight=WyJhcm1zIiw1YW1tdW5pdGlubiJd)

Collating the relevant data on which this clearing house pivots is a considerable undertaking, a task which is well suited to the patience and persistence both of which Mr. Roger Hernandez, Financial Advisor, CFATF Secretariat possesses in abundance and are central to the ongoing successes of the Donors' Forum

Given the focus in the Chair's Work Programme 2015/2016 on the development of a Training Plan and the identification of the necessary human resources for its proper administration, active consideration was given to the restructuring of the Donors' Forum.

Through the Donors' Forum mechanism, the CFATF ICRG and CFATF donor partners which included those CFATF members whose AML/CFT regimes were considered Centres of Excellences, reviewed the requests for assistance from CFATF jurisdictions to focus technical assistance and training opportunities to areas where the need was critical and provided a forum for the sharing of experiences among CFATF members on measures taken to deal with significant areas of concern.

THE SECRETARIAT

Over the course of the CFATF's lifetime the Secretariat's staff, continue to work in the best interests of the organisation by dint of their extensive collective experience and expertise in the requirements of the FATF Recommendations and the attendant Methodology, as well as an unwavering dedication and loyalty to all CFATF Members even in the most difficult circumstances.

The team of employees at the Secretariat can successfully undertake the various components of the Chair's Work Programme, given the collective length of service, demonstrated commitment, expertise and experiences.

These qualities now provide a strong foundation for stability which places the organisation in a significant position to respond to the ongoing and future challenges including an ever-increasing workload which is very specialized and intricate.

At the service of Members, COSUNs and Observer Organisations are the following staff members:

Mr. Calvin Wilson- Executive Director who joined the Secretariat in February 1998 as Deputy Executive Director and became Executive Director in March 1999.

Mrs. Michele Leblanc-Morales - Translator/Administrative Assistant who joined in October 2000.

Ms. Dawne Spicer- who joined the Secretariat as a Legal Advisor since 2001 and became Deputy Executive Director in February 2008.

Mr. Roger Hernandez- Financial Advisor who joined in October 2001.

Ms. Julia James-Administrative Manager, since August 2009, who joined the Secretariat as an Administrative Assistant in February 2003.

Mr. Jefferson Clarke-Law Enforcement Advisor who joined in May 2007.

Ms. Carmen Solano- Translator/Administrative Assistant who joined in May 2012.

Ms. Magdalene Walcott- Financial Comptroller, who joined in July 2012.

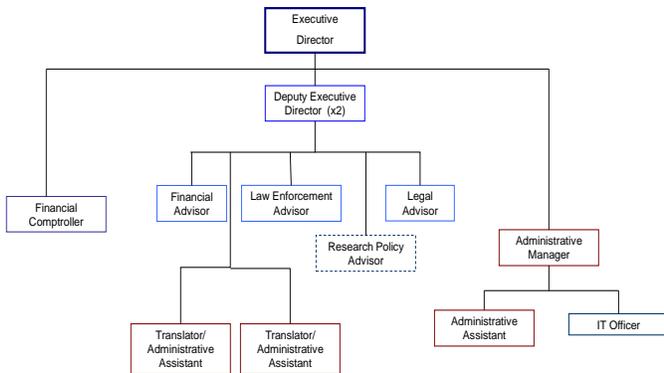
Mr. Eduardo Gamero- Information Technology Officer who joined in September 2012.

Ms. Ana Folgar Caceros, Legal Advisor who joined in September 2013.

Ms. Elisha George, Administrative Assistant who joined June 1st 2016.

Mr. Carlos Acosta, Deputy Executive Director who joined in July 1st 2016.

CFATF STRUCTURAL ORGANISATIONAL CHART



During the period under review the following two positions were filled bringing the total staff complement at the Secretariat to twelve (12):

Administrative Assistant - Ms. Elisha George was hired on June 1st, 2016, and

Deputy Executive Director – Mr. Carlos Acosta was hired as at July 1st, 2016

Mrs. Diana Firth, Deputy Executive Director who joined the CFATF Secretariat in May 2013 resigned as at April 30th 2016 to join the FATF Secretariat as a Policy Advisor.

There has been a growing recognition that the staff complement at the Secretariat needed to be increased given the acute shortage of staff and the ever-increasing workload.

Accordingly, during the period under review, Chairman Al-Rawi had a clear recognition that this dire situation if left to continue, could do considerable damage to the CFATF’s international standing as an FSRB and Associate member of the FATF. Moreover, Chairman Al-Rawi was of the view that such a situation would not serve the best interests of the CFATF as an organisation and more importantly its core work, the Mutual Evaluation Programme.

In tandem, Chairman Al-Rawi was a strong advocate and the Council of Ministers agreed at the September 2016 meeting, to increase the staff complement by ten (10) so that the organisation could undertake its core functions as well as growing workload, effectively and efficiently in the following areas:

- Legal Advisor, Financial Advisor, Law Enforcement Advisor, Research Officer x 3, Administrative Assistant, Accounting Assistant, Information Technology Assistant and Communications Specialist.

Having secured the agreement of his Ministerial colleagues to increase the staffing complement which brought with it a considerable increase in the annual contribution, and cognisant that the timelines for the recruitment and engagement process would see the passage of a few months before the staff shortage could be ameliorated, Chairman Al-Rawi demonstrated his decisive leadership style with a welcomed initiative, which had an immediate impact on enhancing the efficiency with which the Secretariat operated.

As an interim measure the Government of Trinidad and Tobago through the efforts of Chairman Al-Rawi, seconded thirteen (13) officials from the Ministry of the Attorney General and Legal Affairs and the Ministry of National Security who assisted the work of the Secretariat in a significant way.

The following officials from the Communications Unit of the Ministry of the Attorney General and Legal Affairs, Government of Trinidad and Tobago worked with the staff at the Secretariat by coordinating and implementing the Communications Plan over a six month period during 2016, through different projects which had a strong and visible impact, such as establishing CFATF TV, the re-design of the CFATF Logo and enhancing CFATF’s presence on all social media platforms such as Twitter, Facebook, namely:

- ❖ Ms. Asha Claxton, Director.
- ❖ Ms. Cristie-Ann Tajudeen, Graphic Designer.
- ❖ Ms. Rehannah Dhanraj, Communication Specialist.
- ❖ Ms. Shanta Singh, Communication Specialist.
- ❖ Ms. Joanna Ramkissoon, Communication Specialist.

Mr. Vishal Maraj and Mr. Jonathan Joseph Medina, Media Analysts, Communications Unit, Ministry of the Attorney General and Legal Affairs, provided

valuable support to the Executive Director's ability to gather pertinent up to date information on how the Caribbean Basin Region was being represented in the regional and international media as well as on salient issues such as De-Risking/Loss of Correspondent Banking Relationships and the importance of remittances to the regional economy, compliance with the AML/CFT standards.

The support to the Secretariat by the Communications Unit of the Ministry of the Attorney General and Legal Affairs, was outstanding with the fruit of their generosity and expertise being prominently impactful through the new CFATF logo, website and the strong CFATF presence on all social media platforms

Over a six-month period, Mr. Rawle Musgrave, secondee from the Ministry of the Attorney General and Legal Affairs, in conjunction with Mr. Eduardo Gamero, Information Technology Officer, coordinated and implemented the Information Technology strategy to automate all aspects of the CFATF's operations.

Mr. Musgrave in a further and significant step facilitated greater efficiency to the internal operation of the Secretariat through the organisation and delivery of three training sessions on MS Office and another three sessions on the Bitrix System.

Mr. Shivanand Sieunarine over the period of a six-month secondment from the Ministry of the Attorney General and Legal Affairs, assisted with the preparation of Value Added Tax Returns which cleared a significant backlog that allowed the CFATF to recover a considerable sum which was outstanding as a receivable for several years.

Mrs. Risha Pragg- Jaggernauth from the Ministry of the Attorney General and Legal Affairs was seconded on an extended basis and provided research support to the Executive Director and the general operations of the Secretariat.

Ms. Varuna Chattoo, Ms. Cassandra Seetahal, and Mr. Jason Dass, all Legal Officers at the Ministry of the Attorney General and Legal Affairs, assisted with the analysis of questionnaires submitted by CFATF Members for the FATF Terrorist Financing Fact Finding Initiative.

Ms. Nirmala Ramlogan Director, Human Resources, Ministry of the Attorney General and Legal Affairs, was particularly helpful with her time and expertise by providing advice and guidance to the Executive Director on human resources issues.

Additionally, and importantly assistance was provided by the Facilities Management Teams from the Ministry of the Attorney General and Legal Affairs and the Ministry of National Security, consisting of Mr. Robin Reilly and Mr. Kyle Thomas from the Ministry of the Attorney General and Legal Affairs, as well as Ms. Verna De Silva and Ms. Anne Maria Dorner, Mr. Colin Jackson, Mr. Patrick Cunningham from the Ministry National Security Programme Management Unit.

This level of support to the CFATF by Chairman Al-Rawi, Prime Contact Major General (Ret'd), the Honourable Edmund Dillon, Minister of National Security and indeed the Government and people of Trinidad and Tobago was a clear demonstration of leadership by example. This was facilitated by the Secretariat being based in Port of Spain, Trinidad and Tobago but nevertheless could be emulated by other CFATF members.

In this vein throughout the period under review at the behest of Chairman Al-Rawi beginning January 2016 and at intervals thereafter, Notifications were circulated by the Secretariat to CFATF Members urging them to demonstrate ways in which they could support the work of the organization through in-kind support, extraordinary contributions and seconding officials to the Secretariat.

The response to these calls was positive. British Virgin Islands on March 1st, 2016 advised of the following appointments to the CFATF Working Groups:

CRTMG- Mr. Dale Francis -Investigating Officer
FIU Heads Forum-Mr. Errol George—Director, Mr Alcedo Fahie -Deputy Director and Mr. Dale Francis
CFATF WGFI - Mr Alcedo Fahie -Deputy Director
Accreditation Council- Mr Alcedo Fahie -Deputy Director
CFATF ICRG- Mr Alcedo Fahie -Deputy Director

Venezuela became a very active participant in the work of the Planning Committee which was established in 2016 with Mr. Andrew Dalip, Trinidad

and Tobago being appointed Chair, and Antigua and Barbuda and The Bahamas joining as members.

Additionally, Mrs. Vyana Sharma, Trinidad and Tobago joined the CFATF WGFI as Co-Chair.

REPRESENTATION

Over the years of its existence, the Secretariat with the assistance of successive Chairs, has established an extensive network of contacts both regionally and internationally and has a solid and respected reputation, all of which have been and continue to be instrumental in advancing the work of the organization and protecting and serving the best interests of all CFATF members in myriad ways.

Chairman Al-Rawi was a firm and avid believer of the notion that advocacy and public diplomacy by the Secretariat, in conjunction with others in the organization including the Chair and Deputy Chair, must be undertaken with appropriate persons and entities for the important tasks of engendering awareness, deepening understanding and securing moral and financial support at the highest political levels such that the CFATF can fulfil its mandate.

Indeed, at the outset of Chairman Al-Rawi's term as Chair, outreach and advocacy to, and partnership with regional institutions by the Executive Director bore fruit when the Caribbean Development Bank and CARICOM Secretariat re-established their Founder Observer Status after a long period of absence.

The following represents some of the events at which members of the Secretariat staff successfully projected the image and reputation of the CFATF both regionally and globally as a responsible partner with the international community on AML/CFT matters through effective representation at meetings organised by regional and international organisations such as CARICOM IMPACS, CARIFORUM, the European Union, the FATF, Financial Intelligence Units in Barbados and Trinidad and Tobago and the Inter-American Development Bank.

EU/CARIFORUM -Third Meeting of the 11th EDF Task Force for Crime and Security, January 18th 2016 Georgetown, Guyana

FATF Plenary and Working Group Meetings during February, June and October 2016, Paris, France and Busan, South Korea

NEM Leadership Consultants- Technical Anti Money Laundering Seminar, Port of Spain, March 3rd 2016, Trinidad and Tobago

Compliance Aid –Caribbean Anti-Money Laundering & Financial Crimes Conference, March 10-11 2016, Miami, United States of America.

Global Forensic Institute –Anti Money Laundering Risk Based Approach Workshop, March 14-15 2016, Port of Spain, Trinidad and Tobago

CARICOM IMPACS - First Working Group of Technical Experts to conduct a CARICOM Terrorism Risk and Threat Assessment, April 18th 2016, Port of Spain, Trinidad and Tobago

Association of Caribbean Commissioners of Police – 31st Annual General Meeting and Conference, May 16-19 2016, Paramaribo, Suriname.

Eastern Credit Union - First Annual Compliance Seminar, July 27th 2016, St. Augustine, Trinidad and Tobago

Central Bank of Barbados/Domestic Financial Institutions Conference, September 13th 2016, Bridgetown Barbados

Caribbean Central American Action Finance, Fintech and the Future of Banking in the Caribbean Basin, October 4-6 2016, Washington, DC, USA

Jamaica Bankers Association/Jamaica Institute of Financial Services 5th Anti Money Laundering/Counter-Financing of Terrorism Conference, October 10-11 2016, Kingston, Jamaica

Global Stakeholders Conference on Correspondent Banking Relations; De-Risking and Branding Caribbean Countries as Tax Havens, October 27-28 2016, Antigua and Barbuda

Barbados Anti-Money Laundering Authority/Financial Intelligence Unit 16th

Anniversary Lecture, November 23rd 2016
Bridgetown, Barbados.

FATF TREIN Workshop Programme, Standards
Training Course, November 22-24 2016, Busan,
South Korea

Financial Intelligence Unit, Trinidad and Tobago
December 6-9 2016, Liberia and Guyana FIUs Study
Tour, Port of Spain, Trinidad and Tobago

GovRisk – The anti-corruption and money laundering
nexus-Caribbean Region.
Thurs 8th Fri 9th December 2016, Port of Spain,
Trinidad and Tobago

CFATF/CARICOM IMPACS Meeting – Future of
CARICOM Counter Terrorism Strategy. CARICOM
Impacs Headquarters, December 12th 2016. Port of
Spain, Trinidad and Tobago

PREMISES

Through the continued commitment and generosity of
the Government of Trinidad and Tobago, the
Secretariat in December 2013, was relocated to very
spacious premises on Level 21, Nicholas Tower,
Independence Square, Port of Spain, Trinidad and
Tobago.

Immediate Past Chairman Luis Martinez Gonzalez as
part of the Management Audit proposed and the
Council of Ministers agreed to a restructuring of the
physical space at the Secretariat to provide a modern
working environment which was in keeping with the
status of the CFATF as an important regional
organisation. This proposal included designs for the
use of the space. Service providers were consulted
and quotations obtained to undertake the actual work,
but this did not occur.

The decision by the Council of Ministers to increase
the staff complement, the timelines for the initial
phase of the recruitment process and the fact that
some of the seconded officials provided by the
Government of Trinidad and Tobago, made it critical
that build out of the physical space which was
undertaken with a degree of urgency.

Chairman Al-Rawi again rose to address the
challenge and with the full backing of the

Government of Trinidad and Tobago made a
generous commitment to complete the restructuring
works.

Teams of officials from the Facilities Departments of
the Ministry of the Attorney General and Legal
Affairs and the Ministry of National Security visited
the premises for discussions with the Executive
Director Calvin Wilson and Administrative Manager
Ms. Julia James to view the space, amend the designs,
discuss possibilities for meeting the overall office
furniture and equipment needs, consult with service
providers and to generally ensure that the project was
successfully undertaken. The project continues
towards completion.

THE CHAIRMAN'S WORK PROGRAMME 2015-2016

Chairman Al-Rawi's Work Programme consisted of
nine (9) thematic pillars and thirty-seven (37) specific
objectives which are outlined below and had to be
pursued throughout the period under review as
follows.

- Effective Compliance with the FATF Standards
- Management Audit
- Financial Stability of CFATF
- Staffing
- The Mutual Evaluation Process
- Technical Assistance and Training
- Strengthening the image of CFATF
- Strategic Planning
- The role of Information Technology

Effective Compliance with the FATF Standards

- Working with members to improve compliance with the FATF standards and to address AML/CFT issues in their countries during the Fourth Round of Mutual Evaluations,
- Working with other regional leaders to address AML/CFT related challenges in the region

Management Audit

- Further strengthen the CFATF by progressing outstanding matters arising from the management audit, and necessary staffing and governance matters.

Financial Stability of the CFATF

- Pursuing steps towards operational efficiency in the functioning of the CFATF to reduce overall costs of organizational management, from accounting for the inventory and assets of the Secretariat, to cost effective arrangements for hosting of Plenaries.
- Finding other creative mechanisms to source resources, both financial and human, for the organization.
- Emphasising a greater level of participation in the work of the organization as part of the plan to ensure that the objectives of the organization are achieved in the most cost-effective way.
- Ensuring that members pay their full contributions in a timely fashion shall continue.
- Extraordinary contributions from members and from the COSUNs will certainly be welcomed.
- Encouraging Members to assist through contributions in kind, such as the secondment of personnel to assist in the operations of the Secretariat or providing offsite technical support

Pursue efforts to expand the membership of CFATF

Staffing

- Addressing the human resource management challenges of the organization which include the need for changes to the operational structure and staffing levels, relevant policies and procedures and working conditions
- Proactive steps need to be taken to address the organizational challenges posed by the

expiration of employment contracts in December 2015

- Addressing the long outstanding lack of an organizational pension plan.
- Exploring temporary administrative, operational and technical support for the secretariat through such mechanisms as the secondment of public sector officials with particular skills for specific periods and sourcing of off-site support for specific projects as necessary.
- Undertaking the review and update of policies and procedures along with the required analysis and plan for appropriate implementation of changes to working conditions and benefits.

The Mutual Evaluation Process

- Implementing effective measures to ensure that the mutual evaluation process is stringent and mutual evaluation reports meet the highest standards of quality and excellence for the full benefit of the country being evaluated and all other Member Countries
- Sharing Trinidad and Tobago's experiences of its Fourth-Round Mutual Evaluation which will better position the Chair to positively impact on the work that needs to be done to strengthen the mutual evaluation process.
- Encouraging every CFATF member that strenuous efforts be made at the earliest stage possible to embark upon preparations for the Fourth-Round Mutual Evaluation Missions to their jurisdictions, even where these are scheduled for three or four years from now.
- Addressing the challenges resulting from this high turnover rate and replenishing the cadre of assessors in a cost-effective manner while at the same time ensuring high professional standards in the conduct of the evaluations, as well as consistency in the generation of evaluation reports

- Encouraging greater participation by members in working groups and CFATF and FATF meetings will deepen the organization's understanding of the Mutual Evaluation process.
- Undertake steps to review the training methodology for new assessors and continuing training thereafter which will be incorporated into the overall training plan for the organization.
- Review the operations of the Fourth-Round Mutual Evaluation Programme, drawing from the lessons learnt with the FATF's similar exercise and making changes where necessary for finalizing the Mutual Evaluation Reports of The Bahamas and Dominican Republic and undertaking the Mutual Evaluation Missions to Antigua and Barbuda and Barbados.
- Explore systems for selection of the most suitable assessors for each mutual evaluation, including the sourcing of extra-regional assessors from FATF and other FSRBs where appropriate in accordance with the High-Level Principles for FATF and FSRBs, 2012.
- Explore establishing, where and to the extent possible, fora for relevant stakeholders with a view to bolstering regional capacity to "Take the Profit out of Crime" by following the money.
- Engendering cultural shifts in the public and private sectors to ensure that sufficient emphasis is given to financial crimes.

Strengthening the image of CFATF

- CFATF must have a vibrant and positive public image with citizens, their Governments and regional policy making forums.

Strategic Planning

- Oversee the development and to the extent possible, implementation of the CFATF Strategic Plan 2016-2020 with objectives of financial stability, optimal staffing, ensuring a successful Fourth Round of Mutual Evaluations, developing the human resources of the organization (including staff of the Secretariat and Assessors) through training and awareness; improving the image of CFATF; and development of its information technology infrastructure.

Technical Assistance and Training

- Develop and implement a training plan which will cover activities for the hosting of Assessor Training, Pre-Assessment Training, Standards Training and Compliance Conferences and will help identify the necessary human resources for its proper administration.
- The use of information technology will be explored in developing the training plan, as this provides opportunities for cost effective and faster delivery of training as well as possible mechanisms for further revenue for the organization.
- Emphasis will be placed on deploying the CFATF Accreditation and Training Course for Financial Investigators and Analysts
- The CFATF Strategic Plan will include a communication component to allow the organisation to more effectively inform persons in the public and private sectors on AML/CFT matters, influence policy makers and business leaders in relation to the challenges in the AML/CFT arena and publicise the organisation's achievements nationally, regionally and internationally.
- Ensuring that the development of strong and robust AML/CFT systems is provided with the fullest political support by seeking opportunities to promote these matters in relevant regional meetings attended by Heads of Governments and/or senior officials.
- Performing a leadership role in facilitating discussions and positive actions to address AML/CFT challenges facing the region such

as De-risking and the loss of correspondent banking.

- CFATF will continue to participate in the ongoing global dialogue on these and other such issues to assist members where relevant with advocacy and public diplomacy in order to protect and advance their, and the CFATF's best interests.

The role of Information Technology

- Ensuring that the CFATF Secretariat has modern IT tools for its operations with a view to improving overall organisational efficiency
- Enhanced IT capacity will also redound to the benefit of projecting the CFATF's image and achievements nationally, regionally and internationally.
- Within the budgetary constraints of CFATF, we will therefore provide the Secretariat with the necessary information technology hardware and software so that the work of automating relevant aspects of the CFATF's operations can be continued.

This was indeed a very ambitious Programme of Work for the CFATF which was approved by the Council of Ministers in November 2015.

The CFATF Secretariat provided a Status Report to the Council of Ministers in September 2016 which set out all the steps that were taken in relation to the implementation of the nine (9) thematic pillars and thirty-seven (37) specific objectives.

The Council of Ministers assessed the Status Report and agreed that the Chairman's Work Programme 2015/2016 had been largely completed with further work still to be undertaken in relation to the Financial Manual, Fixed Assets Register and the Refurbishment of the Secretariat.

Important facets of these accomplishments included the Financial Comptroller's continued implementation of an aggressive chase up and application of penalties programme which achieved the desired results with only three countries having

substantial outstanding contributions as at August 31st 2016.

- The Executive Director continued to dialogue with Caribbean Development Bank (CDB), CARICOM Secretariat, and additional partners and interested organizations which include the Financial Stability Board, Central Bank of Barbados, the FATF, Commonwealth Secretariat, Inter-American Development Bank on the provision of support for the Regional Conference on De-Risking/Loss of Correspondent Banking Relationships. This issue poses an existential threat to the economic well-being of all CFATF members.
- The Executive Director also assisted with the preparations for and participated as a speaker at the successful Global Stakeholders Conference on Correspondent Banking Relations; De-Risking and Branding Caribbean Countries as Tax Havens, October 27-28 2016, Antigua and Barbuda.
- Constant vigilance and rigorous advocacy by the Executive Director to serve the best interests of CFATF members within the FATF Working Groups and Plenary and in conjunction with the other FSRBs about the FATF initiatives on Terrorist Financing, namely the 2015 Terrorist Financing Fact Finding Initiative (TFFFI) and the Terrorist Financing Information Gathering Exercise in relation to Recommendations 5 and 6.
- Encouraging CFATF Members through a vigorous communication strategy of Notifications, chase up emails and direct telephone calls to Ministers/Prime Contacts and Technical staff as relevant, to ensure expeditious responses to FATF requests for information and to amend/enact national legislation on Terrorist Financing (which occurred within two (2) days in one jurisdiction) so as to avoid global and public identification as having deficient legislative regimes in an area that was of critical importance to the international community.

- Pursuing Follow up and ICRG processes by the FATF that resulted in seven CFATF Members exiting the CFATF Follow-Up process as well as the FATF and CFATF ICRG processes.
- Encouraging CFATF Prime Contacts to ensure that National Anti-Money Laundering Committees (NAMLACs) are aware of and disseminate internally the FATF/FSRB jurisprudence on the interpretation of the standards and factor them into the preparations for Fourth Round Mutual Evaluation.

The driving force and motivation to the Secretariat for this level of success with such an extensive Work Programme was the positive energy and effective leadership of Chairman Faris Al-Rawi.

THE MUTUAL EVALUATION PROGRAMME

The Mutual Evaluation Programme is a crucial aspect of the work of the CFATF as it is one of the mechanisms by which the Secretariat ensures that each Member State fulfils the obligations undertaken as a signatory of the CFATF Memorandum of Understanding.

The Mutual Evaluation Programme is the primary objective of the CFATF’s work. The principal focus for the Caribbean Basin Region for the foreseeable future should be ensuring that all CFATF Members are fully engaged with the expeditious rectification of deficiencies identified in the Third-Round Mutual Evaluation and Follow-up Reports, thereby raising the levels of regional compliance with the international standards

Through this monitoring mechanism the wider membership is kept informed as to what is happening in each Member Country regarding AML/CFT issues. For the individual Member, the Mutual Evaluation Programme presents a valuable opportunity for an objective assessment by a team of experts, of the AML/CFT framework as it exists at the time of the visit.

Since its inception, the CFATF has undertaken three (3) Rounds of Mutual Evaluations of its Members. In early 2005, the CFATF commenced the Third Round of Mutual Evaluations which ended in 2012 with the assessment of St. Maarten. At the end of the Third Round of Assessments the CFATF took considerable satisfaction that some of its Members were one top-ranked in terms of compliance with the former FATF 40+ 9 Recommendations.

However, the overall levels of Caribbean Basin Region compliance with the international AML/CFT standards is not particularly high. Nevertheless, it compares favourably with that of others in the FATF/FSRB community.



Figure X: Compliance with FATF Recommendations (%) as at the close of its Third Round of Mutual Evaluations in 2013

It must be stressed that the CFATF has, amongst its membership, Centres of Excellence from which expertise and experiences could continue to be drawn and shared intra-organisationally, and which could be emulated by all Members.

The CFATF will continue to participate in the ongoing global dialogue on these, and other related issues to assist members with advocacy and public diplomacy to protect and advance their, and the CFATF’s best interests.

THE FOLLOW-UP PROCESS

The CFATF Follow-up process is an essential part of the Mutual Evaluation Programme and applies where the Mutual Evaluation Report shows there are significant deficiencies in the country's AML/CFT system.

The Follow-up process affords a valuable opportunity for Member countries to outline to the regional and international community the progress that is being made to implement the recommendations of the Assessors in their respective Mutual Evaluation Reports and facilitates dialogue with the CFATF COSUNs and the donor community in order to combine the delivery of technical assistance and training with the deficiencies identified in the various Mutual Evaluation and Follow-up Reports.

The CFATF Follow-up process for the Third Round of Mutual Evaluations has several reporting regimes depending on the progress being made by countries in rectifying the outstanding deficiencies identified in their respective Mutual Evaluation Reports. Progress is encouraged and enforced wide range of robust sanctions, which has already been implemented with exemplary results.

The following chart provides an insight into the progress countries have made with their individual reform programmes at the close of the period under review, November 2016.

Member Country	Biennial Update	Regular Normal	Expedited	Enhanced
Anguilla	End of 3 rd Round reporting			
Antigua & Barbuda	End of 3 rd Round reporting			
Aruba	End of 3 rd Round reporting			
Barbados	End of 3 rd Round reporting			
Belize	End of 3 rd Round reporting			
Bermuda	End of 3 rd Round reporting			
Cayman Islands	End of 3 rd Round reporting			
Curacao	End of 3 rd Round reporting			
Dominica	End of 3 rd Round reporting			
Dominican Republic	End of 3 rd Round reporting due to proximity of MEV			
El Salvador	End of 3 rd Round reporting			
Grenada	End of 3 rd Round reporting			

Guatemala	End of 3 rd Round reporting			
Guyana	End of 3 rd Round reporting			
Haiti				May. 2017
Jamaica	End of 3 rd Round reporting			
Montserrat	End of 3 rd Round reporting			
St. Kitts & Nevis	End of 3 rd Round reporting			
St. Lucia	End of 3 rd Round reporting			
St. Maarten			May. 2017	
St. Vincent & The Grenadines				May. 2017
Suriname			May. 2017 Exit Report	
The Bahamas	End of 3 rd Round reporting			
Trinidad & Tobago	End of 3 rd Round reporting due proximity to MEVAL. Deficiencies transferred to 4 th Round			
Turks & Caicos	End of 3 rd Round reporting			
Venezuela	End of 3 rd Round reporting			
Virgin Islands	End of 3 rd Round reporting			

The successes of several CFATF members in their applications to exit the Follow-up process is indicative of the seriousness with which Members are responding to the institutional decision that all Third-Round deficiencies should be rectified by November 2015 but with the caveat that some jurisdictions are experiencing challenges in this regard, and these must be carefully monitored as we approach 2017 with four countries still in the Third Round Follow up Process.

THE CFATF INTERNATIONAL COOPERATION REVIEW GROUP (CFATF ICRG) INITIATIVE

Another mechanism for encouraging countries to rectify outstanding AML/CFT deficiencies from the Third Round of Assessments in an expeditious fashion, is the CFATF International Cooperation Review Group (CFATF ICRG) initiative which works in tandem with the Follow up process and is patterned on the FATF ICRG initiative.

The November 2010 CFATF Council of Ministers meeting authorised the creation of the CFATF International Co-operation Review Group (CFATF-

ICRG) with a view to enhancing participation by the CFATF in the FATF ICRG Process.

The CFATF ICRG was also mandated to bring all CFATF Members into full compliance with the FATF 40 + 9 Recommendations with reference to those CFATF members that met the criteria for review by FATF ICRG but were yet to be reviewed.

These countries were encouraged to develop and implement Action Plans with appropriate remedial measures to address the existing deficiencies in an expeditious fashion before they were reviewed by the FATF.

Success in this regard was dependent on the level of cooperation from the countries as they developed and adhered to the timelines of the Action Plans to undertake the necessary reforms.

The CFATF ICRG's mandate also included providing advice in terms of how best compliance may be achieved given the group's familiarity with the FATF ICRG process and encouraging affected countries to fully utilize the window of opportunity to rectify the deficiencies ahead of the commencement of the FATF review.

The CFATF ICRG recognized that the FATF ICRG process had serious implications for individual jurisdictions and it was important that the CFATF adopt a serious approach to reforming their AML/CFT regimes in keeping with the FATF 40 + 9 Recommendations with specific consideration being given to compliance with the FATF Core and Key Recommendations.

Ministers also empowered the CFATF ICRG to ensure that CFATF Members and the CFATF as an organization adhered to the Follow up Procedures through the ability of the CFATF ICRG to make recommendations for sanctions in the event of non-compliance.

Ministers also mandated that the CFATF ICRG should be more intrusive and firm and should be merged with the CFATF Follow-up process, to ensure greater synergy and a more challenging approach to the review of Members' performance in their AML/CFT reforms, to achieve higher levels of compliance with the FATF 40 + 9 Recommendations.

At the November 2014 Plenary meeting the United Kingdom as representative of the COSUNs recognised that the CFATF ICRG was effective.

Eleven (11) months later in October 2015, the FATF ICRG commended the CFATF Follow up process which led the FATF Plenary, based on a proposal from Executive Director, Calvin Wilson to agree to remove Aruba, Belize, Dominica, Grenada, St. Kitts and Nevis and St. Lucia, from the FATF pool of jurisdictions that were being considered for review for having AML/CFT regimes that posed threats to the international financial system. This accomplishment benefitted not only CFATF but countries around the globe who were part of the FATF pool and had exited the Follow up process of their respective FSRB.

With this global recognition of the value and vigour of the CFATF International Cooperation Review Group (CFATF ICRG), commendations should be extended to Mr. Glenford Malone, Virgin Islands, formerly sole Co-Chair of the CFATF ICRG ably assisted by Mrs. Diana Firth, Deputy Executive Director, until up to the November 2015 CFATF Plenary Meeting when he was joined by Ms. Kellie Bailey from Belize as Co-Chair.

Co-Chair Malone following in the footsteps of former Chairman Jallow and Mrs. Sherene Murray Bailey, Trinidad and Tobago, continued to steer those CFATF Members that are in the FATF pool but also under the watchful eye of the CFATF ICRG, along a path to rectifying the deficiencies identified in their Third-Round Mutual Evaluation Reports at a faster pace.

Commendations must also be extended to Ms. Jacqueline Wilson, Cayman Islands, CFATF ICRG Chair at its inception in May 2011. Ms. Wilson was assisted by Executive Director, Calvin Wilson, the driving force for the establishment of this process given his experiences with the effects of the FATF Non-Cooperative Countries and Territories (NCCT) process on the international reputation of those CFATF members that were placed on the NCCT list.

In their statements to the June and November 2016 Plenary meetings, the COSUNs paid tribute to the CFATF ICRG in the following terms respectively:

- The CFATF ICRG demonstrated in the June 2016 Plenary that it is an extremely valuable tool for the organisation.
- The CFATF ICRG through responsible and rigorous procedure, is playing a leadership role in the improvement of the AML/CFT regimes of the jurisdictions in the region. We strongly encourage the organisation to maintain this Working Group for ensuring that the challenges of the Fourth Round could be adequately dealt with.

At the November 2016 Plenary, the COSUNs recognized the critical role that the CFATF ICRG plays in ensuring member states' compliance with international AML/CFT standards.

The statement welcomed the CFATF's decision for the ICRG to continue working directly with countries to identify and address their strategic AML/CFT deficiencies under the Fourth-Round process. The COSUNs also acknowledged that there were many valid concerns raised about the FATF's new ICRG process, such as the formal notice and length of the observation period. Further clarification on the use of supplementary material from other multilateral assessments to demonstrate compliance may be needed.

The COSUNs congratulated Curacao for exiting the Third Round Follow up Process, Turks and Caicos for exiting the CFATF ICRG process, and Guyana for exiting both the FATF and CFATF ICRG processes.

The COSUNs further encouraged Guyana to continue strengthening its technical compliance with FATF standards and to exit the follow up process at the earliest possible opportunity.

The longstanding and considerable experience of the CFATF Secretariat with the CFATF ICRG will continue to serve the Co-Chairs of the CFATF ICRG and the general membership given the demanding nature of the Fourth Round and the prospects of calls for expedited compliance with any of the FATF Recommendations as was the case with Recommendations 5 and 6 considering the changing

global agenda, and developing and unforeseen threats.

In this regard, the CFATF Secretariat will continue to work with Haiti, Sint Maarten and Suriname so that they can exit the CFATF ICRG process.

THE FOURTH ROUND OF MUTUAL EVALUATIONS

In early 2015, the CFATF commenced the Fourth Round of Mutual Evaluations with a Mission to Trinidad and Tobago whose Mutual Evaluation Report was presented at the November 2015 Plenary meeting. Further Missions were undertaken to Jamaica and The Bahamas, and a joint mission with GAFILAT to Guatemala which holds membership in both the CFATF (up to April 30th, 2017) and GAFILAT.

It continues to be imperative that in moving forward with the Fourth Round of Mutual Evaluations and bearing in mind the goal of attaining at least seventy-five percent (75%) compliance with the FATF Recommendations, the following measures should be adopted:

- Each CFATF Member where applicable and with relevant assistance as required, should prepare an Action Plan which will outline all outstanding deficiencies considering the Third-Round Mutual Evaluation and Follow up Reports, the attendant rectification measures and the time table for full implementation.
- The Action Plans should contain all those legal/regulatory and institutional measures that must be put in place so that the national AML/CFT infrastructure is in keeping with the FATF 2012 Recommendations. The timetable for full implementation should be informed by the date of the country's Mutual Evaluation Mission.

These Action Plans should be:

- o Monitored by the National Anti-Money Laundering Committee (NAMLC) and all national stakeholders in each individual Member country, to ensure that all the Action Items are completed within an agreed timeframe in preparation for the dates of the onsite visit by the Team of Mutual Evaluation Assessors;
- o Collated, shared with the donor community and monitored by the Secretariat in the context of the CFATF Donors Forum where interested donors could dialogue with the relevant CFATF jurisdiction on the technical assistance and training projects that will be necessary to fill outstanding gaps prior to the onsite visit, and
- o Used to construct a Caribbean Basin Region wide schedule for the delivery of Technical Assistance and Training seminars/workshops.

In addition, all CFATF Members must:

- o Ensure the selection of properly trained, qualified and committed Experts who are well attuned to the important implications of the Mutual Evaluation process and who will undertake their responsibilities as Mutual Evaluation Assessors to conduct the on-site visits as worthy Ambassadors of our countries,
- o Prepare all national stakeholders through an effective and efficient national coordination mechanism in our respective jurisdictions, to engage with the Mutual Evaluation Teams,
- o Prepare and present an informed response to the Mutual Evaluation Reports whilst engaging with and responding to the Mutual Evaluation Teams, the Secretariat and the Reviewers both during the Mission as well as throughout the post Mission process to finalise the Report, and critically,
- o Select a national team that reflects the Legal, Financial and Law Enforcement communities,

who are versed in the requirements of the Recommendations and familiar with the Mutual Evaluation process and who are fully prepared, after an internal national dialogue to effectively represent the country during the presentation of the Mutual Evaluation Report to the Plenary.

TECHNICAL ASSISTANCE & TRAINING

The ongoing delivery of technical assistance and training projects to all CFATF jurisdictions is critical to strengthening national and regional AML/CFT capacity. Such a programme is also critical to facilitating the expeditious rectification of the deficiencies identified in the Mutual Evaluation and Follow-up Reports, as well as avoiding the public identification as a country having strategic deficiencies which pose a threat to the international financial system.

The delivery of technical assistance and training projects will also be vital to the success of the Fourth Round of Mutual Evaluations.

Part of the Trinidad and Tobago Chair's Work Programme 2015/2016 envisaged a Technical Assistance and Training Plan which will cover activities such as the hosting of Assessor Training, Pre-Assessment Training, Standards Training and Compliance Conferences.

Drawing from this the CFATF Strategic Plan 2015-2020, under the stewardship of Chairman Al-Rawi, sets the foundation for the development and implementation of the Technical Assistance and Training Plan which will cover the needs of the Secretariat as well as the entire membership.

The plan will also help identify the necessary human resources for its proper administration and information technology will be explored in its development with a view to it being cost effective with revenue generating potential and faster delivery.

Since the revision of the FATF Recommendations in 2012 and the Methodology in 2013 the FATF Secretariat, the COSUNs, the World Bank, European Union, Commonwealth Secretariat, CARICOM

IMPACS, Caribbean Criminal Assets Recovery Programme, the United Nations Counter Terrorism Executive Directorate, the United Nations Office of Drugs and Crime, the Organisation of American States/CICAD, Central American Bank for Economic Integration (CABEI) and the EGMONT Group, have all contributed and are poised to provide considerable sums of money and expertise for technical assistance and training programmes, geared towards building capacity in this region.

As can be seen from the Chart of Training Projects below, the CFATF continues to engage in a number of training projects as can be seen in the following table.

TRAINING PROJECTS	VENUES	DATES
FATF Recs	Nicaragua-Regional	May 2012
AML/CFT Meth.	El Salvador-Regional	May 2013
National Risk Assessments-(NRA)	Virgin Islands-Regional	Dec 2013
NRA	Honduras-Regional	Jan 2014
Mutual Evaluation Examiners (MEE)	Jamaica-Regional	Jan 2014
MEE	El Salvador-Regional	Feb 2014
FATF Recs	Barbados- Country Specific	Mar 2014
Pre-Assessment Training (PRE)	Trinidad and Tobago	Mar 2014
NRA	Bridgetown, Barbados-Regional	Mar 2014
MEE	Antigua and Barbuda - Regional	Sept. 2014
PAT	Jamaica	Sept 2014
FATF Recs	Cayman Islands	Oct. 2014

PAT	Dominican Republic	Feb 2015
FATF Recs	Anguilla	May 2105
PAT	Barbados2016
FATF Recs	Barbados2016
MEE	Port of Spain, Trinidad and Tobago	July 2016
MEE	Panama City, Panama	Nov 2016

It continues to be the case that the investment by our donor partners and indeed ourselves will repay little or no dividends, should we fail to live up to all our responsibilities and the goal that the Council of Ministers has mandated of attaining at least seventy-five percent (75%) compliance with the FATF Recommendations during the Fourth Round of Mutual Evaluations. That is not a result that the Caribbean Basin Region should want or should be accepted. Over the years the phrase –Let us be our brother’s keeper has been repeated at several CFATF Plenary and Ministerial Meetings, and as we continue with the Fourth Round, this phrase is of critical significance. Constant vigilance will be the key to success.

The Plenary has the mandate to oversee and make decisions in relation to the technical aspects of the Mutual Evaluation Programme and continued with this responsibility in a sterling fashion as outlined above with the assistance of the CFATF Working Group on FATF Issues (WGFI).

However, it is the Council of Ministers who have ultimate authority over the business and direction of the CFATF.

Based on the lack of resources within the Secretariat to complete four (4) Mutual Evaluations each year as originally scheduled, options were presented for amending the Mutual Evaluation schedule to allow for a more manageable timetable and allow time to acquire new technical staff.

Accordingly, the Council of Ministers at their meeting in September 2016 decided that for 2017 there will be two Mutual Evaluations and thereafter three Mutual Evaluations per year. There will

however, be a review in 2018 to assess whether the schedule can be accelerated to ensure that the Fourth Round of Mutual Evaluations conclude in 2022-2023.

The Fourth Round of Mutual Evaluations continues to be very resource intensive; with a further increase in Members participation occurring when there is a request for re-rating of Recommendations as part of the follow-up process.

The CFATF currently has a pool of one hundred and fifty-two (152) trained assessors, with approximately one hundred and ten (110) available to undertake assessments.

MEMBERSHIP PARTICIPATION

One of the important outcomes of the CFATF process of Reflection, Introspection and Reform which occurred during 2010-2013, was a positive and enthusiastic response by all CFATF Members which led to enhanced and active participation in all CFATF Working Groups, higher attendance levels at FATF Plenary Meetings and responses to FATF papers over a sustained period.

Three (3) years later in 2016 the former concerns about the fall off in active and widespread participation in all aspects of the organisation's operations which in part led to the CFATF Reform process, came to the forefront again and were of concern to Chairman Hon. Faris Al-Rawi, as well and our global friends and partners.

It was therefore significant and augured well for the CFATF's future that Chairman Al-Rawi's Work Programme for 2015/2016 recognised the need for further work in these very areas with its call for:

- The CFATF to be seen as an exemplar among FSRBs with the benefit of the support, hard work and assistance of the membership, and
- The need for greater participation in CFATF Working Group and meetings and attending FATF Plenary meetings and responding to requests for comments on FATF papers which will deepen the CFATF's membership understanding of the process.

Members recognised that the credibility of the organisation in part hinged on their participation in all

aspects of the organisation's affairs, and taking the right decisions in relation to their peers.

However, an ongoing refrain of encouragement from Chairman Al-Rawi, the Secretariat and the COSUNs throughout 2016, was the need for all CFATF Member countries to become more involved in and demonstrate their commitment to the Mutual Evaluation process by providing Assessors, Reviewers or participating in the WGFI Sub-Working Group.

During 2016, the low engagement in providing essential data needed for the CFATF RTMG projects and the lack of participation of some countries in the Working Groups and Sub Committees revealed that commitment of some members continued to be shortcomings that must be eradicated once and for all.

Each CFATF Member must be fully engaged in the preparation and the provision of comments on all Mutual Evaluation Reports before they are adopted. They must also be actively involved in the discussion of all Mutual Evaluation Reports in Plenary and to fully embrace the critical importance and relevance of effectiveness as the most significant element of the Fourth Round.

Members were encouraged to recognise the benefits of having trained Assessors within their respective jurisdictions who can increase their skills by reviewing and commenting on Mutual Evaluation Reports that are distributed from the Global Network of FATF/FSRBs.

Chairman Al-Rawi counselled that the active participation of Members must also extend to all CFATF Working Groups and Plenary, answering questionnaires and providing useful information in a timely manner, all of which will inform not only CFATF members but also the global community on regional efforts on AML/CFT and related crimes.

FINANCE

The CFATF's financial position is sound with a Reserve Fund which as at December 31st 2016 stood at US\$325,469.00, as are the processes for day to day financial management and oversight by all relevant organs of the CFATF which include the Chairman, Council of Ministers, the Steering Group and its sub

Committee, the BAC and the Secretariat through the Executive Director, Financial Comptroller and the Administrative Manager.

The Council of Ministers is informed of the CFATF's financial position on an annual basis through Audited Financial Statements, status updates on implementation of current budget, and proposed budgets for the upcoming period.

Funding of CFATF's annual operational and administrative expenditure as outlined in the Operational Work Plan and Budget as approved by the Council of Ministers came from the following sources:

- Contributions from the membership
- Funding provided by COSUNs and Observer Organisations which in the main are used for Technical Assistance and Training projects.
- Extraordinary Contributions are used for the specific purpose for which they are made; for example, organising a typology exercise, or building a Reserve Fund.
- Revenue generated from Compliance Conferences are allocated to the Reserve Fund.
- Revenue generated from fees for Speaking Engagements is used to fund travel expenses not accounted for in the budget.

The annual contribution per member is calculated by dividing the total approved annual expenditure by the number of members.

The draft Annual Operational Work Plan and Budget is prepared by the Executive Director with financial calculations provided by the Financial Comptroller based on the proposed work plan for the upcoming year. Review is then undertaken by the BAC.

The Steering Group then reviews the draft annual Operational Work Plan and Budget, formulates recommendations and presents the Budget document to the Council of Ministers for consideration and approval at the annual Special Ministerial Meeting.

The Steering Group oversees the financial management of the organization on a quarterly basis, at a minimum, to ensure that activities stay within approved limits. These quarterly reports are prepared by the CFATF secretariat and reviewed by the BAC.

The Financial Management Reports which are produced every quarter and discussed and approved at CFATF Steering Group meetings, provide information on how funds from all COSUNs/Observer Organisations are being utilized and existing balances.

These are made available to the COSUN representative who attends the Steering Group meeting. Separate reports on the use of funding provided by individual COSUN member countries and Observer Organisations are also provided in keeping with agreed arrangements.

All financial management decisions of the organization are the purview of the Council of Ministers only and are not discussed at Plenary meetings. The Steering Group, BAC and the Executive Director oversee this process and report to the Council of Ministers annually at a minimum or as frequently as is needed for exceptional situations.

Management oversees the financial management of the organization through Monthly Financial Management Reports to ensure that expenditure related to budget line items stays within approved budget limits.

These monthly reports are prepared by the Financial Comptroller and reviewed by the Executive Director and could be made available to the BAC.

Additionally, the Secretariat is on the verge of almost real time ability to monitor and report on the level of expenditure for each line of the approved budget and in turn give access to the accounts to the CFATF Chair and the BAC to monitor the Secretariat's performance in this area at any time of their choosing.

Any deviations from the agreed budget must be submitted by management to the BAC, providing justification and identifying proposed source of funding, for review and further recommendation to the Steering Group for approval (e.g. unbudgeted

travel expenditure; reallocations between expense line items)

Any unbudgeted item that cannot be managed by the overall existing approved budget (e.g. through reallocations) must be submitted to the Council of Ministers for review and approval. This can be done at the next scheduled Ministerial Meeting or, in cases of emergencies, requests for approval can be submitted via round robin.

AUDITED FINANCIAL STATEMENTS

The Council of Ministers also receives the Audited Financial Statements for the previous year at the annual Special Ministerial Meeting.

The BAC, on behalf of the Steering Group, will oversee the annual independent audit process for financial statements. It will provide recommendations to the Steering Group in relation to the adoption of the audited financial statements

Members can review and comment on the financial statements at the Council of Ministers meeting on the presentation of the final draft audited financial statements at the annual meeting, or via round robin if deemed necessary.

External audit is conducted annually by the appointed auditors (currently PricewaterhouseCoopers). It is overseen by the BAC (as noted above). Timing varies, but the exercise generally commences in March of each year for the previous financial year with an aim for completion by May of each year. Actual completion will depend on findings and any delay in resolution of any issues identified.

Internal audits are not currently planned on a regular basis. An internal audit of the organization was conducted for the first time in 2014/2015.

BUDGET REVIEW 2016

Management oversight of the day to day implementation of the provisions of the Operational Work Plan and Budget 2016 was undertaken in the usual prudent and robust fashion.

As with previous years the Operational Work Plan and Budget for 2016 was premised on the provision of adequate human and financial resources for the CFATF Secretariat which is critical to the ability of the CFATF to operate in an effective fashion, mindful of the shortage of qualified staff and the immense and growing workload.

The Council of Ministers approved an annual contribution of US\$40,000.00 for 2016 to be paid by each of the CFATF's twenty-seven (27) Members.

Importantly, most members continued to submit the annual contributions by the agreed deadline of April 30th 2016 by which time twenty members had paid with seven outstanding.

By May 30th 2016 members with outstanding contributions had been reduced to four (4). Those members were required to pay surcharges for late payment totalling US\$1,560.00

The ability of the Secretariat to undertake day to day operations as required was assured due to this significant commitment by our members

In keeping with accepted best practices, budget line items were adhered to but for Office Stationery where a small increase of US\$455.00 was recorded due to the breakdown of the black and white printer, which necessitated increased use of the colour printer and the purchase of more colour ink than usual.

The line item for Overseas Travel saw an increase totalling US\$7,194 which related to unbudgeted trips to attend conferences, all of which were approved by the Steering Group in advance of travel. The attendant expenses were covered through income generated from Speakers Fees of US\$ 8,807 paid to the CFATF when staff speak at Conferences organised by the private sector. The net effect was therefore positive.

For the Management Software line item, there were savings of US\$1,652.00 which arose as the annual subscription for the new accounting software was significantly less than originally budgeted due to a change in the service provider (from Sage50 to Intuit's QuickBooks, as well as a special price obtained for the management software-(Bitrix).

Accordingly, the overall approved expenditures for 2016 were not exceeded as the savings under

Management Software and the income generated from Speakers Fees were sufficient to cover the small increase under Office Stationery.

EXTERNAL RELATIONS

OBSERVER ORGANISATIONS

Observers are such countries, territories and organizations including regional, multilateral and hemispheric organizations which actively support or otherwise are interested in the objectives of the CFATF, as approved by the Council of Ministers.

The current Observer Organizations: (For a full listing please refer to Annex 1)

ORGANISATION OF AMERICAN STATES

The Organization of American States/CICAD presented at the May 2015 Plenary meeting on a matter raised under the Donors Forum regarding greater communication and collaboration in terms of asset recovery and the experience of other Regions such as Europe, and Latin-America, amongst others (CARIN, RRAG) in developing a platform for secure and informal contact and exchange of information regarding assets subject to confiscation or forfeiture, sharing of assets, etc. Members endorsed the need for an initiative of this kind.

The United States noted the importance of an asset recovery network for Members during their intervention. El Salvador, Antigua and Barbuda, Venezuela, Barbados, The Bahamas, Turks and Caicos Islands, Trinidad and Tobago and Montserrat were among the Members which thanked the OAS for an informative session and expressed interest in the project which should be seen from the perspective of taking the profit out of crime.

Several countries raised issues about the confidential handling of information. El Salvador gave an example of how collaboration between El Salvador and Guatemala, Barbados and The Bahamas led to progress in an important case. There were also discussions on the concepts involved in civil recovery

and non-conviction based forfeiture, with note being taken that several Member jurisdictions could use these mechanisms.

OAS/CICAD made a further presentation of the project to the November 2015 meetings to reinforce the importance of each CFATF member lending its support for the Concept Note which was being circulated across the region.

OAS/CICAD representatives also participated in an interview conducted by the Executive Director for CFATF TV, with a view to raising awareness of the project and its potential benefits to the Caribbean Basin Region to a wider audience including the private sector and the members of the public.

The CFATF's involvement and participation in the work of the OAS Lavex was reflected in attendance at the meetings held in Washington DC and the Dominican Republic by Deputy Executive Directors Dawne Spicer and Carlos Acosta respectively. The focus of the meetings were discussions on ongoing trends in the Caribbean Basin Region regarding measures being undertaken to deal with assets forfeiture, ML and the development of databases and systems which could allow greater collaboration between OAS member countries.

During 2016, the OAS continued its full participation at the CFATF Plenary meetings with focus on the establishment of a regional asset recover inter-agency network (ARIN), which was previously fully endorsed by both the Council of Ministers and the Plenary. The IAS provided updates to Plenary on the 'next steps' towards the establishment of a regional ARIN. The first step was to have a meeting of practitioners comprising persons from the Offices of the Attorney General, Offices of the Director of Public prosecution and law enforcement.

As a result, the first meeting of practitioners was held in Barbados in November 2016. At that meeting, the name of the network was decided (ARIN-CARIB) and the base documents establishing the framework of the network was established. It was decided that a preliminary Steering Group meeting would be held in 2017 to develop the mandate and other working documents of ARIN-CARIB, which would determine issues such as funding, steering group membership,

development of a website, role and functions of Members, Observers etc.

CARIBBEAN DEVELOPMENT BANK

Months of discussions between the Executive Director, Mr. Calvin Wilson, and representatives of the Caribbean Development Bank (CDB) resulted in the return of this founder Observer Organisation to the November 2015 Plenary Meeting.

This positive development came at a critical time when collaboration between regional institutions and the CFATF was important to meeting some of the emerging challenges to the economic stability of countries in the region that are members of both the CDB as well as the CFATF.

The CFATF and the CDB also collaborated on the preparations for the successful Global Stakeholders Conference on Correspondent Banking Relations; De-Risking and Branding Caribbean Countries as Tax Havens, October 27-28 2016, Antigua and Barbuda

FINANCIAL ACTION TASK FORCE

In February 2008, the CFATF became the fifth Associate Member of the FATF, a significant accomplishment which gives the Region a voice in determining the global AML/CFT agenda through the participation of five (5) CFATF members on a rotating basis at the Working Group and Plenary meetings of the FATF.

Since 1997 the CFATF Secretariat has attended all FATF Plenary meetings and participated in most Working Group meetings.

Currently, the FATF agenda includes several key issues which are under consideration and for which there should be regional input particularly in relation to the lessons being learnt from implementation of the CFATF Third Round of Mutual Evaluations and preparations for and nature of the Fourth Round of Mutual Evaluations.

The CFATF Secretariat continues to urge strong involvement by the CFATF membership in all aspects of the FATF agenda, and indeed throughout the period under review the presence of CFATF members

at FATF Plenary meetings has been significant as has been their input in the issues facing the global AML/CFT network.

THE FATF SECRETARIAT

The CFATF and FATF have excellent relations with a professional and cooperative working experience between the staff of both Secretariats.

Importantly the presence of FATF President Mr. Je-Yoon Shin at the May and November 2015 CFATF Plenary Meetings respectively, demonstrate the importance of the mutual support and encouragement that is critical to the efficacy and longevity of the global AML/CFT network.

FATF GLOBAL NETWORK COORDINATION GROUP

In June 2012, Ms. Dawne Spicer, CFATF Deputy Executive Director was elected as one of the two Co-Chairs of the FATF Global Network Co-ordination Group (GNCG) which was established in February 2012 to deal with relations between the FATF and the FSRBs.

The remit of the GNCG includes attempting to resolve problems identified in the operations of the FATF/FSRB, and it also is responsible for developing and exchanging best practices in this area.

THE GROUP OF COOPERATING AND SUPPORTING NATIONS

The CFATF COSUNs all of whom are FATF members continue to play a significant role in the growth and development of the CFATF, contributing both human and financial resources to all CFATF endeavours and for which the CFATF membership is enormously appreciative.

During the period under review the COSUNs continued their stalwart support for the work of the CFATF.

The dialogue between the Secretariat and the various COSUNs on the use and management of the funds has been proper, transparent and responsible, with

discussions occurring within a cordial and fully collaborative environment.

CFATF Member countries have been encouraged to provide detailed matrices on their Technical Assistance and Training Needs so that discussions could continue with the COSUNs and other partners in the donor community for the delivery of relevant assistance to members in support of the Fourth Round of Mutual Evaluations using available funds and those to be provided within the framework for delivery and reporting as agreed by the parties.

CANADA

As at December 31st 2016 Canada has allocated USD \$63,076.00 to the CFATF for Technical Assistance and Training purposes. Whilst these funds have not been assigned to specific initiatives, Canada is of the view that the funds may be best utilized for Assessor and Assessed Country training.

Since December 2015 these funds have been used to cover Assessors Training in January 2016 as well as Pre-Assessment Training and Standards training in Barbados in March 2016.

On November 14th 2016 the CFATF Secretariat reported to Canada on the use of these funds from a historical perspective covering the years 2013 to 2016. Projects covered the first National Risk Assessment (NRA) Workshop in the Virgin Islands in 2013 another NRA Workshop in Honduras in 2014, the cost of a member of the Secretariat staff attending the EGMONT Plenary in Barbados in 2015 as well as Assessors Training and Pre- Assessment Training in Barbados in 2016.

Additionally, as with all other COSUNs, information on the use and current balances of funds provided by Canada are available in the quarterly Financial Management Reports prepared by the Financial Comptroller and provided to the COSUN Representative for dissemination to all COSUN Members.

FRANCE

Between February 2013 and June 2015 France provided USD \$40,095.00 which was used as follows:

2014- CFATF official's attendance at the FATF Plenary to present the Quality and Consistency Report on CFATF Mutual Evaluation Reports.

2014- Mutual Evaluation Assessors Training in Jamaica and El Salvador, Pre-Assessment Training in Jamaica and Standards Training in the Cayman Islands.

2015- Pre-Assessment Training in the Dominican Republic and The Bahamas and Standards Training in Anguilla as well as attending the DPP Forum on Corruption, Economic Crime and Recovery of the Proceeds of Crime.

At the end of 2016 –US\$2,554 was available.

The CFATF Secretariat reported to France on the use of these funds in September 2015 as per the Financing Agreement signed in December 2012 which confirmed that the funds can be used for technical assistance and training activities and must be used by 31st December 2015.

Additionally, as with all other COSUNs, information on the use and current balances of funds provided by France are available in the quarterly Financial Management Reports prepared by the Financial Comptroller and provided to the COSUN Representative for dissemination to all COSUN Members.

KINGDOM OF THE NETHERLANDS

The Kingdom of the Netherlands contributed USD \$48,876.00 during 2014 for projects which were identified and agreed upon after discussions between the Kingdom of the Netherlands and the Secretariat that entailed support for critical AML/CFT training on the FATF 2012 Recommendations and Methodology to all CFATF stakeholders. There was no expenditure for 2014.

In 2015 the Kingdom of the Netherlands provided US\$21,028 to the CFATF, a small portion of which was used to fund a CFATF representative's attendance at the EGMONT Training event in Peru.

As at December 31st 2015 the funds from the Kingdom of the Netherlands stood at US\$69,864.00. No funds were utilized in 2016 although it should be noted that the CFATF Secretariat had been in dialogue for a training event for CFATF Dutch speaking members but due to circumstances beyond

the Secretariat's control there were delays in finalising arrangements for this event but nevertheless the Secretariat continued in its efforts.

On December 6th 2016 the Executive Director provided a very detailed account of discussions on the use and intended use of funds provided as well as the course of events on requests for invoices for the transmission of funds and the provision of all the required information by the Secretariat between 2013 and 2015.

A report on the use of funds from the Kingdom of the Netherlands by the CFATF Secretariat was provided in March 2017.

Additionally, as with all other COSUNs information on the use and current balances of funds provided by the Kingdom of the Netherlands are available in the quarterly Financial Management Reports prepared by the Financial Comptroller and provided to the COSUN Representative for dissemination to all COSUN Members.

MEXICO

During the period under review Mexico provided USD \$15,000.00, for projects which are to be identified and agreed upon after discussions between Mexico and the Secretariat. Potential activities could include supporting the attendance of CFATF Secretariat at FATF events such as FATF Plenary meetings and the FATF Public Consultative Forum.

At the beginning of 2016 funds provided by Mexico stood at US\$30,000.00, and a further US\$15,000.00 was received as is usual each year. US\$7,697.00 was spent towards the cost of six (6) CFATF delegates attending Assessors Training in Panama. At the end of 2016 the funds provided by Mexico stood at US\$37,303.00.

A report on the use of Mexico's funds by the CFATF Secretariat was provided in March 2017 although it must be said that there has been ongoing dialogue between the parties during 2016 on the possible uses to which the funds could be put.

During July 2015, a historical account on the use of funds provided to the CFATF by Mexico for the period 2012-2015 was provided to Mexico by the

Financial Comptroller which showed for 2012-meeting the costs of the Americas Regional Review Group (ARRG) face to face meeting and CFATF staff attendance at FATF Meetings. In 2013 for the first National Risk Assessment Workshop in Virgin Islands and to confirm that the funds provided in 2014 and 2015 were not utilized and that the Secretariat was reviewing possible projects for which the funds could have been applied.

In June 2016 discussions on possible use centered on the attendance of two (2) participants from the CFATF membership to visit the FIU in Mexico for training and possible National Risk Assessment Workshops in Dominican Republic, El Salvador and Venezuela.

Additionally, as with all other COSUNs information on the use and current balances of funds provided by Mexico are available in the quarterly Financial Management Reports prepared by the Financial Comptroller and provided to the COSUN Representative for dissemination to all COSUN Members.

SPAIN

Spain's contribution to the CFATF as at January 1st 2016 stood at US\$138,200.00 and was used for training events in El Salvador in February 2016 US\$14,874.00, in Dominican Republic in April 2016 US\$14,958.00, and Venezuela in April 2016 US\$12,011.00.

An administrative fee of US\$4,400.00 was paid to the CFATF and at December 31st 2016 the remaining funds provided by Spain stood at US\$91,856.00.

The Secretariat continues to liaise with the Spanish speaking members and Spain's representative to arrange training sessions.

A report on the funds received from Spain and used by the CFATF Secretariat was provided in March 2017.

Additionally, as with all other COSUNs, information on the use and current balances of funds provided by Spain is available in the quarterly Financial Management Reports prepared by the Financial Comptroller and provided to the COSUN

Representative for dissemination to all COSUN Members.

UNITED KINGDOM

No funds were provided by the United Kingdom to the CFATF for 2016, however the Executive Director has been in dialogue with two representatives from the United Kingdom for the provision of support to one of the smaller CFATF jurisdictions.

UNITED STATES OF AMERICA

The contribution of the United States of America to the CFATF as at January 1st 2016 stood at USD \$66,889.00, which was used towards the costs of the delivery of Mutual Evaluation Assessors Training in Jamaica, US\$5,119.00, CICAD LAVEX Meetings in May and September 2016, US\$1,917.00 and US\$1,776.00 respectively and Assessors Training in Panama for the attendance of two Facilitators, US\$3,213.00.

As at December 31st 2016 the funds provided by the United States to the CFATF stood at US\$96,298.00. A report on the funds received from the United States used by the CFATF Secretariat was provided in March 2017.

Additionally, as with all other COSUNs, information on the use and current balances of funds provided by United States is available in the quarterly Financial Management Reports prepared by the Financial Comptroller and provided to the COSUN Representative for dissemination to all COSUN Members.

CONCLUSION

Chairman Al-Rawi's call for the CFATF to be an exemplar to other FSRBs in the global network is well on its way with the achievements for the period under review speaking volumes in testimony.

Without a doubt this was a momentous year of accomplishments for the CFATF, projecting to even wider audiences, its public image and international reputation through a new logo, website and CFATF TV. This was another year of exceptional success for the CFATF.

The new groundwork for outreach to potential new members is solid, and being put into good effect with the prospects of positive results.

Efforts continued with proactive and successful implementation of existing procedures to ensure timely submission of annual contributions and day to day management of the organization's finances in a transparent fashion in keeping with international best practices and with a few innovative steps towards being able to monitor expenditure and accounting systems in almost real time and with even greater transparency.

The Mutual Evaluation, Follow-up and ICRG processes were commended for their forcefulness by our COSUN friends and FATF partners in facilitating expeditious rectification of identified deficiencies during the Third Round of Mutual Evaluations, with advocacy by the Executive Director continuing to benefit not only CFATF members but those of other FSRBs in the global network.

The Fourth Round of Mutual Evaluations continued with the reading of the Mutual Evaluation Report on Jamaica in November 2016 and further Missions to Bahamas and Barbados.

Chairman Al-Rawi was persistent in his strident calls for a decisive change in the level of full and active participation of some members that portends potential damage to the good standing and international reputation of the CFATF as well as dangers to the integrity of the CFATF Mutual Evaluation Programme.

The ongoing call by the Chairman, the Council of Ministers, Steering Group, members in Plenary, the Secretariat as well as our friends and allies the COSUNs and the FATF Secretariat is for urgent and immediate improvement in overall membership participation. A Plan of Action to ameliorate this position is on the cards.

There was also a smooth transition of leadership responsibilities from the Honourable Faris Al-Rawi, Attorney General, Trinidad and Tobago to the Honourable Rhondalee Braithwaite-Knowles, Attorney General, Turks and Caicos Islands as Chair and Honourable Basil Williams, SC, MP, Attorney

General and Minister of Legal Affairs, Guyana as Deputy Chair for 2016-2017.

As in the previous year recognition was given to the hard working and dedicated staff at the Secretariat who all continued to provide yeoman service for the

efficient functioning of the organisation and effective representation of the region's interests in various fora across the globe, to the benefit of all twenty-seven (27) CFATF members and our regional and international partners.

ANNEX 1

OBSERVER ORGANIZATIONS

- o Asia Pacific Group Secretariat
- o Association of Caribbean Commissioners of Police
- o Caribbean Customs Law Enforcement Council
- o Caribbean Development Bank
- o CARIFORUM
- o Caribbean Regional Technical Assistance Centre
- o CARICOM Secretariat
- o Central American Bank for Economic Integration (CABEI)
- o Commonwealth Secretariat
- o Eastern Caribbean Central Bank
- o Eastern and Southern Africa Anti Money Laundering Group
- o EGMONT Group
- o European Union
- o Federal Republic of Germany
- o Financial Action Task Force
- o Financial Action Task Force of Latin America
- o Group of International Finance Centre Supervisors
- o Inter-American Development Bank
- o International Monetary Fund
- o Interpol
- o MONEYVAL
- o Organization of American States/CICAD
- o Organization of Eastern Caribbean States Secretariat

- o United Nations Office of Drugs Control and
Crime Prevention
- o The World Bank Group
- o World Customs Organization

ANNEX II

LIST OF ACRONYMS

AML/CFT-Anti-Money Laundering/Combating the Financing of Terrorism

ARIN – Asset Recovery Inter-Agency Network

AWG - Accreditation Working Group

BAC - Budget and Audit Committee

CABEI - Central American Bank for Economic Integration

CARICOM – Caribbean Community

CARICOM IMPACS - CARICOM Implementing Agency for Crime and Security

CARIFORUM – Caribbean Forum

CARIN - Camden Assets Recovery Interagency Network

CCARP - Caribbean Criminal Asset Recovery Programme

CDB – Caribbean Development Bank

CFATF- Caribbean Financial Action TASK Force

CFATF WGFI - CFATF Working Group on FATF Issues

CICAD - Inter-American Drug Abuse Control Commission

COSUNs - Group of Cooperating and Supporting Nations

CRTMG - CFATF Risks Trends and Methods Group

CRWG - CFATF Review Working Group

EDF – European Development Fund

FATF- Financial Action Task Force

FATF TREIN - FATF Training and Research Institute

FIUs – Financial Intelligence Units

ICRG - International Co-operation Review Group

MEE - Mutual Evaluation Examiners

MER – Mutual Evaluation Report

MOU – Memorandum of Understanding

NAMLAC - National Anti-Money Laundering Committee

NCCT - Non-Cooperative Countries and Territories

NRA – National Risk Assessment

RRAG - Red Regional de Recuperación de Activos de GAFISUD (Regional Asset Recovery Network of GAFISUD)

TC – Technical Compliance

TFFFI- Terrorist Financing Fact Finding Initiative