



CARIBBEAN FINANCIAL ACTION TASK FORCE

Annual Report 2016-2017

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EXECUTIVE SUMMARY

For the family of twenty-five (25) nations that comprise the Caribbean Financial Action Task Force (CFATF), the period November 2016 to November 2017 was a time of dynamic transformation.

During this period, The Honourable Rhondalee Braithwaite-Knowles, Attorney General of the Turks and Caicos Islands was nominated to perform the duties of CFATF Chairman.

She pledged the commitment of her jurisdiction to work with the CFATF Secretariat to achieve the goals of the organization, especially as the Fourth Round of Mutual Evaluations had recently begun, bringing with it both challenges and opportunities.

From the outset, it was evident that Madam Chair Braithwaite-Knowles recognised the significant contributions of past Chairmen of the CFATF.

She noted that the past Chairs fully invested their own personal skills and energy as well as the resources and efforts of their respective jurisdictions to achieve success in the mission of the CFATF. Madam Chair Braithwaite-Knowles applauded those efforts and the resulting improvements and advancements.

With Madam Chair Braithwaite-Knowles 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.

In this regard Madam Chair Braithwaite-Knowles with the full support of the Steering Group and the Council of Ministers oversaw the engagement of six (6) additional staff members, whom were assigned to assist both the Mutual Evaluation Team (5) and the Finance & Audit functions (1).

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 facilitated the fulfilment of

Chairman Braithwaite-Knowles' goal that the CFATF should become an exemplar among FSRBs.

The full realisation of that promise as was highlighted in the Chairman's Work Programme.

THE ORGANIZATIONAL STRUCTURE

Under the direction of Members, the Chair, Deputy Chair, the Steering Group, the Working Groups, the COSUNs and Observer Organisations the Secretariat, undertook the annual Work Programme and conducted the general business of the Caribbean Financial Action Task Force (CFATF).

There were changes to the organisational structure during the period under review due to the completion of the recruitment process for six new staff positions.

Details of these changes are outlined on page 13 of this report.

CHAIR/DEPUTY CHAIR

The Chair of the Caribbean Financial Action Task Force (CFATF) for November 2016-November 2017 was the Honourable Rhondalee Braithwaite-Knowles, Attorney General, Government of the Turks and Caicos Islands.

The CFATF Deputy Chair for November 2016 to November 2017, was the Honourable Basil Williams SC, MP, Attorney General, the Co-operative Republic of Guyana.

On assuming their leadership positions, both Turks and Caicos Islands and Guyana 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. Basil Williams SC, MP, undertook the responsibility of presiding over meetings of the Steering Group, Plenary and Council of Ministers on those occasions when Chairman Braithwaite-Knowles 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.

Some of the key decisions taken by the Council of Ministers during the period under review were as follows:

- Electing for the November 2016/2017 period the Cooperative Republic of Guyana as CFATF Deputy Chair with duties to be undertaken by the Honourable Basil Williams SC, MP, Attorney General and Minister of Legal Affairs and confirming Guyana’s elevation to the CFATF Chair for November 2017/November 2018
- Electing Barbados unanimously as the Deputy Chair for the period November 2017 to November 2018.

- Adopting the Cooperative Republic of Guyana’s Work Programme for the period November 2017 to November 2018.
- Approving the Strategic Plan 2017-2022 and its four subsidiary documents namely the Fourth Round Mutual Evaluations Execution Plan, the Membership Training Plan, the Human Resources Plan and the Communications Plan.
- Endorsing the phased engagement of the plan to increase the staff complement by ten (10) given the financial constraints that arose with the loss of one member. Six members of staff joined the Secretariat as at June 1st, 2017.
- Approving the Employee Contract Renewal Process.
- Adopting the Operational Work Plan and Budget 2018 with an annual contribution per member of US\$ 57,400.
- Approving the Audited Financial Statements for 2014, 2015 and 2016.
- Endorsing CFATF’s Observer Status with ARIN-CARIB.
- Approving the Report on the Fourth Round Mutual Evaluation Programme to address the current challenges being experienced with the Fourth Round of Mutual Evaluations.
- Approving a revised schedule for the Fourth Round of Mutual Evaluations so that three Missions will be undertaken in 2018 and four annually thereafter so that the Fourth Round could be completed in 2022.

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 the 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, seven (7) strategic objectives and twenty-one (21) Strategic initiatives 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.

Objective	Short term initiatives	Medium and long-term initiatives
1.-Increase capacity	A. Training and technical assistance program	i. Technological, human and informational resources (Website, equipment, tools, people)
		ii. Information resources (Web site, resource center)
2.-Develop Proactive Organization	B. Advocacy and outreach	iii. Electronic interactions (Update website, forums, blogs, etc.)
		iv. CFATF Public relations campaign (To increase awareness of the public and

		private sector, on AML/CFT/CPF threats and issues.)
		v. Develop research papers on topics relevant to the region
	C. Evaluate options to increase resources including funding, technical assistance.	vi. Establish active and focused Working Groups on topics relevant to the region
		vii. Enhancing our role as an effective FSRB.
		viii. Engage highest level of government in issues relevant to CFATF
3.-Achieve Mutual Evaluation targets	D. Develop tools to assist countries to prepare for MEV and follow up process	ix. Formal Report to Ministers on MEV and follow up process
		x. Update MEV and follow-up process
4.-Improve accountability	E. Implement sound and effective	xi. Benchmark best practices

ies and use of resources	corporate governance policies and practices.	with relevant organizations
	F. Enhance member participation	xii. Economic cost of the organization and alternatives
		xiii. Reengineering of the Plenaries
5.- Contribute to Global standards	This objective has no initiatives	
6.-Achieve compliance	G. Design methodology to measure compliance	This objective has no medium or long-term initiatives
7.-Build an effective organization	H. Design organizational survey	This objective has no medium or long-term initiatives

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:

A Membership Training Plan (encompassing assessor training, standards training and other technical support for Members):

Leader: Antonio Delgado (Venezuela)

Members: 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) and Magdalene Walcott (CFATF Secretariat).

A Communications Plan (including an Advocacy Plan and Outreach Policy):

Leader: Yolande Rolle of The Bahamas.

Members: 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.)

Leaders: Andrew Dalip (Trinidad and Tobago) & Edward Croft (Antigua and Barbuda).

Members: Paula Tyndale (Bermuda), Khalila Astwood-Dorset (Turks and Caicos Islands), Vyana Sharma (Trinidad and Tobago) and Dawne Spicer (CFATF Secretariat).

The overall work of the Planning Committee was coordinated by Ana Folgar, Legal Advisor (CFATF Secretariat).

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 of Plenary Meetings;
- 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;
- Policy matters, including the adoption of any revised Recommendations; and
- Instances of failure to comply with the Memorandum of Understanding and the FATF 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.

In this regard the Plenary during the Turks and Caicos Islands term as Chair approved the following:

- The Mutual Evaluation Reports on The Bahamas and Barbados which have been published on the CFATF website.
- Applications to exit the Third Round Follow up process by Curacao, Haiti, and Suriname.
- The First Fourth Round Follow up Report of Trinidad and Tobago.
- Reports on the Secretariat's delivery of Standards Training, Pre-Assessment Training, Pre-Onsite Training, Assessors Training.
- The Report on the delivery of three training seminars for Analysts under the European Union/CARIFORUM 10th European Development Fund three (3) year 1.2 Million Euros Project for the Training of Financial Investigators and Analysts.

- The overview of the Asset Recovery Network –Caribbean by the Regional Security System-Asset Recovery Unit.
- The demitting of office as Co-Chair of the CFATF Risk Trends and Methods Group by Mr. Dwayne Baker, Director, Financial Intelligence Unit, Turks and Caicos Islands and the election of Ms. Alicia Williams, Senior Compliance Officer, Financial Intelligence Unit, Guyana and Co-Chair.
- The final Report by the CFATF Review Working Group.

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 2016 and November 2017, the CFATF Steering Group comprised the following: Chair-Turks and Caicos Islands, Deputy Chair-Guyana; Outgoing Chair-Trinidad and Tobago, Members Antigua and Barbuda, Barbados, Bermuda, Sint Maarten The Bahamas, Venezuela, and Virgin Islands. The COSUNs are represented on the Steering Group by the United States of America.

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 committees; the Budget and Audit Committee (BAC), the Human Resource Committee (HRC) and the Planning Committee, over all aspects of CFATF affairs, have been firmly established and 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 Madam Chair Braithwaite Knowles were as follows:

Completing the preparation of the following human resources related Manuals:

- CFATF Process for the Renewal, Termination and Non-Renewal of Staff Contracts of Employment,
- Manual for the Treatment of Foreign Staff,
- Protocol for conducting background checks on employees, and
- Draft CFATF Disputes, Discipline and Termination Procedures
- Making regular calls for wider membership participation in the work of the three Steering Group Sub Committees and in CFATF affairs as a whole given the increasing workload of the organisation.
- Conducting with ongoing efficiency the operations of the Steering Group through proper management of attendant administrative arrangements and timely preparation and circulation of Agenda, Annotated Agenda, Briefing Notes for the Chairman as a guide for the effective conduct of the meetings, Discussion Papers for Steering Group meetings to inform the proceedings and thereby facilitate cogent decision making and the preparation of Lists of Outcomes and Summary Records of the meetings.
- Reviewed and recommended to the Council of Ministers cogent recommendations to address the challenges to the Fourth Round Mutual Evaluation Programme which are intended to achieve the goal of high quality Mutual Evaluation Reports that are consistent with the FATF Recommendations and of benefit to the global reputation of the CFATF.
- Monitoring the progression of the CFATF application for funding to support the Fourth Round Mutual Evaluation Programme as it successfully crossed the first hurdle of the

European Union/CARIFORUM review process and the anticipation that the first tranche of the project funds will be released in early 2018.

CFATF WORKING GROUPS

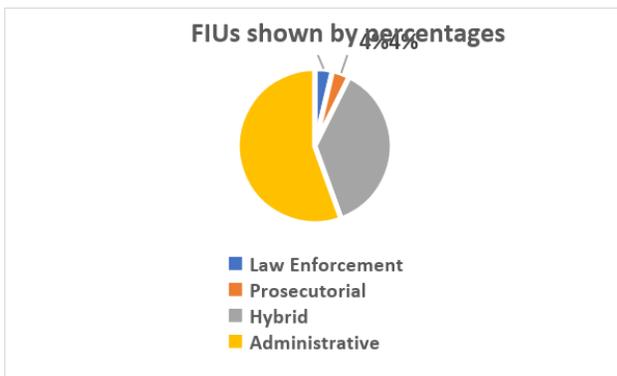
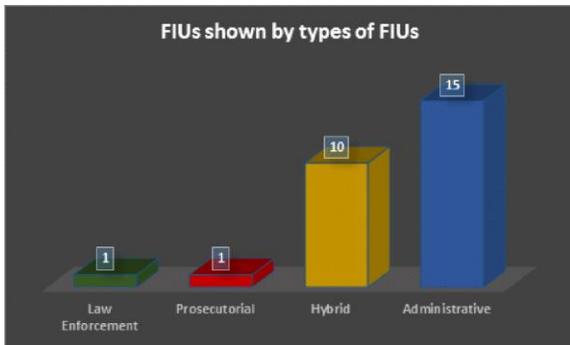
Working Groups have been an integral part of the CFATF organisational structure, since its inception. During the period under review, the CFATF had five (5) established and functioning Working Groups. These were the Heads of Financial Intelligence Units Forum, the Accreditation Council, the CFATF Risks, Trends and Methods Group (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, multicultural and multilingual 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 to Ms. Susan Francois, Director, FIU, Trinidad and Tobago, for her stewardship of this Forum during the period under review and Mr. Jefferson Clarke and Mr. Pedro Harry, Law Enforcement Advisors 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 ways in which this could be possible. At the CFATF November 2016 meeting the Heads decided to ask for future meetings of the Forum to be moved so that it would not clash with the 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 charged with the oversight for the implementation of the project.

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 years, 1.2 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 delivered as part of this project was the Train-the-Trainer for Analysts course, which commenced on January 9th, 2017, until January 17th, 2017. Analysts Course also took place during the period June 19- 23, 2017 in Trinidad and Tobago and August 28 to September 1, 2017 in Antigua and Barbuda.

CFATF RISKS TRENDS AND METHODS GROUP (CRTMG)

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 Dwayne Baker, Turks and Caicos Islands and Yves-Fils Stimphat, Haiti, in November 2016, the CRTMG concluded and published the report on the Proliferation of Small Arms and Ammunition¹.

Research on the Transparency and Beneficial Ownership project in the Caribbean was proposed and at the November 2017 plenary, it was proposed that the best way forward would be for the CRTMG to join the work already started by the FATF/RTMG through the submission of case studies which would contribute fully to the FATF's ongoing work-streams in the RTMG and the Policy Development Group (PDG), then based on the outputs, the CFATF, could consider taking forward any of the issues raised where there are specificities relevant to the Caribbean region.

Co-Chair Baker departed the CRTMG in November 2017, after three and a half years as a Co-chair of the CRTMG. During his tenure, the CRTMG was able to complete the work on three legacy projects. Mr. Baker considered that as the CRTMG embarks upon a new cycle of work and projects it is timely to allow others to carry-on the work of this group. Mr. Yves-Fils Stimphat will continue as Co-chair. Co-Chair Baker thanked the CFATF Secretariat and the TCI government for allowing him the opportunity to carry out the work as Co-chair even as he carried out his substantive duties as the Director of the FIA in the Turks and Caicos Islands.

Guyana nominated and plenary approved Ms. Alicia Williams Senior Compliance Officer of the Guyana FIU for the position of Co-chair CRTMG.

¹ <https://www.cfatf-gafic.org/index.php/cfatf-documents/typologies/7585-the-proliferation-of-small->

[arms-and-ammunition-october-2016?highlight=WyJhem1zIiwYV1tdW5pdGlvbjJd](https://www.cfatf-gafic.org/index.php/cfatf-documents/typologies/7585-the-proliferation-of-small-arms-and-ammunition-october-2016?highlight=WyJhem1zIiwYV1tdW5pdGlvbjJd)

We formally recognise Mr. Baker's contribution to the CRTMG and by extension the CFATF and wish him all the best in his future endeavours. The CFATF thanks him for his sterling contribution.

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 Group, 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 Vyana Sharma, Trinidad and Tobago and Celeste Mc Calla, Jamaica for the excellent work they continue to do in this regard supported by Deputy Executive Director, Dawne Spicer, Financial Advisors Roger Hernandez, Joanne Hamid, Joanne Daniel and Legal Advisor Ana Folgar.

The CFATF "Procedures for the Fourth Round of AML/CFT Mutual Evaluations" (the CFATF MEVAL Procedures) was initially approved by the

CFATF May 2014 Plenary and as required by the Universal Procedures for FATF/FSRBs (Universal Procedures), was endorsed by the FATF Working Group on Evaluations and Compliance (ECG) and recommended and accepted for endorsement by the FATF Plenary as mutual evaluation procedures that are consistent with the Universal Procedures for the FATF/FSRBs. Since the approval of the CFATF MEVAL Procedures, there have been five (5) amendments² to ensure and reflect consistency issues with the Universal Procedures, changes to the FATF mutual evaluation procedures (upon which the CFATF MEVAL Procedures are based) and CFATF procedural matters.

The amendments that were proposed at the November 2017 Plenary were aimed at achieving the following:

- (i) introducing equal sharing of costs for face-to-face meetings between the assessed jurisdiction and the CFATF;
- (ii) expansion of participants in the Global Quality and Consistency process to include the International Financial Institutions (IFIs i.e. World Bank (WB) and the International Monetary Fund (IMF));
- (iii) ensuring confidential information is protected in the publication of Follow-Up Reports;
- (iv) amending the reporting times for countries in enhanced follow-up which also enter into the FATF ICRG observation period so that the First Follow-Up Reports (FFURs) of said countries would be available at the end of the FATF ICRG one-year observation period;
- (v) ensuring the narrative of the Procedures accurately reflect the activities of the CFATF WGFI sub-working group in the process for identifying key issues for CFATF WGFI discussion;
- (vi) amending the narrative of the Procedures to clarify the role of the CFATF WGFI working group in the process outlined for identification of key issues for Plenary discussion;

(vii) updating Appendix 1 to ensure consistency with the previously approved amendments to the Procedures; and

(viii) updating Appendix 2 to include a Table Template for assessed jurisdictions to use in identifying and listing interviewees for the on-site.

The amendments covered the following areas in the CFATF MEVAL Procedures:

- (i) Face-to-Face Meetings;
- (ii) Publication and other procedures following Plenary
- (iii) Publication of Follow-Up Reports;
- (iv) Enhanced Follow-Up;
- (v) Identifying Issues for Plenary Discussion and
- (vi) Amendments to Appendices 1 and 2.

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.

TRAINING & TECHNICAL ASSISTANCE, CAPACITY BUILDING

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.

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 will be given to the restructuring of the Donors' Forum.

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

On three occasions, that is, January 12th, March 31st and April 26th, 2017 a matrix with instructions was sent to all CFATF members requesting details on AML/CFT technical assistance and training received during the last six months of 2016 and a list of specific AML/CFT technical assistance and training needs required for 2017.

The responses were analysed to ascertain the significant technical assistance and training needs of the members and a report was presented at the CFATF May - June 2017 Plenary.

Nineteen (19) countries³ submitted completed matrices and the information was collated and the main areas for which technical assistance and training requests were identified on the basis of the number of requesting countries in the following areas:

- i Financial intelligence units (FIUs) – 19 countries
- ii National AML/CFT risk assessment – 15 countries
- iii Financial sector – 14 countries
- iv Legislative framework – 14 countries

³ Anguilla, Antigua and Barbuda, The Bahamas, Barbados, Belize, The British Virgin Islands, The Cayman Islands, El Salvador, Grenada, Guyana, Haiti,

Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Turks and Caicos Islands and Venezuela

- v Combatting financing of terrorism (CFT) – 14 countries
- vi Law enforcement authorities – 13 countries
- vii Designated non-financial businesses and professions (DNFBPs) – 13 countries
- viii Development of national AML/CFT strategies and policies – 11 countries
- ix FSRB Activities-11 countries
- x International Co-operation - 6 countries
- xi Other- 4 countries

THE CFATF TRAINING AND ACCREDITATION PROGRAMME

Analysts' training was conducted in Trinidad and Tobago during the period June 19th -23rd, 2017. This followed the analysts and train-the-trainer training which was conducted in Jamaica from January 9th - 17th, 2017. Participants of the June training were drawn from the FIUs of Guyana, Trinidad and Tobago, Grenada, Barbados, Antigua and Barbuda, Jamaica, The Bahamas and Haiti. Two trainers, from Dominica and Trinidad and Tobago, who were trained in the January 2017 training joined other regional trainers in the delivery of this training. The SG continued to monitor developments with the ongoing negotiations by the ED for a Euro (€) six (6) Million facility which was increased from the initial four and one half (€4.5) Million, for the provision of support for the CFATF Fourth Round Mutual Evaluation Programme. This facility will certainly assist with overcoming some of challenges being currently experienced through implementation of the recommendations formulated to rectify them.

The CFATF application has successfully crossed the first hurdle of the EU/CARIFORUM and it is anticipated that the first tranche of the project funds will be released in early 2018.

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 through 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.

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 October 2000.

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

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

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

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

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

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

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

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

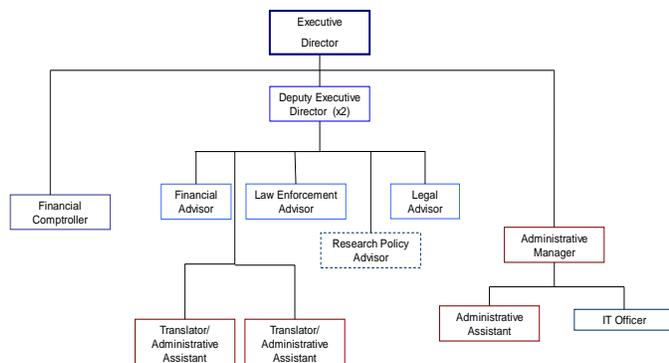
Ms. Elisha George, Administrative Assistant who joined June 2016.

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

Mrs. Joanne Hamid - Financial Advisor (November 2016);

Mrs. Ascinta Ahjee-McClearn - Senior Administrative Assistant (CFATF/EU/CARICOM Project) (December 2016).

CFATF STRUCTURAL ORGANISATIONAL CHART



During the period under review the following six positions were filled bringing the total staff complement at the Secretariat to twenty (20):

The Secretariat completed the recruitment process for the six new staff positions on Friday April 28th, 2017, and the successful applicants are as follows:

- Ms. Allysha Gibson – Accounting Assistant;
- Mr. Pedro Harry - Law Enforcement Advisor;
- Mrs. Joanne Daniel – Financial Advisor;
- Mr. Rommel St. Hill – Legal Advisor;
- Mr. Anthony Cartwright – Research Officer;
- Mrs. Risha Pragg-Jaggernauth – Research Officer.⁴

In keeping with the mandate from the Steering Group, the new employees, officially commenced work at the CFATF Secretariat on Thursday June 1st, 2017, where they were presented to the Plenary. Mrs. Risha Pragg-Jaggernauth officially commenced work on July 1st, 2017.

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

Accordingly, during the period under review, immediate past Chairman Al- Rawi continued to lend his assistance and as an interim measure the Government of Trinidad and Tobago seconded thirteen (3) officials from the Ministry of the Attorney General and Legal Affairs, the Central Bank of Trinidad and Tobago and the Ministry of National Security who assisted the work of the Secretariat in a significant way.

Mrs. Risha Pragg- Jaggernauth from the Ministry of the Attorney General and Legal Affairs was seconded from August 29, 2016 to June 30, 2017 and provided research support to the Executive Director and the general operations of the Secretariat.

Mrs. Joanne Hamid from the Central Bank of Trinidad and Tobago was seconded for two years November 2016- November 2018 as Financial Advisor.

Mr. Kibwe Boyce was seconded to the Secretariat until June 5th, 2017 to assist the Information Technology Officer with the following:

- Upgrading the WIFI system to accommodate the new staff.
- Setting up twelve new computers and connecting to the network.
- Training the new staff in the use of the internal network and the web
- Web management due to the increase in traffic.

⁴ Mrs. Risha Pragg-Jaggernauth was seconded to the Secretariat as Executive Assistant from August 29th, 2016

and was successful in the recruitment process for one of the Research Officer positions.

This level of support to the CFATF by immediate past 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. While, this was facilitated by the Secretariat being based in Port of Spain, Trinidad and Tobago, it nevertheless could be emulated by other CFATF members.

In this vein throughout the period under review at the behest of Chairman Braithwaite-Knowles' beginning January 2017 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.

Further at the May 2017 plenary, there was an overwhelming response of fifty- five (55) persons from our jurisdictions indicating their willingness to serve on the CFATF Working Groups.

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 Braithwaite-Knowles 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.

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.

Inter-American Development Bank (IDB) Knowledge Exchange "Caribbean Banking System Strengthening" January 18th, 2017, Montego Bay, Jamaica.

FATF Plenary meeting. February 19th - 24th, 2017, Paris, France.

NEM Leadership Consultants Technical Anti-Money Laundering Seminar, Port of Spain, Trinidad and Tobago. March 5th 2017.

Caribbean Development Bank and Inter-American Development Bank MDB Private Sector Integrity Meeting 2017, Bridgetown, Barbados. March 21st, 2017

Compliance Aid Third Annual Anti-Money Laundering & Financial Crimes Conference, Miami, Florida, USA. April 6th -7th, 2017.

5th Annual AML Risk Management Conference Americas. Panama City, Panama. April 20th - 21st 2017.

Massy Group Annual Training Seminar for Directors and Compliance Officers, Port of Spain, Trinidad and Tobago. May 5th 2017.

University of the West Indies Mona, Law Symposium on Law, Governance and Society, Trelawny, Jamaica. June 9th -11th 2017.

Betting Gaming and Lotteries Commission, Jamaica, Caribbean Gaming Summit, on the Impact of De-Risking, Montego Bay, Jamaica. June 14th -15th 2017.

FATF Plenary Meeting and Working Groups. June 18th - 23rd, 2017. Valencia, Spain.

CFATF/European Union Analysts Training. June 19th - 23rd, 2017, Trinidad and Tobago.

35th International Symposium on Economic Crime
Cambridge, United Kingdom. September 3rd -10th
2017.

CFATF/European Union Analysts Training.
August 28th – September 1st 2017, Saint Lucia .

European Investment Bank
International Taxation Event
Luxembourg. October 5th 2017.

American Bar Association,
International Section
AML/CFT Regulation and
Enforcement. Miami, Florida, USA.
October 24th-27th 2017.

THE CHAIRMAN'S WORK PROGRAMME 2016-2017

Chairman Braithwaite-Knowles' Work Programme consisted of six (6) key objectives which are outlined below and had to be pursued throughout the period under review through various action items as outlined below.

1. Strengthening preparedness for 4th Round of Mutual Evaluation to achieve 75% member compliance.
2. Financial Strengthening and Stability
3. Strengthening and development of Secretariat.
4. Further calls for greater membership participation/engagement.
5. Process to obtain member feedback/self-assessment
6. Regional and International Outreach

Strengthening preparedness for 4th Round of Mutual Evaluation to achieve 75% member compliance

- Regular updates from members on preparedness efforts for 4th Round.

- Further measures to ensure the Mutual Evaluation Programme is robust and mutual evaluation reports meet required standards of quality and assurance.
- Obtain commitment from at least four members to host compliance conferences/training for public and private sector stakeholders.
- Obtain proposals from members/COSUNS/Observer Organisations to provide technical support to each other.
- Improved use of IT tools to improve communication/responses between Secretariat and members during assessments.

Financial Strengthening and Stability

- Further work on ensuring that member contributions are paid in a timely manner.
- Further work on member contributions in kind and extraordinary contributions.
- Pursue alternative revenue sources through member hosted compliance conferences and training sessions.
- Support and strengthen membership participation in the work of the Planning Committee and Budget and Audit Committee.
- Further work on ensuring member participation through secondments (remote or placement).

Strengthening and development of Secretariat

- Completion of work on the remaining items on the Management Audit (especially reorganization).
- Further the approval of additional key positions and recruitment of competent staff to fill new positions.

- Support and strengthen the work of the Planning, Human Resources and Budget and Audit Committee (on development of the Secretariat, a policy on fixed contract/permanent employment options to ensure staff security, finalized pension/gratuity options, completion of required staff policies and manuals, a process to ensure staff feedback).
- Further work on development of IT tools to improve organisational efficiency.

Further calls for greater membership participation/engagement

- Produce and disseminate reports on member participation in the following areas –
 - a) The steering group
 - b) Committees of the Steering Group
 - c) The working groups
 - d) Work of the FATF, especially providing comments on draft documents

Process to obtain member feedback/self-assessment

- Introduce a process of surveys on member feedback on the work of the CFATF and ideas for constituency group outreach amongst Spanish speaking members especially.

Regional and International Outreach

- Further work on improving the image of the CFATF through media sources and participation in relevant activities.
- Further work on regional issues such as De-Risking in partnership with other regional bodies and COSUNs.
- Further work on contact with the FATF and other FSRBs to share experiences and learn lessons on best practice.

Strengthening preparedness for 4th Round of Mutual Evaluations

The commencement of the Fourth Round of Mutual Evaluations has been marked with challenges for two of our larger and better resourced members and our organisation related to the robustness of our evaluation process and the consistency and quality assurance standards issues raised on the reports produced by our organization. The application of the standards and the treatment of reports from our region were challenges and opportunities which Chairman Braithwaite-Knowles engaged the global network on.

As highlighted by former Chair, Senator the Honourable Allyson Maynard Gibson QC, "our collective aspiration should be to achieve the Highest Levels of Compliance with the FATF recommendations, a salutary goal, which can only occur if we are well positioned to engage actively with our international partners and to advocate for and serve the Caribbean Basin Region's best interests in the global AML/CFT dialogue." This level of commitment from our organisation required the active engagement, vigilance and participation of all of our members' skills and talents in a number of areas of work and Chairman Braithwaite-Knowles' ability to meet this challenge head on was indeed commendable.

Chairman Braithwaite-Knowles introduced a process of regular updates from members on preparedness efforts for the 4th Round so that through shared experiences, members were able to assist each other in being better prepared for challenges. In this vein, Members were encouraged to complete work on their National Risk Assessments and the mitigation of the risks identified. Chairman Braithwaite-Knowles furthered measures already underway to ensure the robustness of our process through members' comments and dialogue which resulted in mutual evaluation reports that met required standards of quality and assurance.

Members were asked to recommit themselves to the work of the organisation and agreed at least four compliance conferences/training sessions hosted by members for public and private sector stakeholders as a means of preparedness. Members and COSUNs were asked to suggest proposals to provide technical support to each other. Finally, the improved use of Information Technology tools to improve communication/responses between the Secretariat

and members during the evaluation process already begun, was furthered.

Financial Strengthening and Stability

To assist in achieving financial strength and stability through the provision of membership fees and efficient handling of resources, each CFATF Member has a responsibility to ensure that the annual contributions which fund the organisation's work are paid to the Secretariat on time.

Chairman Braithwaite-Knowles furthered the work already underway to ensure that member contributions were paid in a timely manner and encouraged Members to voluntarily make Member contributions in kind and extraordinary contributions. Chairman Braithwaite-Knowles continued to pursue alternative revenue sources through member hosted compliance conferences and training sessions hosted by Members which had the effect of strengthening the financial position of the CFATF and assisted in the Members' preparation for their 4th Round Mutual Evaluations.

Chairman Braithwaite-Knowles called for the support and strengthening of membership participation, especially in the work of the Planning Committee and Budget and Audit Committee and for Members to further consider proposals for Member participation through in kind contributions such as secondments (remote or placement).

Strengthening and development of Secretariat

It has long been recognized that the continued efficient and effective functioning of the CFATF is largely dependent on an effective and efficient Secretariat composed of efficient and effective staff. Our organisation is very shortly approaching twenty-five years of existence and have been well served by a staff that is well-trained, dedicated and committed to the values and objectives of our organisation. The institutional knowledge possessed by the current staff of the CFATF is invaluable and often called upon by Members.

In this vein, Chairman Braithwaite-Knowles recognized the tremendous work undertaken by the former Chairs and in particular, the recent work carried out under the stewardship of the past

Chair from El Salvador and the continued dedication to improve staff circumstances ably displayed by immediate past Chairman Al-Rawi and pledged to work with the Planning, Human Resources and the Budget and Audit Committees of the Steering Group to complete and imbed the remaining items of work on the Management Audit for the benefit of staff and the longevity of the CFATF.

On behalf of the entire CFATF deepest appreciation was extended to the Government of Trinidad and Tobago for the support provided at considerable cost to host and improve the physical conditions of the Secretariat and to provide administrative and technical support in kind.

Chairman Braithwaite-Knowles finalized the process of attaining the approval for the six (6) additional key positions and recruitment of competent staff to fill new positions to ease the pressure on the existing staff complement, especially in the areas of the process mutual evaluation and good administration.

The recruitment process for the six new staff positions was completed on Friday 28th April 2017 and the successful applicants were as follows:

Legal Advisor- Mr. Rommel St. Hill, **Barbados**.
Financial Advisor- Mrs. Joanne Daniel, **Trinidad and Tobago**.
Law Enforcement Advisor- Mr. Pedro Harry, **St. Vincent and the Grenadines**
Research Officer- Mr. Anthony Cartwright, **The Bahamas**
Research Officer- Mrs. Risha Pragg-Jaggernauth, **Trinidad and Tobago**
Accounting Assistant-Ms. Allysha Gibson, **Trinidad and Tobago**

Members were urged and were reminded to actively look for ways to support and strengthen the work of the Planning, Human Resources and Budget and Audit Committees to –

- a) foster a plan for the development of the Secretariat;
- b) finalise a policy on fixed contract/permanent employment options to ensure staff security;
- c) refine and finalise the proposals for pension or gratuity options;

- d) ensure that completion of required staff policies and manuals;
- e) establish a process to ensure staff feedback; and
- f) further develop IT tools to improve organisational efficiency.

Greater Membership Participation/engagement

Another key objective that was consistently called for over the years is the urgent need for greater membership participation and engagement in the overall work of our organisation. Chairman Braithwaite-Knowles led the call for a renewed self-examination from members and a redoubling of efforts to the work of our organisation through membership participation in the business of the organisation. Chairman Braithwaite-Knowles ensured the production and dissemination of periodic reports on actual Member participation against pledged support, in the following areas as a means of highlighting areas of need and opportunities to serve -

- a) The Steering Group;
- b) Committees of the Steering Group;
- c) The working groups; and
- d) Work of the FATF, especially providing comments on draft documents.

Chairman Braithwaite-Knowles engendered a sense of belonging and to empower all Members to embrace the organisation and participate in its activities as evidenced by the overwhelming response of fifty-five (55) persons from our jurisdictions volunteering to serve on the CFATF Working Groups at the May 2017 plenary.

Process to obtain member feedback/self-assessment

The importance of our members' satisfaction with and feedback on the path ahead are key to the success of our efforts. Members should know that their concerns are valued, respected and will be addressed. It is vitally important that we work together and not against each other to address the needs of our organisation. Chairman Braithwaite-Knowles led the development by Members of a process to ensure Member feedback on the matters that were important to them and received suggestions on how to improve the work of the CFATF. Special attention was paid to

ideas from constituency groups such as our Spanish and Dutch speaking members, so that it can be understood how better to serve their needs.

Regional and International Outreach

We have come to depend on the ongoing technical advice and support from the Group of Cooperating and Supporting Nations (COSUNs) who have made very valuable contributions to the successes of the CFATF over the years. Chairman Braithwaite-Knowles furthered work on strengthening regional and international outreach in order to achieve our compliance goals of securing greater organisational efficiencies in the Mutual Evaluation Programme through partnerships with the FATF Secretariat, the COSUNs, IMF, European Union, World Bank, Inter-American Development Bank (IDB) and the Central American Bank for Economic integration (CABEI), CARIFORUM and other international regional and international friends and allies in a thoughtful programme of activities over her tenure. Efforts were also made to improve work with other FSRBs to share experiences and learn lessons on best practice.

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 Braithwaite-Knowles.

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.

The CFATF third round follow-up process continued, with three (3) Member countries remaining in 3rd round follow-up (Haiti, St. Vincent and the Grenadines and St. Maarten). To date, twenty-one (22) of the CFATF’s twenty-five (25)⁵ Member countries have exited the Follow-Up Process and are therefore no longer in the 3rd round: *Anguilla, Antigua and Barbuda, Aruba, Barbados, Bermuda, Belize, Cayman Islands, Curacao, Dominica, El Salvador, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, Montserrat, Suriname, The Bahamas, Trinidad and Tobago, Turks and Caicos Islands, Venezuela and the Virgin Islands*. At the November 2017 Plenary the Exit Report for Haiti was presented and it is expected that the remaining two countries will exit during 2018 at the latest.

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.



⁵ There are currently twenty-five (25) CFATF Member countries. Based on a request from Guatemala its



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.

Membership was officially withdrawn on April 5th, 2017. The Dominican Republic’s withdrawal from Membership became official on December 1st, 2016

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 2017.

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 due to proximity of Mutual Evaluation. Deficiencies transferred to 4 th Round.			
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.			
El Salvador	End of 3 rd Round reporting.			
Grenada	End of 3 rd Round reporting.			
Guyana	End of 3 rd Round reporting.			
Haiti	Application to exit 3 rd Round Follow-Up.			
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.			
Sint. Maarten				November 2017
St. Vincent & The Grenadines				November 2017
Suriname	End of 3 rd Round reporting.			
The Bahamas	End of 3 rd Round reporting.			
Trinidad & Tobago	End of 3 rd Round reporting due to proximity of Mutual Evaluation. 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.
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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 2018 with two 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 robust 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 benefited 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 robustness 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 Mr. Carlos Acosta, Deputy Executive Director, joined by Mrs. Leni Ysaguirre McGann 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 2017 Plenary meetings, the COSUNs paid tribute to the CFATF ICRG in the following terms respectively:

The CFATF ICRG demonstrated in the June 2017 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 2017 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 Suriname 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 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 Sint Maarten and St. Vincent and the Grenadines 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, The Bahamas and Barbados, and a joint mission with GAFILAT to Guatemala which held 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:

- 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;
- 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
- 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:

- 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.

- Prepare all national stakeholders through an effective and efficient national coordination mechanism in our respective jurisdictions, to engage with the Mutual Evaluation Teams;
- 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,
- 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 2017-2020, under the stewardship of Chairman Braithwaite-Knowles, 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 Standards	Port of Spain, Trinidad and Tobago.	March 8th – 10th, 2017.
Pre-Assessment Training	Antigua and Barbuda.	February 6th – 7th, 2017
Consolidated Assessor’s Training	Washington, D.C.	March 27th – 31st, 2017.

(CFATF/FATF/APG).		
Pre-Onsite Training Assessment Team of the Mutual Evaluation of Antigua and Barbuda.	Port of Spain, Trinidad and Tobago.	May 1st – 3rd, 2017.
FATF Standards	Kingston, Jamaica.	June 7th – 10th, 2017.
CFATF/European Union Analysts Training	Trinidad and Tobago	June 19th to 23rd, 2017,
Pre-Assessment Training (PAT)	Cayman Islands.	June 26th – 28th, 2017.
CFATF Assessor’s Training	Providenciales, Turks and Caicos Islands.	July 11th – 14th, 2017.
CFATF/European Union Analysts Training.	Saint Lucia	August 28 th – September 1 st 2017,
CFATF/GAFIL AT Spanish Assessors Training.	Panama City, Panama.	August 21 st - 25 th , 2017.
Curso de movimiento de efectivo.	San Salvador, El Salvador.	August 28 th – September 1, 2017,
CFATF/GAFIL AT Joint TF Course.	La Paz, Bolivia.	September 12 th -14 th , 2017
Las 40 Recomendaciones.	Caracas, Venezuela.	September 26 th – 29 th , 2017,

FATF Standards Training	Turks and Caicos Islands.	September 20 th -22 nd , 2017,
Las 40 Recomendaciones.	San Salvador, El Salvador.	October 2 nd - 6 th , 2017.
Pre-Onsite Training for the Cayman Islands MEVAL.	October 9 th – 11 th 2017 (TBC),	Port-of-Spain, Trinidad and Tobago.
CFATF Pre-Assessment Training	18 th – 20 th October	Turks and Caicos Islands.

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. 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 2017 decided that for 2018

there will be three Mutual Evaluations and thereafter four Mutual Evaluations per year.

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 approximately two hundred and fifty (250) trained assessors.

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. Braithwaite-Knowles, as well as our global friends and partners.

It was therefore significant and augured well for the CFATF's future that Chairman Braithwaite-Knowles' Work Programme for 2016/2017 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 Braithwaite-Knowles, 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 Braithwaite-Knowles' 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 of US\$304,169 as at December 31st, 2017, 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 and the Financial Comptroller.

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, come from annual contributions from the membership. The annual contribution per member is calculated by dividing the total approved annual expenditure by the number of members.

Funding is also obtained from the following sources

- COSUNs and Observer Organisations funds – are mainly 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.
- Compliance Conferences profits – are allocated to the Reserve Fund.
- Fees from speaking engagements – used to fund travel expenses not accounted for in the budget. These activities are approved by the Steering Group.

The draft annual operational work plan is prepared by the Executive Director with the budget prepared 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 Ministerial Meeting.

The Steering Group oversees the financial management of the organization on a quarterly basis, at a minimum, to ensure that expenses stay within approved limits. The quarterly financial management reports facilitate this and is prepared by the Financial Comptroller and reviewed by the Executive and BAC before presentation to the Steering Group.

The reports also provide information on how funds from all COSUNs/Observer Organisations are being utilized and existing balances. They are made available to the COSUN representative who attends the Steering Group meetings. Separate reports are provided to individual COSUN member countries and Observer Organisations on the use of funding 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 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.

The Council of Ministers also receives the audited financial statements for the previous year at the annual Ministerial Meeting. The BAC, on behalf of

the Steering Group, will oversee the audit process for financial statements and provides recommendations to the Steering Group in relation to the adoption of the audited financial statements. Members can review and comment on the financial statements when presented for approval at the Council of Ministers meeting, or via round robin if deemed necessary.

The 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.

AUDITED FINANCIAL STATEMENTS

Ministers approved the financial statements for the year 2014 and 2015 at the Ministerial meeting held on 5th September 2017. Approval was also provided to proceed with the audit of the 2016 financial statements which commenced in the last quarter of 2017. It is expected that final drafts will be presented for Ministerial approval in the first quarter of 2018.

BUDGET REVIEW 2017

Management oversight of the day to day implementation of the provisions of the Operational Work Plan and Budget 2017 was undertaken in the usual prudent and robust fashion.

As with previous years the Operational Work Plan and Budget for 2017 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. As such approval was given for an increase in staff complement for ten (10) new positions.

The Council of Ministers approved an annual contribution of US\$57,400.00 for 2017 to be paid by

each of the CFATF's twenty-six (26) Members. However, Guatemala announced its departure from the organisation in January 2017. They subsequently paid a prorated contribution of US\$15,147 to cover the effective period of the membership in 2017. Due to this loss the Steering Group mandated only six (6) positions be filled in 2017 to manage overall expenses as well as a review of the organisation's strategy document.

Thirteen (13) jurisdictions submitted all or made a significant payment towards the annual contributions by the agreed deadline of April 30th, 2017. The remaining twelve (12) jurisdictions made payments by 30th June 2017. Most balances were cleared by the end of the year with a small balance of US\$482 outstanding as at 31st December 2017. Surcharges for late payments in 2017 totalled US\$890.00.

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 most budget line items were adhered to. Significant savings were experienced under the following line items:

- Salaries and Wages – US\$232, 000 – due to the reduction of staff hires from initially planned ten (10) to six (6). Additionally, the new staff members' posts were not filled until June 2017.
- CFATF Meetings – US\$12,200 – partially due to the costs absorbed by the government of Guyana for the CFATF November Plenary. Savings were experienced in all meeting budgets due to strategic negotiations with suppliers.
- Mutual Evaluation Missions – US\$13,200; savings due to effective collaborations with jurisdictions to manage overall costs
- Professional fees – US\$12,700; most translation needs were met by in house translators.
- Overseas travel – US\$12,400; staff travel limited to four (4) person for each FATF

meeting to ensure costs did not exceed budget.

Accordingly, the overall approved expenditures for 2017 were not exceeded.

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 2017, 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.

CHANGES IN MEMBERSHIP/ OBSERVERSHIP

At the CFATF Council of Ministers Meeting IX on September 8th, 2017 in Miami, Florida, United States of America, a proposal was made and approved for the CFATF to acquire Membership with Observer Status with ARIN-CARIB subject to availability of funding to cover jurisdictions' participation at meetings.

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.

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 COOPERATING AND SUPPORTING NATIONS (COSUNs)

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.

All other COSUNs, information on the use and current balances of funds provided 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.

CANADA

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.

The Secretariat has since obtained approval for several pre-assessment and standard training during 2017 totalling US\$45,142. The balance as at the end of 2017 was US\$17,934 part of which is to be used for standard training for Dominica (approval was received in 2017 however training was postponed due to effect of the hurricane season on the jurisdiction).

FRANCE

Between February 2013 and June 2015 France provided USD \$40,095.00 which was used for the following:

- **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.

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. No funding was received for the period 2016/2017.

KINGDOM OF THE NETHERLANDS

As at December 31st, 2017 the funds from the Kingdom of the Netherlands stood at US\$80,295. No funds were utilized in 2017 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.

MEXICO

At the beginning of 2017 funds provided by Mexico stood at US\$37,303, and a further US\$15,000 was

received, as is usual each year. Funds were spent towards the cost of Spanish CFATF and Mexico delegates attending Assessors Training in Panama. Additionally, Mexico approved funding of one (1) CFATF representative to attend the GAFILAT Plenary in July 2017. Total funds used for 2017 was US\$11,711.

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.

SPAIN

Spain's contribution to the CFATF as at January 1st, 2017 stood at US\$91,856 and was used for three (3) training sessions for Spanish members, costs for participants to attend the TF Course held in Bolivia, and the cost to provide a facilitator from Spain for the Joint Assessors training with GAFILAT in September 2017.

An administrative fee of US\$4,500.00 was paid to the CFATF and as at December 31st, 2017 the remaining funds provided by Spain stood at US\$23,600.

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

UNITED KINGDOM

No funds were provided by the United Kingdom to the CFATF for 2017, 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, 2017 stood at USD\$96,298. Funds received in 2017 totalled US\$54,485. Activities for the period covered by the USA included:

- Cost of one (1) facilitator at the FATF Joint Assessors training in Washington DC in March 2017.

- Pre-onsite training for assessment teams for Antigua & Barbuda and Cayman Islands.
- CFATF Assessors training in July 2017.
- Cost of one (1) facilitator at the GAFILAT Joint Assessors training in Panama in September 2017.
- Attendance of one (1) CFATF representative at the XLIII Meeting of Group Experts for the control of Money Laundering.

As at December 31st, 2017 the funds provided by the United States to the CFATF stood at US\$104,476.

CONCLUSION

Chairman Braithwaite-Knowles' 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 robustness 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 The Bahamas in May 2017 and Barbados in November 2017 and further Missions to Antigua and Barbuda and the Cayman Islands.

Chairman Braithwaite-Knowles' was persistent in her 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 Rhondalee Braithwaite-Knowles Attorney General, Turks and Caicos Islands to the Honourable Basil Williams, SC, MP, Attorney General and Minister of Legal Affairs, Guyana as Chair and Attorney General of Barbados, Honourable Adriel Brathwaite as Deputy Chair for 2017-2018.

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-five (25) CFATF members and our regional and international partners.

ANNEX 1

OBSERVER ORGANIZATIONS

Asia Pacific Group Secretariat

Association of Caribbean Commissioners of Police

Caribbean Customs Law Enforcement Council

Caribbean Development Bank

CARIFORUM

Caribbean Regional Technical Assistance Centre

CARICOM Secretariat

Central American Bank for Economic Integration
(CABEI)

Commonwealth Secretariat

Eastern Caribbean Central Bank

Eastern and Southern Africa Anti Money Laundering
Group

EGMONT Group

European Union

Federal Republic of Germany

Financial Action Task Force

Financial Action Task Force of Latin America

Group of International Finance Centre Supervisors

Inter-American Development Bank

International Monetary Fund

Interpol

MONEYVAL

Organization of American States/CICAD

Organization of Eastern Caribbean States Secretariat

United Nations Office of Drugs Control and Crime
Prevention

The World Bank Group

World Customs Organization

ANNEX II

LIST OF ACRONYMS

1. **AML/CFT**-Anti-Money Laundering/Countering the Financing of Terrorism
2. **ARIN** – Asset Recovery Inter-Agency Network
3. **AWG** - Accreditation Working Group
4. **BAC** - Budget and Audit Committee
5. **CABEI** - Central American Bank for Economic Integration
6. **CARICOM** – Caribbean Community
7. **CARICOM IMPACS** - CARICOM Implementing Agency for Crime and Security
8. **CARIFORUM** – Caribbean Forum
9. **CARIN** - Camden Assets Recovery Interagency Network
10. **CCARP** - Caribbean Criminal Asset Recovery Programme
11. **CDB** – Caribbean Development Bank
12. **CFATF**- Caribbean Financial Action Task Force
13. **CFATF WGFI** - CFATF Working Group on FATF Issues
14. **CICAD** - Inter-American Drug Abuse Control Commission
15. **COSUNs** - Cooperating and Supporting Nations
16. **CRTMG** - CFATF Risks Trends and Methods Group
17. **CRWG** - CFATF Review Working Group
18. **EDF** – European Development Fund
19. **FATF**- Financial Action Task Force
20. **FATF TREIN** - FATF Training and Research Institute
21. **FIUs** – Financial Intelligence Units
22. **ICRG** - International Co-operation Review Group
23. **MER** – Mutual Evaluation Report
24. **MOU** – Memorandum of Understanding
25. **NAMLAC** - National Anti-Money Laundering Committee
26. **NCCT** - Non-Cooperative Countries and Territories
27. **NRA** – National Risk Assessment
28. **RRAG** - Red Regional de Recuperación de Activos de GAFISUD (Regional Asset Recovery Network of GAFISUD)