

# Jurisdictions under Increased Monitoring - February 2021

Jurisdictions under increased monitoring are actively working with the FATF to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. When the FATF places a jurisdiction under increased monitoring, it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and is subject to increased monitoring. This list is often externally referred to as the “grey list”.

The FATF and FATF-style regional bodies (FSRBs) continue to work with the jurisdictions below as they report on the progress made in addressing their strategic deficiencies. The FATF calls on these jurisdictions to complete their action plans expeditiously and within the agreed timeframes. The FATF welcomes their commitment and will closely monitor their progress. The FATF does not call for the application of enhanced due diligence measures to be applied to these jurisdictions, but encourages its members to take into account the information presented below in their risk analysis.

The FATF identifies additional jurisdictions, on an on-going basis, that have strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. A number of jurisdictions have not yet been reviewed by the FATF and FSRBs.

In October 2020, the FATF decided to recommence its work to identify new countries with strategic AML/CFT deficiencies and to prioritise the review of listed countries with expired or expiring deadlines. The other listed jurisdictions were given the option to report. The following countries had their progress reviewed by the FATF since October: Albania, Botswana, Cambodia, Ghana, Mauritius, Myanmar, Nicaragua, Pakistan, Panama, Uganda and Zimbabwe. For these countries, updated statements are provided below. Barbados and Jamaica chose to defer reporting due to the pandemic; thus, the statements issued in February 2020 for these jurisdictions are included below, but they may not necessarily reflect the most recent status of the jurisdiction’s AML/CFT regime. Following review, the FATF now also identifies Burkina Faso, the Cayman Islands, Morocco, and Senegal.

The FATF welcomes the progress made by these countries in combating money laundering and terrorist financing, despite the challenges posed by COVID-19.

#### **Jurisdictions with strategic deficiencies**

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## Albania

Since February 2020, when Albania made a high-level political commitment to work with the FATF and MONEYVAL to strengthen the effectiveness of its AML/CFT regime, Albania has taken steps towards improving its AML/CFT regime, including by ensuring that DNFBP supervisors take a risk-based approach and incorporate AML/CFT components into their inspections and by enhancing regular outreach to FIs and DNFBPs regarding targeted financial sanctions obligations. Albania should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) finalising a project to reduce the

informal, cash-based economy and to register ownership of all real estate; (2) improving the timely handling of mutual legal assistance requests; (3) establishing more effective mechanisms to detect and prevent criminals from owning or controlling DNFBPs, including by strengthening competent authorities' powers to apply sanctions; (4) ensuring that accurate and up-to-date legal and beneficial ownership information is available on a timely basis; (5) increasing the number and improving the sophistication of prosecutions and confiscations for ML, especially in cases involving foreign predicate offenses or third-party ML; and (6) improving the implementation of targeted financial sanctions through supervisory actions that identify and rectify compliance deficiencies.

## Barbados

(Statement from February 2020)

In February 2020, Barbados made a high-level political commitment to work with the FATF and CFATF to strengthen the effectiveness of its AML/CFT regime. Since the completion of its MER in November 2017, Barbados has made progress on a number of its MER recommended actions to improve technical compliance and effectiveness, including by updating the National Risk Assessment and developing mitigating measures. Barbados will work to implement its action plan, including by: (1) demonstrating it effectively applies risk-based supervision for FIs and DNFBPs; (2) taking appropriate measures to prevent legal persons and arrangements from being misused for criminal purposes, and ensuring that accurate and up to date basic and beneficial ownership information is available on a timely basis; (3) increasing the capacity of the FIU to improve the quality of its financial information to further assist law enforcement authorities in investigating ML or TF; (4) demonstrating that money laundering investigations and prosecutions are in line with the country's risk profile and reducing the backlog to complete prosecutions that result in sanctions when appropriate; (5) further pursuing confiscation in ML cases, including by seeking assistance from foreign counterparts.

## Botswana

Since October 2018, when Botswana made a high-level political commitment to work with the FATF and ESAAMLG to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies, Botswana has taken steps towards improving its AML/CFT regime, including by implementing risk-based supervision or monitoring programmes. Botswana should continue to work on implementing its action plan to address its strategic

deficiencies, including by: (1) improving the dissemination and use of financial intelligence by the FIU and others to identify and investigate ML cases; (3) implementing a CFT strategy, and improving the TF investigation capacity of the law enforcement agencies; (4) ensuring the implementation without delay of targeted financial sanctions measures related to proliferation financing; and (5) applying a risk-based approach to monitoring NPOs.

The FATF notes Botswana's continued progress across its action plan, however a number of its action plan deadlines have expired or will soon expire and work remains. The FATF encourages Botswana to continue to work on implementing its action plan to address the above mentioned strategic deficiencies as soon as possible.

## Burkina Faso

In February 2021, Burkina Faso made a high-level political commitment to work with the FATF and GIABA to strengthen the effectiveness of its AML/CFT regime. Since the completion of its MER in 2019, Burkina Faso has made progress on a number of its MER recommended actions to improve technical compliance and effectiveness, including by adopting a national AML/CFT strategy in December 2020. Burkina Faso will work to implement its action plan, including by: (1) adopting and implementing follow-up mechanisms for monitoring actions in the national strategy; (2) seeking MLA and other forms of international cooperation in line with its risk profile; (3) strengthening of resource capacities of all AML/CFT supervisory authorities and implementing risk based supervision of FIs and DNFBPs; (4) maintaining comprehensive and updated basic and beneficial ownership information and strengthening the system of sanctions for violations of transparency obligations; (5) increasing the diversity of STR reporting; (6) enhancing FIU's human resources through additional hiring, training and budget; (7) conduct training for LEAs, prosecutors and other relevant authorities; (8) demonstrating that authorities are pursuing confiscation as a policy objective; (9) enhancing capacity and support for LEAs and prosecutorial authorities involved in combatting TF, in line with the TF National Strategy; and (10) implementing an effective targeted financial sanctions regime related to terrorist financing and proliferation financing as well as risk-based monitoring and supervision of NPOs.

## Cambodia

Since February 2019, when Cambodia made a high-level political commitment to work with the FATF and APG to strengthen the effectiveness of its AML/CFT regime and address any

related technical deficiencies, Cambodia has taken steps towards improving its AML/CFT regime, including by increasing the use of MLA, issuing a directive to set the appropriate CDD threshold for casinos and enacting the legal framework for targeted financial sanctions related to proliferation financing.

Cambodia should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) ensuring prompt, proportionate and dissuasive enforcement actions are applied to banks, as appropriate; (2) enhancing disseminations of financial intelligence to law enforcement authorities in line with high-risk crimes; (3) demonstrating an increase in ML investigations and prosecutions in line with risk; (4) demonstrating an increase in the freezing and confiscation of criminal proceeds, instrumentalities, and property of equivalent value; (5) raising awareness amongst the private sector of new obligations concerning targeted financial sanctions related to proliferation financing and enhancing the understanding of sanctions evasion.

The FATF notes Cambodia's continued progress across its action plan, however all deadlines have now expired and work remains. The FATF encourages Cambodia to continue to work on implementing its action plan to address the above-mentioned strategic deficiencies as soon as possible.

## Cayman Islands

In February 2021, the Cayman Islands made a high-level political commitment to work with the FATF and CFATF to strengthen the effectiveness of its AML/CFT regime. Since the completion of its MER in November 2018, the Cayman Islands has made progress on a number of its MER recommended actions to improve effectiveness, including by updating its AML/CFT national strategy; conducting a TF risk assessment and a number of sectoral risk assessments; amending its Anti-Money Laundering (Amendment) regulation and Proceeds of Crime (Amendment) law; designating AML/CFT regulator for DNFBPs and creating a new Bureau of Financial Investigations for investigating ML. The Cayman Islands will work to implement its action plan, including by: (1) applying sanctions that are effective, proportionate and dissuasive, and taking administrative penalties and enforcement actions against obliged entities to ensure that breaches are remediated effectively and in a timely manner; (2) imposing adequate and effective sanctions in cases where relevant parties (including legal persons) do not file accurate, adequate and up to date beneficial ownership information; and (3) demonstrating that they are prosecuting all types of money laundering

in line with the jurisdiction's risk profile and that such prosecutions are resulting in the application of dissuasive, effective, and proportionate sanctions.

## Ghana

Since October 2018, when Ghana made a high-level political commitment to work with the FATF and GIABA to strengthen the effectiveness of its AML/CFT regime. The FATF has made the initial determination that Ghana has substantially completed its action plan and warrants an on-site assessment to verify that the implementation of Ghana's AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future. Ghana has made the following key reforms, including by: (1) developing a comprehensive national AML/CFT policy based on risk identified in the national risk assessment; (2) developing measures to mitigate ML/TF risks associated with legal persons and improving risk based supervision; and (3) establishing the timely access to adequate, accurate and current basic and beneficial ownership information; (4) focusing the FIU's activities on the risks identified in the national risk assessment; and (5) applying a risk-based approach for monitoring non-profit organisations. The FATF will continue to monitor the COVID-19 situation and conduct an on-site visit at the earliest possible date.

## Jamaica

(Statement from February 2020)

In February 2020, Jamaica made a high-level political commitment to work with the FATF and CFATF to strengthen the effectiveness of its AML/CFT regime. Since the completion of its MER in November 2016, Jamaica has made progress on a number of its MER recommended actions to improve technical compliance and effectiveness, including by amending its customer due diligence obligations. Jamaica will work to implement its action plan, including by: (1) developing a more comprehensive understanding of its ML/TF risk; (2) including all FIs and DNFBPs in the AML/CFT regime and ensuring adequate risk based supervision in all sectors; (3) taking appropriate measures to prevent legal persons and arrangements from being misused for criminal purposes, and ensure that accurate and up to date basic and beneficial ownership information is available on a timely basis; (4) taking proper measures to increase the use of financial information and to increase ML investigations and prosecutions, in line with the country's risk profile; (5) ensuring the implementation of targeted financial sanctions for TF without delay; and (6) implementing

a risk based approach for supervision of its NPO sector to prevent abuse for TF purposes.

## Mauritius

Since February 2020, when Mauritius made a high-level political commitment to work with the FATF and ESAAMLG to strengthen the effectiveness of its AML/CFT regime, Mauritius has taken steps towards improving its AML/CFT regime, including by conducting outreach to promote understanding of ML and TF risks and obligations, and providing training for law enforcement authorities to ensure that they have the capability to conduct money laundering investigations. Mauritius should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) implementing risk-based supervision plans effectively for The Financial Services Commission and relevant DNFBP supervisors and increase the diversity of STR filing, especially among higher risk sectors; (2) ensuring the access to accurate basic and beneficial ownership information by competent authorities in a timely manner; (3) demonstrating that law enforcement agencies have capacity to conduct money laundering investigations, including parallel financial investigations and complex cases; (4) implementing a risk-based approach for supervision of its NPO sector to prevent abuse for TF purposes; and (5) demonstrating the adequate implementation of targeted financial sanctions through outreach and supervision.

## Morocco

In February 2021, Morocco made a high-level political commitment to work with the FATF and MENAFATF to strengthen the effectiveness of its AML/CFT regime. Since the completion of its MER in 2019, Morocco has made progress on its MER deficiencies to improve technical compliance and effectiveness, including by coordinating the activities and objectives of all relevant AML/CFT agencies so to be consistent with the identified ML/TF risks and adjusted in line with evolving risks. Morocco will work to implement its action plan, including by: (1) demonstrating effective implementation of the case management system to provide timely responses and prioritization of MLA requests in line with the country's risk profile; (2) improving risk-based supervision and taking remedial actions and applying effective, proportionate and dissuasive sanctions for non-compliance; (3) ensuring that the Beneficial Ownership information is adequate, accurate and verified, including information of legal persons and foreign legal arrangements; (4) increasing the diversity of STR reporting; (5) providing FIU with adequate financial and human resources to enhance analytical

capabilities in order to fulfil its core mandate of operational and strategic analysis; (6) prioritising the identification, investigation and prosecution of all types of ML in accordance with the country's risks; (7) building capacity of LEAs, prosecutors, and other relevant authorities to conduct parallel financial investigations, use financial intelligence, seize assets, and seek/provide MLA; and (8) monitoring and effectively supervising the compliance of FIs and DNFBPs with targeted financial sanctions obligations.

## Myanmar

Since February 2020, when Myanmar made a high-level political commitment to work with the FATF and APG to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies, Myanmar has taken steps towards improving its AML/CFT regime, including by resourcing the supervisory body for DNFBPs and focusing bank supervision on high-risk thematic areas. Myanmar should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) demonstrating an improved understanding of ML risks in key areas; (2) demonstrating that onsite/offsite inspections are risk-based, and hundi operators are registered and supervised; (3) demonstrating enhances in the use of financial intelligence in LEA investigations, and increasing operational analysis and disseminations by the FIU; (4) ensuring that ML is investigated/prosecuted in line with risks; (5) demonstrating investigation of transnational ML cases with international cooperation; (6) demonstrating an increase in the freezing/seizing and confiscation of criminal proceeds, instrumentalities, and/or property of equivalent value; (7) managing seized assets to preserve the value of seized goods until confiscation; and (8) demonstrating implementation of targeted financial sanctions related to PF, including training on sanctions evasion.

## Nicaragua

Since February 2020, when Nicaragua made a high-level political commitment to work with the FATF and GAFILAT to strengthen the effectiveness of its AML/CFT regime, Nicaragua has taken steps towards improving its AML/CFT regime, including by taking measures to request assistance from other jurisdictions with the aim of investigating and prosecuting ML/FT cases and adopting a law which establishes a register of beneficial owners. Nicaragua should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) finalising the updating of the NRA to develop a more comprehensive understanding of its ML/TF risk; (2) conducting effective risk-based supervision; (3) taking



appropriate measures to prevent legal persons and arrangements from being misused for criminal purposes.

## Pakistan

Since June 2018, when Pakistan made a high-level political commitment to work with the FATF and APG to strengthen its AML/CFT regime and to address its strategic counter-terrorist financing-related deficiencies, Pakistan's continued political commitment has led to significant progress across a comprehensive CFT action plan, including by: demonstrating that law enforcement agencies are identifying and investigating the widest range of TF activity, demonstrating enforcement against TFS violations, and working to prevent the raising and moving of funds including by controlling facilities and services owned or controlled by designated persons and entities.

Pakistan should continue to work on implementing the three remaining items in its action plan to address its strategically important deficiencies, namely by: (1) demonstrating that TF investigations and prosecutions target persons and entities acting on behalf or at the direction of the designated persons or entities; (2) demonstrating that TF prosecutions result in effective, proportionate and dissuasive sanctions; and (3) demonstrating effective implementation of targeted financial sanctions against all 1267 and 1373 designated terrorists, specifically those acting for or on their behalf.

The FATF takes note of the significant progress made on the entire action plan. To date, Pakistan has made progress across all action plan items and has now largely addressed 24 of the 27 action items. As all action plan deadlines have expired, the FATF strongly urges Pakistan to swiftly complete its full action plan before June 2021.

## Panama

Since June 2019, when Panama made a high-level political commitment to work with the FATF and GAFILAT to strengthen the effectiveness of its AML/CFT regime, Panama has taken steps towards improving its AML/CFT regime, including by finalising and publishing the TF risk assessment and sectoral risk assessments for the corporate and DNFBP sectors and free trade zones and passing legislation on beneficial ownership. . Panama should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) strengthening its understanding of the ML/TF risk of legal persons, as part of the corporate

sector and informing findings to its national policies to mitigate the identified risks; (2) continuing to take action to identify unlicensed money remitters, applying a risk-based approach to supervision of the DNFBP sector and ensuring effective, proportionate, and dissuasive sanctions against AML/CFT violations; (3) ensuring adequate verification, of up-to-date beneficial ownership information by obliged entities and timely access by competent authorities, establishing an effective mechanisms to monitor the activities of offshore entities, assessing the existing risks of misuse of legal persons and arrangements to define and implement specific measures to prevent the misuse of nominee shareholders and directors; and (4) continuing to use FIU products for ML investigations, demonstrating its ability to investigate and prosecute ML involving foreign tax crimes and continuing to provide constructive and timely international cooperation for such offences, and continuing to focus on ML investigations in relation to high-risk areas.

The FATF notes Panama's continued progress across its action plan, however all deadlines have now expired and work remains. The FATF encourages Panama to continue to work on implementing its action plan to address the above-mentioned strategic deficiencies as soon as possible.

## Senegal

In February 2021, Senegal made a high-level political commitment to work with the FATF and GIABA to strengthen the effectiveness of its AML/CFT regime. Since the completion of its MER in 2018, Senegal has made progress on a number of its MER recommended actions to improve technical compliance and effectiveness, including by adopting a National Strategy for AML/CFT and an Operational Plan to implement the Strategy. Senegal will work to implement its action plan, including by: (1) ensuring consistent understanding of ML/TF risks (in particular related to the DNFBP sector) across relevant authorities through training and outreach; (2) seeking MLA and other forms of international cooperation in line with its risk profile; (3) ensure that Financial Institutions and DNFBPs are subject to adequate and effective supervision; (4) updating and maintaining comprehensive beneficial ownership information and strengthening the system of sanctions for violations of transparency obligations; (5) continuing to enhance the FIU's human resources to ensure that it maintains effective operational analysis capacities; (6) demonstrate that efforts aimed at strengthening detection mechanisms and reinforcing the capability to conduct ML/predicate offences investigations and prosecutions activities are sustained consistently in line with the Senegal's risk profile; (7) establishing comprehensive and standardised policies and procedures for

identifying, tracing, seizing and confiscating proceeds and instrumentalities of crime in line with its risk profile; (8) strengthening the authorities understanding of TF risks and enhancing capacity and support for LEAs and prosecutorial authorities involved in TF in line with the 2019 TF National Strategy; and (9) implementing an effective targeted financial sanctions regime related to terrorist financing and proliferation financing as well as risk-based monitoring and supervision of NPOs.

## Syria

Since February 2010, when Syria made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Syria has made progress to improve its AML/CFT regime. In June 2014, the FATF determined that Syria had substantially addressed its action plan at a technical level, including by criminalising terrorist financing and establishing procedures for freezing terrorist assets. While the FATF determined that Syria has completed its agreed action plan, due to the security situation, the FATF has been unable to conduct an on-site visit to confirm whether the process of implementing the required reforms and actions has begun and is being sustained. The FATF will continue to monitor the situation, and will conduct an on-site visit at the earliest possible date.

## Uganda

Since February 2020, when Uganda made a high-level political commitment to work with the FATF and ESAAMLG to strengthen the effectiveness of its AML/CFT regime, Uganda has taken some steps towards improving its AML/CFT regime, including by adopting the National AML/CFT Strategy in September 2020. Uganda should continue to work to implement its action plan to address its strategic deficiencies, including by: (1) seeking international cooperation in line with the country's risk profile; (2) developing and implementing risk-based supervision to FIs and DNFBPs; (3) ensuring that competent authorities have timely access to accurate basic and beneficial ownership information for legal entities; (4) demonstrating LEAs and judicial authorities apply the ML offence consistent with the identified risks; (5) establishing and implementing policies and procedures for identifying, tracing, seizing and confiscating proceeds and instrumentalities of crime; (6) demonstrating that LEAs conduct TF investigations and pursue prosecutions commensurate with Uganda's TF risk profile; (7) addressing the technical deficiencies in the legal framework to implement PF-related TFS and implementing a risk based approach for supervision of its NPO sector to

prevent abuse of the sector. The FATF is monitoring Uganda's oversight of the NPO sector. Uganda is urged to apply the risk-based approach to supervision of NPOs in line with the FATF Standards.

## Yemen

Since February 2010, when Yemen made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Yemen has made progress to improve its AML/CFT regime. In June 2014, the FATF determined that Yemen had substantially addressed its action plan at a technical level, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing procedures to identify and freeze terrorist assets; (3) improving its customer due diligence and suspicious transaction reporting requirements; (4) issuing guidance; (5) developing the monitoring and supervisory capacity of the financial sector supervisory authorities and the financial intelligence unit; and (6) establishing a fully operational and effectively functioning financial intelligence unit. While the FATF determined that Yemen has completed its agreed action plan, due to the security situation, the FATF has been unable to conduct an on-site visit to confirm whether the process of implementing the required reforms and actions has begun and is being sustained. The FATF will continue to monitor the situation, and conduct an on-site visit at the earliest possible date.

## Zimbabwe

Since October 2019, when Zimbabwe made a high-level political commitment to work with the FATF and ESAAMLG to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies, Zimbabwe has taken initial steps towards improving its AML/CFT regime, including by improving the country's understanding of the key ML/TF risks. Zimbabwe should continue to work on implementing its action plan, including by: (1) implementing risk-based supervision for FIs and DNFBPs including through capacity building among the supervisory authority; (2) ensuring development of adequate risk mitigation measures among FIs and DNFBPs, including by applying proportionate and dissuasive sanctions to breaches; (3) creating mechanisms to ensure that competent authorities have access to timely and up-to-date beneficial ownership information; and (4) addressing remaining gaps in PF-related targeted financial sanction framework and demonstrating implementation.