Combating Financial Abuse

Regional Videoconference: Middle East and North Africa Region— Algeria, Morocco and Tunisia

World Bank and IMF Global Dialogue Series

Combating Financial Abuse

Regional Videoconference: Middle East and North Africa Region— Algeria, Morocco and Tunisia

Sponsored by the World Bank Financial Sector and the World Bank Institute in partnership with the International Monetary Fund and the Middle East and North Africa Region of the World Bank

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A Worldwide Challenge…

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In recent years, and especially since the events of September 11, 2001, worldwide efforts to combat financial abuse have assumed heightened importance. Money laundering and the terrorist financing are global problems that not only threaten security, but also compromise the stability, transparency, and efficiency of financial systems, thus undermining economic prosperity.

James D. Wolfensohn, president of the World Bank Group, has declared that the global community should act "where it really matters"—and, economically, money laundering really matters. At least US$1 trillion is laundered annually using increasingly sophisticated methods of moving funds across borders.

The success of a criminal enterprise is based on its ability to sanitize its ill-gotten gains by moving them through lax or corrupt national financial systems. The laundering allows criminals and terrorists to operate freely, using their financial gains to expand their criminal pursuits and fostering illegal activities such as corruption, drug trafficking, arms trafficking, smuggling, and terrorist financing.

Money laundering and terrorist financing can have devastating economic and social consequences for countries, especially those in the process of development and those with fragile financial systems. The economy, society, and ultimately the security of countries used as money laundering platforms are all imperiled. Here are just a few examples of how illicit financial flows can affect the economy and institutions of the host country:

- Financial institutions that accept illegal funds cannot rely on those funds as a stable deposit base. Large amounts of laundered funds are likely to be suddenly wired out to other financial markets as part of the laundering process, threatening the institution's liquidity and solvency. A financial institution's reputation and integrity can be irrevocably harmed through involvement in laundering money or financing terrorism.

- Local merchants and businesses may find that they cannot compete with front companies organized to launder and conceal illicit funds. Many such front companies offer their services and goods at below-market rates and even at a loss. Because their primary objective is laundering money, they do not need to compete in the marketplace and make a profit for their owners.

- Money laundering may also distort some economic sectors and create instability in their markets. Money launderers may channel funds to sectors or areas where funds are unlikely to be discovered, whether or not investment is needed or real returns are offered. The often sudden departure of investments from those sectors may impair the industries involved.

- Currencies and interest rates can be distorted by money launderers' investment practices, based as they are upon factors other than market returns.

- Money laundering and terrorist financing do nothing for the reputation of the host country. The loss of investor confidence that follows revelations of large-scale involvement in such activities can sharply diminish opportunities for growth. Once a country's reputation is tarnished, it takes years to repair.

The global agenda to curb abuse of financial systems calls for a cooperative approach among many different international bodies. Efforts to establish an international standard against both problems have been led by the 31-member Financial Action Task Force on Money

Laundering (FATF), which has come forth with its "40 + 8" Recommendations—the original 40 in the area of money laundering, and now 8 more related to the financing of terrorism.

The boards of the World Bank and the International Monetary Fund have recognized these Recommendations as the appropriate standard for combating money laundering and terrorist financing and have intensified their work in this area. Both institutions worked with the FATF to develop a comprehensive global methodology for assessing country compliance with the FATF's international standards. They are also cooperating to provide training and technical assistance to client countries and to coordinate efforts with other international organizations, including the FATF, the FATF-style regional bodies, the United Nations, the Egmont Group of Financial Intelligence Units, regional development banks, and other donors.

The videoconferences of the Global Dialogue Series, which bring international experts together with those charged with planning or administering national systems to curb financial abuse, are an excellent example of collaborative international work in a critical area.

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The Ninth Videoconference in the Global Dialogue Series on Combating Financial Abuse

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"Combating Financial Abuse: Anti–Money Laundering and Combating the Financing of Terrorism," a World Bank/IMF Global Dialogue Series, was inaugurated in January 2002. Since then, live policy dialogues, three hours in length, have been conducted over the World Bank's Global Distance Learning Network with representatives of countries in the following regions: Africa, East Asia, Europe and Central Asia, Latin America and the Caribbean, and South Asia.

The ninth dialogue in the series was held on January 28, 2003, with experts from central banks, ministries (finance, justice, economics, development, international cooperation), and professional associations in Algeria, Morocco, and Tunisia.

The event provided an opportunity for the three North African countries, the World Bank, the International Monetary Fund, the Islamic Development Bank, the Financial Action Task Force on Money Laundering (FATF), the Bank of France, and the United Nations Global Programme against Money Laundering (GPML) to discuss the challenges they face in combating money laundering and the financing of terrorism. The participants learned about progress in each country and identified the type of assistance they need to make further progress. Efforts to fight money laundering and combat the financing of terrorism cannot be effective in isolation from national and transnational governance, or by merely adopting conventions and declarations. These videoconferences set the stage for additional regional dialogues and other actions to expand global knowledge of national and international financial abuses. Important issues emerging from the dialogue and areas for future international assistance are summarized in the report that follows.

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Videoconference Agenda—January 28, 2003

Deane N. Jordan, Moderator
Lead Operations Officer, Finance and Private Sector, Middle East and North Africa Region, World Bank

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The representatives from Algeria, Morocco and Tunisia were asked to address the following issues:

- What have been the country's responses to the abuse of financial systems, including money laundering and terrorist financing?

- What institutional arrangements have been established to combat financial abuse?
- What are the key challenges for the country in combating financial abuse?
- What kind of assistance does the country need from international organizations to strengthen financial market integrity?

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- D. M. Qureshi, Senior Advisor, Treasury Division, Islamic Development Bank (IDB)
- Patrick Moulette, Executive Secretary, Financial Action Task Force on Money Laundering (FATF)
- Alain Laurin, Deputy Director, International Affairs, Bank of France
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Open Discussions on Challenges for Implementation

- Rapporteur: Alain Damais, Financial Sector Specialist, Financial Market Integrity, World Bank

Key Issues Raised in the Dialogue

Alain Damais, Rapporteur

The dialogue provided an opportunity for the participating countries and organizations to inform the group of the status of their efforts to combat national and international financing abuse. Participants raised the following issues, needs, and possibilities:

World Bank

- Money laundering is a problem of global concern that poses a serious long-term development and governance risk to any country in which it occurs. As such it must be dealt with rigorously by individual countries and by the international community.

- Global cooperation is needed to effectively fight money laundering and terrorist financing.

- The principal contributions of the World Bank are (a) to help countries identify vulnerabilities in their financial systems and the root causes of financial abuse, and (b) to provide technical assistance to strengthen national anti-money laundering regimes.

- The countries participating in the videoconference have made significant progress with legislation against money laundering.

International bodies stand ready to provide technical assistance to help these countries implement their new laws.

- A regional body modeled on the international Financial Action Task Force on Money Laundering (FATF) should be formed in North Africa.

International Monetary Fund

- IMF's major efforts are aimed at assessing and correcting weaknesses in the legal, regulatory, and institutional frameworks of client countries.

- Early findings about countries' compliance with international standards to control money laundering and terrorist financing revealed weak legal and regulatory frameworks, limited definition of laws and regulations on financial abuse, and ineffective implementation of anti–money laundering regimes, including poor industry awareness, a narrow range of institutions subject to requirements, and inattention to vulnerabilities outside the banking sector.

- IMF provides direct technical assistance to client countries, helping them draft, revise, and implement laws, regulations, and policies, establish legal frameworks for FIUs, and organize awareness programs and regional seminars. IMF coordinates its technical assistance efforts with those of the international donor community.

- IMF has developed active partnerships and works closely with other international organizations, including the World Bank, the FATF, FATF-style regional bodies, the Egmont Group of Financial Intelligence Units, and the United Nations Counter-Terrorism Committee to fight money laundering and provide technical assistance to others engaged in that fight.

Algeria

- In addition to ratifying several international conventions on money laundering, Algeria has improved external supervision of international capital and financial flows and transactions and developed regulations requiring all financial institutions to implement internal controls related to processing information on transactions.

- Algeria's central bank held a series of meetings to ensure fluid information exchange between customs and interested ministries.

- International experts could help Algeria improve its payment system.

Morocco

- Morocco has ratified all international conventions against terrorism and terrorist financing—among them Security Council resolutions and the United Nations Convention Against Transnational Organized Crime.

- Morocco also developed a regulatory mechanism for customer identification by banks and introduced capital and exchange controls. The central bank published circulars on internal controls required of banks and external supervision by auditors.

- The country's penal code, amended to criminalize terrorism and the financing of terrorism, sets forth procedures for seizing and confiscating assets.

- The banking law has been revised to increase the autonomy and sanctioning power of the supervisory body.

- The World Bank and International Monetary Fund have been active in Morocco through the Financial Sector Assessment Program and missions to improve accounting standards and the collection of statistics.

Tunisia

- Tunisia takes a global approach to the global challenge of financial abuse.

- The country ratified the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Vienna Convention) and the International Convention for the Suppression of the Financing of Terrorism. National legislation to combat terrorist financing is expected to be adopted soon.

- A 1992 law provides criminal sanctions, including confiscation of assets, for persons or corporate entities engaged in illegal activities. It also requires financial institutions to maintain records of transactions for 10 years and to verify the identity of their customers. The law applies equally to capital operations, including investments and real-estate transactions by foreign entities.

- The Central Bank facilitates information exchange in response to requests from the agencies responsible for bank supervision.

- To safeguard its reputation and status, Tunisia works closely with other countries to fight money laundering.

- Tunisia is ready to support international initiatives that would help it to strengthen its anti–money laundering regime.

Islamic Development Bank

- United with the international community in its efforts to prevent abuses of the financial system, the Islamic Development Bank (IDB) has revised its disbursement manual to ensure adoption of best practices in disbursing money for projects and to promote rigorous competitive bidding among suppliers, consultants, and others.

- IDB raises money only from registered financial institutions.

- In collaboration with the World Bank, IMF, and the central banks of its member countries, IDB is developing an architecture for Islamic financial systems—a major task.

- IDB's technical assistance program helps member countries strengthen their legal system and institutional framework for fighting money laundering and terrorist financing.

Financial Action Task Force on Money Laundering (FATF)

- FATF is an intergovernmental organization with broad multidisciplinary expertise. Its aim is to establish and promote the adoption of international standards against money laundering and terrorist financing. To develop effective standards, FATF analyzes the methods used by money launderers and financiers of terrorism.

- The key to FATF's 40 Recommendations for fighting money laundering is the criminalization of money laundering.

- FATF joined the battle against terrorist financing in October 2001, later promulgating eight Special Recommendations on combating such financing. A self-assessment exercise on implementing the Recommendations identifies countries that need technical assistance.

- FATF would welcome a North Africa initiative to create a FATF-style regional body.

Bank of France

- The Bank of France contributes to international initiatives against money laundering and terrorist financing and provides expertise and technical assistance upon request.

- The 14,000 employees of the Bank of France have been trained to know their legal obligations as staff members as well as the obligations of the institution as a whole.

- Fifteen African countries with similar legal systems cooperate within the Franc Zone—a good example of regional cooperation.

- The Franc Zone's Liaison Committee coordinates the fight against money laundering and offers technical assistance in the implementation of the FATF Recommendations.

- The Liaison Committee's guidelines on money laundering have been adopted by the Franc Zone's member countries and will be communicated to other interested countries.

- North Africa could benefit from forming a regional body to fight money laundering and terrorist financing.

United Nations Global Programme Against Money Laundering

- The mandate of the Global Programme Against Money Laundering is to help states implement national policies and legislation in compliance with United Nations conventions and other international standards. The Global Programme provides technical assistance at the request of states and conducts related research. It has developed a mentorship program for institutions, including financial intelligence units.

- International cooperation with partner organizations is essential in the face of the challenges of money laundering and terrorist financing.

- The Global Programme encourages North African countries to share their expertise and experience and supports the creation of a regional anti–money laundering group.

Speaker Presentations

Welcome and Introduction

- ***Deane N. Jordan***, Lead Operations Officer, Financial and Private Sector, Middle East and North Africa Region, World Bank

Let me start by welcoming everyone to the North Africa regional dialogue on combating financial abuse. I will be the moderator for today's dialogue.

This is the ninth in a series of videoconferences aimed at enabling client countries, the World Bank, the International Monetary Fund (IMF), the Financial Action Task Force on Money Laundering (FATF), regional development banks, and other international and regional organizations to discuss and exchange information on the challenges faced in the struggle against illicit money flows, to share the lessons of success, and to identify the types of assistance countries need to combat financial abuse, including money laundering and the financing of terrorism.

This videoconference comes at a time of increased international cooperation in the fight against financial abuse. The World Bank and IMF recognize that financial abuse, if left unchecked, undermines the integrity of financial systems, presenting a special danger for countries that are trying to enhance the capacity of their financial institutions. The Financial Sector Unit of the World Bank's Middle East and North Africa Region is therefore pleased that Algeria, Morocco, and Tunisia are participating in today's videoconference.

Algeria, Morocco, and Tunisia have had diverse experiences in their efforts to protect against financial abuse. These can serve to enrich our discussion. I understand that Algeria is taking steps to modernize its payment systems in order to speed flows and improve the security of financial transactions, large and small. Morocco has instituted controls through which the authorities can obtain information about large transactions. The banking sector in Tunisia is taking steps to improve the collection of information on the identity and business activity of banking customers. All three countries are studying their financial sectors in depth and considering ways to further strengthen their legislation and regulations to help counter abuse as those sectors expand and become more open to the rest of the world.

Our aim today is to engage in a candid dialogue on the challenges countries face so that we can ensure that the assistance we provide will be appropriately targeted and effective.

Let me end my introductory comments by saying that I am particularly pleased with the list of speakers and participants both here in Washington and in each of the participating countries. The list reflects a broad range of international and regional expertise that will guide us as we work together to improve the global and regional financial system. I hope this session is the starting point for an important discussion that will extend well beyond the three hours we have here today.

***Deane N. Jordan** is lead operations officer in the Finance and Private Sector Development, and Infrastructure Department of the World Bank's Middle East and North Africa Region. A Canadian national, he has served the Bank in several capacities since 1971. In recent years, he has been task team leader of several Bank operations focusing on the development of housing finance markets, payments systems, and the private sector in the countries of North Africa and the Middle East. He holds a bachelor's degree in electrical engineering and an MBA from the University of British Columbia, and an MA in economics from Virginia Tech.*

The World Bank/IMF Response to Combating Financial Abuse: Financial Market Integrity

- ***Alain Damais***, Financial Sector Specialist, Financial Market Integrity, World Bank

I would like to place in context the World Bank's role in fighting money laundering and financial-system abuse. In so doing I will provide you with some background on the Bank's activities in these areas.

The World Bank recognizes that money laundering and terrorist financing are criminal activities of global concern. They undermine the stability and integrity of financial systems and can threaten the long-term development of vulnerable countries. Global cooperation is needed to address these threats through financial-sector supervision and regulation, good governance, judicial and legal reform, and effective law enforcement.

The principal contribution that the Bank can make is to assist countries in identifying their vulnerabilities and in addressing the root causes of financial abuse by providing them with assistance to strengthen governance and its economic, financial, and legal foundations.

Even before September 11, 2001, the board of the World Bank had directed the staff to intensify its work against money laundering and other abuses of financial systems. The board made it very clear that the Bank's role in the fight against money laundering and terrorist financing should be consistent with its global development mandate. In practice, this means that the Bank should help countries build their institutional capacity and strengthen their legal and institutional framework to fight these threats.

One element of the response recommended by the board was a means of assessing countries' anti-money laundering efforts against the 40 + 8 Recommendations of the Financial Action Task Force on Money Laundering (FATF). Working with the International Monetary Fund (IMF), the FATF, and standard setters such as the Basel Committee, the Bank has developed a comprehensive assessment methodology as part of the joint World Bank–IMF Financial Sector Assessment Program (FSAP).

On August 6, 2002, the Bank board added money laundering and terrorist financing to the list of areas in which standards and codes are useful to the operational work of the World Bank. It adopted the FATF 40 + 8 Recommendations as the associated standard and endorsed a program for assessing country compliance with that standard (along with two methods for preparing reports on observance of standards and codes, or ROSCs, related to money laundering). Under the assessment program, which is entirely voluntary for countries, staff from the Bank and Fund jointly analyze the country's financial-sector risks and development priorities, reporting their findings in the form of a ROSC.

The comprehensive assessment methodology was endorsed by the FATF at its plenary meeting, on October 11, 2002; it will now be put to use in the mutual evaluation processes of the FATF and the FATF-style regional bodies (once these bodies have endorsed it), as well as in the assessments conducted by the Bank and Fund.

The Bank and Fund assessment program began a 12-month pilot run last November. As the program identifies gaps in financial-system regulation and supervision—and as countries request assistance to address those gaps—the Bank provides technical assistance, capacity building, and training to help countries draft laws and regulations, establish and strengthen financial intelligence units, and strengthen financial supervision. At the same time, the assessment program will ensure that the Bank's diagnostic work includes more attention to money laundering issues.

The Bank has begun to integrate the results of the anti–money laundering assessments performed in FSAPs into the country assistance strategies it devises in cooperation with borrower governments, particularly where weaknesses may pose a significant governance and development risk.

To enable leading experts to communicate with senior country officials responsible for formulating public policy on money laundering and terrorist financing, the Bank has created several new forums. One is the Global Dialogue Series in which we are participating today. Another is a series of regional seminars on issues of particular interest for countries that are starting to develop their anti–money laundering regime. Devoted to topics such as establishing a financial intelligence unit (the subject of a recent Moscow seminar for eastern European countries), the seminars bring together countries that face similar challenges, allowing them to share experiences.

Finally, the Bank and the Fund have launched an initiative to improve the international coordination of technical assistance in the fight against money laundering and terrorist financing. On April 22, 2002, we hosted a meeting in Washington to develop a mechanism for coordinating technical assistance. Participating were the FATF, FATF-style regional bodies, the United Nations Global Programme Against Money Laundering, the United Nations Counter-Terrorism Committee, the regional development banks (including the African Development Bank), and key bilateral providers of technical assistance. As part of this initiative, we are helping the FATF-style regional bodies to meet needs in their regions through a database of technical assistance requirements and resources. The database has been operational since the end of last year.

Let me conclude by reiterating the Bank's commitment to help Algeria, Morocco, and Tunisia fight abuses of their financial systems. I join Deane Jordan in looking forward to a stimulating and useful discussion today.

***Alain Damais** is a financial sector specialist in the Financial Market Integrity Department of the World Bank. Before joining the Bank in 2002 he was deputy Head of the Savings and Financial Market Division of the Treasury Department of the French Ministry of Finance. In that capacity, as a member of the French delegation, he negotiated the new European directive on distance marketing of financial services. From 1997 to 2001, he was deputy head of the International Monetary and Financial System Division of the Treasury Department of the French Ministry of Finance. He was deputy Head of the French delegation to the G-7 Working Group on Financial Crime and deputy Head of the French delegation to the FATF. He was also responsible for drafting France's new anti–money laundering statute, which was finally adopted in May 2001.*

Mr. Damais holds degrees in international affairs (1994), political science (1993), and business law (1992) from the University of Paris (Sorbonne). He has published several articles on the financial sector issues, including money laundering.

- ***Mary Zephirin**, Senior Economist, Special Financial Supervisory Issues Division, Monetary and Exchange Affairs Department, International Monetary Fund*

I am pleased to participate on behalf of the International Monetary Fund (IMF) in this global dialogue on combating abuses of national and international financial systems. IMF's involvement in countering financial abuse has expanded substantially over the past year. Our activities center on evaluating the adequacy of jurisdictions' regulatory and institutional regimes and on mobilizing technical assistance to help countries correct weaknesses in their legal, institutional, and supervisory regimes. Criminal law enforcement is outside our mandate.

Countering financial abuse is a relatively new activity for the Fund. It has evolved from our expertise in financial sector issues and our work in assessing regulatory and supervisory systems on the basis of the principles of the financial standard setters such as the Basel Committee, the International Organization of Securities Commissions, and the International Association of Insurance Supervisors. This new activity has, of necessity, required us to work very closely with a variety of other international organizations and, in the process, to develop new relationships. Our partnership with the World Bank is particularly close, both at the policy level and at the operational level. We have been working in close collaboration with the Financial Action Task Force on Money Laundering (FATF) and are also becoming more involved with the FATF-style regional bodies, particularly in matters of technical assistance. We are working closely with the Egmont Group of Financial Intelligence Units. We have also developed new relationships with the United Nations Counter-Terrorism Committee and Drug Control and Crime Prevention Agency.

My remarks will focus on our assessment work and on technical assistance. With respect to assessments, I will report on the development of a comprehensive, unified methodology for conducting assessments of regimes for countering financial abuse by money launderers and financiers of terrorism, on the program that has been developed for carrying out assessments, and on some early findings from the assessments completed to date. With respect to technical assistance, I will report on the help the Fund and the Bank are giving jurisdictions to upgrade their anti–money laundering regimes and the work we are doing to promote better coordination of technical assistance.

Assessment Methodology

Over the last year the emphasis of the Fund and Bank has shifted from evaluating compliance with anti–money laundering requirements embedded in prudential core principles to assessing compliance with a global standard based on the FATF 40 + 8 Recommendations. This expanded perspective involves issues that cut across legal and institutional arrangements, financial supervision, and criminal law enforcement.

Working in very close collaboration with the FATF, we completed the comprehensive assessment methodology, as Alain Damais noted. The methodology provides detailed criteria for evaluating compliance, encompassing the complete set of FATF Recommendations as well as criteria related to financial intelligence units. At its October plenary meeting, the FATF endorsed the use of the methodology in its mutual evaluations during a 12-month pilot program; in November the IMF board ratified its use in Fund- and Bank-led assessments on the same 12-month-pilot basis.

Joint adoption of the methodology represents a considerable achievement. Many issues of policy and jurisdiction, as well as many technical issues, have had to be resolved. But the Fund, the Bank, and the FATF now have a common view of the standards to be met by countries' regimes for combating money laundering and terrorist financing. What is more, the three parties agree on the criteria for evaluating compliance with those standards.

We have also sorted out arrangements for conducting assessments that recognize the mandates and expertise of the participating organizations. The executive boards of the Fund and the Bank have considered that it would be inappropriate for the two institutions to become involved in law enforcement. However, both boards have acknowledged that our assessments should be comprehensive. Therefore, in the context of the 12-month pilot program, we have agreed with the FATF on methods to conduct comprehensive assessments that would involve the participation of law-enforcement experts not under the supervision of the Fund. Consultations are now underway with the FATF, the FATF-style regional bodies, and national authorities to identify experts to staff assessments during the pilot program.

The boards of the Fund and the Bank have also agreed that the anti–money laundering standard will be added to the list of standards for which reports on observance of standards and codes (ROSCs) are to be prepared. The boards have further agreed that assessments of efforts to fight money laundering and terrorist financing will be included in all assessments conducted under the Financial Sector Assessment Program and in all assessments of offshore financial centers (OFCs). The ROSC format will become the standard for reporting and publishing the results of anti–money laundering assessments.

The underlying Fund/Bank policy for such reports is that the assessment process should be uniform, voluntary, and cooperative. To help reach consensus on procedures that satisfy these principles, the FATF has agreed during the pilot period to refrain from initiating a new round in its practice of identifying noncooperative countries and territories.

Assessment Findings

Before the assessment methodology was completed, successive drafts were incorporated into the ongoing schedule of FSAP and OFC assessments. During the same period we also began to work with member countries that were not undergoing FSAP or OFC assessments. In the context of Article IV consultations, we have been circulating a questionnaire soliciting information on countries' legal and institutional frameworks for dealing with money laundering and terrorist financing.

While experience varies significantly across countries, our assessments and analysis have revealed certain weaknesses in countries' arrangements. Among those most commonly identified are:

- Weak legal and regulatory frameworks
- Limited definition of violations under anti–money laundering laws and regulations
- Ineffective implementation of regimes to control money laundering and terrorist financing, including poor industry awareness and understaffed supervisory agencies
- A narrow range of institutions subject to legal and regulatory requirements, and inattention to vulnerabilities outside banking
- Inadequate reporting and inconsistent investigation of suspicious activity
- Absence of financial intelligence units.

Despite these weaknesses, it is also true that over the past two years, and partly in response to assessments, many countries have been strengthening their regimes for fighting money laundering and terrorist financing by adopting new legislation, creating financial intelligence units, and other means.

Technical Assistance

The other leg of our policy for dealing with money laundering and terrorist financing is technical assistance for capacity building. We are proceeding on two fronts. First, the Fund and the Bank are expanding their internal capacity to provide technical assistance to correct weaknesses identified in assessments and to respond to members' requests. Second, we are developing a mechanism to coordinate technical assistance internationally.

Direct assistance from the Fund and Bank focuses on:

- Formulating laws and regulations against financial abuse that exhibit international best practices
- Implementing laws, regulations, policies, and procedures by financial sector supervisors and other government entities charged with fighting financial abuse
- Establishing legal frameworks for financial intelligence units that exhibit international best practices
- Developing training and awareness programs to address anti–money laundering concerns in the public and private sectors
- Collaborating with other parties in multilateral programs.

Regional training events have been organized as a cost-effective means of delivering technical assistance. In October, we held a multidisciplinary regional training seminar in South America and recently (in January) participated in a workshop in Dar-es-Salaam. Both events focused on supervisory issues related to the fight against money laundering and terrorist financing.

Countries' needs for technical assistance go well beyond what the Fund and Bank can provide directly. The international donor community will need to increase its assistance to help meet the shortfall. As Alain Damais has already mentioned, because of the complexity of this initiative, the Fund and Bank have taken the lead in developing a coordination mechanism to avoid gaps, duplication of effort, and waste of scarce resources. A network of contacts has been organized among participating organizations to facilitate coordination and communication regarding technical assistance, and to identify providers of assistance and potential sources of funding and other resources. Key participants in this network include the FATF, the United Nations Global Programme Against Money Laundering, the United Nations Counter-Terrorism Committee, the FATF-style regional bodies, the regional development banks, several other international organizations, and key bilateral donors and providers of technical assistance.

Conclusion

The past year has been a very busy period of anti–money laundering work for us at the Fund and for our colleagues in cooperating organizations. Several important initiatives have been set in train. The policy development and organizational work is largely behind us. The next stage will be to implement the assessment and technical assistance agenda we have set for ourselves.

***Mary Zephirin** is a senior economist in the Monetary and Exchange Affairs Department of the International Monetary Fund (IMF). Previously she was a senior economist in the African Department of the IMF.*

Before coming to the IMF, Ms. Zephirin worked as a consultant on financial issues, was advisor to the governor of the Central Bank of Barbados, and was a programme officer with UNICEF. She also worked as an economist in the research department of the Central Bank of Barbados. Ms. Zephirin has a PhD in economics from the University of Warwick, U.K.

Country Presentations—
How Have Governments Responded?

- ***Hallime Driss Boughida***, Secretary General, Bank of Algeria

It is not easy to speak about the fight against financial abuses in Algeria, notably money laundering and financing of terrorism, in such a brief time. Nevertheless, I'll try to give a brief answer to all your questions.

Within the frame of the fight against financial abuses, Algeria has ratified several international conventions and agreements.

The legal and regulatory framework, as well as the monitoring of capital flows to and from abroad severely punish the breach of the legal and regulatory provisions on the matter. The regulations of internal and external control system on banks and financial institutions enforce tracking of all fund movements to and from abroad.

Since April 2002, Algeria has created a Financial Information Processing Agency, called CTRF, whose main task is to collect and process information on financing of terrorism and money laundering, which is transmitted by financial institutions mandated by the Law, and to pass the relevant cases to the competent authorities. This agency also plays a role in implementing all necessary procedures for prevention and detection of all forms of financing of terrorism and money laundering.

Algeria has presented its national report (also posted on the Algerian Ministry of Foreign Affairs website), following the resolution 1373 adopted by the United Nations Security Council on September 28, 2001.

Moreover, the financial law of 2003 has lifted the bank and professional secrecy (art. 104), in order not to prohibit the CTRF from processing financial information. The latter may take all conservatory measures, including the execution and/or freezing of assets.

On banking supervision, Algeria has adopted new regulations to enforce the external and internal control of banks and other financial institutions, which has been dealt with in a regulation issued by the Currency and Credit Council.

Information seminars have been given in order to raise awareness amongst the operators of foreign trade with regard to the provisions and regulation procedures.

Within the framework of consultation and cooperation, the different national institutions in charge have maintained periodical meetings, which resulted in the improvement of the information flow within this domain.

Currently, a project to modernize payment system in Algeria is under way. The project is supported and financed by the World Bank. This should make financial transactions more efficient and generate reliable data in short periods of time.

Considering the principal elements of the matter, the assistance of international experts shall help us advance these different fronts.

***Hallime Driss Boughida** is secretary general of the Bank of Algeria. From 1991 to 2000 he was director of organization, methodology, and communications at the same institution.*

After teaching for two years at the Institut de Technologie de Mostaganem (1975–76), Mr. Bourguida became a department head and later director general and advisor at ONALAIT (1978–1984). From 1986–1991, he was advisor and director general of Algeria's Banque de Développement Local.

Mr. Boughida is an engineer-economist, holding degrees in development economics and Sociology from the University of Montpellier, France. He followed several professional trainings in the banking and financial fields.

- ***Abdellatif Loudyi***, Director, Public Treasury, Ministry of Finance, Morocco

Morocco has taken a number of actions within the international efforts to fight against financial abuse. Some of the actions include:

- prohibition of opening anonyms accounts by banks;

- on-site banks examination by Bank Al-Magrib;

- mandatory requirement for banks to adopt internal risk control system;

- external auditing of banks;

- legislation regarding the flow of capital in and out from Morocco allows the Foreign Exchange Beareau of Ministry of Finance to submit, at any time, foreign exchanges of capital to its prior authorization.

The following main actions have been implemented regarding the fight against terrorism:

- Ratification in July 2002 of the United Nations conventions: the International Convention for the suppression of the financing of terrorism and the United Nations Conventions against transnational organized crime (Palermo Convention);

- Ratification on August 30, 2001 of the Arab Conventions of fight against terrorism.

In addition, and in application of the resolutions of the United Nations Security Council, the Ministry of Finance has demanded banks to conduct verifications and necessary investigations to identity the persons and entities suspected of being linked to the financing of terrorism, to verify if such persons or entities hold accounts in the banks and inform the Ministry on the results of their investigations.

The banks have received instructions to prevent operation or movement of funds linked to the suspected financing of terrorism.

Similarly, the Foreign Exchange Beareau whose task is to legally verify control of capital movements has established, through circulars, a prior consent procedure for movements of capital in and out from Morocco by persons and entities linked to terrorism.

In translating within national law the obligations resulting from the international conventions to which Morocco has adhered in terms of supression of terrorism, a bill whose adoption is under way, will introduce criminalization of financing of terrorism and create a legal procedure which allows to obtain information from banks and offshore banks on the persons and entities suspected of link to the financing of terrorism.

At the same time, the government authorities have implemented significant reforms in setting up more transparent and efficient control system mainly through the modernization of trade legislation and the adoption of new texts governing approval of public contracts.

In addition, bank law reform is under way, mainly to increase the prudential control of the Central Bank on the financial organisations and entities and to reinforce autonomy of the Central Bank.

Finally, in the context of the close cooperation between our country and the World Bank and the International Monetary Fund, a joint mission of these two institutions has performed an evaluation of the Moroccan financial sector in 2002.

Abdellatif Loudyi *directs the Treasury Department in Morocco's Ministry of Finance.*

- ***Samir Brahimi***, Director General, Legal Department, Central Bank of Tunisia

The fight against financial abuse is a global challenge and Tunisia takes a global approach to money laundering and financing of terrorism.

Tunisia ratified the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Vienna Convention, December 1988), and in 2002 the International Convention for the Suppression of the Financing of Terrorism (December 1999). A law concerning terrorist financing will be adopted soon.

For already a decade, a law of May 18, 1992, relating to the narcotics criminalizes drug trafficking and provides severe penal sanctions against the person (including banks and financial institutions) who help or facilitate, by fraudulent means or false information, repatriation in Tunisia of the funds coming from the drug traffic or offer the persons convicted of aiding or abetting the investment of criminal proceeds

The foreign banknote and currencies must be declared at the customs and financial operations with a foreign country must be linked to real economic transactions; the banks or other paying agents of these transactions have to identify their customers and register these informations.

Accountants (including thus banks and financial institutions) must keep ten years of records and documents relateing to financial transactions.

The confidentiality requirements are lifted to the benefit of the tax authorities, of the Central Bank of Tunisia, the penal prosecution authorities and the customs.

The banking supervision framework is in conformity with the international standards.

In Tunisia, numbered accounts do not exsit and all the transferable securities are nominative.

The Central Bank of Tunisia responds to requests from its counterparts, the authorities in charge of the banking supervision or other related authorities.

Tunisia pays attention to all internatinal initiatives to strengthen its regime to fight money laundering and the financing of terrorism.

Samir Brahimi *is Director General of the Legal Department of the Central Bank of Tunisia*

The Urgency of Regional Collaboration

- ***D. M. Qureshi***, Senior Advisor, Treasury Division, Islamic Development Bank

At the Islamic Development Bank (IDB), we are combating financial abuse in four ways.

First, we require our customers—now more than ever—to demonstrate that the funds we make available are not misdirected or misused. Our manual of disbursement procedures helps ensure that best practices are adopted as we disburse money for the projects we are financing. Like other multilateral development banks, we do not disburse directly to the beneficiary. After a rigorous process of competitive bidding, disbursements are made to suppliers, contractors, and consultants. Our system, therefore, has been streamlined to ensure that money cannot be used for the things that we are trying to fight against.

Second, unlike other multilateral development banks, the IDB has never entered the market to mobilize resources. Up to now, all our resources have been come through members' contributions to the bank's share capital. The fact that all our sources are governments or banks under the control of a central bank rules out the possibility that our funds might come from sources tainted by money laundering.

But the bank has now decided to go to the market to raise funds. We will mobilize funds only through registered certificates, because unregistered certificates may represent laundered money, and only from financial institutions that have satisfied the requirements of their regulatory authorities. In some cases, we may not know the identities of persons behind our funds, but we expect most of the funds to come from institutions and perhaps from some high net worth individuals. This is an area where we will develop additional safeguards. We intend to take advantage of evolving best practices.

Third, the IDB is engaged in a major effort to develop an architecture of Islamic financial systems in cooperation with the World Bank, the International Monetary Fund (IMF), and the central banks of our member countries. One goal of this architecture is to give the Islamic financial industry the transparency and controls needed to operate within an effective regulatory environment.

The architecture is developing around four major institutions. The Central Islamic Financial Services Board will function like the Bank for International Settlements and disseminate best practices in the fight against money laundering. The Islamic Financial Marketing Board will scrutinize all financial paper that is brought to market. An International Islamic Rating Agency will track, as one of its rating factors, whether institutions and instruments in the market follow best practices. A fourth body, the Auditing and Accounting Standards Body, is already working to set up accounting standards that will be complementary to international accounting standards and so contribute to transparency.

Fourth, the bank has a technical assistance program. We would be quite receptive to the idea of providing assistance under the program to help member countries strengthen their legal system and their institutional framework for fighting money laundering and terrorist financing.

These efforts share a common goal with those of the World Bank, the IMF, and other international institutions. However, we must not lose sight of one issue—if some institutions, Islamic or otherwise, have some shareholders who happen to be on a list of terrorists, we must not allow that institution, which may be serving a very useful socioeconomic purpose, to be automatically destroyed or discredited.

As a developmental institution eager to promote the financial system, the IDB favors the expulsion of undesirable shareholders but not destruction of the institution as a whole. An extreme approach would cause a great setback for the developmental goal of building the financial system.

The IDB is united with the international community in seeking to prevent abuses of the financial system by money launderers and terrorists. We favor thorough scrutiny of the financial system by the authorities. We look forward to further cooperation and exchanges with the international community and our sister institutions to advance our mutual goals.

***D. M. Qureshi** is senior advisor to the Treasury Division of the Islamic Development Bank (IDB), where he is responsible for the formulation of policies, systems, and procedures to enhance efficient management. He guides decisions on appropriate positioning of currencies and placement of IDB funds with a view to maximizing currency gains for dinar-denominated funds under IDB management. Mr. Qureshi conceptualized, structured, and launched the US$1.5 billion IDB Infrastructure Fund for the the bank's member countries.*

Before joining IDB, Mr. Qureshi was president of the National Bank of Pakistan and chaired several financial institutions in Pakistan. In 1997, he received an "Excellence in Performance Award" from IDB's president. He holds an MA in economics.

- ***Patrick Moulette***, Executive Secretary, Financial Action Task Force on Money Laundering

I would like to thank our colleagues and friends of the World Bank for giving the Financial Action Task Force on Money Laundering (FATF) this opportunity to talk directly to representatives of three North African countries that are not members of the FATF or any FATF-style regional body.

I will raise three issues in my presentation. First, because some of the participants may not be familiar with the work of the FATF, I will sketch out the origin and purpose of the group and its 40 Recommendations. Then I will discuss combating the financing of terrorism, a priority for us and for many others. Finally I will tell you about the FATF's present strategy of international cooperation.

The FATF is an independent intergovernmental organization, created in 1989. Its purpose is to develop and promote policies to combat money laundering and terrorist financing. The FATF is comprised of 31 member governments and 5 regional organizations. Its secretariat is based at the Organisation for Economic Co-operation and Development in Paris. The multidisciplinary FATF staff includes experts in all relevant disciplines—law, banking, finance, operations, law enforcement, and so on.

Our chief purpose is to establish international standards for the fight against money laundering. Those standards are contained in our 40 Recommendations. A second activity is to study methods of money laundering. Those methods do change, so it is necessary to track them closely if we are to deal with them effectively. Our last role is to promote the implementation of international standards for fighting money laundering. There are several ways to encourage implementation of standards, some of which are well developed (such as self-assessment and mutual evaluations).

A word on the 40 Recommendations. These are international standards to combat the phenomenon of money laundering. They form a package of measures in the legal, financial, and operational areas. I am not going to list the Recommendations, but I will say that one of their key points is that money laundering must be treated as a crime—it is very important that the fight against money laundering should have a criminal basis. Two other key points, financial institutions must respect, are the mandatory identification of customers and the obligation of reporting crimes and suspicious behavior. Because money laundering evolves, the Recommendations must change with the threat. They were revised for the first time in 1993; another revision is under way.

The financing of terrorism is a new activity for the FATF. September 11, which changed the landscape of the fight against financial criminality, proved the great need for our work.

How did the FATF react to these terrorist threats? First of all, we convened an exceptional Plenary meeting in October 2001 at which the member countries expanded the mandate of the FATF to include the fight against the financing of terrorism.

In October 2001, the FATF adopted eight Special Recommendations for fighting terrorist financing; they are separate from the 40 Recommendations. And they are specific. One, for example, requires that anti–money laundering measures must apply to informal systems for transferring funds or values. Another deals with the need to make sure that nonprofit organizations are not used for criminal purposes to finance terrorism. Alongside these eight Special Recommendations is a global action plan and a set of guidelines, based on our analysis of the methods of terrorist financing, to help financial institutions detect activities that may mask the financing of terrorism. The action plan focuses on the implementation of measures by members of the FATF, but also by non-members, through a self-assessment instrument that is available on the Internet. All countries in the world are invited to participate.

Indeed we urge all countries to participate. It is vitally important to find out whether countries have implemented significant measures related to the eight Special Recommendations. As far as I know, very few countries in North Africa have participated in this exercise, one goal of which is to identify countries and territories that need technical assistance if they are to implement meaningful measures against the financing of terrorism. Today I again call on countries that have not yet done so to participate in this exercise of self-assessment.

A few words on the FATF strategy before I conclude: we are quite aware that with just 31 member countries we alone cannot win the war against money laundering and terrorist financing. We believe it is necessary to enlarge the group to include other important countries on continents where the FATF is not represented, but this strategy relies on the creation of regional groups similar to the FATF.

It is my earnest wish that in 2003, 14 years after the beginning of the fight against money laundering, those regions that still lack a FATF-style regional body should form one. North Africa is one of those regions. Our strategy depends on continued cooperation with the International Monetary Fund, the World Bank, and other international organizations. We are jointly committed to a global partnership against money laundering and terrorist financing. We have worked together to develop a methodology to assess the measures taken by the countries of the world to fight money laundering and the financing of terrorism.

We are dealing here with extremely serious threats to international stability and to our democratic institutions. The FATF is proud to be on the front line of the fight against those threats. We welcome the cooperation of governments, whether members or not, as well as international and regional organizations that wish to work with us to adopt and implement efficient measures to protect the integrity of the world's financial system.

***Patrick Moulette** is Executive Secretary of the Financial Action Task Force on Money Laundering (FATF), a post he assumed in November 1995 after having been involved in the FATF's work for several years. Before joining the FATF secretariat, Mr. Moulette was a treasury official in the French Ministry of Finance.*

Mr. Moulette is responsible for developing policies to combat money laundering and terrorist financing, and for implementing the FATF's outreach agenda.

Mr. Moulette is a graduate of the Paris Institute of Political Studies. He also has master's degrees in public law and corporate law.

- ***Alain Laurin***, Deputy Director, International Affairs, Bank of France

I would like to brief you on the Bank of France's contribution to the fight against money laundering, both within France and internationally.

The Bank of France fully supports the proposals and initiatives of the Financial Action Task Force Against Money Laundering (FATF), the World Bank, and the International Monetary Fund, in particular the new role of international organizations, which are expected to recommend the adoption of, and undertake assessments of compliance with FATF standards. The Bank and the Fund, given their universal membership, should be able to play a very important role through the Financial Sector Assessment Program and subsequent reports on observance of standards and codes.

The Governor who considers the fight against money laundering a key priority, has appointed a former judge, Mr. Michau, to advise him on all AML related matters. The Bank of France is eager to share its expertise and respond to requests for technical assistance whenever it can.

The Bank of France is subject to the requirements of national anti–money laundering legislation. In 2002, all the Bank of France staff have been trained with a view to increasing awareness of the risks involved in money laundering and for them to get to know the legal obligations of the Bank and its employees.

I would also like to remind you that our Governor, in his capacity of President of the Banking Commission is responsible for ensuring, through supervision and inspections, that French banks comply with AML legal and regulatory requirements. The performance of this function continually supplies new information and contributes to the knowledge and expertise that the Bank of France has accrued over time, which in turn make it easier for us to share it with other countries.

***Alain Laurin** is Deputy Director of the International Affairs Department of the Bank of France.*

- ***Anselme Imbert***, Deputy Head, CFA Franc Zone Department, Bank of France

theme I would like to touch upon relates to the urgency of regional cooperation. I would like to give you a brief description of a real case of efficient regional collaboration within the Franc Zone, which is driven by a liaison committee against money laundering.

The liaison committee is chaired by the Bank of France's special advisor on money laundering, Judge Michau. The ministers and governors of the Franc Zone established the liaison committee in 2000 in order to lay the foundation for, and coordinate the fight against money laundering. It is also intended to facilitate the delivery of technical assistance with a view to implementing FATF Recommendations. Coordination in the Franc Zone is reasonably easy to carry out as its 15 African member countries have very similar legal systems.

The Committee facilitates consultation and coordination. Given the transnational character of money laundering, such coordination is logical and necessary.

The liaison committee has already made a lot of progress. In Central Africa, one of the two sub regions of the Franc Zone, we have adopted a guideline against money laundering that will be communicated to, and enforced by all member countries going forward. The countries of the West African monetary union held a seminar in Dakar (February 2002) to endorse a guideline that will be implemented in all countries of the sub region.

***Anselme Imbert** is Deputy Head of the CFA Franc Zone Department at the Bank of France.*

- ***Marie-Christine Dupuis***, Money Laundering Advisor, United Nations Global Programme Against Money Laundering

Let me start by thanking the organizers for having invited the United Nations Global Programme against Money Laundering (GPML) to take part in this dialogue. It is, indeed, a very good example of cooperation to fight the evils of money laundering and terrorism financing.

Accompanying me today is a colleague from GPML. The UN Global Programme against Money Laundering is the focal point in the United Nations system for money laundering and proceeds of crime issues and for the provision of related technical assistance. The core of our mandate is to help the Member States of the United Nations develop anti–money laundering regimes that meet UN Conventions and accepted AML international standards.

The Programme provides technical assistance (upon requests from States) at various levels to help in the achievement of this objective, and conducts related research activities. It promotes awareness raising activities. It provides assistance in writing and analyzing legislation (using model laws as points of reference). It supports countries as they implement laws—through training programs targeting the Judiciary, the Law Enforcement authorities, and the financial sector. We have concentrated an important part of this assistance over the last few years on supporting the development of Financial Intelligence Units. In particular, GPML has developed a Mentorship program and placed several of its Mentors in FIUs.

I would emphasize, as others have done, the need for cooperation. International cooperation and joint assistance coordinated with partner organizations is pivotal to effectively address money laundering and terrorist financing challenges. We work very closely with various international institutions, including the Bretton Woods organizations, the FATF and FATF-Style Regional Bodies, Interpol, etc.

GPML is supporting the development of AML/CFT regional groups as they provide a framework for implementing harmonized and concerted AML/CFT measures, assessing the results and the efficiency of the adopted measures, and collaborating with similar structures in Africa and internationally. GPML encourages North African countries to share their expertise and experience and to consider the development of an institutional framework for so doing.

***Marie-Christine Dupuis** graduated from the French business school HEC (Hautes Etudes Commerciales) and served as head of government advisory services in an investment bank before joining the United Nations Global Programme Against Money Laundering in 2000. She advises UN member states on anti–money laundering legislation and designs and implements regional and national assistance programs.*

Ms. Dupuis is a consultant to the Research Center on Contemporary Criminal Threats at the University of Paris II (Pantheon Assas) and the author of two books on money laundering: Criminal Finances: How Criminal Groups Launder Dirty Money (1998) and Narcotics—Price and Profits: The Political Economy of the Industrial Narcotics Market (1996), both published by Presses Universitaires de France.

Open Discussion on Challenges for Implementation

During the open discussion period, several themes emerged with particular force. These are summarized below.

Coordination Among Banks, Bank Supervisors, and the Financial Intelligence Unit

The Algerian representatives asked what information could be exchanged among the bank supervisory body, the financial intelligence unit, and banks. When banks report suspicious transactions pursuant to laws and regulations, they asked, what were the respective roles of the supervisory authority and the financial intelligence unit?

Every country has its own system of banking control, responded the FATF representative, and its own methods of reporting suspicious transactions. But the supervisory authority must receive all information about and reports of suspicious transactions. The key body for reporting suspicious transactions is the intelligence unit, which receives information daily from banking institutions. Sometimes this unit is located within the central bank or connected to it in one way or the other. In such cases it may be organizationally close to the supervisory authorities.

The FATF emphasizes the value of cooperation between the supervisory authorities and the intelligence unit. The two bodies have different roles to play in the fight against money laundering, but those roles should be complementary. The supervisory authorities must, first of all, make the financial institutions under their control aware of their obligations to report money laundering. In many countries they must also verify through inspections that institutions' internal programs and other anti–money laundering measures are being implemented.

A representative of the Bank of France agreed that the secretariat of the banking commission should identify and remove obstacles to cooperation between the two sides. In France, banks know that if they fail to report a suspicious transaction to the financial intelligence unit they are breaking the law. They no longer have to wrestle with the problem of confidentiality, because once their suspicions are aroused, their obligation of professional secrecy is subordinated to other legal responsibilities. Besides, the staff of the financial intelligence unit are obliged to protect the confidentiality of information transmitted to them by the bank.

Clearly spelling out the nature of the system and the role of each party in that system should eliminate most obstacles to cooperation.

Tax Havens

An Algerian representative, pointing to the need for a mechanism to regulate the flight of capital into tax havens, asked how the International Monetary Fund viewed the issue.

The IMF representative responded that the IMF assesses countries' arrangements for general supervision and for preventing abuse of their financial systems. It takes no stand regarding flows of capital but is assisting to improve the regulation and supervision of financial systems particularly against financial abuse.

Convergence of Laws and Financial Systems

A Moroccan official contested the statement of another participant that there was no convergence of laws and financial systems in North Africa. Such convergence is ensured in the region in two ways. First, Morocco, Tunisia, and Algeria have implemented a program of financial-sector reforms designed to improve supervision and transparency. The three countries, in the Moroccan official's view, have available the ingredients necessary for a transparent financial system. Second, the three countries' financial systems and legal frameworks were modeled on those of France, so they are similar in many respects. But the region does need technical assistance to deepen transparency and better protect against financial abuse.

The three countries nevertheless have various control problems, in the official's view. One body is responsible for capital markets, another for insurance companies, and yet others for nonbank financial institutions and other financial services. The region and each country could benefit if synergy could be established among these bodies, producing comprehensive supervision of the financial system.

Other representatives of the three participating countries agreed that developing synergies among the various types of supervisory bodies was important and necessary to strengthen the fight against money laundering. This was an area, they thought, in which the World Bank and IMF could provide valuable assistance.

FATF-Style Regional Bodies

The FATF representative asked the representatives of the three countries about proposals or plans to create a regional structure to fight money laundering and terrorist financing, as recommended by the FATF and other speakers. Regional bodies exert peer pressure on each member country, and even on nonmembers, the FATF representative continued, to improve national measures against money laundering.

Technical Assistance

Tunisia's representatives expressed their country's interest in training. Algeria would like to know more about other countries' experiences with detecting suspicious activities and to be able to compare local experiences.

Wrap-up

- Rapporteur: ***Alain Damais***, Financial Sector Specialist, Financial Market Integrity, World Bank

Three main elements have been discussed today. First, everybody, especially our participating countries, appeared to recognize that money laundering and terrorist financing are serious threats that must be handled rigorously by the international community and individual countries.

Second, all three participating countries are making progress with anti-money laundering and anti-terrorist financing measures in their legislation. We have been very pleased to hear about the steps they have taken and about new legislation to be implemented soon. The World Bank and the International Monetary Fund are ready to offer technical assistance as needed to speed implementation of the new legislation.

Third, as pointed out by Patrick Moulette from the Financial Action Task Force and Marie-Christine Dupuis of the United Nations Global Programme against Money Laundering, all regions can benefit from the presence of an FATF-style regional body. The need for such a body in the Middle East and North Africa is a very important point that needs to be discussed by the countries of the region. Again, the World Bank, the

IMF, and the FATF would be happy to provide help and guidance on this issue. The lessons of the recent past show that real progress in fighting money laundering is more readily achieved when the countries of the region come together in pursuit of the same objective.