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Terrorist Financing Risk Assessment for the NPO Sector in Argentina

Coordination Committee for the Prevention and Fight against Money Laundering,
Financing of Terrorism and the Proliferation of Weapons of Mass Destruction



Ministerio de Justicia
y Derechos Humanos
Argentina

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A: Introduction

Context for Risk Assessment

1. The ongoing international campaign against terrorist financing identified typologies around the world in which terrorists and terrorist organizations exploit the NPO sector through: the collection, consolidation/aggregation, transfer, dissemination and use of funds raised (also known as the funding cycle); the provision of logistical support; the encouragement of terrorist recruitment; otherwise supporting terrorist organizations and operations; the creation of bogus charities; or engaging in fraudulent fundraising for these purposes.
2. The Financial Action Task Force (FATF) is the international standard-setting body in the field of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT). FATF standards directly address NPOs in Recommendation 8 (and its Interpretative Note) and Immediate Outcome 10 (see Annex 1).
3. Both FATF Recommendation 8 and FATF Immediate Outcome 10 require countries, as a first step, to identify the subset of organizations that fall within the FATF definition of NPOs, and use all relevant sources of information in order to identify the traits and types of NPOs that, by virtue of their activities or characteristics, are likely to be at risk of terrorist financing abuse.
4. Argentina is committed to protecting NPOs from TF abuses without unduly disrupting or discouraging legitimate NPO activities, and in a manner that respects its obligations under the UN Charter and international law, in particular international human rights law, international refugee law and international humanitarian law.
5. Likewise, Argentina is fully aware of the significant problems affecting NPOs as a consequence of the inadequate implementation of Recommendation 8 among which the FATF points out: intrusive supervision without any consideration of risks; restrictions on access to funding and bank accounts; and the forced dissolution, deregistration or expulsion of NPOs in the name of compliance with FATF standards.¹ Argentina will therefore promote this sectoral risk assessment with the firm objective of achieving a focused, proportionate and risk-based approach, in line with the standard.
6. Argentina is a member of both the FATF and the Latin American Financial Action Task Force (GAFILAT), the FATF's Latin American FATF Style Regional Body. FATF last approved a Mutual Evaluation Report (MER) on Argentina's compliance with FATF standards on October 21, 2010, within the framework of the 3rd round of FATF evaluations. The MER rated the then Special Recommendation VIII on Terrorist Financing (now Recommendation 8) as Non-Compliant (NC), which meant that the evaluators found significant deficiencies in compliance with the Recommendation. On that occasion only technical compliance with the Special Recommendation was evaluated, since the effectiveness of the system would not begin to be evaluated until the 4th round of FATF Mutual Evaluations.
7. Within the framework of the Mutual Evaluation process, in December 2010 Argentina designed an action plan to improve compliance with SR VIII, which included, among other issues, the revision of local regulations related to NPOs.
8. It is worth mentioning that subsection 18) of Section 20 of Law No. 25246 (enacted in April 2000) established "legal entities that receive donations or contributions from third parties" as Subjects Obligated to report to the UIF. In order to overcome the deficiencies detected in the IEM and in compliance with the Action Plan, the UIF published Resolution UIF No. 30/2011, that

¹ See High Level Synopsis of the Stocktake Report on Mitigating the Unintended Consequences of the FATF Standards, www.fatf-gafi.org/content/dam/fatf-gafi/reports/Unintended-Consequences.pdf.

established the measures and procedures that legal entities that receive donations or contributions from third parties must observe to prevent, detect and report the facts, acts, omissions or operations that may come from or be linked to the commission of ML and FT crimes.

9. According to the 11th follow-up report issued by FATF in June 2014, Argentina addressed most of the deficiencies related to all the Core and Key Recommendations bringing the level of technical compliance with these Recommendations to essentially Largely Compliant. Therefore, Argentina was removed from the follow-up process (enhanced and regular). However, SR VIII was not within the scope of the review as it is not part of the Core and Key Recommendations.
10. In 2019 the Coordination Committee for the Prevention and Fight against Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction² ("ALA/CFT/CFP Coordination Committee") approved the first report of the National Risk Assessment of Financing of Terrorism and Proliferation of Weapons of Mass Destruction of the Argentine Republic (ENR-FTPADM of 2019) (Resolution No. 1231/2019 of the Ministry of Justice and Human Rights of the Nation, dated 07/11/2019). On the other hand, in the month of June 2022 the AML/CFT/CFP Coordination Committee approved the first National Money Laundering Risk Assessment ("ENR-LA"). Additionally, in September of the same year, the AML/CFT/CFP Coordination Committee approved the report of the update of the National Risk Assessment of Terrorist Financing and Weapons of Mass Destruction Proliferation ("ENR-FT/FP 2022"). Both ENRs were subsequently approved by Presidential Decrees (Decrees No. 652 and 653/2022), which in turn instructed the AML/CFT/CFP Coordination Committee to prepare a proposed National AML/CFT/CFP Strategy, based on the findings detected.
11. In this regard, in the ENR-FT/FP 2022, "Abuse or use of some NPOs to facilitate FT" was identified as a vulnerability, indicating that "The country has not yet conducted a sectoral assessment in accordance with FATF Recommendation 8, for the purpose of classifying the subgroups that could be violated or misused by terrorists and terrorist organizations for the commission of FT acts. The vulnerability of "Abuse or use of some NPOs to facilitate TF" was rated with a medium-low value (between 2.81 and 4.6), clarifying that this vulnerability would be located at the lower threshold of the range, i.e. 2.81.
12. The action plan contained in the National AML/CFT/CFP Strategy was subdivided into 10 general objectives. General objective N° 8 is aimed at "Strengthening measures to protect NPOs from TF abuse". This, in turn, includes a specific objective linked to the development of a sectoral TF risk assessment for NPOs (ESR-TF/NPOs).

Methodology

13. The purpose of the risk assessment is to conduct a comprehensive review to understand the characteristics and types of NPOs at risk of misuse for TF, as well as the nature of this threat.
14. The FATF standards *"do not prescribe a particular method or format for assessing the risk"* of

² The ALA/CFT/CFP Coordination Committee reports to the Ministry of Justice and Human Rights. HH. and is integrated by the National Coordination Program to Combat Money Laundering and Financing of Terrorism of the Ministry of Justice and Human Rights of the Nation (CNCLAYFT); the Financial Information Unit (UIF); the Undersecretariat of Registry Affairs of the Ministry of Justice and Human Rights of the Nation (SSAR); the National Directorate of International Affairs under the General Coordination Unit of the Ministry of Justice and Human Rights of the Nation (DNAI); the National Directorate of International Affairs under the General Coordination Unit of the Ministry of Justice and Human Rights of the Nation (DNAI); the Undersecretariat of Criminal Investigation and Judicial Cooperation of the National Ministry of Security (MINSEG); the Federal Intelligence Agency (AFI); the Central Bank of the Argentine Republic (BCRA); the Federal Administration of Public Revenues (AFIP); the Superintendence of Insurance of the Nation (SSN); the National Securities Commission (CNV); the Institute of Associativism and Social Economy (INAES); the Ministry of Foreign Affairs, International Trade and Worship (MRECI); the Supreme Court of Justice of the Nation (CSJN); and the Public Prosecutor's Office (MPF).

financing of terrorism in NPOs³.

15. General best practices for risk assessments of the NPO sector are included in the FATF Guidance on *Terrorist Financing Risk Assessment* (FATF, 2019). Additionally, *the FATF Guidance: National Risk Assessment for Money Laundering and Terrorist Financing* (FATF, 2013) provides guidance on risk assessments in general.
16. This risk assessment is based, to the extent possible, on FATF requirements and guidance. Section 8.1 of the FATF Methodology states that countries should:
 - (a) *Without prejudice to the requirements of Recommendation 1, considering that not all NPOs are inherently high risk (and that some may pose little or no risk at all), identify which subset of organizations fall within the FATF definition of NPOs, and use all relevant sources of information, in order to identify the characteristics and types of NPOs that, by virtue of their activities or characteristics, are likely to be at risk of being misused for terrorist financing;*
 - (b) *identify the nature of the threats posed by terrorist entities to NPOs that are at risk, as well as how terrorist actors misuse such NPOs;*
 - (c) *review the adequacy of measures, including laws and regulations, that relate to the subset of the NPO sector that may be subject to misuse in support of terrorist financing, in order to be able to take proportionate and effective measures to address the risks identified; and*
 - (d) *periodically reassess the sector by reviewing new information on the sector's potential vulnerabilities to terrorist activities to ensure effective implementation of measures.*
17. The methodology used by Argentina for its NPO risk assessment is designed to meet the above requirements as follows:

To.	Requirement	Relevant section
8.1(a)	<i>identify which subset of organizations meet the FATF definition of NPOs.</i>	Part C: 'Scope of the report
8.1(a)	<i>identify the characteristics and types of NPOs that, by virtue of their activities or particularities, are at risk of being misused for terrorist financing.</i>	Part F: Identification of NPOs with potential risk of NPO financing. terrorism'
8.1(b)	<i>identify the nature of threats posed by terrorist entities to NPOs that are at risk, as well as how terrorist actors misuse them of these NPOs.</i>	Part E: 'Identify the nature of the Threat'.
8.1 (c)	<i>review of the adequacy of measures, including laws and regulations, in relation to the subgroup of NPOs that could be abused for FT.</i>	Parts G-I: "Review of mitigating measures".

³ Guidance on Terrorist Financing Risk Assessment (FATF, 2019).

8.1 (d)	<i>Periodic review of the NPO sector</i>	Part H: policy reassessment
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18. Sections G, H and I of this risk assessment "examine the adequacy of measures, including laws and regulations, that relate to the subset of the NPO sector that may be abused to support terrorist financing, so that proportionate and effective measures can be taken to address the risks identified", as required by R8.1(c) of the FATF Methodology.
19. After reviewing the FATF guidelines, the analysis of mitigating measures combines two models:
 - Gap analysis: evaluation of all mitigating measures to identify potential gaps in measures. This is useful to ensure that the foundation for an effective risk-based model is in place.
 - Case analysis: evaluation of the effectiveness of the relevant mitigating measures for the identified risk factors. This assesses whether the measures are risk-based and specific.
20. This review is an NPO-specific review. It is not intended to replicate the ENR, IEM or other reviews of AML/CFT measures, but builds on them. Its remit excludes analysis of AML/CFT measures that incidentally, and not specifically, relate to NPOs. It will therefore take note of, but not assess, regulations relating to terrorist financing sanctions for legal persons, but will assess any sanctions specifically targeting NPOs.
21. This review is based to the extent possible on FATF requirements and guidelines. Relevant FATF requirements or guidance are highlighted in the text where appropriate. Where there is no relevant FATF guidance on an issue, the assessments are based on the authors' knowledge and experience.
22. The review covers three areas: (1) laws and regulations; (2) policy measures and outreach; and (3) self-regulation and self-governance measures.
23. The parameters used in this review are drawn from R8 and other FATF documents. The main tests are that the measures are "risk-based" and "effective".
 - Effective. The Immediate Outcome is an assessment of the "effectiveness" of AML/CFT measures. The Interpretative Note (NIR8) requires countries to adopt "effective measures" to combat terrorist financing. Effective measures are adequately resourced.
 - Risk-based and targeted. The FATF states that a "risk-based approach" is the basic principle of all its assessments. The Interpretative Note (INR8) "requires" countries to take "proportionate measures", and adds that "a risk-based approach that implements measures focused on addressing identified threats of terrorist financing abuse by NPOs is essential". This principle is reiterated both in general terms and in relation to specific activities throughout the FATF documentation.
 - Non-disruptive. Ensure that measures do not disrupt legitimate NPO activity; that they are adapted to local circumstances; that they are consistent with international human rights obligations.
24. This risk assessment is completed as part of the fourth round of FATF assessments, and refers to the relevant standards and guidance for the fourth round assessments. It is recognized that the FATF has updated Recommendation 8, the Interpretative Note to Recommendation 8, the FATF Best Practices Paper and the FATF Methodology for the fifth round assessments. The updated recommendations, methodology and guidance do not apply here, except where specifically noted.

Terminology and key concepts

25. The *Best Practices Paper* [FATF, 2015] provides the following chart to illustrate how terrorist financing risk is assessed in the NPO sector.



26. The FATF defines the key concepts related to risk in the FATF Guidelines: "National Money Laundering and Terrorist Financing Risk Assessment"⁴ and "*The Risk of Terrorist Abuse in Non-Profit Organisations*"⁵ (FATF, 2014). These definitions are used in this risk assessment. Additional interpretations of these terms in the context of this risk assessment, as well as definitions of other key terms, are provided below:

Term	FATF definition	Interpretation	Section pertinente
Risk	<i>"A function of three factors: threat, vulnerability and consequence."</i>	N/A	Part E and F Phase II
Threat	<i>"Person or group of persons, object or activity with the potential to cause harm. The threat depends on actors who possess the capacity and the intent to cause damage."</i>	The specific group or individuals may be unknown, but caused by a known vulnerability, e.g., a failed state.	Part E

⁴ FATF-GAFI, National Money Laundering and Terrorist Financing Risk Assessment, February 2013, http://www.fatf-gafi.org/media/fatf/content/images/National_ML_TF_Risk_Assessment.pdf.

⁵ FATF-GAFI, Risk of terrorist abuse in non-profit organisations, June 2014, <https://www.fatf-gafi.org/en/publications/Methodsandrends/Risk-terrorist-abuse-non-profits.html>.

<i>Nature of the threat</i>	N/A	The typologies or methods by which the <i>threat</i> may finance terrorism through NPOs.	Part E
<i>OSFL at risk</i>	<i>"NPOs which, by virtue of their activities or particularities, are at risk of being misused for the financing of the Terrorism".</i>	Those NPOs "vulnerable" to terrorist financing abuse	Part F
<i>Vulnerability</i>	<i>"elements that can be exploited by the threat or that can support or facilitate its activities. Vulnerability in the NPO sector may occur at the organizational level or at the level of the organization itself. sectoral."</i>	Vulnerabilities in the risk assessment consist of <i>inherent vulnerabilities</i> and <i>inadequate or absent control measures</i> (see below).	Part F Phase II
<i>Inherent vulnerability</i>	N/A	A specific aspect of the NPO or the way it operates that exposes it to TF risk. For example: <i>'the characteristics and types of NPOs [at risk] and/or [the activities or particularities] [of the NPOs 'at risk']</i> .	Part F
<i>Inadequate or absent control measures</i>		Absence or inadequacy of measures that could prevent or mitigate the threat of exploiting the <i>vulnerability</i> . It can be organizational or sectoral.	Phase II <i>(Review of the Measures to Mitigate TF Risks in NPOS)</i>
<i>Consequence</i>	<i>"the impact or damage they can cause the LA or the FT".</i>	N/A	Part F Phase II

Implementation

27. The Ministry of Justice and Human Rights of Argentina, through the PLAFT National Coordination, requested technical assistance from the "European Union Global Facility to Combat Money Laundering and Terrorist Financing" (EU AML/CFT Global Facility). Thus, in April 2022 the EU AML/CFT Global Facility program agreed to provide the country with technical assistance on various AML/CFT/CFR/CFP-related issues, including compliance with FATF Recommendation 8.
28. As part of the technical assistance explained above, the EU AML/CFT Global Facility recommended that the risk assessment be completed using the Methodology provided by Greenacre Associates. It was implemented by an Operational Technical Group, monitored by an Oversight Group, and technical assistance was provided throughout the process by the EU AML/CFT Global Facility consulting team.
29. The Technical Operational Group team consisted of representatives from the following organizations:
 - **Representatives of the State:**
 1. National Coordination for Combating Money Laundering and Financing of Terrorism (CNCLAFT) - Ministry of Justice and Human Rights of the Nation
 2. Financial Information Unit (FIU).
 3. Undersecretariat of Registry Affairs (SSAR) - National Ministry of Justice and Human Rights.
 4. Federal Administration of Public Revenues (AFIP).
 5. Inspección General de Justicia (IGJ) - Ciudad Autónoma de Buenos Aires.
 6. National Institute of Associativism and Social Economy (INAES).
 - **Representatives of the NPO sector:**
 1. Argentine Network for International Cooperation (RACI).
 2. Asociación Mutual Israelita Argentina (AMIA)/ Fundación Tzedaká.
 3. Center for Legal and Social Studies (CELS).
 4. Civil Association for Higher Education (ACES).
 5. Food Bank (RED BCA).

The main responsibilities of the Technical Operational Group were:

- Discussion and approval of the methodology for the implementation of the survey directed to NPOs.
 - Support for the dissemination of the survey to NPOs and identification of representatives for the focus group on the situation of unregistered NPOs.
 - Review of NPO Survey Results
 - Discussion, review and validation of the sectoral assessment report
 - Dissemination, survey and drafting of the report on data provided by nonprofit organizations (survey and focus group): RACI
30. The risk assessment process was monitored by an Oversight Group made up of representatives from the following organizations:
 - **Representatives of the State:**
 1. National Coordination for Combating Money Laundering and the Financing of Terrorism (CNCLAFT) - Ministry of Justice and Human Rights
 2. Financial Information Unit (FIU)
 3. Federal Administration of Public Revenues (AFIP)

4. National Institute of Associativism and Social Economy (INAES)
5. Directorate of International Affairs - Ministry of Justice and Human Rights
6. Ministry of Security (MINISEG)
7. Central Bank of the Argentine Republic (BCRA)
8. Superintendence of Insurance of the Nation (SSN)
9. National Securities Commission (CNV)
10. Ministry of Foreign Affairs, International Trade and Worship (MRECIC)
11. Judiciary Branch of the Nation (PJN)
12. Public Prosecutor's Office (MPF)
13. Undersecretariat for Registry Affairs (SSAR) - Ministry of Justice and Human Rights

- **Representatives of the NPO sector:**

1. Argentine Network for International Cooperation (RACI)
2. AMIA/ Tzedaka
3. Center for Legal and Social Studies (CELS)
4. Civil Association for Higher Education (ACES)
5. Food Bank (RED BCA)
6. Argentine Red Cross
7. FLENI
8. Association of Jehovah's Witnesses
9. Torcuato Di Tella University Foundation
10. Educando Foundation

31. The responsibilities of the Oversight Group were:

- Approve the methodological approach.
- Provide written and verbal comments on draft evaluations and recommendations.
- Discussion of the results and validation of the reports prepared at each stage.

32. In order to begin implementing specific objective 8.2 of the National AML/CFT/CFP Strategy (Develop a sectoral TF risk assessment in relation to NPOs) and in compliance with the EU AML/CFT Global Facility work plan, a specific capacity building stage was initiated for the actors involved (both the public and private sectors):

- On October 10, 11 and 12, 2022 representatives of the FIU and INAES participated in the meeting "Combating the Financing of Terrorism and Risk Assessment in the NPO Sector", jointly organized by the European Union Agency for Police Training (CEPOL), the United Nations Office Against Terrorism (UNOCT), with the participation of the "Global NPO Coalition on FATF" and the EU AML/CFT Global Facility in Ayvalik, Turkey.

The training focused on the risk-based audit and assessment processes of countries that are considered examples of good practice in the scope of Recommendation 8.

- On October 17-19, 2022, the EU AML/CFT Global Facility Program consultant team implemented 3 virtual workshops for public sector representatives to explain the scope, methodology, action plan and timeline of the sectoral assessment, as well as key notions related to Recommendation 8 and Immediate Outcome 10.
- November 1 to 4, 2022 Compliance Officers and representatives of various

coalitions and NPOs from the technical and oversight group participated in virtual workshops entitled: *"Global approach: How do FATF standards impact NPO activity and why?"*; *"Key FATF processes impacting Argentina"* and *"In practice, why is NPO involvement important and how can they participate?"*

- On November 18 and 19, 2022, representatives of the country participated in the 3rd "NO MONEY FOR TERROR" MINISTERIAL CONFERENCE ON COUNTER -TERRORISM FINANCING", in New York.
Delhi India. Argentina was invited to participate through the ALA/CFT/CFP Coordination Committee, the delegation was composed of two representatives of INAES and BCRA and presented the country's position in the fight against FT, proposing global actions carried out according to the characteristics of the region, before 79 countries and 11 international organizations, such as IMF, CEPOL, UNOCT, FATF, EU, among others.
- Starting February 13, 2023, government and civil society representatives attended technical meetings aimed at examining in detail the activities that will be part of the implementation stage of the sectoral assessment. Subsequently, on 03/22/23 the Oversight Group Meeting was held and on 03/23/23 the Operational Working Group Meeting was held. On both occasions, the authorities discussed the composition of the group of domestic NPOs that should fall under the FATF definition, as a prior step to designing the information gathering process and identifying the roles of the actors in the evaluation process.
- In March 2023, the EU AML/CFT Global Facility consultant team made its first visit to the country with the objective of accompanying the relevant stakeholders for the best implementation of the planned activities.
- In September 2023, the National PLAFT Coordination of Argentina participated, together with representatives from Africa, Asia, the Caribbean, Europe, Latin America and MENAFATF, in an event organized by EU AML/CFT Global Facility, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and Global NPO Coalition on FATF. The event, held in Bonn, Germany, entitled 'Risk and Consequence: The Future of FATF Recommendation 8 for Financial Integrity and for Civil Society' brought together 150 participants from different NPOs, FATF, FATF-Style Regional Bodies (FSRBs), Financial Intelligence Units (FIUs), regulators, supervisors and banks.

Over 2 days, participants exchanged ideas on the future of FATF Recommendation 8 and on identifying common efforts that will have a positive impact on improving global financial integrity and compliance, while ensuring the sustainability and growth of the nonprofit sector.

Data and sources

33. The sectoral risk assessment used both qualitative and quantitative data and, in line with ^{FATF}6 guidance, aims to ensure that qualitative data is given due weight.
34. The following primary sources of information and data were used in this evaluation:

⁶ "While quantitative (i.e., primarily statistically based) assessments may appear much more reliable and capable of replication over time, the lack of quantitative data available in the ML/TF field makes it difficult to rely exclusively on such information. Moreover, information on all relevant factors may not be expressed or explained in numerical or quantitative form, and there is a danger that risk assessments based largely on available quantitative information may be biased toward risks that are easier to measure and discount those for which quantitative information is not readily available. For these reasons, it is advisable to supplement an ML/TF risk assessment with relevant qualitative information, such as, where appropriate, intelligence, expert opinions, private sector input, case studies, thematic assessments, typology studies and other (regional or supranational) risk assessments, in addition to available quantitative data." Paragraphs 30-31, FATF Guidance: National Money Laundering and Terrorist Financing Risk Assessment (FATF (2013)).

- **Interviews:** On-line interviews were conducted with representatives of various government agencies:
 - On 02/13/23 a virtual meeting was held between government and civil society representatives to consult the expert opinion of the authorities to identify which NPOs would meet the FATF definition and should be included within the scope of this risk assessment. The following authorities participated in the meeting:
 1. CNCLAFT
 2. FIU
 3. SSAR (MINJUS)
 4. General Inspectorate of Justice (CABA)
 5. Directorate of Legal Entities of Buenos Aires
 6. AFIP
 7. INAES
 8. BCRA
- **Face-to-face meetings:** As mentioned above, on March 22 and 23, 2023, the members of the Oversight Group and the Task Force met with the EU AML/CFT Global Facility consulting team.
- **Data request and questionnaire.** Written requests were made for data on terrorist financing in the NPO sector, case studies and perceptions of TF risk, threats and vulnerabilities from representatives of the following agencies:
 - Supervisory agencies:
 1. FIU (Supervision Directorate)
 2. MRECIC (National Registry of Cults - Argentine Ministry of Foreign Affairs)
 3. SSAR
 - Law enforcement (police, security and judicial agencies) and intelligence agencies:
 1. Ministry of Security
 2. FIU
 3. AFI
 4. DAJUDECO (PJM)
 5. MPF
- **Suspicious Transaction Report Data.** The FIU provided a summary of Suspicious Transaction Reports (STRs) received on entities covered by the FATF definition of NPOs. The data covered the period January 2019 - June 2023.
- **Data on laws, regulations and policy approaches.** The analysis of measures to mitigate the risk of terrorist financing was conducted by the CNCLAFT in consultation with the relevant authorities.
- **Survey to financial entities: on FATF NPOs.** An online form was prepared and circulated through the BCRA by means of successive e-mails to 78 financial entities (banks and companies). This form included qualitative and quantitative questions to gather data and perceptions of the sector on the risk of abuse of NPOs for TF. Sixty-one responses were obtained.

- **Survey of NPOs** A survey was sent to NPO sector entities on the perception of TF risk, the relationship with financial institutions and the effectiveness of mitigation measures. To this end, the operational working group discussed and approved the use of the format, as well as the adjustments deemed pertinent for its adaptation to the local context. Aspects related to the implementation of the survey were also agreed upon.

It was agreed that the Argentine Network for International Cooperation (RACI) would act as an intermediary civil society organization between the state and the NPO sector in charge of collecting information from the NPOs through the survey and providing a descriptive report of the findings obtained.

The survey was sent to all entities registered in the database of Regulated Entities registered with the FIU for receiving donations or contributions from third parties (2,174 entities at the time of the survey) together with the database composed of 168 member entities of the RACI NETWORK. It is clarified that it is not possible to ensure that all the entities surveyed are NPOs according to the FATF definition.

The survey was conducted from July 5 to July 21, 2023. At the end of the survey RACI had 261 responses, the results of which were analyzed, consolidated and delivered to the authorities in a report on 07/28/2023.

- **Focus Group:** on the understanding that an undetermined percentage of NPOs is composed of unregistered entities, RACI implemented a focus group -under Chatham House rules- structured in a 14-question questionnaire that was answered by 5 informal organizations and 4 referents from the non-profit sector with solid knowledge on the functioning of informal NPOs. The report produced by RACI was delivered to the authorities on August 11, 2023.
- **Legal review.** Throughout this process, various applicable laws and regulations were reviewed, which will be mentioned throughout this report.

-Laws N°25.246, N°26.994, N°21.745

-UIF Resolution No. 30/11 and mod.

-UIF Resolution No. 29/11 and mod.

-General resolutions in force issued by the UIF that are applicable to regulated entities: 50/2022, 112/21, 50/11, 50/11, 51/11, 70/11, 29/13, 35/23 and 134/18.

35. The following reports on AML/CFT in Argentina were consulted:

- Mutual Evaluation Report corresponding to the 3rd FATF evaluation round and its follow-up reports.
- National Risk Assessment of Terrorist Financing and the Proliferation of Weapons of Mass Destruction (ENR-FTPADM) (2019).
- National LA Risk Assessment (2022) / National TF/FP Risk Assessment (2019) and its update report in (ENR-FT/FP 2022).
- National AML/CFT/CFP Strategy (2022).

36. The following secondary sources of information and data were used. Secondary information and data did not have the same relevance as primary sources. They were used primarily to inform the methodological approach, but were also used selectively and contextually to inform assessments when insufficient primary data were available:

- The Interpretative Note to Recommendation 8 (see International Standards on Combating Money Laundering and the Financing & Proliferation of Terrorism - the FATF Recommendations (2012, updated 2016)).

- Methodology for Assessing Technical Compliance with FATF Recommendations and the Effectiveness of Systems to Combat Money Laundering and Terrorist Financing (FATF (2013)).
- International Best Practices: Combating the Misuse of Non-Profit Organizations (FATF) (FATF (2015)).⁷
- The Risk of Misuse by Terrorists in Non-Profit Organizations (FATF, 2014).
- Guidance for Terrorist Financing Risk Assessment (FATF, 2019).
- The FATF Mutual Evaluation Reports of Canada⁸ and Hong Kong, China⁹;
- Comments from the FATF Private Sector Consultation Forum (Vienna, March 2016);
- National Risk Assessments and/or NPO Risk Assessments from Canada, Australia and the Philippines.

⁷ For phase II "review of mitigation measures and identification of residual TF risk for NPOs" the update of the above mentioned document published by FATF on November 16, 2023 will be used as secondary source. <https://www.fatf-gafi.org/en/publications/Financialinclusionandnpoissues/Bpp-combating-abuse-npo.html>

⁸ [Mutual Evaluation Report for Canada](#): September 2016

⁹ [Mutual Evaluation Report for Hong Kong, China](#): September 2019

B: Executive Summary

37. The sectoral TF risk assessment was prepared by the AML/CFT/CFP Coordination Committee with the participation of representatives of the public and private sectors. It reflects the country's commitment as a member of FATF¹⁰ and GAFILAT to combat the financing of terrorism. Technical assistance was provided by the EU AML/CFT Global Facility.
38. This risk assessment meets FATF requirements in relation to Recommendation 8 and Immediate Outcome 10. Specifically, point 8.1 of the FATF Methodology states that countries should:
- (a) identify which subset of organizations meet the FATF definition of NPOs.... identify the characteristics and types of NPOs that, by virtue of their activities or characteristics, are likely to be at risk of terrorist financing abuse;*
- b) identify the nature of the threats posed by terrorist entities to NPOs at risk, as well as the ways in which terrorist actors abuse NPOs.*
39. The risk assessment provided information relevant to understanding the general profile of NPOs that could fall under the FATF orbit (section D) and identified the following 3 types of NPOs that meet the FATF definition of NPOs to varying degrees.

	Type	Relevant legislation	Exclusively NPOs according to FATF
1	Civil Associations (including Simple Associations, Chambers, Federations and Confederations)	CCyCN (Law 26.994), Book One, Title II (regulates legal entities in general). Chapter 2 of that title is intended to regulate civil associations.	Partially (*)
2	Foundations	CCyCN (Law 26.994), Chapter 3 of Title II.	Partially (*)
3	Religious associations	CCyCN (Law 26.994), Chapter 1 of the Title II.	Partially (*)

(*) Refer to paragraphs 53-63.

40. The data used in the risk assessment included qualitative and quantitative information as described below: a survey of 2.174 Regulated Entities registered with the FIU for receiving donations or contributions from third parties and 168 NPOs belonging to RACI; information from ENR-FT/FP (2019), ENR-LA (2022) and ENR-FT/FP (2022); questionnaires sent to law enforcement and intelligence authorities/agencies (Ministry of Security, FIU, AFI, PJN, MPF and MRECIC); questionnaires sent to supervisory agencies (FIU (Supervision Directorate) and SSAR [agency that centralized the exchange with provincial registries]); focus groups with experts on informal NPOs as well as working sessions (virtual and face-to-face) with the member agencies and entities of the operational and supervisory working groups of the ESR-FT/OSFL; a survey circulated through the BCRA to 78 financial entities (banks and companies). Reviews of laws and regulations, as well as other relevant bibliography.
41. The evaluation considered:
- The size and nature of the global TF threat in Argentina;

¹⁰ Argentina became a member of FATF in 2000, and Argentina is a founding member of GAFISUD (currently GAFILAT) together with Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru and Uruguay, by signing the Memorandum of Understanding establishing the Group on December 8, 2000 in Cartagena de Indias, Colombia.

- Analysis of the misuse of NPO TF in other jurisdictions; and of other forms of financial misuse of NPOs in Argentina;
- Qualitative assessments of the likely nature of the risk by law enforcement, supervisors and NPO officials.

42. Potential terrorist financing threats to NPOs in Argentina were identified.

The Threat of Terrorist Financing in Argentina

There are no precedents of misuse of NPOs for terrorist financing in Argentina, nor cases of investigations or suspicions provided by the competent authorities. The ENR-FT/FP 2022, concludes evaluating most of the global threats as low in the Argentine context, but highlights the relevance of Hezbollah, both as a terrorist threat and as a terrorist financing threat; and also the threat of drug trafficking and smuggling by criminal gangs, specifically in the tri-border region.

Nature of the TF Threat to NPOs in Argentina

While the misuse of NPOs for terrorist financing is considered unlikely, should it occur, it may be linked to the above criminal activities. It may involve NPOs as part of a wider network of legal entities, and may involve virtual assets or cash.

However, these conclusions are not based on direct evidence or concrete cases of TF NPO abuse in Argentina, but are hypotheses based on the nature of terrorist threats in the country, recognized global typologies of TF NPO abuse and identification of areas of vulnerability.

43. Section F identified the vulnerabilities inherent to terrorist financing in the NPO sector, being the characteristics and types of NPOs, and the activities and characteristics evaluated as susceptible to expose an NPO to a potential risk of terrorist financing. Five characteristics, particularities or activities that increase the risk of misuse for FT among NPOs in Argentina were identified.

Inherent Vulnerabilities

NPOs and NPO activities that may be exposed to an increased risk of TF misuse.

1. NPOs operating in the tri-border area;
2. NPOs that are part of a larger network of legal entities controlled by unidentified individuals;
3. The use of cash and the use of new payment service providers;
4. NPOs that cannot access regulated financial services;
5. Unregistered NPOs.

44. In Argentina there are no known cases or incidents of misuse of NPOs for terrorist financing. However, the possibility of cases of terrorist financing by certain groups such as Hezbollah or linked to certain crimes such as drug crime or smuggling is not ruled out. The overall risk is considered low by law enforcement authorities, supervisors, NPOs themselves and (to a lesser extent) financial institutions. The ENR-FT/FP (2022) concluded that the overall TF risk (not limited to NPOs) was medium-low; neighboring countries in the tri-border area rated their TF risk as low (Brazil) and medium-low (Paraguay). **Taking into account all of the above, the inherent risk of NPO abuse in Argentina for TF is considered to be low.**

Inherent TF Risk of NPOs in Argentina

Under

45. This risk assessment was completed in a second phase with a review of the mitigation measures (Parts G-I) coordinated by the AML/CFT/CFP Coordination Committee. The review of mitigating measures took into account laws and regulations; policy and disclosure; and measures taken by NPOs. It assessed whether these measures are adequate to mitigate inherent vulnerabilities. As part of the assessment, it considered whether the measures were risk-based, targeted, proportionate, and did not inhibit legitimate NPO activity.
46. The main findings were:
- The architecture of competencies and mechanisms established in the CFT regulation are for the moment one-size-fits-all and do not differentiate the obligations applicable to NPOs from the rest of the non-financial regulated entities, which is not required by the standard.
 - The competent authorities have basic information on NPOs collected through different sources (public registries of PJ, FIU, AFIP). However, the information held by the authorities does not yet allow for a full understanding of the composition and functioning of the sector in order to advance in a risk-based segmentation process.
 - No selective measures were verified to protect NPOs that due to their characteristics and/or activities may have greater exposure to TF risks. The mitigating measures that are being implemented address the inherent vulnerabilities identified in a limited manner and efforts to promote transparency, integrity and public trust in the management of NPOs should be deepened.
 - The ESR process has greatly contributed to the identification of relevant actors representing the nonprofit sector with solid experience and broad representation. The formation of a multi-sectoral roundtable is an asset the country has to deepen outreach activities to address the inherent vulnerabilities that have been detected.

"Residual risk measures the impact of mitigating measures in the reduction of the overall inherent risk".

The overall inherent risk of NPOs being misused for terrorist financing has already been assessed as low.

The overall assessment of the mitigating measures concludes that the measures are somewhat effective. However, they have not eliminated the potential risk of terrorist financing, and therefore the overall assessment of the

residual risk remains low

C: FATF NPOs

47. Paragraph 8.1(a) of the FATF Methodology states that countries should "identify which subset of organizations meet the FATF definition of NPOs".
48. The FATF defines the term NPO as "a legal person or an organization primarily engaged in the collection or disbursement of funds for charitable, religious, cultural, educational, social or fraternal purposes, or for the performance of other types of "good works."
49. The definition excludes:
- Informal groups of persons that do not meet the legal definition of a person or legal structure;
 - Entities that pursue a specific purpose for the political or union organization of workers (e.g. political parties, unions, etc.).
 - Legal entities or entities or organizations that have not been established for "good works" of common good for an undetermined group of persons, cooperatives, or other entities that are primarily engaged in economic activities and other actions of services and production for the benefit of their members;
 - Legal entities, entities or organizations whose main purpose is not to collect or disbursement of funds. This may include sports clubs, social associations, social organizations or religious groups that do not engage in fundraising or disbursement, or do so only incidentally.
50. The FATF provides the following ^{chart11} to illustrate which NPOs should be included in the risk assessment.

Figure 2: FATF NPOs



(Source: *Guidance for TF Risk Assessment*, FATF).

51. **Identification of NPOs that fall within the scope of the FATF definition in Argentina:** On 02/13/23 a virtual working session was held in which government representatives (CNCLAFT, UIF, SSAR (MINJUS), Inspección General de Justicia (CABA), Dirección de Personas Jurídicas de Buenos Aires, AFIP, INAES and BCRA) participated. The virtual workshop was moderated by

¹¹ Figure 4.1, <https://www.fatf-gafi.org/en/publications/Methodsand Trends/Terrorist-financing-risk-assessment-guidance.html>, (FATF, 2019).

In addition, the expert opinion of the competent authorities was consulted to identify which of the country's NPOs would fall within the FATF definition and should therefore be included within the scope of this risk assessment.

52. The exercise began with the identification of all the organizations in Argentina that fall within the "full universe of NPOs", in order to then determine which of these would fall within the FATF definition of NPOs. The following categories were identified:
 1. Foundations
 2. Associations:
 - I. Simple Associations
 - II. Cameras
 - III. Federations
 - IV. Confederations
 3. Religious entities
 4. Professional associations / homeowners associations
 5. Unions
 6. Political parties
 7. Cooperatives
 8. Mutuels
 9. Non-financial trust funds
53. First, it was assessed that professional associations and homeowners' associations were established primarily for the benefit of their closed group of members and were therefore excluded on the grounds that they were not established for "good works" that benefit an open or indeterminate group of people.
54. Secondly, it was considered that trade unions and political parties are excluded from the scope of the definition.
55. Third, cooperatives, mutuels and non-financial trust funds are closed membership organizations with economic activities whose benefits accrue only to their members and are therefore excluded from the FATF definition of NPOs.
56. Therefore, it was concluded that only Civil Associations, Foundations and Religious Entities fall under the FATF definition of NPOs as non-profit and public benefit organizations.
57. It is worth mentioning that not all NPOs within the three categories included fall within the FATF functional definition. For example, sports clubs participating in tournaments organized by the Argentine Football Association, as well as social associations and/or religious groups that are not primarily involved with fundraising and/or disbursement (although they may do so incidentally), do not fall within the scope of the FATF definition either.
58. Civil associations are legal entities that may not pursue profit as their main purpose, nor may their purpose be profit for their members or third parties. The civil association must have an object that is not contrary to the general interest or the common good. The general interest is interpreted within the respect for diverse identities, beliefs and traditions, whether cultural, religious, artistic, literary, social, political or ethnic that do not violate constitutional values.

59. Foundations are legal entities that are established for the common good, not for profit, through the contribution of assets of one or more persons, in order to make their purposes possible. In order to exist as such, they must be constituted by means of a public instrument and request and obtain authorization from the State to operate.
60. The term "religious entities" is used throughout this Risk Assessment to include "churches, denominations, communities and religious entities" in the terms of Article 148, paragraph 1 of this Risk Assessment.
 e) of the Civil and Commercial Code (CCyCN). This means that the term encompasses those religious entities other than the Catholic Church, which is classified as a public legal entity according to article 146 paragraph c) of the CCyCN.
61. International subsidiaries of foreign NPOs registered under any of the above legal types that meet the FATF definition of NPOs will be taken into account in this risk assessment.
62. In summary, the following types of entities would (generically) fall within the FATF definition, although (subject to the exceptions mentioned above) not all entities in each category would fall within that definition.

Table 1: Categories of NPOs in Argentina within the scope of the FATF definition

	Type	Relevant legislation	Definition of NPO according to FATF
1	Civil associations	CCyCN (Law 26.994), Book One, Title II (regulates legal entities in general). Chapter 2 of this Title is intended to regulate associations. civilians.	Partially
2	Foundations	CCyCN (Law 26.994), Chapter 3 of Title II.	Partially
3	Religious associations	CCyCN (Law 26.994), Chapter 1 of Title II.	Partially

Source: Local Evaluation Team

D. Profile of FATF NPOs in Argentina

63. In order to better understand the national NPO sector, the purpose, registration, magnitude, characteristics and relevant aspects of the three categories of organizations that have been identified as FATF NPOs: (a) Civil Associations, (b) Foundations and (c) Religious Entities.

(a) Civil Associations:

64. Object. The civil association must have an object that is not contrary to the general interest or the common good. The general interest is interpreted within the respect for diverse identities, beliefs and traditions, whether cultural, religious, artistic, literary, social, political or ethnic that do not violate constitutional values.

It may not pursue profit as its main purpose, nor may its purpose be profit for its members or third parties¹².

65. Registration. There are three requirements for them to operate:

- The constitutive act of the civil association must be granted by public instrument.
- It must be registered in the corresponding registry once the state authorization to operate has been granted.
- It must be registered with the AFIP to obtain the Unique Tax Identification Code (CUIT).

66. Within the category of Civil Associations are the simple associations. In this case, the constitutive act must be granted by public instrument or by private instrument with signature certified by a notary ^{public}¹³.

67. The General Inspectorate of Justice (IGJ) allows Civil Associations to be constituted under the form of:

- Business chambers: a civil association created to represent companies of a specific industry or activity.
- Federations: it is a second degree civil association formed by the union of first degree civil associations.
- Confederations: it is a third degree civil association formed by first degree civil associations and/or federations.

68. According to the Taxpayers' Register reported by the AFIP, as of 05/17/2023, 92,188 entities were registered throughout the national territory. This number is distributed as follows:

Table 2

Category	Quantity
SIMPLE ASSOCIATION	1.195
CIVIL ASSOCIATION	90.993
Total	92.188

*Includes 34 entities registered with AFIP as "Foreign Civil Association" and 2 as "Civil Association". Foreign - Isolated Act".

Source: AFIP Taxpayers Register

¹² Art. 168 of the CCyCN.

¹³ Arts. 187-192 of the CC&CN

(b) Foundations:

69. They are legal entities established for the common good, without the purpose of making a profit, by means of the contribution of one or more persons to make their purposes possible.
70. Registration. In order to exist as such, they must necessarily be constituted by means of a public instrument and request and obtain authorization from the State to operate. The constitutive act of the foundation must be granted by the founder or founders or by an attorney-in-fact with special power of attorney, if it is done by act between living persons; or by the person authorized by the judge of the estate, if it is done by last will disposition. Also, like Civil Associations, they must be registered with the AFIP.¹⁴
71. According to AFIP, as of 05/17/2023, there were 16,596 Foundations in the Taxpayers' Registry nationwide.

(c) Religious Entities:

72. The Argentine State, by virtue of the rights of freedom of worship and association for useful purposes guaranteed by the National Constitution, recognizes churches, confessions, communities and religious entities other than the Catholic Church.
73. Law No. 21,745 establishes the mandatory registration in the National Registry of Worship, under the National Directorate of the National Registry of Worship (DICUN) (under the orbit of the Secretariat of Worship of the MRECIC), for the purpose of its recognition, to those religious organizations that exercise their activities within the jurisdiction of the National State, which are not part of the Roman Catholic Apostolic Church (Law No. 21,745, Article 1).
74. For the registration of religious entities in the Register, the requirements set forth in Resolution 107/2014 of the MRECIC must be complied with. Among them, they must submit the founding act of establishment or incorporation in Argentina; accredit links with other entities in the country or abroad, if any; and submit the statute from which it is clear that its purpose is specifically religious, in addition to the method of appointment of authorities. They must also inform the general characteristics of the cult and the history of the organization, number of followers, and address of a central office to operate. In addition to the requirements established for the registration of the headquarters in the National Registry of Cults, each province may have its own requirements established by its Provincial Directorate of Worship.
75. As of 2015, with the enactment of the CCyCN, it is not mandatory to register as civil associations in the registry of legal entities of the district where they are located, although it is usual that they do so for the granting of legal status. The Secretariat of Worship does not require the presentation of annual financial statements in order to maintain the registration in force in the Registry, but they must be presented to the Secretariat or to the Directorates of Legal Entities of each province.
76. Institutions of the same cult may join together in Federations, Confederations or Conventions, without losing their individuality (Decree 2037/1979, article 5).
77. According to the information extracted from the National Registry of Cults on 08/25/2023, there are 25,782 Religious Entities registered in the country, distributed as follows:

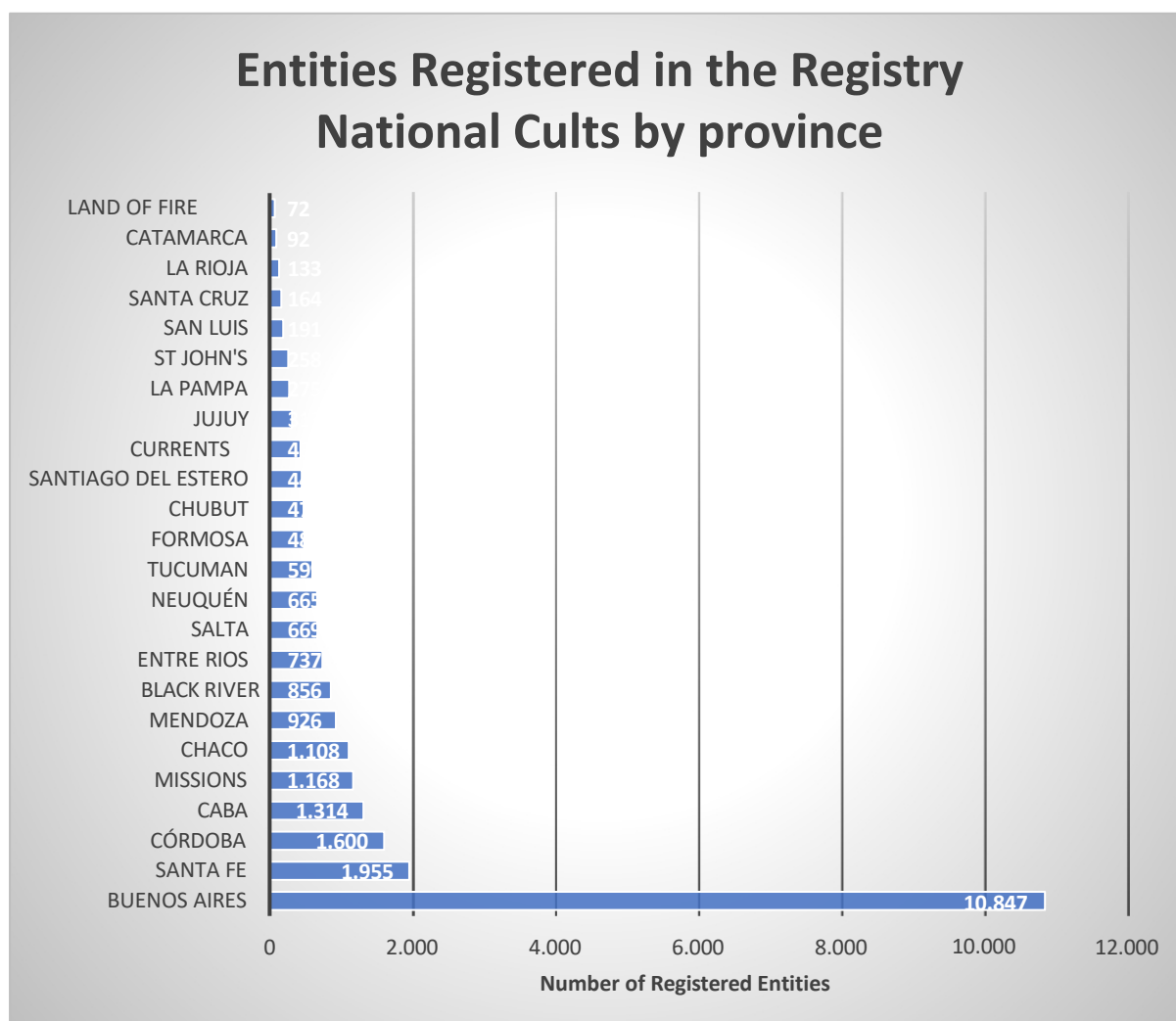
¹⁴ Arts. 193 and 195 of the CCyCN.

Table 3: Geographical distribution of registered religious entities in the national territory

Province	Entities	Province	Entities
Buenos Aires	10.847	Formosa	485
Santa Fe	1.955	Chubut	474
Córdoba	1.600	Santiago del Estero	448
CABA	1.314	Currents	433
Missions	1.168	Jujuy	313
Chaco	1.108	La Pampa	275
Mendoza	926	San Juan	258
Rio Negro	856	St. Louis	191
Entre Rios	737	Santa Cruz	164
Salta	669	La Rioja	133
Neuquén	665	Catamarca	92
Tucumán	599	Tierra del Fuego	72
Total: 25,782			

Source: National Registry of Cults

Figure 3: Entities Registered in the National Registry of Cults by Province



Source: National Registry of Cults

78. In order to access the tax exemption - which covers Income Tax, VAT and Check Tax - religious entities must obtain a certificate from the tax collection agency (AFIP).
79. Public Registries of Legal Entities: The IGJ, within the scope of the Autonomous City of Buenos Aires, and the Public Registries of Commerce, within the provincial scope, are in charge of the authorization, registration and control of Legal Entities and the identification of their owners and final beneficiaries. At the same time, these registries are Registers of Entities under the UIF by virtue of Section 20 subsection 6 of Law No. 25246. Therefore, it must be taken into account that the provincial Registries/Inspections of legal entities have a double role (obliged subject and regulator) in the area of Prevention of Money Laundering and Terrorism Financing (PLA/FT).
80. Thus, the provincial registries of legal entities must ensure, in both roles, compliance with FIU Resolutions, including the following:
 - Resolution UIF No. 29/2011: measures and procedures to be observed by the Public Registries of Commerce and the Representative Bodies of Control and Supervision of Legal Entities to prevent, detect and report the facts, acts, omissions or operations that may prevent or be related to the commission of money laundering offenses

and financing of terrorism.

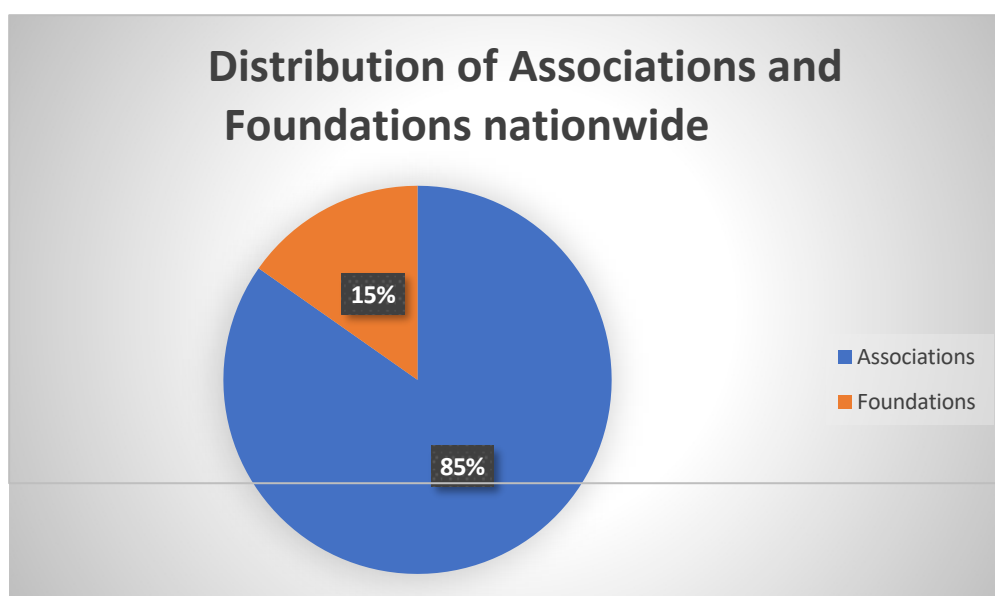
- Resolution UIF No. 30/2011: measures and procedures that legal entities that receive donations or contributions from third parties must observe to prevent, detect and report facts, acts, omissions or transactions that may arise from or be linked to the commission of money laundering and terrorist financing crimes.
- Resolution UIF No. 112/2021: measures and procedures that the Regulated Entities listed in Article 20 of Law 25246 as amended, must observe to identify the beneficial owner.

Characteristics and general aspects of NPOs

1. Number and distribution of Civil Associations and Foundations:

81. According to data provided by AFIP, out of a total of 108,784 entities registered as active taxpayers in the national territory, the proportion of registered NPOs is distributed as follows: 85% civil associations and 15% foundations.
82. As regards their distribution, almost 50% of the entities are concentrated in three jurisdictions: Province of Buenos Aires with 26,669 (24.5%); Autonomous City of Buenos Aires with 15,309 (14%) and; Santa Fe with 10,933 (10%).

Figure 4: FATF NPOs by Legal Type



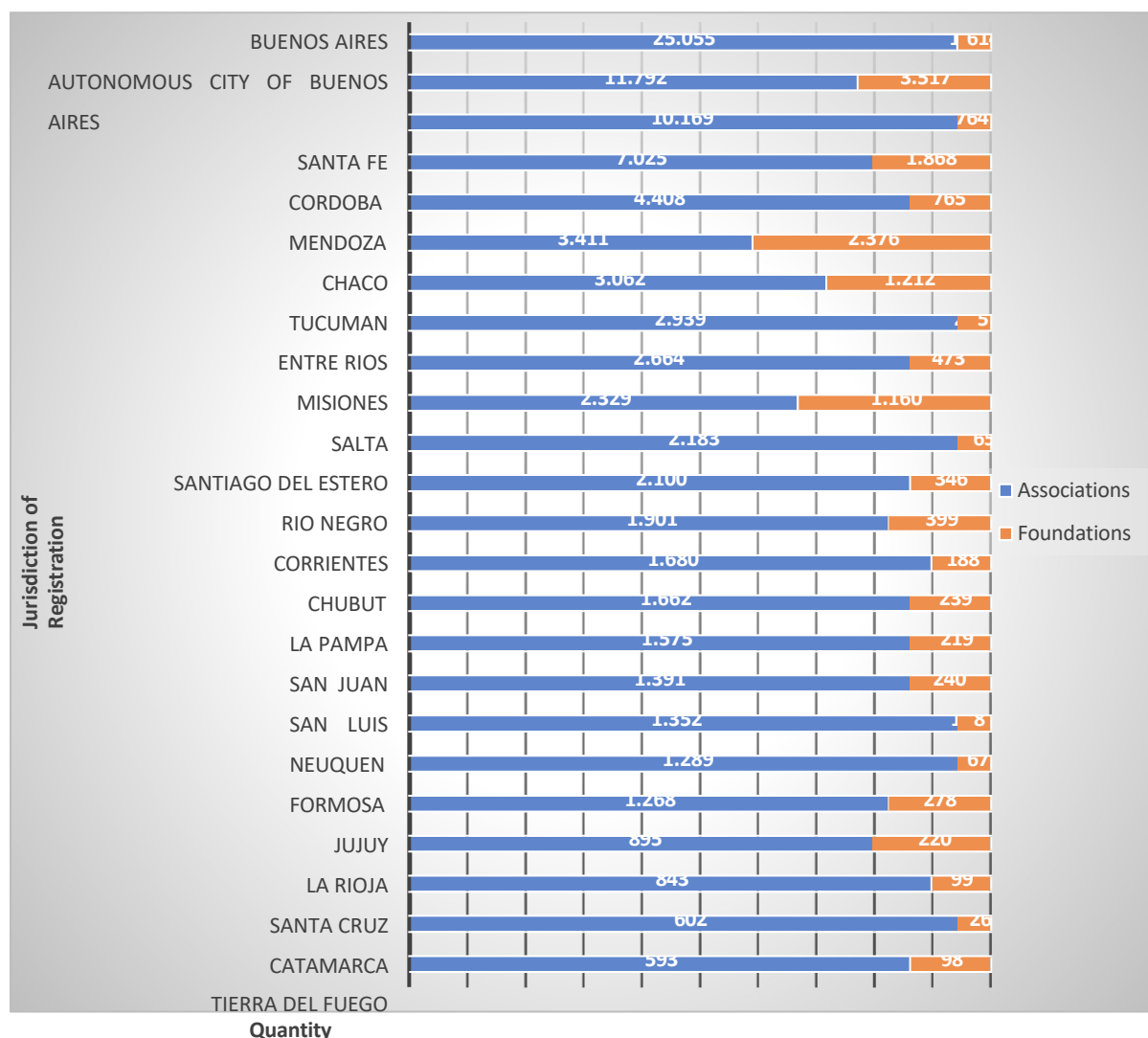
Source: AFIP Active Taxpayers Base (July 2023)

Table 4: Distribution by Jurisdiction of Civil Associations and Foundations

Jurisdiction of Registration	Associations (includes simple associations)	Foundations	Total
BUENOS AIRES	25.055	1.614	26.669
AUTONOMOUS CITY OF BUENOS AIRES	11.792	3.517	15.309
SANTA FE	10.169	764	10.933
CORDOBA	7.025	1.868	8.893
CHACO	3.411	2.376	5.787
MENDOZA	4.408	765	5.173
TUCUMAN	3.062	1.212	4.274
SALTA	2.329	1.160	3.489
ENTRE RIOS	2.939	235	3.174
MISSIONS	2.664	473	3.137
RIO NEGRO	2.100	346	2.446
CURRENTS	1.901	399	2.300
SANTIAGO DEL ESTERO	2.183	65	2.248
LA PAMPA	1.662	239	1.901
CHUBUT	1.680	188	1.868
ST JOHN'S	1.575	219	1.794
SAN LUIS	1.391	240	1.631
JUJUY	1.268	278	1.546
NEUQUEN	1.352	128	1.480
FORMOSA	1.289	67	1.356
LA RIOJA	895	220	1.115
SANTA CRUZ	843	99	942
TIERRA DEL FUEGO	593	98	691
CATAMARCA	602	26	628
Total	92.188	16.596	108.784

Source: AFIP Active Taxpayers Base (July 2023)

Figure 5:
Distribution of registered entities by registry



Source: AFIP Active Taxpayers Base (July 2023)

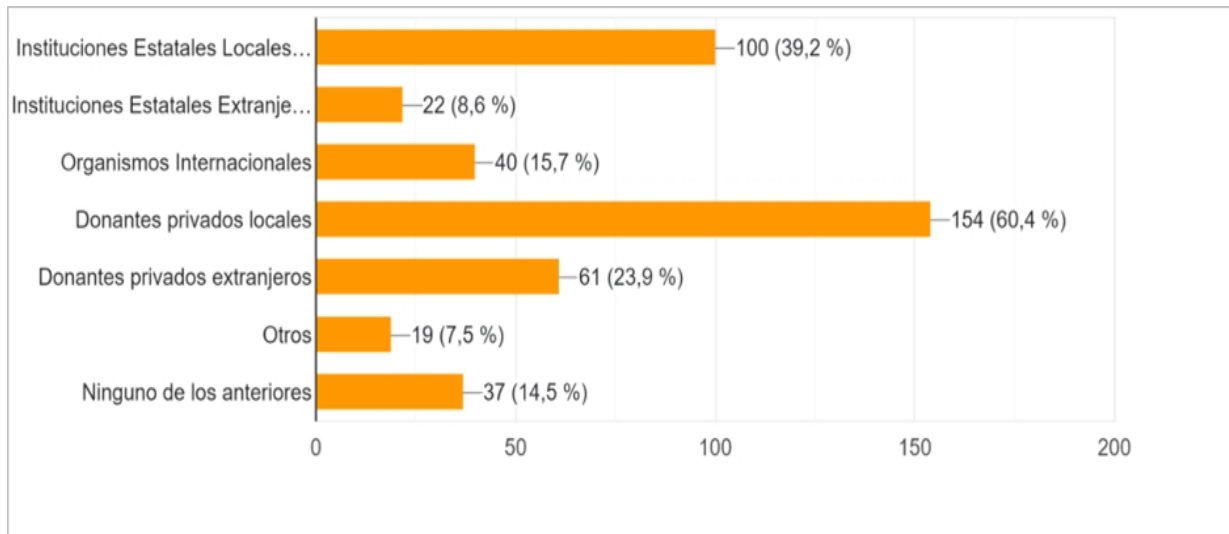
2. Revenues, sources of financing and foreign linkages

83. According to the data provided by the survey implemented by RACI on a total of 258 entities that responded to the survey, the segments according to the approximate gross revenues generated by the organizations during the year 2022 are concentrated in: 23.1% with revenues over AR\$ 65 million (approximately US\$ 240,000) and 21.1% with revenues between AR\$ 7 and 26 million (approximately US\$ 26,000 and US\$ 96,000).
84. The analysis of the responses provided by various nonprofit organizations on their sources of funding reveals interesting data. First of all, most of the organizations surveyed receive donations from local private donors, which is the main source of funding, accounting for 60.4% of the responses.
85. Secondly, approximately 39.2% of the NPOs in Argentina receive grants from local state institutions, including national, provincial and municipal levels, while 23.9% of the organizations reported receiving donations from foreign private donors. On the other hand, about 15.7% of the NPOs mentioned receiving grants from foreign private donors.

international. It is important to mention that a smaller portion of the surveyed organizations (8.6%) indicated receiving grants from foreign state institutions.

86. In addition, a small number of responses were identified without clearly specifying the source of funding, categorized as "Other" with 7.5%. It should be noted that some nonprofit organizations (14.5%) stated that they did not receive grants or donations from any of the sources mentioned.

Figure 6:



Source: Survey of Registered NPOs

87. Regarding non-bank or informal financing channels, the vast majority of respondents (77%) stated that they had not received donations and funds through these channels. As for those that did, they mainly came from local private donors (16.5%).

The most commonly used forms of financing are as follows:

1. Sale of goods/services: constitutes about 40.4% of NPO funding. This source of income indicates that organizations market goods or services to generate funds.
2. Membership fees: Approximately 28.6% of the NPO's funding comes from membership fees. This indicates that a significant portion of the organization's income is obtained from individuals or institutions that pay a fee to be part of the NPO.
3. Non-financial assistance (goods, real estate and/or services): with approximately 27.5% of funding, this form of support shows that NPOs also receive donations in the form of goods, real estate or services, rather than money.
4. Investments: represent approximately 15.3% of NPO funding. This suggests that some organizations have financial investments that generate additional income to support their activities and projects.

88. The following findings emerge from the analysis of the data on the links of NPOs in Argentina with foreign countries:

1. Receipt of funds, goods or services from abroad: 42.4% have received funds, goods or services from other countries.
2. Participation of foreign nationals in management: only 5.1% of the responses indicated that NPOs were created, supervised or managed, at least in part, by foreign nationals.

3. Provision of services and projects in other countries: 9% of the organizations surveyed have provided services or led projects in other countries.

4. International alliances with nonprofit organizations in other countries: 12.5% indicated that Argentine nonprofit organizations have worked in alliances with organizations in other countries.

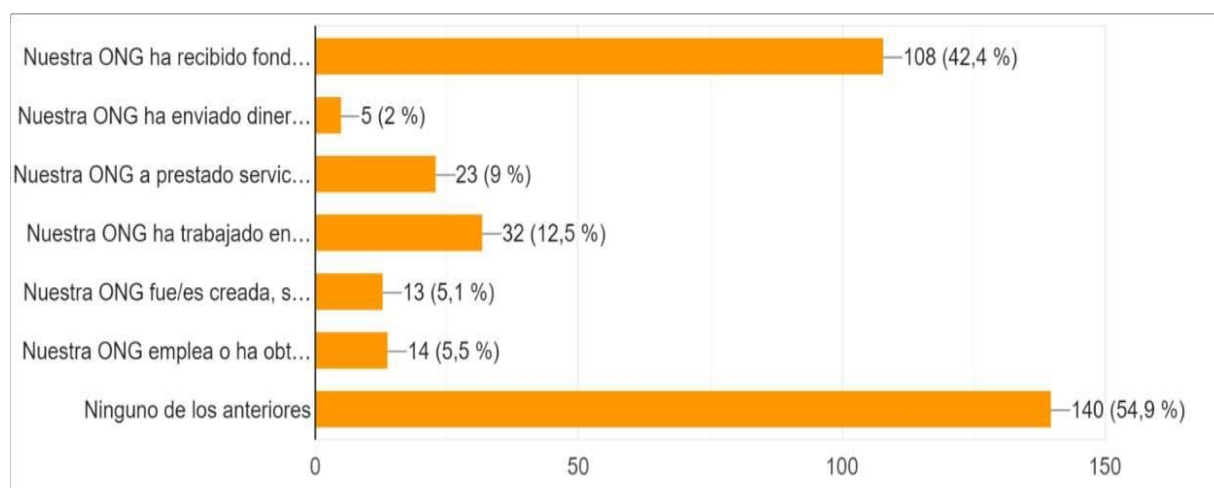
5. Employment of foreign nationals: 5.5% of the organizations surveyed have employed or applied for work permits for foreign nationals.

6. Sending direct aid to people in other countries: only 2% of the responses indicated that some Argentine NPOs have directly sent money or goods to people in need in other countries.

7. Most of the organizations surveyed (54.9%) did not have any of the foreign links listed above.

81. The analysis reveals that a significant proportion (approximately 42%) of the organizations surveyed received funds, goods or services from abroad. While there were instances of participation in international projects and partnerships with other organizations; international collaboration and employment of foreign staff, these were in the minority of the organizations surveyed. Sending direct aid, which is part of a global commitment by some NPOs to address challenges and improve living conditions beyond national borders, was the option least chosen by respondents (2%).

Figure 7: Links with foreign countries (select all that apply)

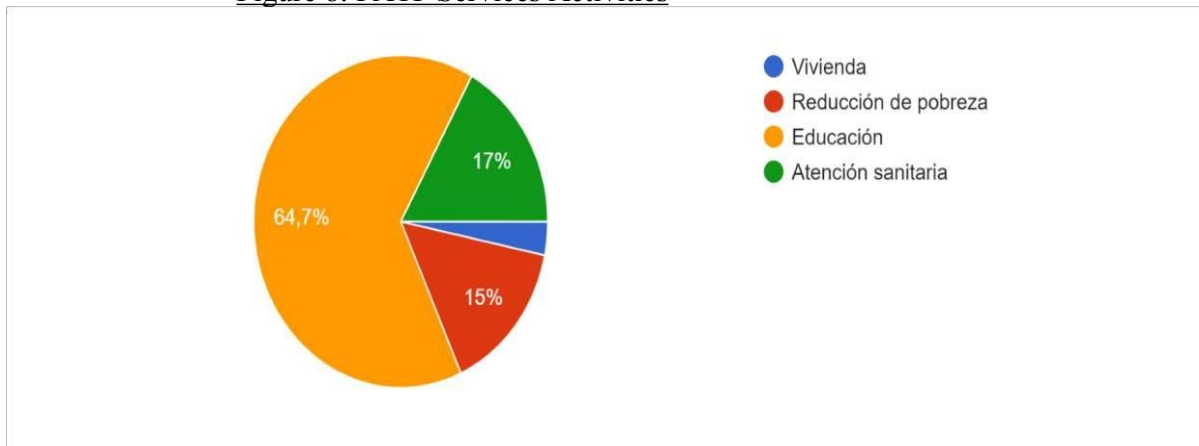


Source: Survey of Registered NPOs

3. Activities of nonprofit organizations

82. 65.1% of the NPOs stated that their activities are linked to the provision of services. Of these, the majority are dedicated to the area of education (64.7%); to a lesser extent to health care (17%) and poverty reduction (15%). The minority (3.3%) is dedicated to issues related to housing.

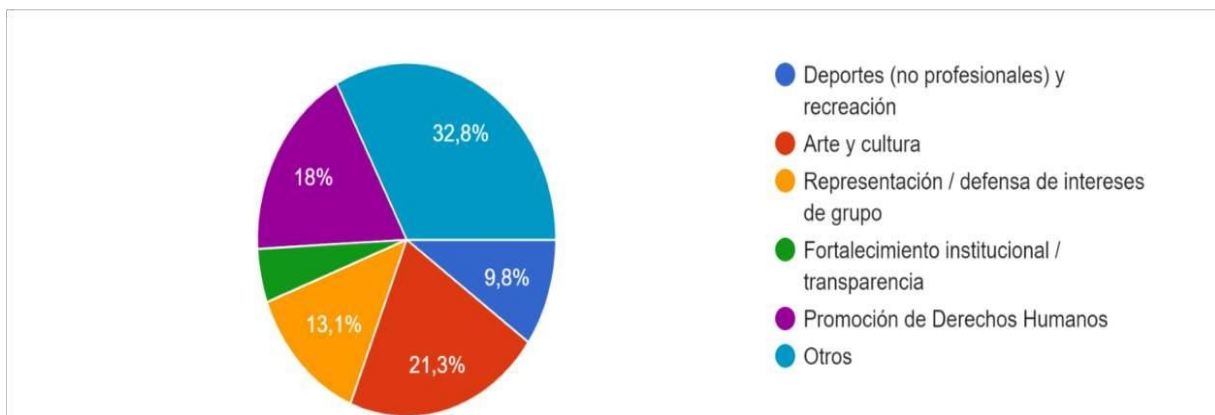
Figure 8: FATF Services Activities



Source: Survey of Registered NPOs

83. Consequently, 22.7% are dedicated to expressive activities. This concept groups together organizations dedicated to: art and culture (21.3%), promotion of human rights (18%); representation and defense of group interests (13.1%); non-professional sports and recreation (9.8%); institutional strengthening/transparency (4.9%). On the other hand, 32.8% of them carry out some other type of expressive activity. Finally, 12.2% (12.2%) responded that they are engaged in religious and worship activities.

Figure 9: Expressive Activities for GAFI



Source: Survey of Registered NPOs

Conclusions on characteristics and general aspects of NPOs:

1. In terms of connections with foreign countries, it was observed that a considerable number of the nonprofit organizations in Argentina maintain links with other countries, especially receiving funds, goods or services from abroad and to a lesser extent participating in international projects and establishing alliances with foreign organizations. The sending of funds abroad on the part of the organizations surveyed is not significant, since only 2% reported doing so.

2. Regarding the sources of funding, it was noted that the main sources are local private donors and local state institutions. Some NPOs also receive donations from foreign private donors, international organizations and foreign state institutions. In addition, sales of goods/services and membership fees were mentioned as important sources of income.
3. In summary, the results of this survey provide an overview of the perception of the risk of terrorist financing in the NPO sector in Argentina. Although the majority consider the risk to be low, it is essential that these organizations are well informed and aware of the measures necessary to prevent the misuse of funds for terrorist purposes, which requires a greater approach on the part of the State to efficiently communicate these issues to NPOs, particularly those with a higher risk of abuse for FT.

Non-Registered Entities

- 84 Although the indeterminate number of unregistered organizations in Argentina makes it difficult to obtain an in-depth knowledge of the sector, thanks to the contributions of the group of experts and the informal organizations interviewed to obtain information on the particularities of this segment of NPOs, the following conclusions were reached:
- 85 **Characteristics:** There is considerable diversity in terms of size and activities. These can range from offering school support, engaging in sports and cultural activities, providing food and assistance to the homeless, to animal rescue and shelter. A common feature is the scarcity of financial resources they manage, resulting in very limited budgets to carry out their operations. Despite these constraints, these organizations play a vital role in the community by addressing local needs. It is also notable that many of them lack real estate and instead operate in spaces loaned to them by other entities, such as neighborhood clubs, churches or schools. They are characterized by ad-honorem volunteer work and generally do not have paid or dependent staff.
- 86 Formalization and registration is a challenge for many of these organizations due to obstacles posed by the costs and paperwork involved in the process. Although some have attempted to register with the help of related organizations, they find it difficult to maintain this formality over time due to financial constraints. Lack of legal registration can negatively impact their ability to access funding and resources. To overcome these difficulties, some organizations have sought assistance from more established entities. For example, they point out that the lack of financial resources makes it unfeasible to hire a professional to prepare the balance sheet required for filing with the Public Registries or other regulatory bodies.
- 87 **Funding Sources:** These organizations obtain funding from various sources, such as in-kind and monetary donations from companies, corporate social responsibility programs and projects of formalized civil society organizations. Their relationship with banking entities is limited, since most of them do not have bank accounts because they are not formally registered.
- 88 **Foreign links:** In general, informal organizations have minimal contact with the international arena and rarely have foreign links. The exception is a few cases in which foreign volunteers participate in internships or specific collaborations.
- 89 Although not all respondents find incentives to regularize their NPOs, participants suggest that state intervention and collaboration with formal NPOs would favor the formalization of non-regularized NPOs.

E: The Nature of the TF Threat to NPOs in Argentina

90. Paragraph 8.1(b) of the FATF Methodology states that countries should "*identify the nature of the threats posed by terrorist entities to NPOs at risk, as well as how terrorist actors misuse those NPOs.*"
91. This part of the risk assessment analyzes the threat of terrorist financing and the nature of the threat to NPOs. The assessment combines quantitative data (evidence that the threat is manifest) and qualitative data (expert opinions on what the threat is likely to be).

Argentina and the Threat of Terrorist Financing

92. In September 2022, the AML/CFT/CFP Coordination Committee approved the ENR-FT/FP 2022 update report. The ENR-FT/FP 2022 analyzed the following potential TF threats for Argentina:¹⁵
- Actors designated internationally by the United Nations Security Council (UNSC):
 - 1.1.1. AL-QAIDA
 - 1.1.2. Islamic State and affiliated groups
 - Taliban
 - Other stakeholders
 - 1.2.1. Hezbollah
 - 1.2.2. Lone wolves
 - 1.2.3. Violent extremist groups
 - 1.2.4. Foreign Terrorist Combatants.
93. Within this overall assessment, these potential threats were rated as low. However, **Hezbollah** stood out as more significant as both a terrorist and TF threat.
94. In addition, the report highlighted the potential threats from **criminal groups** involved in drug trafficking and smuggling, especially in the Tri-Border Area, whose illicit resources could be used by a terrorist or terrorist group.
95. The ENR TF/FP (2022) assessed the general TF risk for the country, not the specific risk of NPOs. **It was concluded that the overall risk of TF is in the medium-low range.**

¹⁵ Some of the information supporting these conclusions is confidential and is not included in this report. The findings included in the public version of that report (ENR-LA/FT/FP) are summarized here'. More detailed information can be found in "Section 3: Terrorist Financing" of the public version of that report (ENR-LA/FP/FP 2022).

Figure 10: General TF risk of AR:

NIVELES DE CUANTIFICACIÓN	RIESGO
Alto (superior a 8,2)	
Medio-alto (entre 6,41 y 8,2)	
Medio (entre 4,61 y 6,4)	
Medio-bajo (entre 2,81 y 4,6)	- Riesgo general de FT de la República Argentina
Bajo (entre 1 y 2,8)	

Source: ENR-FT/FP (2022)

The threat of terrorist financing to NPOs

95. In the update of the ENR FT/FP (2022) of Argentina, the abuse or use of some NPOs to facilitate TF was included among the vulnerabilities in terms of TF.
96. The report noted that no precedents of NPOs being used for TF in Argentina were identified. From the sources consulted, no FIU reports or judicial cases have been verified in which NPOs have been identified in the country as having been used to raise and/or mobilize funds for the financing of terrorist organizations or by individual terrorists.
97. The report took into account the status of many NPOs as Regulated Entities in AML/CFT matters, which entails the obligation to submit reports and register with the ^{FIU}¹⁶.
98. However, the report notes that, globally, NPOs have been abused or exploited by terrorists and terrorist organizations and may therefore be vulnerable in this regard. It also noted its concern about the sector's difficulty in accessing the financial system and fully complying with its due diligence and donor identification obligations, without discouraging social assistance. It was also noted that no terrorist financing risk assessment of the NPO sector had been carried out.
99. The result of the analysis was that **the vulnerability to abuse or use of some NPOs to facilitate TF was assessed as medium-low.**
100. For the development of this ESR-FT/NPO, requests for information on terrorist financing in the NPO sector were sent to the following government bodies and agencies.
 - **Law Enforcement/Public Security/Intelligence Agencies: (Police, security and judicial agencies):** Ministry of Security, FIU, AFI, PJN (through DAJUDECO) and MPF.
 - **Supervisory authorities:** FIU and SSAR (Undersecretariat of Registry Affairs of the Ministry of Justice and Human Rights, the latter coordinated the contact with the Provincial Registries of Legal Entities).

¹⁶ Legal entities that receive donations or contributions from third parties were incorporated as regulated entities by virtue of Section 20 of Law No. 25246, paragraph 18; Resolution UIF No. 30/2011 provides the obligations to be complied with by legal entities that receive donations or contributions from third parties as regards ML/FT prevention. In addition to this, reporting parties must comply with the registration before the FINANCIAL INFORMATION UNIT (Resolution UIF No. 50/2011) and the filing of information systems (Resolution UIF No. 70/2011).

101. The Law Enforcement Agencies (Ministry of Security, FIU, AFI, PJN and MPF) were requested to provide quantitative and qualitative data on the risk profile of NPOs regarding TF. It was made clear to these agencies that any information on open or closed investigations or court cases, from 01/01/2019 to April 2023, in relation to terrorist financing was requested and that the data provided should involve NPOs or persons related to NPOs where their connection to the NPO is relevant to the case. This included, for example, misuse or diversion of funds, property or equipment; misrepresentation of an NPO; involvement in recruitment or propaganda; affiliation with a known terrorist or terrorist group.
102. Applications covered the following categories:
- Convictions or legal proceedings;
 - Information on open or closed investigations or court cases;
 - Mutual legal assistance requests or equivalent;
 - Administrative investigations;
 - National security or intelligence actions;
 - STRs (Suspicious Transaction Reports);
 - RSM (Monthly Systematic ^{Report}¹⁷);
 - Information exchange (between supervisors, FIU, Police).
103. After analyzing the information sent by the agencies, **no cases were identified in which NPOs were used in TF operations.**
104. It is important to note that although the ENR-FT/FP (2022) has mentioned Hezbollah as a terrorist group with a higher probability of generating TF threats to the country, according to information provided by the MPF for this ESR-FT/OSFL, **there are no court cases involving NPOs in Hezbollah operations in the country.**
105. The FIU was consulted in its role as Supervisor of Regulated Entities of Legal Persons Receiving Donations or Contributions from Third Parties (FIU Resolution No. 30/2011) for quantitative data on the supervision of these entities and its opinion on the nature of the TF threat to NPOs in Argentina (see Section A for details). **The FIU reported that there were no suspicions of connections on the part of an NPO with TF operations.**
106. The IGJ of the Autonomous City of Buenos Aires answered the form in its capacity as supervisor of legal entities registered in the ^{jurisdiction}¹⁸. **The IGJ CABA reported that it has not detected data on suspicious activities related to terrorism or financing of terrorism involving NPOs in the period analyzed.** In this regard, the Systems Department of the IGJ **did not initiate any cancellation, suspension or withdrawal of the legal personality of NPOs in the period between 2019 and 2023.**

The nature of the terrorist financing threat to NPOs

107. As noted above, there is no precedent for abuse of NPOs in Argentina to facilitate TF. The following analysis of the potential nature of the threat, should it occur, is based on our understanding of the nature of the terrorist financing threat in Argentina, and the nature of terrorist financing abuse in Argentina.

¹⁷ Reports made by regulated entities to the FIU on a monthly basis.

¹⁸ This includes Civil Associations, Chambers, Confederations, Foreign Entities, Federations, Foundations and Simple Associations.

region and worldwide.

108. **National level analysis:** The ENR-FTFADM (2019) and the ENR FT/FP (2022) identified several criminal activities as the most likely to be used for terrorist financing within Argentina. Five criminal activities were specifically analyzed, **n a m e l y** : kidnapping for ransom, extortion, human trafficking, drug trafficking and smuggling. It is important to note that the FT/FP ENR (2022) did not identify specific cases with links between these criminal activities and NPOs.
109. The aforementioned oversight agencies and law enforcement agencies were asked for their views on the threat of terrorist financing. Respondents agreed that potential risk factors for terrorist financing in NPOs center on organizations and individuals such as Hezbollah using illicit activities such as drug trafficking and smuggling as illicit resource generating activities (especially in the TBA), and then abusing the country's NPOs for TF.
110. Interviewees highlighted the following vulnerabilities that could be exploited by terrorist financing threats:
- The extension of borders and the difficulty of controlling them (as well as the risks associated with international trade);
 - Problems in the control of legal persons and structures and the identification of beneficial owners
 - The lack of comprehensive regulation on virtual assets (VA) and virtual asset service providers (VASPs); and
 - The size of the informal economy and the use of cash.
111. RACI conducted a focus group of unregistered NPOs as part of this assessment, in which the potential threat of TF to NPOs was discussed (see Section D for details). Some respondents did not respond, citing lack of knowledge. Those that did respond focused on corruption, political violence and domestic organized crime.
112. **Regional analysis:** The so-called Triple Border is located in the northeast of the country because three border cities converge at the intersection of the Paraná and Iguazú Rivers: Foz de Iguazú (Brazil), Ciudad del Este (Paraguay) and Puerto Iguazú (Argentina). This area covers an area of about 2500 km² and has a population of about 500,000 people. It is a strategic area for the possession of natural resources (water, mining, forestry, energy) and an area of attraction of international migratory flows, where Paraguayan, Argentine and Brazilian citizens coexist with Chinese, Koreans, Arabs, the latter being the main traders in the region and the owners of most of the businesses established there.
113. As noted in the ENR-FT/FP 2022, the Tri-Border Area occupies an important place in the analysis of TF risks. In this regard, it was considered relevant to cite the analysis carried out by Paraguay and Brazil on their TF risks in relation to that area. Some paragraphs from the documents of the National Risk Assessments of both countries are transcribed below.
114. **National Risk Assessment of Paraguay:** The National Risk Assessment of Terrorist Financing of Paraguay¹⁹ states that: "*(...) in consideration of the regional and global scenario, and the stigmatization of the TF risk that has been established in the area known as the "Triple Border Zone" (...) the country decided to develop an ENR on TF (...) to carry out a more exhaustive and specific study of the level of TF risk to which the country is exposed (...) in order to determine the level of risk of TF (...) in the area of the "Triple Border Zone" (...).*

¹⁹ The ENR at FT from Paraguay can be found at found at at at following link: <https://www.seprelad.gov.py/userfiles/files/biblioteca/evaluaci-n-nacional-de-riesgos-financiamiento-del-terrorismo.pdf>

would find Paraguay exposed "²⁰

115. From this analysis it emerges that "Regarding possible international terrorist groups (...) there is a possibility that sympathizers of Islamic extremist groups, specifically Hezbollah, may operate in the country.) there is the possibility that sympathizers of Islamic extremist groups, specifically Hezbollah, may operate in the country; this, taking into account factors such as: the number of Lebanese citizens who live and develop commercial activities in the FTZ "²¹ and that "(...) there is no history of ^{ATE}²² attributed to regional ^{GAO}²³ (...) or to terrorist groups or organizations or individual international terrorists linked to Al-Qaida, Islamic State (ISIS), Hamas or Hezbollah, which is why the ATE threat from international and global groups is low "²⁴.

116. With respect to risk assessment, the Paraguayan TF ENR indicates the following:

"(A) Collection of licit and illicit funds and assets for possible TF through: (...) NPOs present at a medium-low risk level" (...) "Contributions: (...) risk level of voluntary contributions for national criminal groups is medium low, (...) the possibility of voluntary contributions to the international terrorist group identified as a threat (...) would be at a medium risk level (...) Drug trafficking: (...) it has been determined that the risk level of collection of illicit funds generated by drug trafficking is medium. Kidnapping and extortion: it has been identified that the risk of fundraising through the punishable acts of kidnapping and extortion for FT of domestic criminal groups is medium high (...) for terrorist groups, terrorist organizations and individual international terrorists, it is medium low (...) Smuggling and violation of intellectual property rights: the level of risk of fundraising or asset collection from illicit smuggling activities for FT of local or domestic groups is medium low. On the other hand, the level of risk of fundraising through smuggling for TF of international terrorist groups is medium ^{high}²⁵(...).

B) Movement of funds and assets for FT:

Bank transfers: it has been determined that the risk level (...) is medium for international terrorist groups or organizations, as for domestic criminal groups the risk of movements through bank transfers is medium low (...) Remittances: the risk level of movement of funds for domestic and international FT through remittances is medium high (...). Foreign trade: (...) presents a medium level of risk for the movement of funds for international FT and a medium-low level of risk for mobilizing funds for domestic criminal groups (...) Cash movements: the level of FT risk through movements of cash funds is medium ^{high}²⁶.

C) Storage of funds and assets for FT:

(...) the risk of storage of cash funds for FT of local groups is medium high (...) there is a high probability that the funds or assets are stored as assets of commercial companies, such as real estate, vehicles, cash, mostly in the FTZ, and neighboring geographic zones. In other words, the risk of storage of funds and assets for international FT is medium ^{high}²⁷.

D) Use of funds and assets for TF: (...) rated the risk as medium low".²⁸

117. **Brazil's National Risk Assessment:** It emerges from Brazil's AML/CFT ^{ENR}²⁹ that

²⁰ National Terrorist Financing Risk Assessment of Paraguay, page 6

²¹ National Terrorist Financing Risk Assessment of Paraguay, pages 20/21.

²² Terrorist Agencies

²³ Organized Armed Group

²⁴ Paraguay National Terrorist Financing Risk Assessment, page 82.

²⁵ National Terrorist Financing Risk Assessment of Paraguay, page 86 and 87.

²⁶ Paraguay's National Terrorist Financing Risk Assessment, page 87 and 88.

²⁷ Paraguay's National Terrorist Financing Risk Assessment, page 89.

²⁸ National Terrorist Financing Risk Assessment of Paraguay, page 89.

²⁹ The ENR at Brazil can be found at found at at at following link:

https://www.gov.br/coaf/pt-br/centrais-de-conteudo/publicacoes/avaliacao-nacional-de-riscos/3-1_national-risk-assessment_ing.pdf/view

"In addition to the terrorist organizations designated by the United Nations Security Council, studies have been conducted on the possible involvement of groups not listed as terrorist, but which deserve special attention because they have been listed in other jurisdictions, including neighboring countries. Among these organizations, Hezbollah (an entity listed as a terrorist organization in Argentina and Paraguay) was considered a low threat. Brazil does not consider the group as terrorist, but the existence of suspicions that individuals linked to it might be carrying out illegal activities in the Tri-Border Area (...) led to the monitoring of possible operations in the country. (...). Analyses of the criminal processes in the complex TBA indicate a strong presence of a Shiite community in the region and local commerce in the border region, involving both licit and illicit activities. In the process of detection and analysis, evidence has been observed of a money laundering network in the TBA linked to tax evasion and other crimes against the National Financial System without a direct link to the financing of terrorist activities or terrorist organizations designated by the United Nations Security Council. Likewise, there is no evidence of structural or systematic association between activities suspected of having links with the financing of terrorism and the large criminal structures that exist in the country (...)"³⁰.

118. It also adds that *"currently, the Triple Border Zone (TBA) between Argentina, Brazil and Paraguay is the region that requires attention in terms of ML/FT. The region is frequently mentioned for its connections with activities related to money laundering linked to smuggling, evasion of customs duties, drug and arms trafficking, whose funds of illicit origin would be moved by different methods and fraud linked to international trade. In addition, with regard to the financing of terrorism, the area, due to its Islamic population, is potentially related to alleged logistical support and transfers of funds to individuals linked to Islamic groups. After conducting an extensive analysis in the area, no confluences of international organizations and criminal groups operating in Brazil were identified. Criminal organizations and groups characterized as terrorists may occasionally share financial operators, and law enforcement agencies are aware of this possibility, given that criminal activities in the TBA are routinely investigated and combated, usually in cooperation with agencies in Argentina, Paraguay and other countries"*³¹.

119. The consolidated assessment of Brazil's TF threats yields a low result, and that of vulnerabilities a medium result. The interaction of these two elements results in a low national TF risk³².

120. As Brazil does in its ENR, Paraguay's TF ENR highlights the international collaboration between the three countries that make up the Tri-Border Area: *"In this regard and considering the threats detected in the FTZ, it is necessary to mention that the authorities of the countries that make it up (Argentina - Brazil - Paraguay) are constantly carrying out joint task strategies, as well as strengthening cross-border and customs controls aimed at counteracting such situations"*³³.

121. **Global Analysis:** A global study conducted by the FATF in 2014³⁴ concluded that the abuse of NPOs for terrorist financing can manifest itself in the following ways:

- **Diversion of funds:** An NPO, or an individual acting on behalf of an NPO, diverts funds to a terrorist or suspected terrorist organization.

³⁰ Brazil's National Risk Assessment, pages 49 and 50

³¹ Brazil National Risk Assessment, page 80.

³² Brazil National Risk Assessment, page 86.

³³ National Terrorist Financing Risk Assessment of Paraguay, page 33.

³⁴ <https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Methodsandtrends/Risk-terrorist-abuse-non-profits.html>

- **Affiliation:** An NPO, or an individual acting on its behalf, maintains an operational affiliation with a terrorist or terrorist-supporting organization.
- **Program Abuse:** Programs funded by NPOs for legitimate humanitarian purposes are manipulated at the time of implementation to support terrorism.
- **Recruitment support:** NPO-funded programs or facilities are used to create an environment that supports and/or promotes activities related to terrorist recruitment.
- **Misrepresentation and "sham" NPOs:** Under the guise of charitable activity, an organization or individual raises funds and/or conducts other activities in support of terrorism.

122. There is no specific evidence that any of these typologies manifest themselves in the Argentine context. However, given the nature of terrorist financing threats, it is presumed that any abuse would likely relate to the misuse of NPOs to conceal the collection or transfer of funds to support terrorist financing, either through diversion of funds or abuse of programming.
123. **Conclusion:** There are no precedents of misuse of NPOs for terrorist financing in Argentina, nor cases of investigations or suspicions provided by the authorities. The ENR-FT/FP 2022, concludes by assessing most of the global threats as low in the Argentine context, but highlights the relevance of Hezbollah, both as a terrorist threat and as a terrorist financing threat; and also highlights the threat of drug trafficking and smuggling by criminal gangs, specifically in the tri-border region.
124. While the misuse of NPOs for terrorist financing is considered unlikely, should it occur, it may be linked to the above criminal activities. It may involve NPOs as part of a wider network of legal entities, and may involve virtual assets or cash.
125. The above conclusions are based on the nature of terrorist threats in the country, the identification of areas of vulnerability and recognized global typologies of abuse of NPOs for FT, which have been pointed out or identified throughout this document, without prejudice to the fact that there are no specific cases of abuse of NPOs for FT in Argentina.

F: Identification of NPOs potentially "at risk" of financing of terrorism ('inherent vulnerabilities')

121. Paragraph 8.1(a) of the FATF Methodology states that countries should "use all relevant sources of information to identify the characteristics and types of NPOs that, by virtue of their activities or particularities, are likely to be at risk of misuse for terrorist financing".
122. In this risk assessment, "at risk" NPOs are those NPOs that are considered inherently vulnerable to TF risks. Specific vulnerabilities are those factors that make an NPO vulnerable, which may be a characteristic or type of NPO, or specific activities or particularities of "at risk" NPOs. This section identifies such vulnerabilities and assesses which are significant, in order to identify NPOs "at risk" (or vulnerable) to the risk of terrorist financing.
123. This section concludes with an assessment of the overall "inherent risk" of the NPO sector to terrorist financing.
124. The assessment combines quantitative data (e.g. evidence that the risk has manifested itself) and qualitative data (e.g. expert opinions on how likely the risk is).

Known incidences of terrorist financing in the NPO sector

125. In the ENR FT/FP update (2022), "abuse or use of some NPOs to facilitate TF" was included among the TF vulnerabilities. **The report noted that no precedents of terrorist financing involving NPOs were identified in Argentina.** From the sources consulted, no information was verified on court cases that show cases or that have identified NPOs in the country that have been used to raise and/or mobilize funds for the financing of terrorist organizations or individual terrorists.
126. Written requests for data on terrorist financing in the NPO sector were sent to the following Law Enforcement/Public Security/Intelligence Agencies: (Police, Security and Judicial Agencies): Ministry of Security, FIU, AFI, PJN (through DAJUDECO) and MPF. These agencies were requested to provide data on:
- Convictions of NPOs or their agents for TF or related offenses;
 - Charges of NPOs or their agents for TF or related offenses;
 - Regulatory interventions of NPOs or their agents for TF or related offenses;
 - Ongoing or closed investigations of NPOs or their agents for TF or related offenses;
 - ROS/IDIs related to NPOs;
 - Mutual Legal Assistance Requests related to NPOs;
 - Case studies of misuse of NPOs for terrorist financing.
127. All the above mentioned bodies/agencies responded to the forms sent and based on the information received it is possible to state that in the period 01/01/2019 - 01/04/2023 there were no reports of convictions, indictments, regulatory interventions, ongoing or closed investigations, or case studies relating to terrorist financing in the NPO sector. Likewise, **no STRs linking NPOs to terrorist financing were received by the FIU during the period under analysis.**
128. On the other hand, information request forms were also sent out by

The following Supervisory Authorities were contacted: FIU and SSAR (Undersecretariat of Registry Affairs of the Ministry of Justice and Human Rights, the latter coordinating the contact with the Provincial Registries of Legal Entities).

129. **The supervisory authorities did not report suspicions or evidence of terrorist financing abuse by NPOs under their jurisdiction.** The FIU did not report suspicions of connections with terrorism or terrorist financing by any NPOs. The General Inspectorate of Justice of the Autonomous City of Buenos Aires reported that there are no data on suspicious activities related to terrorism or terrorist financing involving NPOs in the period analyzed. The Systems Department of the General Inspectorate of Justice reported that there were no procedures for cancellation, suspension or cancellation of legal status in the period between 2019 and 2023.

Qualitative TF risk assessment

130. As noted above, the ENR-FT/FP (2022) observed that, globally, NPOs have been abused or exploited by terrorist organizations, and noted the sector's difficulties in accessing the financial system and fully complying with its due diligence and donor identification obligations. **The report concluded that the vulnerability to abuse or use of some NPOs to facilitate terrorist financing in the country was considered medium-low.**

131. As noted above, law enforcement and supervisory agencies were consulted, with respondents endorsing the findings of the ENR-FT/FP (2022). Respondents also highlighted contextual factors that could contribute to the potential for terrorist financing abuse by NPOs, including:

- The extension of borders and the difficulty of controlling them (as well as the risks associated with international trade);
- Problems associated with the control of legal persons and structures and the identification of beneficial owners;
- The lack of comprehensive regulation on virtual assets (VA) and virtual asset service providers (VASPs); and
- The size of the informal economy and the use of cash.

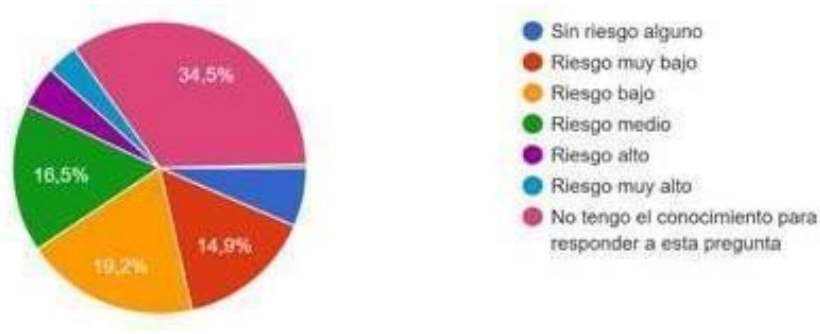
132. The surveys of NPOs conducted as part of this report probed these organizations' perceptions of whether they may be exposed to the risk of terrorist financing (see Section A for more details on the survey methodology). These revealed that, while many NPOs do not feel sufficiently informed to give an accurate rating of the overall TF risk in Argentina's NPOs, the vast majority of NPOs that did rate this risk considered it "Very Low"; "Low" or "Medium". The ratings indicating a high risk are not significant, indicating that most organizations do not see a potential threat, but neither do they rule out the possibility of improper financing within the sector.

133. Likewise, when respondents were asked about their perceived risk of their own organization being used for terrorist financing, almost three-quarters of those surveyed said they felt that their own organization could be used to finance terrorism.

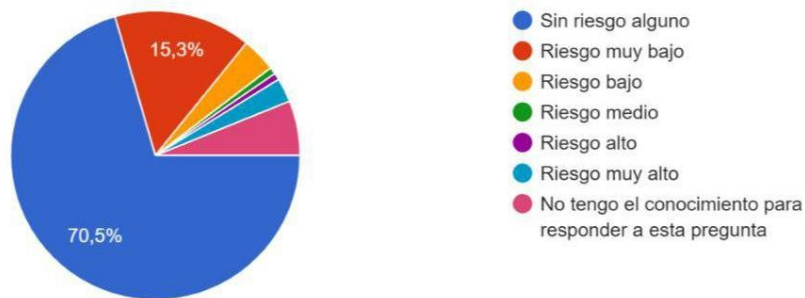
responded that they do not see any risk; at the same time, the number of respondents who feel they do not have enough information to answer the question decreased significantly. **This indicates that although organizations may not feel sufficiently informed to judge the overall TF risks of the sector as a whole, the broad majority perception is that the risks of terrorist financing in the NPOs in which they operate are minimal.**

Figures 11, 12 and 13: Perceptions of NPOs on TF risk (Source: NPO Survey).

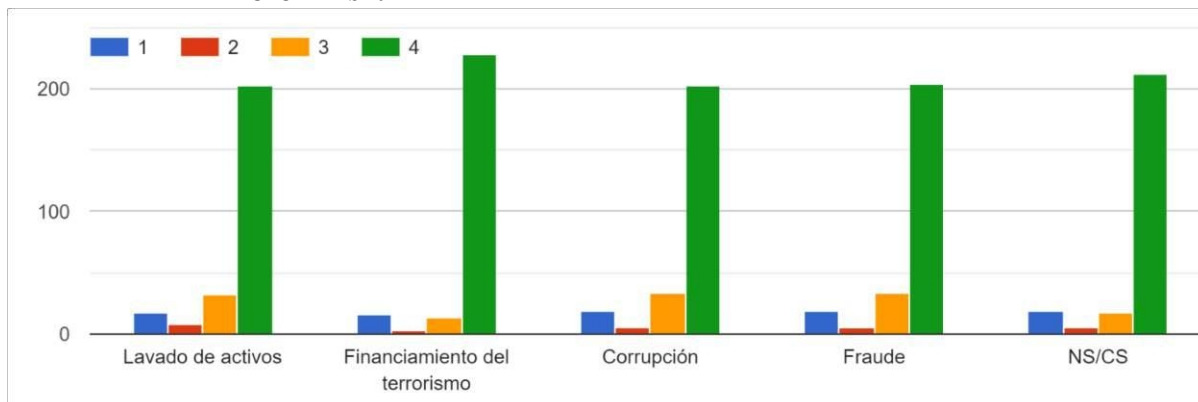
Q1: How would you rate the risk of NPOs in Argentina being misused for terrorist financing?



Q2: How would you rate the risk of your NPO being misused for terrorist financing?



Q3: Please rank in order the following risks to your organization, considering 1 the risk most highest y 4 the risk more risk.



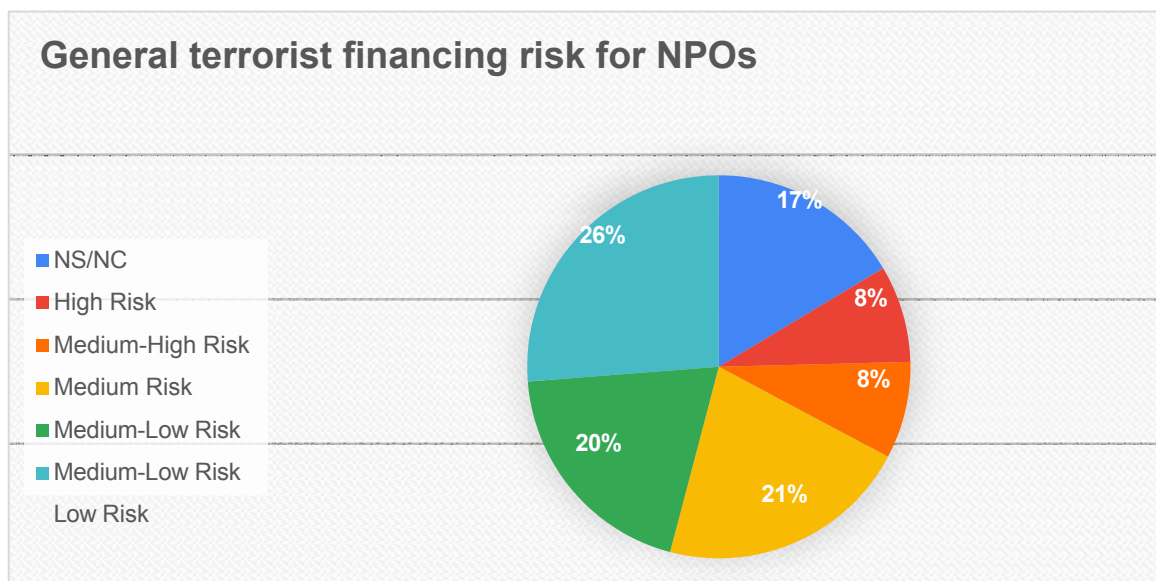
134. As part of this assessment, RACI organized a focus group of unregistered NPOs (see section D for details). **Respondents agreed that the risk of terrorist financing for unregistered NPOs is virtually non-existent.** Notwithstanding this consensus, some organizations highlighted potential concerns about the lack of transparent relationships with known donors; the inadequacy of security controls in Argentina; the potential for larger organizations to handle substantial funds (particularly if those funds are in cash); and about the activities of some religious organizations. Some suggested that the risk of terrorist financing is minor compared to more pressing problems such as corruption.
135. A Financial Sector survey was conducted (see Section A for more details on the methodology). Financial Sector respondents perceived a higher TF risk for NPOs in the region. However, **the majority of Financial Sector respondents rated the TF risk for the country's NPOs as low, medium-low or medium** (low: 26%; medium-low, 20%; medium, 21%). The majority of the country's financial institutions consider that, in general terms, there are no high risks of NPOs being used to finance terrorism.

Perceptions of NPOs on TF risk (Source: Financial Institutions Survey).

14. In your opinion, what is the overall risk of terrorist financing for NPOs in your jurisdiction?

"Risk": the likelihood that a threat can exploit a vulnerability with negative consequences.

Figure 14



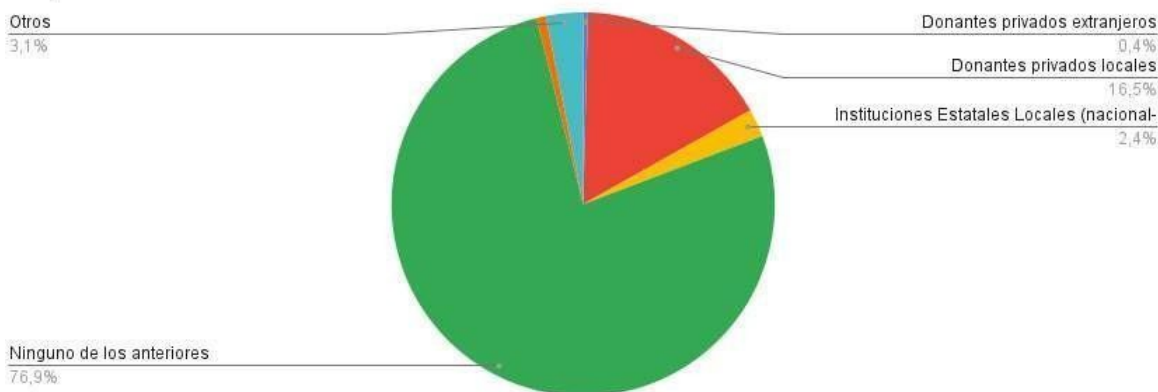
Potential inherent vulnerabilities:

136. The following potential inherent vulnerabilities are hypothetical assumptions based on the nature of terrorist threats in Argentina, recognized global typologies of NPO abuse for TF, and the identification of areas of vulnerability. This list is based on all sources of information collected under this ESR and those identified in the ENR-FT/FP (2022).
137. **NPOs operating in the tri-border area.** The tri-border area is recognized as a higher risk area for serious economic crime. Crimes related to drug trafficking and smuggling are the most significant, and carry the associated risk of predicate crimes such as money laundering. However, official sources agree that the possibility of the proceeds of these crimes being used to finance terrorism cannot be ruled out, and NPOs operating in this area are more exposed to this risk.
138. **NPOs that are part of a larger network of legal entities controlled by unidentified individuals.** There is the potential for individuals who commit crimes to establish NPOs, or take control of existing NPOs, so that they can be used as part of complex schemes to disguise the collection or dispersal of criminal funds. While this typology has not been observed within the country's NPOs for TF purposes, similar cases related to money laundering and embezzlement of public funds have been observed in Argentina, where NPOs were part of a larger network of legal entities established for an underlying crime. This reflects concerns about the inadequacy of control measures.
139. **The use of cash and the use of new payment service providers.** The ENR-FT/FP (2022) and comments from authorities and financial institutions raised concerns about the use of cash and new means of payment in the context of the informal economy. Cash presents intrinsic control difficulties, while authorities are concerned about inadequate methods of regulating new means of payment, such as virtual assets and virtual asset service providers. These concerns are reflected globally, including in the 2014 FATF typologies report.
140. Regarding informal financing channels, the vast majority of respondents (76.5%) stated that they had not received donations and funds through these channels. As for the

who did receive it (16.9%), mainly from local private donors.

Figure 15

30. ¿Su ONG recibe subvenciones o donaciones en efectivo o a través de canales informales de parte de...?



141. **NPOs that are unable to access regulated financial services.** Related to the previous point, multiple studies globally have identified barriers that prevent NPOs around the world from accessing formal financial services, driving the use of cash or other informal channels by NPOs. The NPO survey revealed that 40% of organizations have experienced difficulties when trying to open bank accounts or conduct financial transactions. Some of the problems mentioned are:

- Problems opening bank accounts;
- The bank closed your account or revoked your services;
- Onerous requests for additional documentation.

142. In relation to the aforementioned vulnerability, respondents were asked how they responded when denied financial services. Responses included the use of cash and the use of alternative remittance services.

143. **Unregistered NPOs.** Responses from authorities and financial institutions raise concerns regarding unregistered NPOs. Inevitably, it is significantly difficult to verify the existence, number, activities, practices and finances of unregistered organizations. This does not mean that they are at risk of being misused for terrorist financing, but it does make it more difficult to verify. These concerns are reflected globally, including in the 2014 FATF typologies report. The number of unregistered organizations in Argentina is undetermined.

144. As part of this assessment, RACI conducted a focus group of unregistered NPOs. The research, which can be explored in detail in Section D, revealed a diverse set of organizations in terms of activities. These organizations operated at the community level, had few resources, assets or paid staff, and relied heavily on volunteers. They are funded primarily through small donations from local sources which, while likely to be low risk, are also unverified. Some obtain funding from legal entities, such as companies or other NPOs. Few foreign links were noted. There was consensus that the risk of terrorist financing was virtually non-existent. Some respondents attempted to register but were unsuccessful in obtaining or maintaining formal status due to red tape and high cost. The cost of preparing a balance sheet for the Inspección General de Justicia (IGJ) or other supervisors was specifically noted.

Final Inherent Risk Assessment of NPOs in Argentina.

145. FATF Methodology 8.1(i) requires a risk assessment to "Identify the characteristics and types of NPOs that, by virtue of their activities or particularities, are likely to be at risk of being misused for terrorist financing."
146. As mentioned above, there are no known cases or incidents of misuse of NPOs for terrorist financing in Argentina. Although the possibility of cases of terrorist financing by certain groups such as Hezbollah or linked to certain crimes is not ruled out. The overall risk is considered low by law enforcement authorities, supervisors, NPOs themselves and (to a lesser extent) financial institutions. The ENR-FT/FP (2022) concluded that this risk was medium-low; neighboring countries in the tri-border area rated this risk as low (Brazil) and medium-low (Paraguay). **Considering all of the above, the risk of NPO abuse in Argentina for TF is considered low.**
147. In this context, several potential inherent vulnerabilities have been identified in Argentina. These are hypotheses based on the nature of terrorist threats in Argentina, recognized global typologies of NPO abuse for TF, and the identification of areas of vulnerability. These will constitute the areas of particular focus for the assessment of mitigation measures.
1. NPOs operating in the tri-border area;
 2. NPOs that are part of a larger network of legal entities controlled by unidentified individuals;
 3. The use of cash and the use of new payment service providers;
 4. NPOs that cannot access regulated financial services;
 5. Unregistered NPOs

**Inherent TF Risk of NPOs in
Argentina**
Under

G: Gap analysis of the legal and regulatory framework with FATF requirements

148. The registration and reporting requirements for domestic NPOs are partially in line with the requirements of criteria 8.3 and 8.4 of the FATF Methodology, and paragraph 6(b)(i), (ii), (iii), (iv) and (vi) of the Interpretative Note. Specifically, it highlights:

149. Regulations applicable to NPOs in general for their incorporation, registration and operation.

The general regime of these entities is found in the Civil and Commercial Code of the Nation (CCCN), Law 26.994, which, in its first book, title II, regulates legal entities in general and, as from Art. 148, private legal entities such as civil associations; foundations; churches, confessions, communities or religious entities, among others.

The CCCN establishes its composition, classification, attributes and effects of legal personality, operation and dissolution, incorporation and authorization, governance and administration, etc. Likewise, the regulation of the accounting and financial statements of legal entities is found in Section VII of Chapter V of Title IV of Book I of the CCCN.

In the case of both civil associations and foundations, the registration and publicity of the instruments, as well as the powers of control and sanction fall within the orbit of the provincial registries.

As regards religious entities, the National Registry of Cults is the body responsible for the recognition and registration, as well as for the granting and loss of legal personality or, as the case may be, for the constitution and existence of the association as a subject of law in accordance with Law No. 21,745, Article 2.

In order to illustrate the formalities that a civil association and a foundation must complete for its registration if it is located in the Autonomous City of Buenos Aires, the following figures are presented.

Figures 16 and 17



Source: IGJ: <https://www.argentina.gob.ar/justicia/igj/entidades-civiles/asociaciones-civiles>



Source: IGJ: <https://www.argentina.gob.ar/justicia/igj/entidades-civiles/fundaciones>

150. Registration of NPOs with AFIP and application for tax exemptions

In order to carry out economic activities, NPOs must register³⁵ with the AFIP to obtain the Unique Tax Identification Code (CUIT), for which it is required:

- Bylaws or social contract
- Proof of domicile, with at least 2 of the following elements:
 - Minutes of the Board of Directors or of the instrument issued by the highest body of the Entity or the constitutive instrument registered and updated, in cases where the domicile
The declared tax domicile coincides with the legal domicile stated in the aforementioned document.
 - Proof of a service in the name of the taxpayer or responsible party.
 - Title deed or rental or leasing contract, of the real estate property whose
The address is denounced.
 - Bank statement or credit card statement, when the applicant is the holder of such services.
 - Authorization or equivalent municipal authorization, when the applicant's activity is carried out in properties that require it.
- Statement of authorities of the Ente:

The data (CUIT) of the components depend on the type of Entity, namely:

- In Associations at least the declaration of 1 person in charge is required;
- In Foundations, at least one declaration is required from a person in charge and another one without charge.

After completing the requested information and attaching the documentation in PDF, the system will issue the F. 420E.

In addition, the AFIP allows certain groups of NPOs to apply for income tax exemption and other tax benefits. These include:³⁶

- Foundations and civil entities for social assistance, public health, charity, charities, beneficence, etc.
- Foundations and civil entities of public health
- Foundations and charitable organizations
- Foundations and charitable organizations
- Foundations and civil education and instruction entities
- Foundations and literary civil entities
- Foundations and civil guild entities
- Foundations and civil entities of physical or intellectual culture

³⁵ It is worth mentioning that the application for registration is made through the service called "Registration and Modification of Legal Entities" available on the website of the Federal Administration of Public Revenues (Administración Federal de Ingresos Públicos).

³⁶ <https://www.afip.gob.ar/entidades-sin-fines-de-lucro/exencion-de-ganancias/beneficios.asp>

- Religious institutions
- Mutuels
- Sports and physical culture associations
- Professional associations and councils

In order to claim the exemption of profits the entity has to comply with the following requirements:

- To be registered with AFIP and have an active CUIT.
- To be registered for income tax and, if applicable, also for VAT.
- To have updated information regarding the legal form, the month of closing of the fiscal year and the economic activity or activities for which the exemption is requested.
- To have an updated tax domicile.
- If applicable, to have filed the VAT and employers' tax returns for the last twelve months.
- If applicable, to have submitted the income tax return and the Financial Statements due as of the date of the application.
- To have complied with the corporate shareholding information regimes.

The entities that request it will receive the certificate in paper format where it will state the date from which the exemption is given. The certificate is also published on AFIP's web page and can be presented as proof of exemption from the tax as soon as it is published.

By virtue of the dynamism of the activities carried out by non-profit entities, it is necessary to periodically evaluate compliance with the aspects set forth in the regulations that enable the granting of the exemption established in the Income Tax Law, as amended in 1997 and its amendments, which allows its maintenance through the renewal of the certificate issued.³⁷

The entities that, as of this date, have applications in process or recognition certificates in force, must comply with the following guidelines in order to obtain the "Income Tax Exemption Certificate "³⁸ (in addition to complying with the requirements set forth in Article 3 of RG AFIP No. 2681/09, required to obtain the original certificate):

- a) To have complied, when applicable, with the obligations related to the information regime established for donees in Article 35, paragraph c).

³⁷ AFIP General Resolution No. 2681/2009, Article 20: The renewal of the exemption certificates shall be carried out annually, automatically, through the use of a system designed for the purpose of verifying compliance with the tax obligations corresponding to the entities included in Article 1°.
The corresponding control process shall be carried out between NINETY (90) and SIXTY (60) calendar days prior to the expiration of the certificates in force.

³⁸ AFIP General Resolution No. 2681/2009, Article 21.

RG AFIP No. 2681/09, expired at the renewal date.

- b) To have constituted and keep the electronic tax domicile updated before the AFIP.
- c) To have used, with respect to the income or collections, total or partial, received for any concept (social quotas, contributions, donations, loans, services rendered, sales made, other collections, etc.) for the operations or transactions carried out since the date of granting of the certificate in force, for amounts equal to or higher than TEN THOUSAND PESOS (\$10,000.-), any of the following modalities:
 - 1. Bank deposit.
 - 2. Money order or bank transfer.
 - 3. Debit in account through ATM.
 - 4. Direct debit to bank account.
 - 5. Electronic payment by credit and/or debit card.
 - 6. Any other means of electronic payment admitted or regulated by the Central Bank of the Argentine Republic.

In order to prove such requirement, compliance must be expressly stated by means of a note - in the form of a sworn statement - issued and signed by the person in charge of the entity, according to the model included in Annex VI of RG AFIP No. 2681/2009, which must be certified by an independent public accountant, with signature authenticated by the professional board or, as the case may be, by the college or entity where he/she is ^{registered}³⁹.

151. Regulations applicable to NPOs on AML/CFT issues

Legal entities that receive donations and/or contributions from third parties are considered as Subjects Obligated before the UIF by virtue of section 20, subsection 18 of Law No. 25246. Resolution UIF No. 30/2011 regulates the measures and procedures that such legal entities must observe to prevent, detect and report the facts, acts, operations or omissions that may derive from the commission of the crimes of Money Laundering and Financing of Terrorism.

Without prejudice to what is mentioned in the previous paragraph, not all legal entities that receive donations or contributions from third parties are considered obligated parties, but only those that receive donations or contributions for amounts above the threshold indicated in Article 2 of Resolution UIF No. 30/2011 (14 MINIMUM, VITAL AND MOBILE WAGES or its equivalent).

equivalent in kind (valued at market value); in a single act or in several acts that together exceed that amount, carried out by one or more related persons, in a period not exceeding 30 days).

NPOs covered by the aforementioned resolution must register with the FIU by submitting:

³⁹ The requirement to submit the independent public accountant's certification does not apply to officially recognized volunteer firefighter associations and the parties indicated in paragraphs b), d), f) and h) of Article 7°, RG AFIP No. 2681/2009.

- Note signed by its highest authority addressed to the President of the Financial Information Unit containing the following information:
 - o Data of the Obligated Subject:
 - Denomination or corporate name.
 - CUIT number.
 - Main activity carried out.
 - Legal address: (street, number, town, province, postal code).
 - Phone number(s).
 - E-mail address.
 - o Compliance Officer Data:
 - Name and surname of the Compliance Officer.
 - CUIT number.
 - Position held in the administrative body of the Legal Entity.
 - Real address: (street, number, town, province and postal code)
 - Phone number(s)
 - E-mail address.
 - o Signature of the highest authority of the Legal Entity.

- Documentation to be attached with the note:
 - o Copy of proof of CUIT or CDI of the legal entity.
 - o Copy of proof of CUIL, CUIT or CDI of the Compliance Officer.
 - o Copy of the document proving the identity of the Compliance Officer (DNI, LC, LE, CI, granted by the competent authority of the respective neighboring countries or Passport).
 - o Copy of the updated bylaws.
 - o CERTIFIED copy of the minutes of the decision-making body in which the position held by the Compliance Officer in the administrative body of the Legal Entity is stated (in the case of Public Bodies, a copy of the Resolution appointing him/her to the position will suffice).
 - o CERTIFIED copy of the minutes of the decision-making body or evidence of the appointment of the Compliance Officer before the FIU.

NPOs that are regulated entities must comply with several obligations, namely: policies and procedures to prevent and combat ML/FT; Customer Identification and Know Your Customer Policies; Documentation Maintenance Obligations; Systematic Reporting Obligations and Suspicious Transactions.⁴⁰

Likewise, all regulated entities must comply with the rules of general application issued by the UIF, thus collaborating with the strengthening of the sector against the risks of being misused for criminal purposes.

The UIF supervises, pursuant to the powers set forth in Section 14, subsection 7) of Law 25246, as amended, legal entities that receive donations or contributions from third parties and are covered by the threshold in relation to compliance with AML/CFT obligations.

Failure to comply with any of the obligations and duties established shall be subject to penalties by the UIF pursuant to Chapter IV of Law No. 25246, as amended.

Finally, it should be noted that according to Resolution UIF N°29/2011 the Public Registries

⁴⁰ <https://servicios.infoleg.gob.ar/infolegInternet/anexos/175000-179999/178661/texact.htm>

The Commercial Registry, the Legal Entities Oversight and Control Bodies and the General Inspectorate of Justice (IGJ) are obliged subjects before the FIU. Therefore, they must implement measures to prevent, detect and report acts or omissions that may result from the commission of Money Laundering and Financing of Terrorism crimes by their clients⁴¹.

In this way -with the purpose of collaborating with the FIU- the mentioned governmental entities play an extra role related to the supervision of the anti-money laundering regulations that reach the regulated entities under their orbit, among which are the NPOs.

The Executive Branch has sent to the National Congress a bill to amend Law No. 25246, which has been approved by the Chamber of Deputies. According to this reform bill, non-profit legal entities will no longer be obliged to report to the UIF. At the same time, the bill adds a chapter to Law No. 25246.

The report indicates that these entities must be subjected to an analysis of the risks of abuse for the TF and, consequently, adequate and proportional measures must be established in relation to the risks identified.

Effective information gathering and research

152. In relation to compliance with criterion 8.5, the country has established a preventive scheme that allows the authorities to gather a wide range of information on NPOs and coordinate actions in case of suspicion that any NPO is being abused for TF.
153. All levels of competent authorities with basic information on NPOs can cooperate, coordinate and exchange information; even in the absence of a specific coordination mechanism focused on the risks associated with TF.

Effective ability to respond to international requests for information on an NPO of concern (criterion 8.6).

154. The TF prevention and combating scheme has mechanisms and designated points of contact to respond to international requests related to NPOs suspected of TF and/or involved in activities in support of terrorism.

Specific approach: analysis in relation to identified inherent vulnerabilities

- NPOs operating in the tri-border area

⁴¹ are all those individuals or legal entities that carry out procedures in their own name or in whose benefit or on whose behalf procedures are carried out before the regulated entities, whether once, occasionally or on a regular basis.

155. The country has the authority and capacity to identify and monitor the activities of NPOs operating in the TBA.

156. Specifically, in the province of Misiones there are 3,137 entities registered with AFIP, of which 2,664 are Civil Associations (including simple associations) and 473 are Foundations. Also, according to the National Registry of Cults, 1,168 Religious Entities are registered.

157. On the other hand, since 2017, the FIU has had the Litoral Regional Agency (ARL) whose headquarters are located in the city of Posadas, Province of Misiones. The ARL assists with the supervision tasks promoted by the Central UIF, participates in criminal investigations related to crimes arising from smuggling, drug trafficking, evasion, corruption and human trafficking, promotes collaboration agreements in educational and provincial environments and dictates training sessions for members of different local public registries (Real Estate Property, Motor Vehicles Property, Control and Inspection Body of Legal Entities, etc.).

158. Despite the implementation of control and monitoring tasks directed at NPOs at the national and local levels, it is still not possible to determine in detail the characteristics, activities and size of the operations carried out by NPOs in the tri-border area that could entail greater exposure to TF risk.

- NPOs that are part of a larger network of legal entities controlled by unidentified individuals

159. In general terms, the control of individuals and legal structures and the identification of beneficial owners is a vulnerability identified by the country that has begun to be addressed through the National AML/CFT/CFT Strategy.

160. The actions undertaken are aimed at strengthening the registry system and creating a centralized registry of beneficial ownership information that is accessible to all relevant authorities.

161. In this sense, the regulatory measures in force so far do not show any concrete actions to mitigate the inherent vulnerability in question.

- The use of cash and NPOs operating in informality

162. Argentina has recognized the size of the informal economy and the use of cash as one of its general vulnerabilities⁴². According to the ENR, the country has implemented a series of mitigating measures that apply in a general manner to address the problem, namely:

Financial inclusion

Within the framework of the Financial Inclusion Coordination Council, a series of legal and regulatory actions have been implemented in order to reduce economic informality and promote financial inclusion of all sectors of society. These measures impact both the informal economy and the use of cash.

In this sense, several of these measures aimed at facilitating and guaranteeing both access to electronic means of payment and their use, especially by the most vulnerable sectors of the population.

⁴⁴ [ENR-LA/FT/FP \(2022\)](#). Page 93.

and informal, indirectly seeking to discourage the use of cash⁴³.

Actions in tax and social security matters

The AFIP carries out inspection activities aimed at identifying and combating actors and activities related to the unregistered economy and informal work, since these modalities, as a whole, have a significant impact on taxpayers' tax collection and compliance.

Specific actions to combat informal employment

The fight against informal employment promotes decent work and is part of the non-delegable obligations of the AFIP, through the General Directorate of Social Security Resources.

- New payment service providers

163. Argentina does not yet have a legal framework applicable to virtual asset service providers or in terms of licensing/registration requirements with respect to AML/CFT/CFP prevention.⁴⁴

164. However, according to the National AML/CFT/CFP Assessment published in 2022, the use of virtual assets in the Argentine territory has not been detected as a source of financing for terrorist organizations. Nevertheless, these new products currently represent a concern at a global level and particularly in the country, which still does not have comprehensive regulation on virtual assets (VA) and virtual asset service providers (VASPs).

- NPOs unable to access regulated financial services

165. The following information was obtained from the responses to the survey that was completed by the financial entities within the framework of this sectorial evaluation.
- Of the 61 entities that responded, 19 report having no NPO clients, which represents 31% of the total number of respondents.
 - 39 financial institutions reported that less than 1% of their client portfolios are made up of NPOs.
 - the total of all NPO clients reported is 39,090; and the 6 entities with the highest number of NPO clients have more than half of them as clients (26,184).

For the time being, the country does not have incentive policies aimed at financial institutions to facilitate access to regulated financial services for NPOs.

Main conclusions

166. The efforts led by stakeholders for the completion of the first sectorial assessment have contributed to improve the understanding of threats and risk factors affecting NPOs at the domestic level. They have also enabled a critical process of the mitigation framework in view of its informed review.

⁴³ [ENR-LA/FT/FP \(2022\)](#). Pages 74 - 80.

⁴⁴ [ENR-LA/FT/FP \(2022\)](#). Page 93.

167. There is a regulatory scheme without a focus on risk that presents opportunities for improvement to address with greater specificity the risks of terrorist organizations and/or individual terrorists abusing NPOs.

168. The competent authorities have basic information on NPOs that they collect through different sources (public registry of PJ, FIU, AFIP). However, the information held by the authorities does not yet allow for a full understanding of the composition and functioning of the sector in order to advance in a risk-based segmentation process.

The main deficiencies lie in:

169. The architecture of competencies and mechanisms established in the CFT regulation are for the moment one-size-fits-all and do not differentiate the obligations applicable to NPOs from the rest of the non-financial regulated entities, which is not required by the standard.

170. No selective measures were verified to protect NPOs that due to their characteristics and/or activities may have greater exposure to TF risks. The mitigating measures that are being implemented address the inherent vulnerabilities identified in a limited manner and efforts to promote transparency, integrity and public confidence in the management of NPOs should be deepened.

171. Although the authorities collect, through various registries, information on NPOs, it is not observed that efficient use is being made of the available information for the purpose of refining regulatory strategies with a TF risk-based approach.

172. According to the results of the survey of financial institutions, at least two key problems were detected:

First, there are difficulties in the access and/or use of financial services that are not sufficiently studied and that could affect the traceability of financial operations executed by NPOs and indirectly encourage NPOs to opt for the use of cash.

Second, the mitigating measures that the country is implementing to address "the dimension of the informal economy and the use of cash" should be strengthened to promote access to and use of regulated financial channels -where possible- by NPOs.

Key recommendations

173. Review the regulatory approach in light of the ESR/FT/ NPO findings by aiming at the establishment of targeted and proportionate measures for different subgroups of NPOs according to their level of exposure to the risk of abuse for TF purposes. This should take into account:

- a. If appropriate, designate a centralized authority at the national level with specific competencies and resources to establish and manage a **special CFT regime for NPOs**.
- b. The crucial aspect of a regime for NPOs in line with the FATF standard lies in promoting transparency and accountability in the sector. This could be done by establishing a **range of Minimum and/or Enhanced Principles of Good Governance** that cater to different levels of TF risk exposure and encourage NPOs to

internalize them.

A non-exhaustive range of principles is presented for consideration. FATF Minimum

Principles for NPOs

- ❖ Have appropriate controls in place to ensure that all funds are fully accounted for and used in a manner consistent with the purpose and objectives of the stated activities.
- ❖ Take reasonable steps to confirm that the members of the Board and the management team are reputable and suitable to responsibly manage the entity.
- ❖ Implement reasonable measures to confirm the identity, credentials and good standing of its beneficiaries, partner NPOs and donors so as to prevent funds from being used to support terrorism. However, **NPOs should not be required to perform customer due diligence.**
- ❖ Maintain up-to-date information on (1) the purpose and objectives of its stated activities; (2) the identity of the person(s) who own(s), control(s) or direct(s) its activities, including senior officers and board members (3) transactions to/from abroad.

Strengthened Principles for NPOs with increased exposure to TF risks

- ❖ Monitor FATF lists periodically (February, June, October).
- ❖ Submit to the competent authority an annual informative declaration on the flow of funds under management (higher level of breakdown for NPOs that manage a larger volume of funds).
- ❖ The Board of Directors shall submit an annual audit report on the policies and procedures it implements in the area of transparency and accountability.

c. Effective monitoring and follow-up:

Provide for a system of appropriate measures for NPOs identified as high risk. For example: increased monitoring of the group implementing reinforced principles; rigorous scrutiny of financial reports submitted; planning of an inspection program for individualized follow-up of this segment,

The competent authority should issue guidelines and provide support to the different segments of NPOs in order for them to implement the minimum and/or reinforced principles effectively.

The competent authority should issue guides, guidelines, training and/or seek the necessary dissemination activities in conjunction with the natural regulator of financial institutions, on how to manage TF risks in the non-profit sector and guide due diligence procedures with a risk-based approach.

The competent authority will regularly request information from financial institutions and NPOs that will enable the detection of obstacles in the access and/or use of financial services that inform the development of NPO financial inclusion policies.

The special CFT regime for NPOs should be supported by a formal and standardized system to ensure the timely and efficient exchange of information between competent authorities.

d. Effective, proportional and dissuasive sanctions.

Establish firm measures that escalate quickly to sanction NPOs that:

- Present false or misleading information
- Failure to take reasonable steps to implement the Minimum and Enhanced Principles as appropriate
- Failure to take reasonable steps to comply with requests made by the supervisory authority

The range of measures could include:

- a) Issue warnings and instructions as soon as non-compliance is verified.
- b) Where appropriate, issue a short-term compliance directive to the NPO on actions requiring priority implementation, providing for the following to be performed appropriate monitoring to ensure compliance.
- c) Nominate the NPO with a status of "serious compliance problems before the authority" when it refuses and/or repeatedly fails to i m p l e m e n t its obligations under the CFT Special Regime. This information could be publicly available.
- d) Apply fines according to the severity and number of non-compliance/s detected.

H: Policy and disclosure

Gap analysis for compliance with FATF requirements

174. From the review of the outreach activities promoted by the competent authorities in relation to TF according to criterion 8.2 of the FATF Methodology, it is possible to differentiate.

Clear policies to promote transparency, integrity and public trust in the administration and management of NPOs.

The registration and CFT obligations discussed in section G above indicate that Argentina has a set of policies aimed at improving transparency in the management of NPOs.

Registrations with various competent authorities provide details of the company's registered office, purpose, the composition of its governing bodies and financial statements.

Additionally, within the framework of the FIU regulation, NPOs must systematically report on a monthly basis the donations that exceed the established threshold, detailing the identity of the donor, nationality, amount, means of payment and currency.

It should be noted that NPOs that are regulated entities must also observe the measures required by the FIU regarding the identification and monitoring of their donors/supporters, identification of their final beneficiaries, identification and monitoring of Politically Exposed Persons and the reporting of transactions carried out with virtual currencies.

Likewise, on the FIU's web page it is possible to verify whether an entity is registered as a regulated entity before the FIU and obtain a certificate with the results of the consultation.⁴⁵

Outreach activities and educational programs to raise awareness among NPOs and the donor community about the potential vulnerabilities of NPOs

Within the framework of the ESR/FT/OSFL, the National Coordination for Combating Money Laundering and Financing of Terrorism, with the collaboration of the FIU, has promoted a series of training and awareness-raising activities aimed at NPOs so that they can contribute in an informed manner to the process. Also, since March 2023, the authorities have set up a multi-sectoral working table - government, banks and NPOs - that actively collaborates with the different stages of the ESR/FT/ NPO process.⁴⁶

Collaborating with NPOs to develop and refine best practices to address terrorist financing risk and vulnerabilities

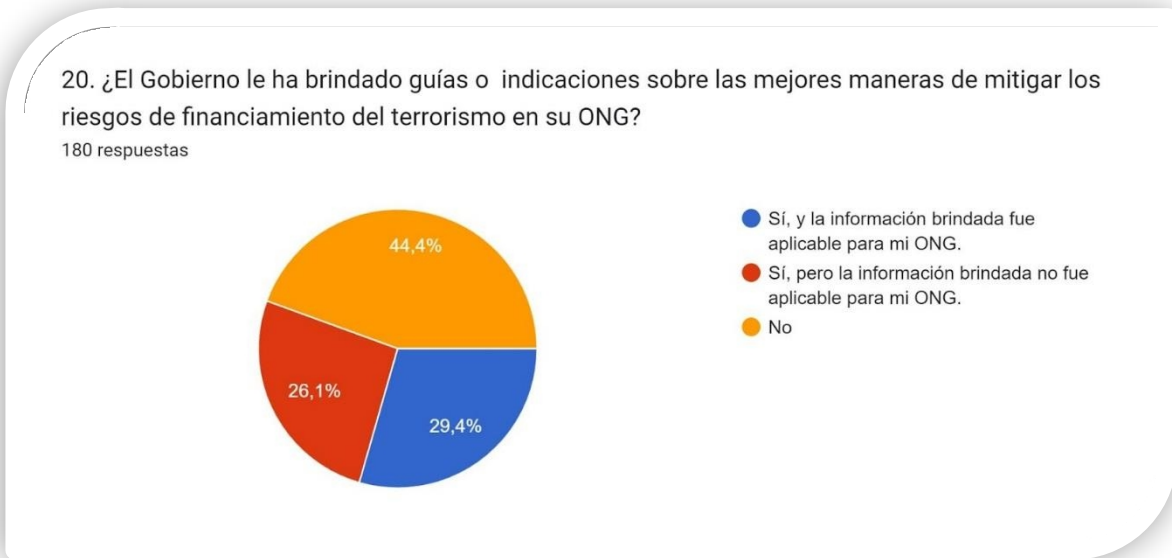
As the figure below indicates, only one third of the surveyed NPOs state that they have received applicable information in their environment from the authorities.

⁴⁵ <https://www.argentina.gob.ar/uif/consulta-de-sujetos-obligados-registrados?tca=ep62MijqL-vwRGndUnJe6lwEV5B8WXY6jhDUUIH5we0>

⁴⁶ For more details on the activities and the universe of public and private entities that participated, please refer to session

A, implementation.

Figure 18



Source: RACI Report

The authorities have yet to develop guidelines to encourage the implementation of good practices to mitigate the risks of misuse of NPOs.

Measures to encourage NPOs to transact through regulated financial channels.

No measures focused on the purpose of NPOs accessing and/or using regulated financial services have been identified. There is a need to strengthen financial inclusion measures aimed specifically at NPOs.

Main conclusions

175. The country has competent authorities that are linked to NPOs through the registration and supervision of the sector. However, the policies of rapprochement and development of collaborative relationships with the sector is incipient and derives mainly from the ESR exercise that began at the end of 2022.
176. The ESR process has greatly contributed to the identification of relevant actors representing the nonprofit sector with solid experience and broad representation. The formation of a multi-sectoral roundtable is an asset the country has to deepen outreach activities to address the inherent vulnerabilities that have been detected.

Key recommendations

177. The designated authority should significantly expand its outreach program. The program should cover a range of relevant and specific TF-focused topics for a broad audience that includes NPOs, donors and competent authorities.

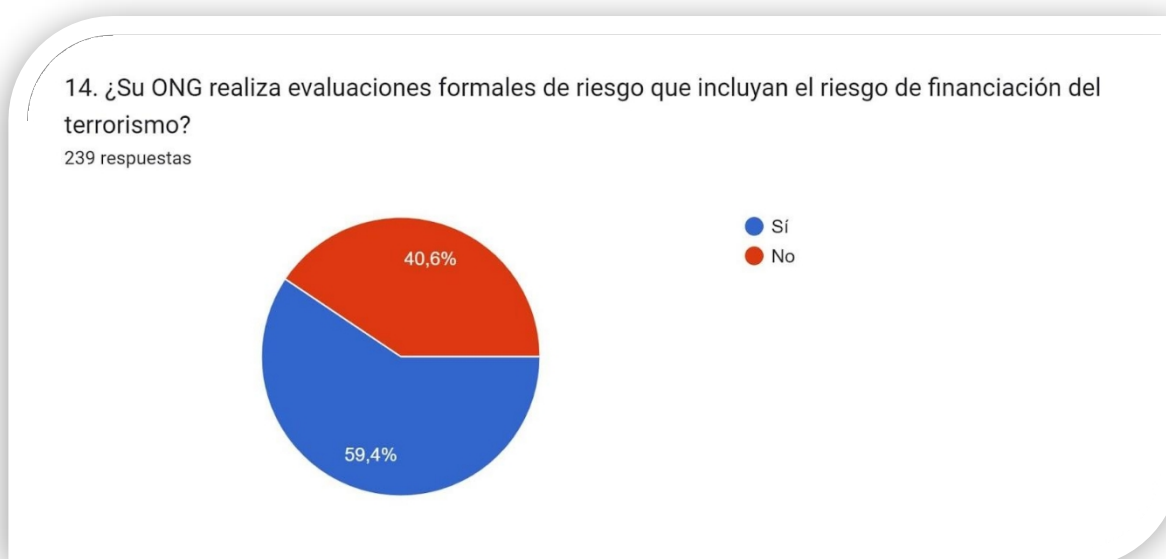
178. This program could include:

- Awareness programs targeting donors and the public of NPOs that fall within the FATF definition of terrorist financing issues and indicating where further advice can be obtained.
- General advice and/or training for NPOs on best practices, including how to identify potential abuses for TF and how to identify deficiencies in their programs and financial management of managed funds that could expose NPOs to increased risk of misuse.
- Targeted program for NPOs with higher level of exposure to TF risk. Specific guidance and/or training is required, with detailed explanations of legal obligations and best practice guidance on key issues such as governance, finance, project management, risk management and reasonable procedures to confirm the identity, credentials and good standing of their beneficiaries, partner NPOs and donors.
- Socialization of the ESR report and its main findings among stakeholders from government, NPOs and financial institutions.
- A "liaison table" type mechanism between the designated competent authority and NPO representatives to report and discuss problems in the implementation of measures that could disrupt or discourage legitimate charitable activities. The liaison table could also contribute as a source of relevant information to detect trends and factors of concern regarding TF risks.

I: NPO measures

179. The FATF recognizes much of the good practice implemented by the industry to date and notes that it can be an effective preventive measure to complement regulatory activities. Furthermore, it notes that NPO measures can be leveraged to multiply the impact of government and self-regulatory initiatives. Even NPO measures not specifically aimed at minimizing the risk of terrorist financing can contribute to reducing it.⁴⁷
180. In order to explore the extent to which NPOs are implementing good practices in transparency and accountability issues that would help them reduce the risk of terrorist financing, a set of specific questions was completed as part of a survey that 261 NPOs responded to.⁴⁸
181. The data collected allow us to quantify the following measures adopted by NPOs:
- 59.4% of respondents conduct formal risk assessments (including TF), while the rest do not. Also, the majority of respondents (66%) offer risk training to their staff.

Figure 19



Source: RACI Report

⁴⁷ "The FATF recognizes the intention and efforts made to date by the NPO community to promote transparency in its operations and to prevent misuse of the sector by those wishing to support terrorist financing and terrorist organizations", See Good Practices Paper and also paragraph 5 of the Typologies Report.

⁴⁸ The database used consisted of 2174 NPOs registered with the FIU and another 168 member organizations of the Argentine Network for International Cooperation. Therefore, the findings are statistically limited in scope. For further details, see the methodology section.

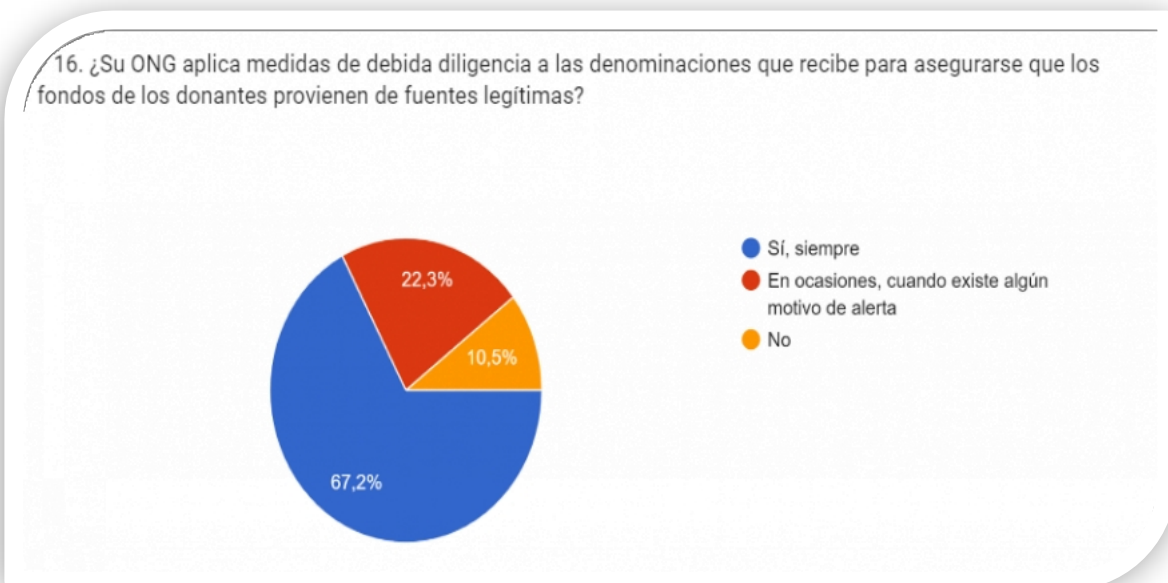
Figure 20



Source: RACI Report

182. As for the due diligence measures applied to donations received, 67.2% of the entities surveyed say that they apply these measures to ensure that donor funds come from legitimate sources. In addition, 22.3% only do so when they consider there is cause for concern, while only a minority of 10.5% have not incorporated this practice.

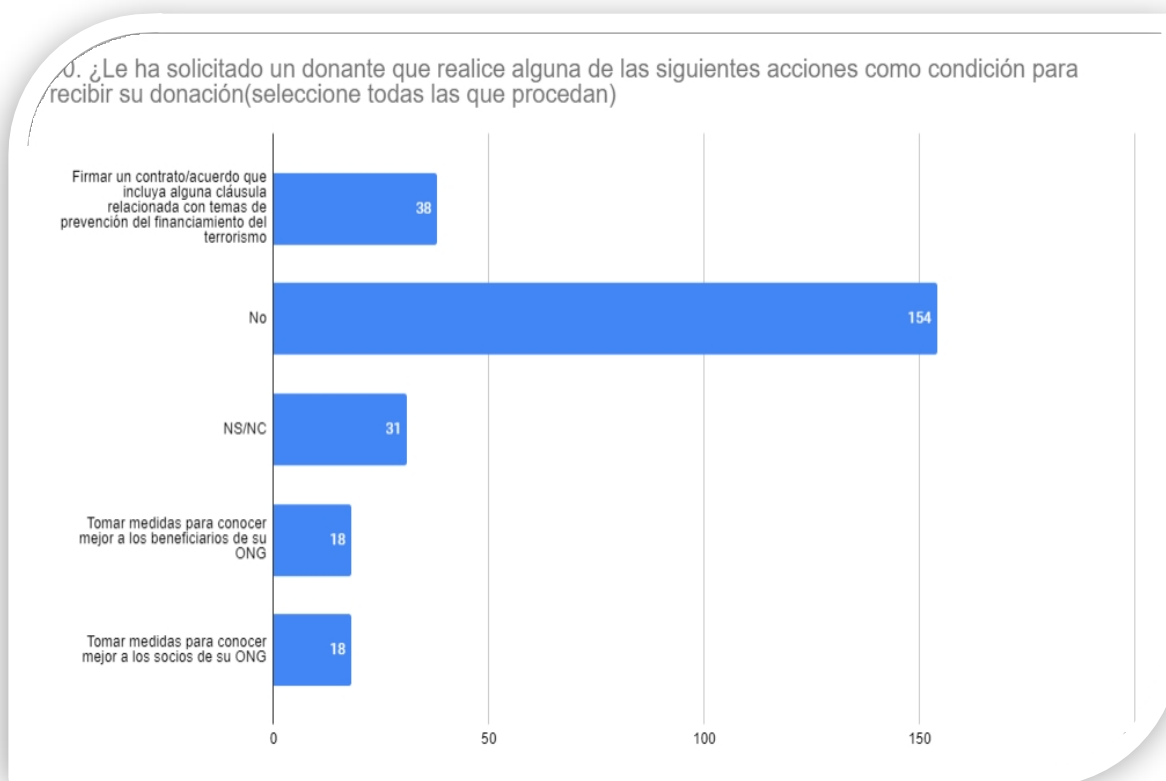
Figure 21



Source: RACI Report

183. With regard to due diligence on organizations associated with the NPO, 52.9% of the respondents carry out this activity, while the remaining 47.1% do not apply it because they do not have partner organizations. Of those that do, 32.5% perform due diligence on a regular basis, 17.2% do so when there are warning signs, and only 3.3% never do so.
184. On some occasions, organizations also state that they perform due diligence on the beneficiaries for whom charitable activities are intended. Approximately two-thirds of the respondents carry out this process on a regular or occasional basis when an obvious risk arises. Only 13.6% do not carry out this activity. It should be noted that 20.3% have no direct relationship with their beneficiaries.
185. In addition, the group of NPOs surveyed stated that in some cases - at the request of the donor - measures are taken such as the signing of agreements that include clauses related to AML/CFT regulations and/or procedures to know the beneficiaries and partners of the programs they implement.

Figure 22

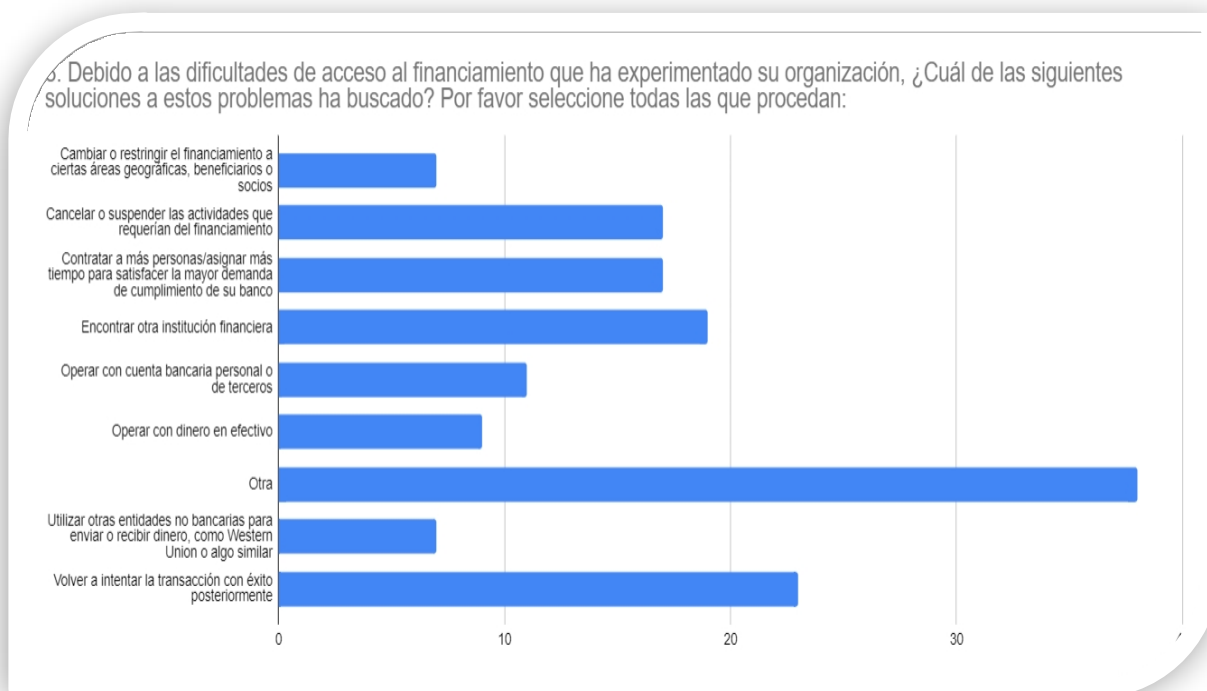


Source: RACI Report

186. Finally, the NPOs surveyed provided relevant data that should be further explored by the authorities in relation to access to financial services that have an impact on their operations, such as:
187. Nearly 40% of the organizations indicated that they have experienced a variety of problems and difficulties when trying to open bank accounts or perform financial transactions on a regular, ongoing and/or occasional basis.
188. The majority of the organizations have expressed that their main difficulty lies in receiving funds from abroad, with 46.5%.
189. NPOs have adopted a variety of strategies to address financial difficulties such as: adjusting compliance by hiring additional staff or assigning additional staff to the NPOs.

The use of other non-bank entities for transactions, operating through personal or third party bank accounts, etc., is also a very common practice.

Figure 23



Source: RACI Report

Main conclusions

190. The information obtained from 261 responses provided by NPOs registered with the FIU and organizations belonging to the RACI network allows improving the knowledge of the measures that this group of organizations is already implementing and that are helping to protect their organizations from risks of misuse.
191. The AML/CFT regulatory environment has contributed to 6 out of 10 NPOs with regulated status implementing formal measures to assess risks, train staff on AML/CFT policies and procedures, and conduct due diligence on their donors/supporters.
192. In a one-size-fits-all legal environment and incipient awareness-raising actions by competent authorities, it is presumed that NPOs implementing AML/CFT obligations do so more to avoid sanctions than out of genuine concern by NPOs to reduce their risks of abuse for TF.
193. It is an incipient practice for donors to require NPOs to establish AML/CFT mechanisms and/or procedures as a requirement for making donations.

Key recommendations

194. It is necessary to promote an awareness-raising program aimed at NPOs and donors, which will highlight the importance of implementing good practices of transparency, accountability and sound governance measures to protect the organizations from misuse.

195. It is crucial to leverage the installed capacity of NPOs that for many years have been implementing AML/CFT policies and procedures and to move from an approach focused on formal compliance to one focused on deepening good practices of transparency, accountability and sound governance.
196. Along with sound governance, robust financial management is the "best approach" to guard against potential abuses for the TF. The NPO sector also has an obligation to ensure that all funds and assets are used properly, a duty that falls primarily on the board of directors to establish sound financial policies.
197. This requires encouraging and accompanying NPOs to follow their level of exposure to TF risk:
- establish sound financial controls and procedures. This includes internal controls and monitoring systems to ensure that funds and services are used as intended, as well as detailed budgets for each project and periodic reports on related purchases and expenditures.
 - the governing body approves an annual budget and establishes a process to monitor the use of funds in accordance with the purposes defined by statute.
 - maintain adequate and complete financial records of income, expenses and financial transactions throughout their operations, including the final use of funds.
 - basic information on the programs and activities carried out is made available to the public, as well as the identity of the members of the board of directors and executive staff.
 - take appropriate and reasonable risk-based self-regulatory measures to know the identity, credentials and reputation of their donors, partner NPOs and beneficiaries.
 - strengthen their capabilities so that they can comply with the due diligence requirements applied by banks. Especially those that, due to their level of exposure, must comply with intensified procedures.

J: Reassessment policy

198. The country recognizes that a risk assessment is a snapshot, based on the evidence available and the context at a given point in time. It is also clear that understanding and reviewing the nature of terrorist financing risk should be a continuous and evolving process.
199. For this reason, the country plans to include a module aimed at broadening the understanding of NPOs in the FATF scope and strengthening the framework of risk-based mitigating measures in the framework of the update of the National TF Risk Assessment to be carried out in 2024.

Annex 1: FATF Recommendations Relevant for NPOs

Recommendation 8 on Nonprofit Organizations

"8. Non-Profit Organizations

Countries should review the adequacy of laws and regulations that relate to non-profit organizations that the Country has identified as vulnerable to terrorist financing abuse. Countries should apply targeted and proportionate measures, in accordance with the risk-based approach, to such non-profit organizations to protect them from terrorist financing abuse, in particular:

- (a) by terrorist organizations posing as legitimate entities;*
- (b) exploiting legitimate entities as conduits for terrorist financing, including for the purpose of circumventing asset freezing measures; and*
- (c) concealing or covering up the clandestine diversion of funds intended for legitimate purposes to terrorist organizations.*

Excerpt from ***The FATF Recommendations: International Standards on Combating Money Laundering and the Financing and Proliferation of Terrorism*** (FATF, June 2016).

The *Methodology for Assessing Technical Compliance with FATF Recommendations and the Effectiveness of AML/CFT Systems* (FATF (2013)) provides guidance to assessors on assessing compliance with R8. It sets out the questions that assessors will seek to answer in the Mutual Evaluation process. The methodology for Recommendation 8 is as follows:

Adopting a risk-based approach

8.1 Countries must:

- (a) Without prejudice to the requirements of Recommendation 1, considering that not all NPOs are inherently high risk (and that some may pose little or no risk at all), identify which subset of organizations meet the FATF definition of NPOs, and use all relevant sources of information, in order to identify the characteristics and types of NPOs that, by virtue of their activities or particularities, are likely to be at risk of being misused for terrorist financing;*
- (b) identify the nature of the threats posed by terrorist entities to NPOs that are at risk, as well as how terrorist actors abuse such NPOs;*
- (c) review the adequacy of measures, including laws and regulations, that relate to the subset of the NPO sector that may be misused to support terrorist financing, so that proportionate and effective measures can be taken to address the risks identified; and*
- (d) periodically reassess the sector by reviewing new information on the sector's potential vulnerabilities to terrorist activities to ensure effective implementation of measures.*

Ongoing outreach on terrorist financing issues

8.2 *Countries must:*

- (a) have clear policies to promote accountability, integrity and public trust in the administration and management of NPOs;*
- (b) promote and undertake outreach and education programs to sensitize and raise awareness among NPOs, as well as the donor community, of the potential vulnerabilities of NPOs to terrorist financing misuse and terrorist financing risks, as well as the measures NPOs can take to protect themselves against such misuse;*
- (c) working with NPOs to develop and refine best practices to address terrorist financing risk and vulnerabilities to protect them from terrorist financing abuse; and*
- (d) encourage NPOs to conduct transactions through regulated financial channels, whenever feasible, considering the different capacities of the financial sectors in different countries and in different areas of urgent charitable and humanitarian interest.*

Specific supervision or monitoring of NPOs based on risk.

8.3 *Countries should take measures to promote effective supervision or monitoring to enable them to demonstrate that risk-based measures are applied to NPOs at risk of being misused for terrorist financing.*

8.4. *The competent authorities must:*

- (a) monitor NPOs' compliance with the requirements of this Recommendation, including the risk-based measures applied to them under criterion 8.3; and*
- (b) be able to apply effective, proportionate and dissuasive sanctions for violations committed by NPOs or persons acting on their behalf.*

Effective information gathering and research

8.5 *Countries must:*

- (a) ensure effective cooperation, coordination and exchange of information, to the extent possible, among all levels of competent authorities or organizations with relevant information on NPOs;*
- (b) have the experience and investigative capacity to screen NPOs suspected of being exploited by or actively supporting terrorist activities or terrorist organizations;*
- (c) ensuring that full access to information on the administration and management of individual NPOs (including financial and programmatic information) can be obtained in the course of an investigation; and*
- (d) establish appropriate mechanisms to ensure that, where there is suspicion or reasonable grounds to suspect that a particular NPO (1) is engaged in terrorist financing misuse and/or is a front for fundraising by a terrorist organization; (2) is being exploited as a conduit for terrorist financing, including for the purpose of evading asset freezing measures, or other forms of support for terrorism; or (3) is concealing or covering up the clandestine diversion of funds intended for legitimate purposes, but redirected for the benefit of terrorists or*

terrorist organizations, that this information be promptly shared with the competent authorities, in order to take preventive or investigative measures.

Effective capacity to respond to international requests for information on an NPO of concern.

8.6 Countries should identify appropriate points of contact and procedures for responding to international requests for information on specific NPOs suspected of financing terrorism or engaging in other forms of support for terrorism."

Excerpt from ***Methodology for Assessing Compliance with FATF Recommendations and the Effectiveness of AML/CFT Systems***, updated February 2019, FATF, Paris, France.

Immediate Result 10

"Immediate Result 10: Terrorists, terrorist organizations and terrorist financiers are prevented from raising, mobilizing and using funds, and from misusing the NPO sector.

Characteristics of an effective system: Terrorists, terrorist organizations and terrorist support networks are identified and deprived of the resources and means to finance or support terrorist activities and organizations. This includes the appropriate implementation of financial sanctions targeted against individuals and entities designated by the United Nations Security Council and under applicable national or regional sanctions regimes. The Country also correctly understands the risks of terrorist financing and takes appropriate and proportionate measures to mitigate those risks, including measures that prevent the collection and movement of funds through entities or methods that are most at risk of misuse by terrorists. Ultimately, this reduces terrorist financing flows, which would prevent terrorist acts. The result relates primarily to Recommendations 1, 4, 6 and 8, and also to elements of Recommendations 14, 16, 30 to 32, 37, 38 y 40."

Excerpt from *The Methodology for Assessing Technical Compliance with the Recommendations of the FATF and Effectiveness of AML/CFT Systems* (FATF, 2013)

IO.10 provides examples of information that could support the evaluators' conclusions:

"(a) Examples of Information that could support the conclusions on Core Issues.

1. Experiences of law enforcement, FIU and counter-terrorism authorities (e.g., trends indicating that terrorist financiers are investigating alternative methods of raising/transmitting funds; intelligence reports/sources indicating that terrorist organizations are having difficulty raising funds in the Country).

2. Examples of interventions and seizures (e.g., ... investigations and interventions in NPOs misused by terrorists).

...4. Information on supervision and monitoring of NPOs (e.g., frequency of review and monitoring of the NPO sector (including risk assessments); frequency of engagement and outreach (including guidance) to the NPO sector regarding CFT measures and trends; corrective actions and sanctions taken against NPOs)."

Excerpt from *The Methodology for Assessing Technical Compliance with the Recommendations of the FATF and Effectiveness of AML/CFT Systems* (FATF, 2013)

It also provides examples of specific factors that could support the Evaluators' conclusions.

"(b) Examples of Specific Factors that could support conclusions on Issues.

Basics

What is the level of licensing or registration of NPOs? To what extent is a risk-sensitive approach taken to oversee or monitor NPOs at risk of terrorist misuse and are appropriate preventive, investigative, criminal, civil or administrative measures and cooperation mechanisms in place?

11. To what extent are NPOs aware of their vulnerabilities and comply with measures to protect themselves against the threat of misuse by terrorists?"

Excerpt from *The Methodology for Assessing Technical Compliance with the Recommendations of the FATF and Effectiveness of AML/CFT Systems*
(FATF, 2013)

The *Methodology for Assessing Technical Compliance* provides "Notes for Assessors" on how to assess IO.10. Relevant notes for NPOs are as follows:

"Note to Evaluators: In assessing this Immediate Outcome, the evaluators should also consider relevant findings on the level of international cooperation in which the competent authorities are engaged.

Basic Issues to consider in determining whether the Outcome is being achieved.

...10.2. To what extent, without disrupting the legitimate activities of NPOs, has the Country implemented a selective approach, conducted outreach and exercised oversight in dealing with NPOs at risk of the threat of terrorist misuse?.....

...10.4. To what extent are the above measures consistent with the overall risk profile of the company? FT?"

Excerpt from *The Methodology for Assessing Technical Compliance with the Recommendations of the FATF and the Effectiveness of AML/CFT Systems*
(FATF, 2013)

Annex 2: Classification of countries by terrorist risk.

Using data from the *Global Terrorism Index 2019: Measuring the Impact of Terrorism* (Institute for Economics and Peace, GI, Sydney, November 2019) Available at: <http://visionofhumanity.org/reports>

Very High Risk	Afghanistan Iraq Nigeria Syria
High Risk	Pakistan Somalia India Yemen Philippines Democratic Republic of the Congo Central African Republic Mali Cameroon Turkey South Sudan Thailand
Medium	Colombia Sudan Kenya United States Niger Ukraine Mozambique Myanmar Burkina Faso United Kingdom Saudi Arabia Bangladesh Palestine Burundi Nepal Indonesia France Russia Chad Iran Israel South Africa China Lebanon Germany Greece Chile Venezuela Mexico
Under	Uganda Tajikistan Tunisia Angola Belgium Canada Sri Lanka Sweden Algeria Bolivia Spain Tanzania Bahrain Paraguay Italy Jordan Nicaragua Rwanda Peru Zimbabwe Ireland Republic of Congo Australia Côte d'Ivoire Brazil Malaysia Kuwait Ecuador Netherlands Japan Kosovo Haiti Finland
Very Low	Madagascar Argentina Argentina Austria Kazakhstan Ghana Kyrgyz Republic Bosnia and Herzegovina Papua New Guinea Georgia Guatemala Morocco Senegal Armenia Laos Taiwan Montenegro Vietnam Honduras Guinea Denmark Czech Republic Azerbaijan Malawi Gabon Poland Jamaica Sierra Leone Lithuania Cyprus Albania Bulgaria Djibouti Zambia Macedonia South Korea Latvia Hungary Switzerland Dominican Republic Uruguay New Zealand Estonia Moldova Serbia Liberia Lesotho Norway Slovakia United Arab Emirates Panama Guyana Qatar Iceland Trinidad and Tobago Uzbekistan Bhutan
No impact	Costa Rica Slovenia Togo Mauritania Portugal Croatia El Salvador El Salvador Esuatini Mongolia Romania Benin Equatorial Guinea Cambodia Botswana Namibia Turkmenistan Country Timor-Leste Singapore Eritrea North Korea Gambia Oman Guinea-Bissau Belarus

