



Global NPO Coalition Call with FATF Secretariat, 02 June 2020

Agenda

1. Update on the FATF strategic review and possibility to engage for NPOs
2. Update on engagement between NPOs and governments and FIUs with the aim to implement a NPO TF RB approach. Presentation by Coalition members from Tunisia and Latin America. Followed by a presentation by the WB on their TF RA methodology in relation to NPOs: Emile van der Does and Yee Man Yu and Ben Evans (Greenacre Group). Members of the Coalition have been actively working with them on the methodology.
3. Update on AML/CFT related barriers to NPOs active on humanitarian relief, other types of support and barriers to NPO work in general (civic freedoms) in the Covid 19 era.
4. Next steps

Participants

NPO participants and organisations

Lia van Broekhoven, Human Security Collective (*Chairing the meeting*)
Sangeeta Goswami, Human Security Collective
Hanna Surmatz, European Foundation Center
Katerina Hadzi-Miceva Evans, European Center for Not for Profit Law
Emma O’Leary, Norwegian Refugee Council
Kay Guinane, Charity & Security Network
Khaleel Desai, Islamic Relief Worldwide
Gabriela Pellón, Argentina – spearheading work for the Coalition with GAFILAT
Jocelyn Nieva, International Center for Not for Profit Law
Amine Ghali, Al-Kawakibi Democracy Transition Center (KADEM) Tunisia
Mai E’lemat, Al Hayat Center Jordan
Ragheb Shraim, Al Hayat Center Jordan
Karen Janjua, Community World Service Asia (Pakistan, working regionally)
Ira Novita, PINGO (Portal Information of NGO) Indonesia
Victoria Ohaeri, Spaces for Change Nigeria
Haroun Atallah, International Development Law Organisation (IDLO)
Ben Evans, Greenacre Group (formerly with the UK Charities Commission)
Emile van der Does de Willebois, World Bank
Yee Man, World Bank

FATF and FATF Secretariat participants

Marcus Pleyer, FATF Vice-President
Maximilian Brambring, Advisor to the FATF Vice-President
David Lewis, FATF Executive Secretary
Thomas Ramsauer, Policy Analyst (Strategic Review)
Kristen Alma, Policy Analyst (International Cooperation and Review Group)
Ailsa Hart, Policy Analyst (Risks, Trends and Methods Group)
Ignacio Hagelstrom, Policy Analyst (Global Network Coordination Group)
Shana Krishnan Policy Analyst (Policy Development Group)



1. David Lewis, FATF Executive Secretary, provided an update on the **Strategic Review process**. He said that just as between the 3rd and 4th rounds of Mutual Evaluations the FATF had introduced the effectiveness component to their evaluations, between the 4th and the upcoming 5th rounds of evaluations the brief is to make the FATF processes more:
 - a. targeted
 - b. timely
 - c. risk-based

The Strategic Review is a two-year process (of which a year has elapsed), and will be completed under the German Presidency.

Lewis stressed that it was not a review of the FATF standards (that, he claimed, was a continuous process).

When asked about input from NPOs/the private sector into the Strategic Review process, it was mentioned that while input was being sought from FATF Members and Observers only, the Review team (Thomas Ramsauer) were happy to take into account submissions from other interested stakeholders (such as the Global NPO Coalition on FATF). [A point was made in the chat box about the Coalition's earlier concrete proposals in this area following a joint FATF/Coalition workshop on evaluation in London in 2016 (see the outcome report [here](#)) and that these can be considered for the 5th round of evaluations.]

2. When asked whether FATF and evaluators will look at the unintended consequences and the oftentimes draconian interpretation/implementation of the standards, Lewis said the FATF's remit was strictly ML/TF and that they could only comment on/assess measures imposed if it impacted the state's effectiveness in implementing the ML/TF standards. His answer did not address the point raised that some evaluations have given high compliance ratings on R8, despite problematic overregulation.
3. Marcus Pleyer, the **incoming German President** of the FATF (from July), then outlined his **Presidency's priorities** in brief (he has not discussed this with Members yet, so was reluctant to go into further detail):
 - a. The effect of COVID-19 on the AML/CFT agenda
 - b. Strategic Review process
 - c. Derisking, including liaising with the Financial Stability Board and the FATF-Style Regional Bodies (FSRBs)

Pleyer did say that his policy will be to assess the impact FATF has on work on the ground, including unintended consequences.

4. Input from Jocelyn/Gabriela on ongoing processes in **Latin America, GAFILAT, CFATF**. Asks of the FATF:
 - a. To endorse the Coalition's Spanish translation of the (NPO section of the) *Terrorist Financing Risk Assessment Guidance* and the *Best Practices Paper*
 - b. To publicise among Members the regional mapping (of NPO sector TF risks and country compliance with R8) that the Coalition is currently undertaking with GAFILAT
 - c. To support follow-up in those cases where the mapping reveals regulatory burdens on NPOs without evidence of risk.



5. Update from Amine on **Tunisian** sectoral risk assessment, and collaborative govt/NPO working group, resulting in compliant rating on R8 and sustained outreach and dialogue between stakeholders. Excellent model for MENAFATF/the region.
6. Emile (World Bank) said that there cannot be a truly risk-based approach without involving the NPO sector to a large extent. He mentioned that the draconian measures imposed on the sector were sometimes wilful, but oftentimes not – knowing the subset of FATF-defined NPOs most at-risk of being abused for TF in a country was key. He said many states still think R8 requires a one-size-fits-all approach to NPOs. Which is why a **specific NPO Risk Assessment tool** was needed. This has now been developed by the World Bank with input from Greenacre Group and piloted in the Caribbean with ICNL. Yee Man (World Bank) took everyone through the tool and mentioned that the tool has now been incorporated into the World Bank National Risk Assessment tool/methodology.
7. Hanna (European Foundation Center) gave an update on the **EU Supra National Risk Assessment** and the new **EU Action Plan on ML**. She shared the Coalition’s concerns about the methodology used for the Risk Assessment and the way it leads to problematic results.
8. Emma (**Norwegian Refugee Council**) spoke about the impact of the AML/CFT regime on NRC’s operations. Between Apr ’19 and Apr ’20, there were 740 cases of payments delayed or refused by banks (not all related to transfers to sanctioned countries or because of CFT rules but out of an abundance of caution shown by banks). The pandemic has only exacerbated already-existing challenges.
Of the 90% of transfers in USD, 10% were derisked (half a man year, just in terms of due-diligence follow-up.) Humanitarian aid to Syria is being sent via banks in Lebanon, but even that is becoming increasingly problematic. And having a sanctions derogation is sometimes to no avail. Donors are asking organisations to vet against CT lists and perform KYC on beneficiaries (going much beyond what R8 requires). Requirements include that beneficiaries of cash assistance do not then materially benefit a sanctioned entity (so the cash assistance to a partner in Iraq is not to be used to purchase something from Iran) – practically impossible to implement.
9. Victoria (Spaces for Change) spoke about her fears that the pandemic would roll back some of the very real gains made on engagement with the government around AML/CFT (including the risk-based approach). The current crackdown on civic space in **Nigeria** is pointing in this direction.
10. Khaleel (**Islamic Relief Worldwide**) echoed Emma and Victoria about NPOs being caught in the crosshairs, while also pointing out that not all NPOs were equally affected. The impacts of rigid (non-risk-based) AML/CFT regimes are compounded for small, diaspora, and faith-based organisations, who then find it difficult to fulfil their humanitarian and development mandates.
11. Kay (Charity & Security Network) **called for more flexibility and leadership from the FATF** to deal with the intertwined issues of AML/CFT, derisking and sanctions. The current rules and state of play are too rigid, leading to much of the problems we see. Mention was made of



UNSCR 2462, which calls for the implementation of TF standards in line with international humanitarian law (IHL), international refugee law (IRL) and international human rights law (IHRL).

12. Lia (Human Security Collective) ended by saying that it would be good to have a **follow-up** call with the Secretariat on:
 - a. Financial access: research findings and advocacy (national level, G20, AFI)
 - b. Beneficial Ownership
 - c. Other matters