



Global NPO Coalition on FATF: membership meeting

1st February 2022 (online)

Agenda:

- Update on the Unintended Consequences (UIC) workstream
 - Update on the Strategic Review process
 - Update on proposed changes to the standards on Beneficial Ownership
 - Introductions to the Global NPO Coalition's Technical Advisory Group
 - Short updates from Zimbabwe, Turkey, Latin America
 - Update from the humanitarian sector
 - Update on a particular technical solution to bank de-risking
 - Q and A
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1. On the **Unintended Consequences (UIC) workstream**, the Global NPO Coalition's asks were reiterated in brief. And an update was provided on the process within the FATF: In November 2021, the Ad Hoc Group of the Strategic Review (AGSR) decided not to consider the UIC issues in the Methodology due to time constraints and decided that further work and consideration was needed on the proposals before the FATF could make decisions. The Secretariat and Vice-President were therefore asked to consider how to take forward further work to scope and refine the options. Since then, there have been a number of preparatory meetings of the UIC project team to assess and prioritise mitigating options. The UIC Project Team has met to discuss how to prioritise the various options to mitigate the unintended consequences that were identified in the Phase 1 Stocktake exercise (this includes options that were previously referred the Strategic Review, related to potential changes to the Methodology and 5th round MER Procedures). This meeting will inform a paper that will be presented for discussion at the upcoming Plenary meetings, scheduled 1-4 March 2022.
So while Methodology changes to address Unintended Consequences are a while away yet, what may be approved by the plenary are revisions to the 2015 Best Practices Paper on Combating Abuse of the NPO Sector as well as training on Rec 8 for assessors and governments.
In the meantime, the **Global NPO Coalition membership was encouraged to lobby relevant national stakeholders for support for the Coalition's asks** around mitigating the Unintended Consequences of the FATF Standards before the upcoming Plenary. A sample letter detailing these asks, which Coalition members can forward to respective national interlocutors, will be circulated shortly.
 2. On the **Strategic Review** process, a 2-day Ad Hoc Group of the Strategic Review (AGSR) meeting took place on 25–26 January. In this meeting, the AGSR discussed possible amendments to the Methodology and Procedures that will be applied for the 5th round of FATF assessments. Redline edits were discussed and reviewed by attendees. A revised version of these documents will be discussed at the upcoming Plenary meetings, for possible adoption.
 3. On the revision of R.24 on **Beneficial Ownership (BO)** of legal entities, and following the Coalition's input to various rounds of consultations:
 - the inclusion of NPOs is deemed to be risk-based
 - clarifications have been sought in terms of definitional issues (beneficiaries are not BOs)



- it was reiterated that NPOs should not be obliged entities
- questions around how the data is collected (multi-pronged?), what type of information is collected and what level of information, and who should have access (in light of privacy and fundamental rights concerns) should be clearly addressed

Revisions made to R.24 should be clearer after the Plenary.

Revisions to R.25 on legal arrangements are also now under discussion/in consultation.

4. The Global NPO Coalition's **Technical Advisory Group** was then introduced:

Tracey Durner, Global Center on Cooperative Security (GCCS)

Sue Eckert, CSIS and IPI

Ben Evans, Greenacre Group

David Lewis, Kroll and ex-Executive Secretary, FATF

Tom Keatinge, RUSI (who sent in his apologies)

Tracey spoke of their work with the Global Counterterrorism Forum and the drafting of the [Good Practices Memorandum for the Implementation of Countering the Financing of Terrorism Measures While Safeguarding Civic Space](#) (which many Coalition members were also involved in). Following up from that, the GCCS have a sub-grants programme around these issues for East and West Africa. They are also working with the Asia Pacific Group (APG) on a horizontal review of compliance with R.8 (an initial stocktake revealed that focus was more on supervisory aspects rather than on outreach – so the review will focus on IO 10.2 (effectiveness)).

Ben spoke of Greenacre's Risk Assessment work across the globe (and of successes, such as in Tunisia), as well as the work of the EU Global AML/CFT Facility on R.8 technical capacity building for governments and other stakeholders (a more human-rights focussed approach to R.8 implementation)

David commended the Global NPO Coalition on its organized approach and stated that it should not underestimate the influence it has. He flagged the following in terms of work going forward:

- To keep the pressure up on Member State delegations as far as the UIC workstream was concerned
- To do more work with FATF delegations in country (the heads of delegations list is now on the FATF website)
- To engage with other relevant stakeholders such as BIS, the UN, FSB, Queen Maxima

Sue spoke about the continuation of the multi-stakeholder dialogue on the financial challenges facing NPOs (following on from the World Bank–ACAMS dialogue) – easier now because of current USG facilitation. Sue is also working on humanitarian exceptions for money flows into Afghanistan, as part of broader work on AML/CFT/sanctions and its impact. UNSCR 2615 a big step.

5. Update from the **Zimbabwe** Lawyers for Human Rights on the draconian Private Voluntary Organisations Amendment Bill Public and Voluntary Organizations Bill – with proposed restrictive legislative reform measures in the country that are being justified using the FATF recommendations. The bill is due to be presented in parliament in February 2022. If passed, this will have far-reaching implications for the human rights, humanitarian and development sectors, and will result in closing civic space in Zimbabwe. More [here](#).

6. Update from **NRC on developments in the humanitarian sector:**
 - new UN CTED report on [‘The Interrelationship between Counter-terrorism Frameworks and International Humanitarian Law’](#), which was deemed disappointing in scope.
 - while UNSCR 2615 on exemptions for Afghanistan was very good, this needs to be translated to country-level now (not enough being done domestically). The UK has something similar in place and the EU should have this week, but the US General Licence is not good enough. There is a huge liquidity crisis with the Central Bank in Afghanistan, and banks need to start using these exemptions to transfer money into the country. For more on the current crisis and possible solutions, read NRC’s latest report: [Life and Death: NGO access to financial services in Afghanistan](#)
7. Update from TUSEV, **Turkey** on the impact of a law that was passed in 2020 (after the FATF MER in 2019). Risk analysis of the sector was not transparent (NPOs placed in high/medium/low risk categories). Rights-based NPOs, including those advocating for LGBT rights and those critical of the government were placed in the high-risk category. Turkey is now on the FATF grey-list, and there seems to be some willingness to improve the situation. The problem remains the conduct of the sectoral Risk Assessment.
8. Update from **Latin America**: crackdown on civil society in Nicaragua even as R.8 rating is upgraded from Partially Compliant to Largely Compliant. Precarious situation also in Venezuela, El Salvador and Bolivia (including changing of FSRB affiliation between CFATF and GAFILAT).