



Council of Europe
Conseil de l'Europe

Prevention of Abuse of Non-profit Organizations for Financing of Terrorism

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Statutory aim

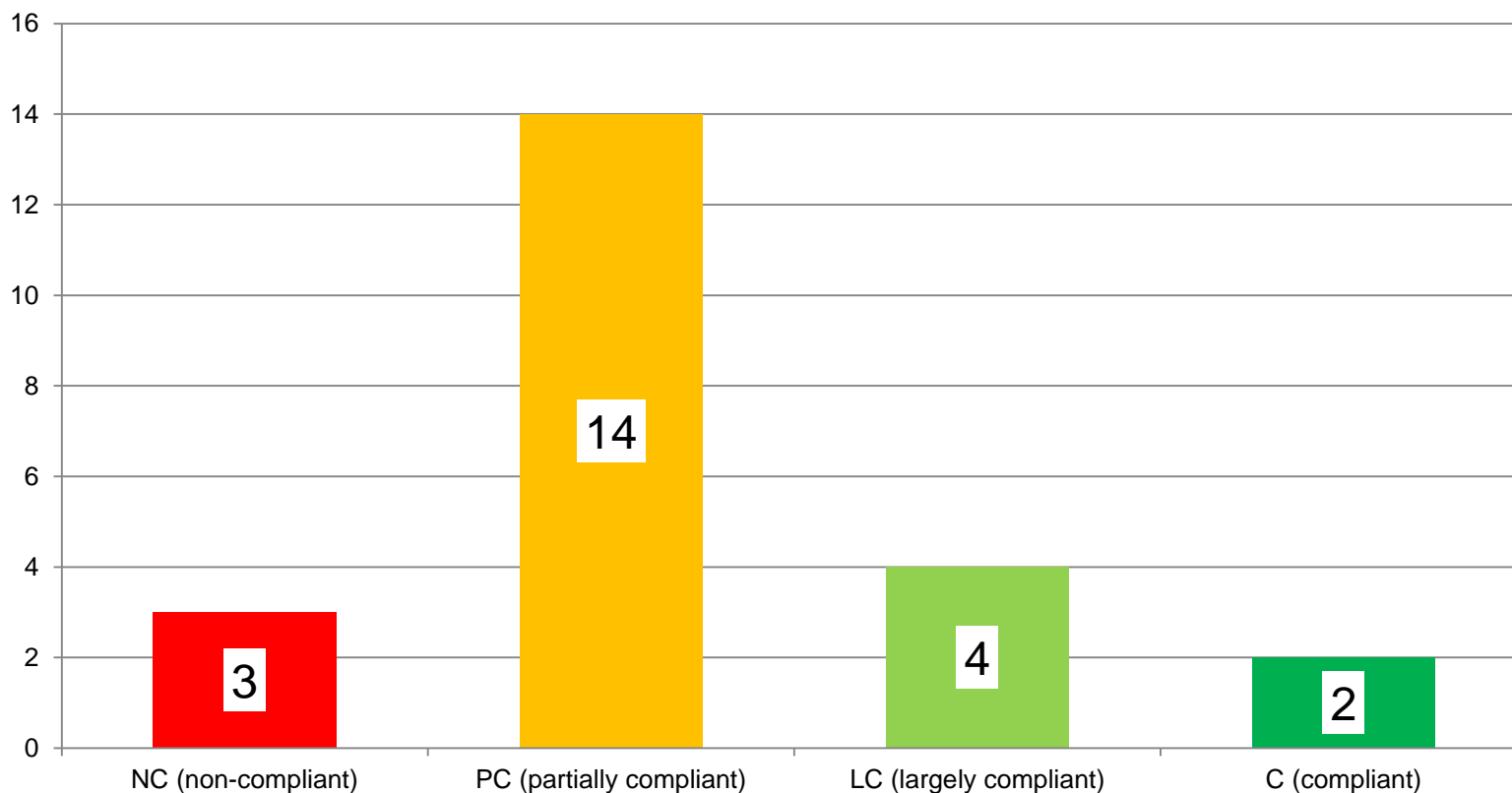
“MONEYVAL shall aim to improve the capacities of national authorities to fight money laundering and the financing of terrorism more effectively. ”

– Statute of MONEYVAL

33 MONEYVAL States and territories

 Albania	 Hungary	 Serbia
 Andorra	 Israel	 Slovak Republic
 Armenia	 Latvia	 Slovenia
 Azerbaijan	 Liechtenstein	 the former Yugoslav Republic of Macedonia
 Bosnia and Herzegovina	 Lithuania	
 Bulgaria	 Malta	 UK Crown Dependency of Jersey
 Croatia	 Republic of Moldova	
 Cyprus	 Monaco	 UK Crown Dependency of Guernsey
 Czech Republic	 Montenegro	
 Estonia	 Poland	 UK Crown Dependency of the Isle of Man
 Georgia	 Romania	
 Holy See	 Russian Federation	 Ukraine
	 San Marino	

An overview of ratings of compliance with SR. VIII in the 4th Round of evaluations



Non-Complaint	Partially Complaint	Largely Complaint	Complaint
<p><u>Albania</u> <u>Hungary</u> <u>Slovak Republic</u></p>	<p><u>Andorra</u> <u>Croatia</u> <u>Cyprus</u> <u>Czech Republic</u> <u>Georgia</u> <u>Lichtenstein</u> <u>Lithuania</u> <u>Malta</u> <u>Monaco</u> <u>Montenegro</u> <u>Poland</u> <u>Romania</u> <u>Slovenia</u> <u>"The former Yugoslav Republic of Macedonia"</u></p>	<p><u>Bulgaria</u> <u>Israel</u> <u>Republic of Moldova</u> <u>San Marino</u></p>	<p><u>Latvia</u> <u>Azerbaijan</u></p>

The typical deficiencies and implementation issues in compliance with SR. VIII

1. The lack or absence of comprehensive review of the risks in the NPO sector as a whole and the lack or absence of review of domestic laws and regulations related to NPOs.

Evaluation team comments:

- *“No review of the NPO carried out”*
- *“No specific review to identify any weaknesses in this sector that could give rise to terrorist activities”*
- *“Lack of the comprehensive review as well as regular update in relation to the vulnerability of NPOs to terrorist financing risks”*
- *“Lack of comprehensive domestic reviews on the whole NPO sector’s potential vulnerabilities to terrorist activities”*
- *“No review of the adequacy of legislation to prevent the abuse of NPOs for TF has been undertaken”*

- *“Lack of a fully comprehensive review of domestic NPOs in order to obtain a clear picture of all the legal entities that perform as NPOs, especially ones of potential high risk”*
- *“No review to understand the activities, size, and other relevant features of NPOs in order to determine the features and types of organisations that are at risk of being misused for FT”*
- *“The authorities have not carried out a review of the adequacy of their legislation and regulations concerning NPOs or regular*

The typical deficiencies and implementation issues in compliance with SR. VIII

2. The lack of outreach to the NPO sector on TF risks:

- *“No awareness raising programmes on the risks of NPO abuse by terrorist organizations have been adopted or implemented”;*
- *“Limited outreach program with the NPO sector on TF risks, which is not regular and does not cover comprehensively the scope and methods of abuse of NPOs, typologies and emerging trends”*

- *“No comprehensive outreach through awareness raising campaigns in the NPO sector, particularly with regard to potentially vulnerable NPOs”*
- *“No outreach conducted other than the publication of the FATF best practices paper to raise awareness about the risks of terrorist abuse”*
- *“Insufficient training and awareness concerning the CFT risks in the NPO sector”*

Other typical deficiencies and implementation issues:

- *Insufficient **targeted supervision or monitoring** of NPOs, especially those which control significant portions of the financial resources of the sector and substantial shares of the sector's international activities;*
- *No legal requirement to maintain, for a period of at least five years, **records of domestic and international financial transactions;***
- *No measures in place to **sanction***

Other typical deficiencies and implementation issues:

- *Lack of domestic cooperation and sharing of information related to NPOs between appropriate authorities;*
- *No measures or procedures in place to respond to international requests for information regarding particular NPOs that are suspected of TF or other forms of terrorist support;*
- *Weakness of registration requirements and lack of an adequate control mechanism to ensure that registers of NPOs are kept up to*¹²

Assessing the implementation of FATF SR.VIII - Positive note:

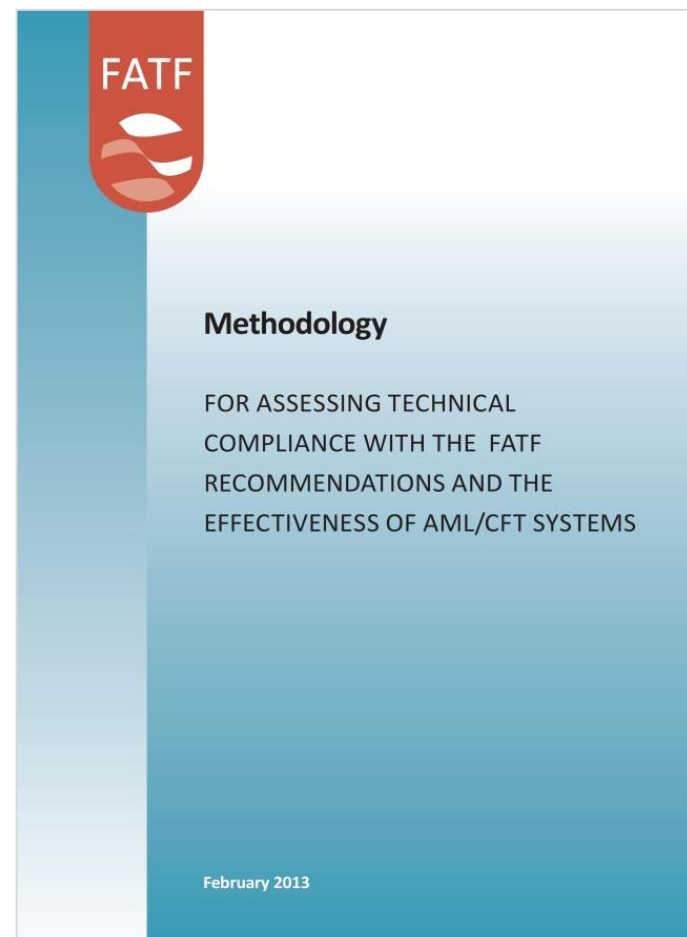
- Issues reflect situation as of **the time of the on-site visit**. Since then, countries reported that changes have taken place, which may have addressed some of the gaps already identified;
- There is a continued follow up of the developments by MONEYVAL under the **progress reporting procedures**, which requires countries to report on SR. VIII when it has been rated NC or PC;
- The 5th round of evaluations starting this year, among other things will **focus on significant issues** or issues of serious concern which resulted in SR. VIII being rated as NC or PC.

New FATF Methodology for the MONEYVAL 5th evaluation round

Emphasis on effectiveness

Risks

Resources



Immediate Outcome 10

Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector.

To what extent is IO10 achieved?

- To what extent, without disrupting legitimate NPO activities, has the country implemented a targeted approach, conducted outreach, and exercised oversight in dealing with NPOs that are at risk from the threat of terrorist abuse?
- What is the level of licensing or registration for NPOs? To what extent is a risk-sensitive approach taken to supervise or monitor NPOs at risk from terrorist abuse and appropriate preventive, investigative, criminal, civil or administrative actions and co-operation mechanisms adopted?
- How well do NPOs understand their vulnerabilities and comply with the measures to protect themselves from the threat of terrorist abuse?

NPOs: Targeted Approach, Outreach and Oversight

Preparation for the evaluation visit

- **Who will meet the evaluators?** (key government players, private sector)
- **What will they need to demonstrate?** (key government players, private sector)
- **How will they do it?**(results of risk assessment, sanction taken, etc.)

NPOs: Targeted Approach, Outreach and Oversight

Preparation for the evaluation visit

- **Who?** NPOs Working Group

What?

- Necessary legal framework
- Mechanisms to
 - coordinate, share and analyse information between the different authorities
 - apply targeted approach for oversight of NPOs
- Effective and appropriate use of those mechanisms
- Good understanding of their obligations by NPOs

NPOs: Targeted Approach, Outreach and Oversight

Preparation for the evaluation visit

How?

- Internal procedures manuals etc.
- Statistics and case histories on
 - NPO registrations and sectorial profiles
 - enforcement proceedings
 - STRs
 - findings of on-site inspections
 - international cooperation requests
- Evidence of outreach
- Feedback from NPOs

NPOs: Targeted Approach, Outreach and Oversight

Preparation for the evaluation visit

General Information

- Size of the NPO sector
- Types of NPOs:
 - ✓ Local NPOs
 - ✓ Branches of foreign NPOs
 - ✓ Charitable organizations
- Basic features and activities of NPOs
- Main sources of funding:
 - ✓ International organizations and NGOs, foreign governments
- Authorities in charge of supervising and monitoring the activities of NPOs

NPOs: Targeted Approach, Outreach and Oversight

Preparation for the evaluation visit

Registration

- Information obtained
 - ✓ Management structure
 - ✓ Decision-making procedure
 - ✓ Identity of managers, legal representatives, board members
- Information verified and updated
 - ✓ **Evidence:** figures and case studies on the registration of NPOs cancelled or suspended due to inaccurate information or suspicion of forgery of documents
- Easy access to information
 - ✓ Publicly available online registry/database
 - ✓ Foundation documents (charter) attached in the

NPOs: Targeted Approach, Outreach and Oversight

Preparation for the evaluation visit

Risk-Based Supervision

- ❑ Sector-specific Risk Assessment
 - ✓ Methodology for data-gathering and analysis
 - ✓ Sources of information: data provided by regulators, FIU and LEAs; typology reports; surveys; interviews with NPOs, etc.
- ❑ NPOs at greater risk: charitable organizations
 - ✓ Annual financial and activity reports (examples)
 - ✓ On-site and off-site inspections (frequency and findings)
 - ✓ Sanctions (number, type and amount)
- ❑ Outreach
 - ✓ Guidance documents

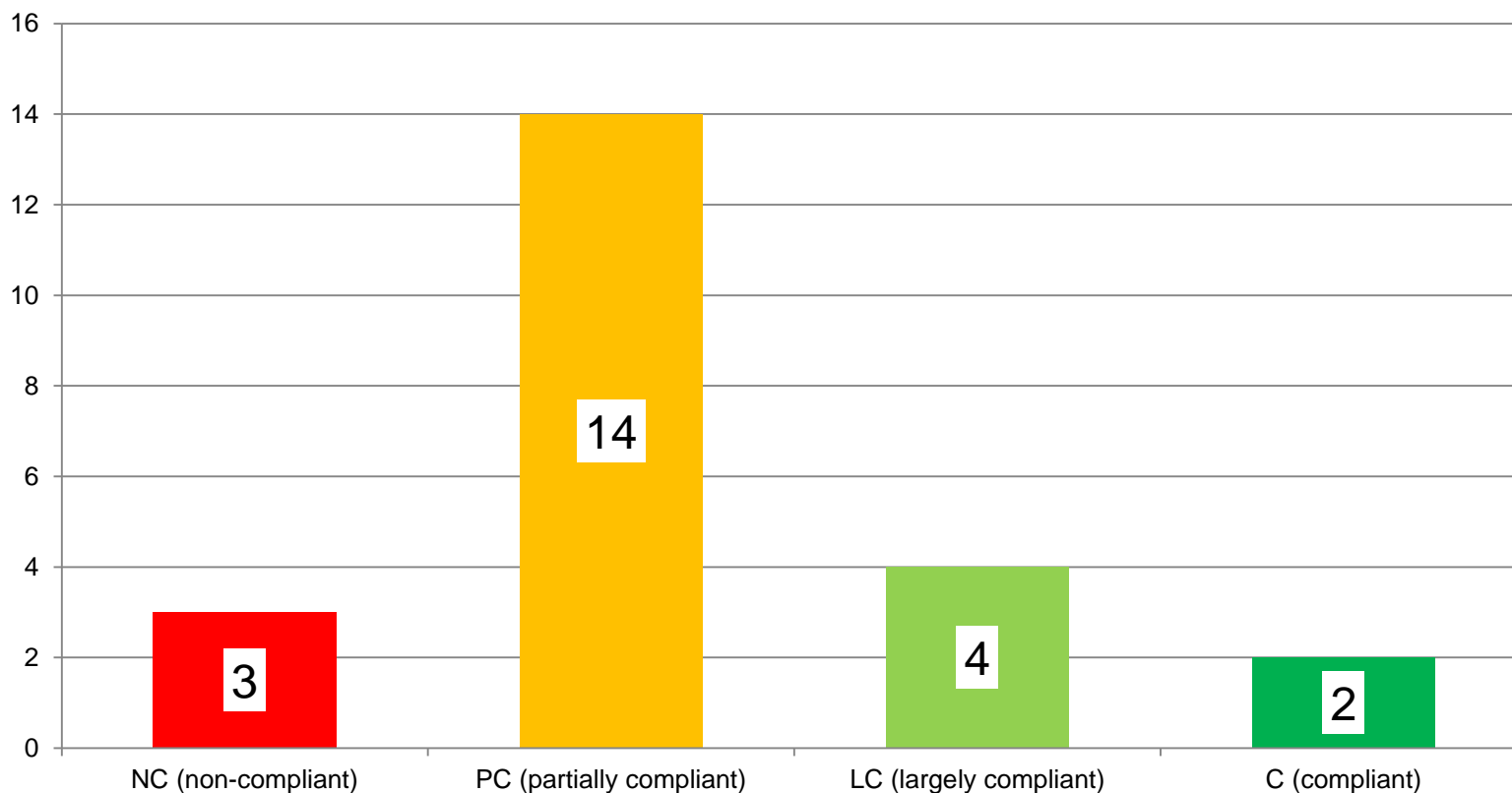
NPOs: Targeted Approach, Outreach and Oversight

Preparation for the evaluation visit

Coordination Mechanisms

- Inter-agency cooperation mechanisms
 - ✓ Sharing of information
 - ✓ Development of AML/CFT policies
 - ✓ Reviewing the adequacy of laws
 - ✓ **Evidence:** strategies and actions plans developed, legislation initiated, number and records of meetings held, etc.
- Bilateral cooperation mechanisms
 - ✓ Exchange of data
 - ✓ Regular consultative meetings
 - ✓ Providing access to databases
 - ✓ **Evidence:** case studies, number and records of

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More information on protection of NPOs from of terrorist abuse:

