

## FOR IMMEDIATE RELEASE.

### Partnership in non-profit risk assessments for terrorism financing purposes is possible: North Macedonia leads the way.

Association Konekt

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**Skopje, North Macedonia, 11 June 2021.** Governments are required by the Financial Action Task Force to assess if the non-profit sector is at risk of terrorism financing and money laundering. But to do that meaningfully they need to collaborate with the non-profit sector. The Government of North Macedonia recently completed a non-profit risk assessment process and showed that such effective collaboration is possible.

To share the good practices of this and other processes, the Financial Intelligence Office of the Republic of North Macedonia in cooperation with Association Konekt and ECNL convened 90 participants from 22 jurisdictions representing governments, the Financial Action Task Force regional body Moneyval, banks and non-profit organisations.

The convening highlighted that anti-money laundering and countering financial terrorism (AML / CFT) processes have a significant impact on the non-profit sector. They also require multiple resources and expertise from the governments to ensure adequate and risk-based implementation of relevant international standards, without hampering legitimate non-profit activities.

Opening the event, Mr Stevo Pendarovski, the President of North Macedonia said: *"..our main concern must be to not disturb the delicate balance between national security and freedoms as a supreme value."*

Mr Blazi Trendafilov, Director of the Financial Intelligence Unit highlighted the importance of the Macedonian risk assessment process and the collaboration with the sector. *"Non-profit organizations are the mirror of democracy. Our duty is to protect them."* he said.

Ms Katerina Hadzi-Miceva Evans, ECNL's Executive Director noted that *"the story of the FATF has to be seen beyond the technical compliance with its recommendations. It should also be a story of partnership that must be nurtured."*

Participants highlighted that it is important to look at the unintended consequences of AML/CFT measures for the sector as we continue to work on the mutual evaluations. It is not enough to put things on a paper as a standard only, but to also have champions for the non-profit community as well as participation at all stages. The triangulation between governments, non-profits and banks needs to be one of true partnership to avoid negative consequences. FATF evaluations are more than about scoring. Engaging the non-profit sector is a smart and effective thing to do to reach the goals, and such engagement needs to be formalised in all risk assessment and mutual evaluation processes.

The non-profit risk assessment in North Macedonia identifies as low-medium risk only a small subset of the NPO sector (13%). The rest of the NPO sector is qualified as low risk. An array of mitigation measures and preventive activities are being implemented through cross-sector collaboration. The NPO sector aims to build resilience and to contribute to the overall AML/CTF system while the institutions should create enabling measures that will not impede the development of the NPOs.

ECNL and Association Konekt are committed to engaging with the governments to ensure partnerships between all sectors in AML/CFT risk assessment processes. Only by respecting human rights, fundamental freedoms and risk-based approach, countries can achieve effective and sustainable counter-terrorism and anti-money laundering results.

## About

**Association Konekt** stimulates and promotes private giving and social responsibility aimed at effective and long-term development of North Macedonia and the region. Konekt manages a CSO financial sustainability Network of 111 members. Special focus of its work includes development of cross-sector partnership in which stakeholders create mutual solutions to challenges they face.

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**European Center for Not-for-Profit Law Stichting (ECNL)** is the leading European research center in the field of policies and laws affecting civil society. Based in the Hague, we empower civil society through creating enabling legal and policy frameworks and work so that organisations, activists and movements have the legal and practical knowledge, skills and capacity to defend their spaces and freedoms.

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