

FATF UNINTENDED CONSEQUENCES (UIC) PROCESS:

USER-FRIENDLY GUIDE

AUGUST, 2025



European Center for
Not-for-Profit Law

What is this about?

The Financial Action Task Force (FATF) has created a new procedure to address situations where countries implement anti-money laundering rules in ways that **unintentionally harm legitimate nonprofit organisations (NPOs)**. This guide explains **how the process works and where you can have the most impact**.

This process is designed to be responsive to civil society concerns. The inclusion of NPO community input and the ability to propose solutions means your voice could directly influence outcomes. The key is strategic timing, strong evidence, and building the right coalitions to trigger and sustain the process.

Key players

- **FATF:** International body setting anti-money laundering standards
- **FSRBs:** Regional bodies (like APG, MONEYVAL) that work with FATF
- **ECG/ICRG:** FATF committees that review country compliance with standards
- **NPOs:** Nonprofit organizations affected by these processes and standards
- **Reporting Parties:** FATF members, FSRB members, IMF, World Bank

Process flow

PHASE 1: TRIGGERING THE PROCESS, **HIGH IMPACT POINT**

Step	What happens?	Who's involved?	Your opportunity
1.1	Two qualifying parties must report the same UIC issue (WB, IMF or member state)	FATF member + another qualifying party For FSRB countries: FSRB/FATF member + another party	BUILD COALITIONS: Work with multiple stakeholders to ensure reports come from different qualifying parties

Process flow

PHASE 2: INITIAL REVIEW, MODERATE IMPACT POINT

Step	What happens?	Who's involved?	Your opportunity
2.1	ECG Co-Chairs conduct prima facie review	ECG Co-Chairs, FATF Secretariat	PROVIDE STRONG EVIDENCE: Ensure reports contain detailed, substantive information
2.2	Secretariat gathers information from all parties	Affected country; Reporting parties; NPO community representatives	NPO VOICE: This is your chance to provide direct input to FATF

WHAT INFORMATION GETS CONSIDERED:

- Trigger party reports and evidence
- Country's response
- **NPO community input (including from affected country)**
- Previous FATF assessments
- International institution reports
- **Trigger party recommended solutions**

PHASE 3: DECISION, HIGHEST IMPACT POINT

Step	What happens?	Who's involved?	Your opportunity
3.1	If threshold met: Decision paper circulated	All FATF delegations	ADVOCATE WITH DELEGATIONS: Engage with your country's FATF delegation before meetings
3.2	ECG/ICRG considers potential actions	ECG or ICRG committees	PROPOSE SPECIFIC SOLUTIONS: Influence what actions are recommended

Process flow

POSSIBLE ACTIONS (FROM WEAKEST TO STRONGEST):

1. **Request country reporting** on steps to resolve
2. **Technical compliance re-rating** requirement
3. **Public statement** about the country
4. **Enhanced measures** (serious consequences)
5. **Referral to regional body** (for FSRB members)

PHASE 4: FINAL DECISION, **MODERATE IMPACT POINT**

Step	What happens?	Who's involved?	Your opportunity
4.1	ECG/ICRG recommends action to Plenary	FATF Plenary (all members)	BROADER ADVOCACY: Engage with all FATF member countries
4.2	Plenary approves and directs country action	All FATF members	MONITOR IMPLEMENTATION: Track whether country follows through

Special situations

COUNTRY IS UNDERGOING ASSESSMENT

- UIC reports go directly to **assessment team**
- Considered as part of **mutual evaluation**
- **OPPORTUNITY:** Engage with assessors early in process

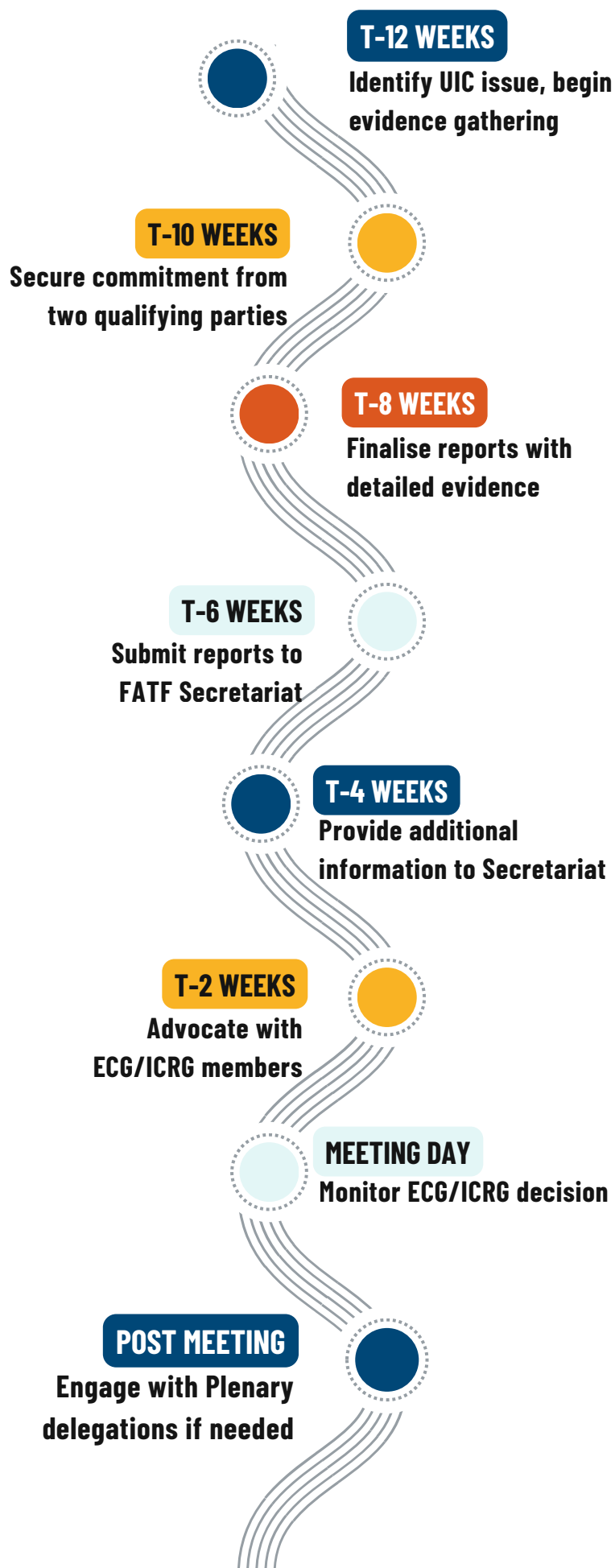
COUNTRY IS ON "GREY LIST" (ICRG)

- **ICRG Co-Chairs** lead instead of ECG
- Can modify **action plans** and **public statements**
- **OPPORTUNITY:** Push for UIC considerations in action plan modifications

Strategic intervention points

1. **Before Reporting:** Build coalitions with qualifying parties (member states, IMF, WB)
2. **During ECG/ICRG Decision:** Advocate with committee members
3. **Solution Design:** Propose specific, actionable remedies
4. **Information Gathering:** Provide comprehensive evidence to Secretariat
5. **Plenary Stage:** Engage with all FATF member delegations
6. **Implementation:** Monitor and advocate for proper follow-through
7. **Early Detection:** Identify UIC issues before they escalate
8. **Documentation:** Build evidence base of NPO impacts
9. **Relationship Building:** Develop contacts within FATF ecosystem

Timeline






Success factors

STRONG REPORTS INCLUDE:

- Specific laws/regulations causing harm
- Clear evidence of impact on legitimate NPO activities
- Connection directly to FATF standards (not just Recommendation 8)
- Proposed solutions
- Support from affected NPO community

EFFECTIVE ADVOCACY:

- Coordinate with multiple stakeholders
 - Time submissions strategically
 - Provide technical expertise to delegations
 - Offer concrete solutions, not just complaints
 - Build relationships across the FATF network
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