

Project: Support to national efforts in conducting Non-Profit Organisations (NPO) Sector Terrorist Financing Risk Assessment in line with FATF Recommendation 8
Donor: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH/ GIZ Global Program Combating Illicit Financial Flows
Implementer: Association Konekt Skopje, North Macedonia
Country: North Macedonia
Contract number: 81249502

Note: Information on the application procedure defined in the Call for Proposals.

Terms of Reference

Expert services in NPO Sector Terrorist Financing Risk Assessment in North Macedonia.

Background

The Financial Action Task Force (FATF) sets global standards on countering money laundering and terrorist financing. Its policy on mitigating the terrorist financing (TF) risk to NPOs is set out in Recommendation 8 (R8) and, in part, in Immediate Outcome 10 (IO.10). These require that jurisdictions identify whether and which NPOs are at risk of terrorist abuse and target their measures to mitigate identified risks.

However, FATF evaluations show a very low compliance rate on R8. The core requirement of R8 is that countries undertake a terrorist financing risk assessment of their non-profit organizations (NPO) sectors. Analysis of FATF evaluations reveals close correlation between poor risk assessments and poor ratings for R8¹. At the root of this poor performance is a lack of guidance.

Most countries neither understand the true terrorist financing risks in a vital and complex sector, nor know if the measures that they are taking are effective in mitigating that risk.

Brief information on the project

The project aims to ensure the proper implementation of FATF Recommendation 8 whilst removing the potential for misuse of FATF standards to constrain civic space thus improve the effectiveness of the state to comply with the requirements imposed by the international standards and FATF and MONEYVAL recommendations.

The identification of the features, types and nature of particular risks and threats for TF through the NPO sector will enable the state to develop targeted and more effective mechanisms for prevention and control thus improving compliance with FATF requirements, reducing risks and abuse of the sector as well as protecting the enabling environment for civil society. Specific objectives of the project include:

- Support the key stakeholders (public institutions and NPOs) in conducting NPO sector terrorist financing risk assessment in participatory process with inclusion of NPO sector and towards informed policy making
- Raise awareness and improve understanding on the threats and potential FT risks in the NPO sector
- Facilitate dialogue between the relevant institutions and the NPO sector in this area

¹ Analysis can be provided on request. The analysis of 53 evaluations found only 10 where a satisfactory risk assessment had been completed; and only 15 where a satisfactory review of mitigating measures was completed.

Context

Republic of North Macedonia has developed policy framework in this area most notably with the Law on preventing money laundering and financing terrorism (new version of the law adopted in 2018) and the Strategy for combating money laundering and financing terrorism 2018-2020 and accompanying Action plan. These documents identify the potential risks of the non-profit sector in financing terrorism and have incorporated set of measures including raising awareness, risk analysis of the sector, analysis of the control mechanisms of the sector and building capacities of the stakeholders to prevent and identify potential terrorism financing. The latest Report² of the Committee of experts on the evaluation of anti-money laundering measures and the financing of terrorism (MONEYVAL) on their fourth assessment visit from 2014 has assessed the country as Partially Compliant (PC) on the Special Recommendation 8 which relates to NPOs.

NPOs³ in North Macedonia are still perceived as particularly vulnerable to misuse for money laundering and in particular of financing terrorism, and at times there seems to be lack of understanding by the institutions and the banking sector about the work of the NPOs and in particular the fundraising from philanthropic resources. The sector is often described as non-transparent and with lack of control by the state with indications of potential revisions on the basic NPO legislation.

This is an important moment to engage as North Macedonia will be up for evaluation by the MONEYVAL under Council of Europe currently planned for 2021. The Government has prepared national risk assessment to comply with the FATF⁴.

The leadership of the Financial Intelligence Unit (FIU) expressed their openness for cooperation and commitment to implement a NPO risk assessment methodology supported by the project that will be based on participatory principles and will include the NPOs in the process. In cooperation with FIU the project is forming a working group comprised of institutions and CSOs which will work on the **NPO Sector Terrorist Financing Risk Assessment in North Macedonia**.

Purpose of the assignment

The scope of work of the expert tenderer is **design and facilitation of the implementation of an NPO Sector Terrorist Financing Risk Assessment methodology**. It is expected that the Methodology is:

- fully aligned with FATF standards and guidance, providing additional guidance and specific tools where needed to facilitate implementation of FATF R8;
- based on collaborative approach between the host government institutions and NPO sector, and to be implemented by a local risk assessment team which includes full, equal membership of NPO/CSO representatives;
- contextualized to local circumstances, practical, dynamic and case work oriented.

² Report on 4th assessment visit of “the former Yugoslav Republic of Macedonia”, Committee of experts on anti-money laundering measures and the financing of terrorism (MONEYVAL), 2014

³ As identified in the MONEYVAL evaluation, the non-profit sector comprises mainly associations and foundations i.e civil society organizations.

⁴ Report of conducted National Risk Assessment of money laundering and financing of terrorism, Government of RM, 2016

Scope of work

The contractor shall provide the following work/service:

1. **Develop a context specific NPO Sector Terrorist Financing Risk Assessment methodology** in line with FATF recommendation and methodology to be implemented by the local assessment team with the contractor's support.

2. **Support and facilitate the implementation of the methodology** by:

- providing clear operational steps for implementation of the methodology and risk assessment;
- providing guidelines and supporting consultative process and involvement of relevant institutions and other stakeholders;
- conducting training(s) in Skopje of the local assessment team in implementation of the methodology;
- supporting data collection processes in the risk assessment;
- providing structure of the risk assessment report;
- review of the reports, developing recommendation for its improvement and finalization.

Outputs/ Deliverables

1. Comprehensive Methodology on NPO Sector Terrorist Financing Risk Assessment compliant with FATF methodology;
2. Developed design of capacity building programme or equivalent;
3. Prepared operational materials and deliverables from the tasks (outlines, agendas, data collection grids, presentations and other relevant materials as adequate);
4. Defined guidelines and provided advisory support throughout the implementation of the methodological framework;
5. Defined comments and provided advisory support for the drafting of the report on NPO Sector Terrorist Financing Risk Assessment;
6. Report from the tasks.

Working days and dynamics of implementation

First field mission in Skopje, North Macedonia is expected to be implemented in the week of 17-21 Feb 2020. All task and deliverables shall be completed by early July 2020;

The task will be executed by a key expert and non-key expert/s as needed with total of 45 days.

Service provider profile

- Legal entity;
- Background in NPO law or supervision;
- Possesses expertise and tested methodology on collaborative NPO Sector Terrorist Financing Risk Assessment applicable to respective context for task delivery;
- Experience in working with similar tasks;
- Access to tools on NPO risks assessment compliant to FATF methodology and best practices in the field of interest;
- Extensive experience in developing and delivery of capacity building programmes on TF risk assessment for NPOs to state institutions and other stakeholders.

Qualifications of the key expert

- At least 10 years of educational and professional background in AML/ TF field, research, analysis, risk assessment and/or investigation work, law enforcement, intelligence gathering and analyzing;

- Extensive advisory and consultancy providing experience to governmental and civil sector;
- Experience in working on risk assessments and/or similar methodologies connected to CSOs/NPO in the region of Western Balkan, especially in North Macedonia would be an advantage;
- Specific professional experience in institutions related to AML/TF specific to the NPO/CSO sector would be an asset;
- Extensive knowledge of the FATF FSRBs review process and mechanisms;
- Knowledge and experience in working with the key international organisations/ the standard setters for combating illicit financial flows, like the FATF, OECD, World Bank, UNODC etc;
- Professional experience in working with different audiences and providing same/similar trainings and other advisory or capacity building measures;
- Ability to work with tight schedules and delivering the services with the given time frame.

Additional requirements and conditions

Costs: Travel cost for International flights, local taxi transportation and per diems for field missions in Skopje are covered by the project as well as logistics for activities (venues, equipment, printing materials etc.).

Rights: each contractual party shall remain the owner of any intellectual and industrial property rights (including but not limited to inventions, patents, trademarks, utility models, design patents, copyrights, topographical rights, database rights, know-how, trade secrets and similar rights anywhere in the world) ("IP") which that party owns at the time of signing the Agreement ("Background IP").