

Voices from the field

Argentina's Key Challenges in Implementing FATF Recommendation 8

On 20-21 August 2024, Buenos Aires hosted a crucial workshop that brought together representatives from the government, financial institutions, NGOs and the private sector, to review Argentina's progress and challenges in implementing the Financial Action Task Force (FATF) Recommendation 8. This recommendation focuses on preventing the misuse of non-profit organisations (NPOs) for terrorist financing.

The workshop provided a unique opportunity to assess where the country stands in identifying and mitigating risks associated with terrorist financing, share experiences, and plan the next steps to achieve better compliance with international standards.

Progress and Challenges in Risk Assessment

Under Recommendation 8, **having a solid and up-to-date risk assessment is critical to ensure that NPOs are not used as vehicles for terrorist financing.** Argentina, aware of this responsibility, has taken significant steps in recent years, adopting a proactive approach to review its system and adjust its regulatory framework.

In December 2023, in the framework of the technical assistance provided by the EU Global Facility on AML/CFT, **Argentina approved its first ever Terrorist Financing Risk Assessment Report of the non-profit sector.** Developed by the National Coordination Committee on AML/CFT together with Civil Society Organisations, the report has since been shared in outreach to the sector.

Victoria Vanetta, a representative of the Argentine Network for International Cooperation (RACI), emphasised the importance of civil society's involvement in these processes, highlighting that *"the perception of terrorist financing risk among civil society organisations varies greatly. While some*

organisations are highly professionalised and aware of the risks, others, especially smaller or more remote ones, see it as a distant problem." This diversity in risk perception complicates the implementation of uniform and effective measures across the sector.

Vanetta also stressed the need to strengthen coordination and communication among organisations. *"Our goal as a network is to democratise information and encourage the adoption of best practices. We want organisations, regardless of their size or location, to be better prepared to face these challenges."*

Collaboration: Key to A Successful Process

From the financial sector's perspective, Diego Scaldaferri, Anti-Money Laundering Manager at BIND Banco Industrial, highlighted the crucial role that banks play in supporting national efforts to assess and mitigate risks. *"As a bank, we interact directly with non-profit organisations in their daily operations, and we evaluate the associated risks based on our knowledge. The more we understand the purpose for which these organisations are established, the clearer we are about how funds are being used,"* Scaldaferri explained.

“ 50% of countries in Latin America have a partially compliant rating in this area.”

Scaldaferri emphasised that workshops like the one held this week are highly productive for all parties involved. *"You gain a 360-degree view of the needs and risks that organisations face and how they interact with the financial system. It's incredibly*



Participants in the national workshop were drawn from the government, the non-profit and private sector, as well as financial institutions. © All photos 2024/Subdirección de Comunicación y Prensa UIF Argentina

enriching in terms of knowledge and understanding the different perspectives," he added.

In an interview with the EU Global Facility, Juan Cruz Ponce, Deputy Executive Secretary of GAFILAT, noted that Recommendation 8 remains one of the most challenging areas for many countries in the region.



Mr Scaldaferrri (right) represented the BIND - Soluciones Financieras in the workshop.

"Fifty percent of countries have a partially compliant rating in this area, which highlights the urgent need to strengthen technical assistance," he noted.

He commended Argentina's great efforts in this domain, pointing out that "the country has reacted quickly to recent changes, reviewing its system and adopting a sectoral risk assessment. This proactive approach is an example for other countries in the region."

Looking Ahead: Argentina as the Region's Model?

As the workshop concluded, Victoria Vanetta expressed optimism, saying, "I hope these efforts lead to more streamlined and clear processes. Argentina's regulatory environment can be complex, and often, new requirements are added without fully considering their cumulative impact. Simplifying these processes and

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ensuring better communication between government agencies is key."

Juan Cruz Ponce reiterated the importance of having a solid legal framework and a robust risk assessment in place. "Having the law is a positive step, but it's crucial to continue refining the analysis and ensuring that all stakeholders are aware of their roles and responsibilities."

As Argentina continues on this path, the commitment and collaboration of all sectors—government, financial institutions, civil society, and international organisations—will be essential in achieving results in the fight against terrorist financing and ensuring the security and integrity of the NPO sector.



Mr Ponce (centre) opened the workshop alongside UIF Chief of Cabinet Javier Fernández and Mamuka Jgenti, EU Global Facility Key Expert

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