



# NON-PROFIT ORGANISATIONS TERRORIST FINANCING RISK ASSESSMENT REPORT



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*Signed:*

  
*Director, Financial intelligence Unit*

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## TABLE OF ACRONYMS

|         |   |
|---------|---|
| AML/CFT | - Anti-Money Laundering and Countering the Financing of Terrorism |
| CFATF   | - Caribbean Financial Action Task Force                           |
| FATF    | - Financial Action Task Force                                     |
| FIU     | - Financial Intelligence Unit                                     |
| ML      | - Money Laundering  |
| NPO     | - Non-Profit Organisation   |
| NRA     | - National Risk Assessment  |
| PF      | -Proliferation Financing  |
| RA      | - Risk Assessment   |
| RFS     | - Registrar of Friendly Societies                                 |
| SOCU    | - Special Organised Crime Unit                                    |
| SA      | - Supervisory Authority   |
| STR     | - Suspicious Transaction Report                                   |
| TF      | - Terrorist Financing   |
| TPR     | - Terrorist Property Report                                       |

## INTRODUCTION

This Non-Profit Organisations Terrorist Financing Risk Assessment is a product of analyses of qualitative and quantitative information (i.e. statistics and data, documents, local and international reports, information from closed and open sources, and relevant competent authorities) within the Cooperative Republic of Guyana.

Conducting this risk assessment was a necessary step taken by the **Financial Intelligence Unit (FIU)** to assist policy makers (at the national level), regulators, other competent authorities and NPOs to understand the Terrorist Financing (TF) threats and vulnerabilities of the NPO sector and to implement mitigation measures to address the risks identified. Since not all NPOs are at risk for TF abuse based on the nature of charitable activity of the organisation, the aim is to apply a risk-based approach rather than a one size fit all approach.

This risk-based approach is in keeping with the Recommendation 8 of the Financial Action Task Force (FATF) standards, which requires countries, *to among other things*, conduct, a review of the NPOs sector, determine the adequacy of the laws and regulations in place, and to identify those NPOs which are most at risk for TF abuse. For this assessment, the Financial Action Task Force (FATF)<sup>1</sup> definition of a NPO was applied. To this end, a NPO refers to ‘a legal person or arrangement or organisation that primarily *engages in raising or disbursing funds* for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of “good works”<sup>2</sup>.

Research has shown that, while non-profit organisations serve important roles in society by meeting specific needs of individuals and groups through the various activities carried out through them, they are not immune to misuse for money laundering or terrorist financing purposes. The misuse of a NPO can occur knowingly or unknowingly through donors, management staff, shell NPO to funnel, transfer, or provide funding to terrorists or terrorist organisations<sup>3</sup>.

It is against this background, that prioritising this TF risk assessment was premised. This is notwithstanding that in Guyana, there has not enough evidence to support a conclusion that the TF activities are prevalent or that the TF risk is high.

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<sup>1</sup>The Financial Action Task Force (FATF), the inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction.

<sup>2</sup> Best practices paper on combating the abuse of non-profit organisations recommendation 8, 2015, page 7; [www.fatf-gafi.org](http://www.fatf-gafi.org).

<sup>3</sup> <https://www.fatf-gafi.org/en/publications/Financialinclusionandnpoissues/Public-consultation-npo-r8.html>

## OBJECTIVES

1. To identify, assess, and understand the TF risk associated with the NPO sector in Guyana;
2. To identify gaps in the legal and regulatory framework with an aim to strengthen and / or remedy such defects;
3. To inform national policies and strategies aim at addressing the TF vulnerabilities within the NPO sector;
4. To guide competent authorities, at all levels and the NPOs, in developing and implementation a risk-based TF regime and supervision of NPOs and mitigating the TF risks identified;
5. To guide competent authorities in the allocation and prioritisation of financial and human resources proportionate to TF risk identified.

## METHODOLOGY

The methodology employed for this NPO-RA was based on guidance from Recommendation 8 of the Financial Action Task Force (FATF) Standards and the World Bank NPO Risk Assessment Tool.

This exercise was conducted by the FIU with input from a number of relevant competent authorities, including the Deeds and Commercial Registries, the Attorney General's Chambers, the Special Organised Crime Unit and the Department of Friendly Societies of the Ministry of Labor. The period of assessment was from 2016 to 2019. However, at the time of compiling this report, additional and/or updated information (as at November 2022), was received from relevant competent authorities and same was considered in this assessment.

The main research methods utilised included the following:

- *Distribution of questionnaires to a sample from the list of active NPOs provided by the Department of Friendly societies, the Financial Intelligence Unit and Guyana Police Force-Special Organised Crime.*
- *Distribution of questionnaires to Financial Institutions (Commercial Banks and licensed Money Transfer Agencies).*
- *Targeted Interview with Registrars of the NPO Sector in Guyana.*
- *Information from Guyana's First and Second NRA reports.*
- *Examination of the laws and regulations governing the Sector.*
- *Examination and analysis of statistics from law enforcement agencies.*
- *Analysis of data received by FIU.*

- *Open-source research (e.g. example, newspaper articles, typologies, reports from international bodies-Financial Action Task Force (FATF) 40 recommendations, Caribbean Financial Action Task Force (CFATF)-Follow-up Reports for Guyana, Guyana Mutual Evaluation Report, other reports from World Bank.*

The risk assessment was conducted using the following four steps:

- *A mapping exercise to identify all NPOs that could meet the FATF definition and collect information about these FATF NPOs.*
- *Assessment of the evidence of the level of terrorist financing abuse of NPOs.*
- *Assessment of the inherent risk of FATF NPOs.*
- *Assessment of the effectiveness of mitigating measures (for all FATF NPOs).*

## CHALLENGES

In conducting this assessment, we experienced major challenges with respect to data collection, timeliness and completeness of questionnaires which resulted in the lack of information from some competent authorities. The overall response to questionnaires from NPOs was low, limiting the quality of information relating to asset size or financial status of many NPOs.

Some public agencies indicated that data or information requested was not recorded (internally) in a manner that could allow for speed or adequate response to certain questions. The team recognises that in many cases the responses to specific question may not have been completed for the valid reasons of non-availability of data.

As a result of these challenges, the findings and analyses of this report does not represent a disaggregated view of the NPOs' by activity type. The research findings and information revealed in this report are based on the response received and from the expert opinion and value judgement of the contributors from the NPO sector for each category by registration type. The report must therefore be considered and interpreted in the context of these limitations.

## SUMMARY OF KEY FINDINGS

The assessment considered the overall TF inherent risk of the NPO sector to be **Low** for reasons which will be elucidated below. The overall ratings TF threat and inherent vulnerability for the NPO sector were also assessed as **Low**.

The mitigation measures vary across the NPOs medium high for Friendly Societies and NPO Companies and medium low for Trusts. See summary of assessment ratings in table 1 below:

The assessment revealed that while there are clear laws and regulations in place with respect to the Friendly Societies for AMLCFT purposes as a whole, there is need for clearer guidelines on

the implementation of Recommendation 8 of the FATF standards, as they relate specifically to TF risk. The application of preventative measures should be more of a risk-based approach, rather than a one size fit all approach.

| <b>TABLE 1</b>                       |             |             |          |             |                                       |
|--------------------------------------|-------------|-------------|----------|-------------|---------------------------------------|
| <b>SUMMARY OF ASSESSMENT RATINGS</b> |             |             |          |             |                                       |
| <b>Friendly Societies</b>            |             |             |          |             | <b>Comments</b>                       |
| Evidence of the level of TF abuse    | <b>0.2</b>  |             |          |             | Low - consistent across all variables |
| Inherent Risk                        | Threat      | <b>0.20</b> | Inherent | <b>0.32</b> |                                       |
|                                      | <b>0.20</b> |             |          |             |                                       |
| Quality of mitigating measures       | <b>0.72</b> |             |          |             | High                                  |
| <b>NPO- Companies</b>                |             |             |          |             |                                       |
| Evidence of the level of TF abuse    | 0.2         |             |          |             |                                       |
| Inherent Risk                        | Threat      | 0.20        | Inherent | 0.32        |                                       |
|                                      | <b>0.20</b> |             |          |             |                                       |
| Quality of mitigating measures       | <b>0.63</b> |             |          |             | High                                  |
| <b>NPO- Trusts</b>                   |             |             |          |             |                                       |
| Evidence of the level of TF abuse    | 0.2         |             |          |             |                                       |
| Inherent Risk                        | Threat      | 0.20        | Inherent | 0.32        |                                       |
|                                      | <b>0.20</b> |             |          |             |                                       |
| Quality of mitigating measures       | <b>0.43</b> |             |          |             | Low                                   |

## THE RISK ASSESSMENT

### THE MAPPING EXERCISE

The first task undertaken by this assessment was to obtain information on the number of NPOs existing in Guyana. The second task was to gather information on the nature and type of activity being conducted by each NPO. The aim of this task was to identify the subset of NPOs that falls within the FATF's definition.

The findings of the mapping exercise revealed that NPOs operate under three broad categories:

1. Registered Friendly Societies registered under and regulated by the Friendly Societies Act Cap. 36:04;
2. Not-For Profit companies registered under and regulated by the Companies Act Cap. 89:01; and  
Legal arrangements – whereby a Trust Deed is registered as a miscellaneous Deed under the Deeds Registry Act Cap. 5:01.

## Registered Friendly Societies

According to Guyana’s First National Risk Assessment exercise, the total number of societies registered under the Friendly Societies Act Cap. 36:04 was 1,121<sup>4</sup>.

However, information received from the Department of Friendly Societies (during an interview with the Registrar of that Department), indicated that the total number of societies registered at the time of this assessment was 1,061. A verification exercise was undertaken by the Department of Friendly Societies which found that of the 1,061 societies registered, 730 were inactive and 331 were active. See table 2 for a breakdown of the number by activity:

| TABLE 2                        |            |                                |           |            |             |          |           |
|--------------------------------|------------|--------------------------------|-----------|------------|-------------|----------|-----------|
| List Active Friendly Societies |            |                                |           |            |             |          |           |
| Regions                        | Total      | Types of Activities Undertaken |           |            |             |          |           |
|                                |            | Charitable                     | Religious | Social     | Educational | Cultural | Other     |
| 1                              | 1          |                                |           |            |             |          | 1         |
| 2                              | 4          | 1                              | 1         | 1          |             |          | 1         |
| 3                              | 18         | 2                              | 3         | 5          | 2           | 1        | 5         |
| 4                              | 226        | 27                             | 28        | 139        | 3           | 2        | 27        |
| 5                              | 22         | 2                              | 2         | 10         |             |          | 8         |
| 6                              | 21         | 1                              | 3         | 14         |             |          | 3         |
| 7                              | 4          | 1                              |           |            |             |          | 3         |
| 8                              | 0          |                                |           |            |             |          |           |
| 9                              | 3          |                                |           |            | 1           |          | 2         |
| 10                             | 32         | 2                              | 1         | 11         |             |          | 18        |
| <b>TOTAL</b>                   | <b>331</b> | <b>36</b>                      | <b>38</b> | <b>180</b> | <b>6</b>    | <b>3</b> | <b>68</b> |

Friendly Societies (FS) involved in social activities accounted for over 54% of the total active FS. FS involved in Other activities such as (Animal and Home Care, Transportation, Environmental) accounted for over 20% of the total active FS, Religious FS were approximately 12% of total active FS, whilst Charitable FS were approximately 11% of total active FS. Educational FS and Cultural FS combined were less than 3% of total active FS.

Of the total active FS, there were over 68% that were registered in region #4, approximately 9% in region #10, approximately 7% each in regions #5 and #6, whilst regions #1, 2, 3, 7 & 9 combined accounted for the remaining 9% of active FS. There was no registered FS in region #8. This was the only region with no registered FS.

<sup>4</sup> Information from the Guyana 1<sup>st</sup> NRA completed in April 2017.



Over 61% of the total active FS in region #4 were categorised as Social FS, whilst FS engaged in charitable, religious, and other activities were approximately 12% (each) of total active FS within region #4.

### Not-for-Profit Companies

The total 'Not-For Profit' companies registered under the Companies Act Cap. 89:01 was indicated as seen in Table 2. No information regarding the status of this category was provided (whether active or inactive). It was noted that where a company has not been struck off the register it is presumed to be active. Table 3 below provides a summary of the information obtained with respect to NPO-Companies:

| <b>Table 3</b>                          |              |
|---|--------------|
| <b>List of Not-for-Profit Companies</b> |              |
| <b>Category</b>                         | <b>Total</b> |
| Charitable                              | 66           |
| Cultural                                | 0            |
| Religious                               | 209          |
| Educational                             | 40           |
| Social or fraternal                     | 112          |
| Other types of "good works"             | 60           |
| <b>Overall Total</b>                    | <b>487</b>   |

Of the total NPO-Companies, over 42% were registered as Religious NPO-Companies, whilst approximately 23% were Social/Fraternal, approximately 14% were categorised as Charitable and approximately 13% were Other types of "good works". The remaining 8% were Educational NPO-Companies.

### Trust Deeds / Arrangements

The working group (WG) conducting this assessment received a list from the Deeds Registry which indicated the total number of Trust Deeds registered under the Deeds Registry Act Cap. 5:01 (as miscellaneous deeds) was 1076. The number of active and inactive trusts under this arrangement was not confirmed. The registration only requires that the document be registered to the satisfaction of the Deeds Registry Act, and there is a follow up mechanism to verify whether these arrangements or the activities are continuing or discontinued. The status (whether active or inactive) of these arrangements was therefore unclear.

Considering that the list includes Deeds registered since year 2000, it was the general belief of the WG that many of these entities were likely to be dysfunctional. Therefore, the consensus of the WG was that the total number does not accurately reflect the legal arrangements/ trusts that are active and functional.

It was found that those deeds were registered with identifiable names of organisations, formed by an individual or a group of individuals. It was explained that some of those deeds (i.e. the trust instruments) include a clause which sets out the constitution of members, including trustees. The Trustees are stated as being responsible for managing the funds or other assets of the “charitable activities” undertaken by the NPOs.

This form of registration, it was indicated, does not require the individual or members of the organisation to submit financial reports, statements or returns to the Registrar of Deeds. There is also no requirement to provide any report on their charitable or other activities. The table 4 below shows the number of Trust Deeds registered (for the period 2000 to 2019) and the activities said to be conducted by the individuals or groups establishing those arrangements.

## Trust Deeds / Arrangements

**Table 4**

**Trust Deeds**

**Year of Registration**

| Activity           | 2000      | 2001      | 2002      | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019       | Grand       |
|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-------------|
| Charitable         | 1         | 1         | 1         | 1         |           | 2         | 1         | 2         | 1         | 1         |           | 1         |           | 2         | 4         | 1         | 1         | 1         | 1         | 2          | 24          |
| Educational        |           |           |           | 3         | 2         |           |           | 5         | 5         | 5         |           | 1         | 4         | 3         | 3         | 2         | 4         | 1         | 4         | 6          | 48          |
| Religious          | 25        | 32        | 15        | 20        | 12        | 22        | 21        | 22        | 20        | 31        | 25        | 18        | 13        | 19        | 12        | 10        | 24        | 32        | 20        | 33         | 426         |
| Social             | 1         |           | 4         | 6         | 3         | 6         | 1         | 2         | 5         | 3         | 3         | 4         | 2         |           | 5         | 8         | 19        | 17        | 30        | 37         | 156         |
| Cultural           | 1         |           |           | 2         |           |           |           | 2         | 2         | 1         |           | 1         |           | 2         |           | 2         | 1         | 1         | 5         | 3          | 23          |
| Other              | 2         | 7         | 8         | 6         | 11        | 5         | 17        | 19        | 19        | 21        | 13        | 10        | 12        | 19        | 15        | 24        | 19        | 38        | 37        | 97         | 399         |
| <b>Grand Total</b> | <b>30</b> | <b>40</b> | <b>28</b> | <b>38</b> | <b>28</b> | <b>35</b> | <b>40</b> | <b>52</b> | <b>52</b> | <b>62</b> | <b>41</b> | <b>35</b> | <b>31</b> | <b>45</b> | <b>39</b> | <b>47</b> | <b>68</b> | <b>90</b> | <b>97</b> | <b>178</b> | <b>1076</b> |

Annual registration of NPOs under Trust Deeds ranged from a low of 30 in 2000 to a high of 178 in 2019. During the first 17 years (2000–2016) annual registration was relatively stable with registration ranging from a low 30 to a high of 68. In 2017 registration increased by over 32% from the year 2016. In 2018, the number of NPOs registered increased by 7 associations when compared with 2017, however, in 2019 registration almost doubled when compared with registration recorded in 2018. An increase of 81 or over 83% was recorded in 2019 relative to the prior year.

Particularly, religious NPOs under Trust Deeds accounted for approximately 40% of total registration over the 20 years. Next was the “Other” category, which accounted for approximately 37% of total registration, followed by Social/Fraternal category which was less than 15% of total registration. Charitable, educational and cultural combined made up the remaining 8% of total NPOs registered under a trust deed during 2000-2019.

It was believed that the formation of a NPO by Trusts may be more attractive given they are relatively easy to establish, since they involved less scrutiny to register with little or no requirement for follow-up regulatory measures.

Using the number provided from the various list, a summary of estimated NPOs registered is provided in table 5 below:

| <b>Table 5</b>              |                  |                    |                         |                   |                 |              |             |            |
|-----------------------------|------------------|--------------------|-------------------------|-------------------|-----------------|--------------|-------------|------------|
| <b>Total NPOs – Overall</b> |                  |                    |                         |                   |                 |              |             |            |
| <b>Category /Form</b>       | <b>Religious</b> | <b>Educational</b> | <b>Social/Fraternal</b> | <b>Charitable</b> | <b>Cultural</b> | <b>Other</b> |             |            |
| Friendly Societies          | 38               | 6                  | 180                     | 36                | 3               | 68           | <b>331</b>  | <b>17%</b> |
| Not for Profit Companies    | 209              | 40                 | 112                     | 66                | -               | 60           | <b>487</b>  | <b>26%</b> |
| Trusts Deeds / arrangement  | 426              | 48                 | 156                     | 24                | 23              | 399          | <b>1076</b> | <b>57%</b> |
| <b>Total</b>                | <b>673</b>       | <b>94</b>          | <b>448</b>              | <b>126</b>        | <b>26</b>       | <b>527</b>   | <b>1894</b> |            |
|                             | <b>35%</b>       | <b>5%</b>          | <b>24%</b>              | <b>7%</b>         | <b>1%</b>       | <b>28%</b>   |             |            |

Total NPOs under the 3 categories were 1,894, with those registered under the Trust Deed Laws accounting for over 57% and those engaged in religious activities accounting for over 35%, the highest per type and activity.

#### **Subset of NPOs most at risk for TF abuse**

Based on information obtained from the FIU, at the time of compiling this report, a total of 38 NPOs were registered with that agency. Of those 38 NPOs, 36 Societies were referred by the Friendly Societies, 1 NPO Trust arrangement, and 1 not-for-profit company, referred by the Deeds Registry and Commercial Registry respectively. These 38 NPOs registered were conducting either religious, cultural, social, humanitarian and educational activities.

The WG was informed that sensitisation sessions were held with all NPOs by the AMLCFT National Coordination Committee and training was provided by the FIU (in collaboration with the Department of Friendly Societies) on the expectations of the suspicious transaction and TF reporting requirements. No reporting obligation was introduced to those NPOs, as the FIU indicated that the enactment and implementation of a regulation for the NPO sector was being discussed and the agency was awaiting that regulation to determine the application of reporting and /or regulatory requirements for NPOs.

## ASSESSMENT OF THE EVIDENCE OF THE LEVEL OF TERRORIST FINANCING ABUSE OF NPOS.

For this section of the assessment, the WG reviewed the National Risk Assessment (NRA) reports completed by Guyana during 2017 and 2021, respectively, information gathered from questionnaire responses from the Guyana Police Force-Special Organised Crime Unit (SOCU), the Financial Intelligence Unit (FIU), interviews were also conducted with experts and other persons from the sector.

According to the NRA report<sup>5</sup> of 2021, the FIU did not receive any suspicious transaction reports (STRs) related to TF for the years, 2016, 2017 and 2020. However, three (3) STRs were received in 2018 and seven (7) in 2019. The report further stated that over the period 2016 to 2020, the FIU forwarded fifteen (15) TF intelligence reports including follow-up reports to the Special Organised Crime Unit (SOCU) for investigation. However, none of the FIU intelligence reports resulted in any case of Terrorist Financing or Terrorism being established by SOCU based on their investigation.

Based on information gathered (from the NPO questionnaires) with respect to investigation by the SOCU, fifteen (15) TF investigations were undertaken by that unit but none of those TF investigations resulted in a prosecution or conviction.

The NRA report also stated that between 2016 and 2020 the Special Branch of the Guyana Police Force received nine (9) reports of suspected terrorism and seven (7) investigations were conducted. There was one terrorism prosecution which resulted in a conviction<sup>6</sup>.

Based on the responses from the NPOs that completed the questionnaire, those organisations operate with certain levels of integrity with no incidence of TF or Terrorism activity being identified within the NPO sector.

Having conducted a search of print and electronic media, the WG did not find any report of TF involving a NPO in Guyana. However, the WG noted media reports of two Guyanese nationals who were designated as terrorists and were subjected to targeted financial sanctions. Those persons were reported as having been involved in a plot to blow up jet-fuel tanks and pipelines at the John F. Kenny International Airport<sup>7</sup>. They were also alleged by the United States Government as being associated with the Jamaat al Muslimeen, a militant Muslim organization based in Trinidad & Tobago.

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<sup>5</sup> 2<sup>nd</sup> NRA completed 2021

<sup>6</sup> 2<sup>nd</sup> NRA Report page 127.

<sup>7</sup>[https://en.wikipedia.org/wiki/Abdul\\_Kadir\\_\(politician\);https://guyanachronicle.com/2019/05/05/govt-had-designated-kadir-a-terrorist-in-2017](https://en.wikipedia.org/wiki/Abdul_Kadir_(politician);https://guyanachronicle.com/2019/05/05/govt-had-designated-kadir-a-terrorist-in-2017).

Based on these findings and absence of evidence to the contrary, the WG concluded that the level of abuse to the NPO sector is low or minimal. The table 6 below indicates the assessment rating allocated for this assessment:

| Table 6   |                                       |            |          |               |        |                         |        |
|---|---------------------------------------|------------|----------|---------------|--------|-------------------------|--------|
| Evidence of level of terrorist financing abuse of NPO |                                       |            |          |               |        |                         |        |
| No  | Input variables                       | Assessment | Rating   | Assessment    | Rating | Assessment              | Rating |
|   |                                       | NPO        | Friendly | NPO Companies |        | NPO Arrangements /Trust |        |
| 1   | Number of TF/terrorism Convictions    | Low        | 0.2      | Low           | 0.2    | Low                     | 0.2    |
| 2   | Number of TF/terrorism Prosecutions   | Low        | 0.2      | Low           | 0.2    | Low                     | 0.2    |
| 3   | Number of TF/terrorism Investigations | Low        | 0.2      | Low           | 0.2    | Low                     | 0.2    |
| 4   | Number of TF/terrorism Intelligence   | Low        | 0.2      | Low           | 0.2    | Low                     | 0.2    |
| 5   | Number of TF/ Terrorism STRs          | Low        | 0.2      | Low           | 0.2    | Low                     | 0.2    |
| 6   | Number of TF/terrorism Allegations in | Low        | 0.2      | Low           | 0.2    | Low                     | 0.2    |

#### ASSESSMENT OF THE INHERENT TF RISK OF NPOs.

The objective of this step was to establish the level of inherent risk based on the assessment of the threats and inherent vulnerabilities of the Sector. Due to the general lack of information received for this section of the assessment, the WG assessed the NPOs by the formation type (i.e. Friendly Societies, Companies and Trusts), each being assessed as a category of NPO.

In assessing the threats to the NPO, the WG initially sought to include considerations of available TF typologies and the proximity of terrorist threats to the sector. These two factors were informed by the following input variables which guided the discussions of the WG prior to assigning ratings.

#### Threats to NPOs

- **Typologies**

- Diversion of Funds to known or suspected terrorist entity.
- Affiliation with terrorist entity.
- Abuse of Programming – manipulating programs to support terrorism.
- Support to Recruitment Efforts - use of facilities to create environment to promote terrorism recruitment or similar activities.
- False representation/sham NPO- created under the guise of charitable activities to support terrorism.

- **Proximity to Active Terrorist Threat**

- Collection of funds - from entities and persons known to be supportive or sympathetic towards terrorist groups or radical beliefs (religious ideology)
- Transfer of Funds - regularly transfers of funds through or to areas with an established terrorist record.
- Expenditure of Funds – exposure to active threat disbursement of funds and delivery of programs or operating in areas with active terrorism, humanitarian emergencies.

### **Summary of Analysis of Variables**

In reviewing the information gathered by the WG, there was no evidence which supported a conclusion that the NPOs in Guyana would have been involved in any of the identified variables or factors outlined under this section. The WG therefore examined other sources to assist with its analysis of threats. The following information assisted the WG in its assessment for the threat of TF abuse of the NPOs.

### **National TF Threat**

According to Guyana Second NRA report<sup>8</sup>, the overall Terrorist Financing (TF) risk in Guyana was rated as MEDIUM. This was determined by assessing the TF threat<sup>9</sup> as (Medium), the TF vulnerability<sup>10</sup> (Medium), and the terrorism<sup>11</sup> threat (Medium). The TF threat was rated as Medium given the minimal number of Suspicious Transaction Reports (STRs) submitted on TF for the period 2016 and 2020. On the issue of ‘financial flows, TF funds appeared to have passed through Guyana using money transfer agencies, however, investigators were unable to identify the sources of the funds<sup>12</sup> as to whether those transactions involved or related to a NPO.

Table 7 shows statistics for terrorism and TF cases reported, investigated, prosecuted and number of convictions over the period 2016 - 2020.

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<sup>8</sup> NRA Report April 2021

<sup>9</sup> A TF threat is a person or group of people with the potential to cause harm by raising, moving, storing or using funds and other assets (whether from legitimate or illegitimate sources) for terrorist purposes.

<sup>10</sup> The concept of TF vulnerability comprises those things that can be exploited by the threat or that may support or facilitate its activities.

<sup>11</sup> Terrorism is the unlawful use of force or violence against persons or property to intimidate or coerce a government or its citizens to further certain political or social objectives.

<sup>12</sup> 2<sup>nd</sup> NRA Report, page 127

| Table 7               |           |                           |           |                         |           |                    |           |
|-----------------------|-----------|---------------------------|-----------|-------------------------|-----------|--------------------|-----------|
| No. of cases reported |           | No. of cases investigated |           | No. of cases prosecuted |           | No. of convictions |           |
| TF                    | Terrorism | TF                        | Terrorism | TF                      | Terrorism | TF                 | Terrorism |
| 15                    | 9         | 15                        | 7         | 0                       | 1         | 0                  | 1         |

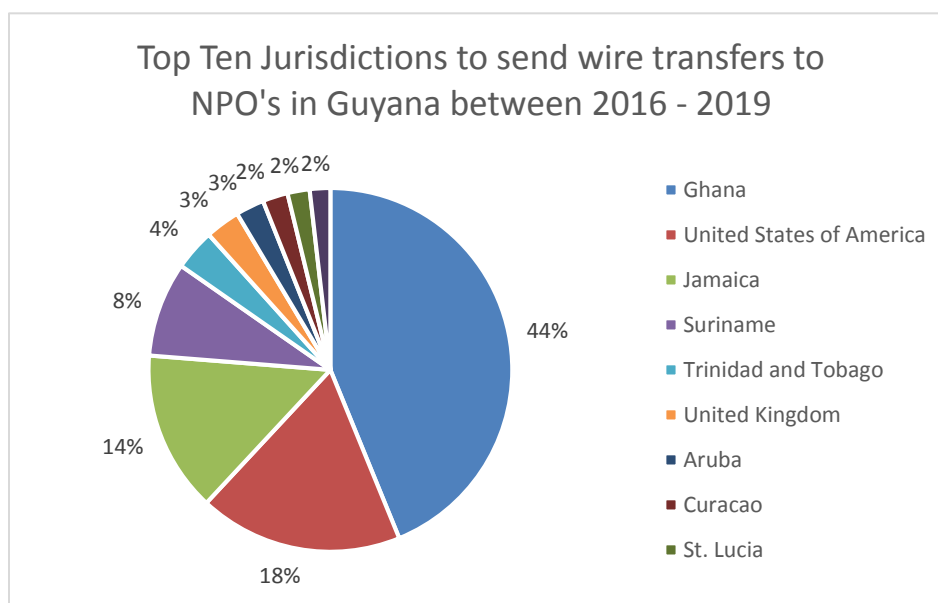
The NRA report of 2021 also noted that, in 2019, Guyana’s global terrorism index was at a level of 0.04, where it ranked 131 from 163 countries. This is down from 0.08 in 2018 and 0.15 in 2017. As at the end 2020 and 2021, Guyana’s impact of terrorism remains at 0. The Global terrorism ranking ranges from 0 – 10 with 0 meaning there is no impact of terrorism, and 10 being the highest impact of terrorism in a jurisdiction.

### Movement of funds (NPOs)

Information was received by the WG from all commercial banks and money transfer agencies related to the jurisdictions sent to and purposes for the money transfers by NPOs can be seen in Tables 8 -10 and chart showing top ten jurisdictions below. The aim was to identify transfers from Guyana to jurisdictions with high exposure to TF or Terrorism.

| Table 8 - Top 12 Jurisdictions |         |      |      |      |      |             |
|--------------------------------|---------|------|------|------|------|-------------|
| Jurisdiction                   | of NPO- | 2016 | 2017 | 2018 | 2019 | Grand Total |
| Ghana                          |         | 78   | 60   | 78   | 96   | 312         |
| United States of America       |         | 34   | 26   | 27   | 42   | 129         |
| Jamaica                        |         | 48   | 36   | 13   | 5    | 102         |
| Suriname                       |         | 2    | 4    | 24   | 30   | 60          |
| Trinidad and Tobago            |         | 9    | 6    | 5    | 6    | 26          |
| United Kingdom                 |         | 4    | 4    | 11   | 3    | 22          |
| Aruba                          |         |      |      |      | 18   | 18          |
| Curacao                        |         |      |      | 4    | 12   | 16          |
| St. Lucia                      |         |      |      | 12   | 2    | 14          |
| Antigua and Barbuda            |         | 12   |      | 1    |      | 13          |
| Canada                         |         | 4    | 3    | 2    | 4    | 13          |
| St. Kitts and Nevis            |         |      |      |      | 12   | 12          |





| Classification of Purpose | 2016       | 2017       | 2018       | 2019       | Grand Total |
|---------------------------|------------|------------|------------|------------|-------------|
| Not Stated                | 172        | 125        | 166        | 210        | 673         |
| Other                     | 25         | 13         | 13         | 33         | 84          |
| Dues and or Fees          | 5          | 13         | 15         | 9          | 42          |
| Grants and Donations      | 1          |            | 2          | 1          | 4           |
| Reimbursements            |            | 2          |            | 1          | 3           |
| Project Funding           |            |            | 1          |            | 1           |
| <b>Grand Total</b>        | <b>203</b> | <b>153</b> | <b>197</b> | <b>254</b> | <b>807</b>  |

| Classification of Purpose | 2016       | 2017       | 2018       | 2019       | Grand Total |
|---------------------------|------------|------------|------------|------------|-------------|
| Not Stated                | 62         | 64         | 32         | 49         | 207         |
| Project Funding           | 38         | 38         | 35         | 38         | 149         |
| Other                     | 26         | 27         | 41         | 35         | 129         |
| Grants and Donations      | 15         | 16         | 16         | 11         | 58          |
| Dues and or Fees          | 1          | 2          | 2          | 1          | 6           |
| Reimbursements            |            | 1          | 1          |            | 2           |
| <b>Grand Total</b>        | <b>142</b> | <b>148</b> | <b>127</b> | <b>134</b> | <b>551</b>  |

An analysis of the information received from the banks and MTAs revealed the purposes for which monies were sent mainly include funding for projects, donations, dues, fees and other

disbursements with no indication of suspicion that transactions falls outside the regular business activity of the NPO. Random search of the names of some of the NPOs to which funds were transferred did not indicate any of those NPOs as being terrorist organisations.

It was noted though that the purpose for many transactions was not stated. This reflects some level of weakness in the customer due diligence process by some banks or MTA.

### **Proximity of NPOs to Terrorist Threat**

The NRA report<sup>13</sup> referenced that Guyana’s close proximity to Trinidad and Tobago and states that this increases its vulnerability to be misused, as the island of Trinidad and Tobago has nationals that are suspected of being involved in terrorism and the financing of terrorism. Demography and geography were also factors considered (NRA Report of 2021), as these it was claimed, presented additional challenges in terms of Guyana’s overall TF vulnerability.

Guyana’s large unattended and porous borders (airspace and subsea included) may increase the TF threat and vulnerability particularly given Guyana’s proximity to Colombia<sup>14</sup>, Cuba and Venezuela<sup>15</sup> which have all been identified as terrorist Safe Havens in the Western hemisphere<sup>16</sup>. Furthermore, Guyana’s proximity to Trinidad and Tobago<sup>17</sup>, a country in the region with known terrorist sympathizers, and Brazil<sup>18</sup> which also advances the country’s level of vulnerability.

The impact of this with respect to the NPO however can only be confirmed with evidence of a NPO being directly or indirectly involved in the TF activity which was not found from information obtained during the assessment.

### **Inherent Vulnerabilities of NPOs**

In addition to the assessment of the threats to the NPO sector, the WG considered the inherent vulnerabilities based on three broad factors: the NPO profile, Operational Features and Method of transfer. These factors were impacted by the following input variables which were rated by the WG:

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<sup>13</sup> Second NRA Report 2021

<sup>14</sup> Between 2013 and 2017 Colombia recorded 604 terrorist attacks, in which 305 persons were killed, 679 injured and 221 hostages – WorldData.info

<sup>15</sup> Between 2013 and 2017 Venezuela recorded 26 terrorist attacks, in which 14 persons were killed, 102 injured and 323 hostages – WorldData.info

<sup>16</sup> US Country Reports on Terrorism 2019

<sup>17</sup> Between 2013 and 2017 Trinidad and Tobago recorded 4 terrorist attacks, even though no one was killed and there were no hostages in these attacks, 1 person was injured - WorldData.info

<sup>18</sup> Between 2013 and 2017 Brazil recorded 10 terrorist attacks, in which 5 persons were killed, with 1 hostage – WorldData.info

## NPO Profile

Size  
 Activity type  
 Offshore complex structure  
 Level of accountability required by funding sources  
 Level of verifiability of fundraising methods  
 Level of cash transfers, valuable in-kind goods

## Operational Features

Level of risk appetite  
 Level of complexity /length of operational chains  
 Reliance on transitory or informal workforce  
 Level of professionalism

## Methods of Transfers

Use of Cash  
 Use of virtual assets  
 Use of informal money transfer system

The following information received to assess this section was not available to address each independently. A general discussion was had by the WG with respect to the available information and value judgements made by the WG.

The size of the NPO was not determined based on the financial asset or income bracket of each sector as this information was not available. The WG considered the sector by the total number of entities and the activity being conducted (as can be seen in table 11). The highest category of NPOs overall was the 'religious' group with 673 in total, most of which were listed as trust deeds (426), followed by 180 companies and 38 Friendly Societies. The next large category was 527 which represent 'other' types of activities which are not within the FATF defined activities.

| <b>Total NPOs – Overall</b>             |                  |                    |                              |                   |                 |              |              |
|---|------------------|--------------------|------------------------------|-------------------|-----------------|--------------|--------------|
| <b>Category /Form</b>                   | <b>Religious</b> | <b>Educational</b> | <b>Social/<br/>Fraternal</b> | <b>Charitable</b> | <b>Cultural</b> | <b>Other</b> | <b>Total</b> |
| Friendly Societies – active             | 38               | 6                  | 180                          | 36                | 3               | 68           | <b>331</b>   |
| Not for Profit Companies                | 209              | 40                 | 112                          | 66                | -               | 60           | <b>487</b>   |
| Trusts Deeds / arrangement (unverified) | 426              | 48                 | 156                          | 24                | 23              | 399          | <b>1076</b>  |
| <b>Total</b>                            | <b>673</b>       | <b>94</b>          | <b>448</b>                   | <b>126</b>        | <b>26</b>       | <b>527</b>   | <b>1894</b>  |

The working group considered the various kinds of religious groups that can be formed in Guyana given its ethnic makeup. There are three main religions in Guyana, Christians, Hindus and Islam (Muslims), with each of those religion groups being further sub-dividend into different denominations.

Based on interviews conducted and personal knowledge and experience of the nature and operation of religious groups, it was considered that, the governance structure of these organizations is generally established with a constitution, by-laws or similar document which provide rules for the organizations. Religious groups are generally and historically perceived as reputable and adhering to good moral values, including honesty and lawfulness.

Funding of many NPO and particularly for religious groups is usually based on membership contributions (tithes and offering), donations, small fund-raising activities, and support from international branches or associates. Most religious groups were believed to be utilising the formal financial system and have opened bank accounts at commercial banks. Information received from the Department of Friendly Societies indicates that the policy for NPOs registered with that agency is for them to open a bank account within three months of registration.

### **Trust /Arrangements**

The concern with this category of NPO is that the status (active or inactive) of the (1076) trusts of which 426 are religious groups is unverified and unregulated. This coupled with there being no requirement to submit financials to any competent authority warrants attention by policy makers. Additionally, while the trust document usually includes information on the constitution and key members, such as secretary, treasurer or president or trustee, there is no means of verifying the numbers, staff or volunteers involved or the extent of their operations under such arrangements. As such no information on the financial activities, scale or operation for this category of NPOs was obtained by the Working Group.

### **Non-for-Profit Companies**

With respect to not-for-profit companies, the highest category was also identified as the religious group, followed by social/fraternal groups. The WG was informed that while annual reports are required to be submitted by all companies to the registrar, many NPO have not be complying with this requirement. Information on the financials to determine income brackets for the period under review was not readily available. This was attributed to inadequate administration of the Companies Act. The WG was informed that the Commercial Registry was in the process of updating its database, including reaching out to obtain information on beneficial ownership and financial information of companies.

### **Friendly Societies**

The feedback from Friendly Societies indicates that the size and membership vary depending on the activities undertaken and may range from 7 members to more than 100 (e.g. religious, fraternal groups or associations). Some NPOs are also supported by volunteers.

The WG received the following information from the Department of Friendly Societies regarding the estimated total value of income, budget and expenditure for the period 2016 to 2019 as seen below (tables 12 - 15):

| <b>Table 12</b>          |                |                |                |               |
|--------------------------|----------------|----------------|----------------|---------------|
| <b>Financials (all)</b>  | <b>2016</b>    | <b>2017</b>    | <b>2018</b>    | <b>2019</b>   |
| Estimated Total value of | \$442,136,424. | \$437,550,226. | \$472,988,625. | \$21,951,078. |
| Estimated total value of |                | \$1,468,060.   | \$1,604,413.   | \$2,165,569.  |
| Estimated total value of | \$382,488,243. | \$418,287,105. | \$438,550,504. | \$17,394,792. |

| <b>Table 13</b>                                      |                    |                    |                    |                     |
|--|--------------------|--------------------|--------------------|---------------------|
| <b>ESTIMATED TOTAL VALUE OF INCOME by Sub-Groups</b> | <b>2016</b>        | <b>2017</b>        | <b>2018</b>        | <b>2019</b>         |
| Educational  | \$145,636,606      | \$130,800,657      | \$139,003,595      | \$3,739,148         |
| Charitable   | \$ 49,933,845      | \$58,481,164       | \$60,392,514       | \$7,954,865         |
| Social   | \$44,645,065       | \$18,065,083       | \$14,238,814       | \$10,257,065        |
| Cultural   | \$407,690          | \$634,460          | \$712,792          | -                   |
| Religious  | \$19,912,708       | \$11,399,868       | \$11,424,998       | -                   |
| Others (Health / Home Care)                          | \$25,134,953       | \$10,229,205       | \$14,427,365       | -                   |
| Others - Animal Care                                 | \$28,680,703       | \$33,658,480       | \$36,616,644       | -                   |
| Others - Economical                                  | \$125,954,191      | \$155,871,967      | \$149,319,198      | -                   |
| Others - Transportation                              | \$141,000          | -                  | -                  | -                   |
| Others - Environmental                               | \$1,689,663        | \$18,409,342       | \$46,852,705       | -                   |
| <b>TOTAL</b>   | <b>442,136,424</b> | <b>437,550,226</b> | <b>472,988,625</b> | <b>\$21,951,078</b> |

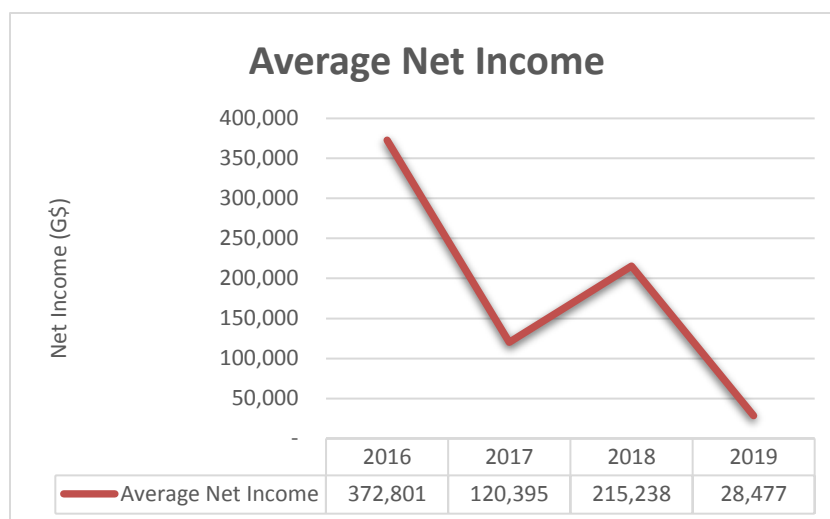
| <b>Table 14</b>   |                            |                    |                    |                    |
|---|----------------------------|--------------------|--------------------|--------------------|
| <b>ESTIMATED TOTAL VALUE OF BUDGET (by sub-groups/ activity type)</b> | <b>2016</b>                | <b>2017</b>        | <b>2018</b>        | <b>2019</b>        |
| Educational   | Information not available. |                    |                    |                    |
| Charitable  |                            |                    |                    |                    |
| Social  |                            |                    |                    |                    |
| Cultural  |                            |                    |                    |                    |
| Religious   |                            |                    |                    |                    |
| Others - Health / Home Care   |                            |                    |                    |                    |
| Others - Animal Care  |                            |                    |                    |                    |
| Others - Economical   | -                          | \$1,468,060        | \$1,604,413        | \$2,165,569        |
| Others - Transportation   |                            |                    |                    |                    |
| Others - Environmental  |                            |                    |                    |                    |
| <b>TOTAL</b>  | -                          | <b>\$1,468,060</b> | <b>\$1,604,413</b> | <b>\$2,165,569</b> |

| <b>ESTIMATED TOTAL VALUE OF EXPENDITURE by Activity Type</b> | <b>2016</b>          | <b>2017</b>          | <b>2018</b>          | <b>2019</b>         |
|--|----------------------|----------------------|----------------------|---------------------|
| Educational  | \$121,836,870        | \$116,410,334        | \$113,694,880        | \$2,843,315         |
| Charitable   | \$45,643,788         | \$52,291,118         | \$66,964,969         | \$4,324,090         |
| Social   | \$38,143,563         | \$15,095,721         | \$15,710,695         | \$10,227,387        |
| Cultural   | \$289,160            | \$511,224            | \$986,140            |                     |
| Religious  | \$16,096,747         | \$20,766,775         | \$11,700,032         | -                   |
| Others- Health / Home Care                                   | \$25,556,383         | \$13,092,899         | \$7,017,320          | -                   |
| Others- Animal Care  | \$29,351,408         | \$ 29,547,247        | \$33,990,227         | -                   |
| Others - Economical  | \$103,566,887        | \$157,883,360        | \$145,118,556        | -                   |
| Others - Transportation                                      | \$55,000             | -                    | -                    | -                   |
| Others - Environmental                                       | \$1,948,437          | \$12,688,427         | \$33,367,685         | -                   |
| <b>TOTAL</b>   | <b>\$382,488,243</b> | <b>\$418,287,105</b> | <b>\$438,550,504</b> | <b>\$17,394,792</b> |

**Analysis conducted by the FIU No. 1**

The following analysis was deducted from financial information received from the Registrar of Friendly Societies for 160 societies registered under the Friendly Societies Act for the period 2016-2019:

| <b>Description of Financial Information</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> |
|---|-------------|-------------|-------------|-------------|
| Estimated Total value of income             | 442,136,424 | 437,550,226 | 472,988,625 | 21,951,078  |
| Estimated total value of expenditure        | 382,488,243 | 418,287,105 | 438,550,504 | 17,394,792  |
| Estimated Net Income                        | 59,648,181  | 19,263,121  | 34,438,121  | 4,556,286   |
| Average Net Income                          | 372,801     | 120,395     | 215,238     | 28,477      |



### Insights

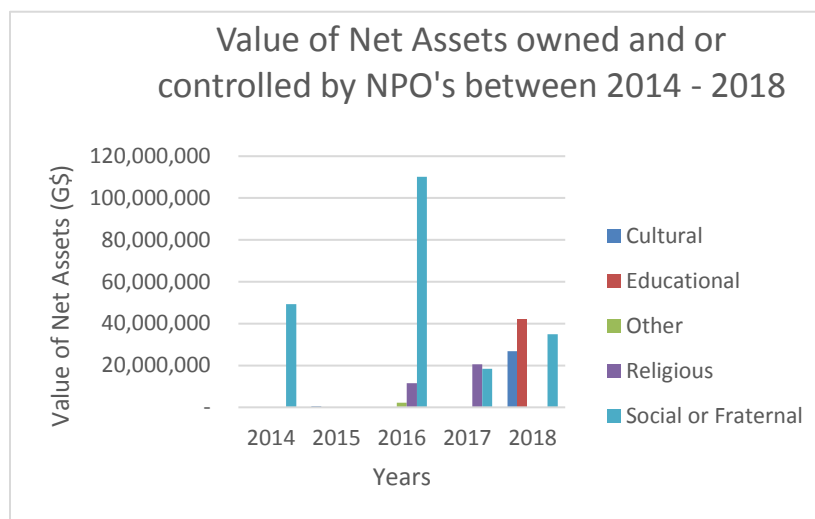
1. The average annual net inflow for NPO's is generally low which suggest that there is not a high risk of money laundering and or illicit financial activities.
2. Inflows to the club are primarily from membership dues.
3. From 2016 to 2019, average annual income is declining as seen in the line graph below. This corroborates the assumption of low risk due as a declining average amount is seen. This may also be due to lack of reporting which suggests a data gap which require further subsequent research of the sector.

### **Analysis conducted by the FIU No. 2**

The following analysis was deducted from a sample of 38 NPOs Registered with the FIU. The Majority of NPOs were registered Friendly Societies; one registered via a Trust Deed and one under Companies Act. The financial information below relates to the period 2014 -2018:

**Table 17: Value of Net Assets held by NPO's by category.**

| Category of NPO            | 2014              | 2015           | 2016               | 2017              | 2018               |
|----------------------------|-------------------|----------------|--------------------|-------------------|--------------------|
| <b>Cultural</b>            |                   | 515,792        |                    |                   | 26,746,497         |
| <b>Educational</b>         |                   |                |                    |                   | 42,001,858         |
| <b>Other</b>               |                   |                | 2,158,187          | 50,400            |                    |
| <b>Religious</b>           |                   |                | 11,503,674         | 20,601,739        |                    |
| <b>Social or Fraternal</b> | 49,274,177        |                | 110,234,129        | 18,428,550        | 34,875,106         |
| <b>Grand Total</b>         | <b>49,274,177</b> | <b>515,792</b> | <b>123,895,990</b> | <b>39,080,689</b> | <b>103,623,461</b> |



### Insights

The WG noted that the sample of NPOs, examined for this analysis, represents entities identified and/or referred by their respective registrars for registration with the FIU. as such, those NPOs holding high value assets would be subject to the AMLCFT Act and the NPO Regulation (if or when enacted /or implemented).

While the movements of cash may be low in the NPO sector, some appears to be holding high amounts of assets (the highest being G\$123M in 2016). To substantiate the source of these assets it would be important to decipher which set of NPOs would have been in possession of the high value assets and what specific activity was being undertaken by those entities.

This information would assist in determining whether cash was obtained locally or from an overseas source. The source of funds or assets must be verified to conclude that an NPO is involved in TF or acquired to support terrorism.

The WG noted that the sample of NPOs examined for this analysis represents entities identified and/or referred by their respective registrars for registration with the FIU. as such, those NPOs holding high value assets would be subject to the AMLCFT Act and the NPO Regulation (if and when enacted /or implemented).

### Summary of Findings for other variables of all NPOs

For the other variables, no information was received regarding offshore complex structures created by NPOs. Only two NPO companies were classified as international organizations and they were not indicated as being unusual or having complex structures. Also, information on verifiability of funding sources was traceable to the formal financial systems.



However, it was noted there was some level of inconsistency with some NPOs where funding was not in line with program objectives or the source of funding was anonymous. However, there was no indication that those inconsistencies were connected to terrorism or TF.

With respect to Friendly Societies and NPO-companies, the WG noted that the requirement to conduct audits of the Societies and/ or the laws and the level of oversight of the societies provided a safeguard or system to ensure transparency and integrity of the activities.

Additionally, with effective management of financials and the requirement to keep and maintain records of income/ budget/expenditure on an ongoing basis provided assurance for transparency and accountability by these NPOs. The exception for these requirements remains with the Trust type NPOs.

### **Operational Features – (General analysis)**

Based on responses to questionnaires sent to NPOs (i.e. Friendly Societies) and opinions from officials and experts in the sector, some organisations have established policies and code of conduct for their overall operations.

Donations and funding were primarily from membership dues and/or from established overseas organisations. Most organisations operate with a satisfactory level of professionalism. However, the WG noted that many NPOs have not been submitting financial statements as required and this impacts the level of transparency and professional of the organisation.

### **Methods of Transfers (General analysis)**

The WG noted that Guyana is a cash-based society, as such, many businesses and organisations transact their financial affairs using cash. While this situation is not confirmed, it is not unusual for cash activities to be occurring within the religious groups and other organisations who may be making their membership contributions or donations to fund-raising activities via cash.

With respect to virtual assets, such activities are not known to be operating in Guyana as virtual assets are not a legal medium of exchange in Guyana. There are no Virtual Assets Service Providers registered or operating in Guyana. No information or evidence was received by the WG to support a conclusion that NPOs were utilising informal money transfer systems.

Based on the above and discussions of the WG the follow rating was assigned to this section of the assessment:

| Table 18                          |                        |                                      |                                       |                    |           |                           |        |            |        |
|-----------------------------------|------------------------|--------------------------------------|---------------------------------------|--------------------|-----------|---------------------------|--------|------------|--------|
| Inherent risk assessment -ratings |                        |                                      |                                       |                    |           |                           |        |            |        |
| No                                |                        | Intermediary variables               | Inherent risk                         | Assessment         | Rating    | Assessment                | Rating | Assessment | Rating |
|                                   |                        |                                      | Input variables                       | Friendly Societies | Companies | NPO Arrangements / Trusts |        |            |        |
| 1                                 | Threat                 | TF Typologies                        | Diversion of funds                    | Low                | 0.2       | Low                       | 0.2    | Low        | 0.2    |
| 2                                 |                        |                                      | Affiliation with a terrorist entity   | Low                | 0.2       | Low                       | 0.2    | Low        | 0.2    |
| 3                                 |                        |                                      | Abuse of programming                  | Low                | 0.2       | Low                       | 0.2    | Low        | 0.2    |
| 4                                 |                        |                                      | Support to recruitment efforts        | Low                | 0.2       | Low                       | 0.2    | Low        | 0.2    |
| 5                                 |                        |                                      | False representation/Sham NPO         | Low                | 0.2       | Low                       | 0.2    | Low        | 0.2    |
| 6                                 |                        | Proximity to active terrorist threat | Collection of funds                   | Low                | 0.2       | Low                       | 0.2    | Low        | 0.2    |
| 7                                 |                        |                                      | Transfer of funds                     | Low                | 0.2       | Low                       | 0.2    | Low        | 0.2    |
| 8                                 |                        |                                      | Expenditure of funds                  | Low                | 0.2       | Low                       | 0.2    | Low        | 0.2    |
| 1                                 | Inherent vulnerability | NPO Profile                          | Size                                  | Medium             | 0.5       | Medium                    | 0.5    | Large      | 0.1    |
| 2                                 |                        |                                      | Activity type                         | Expressive         | 0.0       | Expressive                | 0.0    | Expressive | 0.0    |
| 3                                 |                        |                                      | Offshore/complex control structure    | Low                | 0.2       | Low                       | 0.2    | Low        | 0.2    |
| 4                                 |                        |                                      | Level of accountability required by   | Medium             | 0.5       | Medium                    | 0.5    | Medium     | 0.5    |
| 5                                 |                        |                                      | Level of verifiability of fundraising | Medium             | 0.5       | Medium                    | 0.5    | Medium     | 0.5    |
| 6                                 |                        |                                      | Level of cash transfers, valuable in- | Medium             | 0.5       | Medium                    | 0.5    | Medium     | 0.5    |
| 7                                 |                        | Operational features                 | Level of risk appetite                | Medium             | 0.5       | Medium                    | 0.5    | Medium     | 0.5    |
| 8                                 |                        |                                      | Complexity / length of operational    | Low                | 0.2       | Low                       | 0.2    | Low        | 0.2    |
| 9                                 |                        |                                      | Reliance on transitory or informal    | Low                | 0.2       | Low                       | 0.2    | Low        | 0.2    |
| 10                                |                        |                                      | Level of professionalism              | Medium             | 0.5       | Medium                    | 0.5    | Medium     | 0.5    |
| 11                                |                        | Methods to transfer funds            | Use of cash                           | Medium             | 0.5       | Medium                    | 0.5    | Medium     | 0.5    |
| 12                                |                        |                                      | Use of virtual currency               | Does not           | 0.0       | Does not                  | 0.0    | Does not   | 0.0    |
| 13                                |                        |                                      | Use of informal money transfer        | Low                | 0.2       | Low                       | 0.2    | Low        | 0.2    |

## ASSESSMENT OF THE EFFECTIVENESS OF MITIGATING MEASURES

The next step undertaken by the WG was to review the mitigation measures in place for the NPO sector. The objective of this aspect included an assessment of the quality of government measures and the quality of NPO measures. The factors considered for this step included:

### Government measures

- Comprehensiveness of legal and regulatory framework
- Quality of outreach and education
- Quality of NPO policies
- Scope of registration of NPOs
- Availability and accessibility of accurate NPO information
- Avoiding disruption of NPO activities

## NPO Measures

- Quality of Governance
- Quality of Financial management
- Quality of staff vetting and oversight
- Level of commitment to ethics and transparency
- Level of self-regulation (incl. implementation)

### **Comprehensiveness of the Laws and Regulations for the NPO Sector**

- **Friendly Societies Act Cap. 36:04**

As mentioned above, NPOs are registered and regulated under the Friendly Societies Act 36:04. The registration process requires interest groups with a minimum of seven (7) persons to submit application with the requisite documents to the department for processing. Meetings are held to authenticate documents and applicants. Accepted documents are processed for Customer Due Diligence (CDD). Successful results from the CDD examination, would result in groups being registered as a legitimate society.

The Act provides (by virtue of Sections 26 and 27) for inspections and submission of financial returns which must be audited. NPOs are also required to establish bank accounts among other regulatory measures. During the period under review, the Registrar conducted inspections and audits of the sectors under her supervision and held meetings.

- **Companies Act Cap. 89:01**

The incorporation of a Company in Guyana is governed by the provision of section 4 and 5 of the Companies Act with the required documentation being drafted in accordance with the forms prescribed for in the Regulations of the Companies Act. Companies registered as non-profit entities are subject to the Provisions of the Companies Act Cap. 89:01, which include the requirement to submit Annual Returns (Sections 153 to 156).

- **Deeds Registry Act Cap. 5:01**

Organisations operating under Trusts Deeds would register a deed (miscellaneous deeds) under the Deeds Registry Act with a constitution. As indicated above apart from this one-off registration, there is no requirement for these organisations to submit financial statements or other information pertaining to their activities.

### **AML/CFT Act Cap 10:11**

The Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT) and its Regulations are the main legislation governing reporting entities. The AMLCFT Act lists registered charities as activities to be regulated. The Act makes provision (Sections 22 and 23) for supervision and sanctioning for non-compliance with obligations outlined under the Act. The role of the supervisor includes to provide training, issue guidelines and instructions, conduct inspections and visit premises during working hours as may be required from time to time. The Registrar of Friendly Societies was appointed as the Supervisory Authority for Charities on December 20, 2012.

The WG was informed by the FIU, that since the appointment of the Registrar of Friendly Societies (RFS) as the Supervisory Authority (SA) for Friendly Societies, several training sessions, meetings and consultations were held with the RFS concerning the role and function of that office under the AMLCFT Act 2009. As a result of these engagements and activities, the Department have appointed a Compliance Officer and systems were put in place to implement the AMLCFT regime for the Societies. Information received by the WG (through a questionnaire completed by the SA) suggests that a risk assessment is conducted during the registration process of each Friendly Society. This included a Due Diligence Process / Fit and Proper test. The AMLCFT Act also requires reporting entities to register with the Financial Intelligence Unit (FIU). The specific section of the laws relating to TF are found at sections 68(1), 68A(11) for non-compliance with the Act applies to all reporting entities including NPOs.

TF is an indictable offence and sanctions are applicable to both natural and legal persons. TF offences are also designated as ML predicate offences. Guyana also has the legal capacity to prosecute and apply criminal sanctions to persons who finance or attempt to finance terrorism since a terrorism financing offence is committed whether or not the funds were actually used to carry out or attempt a terrorist act, or linked to a specific terrorist act.

Guyana is a party to the Terrorism Financing Convention. In keeping with the requirements of this Convention, Guyana has effectively and comprehensively criminalized TF as well as the financing of terrorist organisations and individual terrorists even in the absence of a link to a specific terrorist act or acts.

The availability of powers by the Supervisory Authority to impose sanctions for non-compliance by NPOs were also considered a factor for purposes of enforcement of NPO obligations.

The WG was provided with statistics from the Department of Friendly Societies of sanctions imposed on Friendly societies, see table 19 below:

| <b>Table 19</b>  |                    |                    |                  |                            |
|--|--------------------|--------------------|------------------|----------------------------|
| <b>Sanctions imposed by Department of Friendly Societies</b> |                    |                    |                  |                            |
|  | <b>Date n</b>      | <b>Type of RE</b>  | <b>No. of RE</b> | <b>Type of Instruction</b> |
|  |                    | Friendly Societies | 6                | Written warnings           |
|  | May 17, 2019       |                    | 1                | Same                       |
|  | May 28, 2019       |                    | 1                | Same                       |
|  | May 31, 2019       |                    | 4                | Same                       |
|  | June 3, 2019       |                    | 3                | Same                       |
|  | June 5, 2019       |                    | 11               | Same                       |
|  | June 7, 2019       |                    | 11               | Same                       |
|  | June 10, 2019      |                    | 6                | Same                       |
|  | June 26, 2019      |                    | 1                | Same                       |
|  | June 27, 2019      |                    | 5                | Same                       |
|  | July 10, 2019      |                    |                  |                            |
|  | September 11, 2019 |                    | 3                | Same                       |
|  | September 13, 2019 |                    | 8                | Same                       |
|  | September 27, 2019 |                    | 23               | Same                       |
|  | October 1, 2019    |                    | 30               | Same                       |

While the Companies Act provides generally for regulations of companies and by extension the NPOs under that registration process, it is not clearly expressed in the AMLCFT legislation that NPO Companies are subject to and required to be supervised for TF purposes.

There is also no system in place for the verification of the active / functional status and risk profiling for TF purposes, including on onsite inspections.

Regarding NPOs established by trusts, there is no mechanism in place to ensure that the status of these groups undergo a risk profiling process to determine the level of supervision or regulation required for TF purposes.

While the WG considered that the laws currently in place are comprehensive and adequate to address TF as a whole, it was noted that a more appropriate system would be to have a specific regulation which brings all NPOs under one umbrella for TF purposes. A regulation (if or when enacted) would be applied more consistently to all NPOs.

Specifically, those that are more exposed to TF risk would be given clear guidance on how to apply risk mitigating measures, as necessary.

- **Anti-Terrorism and Terrorist Related Activities Act 2015**

This Act provides for the substantive offence of terrorism and related activities in Guyana, developed from the Vienna Convention, the International Convention for the Suppression of Financing of Terrorism 1999 and the Palermo Convention. This is also in keeping with Recommendation 35 of the Financial Action Task Force (FATF). Penalties for persons found guilty of a terrorist act include heavy fines and imprisonment for any person found guilty of committing a terrorist Act.

### **Quality of Outreach and Education**

The WG was informed that several training and outreach activities on TF were conducted during the period of review for the public and specifically with respect to the Friendly Societies in various regions across Guyana.

The RFS indicated via response to the questionnaire that, training and outreach sessions were conducted for the Friendly Societies in regions 3,4,5,9 and 10 during the period under review. The following table provides a summary of activities conducted by the Department of Friendly Societies. However, the department indicated it does not presently have trained staff and adequate resources to conduct the AMLCFT supervision in a sustained and effective manner.

Several Guidelines were also issued by the FIU on TF and those were shared with the public via the FIU website, as well as all supervisory authorities and other competent authorities.

Statistics received from the FIU shows that training was conducted for the Sector, which included providing information on both money laundering and terrorist financing: See Table 20 below on training provided for the period 2017 to 2019:

| <b>Table 20 – Training Friendly Societies (FS) for Year 2019</b> |           |                     |         |                     |
|--|-----------|---------------------|---------|---------------------|
| No.  | Date      | Coordinating Agency | Topic   | No. of participants |
| 1  | 06-Jul-17 | Dept of FS / FIU    | AML/CFT | 49                  |
| 2  | 24-Oct-17 |                     |         | 8                   |
|  |           |                     |         | 57                  |

| <b>Table 21 – Training of Friendly Societies (FS) for Year 2018</b> |           |                     |                     |        |
|---|-----------|---------------------|---------------------|--------|
| No.   | Date      | Coordinating Agency | No. of Participants | Region |
| 1   | 27-Mar-18 | Dept of FS and FIU  | 5                   | 9      |
| 2   | 10-Oct-18 |                     | 23                  | 31     |
| 3   | 14-Nov-18 |                     | 27                  | 27     |

| Table 22 – Training Friendly Societies (FS) for Year 2019 |           |                     |                                      |                        |                     |        |
|---|-----------|---------------------|--------------------------------------|------------------------|---------------------|--------|
| No.   | Date      | Topic               | Coordinating Agency                  | Participating Entities | No. of Participants | Region |
| 1   | 08-Mar-19 | AML/CFT Obligations | Dept of FS in collaboration with FIU | 6                      | 26                  | 9      |
| 2   | 04-Apr-19 |                     |                                      | 8                      | 31                  | 5      |
| 3   | 18-Jun-19 |                     |                                      | 7                      | 32                  | 3      |
| 4   | 25-Jun-19 |                     |                                      | 3                      | 24                  | 2      |
| 5   | 07-Aug-19 |                     |                                      | 11                     | 37                  | 4      |
| 6   | 15-Aug-19 |                     |                                      | 7                      | 31                  | 4      |
| 7   | 11-Oct-19 |                     |                                      | 2                      | 17                  | 10     |

It was indicated that no specific TF training were provided to the not- for-profit companies nor trusts during the period under review. The WG was informed that a regulation was being developed for the NPO Sector based on recommendations made at the level of the National Coordinating Committee.

### Scope of Registration

The registration processes for the NPO sector was reviewed and the WG considered it adequate for the sector, save and except for the Trust arrangement which requires little or no follow-up action. The WG was of the view that once an appropriate regulation is put in place and NPOs most at risk for TF are identified, the Registration with the FIU should appropriately cover all requirements, including risk profiling and introduction of mitigation measures.

It was also considered for the laws governing Friendly Societies and Companies to provide for these NPO to develop by-laws or rules which provide for **accountability and transparency** of operations. NPO are generally perceived and known to be operating with good administrative and accounting standards.

The AMLCFT laws in Guyana provide for competent authorities to have access to information from all NPOs (particularly Friendly Societies and Companies) who are expected to keep up to date and accurate records.

The legitimate activities of NPOs were not found to be disrupted in any way by the provisions of the AMLCFT Act. The consensus from the responses received was that NPOs appears to have been able to conduct their activities freely over the decades. The only hindrance likely to have occurred were in cases where an unlawful activity would have been found to be committed by a NPO, and these were dealt with under the regular law enforcement process.

Many of the NPOs contacted or spoken with during the exercise were cooperative and receptive of the training and information on TF provided to them. It was noted however, that a few NPOs expressed their concern that introducing AMLCFT requirements as a one size fit all approach would create undue burden on their organisations.

## **NPO Measures**

The legal requirements to form a Friendly Societies include rules for the Societies to appoint a Committee of Management and Trustees, President and Secretary or other officer, keeping of records and accounts among other requirements, to ensure a good governance structure is maintained at all times. The law mandates inspections and supervisory examination by the Registrar of Friendly Societies. These provisions ensure that Societies comply with all provisions required by law. Based on the responses from Societies (who responded to the questionnaire) it was indicated that a governance structure is in place and a treasurer is appointed to management the financial affairs of the organisation. Identified trustees are designated as signatories to the bank accounts.

While no response was obtained from the NPOs that are Trusts, the general belief of the WG was that a governance program is most likely in place and rules as outlined in the by-laws or Constitution were being applied.

Information regarding the quality of management, vetting, oversight and the level of commitment and transparency within NPOs, based on the sample of NPOs examined, it was found that these vary according to the size, extent and nature of activities carried out or the type of organisation.

For the large organisations, they indicated that policies on recruitment and code of conduct exist and were being applied. Disciplinary procedures also exist, and members or volunteers would be dismissed where applicable.

The registrars indicated that NPOs are self-regulated, save and except in cases of breach of obligations, which would then require that inspections and/or audits be conducted to determine the course of action to be taken against these societies or its members. This is particularly with respect to Friendly Societies.

Based on the research findings, knowledge and experience of key persons, etc., the ratings assigned were assigned as are reflected in the table 23 below for the mitigating measures.

The consolidation assessment for the NPO sector can be seen in Diagrams 1, 2 and 3 below, for the various categories of NPOs, A comparative heap map is also shown below for the sector.

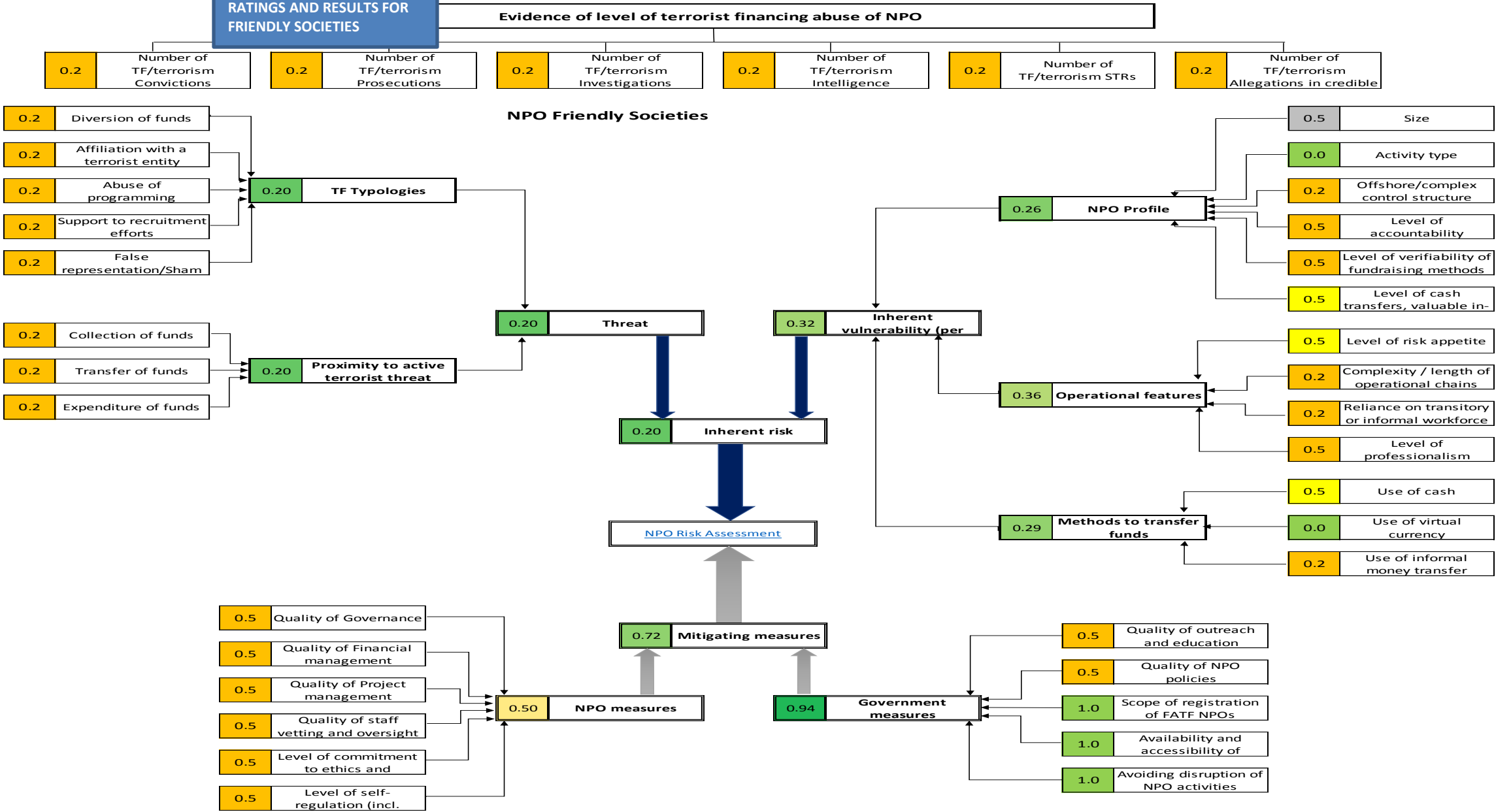


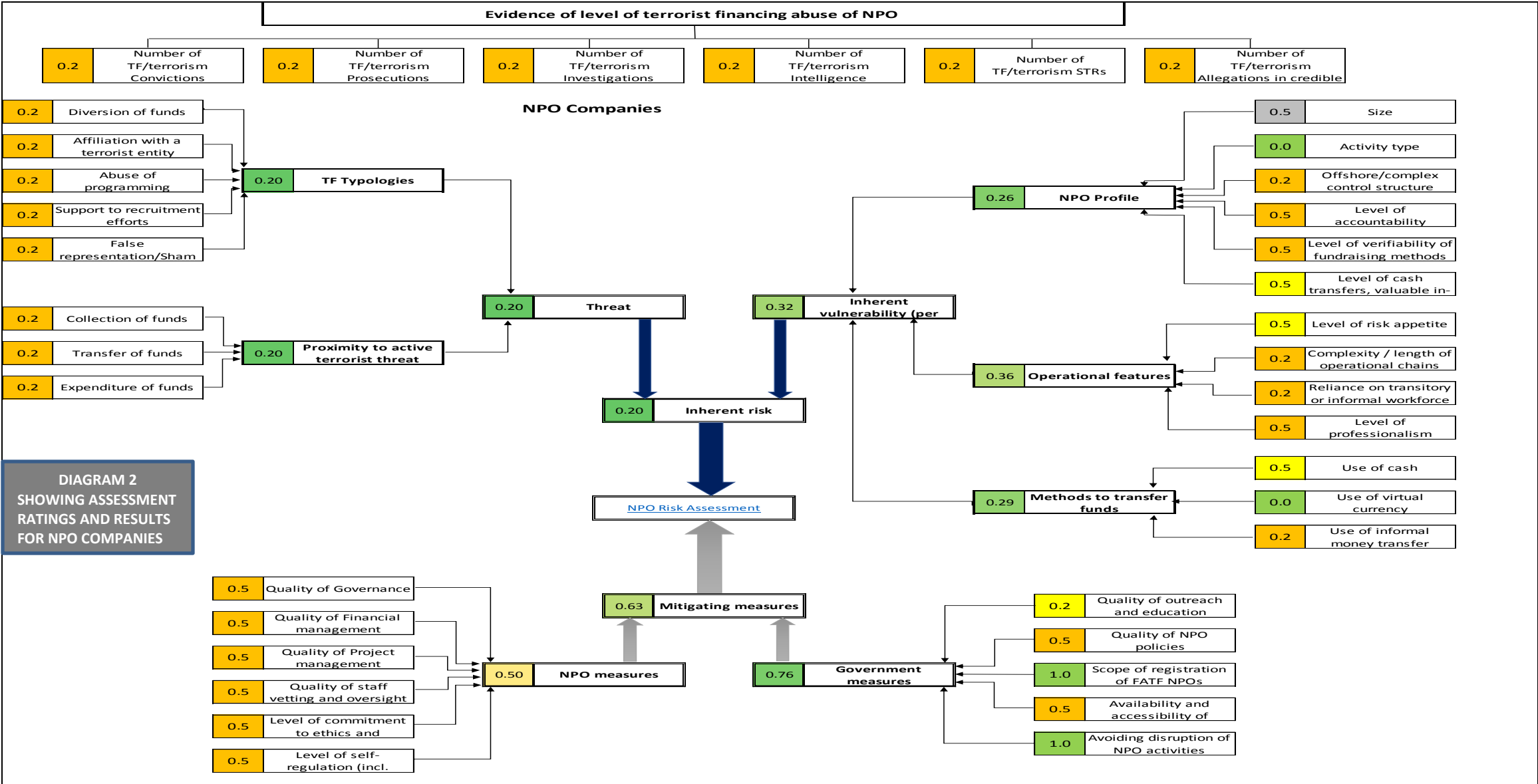
**Table 23 Mitigating measures assessment**

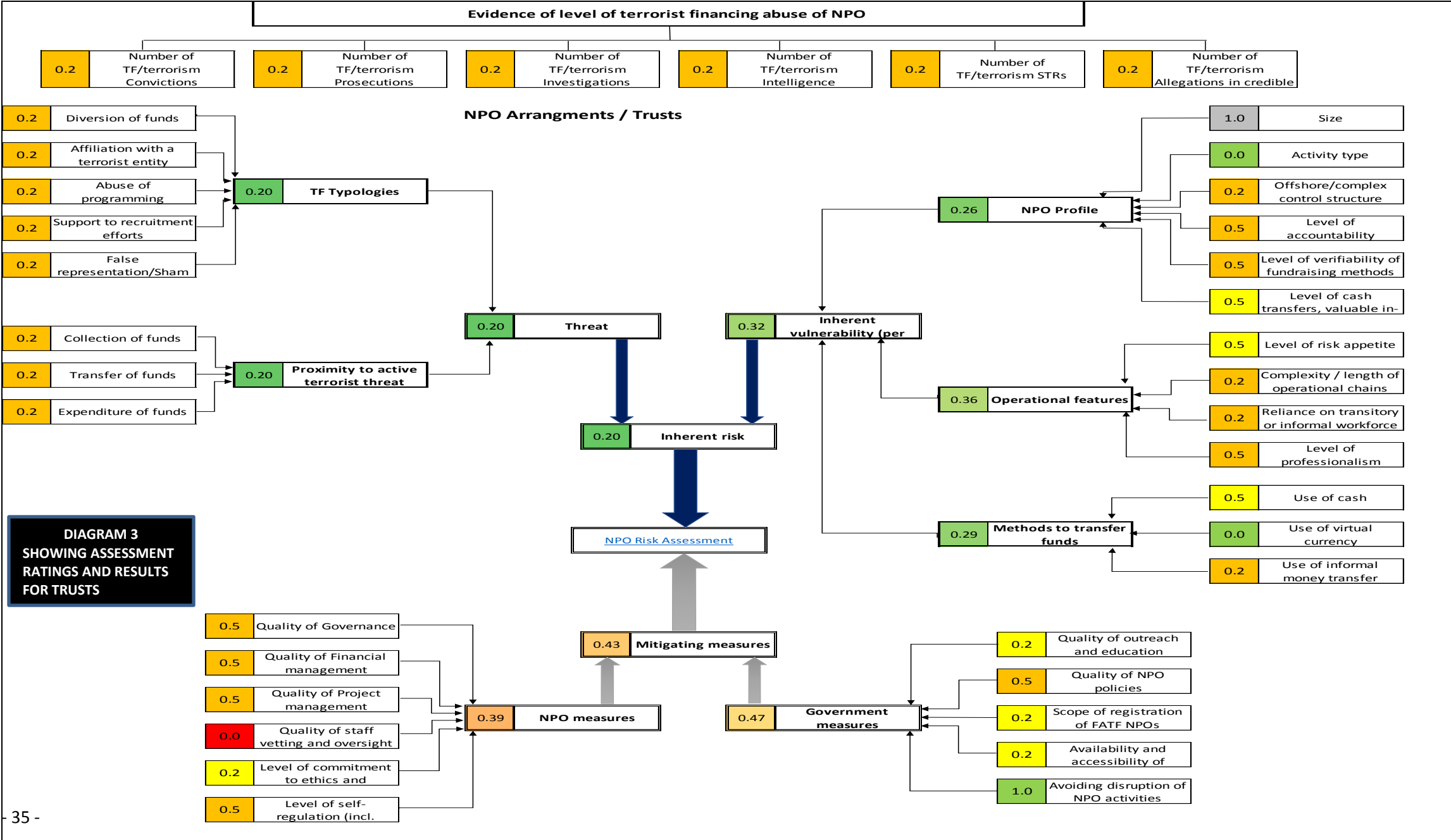
| No | Intermediary Variables | Mitigating measures  | ASSESSMENT RATING  | RATING                    | ASSESSMENT RATING | RATING | ASSESSMENT RATING | RATING |
|----|------------------------|--|--------------------|---------------------------|-------------------|--------|-------------------|--------|
|    |                        | GENERAL INPUT VARIABLES                                    | Friendly Societies | Not -for Profit Companies | Trusts            |        |                   |        |
| 1  | Government measures    | Quality of outreach and education                          | Medium             | 0.5                       | Low               | 0.2    | Low               | 0.2    |
| 2  |                        | Quality of NPO policies                                    | Medium             | 0.5                       | Medium            | 0.5    | Medium            | 0.5    |
| 3  |                        | Scope of registration of FATF NPOs                         | High               | 1.0                       | High              | 1.0    | Low               | 0.2    |
| 4  |                        | Availability and accessibility of accurate NPO information | High               | 1.0                       | Medium            | 0.5    | Low               | 0.2    |
| 5  |                        | Avoiding disruption of NPO activities                      | High               | 1.0                       | High              | 1.0    | High              | 1.0    |
| 6  | NPO measures           | Quality of Governance                                      | Medium             | 0.5                       | Medium            | 0.5    | Medium            | 0.5    |
| 7  |                        | Quality of Financial management                            | Medium             | 0.5                       | Medium            | 0.5    | Medium            | 0.5    |
| 8  |                        | Quality of Project management                              | Medium             | 0.5                       | Medium            | 0.5    | Medium            | 0.5    |
| 9  |                        | Quality of staff vetting and oversight                     | Medium             | 0.5                       | Medium            | 0.5    | Does not exist    | 0.0    |
| 10 |                        | Level of commitment to ethics and transparency             | Medium             | 0.5                       | Medium            | 0.5    | Low               | 0.2    |
| 11 |                        | Level of self-regulation (incl. implementation)            | Medium             | 0.5                       | Medium            | 0.5    | Medium            | 0.5    |

**Rating scale 0.0 to a maximum of 1.0.**

**DIAGRAM 1**  
**SHOWING ASSESSMENT**  
**RATINGS AND RESULTS FOR**  
**FRIENDLY SOCIETIES**







## Analysis of Assessment of Diagrams

- **Diagram No. 1 - Friendly Societies (NPOs-FS)**

Overall mitigating measures received a **HIGH** rating of **0.72** out of a possible maximum of 1.0. The mitigating measures of NPOs-FS and Government Authorities contributed to this overall **HIGH** rating. Three of the 5 Government mitigating measures received a perfect rating of **1.0**, namely “Scope of registration of FATF NPOs”, availability of and access to accurate NPO information and “Avoiding Disruption of NOP activities”, while the other two variables received a **MEDIUM** rating of **0.5**.

The mitigating measures employed by the NPOs-FS received a **Medium** rating of **0.50**, this was lower than the mitigating measures enforced by Government Authorities, which received a **HIGH** rating of **0.94**. The NPOs-FS mitigating measures was consistent across the variables considered with rating of **0.50** for all 6 criteria assessed, namely “Quality of Governance, Financial Management, staff vetting and oversight, commitment to ethics and level of Self-regulation (incl. implementation).”

The overall “Inherent risk” of NPOs-LA/T to TF received an overall **LOW** rating of **0.20**. The **LOW** inherent risk rating resulted from an overall **LOW** Threat rating of **0.20** and **LOW** rating of **0.032** for Inherent Vulnerability (per NPO category). Contributing criteria to a **LOW** Threat rating were **LOW** ratings of **0.20** for both “TF Typologies” and “Proximity to active Terrorist Threats”. Contributing criteria to a **LOW** “Inherent Vulnerability (per NPO category)” rating were **LOW** ratings of **0.29**, **0.26** and **0.36** for “Methods to Transfer Funds”, “NPO Profile” and “Operational Features”, respectively.

- **Diagram No. 2 - NPO Companies (NPOs-C)**

Overall mitigating measures received a **HIGH** rating of **0.63** out of a possible maximum of 1.0. The mitigating measures of NPOs-C and Government Authorities contributed to this overall **HIGH** rating. While mitigating measures employed by the NPOs-C received a **Medium** rating of **0.50**. This was lower than the mitigating measures enforced by Government Authorities, which received a **HIGH** rating of **0.76**, greater than the measures employed by the NPOs-C and the overall rating of mitigating measures as a whole. The NPOs-C mitigating measures received a rating of **0.50** all 6 criteria assessed, namely “Quality of Governance”, “Financial Management”, “staff vetting and oversight”, “commitment to ethics and transparency” and “level of Self-regulation (incl. implementation)”. Two of the 5 Government mitigating measure received a perfect rating of **1.0**, namely “Scope of registration of FATF NPOs” and avoiding disruption of NPO activities, while two received as rating of **0.5 MEDIUM** for “Availability and Accessibility of accurate NPO information” and one variable received a rating of **0.2** a **LOW** for “quality of outreach and education”.

The overall “Inherent risk” of NPOs-C to TF received an overall **LOW** rating of **0.20**. The **LOW** inherent risk rating resulted from an overall **LOW** Threat rating of **0.20** and **LOW** rating of **0.032** for Inherent Vulnerability (per NPO category). Contributing criteria to a **LOW** Threat rating were **LOW** ratings of **0.20** for both “TF Typologies” and “Proximity to active Terrorist Threats”. Contributing criteria to a **LOW** “Inherent Vulnerability (per NPO category)” rating were **LOW** ratings of **0.29**, **0.26** and **0.36** for “Methods to Transfer Funds”, “NPO Profile” and “Operational Features”, respectively.

- **Diagram No. 3 -NPOs Legal Arrangements/Trusts (NPOs-LA/T)**

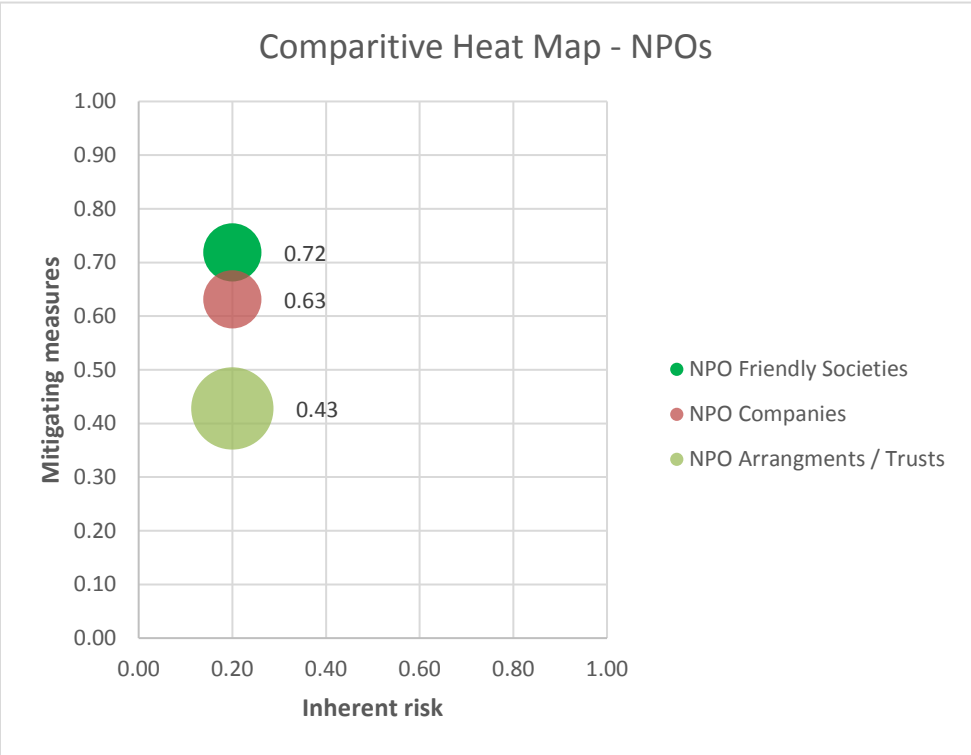
Overall mitigating measures received a **LOW** rating of **0.43** out of a possible maximum of 1.0. The mitigating measures of Government was rated as **0.47**, while mitigating measures employed by the NPOs-LA/T received a **Low** with a rating of **0.39**, this was slightly lower than the mitigating measures enforced by Government Authorities. The NPOs-LA/T mitigating measures received a perfect rating of **0.2** for 1 of the 6 criteria assessed, namely “Level of commitment to ethics and transparency”, while four received a **MEDIUM** rating of **0.5**, and one rated **0.0** for “quality of vetting and oversight. Of the 5 Government mitigating measure one received a perfect rating of **1.0**, namely “Avoiding Disruption of NOP activities”, whilst 3 of the mitigating measures received a **LOW** rating of **0.2**, namely, “Quality of outreach and education”, “scope of registration of FATF NPOs”, “availability and accessibility of accurate NPO information, and the other 1 received a **MEDIUM** rating of **0.5**.

The overall “Inherent risk” of NPOs-LA/T to TF received an overall **LOW** rating of **0.20**. The **LOW** inherent risk rating resulted from an overall **LOW** Threat rating of **0.20** and **LOW** rating of **0.032** for Inherent Vulnerability (per NPO category). Contributing criteria to a **LOW** Threat rating were **LOW** ratings of **0.20** for both “TF Typologies” and “Proximity to active Terrorist Threats”. Contributing criteria to a **LOW** “Inherent Vulnerability (per NPO category)” rating were **LOW** ratings of **0.29**, **0.26** and **0.36** for “Methods to Transfer Funds”, “NPO Profile” and “Operational Features”, respectively.

### **SUMMARY**

All three of the NPO categories received the same overall **LOW** “Inherent risk” rating of **0.20**. They however, received varying ratings for mitigating measures, with NPOs-FS receiving a **HIGH** rating of **0.72**, NPOs-C received a **HIGH** rating of **0.63** and NPOs-LA/T received a **LOW** rating of **0.43**. Thus NPOs- LA/T has the highest risk level, followed by NPOs -FS and then NPOs-C, which has the lowest risk levels of the 3 categories of NPOs.

DIAGRAM 4  
CHART SHOWING  
COMPARITIVE ASSESSMENT  
FOR NPOs



This chart shows the comparative ratings of all three categories of the NPOs assessed for this exercise.

The inherent risk ratings were consistent for all three categories sectors at 0.20 which represents a low inherent risk level. However, the mitigating measures across the sectors vary with Friendly Societies and NPO-companies reflecting medium high level with 0.72 and 0.63, respectively.

NPOs registered by trust reflects a much lower rating with 0.43 which suggests that improvements are required to bring this category in line with the others.

## CONCLUSIONS AND RECOMMENDATIONS

The results generated by the analysis indicate that the inherent TF risk of the sector was low and that there were adequate laws and regulation in place proportionate to the ML risk. However, the WG recognised that the risk profiling of each NPO needs to be developed in a more systematic and consistent way for all NPOs.

The WG also recognised the shortcoming with respect to determining the TF risk associated with each category of NPO based on the FATF definition of NPOs. This was due to the lack of data and information from a wider cross section of NPOs. This shortcoming impacted the assessment of the level of movement of funds (local and cross abroad), the level of grants and donations received and the sources and the recipients of funding and /or disbursements to and from NPOs.

The lack of TF regulation for NPOs registered as companies and trusts also impacted the assessment as the WG was unable to determine income brackets for these NPOs and/or other information necessary to conduct this exercise.

The WG recognised that the AMLCFT Laws appears to be applied on a “one size fit all approach”. This could create undue burden on NPOs and the Regulators. It is believed that the NPOs’ regular or legitimate charitable activities should be allowed to continue uninterrupted and be encouraged by national policy makers. However, a risk-based approach that would allow for proportionate mitigation measures applicable only to those NPOs whose activities posed a real risk for TF should be implemented.

The aim is to develop appropriate programs and policies which will focus on promoting accountability, integrity and public confidence in the administration and management of NPOs. The programs being developed should raise awareness about the potential vulnerabilities of NPOs to abuse and TF risks, while preventing the disruption of legitimate charitable activities being conducted by NPOs.

### **Recommendations**

The working group recommended:

1. That a verification exercise be conducted to determine the status of all Not-for-Profit companies and Trust arrangements functioning and not just on paper (i.e. active or in-active).
2. That a mechanism be put in place to monitor and regulate (for TF purposed) those NPOs -Trusts and Companies, that poses a risk for TF. This will include stronger



enforcement measures including the submission of reports on annual financial activities.

3. That with respect to Trusts a regulation is enacted which includes the requirement for this category of NPOs to submit annual reports of activities to a competent authority.
4. That a TF risk profiling system be implemented at the stage of registration of each NPO to determine the average financial size and nature of activities to be undertaken (based on FATF defined activities) and to classify the NPO as being targeted or not-targeted for registration for TF regulation and supervision.
5. That while Anti-Terrorist Financing measure should only be applicable to those NPOs that poses a risk for TF, training and public outreach sessions should be held from time to time for the benefit of all NPOs. This is for the purpose of sensitising the sector of the potential abuse of NPOs for TF.
6. That the NPOs' regular or legitimate charitable activities should be allowed to continue uninterrupted and encouraged by policy makers.
7. That this NPO-NRA Report to be disseminated to all competent authorities, including public and private sector and a national strategy or document be developed to implement the actions recommended in this report.