



Policy insight

Anti-money laundering in Albania – What role for civil society?

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Context

Topics related to money laundering and terrorist financing are not new to civil society, academia and especially the media in Albania. While the latter (media) has often reported on the phenomenon¹, law and economics researchers have addressed both topics, although they have done so less frequently in the context of research initiatives. Civil society, on the other hand, has been more passive regarding the phenomenon and measures

against money laundering (AML), or those against terrorist financing (CFT). Except for several research organizations engaged in the field of security, anti-corruption² or prevention of violent extremism, concepts such as AML / CFT became widely known to civil society actors a few years ago, when Albania took additional steps to meet the standards of Recommendation 8 of the Financial Action Task Force (FATF). Specifically, this recommendation suggests that FATF member countries should improve the

¹ See “Brenda kartelit të parë shqiptar të trafikimit ndërkombëtar të kokainës” Elton Qyno 18 February 2021, Reporter.al. Source: <https://www.reporter.al/brenda-kartelit-te-pare-shqiptar-te-trafikimit-nderkombetar-te-kokaines/>

² See “Deconstructing State Capture in Albania: An Examination of Grand Corruption Cases and Tailor-Made Laws from 2008 to 2020”, IDM and Transparency International, March 2021. Source: <https://idmalbania.org/sq/zberthimi-i-kapjes-se-shtetit-ne-shqiperi/>.

legal framework for non-profit organizations to prevent their misuse for financing terrorism³. Furthermore, the issue of money laundering is most frequently addressed in public discourse and various research reports⁴ mainly in the context of confiscation of assets and illicit proceeds generated by organized crime.

However, money laundering is yet to be examined in the context of high-level corruption and state capture, increased reporting on organized crime, illegitimate interests intertwined in politics, economics and beyond. The fight against law enforcement institutions against criminal groups and other “traditional” or contemporary challenges (eg. cryptocurrencies) suggest that the AML / CFT capacities of state institutions need additional support, new skills, in-depth analysis and alternative sources of knowledge.

“State monopoly” on AML – What is changing?

The first junction that is often attributed to the role of civil society in the fight against money laundering is the 8th FATF

Recommendation – which consists of the treatment of civil society as a risk sector for the financing of terrorism, on which FATF member countries are recommended to take preventive measures. For a long time, the approach of most advanced countries in the fight against money laundering has maintained a limited role for civil society. **Apart from being a sector of risk within the framework of the prevention of money laundering**, civil society has an unexploited potential in preventing the phenomenon. Specifically, research work of the media sector, often in collaboration with civil society actors - such as in the case of *Panama Papers*, *FinCen*, *Swiss leaks*, etc. - not only has impacted the substantive component of the FATF recommendations by introducing new approaches e.g. on concepts such as ‘beneficial ownership’, but it has also influenced the practice of collaborations and the role of other actors who can contribute capacities, skills or evidence to the AML / CFT global challenges. **In many FATF signatory countries, civil society and academia have proven themselves as an asset, rather than as a risk sector or as a mere reporting entity. The same tendency is shaping in Albania as well, where this document and its**

³These measures were perceived with distrust by civil society - partly due to the lack of consultation with civil society actors. Currently, the same approach prevails also in terms of new amendments to the draft law and the registration of NGOs where civil society has called on the Assembly to seek the opinion of the Venice Commission. For more on this issue, see:

<https://resourcecentre.al/2021/04/19/networking->

[event-the-sustainability-of-youth-organizations-in-the-pandemic-and-post-pandemic-period/](https://resourcecentre.al/2021/04/19/networking-event-the-sustainability-of-youth-organizations-in-the-pandemic-and-post-pandemic-period/)

⁴ See “Illicit financial flows in Albania, Kosovo and North Macedonia - Key drivers and current trends”, Global Initiative against Transnational Organized Crime, 2020. Source: <https://globalinitiative.net/wp-content/uploads/2020/08/Illicit-Financial-Flows-in-Albania-Kosovo-and-North-Macedonia-Key-drivers-and-current-trends.pdf>.

launching/presentation⁵ event aim to address this challenge.

In a series of meetings organized by IDM, **representatives of government agencies and independent institutions** involved in the fight against money laundering and terrorist financing, academia, civil society, media, and representatives of international partners present in Albania **confirmed the need for more active involvement of civil society and academia⁶**. This need is further supported by the fact that **civil society and academia, jointly or separately, have already developed concrete capacities and initiatives which contribute to the exposure of mechanisms and other data related to the phenomena of the source of money laundering – namely, organized crime and illicit activities, corruption and state capture, violent extremism leading to terrorism**, etc. These capacities can now be further strengthened and employed for AML / CFT, increasing the efficiency and quality of anti-money laundering measures. The capacities and resources of civil society, media and academia, as well as the added value generated through their joint synergies with state institutions can easily contribute to many FATF recommendations. Specifically, apart from the CSOs role and obligations deriving

from the 8th Recommendation, potential areas of contribution include (but are not limited to) other FATF recommendations, such as the 12th on politically exposed persons; the 15th on new technologies, and the 22nd and 23rd on DNFBPs – (Designated non-financial businesses and professions) or the 24th and 25th recommendations on transparency and beneficial ownership.

Finally, measures of state institutions to prevent money laundering require the substantial dimension of public accountability, which can be achieved by cooperating with civil society and expanding the role of civil society and academia in this sector. Currently, civil society is one of the sectors that face the consequences of actions that forced upon civil society actors recent legal changes in the law on the registration of NGOs, in discordance with recommendations provided by the sector. Earlier, legal changes that affected the financial reporting procedures of NGOs and other aspects of the operation of civil society organizations were approved without consulting the sector, nor sufficiently informing it.

⁵ Forum "Anti-money laundering in Albania – What role for civil society?" (June 25, 2021)

⁶ During April - May 2021, IDM undertook several meetings in preparation for the Forum "Anti-money laundering in Albania – What role for civil society?" (June 25, 2021) and with the purpose of introducing the new IDM program on prevention of money laundering.

The meetings were held with representatives of the General Directorate of Prevention of Money Laundering, Ministry of Interior, Bank of Albania, HIDAA, Financial Intelligence Unit, law enforcement institutions, etc. as well as with the civil society actor, media, donors and international partners present in Tirana.

Civil society, a partner in the fight against money laundering – Actionable recommendations

The fight against money laundering is increasingly prioritizing not only organized crime (AML), violent extremist and terrorist groups (CFT), but also corruption and powerful groups that combine illegitimate political and economic interests in their attempts for state capture and developing new tools and mechanisms for money laundering⁷. Preventing and tackling corruption is one of the most important priorities of G7 leaders, who emphasized in their Statement on Open Societies that:

We are at a critical juncture, facing threats to freedom and democracy from rising authoritarianism, electoral interference, corruption, economic coercion, manipulation of information, including disinformation, online harms and cyber attacks, politically motivated internet shutdowns, human rights violations and abuses, terrorism and violent extremism⁸.

Civil society, the media and academia have gained valuable experience through research, information, interaction and investigation of phenomena that generate the “demand” for money laundering. Availing their capacities and experience provides state authorities and AML / CFT initiatives with an inherent added value and comparative advantage. However, **the involvement of civil society and academia requires the cooperation of a wide range of actors and a framework of measures to maximize the impact and the added value of their involvement.** These measures constitute the following recommendations, which should be implemented in coordination with **civil society** by **decision-makers**, institutions involved in the AML / CFT and **donor institutions** that support civil society activity:

- State institutions should strive to attain a fully **cooperative approach with civil society actors** not only to inform, but also to consult and reflect the suggestions of NGOs in the legislative, institutional and action plans of the country to advance in preventing money laundering. Strengthening the dimension of public accountability of state institutions should be attained also in the context of this cooperation.

⁷ See Carbis Bay G7 Summit Communiqué, 11-13 June 2021, page 19 “...and recognise the need for action on corruption, including by sharing information on illicit financial activities, tackling the misuse of shell companies, and curtailing the ability of illicit actors to hide wealth, including in real estate.” Source: <https://www.consilium.europa.eu/media/50361/carbis-bay-g7-summit-communication.pdf>.

<https://www.whitehouse.gov/briefing-room/presidential-actions/2021/06/03/memorandum-on-establishing-the-fight-against-corruption-as-a-core-United-states-national-security-interest/>

⁸ Source: <https://www.consilium.europa.eu/media/50364/g7-2021-open-societies-statement-pdf-355kb-2-pages.pdf>.

- Civil society should have a **more comprehensive understanding** of the phenomenon of money laundering and seek to be **involved in the monitoring and evaluation processes** by MONEYVAL for Albania.

- Civil society should invest its capacities in **ongoing collaborations and building synergies with other actors such as the media and academia** in the area of money laundering prevention.

Strengthening mutual capacities and advancing the contribution of **joint initiatives** should be guided by in-depth assessments of the phenomenon and evidence.

- Civil society donor institutions should **increase their support for actions in the field of prevention of money laundering in terms of capacity,**

awareness raising and empowering of vulnerable sectors, as well as research of the phenomenon and successful approaches / applicable models to tackle AML / CFT.

- Finally, civil society should promote the establishment of a **multidisciplinary committee** with the participation of **civil society, the private sector, universities, investigative media, state** institutions involved in the fight against money laundering for **periodic consultation, strengthening accountability, assessing the progress, and the challenges** of the country to combat and prevent money laundering.

This structure should be led by a secretariat that acknowledges the essential role of non-state actors



The Institute for Democracy and Mediation – IDM was established in November 1999 as a non-governmental organization, dedicated to consolidating participatory governance and democratic institutions, EU integration processes, civil society development, regional cooperation and security affairs through independent research, capacity building and engagement of societal players.

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