

Improving civil society-government engagement on AML/CFT in Honduras

As part of the [INSPIRES project](#), Flexible Response Funds (FRFs) are designed to provide USAID missions and partners with easily accessible and flexible support in the form of technical assistance and subgrants to local organizations that can help address urgent and emerging threats to civic space.

In **Honduras**, ICNL collaborated with local partners Centro de Investigación y Promoción de los Derechos Humanos (CIPRODEH) and El Pulso Honduras to provide support to civil society organizations (CSOs) related to FATF recommendations and the role of CSOs in the FATF process. This was done through three key activities:

- Technical assistance to CSOs and government on issues related to FATF;
- Facilitation of discussions between CSOs and government entities regarding the involvement of CSOs in the FATF process and implications on CSOs of regulations; and,
- Facilitation of peer exchange between Honduran CSOs and their peers across the region.

Support was provided over the course of 11 months from November 2020 – September 2021.

In this summary brief, we share learnings and lessons from key informant interviews and document reviews for these activities.

Outputs and Outcomes

The FRF activities in Honduras were designed to produce several key outputs, including direct support to CSOs to analyze risk assessment data, to coordinate with government officials to advocate for

better regulations of the non-profit sector, and to engage with like-minded CSOs outside of Honduras.

Based on interviews with key informants who were involved in the program, the Honduras team and partners achieved several key outputs, as highlighted in Figure 1.

Figure 1. FRF Outputs



Evidence from key informant interviews as well as documentation from partners suggest that the FRF activities contributed to several key outcomes:

Increased civil society engagement with government on non-profit sector regulation. As a continuation of work started before Inspires, ICNL worked with civil society partners in Honduras to improve their capacity to engage with the government on regulation that affects the sector and

to increase the willingness of government officials themselves to discuss policies with civil society. Informants highlighted that this improvement was one of the biggest outcomes achieved as part of this FRF, with government representatives and especially the Financial Intelligence Unit, now showing a greater willingness to discuss regulations with civil society.

“The activities under the program allowed for a sustaining civic space for participating organizations and [for] the generation of alliances in civil society that now allows the group to seize windows of opportunity opened after a new administration took over government in early 2022. The new administration [is] more open to participatory approaches and under an accountability agenda.”

- Key informant interview, August 2022

Removing negative elements of draft legislation.

As part of the increased engagement with government, civil society partners were able to share information with the Financial Intelligence Unit about the potential harm that civil society would incur due to several parts of the draft legislation. After sharing this information with the government, these problematic elements of the draft legislation were removed, and ultimately the new law was submitted but not enacted. Informants cited this outcome as a major achievement to which the FRF activities contributed.

Increased learning and collaboration between civil society organizations across the region.

The FRF funding provided ICNL with an opportunity to bring together partners from countries across the region who have experienced similar challenges and employed effective strategies to ensure that AML regulations do not have harmful impacts on CSOs. Informants in Honduras noted the valuable experience of sharing and hearing from partners in Guatemala to discuss how to engage with government officials and advocate for changes in laws problematic laws.

“(O)ur partners right now are considered the key entry point for the sector when talking about drafting regulations on AML. Just last week, our partners and officials had a meeting on this issue, and they agreed to have a second meeting to organize and to convene a broader representation of civil society to discuss what they have in place right now. That is huge. Otherwise, officials would not be talking to civil society. And now they know who to invite for that kind of exchange. It is not easy for officials to realize who are the key CSOs they should talk to, who is knowledgeable. Now they know. Our partners are very well trained on this.”

- Key informant interview, May 2022

Helping and Challenging Factors. Key informants were asked about factors perceived to help or hinder this work. Understanding these factors can help support the implementation of future activities.

Helping factors include:

- **Flexibility of funding and program**, allowing the partners to adapt to changes in context.
- **New government administration** that was more open and willing to meet with civil society.
- **Resilient civil society**, prepared to use windows of opportunity with new government officials.

Hindering factors include:

- **COVID-related challenges**, especially related to the need to conduct activities virtually.
- **Bureaucratic delays**, especially at the start of the project and related to concerns from USAID about activities.
- **Adapting peer experiences to different contexts.** While the international exchange was seen as one of the major outcomes of the FRF activities, informants also noted the challenge of facilitating a discussion between countries with different contexts and thus different strategies that may be appropriate.

For more information about this FRF, please contact: info@inspiresconsortium.org.