



22 April 2016

Public Consultation on the Revision of Recommendation 8

Non-Profit Organisations (NPOs)

The NPO sector and the threat environment in which it operates have evolved, governments' experiences in implementing Recommendation 8 have advanced, and self-regulatory mechanisms have also evolved. The FATF therefore sees the need to revise Recommendation 8, as a matter of priority, to align with the results of the [Typologies Report](#), the recently updated [Best Practices Paper, and the latest exercise of revising the Interpretive Note to Recommendation 8](#).

The FATF wishes to receive your views and specific proposals to the text of Recommendation 8, in English or French, to FATF.NPOconsultation@fatf-gafi.org no later than **Friday 29 April 2016, 18:00, CET**.

Please note that this exercise is intended to be a focused and limited revision of Recommendation 8. The FATF currently has no plan to re-open the revision of the FATF Standard as a whole.

Due to resource constraints, the FATF Secretariat can only accept input which is submitted according to the instructions and following the template, and/or is submitted before the above deadline.

The FATF will not be able to consider any submission that does not meet the above criteria.

Going forward, the FATF will discuss the input received through the [Consultation and Dialogue meeting](#) held on 18 April 2016 and this consultation exercise, with a view to finalising the revisions to Recommendation 8 and its Interpretive Note in June 2016.

For further details concerning this public consultation, please see:

www.fatf-gafi.org/publications/fatfrecommendations/documents/public-consultation-npo-r8.html

1. Name of organisation represented and/or person submitting comments (if applicable)	
Global Focus – the national umbrella organisation for the development and humanitarian civil society (non-profit) organisations in Denmark. The 80+ organisations behind this response are listed on our webpage (see this link) .	
2. Country in which your organisation is based/primarily resides (mandatory field)	
Denmark	
3. All the countries in which your organisation operates (mandatory field)	
Our 80+ member organisations and their partners operate in a large number of countries in Africa, South and Central America, Asia, the Middle East and Northern Africa, Oceania and Europe	
4. Which of the following entities do you represent (mandatory field)	
Please indicate the entity or entities you represent	<p>A. Government; or</p> <p>B. A service NPO (meaning an NPO which primarily raises or disburses funds for charitable, religious, cultural, educational, social or fraternal purposes, or for carrying out other types of “good works”); or</p> <p>C. An expressive NPO (meaning an NPO which primarily focuses on sports and recreation, arts and culture, interest representation or advocacy such as political parties, think tanks and advocacy groups); or</p> <p>D. A donor/concerned member of the public</p>
B and C	

5. General comments

Please limit your general comments to one page only. Comments exceeding this length will not be considered.

Recommendation 8 (R8) sets out a broad framework for regulation of the non-profit sector to prevent abuse by terrorists. The premise is that NPOs are seen as being particularly vulnerable to abuse for the financing of terrorism as set out in FATF R8 e.g. as a conduit for funds, by obscuring diversion of funds and by being a front for terror organisations. This broad brush tarring of the entire sector is contrary to the evidence base and has been criticised by the NPO sector. R8 has also had unintended consequences, as several governments have tightened rules on the NPO sector beyond what is under R8, at time publicly justifying these measures using FATF terminology.

NPOs have documented a number of cases of such overregulation, including difficulties faced in accessing and distributing financial resources, cumbersome registering and licensing laws, and increased state surveillance and regulation of the sector without any targeted and/or risk based approach. The above mentioned FATF standard has also given rise to fears of “policy laundering”, that is of states introducing surveillance/privacy-invasive measures to suit their agendas under the guise of implementing FATF standards. Infringements on humanitarian aid, basic human rights, namely the right to freedom of expression and association, and the right to privacy have been reported.

As a result, the application of R8 in many cases has contributed to and legitimised the shrinking of the financial, operational and political space of NPOs in particular and civil society in general. Additionally, the parts of civil society that are most affected are most likely to be the organisations working in high risk and high need areas e.g. on development, in conflict areas and on human rights. This, ironically, is also counterproductive to mitigating terrorist threats.

Thus, Global Focus recommends a change in language in R8, in particular abolishing the phrase: “Non-profit organisations are particularly vulnerable” (see suggestion below).

Global Focus applauds and supports that the interpretive note and “Best Practices Paper on Combating the Abuse of Non-Profit Organisations (Recommendation 8)” are revised/developed to avoid R8 being a tool for shrinking financial, operational and political space of NPOs in particular and civil society in general.

In the interpretive note Global Focus recommends the following phrase to be added: “The FATF further recognizes that the NPO community has an important role to play in combating terrorism, by exposing corruption, countering extremism, promoting social cohesion and reducing the conditions that drive violence by providing and independent and protected space to organize and respond to community needs.”

6. Specific proposal to amend the text of Recommendation 8 (R.8)

Please provide your specific proposals to amend the text of R.8, if any, in tracked changes. This exercise is intended to be a focused and limited revision of R.8. The FATF currently has no plan to re-open the revision of the FATF Standard as a whole.

8. NON-PROFIT ORGANISATIONS

Countries should review the adequacy of laws, ~~and~~ regulations programs and the level of risk that related to entities that can be abused for the financing of terrorism. Where some non-profit organisations are found to be at risk, countries should address identified risks with a proportionate and targeted approach, consistent with countries obligations to respect fundamental human rights and international humanitarian law. Abuse may be by terrorist organisations~~Non-profit organisations are particularly vulnerable, and countries should ensure that they cannot be misused:~~

- (a) ~~by terrorist organisations~~ posing as legitimate entities;
- (b) ~~to~~exploiting legitimate entities as conduits for terrorist financing, including for the purpose of escaping asset-freezing measures; and
- (c) ~~to~~concealing or obscuring the clandestine diversion of funds intended for legitimate purposes to terrorist ~~organisations~~purposes.