



FINANCIAL ACTION TASK FORCE
Executive Secretary

Ms Lia van Broekhoven and Ms Kay Guinane
Co-chairs of the Global NPO Coalition on the
FATF

30 November 2021

Email kguinane@charityandsecurity.org; lia@hscollective.org;

Our Ref. : 2021125ChT01

Subject: Response to letter of 11 November 2021

Dear Ms van Broekhoven and Ms Guinane,

Thank you for your letter of 11 November 2021, where you referred to a communication from the Permanent Representative of Israel to the United Nations to the President of the UN Security Council. In this communication, the Permanent Representative informs the President of the UN Security Council that the Israeli government has designated six institutions of the Palestinian Authority based on Israeli domestic legislation. After providing more detail on this measure, the communication continues with a general description of international obligations in the field of counter-financing of terrorism. In addition to UN Security Council Resolution 2129 (2013), the communication also refers to and quotes excerpts from FATF Recommendation 8 and its Interpretive Note. In your letter, you note your concerns regarding a misapplication of the core principles of FATF's risk-based approach by the Permanent Representative's communication and the measures referred to therein.

The FATF recognises the important charitable services that non-profit organisations (NPOs) bring to those most in need. Over the past years, the FATF has engaged extensively with NPOs to revise its Recommendation 8 and ensure that it is in line with the risk-based approach. The FATF Standards require countries to implement a calibrated programme that allows NPOs to conduct their activities without being misused by terrorist financiers, while at the same time not disrupting or discouraging legitimate NPO activities. In April of last year the FATF President issued a statement reiterating the vital role NPOs play, particularly when so many are suffering and require assistance due to the COVID-19 pandemic. This statement also echoed previous calls for national authorities and financial institutions to apply a risk-based approach.

In line with its mandate, the FATF undertakes regular evaluations of its Members' implementation of the FATF Standards, including Recommendation 8. All evaluations are carried out by a team of experts over a period of more than a year, following strict procedures, including an on-site examination of several weeks. These processes are designed to ensure a complete and accurate picture of the state of play in the assessed jurisdiction. All evaluations need final approval from the FATF Plenary, which is the FATF's ultimate decision making body.

It follows from this that FATF is not in a position to assess or express an opinion on domestic measures of one of its Members outside the regular evaluation process and can therefore not express a view on the matter you have raised.

As the FATF is neither a member nor an observer of the UN Security Council, it is also not possible for the FATF to express a view on the UN Security Council's involvement in this matter. I understand from your letter that you have already been in dialogue with parts of the UN in the context of the underlying designation measures, and you may consider directing your concerns towards the UN Security Council through the appropriate channels too.

On a more general note, I appreciate the very constructive and useful ongoing engagement between the Global NPO Coalition and the FATF, which has been of particular help for FATF's work. Let me assure you that the FATF will continue to raise awareness regarding a risk-based and proportionate approach towards NPOs in line with the obligations under the Charter of the United Nations and international human rights law.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'David Lewis', with a stylized, flowing script.

David Lewis
FATF Executive Secretary