



06 March 2023

The Executive Secretary  
Financial Action Task Force

(With copy to ESAAMLG)

The Global NPO Coalition writes you at the request of the movement in defense of freedom of association, composed of 508 Mozambican associations and social organizations. We wish to bring to your attention concerning draft legislation that, if adopted, will adversely affect the rights and enabling environment for non-profit organizations (NPOs) and other associations and civil society organizations (CSOs) in the country. This is an example of the unintended consequences that have arisen linked to NPOs as the government seeks to take measures to deal with the increased monitoring of Mozambique.

We have noted with great concern that under the pretext of FATF Recommendation 8, to combat money laundering and terrorist financing (ML/TF), the Mozambican government approved a draft bill on Non-Profit Organizations and sent it in October 2022 for Parliament's approval. Despite sustained and comprehensive engagement by CSOs with Parliament, we are reliably advised that Parliament is likely to consider the Bill in March 2023.

The proposed law, instead of bringing elements that guarantee and expand the right to freedom of association while dealing with ML/TF threats according to best practice, instead imposes excessive requirements on the registration of organizations; grants government officials broad and discretionary power to decide whether or not to authorize the registration of new organizations; imposes burdensome and unwarranted reporting requirements; allows the arbitrary dissolution of organizations; and imposes excessive civil liability on organizations' directors and members. In doing so, it violates the Mozambican Constitution and Mozambique's obligations under international and regional human rights instruments. This bill, if approved, will represent a huge setback in the efforts undertaken throughout years for the consolidation of the Democratic Rule of Law. See attached the translated draft bill for your information.

A thorough analysis of the FATF recommendations, ESAAMLG Mutual Evaluation Report 2021 and the reasons why Mozambique entered the grey list, does not explain why the Government rushed and is insisting on creating a 'one size fits all' law before implementing the main recommendation issued by FATF in relation to NPOs - an assessment of the sector's risk of financing terrorism, according to FATF standards, and its use as a basis for developing a dissemination plan. This assessment, which has not yet been carried out, would make it possible to identify the subsector at risk as well as enable measures to be taken proportional to the risk.

In addition to the failure of a number of provisions to meet the standards required to limit freedom of association, our local partners advise that there are other envisaged impacts, including:



- Significant budgetary impacts for the State, to respond to more than 10,000 existing social organizations and a potential growing demand for new organizations;
- It will be an incentive for associations and social organizations to work informally in order to circumvent the excessive bureaucracies of registration and operation control and thus make it more difficult, rather than easier, to control their financial transactions;
- As seen in countries like Uganda and Zimbabwe that implement similar legislation, there will be severe impacts on the delivery of social and humanitarian services provided by organizations, particularly to needy populations, due to excessive bureaucracy;
- Many small organizations may close and or simply stay unregistered and there will be closure and or pursuit of Human Rights and Governance organizations, amongst others.

If this law is approved, it will be extremely harmful for Mozambican citizens and associations. Our Mozambican partners, and we, therefore request your consideration to engage the government of Mozambique to stop this Bill, undertake a comprehensive sectoral risk assessment with the full participation of the civil society sector, and then put in place proportionate measures relating only to those NPOs found to be at risk of ML/TF. In order to better clarify their concerns, Mozambican organizations also would be grateful for the opportunity to meet with you to discuss these implications further.

Best Regards