



Distinguished delegates, dear colleagues,

Like governments, non-profit organizations (NPOs) are committed to tackling the risk of terrorism financing, given that potential abuse negatively impacts not only those we work to assist but also the space in which we operate. The **Global NPO Coalition on FATF** (www.fatfplatform.org), a coalition of more than 200 nonprofit members co-chaired by the Human Security Collective and the Charity & Security Network, promotes a risk-based approach to preventing financing of terrorism and improvement in the quality and effectiveness of FATF mutual evaluations without disrupting legitimate NPO activities. The Coalition has also been researching the impact of bank 'derisking' and seeking both technological and policy solutions to the financial access issues facing NPOs.

As recognized by the FATF, not all NPOs in a country are at risk of being abused for terrorism financing, and we champion the risk-based approach built around a Risk Assessment methodology that ensures that any terrorism financing risk is effectively identified and addressed; that states are compliant with the requisite international humanitarian and human rights law standards; that measures intended to reduce risk are targeted, effective and proportionate; and that measures do not impinge on legitimate charitable activity or fundamental freedoms. To that end, it is imperative that the *revised* FATF Recommendation 8, which underlines this approach and which resulted from sustained Global NPO Coalition lobby and advocacy, is implemented by states. Additionally, the UN Security Council recently adopted Resolution 2462, which requires governments to apply countering the financing of terrorism rules as specified in the FATF framework in a manner consistent with their legal obligations under international humanitarian, human rights and refugee law.

As a Global NPO Coalition, we promote an NPO-sector-specific Risk Assessment methodology tool. This methodology, which involves cooperation between the government and the NPO sector and accounts for already-existing self-regulation measures within the sector, produces a more robust assessment of risk than alternatives and allows for more efficient allocation of limited resources to effectively address contextual terrorism financing challenges. Members of the Global Coalition currently collaborate with governments and NPOs to support joint Risk Assessment processes in several countries, e.g., Tunisia, Kyrgyzstan, North Macedonia and Germany.

Given that terrorism financing risks are largely transnational in nature, Regional Risk Assessments can be valuable. As with National Risk Assessments, regional assessments must involve sustained engagement with the NPO sector if they are to stand up to scrutiny and guide effective allocation of limited resources. Our members are currently working on one such regional Risk Assessment in Latin America. This effort has been endorsed by GAFILAT, the regional FATF body for Latin America. The initiative comprised a survey of NPOs, interviews with experts from other sectors, and an analysis of compliance with Recommendation 8. A sector-led assessment, it is hoped that it can contribute positively by



highlighting the sector's perception of the risk and the effectiveness of mitigating measures, and by providing a critical outside analysis of current measures. In Europe, our members have contributed to the two rounds of the EU Supra National Risk Assessment framework, stressing the importance of proportionate regulation by governments for those NPOs that are found to be at risk of terrorism financing.

Global NPO Coalition members facilitate multistakeholder dialogue among NPOs, government departments, financial intelligence authorities, banks and regulators in order that respective mandates are better understood, policy incoherencies better addressed and solutions found to address common challenges. Such dialogue has been facilitated in multiple countries across continents – in Nigeria and Uganda, Pakistan and Indonesia, Kosovo and Kyrgyzstan, and Mexico and Argentina, to name just a few. A number of these dialogue processes have also taken place with regional FATF bodies such as GAFILAT, GIABA and ESAAMLG. The Coalition also has four seats on the FATF Public Sector Consultative Forum, representing humanitarian organizations, NPO legal and governance experts, development, human rights and peacebuilding NPOs, and philanthropists, to better discuss some of these issues.

Financial access for NPOs remains a grave concern and is a direct consequence of the securitized and regulatory environment related to the countering the financing of terrorism agenda. Smaller NPOs worldwide, Muslim organizations and often those working in difficult, high-risk contexts, are disproportionately affected by this: unable to cope with banks' enhanced due diligence requirements and having little or no recourse when unnecessarily and improperly affected. In addition to advocating for robust sectoral Risk Assessments to solve this problem, Global Coalition members have worked to initiate and take part in numerous dialogue processes between banks, regulators, government and NPOs intended to preserve NPO financial access.

In the Netherlands, the Dutch government, together with Human Security Collective, has convened a roundtable that meets regularly to discuss these issues. Members are trying to advance the critical discussion around risk-sharing (so that NPOs are not the only ones bearing all the risk – governments, donors, banks other stakeholders need to also shoulder the burden). Similar multistakeholder dialogue processes are ongoing in the UK and at the EU ECHO supported by Swiss government. The UK tripartite working group on financial access is another example of a national roundtable where relevant stakeholders identify joint solutions to navigate the complex anti-money laundering/countering the financing of terrorism and sanctions landscape with the aim of facilitating payments, in support of humanitarian aid in particular. The year-long Swiss funded dialogue, convened by the Graduate Institute, Geneva, with additional support from the European Commission, Directorate General for European Civil Protection and Humanitarian Aid Operations, has been tasked with facilitating a multistakeholder technical compliance dialogue in order to promote safe and transparent banking and payment channels in support of permissible international humanitarian activity to, and within, Syria. In the US, the World Bank–ACAMS convened dialogue has similarly led to incipient dialogue between US regulators, NPOs (Charity & Security Network, the



International Center for Not-for-Profit Law, Oxfam US and Islamic Relief USA, among others) and banks and to the production of guidance papers for these stakeholders on Know Your Customer and Due Diligence approaches to address terrorism financing risks that NPOs might face.

The issue of financial access for NPOs has also been raised by the Global NPO Coalition at the G20 level and in the presence of G20 member states and the FATF Secretariat, through the CivilSociety20 – here we stressed that financial inclusion is a matter not only for individuals but also for organizations, and sustainable long-term solutions have to be policy driven. The Coalition has stressed that the G-20 and its members need to take global leadership on reducing bank derisking, ensuring that all entities, including NPOs, have equal access to financial services. It can achieve this by committing its bodies, such as the Global Partnership for Financial Inclusion, its Member States and the FATF to take specific actions to address the impact of bank derisking on NPOs. Further, the G-20, its platforms, its Member States and its partners should align their policies and monitoring tools in order to enforce effective implementation at the national level to help solve financial access issues facing NPOs.

Technology offers NPOs the tools to meet due diligence as well as accountability and transparency requirements in order to mitigate terrorism financing and other risk. Approaches are being piloted that take into account regulator and donor requirements but that are driven by the needs, capacities and strengths of NPOs. Technology also offers short-term solutions for financial access issues facing NPOs. The current financial system is slow, expensive and opaque. Alternatives are being built using blockchain and distributed ledger technologies to make electronic money transfers – these transfers, it is claimed, are efficient and effective, transparent and accountable, and localized and decentralized. The impact and benefit of these technologies need to be monitored and assessed to draw useful recommendations for others.

The FATF, in its 30th year of existence, is reviewing its effectiveness. It is important to ask questions about the efficacy of the countering the financing of terrorism framework itself. How effective has it been in disrupting terrorism financing and money laundering? And what have the unintended consequences been for various sectors and how may these have undermined the achieving of the overall goal/s? Given the different cultural values and rules of law across the globe, and the difference in governmental and regulatory capacities, is an absolute judgment of compliance and effectiveness really the most fit for purpose? These are some of the questions that standard setters in this arena, and the member states that implement them, need to address going forward.

Contact information:

Sangeeta Goswami, sangeeta@hscollective.org / npos@fatfplatform.org

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