



**NPO Sector Terrorist Financing Risk Assessment Workshop
with Ben Evans, Green Acre Group
17 October 2022**

1) About the FATF:

The Financial Action Task Force on Money Laundering (FATF) was established by the G-7 Summit that was held in Paris in 1989. Recognising the threat posed to the banking system and to financial institutions, the G-7 Heads of State or Government and President of the European Commission convened the Task Force from the G-7 member States, the European Commission and eight other countries. *Forty Recommendations* were provided to combat money laundering. In 2001 standards were developed to fight against terrorist financing (TF) adding *Nine Recommendations (40 +9)*. The intention is to strengthen global safeguards and further protect the integrity of the financial systems and to take action against financial crime. There are 38 member countries of which South Africa is an associate member of the regional ESAAMLG (Eastern Southern Africa Anti-Money Laundering Group). *Interesting note: Amongst others DIFID & UK Charity Commission are Observer Organisations.

2) Terrorist Financing Risk Assessment:

Currently we have **three processes** in motion, which can be confusing whilst blurring our focus as the NPO-WG. This report back is about No 3!

1) The NPO Amendment Bill (partial FAFT)	2) The General Laws Bill (FAFT)	3) Identification of NPO Sub-set TF Risk Assessment (FAFT)
Submissions under review. NPO Directorate has formed a NT to consult. No mention yet of when this will be sent to parliamentary social development standing committee for consideration. After GL enacted is when this Bill might receive some urgency.	Submissions reviewed and Bill in redraft mode with the Finance Standing committee. Treasury, SARS, NPO Directorate, CIPC, Property Trust and Finance Intelligence Centre. Likely to go through parliament by early November. Greylisting remains a serious threat in February 2023.	Countries are required to understand and identify NPO's at risk of terrorist financing. Process will take 7-9 months in consultation with CSOs. This will demonstrate SAs will to avoid or remediate FAFT greylisting

- 3) **Financial Action Task Force (FAFT) - Workshop held Monday 17 October 2022 coordinated by the FIC. The process is facilitated by Ben Evans of Green Acres Consulting on behalf of EU Global.**

Overall goal is to promote transparency through a survey and produce a risk report.

Representation (+40) was from SARS, FIC (facilitators), Treasury, NPO Directorate, CSOs. The key area of focus for this workshop was around Scope of the risk assessment and definition of CSOs as per FAFT as well to identify a Focus Group for data gathering and a CSO or individual to lead the survey and work alongside Green Acres.

The scope is to determine a subset of non-profit organisations within SA at risk of either directly or indirectly, wittingly or unwittingly, knowing or unknowingly being exploited as a funnel or channel for receiving terrorist financing.

Methodology: to consult with representatives of the NPO sector over a 9 month period in two phases. Phase 1 April - May 2023 submit preliminary findings Phase 2 July-August 2023 public findings and recommendations of the sub-sector

Focus Group: Would be national target groups eg; National Federation of NGOs, Civil Society Forum, Alliance of NPOs, National Coalition for Social Services, SANGOCO, SAIEBA. We raised concerns that this list was narrow and should reach out to other sectors such as Arts/Culture, Sports, Education, Professional bodies, Human Rights, Environment etc also include the voices of donors.

The FAFT Definition of CSOs as a collective rather than NPOs - the registered and unregistered entities in accordance with Recommendation 8

“A legal person or arrangement or organisation that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of “good works”.”

We discussed:

- Guidance on Exclusions
- Borderline Cases - the test - Is there a terrorist financing risk in South Africa?

Civil Society Organisations (definition)

FATF NPOs	Split	Not FATF NPOs
	NPC	Political Parties
	NPO	Trade Unions
Charitable Trust (local & Foreign) (Masters Office)	Charitable Trust	Credit Unions (micro-finance) Stokvels???
NPCs (local & foreign) (CIPC)	Voluntary Association	Cooperatives
NPOs (VA registered +++) (NPO Directorate)	PBOs	Close Corporations
VA (unregistered)	Religious (FBOs)	Professional Bodies ?
Foreign Unregistered NPOs (INGOS)	BRINGOS, FANGOs, etc	Resident Associations

4) Challenges:

- Obtaining statistics and the 'real' number of CSOs in South Africa = estimate 500 000
- Duplication of registrations (NPO, Trust, CIPC, PBO)
- Identifying unregistered - (60% or double of 250 000)
- Accessing information and intelligence gathering - eg board members? Bank accounts? Contact details
- Building a strong focus group (capacity)
- Lead in South Africa to assist with the survey (data/data/data)

Way forward: Ben (Green Acres) will write up a report and set a date for further discussions before 31 October.

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