Revision of FATF Recommendation 8 and its interpretive note to protect non-profit organisations from terrorist financing abuse

2012 FATF Recommendations

Non-profit organisations (NPOs) provide a range of vital services in our society, in particular for vulnerable communities and often in high-risk regions. However, terrorists and terrorist organisations may also abuse the NPO sector by moving their funds through legitimate NPOs, often without knowledge of donors, management or staff, or may even create sham NPOs to funnel money to fund terrorism related activities. FATF Recommendation 8 requires countries to review their laws and regulations to ensure that their non-profit sector cannot be abused for terrorist financing. Since the adoption of the current FATF Recommendations, the NPO sector and the threat environment it operates in have evolved. This was reflected in the June 2014 FATF typologies report Risk of Terrorist Abuse in Non-Profit Organisations and the 2015 Best Practices Paper on Combating the Abuse of Non-Profit Organisations (Recommendation 8). Since then, the FATF has worked to refine Recommendation 8 to take into account the findings of these two reports. With considerable input from NPOs and private sector which included a consultation and dialogue meeting in April 2016 and two rounds of public consultations, the FATF adopted a revision FATF Recommendation 8 and its interpretive note.

The revised standard aims to ensure that the implementation of Recommendation 8 is in line with the risk-based approach and does not disrupt or discourage legitimate non-profit activities.