

Non-Profit Organisations (NPO)

Under the Recommendation, Non-Profit Organisations (NPO) refer to a legal person/arrangement/organisation that (1) primarily engages in raising or disbursing funds for purposes as charitable, religious, cultural, educational, social or fraternal purposes, or (2) for the carrying out of other types of "good works". The FATF has adopted a functional definition of NPO based on those activities and characteristics of an organisation which put it at risk of terrorist financing (TF) abuse rather than on the simple fact that it is operating on a non-profit basis.

Countries should:

- > Apply focused and proportionate measures, in line with the Risk-Based Approach (RBA), to NPOs to protect them from TF abuse, including against terrorist organisations:

- ✓ posing as legitimate entities;
 - ✓ exploiting legitimate entities as conduits for TF, including for the purpose of escaping asset-freezing measures; and
 - ✓ concealing or obscuring the clandestine diversion of funds, intended for legitimate purposes, to terrorist organisations.
- > Identify which subset of the NPO falls under the FATF definition of NPO.
 - > Review adequacy of laws and regulations that relate to NPOs which the country has identified as being vulnerable to TF abuse.
 - > Adopt an effective approach to combat TF along all four elements of (a) sustained outreach through regulation, training and awareness, (b) targeted risk-based supervision or monitoring, (c) effective investigation and information gathering and (d) effective mechanisms for international cooperation through appropriate authorities.

- > Periodically reassess the sector by reviewing new information on the sector's potential vulnerabilities to TF activities to ensure effective implementation of measures.

