



Counter-terrorism, ‘policy laundering’ and the FATF - legalising surveillance, regulating civil society



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Amsterdam/London: A new report published today by the *Transnational Institute* and *Statewatch*: examines the global framework for countering-terrorist financing developed by the Financial Action Task Force (FATF) and other international law enforcement bodies. The 68 page report includes a thorough examination of the impact of FATF’s ‘Special Recommendation VIII’ on countering the threat of terrorist financing said to be posed by non-profit organisations (NPOs).

Developed out of a G7 initiative in 1990, the FATF’s ‘40+9’ Recommendations on combating money laundering (AML) and countering the financing of terrorism (CFT) are now an integral part of the global ‘good governance’ agenda. More than 180 states have now signed up to what is in practice, if not in law, a global convention. The FATF is headquartered at the Organisation for Economic Cooperation and Development in Paris; a further eight regional FATF formations replicate its work around the world. The report argues that a lack of democratic control, oversight and accountability of the FATF has allowed for regulations that circumvent concerns about human rights, proportionality and effectiveness.

FATF ‘Special Recommendation VIII’ (SR VIII) requires states to “review the adequacy of laws and regulations that relate to entities that can be abused for the financing of terrorism”, stating that “Non-profit organisations are particularly vulnerable... countries should ensure that they cannot be misused” for terrorist financing purposes. The Recommendation is then significantly extended in scope by the FATF’s interpretation, guidance, best practice and the evaluation process, which strongly encourage states to introduce government licensing or registration procedures for non-profit organisations, ensure transparency and accountability of NPOs, introduce financial reporting systems, exchange this data with law enforcement agencies, and impose sanctions for non-compliance.

This kind of regulation is not without its problems in countries where non-profit organisations form a free and integral part of the fabric of what has come to be known as ‘civil society’, but in countries where community organisations, NGOs, charities and human rights groups and others already face suspicion, coercion and outright hostility from the state, the SR VIII regime can have profound – if unintended – consequences. The hypothesis is simple: that when international bodies encourage states to adopt regulatory regimes that could be used in practice to ‘clampdown’ or unduly restrict the legitimate activities of non-profit organisations, then there is a very real risk that this is precisely how repressive or coercive states will enact and apply the rules in practice.

While this was obviously not the original intention of the seven governments that established the FATF, its evaluation system has endorsed some of the most restrictive NPO regulatory regimes in the world, and strongly encouraged some already repressive governments to introduce new rules likely to restrict the political space in which NGOs and civil society actors operate. The report includes case studies on Egypt, Tunisia, Burma/Myanmar, Cambodia, Colombia, India, Indonesia, Paraguay, Russia, Saudi Arabia, Sierra Leone and Uzbekistan – all of which have seen the imposition or proposal of rules that restrict or threaten the freedom of association and expression of NPOs and are endorsed or encouraged by FATF evaluators.

Notes for editors

1. An Executive Summary:

<http://www.statewatch.org/news/2012/mar/tni-sw-fafp-exec-summary.pdf>

Full-text of the report:

<http://www.statewatch.org/analyses/no-171-fafp-report.pdf>

2. Ben Hayes is project director at *Statewatch* and a Fellow of the *Transnational Institute*. He can be contacted by email (ben[at]statewatch.org) or via the Statewatch office on +44-20-8802-1882.

3. The report was commissioned by *Cordaid*, the Catholic organization for Relief and Development, which has been following the effects of counter terrorism measures on civil society worldwide since 2008. The report includes a preface by Lia van Broekhoven and Fulco van Deventer of *Cordaid*.

4. Founded in 1974, TNI is an international network of activist scholars committed to critical analyses of the global problems of today and tomorrow. It aims to provide intellectual support to grassroots movements concerned to steer the world in a democratic, equitable and environmentally sustainable direction. In the spirit of public scholarship, and aligned to no political party, TNI seeks to create and promote international co-operation in analysing and finding possible solutions to such global problems as militarism and conflict, poverty and marginalisation, social injustice and environmental degradation. For more information see www.tni.org.

5. *Statewatch* is a non-profit-making voluntary group founded in 1991. It is comprised of lawyers, academics, journalists, researchers and community activists. Its European network of contributors is drawn from 18 countries. Statewatch encourages the publication of investigative journalism and critical research in Europe the fields of the state, justice and home affairs, civil liberties, accountability and openness. For more information see www.statewatch.org.