



## **Initiative on Ensuring the Effective Implementation of Countering the Financing of Terrorism Measures While Safeguarding Civic Space**

### **CONCEPT NOTE**

#### Background

Disrupting and preventing terrorist organizations from raising, storing, moving, and using funds is a critical pillar of counterterrorism efforts. The international terrorism threat remains high, leading to increased demands for strengthened national security measures, including measures to counter the financing of terrorism (CFT) in order to prevent terrorists from raising funds, recruiting new supporters, and planning and executing attacks. These strengthened policies, while necessary and well-intentioned, can result in overly complex, discriminatory, or disproportionate due diligence requirements or prompt financial institutions to “de-risk” to an unnecessary degree, thereby increasing the burden for, amongst others, civil society organizations (CSOs) and humanitarian organizations to effectively carry out their activities.

Civil society encompasses, *inter alia*, a range of community-based and non-profit organizations, humanitarian aid providers, human rights activists, community elders, and think tanks. CSOs are essential partners in preventing and countering violent extremism (P/CVE) and terrorism and play an important role in contributing to sustainable solutions to conflict. They are uniquely placed to work with and within their communities in responding to drivers of conflict, preventing the spread of violent extremist narratives, responding to humanitarian crises, and supporting peace maintenance and good governance measures. While the work of CSOs is complementary to CFT efforts, it has been reported by some CSOs that CFT measures have been limiting CSO operating space and contributing to challenges in registering organizations, implementing projects especially in conflict-affected zones, or raising, moving, or spending funds. Moreover, some humanitarian organizations have reported cases in which operations are disrupted or aid could not reach beneficiaries due to CFT regulations or their chilling effect. On the other hand, terrorism financing cases and threat assessments show that CSOs could be abused by extremist or terrorist organisations to raise and funnel money, spread propaganda, facilitate and direct terrorist activity, or recruit new supporters.

References to respecting human rights, humanitarian and refugee law have started becoming more commonplace in national and international CT frameworks. UN Security Council Resolution (UNSCR) 2462 (2019) on preventing and countering the financing of terrorism increased awareness of the negative effects that CFT measures can have on civic space. The resolution underscores the importance of financial intelligence, terrorism financing risk assessments, and implementation of global standards on CFT, including those established by the Financial Action Task Force (FATF). The resolution also calls for conducting these efforts in accordance with international humanitarian, human rights, and refugee law.

The FATF, an international standard setting body on anti-money laundering and CTF, has published a number of reports and best practices related to protecting the non-profit sector. FATF Recommendation 8 calls for countries to apply focused and proportionate measures to protect CSOs identified as vulnerable to terrorism financing abuse, in line with a risk-based approach. Research from the United Nations Special Rapporteur on the promotion and protection of human rights and fundamental freedoms while countering terrorism highlighted that CFT measures have been abused to target political opposition, shrink civic space, or infringe upon human rights. These signals are worrisome and should be addressed.

While these measures are a step in the right direction, there is lack of clarity and common understanding among national agencies, private sector entities, and CSOs on the most appropriate ways to implement a risk-based approach to ensure adequate implementation of CFT measures while safeguarding civic space and the ability of CSOs and humanitarian actors to deliver services. Such shortcomings directly affect the implementation of UNSCR 2462 (2019) and need to be addressed. There is, therefore, a need for additional research, increased awareness and dialogue, practical guidance and the identification of good practices related to effectively implementing CFT measures while safeguarding civic space. This can be achieved through enhanced multi-stakeholder dialogues to develop and implement national CFT frameworks, promote better practices in the regulatory and non-profit sectors, and reduce the potential for negative side-effects of CFT measures. The international community has a leading role to play in directing focus towards possible solutions in which the objectives of CFT and CSOs efforts are balanced and mutually strengthened.

The Sixteenth GCTF Coordinating Committee Meeting (23 September 2019) included an interactive panel discussion on the consequences that CFT measures can have on the work of CSOs, bringing together different stakeholders from the international, national, and local level. The panel discussion highlighted the recent developments in CFT policies and practices, as well as the challenges experienced by regulatory agencies and CSOs in effectively implementing those policies while at the same time protecting civic space and suppressing terrorism financing.

### Approach

To build on the momentum created by the Sixteenth GCTF Coordinating Committee Meeting's panel discussion, the Netherlands, Morocco and the United Nations Office of Counter-Terrorism (UNOCT) will launch an Initiative on 'Ensuring the Effective Implementation of Countering the Financing of Terrorism Measures While Safeguarding Civic Space'. The initiative will provide an inclusive platform for a diverse range of experts to share their perspectives, with an objective of strengthening dialogue and coordination among counterterrorism and CFT practitioners, the United Nations, government representatives, financial intelligence units, CSOs, humanitarian actors, and private sector, and supervisory authorities with CFT responsibilities on this topic. It will focus on sharing lessons learned in order to inform the development of a GCTF good practices memorandum on implementing effective and risk-based CFT measures that avoid negatively affecting civic space and humanitarian operations.

The program will consider the myriad ways in which civil society can be impacted by CFT policy and practice at the national, regional, and international level, including: assessing and responding to risk in the non-profit sector; shrinking civic space and avenues for recourse; de-risking and financial access; and legal and administrative obligations for civil society related to CFT policy. In doing so, the GCTF can contribute to international efforts to implement CFT measures in line with international human rights, refugee, and humanitarian law and advance the effective implementation of UN Security Council resolution 2462 and FATF standards.

Key questions guiding this initiative include:

- What are the most important practical challenges in implementing CFT measures? How do the responses to these challenges negatively impact CSOs' and humanitarian actors' operations?
- What good practices already exist at the international, national, and local level to advance a risk-based approach that protects civic space and suppresses terrorism financing?
- What concrete guidance on risk-based CFT policies can be identified and disseminated to ensure effective and adequate implementation of CFT measures that proactively and adequately protect civic space and humanitarian action while adhering to international human rights, humanitarian, and refugee law per UNSCR 2462?

#### Initiative Activities and Timeline

- Initiative announcement at GCTF Coordinating Committee in March 2020;
- Virtual launch event for the initiative in October 2020;
- Global multi-stakeholder consultations to assess perceptions and experiences related to the intersection of CFT and civic space, identify areas of divergence and convergence between stakeholders, and identify good practices and persistent challenges for further elaboration during the expert meetings;
- Three expert-level thematic meetings to advance multi-stakeholder dialogue and identify good practices at the local, regional, and international level in late 2020 and early 2021;
- Develop, finalize, and present a good practices memorandum identifying good practices and lessons learned in designing, implementing, and evaluating risk-based CFT policies that proactively and adequately protect civic space and humanitarian action for endorsement at the GCTF Ministerial meeting in September 2021.