

Adding to this culture of fear, the Financial Action Task Force (FATF), an intergovernmental body for the development of policies to combat money laundering and terrorist financing, issued [nine Special Recommendations on Terrorist Financing](#), in 2002. These were endorsed and adopted by several countries,

the United Nations, the IMF and the World Bank.

The FATF recommendations, strongly promoting the thesis that NPOs are particularly vulnerable for terrorist financing, affected organisations in a number of ways. Especially development NGOs providing assistance and relief aid to Islamic areas and those with international partners had to re-examine their arrangements for transferring funds.

Despite little evidence of the vulnerability of NPOs to terrorist financing, this issue has become a focus of concern also at European level, as reflected in the EU Communication on the prevention of and fight against terrorist financing through enhanced level coordination and greater transparency of the non-profit sector (2005) and the Framework for a code of conduct for non-profit organisations to enhance transparency and accountability (2005).

Furthermore, the « Stockholm programme » on EU justice and home cooperation 2010-2014, adopted in December 2009, announced a Communication from the Commission on voluntary guidelines for the EU based non-profit organisations with the purpose of raising awareness on the part of NPOs of an abuse of terrorist financing and encouraging to revise their internal rules. On 2 July 2010, DG Home Affairs, in charge of drafting this Communication, organised a Conference on « Enhancing transparency and accountability of the non-profit sector », inviting NPOs and stakeholders to comment on a discussion paper containing key proposals for the voluntary guidelines.

The discussion document puts forward several recommendations for NPOs such as disclosing all the information of the organisation concerning its mission and fundraising activities, checking if their employees are suspected of being involved in activities related to terrorism and having an independent oversight of charitable operations.

These recommendations based on unsubstantiated fears that civil society actors may be used directly or indirectly to support and perpetrate terrorism, risk to overburden the sector with

unnecessary practices hindering it to perform its work in Europe and beyond.

Some CEDAG members such as the National Forum for Voluntary Social work in Sweden have actively been following the issue since the FAFT recommendations and expressed serious concern about the Commission proposal for voluntary guidelines.

As highlighted in its position paper on the issue, the National Forum for Voluntary social work claimed that the Commission proposal lacks a clear objective, « whether its focus is on combating terrorist financing or suggesting practices of Good Governance for NPOs ».

On the grounds that there have been only few cases of NPOs misuse for terrorist financing, the two issues should be dealt with separately.

All the more, what is missing in the European Commission proposal is a recognition of the role of NPOs in general, their contribution to society in areas such as democracy, social cohesion and social inclusion.

As a result of these considerations, the proposal for voluntary guidelines must be drafted with the input of a broad group of NPOs at national and European level.

CEDAG plans to react publicly to the Commission proposals. It therefore encourages all its members to comment on this urgent issue with the purpose of issuing soon a unified response.