

**Prevention against international terrorism - proposals from international organisations to regulate volunteer organisations**

During this year international organisations have issued proposals concerning regulations in order to prevent that volunteer organisations are used for funding and/or supporting terrorist activities. The proposals have been criticized, they would mean an immense bureaucracy and big administrative burden to the volunteer organisation without meeting their purpose to prevent terrorist activities. There is an apparent risk that the proposals if they are coming into effect will be mandatory for each country and the volunteer organisations in that country. Here is a short summary.

During the G 7 (now the G 8) meeting in Paris 1987 there was founded a special international organisation for working against money laundry on international basis and other such activities – FATF (Financial Action Task Force). FATF presently has 33 members, i.a. countries and the European Commission. After the terrorist attacks 11<sup>th</sup> September 2001 the focus of the work in FATF has been on fighting financing terrorism. FATF has issued eight special recommendations (SR) which the member countries are obliged to follow. SR VIII deals with volunteer organisations and was issued in October 2002. The term chosen is Non-profit Organisations (NPOs). This term includes almost every such organisation, including political parties, churches and the labour market organisations. SR VIII reads as follows.

Countries should review the adequacy of laws and regulations that relate to entities that can be abused for the financing of terrorism. Non-profit organisations are particularly vulnerable, and countries should ensure that they cannot be misused:

- i. by terrorist organisations posing as legitimate entities;
- ii. to exploit legitimate entities as conduits for terrorist financing, including for the purpose of escaping asset freezing measures, and
- iii. to conceal or obscure the clandestine diversion of funds intended for legitimate purposes to terrorist organisations.

In order to further implement SR VIII the FATF secretariat 11<sup>th</sup> of March 2005 issued an information paper with draft proposals. The proposals were very far reaching and would mean a very huge bureaucracy, high costs and severe interference with needed social work carried out by volunteer organisations. The proposals would also miss their purpose. The proposals, which were consider way out of proportions, were met with heavy opposition from NPOs in Sweden. The Swedish government also opposed to it. The proposals were turned down in a FATF meeting in Singapore 6<sup>th</sup> of June 2005. The secretariat was ordered to work further with the proposal. A new proposal was supposed to contain a new definition of NPOs (not only high risk organisations) and minimum standards on registration, transparency and book-keeping. A new proposal was issued 26<sup>th</sup> of September 2005. The new proposal, which in effect is very similar to the turned down proposal, will be discussed during a FATF meeting in Paris 11<sup>th</sup> of October 2005. This will be a preliminary meeting, it is not known if the proposals will be discussed and decided in a plenary meeting in Paris later the same week. If there is no decision now, that probably will take place in the beginning of 2006.

The European Commission, Directorate D, Unit D2, issued a draft paper 22<sup>nd</sup> of July with draft proposals on the implementation of SR VIII. NPOs were invited to give comments until 26<sup>th</sup> of August 2005. That time was later changed to 19<sup>th</sup> of September 2005. The proposals in the draft were very similar to those from the FATF secretariat. NPOs in Sweden among other NPOs have given their comments and objections to the proposals.

The Swedish government (Departement of Justice) invited NPOs in Sweden to a conference concerning the EU commission proposals, which took place 9<sup>th</sup> of September 2005. The NPOs expressed their serious concerns against and objections to the proposals. It was understood that the Swedish government was not in favour of the proposals.

The European Commission invited NPOs in Europe to a conference in London 19<sup>th</sup> of September 2005 to discuss their draft proposals. During the conference many NPOs expressed their objections to different parts of the draft proposals. Because of the big differences between the European countries concerning legislation, registration, tax system etc. the objections differed between the NPOs. From the European Commission it was stated that a revised document was planned to be issued “in a few days”. No such document has been issued up to this date. The goal for the Commission it was said was to have a document ready for decision later this year.

The responsible EU commissioner (Fratini) has invited certain NPOs to a discussion/hearing on the proposals 4<sup>th</sup> of November 2005.

#### *Comments on the proposals*

The proposals will create an immense bureaucracy and a big administrative burden to all volunteer organisations at huge costs. The proposals will not meet their purpose to prevent NPOs from being used for terrorist activities and/or financing. No records have been presented on the amount of misuse of NPOs for this purpose. Obviously this is something very rare. The proposals are out of proportion. There no records what so ever on the effects for the NPOs and their ability to work in the society – much of the needed social work in the society is carried out by NPOs.

It is necessary that NPOs in each country contact their government to discuss the proposals and the effects for the NPOs and on the society. Every NPO is against terrorism and terrorist activities. The NPOs are willing to discuss and together with the governments and their authorities agree on what should and could be done to prevent terrorism.

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#### *Attached documents*

FATF draft proposals 11<sup>th</sup> of March 2005 - FATF-XVI WGTF/75.REV1

Comments 20<sup>th</sup> of April 2005 from the YWCA-YMCA of Sweden on FATF proposals 11<sup>th</sup> of March 2005 (in Swedish)

European Commission Draft recommendations 22<sup>nd</sup> of July 2005

Comments 23<sup>rd</sup> of August 2005 from the YWCA-YMCA of Sweden on the European Commission Draft recommendations 22<sup>nd</sup> of July 2005

FATF draft proposals (interpretative note) 26<sup>th</sup> of September 2005 – FATF-XVII WGTF/85bis

Draft Comments 10<sup>th</sup> of October from the YWCA-YMCA of Sweden on the FATF proposals 26<sup>th</sup> of September 2005 (in Swedish)