

# Protecting Non Profit Organizations(NPO) From Possible Terrorism Financing Abuse

PRESENTED  
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# Introduction

- Tons of Millions of NPOs operate around the world
- In India about 1.2 million NPOs operate
- In Russia an estimated 277,000 NPOs exist
- In Nigeria over 500,000 NPOs otherwise Known in Nigeria as Non Governmental Organization( NGOs) exist
- Across the globe about 40 Million NPOs are operating with varied areas of concerns.
- The world has been greatly impacted with activities, projects and initiatives embarked upon by different NPOs over the last few decades

# Importance of NPOs

Though driven by different ideals and concerns, activities of NPOs are essentially designed to help and render assistance to members of the public with the aim to save, respect and improve life and conditions of living .

whilst Governments irrespective of its nature and size may not be able to meet all the needs of its peoples, NPOs give ancillary support to the people and act as a check to possible misuse of public assets and abuse of peoples rights which is invaluable to development, peace and progress

# NGOs, Nigerian Perspective

- A large number of NPOs operate across the country
- The legal regime in Nigeria allows both local and international NPOs to operate
- The people use NPOs as a platform to help the poor and fight injustice and to ensure effective and equitable distribution of resources.
- Some trust the NPOs more than some institutions of Government
- Some privileged persons in the society often set up NPOs as a vehicle through which they can give back to the society.
- There is no detailed continuous monitoring process of the source and application of funds by NPOs in Nigeria

# Vulnerability of NPOs

- They enjoy the trust and acceptability of the people and therefore can be very attractive for criminals to hijack and use it to carry out their criminal activities, including supporting or financing terrorism
- NPOs attract less scrutiny from the authorities and as such are most likely to be overlooked and are thus allowed unwittingly to beat certain checks by appropriate authorities
- They are open to funding from all sorts and therefore a very attractive vehicle to raise funds for terrorist activities

# Vulnerability

- NPOs have the capacity to gain access to all the nooks and crannies of any given environment with less stringent monitoring of the services and messages rendered by the NPOs
- A great number of them are not captured in the official database of government and could therefore operate clandestinely to perpetuate evil
- Some local NPOs seek and obtain international affiliations and therefore subject themselves to the dictates and directives from their international partners. This sort of affiliations can lead to change in ideals and objectives overtime, either consciously or unconsciously

# Suggested actions to be take to prevent abuse of NPOs

- Engagement with NPOs and training and sensitization
- Clear legal framework to govern the ownerships and governance structure of NPOs
- Proper documentations and registration of NPOs is vital to aid in recognising the official ones from the one not known to the authorities
- Continuous monitoring of all financial transactions connecting NPOs

# Continued

- Proper identification of trustees of the NPOs and a detailed fit and proper test should be conducted on persons and entities before they could be allowed to run an NPO
- NPOs should be encouraged to form self regulatory associations with the aim of reporting shady activities of any NPO to government authorities
- Financial institutions must continually work with the FIUs and Regulators to regularly work on red flags on suspicious transactions as it relates to NPOs

# Continue

- For the purposes of supervision, NPOs are designated as DNFBPs and are regulated by the Special Control Unit on Money Laundering.
- SCUML regulates NPOs with the following Legal and Institutional framework.
- Money Laundering Prohibition Act 2011 ( as amended)
- Federal Ministry of Industry, Trade and Investment (DNFBP) Regulations 2013 and
- The Terrorism Prevention Act 2011 (as amended)
- Special Control Unit on Money Laundering Regulation, 2013

# Continue

- According to the records provided by the Special control Unit on Money Laundering in Nigeria only 3869 NPOs were registered in Nigeria.

The European Union, in 2009 stated that there are over 46,00 NPOs operating in Nigeria.

- Most foreign NPOs operate directly with the Federal Ministries in the provision of Health Care, Education Etc. and most recently, the provision of assistance to the Internally Displaced Person (IDP)
- Inflows by NPOs between 2010 – 2014 stood at 13.85 Billion United State Dollars.

# Conti.....

- NPOs are therefore considered to be vulnerable to abuse by terrorist financiers.
- Cash transactions are very prominent within the lower value chain, this makes NPOs to enjoy the trust and comfort of the citizens as the beneficiaries of NPOs are mostly victims of abuse, as well as victims of terrorism.
- Most NPO funds are from foreign donors and it is observed that some donations to NPOs are anonymous.
- When donations are anonymous, there are usually not captured by official means.

# Measures to Prevent Abuse

- The Money Laundering Prohibition Act 2011 as amended provides that transactions above threshold should be through a financial institution.
- This helps to monitor and track transactions from source and destination.
- International Transfer of funds exceeding US\$ 10,000 or its equivalent are to be reported to the Central Bank of Nigeria as well as the NFIU within 7 days of the transaction.
- NPOs are expected to submit to the Ministry of Trade a declaration of their activities before commencement of their activities.

# Measures to Prevent Abuse

- The Ministry of Trade has powers to directly inquire and obtain records from any NPO and they are expected to keep records of all their transactions for a period of 5 years after the transaction.
- Financial institutions are under an obligation to report to the NFIU transactions of NPOs which in their opinion are from high risk jurisdictions or are inconsistent with the known patterns of the NPO or its activities.
- Under the terrorism prevention Act 2011 as amended, the National Security Adviser or the Police have powers to seize on reasonable grounds funds belonging to a suspected terrorist organisation.

# Measure Conti...

- Under the Terrorist Prevention Act 2011 as amended, Financial Institutions are under an obligation to report within 72 hours transactions suspected to relate to terrorism.
- The Registrar General of the Cooperate Affairs Commission has the power under the Terrorist Prevention Act 2011 as amended to sign a certificate refusing or revoking a registered NPO or Charity suspected to be involved directly or indirectly in making resources available for terrorist activities.
- All DNFBPs including NPOs are under a mandatory obligation to register their activities including their financiers with SCUML before they can operate any banking services in Nigeria.

# CONCLUSION

- It is evident that Nigeria as a Country is conscious of the impact of terrorism financing and the importance of doing the needful to deprive terrorist access to funds to operate.
- There is a deliberate effort to ensure that all NPOs operating within Nigeria are registered and effectively regulated by SCUML.
- Intensify awareness within the domestic and less privileged people, who are the most vulnerable people in the society and are ever ready to accept this charities.
- Create a robust database for all NPOs operating within the Country, their activities as well as their donors.

# Conclusion

Domestic and international cooperation is key, particularly as it relates to sharing of intelligence to enable countries prevent and protect the non profit organizations from possible terrorism financing abuse

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THANK  
YOU  
FOR LISTENING