

MEDIA RELEASE

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NON-PROFIT SECTOR IN SOUTH AFRICA ASSESSED FOR EXPOSURE TO TERRORIST FINANCING RISK

18 April 2024: South African government and private sector partners published a report on the terrorist financing risk assessment on the non-profit organisation (NPO) sector that will result in focused, proportionate, and risk-based measures to mitigate the identified risks.

The report is being launched today, 18 April and tomorrow, 19 April.

The sector risk assessment is in line with the Financial Action Task Force (FATF) global standards to combat money laundering and terrorist financing, as well as South Africa's follow-up action plan to address grey listing by the FATF in 2023. The FATF is an intergovernmental body which sets global standards and measures for combating money laundering and terrorist financing. As a member of the FATF, South Africa is obliged to meet these standards.

The global standards of the FATF require that countries periodically identify and assess the terrorist financing risks to which organisations that raise or disburse funds for good works, are exposed.

Acting Director of the FIC, Pieter Smit said: "Understanding and regularly assessing the particular terrorist financing risks to which South African NPOs are exposed, remains the best measure to effectively combat their abuse and exploitation.

"The assessment will augment our understanding of the risks of terrorist financing faced by NPOs in South Africa. The findings will help us formulate measures to prevent or mitigate the abuse of NPOs for terrorist financing purposes."

The risk assessment, which included a survey of 301 NPOs, data submissions from various institutions (i.e. law enforcement, regulatory and supervisory institutions, intelligence agencies and financial institutions), made several key determinations.

- The risk assessment identified five main terrorist financing threats that have the potential to exploit NPOs to raise or move funds that may support terrorist organisations or be used in the carrying out of terrorist activities. .
- The assessment also describes the natures of this exploitation that may happen.
- In addition, the assessment describes five inherent vulnerabilities of NPOs that may be targeted for the purpose of terrorist financing abuse – each of varying levels of significance and prevalence.

Among the recommendations in the report is the call for a more targeted approach to dealing with NPOs at a higher risk of terrorist financing and the inherent vulnerabilities identified.

Convenor of the technical team, Bernice Bissett, said: “We can be very proud as a country, and as stakeholders and members of the South African NPO sector, as I believe this is just the start to the collaboration between the various private and public sector partners with the NPO sector.

“This is the first sectoral risk assessment of its kind in the South African NPO sector and it lays the foundation for many other projects, future research and outreach within the sector and beyond.”

The terrorist financing risk assessment of the NPO sector is a collaborative effort led by between government partners – including the Financial Intelligence Centre (FIC), the South African Revenue Service (SARS), and the Department of Social Development (DSD) – public and private sector organisations, NPOs and umbrella organisations.

Edward Kieswetter, SARS Commissioner said: “SARS welcomes the publication of South Africa’s first national terrorist financing risk assessment report on the non-profit organisation (NPO) sector. The report sets a new base, a reference point to inform further policy development in the sector on a risk-based methodology. Most importantly, the report and the collaborative approach followed in its development, reflects what can be achieved when we work together – not just as government regulators, but more importantly with our stakeholders in civil society.

“We hope that this sets the tone for future work in this sector – where SARS partners with the whole-of-government strategically to address vulnerabilities – be they at a policy level, or in the day-to-day operations of NPOs. We need to identify these vulnerabilities so that we can safeguard the integrity of non-profit organisations that play a pivotal role in South Africa’s socio-economic development.”

Dr Hendrietta Bogopane-Zulu, Deputy Minister of Social Development said: “I must really commend the team that has put hard work in conducting the study to determine NPOs at risk. As a department with expectation to regulate and supervise NPOs, this report will enable us to put in place appropriate NPO supervision measures informed by the scientific process in protecting NPOs.

“The NPO Risk Assessment will also ensure that NPOs in return comply with measures and standards set by FATF in protecting NPOs. The engagement session today will provide insight and understanding of features and types of NPOs at risk and the nature of threat within the South African context. Post this launch, the department still have a mammoth task of popularising and creating awareness to broader stakeholders and NPOs, so that they are aware of the vulnerabilities and threats that NPOs are facing. I would like to express commitment of the Department in pursuing this piece of work as NPOs solemnly depends on us for protection against this phenomenon of terrorism financing including other financial crimes.”

South Africa received technical assistance from the European Union Anti-Money Laundering/Counter Terrorist Financing Global Facility (EU AML/CFT Global Facility) on the development of the NPO terrorist financing sectoral risk assessment. The risk assessment was completed using a methodology provided by [Greenacre Group](#).

EU AML/CFT Global Facility team leader, David Hotte, who attended the report presentation ceremony, stated: "The EU Global Facility extends its congratulations to South Africa for successfully completing its terrorist financing risk assessment of the NPO sector. This milestone shows the country's commitment to FATF Recommendation 8 and heralds a crucial stride towards a more informed and balanced approach in mitigating potential risks. We commend the collaborative effort that drove this assessment, characterised by robust NPO engagement—a practice endorsed as best by FATF."

Click [here](#) to download the report.

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