

**To:** Council of Europe

**Subject:** NPO concerns over the regional TF RA

15.06.2023

We, the undersigned NPOs, are addressing the Council of Europe to express our concerns about the recent *Report on regional terrorism financing risk assessment of the not-for-profit (NPO) sector in the Western Balkans and Türkiye*. While we appreciate the efforts of the Council of Europe to assess and address the risks of terrorism financing in the region, we are concerned about some of the conclusions and recommendations presented in the report.

The analysis aims to identify the terrorism financing risks that are common to the region. However, the fact that there are great contextual differences among the selected jurisdictions, as well as different weights brought in to bear on the analysis of risk, brings into question its relevance and validity for the region as such. Moreover, the analysis aims to identify priorities for risk management at the national and regional level. However, while the report acknowledges that the main mechanisms for countering terrorist financing risks remain national, even where such risks are regional, it creates confusion on how these can be addressed at a regional level. We emphasize that the countries under analysis exhibit significant diversity, not only in their regulatory frameworks but also in their respective rankings regarding terrorist threats. Consequently, adopting an average, unified approach solely for the purpose of regional coherence neither brings meaningful value, nor adequately supports national governments in effectively addressing the identified issues.

Most worryingly, we consider the framing and presentation of the findings damaging to the NPO sector. The blanket classification of religious/ethnic/cultural organizations or humanitarian/charitable/aid-giving NPOs as high risk, with no reference to mitigating measures, is dangerous, especially without reference to the risk factors they are exposed to and why, and effectively missing the opportunity to discuss/propose measures on how the identified risks are/can be mitigated. Such a generalized approach that unfairly characterizes whole parts of the NPO sector as inherently risky can not only be stigmatizing for certain CSOs, but can also provide a pretext for governments for further burdensome regulatory measures and even suppression of the sector, impacting legitimate charitable activity and, in general, the operating environment for civil society. Although the report acknowledges that unintended consequences of mitigating measures on NPOs could hamper the risk-based approach to combating TF, it sadly overlooks the unintended consequences the report as such may have. Moreover, it overlooks the larger unintended consequences of the non-risk-based implementation of AML/CFT standards in many parts of the region (which lead to shrinking civic space, NPO suppression, de-risking, etc.)

We appreciate the details provided in explaining the methodology, but for readers dealing with these issues at a policy level, the report still lacks clarity on a number of issues, for example in terms of how 'high risk' is determined, or how those ten risk factors were selected out of all the

risk factors identified by the jurisdictions. While we acknowledge that the risk factors provided in the list of “Observed in Only One or Two Jurisdictions” were rightfully excluded, we express serious concerns over the list presented, as it scrutinizes everything that organizations do and should do. Many of the listed factors, in fact, are not only legitimate NPO activities and characteristics (e.g., having more events, donors, volunteers, beneficiaries), but also represent characteristics that are core and good for the sector, and even more so for the public good. This further confirms the fact that different factors are seen as risky to CFT experts, while being perfectly regular activities for NPOs.

Finally, the report claims that data was collected in sufficient detail to allow for an assessment of overall regional risks, but it also shows a very low response rate from government institutions - in several cases no government institutions provided a response, while in Serbia anonymous responses were taken into consideration - and even less from NPOs. Despite the willingness of NPOs to engage on all issues that affect their work, the topic was still unfamiliar to the sector when the assessment was conducted, and the inquiry was not clearly communicated, which may explain the lack of responses. Nonetheless, this clearly weakens the reliability of the report and its findings, and points to the lack of consultation and engagement with NPOs and all relevant stakeholders to ensure that their perspectives and concerns are taken into account.

Therefore, the undersigned NPOs urge the Council of Europe to consider withdrawing the document and reevaluate its implications. We ask the Council of Europe to adopt a more balanced and nuanced approach to addressing the risks of terrorism financing in the NPO sector in the Western Balkans and Türkiye. We would appreciate the opportunity to openly discuss these concerns with you and stand ready to provide further information and support on this important issue.

Signatories:

1. Balkan Civil Society Development Network
2. Center for Development of NGOs, Montenegro
3. Center for Promotion of Civil Society, Bosnia and Herzegovina
4. Civic Initiatives, Serbia
5. CIVIKOS, Kosovo
6. European Center for Not-for-Profit Law
7. Human Security Collective
8. Konekt, North Macedonia
9. Kosovar Civil Society Foundation, Kosovo
10. Partners Albania for Change and Development, Albania
11. TUSEV Foundation, Turkey