



Guidance on Best Practices for Non-Profit Organisations to Mitigate the Risk of Terrorism Financing Abuse

FSC/2/GN/016

Dated the 4th August 2023

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1. INTRODUCTION

The importance of the Non-Profit Organisation (NPO) sector to the national and international community cannot be overstated. NPOs bring relief and hope to a large segment of society, often reaching people and places that neither the public sector nor other private sector entities can. It has however been long recognized that together with the ability to reach the most vulnerable in society, NPOs themselves are prime targets for abuse by terrorists, terrorist organisations and their supporters, among others.

Globally, there have been cases of the NPO sector being misused and exploited by terrorist organisations and individual terrorists through a variety of means, highlighting the threats to and vulnerabilities of the sector. The impact of such abuse of the NPO sector is far reaching, going well beyond the narrow consideration of monetary value. Donors trust that financial or other resources provided to NPOs will be used for good work. This trust is the foundation of the NPO sector. The diversion of these resources to benefit individuals and entities whose principal goal is to harm, undermines the public's trust in the NPO sector which will have a disproportionate impact on NPO operations, depriving the most vulnerable members of our society of this critical lifeline.

The Financial Action Task Force (FATF), the global standard setting body for policies to combat money laundering, terrorist financing and the proliferation of weapons of mass destruction, has led international efforts to study the issue of terrorist abuse of NPOs. As a part of the FATF global community, Belize enacted laws and implemented measures to combat the threat of terrorism. This includes amendments to the Money Laundering and Terrorism Prevention Act, Cap. 104 (MLTPA), the enactment of the NPO Act, 2023 and other measures to protect NPOs from abuse. This guidance will provide terrorist financing abuse mitigation best practices to all NPOs.

Steps taken by the country can minimize sectoral vulnerabilities, such as illegitimate (or “sham”) NPOs entering the sector, boosting donor confidence in legitimate NPOs who

solicit their support. Both the State and NPOs themselves have key roles to play in reducing the risks of NPO abuse related to organisational vulnerabilities. NPOs, both locally and internationally, have recognized these risks of abuse and have taken meaningful steps to mitigate or avoid them. Throughout the world, the NPO sector has adopted and refined different standards to help individual organisations ensure accountability and transparency in their operations. Such steps strengthen the defenses of NPOs, prevent abuse by terrorists and their supporters, and mitigate money laundering and other financial crimes.

2. PURPOSE

This Guidance is intended to enhance awareness and understanding in the NPO Sector and the wider national community, including donors, financial institutions, and other reporting entities (as defined in the MLTPA), of the measures and practices that NPOs may adopt to reduce the risk of terrorist financing or other forms of abuse.

It should be noted that while this Guidance includes references to provisions of the law, it does not relieve any person of any obligation(s) under the laws of Belize. Members of the public should familiarize themselves with the Money Laundering and Terrorism (Prevention) Act, Cap. 104, and all other relevant laws. This Guidance is not intended as and does not constitute legal advice. Each case is unique and members of the public (including NPOs and other stakeholders in the NPO Sector) should seek the advice of a qualified attorney-at-law with respect to their particular case.

In addition, this Guidance does not represent an exhaustive or comprehensive compilation of all best practices and **should only be seen as a starting point** for steps to strengthen the governance of an NPO. In addition, many NPOs have, through the vast experience of the organisation or its members, developed and implemented effective internal controls and practices that lessen the risk of terrorist financing or terrorism abuse. **Such effective practices should not be abandoned** but instead this Guidance and future work should be used to strengthen them.

3. APPLICABILITY

Each NPO is unique and as such a “one-size-fits-all” approach cannot be taken. Thus, in applying a risk-based approach¹, not all the measures covered in this Guidance will apply to every NPO or each set of circumstances. NPOs should however bear in mind that terrorists and their supporters may attempt to take advantage of more challenging circumstances, such as an NPO responding to a natural disaster or other localized or even global crisis such as the Covid-19 Pandemic. In such cases, NPOs are urged to still implement all practicable measures to mitigate such risk of abuse.

While there is no guarantee of protection from terrorist abuse, effective internal controls which incorporate the principles and practices set out in this Guidance can help to prevent the abuse of NPOs, as well as identify situations involving terrorist financing or terrorism abuse.

The FATF Typologies Report (discussed below) notes that the amalgamation of many types of information held by different actors is an important factor in the detection of cases of abuse or in the identification of substantial risk. Collaboration between the State, NPOs and all stakeholders in the NPO sector is therefore fundamental to protecting against such abuse. Going forward, the NPO Best Practices Committee² (the “Committee”) will continue to work closely with all stakeholders in the NPO Sector to identify new best practices and will update this Guidance as necessary. Any NPO, donors, or other stakeholder may therefore submit comments on this Guidance or any future iteration hereof, or any other recommendations as to Best Practices for NPOs, at any time to the Committee. Such submissions would be considered in future reviews of this Guidance, as well as in undertaking other measures to support the NPO sector with regard to imple-

¹ See Section 4.

² The NPO Best Practices Committee has been established to facilitate cooperation between public sector stakeholders, representatives of the Non-Profit Organisations, community, and stakeholders in the wider NPO sector in developing and maintaining best practices for the NPO Sector.

menting best practices. The Committee plans to undertake regular reviews of this Guidance, but submissions received from stakeholders may precipitate a review and update to this Guidance earlier than scheduled.

The good works performed by the NPO sector are vital to the future of individuals, communities, Belize, and the international community. The protection of the sector from abuse for terrorist purposes will therefore remain a high priority for Belize.

4. RISK BASED APPROACH

4.1 Introduction to the Risk Based Approach

The approach an NPO takes to due diligence should reflect the level of risk that the NPO faces. Such risk can arise in relation to:

- Donors;
- Beneficiaries;
- Management and staff of the NPO;
- Vendors and suppliers to the NPO;
- Associates and agents of the NPO;
- The type of charitable support which the NPO offers; or
- The countries or geographical areas where the NPO provides its charitable support.

Once these risks have been identified, steps can be taken to mitigate them by implementing policies, procedures and controls which are proportionate to these risks.

The first is to identify the potential risks when establishing a relationship with your stakeholders. The following factors can be considered:

- **Donors and Beneficiaries**
 - Type of donor/beneficiary (individual, legal entity, unincorporated body, Government department etc.).
 - Nature of relationship with donor/beneficiary (e.g., long-standing, new, one-off).

- Location of the donor/beneficiary.
- **Management and Staff**
 - Policies and Procedures (for example that mitigates conflict of interest).
 - Internal Controls (separation of functions and levels of authorization).
- **Vendors and Supplier**
 - Types of vendors and Suppliers (screening procedures).
 - Policies and procedures for engagement (e.g., Procurement policies).
- **Associates and Agents**
 - Associates and Agents Policies and Procedures.
 - Nature of relationship with associates and agents.
- **Type of Charitable Support**
 - The type of charitable support offered by the NPO (funds, goods, services etc.).
 - The type of charitable support offered by the Donor or requested by the beneficiary.
- **Delivery Method for Charitable Support**
 - Whether the charitable support is delivered by cash, cheque, wire transfer, digital asset, other electronic means etc., physical delivery of goods etc.
 - Whether persons from outside of the NPO are involved at any point along the delivery chain.
 - Location where the charitable support is delivered.

Once the potential risks to the NPO have been established, it is likely that not all donors, beneficiaries and charitable support will pose the same level of risk. The NPO is therefore unlikely to need to know all donors and beneficiaries with the same level of detail. There are three levels of due diligence which can be considered: simplified due diligence, standard due diligence and enhanced due diligence. The level of identified risk will determine the level of due diligence that is required.

Any due diligence that is completed should be documented for future reference and recorded in line with the NPO's documentation policies and procedures.

5. SIMPLIFIED DUE DILLIGENCE

Simplified due diligence is the lowest level of due diligence that can be completed on a donor or beneficiary. This is appropriate where there is little opportunity or risk of the NPO, donor or beneficiary becoming involved in terrorist financing.

Where the NPO, donor or beneficiary falls into simplified due diligence criteria, then the only requirement is to identify the donor or beneficiary. When completing simplified due diligence, there is no need to verify the donor or beneficiary's identity as would be required with the other forms of due diligence below. **The NPO's relationship with the donor or beneficiary should however be continually monitored for events which may require further due diligence in the future.**

There are a number of factors that can help determine if a situation is low-risk, such as the type of charitable support being solicited or offered, or the type of donor or beneficiary the NPO is engaging with. Consideration can also be given to whether the donor or beneficiary is required by law to disclose information regarding their ownership structure and business activities or is otherwise subject to Anti-Money Laundering and Terrorist Financing laws.

If at any point during the relationship with the donor or beneficiary, additional information becomes available which suggests that the donor, beneficiary, or the type of charitable support involved may pose a higher risk than originally thought, one of the more rigorous levels of due diligence discussed below should be conducted.

6. STANDARD DUE DILIGENCE

Standard due diligence applies to situations where there is a potential risk, but it is unlikely that these risks will be realized. Standard due diligence requires the NPO to identify the donor or beneficiary as well as verify their identity. The NPO would also need to gather information to allow it to understand the nature of the relationship with the donor or beneficiary. This level of due diligence should provide the NPO with confidence that it knows who the donor or beneficiary is and that the charitable support of the NPO is not being used to commit or facilitate terrorist activity (or money laundering or other criminal activity).

Standard due diligence can be considered the benchmark against which both simplified and enhanced due diligence are determined. As with simplified due diligence, there is a requirement to monitor the donor or beneficiary and the relationship, which will highlight any circumstances requiring enhanced due diligence.

7. ENHANCED DUE DILIGENCE

Enhanced Due Diligence is appropriate where the combination of the donor or beneficiary and charitable support involved is considered to pose greater risk. A high-risk situation generally occurs where there is an increased opportunity for terrorist financing (or money laundering or other criminal activity) through the type of charitable support involved in the particular transaction.

The additional due diligence could take many forms dependent on the nature and severity of the risk. The checks should be relative and proportionate to the level of risk identified and provide confidence that any risk has been mitigated and that the risk is unlikely to be realized.

There are a number of situations that can be counted as high-risk, such as where the donor is from a country where there is a high risk of terrorist activity or where public concerns

have been raised about the donor or beneficiary or their activities. A high-risk donor or beneficiary does not mean that they will be involved in terrorist financing, money laundering or other criminal activity, but that there is an increased opportunity to be involved.

8. RISK OF TERRORIST ABUSE IN NPOS

The FATF has undertaken a significant amount of work in identifying the risks of abuse terrorists and terrorist organisations pose to NPOs. The FATF Typologies report, *Risk of Terrorist Abuse in Non-Profit Organisations, (2014)*³ analysed 102 case studies submitted by FATF member states or compiled from open sources as well as current research on the threat environment. The Typologies Report examines in detail, how and where NPOs are at risk of terrorist abuse and provides a number of red flag indicators to help all stakeholders identify and investigate cases of abuse⁴. The Typologies Report identifies five different ways in which NPOs can generally be abused⁵:

- **Diversion of Funds** – An NPO, or an individual acting on behalf of an NPO, diverts funds to a known or suspected terrorist entity;
- **Affiliation with a Terrorist Entity** – An NPO, or an individual acting on behalf of NPO, maintains an operational affiliation with a terrorist organisation or supporter of terrorism;
- **Abuse of Programming** – NPO-funded programmes meant to support humanitarian purposes are manipulated at the point of delivery to support terrorism;
- **Support for Recruitment** – NPO-funded programmes or facilities are used to create an environment which supports and/or promotes terrorism recruitment-related activities; and

³<http://www.fatf-gafi.org/publications/methodsandtrends/documents/risk-terrorist-abuse-non-profits.html>

⁴ While this Guidance refers to and summarizes key elements of the Typologies Report, NPOs are strongly encouraged to read the Typologies Report and to take steps to keep abreast of evolving typologies for abuse of NPOs.

⁵ Page 36 paragraph 92

- **False Representation and Sham NPOs** – Under the guise of charitable activity, an organisation, or individual raises funds and/or carries out other activities in support of terrorism.

The Typologies Report identified that the NPO sector has interconnected vulnerabilities, and terrorist entities seek to exploit more than one type of vulnerability. While in the 102 cases analysed for the Typologies Report, the diversion of NPO funds by terrorist entities was a dominant method of abuse, other types of non-financial abuse (such as affiliation or support for recruitment) also appeared regularly.

9. FUNDAMENTAL PRINCIPLES OF GOOD NPO PRACTICE

9.1 NPOs, like all other persons, must comply with all provisions of the law, including but not limited to the requirements of the MLTPA [in accordance with section 68](#).

The MLTPA also set out prohibitions against all persons in Belize, **including NPOs**, engaging in certain transactions with such listed persons. Breaches of these prohibitions are criminal offences and can lead to large fines and prosecution as mentioned in Section 5 of the [MLTPA](#), as well as the forfeiture of related property.

9.2 NPOs should not limit their due diligence measures to those set out in legislation. NPOs should also adopt practices that provide additional assurances that all NPO funds and other property are used exclusively for the purpose for which the NPO was established or other legitimate purposes.

9.3 Controllers and other individuals acting in a fiduciary capacity for any NPO should exercise due care in the performance of their responsibilities, consistent with applicable requirements of the common law, as well as written laws.

9.4 Governance, fiscal and programmatic responsibility, and accountability are essential components of the work of an NPO and must be reflected at every level of an NPO and its operations.

10. GOVERNANCE ACCOUNTABILITY AND TRANSPARENCY

10.1 Governing Instruments: NPOs can be established in different ways including:

- Incorporation or continuance in accordance with the Belize Companies Act, 2022.
- As a Trust; and
- As an unincorporated body.

Incorporated bodies are required to have Articles of Association and Bylaws. Unincorporated bodies should similarly establish a constitution and/or governing instruments setting out the organisational structure and governance arrangements for the NPO. The governing instruments should:

- delineate the NPO's basic goal(s) and purpose(s);
- define the structure of the NPO, including the composition of its governing body, how the members of such body are selected and replaced, and the authority and responsibilities of the body;
- establish requirements concerning financial reporting, accountability, and practices for solicitation and distribution of funds; and
- state that the NPO shall comply with all laws and subsidiary legislation.

The NPO should operate in accordance with these governing instruments.

11. INDEPENDENT OVERSIGHT:

Independent oversight of an NPO's operations is a key factor in assuring the donor community that funds or property which has been solicited will only be applied for the purpose for which it has been donated. Each NPO should determine what oversight structure best suits that organisation and will provide for unbiased scrutiny of its operations. The following are basic principles for the creation of a transparent and accountable governing body:

- a. Members of the governing body ideally should not have an active role in the day-to-day management of the charitable organisation. Practically however, some NPOs may not be able to apply this measure because of the size of the NPO or its purpose (e.g., some houses of worship). Such limitations can however be mitigated by establishing a conflict-of-interest policy⁶ for both members of the governing body and employees. Such a policy should be established in any event and should set out procedures to be followed if a member of the governing body or employee has a conflict of interest or a perceived conflict of interest relating to the management or operations of the NPO.
- b. The governing body should be responsible for the NPO's compliance with relevant laws, its finances and accounting practices and for the adoption, implementation, and oversight of practices, including financial recordkeeping that will safeguard NPO assets effectively.
- c. The governing body and committees should maintain minutes of their meetings or otherwise keep records of their decisions.
- d. NPOs should maintain and make publicly available a current list of members of the governing body, their salaries (if any) and their affiliation with any subsidiary or affiliate of the NPO.
- e. NPOs should maintain confidential records of additional identifying information about the members of the governing body including current contact information.
- f. NPOs should maintain confidential records of identifying information for the members of the governing body of any subsidiary (or other organisation

⁶ See Section 12 below.

that is under the general supervision or control of the NPO) receiving funds from them.

- g. When served with a court order or when other appropriate authorization exists, NPOs should produce requested records to the appropriate regulatory/supervisory or law enforcement authorities in a timely fashion.

12. CONFLICT OF INTEREST:

As noted in section 11 (a) above, it is advisable for NPOs to establish a conflict-of-interest policy and supporting procedures and controls. NPOs should consider having their governing body discuss, at least once per year, various scenarios that could result in a conflict of interest, and how the governing body would manage that potential conflict. Such discussions should be recorded in the minutes of the Governing Body.

The minutes of the governing body should also note whenever a member of the governing body or staff discloses that they have a conflict of interests and how the conflict was managed by the governing body.

NPOs can also consider circulating a questionnaire each year to find out whether any governing body member or staff member has a conflict of interest. The questionnaire may ask governing body members and staff members to disclose existing conflicts and reminds them to disclose any that may arise in the future. A sample of a Conflict-of-Interest Policy and Questionnaire is attached to this Guidance at Appendix I.

13. KEY EMPLOYEES:

- a. NPOs should maintain and make publicly available a current list of their key employees and the salaries and direct or indirect benefits they receive.

- b. In addition to complying with all tax and other legal requirements as an employer, NPOs should maintain confidential records of identifying information about their key employees, whether working locally or abroad.
- c. NPOs should maintain confidential records containing identifying information for the key employees of any subsidiary or affiliate receiving funds from the NPO.

14. FINANCIAL ACCOUNTABILITY AND TRANSPARENCY

- a. The NPO should establish an annual budget adopted in advance, approved, and overseen by the governing body.
- b. The governing body should appoint one individual to serve as the Controller who should be responsible for day-to-day control over the NPO's assets.
- c. The Controller should maintain the financial accounts and records of the NPO. NPOs should consider having their accounts prepared by a qualified accountant.

15. SOLICITATION FOR FUNDS

- a. The NPO should clearly and publicly state its goals for and purposes of soliciting funds, so that anyone examining its disbursement of funds can determine whether it is adhering to those goals.
- b. Solicitations for donations should accurately and transparently tell donors how and where their donations are going to be expended.
- c. The NPO should substantiate, on request, that solicitations and informational materials, distributed by any means, are accurate, truthful, and not misleading, in whole or in part.

- d. Solicitations for donations should be consistent with the Memorandum of Association, other governing documents, and in alignment with its objectives.
- e. Funds or other property solicited by an NPO should, as a rule, only be applied for the purpose for which such funds were contributed or solicited. The NPO should fully, immediately, and publicly disclose if it makes a determination that circumstances justify applying such funds of property for any other purpose (whether charitable or otherwise).

16. RECEIPT AND DISBURSEMENT OF FUNDS

- a. In addition to complying with all requirements of the Income and Business Tax Act, Cap. 55, the NPO should account for all funds received and disbursed in accordance with any relevant standard adopted by the Institute of Chartered Accountants of Belize and in accordance with all other applicable legislation. For NPOs which are also NGOs, this will include the NGO Act of Belize, Cap 315.
- b. In addition to complying with all tax and other legal requirements as an employer, the NPO should maintain records of the salaries it pays and the expenses it incurs (domestically and internationally).
- c. The NPO should include in its accounting of all charitable disbursements, the name of each grantee, the amount disbursed, the date, and form of payment for each disbursement. The term “grantee,” refers primarily to an immediate grantee of NPO resources or services. NPOs should however also, as far as is reasonably practicable, establish and apply safeguards with respect to sub-grantees or recipients to protect NPO resources from exploitation by terrorists, terrorist organisations, or terrorist supporters. NPOs should not enter a relationship with a grantee where any doubts exist about the grantee’s ability to ensure safe delivery of NPO resources independent of influence by or association with any terrorist organisation.

- d. **The NPO, after recording, should promptly deposit all received funds into an account maintained by the NPO at a financial institution. All cash donated should be promptly deposited into the NPO's financial institution account.**

- e. **The NPO should make disbursements by cheque or electronic means rather than in cash whenever such financial arrangements are available. NPOs should note that significant risks of terrorist financing surround the use of cash for disbursements.** Where these financial services do not exist or other exigencies require making disbursements in cash, the NPO should disburse the cash in the smallest increments sufficient to meet immediate and short-term needs or specific projects rather than in large sums intended to cover needs over an extended time frame. The NPO should exercise oversight regarding the use of the cash for the intended charitable purposes, including keeping detailed internal records of such cash disbursements.

17. MECHANISMS FOR PUBLIC DISCLOSURE OF DISTRIBUTION OF RESOURCES AND SERVICES

- a. The NPO should maintain and make publicly available a current list of any branches, subsidiaries, and/or affiliates that receive resources and/or services from the NPO.

- b. The NPO should produce an annual report describing the NPO's purpose(s), programs, activities, tax exempt status, the structure and responsibility of the governing body, and financial information. The annual report should be made publicly available or be provided to any member of the public upon request.

The NPO should make publicly available or provide to any member of the public, upon request, complete annual financial statements, including a summary of the results of the

NPO's most recent audit (if any). The financial statements should present the overall financial condition of the NPO and its financial activities in accordance with any relevant standard adopted by the Institute of Chartered Accountants of Belize.

18. PROGRAMMATIC VERIFICATION

18.1 Supplying Resources

- a. When supplying charitable resources⁷, financial accountability on the part of an NPO should include:
- b. determining that the potential grantee can both accomplish the charitable purpose of the grant and protect the resources from diversion to non-charitable purposes or exploitation by terrorist organisations and/or their support networks;
- c. entering into a written agreement with the grantee covering the terms of the grant;
- d. monitoring the grantee and the activities funded under the grant for the entire period of the grant; and
- e. ensuring the grantee corrects any misuse of resources and terminating the relationship should misuse continue.

18.2 Supplying Services

When donating services, financial accountability on the part of an NPO should include:

- a. appropriate measures to reduce the risk that its assets would be used for non-charitable purposes or exploitation by terrorist organisations and/or their support networks; and
- b. sufficient auditing or accounting controls to trace services or commodities between delivery by the NPO and/or service provider and use by the grantee.

⁷ i.e., monetary, and in-kind contributions.

18.3 Programmatic Review

The NPO should review the programmatic and financial operations of each grantee as follows:

- a. The NPO should require periodic reports from grantees on their operational activities and their use of the disbursed funds;
- b. The NPO should require grantees to take reasonable steps to ensure that funds provided by the NPO are neither distributed to terrorists or their support networks nor used for activities that support terrorism or terrorist organisations. Grantees should be required to periodically apprise the NPO of the steps it has taken to meet this goal; and
- c. The NPO should, as far as is practicable⁸, perform routine on-site audits of grantees to ensure that the grantee has taken adequate measures to protect the NPOs charitable resources from diversion to, or abuse or influence by, terrorists or their support networks.

19. ANTI-TERRORIST FINANCING BEST PRACTICES

NPOs should consider taking some or all the following voluntary steps before distributing any funds or resources or providing services, to protect themselves from the risk of terrorist abuse. Depending upon the risk profile of an individual NPO, adopting all these steps may not be applicable or appropriate. When taking these steps, NPOs should apply a risk-based approach as discussed in section 4 above. Special care should be given to

⁸ Practicability should be determined taking into account the size of the disbursement, the cost of the audit, and the risks of diversion or abuse of NPO resources.

dealings with foreign grantees due to the increased risks associated with overseas charitable activity, particularly relating to certain higher-risk or vulnerable jurisdictions⁹. [The most recent advisory can be found on the Financial Intelligence Unit website.](#)

19.1. The NPO should collect the following basic information about grantees:

- a. The grantee's name in English, in the language of origin, any acronym or other names used to identify the grantee, any former name or alias of the grantee. If an NPO has any reason to believe that the grantee is operating under a different identity or has used a different name in the past, the NPO should undertake reasonable efforts to uncover any such prior identity or name;
- b. The jurisdictions in which a grantee maintains a physical presence;
- c. Any available historical information about the grantee that assures the NPO of the grantee's identity and integrity, including:
 1. the jurisdiction in which a grantee organisation is incorporated or formed;
 2. copies of incorporating or other governing instruments;
 3. information on the individuals who formed and operate the organisation; and
 4. information relating to the grantee's operating history;
- d. The available contact information¹⁰ of each place of business of the grantee;

⁹ The FATF and the nine FATF-Styled Regional Bodies (FSRBs), such as the Caribbean Financial Action Task Force (CFATF), publish lists of jurisdictions where there is a higher risk related to transactions involving individuals or entities related to those jurisdictions. FATF publishes two relevant lists. (1) High Risk jurisdictions subject to a Call for Action which can be found at <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-june-2022.html> (2) Jurisdictions under increased monitoring which can be found at <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-june-2022.html> . These lists are updated three times per year following each FATF Plenary. Reference should be made to the most recent such list.

¹⁰ Contact information includes physical, postal, email and URL addresses and phone numbers.

- e. A statement of the principal purpose of the grantee, including details of the grantee's projects and goals;
- f. The names and available contact information of individuals, entities, or organisations to which the grantee currently provides or proposes to provide funding, services, or material support;
- g. The names and available contact information of any subcontracting organisations utilized by the grantee;
- h. Copies of any public filings or releases made by the grantee, including the most recent official registry documents, annual reports, and annual filings with the pertinent governmental entity, as applicable; and
- i. The grantee's sources of income, such as State grants, private endowments, and commercial activities.

19.2 The NPO should conduct basic vetting of grantees as follows:

- a. The NPO should conduct a reasonable search of publicly available information to determine whether the grantee is suspected of activity relating to terrorism, including terrorist financing or other support. NPOs should not enter a relationship with a grantee where any terrorist-related suspicions exist. NPOs are encouraged to employ all reasonably available resources when determining the level of risk in a particular NPO operation and when engaging in appropriate vetting procedures. This should therefore not be limited to checking the lists of listed persons discussed below.
- b. With respect to key employees, members of the governing body or other senior management at a grantee's principal place of business, and for key employees at the grantee's other business locations, the NPO should, to the extent reasonable,

obtain the full name in English, in the language of origin, and any acronym or other names used; nationality; citizenship; current country of residence; and place and date of birth.

- c. NPOs should be aware that other countries may have their own lists of designated terrorist-related individuals, entities, or organisations pursuant to national obligations arising from United Nations Security Council Resolution 1373 (2001)¹¹. Such measures may be binding on a Belize NPO which conducts activities in that country including through provision of funds or other resources.
- d. With respect to the key employees, members of the governing body or other senior management described in sub-paragraph (c), the NPO should also consider consulting publicly available information to ensure that such parties are not suspected of activity relating to terrorism, including terrorist financing or other support; and
- e. As a pre-condition to the issuance of NPO support, the NPO should require grantees to certify that they are in compliance with all laws restricting persons from engaging in transactions with listed persons or, in the case of foreign grantees, that they do not deal with any listed persons or any other persons known to the foreign grantee to support terrorism or to have violated the provisions of the MLTPA.

19.3 The NPO should conduct basic vetting of its own key employees as follows:

¹¹ United Nations Security Council Resolution 1373 (2001) requires UN Member States to freeze without delay the funds and other financial assets or economic resources of persons financing or otherwise supporting terrorist activity or terrorist-related individuals, entities, or organisations. Member States must also prohibit their nationals from engaging in transactions with such parties. Countries may adopt measures similar to those contained in the MLTPA to fulfill these obligations. Such measures may be binding on a Belize NPO which conducts activities in that country including through provision of funds or other resources.

- a. The NPO should conduct a reasonable search of publicly available information to determine whether any of its key employees is suspected of activity relating to terrorism, including terrorist financing or other support. NPOs should not employ a person where any terrorist-related suspicions exist; and
- b. The NPO should assure itself that none of its key employees is a listed person as discussed in sections 9.1 and 19.2 above.

19.4 Know Your Donor

- a. The NPO should conduct a reasonable search of publicly available information to determine whether the donor is suspected of activity relating to terrorism, including terrorist financing or other support;
- b. The NPO should assure itself that the donor is not a listed person as discussed in sections 9.1 and 19.2 above; and
- c. The following, amongst other factors, should be considered by the NPO in assessing the risks related to donors:
 - i. Does the NPO have a well-established relationship with the donor?
 - ii. How is the money being received? (Cash, cheque, bank transfer or some other means?)
 - iii. How large is the donation?
 - iv. Is the donation in the form of a loan? If so, can the source of the funds be identified or checked by the NPO? Is there a condition that funds are only to be retained by the NPO for a period and then returned to the donor, with the NPO retaining the interest?
 - v. Are there unusual or substantial one-off donations?
 - vi. Does the donation come with any conditions attached? What are they? Are they reasonable?
 - vii. Is the donation conditional on particular organisations or individuals being used to apply the funds?

- viii. Is the donation conditional on being applied to benefit particular individuals either directly or indirectly?
- ix. Is there a suspicion that the NPO is being used as a conduit for funds to a third party?
- x. Is the donation in Belize dollars or another currency, perhaps with a requirement that the donation be returned in a different currency?
- xi. Is the donation received from a known donor but through an unknown party or an unusual payment mechanism where this would not be a typical method of payment?
- xii. Are any of the donors based, or does the money originate, outside Belize? If so, from which country? Does this country/area pose any specific risks?
- xiii. Are donations received from unknown bodies or international sources in countries where financial regulation or the legal framework is not rigorous?
- xiv. Is anything else unusual or strange about the donation?

19.5 In accordance with section 17 of the [MLTPA](#), an NPO should take the following steps where its due diligence gives it reasonable grounds to believe that any of its own key employees, grantees, donors or any of the key employees, members of the governing body, or other senior management of its grantees or donors is suspected of activity relating to terrorism, including terrorist financing or other support:

If the NPO believes that the individual or organisation in question is a listed person, the NPO should take appropriate due diligence steps to ascertain whether the match is valid.

Where the NPO has reasonable grounds to believe that the individual or entity is otherwise involved in terrorism the NPO should complete a Suspicious Transaction Report (STR) and forward to the FIU no later than three days after forming that suspicion and where possible before the transaction is carried out by ascertaining the purpose of the transaction, the origin and ultimate destination of the funds involved and the identity and address of any ultimate beneficiary.

The report should outline particulars of the transaction, contain a statement of the grounds on which the NPO holds the suspicion, and be signed by an authorized person of the NPO.

Filing of an STR should not be disclosed to another person and the information should be kept strictly confidential.

20. WHERE CAN I GET MORE INFORMATION?

For further information please contact the **NPO Best Practices Committee** via the following contact information:

Mailing address: The Chair
 NPO Best Practices Committee
 Financial Services Commission
 6130 Iguana Avenue, Mountain View Area,
 City of Belmopan

E-mail: npobestpractices@belizefsc.org.bz

21. CONCLUSION

This Guidance has been prepared with a view to educate NPOs on the risk of terrorist financing abuse and how to protect themselves from such abuse. While it focuses primarily on activities in Belize, it recognizes that some NPOs receive donations from abroad while others send money or other resources to foreign jurisdictions. Such NPOs should note that the laws of other jurisdictions may also impact on their operations. Similarly, such jurisdictions may also maintain lists of listed persons referenced in sections 9.1 and 19.2 above. Those lists may include other individuals or entities who are not designated as listed persons under the laws of Belize.

This Guidance will continue to be updated to include contemporary best practices based on feedback from NPOs and other stakeholders in this sector, as well as publications from the FATF, FSRBs and other international sources of best practices.

APPENDIX

SAMPLE CONFLICT OF INTEREST POLICY AND DISCLOSURE FORM

XYZ Non-Profit Organisation

Conflict of Interest Policy

For Members of the Governing Body and Staff of XYZ Non-Profit Organisation.

XYZ Non-Profit Organisation (“XYZ”) recognizes that the Members of its Governing Body and staff have diverse professional and financial interests. Because of these interests, the Governing Body has adopted a policy whereby all Members of the Governing Body and staff, (hereinafter collectively referred to as “Personnel”) must disclose all relationships which may influence the way Personnel carry out their responsibilities. It is essential that all Personnel adhere to this policy in order to protect the reputation and integrity of XYZ. Failure to adhere to this policy could result in a real or apparent conflict of interest, including personal financial gain, if Personnel have significant relationships with non-profit or for-profit organisations/commercial enterprises (hereinafter collectively referred to as “Organisations”) whose products, services, or businesses are related to the goals of XYZ.

Disclosures:

XYZ understands that certain relationships could lead to actual, perceived, or apparent conflicts of interest. The board of directors has determined that the following relationships between Personnel and Organisations should be disclosed to XYZ. Involvement with an Organisation in the following circumstances extends to the Personnel’s spouses/partners and dependents, and covers any involvement during the past 12 months, whether or not still current. The relationships are as follows:

- Consulting fees/honoraria including honoraria from a third party, gifts or in-kind compensation for consulting, lecturing, travel, scientific advisory board service, legal testimony or consultation, or other purpose.
- Equity interests/stock options (or entitlement to the same), including in a publicly traded company or a non-publicly traded company.
- Royalty income or the right to receive future royalties.
- Non-royalty payments or entitlements to payments in connection with the activity that are not directly related to the reasonable costs of that activity.
- Officer, trustee, director, or any other fiduciary role, whether or not remuneration is received for service.
- Ownership/partnership/principal excluding mutual diversified funds.

- Research grants from a financially interested company.
- Fellowship support
- Salary or position funding (partial or full) or “in-kind” support of program.
- Intellectual property rights including patent or other intellectual property in a for-profit corporation.
- Other financial benefit (please specify).

If you are aware of any other relationship with an organisation that might be perceived by others as potentially influencing your objectivity in any XYZ matters in which you are involved, please disclose such relationship following the procedures outlined below.

Procedures and Annual Disclosure Form

- Members are required to file a signed Disclosure Form not less than annually and on such other occasions as requested by the Governing Body. Disclosure Forms must also be completed and signed at the time of appointment to the Governing Body or any committee.
- Members have a continuing obligation to disclose any potential conflict of interest with respect to any transaction that affects or may affect XYZ. In other words, notwithstanding the submission of the attached Disclosure Form, Members must reveal any potential conflict of interest that arises after the submission of this form. Each subsequent disclosure must describe the nature of the real, perceived, or potential conflict of interest and all facts known relating to the subject matter.
- The attached form will be reviewed by the Governing Body to determine whether any disclosures constitute a conflict of interest. The Governing Body shall have the right to inquire further with regard to your disclosure and, in the event it determines there to be a conflict of interest or appearance of a conflict of interest, or in the event of a failure to provide requested information or otherwise to cooperate with it, shall make a determination as to your continuing role and participation as an officer, member of the Governing Body, or member of a committee of XYZ. The existence of a relationship as defined above does not necessarily imply ineligibility to serve, but rather that participation in some matters may be modified or avoided or, in appropriate circumstances, discontinued. The Governing Body shall have the authority, as it deems appropriate, to make the final decision as to your continuing role and participation in XYZ.
- The responsibility for identifying a potential conflict resulting from a relationship with an organisation in any given situation rests with the Personnel. If you have any questions as to whether or not there is a conflict, whether actual, potential, or perceived, you should first address the matter with the Chair of the Governing Body. When your work with XYZ involves a matter relating to an organisation with which you have a relationship, you should excuse yourself from the meeting for the duration of the discussion, and you will be informed when the discussion has terminated. Your departure will be noted in the minutes of the meeting.

Disclosure Form

Please complete the attached form and return it to the Chair of the Governing Body or the Secretary of the Governing Body. If you do not have a relationship with an organisation as defined in this policy, please read and check the appropriate box on the Disclosure Form.

If you have a relationship with an organisation as defined above, please read and check the appropriate box on the Disclosure Form, and describe the potential conflict.

Conflict of Interest and Disclosure Form 20XX Calendar Year

For Members of the Governing Body and Staff of XYZ Non-Profit Organisation

Please provide all information requested, sign, date, and return to the Chair of the Governing Body or the Secretary of the Governing Body. Submission may be made via any of the following means:

- **By hand or post:** [Address]
- **By Fax:** [Fax number]
- **By Email:** [Email address]

I,

_____, have read and understood the policy on conflict of interest and I:

- (1) do not have any relevant relationships to disclose¹².
- (2) have a relevant relationship as described below, such that my participation in XYZ could represent or be perceived to represent a conflict of interest, which I have disclosed on the attached page¹³.

It is my understanding that this information will be retained in the files of XYZ and will be available for review by Personnel of XYZ, prospective Personnel of XYZ, and others who inquire. I further understand that this information may be shared with XYZ's legal counsel.

I acknowledge that it is my responsibility to ensure that my disclosure information is current and complete and to update my disclosure records throughout the year if my relevant relationships change.

Signature: _____

Date: _____

Title: _____

¹² Delete whichever of options (1) or (2) does not apply to you.

¹³ Check all that apply for each Organisation listed, and for Category #7, please identify position held/fiduciary role.

Please note that in disclosing any of the following financial or commercial interests or other organisational relationships, you are to include:

- Yourself, spouse/partner, and dependents.
- Any relationships during the past 12 months, whether or not they are still in existence.
- Any relationships with for-profit companies, non-profit organisations, and/or governmental agencies that might be perceived by others as potentially influencing your objectivity in any XYZ activities in which you participate.

Relationships to Be Disclosed

| Category | Description |
|-----------------|--|
| 1 | Consulting fees/honoraria including honoraria from a third party, gifts or in-kind compensation for consulting, lecturing, travel, scientific advisory board service, legal testimony or consultation, or other purpose. |
| 2 | Equity interests/stock options (or entitlement to the same), including in a publicly traded company or a non-publicly traded company. |
| 3 | Royalty income or the right to receive future royalties. |
| 4 | Non-royalty payments or entitlements to payments in connection with the activity that are not directly related to the reasonable costs of that activity. |
| 5 | Officer, trustee, director, or any other fiduciary role, whether or not remuneration is received for service. |
| 6 | Ownership/partnership/principal excluding mutual diversified funds. |
| 7 | Research grants from a financially interested company. |
| 8 | Fellowship support |
| 9 | Salary or position funding (partial or full) or “in-kind” support of program. |
| 10 | Intellectual property rights including patent or other intellectual property in a for-profit corporation. |
| 11 | Other financial benefit (please specify). |

| Category (See Chart above) | Name of Organisation | Relationship | | |
|---|-----------------------------|---------------------------------------|----------------------------------|-------------------------------------|
| | | Significant (>\$10,000) | Modest (<\$10,000) | Non-Financial (Describe) |
| | | | | |

