



FINANCIAL ACTION TASK FORCE
THE PRESIDENT

23 September 2025

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Officer-in-charge
Special Procedures Branch
Office of the High Commissioner for Human Rights

E-mail: ohchr-registry@un.org

Your Ref: OL OTH 101/2025
Our Ref.: 20250905icrg1

Dear Professor Lawlor, Professor Saul and Ms Romero,

Thank you for your letter of 18 August 2025, written in your capacities as Special Rapporteurs on the situation of human rights defenders; the promotion and protection of human rights and fundamental freedoms while countering terrorism; and the rights to freedom of peaceful assembly and of association, pursuant to Human Rights Council resolutions 58/14, 50/17 and 52/4.

I appreciate and welcome your interest in the Financial Action Task Force's (FATF) continued efforts to safeguard the integrity of the international financial system and ensure the effectiveness of the Anti-Money Laundering / Countering the Financing of Terrorism / Countering the Financing of Proliferation of weapons of mass destruction (AML/CFT/CPF) international standards. Thank you for your comments on the [new procedure](#) to address unintended consequences affecting non-profit organisations (NPOs) adopted at the FATF June 2025 Plenary. The launch of this new procedure is aimed at protecting the positive and integral work of civil society and leveraging the strength of the FATF's Global Network in a timely and effective manner, and is the outcome of the FATF's continuous focus on this issue, as well as regular communication on the matter with external stakeholders such as NPOs and your Mandates.

Regarding the observations made in the letter, we would like to highlight the following considerations in finalising the new procedure:

1. Please provide any additional information and/or comment(s) you may have on the above-mentioned observations.

The FATF has long recognised the importance of addressing the unintended consequences of the misapplication of its Standards, particularly where they risk undermining legitimate activity. This commitment was first reflected in the 2016 revision of the FATF's Recommendation 8, which sought to strike a careful balance: protecting NPOs from potential terrorist financing abuse, while ensuring that regulatory measures remain proportionate, risk-based and do not unduly disrupt or discourage legitimate charitable activities.

Building on this foundation, the FATF reinforced its commitment in 2021 by conducting its first comprehensive [Stocktake](#) of unintended consequences. The purpose of this exercise was to assess the scope of the problem, deepen understanding of how misapplication of the FATF Standards was affecting stakeholders and explore possible solutions. In doing so, the FATF actively sought and received extensive input from a wide range of actors, including civil society, the public and private sectors and academia. These contributions were invaluable, not only in highlighting concrete cases of

misapplication and overregulation, but also in demonstrating the scale and diversity of the challenges faced. This evidence base allowed the FATF to identify systemic issues more clearly and to begin formulating a strategy aimed at reducing unintended consequences while preserving the integrity and effectiveness of the global AML/CFT/CPF framework. This effort, in turn, gave rise to a series of initiatives spanning multiple areas of the FATF's work.

In 2023, the FATF undertook a second revision of [Recommendation 8](#), further clarifying how measures related to NPOs should be applied to avoid misinterpretation and misapplication. In particular, it was clarified that Recommendation 8 requires countries to determine, on a periodic basis, those organisations that fall within the FATF definition of NPOs and to assess the terrorist financing risks they face. In other words, it is not intended to apply to all organisations in the broader NPO sector¹. This revision was accompanied by the release of updated guidance in the form of [Best Practices on Combating the Abuse of Non-Profit Organisations](#), which provides practical direction for countries and stakeholders on implementing proportionate, risk-based safeguards while protecting the vital work of the NPO sector. Mitigating unintended consequences associated with the implementation of the FATF Standards also formed part of the 2024 [priorities](#) of the Ministers of the FATF. Furthermore, the FATF's emphasis on promoting financial inclusion and strengthening the risk-based approach was reaffirmed in the programme of my [Presidency](#), underscoring the FATF's determination to ensure that global AML/CFT/CPF measures enhance, rather than hinder, legitimate activity.

Building on this momentum, in June 2025, the FATF Plenary approved the adoption of a new procedure to address unintended consequences specifically in relation to NPOs. This milestone marks a significant step forward, institutionalising a structured mechanism within the FATF framework to identify, assess and mitigate unintended consequences, while safeguarding both the effectiveness of AML/CFT/CPF measures and the operational space of NPOs worldwide. It ensures that FATF can systematically respond to unintended consequences affecting NPOs wherever they may arise in the context of an FATF assessment. This includes not only mutual evaluations, but also follow-up processes, including the [FATF's high-risk monitoring process](#). The changes also reinforce the importance of peer review and the application of a risk-based approach, ensuring that assessments remain proportionate, consistent and reflective of the FATF's longstanding commitment to safeguarding both the effectiveness of AML/CFT/CPF measures and the essential role of NPOs in civil society.

2. Please indicate the reasons why NPOs, civil society and expert, independent international human rights entities were not considered as parties that could trigger the unintended consequences procedure.

As internal FATF documents and discussions are confidential, I am unable to comment on the FATF's deliberations.

The FATF is a membership-driven organisation, with decisions taken on the basis of consensus amongst its members. The decision reached at the June 2025 Plenary was the outcome of extensive and rigorous discussions on several proposals, reflecting the positions of FATF members and their collective will to advance this important area of work. This agreement comes at a particularly significant moment, as the FATF embarks on a new round of mutual evaluations, providing an opportunity to embed these commitments into the core of its assessment methodology and reinforce the consistency, and impact of its global framework.

The new process for addressing unintended consequences constitutes a significant enhancement to the FATF's procedures. It provides a structured mechanism for those directly responsible for conducting FATF mutual evaluations—including members of the FATF and FATF-Style Regional Bodies (FSRBs), as well as international organizations with an assessment role such as the World Bank and the International Monetary Fund—to examine instance of potential misapplication of the FATF

¹ [Protecting non-profits from abuse for terrorist financing through the risk-based implementation of revised FATF Recommendation 8](#)

Standards and, where necessary, trigger the dedicated process. This ensures that concerns can be addressed systematically within existing peer review process, thereby strengthening the evaluations and the unintended consequences process.

The process also allows for the views of representatives from NPOs and the NPO sector to be considered. NPOs and civil society organisations are encouraged to inform members of the FATF and FSRBs of instances of significant misapplication of the FATF Standards, as their contribution is considered vital to ensuring that FATF Standards are applied in a proportionate and risk-based manner. To support this engagement, the FATF has also established a [dedicated webpage for NPOs](#), offering practical guidance on how to contribute to mutual evaluations and provide input into the unintended consequences process.

3. Please explain why civil society or other relevant actors, including the international entities proposed as parties in the February 2025 Plenary, were not consulted on a procedure of direct relevance to them, including human rights relating to legitimate NPO work and the established human rights monitoring functions of international parties.

As noted above, the new process to address unintended consequences stemmed from the FATF's comprehensive [Stocktake](#) of unintended consequences conducted in 2021. In this line of work, the FATF sought and received extensive input from a wide range of actors, including NPOs and civil society organisations, the public and private sectors and academia. These contributions highlighted concrete cases of misapplication and overregulation regarding NPOs. Based on this input, the FATF developed the new process to mitigate and address instances of misapplication of its Standards.

In addition to the stocktake, the FATF Secretariat continues to hold regular engagement sessions with the NPO sector to inform them of new and ongoing work at the FATF. These sessions have included updates in relation to this newly adopted process.

4. Please explain whether and when the procedure will be reviewed with a view to include NPOs, civil society and independent expert national, regional and international human rights mechanisms amongst the parties eligible to trigger the procedure.

The FATF is committed to an ongoing review of its Standards and procedures. For example, the FATF has recently approved the strengthening of [Recommendation 1](#) (along with new guidance on financial inclusion) to empower banks and other financial institutions to enhance financial inclusion. The FATF also approved revisions to its Assessment Methodology in line with these changes, and to further strengthen the risk-based approach. Regarding the new process to address unintended consequences, the FATF has agreed to conduct a review within a timeline ranging from two to five years depending on feedback from FATF members, observers and the Global Network.

The FATF values this communication from the Special Rapporteurs on the promotion and protection of human rights and fundamental freedoms while countering terrorism; the rights to freedom of peaceful assembly and of association; and the situation of human rights defenders. The FATF also acknowledges the important role of the Office of the High Commissioner for Human Rights in transmitting this communication, and looks forward to a continued dialogue and collaboration. Please accept the FATF's appreciation for the important work that your offices undertake.

Yours sincerely,



Elisa de Anda Madrazo
FATF President