



## SPACES FOR CHANGE | S4C

### NPOs NO LONGER DESIGNATED NON-FINANCIAL INSTITUTIONS IN NIGERIA

MAY 18, 2022

According to Section 30 (Interpretative Section) of the Money Laundering (Prevention and Prohibition) Act, 2022, non-profit organizations (NPOs) in Nigeria are no longer listed among Designated Non-financial Institutions (DNFIs). The delisting of Nigerian NPOs from the DNFI category came into effect last week following the amendment of the Money Laundering (Prevention and Prohibition) Act 202 and the Terrorism (Prevention and Prohibition) Act 2022. [The President has assented to these amendments](#). After six (6) years of constructive dialogue, sustained engagement with national authorities responsible for implementing anti-money laundering and countering financing of terrorism (AML/CFT) regimes and unrelenting advocacy demanding that NPOs be removed from the list of DNFI, SPACES FOR CHANGE is very excited to see this happen at last!

SPACES FOR CHANGE has [led advocacy pushing back on governmental restrictions on civil society](#) either framed around countering terrorism and protecting national security or resulting from the perception of NPOs as conduits for money-laundering or the financing of terrorism. S4C's 2019 research report, [Unpacking the Official Construction of Risks and Vulnerabilities for the Third Sector in Nigeria](#), challenged the official classification of NPOs as DNFI. It also interrogated the evidential basis for tagging DNFI—of which NPOs are a subset—amongst those sectors most vulnerable to money laundering (ML) and terrorist financing (TF). To further avert blanket restrictions that occasion inimical consequences on the entire sector, the research strongly recommended a separate risk assessment of the NPO sector in line with the requirements of the Financial Action Task Force's (FATF) Recommendation 8, with the aim of ascertaining NPOs that are likely to be “at risk” of terrorist financing. On both counts, the Nigerian government, through the Economic and Financial Crimes Commission (EFCC) [has commenced a standalone terrorist financing risk assessment of the NPO sector](#) while legislative amendment delisting NPOs as DNFI has just been effected. “*This is a victory for the whole of civil society in Nigeria*”, says Victoria Ibezim-Ohaeri, Executive Director of Spaces for Change.

DNFI share similar definition with FATF's designated non-financial businesses and professions (DNFBPs). They are businesses—like bureau de change, dealers in jewelry, luxury goods and cars, estate developers etc.—and professions—like estate surveyors and valuers, estate agents, chartered accountants, audit firms—which are not financial institutions but are regarded by FATF to be prone to ML/TF abuse as a result of the very nature of their business activities. What this delisting means is that NPOs will now be exempt from the onerous compliance requirements as well as multiple registration and reporting obligations foisted on DNFI on account of their high-risk spectrum to money laundering and terrorism financing. By this exemption, NPOs will now be relieved of excessive paperwork associated with regulatory compliance, giving them more time and less disruptions for their legitimate charitable operations. A ministerial directive, informed by the outcomes of the NPO risk assessment, is being expected to provide further guidance on the new AML/CFT regulatory framework for non-profits operating in the country.

The recent legislative reviews are particularly significant because they align with the recommendations in Nigeria's Mutual Evaluation Report, FATF's Recommendation 8 and Immediate Outcome 10. These positive developments further draw Nigeria closer to its goal of achieving a compliant rating with FATF's Recommendation 8 and exiting the FATF's International Co-operation Review Group (ICRG). We commend national authorities, especially the EFCC, Special Control Unit against Money Laundering (SCUML) and the Nigerian Financial Intelligence Unit (NFIU) for their maximum cooperation over the years, their listening ears and dedication to the fight against corruption and terrorism financing in Nigeria. We are thankful to all our partners in Nigeria and beyond who continue to support our work in diverse ways.

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