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R8 PROGRESS REPORT IN NIGERIA:

CHRONICLING THE STEPPING
STONES TO REFORM



INTRODUCTION

The Financial Action Task Force (FATF) is the global body that formulates standards used by countries combating money laundering (ML) and the financing of terrorism (FT). FATF's [40+9 Recommendations](#) and compliance mechanisms constitute a comprehensive set of measures to combat money laundering, counter terrorism financing and facilitate cooperation between law enforcement authorities around the world. Recommendation 8 (R8), which is one of the 49 recommendations, is particularly focused on the susceptibility of nonprofit organizations (NPOs) to terrorism financing abuse. When FATF revised R8 in 2016, it did away with the broad categorization of NPOs as being potentially vulnerable to terrorist abuse. The revised R8 now mandates countries to conduct a risk assessment of the non-profit sector in order to determine which NPOs are most vulnerable to terrorist abuse and also ascertain how well the extant legal frameworks and regulatory measures address those risks.

As with other countries of the world, Nigeria has taken concrete steps towards increasing compliance with FATF's Recommendations, including R8. SPACES FOR CHANGE [S4C] has [led the advocacy for the correct application of R8 in Nigeria, demanding greater governmental respect for civic freedoms while implementing measures](#) framed around combating money laundering, countering terrorism and protecting national security. The activities below chronicle the public and private initiatives in Nigeria which have moved the country closer towards achieving substantial compliance with R8.



S/N	YEAR	ACTION	BACKGROUND	RESULTS
1.	2013	Nigerian Financial Intelligence Units (NFIUs) Trends and Typologies Report	NFIU's report examined and documented trends, techniques, patterns and methods employed by terrorists and their supporters to finance terrorism in Nigeria as well as identify the most vulnerable sectors used in facilitating the financing of terrorism.	Chapter 2 of the report indicted NPOs and charities as vulnerable to terrorism financing.
2.	2014	Nigeria's federal parliament introduces Bill to Regulate the Acceptance and Utilization of Financial/Material Contributions of Donor Agencies to Voluntary Organizations of 2014.	The intention of this bill is to subject all foreign receipts to voluntary organizations to the regulation of the Independent Corrupt Practices Commission (ICPC). Voluntary organizations, especially non-profits would not be able to receive funds from donor agencies without registering with the ICPC.	Bill was halted.
3.	2016	Nigeria's federal parliament introduces Bill for an Act to provide for the Establishment of Non-Governmental Organizations Regulatory Commission known as the "NGO Bill 2016". The Bill received accelerated hearing and within a few months, passed through Second Reading to Committee Stage.	The lead argument in support of the Bill emphasizes the need "to regulate NPOs on matters relating to their funding, foreign affiliation and national security, and ... to check any likelihood of CSOs being illegally sponsored against the interest of Nigeria."	Again, Bill was halted following intense pushback by civil society organizations (CSOs)

4.	2016	S4C launches study to interrogate the security-linked undercurrents and drivers of the recurrent legislative proposals to tighten regulation for NPOs on the basis of national security.	Is the domestic implementation of FATF Standards responsible for the closing spaces for civic engagement and civil society in Nigeria? To answer this question, the study sought to establish whether the application of FATF standards is influencing the recurrent attempts by state actors to use restrictive legislative measures to limit civil society. These legislative measures were often justified by reference to "national interest," "national security" and other AML and CFT considerations.	<p>In May 2017, S4C published the report, Beyond FATE: Trends, Risks and Restrictive Regulation of Non-Profit Organizations in Nigeria. The study found that the language of R8 may have changed, but the negative sentiments against NPOs the former language produced remain.</p> <p>The second part of the report is titled: Closing Space for Civil Society and Democratic Engagement in Nigeria</p>
5.	2016	National Risk Assessment (NRA) 2016 led by NFIU	In fulfilment of FATF's Recommendation 1 (R1), the Nigerian government conducted the NRA in 2016 in order to identify, assess, and understand the ML/TF risks within its jurisdiction and then take proportionate action to mitigate such risks, based on a risk-based approach.	NRA identified Designated Non-Financial Businesses and Institutions (DNFIs), of which NPOs are a subset, as being among those sectors most vulnerable to money laundering (ML) and terrorist financing (TF).
6.	2016	The Closing Space Database (www.closingspaces.org)	S4C hosted the " Closing Spaces Database " which is a digital database that tracks and documents incidents of closing civic space in Nigeria and West Africa.	This platform provides freely accessible information to the public, highlighting real numbers and identities of victims of a rapidly-contracting civic space in the subregion. Human rights defenders are able to filter through the various rights violated, the perpetrators, the locality where it occurred, and the tactics applied in each case, increasing their ability to strategize effectively.

7.	March 2019	Cash Movement Register	Economic and Financial Crimes Commission introduced the Cash Movement Register to track the movement of funds, especially cash by international NGOs (INGOs) into the deep fields.	Cash Movement Register introduced.
8.	2018-2019	S4C's critical analysis of the Nigeria NRA 2016	S4C conducted this study to per critically analyse the outcomes of the 2016 national risk assessment on money laundering and terrorist financing risks in Nigeria. In sum, the study aimed to interrogate the extent the NRA exercise satisfies the requirements of the FATF's revised R8.	S4C's 2019 research report, Unpacking the Official Construction of Risks and Vulnerabilities for the Third Sector in Nigeria , found that NRA 2016 fell short of FATF's R8. It challenged the official classification of NPOs as DFNIs. It also interrogated the evidential basis for tagging DNFIs—of which NPOs are a subset—amongst those sectors most vulnerable to money laundering (ML) and terrorist financing (TF). The research strongly recommended a separate risk assessment of the NPO sector as required by R8 with the aim of ascertaining NPOs that are likely to be “at risk” of terrorist financing.

9.	June 20, 2019	AML/CFT Nigeria Workshop: S4C & Special Control Unit against Money Laundering (SCUML), with the participation of a representative of the NPO Global Coalition on FATF, co-hosted the workshop, titled, " Combating Money Laundering and Terrorism Financing Risks in Nigeria's Nonprofit Sector "	Building on the interest S4C's report generated within the national security architecture, the workshop was convened to deepen understanding of the risks of money laundering and terrorism-financing in Nigeria's non-profit sector and at the same time, enhance AML/CFT compliance culture within non-profit entities.	This first-ever government-NPO dialogue brought together 62 representatives of religious groups, donor bodies, local and international non-governmental organizations to discuss the applicability of AML/CFT regimes to the NPO sector.
10.	June 2019	Draft Guidance Notes for Non-Profit Organizations	SCUML developed and circulated drafts of AML/CFT policy guidelines to NPOs and federal authorities to guide the categorization of NPOs according to their ML/FT risk exposure and lay the foundation for the application of targeted regulatory measures proportionate to the risks identified.	Issuance of Draft Guidance Notes for NPOs
11.	July 9–11, 2019	2nd Round Mutual Evaluation (Preparatory) Workshop	The Nigerian Financial Intelligence Unit (NFIU) hosted the 2nd Round Mutual Evaluation assessment workshop. It was organized as part of the preparations for the Financial Action Task Force's (FATF) & GIABA's second round of Mutual Evaluation exercise and onsite visit to Nigeria.	Stakeholders from both the financial and non-financial sectors of the Nigerian economy collaboratively examined Nigeria's submissions to FATF assessors and resolved discrepancies.

12.	August & September 2019	Pre-Mutual Evaluation Preparatory Workshops for NPOs and Civil society organizations (CSOs in Nigeria). Three meetings were held on September 13, 2019 in Abuja (42 organizations), October 3, 2019 in Lagos (23 organizations) and held another closed-door meeting on October 8, 2019 (7 organizations) in Abuja.	S4C organized these workshops and meetings in Lagos and Abuja to deepen NPO leaders' understanding and preparation for engaging external assessors from FATF and the Intergovernmental Group Against Money Laundering in West Africa (GIABA) during the second round of Nigeria's Mutual Evaluation.	Formation of the Action Group on Free Civic Space (AGFCS) to co-create a unified sector position and voice to defend the non-profit sector from security-related measures that shrink the civic space, violating the rights of civil society actors and human rights defenders.
13.	October 2019	2nd Round Mutual Evaluation Nigerian CSOs meet with FATF/GIABA assessors	The civil society delegation under the auspices of the ACTION GROUP ON FREE CIVIC SPACE and the INGO Forum met with the team of FATF/GIABA assessors on October 9, 2019. The CSO delegation comprising representatives of 7 Nigerian organizations were selected out of a larger pool of over 60 NPOs.	First-ever CSO engagement with external assessors during the country's Mutual Evaluation exercise. During the meeting, CSOs advocated for Nigeria to conduct a specific risk assessment of the NPO sector and to remove NPOs from the list of obliged reporting entities.

14.	March 20, 2020.	NGO Regulatory Compliance Clinic on AML/CFT Risks in Non-Profit Organizations. co-co-facilitated with SCUML and Corporate Affairs Commission.	S4C hosted the maiden edition of the NGO Regulatory Compliance Clinic in Lagos.	These Clinics increased capacity of NPOs to understand and comply with licensing, filing, reporting and AML/CFT requirements applicable to non-profit entities operating in Nigeria. Between 2020 and 2022, five (5) editions of the Clinic have been held across the country, reaching over 150 national NGOs and 24 INGOs.
15.	August 2020	Amendment of Companies and Allied Matters Act 2020	President Muhammadu Buhari assented to the amendments to the Companies and Allied Matters Act (CAMA). Part F of CAMA 2020 introduced new legal provisions for the governance of non-profit organizations.	Whilst certain provisions of the new law support the government's efforts to strengthen the framework for corporate regulation and curb illicit financial flows, some other provisions grant the government excessive regulatory powers over non-profit entities and hold enormous potential to make them operate under restrictive conditions.



16.	2021	CSOs reject CAMAs new provisions	Since its passage, there has been a sustained clamor by civil society and religious organizations for a further legislative review of certain provisions of CAMA 2020 which appear draconian. Most of these provisions relate to the governance and regulation of non-profit entities.	S4C published a briefer analyzing the provisions of the new statute within the context of free civil society and enabling environment for charitable operations in Nigeria. The briefer has been downloaded 633 times as of October 10, 2022.
17.	2021	SCUML increases outreach to the NPO sector	SCUML & S4C co-facilitated the AML/CFT Regulatory Compliance Clinic for NPOs in the South-East and Northcentral regions in Nigeria. SCUML also engaged INGO Forum, NNNGO, EU-ACT, CLEEN Foundation, to build common understanding on best practices on AML/CFT for NPOs.	Increased outreach translating to improving understanding of AML/CFT issues among NPO leaders and constructive dialogue between SCUML and NPOs on key issues.

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18.	August 2021	Nigeria Mutual Evaluation Report 2021 : FATF's regional-styled body, Intergovernmental Group Against Money Laundering in West Africa (GIABA) releases the report of the Mutual Evaluation for Nigeria.	Consistent with S4C's March 2019 report, Nigeria's Mutual Evaluation report agreed that the classification of NPOs as DFNIs negated FATF's R8. It also agreed that Nigeria has extended AML/CFT requirements to NPOs which is not in line with the FATF requirements and does not reflect a risk-based approach. Nigeria has not conducted a sectoral risk assessment of NPOs vulnerable to TF abuse in line with the risk-based approach.	Nigeria rated non-compliant to the core requirements of the Financial Action Task Force's (FATF) requirements in relation to Recommendation 8.



19.	September 2021	SCUML appoints technical experts to lead the national risk assessment (NRA) for the NPO sector.	Nigerian government through SCUML appointed two technical experts, Victoria Ibezim-Ohaeri and Ben Evans, to provide technical direction for the NRA exercise in line with the risk-based approach (RBA) espoused in Recommendation 8 of the Financial Action Task Force.	Opportunity for Nigeria to identify which NPOs meet the FATF definition, and to use a risk-based approach in implementing targeted measures to those subsets as recommended in S4C's 2019 report.
20.	October 12, 2021	Question and Answer Session on the Risk Assessment of Not-For-Profit Organizations in Nigeria	S4C, SCUML, GreenAcre Associates with support from European Center for Not-for-Profit Law – hosted the first question and answer (Q & A) session on the scheduled terrorist financing national risk assessments of NPOs in Nigeria.	80 representatives of national and international NPOs, relevant security agencies and stakeholders had the chance to ask questions, agree timelines and learn more about the activities scheduled during the NRA. This exercise is a key requirement in fulfilling FATF's R8.
21.	November 15, 2021	EFCC, SCUML, flagged off the national risk assessment of NPOs in Nigeria.	The exercise came on the heels of the outcome of a mutual evaluation exercise wherein Nigeria was rated non-compliant to the core requirements of the FATF requirements in relation to Recommendation 8.	Nigeria's journey towards securing FATF's compliant rating with R8 begins.

22.	March 28, 2022	Public hearing on CAMA 2020	Yielding to public pressure, the Senate Committee on Trade, Investment & Diaspora and NGOs conducted a public hearing on Monday, 28th March 2022 to receive public feedback regarding the concerning provisions of the amended statute.	Civil society organizations in Nigeria attended the public hearing in large numbers, demanding the deletion of many sections of CAMA 2020, specifically sections 1, 838, 839, 842, 843, 845, 848, 849 of the Principal Act because they are repressive and offend many civic freedoms protected under the 1999 Constitution of the Federal Republic of Nigeria.
23.	May 2022	The Money Laundering (Prevention and Prohibition) Act 2022	Money Laundering (Prohibition) Act, NO. 11, 2011 was repealed on the 12th of May 2022, and is now replaced by a new legislation, called the Money Laundering (Prevention and Prohibition) Act, 2022. Finally, the Money Laundering (Prevention and Prohibition) Act of 2022 delisted NPOs as a DNFI. S4C's sustained advocacy finally culminated in the delisting of NPOs in Nigeria as DNFI s	NPOs in Nigeria sector no longer classified as a DNFI , and as such, removed from the list of obliged reporting entities. Delisting means 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.



24.	May 2022	Terrorism (Prevention & Prohibition) Bill 2022	Terrorism (Prevention & Prohibition) Bill 2022, was passed into law, repealing the Terrorism (Prevention) Act, No. 10, 2011.	This law vests SCUML and Corporate Affairs Commission (CAC) with powers to refuse or revoke the registration of an NPO where there is proof they are linked to a terrorist organization.
25.	September 2022	SCUML releases report of NPO NRA	Nigeria has conducted a proper classification of the NPOs in Nigeria and identified those at risk to money laundering threat/terrorist financing abuse.	Post identification, the country will move to mitigate those risks and also improve AML/CFT policy and regulation for the sector.



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