



PUBLIC NOTICE

CALL ON ALL NON-PROFIT ORGANISATIONS INVOLVED IN RELIGIOUS, CHARITY, CULTURAL, EDUCATIONAL AND RELATED ACTIVITIES TO COMPLY WITH THE FINANCIAL INTELLIGENCE ACT, 2012 (ACT NO.13 OF 2012) AS AMENDED (THE FIA)

1. THE NEED TO COMPLY WITH THE FINANCIAL INTELLIGENCE ACT

Non-Profit Organisations (NPO) play an important role in the local and global community by providing valuable services. Despite such huge importance, financial controls within NPOs are open to abuse specially to advance financial crimes such as Terrorism Financing (TF) and Money Laundering (ML). Global trends indicate an increase in the abuse of NPOs to advance financing of terrorism. Namibia is part of the global community and a United Nations Member State. In this regard, Namibia is expected to honour her international obligations and contribute to efforts that combat ML and TF. In furtherance of such obligations, the FIA was amended through Government Notice No. 339/2019 to include NPOs under the Schedule of Accountable Institutions. These institutions are therefore expected to implement relevant measures to combat ML and TF.

However, the FIC Directive No. 04 of 2020 provides that only NPOs whose activities or services involve the **raising, disbursing and cross border movement of funds** are subject to compliance with the FIA. Therefore, the FIC calls on such NPOs to register their particulars with the FIC, **on or before 29 January 2021, to enable them to comply with the relevant provisions.**

2. WHAT IS AN NPO AND WHICH TYPE OF NPO IS REQUIRED TO COMPLY WITH THE FIA?

Generally, NPOs are bodies, entities or arrangements involved in a variety of social upliftment activities including:

- Religious NPOs:** Organisations advancing religions activities including, but not limited to Christianity, Islam, Buddhism, Judaism, Satanism and other religious groupings or congregations.
- Welfare and charity organisations:** Those involved in social upliftment initiatives including raising funds for the vulnerable in society, raising funds for natural disasters or pandemics etc.; and
- Education:** Those involved in availing or advancing services for the wellbeing and upliftment of society in the education sector.

NPOs whose charitable, social, cultural, traditional, religious, educational, welfare or similar activities involve the **raising and disbursing of funds**, are generally at risk of being exploited to advance Terrorism Financing, knowingly or unknowingly. Fundraising and disbursing, if not carefully executed could lead to resourcing and aiding of terrorist activities. While local terrorism activity risk may be low, the **cross-border movement of funds from and to Namibia**, via NPOs, inherently raises the risk of local NPOs being abused in the remittances of funds which may aid terrorist activities globally. It is for these reasons that registration with the FIC and compliance with the FIA is restricted to NPOs that are involved in the **raising, disbursing and cross border movement of funds.**

3. DOES REGULATING NPOs NOT RESULT IN OVERBURDENING THE SECTOR AND THUS RESULT IN UNDERMINING THE VERY NOBLE OBJECTIVES THE SECTOR STAND FOR?

Various Government Ministries and bodies are involved in the licensing and registration of various NPOs. Previously, there were minimal regulatory activities helping the NPO sector manage its finances with the level of prudence required to contribute to the integrity of the financial system. The amendments enable supervision by the FIC in conjunction with various Government Ministries and other bodies to help combat financial crimes within the sector.

In ensuring Namibia complies with her international obligations, the FIC adopted a risk based supervisory approach to ensure compliance and supervision does not disadvantage legitimate NPOs who carry a lower risk. Over the last few years, studies were conducted by the FIC to help understand the transacting behaviour of various NPOs countrywide. There is thus a basic understanding of NPO operations which, by virtue of the nature of their activities, present a higher risk of exposure to financial crimes. Therefore, typical low risk NPOs such as soup kitchens and kindergartens, although NPOs, carry an inherently lower risk. For example, soup kitchens and kindergartens not involved in high risk transactions will not be subjected to stringent supervisory activities unless circumstances so require.

4. WHAT IS REQUIRED FROM NPOs TO COMPLY WITH THE FINANCIAL INTELLIGENCE ACT?

Amongst various requirements, the following are essential controls that NPOs, as Accountable Institutions, are required to comply with:

4.1 Availing a compliance program upon registration with the FIC: As per Directive 03 of 2020, all institutions applying for registration are expected to submit a copy of their Anti-Money Laundering, Combatting the Financing of Terrorism and Proliferation Financing (AML/CFT/CPF) Compliance Programme, which has been duly approved by relevant management, as per FIA sections 39(3) and (4). An AML/CFT/CPF Compliance Programme is a document that outlines how institutions comply with relevant provisions of the FIA.

4.2 Ensure registration with the relevant authority: This could be the relevant Ministry, the Business and Intellectual Property Authority or relevant self-regulatory body that supervises or regulates its activities;

For NPOs that are not certain whether they meet the criteria to register with the FIC, please contact the FIC to explain the nature of your activities and the FIC will then advise on the way forward.

4.3 Implementing internal operational controls to maintain adequate identification information of all beneficial owners (section 23 and 24): Beneficial owners are those who exercise control or significant influence over funding or operations of an NPO including its creators, funders, administrators, managers etc. The following is essential:

- Having measures to confirm the identity, credentials, and good standing of beneficiaries. This is necessary for the NPO to gain assurance that the beneficiaries are not involved, nor are they at risk of abusing the charitable causes, operations or funds to advance financial crimes such as tax evasion, dealing in prohibited substances, supporting terrorist activities etc.;
- NPOs need to ensure that identification information of such persons is publicly available or can be readily accessed by the public and competent authorities. Such records should be kept for a minimum period of five years (section 27).

4.4 Maintaining a record of information on the activities, purpose, and objective(s) of the NPO (section 27). The activities, purpose and objective(s) should be reflected on the founding or incorporation documents of the NPO. Such records or any other serving similar purpose should be readily available to competent authorities.

4.5 Accounting for funds: Having appropriate controls in place to ensure that all funds are fully accounted for, and are used in a manner that is consistent with the stated activities, purpose and objective(s) of the NPO's (section 24); and

4.6 Maintaining, for a period of five years (section 27), records of all financial transactions including domestic and international funds transfers. Records should be adequate to assist in the verification that funds were received or used to advance the objectives of the NPO (intended purpose) (section 23 and 24). Such records should be detailed enough to enable reconstruction of transactions by competent authorities. This information should be available for viewing by competent authorities such as the FIC, Law Enforcement as well as licensing and registration bodies such as Government Ministries.

5. WAY FORWARD

- The FIC calls on NPOs involved in the raising, disbursing and cross border movement of funds to register their particulars with the FIC.
- They are equally expected to implement internal controls to comply with relevant provisions of the FIA.
- The FIC is ready to help those requesting assistance in this regard.

INVITATION TO TRAINING ON FIA COMPLIANCE AND RISK ASSESSMENT

The FIC is currently coordinating Namibia's National Anti-Money Laundering, Combatting the Financing of Terrorism and Proliferation Risk Assessment exercise to understand, amongst others, the levels of Money Laundering, Terrorism and Proliferation Financing risks in various sectors and nationally. In furtherance of this, NPOs are hereby invited to attend the training sessions and risk assessment activities scheduled as follows:

VENUE	PLACE	DATE	TIME
Gobabis	Omateko Lodge, Gobabis	23 October 2020	08:00am to 13:00pm
Walvis Bay	Ngandu at Sea c/o Thomas Morris & Erskine Streets, Skeleton Coast, Walvis Bay (FIA compliance training).	21 October 2020	14:00pm to 17:00pm
Windhoek	NIPAM offices in Olympia, Paul Nash Street (FIA Compliance Training).	27 October 2020	09:00am to 13:00pm
	NIPAM offices in Olympia, Paul Nash Street (NPO sectoral risk assessment).	28 October 2020	09:00am to 16:00pm

Please contact the FIC to discuss the compulsory registration requirements and confirm your attendance:

Office contact numbers: 061 283 5100/5228/5216/5340.
Email: helpdesk@fic.na