

United Republic of Tanzania



Ministry of Finance

A REPORT ON ASSESSMENT OF TERRORIST
FINANCING RISK IN

NON-PROFIT ORGANISATIONS

IN THE UNITED REPUBLIC OF TANZANIA

FEBRUARY 2024

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ACRONYMS

AML	- Anti-Money Laundering
ADF	- Allied Democratic Force
AMLA	- Anti-Money Laundering Act, 2006
AMLPOCA	- Anti-Money Laundering and Proceeds of Crime Act, No. 10 of 2009
ANGOZA	- Association of Non-Governmental Organisations in Zanzibar
BNI	- Bearer Negotiable Instruments
BOT	- Bank of Tanzania
BPRA	- Zanzibar Business and Property Registration Agency
BRELA	- Business Registration and Licensing Agency
CBDC	- Cross Border Declaration of Currency
CFT	- Counter Financing of Terrorist
CTF	- Counter Terrorist Financing
DSOC	- Defence and Security Organs Committee
EAC	- East African Community
ESAAMLG	- Eastern and Southern Africa Anti-Money Laundering Group
FATF	- Financial Action Task Force
FI	- Financial Inclusion
FIU	- Financial Intelligence Unit
FSRB	- FATF Style Regional Body
FT	- Financing of Terrorism
GDP	- Gross Domestic Product
ISIS	- Islamic State of Iraq and Syria
LEA	- Law Enforcement Agency
MER	- Mutual Evaluation Report
ML	- Money Laundering
MNO	- Mobile Network Operator
MVTS	- Money or Value Transfer Services
NaCoNGO	- National Council of Non-Governmental Organisations
NAMLC	- National Multi-Disciplinary Committee on Anti-Money Laundering
NCTC	- National Counter Terrorism Centre
NGO	- Non-Governmental Organisation
NIDA	- National Identification Authority
NIS	- NGOs Information System
NPO	- Non-Profit Organisation
NPS	- National Prosecution Service
NRA	- National Money Laundering and Terrorist Financing Risk Assessment
NSCTF	- National Serious Crime Task Force
PO-RALG	- President's Office, Regional Administration and Local Government
POTA	- Prevention of Terrorism Act, 2002
RBA	- Risk-Based Approach
RGZ	- Revolutionary Government of Zanzibar
RITA	- Registration, Insolvency and Trusteeship Agency
SACCOS	- Savings and Credit Cooperative Society
SADC	- Southern Africa Development Community

TCDC	- Tanzania Cooperative Development Commission
TF	- Terrorist Financing
TFS	- Targeted Financial Sanctions
TIN	- Taxpayer Identification Number
TPDF	- Tanzania People's Defence Force
TPF	- Tanzania Police Force
TRA	- Tanzania Revenue Authority
TZS	- Tanzania Shillings (currency of the United Republic of Tanzania)
UN	- United Nations
URT	- United Republic of Tanzania
US	- United States (of America)
WB	- World Bank
ZLS	- Zanzibar Law Society
ZRB	- Zanzibar Revenue Board

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EXECUTIVE SUMMARY

Risk assessment is the process of identifying, analysing and understanding risks underlying or pertaining to a country, sector or institution. In addition to assessing risks, there is a need to devise risk mitigation measures. Ultimately, the goal is to counter the risks in the most effective way, which is through the allocation of resources according to the identified risks. Assessment of terrorist financing risk in Non-Profit Organisations (NPOs) is a similar process, that begins with identifying NPOs context including the legal forms, level of financial aid, number of NPOs main thematic areas of their operations, NPOs TF typologies, TF threat, inherent TF vulnerabilities identifying NPO subsector that is at high risk of Terrorist Financing (TF) abuse, because not all NPOs in a country may be at high risk of TF abuse. Having identified NPOs at risk, risk mitigation measures are recommended.

This assessment covers the United Republic of Tanzania which comprises Tanzania mainland and Zanzibar. The Ministry of Finance and the President’s Office, Finance and Planning are overall champions of the process. The two ministries are closely advised by the National Multi-Disciplinary Committee on Anti-Money Laundering (NAMLC). The Financial Intelligence Unit (FIU) coordinated the exercise on behalf of the national AML/CFT/CFP Committee. An NPO Terrorist Financing Risk Assessment Workgroup was setup comprising 27 participants from 22 key government and private sector institutions from Tanzania mainland and Zanzibar (Appendix B). The first version of this report was produced in June 2022, the report was reviewed in July, 2023 and again in March 2024.

A bespoke methodology was used to conduct this risk assessment and it relied extensively on Financial Action Task Force (FATF) guidance on assessing risk in NPOs. The assessment also relied on certain aspects of the World Bank Methodology (Toolkit¹). Specifically, the World Bank Risk Assessment Formula was employed which specifies that “*Risk is a function of Threat and Vulnerability*”. Risk, threat and vulnerability are expressed in terms of “Low (L)”, “Medium Low (ML)”, “Medium (M)”, “Medium High (MH)” or “High (H)”.

The assessment started with identifying all legal forms in existence in the United Republic of Tanzania, in order to identify and segregate a subset of legal forms (legal persons and legal arrangements) that are regarded as NPOs. From the identified NPOs, identification of another subset that meets the FATF definition was made, herein referred to as “FATF NPOs”. The FATF defines an NPO as “*a legal person or legal arrangement or organisation that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of “good works”*”. This process enabled the identification of “FATF NPOs” in URT context as legal structures established as NGOs (classified thematically under Health, Social Protection, Community Empowerment, Agriculture and Education); Societies (classified as Religious Societies, Social Societies, Cultural Societies and Professional Societies) and Trusts (Charitable and non-charitable Trusts).

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¹ Assessing the Risk of Abuse of NPOs for Terrorist Financing - NRA Toolkit (World Bank, 2022)

The abuse of NPOs for Terrorist Financing depends on features, characteristics and the work they do rather than simply whether they are an NGOs, Society or Trust. In this regard, it was necessary to identify thematic areas of operations that are applicable to all NPOs (NGOs, Societies and trusts). The Assessment Workgroup identified the thematic areas common to most NPOs in URT as Health, Social Protection, Community Empowerment, Agriculture, Education, Good Governance, Environment, Water, Gender, Human Rights, Infrastructure, Industrialization and Energy. In view of FATF definition of NPOs the Assessment Workgroup agreed that FATF NPOs in URT are those in the thematic areas of Health, Social Protection, Community Empowerment, Agriculture and Education.

A questionnaire was disseminated to all NPOs in Tanzania Mainland and Zanzibar in order to solicit responses that would help review the NPOs TF Risk Assessment. A total of 1,513 questionnaire responses were received by February 2024 from an estimated total of 16,495 NPOs in URT. The entire NPOs sector was rated at **Medium (M) risk** of TF abuse.

Risk mitigation measures were proposed in the form of recommendations. The key recommendations include the need for NPO Regulators to supervise and create AML/CTF/CPF awareness to NPOs that were found to be most at risk of Terrorist Financing abuse; to collect and maintain accurate and up-to-date statistics on NPOs for accurate determination of the total NPOs in URT in their respective thematic areas; to develop supervision manuals; annual supervision plans and to amend legislation governing NPOs in order to permit the determination of NPO beneficial owners. The legislation needs to be amended in a way that it is harmonized with AMLA and AMLPOCA.

PART ONE INTRODUCTION

1.0 BACKGROUND

1.1 Country Context

The United Republic of Tanzania (URT) consists of Tanzania Mainland and Zanzibar. The total area of URT is 945,000 square kilometres made up of 880,668 square kilometres (Tanzania Mainland), 2,332 square kilometres (Zanzibar) and water bodies occupying the remaining 62,000 square kilometres, making Tanzania the 31st largest country in the world.

URT is located in the eastern part of Africa and it shares its border with the following eight countries (Kenya and Uganda (North), Rwanda, Burundi and Democratic Republic of Congo (West), Malawi, Mozambique and Zambia (South) and the Indian Ocean (East)). According to the National Bureau of Statistics (NBS) 2022 Population and Housing Census, in 2022, URT had a total population of 61,741,120 (Tanzania Mainland (with 59,851,347 people) and Zanzibar (with 1,889,773 people)). Kiswahili is the national language and English is widely spoken among elites. URT has more than 120 ethnic groups and a similar number of vernaculars and dialects. URT's capital city is Dodoma while Dar es Salaam is the commercial hub and a major seaport. The port also serves neighbouring land-locked countries of Burundi, the Democratic Republic of Congo, Malawi, Rwanda, Uganda and Zambia. According to Bank of Tanzania Monetary Policy Statement of June, 2022, URT (Tanzania mainland and Zanzibar) Gross Domestic Product (GDP) in 2021 stood at USD 60.5 billion.

The President of the United Republic of Tanzania is the Head of State. All State authority in the United Republic is exercised and controlled by two governments; the Government of the United Republic of Tanzania and the Revolutionary Government of Zanzibar (RGZ). Each Government has three organs, namely the Executive, the Judiciary and the Legislature. Zanzibar is autonomous in matters which are not union matters that are specifically included in the Constitutions as Articles of Union.

In URT, terrorist financing is criminalized under the Prevention of Terrorism Act (Cap. 19) which is a union Legislation. TF preventive measures and other TF counter measures are included in the Anti-Money Laundering Act, (Cap. 423) (AMLA of Main Land) and the Anti-Money Laundering and Proceeds of Crime Act, No. 10 of 2009 (AMLPOCA of Zanzibar).

The United Republic of Tanzania is a member of the Eastern and Southern Anti-Money Laundering Group (ESAAMLG) which is a FATF Style Regional Body (FSRB). The Financial Intelligence Unit (FIU) of Tanzania is a member of the Egmont Group of FIUs since 2014.

URT underwent mutual evaluation for the first time in 2009 and the Mutual Evaluation Report (MER) was published in the same year. Pursuant to changes in the Financial Action Task Force Standards in 2012, which among other things, under Recommendation one, requires countries to identify, assess and understand money laundering and terrorist financing risks in the country, to mitigate those risks, the United Republic of Tanzania conducted its first National Money Laundering and Terrorist Financing Risk Assessment from September 2015 to December 2016.

The NRA Report covered 19 sectors of the economy but the assessment of Non-Profit Organisations for possible terrorist financing abuse was not covered adequately.

URT underwent the second mutual evaluation from October 2018 to June, 2021. In the resulting ME Report, Immediate Outcome 10 on NPOs was assessed to have achieved “Low Effectiveness” and Recommendation 8 on NPOs was assessed as “Non-Compliant”.

Given the findings of the NRA Report of 2016, the Tanzania Mutual Evaluation Report of June 2021, FATF Recommendation 1 on risk assessment and Recommendation 8 on non-profit organisations, and taking into consideration the need for the United Republic of Tanzania to gain a thorough understanding of the terrorist financing risks that NPOs may be facing, it was determined that a TF risk assessment of the NPO sector was necessary and that the assessment must cover Tanzania mainland and Zanzibar.

1.2 Objectives

The objectives of conducting a Terrorist Financing risk assessment of the NPOs sector include:

- (a) to identify the nature and extent of TF threat and vulnerabilities facing the NPOs and how terrorist actors abuse those NPOs in URT; and
- (b) to review the adequacy of measures, including capacity of NPO supervisory and regulatory bodies, laws and regulations on NPOs, in order to be able to take proportionate and effective actions to address the identified TF risks.

1.3 Methodology

The assessment of terrorist financing risk in non-profit organisations was conducted using a bespoke methodology that was formulated by the NPO Terrorist Financing Risk Assessment Workgroup. The methodology relied extensively on Financial Action Task Force (FATF) guidance on assessing risk in NPOs and the World Bank's Guidance Manual on NPOs Risk Assessment and the NPO TF Risk Assessment Tool Kit. The assessment also relied on the World Bank Risk Assessment Formula which specifies that “*Risk is a function of Threat and Vulnerability*”.

1.4 Organization of the Risk Assessment Process

Assessment of TF risk in NPOs in the United Republic of Tanzania was conducted from January to June, 2022. The assessment was conducted by a team of 27 experts from 22 private and public sector institutions from Tanzania mainland and Zanzibar. The exercise was coordinated by the FIU on behalf of the National Multi-Disciplinary Committee on Anti-Money Laundering (NAMLC). The NAMLC undertakes this exercise on behalf of the Ministry of Finance of URT and President's Office, Finance and Planning of the Revolutionary Government of Zanzibar (RGZ).

In November, 2022, a questionnaire was disseminated to all NPOs in Tanzania Mainland and Zanzibar, in order to solicit responses that would help classify individual NPOs into FATF NPOs, Non-FATF NPOs and NPOs at terrorist financing risk. This risk assessment was subsequently reviewed in March, 2023.

1.5 Data Collection

Data to conduct the assessment was collected from a variety of sources including:

- (a) NPO licensing/registration information, data and reports from NPO regulators;
- (b) Mutual Evaluation Report of the United Republic of Tanzania, June 2021
- (c) National Money Laundering and Terrorist Financing Risk Assessment Report of the United Republic of Tanzania, of December, 2016 as revised in 2022;
- (d) The 2020 Report on NGOs' Contribution to National Development, September, 2021
- (e) Data from law enforcement agencies, the Financial Intelligence Unit (FIU) and the National Counter Terrorism Centre (NCTC)
- (f) Review of policies, laws, regulations, guidelines, circulars and codes of conduct of the NPO sector.
- (g) 2022 Population and Housing Census
- (h) Responses to questionnaire.

PART TWO

IDENTIFICATION OF FATF NPOs

2.0 FATF AND NON FATF NPOS

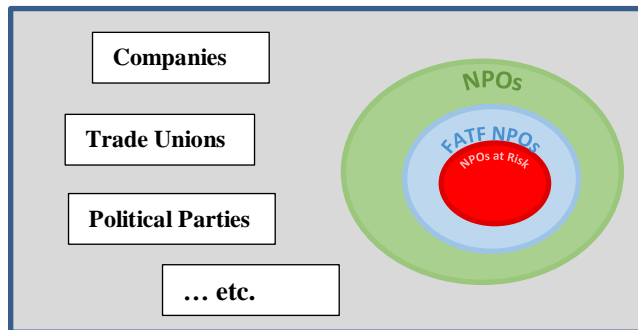
In general terms, a Non-Profit Organisation (NPO) is an entity that is organized and that operates for a collective, public or social benefit, in contrast with an entity that operates as a business aiming to generate profits or value for its owners/shareholders. NPOs can have a variety of legal forms, depending on the legal system of a country. The Financial Action Task Force (FATF) adopted a functional definition of an NPO that an NPO is *“a legal person or legal arrangement or organisation that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of “good works”*”.

This assessment entailed:

- (a) determining the legal persons and arrangements forms in URT and NPOs as a subset of such legal persons and arrangements;
- (b) determining FATF and Non-FATF NPOs as a subset of NPOs, and
- (c) assessing risks and devising risk mitigation measures in the form of recommendations for NPOs particularly the NPOs subset at high TF Risk.

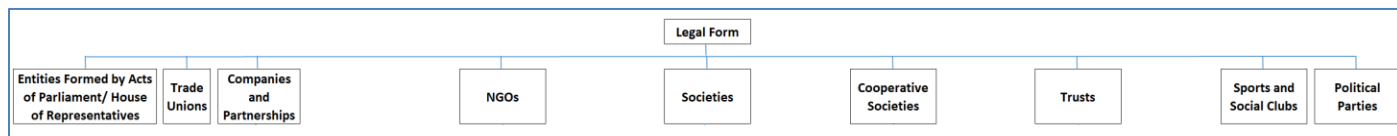
The above process is depicted in Figure 1 below.

Figure 1 : Identification of NPOs vis-à-vis other legal forms that exist in URT



In URT, there exists a variety of legal forms while organisations or institutions that primarily engages in “good works” i.e (raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes) are formed by way of Non-Governmental Organisations (NGOs)”, Societies and Trusts as shown in Figure 2 below.

Figure 2: Legal forms that exist in URT (Tanzania Mainland and Zanzibar)



Source: NPO Terrorist Financing Risk Assessment Workgroup

In URT, matters that relate to the formation of entities including NPOs are non-union matters and therefore are handled separately by the Government of the United Republic of Tanzania (URT) and the Revolutionary Government of Zanzibar (RGZ). Below is a brief description of legal forms existing in Tanzania as depicted in **Figure 2** above:

(a) Statutory bodies/corporations

These are entities formed by Acts of Parliament/House of Representatives and are predominantly public or parastatal organisations, institutions or enterprises. They include institutions that are formed out of constitutions (URT or Zanzibar). Such entities include Government ministries, departments and organisations such as Tanzania Revenue Authority (TRA), Zanzibar Revenue Board (ZRB) and most AML/CTF/CPF supervisory authorities such as the Bank of Tanzania (BOT), Tanzania Insurance Regulatory Authority (TIRA), Capital Markets and Securities Authority (CMSA) and Tanzania Communications Regulatory Authority (TCRA).

(b) Trade Unions

A trade union is a membership-based organisation and its members are mainly workers. A trade union's main purpose is to protect and advance the interests of its members at the workplace. Most trade unions are independent of the employer. Examples of trade unions include the Tanzania Union of Industrial and Commercial Workers (TUICO), the Trade Union Congress of Tanzania (TUCTA) and the Zanzibar Trade Union Congress (ZATUC). In Tanzania mainland, trade unions are governed by the Employment and Labour Relations Act, Cap. 366. In Zanzibar, trade unions are governed by the Labour Relations Act. No. 1 of 2005

(c) Companies and Partnerships

A company is a legal entity with juridical personality. A company is basically an association of persons, whether natural, legal or a mixture of both, with a specific objective. Company shareholders share a common purpose and unite them to achieve specific, declared goals including value gain in terms of distribution of income/dividends. Examples of companies include Zanzibar Bottlers Limited, Bakhresa Food Products Limited and Kilombelo Sugar Company Limited.

A partnership is an arrangement between two or more natural persons to oversee business operations and share its profits and liabilities. Partnerships are based on agreements (Partnership Agreements) in both Tanzania mainland and Zanzibar. Common examples of partnerships include law firms, physician groups, real estate investment firms and accounting groups. In Tanzania Mainland, companies are governed by the Companies Act, Cap. 212 while in Zanzibar, companies are governed by the Companies Act, No. 15 of 2013. Partnerships are governed by Contract laws on both side of the Union and they are required to be registered as

business entities under the Registration of Business Entities Act No. 12 of 2012, Act (Cap. 149) in Mainland and the Business Names Registration Decree (Cap. 168) of Zanzibar.

(d) Non-Governmental Organisations (NGOs)

An NGO is a non-profit voluntary group or institution with a social mission, which operates independently from government. Examples of NGOs include the Zanzibar Fighting Against Youth Challenges Organization (ZAFAYCO), HakiElimu, as well as Legal and Human Rights Centre (LHRC). In Tanzania mainland, NGOs are governed by the NGOs Act, Cap. 56 while in Zanzibar, they are governed by the Societies Act No. 6 of 1995.

(e) Societies

A society is a community of people or an organized group of people having common traditions, institutions, interests, beliefs or a shared purpose or affiliation, but which are different from all the other entities. Societies are established under the Societies Act, (Cap. 337 in Tanzania Mainland) or the Societies Act [No. 6 of 1995] (for Zanzibar). Examples of societies are the Association of People Living with Disabilities and the different religious denominations in Islam and Christianity.

(f) Cooperative Societies

A cooperative society is an association or organisation that is formed by people with common interests, who voluntarily come together and pool resources to promote their welfare. Examples of cooperative societies are Savings and Credit Cooperative Societies (SACCOS) such as the Cooperative Union of Zanzibar (CUZA), Njombe Region Cooperative Union (NJOECU) and Western Tobacco Growers Cooperative Union (WETCU). In Tanzania mainland, cooperative societies are governed by the Cooperative Societies Act, Cap. 6 while in Zanzibar they are governed by the Cooperative Societies Act No. 4 of 1986.

(g) Trusts

A trust is a legal relationship created by mutual understanding based on trust between the creator of the trust and trustees, by an order of court or by operation of the law, when specified property or interests are placed under control and management of a trustee or trustees for the benefit of another party or parties called a beneficiary or beneficiaries, or for a specific purpose. Some trusts proceed to own property and legal entities. In Tanzania Mainland, trusts are governed by the Trustees' Incorporation Act, Cap 318. In Zanzibar, certain types of non-charitable trusts are created and governed by the Waqf and Trust Commission Act No. 2 of 2007.

(h) Sports and Social Clubs

A sports club is a group of people formed for the purpose of sports. Clubs are usually formed by putting in place a constitution which sets the terms and conditions of the membership and other rules/bylaws or procedures on various matters relating to membership. A social club is a group of people or a place where people meet. A social club is generally formed around a common interest, occupation or activity. Examples of sports clubs include Simba Sports Club, Young Africans Sports Club and Mlandege Sports Club. In Tanzania mainland, sports clubs and social clubs are governed by the National Sports Council of Tanzania Act, Cap. 49 while in Zanzibar, they are governed by the National Arts Council Act, No. 6 of 1983.

(i) **Political Parties**

A political party is a group of persons organized to acquire and exercise political power. Examples of political parties include Chama Cha Mapinduzi (CCM), Chama cha Demokrasia na Maendeleo (CHADEMA) and Alliance for Change and Transparency (ACT). Political parties in Tanzania mainland and Zanzibar are governed by the Political Parties Act, Cap. 258.

2.1 DETERMINATION OF FATF AND NON-FATF NPOS AS A SUBSET OF NPOS

With the existence of various forms in which NPOs can be established and taking into account the FATF definition of NPOs, it is obvious that some entities established in URT do not meet the FATF Definition of an NPO because they may not necessarily be engaged in “*raising or disbursing funds*” or engaged in humanitarian services or good work” which are the major characteristics of FATF NPOs. The FATF Report² on TF risk in NPOs and the World Bank Toolkit³ exclude the following from the FATF NPOs

- (a) expressive NPOs not primarily engaged in raising or disbursing funds and which are involved in advocacy, training, mentoring, good governance, environmental matters; water, Gender; human rights, Infrastructure, Industrialization and Energy; and
- (b) NPOs involved in purely sports, recreation, arts, culture, interest representation, good governance and advocacy.

2.1.1 FATF NPOs in URT

FATF categorizes Service NPOs that tend to be engaged in raising or disbursing funds as more likely at risk of TF abuse and that such NPOs are FATF NPOs. Service NPOs include NPOs that are involved in health, education, social services, international development and humanitarian aid.

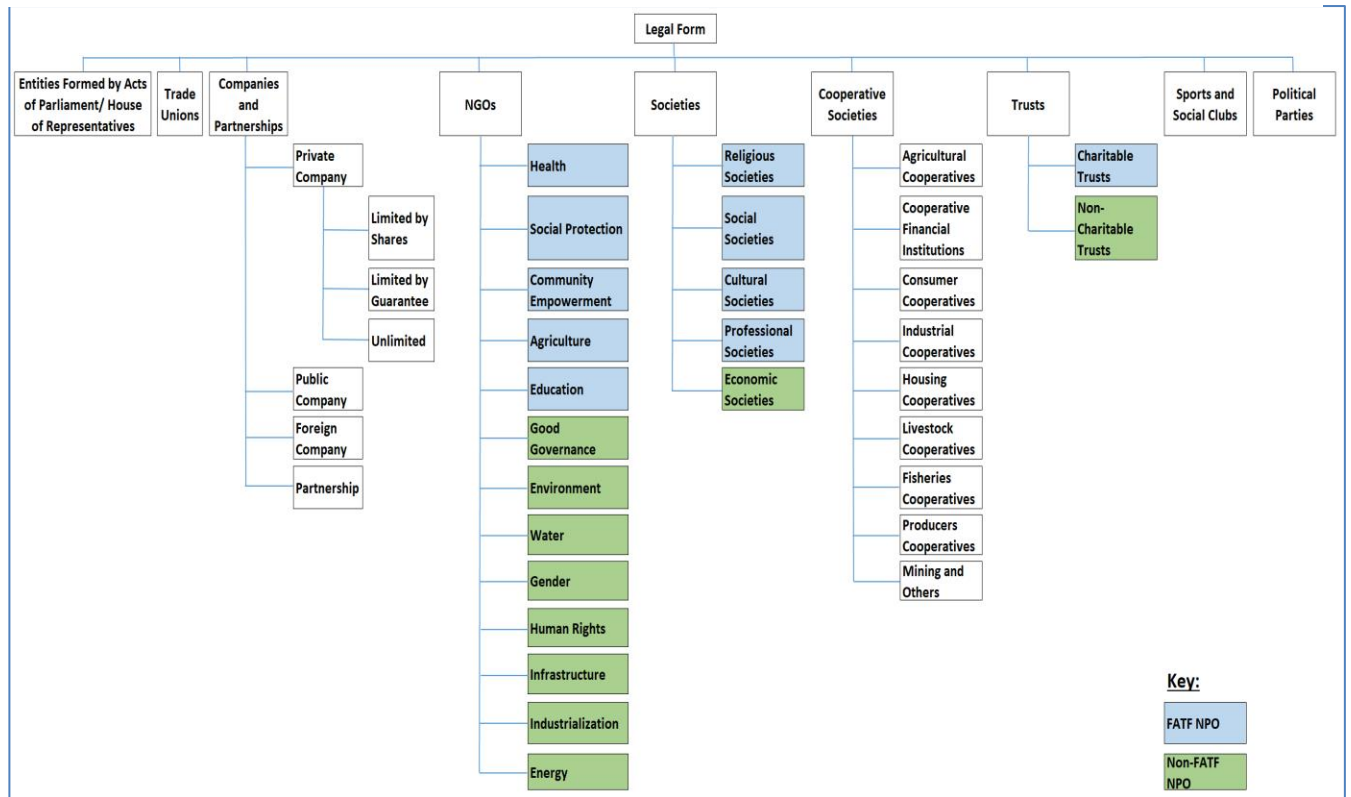
Using the above knowledge from the FATF and the World Bank, combined with the knowledge of the legal forms in URT as depicted in Figure 2, FATF and Non-FATF NPOs were determined as shown in Figure 3 below.

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² The Risk of Terrorist Abuse in Non-Profit Organisations (FATF, 2014)

³ Assessing the Risk of Abuse of NPOs for Terrorist Financing - NRA Toolkit (World Bank, 2022)

Figure 3: FATF and Non-FATF NPOs in URT



Source: NPO Terrorist Financing Risk Assessment Workgroup

From Figure 3 above, it was determined that in the United Republic of Tanzania, FATF NPOs include:

- (a) NGOs in the thematic areas of Health, Social protection, Community empowerment, Agriculture and Education
- (b) Societies under the subcategories of religious societies;
- (c) Trusts under the subcategory “charitable trusts”.

Table 1 below provides the number of FATF NPOs in URT (Tanzania mainland and Zanzibar) as provided by NPO Regulators and which are the subjects of this Assessment.

Table 1: Number of NPOs in the United Republic of Tanzania

	Number of FATF NPOs			TOTAL
	NGOs	Societies	Charitable Trusts	
Tanzania Mainland	10,426	1,352	2,023	13,801
Zanzibar	2,518	176	0	2,694
TOTAL	12,944	1,528	2,023	16,495

Source: NPO Regulators

2.1.2 Non-FATF NPOs in URT context.

In view of what constitute FATF NPOs in URT above and taking into account the FATF eliminated NPOs categories, Non FATF in URT include the following:

- (a) NGOs in the thematic areas of good governance; environment; water; gender; human rights; infrastructure industrialization; and energy;
- a) Societies under the subcategory “Economic societies”;
- b) Trusts under the subcategory “non-charitable trusts”.

As can be seen from the discussions on determination of FATF and Non-FATF NPOs, “thematic area” is crucial information that helps classify NPOs accordingly. In URT, classifying NPOs into thematic areas is quite challenging because NPO licensing and registration authorities do not been classifying NPOs into thematic areas. Therefore, in this NPOs TF Risk Assessment, it was not possible to count the exact number of FATF NPOs in URT but instead, an estimation of the number of FATF NPOs was made. The following are the reasons behind challenges in categorizing NPOs in thematic areas:

- (a) **During licensing and registration of NPOs, thematic areas are not captured distinctly:**
During licensing or registration of NPOs (NGOs, Societies, Trusts), thematic areas are not captured as standalone bits of information that can be referenced. There is no list of thematic areas made available during registration or renewal and NPOs do not get classified into thematic areas. Instead, the NPO gets to express thematic areas of interest while specifying the objectives of creating the NPO. The challenge with this way of capturing thematic areas is that sometimes NPOs use very general terms and vague language to express thematic areas. When information is captured this way, anyone wishing to know the thematic areas of the NPO has the daunting task of having to figure that out from running paragraphs that narrate the objectives of creating the NPO.
- (b) **No tracking or restriction on the number of thematic areas per NPO:**
For all NPOs (NGOs, Societies, Trusts), there has been no restriction on the number of thematic areas an NPO can be involved in, and there is no tracking of the number of thematic areas an NPO is involved in. It is only as recent as 2019 that the Registrar of NGOs (Tanzania mainland) put a cap on the number of thematic areas an NPO can serve. Multiple thematic areas per NPO pose challenges in counting the exact number of FATF and Non-FATF NPOs (i.e. One NPO can be re-counted in multiple thematic areas).

Despite the challenges narrated above, the number of FATF NPOs in URT was estimated as shown in Table 2 below which shows the number of NGOs (FATF and Non-FATF NPOs) in URT as at February, 2024. The information in that table was provided by four-member institutions of the “NPOs Terrorist Financing Risk Assessment Workgroup” that conducted this assessment, and the four members are in this assessment collectively referred to as “NPO Regulators”. The members are:

- (a) Registrar of Non-Governmental Organisations
- (b) Registrar of Societies, Ministry of Home Affairs
- (c) Registrar of Societies, President’s Office, Regional Administration, Local Government and Special Departments, Zanzibar
- (d) Registration, Insolvency and Trusteeship Agency (RITA).

Table 2: Classification of NGOs in URT according to thematic areas (Estimated)

No.	Thematic Area	Predominant Activities Performed	Total in Thematic Area	
			Tanzania Mainland	Zanzibar
1	Health	HIV and AIDS, running health facilities such as hospitals, health centres, dispensaries and health training centres, financing health services through raising own funds and service charges	3,376	354
2	Social protection	Building classrooms, orphanage centres, sober houses, rehabilitation centres, toilets and teachers' offices, provision of basic needs such as food, health, clothes and shelter, teachers' training and scholarships for students and pupils	4,326	456
3	Community empowerment	Empowering various groups, especially women and youth in entrepreneurship skills, savings and credit services, vocational training, production and value additions, management and leadership, supply of medicines and food for vulnerable children, meal for primary school pupils and children with disabilities, training medical officers, providing nutritious education for mothers and health insurance covers for children	7,081	1138
4	Agriculture	Training and awareness creation to small holder farmers on production and value addition, marketing, supply of farm inputs and technicalities, green houses in agriculture production, livestock keeping and training and supporting government extension officers	1,159	64
5	Education	Financing education and training	3,999	375
FATF NPOs Sub-total =			19,941	2,387
6	Good governance	Advocacy on democracy, the rule of law, good governance, etc.	583	7
7	Environment	Establishing the community's on mechanisms of cooperative networks to facilitate the sharing of experiences and expertise in planning, design and implementation of environmental programmes at national, regional, district and community levels	2,197	58
8	Water	Providing financial and technical support in implementing various water projects such as drilling wells, sanitation and hygiene	371	20
9	Gender	Advocacy against gender-based violence, equal opportunities for women, etc.	1,122	36
10	Human rights	Advocacy on human rights, etc.	1,166	3
11	Infrastructure	Construction projects for education, health facilities, etc.	100	5
12	Industrialization	Small industries, value addition	121	0
13	Energy	Advocacy for alternative energy, renewable energy, corporate social responsibility, etc.	106	2
Non-FATF NPOs Sub-total =			5,766	131
GRAND TOTAL (FATF and Non-FATF NPOs) =			25,707	2,518

Source: NGO Licensing Authorities in URT

Note: One NGO may serve more than one thematic area. The total number of NGOs in Table 2 does not necessarily have to tally with the total number of NGOs in Table 1.

In assessing NPO features and characteristics that introduce TF risk, the NPO Terrorist Financing Risk Assessment Workgroup made use of, among others, “The 2020 Report on NGOs’ Contribution to National Development” which was published by the Ministry of Health, Community Development, Gender, Elderly and Children in September, 2021. The report tries to qualify and quantify the contribution of NGOs to national development. It also assesses the performance of NGOs in 2020 and it provides key highlights of the contribution. The report is a result of a desk-based review that involved a sample of 804 NGOs (166 international and 638 local) out of 4,663 NGOs that were assessed to be actively operating in different thematic areas. The assessment used secondary data that was generated through a review of relevant information including government revenues, NGO income and expenditure, funding contracts, employment records, beneficiaries and quarterly and annual reports. The NPOs Terrorist Financing Risk Assessment Workgroup was convinced that the report provides a representative sample for its risk assessment and results that can help determine TF risk in NPOs. Table 7 and Figure 5 and 6 below show some results from “The 2020 Report on NGOs’ Contribution to National Development”.

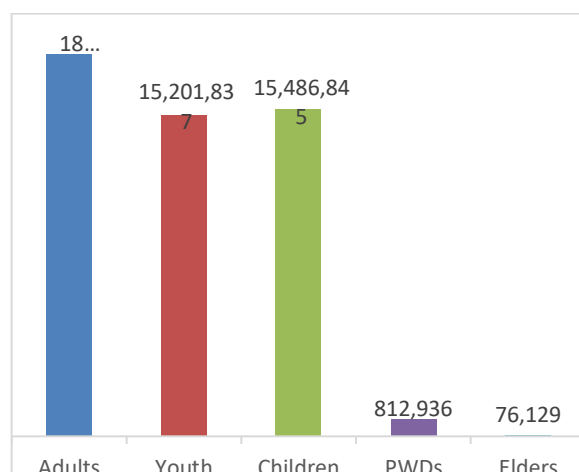
Table 3: NGOs Income and Expenditure by Thematic Area

S/N	THEMATIC AREA	NO. OF NPOs	INCOME [TZS]	EXPENDITURE [TZS]
1	HEALTH	160	578,617,583,288	567,572,129,291
2	SOCIAL PROTECTION	155	331,334,064,287	238,494,807,606
3	COMMUNITY EMPOWERMENT	155	245,417,057,839	149,462,484,762
4	EDUCATION	106	61,711,408,016	57,477,055,473
5	AGRICULTURE	68	74,847,687,846	66,750,029,221
FATF NPOs Sub-total =		644	1,291,927,801,276	1,079,756,506,353
6	GOOD GOVERNANCE	70	54,430,812,653	53,440,933,553
7	ENVIRONMENT	35	32,443,097,988	23,000,849,290
8	WATER	10	30,629,617,840	26,063,137,509
9	GENDER	38	11,619,112,155	9,139,114,754
10	HUMAN RIGHTS	7	1,159,618,544	1,060,019,566
Non-FATF NPOs Sub-total =		160	130,282,259,180	112,704,054,672
TOTAL		804	1,422,210,060,456 (USD 619,440,260)	1,192,460,561,025 (USD 519,373,404)

Source: The 2020 Report on NGOs' Contribution to National Development

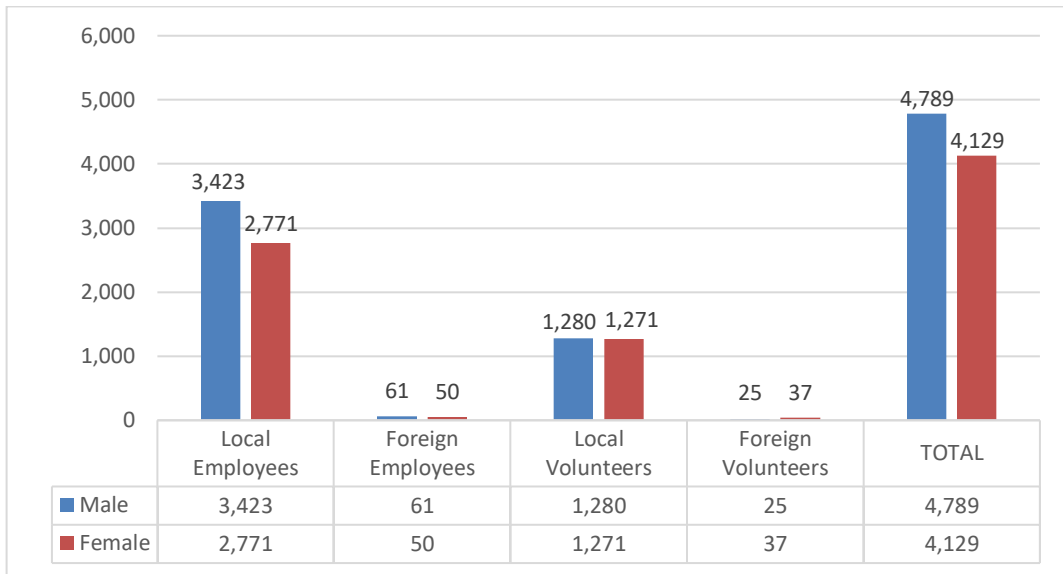
It is apparent from Table 3 above that FATF NPOs make up 80% of NGOs (644 out of 804), attract 91% of NGOs income and contribute 91% of NGOs expenditure.

Figure 4: NGOs Project Beneficiaries



Source: The 2020 Report on NGOs' Contribution to National Development

Figure 5: NGOs Employee Records



Source: The 2020 Report on NGOs' Contribution to National Development

PART THREE

NPOs SITUATION ANALYSIS

3.0 Background

Before embarking on the actual assessment of TF Risks in URT, the Assessment Workgroup, first and foremost considered the context within which NPOs operate in URT. In order to be able to understand and analyse the context, the Assessment Workgroup resolved to utilize the responses to the questionnaire in order to identify and understand the landscape within which the NPOs operate in URT. The responses to the questionnaire provided the situation discussed in the following paragraphs.

3.1 Government Measures on NPO Sector

The Government of the United Republic of Tanzania (URT) and the Revolutionary Government of Zanzibar (RGZ) have put in place the following measures to prevent the abuse of NPOs, including FATF NPOs:

- (a) URT has acceded to or has ratified all the relevant UN instruments in relation to countering terrorism and terrorist financing. Prevention of the abuse of NPOs for TF is adequately covered through implementation of these instruments;
- (b) Terrorist financing is adequately criminalized by sections 13 and 14 of the Prevention of Terrorism Act, Cap. 19 (POTA). Persons who commit TF offences are liable to a term of imprisonment of not less than twenty (20) years. POTA is applicable in Tanzania mainland and Zanzibar. Criminalization of TF prevents NPOs from engaging in these acts. In September, 2022, ESAAMLG upgraded URT's Mutual Evaluation rating for Recommendation 5 on criminalization of terrorist financing from Partially Compliant (PC) to Largely Compliant (LC);
- (c) AMLA and AMLPOCA and their respective regulations put emphasis on risk-based approach to application of TF preventive measures among others;
- (d) Targeted Financial Sanctions (TFS) under Chapter VII of the Charter of the United Nations are fully implemented by all persons who have in possession funds or assets of designated parties;
- (e) large movements of cash and Bearer Negotiable Instruments (BNI) that are associated with NPOs and other stakeholders across borders are required to be declared and in case of suspicion, they are investigated and prosecuted where necessary.
- (f) All NPOs are required to be licensed to operate. The relevant laws are the NGOs Act (Cap. 56) which governs the operations of NGOs, the Societies Act, Cap. 337 (Religious societies), Trustees' Incorporation Act, Cap. 318 (Charitable trusts) for Tanzania mainland, and the Societies Act No. 6 of 1995 (NGOs and Religious societies) for Zanzibar. The licensing formalizes NPO business and permits oversight and regulation.

(g) All NPOs in URT are regulated and supervised. In Tanzania mainland, NGOs are supervised by the Registrar of NGOs, Religious societies are supervised by the Registrar of Societies and Charitable trusts are supervised by the Registration Insolvency and Trusteeship Agency (RITA). In Zanzibar, NGOs and Religious societies are supervised by the Registrar of Societies (for Zanzibar). There are no charitable trusts in Zanzibar. Regulation and supervision reduce the chances of TF abuse of the NPOs. NPOs are required to comply as shown in Table 4 below:

Table 4: NPO compliance requirements

No.	Type of NPO	Compliance Requirements
1	NGOs, Tanzania mainland	<ul style="list-style-type: none"> i) Submission of quarterly reports ii) Submission of annual activity and audited reports iii) Payment of annual subscription and other fees iv) Submission of funding contracts or agreements for funds exceeding TZS 20,000,000 for approval v) Declaration of any other resources received, either in cash or in kind vi) Publication bi-annually, funds received and expenditure in media channels which are easily accessible by the targeted beneficiaries vii) Submission of the notice of changes in NGO (change of name, address, leadership, objectives, constitution, etc.)
2	<ul style="list-style-type: none"> i) NGOs, Zanzibar ii) Religious societies, Zanzibar 	<ul style="list-style-type: none"> i) Submission of annual reports ii) Submission of annual returns
3	Religious societies, Tanzania mainland	<ul style="list-style-type: none"> i) Submission of annual activity and audited reports ii) Submission of the notice of changes in a religious society (change of name, address, leadership, objectives, constitution, etc.) iii) Physical inspection of site by Registrar of Societies
4	Charitable trusts, Tanzania mainland	<ul style="list-style-type: none"> i) Submission of trustees annual returns ii) Notification within one month, of any change of trustees, address or constitution

(h) NPOs Regulators have the capacity to regulate and supervise NPOs as Table 5 below

Table 5: Capacity of NPO Regulators to supervise

No.	NPO Regulator	Regulated NPOs	Regulatory Capacity
1	Registrar of NGOs,	NGOs, Tanzania mainland	<p><u>Staff Compliment</u></p> <p>i) Registrar of NGOs – 14 staff ii) Assistant registrars – These are appointed at every regional (26) and district level in Tanzania mainland</p> <p><u>Regulatory Powers</u></p> <p>i) Refusal to register NGO ii) Penalty for late submission of annual activity or audited reports = TZS 100,000 per year for local NGOs, USD 300 for international NGOs</p>
2	Registrar of Societies, President’s Office, Regional Administration, Local Government and Special Departments, Zanzibar	i) NGOs, Zanzibar ii) Religious societies, Zanzibar	<p><u>Staff Compliment</u></p> <p>i) Registrar of Societies – 7 staff</p> <p><u>Regulatory Powers</u></p> <p>i) Refusal to register NGO or religious society ii) Cancel society registration</p>
3	Registrar of Societies, Ministry of Home Affairs	Religious societies, Tanzania mainland	<p><u>Staff Compliment</u></p> <p>i) Registrar of Societies – 16 staff</p> <p><u>Regulatory Powers</u></p> <p>i) Refusal to register religious society ii) Cancel registration upon reasonable grounds iii) Conduct inspection or verification iv) Conduct risk assessment v) Impose penalty for late payment of fees and late notification of changes of office bearers</p>

4	Registration, Insolvency and Trusteeship Agency (RITA)	Charitable trusts	<p><u>Staff Compliment</u></p> <p>i) RITA – 14 staff</p> <p><u>Regulatory Powers</u></p> <p>i) Refusal to register charitable trust</p>
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- (i) The Financial Intelligence Unit (FIU) as an overall regulator for AML/CTF/CPF compliance in the URT, and in collaboration with NPOs regulators, have a role of guiding NPOs for AML/CTF/CPF compliance;
- (j) In May, 2020 the Ministry of Health, Community Development, Gender, Elderly and Children (of Tanzania mainland) introduced an NGOs Information System (NIS). The NIS is an electronic system for NGOs registration and monitoring. The system provides for online registration of NGOs, submission of the quarterly and annual reports, change of particulars, submission of funding contracts and payment of fees. Ever since the introduction of NIS, the NGOs registration process is conducted online using national identity cards. The NIS enhances compliance by NGOs;
- (k) Some Financial institutions (FIs) have automated computer systems to detect persons and entities under the United Nations Security Council (UNSC) sanctions list. NPOs conduct financial transactions through these FIs whereby transacting with sanctioned persons and entities can be detected.
- (l) URT has a Counter Terrorism strategy that includes the “nyumba kumi” (10-cell group leadership) initiative, which collects information on suspicious persons and activities from village level, district level, regional level and the national level. Through this network of information gathering mechanisms from the nyumba kumi, authorities in URT can monitor the activities of any individual who is deemed to be of concern to the security of Tanzania. Any potential threat is neutralised at an early stage;
- (m) URT has an Inter-Religious Committee under the trusteeship of Regional Commissioners, whose objective is to, among others, look at the ideological side of terrorism and radicalization by engaging religious leaders to participate and make interventions as necessary, in all peace-seeking related matters such as when there are religious or political challenges;
- (n) URT maintains databases of high-risk jurisdictions and high-risk individuals. An individual deemed to be a threat to URT or an individual from a high-risk jurisdiction may be denied a visa or entry into URT depending on the level of threat posed by that individual.

3.2 NPO Background in URT

The NPOs Terrorist Financing Risk Assessment Workgroup reviewed reports including literature that is provided in **Appendix A**, which led to the determination of NPO features and characteristics

that increase NPO vulnerability to terrorist financing abuse. In November 2022, a questionnaire (**Appendix F**) was sent to NPOs (NGOs, Societies and Trusts) to gather information that would help review the context in which NPOs in URT operate in order to make the TF risk assessment and assign appropriate ratings. The questionnaire was sent to all NPOs regardless of their FATF and Non-FATF status in order to form the basis for the Assessment Workgroup ratings in the assessment of NPOs threats and vulnerabilities as well as assist the Assessment Workgroup to classify FATF vs non-FATF NPOs and confirm the findings of Table 2 (Classification of NGOs in URT according to thematic areas (Estimated)).

By July, 2023, 81 responses were received which enabled compilation of the first version of report. Efforts to collect more responses continued so that as at February, 2024, a total of 1,513 questionnaire responses were received as summarized in Table 6 below.

Table 6: Number of Questionnaire Responses Received by February 2024

	Number of NGO Responses Received	Number of Religious Society Responses Received	Number of Charitable Trust Responses Received	Total Responses Received
Tanzania Mainland	1,084	141	7	1,232
Zanzibar	262	19	0	281
TOTAL	1,346	160	7	1,513

Source: Responses from NPO Questionnaires in Appendix F

The questionnaire responses received as summarized in Table 10 above were used to assess NPOs TF context in URT resulting from the various NPO features and characteristics as required by Criterion 8.1(a) of the FATF Methodology.

3.3 The Key Findings from the Questionnaire

The key findings from the received questionnaire responses that establish the context within which NPOs operate in URT were as follows:

- 3.3.1 By February, 2024, a total of 1,513 questionnaire responses had been received from all NPOs (NGOs, Societies and Trusts) regardless of whether they were FATF NPOs or Non-FATF NPOs. This number includes the 81 questionnaire responses that had been received by July, 2023;
- 3.3.2 NPOs in URT serve more than one thematic area. From the questionnaire responses received, some NPOs serve one thematic area while some indicated to serve up to 13 thematic areas. On average (as per the 1,523 questionnaire responses received) NPOs serve a minimum of three (3) thematic areas;
- 3.3.3 In Tanzania mainland, behind almost every society there is a trust. This is especially the case when a society has to engage in the thematic areas under consideration. A trust gives the society another layer of ownership structure that enables it to, among others, own property, separate from the society itself.
- 3.3.4 Behind some NGOs in Tanzania mainland there are trusts. This is especially the case for NGOs that were licensed or registered in the past. This is in accordance with the way NGOs

were licensed or registered before 2019. A trust gives the NGO a separate ownership structure that enables it to, among others, own property separately from the NGO.

3.3.5 The responses to the questionnaire NPOs with international exposure in terms of having one or more foreigners (non-Tanzanians) within management, board of directors or among beneficial owners of the NPO had its vulnerability rating increased by one factor. NPOs in 813 thematic areas (455 + 358) out of a total of 4,529 thematic areas counted in the questionnaire responses (18%) had international exposure thus their vulnerability ratings increased by one factor as shown in Table 7 below.

Table 7: Jurisdictional NPOs vs Extra-Jurisdictional NPOs

NPOs (NGOs, Societies, Trusts)		
Jurisdictional	Extra-Jurisdictional	Undetermined
3,716	455	358
4,529		

In the course of determining Jurisdictional NPO vs Extra-Jurisdictional NPO, if any member of management, board of directors or a beneficial owner was from any of the grey-listed or black-listed jurisdictions as per the FATF (Appendix G), that NPO was immediately escalated to High (H) vulnerability. This way, six (6) Extra-Jurisdictional NPOs were escalated to High (H) vulnerability.

3.3.6 The responses indicated that service NPOs were those in the thematic areas of health, social Protection, community Empowerment, Agriculture, and Education. Each service NPO had its vulnerability rating increased by one factor. NPOs in 2,790 thematic areas (2,285 + 310 + 195) out of a total of 4,529 thematic areas counted in the questionnaire responses (62%) had their vulnerability ratings increased by one factor as shown in Figure 6 below.

Figure 6: Respondent NPOs in their thematic areas

NPOs (NGOs, Societies, Trusts)																																									
Jurisdictional						Extra-Jurisdictional						Undetermined																													
Service NPO [ML]			Expressive NPO [L]			Service NPO [MH]			Expressive NPO [ML]			Service NPO [H]		Expressive NPO [M]																											
1. Health	2. Social Protection	3. Community Empowerment	4. Agriculture	5. Education	6. Other	7. Good Governance	8. Environment	9. Water	10. Gender	11. Human Rights	12. Infrastructure	13. Industrialization	14. Energy	1. Health	2. Social Protection	3. Community Empowerment	4. Agriculture	5. Education	6. Other	7. Good Governance	8. Environment	9. Water	10. Gender	11. Human Rights	12. Infrastructure	13. Industrialization	14. Energy														
531	381	511	210	611	41	189	471	150	311	219	21	22	48	83	27	99	11	79	11	9	51	19	7	43	11	2	3	48	17	39	21	39	31	29	31	11	18	42	10	13	9
2,285						1,431						310		145		195		163																							
3,716						455						358																													
4,529																																									

Expressive NPOs are often NOT primarily engaged in raising or disbursing funds. Expressive NPOs were determined to be NPOs in the thematic areas of Good Governance; Environment; Water; Gender; Human Rights; Infrastructure; Industrialization; and Energy.

- 3.3.7 Beneficiaries of most NPO support in URT are Tanzanians themselves. Currently in URT, there has not been any community or group of persons that are known or have been identified to be at significant risk of terrorism or terrorism financing. Therefore, this NPO feature had little application in the context of URT and it did not have significant impact on NPOs of any thematic area.
- 3.3.8 Using the 2020 Report on NGOs' Contribution to National Development as well as other sources, it was determined that the major sources of income for NPOs in URT are the United States Agency for International Development(USAID); United Nations Children's Fund (UNICEF); Swedish International Development Cooperation Agency (SIDA); Danish International Development Agency (DANIDA); Department for International Development (DFID); Legal Services Facility (LSF); Foundation for Civil Society (FCS); Bill & Melinda Gates Foundation; Swiss Development Cooperation; Oxfam; Swiss Aid; Action Aid; Twaweza; Legal and Human Rights Center (LHRC); Care International; European Union (EU); Embassy of Switzerland; Embassy of Sweden; Irish Aid; Embassy of Norway; BBC Foundation; Save the Children; Dalberg; Japan International Cooperation Agency (JICA); CRDB Foundation; Abt Associates; Deloitte & Touche; KPMG; Jhpiego; FH360; PriceWaterhouseCoopers; Mkapa Foundation; Jakaya Kikwete Foundation; CRS; SNV; Norwegian Church Aid; World Vision; Freedom House; PACT Tanzania; National Democratic Institute; US Embassy; Women Trust Fund; Ford Foundation (EAO); osiea; Vodacom Foundation; Feed the Future; Canadian Embassy and Irish Embassy.
- 3.3.9 Most NPO sources of income seem to come from credible sources but they are mainly from foreign jurisdictions. Responses from 1,957 out of 4,529 (43.2%) thematic areas showed to have non-questionable sources. The remaining 2,572 thematic areas did not provide clear answers that helped make a determination. Some did not respond to this question while others provided vague responses such as "grants", "donor funds", "donations", etc. NPOs in 2,572 thematic areas out of a total of 4,529 thematic had their vulnerability ratings increased by half a factor.
- 3.3.10 A considerable number of NPOs across all thematic areas are not well supervised due to the big number of NPOs in URT and the limited supervisory capacity of most NPO Regulators. Lack or poor supervision of NPOs increases the risk of TF abuse. From this finding, it is evident that NPOs of all thematic areas seem to face increased TF risk to some degree. However, this feature did not impact the ratings in this assessment as the relevant question was not foreseen and hence was not asked.
- 3.3.11 All NPOs in URT are required to be licensed and registered. From the information gathered from the questionnaire, there seems to be good compliance in this aspect. Therefore, this NPO feature or characteristic had little application in the context of URT and it did not have a significant impact on NPOs of any thematic area.

- 3.3.12 There are no areas in URT that are known to be at significant risk of terrorism or terrorist financing. However, as provided by the 2020 Report on NGOs' Contribution to National Development, URT has a big number of international NPOs or NPOs with foreign affiliation, including such which may have operations or branches in high-risk jurisdictions. Responses from the NPOs Questionnaire showed that 67 thematic areas had branches in risky jurisdictions as provided in **Appendix G**. Some had branches in foreign jurisdictions but those jurisdictions are not classified as risky. This way, NPOs in the 67 thematic areas out of a total of 4,529 thematic had their vulnerability ratings increased by one factor.
- 3.3.13 All NPOs in URT are required to have Taxpayer Identification Numbers (TIN), bank accounts and they are required to conduct financial transactions using formal financial systems. Transacting formally has recently been made easy in URT with the advent of mobile payments. Mobile payments have also helped because of the ease of use and convenience, even though some MNOs may not be so keen on conducting CDD on senders and beneficiaries, and some transactions are in the form of many-to-one or one-to-many, and in big numbers. Requirements to transact formally are not rigorously enforced so that NPOs continue to engage in extensive use of cash and other informal means of transacting, which introduce TF risk because they do not leave audit trail. NPOs are found at different levels of using formal financial systems to transact. For instance, religious institutions are at the forefront in using cash to transact.
- 3.3.14 There is also need to beware of distributed cryptocurrency platforms, which permit transacting anonymously. Responses from the November 2022 NPOs Questionnaire showed that each NPO used a combination of means to transact including formal financial systems such as banks, cash and mobile transactions. Out of 4,529 thematic areas, 4,140 NPOs (91.4%) indicated to use formal financial systems, 1,903 thematic areas (42.0%) also used cash and 1,622 (35.8%) also used mobile payments to transact. 91 thematic areas indicated to also use informal financial services to transact, even though it could not be determined what those means of transaction are. No NPO indicated to use cryptocurrency to transact. Since no NPO indicated to use cryptocurrency or any other form of virtual assets, this mode of transaction in the NPOs sector does not pose any TF risk. This feature did not increase the rating by any factor as no NPO indicated to use hawala or cryptocurrency to transact.
- 3.3.15 NPOs with owners or management that cannot be easily determined face an increased risk of TF abuse. Individuals who own or manage the NPO could be criminals, blacklisted or sanctioned persons, or persons from risky terrorist or terrorist financing jurisdictions. The responses to the questionnaire did not show any NPO having association with criminal or blacklisted countries.
- 3.3.16 NPOs with little or poor internal controls include NPOs with no board of directors, no internal auditing, no compliance functions, no segregation of duties, no known or written policies or procedures, poor recordkeeping, etc. Using the available data and information in this risk assessment, it was not possible to determine NPOs with little or poor internal controls. The Questionnaire also did not cover internal controls. Questions on this aspect will be included for future NPOs TF Risk Assessments.

3.3.17 NPOs with questionable or risky business partners, service providers, agents or affiliates face an increased risk of TF abuse. Such risky partners or affiliates include entities and persons with a criminal background, blacklisted or sanctioned persons, or persons from risky jurisdictions in terms of terrorism and terrorism financing. There are circumstances where it is possible for the NPO or NPO regulator to determine who the business partners of affiliates are, but there are also circumstances where that is not possible. The difficulties in making such a determination are sometimes compounded by difficulties in determining beneficial owners. From the responses provided in the Questionnaire, 841 NPOs (55.6%) provided answers on the question of NPO affiliates while 672 NPOs (44.4%) did not. Among the 841 NPOs with affiliations, there were 7 NPOs with questionable or risky business partners or affiliates in terms of **Appendix G**. NPOs with business partners or affiliates in risky jurisdictions had their vulnerability rating increased by one factor. This way, the 7 NPOs had their vulnerability ratings increased by one factor.

3.3.18 There are no NPOs in URT that have TF cases or that have been reported to the FIU. Therefore, this NPO feature or characteristic had little application in the context of URT and it did not impact any NPO.

3.3.19 There are no areas of URT that are known to have a significant number of people, communities or populations that are sympathetic to any terrorist group or terrorist course. Therefore, this NPO feature or characteristic had little application in the context of URT and it did not impact any NPO.

In conclusion, the summary situation analysis as presented by the responses to the question is as shown in the Table 8 below:

Table 8 NPOs Situation Analysis in accordance with the Responses to the Questionnaire

		NPOs (NGOs, Societies, Trusts)																				NPO Vulnerability Rating	Percentage [%]																					
No. of NPOs	Jurisdictional										Extra-Jurisdictional										Undetermined																							
	Service NPO [ML]					Expressive NPO [L]					Service NPO [MH]					Expressive NPO [ML]					Service NPO [H]					Expressive NPO [M]																		
	1. Health	2. Social Protection	3. Community Empowerment	4. Agriculture	5. Education	6. Other	7. Good Governance	8. Environment	9. Water	10. Gender	11. Human Rights	12. Infrastructure	13. Industrialization	14. Energy	1. Health	2. Social Protection	3. Community Empowerment	4. Agriculture	5. Education	6. Other	7. Good Governance	8. Environment	9. Water	10. Gender	11. Human Rights	12. Infrastructure	13. Industrialization	14. Energy																
90																														H	6													
151																														MH	10													
29																														M	2													
1,133																														ML	75													
110																														L	7													
1,513	531	381	511	210	611	41	189	471	150	311	219	21	22	48	83	27	99	11	79	11	9	51	19	7	43	11	2	3	48	17	39	21	39	31	29	31	11	18	42	10	13	9	ML	
	2,285					1,431					310					145					195					163																		
	3,716										455										358																							
	4,529																																											

Source: Responses from NPO Questionnaires in Appendix F

From Table 8 above, the following was deduced:

- (a) 75% of all NPOs in are vulnerable to TF for one or reasons that present TF risks;
 (b) NPOs most at highest TF vulnerability were arrived at as shown in Table below:

Table 9: NPOs at highest TF vulnerability

S/N	No. of NPOs	NPO Vulnerability Rating	Thematic Areas at TF Vulnerability					
			Health	Education	Community Empowerment	Agriculture	Social Protection	Unclassified
1	90	High (H)	22	18	18	10	8	14
2	151	Medium High (MH)	40	38	49	6	13	5
Substantial Vulnerability Ratings (Sub-totals) =			62	56	67	16	21	19
			25.7%	23.3%	27.8%	6.6%	8.7%	7.9%
3	29	Medium (M)						
4	1,133	Medium Low (ML)						
5	110	Low (L)						
TOTAL NPOs =	1,513							

Source: Table 13

NPOs at highest TF vulnerability were selected from NPOs responses that scored High (H) and Medium High (MH) vulnerability ratings (Rows S/N. 1 and 2). There was a total of 241 such NPOs (90 + 151). Thematic areas with large numbers of High and Medium High vulnerability ratings are Community empowerment (67), health (62) and education (56).

3.4 Determination of Risk Rating for NPOs most at Risk of TF Abuse

The analysis of the responses from the questionnaire enabled the Assessment Workgroup to categorize the respondents into risk categories as indicated in Table below:

Table 10: Respondents that are at high risk of TF Abuse

S/N	No. of NPOs	NPO Vulnerability Rating	Thematic Areas at TF Vulnerability					
			Health	Education	Community Empowerment	Agriculture	Social Protection	Unclassified
1	90	High (H)	22	18	18	10	8	14
2	151	Medium High (MH)	40	38	49	6	13	5
NPO TF Vulnerability Rating Sub-totals =			62	56	67	16	21	19
			25.7%	23.3%	27.8%	6.6%	8.7%	7.9%
NPO TF Aggregate Vulnerability Rating =			MH	MH	MH	H	M	H
NPO Threat Rating (from section 3.1) =			M	M	M	M	M	M
NPO TF Risk Rating (Threat + Vulnerability) =			MH	MH	MH	MH	M	MH

Source: Table 14

As shown in Table 10 above, only NPOs with ratings of High (90 NPOs) and Medium High (151 NPOs) were taken into consideration towards deriving Respondents with High TF risk of Abuse. There was a total of 241 such NPOs (90 + 151). Subsequently, NPOs most vulnerable to TF abuse were assessed to an aggregate of **Medium High (MH)**. Statistically significant, such NPOs are from the thematic areas of:

- Community Empowerment
- Health, and
- Education.

The three thematic areas are identified due to their significance in terms of total numbers and percentages (%). Upon application of the formula “*Risk is a function of Threat (M) and Vulnerability (MH)*”, it was determined that NPOs most at risk of TF abuse face **Medium High (MH) Risk** (see last row of Table 15):

- Community Empowerment (MH Risk)
- Health (MH Risk), and
- Education (MH Risk).

PART FOUR

ASSESSMENT OF THREAT AND VULNERABILITIES

4.0 INTRODUCTION

This Part of the Assessment considered the Situation analysis in Part Three that informed the assessment on as to the ratings assigned to various variables of threat and vulnerabilities. In assessing the threat and vulnerabilities the Assessment Workgroup first and foremost looked at the level of aid provided and received, number of both FATF and non FATF NPOs including the thematic areas they operate in, income levels including domestic and international funds raised; activities in disaster or emergency situations, disbursement to area with active terrorism. The Assessment then looked at the Evidence of level of abuse by taking into account the available NPOs TF related allegations from credible open sources, STRs, intelligence report, investigation, prosecutions, and convictions.

The assessment further looked at the NPOs related TF typologies (diversion of funds, affiliation with terrorist entities, abuse of programming for TF, support to Terrorist recruitment and sham NPOs or false representation) and whether there is evidence or reasonable grounds for believing or suspecting that FATF NPOs in URT collect funds, facilitate or otherwise transfer funds or deliver programs in areas with active terrorism. The Assessment then looked at the inherent vulnerabilities and mitigation measures to determine the residual risk. The Assessment concludes by identifying the NPO subsector with high TF risks.

4.1 FATF NPO TF RISK CONTEXT IN URT

4.1.1 Level of Aid Provided and Received

The Assessment sought to establish the aid profile by identifying the amount of aid that the NPOs have provided and received in the period under review (2020-2024) to determine which category of NPOs are more exposed to TF threat. The Assessment Team agreed unanimously that according to responses provided by the subjects, the level of aid provided (cross border outgoing aid) was **LOW** and close to nonexistence while the level of aid received (cross border incoming aid) was **HIGH**.

4.1.2 Legal forms of FATF NPOs for the purpose of Assessment

As indicated in Part three of this Assessment a number of legal persons or arrangements that can be formed in URT under various legislation but legal bodies that engage in raising or disbursing funds for charitable, religious, educational, social or fraternal purposes for good works as defined by FATF are created by way of NGO, Societies and Trusts. The Assessment took into consideration that the NPOs most at risk of abuse for terrorist financing are those that are engaged in service activities such as providing housing, social services, education, or health care. The Assessment excluded certain types of organizations including political parties, trade unions, professional associations, and credit unions on ground that these are outside the scope of organizations that engage in good works.

In view of the observations above and taking into account the FATF definition of FATF NPOs, the Assessment concluded that in URT, all Trusts, Societies and NGOs that are engaged in charitable, religious, cultural educational and social or fraternal purposes are the FATF NPOs as shown in the Table 11 below:

Table11: FATF NPOs in URT context

FATF NPOs	LEGAL FORM / STRUCTURE	REMARKS
Charitable	Trust	There are 2023 Charitable Trusts in URT. A trust is a legal arrangement created by mutual understanding based on trust between the creator of the trust and trustees, by an order of court or by operation of the law, when specified property or interests are placed under control and management of a trustee or trustees for the benefit of another party or parties called a beneficiary or beneficiaries, or for a specific purpose. Some trusts proceed to own property and legal entities. In Tanzania Mainland, trusts are governed by the Trustees' Incorporation Act, Cap 318. In Zanzibar, certain types of non-charitable trusts are created and governed by the Waqf and Trust Commission Act No. 2 of 2007.
Religious	Societies	There are 1528 Religious Societies in URT (Mainland Tanzania 1352 and Zanzibar 176). A society is a community of people or an organized group of people having common traditions, institutions, interests, beliefs or a shared purpose or affiliation, but which are different from all the other entities which can be formed by other pieces of legislation than the Societies Act, Cap. 337 (for Tanzania Mainland) or the Societies Act No. 6 of 1995 (for Zanzibar). Examples of societies are the Association of People Living with Disabilities and the different religious denominations in Islam and Christianity. In Tanzania mainland, societies are governed by the Societies Act, Cap. 337 while in Zanzibar, they are governed by the Societies Act No. 6 of 1995.
Cultural	NGOs and Societies	The Registrars of NGOs and Societies have not classified the legal structures under their purview in any thematic/ FATF categories. In this regard it was not possible to identify the exact number of NGOs and Societies under the cultural category.
Educational	NGOs, Trust and Societies	There are 3999 Education NPOs engaged in financing education and training.
Social or Fraternal	Societies	The Registrar of Societies has not classified the legal structures under his purview in any thematic/ FATF categories. In this regard it was not possible to identify the exact number of Societies under the Social or Fraternal category.

4.1.3 NPOs that do not meet the FATF definition

In view of the foregoing, the Assessment also took note of the NPOs that do not meet the FATF definition for the better understanding of the NPOs context in URT as shown in the Table 12 below:

Table 12: Non FATF NPOs in URT

NPOS THAT DO NOT MEET FATF DEFINITION	DESCRIPTION
Good Governance	There are 583 Good Governance NPOs engaged in advocacy on democracy, the rule of law, good governance, etc.
Environment	There are 2197 Environment NPOs engaged in establishing the community's mechanisms of cooperative networks to facilitate the sharing of experiences and expertise in planning, design and implementation of environmental programs at national, regional, district and community levels
Water	There are 371 Water NPOs engaged in providing financial and technical support in implementing various water projects such as drilling wells, sanitation and hygiene
Gender	There are 1122 Gender NPOs engaged in advocacy against gender-based violence, equal opportunities for women, etc.
Human rights	There are 1166 Human rights NPOs engaged in advocacy on human rights, etc.
Infrastructure	There are 100 Infrastructure NPOs engaged in construction projects for education, health facilities, etc.
Industrialization	There are 121 Industrialization NPOs engaged in small industries, value addition
Energy	There are 106 Energy NPO engaged in advocacy for alternative energy, renewable energy, corporate social responsibility, etc

4.1.4 Core information on FATF NPOs in URT

The Assessment noted that there are 16,495 FATF NPOs in URT with the total annual value of income in 2020 (according to the current data available) of USD 505,646,888.95 (TZS1,21,927,801,276 and expenditure of USD 422,605,286 (TZS 1,079,756,506,353). The Assessment also noted that 85-90% of FATF NPOs operating in URT have significant international exposure in terms of receiving donor funding and having owners or management from other jurisdictions. The assessment further noted that the majority of the FATF NPOs fall under the bracket of income value of USD 50,000 per annum and above. The Table below summaries the core information about the FATF NPOs in URT context and breakdown by income, budget, or expenditure brackets/bandwidths:

Table 13: Core information about FATF NPOs in URT

Total number of FATF NPOs	16,495
Total value of income/budget/expenditure of FATF NPOs	Income: TZS 1,291,927,801,276 (equivalent to USD=505,646,888.95) Expenditure: 1,079,756,506,353 (USD = 422,605,286)
Number of FATF NPOs with significant international exposure	85 percent of NPOs in URT have significant international exposure in terms of receiving donor funding and having owners or management from other jurisdictions.
Value of income/budget/expenditure of FATF NPOs with significant international exposure	Most of the FATF NPOs in URT are under the income category band of 50,000 and above

4.1.5 Breakdown of the FATF NPOs by purpose classification

The Assessment took note of the fact that FATF NPOs categorized by the following common purposes/ classification which are peculiar to URT i.e. Health, Social Protection, Community Empowerment, Agriculture, and Education. The figure below shows the breakdown of URT FATF NPOs based on the purpose:

Figure 7: URT FATF NPOs based on the purpose

Number of NPOs	Purpose (Thematic area)
3376	Health (deal with HIV and AIDS, running health facilities such as hospitals, health centers, dispensaries and health training centers, financing health services through raising own funds and service charges)
4326	Social Protection (deal with building classrooms, orphanage centers, sober houses, rehabilitation centers, toilets and teachers' offices, provision of basic needs such as food, health, clothes and shelter, teachers' training and scholarships for students and pupils)
7081	Community Empowerment (deal with empowering various groups, especially women and youth in entrepreneurship skills, savings and credit services, vocational training, production and value additions, management and leadership, supply of medicines and food for vulnerable children, meal for primary school pupils and children with disabilities, training medical officers, providing nutritious education for mothers and health insurance covers for children)
1159	Agriculture (deal with training and awareness creation to small holder farmers on production and value addition, marketing, supply of farm inputs and technicalities, green houses in agriculture production, livestock keeping and training and supporting government extension officers)
3999	Education (deal with financing education and training)

4.1.6 Purpose of predominantly domestic FATF NPOs

The Assessment found that 85-90% of NGOs which constitute the largest number of NPOs established in URT are not predominantly domestic. In that regard, the identified FATF NPOs which are mostly NGOs have international exposure.

4.1.7 Legal types of FATF NPOs in URT

As indicated earlier regarding NPOs that do not meet the FATF definition, in URT, the NPOs in the sense of civil societies are predominantly established as NGOs. Societies/Associations and Trusts and are formed for religious, social and fraternal purposes. In this regard, the three common legal types of NPOs in URT are NGOs, Societies and Trusts.

4.1.8 Other Information on FATF NPOs:

(a) Number of FATF NPOs with significant international funds raised

The Assessment noted that there are about 14,021 FATF NPOs with significant international funds raised. The number was derived from the existing 16,495 FATF NPOs in URT of which as indicated earlier, 85-90% depend on foreign donor funding.

(b) Source jurisdictions of international funds raised

The Assessment identified a number of jurisdictions as donors to FATF NPOs in URT as indicated in the Table Below:

Table 14: Jurisdictions as donors to FATF NPOs

SN	COUNTRY	PROJECTS/ PROGRAMS
1.	United States of America	United States Agency for International Development
2.	Canada	Canadian Aid
3.	Japan	Jica
4.	United Kingdom	Department for International Development (DFID) and Oxfam
5.	Denmark	Danish International Development Agency (DANIDA)
6.	Sweden	Swedish International Development Agency (SIDA)
7.	Norway	Norwegian People's Aid
8.	Switzerland	Swiss Aid and Swiss Development Cooperation
9.	Others	United Nations Children's Fund (UNICEF) Foundation for Civil Society (FCS) and Legal Services Facility (LSF)

(c) Number of FATF NPOs with significant international disbursements

The Assessment looked as to whether there were any FATF NPOs in URT with 15-30% cross border operations or significant outward cross border disbursements. 15-30% was considered a substantial amount. The Assessment observed that during the period under review there were no NPOs with at least 15 - 30% cross border operations or significant outward international disbursements.

(d) Number of FATF NPOs with significant disbursements to humanitarian disaster emergency situations

The Assessment noted that there were about 224 Local NGOs in 1993 to over 9,000 NGOs in 2014 (although not all were FATF NPOs) providing humanitarian and emergency aid in Kigoma region which houses refugees from neighboring jurisdictions (Rwanda, Burundi and DRC). Today only international NGOs such as the International Rescue Committee (IRC), Danish Refugee Council (DRC), UNHCR, Tanganyika Christian Refugees Services (TCRS) and other international non-governmental NPOs are working in collaboration with the government of URT.

The Assessment also noted that the participation of local NGOs was dwindling over time due to capacity issues and the decision of the Government of Tanzania to put strict measures on receiving and hosting refugees.

The Assessment noted generally that URT hosts approximately 250,000 refugees and asylum seekers, due to nearly three decades of armed conflict and political instability in neighboring Burundi and the Democratic Republic of the Congo (DRC). In addition to the needs generated by the December 2023 floods in Hanang, Manyara region, UNHCR and other international partners were supporting the Government of the United Republic of Tanzania to receive over 14,400 new refugee arrivals in Kigoma region who were provided with safe place to sleep, food, water, and other life-saving assistance.

(e) Number of FATF NPOs with significant disbursements to areas where there is an active terrorist threat

The Assessment noted that during the period under review, there were no FATF NPOs with significant disbursements to areas where there is active terrorism threat.

4.2 EVIDENCE OF LEVEL OF TERRORIST FINANCING ABUSE OF NPOs

The Assessment examined the available evidence on terrorist financing abuse of NPOs by looking at the existence of any NPOs terrorism and TF related allegations from open sources, NPOs terrorism and TF related STRs, the NPOs terrorism and TF related Intelligence and NPOs terrorism and TF related investigation, prosecutions and convictions.

In assessing the evidence, the Assessment Work group considered, for each of the FATF NPO category and the thematic area they operate, the legal type, purpose, size, value of assets, ownership and control structure, fundraising methods, disbursement methods and services/goods provided, types of transactions common to the NPO, and the characteristics of the cases and

whether NPO representatives were involved, value of the assets abused for TF purposes, and the method of abuse or typology description (how the NPO was abused) and the geographical locations involved. The results of category-by-category analysis was intended to support the understanding of TF risks at NPOs granular level. The result of the analysis is as shown in the table 14 below:

Table 15: Category-by-category analysis of evidence of TF

No	Input variables	Assessment	Rating	Assessment	Rating	Assessment	Rating	Assessment	Rating	Assessment	Rating
		Health NPOs		Social Protection NPOs		Community Empowerment NPOs		Education NPOs		Agriculture NPOs	
1	Number of TF/terrorism Convictions	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
2	Number of TF/terrorism Prosecutions	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
3	Number of TF/terrorism Investigations	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
4	Number of TF/terrorism Intelligence	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
5	Number of TF/terrorism STRs	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
6	Number of TF/terrorism Allegations in credible open sources	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
		Summary rating	0.00	Summary rating	0.00	Summary rating	0.00	Summary rating	0.00	Summary rating	0.00

In summary, the Assessment looked at the Number of TF and Terrorism open-source information, STRs, Intelligence reports, investigations, prosecutions, and convictions, on Terrorism or TF related to NPO sector in general and FATF NPOs in particular or their representatives (including employees, volunteers, or other individuals acting in an official capacity representing an NPO). The Assessment rated all these factors as **NON-EXISTENT** on ground that there were no allegations on open sources, no STRs, no Intelligence reports, and no investigation, prosecution or conviction related to FATF NPOs terrorism or TF abuse in all thematic areas (health, social protections, community empowerment, education and agriculture).

4.3 ASSESSMENT OF THE THREAT OF FATF NPOs

4.3.1 TF Typologies

To establish presence of TF typologies in the NPO sector, the Assessment Workgroup looked as to whether there was evidence or reasonable grounds for believing or suspecting that FATF NPOs (including employees, volunteers, or other individuals acting in an official capacity representing NPO) -

- (a) diverted funds to terrorism, a known or suspected terrorist entity, terrorist individual, or supporter of terrorism;
- (b) maintain an operational affiliation with a known or suspected terrorist entity, terrorist individual, or supporter of terrorism in URT;
- (c) funded programs meant to support legitimate purposes are manipulated at the point of delivery to support terrorism, a known or suspected terrorist entity, terrorist individual, or supporter of terrorism in URT;

- (d) funded programs or facilities are used to create an environment that supports or promotes terrorism recruitment-related activities in URT;
- (e) under the guise of charitable activity, organizations or individuals raise funds or carry out other activities in support of terrorism, a known or suspected terrorist entity, terrorist individual, or supporter of terrorism.

Separate assessment of inherit risk of TF Typologies above was made for each of the NPO category that meet the FATF definition. The result of this category-by-category assessment was intended to support the understanding of NPOs risk at a granular level. The result of the assessment is as shown in the table below:

Table 16: TF Threat Analysis

No	Intermediary variables	Inherent risk	Assessment	Rating	Assessment	Rating	Assessment	Rating	Assessment	Rating	Assessment	Rating
		Input variables	Health NPOs	Social Protection NPOs	Community Empowerment NPOs	Agriculture NPOs	Education NPOs					
1	Threat TF Typologies	Diversion of funds	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
2		Affiliation with a terrorist entity	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
3		Abuse of programming	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
4		Support to recruitment efforts	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
5		False representation/Sham NPO	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0

The Assessment considered TF related to Typologies in FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) in URT and out of four bands of rating [High, Medium, Low, does not exist], the Assessment rated the variables as **DO NOT EXIST AT 0.0**. This is due to non-existence of TF Typologies related to diversion of funds, affiliation with terrorist entity, abuse of programming, support to terrorist recruitment efforts or false representation or sham NPOs operating in URT in all thematic areas.

4.3.2 Assessment of Proximity to Active Terrorist Threat

This assessment looked at whether there was evidence or reasonable grounds for believing or suspecting that FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) collect funds, facilitate or transfer funds, disburse funds or deliver programs in areas with established presence of terrorism or conflict or in areas which there is an active terrorist threat; a known or suspected terrorist entity or terrorist individual; a population that is actively targeted by a terrorist movement for support and cover; or entities (including financial institutions) and individuals known to be supportive of or sympathetic toward terrorist entities, terrorist individuals, terrorist ideology, or radical beliefs.

Assessment of inherit risk of TF Typologies variables was made for each of the NPO categories of the FATF NPO. The result of the Assessment is as shown in the table below:

Table 17: NPF TF threat on Proximity to active terrorism

		Inherent risk	Assessment	Rating	Assessment	Rating	Assessment	Rating	Assessment	Rating	Assessment	Rating
Threat	Intermediary variables	Input variables	Health NPOs		Social Protection NPOs		Community Empowerment NPOs		Agriculture NPOs		Education NPOs	
		Proximity to active terrorist threat	Collection of funds	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist
		Transfer of funds	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0
		Expenditure of funds	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0

In summary, the Assessment considered TF threat on proximity to active terrorist threat to determine whether any FATF NPO in URT collects, transfers or expends funds, for terrorism or TF purpose in all thematic areas (health, social protections, community empowerment, education and agriculture). Out of four bands of rating [High, Medium, Low, does not exist], the Assessment rated the variables as **DO NOT EXIST** at **0.0** due to non-existence of evidence of collection, transfer, or expenditure of funds for FATF NPOs operating in URT in all thematic areas.

The Assessment of the TF Threat level related to FATF NPOs across all thematic areas was considered Non-Existence given that there were no typologies, evidence or grounds to believe or suspect FATF NPOs operating in Tanzania collects funds, facilitate transfer of funds or make disbursements to areas with active terrorism.

4.4 ASSESSMENT OF THE INHERENT VURNERABILITIES OF FATF NPOs

This part of Assessment identified the common TF vulnerabilities in the NPO sector and assessed their applicability in URT. The Assessment Workgroup considered the vulnerabilities related to the NPO profile in terms of size (i.e. the value of income, budget, or expenditure of the FATF NPOs in URT, Scale of operations Number of staff (including volunteers), Number of locations, Comparison of NPO sector in its entirety and Comparison with other categories of NPOs in the sector with view to determine their applicability in URT context.

The assessment also looked at vulnerabilities related to FATF NPOs Activity type(i.e. type of activity that this category of NPO engages in, whether they are service activities that engage in programs focused on housing, social services, education, and health care because these may provide cash, in-kind goods, intangible services, or institutional grants or contracts which are vulnerable for TF abuse OR Expressive activities include programs focused on sports and recreation, arts and culture, interest representation, or advocacy which may also might provide intangible services such as training or use of location and equipment, or they might provide in-kind goods which may pose a TF vulnerability.

In addition, in Assessing the vulnerability under this part, the Assessment Workgroup considered the vulnerability related to offshore complex control structures of the FATF NPOs in URT to determine whether NPOs in URT have foreign control structures, unusually complex control structures, or both which may pose a TF vulnerability. Further, the Assessment considered the following vulnerabilities (activity type, offshore or complex control structure, level of accountability required by funding sources, level of verifiability methods, level of cash transfers or value in-kind goods, and operational features including complexity of length of operational chain, reliance on transitory or informal workforce and the level of professionalism. The assessment considered the following vulnerabilities which are key in the NPOs risk Assessments:

- (a) level of accountability required by funding sources (i.e. accountability associated with the primary sources of income to determine whether or not the income is from the government institutions and registered NGOs which generally present a lower exposure to TF abuse. The accountability mechanisms typically considered in this case include due diligence, conditions for expenditure, reporting requirements, tracing, and oversight.
- (b) Level of verifiability of fundraising methods (i.e. the predominant fundraising methods for to rule out cash collections and religious contributions which are more vulnerable to skimming and fraud or misrepresentation. Social media or online collection, public donation through formal financial channels, and member fees tend to allow for much more verification because a formal trail can be consulted or obtained.
- (c) Level of cash transfers or valuable in-kind goods (i.e. the level of cash transfer or valuable in-kind goods which is prone to diversion, misappropriation, and abuse, and raises inherent vulnerability.

This part of the Assessments also looked at the vulnerabilities related to operational features of NPOs in URT including the level of risk appetite (that looked at the organizational culture affects and the values that NPOs prioritize because the level of risk appetite may be reflected by lower controls when performing fundraising or by lower project management controls to enable service delivery driven by intention to support TF. The Assessment Workgroup was of the view that greater exposure a large risk appetite is combined with a higher exposure to threat and poor standards of management. Other operational features related vulnerabilities that the Assessment Workgroup took into consideration include-

- (a) Complexity or length of operational chains given the fact that the longer or more complex an operational chain is, the higher its inherent vulnerability becomes. This vulnerability is due to increased challenges to effective oversight, exposure to diversion of resources, and abuse in the delivery of programs. The chains through which an NPO collect, retain, transfer, and deliver resources, higher levels of decentralized management decisions on operations may increase inherent vulnerability because it reduces an NPO's ability to perform oversight on the delivery of programs and control of resources;
- (b) Reliance on transitory or informal workforce as a higher level of transitory staff or informal staff members may make it difficult to scrutinize staff in areas such as technical expertise, risk assessment, compliance, legal matters, and integrity, thus increasing exposure to abuse;

- (c) Level of professionalism in which whether ethical and professional standards including the internal codes of conduct, internal and external accountability, and the structures of governance including oversight were assessed.

The summary of Assessment Results taking into consideration the vulnerabilities identified above were as follows:

4.4.1 Assessment of NPO Profile

(a) Size

This Assessment looked at the size FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) taking into consideration the value of income, budget, or expenditure of the NPOs, scale of operations; Number of staff (including volunteers); Number of locations; Comparison with NPO sector and Comparison with other categories of NPOs in the sector. The Assessment took note of the **Size** of FATF NPOs in URT in all thematic areas (health, social protections, community empowerment, education and agriculture) and out of three bands of rating [Large, Medium, Small], the Assessment rated the size of NPOs in Health thematic areas as **LARGE at 1.0; Medium at 0.5** for Social Protection and Community Empowerment and **SMALL at 0.2** for Agriculture NPOs. However, the Assessment Workgroup noted that despite the fact that sizes of the NPOs in Health are large, the NPOs in this sector have good governance structures and firm internal accountability procedures.

(b) Activity Type

The Assessment looked at the type FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and the activities they engage in and whether they are service oriented or expressive, and out of two bands of rating [Service, Expressive] the Assessment rated the variables as **Service at 0.1** with cash, in kind goods and intangible services or institutional grants or contracts being common across the board. The Assessment Workgroup considered that the Activity type in all FATF poses TF vulnerability to be monitored closely by all NPOs regulators.

(c) Offshore/Complex Control Structure

The Assessment looked at the FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) which have foreign control structures, unusually complex control structures, or both. The Assessment noted that, most of the FATF NPOs operating in URT have foreign exposure in terms of source of funds and Management staff from other jurisdictions. The Assessment considered **Offshore/Complex Control Structure** of FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and out of three bands of rating [High, Medium, Low], the Assessment Workgroup rated the Offshore/Complex Control Structure as **Low at 0.2** for Health, Social Protection and Community Empowerment NPOs; **Medium at 0.5** for Education NPOs and **Does Not Exist** in Agriculture. This result was interpreted by the Assessment Workgroup to mean that generally the

NPOs have a low TF vulnerability particularly NPOs engaged in health, social protection and Community empowerment. However, the Assessment Workgroup found that there is a **MEDIUM** TF vulnerability in NPOs engaged in Education due to the possibility of providing intangible services such as training or use of location and equipment, which may pose a TF vulnerability.

(d) Level of accountability required by funding sources

This Assessment considered the level of accountability associated with the primary sources of income for FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) taking into account whether or not their income is from government institutions and those NGOs generally which present a lower exposure to TF abuse due to their accountability mechanisms including due diligence, conditions for expenditure, reporting requirements, tracing, and oversight.

The Assessment rated the **level of accountability required by funding sources** of FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and out of three bands of rating [High, Medium, Low], the Assessment rated the variables as **High** at **0.0** for Health, Community Empowerment and Education NPOs and **Medium** at **0.5** for Social Protection and Agriculture. This was translated by the Workgroup that in general terms, there is a Medium TF vulnerability in NPOs engaged in social protection and agriculture. This is due to their nature in which majority are small and have no defined accountability mechanism such as due diligence, reporting requirements and oversight.

(e) Level of verifiability of fundraising methods

This Assessment looked at the level of verifiability associated with the predominant fundraising methods for FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture), including level of cash collections, religious contributions social media or online collection, public donation through formal financial channels, and member fees. The Assessment noted prevalence of cash collections and religious contributions by communities NPOs.

The Assessment considered the **Level of verifiability of fundraising methods** in FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and out of three bands of rating [High, Medium, Low], the Assessment rated the variables as **High** for Social Protection, Community Empowerment and **Medium** in Agriculture and Health Education NPOs. This is interpreted by the Assessment Workgroup as there being adequate verifiability of fundraising given that most NPOs source of fund is from reliable sources from well-known donor community and there is no evidence of use of social media or online collections.

(f) Level of cash transfers, valuable in-kind goods

This Assessment looked at the level of cash transfer or valuable in-kind goods that FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture). In addition, the Assessment considered whether the type of service delivery by community empowerment NPOs is prone to diversion, misappropriation and being abused, and thus raising inherent vulnerability. The Assessment noted that, to a greater extent, the URT

economy is cash based and there is a greater prevalence of the informal sector reliance on cash transactions. The Workgroup took note of the financial inclusion initiatives to ensure that most of the population use formal financial services and also took note that the use of cash makes it easier to raise, move and use funds unnoticeably for various needs.

The Assessment considered the **Level of cash transfers, valuable in-kind goods** in FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and out of three bands of rating [High, Medium, Low], the Assessment rated the variables as **High** for Social Protection, Community Empowerment and Agriculture and **Medium** for Health and Education NPOs. This was interpreted by the Assessment Workgroup as posing TF High vulnerability to the NPO sector generally.

The Summary of the Assessment of Inherit Risk of NPO Profile is as shown on the table below:

Table 17: Assessment of Inherit Risk of NPO Profile

		Inherent risk		Assessment	Rating	Assessment	Rating	Assessment	Rating	Assessment	Rating	Assessment	Rating
Inherent vulnerability	Intermediary variables	Input variables		Health NPOs		Social Protection NPOs		Community Empowerment NPOs		Agriculture NPOs		Education NPOs	
		NPO Profile	Size	Large	1.0	Medium	0.5	Medium	0.5	Small	0.2	Large	1.0
Activity type	Service		1.0	Service	1.0	Service	1.0	Service	1.0	Service	1.0		
Offshore/complex control structure	Low		0.2	Low	0.2	Low	0.2	Does not exist	0.0	Medium	0.5		
Level of accountability required by funding sources	High		0.0	Medium	0.5	High	0.0	Medium	0.5	High	0.0		
Level of verifiability of fundraising methods	High		0.0	Medium	0.5	High	0.0	Medium	0.5	High	0.0		
Level of cash transfers, valuable in-kind goods	Medium		0.5	High	1.0	High	1.0	High	1.0	Medium	0.5		

4.4.2 Assessment of NPOs Operational features

(a) Level of risk appetite

This Assessment looked at how the organizational culture affects the values that NPOs prioritize, and the level of risk appetite for FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture). The Assessment noted that, the risk appetite is reflected by lower controls when performing fundraising or by lower project management controls to enable service delivery. In addition, the Assessment noted that there is generally willingness of organizations to lower risk management standards in order to achieve mission objectives.

The Assessment considered **Level of risk appetite** of FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and out of three bands of rating [High, Medium, Low], the Assessment rated the variables as **Low** for Health, Community Empowerment and Agriculture and **Medium** for Education NPOs and **High** for Social Protection NPOs. The is means that NPOs in Social Protection pose high TF vulnerability. The Workgroup

was of the view that the social protection programs have lower project management controls to enable delivery sometimes with poor standards of management. Most of the time they are willing to lower risk management standards in order to achieve mission objectives.

(b) Complexity/length of operational chain

This Assessment looked at the complexity of operational chain in FATF NPOs, taking into account that the longer the chain, the more the inherent vulnerability becomes due to increased challenges to effective oversight, exposure to diversion of resources, and abuse in the delivery of programs. The Assessment considered how long or complex the logistical networks of NPOs through which NPOs generally collect, retain, transfer, and deliver resources, levels of decentralized management decisions on operations and whether the chain increases inherent vulnerability and reduce NPO's ability to perform oversight on the delivery of programs and control of resources. The Assessment noted that, there is generally no complex operational chain across all FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture). Instead, the Assessment noted that operational chain through which collection, retention, transfers and delivery of resources is shorter in most NPOs with no decentralization of management decisions on operations to increasing the inherent vulnerability.

The Assessment considered **Complexity/length of operational chain** of FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and out of three bands of rating [High, Medium, Low], the Assessment rated the variables as **Low** for FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture).

(c) Reliance on transitory or informal workforce

This Assessment looked at percentage (%) of transitory workers compared to regular staff of NPOs in FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and noted that, there is higher level of transitory staff or informal staff members which makes it difficult to scrutinize staff in areas such as technical expertise, risk assessment, compliance, legal matters, and integrity, thus increasing exposure to TF abuse.

The Assessment considered **reliance on transitory or informal workforce** of FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and out of three bands of rating [High, Medium, Low], the Assessment rated the variables as **High** for Social Protection, Community Empowerment and Agriculture and **Medium** for Education and Health NPOs. This was translated by the Workgroup that NPOs in social protection, community empowerment and agriculture pose a high TF risk.

(d) Level of professionalism

The Assessment looked at the level of professionalism exercised by FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) in terms of their size; the value of their income, budget, or expenditure; their scale of operations; and whether they meet expected ethical and professional standards. The Assessment noted the level of

professionalism by community empowerment NPOs taking into consideration their internal codes of conduct, internal and external accountability, and structures of governance including oversight is minimal.

The Assessment considered the **Level of professionalism** of FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and out of three bands of rating [High, Medium, Low], the Assessment rated the variables as **MEDIUM** for Social Protection, Community Empowerment and Agriculture and **HIGH** for Education and Health NPOs. Generally, the assessment Workgroup was of the view that the level of professionalism in all FATF NPOs in URT is adequate and therefore is not a vulnerability in URT.

(e) Methods to transfer funds -Use of cash

This Assessment looked at how FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) rely on cash to receive, move and use funds with a view to finding out whether there is a strong reliance on cash to increase the exposure to skimming, diversion, misappropriation, and abuse, and limit verifiability. The assessment however noted that there was no evidence that NPOs disbursements through cash, is channeled to areas with close proximity to an active terrorist threat; entities, populations, or persons known to be supportive of or sympathetic toward terrorist groups, terrorist ideology, or radical beliefs; or individuals or groups who are vulnerable to being exploited for TF purposes.

The Assessment also noted that, to a greater extent the URT economy is cash based and there is prevalence of use of cash which raises concerns about the difficulty in tracing funds' origin and verifying transaction legitimacy. In addition, there is prevalence of informal sector that rely mostly on cash transactions, despite on-going efforts on financial inclusion to ensure that most of the population use formal financial services. The use of cash makes it easier to raise, move and use funds unnoticeably for various needs.

The Assessment considered **Use of cash as a method of transfer funds** of FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and out of three bands of rating [High, Medium, Low], the Assessment rated the variables as **Medium** for Health Agriculture and Education NPOs and **High** for Social Protection and Community Empowerment NPOs. This means that the use of cash in NPOs poses a Medium High to High TF vulnerability in URT.

4.4.3 Assessment of the Methods to transfer funds:

(a) Use of Virtual Currencies

The Assessment looked at, how FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) rely on virtual currencies (which limit the traceability of transactions) including emerging payment methods such as Bitcoin or other digital currencies or assets, to receive, move, and use funds. The Assessment noted that, in URT all thematic areas (health, social protections, community empowerment, education and agriculture) NPOs are not familiar or conversant with virtual currencies/assets as methods of transferring funds.

The Assessment critically considered the **Use of Virtual Currencies as a method of transfer funds** for FATF NPOs operating in URT in all thematic areas (the health, social protections, community empowerment, education and agriculture) and out of three bands of rating [High, Medium, Low], the Assessment rated this variable as **DO NOT EXIST** for FATF NPOs in URT in all thematic areas.

(b) Use of informal money transfer systems

This Assessment looked at the use of informal money transfer systems by FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) to determine whether there is a prevalence or reliance by FATF NPOs to any informal or alternative remittance and money service businesses that limit the traceability of transactions to receive, move, and use funds (including informal value transfer systems such as Hawala).

The Assessment noted that, in URT there is some rudimentary informal money transfers that go hand in hand with currency exchange and trade guarantees where operators of informal money transfers in URT settle accounts through trading goods through a bank account but involving payment in goods instead of money. Often these transactions involve trade based clearing balances by misstatements of trade values, either over or under invoicing exports or imports to get the profit.

The Assessment considered the **Use of informal money transfer systems by FATF NPOs** in all thematic areas (health, social protections, community empowerment, education and agriculture) and out of three bands of rating [High, Medium, Low], the Assessment rated the variables as **Medium** for Health Agriculture and Education NPOs and **High** for Social Protection and Community Empowerment NPOs. This means that there is some use of informal money transfer methods involving some social Protection and Community empowerment NPO and hence translated to be highly vulnerable for TF abuse. **The Assessment however noted that** there is no STR, intelligence, investigation, prosecution or conviction relating to TF related to NPOs operating in URT.

The summary of the Assessment of NPOs TF vulnerability is as shown in the table below;

Table 18: TF vulnerability Assessment results

		Inherent risk		Assessment	Rating	Assessment	Rating	Assessment	Rating	Assessment	Rating	Assessment	Rating
Inherent vulnerability	Intermediary variables	Input variables	Health NPOs		Social Protection NPOs		Community Empowerment NPOs		Agriculture NPOs		Education NPOs		
			Methods to transfer funds	Use of cash	Medium	0.5	High	1.0	High	1.0	Medium	0.5	Medium
Use of virtual currency	Does not exist	0.0		Does not exist	0.0	Does not exist	0.0	Does not exist	0.0	Does not exist	0.0		
Use of informal money transfer system	Low	0.2		Low	0.2	Low	0.2	Does not exist	0.0	Does not exist	0.0		

The overall inherent risk assessment (both in terms of threats and vulnerability is presented in Table 19 below:

Table 19: Overall inherent TF Risk Assessment

No		Intermediary variables	Inherent risk	Assessment	Rating
			Input variables	Community Empowerment NPOs	
1	Threat	TF Typologies	Diversion of funds	Does not exist	0.0
2			Affiliation with a terrorist entity	Does not exist	0.0
3			Abuse of programming	Does not exist	0.0
4			Support to recruitment efforts	Does not exist	0.0
5			False representation/Sham NPO	Does not exist	0.0
6		Proximity to active terrorist threat	Collection of funds	Does not exist	0.0
7			Transfer of funds	Does not exist	0.0
8			Expenditure of funds	Does not exist	0.0
1	Inherent vulnerability	NPO Profile	Size	Medium	0.5
2			Activity type	Service	1.0
3			Offshore/complex control structure	Low	0.2
4			Level of accountability required by funding sources	High	0.0
5			Level of verifiability of fundraising methods	High	0.0
6			Level of cash transfers, valuable in-kind goods	High	1.0
7		Operational features	Level of risk appetite	Low	0.2
8			Complexity / length of operational chains	Low	0.2
9			Reliance on transitory or informal workforce	High	1.0
10			Level of professionalism	Medium	0.5
11		Methods to transfer funds	Use of cash	High	1.0
12			Use of virtual currency	Does not exist	0.0
13			Use of informal money transfer system	Low	0.2
Overall inherent risk rating of category of NPOs:				Summary rating	0.60

4.5 ASSESSMENT OF MITIGATION MEASURE

4.5.1 Assessment of Government Measure

(a) Quality of outreach and education

The Assessment looked at the quality of outreach and education provided to FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and considered whether NPOs at high risk are aware of the risks of terrorist financing abuse, and whether their knowledge deepen through guidance and preventive education. Consideration was also made to the available measures taken to improve NPOs’ understanding of their terrorist financing risk and possible methods for mitigating it and whether there is any collaboration with NPOs and others stakeholders to establish and disseminate best practices. The Assessment Workgroup generally considered awareness raising, targeted risk assessments, monitoring,

outreach, support, guidance, and training and whether they are sufficiently risk based to provide a higher level of support to higher-risk NPOs.

The Assessment relied on experts' opinion (workgroup) and observed that generally the quality of **outreach, awareness and generally public education** to FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) is not adequate. In view of this observation, and out of four bands of rating [High, Medium, Low, does not exist], the Assessment rated **quality of outreach and education** to FATF NPOs as **LOW** at **0.2**.

(b) Quality of NPO policies

The Assessment looked at policies to promote accountability, integrity, and public confidence in the administration and management of NPOs and noted that the NPO sector is duly regulated and the laws and policies have established specific departments/ bodies headed by Registrars and officers who provide effective supervision and promote accountability, integrity and public confidence in the administration and management of NPOs.

The Assessment generally observed that the quality of NPO policies in all thematic areas (health, social protections, community empowerment, education and agriculture) is satisfactory. In view of this observation, and out of four bands of rating [High, Medium, Low, does not exist], the Assessment rated the quality of outreach and education of FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) as **MEDIUM** at **0.3** taking into account that not all NPOs do comply with the law particularly on submission of reports.

(c) Scope of registration of FATF NPOs

The Assessment looked at whether all FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) are required to register with relevant authorities. The Assessment noted that in URT NPOs are required to register with the following authorities; Registers (Registers of NGOs – for all NGOs, Register of Societies – for all societies and Register of Trust – for all Trust), Tax authorities (Tanzania Revenue Authority – for Mainland NPOs and Zanzibar Revenue Authority for Zanzibar NPOs), Registrar of Companies (BRELA and BPRA), NPO regulator.

The Assessment also noted that all NPOs are required to register with relevant mentioned authorities once they have a written constitution. In addition, the Assessment noted that all established NPOs in URT are fully registered this is due to the requirements are not too restrictive.

The Assessment generally observed that the **scope of registration of FATF NPOs** in URT is satisfactory. In view of this observation, and out of four bands of rating [High, Medium, Low, does not exist], the Assessment rated **Scope of registration of FATF NPOs** in FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) as **HIGH** at **1.0**.

(d) Availability and accessibility of accurate NPO information

The Assessment looked at availability of accurate information on FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and whether they can be obtained by appropriate authorities when needed. The Assessment noted that there is no adequate and effective cooperation, coordination, and information sharing among appropriate authorities or organizations that hold relevant information on NPOs. The Assessment also noted that in URT, there are procedures to respond to international requests for information regarding all criminals' matters included NPOs when particular NPOs are suspected of terrorist financing or involvement in other forms of terrorist support.

The Assessment considered the availability and accessibility of accurate NPO information in FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and out of four bands of rating [High, Medium, Low, does not exist], the Assessment rated the variable as **Medium** at **0.5**.

(e) Avoiding disruption of NPO activities

The Assessment noted that counterterrorist financing measures in URT are not disrupt to legitimate NPO in all thematic areas (health, social protections, community empowerment, education and agriculture). The TF preventive measures are optional and NPOs are encouraged to apply them. NPOs are not designated as reporting persons under the Anti-Money laundering laws. Competent authorities including FIU and LEAs are working closely to encourage NPOs to use the best practice principles in applying the CFT Standards in order to minimize the negative impact they might have on beneficiaries of the good works of NPOs. The Assessment also noted that in URT rights to freedom of association, assembly, expression, religion or belief are upheld and entrenched in the Constitution.

In addition, during the period under review there was no evidence of disruption of legitimate NPO activities including complaints by NPOs facing challenges in gaining access to financial services, delays in transfers, closure of money or value transfer services (MVTS) or bank accounts, or failure to open bank or MVTS accounts.

The Assessment considered the whole aspect of avoiding disruption of FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) activities and out of four bands of rating [High, Medium, Low, does not exist], the Assessment rated the variable as **High** at **0.1**.

The Summary of the Mitigation measures (Government measures) Assessment in FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) is as shown on the table below:

Table 20: Summary of the Mitigation measures

No	Inter media ry Variab	Mitigating measures	ASSESSMENT		ASSESSMENT		ASSESSMENT		ASSESSMENT		ASSESSMENT	
			RATING	RATING	RATING	RATING	RATING	RATING	RATING	RATING	RATING	RATING
GENERAL INPUT VARIABLES			Health NPOs		Social Protection NPOs		Community Empowerment NPOs		Agriculture NPOs		Education NPOs	
1	Government Measures	Quality of outreach and education	Low	0.2	Low	0.2	Low	0.2	Low	0.2	Low	0.2
2		Quality of NPO policies	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5
3		Scope of registration of FATF NPOs	High	1.0	High	1.0	High	1.0	High	1.0	High	1.0
4		Availability and accessibility of accurate NPO information	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5
5		Avoiding disruption of NPO activities	High	1.0	High	1.0	High	1.0	High	1.0	High	1.0

4.5.2 Assessment of NPOs Measures

(a) Quality of governance

The Assessment looked at whether the FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) have implemented effective governance measures to ensure integrity and transparency and considered if they applied (i) authority and stewardship and (ii) accountability which are the important elements of governance.

The Assessment generally observed that the **quality of governance** in Community Empowerment NPOs in URT is not adequate. In view of this observation, and out of four bands of rating [High, Medium, Low, does not exist], the Assessment rated the **quality of governance** as **MEDIUM** at **0.5** due to some of the NGOs not implementing the important elements of quality of governance.

(b) Quality of financial management

The Assessment looked at the financial management practices of NPOs in FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture). The Assessment noted that there is inadequate internal transparency and accountability practices at FATF NPOs that ensure effective control over how funds are collected, retained, transferred, spent and over how programs are delivered. The Assessment also noted that not all FATF NPOs keep records and employ practices consistent to comprehensive financial planning and budget systems including; clear procedures for execution of financial matters and separation of duties (such as ensuring that authorization functions for purchasing, cash handling, and depositing of funds are separate from review and verification functions), clearly documented accounting policies and procedures, sound reporting practices for all revenue and expenditures for the organization as a whole as well as for programs and funding sources, diligent monitoring procedures for review of revenue and expenditure.

The Assessment generally observed that the **quality of financial management** in FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) is not adequate. In view of this observation, and out of four bands of rating [High, Medium, Low, does not exist], the Assessment rated the **quality of financial management** as **MEDIUM** at **0.5** due to some of the NGOs not keeping records and employing practices not consistent to comprehensive financial planning and budget systems.

(c) Quality of project management

The Assessment looked at whether FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) consider project management practices which allows to plan, track, and review the use of resources in light of project requirements. The Assessment noted that some of FATF NPOs considered project management practise. In addition, most of FATF NPOs had milestones, targets, and indicators, and mechanisms for monitoring to ensure project delivery and to identify possible problems and perform appropriate checks on donors, partners, and beneficiaries, considering the circumstances and context of the organization and the environment in which it operates.

The Assessment generally observed that the **Quality of project management** in FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) is not adequate. In view of this observation, and out of four bands of rating [High, Medium, Low, does not exist], the Assessment rated the **quality of project management** as **MEDIUM** at **0.5** due to the fact that not all FATF NPOs considered project management practices.

(d) Quality of staff vetting and oversight

The Assessment looked at the quality of the processes and procedures of vetting (or screening) of paid or unpaid volunteers or staff members, particularly trustees, board members, senior officers, persons in sensitive positions or any person acting in an official capacity representing FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture). The Assessment noted that some of the FATF NPOs have quality procedures and processes of vetting (or screening) which ensure hiring or assigning roles to person with no criminal records, such as for terrorist activity, money laundering, fraud, or bribery.

The Assessment considered Quality of staff vetting and oversight in FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and out of four bands of rating [High, Medium, Low, does not exist], the Assessment rated the variable as **Low** at **0.2**. This is due to non-existence of evidence or cases related to person acting in official capacity representing FATF NPOs.

(e) Level of commitment to ethics and transparency

The Assessment considered commitment of FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) to ethical practices and

transparency. The Assessment noted that most of the FATF NPOs have policies and procedures for addressing complaints and grievances and receiving and communicating feedback, and they apply to both internal and external stakeholders. In addition, most of the FATF NPOs adhere to relevant codes of conduct or other external best practice standards that are normally revealed to the open source of their activities, purpose and objective. The Assessment also noted that FATF NPOs revealed the sources, use, and expenditure of funds to authorities through annual financial report which are submitted to registrars annually.

The Assessment considered the level of commitment to ethics and transparency of FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) and out of four bands of rating [High, Medium, Low, does not exist], the Assessment rated the variable as **Medium** at **0.5**.

(f) Level of self-regulation (including implementation)

The Assessment looked at whether FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture) have set up self- regulation measures for good governance, accountability, and transparency (which includes internal standards for programs, organizational integrity, governance, management practices, human resources policies, finances, communication, disclosure, and fundraising). The Assessment noted that in URT there is an association of NPOs which act as self-regulatory body in both Mainland and Zanzibar which set good practices guidelines.

The Assessment considered the level of self-regulation (including implementation) in FATF NPOs in all thematic areas (health, social protections, community empowerment, education and agriculture). Out of four bands of rating [High, Medium, Low, does not exist], the Assessment rated the variable as **Medium** at **0.5**. This is due to existence of associations of NPOs in some of the category of NPO.

4.6 RESIDUAL VULNERABILITY ASSESSMENT

In view of the identified vulnerabilities and the mitigations in the previous sections, the Assessment Workgroup assessed the Residual vulnerability taking into account that the Residual vulnerability is the vulnerability that remains after efforts to identify and eliminate some or all types of risk by way of the available mitigation. The Assessment Workgroup considered that identification of residual vulnerability was important because it is "left over" after controls and process improvements have been applied. This means that residual vulnerability is something that the authorities and the NPOs need to live with based on risk mitigation. Residual vulnerability was important to calculate in order to determining the appropriate types of controls to prioritize over time. The residual vulnerability is as indicated in table 21 below:

Table 21: Residual vulnerability

4. Mitigating measures assessment												
No	Inter media Variab	Mitigating measures	ASSESSMENT RATING	RATING	ASSESSMENT RATING	RATING	ASSESSMENT RATING	RATING	ASSESSMENT RATING	RATING	ASSESSMENT RATING	RATING
		GENERAL INPUT VARIABLES	Health NPOs	Social Protection NPOs		Community Empowerment NPOs		Agriculture NPOs		Education NPOs		
1	Government measures NPO measures	Quality of outreach and education	Low	0.2	Low	0.2	Low	0.2	Low	0.2	Low	0.2
2		Quality of NPO policies	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5
3		Scope of registration of FATF NPOs	High	1.0	High	1.0	High	1.0	High	1.0	High	1.0
4		Availability and accessibility of accurate NPO information	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5
5		Avoiding disruption of NPO activities	High	1.0	High	1.0	High	1.0	High	1.0	High	1.0
6		Quality of Governance	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5
7		Quality of Financial management	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5
8		Quality of Project management	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5
9		Quality of staff vetting and oversight	Low	0.2	Low	0.2	Low	0.2	Low	0.2	Low	0.2
10		Level of commitment to ethics and transparency	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5
11		Level of self-regulation (incl. implementation)	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5	Medium	0.5
Overall mitigating measures rating of category of NPOs:			Summary rating	0.60	Summary rating	0.60	Summary rating	0.60	Summary rating	0.60	Summary rating	0.60

The principal vulnerability in URT is that very little is known about the NPO sector vulnerability to TF. In addition, the regulations concerning the registration of NPOs and the recording mechanisms of relevant data on NPOs across the board are weak as a result, data, statistics and intelligence are neither kept nor shared. While registrars take the lead in the registration of NPOs the threshold for registration is very low and very little information is recorded. Vital data, such as the recording of authenticated personal details of those responsible for running the NPOs, the objectives and scope of delivery, and the reporting of deliverables are missing. It was also found that it is very easy to register an NPO and no additional checks and safeguards are made. Once registered, there is no effective support to enable the effective and efficient running of the NPOs and there is no outreach strategy or program. The Assessment found that it is not known by registrars, for example, in which countries outside URT NPOs operate or maintain relationships.

The Assessment has found that very limited data is available and there is a complete absence of knowledge among NPOs of individuals and entities internationally acknowledged to pose the highest risk or sanctioned.

The Assessment further observed that there is a substantial gap in the communication and interoperability of the registrars of NPOs valuable information concerning activities within the sector and such information is rarely shared, if at all.

In addition, the Assessment noted that the sector is consequently highly vulnerable to wide criminal exploitation, both in terms of terrorist financing and other criminal activities such as money laundering and misappropriation of funds. The Assessment found that cash reliance in the country is a major vulnerability in the NPO sector which if coupled with the vulnerability of unregulated NPOs in cash environments predict a particularly high risk.

The Assessment Work group took note of the extent and reach of religious organizations within URT that it is not largely known because not all of these groups are registered with any government agency as they operate under the umbrella of other registered groups. The vulnerabilities of these

types of NPO are therefore unclear. However, the Assessment considered this type of NPOs highly vulnerable to internationally accepted classes of vulnerability to terrorist manipulation.

4.7 OVERALL ASSESSMENT OF THE NPO TERRORIST FINANCING RISK

The World Bank formulae on what constitute Risk was used to determine the overall NPOs TF risk. The said formulae posit that Risk is a function of **Threat** and **Vulnerability** (i.e. **Risk = Threat + Vulnerability**).

Terrorist Financing Threat facing NPOs in URT was assessed and rated to be **MEDIUM LOW (M)** derived from the overall vulnerability rating for the entire NPOs sector which was assessed and rated to be **Medium Low (ML)** and the overall threat was Assessed as **LOW**.

The overall risk rating for the entire NPOs sector is **MEDIUM LOW (M)** as depicted in Figure below.

Figure 8: Terrorist Financing Risk in NPO sector

Threat	H	M	M	MH	H	H
	MH	M	M	MH	MH	H
	M	ML	M	M	MH	MH
	ML	ML	ML	M	M	M
	L	L	ML	ML	M	M
		L	ML	M	MH	H
		Vulnerability				

PART FIVE

THE FATF NPOs SUBSECTOR THAT IS AT HIGH TF RISK FOR ABUSE

5.0 Background

This part of the NPOs TF Risk Assessment constitutes the determination of residual risk focusing on the NPOs subsector that is more vulnerable for TF abuse. In order to identify the FATF NPO subsector that is at high risk, the Assessment critically considered the TF threats and inherent vulnerabilities discussed in Part Four with a view to establishing the likelihood of the threats and vulnerabilities materializing or occurring in any particular NPO subsector. The Assessment Workgroup used the likelihood test to determine which subsector is more vulnerable and therefore at high risk for TF abuse. The likelihood test was applied to threats and vulnerabilities discussed in the previous Part. The result of the likelihood assessment is as indicated in the table below.

Table 22.: Likelihood for TF threat and vulnerabilities Occurrence in NPO

		INHERENT RISK	LIKELIHOOD		
			NGOs	Trusts	Societies
Threat	Typologies	Diversion of funds	Not Likely	Likely	Likely
		Affiliation with terrorist entity	Not likely	Likely	Likely
		Abuse of programing	Not likely	Not likely	Likely
		Supports to terrorist recruitment efforts	Not likely	Not likely	Likely
		False representation/Sham NPO	Not likely	Not likely	Likely
Inherent vulnerability	NPO Profile	Size	Likely	Likely	Likely
		Activity type	Likely	Likely	Likely
		Offshore/complex control structure	Likely	Likely	Likely
		Level of accountability required by funding sources	Likely	Likely	Not Likely
		Level of verifiability of fundraising methods	Likely	Likely	Not Likely
		Level of cash transfers, valuable in-kind goods	Likely	Likely	Likely
	Operational features	Level of risk appetite	Not Likely	Likely	Likely
		Complexity / length of operational chains	Likely	Likely	Likely
		Reliance on transitory or informal workforce	Likely	Likely	Likely
		Level of professionalism	Likely	Likely	Not Likely
	Methods to transfer funds	Use of cash	Likely	Likely	Likely
		Use of virtual currency	Not Likely	Likely	Likely
		Use of informal money transfer system	Not Likely	Likely	Likely

In view of the above analysis, the Assessment Workgroup took note of the increased vulnerability in the Societies and identified Religious Societies Subsector, regardless the thematic areas they operate, as posing high TF risk the following grounds:

- (a) Few years back, the Al-Haramain Islamic Foundation branch Tanzania established in 1998 under the Societies Act, provided financial, material and/or technological support to the Al-Qaida network. The Al-Haramain organization network is believed to have received funding

from Al-Haramain and used Al-Haramain as a front for fundraising and operational activities in Tanzania and other parts of the world that provided support, or acted for or on behalf of Arabian based Al-Haramain Islamic Foundation and Al-Qaida. Al-Haramain Foundation (Tanzania) was listed on 26 January 2004 pursuant to paragraphs 1 and 4 of Resolution 1455 (2003) as being associated with Al-Qaida, Usama bin Laden or the Taliban for “participating in the financing, planning, facilitating, preparing or perpetrating of acts or activities by, in conjunction with, under the name of, on behalf or in support of” Al-Qaida and Al-Itihaad al-Islamiya. The Al-Haramain Islamic Foundation, a Tanzanian entity was shut down in 2004 following receipt of intelligence information on terrorism involvement.

- (b) Religious entities established under the Societies Act and are known to have no established accountability rules and procedures, no verifiability of fundraising methods and predominantly operate on cash terms with ability to raise funds with ease with their followers/congregations. The use of cash as a predominant method poses high TF risk and the ability to raised funds with impunity from the followers exposes these entities to TF abuse.
- (c) The Inspection conducted by the Registrar of Societies in 2023 revealed that there are elements of abuse in some religious related NPOs in terms of suspicious training, cash management and funds raising methods including physical currency transportation for support of the operations of NPOs.

PART SIX

RECOMMENDATION AND CONCLUSION

6.0 RECOMMENDATIONS.

The following are recommendations out of this NPOs terrorist financing risk assessment, which to a large extent go towards mitigating the identified risks:

- i) NPO Regulators should collect and maintain accurate and up-to-date statistics on NPOs;
- ii) NPOs should be segregated into thematic areas and the statistics should help in the supervision of NPOs and in carrying out future NPOs TF risk assessments. Obsolete records should be removed from operational databases but may be archived for reference and in order to comply with the law on record keeping;
- iii) Efforts to solicit NPO questionnaire responses should continue until all the NPOs in URT are classified into FATF NPOs, Non-FATF NPOs and NPOs at terrorist financing risk. This NPO TF Risk Assessment Report should continue to be updated frequently as responses are received. Updates should be made at least once a year;
- iv) NPO Regulators should make arrangements so that during registration of NPOs, registration renewal or during submission of periodic reports, information is collected that will permit the accurate determination of FATF NPOs and NPOs at risk;
- v) Alternatively, during registration, registration renewal or during submission of periodic reports, NPOs should be required to fill and submit the questionnaire. The questionnaire responses should be sent to the FIU for compilation of nationwide statistics on all NPOs (NGOs, Societies and Trusts);
- vi) Measures should be put in place to vet or conduct fit 'n proper of NPO management, board of directors and beneficial owners of NPOs that are determined to be at risk;
- vii) During NPO registration and registration renewal, NPOs should be required to have measures and internal policies to minimise TF abuse;
- viii) This report has provided some insight on the way NPOs can be abused for terrorist financing. NPO Regulators should use this report to devise regulatory measures that will help identify and quantify NPOs at risk. NPOs most at TF risk should be supervised closely;
- ix) NPO Regulators need to apply effective, proportionate and dissuasive sanctions on NPOs for regulatory non-compliance. In addition, non-existent NPOs and obsolete records should be removed from operational databases;

- x) NPOs, NPO Regulators, the FIU and other relevant stakeholders need to increase AML/CTF/CPF awareness raising among NPOs. A plan should be put in place for this purpose and this awareness raising should be continuous;
- xi) Legislation governing NPOs in Zanzibar such as the Companies Act, No. 15 of 2013 and the Societies Act, No. 6, 1995 should be amended to permit the determination of NPO beneficial owners. The amendments should be harmonized with AMLPOCA as amended in March, 2022;
- xii) NPOs Regulators should consider refusing to register or renew the registration of NPOs whose beneficial owners cannot be determined;
- xiii) NPO Regulators responsible for societies and trusts should categorize NPOs into thematic areas, in order to ease the determination and supervision of NPOs at TF risk;
- xiv) NPO Regulators should build human and technical capacity to effectively supervise NPOs in a risk-based manner;
- xv) NPO Regulators and the FIU should collaborate and issue AML/CTF/CPF guidance to NPOs and to refine best practices to address TF risk, in order to safeguard and prevent the NPOs from TF abuse;
- xvi) NPO Regulators need to develop and have in place NPO risk-based supervision manuals and annual supervision plans.

6.1 CONCLUSION

The overall conclusion of this Assessment is that there is a **MEDIUM LOW** risk in URT in terms of NPO activity. The medium rating is predicated on the basis that so little is known about the sector, and on the laxity in oversight. Although this conclusion is general, the realistic level of TF risk can only be made if NPOs make use of the guidance provided to them regarding NPOs Risk Assessments and risk mitigation.

The assessment suggested that the overall threat analysis should be supplemented with new data on TF typologies, case studies or evidence of vulnerabilities in order to reach an objective and true rating of TF Risks. The assessment also suggests that consequences of exploitation of NPOs for TF purposes is very serious matter to be watched closely. The consequences may range from localised harm, such as the inability of an NPO to carry out its objectives and deliver adequately, to harm that affects confidence in the government. The deficiency in robust TF regulatory regime in the sector would always be attractive to TF financiers wishing to exploit weakness and seek profit, and to terrorists seeking to expand their membership and make use of any TF opportunities available in the sector. Again, at a high level, the assessment suggests that weakness in regulation and supervision coupled with a lack of sector knowledge is likely enable exploitation of NPOs to pass unnoticed.

The Assessment takes cognizance of the fact that there is international unanimity on the need for NPOs to operate in an environment of confidence. Erosion of confidence in the sector is intensely

damaging and has many effects ranging from the inability to generate effective partnerships and deliver stated goals to a complete breakdown in the NPO environment and an international lack of confidence of the ability of the government to self-regulate.

In view of the above and particularly the need to address the NPO sector awareness of the TF problem, the Assessment Workgroup was of the view that creating an outreach plan for raising awareness of the TF risks (threats and vulnerabilities) of the sector from abuse is necessary which should involve comprehensive outreach programme that is risk based to ensure the identified high risk NPOs are reached out first with a view to install mitigation measures. This requires an outreach programme that includes the following elements:

- (a) identification of targets, the preparation of an outreach plan and developing the strategic objectives of the outreach programme and identifying the resources which will be used to implement the programme;
- (b) creation of a rolling programme of outreach support aligned to timelines;
- (c) training of the staff providing the service;
- (d) implementation of the outreach programme
- (e) programme review and evaluation; and
- (f) identification of best practice and incorporation into the plan.

The development of the outreach reach will be the next task to be undertaken by stakeholders under the with the support of the NPOs registrars as the leading agencies.

APPENDICES

Appendix A: References

1. Report of the United Republic of Tanzania on Anti-Money Laundering and Combating the Financing of Terrorism Measures (ESAAMLG), 2009)
2. International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation – the FATF Recommendations (FATF, 2012 - updated November 2023))
3. Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems (FATF, 2013 - Updated June 2023)
4. International Best Practices: Combating the Abuse of Non-Profit Organisations (FATF, 2015)
5. The Risk of Terrorist Abuse in Non-Profit Organisations (FATF, 2014)
6. The Terrorist Financing Risk Assessment Guidance (FATF, 2019)
7. Mutual Evaluation Report of the United Republic of Tanzania, June 2021 (ESAAMLG, 2021)
8. The 2020 Report on NGOs’ Contribution to National Development, September, 2021 (Registrar of NGOs, 2021)
9. Assessing the Risk of Abuse of NPOs for Terrorist Financing - NRA Toolkit (World Bank, 2022)

Appendix B: NPO Terrorist Financing Risk Assessment Workgroup

No.	Name of Organisation	Number of Participants
1	Association of Non-Governmental Organisations in Zanzibar (ANGOZA)	1
2	Bank of Tanzania (BOT)	2
3	Business Registration and Licensing Agency (BRELA)	1
4	Financial Intelligence Unit (FIU)	5
5	National Council of Non-Governmental Organisations (NaCoNGO)	1
6	National Counter Terrorism Centre (NCTC)	1
7	National Prosecution Service (NPS)	1
8	Office of the Director of Public Prosecutions, Zanzibar	1
9	President’s Office, Regional Administration and Local Government (PO-RALG)	1
10	Registrar of Non-Governmental Organisations	1
11	Registrar of Societies, Ministry of Home Affairs	1
12	Registrar of Societies, President’s Office, Regional Administration, Local Government and Special Departments, Zanzibar	1
13	Registration, Insolvency and Trusteeship Agency (RITA)	1
14	Tanganyika Law Society (TLS)	1
15	Tanzania Cooperative Development Commission (TCDC)	1

16	Tanzania Police Force (TPF)	1
17	Tanzania Revenue Authority (TRA)	1
18	Zanzibar Association of Accountants and Auditors (ZAAA)	1
19	Zanzibar Business and Property Registration Agency (BPRA)	1
20	Zanzibar Civil Status Registration Agency (ZCSRA)	1
21	Zanzibar Law Society (ZLS)	1
22	Zanzibar Revenue Board (ZRB)	1
	TOTAL	27

Appendix C: Law Enforcement Agencies

No.	Name of Organisation
1	Tanzania Police Force (TPF)
2	Tanzania Immigration Services Department
3	Tanzania Revenue Authority (TRA)
4	Zanzibar Revenue Board (ZRB)
5	Prevention and Combating of Corruption Bureau (PCCB)
6	Zanzibar Anti-corruption and Economic Crimes Authority (ZAECA)
7	Drug Control and Enforcement Authority (DCEA)
8	Zanzibar Drug Control and Enforcement Authority (ZDCEA)

Appendix D: NPO Regulators

No.	Name of Organisation	Regulated Entities
1	Registrar of NGOs,	NGOs in Tanzania mainland
2	Registrar of Societies, President's Office, Regional Administration, Local Government and Special Departments, Zanzibar	NGOs and societies in Zanzibar
3	Registrar of Societies, Ministry of Home Affairs	Societies in Tanzania mainland
4	Registration, Insolvency and Trusteeship Agency (RITA)	Trusts in Tanzania mainland
5	The Waqf and Trust Commission	Waqf in Zanzibar

Appendix E: Steps in Conducting NPOs Terrorist Financing Risk Assessment

STEP 1: Determine the legal forms that exist in the United Republic of Tanzania. This is a universal set of legal persons and legal arrangements that exist in URT

STEP 2: From the universal set in Step 1, identify and understand a subset of legal forms out of which NPOs can be formed. This subset shall be known as "NPOs"

STEP 3: From the NPOs in set in Step 2, identify a subset of legal forms that meet the definition of NPOs as per the FATF Recommendations. This subset shall be known as “FATF NPOs”. Assess and understand TF risks that are associated with FATF NPOs. The assessment shall involve assessing TF threats and TF vulnerabilities:

- The assessment of threats shall involve the assessment of domestic threat and threat emanating from foreign jurisdictions
- The assessment of vulnerabilities shall involve the review of the adequacy of domestic measures to prevent the abuse of FATF NPOs (policies, laws, regulations, guidelines, institutional setup, capacity, etc.), and assessing NPO features that introduce TF risk.

STEP 4: From the FATF NPOs in Step 3, devise risk mitigation measures in the form of recommendations, for FATF NPOs that are found to be at risk. This subset shall be known as “NPOs at Risk”

Appendix F: A QUESTIONNAIRE TO NON-PROFIT ORGANIZATIONS (NPOs)
United Republic of Tanzania



Ministry of Finance

Assessment of Terrorist Financing Risk in Non-Profit Organizations,

A QUESTIONNAIRE TO NON-PROFIT ORGANIZATIONS (NPOs)

1. Date: _____ 2. Name of NPO: _____
3. District: _____ 4. Region: _____
5. Address: _____

6. Type of NPO [NGO/Trust/Religious]: _____ Other (specify): _____
7. License: Licensing Authority¹: _____
License/Registration No: _____ Year of Registration: _____

8. Enlist all thematic areas of operation²:

No.	Thematic Areas of Operation	In this thematic area, NPO raises and disburses funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes or for the carrying out of other types of good works. Specify "YES" or "NO"
1		
2		
3		
4		
... use additional paper to capture all thematic areas of operation		

9. NPO affiliation:

No.	Name of Organization Affiliated with	Country
1		
2		
3		

4		
... use additional paper to capture all organizations affiliated with		

10. NPO branches in Tanzania:

No.	Name of Branch	Region
1		
2		
3		
4		
5		
6		
7		
8		
... use additional paper to capture all branches in Tanzania		

11. NPO branches outside Tanzania:

No.	Name of Branch	Country
1		
2		
3		
4		
5		
6		
... use additional paper to capture all branches abroad		

12. Total number of staff of in the NPO: _____

13. Agents and other business partners that help the NPO in the execution of its work:

No.	Name of Agent or Business Partner	Country
1		
2		
3		
4		

5		
6		
... use additional paper to capture all agents and business partners		

14. Estimated Annual Budget (indicate $\sqrt{\quad}$ in the box along only one that applies):

[TZS]			
0	to	25,000,000	<input type="checkbox"/>
25,000,000	to	100,000,000	<input type="checkbox"/>
100,000,000	to	500,000,000	<input type="checkbox"/>
500,000,000	to	1,000,000,000	<input type="checkbox"/>
More than 1,000,000,000			<input type="checkbox"/>

15. Means of transaction to receive, use or disburse funds (indicate $\sqrt{\quad}$ along all that apply):

No.	Means of Transaction	
1.	Cash	<input type="checkbox"/>
2.	Financial institutions including banks	<input type="checkbox"/>
3.	Mobile networks (Mpesa, Tigo Pesa, Zantel Money, etc.)	<input type="checkbox"/>
4.	Cryptocurrency	<input type="checkbox"/>
5.	Informal means of transaction	<input type="checkbox"/>
6.	Other (Specify): _____	

16. Sources of funds:

No.	Name of Source	Estimated Percentage in the NPO Annual Budget [%]
1		
2		
3		
4		

... use additional paper to capture all sources of funds

17. Information on members of management of the NPO

No.	First Name	Middle Name	Last Name	Date of Birth [DD/MMM/YYYY]	Gender [M/F]	Position in the NPO	Nationality	Country of Residence
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
... use additional paper to capture all members of management								

18. Information on beneficial owners³ of the NPO

No.	First Name	Middle Name	Last Name	Date of Birth [DD/MMM/YYYY]	Gender [M/F]	Percentage of Ownership or Number of Shares	Nationality	Country of Residence
1								
2								
3								
4								
5								
... use additional paper to capture all beneficial owners								

19. Please attach any available NPO internal policy or operational manual

20. Name of person filling the form: _____ Title: _____ Tel. No:

Signature _____ Date: _____

Footnotes and Clarification

1. Licensing Authority:
 - i) Registrar of NGOs, Ministry of Community Development, Gender, Women and Special Groups
 - ii) Registrar of Societies, President's Office, Regional Administration, Local Government and Special Departments, Zanzibar
 - iii) Registrar of Societies, Ministry of Home Affairs, or
 - iv) Registration, Insolvency and Trusteeship Agency (RITA)

2. Thematic Area of Operation:
 - i) Health
 - ii) Social protection
 - iii) Community empowerment
 - iv) Agriculture
 - v) Education
 - vi) Good governance
 - vii) Environment
 - viii) Water
 - ix) Gender
 - x) Human rights
 - xi) Infrastructure
 - xii) Industrialization
 - xiii) Energy
 - xiv) Tourism, or
 - xv) Other (Specify)

3. As per the Anti-Money Laundering Act, Cap. 423 and the Anti-Money Laundering and Proceeds of Crime Act, No. 10 of 2009 that is applicable in Zanzibar, "Beneficial Owner" means:

any natural person or individual who ultimately owns or controls the customer, the natural person on whose behalf a transaction or activity is being conducted, a person who exercises ultimate effective control over a legal person or legal arrangement or beneficiary of an insurance policy or other investment linked insurance policy and includes-

(a) in the case of a customer being a legal person-

- (i) the natural person who ultimately owns or controls the legal person through direct or indirect ownership of a majority shares or voting rights or ownership interest in that legal person and such ownership, ownership interest or control also includes possession of bearer shares, the ability to appoint or remove the majority of board members, the chief executive officer or senior management;
- (ii) a shareholding of five percent or more in the legal person or an ownership interest of five percent or more in the legal person held by a natural person shall be an indication of direct ownership or a sufficient percentage of the shares or voting rights or ownership interest in that legal person, or a shareholding of five percent or more or an ownership interest of five percent or more in the legal person held by a legal person, which is under the control of a natural person, or by multiple legal persons, which are under the control of the same natural person, shall be an indication of indirect ownership;
- (iii) if, after having exhausted all possible means and provided there are no grounds for suspicion of money laundering, terrorist financing and proliferation financing, no natural person under subparagraph (i) is identified, or if there is any doubt that the natural person identified is the beneficial owner, the natural person who holds the position of senior managing official;

(b) in the case of a customer being a trust-

(i) the settlor, trustee or the protector;

(ii) the beneficiaries, or where the natural person benefiting from the trust has yet to be determined, the class of natural persons in whose main interest the trust is set up or operates; or

(iii) any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means;

(c) in the case of a customer being any other legal arrangement, the natural person holding equivalent or similar positions to those referred to in subparagraph (b);

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Risk Assessors Comments:

Appendix G: FATF Grey-Listed and Black-Listed Jurisdictions

1. FATF grey-listed jurisdictions as at February, 2024 are Bulgaria, Burkina Faso, Cameroon, Croatia, Democratic Republic of Congo, Haiti, Jamaica, Kenya, Mali, Mozambique, Namibia, Nigeria, Philippines, Senegal, South Africa, South Sudan, Syria, Turkey, Vietnam and Yemen
2. FATF black-listed jurisdictions as at February, 2024 Democratic People's Republic of Korea, Iran and Myanmar.

- END -