



**Arab American University
Faculty of Graduate Studies**

**The role and effectiveness of regulatory authorities in
combating money laundering and terrorist financing
crimes facing the non-profit organization sector
(Case Study of the Non-Profit Organizations Sector in
Palestine)**

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**This thesis is submitted in fulfillment of the requirements
for obtaining a master's degree in strategic planning
and fundraising.**

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Thesis Approval

**The effectiveness of regulatory authorities in combating money laundering
and terrorist financing crimes facing the non-profit organization
sector**

BY

Rewa Fawaz Taneeb

This thesis was defended successfully on 25th /6/2022 and approved by:

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Signature

A handwritten signature in blue ink, appearing to be 'R. Fawaz Taneeb', is written over a horizontal line. The signature is stylized and includes a large loop at the end.

Declaration

The work provided in this thesis, unless otherwise referenced, is the researcher's own work, and has not been submitted elsewhere for any other degree or qualification.

Student's name:

Signature:

Date:

Thanks and Appreciation

O my Lord! Infirm indeed is my heart and my head doth glisten with thought.

Whenever I called you that I was weak.... you answered me: You were on the brink of a pit of weakness, and He saved you from it. How many disappointments did I think of weakness, and how many sorrows did I believe immortal..... and ,with your wisdom and mercy on me, you removed it; and you satisfied me that for the sake of the permanent lot, we bear the present little and I have good faith that you will never leave me alone every disappointment will be healed by your mercy, and every noise will be calmed by your wisdom.

Oh God, do not entrust me to myself or to those who weaken me.. and place me in your jurisdiction and what you love and are satisfied with.

Praise be to God, thank you very much. While I am writing at the last lines and the final touches that I have written in this letter, I would like to extend my thanks to all those who had assistance, even if simple, humiliated and lifted the barrier of the difficulties I faced. My thanks go to the professors and colleagues while keeping their names and titles, and thanks to the non-profit organizations sector and the regulatory authorities for their valuable and frank information that helped enrich the study.

My special thanks go to my dear friend and co-worker, Professor Muntaha Khader, for her commendable efforts in the statistical analysis process.

Dedication

To the one who swallowed the pain and endured the disease and his fingers weakened, to pave the path of knowledge for me; to my father, may God have mercy on him,

To the tongue that always did not stop in supplication, and the one with a trembling heart for fear, until I was reassured; to my beloved mother

To the greatest and purest of hearts and hope makers that everything will be the best for my mother and father (my father-in-law and mother-in-law).

To the strong corner, the solid refuge, the great man, the companion on the path, the kind-hearted, my dear husband, Mr. Yazan Atta, may God perpetuate him for me as a helper, friend and lover

To the bond and the dam that does not tend; my brothers and my sisters

To the owners of kind hearts and beautiful laughter; my female and male friends

To the generous people who sacrificed their blood for the sake of the pure land of Palestine; the righteous martyrs

To the crowns that never and will never bow, the owners of the truth; our brave prisoners

Table of Contents

Contents

Thesis Approval	I
Declaration	II
Thanks and Appreciation	III
Dedication	IV
Table of Contents	V
List of Table	VIII
Abstract	IX
Study General Framework	1
1.1 The Research Problem	3
1.2 The Importance of the Study and Its Justifications	4
1.2.1 Objective Justifications	4
1.2.2 Scientific Justification	5
1.3 Objectives of the Study	5
1.4 Study Questions	6
1.5 Methodology	6
1.6 Difficulties	7
1.7 Literature Review	8
1.7.1 The Literature Dealing with Oversight on the Non-Profit Organizations Sector without Jurisdiction Over the Crimes of Money Laundering and Terrorist Financing	9
1.7.2 The Researcher's Opinion on Previous Studies:	16
1.7.3 The Articles that Referred to the Financing of Terrorism in the Non-Profit Organizations Sector	17
1.7.4 The Researcher's Opinion on Previous Literature:	24
Conceptual framework	26
Chapter I	29
First Topic	31
1.1.1 The Origin, Importance and Concept of the Non-Profit Organization Sector	31
1.1.2 Types of Non-Profit Organizations in Palestine and the Regulatory Bodies for Them	35
1.1.3 The Regulatory, Oversight, and Legislative Framework Governing the NGO Sector:	37
1.1.3.1 Charitable Organizations and NGOs Sector:	37

1.1.3.1.1 Supervising and Controlling Bodies for The Sector of Charitable Organizations and Ngos:	38
1.1.3.1.2 Legal and Legislative Framework for Societies and Civil Organizations:	44
1.1.3.2 Non-Profit Companies Sector:	51
1.1.3.2.1 -Supervising and Controlling the Sector of Non-Profit Companies:	52
1.1.3.2.2 The Legal and Legislative Framework Governing the Non-Profit Companies Sector:	53
1.1.4 The Approach between the Sector of (Civil Organizations, Charities and Non-Profit Companies)	55
1.1.5 The Position of Non-Profit Organizations from the Regulatory Authorities.....	59
Second Topic	60
1.2.1 The Concept Of Money Laundering and Terrorist Financing	60
1.2.1.1 Concept of Money Laundering	60
1.2.1.3 Consequences of Money Laundering and Terrorist Financing:.....	65
1.2.1.4 Terrorism and terrorist financing and the political difference between them.....	67
1.2.2 FATF Recommendations and Standards	68
1.2.2.1 An Overview on FATF Recommendations:	68
1.2.2.2 Recommendation Eight: The Non-Profit Organizations Sector	69
1.2.2.3 Text of Recommendation Eight:	70
1.2.2.4 Criteria for Recommendation Eight:.....	71
Conclusion of the First Chapter	76
Chapter II. Introduction	78
Introduction.....	78
First Topic	80
(Procedures and Measures In Line With the Criteria of the Eighth Recommendation)	80
Preface:	80
2.1.1 Adopting A Risk-Based Approach	80
2.1.1.1 The National Risk Assessment in Palestine:.....	81
2.1.1.2 Adopting a Risk-Based Approach in the Non-Profit Organizations Sector:	82
2.1.2 Continuous Communication with the Non-Profit Organization Sector	85
2.1.2.1 Have Clear Policies to Promote Accountability, Integrity, and Public Confidence in The Management of All Non-Profit Organizations:	86
2.1.2.2 Enhancing Accountability and Transparency from the Administrative Side of the Non-Profit Organizations Sector:	87

2.1.2.3 Enhancing Accountability and Transparency over the Movement of Funds in The Non-Profit Organizations Sector:	91
2.1.2.3.1 Verifying Funding Sources:	94
2.1.3 Enhanced Control Measures:	102
2.1.4 Targeted, Risk-Based Supervision and Control.....	107
2.1.5 The Authorities Should:.....	111
2.1.6 The Efficiency of Information Collection and Investigation:.....	112
2.1.7 Effective Ability to Respond to International Requests for Information on A Non-Profit Organization:.....	117
Second Topic	119
(Comparison Of Three Countries That Underwent The Mutual Evaluation Process).....	119
Preface.....	119
2.2.1 A Comparative Analysis of the Experiences of the Countries in Three Criteria of the Eighth Recommendation of the Non-Profit Organizations Sector:	119
2.2.2 Comparison Results Between The Countries:	133
2.2.3 Studying The Case of Palestine in Terms of Adherence to International Standards: ...	140
Third Topic	144
Research Methodology and Study Community	144
2.3.1: Research Methodology	144
2.3.1.1 Secondary Sources:	144
2.3.1.2 Primary Sources:	145
2.3.2 Study Community and Research Sample:.....	145
2.3.3 The Main Tool of Study:.....	151
2.3.4 The Validity of the Questionnaire:	152
2.3.5 Constancy of the Questionnaire:	158
Findings and Recommendations	159
2.3.6 Findings.....	159
2.3.7 Recommendations:.....	165
Conclusion of the Second Chapter.....	168
Sources and References	170
Annex one: Questionnaire.....	171
Annex two: Questionnaire	171
الملخص.....	189

List of Table

Table No. (1): Distribution of the Study Population According to the Chronological Age of Non-Profit Organizations	146
Table No. (2): Distribution of The Study Population According to the Competent Ministry	147
Table No. (3): Distribution Of The Study Population By Gender	148
Table No. (4): Distribution Of The Study Population By Age Group.....	149
Table No. (5): Distribution Of The Study Population By Academic Qualification	149
Table No. (6): Distribution Of The Study Population By Job Title.....	150
Table No. (7) Distribution Of The Study Population According To Years Of Experience: .	151
Standard 8.1: Risk-Based Approach	122
Standard 8.2 Targeted risk-based supervision and control	126
Standard 8.3: Authorities should do the following	130
Table No. (8): The Fields of the Questionnaire and the Number of its Paragraphs	152
Table No. (9): First Dimension Paragraphs (Registration Procedures	153
Table No. (10): Paragraphs of the Second Dimension (Control Procedures).....	154
Table No. (11): Paragraphs of the Third Dimension (Apprehension And Risks)	156
Table No. (12): Paragraphs of the Fourth Dimension.....	157
Table No. (13): Pearson's Correlation Coefficient Between the Score of Each of the Dimensions of the Questionnaire with the Total Score of the Study Questionnaire	157

Abstract

The study aimed to identify the effectiveness of the regulatory authorities in combating money laundering and terrorist financing crimes (as a case study of the non-profit organization sector in Palestine), by reviewing these procedures and determining their compliance with the requirements and standards of the eighth recommendation of the Financial Action Task Force (FATF) recommendations, which is specialized in the non-profit organizations sector, and determines the effectiveness of these bodies in combating financial crimes (money laundering and terrorist financing) to which this sector is exposed and highlighting the shortcomings in order to ensure the full commitment of the State of Palestine in achieving the requirements of the recommendation and to take the measures and procedures that ensures the necessary protection for the sector from these crimes.

In her attempt to answer the research questions, the researcher sought to divide the study into two chapters. The first chapter deals with the organizational and legal framework for the non-profit organization sector in Palestine and the definition of financial crimes, in order to extrapolate the practical practice of the sector's regulators in combating the crime of money laundering and terrorist financing by reviewing their procedures in line with the requirements of the eighth recommendation of the recommendations of the FATF, in the second chapter.

To achieve the goal of the study, the descriptive analytical method was adopted in the study as well as the analysis of these procedures and the texts of laws regulating the non-profit organization sector. The study also used interviews with the sector's supervisory authorities and the questionnaire for the non-profit organizations sector as a tool for scholar research by answering the study's questions. The number of non-profit organizations in Palestine until the year 2020 reached (3,797) local and foreign organizations. The questionnaire was

distributed to the original study population of (349) individuals, and (299) questionnaires were retrieved at a rate of (86%) of the total number of distributed (349) questionnaires.

The research also relied on the approach and comparative analysis of the experiences of the countries in three criteria of the eighth recommendation of the non-profit organizations sector to some extent as a cognitive tool that helps to know the similarities and differences in certain parts and reasons in terms of the available information.

The researcher reached a main conclusion that the effectiveness of the supervisory authorities on the non-profit organizations sector was the result of the commitment of the supervisory authorities to apply the texts of the law enacted for this sector, as these legal texts included many good procedures that enhance compliance with some of the requirements and standards of the eighth recommendation. These measures were not limited to the crimes of money laundering and terrorist financing, and the important joint for laying eyes on these crimes, which paved the way for the process of strengthening procedures and compliance, was the prior step taken by the Palestinian authorities in carrying out the assessment process for the threats and weaknesses of the non-profit organization sector which indicates the desire and commitment at the national level to protect this sector from the risks of money laundering and terrorist financing, and the country's awareness of being a member of the Middle East and North Africa Financial Action Task Force (MENAFATF) of the importance of mutual evaluation that measures the effectiveness of the money laundering and terrorist financing system in the country.

The study recommended the need to organize training and awareness sessions for workers in the non-profit organizations sector and for workers in supervisory authorities at different functional levels focusing on the correct understanding of international standards and the requirements of the eighth recommendation and the possibility of harmonizing between the application of these standards and the carrying out of legitimate activities in a way that

ensures that these organizations perform their mission and objectives, and work on developing and activating the control mechanisms of the supervisory authorities over the process of financial and administrative reports and not keeping it in its traditional framework of receiving it in its formal form only, training employees in the supervisory authorities on the basis of analyzing these reports, and building a database to track the flow of aid to non-profit organizations to form a clear picture of the financial resources and grants provided to the organizations, and the importance of this rule is to ensure that the organizations sector of all kinds (associations, civil bodies and non-profit companies) remain at the same level of the financial control process, in light of the current different procedures followed for each of them.

Study General Framework

Background

The development of supervisory institutions and tools has led to the improvement of performance indicators in terms of transparency and integrity of the various sectors as a result of the development of the financial system and the accompanying establishment of central banks and intergovernmental organizations and institutions, all of which aimed at improving the transparency and integrity of the financial sector and financial transactions, and the consequent fear that the financial and economic systems would be exposed to a group of risks and their association with a group of crimes (specifically money laundering and terrorist financing crimes) made the Seven Industrialized Countries (G7) in 1989 establish the Financial Action Task Force (FATF), which is considered a trans-governmental organization that has taken an international character, and developed a set of recommendations in the form of international regulations applied by member states to ensure effective implementation of recommendations and standards related to combating money laundering and terrorist financing in relation to the integrity of economies and financial systems. Although these recommendations are not legally binding on any country, non-compliant countries face the risks of being considered as harboring criminals and the illegal proceeds they achieve. Accordingly, these institutions sought to improve their supervisory performance and develop mechanisms in an attempt to reduce (or combat) financial crime. (Money laundering and terrorist financing).

As a result, many FATF Style Regional Bodies were established in nine regions around the world and were entrusted with obligating its country members to implement the standards emanating from the Financial Action Task Force (FATF). In 2015, Palestine joined, as a full member, the Middle East and North Africa Financial Action Task Force (MENAFATF), which is one of those regional counterparts to the FATF, as these counterpart organizations are

working side by side with monitoring organizations and other organizations emanating from the United Nations such as the International Monetary Fund and the World Bank to review these recommendations and identify and strengthen existing commitments on countries and direct them towards using their resources more effectively and urging these countries to apply preventive measures that are commensurate with the nature of the risks to which the financial and non-financial sectors are exposed, In addition to ensuring the existence of effective mechanisms at the authorities responsible for setting policies in the country. The Decree Law No. (20) of 2015 and its amendments regarding combating money laundering and terrorist financing came in an attempt to harmonize Palestinian regulatory institutions with international regulations, laws and requirements and in line with the recommendations of the Financial Action Task Force (FATF).

The subject of control and supervision in regard to combating money laundering and/or terrorist financing has been given a wide area of importance and space within the standards of the Financial Action Task Force by distributing the responsibilities of the supervisory authorities on a number of standards related to the financial and non-financial sectors and their roles in protecting these sectors from crimes of money laundering and terrorist financing, and enabling them to take preventive measures that are consistent with the identified risks, and in order to improve the regulatory environment for these sectors.

On the level of the efforts of the Financial Action Task Force in promoting the subject of supervision and supervision, it stood out in the issue of non-profit organizations, which the researcher sought in the context of this topic to study the role and effectiveness of the regulatory authorities in combating money laundering and terrorist financing crimes in the non-profit organizations sector only, and was given a set of special standards, both at the level of legal and legislative compliance or at the level of effectiveness of application, through a full study of these standards and matching the appropriateness of the procedures and measures

established by the regulatory authorities to protect this sector, taking into account the Palestinian privacy as Palestine has never been undergone before a mutual evaluation process, like all other countries, to measure the extent of its commitment to international standards and to measure the effectiveness of the systems applied to them to combat money laundering and terrorist financing, and in clarifying how to benefit from the experiences of some countries that have undergone the mutual evaluation process, represented by the experience of Britain, Bahrain and Jordan, and the extent of compliance with some of the standards of this recommendation, which shows through its reports the clear efforts to improve the environment of this sector in line with the special standards emanating from the FATF, which made these Countries obtain an evaluation score that differed among themselves as a result of their respective procedures in compliance with the criteria of the eighth recommendation.

1.1 The Research Problem

The current situation of the State of Palestine and what it suffers from at the level of all economic, political and other aspects, and in light of the spread of civil organizations, necessitated a focus on their activities and their positive aspects and the role they play through standing by the Palestinian government in easing its burdens and obligations that it is unable to meet. On the other hand, the rise of the world and the acceleration of countries and their calls for the danger of this sector and the fear of misusing it due to its nature and characteristics that made it a hotbed of crimes and criminals, a matter that has not been seriously studied so far by the state and the supervisory authorities based on this sector. Perhaps this is due to a weakness in the capabilities of the supervisory authorities in the matter of money laundering and terrorist financing, and the other matter is due to the peculiarity of the State of Palestine in light of the fact that it did not undergo the mutual evaluation process like other countries through which it is possible to draw the attention of these bodies to the

issue of non-profit organizations due to the recentness of their experience , which necessitated the researcher to take a prior step and prepare a study focusing on the role and effectiveness of the supervisory authorities in protecting the non-profit organizations sector, in order to enable these authorities to understand the risks of NGOs and show these authorities the weaknesses and shortcomings of their supervisory procedures in order to develop an oversight perspective and supervision and the environment in which non-profit organizations operate.

Since Palestine has a specificity in view of the political, social and economic conditions it is going through, the institutional environment and the novelty of the experience, this research will attempt to answer the following question:

What is the role and effectiveness of the Palestinian supervisory authorities in combating the crime of money laundering and terrorist financing facing the Palestinian non-profit NGO sector under complex economic, political and social conditions facing Palestinian privacy?

1.2 The Importance of the Study and Its Justifications

Every scientific study has its importance that pushes the researcher to conduct the research process in an attempt to answer questions that are the focus of his study, in a scientific and logical way, supported by objective and scientific justifications.

1.2.1 Objective Justifications

Where the justification of the study lies in the fact that it deals with a sensitive topic related to the non-profit organizations sector, which the researcher launched as a result of the interest in the crime of money laundering and terrorist financing on a global level, which called for countries to carry out a process of assessing their risks in all sectors through which a large role was assigned to the monitory and supervisory authorities, as this study will highlight

these parties, as it is the first study that deals with the sector of non-profit organizations, not in terms of funding, attracting funds and donors, but rather deals with a section of great economic, political and social importance, especially since it is talked about serious crimes related to this sector if it can be exploited. The modernity and specificity of the Palestinian experience in controlling financial crimes (money laundering and terrorist financing crimes).

1.2.2 Scientific Justification

The lack of literature related to oversight and the role of regulatory authorities in combating money laundering and terrorist financing in the non-profit organization sector, which prompted the researcher to contribute to submitting a study on this subject to enrich the literature for researchers and those interested in this subject, and to develop scientific and practical recommendations that researchers and decision makers may benefit from.

1.3 Objectives of the Study

- 1- To find out the legal and legislative framework for the non-profit organization sector and its stages of development.
- 2- To explore the impact on the multiplicity of supervisory authorities on the non-profit organizations sector and the extent to which cooperation and coordination takes place between these authorities.
- 3- To study the extent to which the regulatory authorities understand the risks facing the non-profit organizations sector, the effectiveness of the control measures on these sectors, and ensuring the nature of specialized supervision on money laundering and terrorist financing crimes in line with international standards.
- 4- To investigate the extent to which the non-profit organization sector understands the standards of the FATF.

5- To study the position of NGOs towards the regulatory authorities

1.4 Study Questions

- 1- What is the legal and legislative framework regulating the non-profit organizations sector and the regulatory authorities for this sector?
- 2- What is the impact of the multiplicity of regulatory authorities on the non-profit organizations sector, and to what extent is cooperation and coordination between them?
- 3- What is the effectiveness of the procedures of the Palestinian supervisory authorities and the consistency of the work of these authorities with international standards for combating money laundering and terrorist financing?
- 4- To what extent did the study sample understand the international standards for combating money laundering and terrorist financing, specifically the eighth recommendation of the non-profit organizations sector?
- 5- How can the supervisory authorities abide by international standards in light of the privacy of the Palestinian situation?

1.5 Methodology

With regard to the methodology used in the research, the research relied on the use of the **descriptive analytical** approach in analyzing legal texts and the procedures and measures of the supervisory authorities in combating money laundering and terrorist financing crimes in the non-profit organizations sector, as this approach helped in analyzing, linking and interpreting the data in a clearer way that helped draw conclusions. The research also relied on the approach and **comparative analysis** of the experiences of the countries in three criteria of the eighth recommendation of the non-profit organizations sector to some extent as a cognitive tool that helps to know the similarities and differences in certain parts and reasons

in terms of the available information and the use of many and varied sources of information, most notably: interviews with regulatory authorities, questionnaires targeting the non-profit organizations sector, literature and research studies. On the subject, websites, previous studies, especially the most important reference for the researcher was the Financial Action Task Force (FATF) standards and its methodology for studying these standards, in addition to the mutual evaluation reports.

1.6 Difficulties

Despite the large number of non-profit organizations, I faced difficulty in obtaining answers to the questionnaires that they were targeted with, and the process of obtaining them took a significant period of time, interspersed with the almost daily follow-up process to confirm the answer to the questionnaire. Perhaps the matter is due to two main aspects: the first: given the sensitivity of the subject and linking the title in their minds to something as a result of Palestinian privacy and its reality under the presence of the Israeli occupation authority, the second: is what happened recently, when the Israeli Ministry of Justice included a number of organizations on the list of terrorism and demanded that countries of the world and international organizations to boycott these organizations. This event coincided somewhat with the distribution of the questionnaire that carried the topic of combating money laundering and terrorist financing, which created a greater concern among the organizations and angered them in the response, which prompted me to expand the segment of the respondents to cover a wide range of geographical areas and the activities in which these organizations operate to obtain honest and frank opinions.

The study, in its basic dimensions, is to ensure the availability of understanding and protection from the exposure of organizations that carry lofty messages in providing the possible assistance and protection to the Palestinian people, from the risks that they may face,

especially in terms of financial risks (money laundering and terrorist financing crimes), which is possible that these crimes will harm their reputation and lead to their closure. This is what the study sought to achieve in order to come up with recommendations that enhance the strength, durability and availability of a clear understanding of organizations and supervisory bodies, and emphasizing the measures that must be taken into account to protect financial systems and protect themselves and far from intent to criticize and highlight defects.

1.7 Literature Review

The researcher sees a scarcity in the literature that deals with the effectiveness of regulatory authorities in combating money laundering and terrorist financing crimes in the non-profit organizations sector, and the information available is limited to the assessments of the joint countries for each country carried out by the Financial Action Task Force (FATF) and the established regional groups such as the Financial service regional bodies (FSRBs), which reflect the commitment of countries to the standards and recommendations of (FATF). in addition, the literature is limited to dealing with the issue of oversight on the NGO sector without the competence to control financial crimes (money laundering and terrorist financing crimes), which has made the study more difficult, but also increased its importance by pushing the researcher to exert more effort and obtaining the best information from the relevant authorities and carrying out the best analyzes in order to produce the first study in this aspect and to consider it the first literary reference for subsequent researchers and those interested in this subject, despite that and through a literature review, a group of Literature focused on the **first axis**: On oversight of the NGO sector without jurisdiction over the exposure of these organizations to money laundering and terrorist financing crimes, and the **second axis**: annual reports and publications issued by the FATF to assist countries in obtaining the most important information and elements related to the most common patterns

and methods of exploiting the charities sector, which are important references for countries in preparation for the mutual evaluation process, in addition to the mutual evaluations of some countries.

1.7.1 The Literature Dealing with Oversight on the Non-Profit Organizations Sector without Jurisdiction Over the Crimes of Money Laundering and Terrorist Financing.

1- The report of the Financial and Administrative Oversight Bureau (¹), which included the most common violations in civil institutions and non-governmental organizations, and which aimed to ensure the commitment of civil institutions and non-governmental organizations to apply the principles of transparency and integrity, and to evaluate the internal control system in private institutions. This report showed the most important violations and the most frequent substantive issues in this sector and the commission of many financial and administrative violations concluded: the failure to show the financial statements in a fair manner in accordance with international standards and the existence of suspicions of fraud and corruption and the forgery of some associations of some reinforcements and evidence in order to prove exchange operations, and the adoption of some institutions to the policy of refunding cash With the lack of sufficient oversight governing the process of receiving cash donations, and the failure to prepare estimated budgets for the expected revenues and expenditures during the year. The association and institutions administration lost an important tool of control and guidance for its financial operations, and a number of association employees with full salaries received money instead of services, although these services fall within their job description, and the presence of suspicions of corruption, forgery and abuse Credit through

¹ The Financial and Administrative Oversight Bureau, the most common violations in civil institutions and non-governmental organizations, the third quarterly report for the year 2013, The Coalition for Integrity and Accountability - Aman, Ramallah. Palestine on 1/2/2014, pp. 13-26.

association contracts, sub-deals by agreeing with the supplier to increase the amount of some invoices and recover the difference through donations, falsification of official documents and fabrication of reinforcements through exchange transactions for specific beneficiaries. When tracking the last beneficiary of the disbursement process, it turns out that the beneficiary is people in the association, in addition to other people benefiting from checks paid to the first beneficiary, and there is a suspicion of fraud by auditors of some projects in order to fulfill the institution's conditions for obtaining the grant. Moreover, this report showed the shortcomings of the Law, Charitable Societies and Local Bodies No. (1) of 2000. The apparent shortcoming of the control procedures over the associations' revenues was revealed due to the lack of separation in the powers of revenue collection, disbursement and deposit, which may lead to a conflict of interest and expose revenues to improper disposal, in addition to the lack of confidence in the balance of the declared revenues and the lack of these associations of internal control units in addition to the absence of the Board of Directors in oversight on the work and activities of associations. The report recommended the need to build effective internal control systems to protect the assets of the institution from theft and fraud, and the need to amend the provisions of the Law of Associations and Civil Organizations to include provisions for penalties for violations committed, and a provision for the publication of financial and administrative statements, budgets and financial reports, and the volume of funding and grants provided to them.

2- Abdul Ghaffar pointed² out in his study to the interest of many international and local studies in determining the phenomenon of corporate governance as a tool that improves the competitiveness of the private sector and its great impact on economic growth and social development of the government sector, which seeks to provide basic and necessary services

² Abdel Ghaffar, Salama Ahmed, Activating Financial Control in Non-Profit Organizations through the adoption of corporate Mechanisms (A Field Study), thesis for fulfillment of master degree, Ain Shams University- accounting. Egypt 2016.

for the benefit of members of society, through Governance based on protecting shareholders' rights and achieving equal treatment for all shareholders and its ability to achieve disclosure and transparency in a manner consistent with the requirements of accounting quality, However, in his study, **the researcher focused on the non-profit organizations sector** as a sector that is no less important than other sectors that work in parallel with the private sector and the government sector, through the application of governance mechanisms to the non-profit organization sector, especially in light of the spread of a perception of civil work in Egypt and accusing it of failing to achieve its goals and the existence of suspicions of financial corruption in many of these organizations. Because these organizations rely on their resources and expenses on the moral side mainly, and the absence of this capacity enables these organizations to hide many of their resources and disburse fake expenses in the absence of effective oversight from important parties, as is the case in the sector of profit-making organizations and government agencies in addition to the absence of regulations supervisory and judicial control over this sector, especially since these organizations depend primarily on the availability of continuity in granting aid, grants and donations, which do not flow sustainably unless there is reassurance on the part of the donors that they will be used for the purposes for which they were provided. The researcher stressed in his study the need for these organizations to apply internal and external governance mechanisms for the possibility of controlling them with the aim of strengthening the principles of transparency, integrity, accountability and disclosure since the study drew the responsible authorities to the danger of financial and administrative corruption in associations, noting the weakness in the control systems and their effectiveness, **which restricted the ability of the supervisory authorities to perform their work and made the monitoring process difficult, while the researcher emphasized the need for these bodies to apply governance mechanisms and control tools capable of reviewing external and/or local or suspicious sources of funding** to support

the continuity of non-profit organizations, and have them force the boards of directors of these organizations to disclose their activities, provide full transparency, set accounting standards for governance consistent with the nature of the activities they carry out, and develop new mechanisms for cooperation between these bodies and between the regulatory authorities and the competent authorities.

3- Jihad Sharaf³ in his study ,extent of the existence of a relationship between the financial control and the continuity of funding for NGOs in Gaza and determine the impact of the elements of internal control and control tools on the financial status for these associations and indicate the roles of the regulatory institutions by indicating the weaknesses and shortcomings in the supervisory aspects applied in Civil societies and the ability of NGOs to apply control procedures and influence the financial aspects, which is a means for the continuity and survival of NGOs that depend a lot on donations, which is an important matter to increase their reliability and credibility with financiers and donors to ensure that they continue to receive the necessary funding. The study concluded that **Despite the multiplicity of control tools in Palestine, some of them can be applied and others cannot due to the difficulty and complexity in their application and the different financial and administrative systems and policies applied in Palestinian institutions, in addition to the imbalance in the organizational structures of these institutions.** Some of the control tools were declared by a legal text and institutions were obligated to them, such as preparing financial statements, and others, despite their importance, were not adhered to by institutions due to the lack of legal obligation such as discretionary budgets, The researcher also emphasized the elements of effective oversight for NGOs represented in the presence of an appropriate administrative structure (the general body, the board of directors and the

³ Sharaf, Jihad, the effect of financial control on the continuation of funding for NGOs - a field study of NGOs in Gaza, master's degree thesis, the Islamic University- Accounting and Finance. Gaza 2005.

employees), which was stipulated in Law No. (1) of 2000 in addition to financial and administrative regulations and systems and internal control systems, which was found through studying the researcher's case indicates that civil associations use control tools in a moderate manner as a result of need only, and the **limited responsibilities of the supervisory authorities represented by the Ministry of Interior and the Office of Financial and Administrative Oversight**, and the limited roles of the supervisory bodies in the Ministry of Interior and the General Control Authority, as these bodies do not apply comprehensive control of all civil associations on a periodic and Continuous basis, as it is limited to limited samples and does not issue regular reports on the accounts and activities of NGOs.

4- The study for Athamna and others⁴: an analytical survey study of civil society organizations in the occupied Palestinian territories aimed to provide a comprehensive overview of civil society organizations in the occupied Palestinian territories, including the needs of organizations in capacity building field, where the survey included adequate representation of organizations and access knowledge of the characteristics of the processes and interactions that characterize Palestinian society at the local and national levels to be supported by programs The upcoming cooperation, where the researcher touched on the legal framework regulating the civil society sector No. 1 of 2000 and pointed out that there is a lot of controversy and discussion about the numbered law, one of the causes the demand of the Palestinian Authority and the Ministry of Interior to impose more control over civil society organizations that support its view that there is no specific definition of coordination between public authorities and civil society organizations, or coordination between the organizations themselves, and on the other hand, the desire of charitable and non-governmental organizations to enjoy more autonomy. However, the two parties (civil society organizations

⁴ Athamna, Jamal, and others, a survey study of civil society organizations in the occupied Palestinian territories, the office of the European Union representative in the West Bank and Gaza Strip, May 2011.

and public authorities) agreed on two things, namely the inability of this law to work as a tool to guarantee the quality of civil society organizations or the quality of their work, and the need to pay more attention to issue of corruption and poor internal governance of these organizations. analysts attribute the increased attacks on Palestinian civil and non-governmental organizations and accusations of corruption lead to undemocratic practices, the absence of oversight, the deterioration of appropriate internal governance except the internal arrangements imposed by law and the weakness of accountability and transparency within these organizations, which leads to limiting their ability to mobilize capacities and to lower level of public confidence in them. Researchers recommended to support the shift of focus in the work of civil society organizations from providing services to governance, and what this requires of increasing the organizations' involvement in the process of setting public policies, monitoring the implementation of policies and managing public services.

5- The study of the researcher Abu Hadaf entitled "Evaluation and development of the supervisory performance of the Office of Financial and Administrative Oversight - an applied study on government institutions in the Gaza Strip." International auditing standards, providing the Bureau with independence and providing its employees with the necessary training and experience, and using the government's supervisory performance methods when implementing. The necessary courses to qualify its employees and the weakness of the government's supervisory performance methods in the performance of supervisory work, and accordingly the researcher recommended working on updating the legal texts that support the independence of the Office of Oversight, and working to adopt international standards of control to keep pace with progress in international and regional control bodies, and provide the necessary training for workers to carry out their tasks and accomplish their work, the need

to adopt both preventive control and sudden control that works to reduce deviations and making mistakes⁵.

6- Angela S.M. Irwin, Jill Slay, Kim-Kwang Raymond Choo, Lin Lui) pointed out in an article entitled (Money laundering and terrorism financing in virtual environments: a feasibility study) that there is a clear consensus that virtual environments and virtual currencies pose a threat to money laundering and terrorist financing, but what is less clear is the level of risk they pose, this paper aimed to clarify the suitability of virtual environments for carrying out money laundering and terrorist financing activities using the investigative method in tracking the movement of money in cyberspace to estimate the amount of money that is transferred through these environments. Through several experiments and indicators taken into account including: the number of accounts that must be opened to launder/collect a certain amount of funds, the amount of funds that can be placed in a certain time frame, and the transaction limits imposed by each of the online multiplayer games and online financial service providers involved in money laundering and terrorist financing scenarios. The study concluded that terrorist financing and money laundering move in the space environment a lot as a result of Using anonymizers and disabled cookies, only a small amount of money may be lost because it would be very difficult for the service provider (or law enforcement agency) to make a connection between different accounts. If one or more of the accounts are frozen, the suspect can simply open Another account and the resumption of its activity. The researchers attributed this to the difficulty of supervision and due to the novelty of the topic in which the numbers are increasing for the number of unsupervised transfers, as it was recommended that more cooperation is required between the providers of the virtual environment and the foreign exchange service providers who help them to introduce value

⁵ Abu Hadaf, Majid Muhammad Salim, Evaluating and Developing the Oversight Performance of the Administrative and Financial Supervision Bureau - An Applied Study on Governmental Institutions in the Gaza Strip, Master's Thesis - The Islamic University - accounting and finance, Gaza 2006.

into the virtual environments and to strengthen the control over the presence of Suspicious behavior that can be detected during transactions with financial service providers that when viewed comprehensively, may collect a significant amount of information relating to suspicious money laundering and terrorist financing transactions⁶.

1.7.2 The Researcher's Opinion on Previous Studies:

It was clear through previous studies that she had achieved its research goals in light of the paths and goals each researcher set for himself, but it was unanimously agreed that oversight has a major role in protecting non-profit organizations from many crimes, whether at the level of original crimes such as corruption and credit abuse, or even at the level of violations in financial or administrative matters, which attributed the responsibility of assuming this oversight to the supervisory authorities over these organizations in order to achieve standards of integrity and transparency and in order to ensure the continuity of these organizations work and their access to the funds that countries obliged to assist them in some of their burdens, as the above studies and reports were unanimous To the existence of a weakness in the role and effectiveness of the supervisory authorities by balancing these studies in the shortcomings represented in the Charitable Societies Law, which included the legal and legislative frameworks regulating this sector in the Palestinian case represented in the shortcomings of the supervisory authorities in controlling the revenues of associations and the limited responsibility of these authorities represented in the Ministry of the Interior and the Office of Financial and Administrative Oversight and their limited roles. In Egypt case, it was found that there is no effective oversight and the absence of supervisory and judicial systems on this sector, and weak oversight in the case of digital currency or fragility The traditional

⁶ S.M. Irwin, A., Slay, J., Raymond Choo, K.-K. and Lui, L. "**Money laundering and terrorism financing in virtual environments: a feasibility study**", Accepted for publication in Journal of Money Laundering Control, Vol. 17 No. 1, (2014). pp. 50-75.

procedures and the consensus of these studies emphasize the necessity for these oversight bodies to apply governance mechanisms and enhance the principles of transparency, integrity, accountability, disclosure and control tools capable of reviewing external and/or domestic or suspicious sources of funding to ensure the continuity of work and support for non-profit organizations.

1.7.3 The Articles that Referred to the Financing of Terrorism in the Non-Profit Organizations Sector, Annual Reports and Publications Issued by the Financial Action Task Force to Assist Countries in Obtaining the Most Important Information and Elements Related to the Charities Sector in Preparation for Countries to Prepare for the Mutual Evaluation Process, in Addition to the Mutual Evaluations of Some Countries that Appear the Extent of the Country's Commitment to the Recommendations of the Financial Action Task Force Adopted by the Member States of the Group and the Countries in the Regional Groups Established Along the Lines of the Financial Action Group, in order to Build Effective Systems to Combat Money Laundering and Terrorist Financing.

7- The paper issued by the FATF entitled “Best Practical Practices on the Subject of Charitable Societies⁷” indicated that these organizations are more vulnerable than other organizations to the risk of abuse because they are organizations that rely on collecting funds from multiple sources and then reusing the funds, transferring them and distributing them to beneficiaries. And because of the high flexibility of associations, institutions and their employees in mobility, collection and transfer of funds and implementation of operations

⁷ Regional Group "Menafatf", Best Practices issued by the Financial Action Task Force for the Middle East and North Africa on the topic of "Charities" Report published on the group's website, MENAFATF - Bahrain, September 30, 2005.

Group Website: www.menafatf.org/sites/default/files/Newsletter/charityArb.pdf
Ibid: <http://www.menafatf.org/sites/default/files/Newsletter/charityArb.pdf>

across the world as a result of the great spread of their activities and branches, whether at the level of one country or at the international level, which has become with these features of this type of activities in recent years the subject of attention and interest of individuals and Criminal and terrorist organizations around the world with the aim of penetrating them and benefiting from the advantages they enjoy, as such charitable institutions were exploited without the knowledge of the donors of these associations or those in charge of them. Charitable societies have goals and objectives in a manner consistent with the standards of combating money laundering and terrorist financing by presenting a set of proposed procedures to regulate the work of charities, which focused on (legal aspects, strengthening the supervisory role of the supervisory authorities on the sector, and regulating the financial aspects).

8- The researcher Matthew Robert Shillito, in his study entitled (Countering Terrorist Financing via Non-Profit Organizations: Assessing why few States Comply with the International Recommendations), tried to assess the reason behind the non-compliance of 83% of the members of the working group with the required financial measures, specifically the eighth recommendation totally or partially. The paper considers whether Recommendation No. (8) is somewhat exceptional from the other FATF recommendations in terms of low levels of compliance, as 180 mutual reports were examined, and accordingly seven countries were classified as compliant. Matthew, accordingly studied the threat on the sector of non-profit organizations and the international framework for combating money laundering and terrorist financing by explaining 1- International law in relation to non-binding law (Recommendations of the Financial Action Task Force) 2- Compliance and studying the factors that affect compliance such as A- Characteristics of the target activity B- Characteristics of the agreement C - The international environment d- International characteristics (national intent and capacity) and finally by comparing Recommendation No.

8 with the other recommendations, both at the level of the nine recommendations that were previously singled out for terrorist financing / and after merging these recommendations with the other forty recommendations and with the recommendations of the financial and non-financial sector, Matthew based On the above compliance factors, concluded that the requirements of Recommendation (8) are very exhausting and restrict the activities and operational and political space of non-profit organizations, which is a reason for low compliance to some extent. And the matter was not limited to the recommendation, but it went beyond that to the explanatory notes and the best practices paper that imposed more obligations and complicated matters and was not clear in ensuring a balance between protecting the NGO sector in achieving its goals and the compliance of member states who do not have the freedom to choose the recommendations that they comply with. The objective of the Financial Action Task Force was specific to setting standards and promoting effective implementation of legal, regulatory and operational measures to combat money laundering and terrorist financing and related threats to the financial system on which they focused most of their concentration. Their work in relation to non-profit organizations can only be explained by the fact that it is misused in money laundering and terrorist financing and the lack of knowledge and understanding of the non-profit organization sector is exacerbated by the lack of international organizations and NGOs to deal with it. Organizations have a greater impact on less developed countries as freezing the assets of an organization is not desirable for countries because they are in desperate need of charitable donations. In the event that a non-profit organization is suspected to be involved in financing terrorism, it may have an impact on the organizations as a whole, and that anti-money laundering measures affect legitimate non-profit organizations. And in the event of serious failures, they are highlighted in the mutual evaluation process, where the working group takes a set of follow-up measures, and these measures do not apply in the case of a deficiency in one aspect of the forty

recommendations, and not all of them are of the same degree of importance, that is, they are never presented in the failures of the eighth recommendation. By comparing the other recommendations with Recommendation No. (8) and the degree of countries' compliance with it, it was found that the eighth recommendation is not an exceptional recommendation. Rather, the degrees of non-compliance in the recommendations related to the financial and non-financial sector were on the same pattern, but the worst was in the non-financial sector, and this was probably attributed to the lack of experience of FARF, The researcher recommended that the organizations sector is an important sector that must be regulated, and that the issue of compliance is not related to the recommendations of FATF as a whole, but there are two issues that emerge from this study. First: The recommendations for the NGO sector are weak in terms of compliance because they are relatively new and have not been evaluated before. Second: the FATF has a problem with compliance with recommendations that focus away from the financial sector, and they may need additional experience and guidance in these areas and each sector will have its own problems, and participating institutions In these sectors it is best to advise the Financial Action Team on these issues⁸.

9- The Financial Action Task Force (FATF) indicated in its report entitled (Risk of Terrorist Abuse in Non-Profit Organizations) that terrorist financing activities and that actors participate in discovering and disrupting support activities in non-profit organizations by stating that "behind any terrorist act there is a logistics track which may include many different elements from recruiting terrorists to providing materials. Each element is not necessarily equally dangerous, so many jurisdictions treat each element differently. This can be visualized as a continuum of terrorist support, in the continuum focused on operations a number of support activities under the general headings of recruitment, fundraising, planning

⁸ **Shillito, Matthew, Countering Terrorist Financing Via Non- Profit Organisations: Assessing why few States Comply with the International Recommendations**, accepted published in Journal Nonprofit Policy Forum, De Gruyter. U.S September 30,2015. pp. 1-28

and training, and material support for an act of terrorism along the continuum, with terrorist support activities gaining influence and intent at the lower end of the chain, various actors are involved in detecting and disrupting support activities. The most important actors are the non-profit organizations themselves along with their donors and beneficiaries and any regulatory or supervisory bodies that oversee the sector, with enhanced due diligence and sector safeguards, many of the risks to the sector will be mitigated. However, some threats will persist along the chain, using deception techniques that may be difficult for the nonprofit sector itself, or even regulators to address. In these cases, the strengthening of Industry-specific due diligence activities or regulatory investigations through Financial Intelligence Units (FIUs) and other intelligence actors that can infiltrate more complex attempts to abuse the sector, at the far end of the chain, sector mitigation efforts and intelligence agencies' detection capabilities are enhanced by Law enforcement authorities, judicial system, and prosecution, which are necessary to punish ongoing violations and deter future abuse⁹.

10- A research paper presented by researcher "Firas Murrar" entitled "Adopting a risk-based approach for non-profit organization" The paper adopted a methodology that combines comparative analysis and descriptive analysis to compare three member countries of The FATF and the regional groups established along the same lines that have undergone the mutual evaluation process "Britain, Russia and Bahrain" where the paper analyzed the most important elements and obligations contained in the FATF recommendation regarding the application of the risk-based approach in line with the risks financed by terrorism. The paper provided an insight into the development that countries have achieved in legislation, specifically compliance with the requirements of Recommendation Eight, Standard No. 1.8 and the development in the application of the risk-based approach in the organizational sector by listing the details of countries' degrees of compliance with each standard, in which

⁹ FATF; **Risk of Terrorist Abuse in Non-Profit Organisations**, FATF, France .JUNE 2014;pp12-13

the researcher concluded that the three countries made clear efforts to comply with the requirements of Recommendation 1.8; This indicates the high-level interest of countries in complying with the requirements of the recommendations of the Financial Action Task Force, and these efforts reflect the national interest in adopting this standard and the desire of countries to preserve the non-profit sector safe from criminal and terrorist violations. The paper stressed that to ensure the adoption of a risk-based approach and the monitoring of the non-profit sector, a plan must be developed to meet the requirements of Recommendation 1.8 based on the following points:

1- Taking into account the definition of the Financial Action Task Force of the sub-group of non-profit organizations exposed to the risks of terrorist financing and identifying them so that countries can Constant monitoring and follow-up. 2- Determining the nature of the threats facing the non-profit organization sector and the ones most vulnerable to abuse by obtaining all sources of information available to financial intelligence units and information available to law enforcement agencies and judicial authorities. 3- Continuous review of laws and regulations related to the sub-group to be able to taking effective measures and procedures to address risks. 4- Periodic and continuous evaluation of the non-profit organization sector by reviewing new information on potential weaknesses. 5- Share the successful experiences of countries in adopting a risk-based approach to help other countries and prepare them for the mutual evaluation process.¹⁰

11- Mutual Evaluation Report (Bahrain, 2018). The Mutual Evaluation Report conducted by MENAFATF Group of the State of Bahrain showed the extent of its technical commitment to Recommendation No. (8) - Non-Profit Organizations through the approved evaluation methodology, through which Bahrain was able, as indicated by the evaluators, to show the

¹⁰ Murrar, Firas, “**Adopting a Risk- Based Approach for Non-Profit Organisations**” accepted published in Journal of Money Laundering Control, Emerald Publishing Limited Vol. 25 No. 1, 28 June 2021. pp.19-26

clear regulatory framework for non-profit organizations in Bahrain, which was the reason for giving the state a highly compliant degree. This was evident from Bahrain's compliance with the six main criteria of adopting a risk-based approach that helped it identify threats to the organizations sector and identify the subgroup of organizations most vulnerable to money laundering and terrorist financing risks, and the country's measures in the process of periodic review of the appropriateness of laws and regulations for the subgroup and monitoring the risks of organizations through the updates made by the supervisory authority on the risk profile of financial organizations after the financial reports of these organizations indicated a clear change in them. In addition to the evaluation report showing the efforts made by the Bahraini authorities represented by the Ministry of Social Development in order to protect this sector, which is represented in enhancing accountability, integrity and people's confidence in this sector by publishing information in the management of non-profit organizations and their activities on its website and allocating an e-mail for the ministry to communicate and facilitate inquiries, and holding workshops to enhance the effectiveness of organizations and their financial management with the help of local and international experts, assessing institutional performance, following up the Central Bank of Bahrain's data on transactions with abroad, and coordinating with the Financial Intelligence Department regarding organizations' transfers or with the Ministry of Foreign Affairs when it comes to foreign organizations.¹¹

12- The paper issued by the Financial Action Task Force (FATF) entitled (best practical practices issued for combating money laundering and terrorist financing on the issue of charitable societies), presented the risks that make the charitable organization sector vulnerable to exploitation through the activities provided by this sector. Therefore, many

¹¹ MENAFATF, "Anti- money Laundering and counterterrorist financing measures, mutual evaluation report", MENAFATF, Manama, 2018

countries and international bodies have adopted Taking a set of measures to regulate the work mechanisms of this sector in order to ensure its protection from abuse by individuals and criminal organizations. Through this paper, the working group tried to present a set of mechanisms that help countries to implement them in accordance with their applicable procedures, including legal, supervisory and control aspects, including strengthening standards of transparency and disclosure, and enhancing the supervisory role of the supervisory bodies and the mechanisms that regulate the financial aspects. The paper was amended and the explanatory memorandum of recommendation No. (8) was presented alongside it.¹²

1.7.4 The Researcher's Opinion on Previous Literature:

The Financial Action Task Force and its recommendations and reports are considered a reference of great importance and benefit in particular to the member states, and it is evident through its recommendations that laid down the basic and broad lines to assist countries in establishing their legal, legislative and regulatory frameworks for the financial and non-financial sectors in line with the internal regulations of each country. And if there is a study that indicated a problem regarding the compliance with the recommendations focusing away from the financial sector, and the Financial Action Task Force may need to focus more on the nature and issues of this sector and its special problems. Institutions participating in these sectors are best to advise the Financial Action Team on these issues. However, there were points to be reckoned with by laying their hands on the risks of misuse of the non-profit organization sector and showing the capabilities of the regulatory and supervisory authorities and the competent authorities to protect this sector, and making more efforts in order to

¹² The MENAFATF Regional Group, Best Practices issued by the Financial Action Task Force in the Middle East and North Africa on the topic of "Charities", a report published on the group's website - Bahrain, September 30, 2015.

Group Website: www.menafatf.org/sites/default/files/Newsletter/charityArb.pdf

Ibid: <http://www.menafatf.org/sites/default/files/Newsletter/charityArb.pdf>

uncover the weaknesses related to it. All studies unanimously agreed that the effective implementation of the recommendations' requirements is sufficient to ensure compliance with the requirements of the Financial Action Task Force and to ensure the protection of this sector primarily by ensuring that the preventive measures put in place by countries are commensurate with the identified risks.

The current study differs from previous studies in that it is based on a statement of the effectiveness of the Palestinian regulatory authorities in combating money laundering and terrorist financing crimes in the non-profit organization sector, as a case study (the non-profit organization sector in Palestine) by analyzing the criteria of the recommendation (Eighth - the non-profit organization sector) from the recommendations of the Financial Action Task Force, by determining the effectiveness of the procedures and measures established and applied by these parties in a manner consistent with the potential risks that this sector may be exposed to, taking into account the Palestinian specificity situation, which is represented in more than one aspect, one of which is Palestine did not undergo a mutual evaluation process before to find out the standards of compliance and the state's failure in combating money laundering and terrorist financing facing its financial and non-financial systems, and on the other hand, the multiplicity of the types of non-profit organizations existing in Palestine, in which this diversity led to the multiplicity of laws regulating each of them and the multiplicity of the supervisory authorities over them as well.

Conceptual Framework

Through this study, the researcher analyzes the effectiveness of the regulatory authorities in Palestine, in combating money laundering and terrorist financing, which the non-profit organization sector faces, by addressing the concept of the non-profit organization sector, focusing on the definition of the Financial Action Task Force (FATF) and adopting it as a basis for determining the types of non-profit organizations in Palestine and determining their types in line with the functional definition of the group, its number in Palestine, its geographical distribution and the nature of the activities it provides, leading to a study of the legal and legislative framework governing this sector and the regulatory framework represented by the relevant authorities, monitoring and supervising the organizations sector Including defining those bodies, tasks and special roles, studying the impact on the multiplicity of these bodies, the extent to which cooperation and coordination between them takes place, and the position of NGOs towards these bodies and their plurality, in order to achieve the main objective of the study by showing the effectiveness of the regulatory bodies in combating money laundering and terrorist financing crimes in the sector of organizations by analyzing existing and applied procedures and measures in accordance with the FATF Recommendation Standards (Eighth) which shows full compliance with the mandatory elements of the recommendation, in order to enhance the capabilities of the supervisory authorities in applying best practices and procedures in protecting the non-profit organization sector while ensuring the effective implementation of these procedures, and entering into a simple part to present some of the procedures of countries showing complying with some criteria of the eighth recommendation through relying on the mutual evaluations of these countries, in an attempt to project the procedures and approach taken by them to benefit from it in the State of Palestine because of the recent Palestinian experience in this regard.

Study Division:

The division of the study came to reflect the theoretical framework in terms of demonstrating the effectiveness of the regulatory authorities in combating money laundering and terrorist financing in the non-profit organizations sector as a case study (the non-profit organizations sector in the State of Palestine), through the analysis and study of the recommendation criteria for this sector issued by the Financial Action Task Force(FATF), and in order to answer the research problem and questions of the study, and to achieve the research objective, the researcher divided the study into two chapters, where the first chapter consists of two sections and the second consists of three sections as follows:

The first chapter entitled as Regulatory Authorities, the Non-Profit Organizations Sector, Money Laundering Crimes and Terrorism Financing in two topics. The first topic is devoted to presenting the emergence of non-profit organizations and their concept from the point of view of researchers and the definition of the private organizations sector of the Financial Action Task Force, and the roles and tasks that these organizations perform in Palestine by introducing the supervisory authorities to them, the roles and tasks they perform, and the legal framework governing this sector. The second topic deals with the concept of money laundering and terrorist financing crimes and the items criteria of the eighth recommendation criteria for the organizations sector.

The second chapter consists of three sections, in which the chapter focused on studying the effectiveness of the regulatory authorities in combating the crime of money laundering and terrorist financing in the organizational sector through two topics: The first topic includes a study of the procedures and measures established and applied by the state to ensure their compatibility and commitment in applying the standards of the eighth recommendation of FATF, through which to ensure that these procedures are consistent with the risks of the sector and guarantee it the required protection. The second topic presents a comparative study

between a group of countries in terms of adherence to the criteria of the previously mentioned recommendation.

The third topic was devoted to the field study procedures, presentation and analysis of the data related to the questionnaires, and in the end presenting the most important results that answer the questions and recommendations of the study.

Chapter I

Regulatory Authorities and Combating Money Laundering and Terrorist Financing In the Non-Profit Organizations Sector (Concepts and Origin - Roles and Tasks)

Chapter Introduction:

Non-profit organizations, or the so-called civil society organizations or non-governmental organizations, have gained great importance in all countries. Their importance and activities have varied according to the situation and the social, economic and political changes they have undergone, to which many of the available literature referred to the beginnings and stages of the formation of this type of organization. In the world, which has gained in Palestine an exceptional situation in its formation, as the roles and tasks of the supervisory authorities on this sector have increased in organizing it in various administrative and financial aspects. This importance has increased with the increase in interest in combating financial crimes (money laundering and terrorist financing), in which the organizational sector has become vulnerable to exploitation for such crimes. Not-for-profit organizations. This was shown by having the Financial Action Task Force and the regional groups established similar to it, obligate the member states to implement its recommendations, especially with regard to the eighth recommendation devoted to the non-profit organizations sector.

This chapter deals with the basic concepts of the study, such as the concept of the non-profit organizations sector, according to the definition of several researchers, and focus on the concept of the organizations sector as reported by the Financial Action Group. The chapter deals with the importance of this sector and its role in providing services to societies in general and the types of these organizations. The chapter also deals with the Palestinian regulatory authorities in this sector and the relationship that exists between them, the position of the organizations from the regulatory authorities, and the legal and legislative framework

that regulates. The chapter ends with a definition of both money laundering and terrorist financing crimes, their implications, and the criteria of the eighth recommendation.

The researcher divides the chapter into two main topics:

- The first topic: the sector of non-profit organizations and its regulatory authorities: its origin and importance, the concept of the organization sector and its types, the legal and legislative framework governing it, and the types of regulatory bodies, their roles and tasks.
- The second topic: money laundering and terrorist financing (the concept and implications), criteria for the eighth recommendation.

The First Topic

The non-profit organizations and its regulators

(Importance and concept - types and roles of regulators)

1.1.1 The Origin, Importance and Concept of the Non-Profit Organization Sector

The terms and concepts of non-profit organizations have received extensive academic and scientific research and were named by many names that made them the focus of researchers' attention in their studies and identification of their roles and functions. Charitable and voluntary with its non-profit institutions and organizations, where the idea of charities arose in the capitalist West countries for a considerable period, within the framework of the concept of goodness and charity and in the light of religious values, as most of these associations were associated with the church, however, this content developed and expanded in response to the change in social, economic and cultural conditions in these countries, as these organizations had a new content and a more effective role in their societies. In the Arab countries, charitable activity began during the twenties of the last century, and over the years it turned into charitable organizations and societies that contributed to providing social and health assistance in response to the surrounding local and regional conditions. Then it began to emerge more and more, especially after the majority of Arab countries got rid of colonial domination, as they played a major role in social, cultural and human life on the other hand, and as a result of the political and economic changes that affected the Arab and Islamic region, charitable work in the Arab countries witnessed a great expansion and prosperity. It contributed to bearing part of the state's burdens and social responsibilities in many areas such as rehabilitation, training, combating poverty, family and childhood care, care for the elderly and the homeless, in addition to developing local communities, improving infrastructure and relief, as it became necessary to work on building an independent

charitable sector that encourages non-profit and charitable organizations to play its role in economic and social development ⁽¹³⁾.

The organizations in Palestine gained an exceptional case, and of course in Palestine, the non-profit organizations sector enjoyed economic and social importance, in which it was considered complementary to the efforts of the private and government sectors in providing the requirements and humanitarian needs to those who need them, in light of the suffering of the people from the practices of the long Israeli occupation on the Palestinian lands and what The state suffered from the absence and weakness of its ability to provide the basic needs of citizens and to provide health and humanitarian care and relief. In addition, they suffered from a shortage of financial resources that had a negative impact on all sectors operating in it, as any one familiar with the Palestinian situation at the present time realizes and notes the shortage of financial resources and the high indebtedness of the Palestinian government. Hence, it can be said that civil associations and bodies (non-profit organizations) came to work alongside the state like all other countries, and to respond quickly to the needs and priorities of Palestinian society, in which the non-profit organization sector has given special importance, which was evident through the wide spread of these organizations in the West Bank and Gaza Strip Which came to fill a gap and a clear deficit by providing a set of services represented in (care, health, defense of freedoms, education, training and other services) as a kind of assistance to the Palestinian people and strengthening their steadfastness as a result of the political and economic conditions they went through.

In order to be able to identify the sector of non-profit organizations operating in Palestine and study the effectiveness of the regulatory authorities in combating money laundering and terrorist financing crimes in this sector, the researcher must define this sector according to

¹³ Abdelmajid, Onis, Kulthum, and Wahabi, Non-Profit Organizations and Their Role in Social and Economic Solidarity (The Case of Algeria), acceptable for publication, Algerian Portal of Scientific Journals (ASJP), Volume 4, No. 1 Algeria p. 1 .Accessed 25/7/2021 at 1:00 AM
(Non-profit organizations and their role in social and economic solidarity - the case of Algeria - (1).pdf)

the definition of non-profit organizations and institutions that researchers wrote in their studies, although their definitions of this sector are similar in general, despite their different cultural backgrounds, And the definitions dealt with by the laws regulating this sector in Palestine in particular, and in general (United Nations, 2005) indicated that non-profit institutions: are legal or social institutions established for the purpose of producing goods and providing services, but their legal status does not allow them to be a source of income or profit or other form of fundraising for the units that they establish, supervise or finance, and these units come in the form of organizations that are institutionally independent from the government, do not seek profit and do not distribute profits, self-managing, voluntary and non-compulsory (¹⁴).

Suwaidan, Al-Barwari, (2009) defines non-profit organizations: those organizations that are established for the improvement and reform of society, by guiding the appropriate use of resources, and the provision of goods and services. These organizations do not aim to achieve personal profit or gain, and therefore they are not obligated to distribute profits and this does not mean not carrying out activities that bring profits and help them to accomplish their mission (¹⁵).

Abdul Hafeez, (2008) defines non-governmental organizations as organizations that are established by and for the community, without or with a specific amount of interference from the government, and they include, in addition to charitable organizations, other organizations that work in cultural, economic and social activities, and they are concerned with addressing problems It tries to improve the quality of life for the poor and marginalized of the society. It is also called a non-profit organization that aims primarily to support one or more public or private activities or support a cause or public interest without any commercial interest or

¹⁴ United Nations, **Guide to Non-Profit Institutions in the System of National Accounts**, p. 9, New York, 2005.

¹⁵ Suwaidan, Nizam and Al-Barwari, Abdul Majeed: *Marketing Management in Non-Profit Organizations*, first edition, Dar Al-Hamid for Publishing and Distribution, Amman, 2009.

profit purpose. This form of organization is active in wide areas Such as humanitarian and environmental aid, and the structural composition of its construction is usually a non-profit joint stock company, a cooperative or an informal institution ⁽¹⁶⁾ .

The Financial Action Task Force (FATF) defines a non-profit organization as “**A Legal Person, Arrangement, or Institution that Primarily Contributes to the Collection or Expenditure of Funds for Charitable, Religious, Educational, Cultural, Social, or Fraternal Purposes, or to Undertake Other Types of Good Works** ⁽¹⁷⁾” .

The researcher adopted the definition of the FATF, as it identified the purposes to which non-profit organizations contribute and are more vulnerable than others to the risk of exploitation in money laundering and terrorist financing crimes, and an attempt to project the definition provided by the group with the types of non-profit organizations existing in Palestine that the definition applied to and their purposes and objectives were coincided with the FATF, which is not to make a profit. The main reason for the researcher’s interest in this matter perhaps is due to Palestine’s membership in the Financial Action Task Force for the Middle East, and a group of member countries in the region, which obliged them to “review and develop their procedures, legislation and regulations regulating the work of these associations and institutions, and the methods and standards for monitoring them in a way that ensures the verification of the integrity of transactions and sources of funds for these establishments; to ensure that these donations reach the real beneficiaries, and that these organizations are not misused in illegal criminal activities or transactions”⁽¹⁸⁾ starting from the existence of mechanisms that support legislation and regulations as a supervisory and regulatory aspect

¹⁶ Abdul Hafeez, Alaa, The Role of Charitable Institutions in Developing International Relations and Strengthening Global Civil Society, Third Gulf Charitable Work Conference for the period January 20-22, p. 6 Department of Islamic Affairs and Charitable Activities in Dubai, United Arab Emirates, 2008.

¹⁷ FATF, International Standards for Combating Money Laundering and the Financing of Terrorism and Proliferation, FATF Recommendations, Explanatory Note to Recommendation 8 (Non-Profit Organizations) C- Measures p. 54, modified version, October 2018

¹⁸ MENAFATF, Best Practical Practices on the Subject of "Charity Societies", op. Cit., p. 8.

that contributes to preventing the misuse of these entities according to main axes represented in the study of legal aspects and the supervisory, control and financial aspects in accordance with specific standards and procedures that regulate the work of these organizations and enable the supervisory authorities to carry out their required roles.

1.1.2 Types of Non-Profit Organizations in Palestine and the Regulatory Bodies for Them

What is meant by the non-profit organizations that exist in Palestine, which formed the pure interest of the researcher in her study, are those organizations that applied the definition of the Financial Action Task Force (FATF) and agreed with its goals of non-profit making, which was embodied in the presence of two types (**charities and NGOs sector, and the non-profit companies**) sector (¹⁹). Despite the multiplicity of these types, they aim to achieve legitimate goals that concern the public interest, as according to Law No. (1) of 2000 regarding **charitable societies and civil organizations**, which indicated that the association or organization is an independent legal personality established under an agreement between a number of not less than Seven people to achieve legitimate goals of public interest without aiming to make financial profit with the aim of sharing it among members or for personal social benefit (²⁰). Cabinet Resolution No. (3) of 2010 regarding the **non-profit companies system** indicated that a **non-profit company** is any company registered in accordance with the provisions of the law and does not aim to achieve profit, as its objectives are to provide a service or an economic, social, cultural, civil, development or other activity And it would improve the level of citizens in society, health, professionally, financially, technically, athletically, culturally or educationally, without aiming to achieve profit. And if it achieves

¹⁹ An interview with the Director of Non-Governmental Organizations, Ministry of Interior, visited on 5/7/2021.

²⁰ Palestine, Law No. (1) of 2000 Concerning Non-Profit Charitable Organizations and Civil Organizations in Palestine, Law of Associations and Civil Organizations No. (1) of 2000, (The Palestinian Legislative Council - Palestinian Gazette, No. 32) p. 71.

returns, it may not be distributed to its shareholders ⁽²¹⁾), as the two sectors share the same goals and objectives, as Article (3) of the resolution specified the profitable company's goals with the same goals as the charitable association (MAS, 2016) ⁽²²⁾ meaning that its activities do not aim to achieve Profit and these organizations seek to achieve the public interest and these types of organizations agreed with the definition of FATF. The main difference between the two types of the non-profit organizations sector lies in the registration procedures, the control and supervision bodies, the management mechanism for each of them, and in specifying special laws to organize their work and register them, in which the different supervisory bodies for each of them are shown according to the provisions of the articles related to the laws enacted for each sector. The Ministry of the Interior and the ministries of competence were given the supervisory authority over the sector of civil associations and bodies, and the Ministry of National Economy was granted supervisory powers over the non-profit companies sector.

The multiplicity of the above-mentioned supervisory authorities is not limited to this sector. The legislation in force has granted powers to other parties to monitor the sector of charitable societies, civil bodies, and the non-profit companies sector, such as (the Financial and Administrative Oversight Bureau), to ensure the safety of financial activity and the proper use of associations of their funds, and to monitor the consistency of financial and administrative activity with laws and regulations and their compliance with them, to ensure transparency, integrity and clarity in the performance of these institutions, and to enhance credibility and confidence in their work. In light of multiplicity of these bodies, it will generate either negative or positive results in combating money laundering and terrorist

²¹ Palestine, Cabinet Resolution No. (3) of 2010 regarding the Non-Profit Companies Regulations (Palestinian Gazette, No. 85 of 2010).

²² Dudin, Mahmoud, Evaluation of the Impact of Charitable Non-Profit Organizations and Civil Organizations Law No. 1 of 2000 and its Executive Regulations on the Performance of Non-Profit Organizations, Palestinian Economic Policy Research Institute (MAS) 2016.

financing crimes, or these bodies need to increase their control capacity in combating these crimes that non-profit organizations may be exposed to. These results will become clear after completing all the chapters of the study.

1.1.3 The Regulatory, Oversight, and Legislative Framework Governing the NGO

Sector:

The descriptive approach was used to present the reality of non-profit charitable organizations in the State of Palestine in terms of number, geographical distribution, supervisory bodies and the scope of their work by referring to data derived from basic sources, and using the analytical approach in analyzing the relevant legal texts in the Law of Associations and Civil bodies, its executive regulations, and the Cabinet's decision regarding non-profit companies in order to analyze these laws and ensure the comprehensiveness of the legislative framework and induct the practical practice of these bodies to the extent that serves the objective of the study in reaching the degree of effectiveness of the regulatory authorities in combating the crime of money laundering and terrorist financing in the sector of non-profit organizations in line with international requirements and standards for combating money laundering and terrorist financing in the subsequent chapters.

1.1.3.1 Charitable Organizations and NGOs Sector:

This part deals with the supervisory and legal framework for the sector of charitable organizations and civil bodies, where the supervisory framework consists of the supervisory and control authorities of the sector represented by (the Ministry of Interior and the ministries of competence, as well as the Bureau of Financial and Administrative Oversight and the Anti-Corruption Authority), tasks and roles they perform. Then, it is it deals with some Parts of the legal framework governing it, which focused on the legal frameworks for (regulating

work and registration procedures, fundraising, financial and administrative reporting, mechanisms of accountability and transparency, cooperation and coordination).

1.1.3.1.1 Supervising and Controlling Bodies for The Sector of Charitable

Organizations and NGOs:

Determining a competent authority (governmental or private) that is responsible for supervising and controlling the charitable sector in the country is considered one of the most important requirements through which we verify the compliance of the operating institutions and charities with the controls set by the supervisory authorities and that their work is in accordance with the declared objectives away from abuse. This can be done through a set of standards and supervisory procedures that must be adhered to and applied by non-profit organizations that fall within the scope of their powers, taking into account that these standards and procedures are not devoid of enhancing standards of transparency, disclosure, selection of those working in charitable institutions and associations, and strengthening the supervisory role of these bodies through field inspection visits, office supervision, and obligating organizations to prepare annual accounting financial statements to be published to the public after auditing. Accordingly, several official bodies in the State of Palestine share the responsibility for monitoring and supervising civil associations and bodies (non-profit organizations) represented by the Ministry of Interior and the ministries of competence, in accordance with the Law of Charitable Societies and Civil Organizations No. (1) of 2000 and its executive regulations No. (9) of 2003. Each of them was given specific roles and powers, with the presence of official bodies whose own laws have granted them the authority to monitor the activities of these organizations in financial and administrative aspects. These bodies are represented by the Financial and Administrative Oversight Bureau and the Anti-Corruption Commission.

- The Ministry of Interior and the Ministries of Competence:

The Ministry of the Interior is considered one of the “most important sovereign ministries” for its role in providing security and safety for the Palestinian citizen. It makes important changes and seeks to develop new capabilities in order to implement its role, and provide a more comprehensive security service to the Palestinian public by joining all the security services under its responsibility, in addition to carrying out its essential role of protecting the basic pillars of the state, safeguarding the rights and freedoms of the citizen, ensuring that the Palestinian public lives in safety and confidence, and looking forward to a promising future⁽²³⁾. As for its role as a supervisory authority over the sector of charitable associations and civil organizations in Palestine, it has established a registration department for charitable associations and civil organizations, as stipulated in Article No. (3) of Law No. (1) of 2000, which stipulates the need to register charitable associations and organizations located in the Palestinian Territories at the Ministry of Interior through this department and entrusted with a set of related tasks specified in Article (5) in Executive Regulation No. (9) for the year 2003, which is based on: (1) Preparing the necessary forms to implement the Associations Law and the Executive Regulations and submitting them to the Minister for approval, (2) Receiving applications for the registration of local and foreign associations, ensuring their completeness, and requesting the completion of the information or documents required for the registration of these associations if necessary, (3) Recommending the acceptance or rejection of requests for the registration of associations local and foreign to the Minister of the Interior, (4) determine the competent ministry, (5) keep records related to associations, (6) Receiving the associations’ correspondence regarding any amendments or changes to their position, system, objectives or purposes, or any change in all or part of their board of

²³ Palestine, website of the Palestinian Ministry of the Interior, no date, accessed 23/7/2021. <https://www.moi.pna.ps/About>

directors, within one month from the date of making the change or amendment; (7) Alert the associations that have undergone a change and have not notified the department, (8) Addressing the relevant ministries regarding the implementation of the provisions of the Associations Law and the Executive Regulations, (9) Notifying the relevant ministries of the registration of the associations under which they fall, (10) receiving annual reports from the branches of foreign associations on the work of these branches, including the amounts they spent in carrying out their work (11) receiving the decisions to dissolve the associations issued by the general assembly, (12) sending a written warning to the associations proven to have violated their articles of association in a fundamental way, (13) Sending a written warning to associations that did not start their actual business during the first year from the date of their registration, (14) any other tasks specified in the Associations Law or the Executive Regulations.

Even the Ministry of Interior was entrusted to be the supervisory authority responsible for registration of associations and civil bodies, it was characterized by being a ministry that handles the security affairs of the country. In contrast to the comparative systems in other countries, the task of registering and monitoring associations in some of them was assigned to the Ministry of Social Development such as Jordan⁽²⁴⁾ and the United Arab Emirates⁽²⁵⁾. Other countries, it was assigned to a body completely independent of the executive authority, such as Britain, where the Charities Commission of England and Wales is considered the main regulator in accordance with the provisions of the Charities Act 2011. The matter was not limited to the fact that the Ministry of the Interior was the supervising authority on the sector of charitable societies and civil bodies, but the powers and a supervisory prescription

²⁴ The Hashemite Kingdom of Jordan, Law of Associations and its Amendments No. 51 of 2008 (Ministry of Social Development, Kingdom of Jordan. Ministry of Social Development (mosd.gov.jo) Accessed 7/21/2021.

²⁵ United Arab Emirates, Law No. 12 of 2017, Regulating Civil Establishments in the Emirate of Dubai, Government of Dubai, accessed 7/21/2021.

Law No. (12) of 2017 regulating private establishments in the Emirate of Dubai. (dubai.gov.ae)

were given to the ministries of competence present in Palestine, which number at least 19 ministries of competence, as these ministries whose main activity falls within the association's competence (²⁶). Article No. (9) of the executive regulations stipulates a set of tasks for the competent ministries related to: (1) following up on the work of associations (2) following up on the activity of any association according to a reasoned written decision issued by the competent minister to verify that the association's funds were spent for the purpose for which they were allocated In accordance with the provisions of the Law and the Association's Articles of Association, (3) recommending on the ownership of immovable property by foreign associations, (4) receiving financial and annual reports from non-profit organizations, and giving acknowledgment of receipt of such reports to associations that have submitted them, and (5) receiving notifications from their affiliated associations about who deposits its cash, (6) receiving notifications from its affiliated associations about collecting donations.

Although the two bodies are considered to be the supervisory authorities on this sector, it is assumed that each of them has been entrusted with its own tasks and powers, but it was noted that some provisions of the articles in the Basic Law of Associations and its executive regulations overlap in the tasks and powers, especially with regard to financial and annual reports, where it was sometimes stipulated: The Ministry of Interior receives an annual report on the activities of the foreign association, but in the executive regulations it is stipulated that the Associations Registration Department receives the annual and financial report from associations and bodies without indicating that the association is local or foreign, which means that the association and the Palestinian Body are obligated to submit these reports to the Ministry of Interior, which is contrary to what was stated in the executive regulations and

²⁶ Palestine, Law No. (1) of 2000 Concerning Charitable Non-Profit Organizations and Civil Organizations in Palestine, Law of Associations and Civil Organizations No. (1) of 2000, (The Palestinian Legislative Council - Palestinian Gazette, No. 32), Article No. (2).

the responsibility of the ministries of competence to receive the financial and annual reports, as they are the ministries authorized to follow up the work of associations.

-The Financial and Administrative Oversight Bureau and the Anti-Corruption

Commission:

The Bureau of Financial and Administrative Oversight aims to ensure the safety of work and financial and administrative stability in the National Authority with its three powers: executive, legislative, and judicial, and to detect all aspects of financial and administrative deviation, including cases of abuse of public office, and to ensure that public performance is consistent with the provisions of laws, regulations, decisions and instructions in force and within their limits, and that it is exercised in the best possible way and at the lowest possible cost⁽²⁷⁾. In accordance with Article No. 31⁽²⁸⁾ of the Financial and Administrative Oversight Bureau Law No. 15 of 2004, charitable societies and civil organizations have been subjected to the oversight of the Bureau, and in accordance with Article 24⁽²⁹⁾ of the same resolution, the Bureau has the right to audit accounts, papers, documents and supplies in any department and the employees of these the department should facilitate its task and provide it with all the information requested. It also may draw their attention to the apparent observations, as the impact of this bureau was found through the exercise of its legal and supervisory functions, despite the absence of the Legislative Council in following up on the recommendations of the Oversight Bureau, as the Bureau monitored many violations in NGOs operating in Palestine through the audits and oversight that it carried out to ensure the commitment of civil institutions and NGOs to apply the principles of transparency and integrity, evaluate the organizations' internal control system and implement their work and activities in accordance with the applicable Palestinian laws by taking a sample of the operating associations and civil

²⁷ Palestine, Financial and Administrative Oversight Bureau Law No. (15) of 2004 (Palestinian Legislative Council, Palestinian Gazette, No. 53), Article (23).

²⁸ Financial and Administrative Oversight Bureau Law, Op. Cit, article (31).

²⁹ Financial and Administrative Oversight Bureau Law, Op. Cit, article (24).

bodies, and issuing several supervisory reports. For example, the number of monitoring reports that were implemented between (2011-2012) reached 47 supervisory reports⁽³⁰⁾ related to associations, civil bodies and unions. (11) files were referred to the Anti-Corruption Authority due to cases of embezzlement, theft and exploitation of public money. Moreover, In 2013, oversight reports were implemented on 27 institutions⁽³¹⁾, in which the report monitored the most common and recurring violations in civil institutions and organizations by studying the legal and regulatory framework for these institutions and studying the texts of Law No. (1) of 2000 and determining the extent to which associations comply with it. The Bureau of Financial and Administrative Oversight estimated that the total financial impact that was wasted on the state treasury as a result of non-compliance with the implementation of the provisions of laws and regulations regulating their work amounted to (21,906,406) shekels and an amount of (10,343) dollars. The Bureau performs a very important mission, and the reports issued by it are trustworthy. Perhaps the most important thing that makes its recommendations in its reports take a long time to implement or not implement them at all despite their importance is the absence of the Legislative Council, which in turn reviews and holds accountable actions, which results in fear of the perversion and monopoly of the corrupt segment and manipulators of laws and public money. The study of Abu Hadaf in the year (2006) indicated the low level of the Bureau's achievement of the supervisory tasks for which it was established, and it did not use the government's supervisory performance methods in performing the supervisory work ⁽³²⁾. Here comes the importance of the executive authority in the absence of the Legislative Council, in taking the results of the Bureau seriously and holding accountability on charitable societies and civil organizations through the Anti-

³⁰ Abu Qara, Samer, Charitable Societies and their Role in Combating Corruption. Bureau of Financial and Administrative Oversight, Ramallah, report published on 12/18/2012. p. 6.

³¹ The Financial and Administrative Oversight Bureau, the most common violations in civil institutions and non-governmental organizations, the third quarterly report for the year 2013, The Coalition for Integrity and Accountability - Aman, Ramallah. Palestine Report published 1/2/2014. P.4

³² Abu Hadaf, Op. Cit.

Corruption Commission, where the amended Anti-Corruption Law No. (1) of 2005 in Article (2) subjected the heads and members of the boards of directors of associations, public organizations, charitable societies and civil bodies to its provisions, even if they do not receive funds from the budget, provided that employees of the civil organization affiliated to a foreign country, whether they are nationals or foreigners, shall be subject to the law. Article No. (8) of the same law concluded to examine the financial disclosure of those subject to the provisions of this law, verify suspicions of corruption committed by persons subject to the provisions of this law, collect information related to all forms and types of corruption, and work to create a database and information systems and exchange them with the authorities and bodies concerned in cases of corruption at home and abroad in accordance with the legislation in force, in addition to requesting or accessing any files, data, papers, documents or information, or obtaining copies of them, even if they are confidential in accordance with the legal procedures in force, according to Article No. (9) of the same law.

1.1.3.1.2 Legal and Legislative Framework for Societies and Civil Organizations:

- Law No. (1) of 2000 Regarding Charitable Societies and Civil Organizations and its Executive Regulations No. (9) of 2003.

International human rights covenants guarantee the protection of the right to form and join NGOs and the freedom to practice their work in accordance with Article (20) of the Universal Declaration of Human Rights⁽³³⁾, and as a result, the role of these organizations in Palestinian society was clear and evident in the Palestinian society before the Balfour Declaration and the role of these organizations in the political life, of course, imposed on the Palestinian reality until 16/1/2000, when the President of the Palestinian Authority issued Law No. (1)

³³ United Nations, Universal Declaration of Human Rights, accessed on 20/5/2021 https://www.un.org/ar/udhrbook/pdf/UNH_AR_TXT.pdf

of 2000 and it became effective on 3/31/2000, 30 days after the date of its publication in the Official Gazette on 2/29/2000 ⁽³⁴⁾, which was based in its Article No. (1) on the fact that **“Palestinians have the right to freely practice social, cultural, professional and scientific activity, including the formation and running of NGOs in accordance with the provisions of the law”**. Since then, presidential decrees, decisions of law, instructions and amendments to laws related to the legal framework governing civil associations and organizations have been issued ⁽³⁵⁾. There is no doubt that the laws and texts came to regulate the nature of civil work, protect the interests for which it was established, and enable individuals and groups to exercise the right to form and establish associations voluntarily and peacefully. It was drafted and issued, represented in (45) legal articles divided into nine chapters, so the Executive Regulation No. (3) of 2009 issued by the Council of Ministers came to interpret and organize the law, where we found things that defect the text of the law and violate the executive regulations, or that the executive regulations violate the law in a number of matters and in the actual practice of them on the ground, a matter confirmed by the MAS Institute and referred to by its careful reading of the texts of the law and its executive regulations, something that the researcher referred to in this chapter. On the other hand, it is important to take into account the risks that make non-profit organizations a fertile environment for exploitation, especially in money laundering and terrorist financing crimes, and to ensure the adequacy of regulations and laws which guarantee that non-profit

³⁴ Palestine, Law on Charitable Societies and Civil Organizations No. 1 of 2000 (Legislative Council, Palestinian Gazette No. 32).

³⁵ It is meant that the NGO Affairs Commission was established by Presidential Decree No. (8) of 2002 to succeed the Ministry of NGO Affairs, which was canceled by the aforementioned decree, then the name of the NGO Affairs Commission was changed to the Commission for Human Rights and NGO Affairs on June 28, 2004 and the Prime Minister approved it by virtue of his decision (149) for the year 2004, followed by a decision on 8/1/2006 to abolish the Commission of Human Rights and NGO Affairs and to keep the ministries of competence in accordance with their duties in following up the work of associations, on 25/12/2012 A presidential decree No. (11) for the year 2012 regarding the establishment of the NGO Affairs Commission was issued and was granted the financial and administrative independence feature and affiliated to the President of the Palestinian Authority. On 31/7/2013, the President of the State of Palestine issued a presidential decree amending Presidential Decree No. 11 of 2012 and canceling the financial and administrative independence of the Commission and replacing it with a financial provision within the general budget of the State of Palestine as it is a public institution.

organizations are safe, and at a minimum, can ward off the risks that they may be exposed to, in line with FATF standards in protecting this sector and what has been stipulated in legal and legislative texts that guarantee the existence of restrictions and measures acceptable to protect this sector and to protect the public interest and the desired goals of the sector a proportionately and equally.

- Organization of Work and Registration Procedures:

The Law of Charitable Societies and Civil Organizations No. (1) of 2000 included legal texts and provisions regulating the work of these associations financially, administratively and supervisory, starting from their registration until their dissolution, provided that they are established under an agreement between a number of at least seven people to achieve legitimate goals concerning the public interest without aiming profits so that this law applies to them. Every association must have a board of directors with specific competencies in managing its affairs, appointing employees, and presenting annual reports, plans and projects to the general assembly. The council is responsible for all its work and activities. Thus, it can be said that the law determined the organizational form for this type of association, which is run by a board of directors of no less than seven and no more than thirteen elected by the general assembly in accordance with its statute. The law indicated that the board of directors shall not include two or more members who are related to the first and second degrees of kinship, and according to Article (17) , the board of directors is considered responsible for all the work and activities of the association. Here, the Ministry of Interior was given the authority to register associations through a department it has called the Associations and Organizations Registration Department after submitting a written application that meets the conditions, accompanied by all necessary supporting papers and documents, especially the statute, until a decision is issued to accept or reject their registration.

The Minister of Interior issues his decision that the founders' application fulfills the registration requirements within two months of submitting the application. If the two-month period has elapsed since the request was received without a decision being taken, the association or organization is registered by law, and the competent ministry is informed of the registration of the association under which it falls, and thus it can enjoy the rights granted by law to associations such as their right to own movable and immovable funds to achieve their goals and their right to tax exemption from Taxes and customs duties on movable and immovable funds necessary to implement its objectives contained in its statute and other rights contained in the texts of Articles (15, 14, 9) of Decree-Law No. 1 of 2000 and specifying the obligations that associations must observe after registration.

- Fundraising:

The law permits associations and bodies to collect donations from the public or by holding parties, charitable markets, sports matches, or other means of collecting funds for the social purposes for which they were established, after notifying the competent ministry. The law stipulated that civil societies and organizations deposit their cash funds in their name in any bank or multiple banks on their behalf, with the notification of the competent ministry about the depository, with the necessity of not keeping a cash balance of more than one month's expenditure, based on Articles (31, 33) of Decree Law No. (1)) for the year 2000 and based on the Cabinet Resolution No. (9) for the year 2003 regarding the executive regulations of the law of charitable societies and civil organizations in regard to the functions of the competent ministry, being the body legally authorized to follow up the work and activity of associations according to Article (9) of the executive regulations numbered above. The law and its executive regulations did not specify whether it is obligatory for the bank to be a bank operating in the Palestinian territories, which raises the fear of weakness and the inability of

the supervisory authorities to verify the sources of funds and the aspects of disbursement carried out by these organizations if an external account was used for them.

- **Submitting Reports:**

Palestinian charitable associations and NGOs, according to Law No. (1) of 2000, must submit two reports to the competent ministry, one of which is annual, containing a full description of the association's activities during the past year, and the other is financial, certified by a legal auditor and includes all the association's revenues and expenses. Branches of foreign associations and organizations must submit only an annual report on its work, including the amounts it spent, for the Ministry of Interior according to what is stated in Law No. 1 of 2000. However, what is stated in the executive regulations in Article No. (49) which stipulates that the Associations Registration Department in the Ministry of Interior shall notify the association or body of receiving the financial and annual reports, which means that the Ministry of Interior receives these reports in a manner that is contrary to what is stated in Law No. (1) for the year 2000, which entrusts this task to the competent ministry.

- **Mechanisms of Accountability and Transparency:**

The law is devoid of clarifying accountability mechanisms in civil associations and bodies, and the responsibility of the board of directors for the work and activities of the association. The law and its executive regulations are also devoid of appropriate rules of transparency, as the law did not obligate to publish financial and administrative reports to the public, as well as their sources of funding, donations and grants obtained, and mechanisms for organizing and auditing financial records. It did not obligate civil associations and bodies to include the rules of governance, accountability and transparency that should be worked on in their statutes, and although the provisions of the law were devoid of articles related to enhancing accountability and transparency, there were many procedures required according to the provisions of the law that indirectly reinforce the rules of governance.

- Cooperation and Coordination:

The law defines the nature of the relationship between associations and bodies with the relevant ministries based on coordination, cooperation and integration for the public interest, as the mechanism for this cooperation and coordination was not specified, through the text of Article No. (10) of Associations Law No. (1) of 2000. “The relationship of associations and bodies with the relevant ministries is based on coordination, cooperation and integration for the public interest,” and Article No. (8) of Executive Regulation No. 9 of 2003: “The relationship of associations with the relevant ministries is based on coordination, cooperation and integration for the public interest.” Several studies, including the MAS Institute study, referred to the Ministry of Interior’s hyperbole towards associations and their follow-up, attendance of their board of directors meetings, receiving and reading financial and administrative reports in light of the association’s activities and the extent to which they are reflected in their goals and directing warnings to violating associations from their point of view only, all without referring to the Ministry of Competence. This negatively affected the ability of the Competent Ministry to defend its original competence in following up and coordinating with its relative associations.

- Law No. (7) of 2021 Amendment to the Law of Charitable Societies and Civil

Organizations and its Amendments:

The above-mentioned law encountered great objections from the sector of associations and civil organizations after it was issued and published in the official Gazette (Palestinian Gazette) on 2/3/2021, since it was issued by the President of the State of Palestine upon the recommendation of the Council of Ministers and the Prime Minister without involving the sector of associations and civil organizations, as if they are not a partner in the system and

are not a party in this sector. In its statement, Al-Haq Foundation indicated its objection to the amended Law of Associations and Civil Organizations, in light of the fierce attack against civil institutions by Israel, and that the above-mentioned law violates the Universal Declaration of Human Rights (Article 20) and the International Covenant on Civil and Political Rights (Article 22). which emphasized the right to form associations and the independence of their activities and financial resources. It considered this decision by law as a prevalent approach in the Palestinian Authority's dealings with civil institutions with a view of doubt and suspicion, and not from the perspective of the partner and the monitor of the human rights situation, with the aim of promoting rights and freedoms and the foundations of transparency and good governance. It emphasized that the executive authority does not seek to amend the Law of Associations, but rather attempts to overpower associations and control their funds and partner financing institutions, especially in light of the presence of a n interval between the cabinet's placement of the decision by the aforementioned law and its approval of a period of more than a month and a half without a statement by them that indicates and demonstrates the existence of a clear and deliberate intention by the executive authority (the presidency and the government) to target charitable institutions (³⁶).

Among the most important amendments addressed in the new Law No. (7) of 2021 amending the Law of Charitable Societies and Civil Organizations:

Regarding the amendment of the text of the original Article No. (33) and imposing more restrictions on associations to receive donations and financial grants by replacing the phrase "notifying the Competent Ministry of collecting donations by NGOs from the public or by holding parties, charitable markets or sports matches" and having the phrase "the approval of the Competent Ministry.

³⁶ Al-Haq Foundation, Position Paper on the Decision by Law No. (7) of 2021 Amending Charitable Societies and Civil Organizations and its Amendments, Al-Haq for the Man, Al-Haq Foundation, March 3, 2021.

The text of Article 2 of Decision by Law No. (7) of 2021, which aims to amend the text of Article 31 of the Basic Law of Associations, which is contained in the certified financial and administrative reports that associations submit to the Competent Ministry no later than four months from the end of the fiscal year. The amendment was made by adding a new text to the original text obligating the associations to submit to the Competent Ministry an annual work plan and an estimated budget for the new fiscal year so that it is consistent with the plan of the competent ministry. Here, Al-Haq foundation considered that this legal text is to say that “ NGOs will work according to the plan of the Competent Ministry and not according to their vision, mission, goals and programs, and they must program the planning process and monitor financial budgets according to the plan of the Competent Ministry although the Competent Ministry does not have any published plan and has never discussed the institutions with any plan they have in this regard. Moreover, the time interval for submitting plans and estimated budgets was not addressed.

1.1.3.2 Non-Profit Companies Sector:

This part addresses the supervisory and legal framework for the non-profit companies sector, where the supervisory framework consists of monitor and supervisory authorities of the sector represented by (the Ministry of National Economy as well as the Bureau of Financial and Administrative Oversight and the Anti-Corruption Commission) and the tasks and roles they perform, Followed by addressing some of the parts of the legal framework governing it, which focused on the legal frameworks (regulating work and registration procedures, collecting donations, providing financial and administrative reports, accountability and transparency mechanisms, cooperation and coordination).

1.1.3.2.1 -Supervising and Controlling the Sector of Non-Profit Companies:

-Ministry of National Economy:

The responsibility for monitoring and supervising non-profit companies that are considered among the sectors that have been identified in their goals and objectives within the (non-profit organizations) sector is entrusted to the Ministry of National Economy, based on Article No. (10) of Cabinet Resolution No. (3) of 2010 regarding not-for-profit corporation system, Provided that the auditor undertakes the control of non-profit companies in everything related to the implementation of the provisions of the law and this bylaw, and for this purpose, he may assign the company's auditor or assign another auditor or any employee of the administration to the company's accounts to audit its records and all its other works. The auditor has the right to monitor the company's activities annually for its activities, activities and sources of financing, accompanied by its budgets certified by the authorized signatories on behalf of the company and its auditor, in accordance with Article No. (6) of the same resolution numbered above. Article No. (14) of the resolution gave the Minister of National Economy the powers to warn any non-profit company to correct its situation before referring it to liquidation within a maximum period of one month from the date of its warning. The situation of non-profit companies sector is similar to charitable organizations and civil bodies in light of the complete similarity of goals and objectives achieved by the two sectors as they fall under the name of non-profit sectors in the presence of official bodies granted by their own laws the power to monitor the activities of these companies in terms of financial and administrative aspects represented by both of the Bureau of Financial and Administrative and the Anti-Corruption Commission.

-Financial and Administrative Oversight Bureau and Anti-Corruption Commission:

Non-profit companies have been included among the private entities for the oversight of the Financial and Administrative Oversight Bureau pursuant to Article (7) of the Decree-Law of

2017 regarding the amendment of the Financial and Administrative Oversight Bureau No. (15) of 2004 so that non-profit companies become one of the entities subject to the law due to the similarity of these institutions with other civil work institutions in receiving grants and external projects, whereas the difference between them is that non-profit companies can appeal to easier legal and regulatory provisions. The Palestinian Council of Ministers issued the decision by Law No. (7) of 2015 regarding non-profit companies, which stipulates that non-profit companies are subject to the Anti-Corruption Law No. (1) of 2005 and its amendments.

1.1.3.2.2 The Legal and Legislative Framework Governing the Non-Profit Companies Sector:

Reference was made to the establishment of non-profit companies in Palestine for the first time after the issuance of Law No. (6) of 2008 amending the applicable Companies Law No. (12) of 1964. It takes the form of a private joint stock company and is similar in its work to the sector of civil associations and organizations in terms of its goals and purpose of not making a profit. The Council of Ministers issued Resolution No. (3) of 2010 regarding the system of non-profit companies on 15/2/2010, based on Resolution No. (6) of 2008 ⁽³⁷⁾, regulating everything related to non-profit companies and the mechanisms of oversight over them. Its texts included 17 legal articles in which the organizational form of this type of company, the conditions for its establishment, the provisions for its registration, the powers of the Ministry of Economy to follow up on its work, and other provisions and legal texts related to this type of non-profit organization were determined.

³⁷ Bureau of Financial and Administrative Oversight, Report on the Reality of Non-Profit Companies in Palestine, Bureau of Financial and Administrative Oversight, Oversight and Audit for Building, Development and Promoting Good Governance, June 2018.

Since the above-mentioned Palestinian Non-Profit Companies Law was issued, several decisions have been made in relation to non-profit companies, including Cabinet Resolution No. (7) of 2015, which stipulated that non-profit companies were subject to the Anti-Corruption Law No. (1) of 2005 and its amendments, then the Cabinet Resolution No. (8) for the year 2015 was issued to amend Article No. (3) of the Non-Profit Companies Law for 2003, which requires obtaining the approval of the Council of Ministers to accept gifts, donations, aid and financing, and a statement of its purpose.

- Organization of Work and Registration Procedures:

For all of the above, the law defines the organizational form of non-profit companies, which take the form of a private joint stock company, specifying their objectives in providing a service or an economic, social, cultural, civil or other activity that will improve the level of citizens without aiming to achieve profit, and if they generate returns, it is not permissible to distribute it to their shareholders. This type of company is established by the agreement of a number of shareholders, not less than two and not more than fifty shareholders. The Ministry of National Economy was alone in the task of registering this type of company and following up on its work. It gave the Companies Controller the authority to accept or reject the application for registration and his powers to assign an auditor or an employee of the company's management to check the company's records and other business. Accordingly, the Minister of National Economy is granted the power to warn any non-profit company to correct its situation, the power to refer the company to liquidation according to specific cases, and the mechanism for distributing the capital upon liquidation of the company.

- Fundraising:

These companies were given a set of their own rights, represented in choosing the field or activity they wish, performing activities and establishing income-generating projects, which allowed the multiplicity of fields and activities in which this type of non-profit organization

operates, in addition to its right to own movable and immovable funds and accept gifts, donations, aid or funding for its projects from foreign bodies. All of this is dependent on obtaining the prior approval of the Council of Ministers to accept the financial support and specify its purpose.

- Submitting Reports:

The company shall submit to the auditor an annual report on its work and activities carried out and its sources of funding, accompanied by its budget, certified by the authorized signatories on behalf of the company and its auditor.

- Mechanisms of Accountability and Transparency:

It was not clear that the mechanisms of accountability and transparency in this sector were explained in accordance with the above-mentioned cabinet decision, as it was not clear from the laws relating to this type of organization of a transparent organizational mechanism for collecting donations and the revenues obtained, and the disclosure policies oriented to the public.

- Cooperation and Coordination:

The situation of non-profit companies was similar to that of civil societies and bodies, as it was not clear to clarify the mechanisms of cooperation and coordination in this sector according to the decision of the Council of Ministers numbered above between it and other regulatory authorities.

1.1.4 The Approach between the Sector of (Civil Organizations, Charities and Non-Profit Companies)

The non-profit organizations in Palestine varied between the sector of charities, NGOs and non-profit companies, in addition to other types of organizations represented by clubs, unions

and others, where the focus was on these types as a result of their compatibility with the definition of the Financial Action Task Force (FATF), while these types were characterized by multiple Oversight authorities, which may have a negative and / or positive impact on the control of this type of organization, especially with regard to its efforts and measures taken in combating the crimes of money laundering and terrorist financing. These bodies cannot be sufficiently effective without making sure of their regulatory, supervisory and legislative frameworks, which differed among these types despite the similar wishes, goals and purpose of their establishment. This concluded a set of results and observations that should be considered and draw the attention of the supervisory and regulatory authorities:

1- Through careful observation to the organizational structure of each of the charities and civil bodies, and non-profit companies, it is noted that the association consisted of a general body and a board of directors consisting of (7-13) members authorized to manage the financial, administrative and organizational affairs of the institution, while the formation of non-profit companies was allowed by agreement between a number of shareholders (not less than two and not more than fifty) without considering the existence of the general body and its powers to establish the principles of governance and transparency necessary for civil work and to monitor them, since these bodies were established to serve the public and meet the needs of the public. Moreover, the law of non-profit companies did not prevent the existence of a kinship relations between the members of the board of directors, or it is worth saying that there is no board of directors, but the founders of this type of companies are the board of directors, which will result in the existence of non-profit companies that have been established by people who bring them together A kinship relations, and accordingly, the goal and purpose of this type of company changes from achieving general goals to achieving personal goals.

2- The point mentioned in Clause No. (1) results in the absence of rules, standards and procedures aimed at measuring the commitment of non-profit companies whose objectives are similar to charities and civil organizations with the best global practices represented in their governance which contribute in some way to achieving justice and transparency and ensuring the right of accountability between the Board of Directors, executive managers, shareholders and stakeholders.

3- The law, whether it was the law of charities and civil bodies or the law of non-profit companies, did not include accountability rules, as it was not clear from the laws of this type of organization of a transparent regulatory mechanism for collecting donations and the returns obtained, and disclosure policies oriented to the public.

4- The goals and areas in which non-profit companies have been allowed to work are diverse and numerous, which prevents specialization in their work, and thus the difficulty of evaluating and following up on the work resulting from companies by the official authorities with jurisdiction.

5- The previous point mentioned in Clause No. (4) entails that in light of the need to monitor and supervise the non-profit organizations sector, it is difficult to control two different types, in particular, non-profit companies that were characterized by the multiplicity of activities and fields in which they operate, and so prevented specialization in their work.

6- Authorities entrusted with the task of monitoring and supervising the sector of civil associations and bodies and the sector of non-profit companies are many, and it became clear that the powers of the most important body to follow up the work of the organizations sector, which is the Ministry of Competence, were weak.

7- The law violates its executive regulations in a number of matters, specifically Law No. (1) of 2000 regarding the law of charitable societies and organizations and its executive

regulations, particularly with regard to the ministries of competence, in which it shows the complete limitation of their powers in terms of:

A- Obliging only the association, the branch of the foreign body or association, to provide the Ministry of Interior with an annual report on its activities, including the amounts it spent in carrying out the works. However, the executive regulations stipulated that the Associations Registration Department in the Ministry of Interior shall notify the association or body of receipt of the financial and annual reports which means obligating all associations to submit reports to the Ministry of Interior, whether they are Palestinian or foreign.

B - The competent ministry, according to what was specified in its objectives, is the body that monitors and follows up the work of civil associations and organizations and verifies that their funds were spent for their specific purpose and therefore is the most important body in obtaining the financial and annual reports of these associations, which contradicts the previous point. Moreover, the law did not specify a follow-up and control mechanism for this sector, as mentioned in point (3).

C- The Ministry of Interior, through the Civil Associations and Organizations Registration Department, is unique in registering the association or the civil body and defining the ministry of competence according to the objectives specified in the association's statute. When the competent ministry receives the list of associations registered with it, it finds itself that it is not a competent ministry, which indicates the weakness of coordination mechanisms between The Ministry of Interior and the ministries of competence, and it weakens the necessary follow-up, supervision and control over the sector.

8- The law defines the nature of the relationship between associations and civil bodies based on integration, cooperation and coordination without specifying what the relationship should be, how, and what are the terms and criteria in which this cooperation takes place.

1.1.5 The Position of Non-Profit Organizations from the Regulatory Authorities

Civil societies and organizations and non-profit companies have taken a major position on the executive authority for its continued issuance of decisions by law, presidential decrees, regulations and instructions to amend the Law of Charitable Societies and Civil Organizations No. (1) of 2000 and the decision of the Council of Ministers regarding non-profit companies represented by the creation of new supervisory bodies, which the organizations considered as indicative. On two matters: one of them is the continuous tendency of the executive authority to control civil society institutions and undermine their role in monitoring public performance, and the other is to consider that this indicates the lack of confidence of the executive authority in the official supervisory bodies.

There is a position of organizations regarding the establishment of the NGO Affairs Authority by virtue of a presidential decree and it reports directly to the president and submits its annual reports directly to the president. In 2013, this authority became financially and administratively independent and reports directly to the president, which the organizations considered to be in violation of Basic Law No. 1 of 2000, and also considered that the Ministry of Interior is exceeding the limits of its competence and encroaching on the powers and competencies of the Ministry of Competence especially after the Ministry of Interior requested civil organizations to provide it with their annual administrative and financial reports, bearing in mind that this issue is the prerogative of the Ministry of Competence and not the Ministry of Interior under the law, which led to the weak performance of the ministries of competence and the dominance of the Ministry of Interior over the various affairs of NGOs.

The Second Topic

Money laundering and Terrorist Financing Offenses

(Concept and Implications)

Preface:

This topic consists of two sections. The first section aims to highlight the concepts of financial crimes (money laundering and terrorist financing). The researcher also deals with some of the effects of these crimes as a simple part of the many effects of these crimes without limiting them to what is stated in this topic. In the second section, the researcher deals with an overview of the recommendations of the Financial Action Task Force and the criteria of the eighth recommendation for the non-profit organizations sector and its explanatory note, in preparation for studying the effectiveness of the supervisory authorities on this sector through the extent of commitment under these standards and the set of procedures and measures adopted by the supervisory authorities, their analysis and presentation in the second chapter.

1.2.1 The Concept of Money Laundering and Terrorist Financing

1.2.1.1 Concept of Money Laundering

The concepts of money laundering used differed and the different viewpoints between scholars, researchers and international legislation varied according to different references and countries' definitions of these crimes according to their laws, legislation and international law in dealing with these crimes and international organizations such as: the International Monetary Fund, the World Bank, INTERPOL, ISCO and FATF.

Graycar and Peter Grabosky ³⁸define money laundering as the process by which criminals attempt to conceal the true origin and ownership of criminal activities.

Duyne, P.C. van, K. von Lampe and J.L. Newell (ed.) ³⁹define money laundering as a false claim of a legitimate source of an illegally acquired advantage.

It is clear from the above that the first concept defined the process of concealing the real origin without specifying the final goal of the concealment process, and in the second concept, the meaning of the acquired advantage of a legitimate source was not clear. Accordingly, the researcher continued dealing with the concepts addressed by international organizations that made many efforts in explaining money laundering in an attempt to unify the concepts among them to the closest extent of similarity in the concepts that focused on the activities and the subject of laundering and the ultimate goal of it, as the International Monetary Fund defined it: A process in which assets obtained or resulting from criminal activity are transferred or hidden in order to conceal their connection to the crime.⁴⁰

As for the (IOSCO) ⁴¹organization, "it is a wide range of activities and operations aimed at concealing the source of illegally obtained funds and giving the appearance that they were raised as a legitimate source." Where the legislation related to money laundering began to criminalize the proceeds of drug-related crime as stipulated in the Vienna Convention on Narcotics and thus consider that the money launderers who can be prosecuted are the ones who tried to launder the proceeds derived from the production and sale of drugs, but in line with the recommendations of the Financial Action Task Force and the directive of the

³⁸ Graycar, Adam and Peter Grabosky, Money Laundering, Australian Institute of Criminology Research and Public Policy Series, **Money Laundering in the 21st Century: Risks and Countermeasures**, Seminar held on 7 February 1996 Canberra, Australia.

([Money laundering in the 21st century : risks and countermeasures \(psu.edu\)](http://www.psu.edu/~psu/aml/))

³⁹ Duyne, P.C. van, K. von Lampe and J.L. Newell (ed.), **Criminal Finances and organizing crime in Europe**, Nijmegen, 2003, p. 69

⁴⁰ International Monetary Fund, **The IMF and the Fight against Money Laundering and Financing OF Terrorism**, A fact sheet, September 2004. (<http://www.imf.org/external/np/exr/facts/aml.htm>).

⁴¹ International Organization of Securities Commissions (IOSCO) Technical committee, **Report on Money Laundering**, October 1992, No. 25

European Union introduced many Crimes to criminalize money laundering also derived from other sources and not drugs, as the Financial Action Task Force (FATF) defined money laundering:

It is the treatment of criminal proceeds to conceal their true illegal source, and accordingly it was stipulated that the crime of money laundering be applied to all serious crimes to include greater than the original crimes, and accordingly most countries criminalized serious crimes, but nevertheless, each country adopted a different approach to what constitutes a serious crime for the purpose of committing it. Therefore, the original crimes that generate revenue differ from one country to another. Therefore, the original crimes that generate revenue differ from one country to another.

Law No. (20) of 2015 and its amendments in Article No. (2) referred to the acts that constitute the money laundering crime, and stipulated that the following acts be considered money laundering crimes: A- Substitution, transfer or delivery of funds by any person knowing that these funds constitute the proceeds of a crime for the purpose of concealing or disguising the illegal origin of these funds or to assist a person involved in the commission of the original crime to evade the legal consequences of his actions. b- Concealment or disguise of the true nature, source, location, disposition, movement, ownership or rights relating to funds by any person who knows that these funds constitute the proceeds of crime. C- The ownership, possession or use of funds by any person knowing at the time of receipt that these funds are the proceeds of a crime for the purpose of concealing or disguising the illegal origin of these funds. D- Participation in, aiding, abetting, conspiring, counseling, giving advice, facilitating, collusion, covering up or attempting to commit any of the acts stipulated in this Article⁴², and therefore the perpetrator of any of the previous acts is considered a money launderer.

⁴² Anti-Money Laundering and Terrorist Financing Law No. 20 of 2015, Article No. 2, paragraph 1, 2, 3. 2015

The researcher defines money laundering: it is the process in which money and resources derived from illegal sources are transferred to appear as if they were obtained from legitimate sources.

1.2.1.2 The Concept of Terrorism and its Funding:

- The Concept of Terrorism

Terrorism is considered one of the most important and prominent issues on the international scene in light of the development and multiplicity of the methods of implementing this crime and its grave effects include individuals and facilities, which many efforts have been devoted to defining it represented by international conventions starting with the definition of the Geneva Convention for the Suppression and Punishment of Terrorism of 1937 following the accidents that occurred in France⁴³. These efforts continued and culminated in the definition contained in the European Convention of 1977, which did not define terrorism specifically and included a number of acts that, if practiced, constitute terrorism.⁴⁴

The Arab Convention of 1998 stated in Article (1), the third paragraph, the definition of terrorism as: Every act of violence and threat, regardless of its motives or purposes, that takes place in implementation of an individual or collective criminal project and aims to sow terror among people and intimidating them by harming them or endangering their lives, freedoms and security, or causing harm to the environment or to a public or private utilities or property, or owning or seizing them, or exposing a national resource to danger⁴⁵.

The FATF referred to the terms related to terrorism (terrorist acts, terrorist financing and terrorist organizations:

⁴³ Refaat, Ahmed Muhammad and Dr. Al-Tayyar, Saleh Bakr, International Terrorism, The Center of Arab-European Studies, Paris, 1988.

⁴⁴ Abd al-Hadi, Abd al-Aziz Mukhaymar, International Terrorism, Dar al-Nahda al-Arabiya, 1986, p. 176.

⁴⁵ Arab Convention against Terrorism, 1988.

- Terrorist Acts:

(a) an act that constitutes an offense within the scope of the following treaties and as defined in one of them: (1) the Convention for Suppression of Unlawful Seizure of Aircraft (1970), (2) the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation (1971), (3) The Convention of Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Personnel (1973), (4) International Convention against Hostage Taking, (1979), (5) The Convention of Physical Protection of Nuclear Material, (1980), (6) Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementing the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation (1988), (7) The Convention for Suppression of Unlawful Acts against the Safety of Maritime Navigation, (2005) (8) Protocol for the Suppression of Unlawful Acts Against the Safety of Fixed Platforms on the Continental Shelf (2005), (9) International Convention for the Suppression of Terrorist Bombings (1997), and (10) International Convention for the Suppression of the Financing of Terrorism (1999).

(b) any other act intended to cause the death or serious bodily injury of a civilian or any other person not involved in hostilities in a situation of armed conflict, when the purpose of this action is, by its nature or context; oriented to intimidate the population, or to force a government or an international organization to do or abstain from doing any act.

- Terrorist Funding:

Terrorist funding includes the financing of terrorist acts, terrorists, and terrorist organizations.

- The Terrorist Organization:

The term refers to any group of terrorists that: (1) commits or attempts to commit terrorist acts by any means, directly or indirectly, unlawfully and with their will, (2) participates as an

accomplice in terrorist acts, and (3) organizes or orders other persons to commit terrorist acts or (4) Participates in the perpetration of terrorist acts by a group of persons acting with a common intent, and this participation is intentional and with the aim of expanding the criminal activity, or with knowledge of the intention of the group to commit a terrorist act.

1.2.1.3 Consequences of Money Laundering and Terrorist Financing:

There is no doubt that the consequences of money laundering and terrorism crimes are numerous, with a serious impact on all vital joints of countries in all its sectors. Accordingly, the researcher will only list some of the effects in an attempt to include all sectors:

- 1- Loss of reputation at the international level.
- 2- The effect on the distribution of income and the circulation of money in the hands of a small group of individuals and the difficulty of restoring balance and meeting the requirements of spending and development, which is a final outcome of inflation, high prices and a decrease in the purchasing power of money.
- 3- Corruption of the financial and banking system, its weakness and loss of confidence in it.
- 4- Depriving countries of investment opportunities
- 5- The spread of crime and the increase in fears of terrorist operations. Where is terrorism, there is money laundering operations, and with money laundering, the chances of terrorist operations increase.
- 6- Money laundering contributes to an increase in terrorism and terrorist activities, and this includes concealing the illegal source of funds as well as the illegal destination for use.

1.2.1.4 Terrorism and terrorist financing and the political difference between them:

There is no consensus at the international level on the definition of terrorism, as the absence of a unified international definition of terrorism is a result of the fact that this concept develops over time and varies according to the country, geographical region and political

needs, but despite this difference, the United Nations recognizes a number of groups Non-state terrorist organizations, for example: the Taliban as a terrorist group under Security Council resolution 1267 (1999), ISIS and Al-Nusra under resolution 2253 (2015) and associated individuals, groups, institutions and entities⁴⁶ at the level of the State of Palestine, and as a result of its political situation, terrorist acts were described based on what was stated in Article 147 of the Penal Code “It is all acts that aim to create a state of panic and are committed by means such as explosive devices, inflammable materials, toxic and incendiary products, and epidemiological or microbial agents that are likely to create a public danger”⁴⁷. With this description of terrorist acts, the State of Palestine dealt with some settler gangs as terrorists and who carry out terrorist acts. The criminal description they carry out matches the definition of Palestinian terrorism. And the State of Palestine refuses to sign the International Convention for the Suppression of the Financing of Terrorism out of its refusal to equate legitimate resistance with terrorism in the absence of a unified global definition of terrorism and the right of the Palestinian people to self-determination.

Despite this, the State of Palestine abides by the lists of terrorism issued by the Security Council of the United Nations, which the FATF called on to abide by, for example Resolution (1267) and Resolution (2253). The State of Palestine does not include any Palestinian organization on its local lists that the state adopts in accordance with Security Council resolution (1373), and the state cannot be forced to adopt any lists from other countries that list Palestinian organizations, especially since United Nations resolutions preserve the inalienable rights of the Palestinian people, including the right of Fate was decided, regardless of which countries listed the Palestinian organizations.

⁴⁶ Links between Organized Crime and Terrorism, <https://www.unodc.org/e4j/ar/organized-crime/module-16/key-issues/definitions-and-terminology.html>, UNODC, accessed 20/10/2022

⁴⁷ The Hashemite Kingdom of Jordan, Penal Code No. 16 of 1960, No. 1487, the Jordanian Official Gazette (Jordanian Governance), 1/5/1960.

With regard to the financing of terrorism, it was agreed on its definition between countries, including what was referred to in a decision in the Anti-Money Laundering and Terrorist Financing Law No. 39 of 2022 and its amendments in Article No. (6), which indicates that “it is considered a terrorist financing crime every person who intentionally provides or collects Funds from a legitimate or illegitimate source by any means, direct or indirect, with an illegal intent to use them or with the knowledge that they will be used in whole or in part in the commission of a terrorist act or by a terrorist person or terrorist organization”⁴⁸.

Any person who intentionally, directly or indirectly, provides or collects funds from a legitimate or illegitimate source with the aim of traveling to a country other than the state of their residence or nationality for the purpose of committing, planning, participating in, preparing or facilitating terrorist acts, shall be considered a perpetrator of the crime of terrorist financing. Providing or receiving training on terrorist acts.

2-Every person who:

- a. Attempts to commit a terrorist financing crime.
- B. Participates as an accomplice in or attempted to commit any terrorist financing crime.
- c. Organizes terrorist crimes or directs others to commit them or to attempt to commit them.
- D. Contributes to the commission or attempt to commit one or more terrorist financing offenses with a group of persons working for a common purpose.

Where this previous definition is consistent with the definition of the International Convention for the Suppression of the Financing of Terrorism in paragraph (1) of Article (2). It also agrees with the definition of the Financial Action Task Force (FATF), and other countries that have agreed on the definition of terrorist financing and are unanimous on it.

⁴⁸ Palestine, Decree-Law No. (39) Of 2022 Concerning Combating Money Laundering and Terrorist Financing, No 194, Official Palestinian Gazette.2022

1.2.2 FATF Recommendations and Standards

This section provides an overview of the FATF recommendations, Recommendation Eight for the NGO sector, and the text of Recommendation Eight and its criteria:

1.2.2.1 An Overview on FATF Recommendations:

The Financial Action Task Force (FATF) and its role in developing and promoting policies to protect the global financial system from money laundering, terrorist financing and financing the proliferation of weapons of mass destruction was defined, and its recommendations are recognized as a global standard for combating money laundering and terrorist financing⁴⁹. The Financial Action Task Force has set a set of standards related to these recommendations that countries should implement in order to combat money laundering and terrorist financing. These standards consist of recommendations and their explanatory notes, and the definitions mentioned in the glossary⁵⁰. These standards are binding on all member states of the group, and regional financial working groups, and must be evaluated through joint evaluations and through evaluations carried out by the International Monetary Fund And the World Bank based on the FATF Joint Evaluation Methodology (FATF Recommendations).

Many updates and amendments have been made to the recommendations of the Financial Action Task Force, in line with the developments and trends of money laundering and terrorist financing, the first of which was in 1990 as an initiative to combat misuse of financial systems by persons who launder drug money, and was revised in 1996 to expand its scope beyond drug money laundering. In the year 2001, after the events of September 11, the

⁴⁹ FATF, Financial Action Task Force, Methodology for Assessing Technical Compliance with FATF Recommendations and Effectiveness of Anti-Money Laundering and Terrorist Financing Systems, Updated October 2019, France, p. 2.

⁵⁰ FATF, Financial Action Task Force Recommendations, International Standards for Combating Money Laundering, Terrorism Financing and Proliferation, Updated Version October 2018, pg 4.

Financial Action Task Force expanded its tasks to deal with the issue of financing terrorist acts and terrorist organizations, and developed for them a set of recommendations of its own, represented by eight recommendations amended later to become nine recommendations until the last review carried out in 2012, in which these recommendations were combined with the forty recommendations as international standards for combating money laundering and terrorist financing.

The Financial Action Task Force (FATF) has defined the methodology necessary for the evaluation process, which includes two main complementary parts. The first is the evaluation of technical commitment, which deals with the implementation of the special requirements in the FATF recommendations related to the legal and institutional framework of each country, in addition to the powers and procedures of the competent authorities. These requirements represent the mainstay of any anti-money laundering and terrorist financing system.

The second is the aspect related to effectiveness, which seeks to assess the extent to which financial systems, economies, and countries' measures mitigate the risks of money laundering and terrorist financing, that is, in a broader sense, the effectiveness depends on the extent to which the legal and institutional framework achieves the expected results⁵¹.

1.2.2.2 Recommendation Eight: The Non-Profit Organizations Sector

The non-profit organizations sector is one of the sectors that the international standards of the Financial Action Task Force have given special attention, as the eighth recommendation of its forty recommendations has been devoted to this sector, in which the FATF adopted a functional definition of non-profit organizations based on the activities and characteristics that expose an organization to the risk of exploitation in the financing of terrorism. The

⁵¹ Previous reference, pg.7.

recommendations that deal with this sector are not limited to the eighth recommendation, but there are a number of other recommendations that apply to this sector. The eighth recommendation will be discussed in detail, in terms of what this recommendation stipulates in addition to the optimal technical compliance standards that countries must abide by, and which show full compliance with the mandatory elements of the recommendation, according to which the effectiveness of the State of Palestine in combating money laundering and terrorist financing crimes will be measured through measures and procedures applicable to this sector.

1.2.2.3 Text of Recommendation Eight⁵²:

Countries should review the appropriateness of laws and regulations relating to non-profit organizations that the country has identified as being vulnerable to terrorist financing exploitation. Non-profit organizations are particularly vulnerable to this, and countries should apply focused and proper measures, consistent with a risk-based approach, to these non-profit organizations to protect them from exploitation for terrorist financing purposes, including:

- (a) by terrorist organizations that appear as legitimate entities;
- (b) for the use of legitimate entities as instruments of terrorist financing, including to evade asset freeze measures; And
- (C) To conceal or cover up the secret transfer of funds intended for legitimate purposes to terrorist organizations.

⁵² FATF, Financial Action Task Force, International Standards for Combating Money Laundering, Terrorism Financing and Proliferation, Financial Action Task Force, Paris, France, p. 8, (2012-2018) version updated in 2018.

1.2.2.4 Criteria for Recommendation Eight⁵³:

This section deals with the criteria and elements of the eighth recommendation of the FATF, in line with the explanations and measures stated in the explanatory memo for countries to adopt regarding this recommendation:

Both the above recommendation and its explanatory memo indicate that not all non-profit organizations pose an inherently high risk (while some may pose a low risk or may pose no risk at all). Countries should identify the sub-group of organizations included in the FATF definition of non-profit organizations, and should use all relevant sources of information for the purpose of identifying the characteristics and types of non-profit organizations that, by virtue of their activities or characteristics, are likely to be at risk of exploitation for the purpose of financing terrorism. It is also important to identify the nature of the threats that terrorist entities pose to non-profit organizations that are at risk and how terrorist actors exploit those organizations. Countries should review the adequacy of procedures, including laws and regulations, relating to the sub-group of the non-profit organization sector that could be used to support terrorist financing, to enable proper and effective action to address identified risks. Countries should also periodically reassess the sector by reviewing new information about the sector's potential weaknesses in terrorist activities to ensure that measures are effectively implemented.

There is a set of measures and approaches adopted by countries that can be followed to identify, deter, and combat terrorist exploitation of non-profit organizations. However, an effective approach is one that includes the following four components: (a) continuous communication with the sector, (b) targeted risk-based monitoring or supervision, (c) effective investigation and collection of information, and (d) establishing effective mechanisms for international cooperation. The following measures present specific actions

⁵³ International Standards, op. cit. pp. 54-60.

that countries should take with respect to each of these elements in order to protect their sector of non-profit organizations from exploitation in the financing of terrorism.

(a) Continuous Communication with the Non-Profit Organization Sector on Issues Related to the Financing of Terrorism

(1) Countries should adopt clear policies to encourage accountability and integrity and increase public confidence in the management and regulation of all non-profit organizations.

(2) countries should encourage or assume responsibility for the development of communication and cultural programs to increase awareness in the non-profit sector and among donors on the potentiality for terrorist exploitation and terrorist financing risks for these organizations, as well as on measures that non-profit organizations can take to protect themselves from such exploitation.

(3) Countries should work side by side with the non-profit organizations sector to develop and improve best practices in order to confront the risks and vulnerability of terrorist financing, and thus protect the sector from the exploitation of terrorist financing.

(4) Countries should encourage non-profit organizations to make transactions through organized financial channels, whenever possible, taking into account the diverse capabilities of the financial sectors in different countries and different regions that are keen to provide urgent humanitarian and charitable services.

(b) Targeted, Risk-Based Monitoring or Supervision in the Non-Profit Sector

Countries should take steps to enhance such effective oversight or supervision, recognizing that a “one size fits all” principle may not be compatible with an adequate application of a risk-based approach, as provided in Recommendation 1 of the FATF Standards. In practice, countries should demonstrate that risk-based measures apply to non-profit organizations that are vulnerable to exploitation for the purpose of terrorist financing. It is also possible that existing regulatory or other measures have adequately addressed the current terrorist

financing risk to non-profit organizations in any country, although the terrorist financing risk in the sector must be reassessed periodically. Authorities should monitor non-profit organizations' compliance with the requirements of this Recommendation, including the risk-based measures applicable to them. It should be able to apply effective, proportionate and dissuasive penalties if non-profit organizations or their representatives violate these requirements. Here are some examples of measures that can be applied to non-profit organizations, whether in whole or in part, depending on the risks identified:

- (1) Non-profit organizations may be required to license or register and this information should be available to the relevant authorities, and should be encouraged to make it available to the public.
- (2) Non-profit organizations may be required to retain information about: (a) the stated aims and purpose of their activities and (b) the identity of the person(s) who own, control or manage their activities, including senior employee's members of the Board of Directors and Trustees. This information may be available publicly, either directly from the non-profit organization or through the relevant authorities.
- (3) Non-profit organizations may be required to issue annual financial statements containing detailed information about revenues and expenses.
- (4) Non-profit organizations may be required to have appropriate controls in place to ensure that all funds are fully utilized and spent in a manner consistent with the stated purpose and objectives of the non-profit's activities.
- (5) Non-profit organizations may be required to take reasonable measures to ascertain the identity, credentials and goodwill of their beneficiaries and other affiliated organizations and that they are not involved and/or do not use charitable funds to support terrorists or terrorist organizations. However, they should not be required to take customer due diligence measures. Organizations may also be required to take reasonable measures to document the

identity of their primary donors and to respect the confidentiality of their information. The actual objective of this requirement is to prevent charitable funds from being used to finance and support terrorists and terrorist organizations. (6) Non-profit organizations may be required to maintain, for a period of at least five years, records containing adequately detailed domestic and international transactions to verify that funds have been received and spent in accordance with the purpose and objectives of the organization, and provide these records to the competent authorities at the request of the concerned authority. This also applies to the information in paragraphs (1) and (2) above. Where appropriate, records of charitable activities and financial operations of non-profit organizations may also be made available to the public.

(c) Effective Investigation and Collection of Information

(1) countries should ensure effective cooperation, coordination and information sharing, to the extent possible, between all levels of relevant organizations or authorities that have relevant information about non-profit organizations.

(2) countries should have investigative experience and capacity to examine those non-profit organizations suspected of being exploited in terrorist activity or by terrorist organizations, or actively supporting either.

(3) countries should ensure that information relating to the management and organization of a particular non-profit organization (including financial and program information) can be fully obtained through a series of investigations.

(4) countries should set proper mechanisms to ensure that information is promptly shared with the relevant competent authorities with a view to taking preventive action or conducting investigations, when there is suspicion or sufficient reason to suspect that a particular non-profit organization: (a) is involved in an exploitation process for the purpose of financing

terrorism and/or is a front for fundraising for a terrorist organization or (b) is being used as a means to finance terrorism, including for purposes of evading asset freeze measures or other forms of terrorism support, or (c) is concealing or covering up Secretly transfers funds intended for legitimate purposes to terrorist organizations, but redirects them to the benefit of terrorists or terrorist organizations.

(d) Have an Effective Ability to Respond to International Requests for Information about A Particular Non-Profit Organization.

In accordance with the recommendations on international cooperation, countries should establish appropriate channels of communication and procedures to respond to international requests for information on specific non-profit organizations suspected of financing terrorism or providing other forms of terrorist support.

Resources for Monitoring, Supervision and Investigation Purposes

Countries should provide the relevant authorities responsible for supervising, monitoring and investigating the non-profit organization sector with adequate technical, human and financial resources.

Conclusion of the First Chapter

In this chapter, the researcher aimed to identify the sector of non-profit organizations in Palestine, whose activities and objectives coincided with the definition of the Financial Action Force, the regulatory and supervisory bodies, the regulatory legal framework, and the organizations' position regarding the instructions and decisions by law subsequent to the law regulating them. Two types of non-profit organizations in Palestine were found, each of them took a different organizational and legal framework from the other, so that one of them was distinguished by the ease of its organizational structure and its legal requirements over the other. Each sector has different supervisory bodies despite the similar purpose and objectives carried out by these organizations and amended presidential decisions and decrees were issued, in addition to instructions and regulations in order to amend the basic laws governing these sectors. New supervisory bodies were created, such as the Department of NGOs Affairs and regulation of civil work from the point of view of the bodies that enacted and issued these decisions by law, which was opposed by civil work and considered as an increase in control of the sector and preventing the implementation of its goals. Here lies the fear of having a negative impact, both on the supervisory authorities in carrying out their roles entrusted to them, and the loss of each authority knowing the limits of its powers and competencies and its role in optimal control and the reliance of one over the other, in addition to the negative impact on the non-profit organizations sector, which is no less important than the public and private sectors in making the development that the State of Palestine needs and has the firm belief that if given the appropriate space for to bypass companies and the routine of government agencies to reach everyone who needs assistance, and may create a crisis in this sector. In its unwillingness to be a partner of the supervisory authority in the process of complying with the forty recommendations and protecting it from exploitation and its ability

to strike a balance between ensuring the achievement of its legitimate goals and providing protection from exploitation.

Hence, the State of Palestine must sense the impact of these associations and their role in the movement for change and development and help the Palestinian people in various fields. The competent authorities should unify the laws and decisions regulating this sector and the supervisory authority by providing it with human experts experienced in civil work, provided that this authority takes over the affairs In following up the work and activities of this sector and guarantee the best possible organization for charities to increase their efficiency, effectiveness and people's confidence in them, and provide an organized environment for these associations to exercise their mission easily. Perhaps it is important for this body to be clear in translating its goals into specific axes with more clarity, in order to ensure that its relations with organizations are based on cooperation and coordination among them, and to encourage and develop the best ways to manage charitable societies through conducting studies and research on any matter related to this sector to ensure that they work within its legitimate frameworks and objectives. It should also consider the procedures of examination and investigation in cases of misuse of charitable work and those in charge of it in suspicious activities without affecting the ability of organizations to carry out their work and objectives. In this chapter, the researcher aimed to define the crimes of money laundering and terrorist financing and the impact of these crimes, and the text of the eighth recommendation related to the organizations sector and the criteria of this recommendation was identified in order to study the effectiveness of the regulatory authorities in combating money laundering and terrorist financing crimes in the second chapter and in a manner that ensures the study of the study variables. This topic will constitute an important introduction to the second chapter.

Chapter II

The Effectiveness of Regulatory Authorities in Combating Money

Laundering and Terrorist Financing Crimes

(Procedures and Measures)

Introduction

This chapter focuses on demonstrating the degree of effectiveness of the Palestinian regulatory authorities on the non-profit organization sector in combating money laundering and terrorist financing crimes through a set of practical procedures and measures taken by these authorities, in line with the standards and approaches for the recommendation set by the FATF in its eighth recommendations. This chapter also demonstrates a group of countries subject to the mutual international evaluation process, where a comparison will be made between the procedures of these countries and the extent of compliance with some of the standards of this recommendation in order to benefit from these procedures and not to criticize and highlight defects. All of this is in order to come up with a set of relevant conclusions and results and in an effort to present important recommendations in order to enhance the effectiveness of these bodies.

This chapter consists of three main sections:

The first topic consists of six parts, which are the main parts of the set of measures and procedures for the eighth recommendation, which will show the effectiveness of the procedures of the Palestinian supervisory authorities in combating money laundering and terrorist financing crimes through them, and they are limited to the following (((1) adopting the risk-based approach, (2) Continuous communication with the sector of non-profit organizations, enhanced oversight measures, (3) targeted supervision and monitoring of risks, (4) the authorities should: a- monitor the organizations' compliance, b- proportionate and

dissuasive penalties, (5) information gathering and investigation, (6) effective ability to respond to international requests for information on a non-profit organization))

The second topic consists of a comparison of a group of countries subject to the mutual evaluation process and the extent of compliance with some of the criteria of the eighth recommendation.

The third topic: was devoted to the procedures of the field study, presentation and analysis of the data of the questionnaires, and in the end presenting the most important results that answer the questions and recommendations of the study.

The First Topic

(Procedures and Measures in Line With the Criteria of the Eighth Recommendation)

Preface:

This topic will demonstrate the procedures and measures taken and applied by the Palestinian regulatory authorities in order to combat the crimes of money laundering and terrorist financing will in line with the standards of the eighth recommendation, whose main headings and the set of measures and elements for each standard were addressed in the first chapter - the second topic, which includes: ((1) adopting the risk-based approach, (2) Continuous communication with the sector of non-profit organizations, enhanced oversight measures, (3) targeted supervision and monitoring of risks, (4) the authorities should: a- monitor the organizations' compliance, b- proportionate and dissuasive penalties, (5) information gathering and investigation, (6) effective ability to respond to international requests for information on a non-profit organization) and identify existing shortcomings.

2.1.1 Adopting A Risk-Based Approach

Adopting a risk-based approach is to ensure that the measures put in place by the authorities are in line with the threats of money laundering and terrorist financing faced by the financial and non-financial sectors. It is a broad concept and its explanation and degrees of use depend on the nature of the sector and the different activities and services provided. This section will first: briefly address the national assessment of risks that the State of Palestine has completed in cooperation with the competent authorities and supervising the financial and non-financial sectors as a kind of assistance to the state in understanding its risks and enabling it to prepare for the mutual evaluation process, whose importance has emerged in assisting the state in preparing the strategic and operational plan to combat money laundering and terrorist

financing and to identify the necessary organizational and operational requirements in order to address the specific deficiencies and risks. Secondly: the adoption of the risk-based approach in the non-profit organizations sector through the sectional assessment that has been completed and the sub-group of the sector has been identified, which is a preliminary requirement of the eighth recommendation requirements.

2.1.1.1 The National Risk Assessment in Palestine:

The State of Palestine, as a member of the MENAFATF, is committed to abide by the FATF standards and apply them in a manner which ensures that it determines the measures that would prevent or mitigate risks to the sectors addressed by the FATF as subject to risks, through the identification and assessment of the risks faced by these sectors after identifying the weaknesses and threats of each sector and the consequences of this exploitation. Palestine is still not subject to the process of mutual evaluation like other countries, but it is preparing for this process in the current year 2022/2023. In 2017, as a proactive step, Palestine carried out the process of national assessment of the risks of its financial and non-financial sectors and worked to update its national assessment report in the year 2019 without giving the assessment of the risks of money laundering and terrorist financing in the sector of non-profit organizations the appropriate area of research, as this space of analysis is provided in a separate assessment of the organizations sector completed in 2018.

The results of the national assessment of risks carried out by the competent authorities, in cooperation with the Financial Follow-up Unit, focused on the main threats to money laundering crimes in Palestine on (illegal trade in narcotic drugs and psychotropic substances (high risk), tax crimes (tax evasion and customs smuggling) (high risk), Corruption crimes (high risk), both forgery and fraud (medium risk), theft crimes (medium risk). Banking sector,

real estate sector and money changers are the most targeted for money laundering operations.⁵⁴

Regarding the results of the evaluation process with regard to the threat of terrorism and terrorist financing, the threats related to acts of terrorism were represented by medium threats, represented by the fear from the Egyptian Sinai lands adjacent to the borders of the Gaza Strip, in terms of the presence of terrorist organizations that depend for their financing on external financing through financial and logistical assistance transported across the border because the border is not controlled by the Palestinian Authority, and mainly to the threats of terrorism represented by the operations committed by the Israeli terrorist organizations located on the Palestinian territories, specifically the so-called settlements that are financed through the Israeli government or international non-profit organizations, either directly through the banking systems and banks established inside the settlements or indirectly through The Israeli government's providing free housing and means of transportation for them and protecting them when these settlers carry out terrorist attacks against Palestinians and their property.

2.1.1.2 Adopting a Risk-Based Approach in the Non-Profit Organizations Sector:

The sector assessment that was completed for the sector of non-profit organizations operating in the Palestinian territories resulted from the threats faced by the sector in money laundering operations as medium and the threats of terrorist financing as medium and low, as the process of assessing the sector was implemented in 2018, without being reviewed so far. Perhaps one of the most important reasons is the start of the state of emergency in the year 2020, resulting from the spread of the new Corona virus.

⁵⁴ Financial Follow-up Unit, National Assessment of Money Laundering and Terrorist Financing in the State, Ramallah. Palestine 2017

Since not all non-profit organizations pose a high risk, some may pose a low risk or may pose no risk at all, countries must identify the subset of organizations at risk, determine the nature of the relevant threats and review the appropriateness of actions taken, including laws and regulations relative to the subset of the non-profit sector that can be exploited to enable proportionate and effective actions to address identified risks and periodically reassess the sector by reviewing new information on potential exploitable sector weaknesses to ensure effective implementation of measures as the first of the criteria for Recommendation 8.

Accordingly, through the above-mentioned risk assessment process, which was accomplished through the Financial Follow-up Unit in cooperation with the sector's supervisory authorities, represented by the Ministry of Interior and the Ministry of National Economy, the percentage of the sub-group was determined at the time at 3% of the number of non-profit organizations that were studied and its definition agreed with the definition determined by the FATF, which amounted to approximately (3,557)⁵⁵ organizations during the evaluation process. The implementing agencies considered the evaluation process to identify the subgroup of non-profit organizations that may be more vulnerable than other organizations and likely to have terrorist financing risks, based on a set of criteria represented by those organizations (1) suspicious reports were received against them from the unit Competent with combating money laundering and terrorist financing (the Financial Follow-up Unit), (2) the organizations against which complaints have been received for committing financial and administrative violations with the Office of Financial and Administrative Oversight, (3) All non-profit organizations that have relations with high-risk countries or under a progress monitoring procedure In compliance with international standards, this means that it is a branch of a non-profit organization headquartered in those countries or has

⁵⁵ Financial Follow-up Unit, Ministry of Interior, Ministry of National Economy, Sector Assessment of Money Laundering and Terrorist Financing Risks - Non-Profit Organizations Sector in Palestine, Ramallah. Palestine 2019

branches in those countries, and/or at least linked to an incoming or outgoing remittance from/to a high-risk country or a country under the procedure of progress monitoring in complying with the International standards, **(4)** All non-profit organizations that collectively meet the following conditions:

- 1- Its main activity is Services (NPOs. Services)
- 2- Large in size, and it is the one whose revenues exceed \$(100,000)
- 3- As most of the organizations whose characteristics were studied, their main activity is services, and their revenues exceed \$(100,000).

Accordingly, these efforts together enabled the conclusion and identification of the sub-group of non-profit organizations that face the risk of financing terrorism, and the efforts were subsequently strengthened through the implementation of the sector assessment process by the implementation of a set of measures, specifically the Financial Follow-up Unit on March 16, 2020 addressing the supervisory authority of the financial institutions sector (the Palestinian Monetary Authority) to implement the outputs of the evaluation of the non-profit organizations sector in Palestine with a focus on the sub-group, and to refer to some recommendations that include a set of procedures and measures that financial institutions can take into account while ensuring that these measures do not stand in the way of the legitimate activities undertaken by the organizations in implementing their objectives.

The above bodies studied the threats to the non-profit organizations sector in Palestine through the statistics that were provided for the period between (2014-2018) by four bodies represented **(1)** (the Financial Follow-up Unit), which is the body that is able to identify the categories of crimes and reflect the correct understanding for the risks of money laundering and terrorist financing in the organizations sector, **(2)** (the Bureau of Financial and

Administrative Oversight), (3) (the Anti-Corruption Commission) and (4) (the Public Prosecution)⁵⁶.

Accordingly, a set of control measures carried out by the regulatory and supervisory authorities on the sector as a whole was monitored, without focusing on the sub-group that would mitigate the risks of money laundering and terrorist financing in this sector. The importance and impact of this assessment emerged in that the supervisory authorities and the financial follow-up unit prepared a draft of the NGO system to reorganize and control the sector while it is in the process of review and approval. The issuance of this system enables the sector to have a greater awareness and understanding of its risks and weaknesses, and increases the ability of the authorities to monitor, follow-up and evaluate the work of its sectors according to risk-based procedures.

2.1.2 Continuous Communication with the Non-Profit Organization Sector

The FATF's recommendation sought for countries to work side by side with the non-profit organizations (NPOs) sector to develop and improve best practices in order to confront the risks of terrorist financing through a set of measures established by the group and by supervisory authorities, which would enhance accountability and confidence in the sector on one hand, and between donors and the public on the other hand, and in order to ensure the achievement of this standard with its elements, the set of procedures followed by the Palestinian regulatory authorities were reviewed through:

⁵⁶ For more details about these statistics, you can review the sector assessment report on money laundering and terrorist financing crimes, Non-Profit Organizations Sector, Financial Follow-up Unit, Ramallah. Palestine 2019

2.1.2.1 Have Clear Policies to Promote Accountability, Integrity, and Public

Confidence in The Management of All Non-Profit Organizations:

The Law of Charitable Societies and Civil Organizations No. (1) of 2000 stipulated in its fifth article on the data that must be included in the association's articles of association. It also required when applying for registration of the association to submit a certificate of non-judgment, in which it is confirmed that the founding members of the association have not been convicted of a misdemeanor or a felony breaching honor or trust. The heads and members of the boards of directors of charitable and cooperative societies, civil bodies that enjoy independent legal personality and financial and administrative independence, parties, unions, federations, clubs, and those who are similar and those working in any of them, even if they do not receive support from the general budget, have been subjected to the provisions of the Anti-Corruption Law No. (1) of the year 2005 AD and its amendments.

In terms of the clarity of strengthening these policies in practice on the ground, the Palestinian supervisory authorities on the non-profit organization sector have adopted several policies: The first is in terms of enhancing accountability and transparency from an administrative point of view on the work of these organizations and their followed management represented in the procedures for registering them and granting the necessary licenses to carry out their work, in accordance with the provisions of the regulating law in force in Palestine for each type of them. The second is represented in strengthening accountability, transparency and disclosure on fund flow in the non-profit organizations sector as a kind of continuous control over this sector to ensure the legitimacy of funds and the consistency of funding with the goals and objectives of the organization.

-Policies Adopted By the Supervisory Authorities in Order to Strengthen the Foundations of Accountability, Integrity and Public Confidence:

2.1.2.2 Enhancing Accountability and Transparency from the Administrative Side of the Non-Profit Organizations Sector:

The results of the interviews⁵⁷ with the regulatory authorities show that the procedures for registering and granting licenses to non-profit associations, bodies and companies in force in Palestine are carried out in accordance with the provisions of the law. The application for registration of the association or organization with the Ministry of Interior must contain the following: Names of all founders, including applicants and other founders, their nationalities, dates of birth, contact information, numbers of their identification cards, name of the association, main activity of the association, address of the association under registration. The application is also attached to the following documents: the most important of which are three copies of the articles of association signed by the members of the founding committee, and proof of the founders' nationality, in addition to a written authorization from all the founders authorizing the applicants to sign the registration application, noting that the articles of association contain a set of data to support the principle of transparency, where the statute contains (the name of the association or body, its address, purpose and headquarters, the association's resources and how to use and dispose of them, the association's organizational structure and how to amend the statute, how the general assembly is convened, methods of financial control, rules for dissolving the association and how to dispose of its money and properties when resolved).

In addition, there are two additional measures in place in order to strengthen the foundations of accountability and integrity that are not provided for by law, and they are **first:** conducting

⁵⁷ An interview with the Director of the Non-Governmental Organizations Department - Ministry of Interior on 7/28/2021, and an interview with representatives at the Ministry of National Economy, Ramallah on 7/10/2021.

a security survey for the founding members of the association, as there is an agreement between the Ministry of Interior, General Intelligence and Preventive Security regarding inquiring about the founders to verify their good CV, and **Second:** The requirement to submit no criminal records to the founding members.

As for the non-profit companies sector, the registration application that is submitted to the Ministry of Economy should contain: the company's articles of incorporation and statute, the company's name and trade name, if any, in addition to the phrase "non-profit making", the company's address, the company's capital, and the authorized or authorized signatories for the company, the shareholders, their nationalities, and their respective shares in the company, in addition to a request to establish a work permit for the foreign partner or the foreign company. In addition, charitable societies and NGOs in Palestine have to submit a statement of any modification or change that occurs to their position, system, objectives or purposes, or any change on its board of directors, in whole or in part, to the "competent department in the Ministry of the Interior". Non-profit companies inform the Companies Controller of any amendments to their articles of association, within a maximum period of one month from the date of making the change or amendment. The results of the analysis of the sample surveyed from the organizations sector indicated that 62.6% inform the regulatory authorities of these amendments, If modifications were made to its system, and thus the regulatory authorities ensure the availability of all information and data of the organizations that would enhance the procedures for identifying the founding members and knowing their backgrounds, which may contribute to preventing criminals and their partners from being in control in any association or body operating in Palestine. However, despite that the organizations are organized from an administrative point of view through their obtaining all documents and information related to the sector, the ability of the regulatory authorities to verify the validity and accuracy of the data submitted to them or to indicate the updating procedures was not

confirmed. In this regard, a study issued by Aman Foundation in 2013 entitled (Integrity and Transparency in Palestinian NGOs - Preliminary Assessment) indicated “that although the Ministries of Economy and Interior maintain databases that include all data related to the organizations registered with them, it has not been found that these authorities have sufficient procedures to update this data”⁵⁸, despite the confirmation of 43.9% of the organizations that there is feedback and follow-up by the regulatory authorities regarding these amendments, which enhances the performance of the supervisory authority’s roles represented in viewing these amendments, and ensuring the correctness of its data and the effectiveness of the submitted statute.

However, it was not clear from the supervisory authorities that there are clear mechanisms to encourage accountability and integrity and increase public confidence in the management of all non-profit organizations subject to their control, as the basic information related to non-profit organizations, specifically the name, evidence of incorporation, status, address of the registered office, and authorities The basic organization (the board of directors, the general assembly), and the list of managers, are not available to the public, and cannot be accessed through the websites of the sector’s supervisory and control bodies, despite the importance of making such information available to the public in increasing the verification of donors that they are dealing with legal and licensed non-profit associations and companies. In addition, it helps provide reliable sources of information for financial institutions and specific non-financial businesses and professions that can do business with those organizations. This was confirmed and pointed out by many Palestinian studies that have been prepared and target the existing sector of organizations in Palestine, where they indicated the absence of mechanisms for transparency, disclosure and accountability within this sector. Among them

⁵⁸ The Coalition for Integrity and Accountability - Aman, Integrity and Transparency in Palestinian NGOs - Preliminary evaluation, Ramallah. Palestine 2013.

is a study prepared by the MAS Institute in the year 2016 entitled “Assessment of the impact of the Civil Associations and Organizations Law No. 1 of 2000 and its executive regulations on the performance of associations.”⁵⁹ Which indicated that about 36% of the organizations which were targeted in this study do not have a code of conduct or an ethical charter, and do not adhere to any codes and 89% of the associations that were targeted do not have their own websites, and only 46% of associations that have their own websites publish their financial and administrative reports on them, and 84% of associations do not disclose or make their articles of association available to the public”. In contrast to what was shown by the results of the analysis that were obtained, which are recent and have a time interval to the study of the MAS Institute prepared in the year 2016 and the current study in which the results of the surveyed organizations showed that 76.9% have electronic systems that enable them to publish the aforementioned information and make it available to the public. This is something that indicates an increase in awareness and increased efforts made by the organizations sector of the importance of transparency and accountability requirements and increasing confidence for donors and for the beneficiary and target audience. However, the lack of regulatory authorities for this sector in providing this information on their websites still remains, especially since the supervisory authorities are considered the regulatory authority for this sector that keeps all data and information related to an organization, and the process of publishing and making it available by them increases reliability and credibility in the validity of data published and enhances confidence in the required transparency and accountability procedures.

In addition to the transparency measures that count in favor of the supervisory authorities, Article No. (8) of the law stipulates that the official authorities must publish the registration

⁵⁹ Dudin, Mahmoud: Evaluation of the Impact of Civil Associations and Organizations Law No. 1 of 2000 and its executive regulations on the performance of associations, Economic Policy Research Institute (MAS). Ramallah 2016.

of the association or organization in the Official Gazette, even though this newspaper is not available in the hands of the public and common people. Here, the greatest burden in ensuring transparency remains on the supervisory authorities that have the regulatory authority for this sector. In addition to that, the text of the law requires organizations to keep their records, including correspondence issued and received by them in special files and organized records, their statutes, the names of their board members, the date of their election, the names of all members of the association, body or institution, with their identities, ages and the date of their affiliation, thus keeping records is in itself a procedure through which appropriate transparency is enhanced that enables the supervisory authorities and stakeholders to carry out the required accountability process, as evidenced by the results of the surveyed organizations that 98.9% keep records according to the stipulated time periods.

2.1.2.3 Enhancing Accountability and Transparency over the Movement of Funds in The Non-Profit Organizations Sector:

The nature of the work of the NPOs sector, which is based on collecting funds from several parties and redistributing these funds to final beneficiaries or employing them in certain projects in light of the high cash density enjoyed by this sector and the process of collecting funds that are made through more than one way and means makes it more vulnerable to exploitation in the financing of terrorism compared to other sectors, makes the issue of ensuring transparency and accountability on fund flow in this sector a difficult matter, but it is extremely necessary and important, taking into account the monitoring and follow-up of the movement of money, starting from the process of collecting funds and ending with its distribution to the beneficiaries without the measures to ensure integrity and transparency constitute an obstacle in the way of the legitimate activities that it undertakes these organizations.

Perhaps the situation in Palestine with regard to the high cash density of non-profit organizations and the process of collecting funds and donations carried out by the organizations in more than one way and means, according to representatives of the Ministry of Interior stated that the organizations operating in Palestine do not rely heavily on fundraising outside the banking framework (donation funds and others). This made the issue of fear of the sources of funds coming to this sector to a minimum, because the funds come and go through a regulated banking framework and monitored by the authorities supervising this system, especially since banks in Palestine classify accounts belonging to non-profit organizations as high-risk, and apply enhanced due diligence procedures to them, and some have even closed bank accounts belonging to non-profit organizations.

Accordingly, it can be said that the Palestinian supervisory authorities have taken a set of measures that guarantee transparency and accountability over the movement of money, starting from the text of Article (31) of the Law of Charitable Societies and Civil Organizations No. 1 of 2000, which required the association or organization to deposit its cash funds in its name with a bank Or banks approved by them, and they must notify the competent ministry about the depository, and it is not permissible for an association or organization to keep a cash balance of more than one month's expenses, noting that there is no similar provision in the Non-Profit Companies Law, where the Ministry of Interior obligates associations and bodies subject to its control to open accounts in their name upon submitting an application for registration, and this is a condition for completing the registration process. With regard to non-profit companies, the Ministry of Economy obliges them to deposit their capital directly after registration in a bank account in its name, and this is a condition for completing the registration process. The law did not require non-profit companies to inform the supervisory authorities or the ministries of jurisdiction about the depository, meaning that there is no similar provision in the non-profit companies' system,

as is the case in the Law of Associations and Civil Organizations, which was shown by the results of the analysis that 96.6% of organizations maintain bank accounts and do notify the supervisory authorities of these accounts.

It is worth noting in this regard that financial institutions (banks) in Palestine classify accounts belonging to non-profit organizations as high-risk and apply enhanced due diligence procedures, and some have closed bank accounts belonging to non-profit organizations. Although it may seem at the first glance that such measures would contribute to achieving integrity and transparency over the movement of funds in this sector, they may constitute an obstacle in the way of the legitimate activities carried out by these organizations, and they do not comply with the international standards issued by the FATF, as not all non-profit organizations can be considered high risk; some are high risk and others do not pose any risk at all. It would have been better for the banks to properly classify the risks and to study and be aware of the client's file and the risks surrounding it, that's to say applying risk-based procedures. Otherwise, the negative consequences and consequences of these organizations resorting to illegal or secret ways to transfer funds would be more than trying to protect the banking system by classifying them as high-risk, and thus adopting a regressive approach rather than being proactive in tracking the movement of money and reducing integrity and transparency on the movement of funds in this sector, in addition to increasing the risks of exploitation of this sector in financing terrorism. As having accounts for these organizations in the banking system through which financial operations are carried out, and these accounts are subject to the relevant and risk-based control procedures by financial institutions, with 88.5% of the surveyed organizations confirming the use of financial channels and accounts when implementing any financial operation, makes it possible to identify any risks of exploitation that these organizations may face and thus prevent or reduce them.

Regarding the procedures and measures of the supervisory authorities in verifying the local and international sources of funding coming from the non-profit organizations sector, which is an initial stage in obtaining the money, the representatives⁶⁰ of the supervisory authorities in the Ministry of Interior stated that there are two ways to verify it.

2.1.2.3.1 Verifying Funding Sources:

-The Mechanism for Verifying Funding Sources for NGOs and Associations:

The first method: is to rely on an external party such as the Financial Follow-up Unit and the Palestinian Monetary Authority. This was justified by the fact that they have the ability to monitor financial operations and ascertain the source of the money and the donor, if it is from listed persons, high-risk countries, or suspicious funds, in addition to verification through the General Intelligence Service. This applies to domestic and foreign funding sources.

The Second Method: is to verify through the clarifications in the financial and administrative reports and to reveal the projects of each organization, where the representatives stated that they are not authorized to refuse or accept an incoming money transfer to an organization, and referred the issue of accepting or rejecting the transfer to external parties such as the Monetary Authority and the other parties that were mentioned as they are the bodies that monitor the financial system through which funds are entered and exited. They are the authorities that are able to stop a specific transfer when their data is suspicious, and their ability to verify the sources of funding has been limited through the financial and administrative reports that they obtain through the organizations in accordance with the provisions of the law, which requires that registered associations should submit two annual reports approved by the general assembly of that association to the competent ministry

⁶⁰ An interview with the Director of the NGOs Department - Ministry of Interior, Ramallah, on 7/28/2021.

no later than four months from the end of the fiscal year. The first report contains a full description of the activities of the association or organization during the past year, while the second report is a financial report certified by an external and independent legal auditor and includes in detail the entire income and expenses of the association or organization according to the applicable accounting principles. In fact, associations submit A copy of these reports to the Ministry of Interior.

As for the audit mechanism that is carried out on these reports, the Ministry of Interior has designed a template for the administrative report and circulated it to the associations and bodies registered with it. This form will make it easier for the ministry's workers to ensure that the association or body has implemented activities that are consistent with the objectives for which it was established. The administrative reports submitted by associations and bodies to the Ministry of Interior are also audited by the public affairs departments in the directorates and the Associations Department at the Ministry's headquarters. In return, the financial report is audited by the Financial Audit Department, noting that through the disclosure of financial reports It was found that verification of the existence of other items is carried out and not verification of funding sources for organizations as follows:

- 1- Verify that the financial report is approved by an auditor accredited by the Association of Auditors.
- 2- Verify that the report includes the auditor's opinion on the data referred to in the report.
- 3- Verify that the report is sealed by the auditor and the association's board of directors.
- 4- Verify that the report includes:
 - A- The statement of financial position.
 - b- List of activities.
 - c- Statement of cash flows.
 - d- Notes about the financial statements.

- 5- Verify that the comparison year is included in the report (the previous fiscal year).
- 6- Verify that the amounts included in the report specify the type of currency.
- 7- Verify that the reports cover the year ending December 31.
- 8- Verify that the basis on which the reports were prepared is the accrual basis, or the modified accrual basis and not the cash basis.
- 9- Ensure that the members of the general assembly do not receive salaries by verifying that the expenses item does not include expenses related to the salaries of the members of the general assembly.
- 10- Verify that membership fees and member subscriptions are included in the revenue item.
- 11- Examine the accounts (or balances) of banks and make sure that there are no external accounts, and if any, make sure that there is approval of the competent ministry.
- 12- Verify the calculation of net depreciation of fixed assets (if any).

In the event that the organization wishes to send a transfer abroad, the instructions issued by the Palestinian Ministry of Interior must be followed, in which associations and bodies are obligated to obtain a no-objection from the General Administration of NGOs in the Ministry of Interior when sending any transfer abroad. These instructions are subject to a set of requirements to obtain the no-objection as follows:

- 1- The association's board of directors' decision approving the money transfer.
- 2- A letter from the chairman of the association's board of directors addressed to the Ministry of Interior, explaining the reason for the money transfer and the amount to be transferred.
- 3- The agreement signed between the association and the entity to which the money will be transferred.
- 4- The name of the local bank, the branch, the account number from which the transfer is to be made.

5- A clear address of the destination to which the transfer is to be made, including the name of the bank, branch, country, IBAN code, and the name of the account holder.

- The Mechanism for Verifying Funding Sources for Non-Profit Companies:

The situation is different, and the subject of verifying local and foreign funding sources for the non-profit companies' sector was clearer and based on a set of procedures where prior approval from the Council of Ministers is required to accept gifts, donations and funding for non-profit companies and a statement of their purpose. This applies only with only simple procedures to the sector of associations and bodies, which represents the largest volume of the sector of organizations, and the Ministry of Economy applies several procedures to verify the sources of funding that reach non-profit companies, where the procedures are as follows:

1- The company submits a summons to the Companies Controller regarding the financing. This summons includes the name of the company, the company number, the date of the financing, the financing entity, the value of the financing, the name of the bank, and the amount.

2- The application form for obtaining financing is to be filled out.

3- The financial statements and the previous year's administrative report, in addition to the salary scale, the names of the members of the board of directors, in addition to the agreement between the company and the financing entity and its translation into Arabic if it is in another language are attached.

4- The Ministry of Economy, in turn, corresponds to the security authorities (the Preventive Security Agency and the General Intelligence Service), in addition to the ministries of competence according to the project if necessary.

5- After obtaining the approval of these authorities, the funding request is referred to the minister if the total value of the funding obtained during the year is less than (100,000)

dollars. If it exceeds this value, the application shall be referred to the Council of Ministers through the “Cabinet Affairs Unit”.

6- After obtaining the approval of the Minister or the Council of Ministers (according to the value), the request is referred to the Monetary Authority, which in turn corresponds to the banks.

In cases that require correspondence with the ministries of competence, the Ministry of competence, after receiving the request from the Ministry of Economy, summons the owners of the company and the financier, and studies the nature of the project and its compatibility with the strategic plan of the Competent Ministry. The security services that are sent to the company summon the owners of the company and meet them to verify the source of the funding and their good resume. Accordingly, approval is given or not, except that according to the provisions of the law, the company must submit to the auditor an annual report on its work, activities, and sources of funding attached thereto its budget certified by the authorized signatories on behalf of the company and its auditor. Non-profit companies are obligated to submit an annual financial report to the Companies Controller, detailing revenues, expenses, assets and liabilities, and it shall be certified by a legal auditor and signed and stamped by the authorized signatories, and attached to a summons to the Companies Controller. They are also obligated to submit an annual report on the work and activities carried out during the year, signed and stamped by authorized signatories, and attached with a summons to the Companies Controller.

The mechanisms adopted by the supervisory authorities were not clear to some extent, especially in how to verify the validity of the data contained in the financial and administrative reports and the funding sources of the organizations noting that the results of the analysis of the surveyed organizations showed that the percentage of organizations that verify local and foreign funding sources was 69.7%, and 65.1%, respectively; and that 74.6%

provide the supervisory authority with their sources of funding and assistance to the competent authorities that did not indicate the source of funding clause and that it is not authorized to accept or reject a financing. In addition, it did not indicate who is analyzing these reports, whether they are the ministries of competence, the Ministry of the Interior, the Ministry of National Economy, or the Office of Financial and Administrative Oversight, since it has the powers to audit and inspect financial reports, and the degree of approach in the process of special analysis of these reports in light of the multiplicity of bodies receiving these reports in relation to charitable societies and civil organizations, and the weak ability of these bodies to analyze the financial statements and thus generate the impression that these reports are handed over to the authorities in a more formal way than paying attention to the contents of these reports. This is what was indicated by a study by the MAS Institute **“Assessing the Impact of the Law of Charitable Societies and Civil Organizations No. 1 of 2000”** that the ministries of competence lack the ability to analyze financial and administrative reports in a scientific and professional manner, and the report issued by the Bureau of Financial and Administrative Control in the year 2013 **“The most common violations in Civil Institutes and NGOs⁶¹** as it indicated that the financial statements of some non-profit organizations in Palestine do not fairly show their financial position and cash flows in accordance with International Financial Reporting Standards, and the most prominent financial violations that have been monitored: (1) An external auditor prepares the financial statements of the organization, audits them and expresses an opinion on them in contravention of international standards of auditing, (2) Keeping the organization on its legal auditor for many years in contravention of the law of charitable societies and civil bodies, which undermines the principle of transparency in these organizations and promotes conflict

⁶¹ The Bureau of Financial and Administrative Oversight, The Most Common Violations in Civil Institutions and NGOs, Third Quarterly Report for the year 2013, The Coalition for Integrity and Accountability - Aman, Ramallah. published report 1/1/2014

of interests, (3) The lack of commitment by some organizations to prepare final accounts at the end of each financial year, (4) Having errors in the financial statements of some organizations as a result of duplication of registration, or inaccuracy in calculating some accounts, (5) Having suspicions of fraud and corruption by the management of some institutions through their falsification of some evidences and clues to prove some exchange operations or manipulation of accounting entries, and others. Regarding non-profit companies, according to a report issued by the Financial and Administrative Oversight Bureau in 2018 entitled **“The Reality of Non-Profit Companies in the State of Palestine⁶²”**, 73% of the sample that was targeted did not abide by providing the Ministry of Economy during the year 2016 with two annual administrative and financial reports. It also pointed out that not all annual financial and administrative reports received by the ministry from non-profit companies are not reviewed due to the small number of employees specialized in the financial aspect, and there are no internal procedures that determine the periodicity and mechanism for reviewing these reports.

Consequently, the procedures for verifying the sources of funding through financial and administrative reports are insufficient, and that the content of these reports is sufficient to ensure the legitimacy of the source of funds and the local and foreign financial sources of funding. And if there are measures and efforts by other authorities and authorities in the state represented by the efforts of all the security services, the Palestinian Monetary Authority and the Financial Follow-up Unit, the supervisory authorities on the sector have the greatest role in verifying them from the sources of funding and how far they are consistent with their activities and declared goals, which in turn reinforces that the monitoring process is carried out according to an established approach and risk-based for each organization separately.

⁶² Bureau of Financial and Administrative Oversight, Report on the Reality of Non-Profit Companies in Palestine, Oversight and Audit for Building, Development and Promoting Good Governance, Bureau of Financial and Administrative Oversight, Ramallah, June 2018.

The role of the supervisory authorities goes beyond monitoring and tracking the movement of money, starting from the collection stage and ending with tracking the disbursement process, verifying the target audience and the real beneficiary, and that these funds are used for legitimate purposes, that they are not misused, and that they are subject to effective financial control. In this regard, it was only clear that the Ministry of Interior designed the administrative format and circulated it to the associations in order to make it easier for the ministry's workers to ensure that the association or body carried out activities that are consistent with the objectives for which it was established Without any evidence that the regulatory authorities verify the beneficiaries of the funds of local or external organizations, through reports received from the administrative or financial organizations sector or any other means. Therefore, the achievement of the elements of integrity, transparency and accountability in this sector does not take place on the movement of money as a whole and the effectiveness of the supervisory authorities in one direction and their absence in the other, especially the absence of the element of determining the real beneficiary of the money, which is a prerequisite for achieving integrity and transparency on the movement of funds in these organizations.

Here, the supervisory authorities on one side and the sector of organizations on the other hand must combine their efforts to verify the existence and integrity of their control systems and the existence of effective control systems within the organizations. The Palestinian Authority in 2014 **“The opinion of Palestinian NGOs on the concept of corruption and the mechanism of combating it⁶³”** pointed to the weakness of the internal control systems of non-profit organizations, as they do not apply sound standards for rational management and do not have clear procedures to regulate their financial and administrative activities, and some

⁶³ Anti-Corruption Commission, Palestinian NGOs Network. Palestinian NGOs' opinion on the concept of corruption and the mechanism of combating it. Ramallah. Palestine. a report published on December 31, 2014 in both Arabic and English

of them do not apply the internal systems available to them. This is accompanied by the absence of a supervisory role for reference bodies. It also pointed out the absence of internal audit committees in these organizations with the participation of representatives from board members and public bodies who have knowledge of sound financial procedures. The report of the Financial and Administrative Oversight Bureau issued in 2013 indicated that many of the audited associations and bodies do not have internal control units and suffer from the lack of financial systems or approved and applied instructions to organize the financial procedures and operations in them, in addition to a limited number of these associations and bodies has sound oversight elements.

2.1.3 Enhanced Control Measures:

This item will address more control measures taken by the regulatory authorities in order to enhance the supervision and control process over the non-profit organizations sector, which in turn enhances confidence and the foundations of accountability in it and ensures the strengthening of the foundations of continuous communication with the organizations sector, and in order to know to what extent these measures were based on risks:

- **Record keeping:** According to FATF standards, non-profit organizations must maintain, for a period of no less than five years, records containing adequately detailed domestic and international transactions to verify that funds have been spent in accordance with the purpose and objectives of the organization and provide these records to the entities Competent at the request of the concerned authority.

As the main parties that may keep information related to non-profit organizations in Palestine are the organizations themselves, the Ministry of Interior, the Ministry of Economy, and ministries of competence, in addition to financial institutions and specific non-financial professions and businesses.

The Ministry of Interior requires associations and bodies to keep the following records in their headquarters: the articles of association, the names of the members of the board of directors in each electoral cycle and the date of their election, the names of all members of the association or body with their identities, ages and date of affiliation, minutes of board meetings, minutes of meetings of the general assembly, detailed financial reports. In contrast, the Ministry of Economy obligates non-profit companies to maintain in their headquarters all correspondence issued and received by them, their articles of association, the names of shareholders and their nationalities, the names of managers with their identities and the date of their affiliation, the names of employees with their identities and the date of their joining the work, minutes of meetings, in addition to financial and administrative reports and funding requests for periods of time up to five years.

As for the supervisory authorities, the Ministry of Interior maintains the following financial and administrative records related to the organizations registered with it: statute, registration request, no-criminal certificates for founders, information form submitted upon registration, photocopies of founders' identities, registration correspondence, registration decision and certificate, the decision to approve the constituent body, the objectives of the association, the names of the members of the general assembly and members of the boards of directors for all years, the financial and administrative reports, the minutes of the meetings of the general assembly and boards of directors, and any other correspondence. These records are maintained in a paper file and an electronic copy for each association separately. The Ministry of Economy also maintains all records related to the non-profit companies registered with it, including: correspondence issued and received by the company, its articles of association, the names of the shareholders and their nationalities, the names of the managers with their identities and the date of affiliation, the names of the employees with their identities and the

date they joined work, minutes of meetings, a record of revenues and expenditures according to financial assets, budgets, administrative reports, and funding requests.

But with regard to the period of keeping these records, the regulatory authorities do not obligate the organizations subject to their control for a specific period to keep the records they have, as organizations usually adhere to the specific legal periods to keep their archives contained in their financial and administrative system, which differ from one organization to another. As for the Ministries of Interior and Economy, they are committed to what was stated in Article (14) of Cabinet Resolution No. (43) of 2005 regarding the financial system of ministries and public institutions, which prohibited the destruction of any main or auxiliary documents, accounting books, control records or central records until after the expiry of the terms indicated below:

1- Main bonds (20) years 2- Ancillary documents (20) years 3- Accounting books (40) years.
4- Regulatory records (40) years. 5- Records of employees and retirees and their personal files (40) years. 6- Records of taxpayers and financial investigations (50) years.

Provided that no bonds, auxiliary documents, accounting books, or records shall be destroyed if they are necessary for an investigation committee or are under examination by an authorized body or necessary for a court case. Article (2) of the same system allows the application of this system to institutions with financial and administrative independence which have no financial or administrative system of their own, but if the system specifies a period of time to keep the archive, the institution is bound by the legal periods specified for keeping its archive according to what is stated in its financial and administrative system.

As for financial institutions and designated non-financial professions and businesses, in accordance with the provisions of the Anti-Money Laundering and Terrorist Financing Law, they must identify and verify their customers, perform due and continuous care, and must keep all records and documents for a period of no less than 10 years from the date of the end

of the financial transaction or the end of the business relationship. This applies if the client is a non-profit organization, and the provisions of banking secrecy should not prevent the implementation of the provisions of this law.

- Preparing the Draft of the NGO System and Legal Arrangements: This system is under review in which reference was made to the legal texts of the real beneficiary for both sectors and the preparation of certain models for each of the associations and NGOs sector and the non-profit companies sector to determine the identity of the real beneficiary, in light of the absence of legal texts in Palestine that can be relied upon to determine the real beneficiary in the sector of associations, bodies and non-profit companies, but the supervisory authorities on this sector in the case of non-profit companies expresses the real beneficiary by people who own 25% or more of the company's capital. In the case of associations, given that there are no ownership stakes, and therefore the real beneficiaries of associations represent the persons who have control through other means or the person who holds the chief administrative officer in them. Such a procedure is an urgent necessity in view of the fact that the financial institutions and the designated non-financial professions and businesses are required when establishing the business relationship to determine and verify who is the real beneficiary before or during the business from the arrival of the funds until their exit from the banking system.

- Preparing a Draft Decision to Regulate the Non-Profit Organizations Sector and Legal Arrangements. Based on a recommendation from the National Anti-Money Laundering and Terrorist Financing Committee, the obligations of the supervisory authorities were redefined in a number of articles, based on the curricula and criteria of the eighth recommendation. This draft decision is under review, which is very important if adopted in increasing the understanding of the supervisory authorities of their obligations in order to strengthen the process of specialized control and supervision of these crimes and enhance the sector's

understanding of the risks and criteria of the eighth recommendation, especially what was revealed by the researcher's review of the laws of associations and non-profit companies, as well as the analysis of the results of the organizations surveyed which shows the mandatory force of the law and the extent to which the organizations seek to implement these laws, and therefore the adoption of the above draft resolution will be with the same binding force as the laws related to these sectors.

- **The Supervisory Authority's Website:** The Ministry of Interior - the supervisory authority over the civil society associations and bodies sector, designed a program and a website to publish data and information related to this sector to stakeholders and those concerned with this information, as a step to further enhance transparency and accountability in accordance with the requirements of the standards of the eighth recommendation.

- There are efforts to activate the role of the ministries of competence, as there are correspondences issued by the General Secretariat of the Council of Ministers showing the Palestinian government's efforts to do so, the last of which was a correspondence issued on 4/4/2018 to government departments (ministries) which stated that, based on the deliberations of the Council of Ministers in its weekly session No. 17 /198) on 3/4/2018, it was decided to restructure the departments and units responsible for the file of charitable associations and civil bodies, each in its field of competence, to ensure the existence of a competent body and the provision of logistical capabilities for it, and to grant it the necessary facilities to follow up on this file, including access to the activities and projects of the association Reviewing financial and administrative reports, and studying the extent to which its projects are compatible with the sector plan of the government department, in addition to permanent communication and coordination with the Ministry of Interior and submitting reports on associations that fall within the competencies of the government department. Therefore, these efforts will enable work and cooperation with non-profit organizations to develop and refine

best practices to address the threat of terrorist financing, and enhance the oversight process as it involves government oversight represented by the Ministry of Interior and the role of the security services in verifying funding and strengthening the competent authority represented by the Ministry of competence to increase its ability in order to analyze and study the financial and administrative reports and to verify their validity and credibility.

2.1.4 Targeted, Risk-Based Supervision and Control

Countries should take steps to enhance effective supervision or oversight so that they are able to demonstrate the application of risk-based measures to non-profit organizations that are vulnerable to exploitation for the purpose of terrorist financing by taking a set of measures. Preserving the law and its executive regulations for the civil associations and bodies sector, the law of non-profit companies, and the regulatory procedures for the sector in line with the requirements of this standard in many parts, contained regulating registration procedures, granting licenses, providing information with the competent authorities, and requiring organizations to keep information about their declared activities, their purpose, and the identity of the person and personalities who own and run them, and requiring organizations to issue annual financial statements containing detailed information about revenues and expenses and a record-keeping claim, and the availability of some controls to ensure that all funds are utilized and spent. Some of these procedures were mentioned in the first chapter, especially with regard to the registration and licensing procedures, and the presentation of the other part of these procedures in this chapter, especially with regard to financial and administrative reports and sources of verification of funds, but it was noted that some aspects Deficiencies in the supervision and control process, which were not based on risks:

- The supervisory authorities monitor the organizations as a whole with the same level of follow-up and not according to the risks of each organization separately or according to what

has been identified in the sub-group exposed to risks, which results in a negative impact on the sector as a whole. Although the NGO sector is the sector most aware of its reality, and therefore more aware of its risks, which can be helped to understand through joint efforts between the regulatory authorities and the sector itself, there is a weakness in communication between the regulatory authorities and the NGO sector to address and protect the sector from the risks of exploitation in light of obtaining money from various sources, as the percentage of the organizations having a simple understanding of the potential risks to which they are exposed reached 37.4%, and 72.5% of the surveyed organizations indicated that they did not receive any instructions and alerts from the regulatory authorities to pay attention to the risks. In addition to the weak understanding and awareness of the sector of the recommendations of the Financial Action Task Force and the measures that must be taken into account, as 44.8% of the surveyed organizations do not have an understanding of international standards, and this would affect the ability of these organizations to respond effectively to the risks they may face, and also undermine the organizations' ability to apply the requirements of the eighth recommendation in the absence of understanding of these recommendations.

- The lack of clarity of the supervisory authority entrusted with the task of following up the work of associations, especially on the sector of NGOs and associations, which according to the law was entrusted to the ministries of competence, but it did not record a tangible impact on the ground in following up the work of this sector and its tasks were limited to receiving complaints and financial and administrative reports. In addition, the lack of clarity in the ability to analyze financial data, which is the most important aspect in enhancing accountability and ensuring effective control over the sector in light of the receipt of these reports by several parties, which indicates the dependence of each party on the other in this task, and that the process of supervising and control over this sector is not based on risks, as

the same procedures are followed for organizations as a whole. In addition, there are shortcomings in the control and inspection procedures carried out by the supervisory authorities on this sector to verify that it is not being exploited for the purposes of money laundering and terrorist financing, in addition to the need to increase its resources to be able to perform its tasks in terms of communication, monitoring and follow-up effectively, and enable it develop a risk-based approach, and necessarily train its employees to be able to perform their supervisory and control role. According to representatives of the Ministries of Interior and Economy, the monitoring and follow-up procedures they carry out and the measures applied by them to the organizations under their control are not based on risks, in addition to the insufficient financial and human resources available to them to be able to effectively conduct control and supervision operations. The number of employees working in the departments of registration and supervision of charitable societies and civil bodies in the Ministry of Interior until the end of 2020 is (38) employees, including (14) employees at the headquarters of the Ministry of Interior, and (42) employees in the directorates. But, as for the Ministry of Economy, there is only one employee working on the file of non-profit companies.

- The supervisory authorities have not previously carried out any field visits for the purpose of following up on the work of the associations subject to their oversight. With regard to the reasons for carrying out field visits, according to what was reported by the Ministry of Interior, which had previously carried out field visits, they are: Attending the board of directors elections, attending the meetings of the general bodies, an invitation from the association or the body itself, the presence of financial irregularities, the occurrence of a problem that is difficult for the association or the organization to solve, the arrival of complaints against the association or the body, a decision by a committee from the ministry, examination of a specific subject, There are violations based on checking records, the

Ministry of National Economy does not carry out field visits to the non-profit companies sector subject to its control, as 94.3% of the organizations reported that they had never been subject to field visits specialized in combating money laundering and terrorist financing, That is, the visits carried out are not risk-based or focused on organizations that are believed to be high-risk.

- No educational and awareness-raising workshops or programs have been held, either at the level of supervisory authorities or at the level of organizations regarding the risks of money laundering and terrorist financing that this sector may face after the evaluation process ended in 2018. The matter was attributed to the spread of the Corona virus and the issuance of the emergency law, which did not allow the implementation of any workshops and cultural programs to increase and consolidate awareness, with the exception of one workshop that dealt with the risks of exploiting the non-profit organizations sector, which was held by the Financial Follow-up Unit on 13/2/2019 in cooperation with the General Administration of NGOs and public affairs in the Ministry of Interior, This workshop targeted all directorates of the Ministry of Interior, and paved the way for the start of the implementation of the sector assessment study that was implemented in 2018. Moreover, None of the supervisory authorities' employees participated in training courses and/or workshops dealing with money laundering or terrorist financing, with the exception of two employees, one from the Ministry of Economy and the other from the Ministry of Interior, who participated in a training course entitled "The Palestinian Specialized Certificate in Combating Money Laundering (PAMLA) in the beginning of 2019. Perhaps this indicates the weak communication and coordination between the supervisory authorities on the NGO sector. The results of the statistical analysis showed that 74.9% did not receive specialized training and awareness workshops on the risks of money laundering and terrorist financing that affect the non-profit organization sector, as the percentage indicates undermining and limited correct understanding of the risks Money

laundering and terrorist financing, and it is inferred that the sector of non-profit organizations has poor understanding of its weaknesses with regard to the risks of financing terrorism and money laundering, in the absence of an understanding of the criteria of FATF, especially the criteria of the eighth recommendation for this sector, as 44.8% of the surveyed organizations do not have an understanding of these criteria, and this percentage is nearly half of the organizations that were targeted. Communication was limited to refining the implementation of workshops and educational programs with the beginning of the case of Emergencies and the outbreak of the Corona virus, which did not help countries to prepare for potential changes and implement plans in line with their existing situation, and thus prevented the Palestinian supervisory authorities from implementing workshops after the sector assessment process to educate the sector about its weaknesses and threats based on the outputs of the assessment process.

- Deficiencies in the process of monitoring and follow-up on the movement of money and the presence of some controls in a certain curve and their absence in the other direction, as the financial and administrative reports submitted to the supervisory authorities did not show to have an item referring to the source of funding and these authorities did not indicate the extent of the ability to verify and the compatibility of these reports with the objectives of the organization and its activities, and the lack of reference from the regulatory authorities on their ability to verify the true beneficiary of the collected funds.

2.1.5 The Authorities Should:

- Monitoring the commitment of the non-profit organizations sector to the requirements of the eighth recommendation: this impact was not evident from its implementation after the end of the sector evaluation process, and the organizations did not monitor this commitment, which raises the question of how to do this follow-up in light of the lack of understanding of

these organizations with the standards of FATF and the criteria of this recommendation. Consequently, the sector was not aware of its risks, and moreover, the sub-group did not know that it is the group with the highest risks to enable it to take the procedures and measures that are compatible with these risks.

- The penalties stipulated in the laws relating to this sector were not sufficiently deterrent, especially as they did not provide for any penalties in the event that non-profit organizations did not comply with the requirements imposed on them in accordance with international standards for combating money laundering and terrorist financing, such as record keeping or failure to Application of verification procedures, etc. 98.8% of the organizations were not subject to any penalties by the supervisory authorities, and this was indicated by many studies, including the study of the Anti-Corruption Commission and the Palestinian NGO Network issued in 2014, as it was considered that one of the main reasons that led to the practice of corruption in these organizations is that the penalties imposed are not deterrent, and the penalties are confined to specific organizational matters rather than the practices and work of organizations⁶⁴.

2.1.6 The Efficiency of Information Collection and Investigation:

This criterion involves the efficiency of collecting information from the authorities, bodies and organizations that maintain relevant information about this sector and the efficiency of coordination between these bodies to enable the state to carry out appropriate investigations when suspected of a crime/money laundering and/or terrorist financing, which indicates the strength and efficiency of the state in cooperation and coordination at the local and international levels in combating these crimes. Accordingly, it was found that there are some measures taken by the state in this regard:

⁶⁴ Op. Cit

In practice, the main parties that may keep information related to non-profit organizations in Palestine are the organizations themselves, the Ministry of Interior, the Ministry of Economy, and ministries of competence, in addition to financial institutions and specific non-financial professions and businesses, especially with the laws obligating regulating this sector for the supervisory authorities to receive all the information related to the NGO sector, which was clarified in the first chapter and in some of the criteria of this recommendation, including financial and administrative reports, and all information about the regulators and main operators of the non-profit sector. In addition, the law obligates the keeping of records, and therefore these authorities have the ability to see the complete and relevant information in this sector and access it when there is doubt and suspicion, ending with the law guaranteeing that the relationship between the relevant associations and ministries is based on cooperation and coordination through the text of Article No. (10) of the Associations Law No. (1) of 2000, “The relationship of associations and bodies with the relevant ministries is based on coordination, cooperation and integration for the public interest,” and Article No. (8) of Executive Regulation No. 9 of 2003: “The relationship of associations with the relevant ministries is based on coordination, cooperation and integration for the public interest”.

In light of this complementary relationship and achieving success in the partnership strategy through the exchange and handling of information, the state and the competent authorities can carry out appropriate investigations with this crime, and the following was revealed:

- First, there is close cooperation and direct contact between the Financial Follow-up Unit and the institutions obligated to submit suspicious reports in Palestine (which includes the Ministries of Interior, Economy, Ministries of Competence, Financial Institutions and Designated Non-Financial Businesses and Professions(DNFBPs)), as the unit acts as a link between the institutions obligated to report and the competent authorities when needed to exchange information related to combating the crimes of money laundering and terrorist

financing, as the Financial Follow-up Unit has the ability to carry out financial analyzes and investigate reports of suspicions related to money laundering and terrorist financing and enhance its own efforts in order to verify and suspect the occurrence of any of these crimes through cooperation and coordination at the local level with the security services, because it is best able to follow up and stop terrorist activity, and it can share information with the competent authorities such as the Public Prosecution and help it carry out parallel financial investigations, and at the international level through the Egmont network, which allows the Financial Follow-up Unit to immediately exchange information about organizations that are misused if they are suspected or doubt it.

- The National Committee for Combating Money Laundering and the Financing of Terrorism is considered the authority responsible for setting general policies for combating money laundering and terrorist financing and coordinating with the competent authorities to ensure the activation of these policies, knowing that there are representatives from both the Ministry of Interior and the Ministry of National Economy in the committee, which contributes to the participation of these authorities. In setting general policies related to money laundering and terrorist financing and coordinating their activation in order to ensure identification of deficiencies in legislative frameworks and in the capabilities of supervisory authorities in monitoring the sector of organizations in relation to these crimes.

However, there are some shortcomings represented in the slowness and delay in responding to the requests and inquiries of the parties that fall under the anti-money laundering crime system, which may disrupt and impede investigations, and there is no mechanism for exchanging information between the national focal points in the absence of electronic systems for their exchange, where it is still. Some departments rely on manual records in keeping files, and this leads to slow and delay the response of some local institutions to the

requests and inquiries of entities that fall under the system of combating money laundering and terrorist financing crimes.

The information obtained from representatives of the regulatory authorities indicates a weakness in coordination between the regulatory authorities in this sector with regard to cooperation at the supervisory level. Based on meetings that took place with representatives of the Ministries of Interior and Economy, there is a weakness in coordination between the supervisory authorities on the non-profit organizations sector in Palestine and the ministries of competence, and this weakness in coordination has negative repercussions as coordination between these parties is essential given that these ministries are the most aware of the reality of the sector and the most capable of providing information on organizations quickly and effectively. In addition, the importance of its role in being one of the active parties in developing anti-money laundering and terrorist financing policies in this sector and implementing these policies, noting that there have been civil and governmental efforts in recent years to develop and strengthen cooperation and coordination in this sector, and activate the role of the ministries of competence. The Palestinian NGOs Network was established in 1993 as an assembly and a civil reference framework, and it aims to cooperate and coordinate between various associations and bodies and to empower them. The member associations in this network are considered among the most effective in Palestine and have good technical capabilities in the field of capacity building for non-profit organizations (MAS). , 2016)⁶⁵.

In 2006, the Palestinian NGO Development Center was established, which specializes in strengthening the capacity-building of this sector and the development and governance of its work. In the same year, a special unit was established in the Presidency of the Council of

⁶⁵ Dudin, Mahmoud, Evaluation of the Impact of Charitable Societies and Civil Organizations Law No. 1 of 2000 and its executive regulations on the performance of associations. Palestinian Economic Policy Research Institute-MAS. Ramallah. Palestine 2016.

Ministers to follow up on the ministries of competence in the performance of their tasks by raising awareness and strengthening the capabilities of these ministries in following up on associations, supervising and controlling them, and according to what the MAS Institute study indicated, the ministries of specialization see that there is no concrete role for this unit from a realistic point of view. A presidential decree was also issued in 2012, stipulating the establishment of the NGO Affairs Authority, which is affiliated with the President of the Palestinian National Authority to monitor the activities of these bodies. However, this body did not record any noticeable activity in terms of the tasks assigned to it, according to a report issued by Al-Haq Foundation in 2015⁶⁶, and the study of the MAS Institute indicated that the work of this body is not systematic or organized. The President of the Palestinian Authority also issued a decision in 2015 to form a higher presidential committee for civil work headed by the President of the Presidential Office and the membership of: the Minister of Interior, Head of the NGO Affairs Commission, Head of the Financial and Administrative Oversight Bureau, Anti-Corruption Commission, Secretary-General of the Council of Ministers, and it represents a policy committee. It studies the reality of the associations' work and submits their reports to the Presidency of the Authority and the Council of Ministers. It should also be noted in this regard that there is a department in the Ministry of Interior that was established with the aim of coordinating between the Ministry of Interior and the ministries of competence.

⁶⁶ Al-Haq Foundation, a reading of the amendments to the law of non-profit companies and their relationship with NGOs. Ramallah. Palestine 2015

2.1.7 Effective Ability to Respond to International Requests for Information on A Non-Profit Organization:

Countries shall identify points of contact and appropriate procedures to respond to international requests for information on any non-profit organizations suspected of financing terrorism or other forms of terrorist support:

In 2008, two units were created in the Ministry of Interior, one of which was called “Arab Relations and International Cooperation Unit - Communication Division of the Council of Arab Interior Ministers (Palestine)” by Cabinet Resolution No. (11/65/12/M.W/S.F) issued on 28/7/2008” to meet the external needs of the Ministry of Interior as well as in line with the decisions of the Council of Arab Interior Ministers to establish a liaison department between the Arab Ministries of Interior. The general objective of this unit is to build, develop and strengthen relations of cooperation and partnership with various countries, Arab, regional and international organizations and bodies and their subsidiary bodies to ensure the achievement of the Ministry's objectives, in addition to strengthening cooperation and coordination with ministries and national institutions. The other unit is the National Central Office of the International Criminal Police (Interpol Palestine), in which Palestine obtained membership due to the conviction of the members of the group of the progress of the State of Palestine in security work, the fight against crime and the fight against terrorism. With this advantage, the State of Palestine has been able to cooperate in international affairs and exchange information and experiences in combating crime and combating terrorism and financial crimes of an international character. It is worthy to note that there is close cooperation in exchanging information between it and the Financial Follow-up Unit in order to enhance international cooperation and rapid response in providing information. With this advantage, the State of Palestine was able to identify appropriate mechanisms for exchanging information at the national and international levels.

There is also a general administration in the Ministry of Economy called the "General Administration of International Relations", which aims to strengthen relations with the local and international communities. Among the functions of this department is to receive and send requests for international information regarding various types of companies registered with the Ministry of Economy, including non-profit companies.

Perhaps the most important point of contact that helped increase the efficiency of the State of Palestine in combating the crimes of money laundering and terrorist financing is its accession to the membership of Egmont, which helps in increasing the efficiency of the State in handling incoming and outgoing cooperation requests and responding to international requests since the financial follow-up unit can exchange information with counterpart units based on the agreements it signed on the condition of reciprocity or based on memoranda of understanding concluded by the unit for this purpose and in a manner that does not conflict with the laws in force in the State of Palestine, provided that the exchange of information is limited to the framework of combating the two crimes of money laundering or terrorist financing. The time periods that were required to respond to requests, whether issued by the Financial Follow-up Unit or received by the Unit, varied depending on the type of information required and the speed of obtaining it from the competent authorities, as the Unit always makes its efforts to meet the requests received according to the speed possible, and for requests Issued by the unit, some requests were answered according to a reasonable time, while some countries were late in responding to the unit's requests.

The Second Topic

(Comparison of Three Countries That Underwent the Mutual Evaluation Process)

Preface

This topic aims to review and identify the procedures and measures taken by countries in implementing some of the standards of the eighth recommendation related to the non-profit organizations sector, as these measures had a significant impact on some countries obtaining varying degrees of compliance between obligated and/or committed to a great extent in implementing the requirements of these standards. Some countries failed to implement and comply with these standards, which led them to obtain a non-compliant degree. Accordingly, the experiences and expertise of the three countries: Britain, Bahrain, and Jordan will be reviewed through their actions and measures taken in each of Standard (8.1 - Risk-Based Approach) (Standard 8.3 - Targeted Risk-Based Supervision and Control) (8.4- Authorities should: A- Monitor the commitment of organizations (b) deterrent and proportionate sanctions) based entirely on the mutual evaluation reports for each country, as these countries are subject to the mutual evaluation process, and the topic ends with presenting the results based on the study of this comparison between countries and ending by comparing these countries with the State of Palestine noting that Palestine was not subject to the mutual evaluation process like the other three countries.

2.2.1 A Comparative Analysis of the Experiences of the Countries in Three Criteria of the Eighth Recommendation of the Non-Profit Organizations Sector:

The Financial Action Task Force has identified the elements of the risk-based approach to the sector of non-profit organizations in its Standard No. (8.1), which is based on four main

elements: A- Determining the sub-group most exposed to risks B- Determining the threats specific to this group C- Reviewing Adequacy of laws and regulations to ensure that measures are commensurate with the measures taken D- Periodic reassessment of the sector to identify the weaknesses and threats specific to the sector, as a primary criterion and to measure the ability of countries to combat money laundering and terrorist financing crimes while not all organizations are at the same level of risk. In order to ensure the existence and application of efficient and effective control systems that depend on the basis of risk-based supervision that take into account the situation of each sector and the risks surrounding it, and the extent of this sector's commitment to take corrective measures specified by the supervisory authorities, and in order to ensure the strengthening of risk-based measures, FATF Standard No. 8.3 addresses the process of risk-based supervision and control, which states that “countries should take steps to enhance effective oversight and control so that they are able to demonstrate the application of risk-based measures to non-profit organizations that are vulnerable to exploitation for the purpose of terrorist financing.” The explanatory note came and gave a set of examples of measures that countries can take and strengthen the monitoring process through them⁶⁷:

- Require organizations to license and register, and this information should be available to the competent authorities and encourage its availability to the public.
- Require organizations to retain information about their declared activities, their purpose, and the identity of the person and personalities who own or manage them.
- Require organizations to issue annual financial statements and other measures etc.....

⁶⁷ For more details, see the explanatory note issued by the Financial Action Task Force (FATF) regarding the recommendations.

FATF, “**International standards on anti-money laundering and combating financing of terrorism and proliferation**”, FATF. Paris 2012

And ending with Standard No. 8.4- that the authorities have the responsibility to ensure that organizations comply with the requirements of the eighth recommendation and to impose proportionate, effective and dissuasive penalties in case of violation of the requirements of this recommendation.

Standard 8.1: Risk-Based Approach			
Element	Bahrain	Britain	Jordan
A- Identify the sub-group vulnerable to risk	<p>In 2016, Bahrain reviewed its non-profit organizations sector. Out of 618 organizations, 417 were considered low risk 106 were considered moderate risk and 95 high risk. Among the organizations classified as high risk, 55 were classified as vulnerable to terrorist financing. Among the elements considered by the Ministry of Labor and Social Development to identify a non-profit organization that has a high terrorist financing risk is that the organization have a reserve of more than 200,000 Bahraini dinars (431,077) Euros and that it has financial dealings with</p>	<p>The local charitable sector was reviewed in 2017 to determine the characteristics and types of charitable institutions that are most vulnerable to risk of terrorist financing abuse. These assessments were based on information from nonprofit regulators and relevant government departments as well as analyzes and published information. The Charities Commission for England and Wales (CCEW) has also analyzed its cases to provide more information about the risks. Together, these efforts have enabled the United</p>	<p>Jordan did not specify the subgroup of organizations included in the Financial Action Task Force's definition of non-profit organizations, which uses all relevant sources of information, with the purpose of identifying the characteristics and types of non-profit organizations that are likely to be at risk, by virtue of their activities or characteristics, to the risk of exploitation with the aim of financing terrorism.</p>

	<p>abroad. These were considered possible links to terrorist financing, as noted by the Ministry, despite the fact that the decision is not related to the financing of terrorism, that 3 non-profit organizations were involved in illegal fundraising and mismanagement, i.e.(they were using the funds for their own benefit)</p>	<p>Kingdom to conclude that a small number of newly established charities remain at greater risk, namely those in three specific territorial regions of England and operating internationally in some high-risk countries and using methods common among small charities or Medium-sized businesses such as delivery agents, cash couriers and aid teams.</p>	
<p>B - Determining the nature of the threats posed by terrorist entities to the sector of non-profit organizations</p>	<p>Bahrain has identified one basic method applicable to the misuse of non-profit organizations, according to the draft National Risk Assessment: misuse of taxes and religious contributions or donations collected most often in Bahrain. The results of the</p>	<p>The UK has taken steps to determine the nature of terrorist financing threats to non-profit organizations and how do terrorist actors abuse these non-profit organizations through continuous assessments and situation analysis, these efforts</p>	<p>The Jordanian authorities did not specify the nature of the threats posed by terrorist entities to non-profit organizations, nor did they consider how terrorist entities exploit these organizations.</p>

	assessment of the risks of non-profit organizations in Bahrain were presented to the Financial Intelligence Department to comment on the categories of risks and to ensure that they correctly reflect the understanding of the risks of financing terrorism in the non-profit organizations sector	show that typical threats include: collecting donations on behalf of a charitable organization, generating terrorist funds and transporting them by charitable ,aid convoys Transfer of charitable aid funds from aid convoys to terrorist activity and theft from associations operating in high-risk areas	
C- Reviewing the adequacy of procedures, laws and regulations related to the sub-group	Bahrain, with the assistance of a consulting services firm, has conducted a preliminary review of the adequacy of laws and measures for subsets of non-profit organizations at risk of abuse to support terrorist financing. However, all nonprofit organizations currently go through the same process	The United Kingdom has taken steps to review the adequacy of laws and regulations governing non-profit organizations at risk, reviewing the Charity Commission of England and Wales in 2015, where one of the most important of this review was to strengthen the powers of the Charity Commission in	The Kingdom of Jordan has not provided evidence that it has reviewed the appropriateness of the measures imposed on its non-profit organizations that can be used to support terrorist financing, to take appropriate and effective

	described in Chapter 1 to obtain licensing and pre-approval for transfers. Some minor differences can be introduced in order to implement a risk-based approach	England and Wales to exclude charitable trustees to face abuse Charities for terrorist purposes are better	measures to address the identified risks
D- Doing a periodic reassessment of the sector by reviewing information about potential weaknesses	The Ministry of Labor and Social Development has established a program to review all non-profit organizations annually since the first quarter of 2017, based on administrative instructions from the Non-Profit Organizations Support Department, in order to identify the remaining terrorist financing risks, and update and improve its understanding of the risks. The update is done immediately after the financial reports or other information received by the Ministry indicating changes in the risk	The UK periodically reassesses information on the non-profit sector to ensure effective implementation of actions. Terrorist financing risk assessments related to non-profit organizations were conducted in 2017 (Local Sector Review), 2015 as part of the Non-Profit Authority and 2013 (to contribute to all relevant Financial Action Task Force).	Jordan does not have the legal basis to periodically reassess the non-profit organization sector by reviewing emerging information on potential weaknesses in the sector to ensure effective implementation of measures.

	profile of a particular non-profit organization.		
Standard 8.2 Targeted risk-based supervision and control			
A- Require organizations to license and register, and this information should be available to the competent authorities and encourage its availability to the public	All non-profit organizations are registered with the Ministry of Social Development, and information about their activities and officials is provided on its website. This can be considered that this provides people with a kind of confidence about the way non-profit organizations operate in Bahrain. The authorities in Bahrain have indicated that they use dedicated resources from the website of the Ministry of Social development and the National Center for Supporting Non-Profit Organizations in the Gulf Countries, which was established	There are 3 charities' regulators: the Charity Commission for England and Wales (CCEW), the Charity Commission for Northern Ireland (CCNI) and the Scottish Charity Regulators' Office (OSCR). These regulators are responsible for monitoring and supervising charities as charities are required to register with the relevant supervisor except for low risk charities in England and Wales. The records are public and contain information about trustees and some individuals who are not qualified to act as	A registry has been established in the Ministry of Social Development called the Associations Register, where an association registration request is submitted to the registrar on the form approved for this purpose. Attached to this application is the statute of the association, which contains the name of the association, its goals and objectives, the association's funding sources and how its financial affairs are managed. How to monitor and audit it,

	to develop the capabilities of these organizations.	trustees in England and Wales, including those convicted of terrorism and money laundering In addition to these organizations issuing statements about their goals and policies to enhance accountability, integrity and public trust in charitable institutions that they undertake to regulate accountability and public trust, as the above organizers published a document explaining their respective approaches to organizing their sectors	rules of good governance, transparency, and other issues. It is stipulated that the founding member of the association should not have been convicted of a misdemeanor involving infamy or any felony
B - Require organizations to issue financial and annual statements	According to the law, non-profit organizations must provide detailed financial statements each year, and organizations whose annual revenues or expenses exceed 10,000 Bahraini dinars	Charities must provide an annual return and a financial statement unless they operate in England and Wales and charge less than £10,000. Charitable trustees must keep accounting records of	The association's management body must submit to the competent ministry a- the annual work plan b- an annual report that includes the association's

	(21,500) Euros must resort to an external auditor to review their financial report, and the Ministry of Labor and Social Development shall review all financial reports	all income and expenses. All fundraising activities must comply with the strict requirements (Code of Fundraising Practice)	achievements and activities in the previous year, its sources of revenue and expenditures, in addition to any data required by the regulations and instructions issued under the provisions of the law
What enhances targeted risk-based, supervision and control	The Ministry of Labor and Social Development has implemented a number of measures against non-profit organizations that are exposed to the risks of terrorist financing, including (a) allocating an e-mail to the ministry for direct communication and facilitating inquiries,(b) setting consultation hours in the office through the NGO Support Center, (c) holding workshops Regularly during the year to enhance the effectiveness of the organizations	The United Kingdom has taken steps to determine the nature of the terrorist financing threats to non-profit organizations and how terrorist actors abuse such non-profit organizations, including through ongoing assessments, the powers of the Charities Commission in England and Wales have been strengthened to exclude charitable trustees to better counter the misuse of charities for terrorist purposes. The non-	The Ministry of Social Development classifies the risks of associations based on 4 criteria (sources and volume of funding, destination of spending and place of activity), but the Jordanian authorities did not conduct supervision and control operations on non-profit organizations based on the risks of terrorist financing on this sector.

	<p>and their financial management with the help of local and international experts,) d) Conduct field visits to the headquarters of the non-profit organization to assess its institutional performance and follow up and review the Central Bank of Bahrain's data on transactions with abroad. In addition, Bahrain has measures to define and supervise the association in general</p>	<p>profit sector has been reviewed more than once to ensure effective implementation of procedures. All charities in the UK have awareness and education programs in place to raise awareness of the risks of terrorist financing for non-profit organizations and measures to prevent abuse, including the Charities Commission for England and Wales, which is the most active in this area, in line with the risks identified. The charitable organizers have released a joint dossier which is a regulatory dossier on the importance of using regulated financial channels, this was posted on their websites and promoted on social media.</p>	
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Standard 8.3: Authorities should do the following			
A- Monitor non-profit organizations' compliance with the requirements of Recommendation 8, including the risk-based procedures applicable to them under Standard 8.3	Bahrain to some extent identified the non-profit organizations sub-sector exposed to the risk of terrorist financing and imposed on-site or field visits to focus on this issue, but non-profit organizations have been monitored since 2005, as the Ministry of Labor and Social Development monitors all non-profit organizations, including Those exposed to terrorist financing risks in different ways, including reviewing their annual reports and financial statements.	Charitable regulators are responsible for monitoring charities' compliance with accounting registration requirements as CCEW conducts proactive monitoring of high-risk charities including on-site compliance checks, CCNI and OSCR tend to monitor in response to allegations of non-use of compliance. Although the agencies also identify certain charities or categories of high-risk organizations, monitoring may include on-site compliance checks in charitable offices, meetings with trustees and/or staff, review of financial information, internal control procedures, online activity	Jordanian authorities do not monitor non-profit organizations' compliance with the requirements of this Recommendation, including the risk-based measures applicable to them under Standard 8.3

		review, etc. UK fundraising practices fundraising in response to complaints. In Scotland, the Scottish Fundraising Standards Committee is responsible for looking into fundraising complaints that have not yet been resolved by the relevant charity.	
B- To be able to impose effective, proportionate and dissuasive penalties in the event of violations of these requirements by organizations or by persons working for them	Sanctions may be imposed on non-profit organizations or persons acting on their behalf if they do not comply with the provisions of Decree-Law No. 21 of 1989 pursuant to Article 89 of that law. It is also permissible to refuse to register the organization if it does not meet certain criteria. The Ministry of Labor and Social Development must refer the case to the police or the Financial	UK charities are subject to effective, proportionate and dissuasive penalties for breach of their obligations. Depending on the breach, penalties can include account freezes, cancellation of registration and unlimited criminal fines (Charities Act 2011).	The Law of Associations granted the authority to the competent minister (the Minister of Social Development) to impose administrative penalties on associations in case they violate any of the provisions of the law. However, evaluators indicated that the fines which can be imposed are

	Investigation Department, and it has already done so in the event that the organization collected funds illegally or was suspected of misusing them for financing terrorism.		not deterrent. Also, penalties are imposed only when violating the provisions of the Associations Law without including violating the requirements of Recommendation No. 8
degree of compliance	very committed	committed	Non-committed

** The above table was prepared by the researcher- where the data were obtained from the mutual evaluation reports of the countries.

2.2.2 Comparison Results Between The Countries:

Standard 8.1: Risk-Based Approach:

1- The level of efforts made by countries with regard to compliance with the elements of Standard No. 1.8, which provides for a risk-based approach, varied, as the Kingdom of Bahrain and the United Kingdom (Britain) succeeded in fulfilling the requirements of this standard, starting with identifying the subgroup of organizations at risk and their threats and reviewing their procedures and their laws to ensure that the measures taken are commensurate with the identified risks, but the Kingdom of Jordan has failed to meet the requirements of this standard. This failure indicates that the measures taken by the Jordanian authorities are not commensurate with the specific risks and that any subsequent monitoring and follow-up process on this sector and carried out by these authorities is not carried out according to the risk-based approach and is carried out in a random manner.

2- The level of efforts exerted between the Kingdom of Bahrain and the United Kingdom (Britain) in fulfilling the requirements of Standard 8.1 varied. Although the Kingdom of Bahrain identified the sub-group and non-profit organizations that face the risk of terrorist financing, but the evaluators indicated that the risk assessment of the non-profit sector in the Kingdom of Bahrain needs further improvement to focus specifically on the financing of terrorism, as the Kingdom of Bahrain exercises a number of obligations imposed on all non-profit organizations as a whole. Although these measures may be effective in mitigating the exploitation of the non-profit sector to finance terrorism, they are not carried out according to a risk-based approach and may unintentionally restrict the ability of NGOs and institutions to access resources, including financial resources, to carry out their legitimate activities. Contrary to what was presented by the United Kingdom (Britain), which applied a risk-based approach by focusing on high-risk organizations and that its measures were commensurate with the specific risks.

3- Despite the UK's fully complied with the requirements of Standard No. 8.1 with its four elements, and the Kingdom of Bahrain's recoded some shortcomings, the Kingdom of Bahrain's efforts to have its authorities engage with an external expert facilitated by a technical assistance program since 2015 to address the issue of risk management for non-profit organizations, especially to adapt to the new requirements of the eighth recommendation, and work to improve their risk assessment, specifically terrorist financing crimes, and thus implement risk-based control, demonstrates the Bahraini authorities' awareness of the risks related to this sector and the desire to protect it from exploitation.

4- The importance of criterion 8.1- adopting a risk-based approach in enabling countries and their relevant authorities to identify, assess and understand the risks of the sector, which in turn reflects clearly and positively on compliance with the requirements of other standards contained in the eighth recommendation and raises the degrees of countries' compliance. This impact will become clear through the other comparisons made by the researcher between countries through the criteria (targeted risk-based supervision and control, and the extent of the authorities' commitment to monitoring organizations to implement the commitment to the requirements of the eighth recommendation), in which it was found that each country relied on a set of procedures where the three countries differed among themselves, as the adoption of a risk-based approach was the basis for compliance with the rest of the standards.

Standard No. 8.2: Targeted Risk-Based Supervision and Control:

1- The level of efforts exerted by countries in complying with the requirements of Standard 8.3 differed and varied, some of them made a clear effort to comply, such as the United Kingdom (Britain) and the Kingdom of Bahrain, but at the level of the Kingdom of Jordan, efforts did not reach the required level of compliance as it failed to address the standards of the eighth recommendation, which is a matter with a negative impact on the sector of non-

profit organizations, and indicates that the sector is still vulnerable to criminal and terrorist violations.

2- The three countries, the United Kingdom (Britain), the Kingdom of Bahrain and the Kingdom of Jordan, participated in complying with Procedure 1 of Standard No. 8.3, which is based on requiring organizations to license, register and provide this information to the competent authorities and the public. These three countries required their non-profit organizations to license and register, and the United Kingdom and the Kingdom of Bahrain were able to display all the details of these organizations on their websites, which gave more confidence to the public. On the other hand, the Jordanian authorities did not indicate that information about their sectors is being published on their websites, which undermined the required standards of integrity, transparency and accountability.

3- The United Kingdom (Britain) and the Kingdom of Bahrain participated and succeeded in putting in place a set of measures in order to enhance supervision and targeted risk-based supervision and control through **Britain** taking a set of measures, which were: by taking steps to determine the nature of terrorist financing threats to non-profit organizations and how terrorist actors abuse those non-profit organizations, including through ongoing assessments. The powers of the Charity Commission in England and Wales were strengthened to exclude charitable trustees to better address the misuse of charities for terrorist purposes, and the non-profit sector was reviewed more than once to ensure effective implementation of procedures. In addition, all UK charities have awareness and education programs in place to raise awareness of the risks of terrorist financing for non-profit organizations and measures to prevent abuse. Including the Charities Commission of England and Wales, which is the most active in this area, in line with the risks identified. The sector regulators issued a joint file, which is a regulatory file on the importance of using regulated financial channels, which was published on their websites and promoted on social media. The same applies to the Kingdom

of Bahrain, which has put in place a set of measures implemented by the Ministry of Labor and Social Development against non-profit organizations that are exposed to the risks of financing terrorism, represented by allocating a special e-mail to the ministry for direct communication and facilitating inquiries on the sector, determining the hours of consultation for the sector through the NGO Support Center, and conducting regular workshops during the year to enhance the effectiveness of organizations and their financial management with the help of local and international experts, and confirming the control process by conducting field visits to the headquarters of the non-profit organization to assess its institutional performance, and to follow up and review the Central Bank of Bahrain's data related to transactions with abroad. In addition, Bahrain has measures to identify and supervise the association in general, unlike the Kingdom of Jordan, which did not carry out any risk-based supervision and control process, as it did not specify the subgroup to enable it to carry out the appropriate monitoring and follow-up process.

4- The measures of the British authorities were clear in complying with all the compliance requirements of the eighth recommendation and was the reason for obtaining the degree of compliance with all the standards of this recommendation, while the Bahraini authorities had some shortcomings that affected the degree of compliance with all the standards of the recommendation and its obtaining a degree of compliance to a large extent, as The Kingdom of Bahrain needs further improvement to focus specifically on the financing of terrorism and improve its understanding of risks and thus the implementation of risk-based oversight. shortcomings also were noted in implementing awareness and education programs related to terrorist financing. The results related to risk analysis have not been shared with the non-profit organizations sector, and high-risk organizations are not aware of the type of risks they have obtained, weaknesses and measures that can be taken to decrease risks.

5- The shortcomings were clear and significant in the Kingdom of Jordan, and they were a reason for obtaining a degree of non-compliance, as the Jordanian authorities did not implement the requirements of the eighth recommendation. Perhaps the most important of them is Standard No. 1: Applying the risk-based approach represented in identifying the sub-group at risk and its threats, and other shortcomings that affected the standards of the eighth recommendation and their partial realization of some elements of the second standard only, which is based on (continuous communication with the sector of organizations in relation to issues of terrorist financing). The evaluators indicated that the Jordanian authorities did not conduct supervision and control operations on non-profit organizations based on the terrorist financing risks to this sector.

Standard 8.3: Authorities Should:

1- Monitoring the compliance of non-profit organizations with the requirements of the eighth recommendation, as it was pointed out that the Jordanian authorities did not monitor the compliance of non-profit organizations with the requirements of the eighth recommendation. Perhaps the matter is due to the fact that the Jordanian authorities did not initially identify the subgroup of high-risk organizations, the matter Which prevents the monitoring of the sector and ensuring the implementation of the requirements of the recommendation, or at least the sub-group of organizations, in addition to the lack of understanding by the sector of the requirements of the recommendation and the standards of the Financial Action Task Force. Both the Kingdom of Bahrain and the United Kingdom (Britain) were successful models in complying with the requirements of this standard, even if there were differences between them.

2- Based on the previous result, the procedures of the **Kingdom of Bahrain and the United Kingdom (Britain)** differed in compliance with the requirements of this standard. The United Kingdom was the most successful in monitoring the commitment of non-profit

organizations through the British authorities conducting proactive monitoring of high-risk charities, including compliance checks on site, in charitable offices, and meeting with trustees and/or employees. Reviewing financial information, internal control procedures, reviewing online activity, etc. Furthermore, the fundraising regulator in the United Kingdom monitors fundraising practices. The procedures and measures of the Kingdom of Bahrain were no less important, but were somewhat restrictive, as they are carried out on all non-profit organizations, as the Ministry of Labor and Social Development monitors all non-profit organizations, including those exposed to the risks of terrorist financing, in various ways, including reviewing their annual reports and financial statements.

3- The evaluators pointed out some shortcomings in the Kingdom of Bahrain with regard to compliance with this standard, as the Ministry of Labor and Social Development did not share the analysis of risks or results with the non-profit organizations sector, and as a result, high-risk non-profit organizations are not aware of their risk rating, vulnerabilities, or possible measures they can take to decrease risks and protect themselves from exploitation. They also have not conducted targeted awareness-raising efforts on how to identify, prevent and report terrorist financing, unlike the UK which conducts proactive monitoring of high-risk organizations as well as consultation processes to work with non-profit organizations to develop best practices and engage organizations to undertake the review process for Recommendation Eight.

4- The variation of level of penalties imposed by countries, which stipulates that penalties be effective, proportionate and deterrent in case of violation of these requirements by organizations or by persons working for them. While the Kingdom of Jordan imposes penalties only when violating the provisions of the Associations Law without including violating the requirements of Recommendation No. 8, the Kingdom of Bahrain may refuse to register an organization if it does not meet certain criteria, and the Ministry of Labor and

Social Development must refer the case to the police or the Financial Intelligence Department in the event that the organization collects funds illegally or is suspected of misusing them in order to finance terrorism. The strongest among them was the United Kingdom (Britain), which specified in its laws that charities in the United Kingdom are subject to effective, proportionate and deterrent penalties for violating their obligations depending on the violation. Penalties can include freezing accounts, canceling registration and unlimited criminal fines.

5- Based on the foregoing, the results were clear and detailed among the comparative countries, and Britain was the most successful and exemplary example, What was striking was what the British authorities had done on the participation of the non-profit organizations sector in a joint review of the requirements of the eighth recommendation with its regulatory authorities, which enabled an understanding and awareness of the risks on this sector, and its efforts to prevent it from being exploited and to identify the most dangerous organizations and thus follow them up. In contrast to what the Kingdom of Bahrain did, despite its efforts, which it did not complete to the end, as the procedures are applied to the organizations as a whole without taking into account the different degrees of risks between the organizations, as the organizations Which were identified within the sub-group did not know that they were high-risk organizations. This negatively affected these organizations to meet the requirements of the eighth recommendation, and negatively reflected on the regulatory authorities to carry out a targeted risk-based monitoring and supervision process. The apparent failure of the Kingdom of Jordan and its authorities to meet all the requirements of the eighth recommendation as a whole and not limited to the criteria mentioned in this topic, and therefore, there is a great fear that the sector be exposed to criminal violations.

2.2.3 Studying The Case of Palestine in Terms of Adherence to International

Standards:

Before carrying out the comparison process, the researcher emphasizes the lack of similarity between the State of Palestine and the three compared countries. The process of dissimilarity and difference between them is that the State of Palestine did not undergo the process of mutual evaluation like the other three countries (Jordan, Bahrain and Britain), but what distinguishes the State of Palestine is to take a proactive step in Assessing the risks of the non-profit sector as a starting point for the country's preparation for the mutual evaluation process. The importance of the current comparison lies in comparing the procedures followed in the three countries in compliance with the standards and requirements of the eighth recommendation that were mentioned in this topic, and the procedures that the State of Palestine is currently undertaking to find out its shortcomings. Moreover, the researcher expectation of the extent that the evaluation of non-profit sector in Palestine could be compared with any of the non-profit sectors in the three countries, and to help the researcher formulate a set of recommendations that would help the regulatory authorities to enhance their procedures according to the specific risks.

1- Regarding the first standard (8.1), which stipulates the adoption of a risk-based approach, the State of Palestine was able to identify the sub-group of non-profit organizations in Palestine and identify the related threats. With this advantage it was able to equate with both the Kingdom of Bahrain and the United Kingdom (Britain). In addition, the Palestinian authorities prepared the draft of the NGO system as an important step in reviewing the laws, regulations, and procedures followed for the sub-group. But, the Palestinian authorities did not re-evaluate the sector and identify weaknesses, and perhaps one of the most important reasons is the state of emergency that was declared following the spread of the virus. corona.

2- Regarding Standard No. (8.3) Targeted Risk-Based Monitoring and Supervision, the State of Palestine is somewhat similar to the three countries, where all non-profit organizations are subject to the same method with regard to licensing and registration of associations. It is also similar to both the United Kingdom and the Kingdom of Bahrain in obtaining approvals regarding obtaining funding, in addition to requiring all organizations to issue financial and annual reports. However, the efficiency of these bodies in verifying these reports, especially the reports of the sub-group, has not been confirmed. But, the Palestinian authorities, through the Financial Follow-up Unit, circulated the sub-group to the banking and financial institutions sector in order to take measures according to the specific risks, given that financial institutions classify non-profit organizations as high-risk. Thus, this proactive step is counted for it by drawing the attention of financial institutions to the fact that not all organizations are of high risk and ease restrictions on the rest of the organizations in order to achieve their legitimate goals. However, the Palestinian authorities have not strengthened their risk-based measures and have not carried out field and office visits and inspections on this group or wherever visits are required. Moreover, the sector lacks the necessary understanding of the recommendations of the Financial Action Task Force, specifically the requirements of the eighth recommendation. Therefore, any measures taken and implemented may not be commensurate with specific risks, specifically financial crimes related to money laundering and terrorist financing.

3- Standard No. 8.4, The authorities should monitor the compliance of non-profit organizations with the requirements of Recommendation Eight: Although the Palestinian authorities have identified the subgroup, they still apply the same procedures related to approvals, registration and licensing to all organizations as a whole, and here the State of Palestine is similar to the procedures followed by the Kingdom of Bahrain, where it was not clear that the regulatory authorities monitor the compliance of the organizations with the

requirements of the eighth recommendation. In addition, it was not clear that the regulatory authorities informed non-profit organizations that they are high risks and that they must improve their procedures and enable them to know the methods that make them vulnerable to financing terrorism, which indicates that the sector of organizations lacks understanding and awareness of these risks.

4- In addition, it was not clear that the Palestinian authorities would take any deterrent and proportionate to the risks or deterrent penalties in the event of non-compliance with the requirements of the eighth recommendation, but the violations and penalties were limited to violating the provisions of the Associations Law. This matter does not indicate that the authorities entrusted with combating the crime of money laundering and terrorist financing are not performing their roles. Rather, the matter is limited only to events of any suspicion of an organization that the authorities follow up their work in prosecuting these crimes in several ways and means through the Financial Follow-up Unit and the General Intelligence Service or at the level of the International Relations and Cooperation Unit and the Interpol office in the Ministry of Interior, if the organization is an international one.

5- The Palestinian supervisory authorities were not very inefficient, as these authorities have procedures for rapprochement with other countries, specifically the Kingdom of Bahrain, and this indicates the concern of the Palestinian authorities of this sector because of its importance in the state and the state's desire and responsibility to protect it from exposure to criminal violations.

6- Perhaps the State of Palestine should complete its efforts and overcome all difficulties and challenges in order to comply with the requirements of the eighth recommendation by adopting a strategic and executive plan based on the outputs of the sector assessment, and harnessing its financial and human resources for this sector in order to strengthen the targeted risk-based supervision and control, and the involvement of the NGO sector which is not less

important and has the greatest ability to understand the nature of its work and the ways to follow it.

Sources and References that Have Been Relied Upon in Country Comparisons⁶⁸

sources and references

69 MENAFATF, “Anti-money laundering and counterterrorist financing measures, Bahrain, mutual evaluation report”, MENAFATF, Manama 2018.

70 FATF, “Anti-money laundering and counterterrorist financing measures, United Kingdom, mutual evaluation report”, FATF, Paris. 2018.

71 MENAFATF, “Anti-money laundering and counterterrorist financing measures, The Arab Republic of Egypt Mutual Evaluation Report”, MENAFATF, Manama. 2021.

Third Topic

Research Methodology and Study Community

This topic deals with a detailed description of the methodology and procedures followed by the researcher in implementing the research and conducting the applied study on the study population, with the aim of identifying the role and effectiveness of the regulatory authorities in combating the crime of money laundering and terrorist financing (such as a case study of the non-profit organizations sector in Palestine), through Surveying the opinions of the regulatory authorities on the NGO sector through personal interviews, exploring the opinions of workers in the non-profit organizations sector through the control procedures followed on them, and analyzing (the questionnaire) - the main tool for research, leading to the presentation of the findings of the study and standing on the recommendations made by the researcher Into account.

This topic dealt with an explanation of the research method, a description of the research community and sample, the preparation of the main tool for research (the questionnaire), examination of its credibility and stability, and a statement of the statistical methods used in processing the results.

2.3.1: Research Methodology

In line with the requirements of the research, the researcher resorted to using the descriptive analytical method, as it is based on the study of reality and the phenomenon as it is on the ground and describes it accurately, as follows:

2.3.1.1 Secondary Sources:

In addressing the theoretical framework of the research, the researcher resorted to using secondary sources through:

- o Arabic and foreign books and references.
- o Previous research and studies that deal with the subject of control, the organizations sector, money laundering and terrorist financing.
- o Periodicals, articles and reports issued by local and international institutions and published on the Internet.
- o A survey of the laws and regulations of the non-profit organizations sector, represented by the Law of Associations and Civil Organizations No. 1 of 2000 and its executive regulations, as well as the Non-Profit Companies Law No. 3 of 2010.

2.3.1.2 Primary Sources:

To address the analytical aspects, primary data was collected through a questionnaire designed specifically for this research, and distributed to a number of non-profit organizations operating in Palestine, especially the interviews that took place with the regulatory authorities.

2.3.2 Study Community and Research Sample:

The study community consists of non-profit organizations operating in Palestine, whose definition coincided with the definition of the FATF for non-profit organizations. All non-profit organizations are obligated before practicing their business to register with these bodies, as the data obtained served to contain information about the organizations related to the name of the association, its address, its contact point, the year of its establishment and its field of work, which enabled the selection of the sample and access to the desired organizations. Conducting an applied study on it to complete the study, and the number of non-profit organizations until the end of the year 2020 reached (3,797) working in Palestine, whether local or foreign.

As for the research sample, the researcher relied on determining the sample size based on the criterion (the competent ministry and the geographical area in which these organizations operate) - and the reason for choosing the competent ministry is that there are many organizations that work in more than one activity and field, so it was more appropriate to choose the competent ministry to determine its field. Here, the researcher was reassured that the sample included all sectors and geographical areas in all cities of Palestine.

By applying this criterion, the number of sample items became (349) civil local associations and organizations and local and foreign non-profit companies. (299) questionnaires (86%) were retrieved, and the following is a description of the characteristics of the study community.

Description of the characteristics of the study population:

1- Distribution of the Study Population According to the Chronological Age of the Non-Profit Organizations (Study Sample).

Table No. (1): Distribution of the Study Population According to the Chronological Age of Non-Profit Organizations			
Number	Year Established	Frequency	percentage
1	Before 1980	28	9.5%
2	1981-1990	55	18.3%
3	1991-2000	97	32.4%
4	2001-2010	93	31.2%
5	2011 and above	26	8.6%

The chronological age of the study sample was divided into five time periods, where the largest percentage of these organizations which their establishment period between the years (1991-2000) with a percentage of (32.4)% and the period respectively between (2001-2010) and at a rate of (31.2)%. These Periods coincided with the periods of the issuance of the Law

of Civil Associations and institutes No. 1 of 2000 and Cabinet Resolution No. 3 of 2010 regarding non-profit companies. Some organizations were established between (1981-1990) at a rate of (18.3%), a period that preceded the arrival of the Palestinian Authority. Other organizations, which reached 9.5%, were established before which indicates the great age of these organizations, and their practical experience in this field precedes the institutions of the Palestinian National Authority.

2- Distribution of the Study Population According to the Competent Ministry

(Activity):

Table No. (2): Distribution of The Study Population According to the Competent Ministry			
Number	Field	Frequency	Percentage
1	Media	4	1.4%
2	Economy	6	2.0%
3	Interior	19	6.3%
4	Sports and youth	44	14.7%
5	Justice	15	4.9%
6	Woman	20	6.6%
7	Environment	3	1.1%
8	Education	18	6.0%
9	Development	103	34.4%
10	Culture	37	12.3%
11	Foreign Affairs	1	0.3%
12	Agriculture	13	4.3%
13	Tourism and Antiquities	1	0.3%
14	Prisoners Affairs	1	0.3%
15	Health	14	4.6%

Non-profit organizations in Palestine work in all activities and fields related to the Palestinian civil society, and provide the needed development services with the aim to develop certain segments of Palestinians to be able to coexist and adapt to the special circumstances they live. Others were in the field of youth and sports as a starting point for these organizations to utilize their programs to refine the youthful personality, provide them with skills and scientific and practical experiences, and train young people in various societal fields. This is evidenced by the large number of organizations working in the field of culture as a kind of empowerment and community development. In spite of this, it has been found that many of these organizations work in more than one field and activity, and some of them give more attention to some fields and activities rather than others. The most important area of interest by non-profit organizations is the field of development, which is a natural matter because of the conditions that the Palestinians are going through.

The previous table shows that the most fields for the study sample are concentrated in the development field, where (103) out of (299) organizations work in this field, followed by the field (Youth and Sports) in which (44) out of (299) organizations work in , noting that many organizations work in more than one field, and the least organizations in the study sample were those operating in fields of tourism, antiquities, prisoners' affairs and foreign affairs, which collectively numbered only (3) organizations out of (299) recovered organizations, and the reason is Its number of the study population that was determined on the basis of the competent ministry and geographical area.

3- Distribution of the Study Population According to Gender:

Table No. (3): Distribution Of The Study Population By Gender			
Number	Gender	Frequency	
1	Male	164	54.7%
2	Female	135	45.3%

It is clear from the above table that the percentage was somewhat similar between males and females working in the organizational sector, which indicates the concern of this sector on gender equality, and the belief in the strength and importance of females and their opportunity for work and creativity, which are no less important than males.

4- Distribution of the Study Population by Age Group:

Table No. (4): Distribution Of The Study Population By Age Group			
Number	Age Group	Frequency	Percentage
1	30 and less	32	10.6%
2	31-40	122	40.8%
3	41-50	104	34.7%
4	51 and over	41	13.8%

The above table shows that (10.6%) their ages ranged less than 30 years and (40.8%) their ages ranged between 31-40 years, which is the largest percentage, (34.7%) whose ages ranged between 41-50 years, and (13.8%) whose their age is 51 and over. This indicates that the individuals in this sector have experience in the field of work in the sector of non-profit organizations.

5-Distribution of the Study Population by Academic Qualification:

Table No. (5): Distribution Of The Study Population By Academic Qualification			
Number	Academic Qualification	Frequency	Percentage
1	Diploma and less	16	5.2%
2	Bachelor	136	45.6%
3	Master	131	43.8%
4	PhD	16	5.2%

Managing tasks and working in non-profit organizations is not less important or difficult than working in other sectors. Rather, working with them involves greater complexity and more

sensitivity because they receive many donations and gifts from several parties, which need high skills in managing them to avoid risks on one hand, and on the other hand, it enables them to fulfill their obligations to the funders and to gain the confidence of all the donor and beneficiary parties. Therefore, filling jobs in this sector need the academic qualifications and practical experience required to ensure success. It was found through the questionnaire that a high percentage of job occupants in the non-profit organizations sector have high academic qualifications, as it is clear from Table No. (5) that most of the occupants of the jobs mentioned in the study sample are university degree holders, where the percentage of Bachelor degree holders reached (45.6%), the percentage of master degree holders reached (43.8%), while the percentage of PhD degree holders reached (5.2%), as well as, diploma holders reached (5.2%) This indicates the academic level of the working groups in this sector and its interest in bringing the educated elite to its cadre.

6- Distribution of the Study Population According to the Job Title:

Table No. (6): Distribution Of The Study Population By Job Title			
Number	Job Title	Frequency	Percentage
1	Director general	92	30.9%
2	Director of the Department	197	65.9%
3	Head of the Department	10	3.2%
4	others	-	-

It is clear from the previous table that 96.8% of the sample members occupy high positions in the sector of organizations under study, which varied between the position of director general of the organization and director of a department, and 3.2% occupy the position of department head, while there were no job titles less than the mentioned positions, which indicates awareness of these organizations to the importance of the issue of money laundering and terrorist financing and the study of the details of the questionnaire that deals with this aspect by the higher administrations.

Table No. (7) Distribution Of The Study Population According To Years Of Experience:			
Number	Years of experience	Frequency	percentage
1	1-5	66	22.1%
2	6-10	106	35.5%
3	11-15	65	21.8%
4	16-20	24	8.0%
5	20 and over	38	12.6%

The previous table refers to the experience rates in the non-profit organizations sector, as the table shows that (35.5%) of the occupants of these jobs have experience ranging from (6-10) years, while (22.1%) of the occupants range from (1-5) years of experience, and the percentage of 21 years or more was (8%), which indicates that workers in the non-profit organizations sector have sufficient experience to work in such a sector.

2.3.3 The Main Tool of Study:

The researcher used the questionnaire as a main tool in the field study, in order to save time and effort for the researcher. The questionnaire was structured and developed in light of the comprehensive review of the FATF recommendation criteria in its eighth recommendation, and its explanatory note, and in the light of the comprehensive review of previous theoretical and practical studies that deal with the topic of research , according to the following steps:

- 1- Determine the main dimensions included in the questionnaire.
- 2- Drafting the paragraphs that fall under each of the main dimensions.
- 3- Preparing the questionnaire in its initial form.
- 4- Arbitration of the questionnaire and testing its validity.
- 5- Extracting the questionnaire in its final form, as shown in Appendix No. (1).
- 6- Distribution of the questionnaire to the research sample.

7- Collection and analysis of questionnaires.

2.3.4 The Validity of the Questionnaire:

The researcher confirmed the validity of the study's questionnaire on (the role and efficiency of regulatory authorities in combating money laundering and terrorist financing crimes - a case study of the non-profit organization sector in Palestine) through two methods, namely the validity of the content (the arbitrators) and the validity of internal consistency as follows:

1- The Validity of the Content (the Validity of the Arbitrators)

During the preparation stage, the questionnaire was presented to two arbitrators to verify its credibility, and that the paragraphs of each field measure the ideas for which it was designed. Their valuable observations and opinions were expressed about the paragraphs of the questionnaire, and the researcher took these notes and modified them to become more clear to the respondents, until the questionnaire became In its final form divided into two sections: The first section: contains the general and demographic data of the respondents, and the second section contains two parts - the first part contains (31) paragraphs distributed over four dimensions (fields) and the second part (17 paragraphs) and finally any information provided by the respondent.

Table No. (8): The Fields of the Questionnaire and the Number of its Paragraphs

number	Fields of the questionnaire	Number of paragraphs
1	Procedures registration and keeping records	3
2	Oversight measures	20
3	Apprehension and Risks	5
4	Penalties and Violations	3

2- Validity of the Internal Consistency:

The researcher verified the validity of the internal consistency of the study questionnaire by calculating the Pearson correlation coefficients between each paragraph of the questionnaire and the total degree of the field to which the paragraph belongs. The results were positive, as there is an internal consistency of the paragraphs with the fields to which they belong, and the following tables show the correlation coefficients between the paragraphs and the fields to which they belong:

Table No. (9):

Pearson's correlation coefficients between each item of the first dimension (procedures of registration and keeping records) and the total score for the domain:

Number	Table No. (9): First Dimension Paragraphs (Registration Procedures)	Pearson Correlation Coefficient
1	Documents and information related to your organization are submitted to the supervisory authorities in accordance with what is required by law	0.446**
2	The period of time for keeping records as stipulated in the financial and administrative report of your organization	0.548**
3	Your institution notifies the supervisory authorities of the bank accounts opened in the name of the institution	0.753**

** All paragraphs of the first dimension are statistical function at the level of function 0.01.

Table No. (10):

Pearson's correlation coefficients between each item of the second dimension (control procedures) and the total score for the domain:

Number	Table No. (10): Paragraphs of the Second Dimension (Control Procedures)	Pearson Correlation Coefficient
1	There Is Continuous Coordination And Cooperation Between Your Institution And The Relevant Ministries, Meaning That The Relationship Between You Is Based On Coordination, Cooperation And Integration	0.581**
2	Your Organization Makes Amendments To The Articles Of Association	0.387**
3	Your Organization Informs The Relevant Department In The Ministry Of Interior Of The Amendments To The Articles Of Association	0.470**
4	Your Organization Reviews The Statute Periodically To Verify Its Effectiveness	0.438**
5	There Is Feedback, Follow-Up And Communication By The Regulatory Authorities Regarding These Amendments	0.609**
6	Your Organization Uses Financial Channels (Bank Accounts) Only When Carrying Out Any Financial Transaction Or Activity	0.656**
7	Your Organization Submits A Report Containing A Full Description Of The Institution's Activities Every Year To The Competent Ministry Or The Ministry Of The Interior On An Annual Basis	-0.042**
8	Your Organization Submits Annual Financial Reports Certified By The Auditor With Details The Revenues, Expenses, Assets .And Liabilities	0.035*
9	Your Organization Provides The Regulatory Authorities With The Funding Sources Available To Them Or The Sources Of Aids Obtained For Them	0.647**

10	Your Organization Verifies The Sources Of Funding And The Background Of Its Donors	0.710**
11	Your Organization Verifies The Local Sources Of Funding Obtained In Terms Of The Funder's Background And Relationships	0.692**
12	Your Institution Verifies The Foreign Funding Sources Obtained In Terms Of The Background Of The Financier And His Relationships (If Any)	0.656**
13	Your Organization Checks The Background Of Its Employees In Terms Of Good Conduct And Behavior And Checks The Names On The International Ban Lists	0.40.40505**
14	The Regulatory Authorities Carry Out Field Visits To Your Institution	0.385**
15	The Field Visits Are Specialized In The Field Of Combating Money Laundering And Terrorist Financing	0.239**
16	Your Organization Has An Internal Control System	0.642**
17	Employees And Workers Are Informed Of The Control System	0.721**
18	Employees Are Trained To Ensure They Are Familiar With The Control System	0.667**
19	Your Organization Has Mechanisms For Accountability And Appropriate Rules Of Transparency And Disclosure	0.636**
20	Your Organization Has Electronic Systems That Enable You To Publish Information And Make It Available To The Public	0.514**

* All paragraphs of the second dimension are statistical function at the level of function

0.01.

** All paragraphs of the second dimension are statistical function at the level of function

0.05.

Table No. (11):

Pearson's correlation coefficients between each item of the third dimension (apprehension and risks) and the total score for the domain:

Number	Table No. (11): Paragraphs of the Third Dimension (Apprehension And Risks)	Pearson Correlation Coefficient
1	Your organization and its employees have an understanding of the FATF Standards - Standards for Combating Money Laundering and Terrorist Financing	0.758**
2	Your organization understands the risks it is exposed to in particular as a result of the nature of the work of these institutions and their access to funds from different parties	0.851**
3	Do the regulatory authorities issue instructions or alerts that help you to be aware of the risk of money laundering and terrorist financing?	0.822**
4	The supervisory authorities allocate to you workshops and training and awareness sessions on the risks of money laundering and terrorist financing for your organization	0.755**
5	Your organization applies a risk-based approach to ensure that the organization is not exploited for suspicious activities	0.481**

** All paragraphs of the third dimension are statistical function at the level of function 0.01.

Table No. (12):

Pearson's correlation coefficients between each paragraph of the fourth dimension (penalties and violations) and the total score for the domain:

Number	Table No. (12): Paragraphs of the Fourth Dimension (Penalties And Violation)	Pearson Correlation Coefficient
1	A measure was previously taken against you as a result of your failure to notify the supervisory authorities of your bank accounts	0.918**
2	A penalty was previously imposed on you as a result of non-compliance with submitting the financial and annual report to the regulatory authorities	0.947**
3	Penalties were previously imposed on you as a result of not informing the regulatory authorities of the amendments made to your articles of association	0.320**

** All paragraphs of the fourth dimension are statistical function at the level of function 0.01.

Table No. (13)

The Pearson correlation coefficient was also calculated between the score of each of the dimensions of the questionnaire with the total score of the study questionnaire:

Table No. (13): Pearson's Correlation Coefficient Between the Score of Each of the Dimensions of the Questionnaire with the Total Score of the Study Questionnaire		
Number	Questionnaire Dimensions	Pearson Correlation Coefficient
1	Procedures of registration and keeping records	0.453**
2	control procedures	0.965**
3	Risks and apprehension	0.710**
4	Penalties and violations	0.032**

** All items of dimensions are statistical function at the level of function 0.01.

Through the previous table, it is clear that all the values of the correlation coefficients in all areas of the questionnaire are statistically significant. In general, it can be said that the internal consistency of the questionnaire is valid.

2.3.5 Constancy of the Questionnaire:

The researcher verified the stability of the study's resolution by using the Cronbach's alpha coefficient method. The stability of the resolution means that it gives the same results if the questionnaire was redistributed more than once under the same circumstances and conditions, which indicates the stability of the results of the questionnaire without a significant change. The questionnaire was applied to a sample of (349) people, and after applying the questionnaire, the Alpha Cronbach coefficient was calculated to measure the reliability, where it was found that the value of the Alpha Cronbach coefficient for the resolution was (0.819), and this is sufficient evidence that the questionnaire has a high stability rate, and the following table shows the results:

The questionnaire as a	Number of Paragraphs	Alpha Cronbach Coefficient
Whole	48	0.819
First part	31	0.869
Second part	17	0/833

Findings and Recommendations

2.3.6 Findings

Main Conclusion:

The effectiveness of the supervisory authorities on the non-profit organizations sector was the result of the commitment of the supervisory authorities to apply the texts of the law enacted for this sector, as these legal texts included many good procedures that enhance compliance with the requirements of the eighth recommendation, and these procedures were not limited to the crimes of money laundering and terrorist financing. The important joint to keep tabs on these crimes, which paved the way for the process of strengthening procedures and compliance, was the prior step taken by the Palestinian authorities in carrying out the sector assessment process for the threats and weaknesses of the non-profit organization sector, which indicates the desire and commitment at the national level to protect this sector from the risks of money laundering and financing of terrorism, in addition to the country's awareness of being a member of the MENAFATF to the importance of the mutual evaluation that measures the effectiveness of money laundering and terrorist financing system in the country.

Findings:

A- There have been many Palestinian control measures that enhance compliance and adherence to the requirements of the eighth recommendation regarding measures and procedures for combating money laundering and terrorist financing crimes in the non-profit organizations sector, and there were clear shortcomings, and the matter is attributed to the recent Palestinian experience in this field, because the State of Palestine has recently joined the group of member states in the MENAFATF regional group, which did not allow the state to go through a previous experience in the process of mutual evaluation of the money

laundering and terrorist financing system in the state. Despite this, the State of Palestine has a set of measures taken by these authorities, in which the state is somewhat equal with its counterpart countries that have undergone the prior mutual evaluation process, with the need of the regulatory authorities. However, the supervisory bodies and the Palestinian authorities and non-profit organization sector still need to complete their efforts and measures taken and to overcome all difficulties facing the State compliance with the requirements of Recommendation Eight, especially after the Palestinian supervisory authorities on the non-profit organizations sector, in cooperation with the Financial Follow-up Unit, adopted a risk-based approach, through which the State of Palestine was able to identify the sub-group of non-profit organizations in Palestine and identify the related threats, which enabled it to elaborate this review and prepare the draft of the NGO system as an important step towards reviewing the laws, regulations, and procedures followed for the sub-group.

B- The multiplicity of supervisory authorities on the non-profit organizations sector and the receipt by more than one party of financial and administrative reports, with the lack of clarity in the process of analyzing and following up on these data by any party, had a clear impact and resulted in negative results that indicate the dependence of each party on the other, and that the process of obtaining these reports was limited to their formal form without paying attention to the contents of these reports. This reflects negatively on the performance of these bodies' roles in combating money laundering and terrorist financing and applying a risk-based approach that focuses on changes to these reports. Moreover, the weakness of the supervisory authorities in following up the source of the money that is collected and how to benefit from it in line with the objectives, purposes and activities of the legitimate organizations, in addition to the shortage and weakness of the human cadres of these authorities to carry out the inspection process on the sector and the process of analyzing the data contained in the financial and administrative reports. This result is in consistent with the

study of (Fatima Al-Muaqat et al., 2007) that the different requirements of the regulatory authorities on the sector are considered one of the important obstacles for the organizations. This contradiction is evident with regard to financial and administrative violations, receiving financial and administrative reports, and determining which authorities are most authorized to follow up and intervene, although this power is given to all of these authorities, which may lead to the failure of any of the authorities to carry out its duties in following up on organizations.

C- Although the sector assessment process for the non-profit organizations sector was carried out without the supervisory authorities and the Palestinian authorities completing the rest of their procedures in line with the eighth recommendation, perhaps the most important of which is not educating the organization sector about its threats and weaknesses. This is evident from the study sample, where the percentage of those who lack understanding of the FATF standards reached (44.8%), and this shortcoming is represented in the failure of the supervisory bodies and the Palestinian authorities to conduct training and awareness workshops targeting this sector focused on the risks of money laundering and terrorist financing, as (74.9%) of the sample did not receive specialized training. The matter also went beyond the failure of the sub-group resulting from the sector assessment to realize that it has high risks, but the supervisory authorities continued to apply the same procedures to the organizations as a whole, which made it difficult for this group to take measures that are compatible with these risks, and prevented ensuring that the procedures followed are sufficient to protect the organizations, and here Palestine is similar to the Kingdom of Bahrain in that the sub-group was not aware of its risks and thus was a reason for the existence of shortcomings that led it to not fully comply with the requirements of the recommendation.

D- The failure of the supervisory authorities to carry out specialized field visits related to the risks of money laundering and terrorist financing to the non-profit organizations sector, and

limiting the field visits to regular visits represented in attending board meetings for example. And consequently, its failure in the necessary field and office inspection process, as evidenced by the absence of any inspection process and field visit after carrying out the sector assessment process, and therefore the monitoring and supervision process is still not based on risks.

C- Weak communication and coordination between the supervisory authorities on the sector, with the negative consequences, as coordination is essential between these parties to ensure the identification of the entity that can carry out the continuous follow-up process, specifically on these crimes. This result agreed with the study of (Walid Al-Dahnoun, 2010). Which showed the absence of the role of the competent authorities in oversight, coordination and cooperation in their relationship with the sector, and the dominance of the Ministry of Interior only over the sector of organizations, which is based mainly on suspicion and mistrust. This is a result of non-compliance with the provisions of the law in terms of exercising powers. It also agrees with the study of (Mahmoud Doudin, 2016) regarding the weakness of the ministries of competence and their weak follow-up with associations and bodies, the dominance of the Ministry of Interior, and the lack of a mechanism for coordination between the Ministry of Interior and ministries of competence upon registration, since the Ministry of Interior determines the Ministry of competence on its own.

D- What is wrong with the sector assessment process is the non-involvement of the non-profit organizations sector in the assessment process from the beginning to the outputs resulting from it, knowing that the sector is the most aware of its reality and weaknesses and the extent of the impact of the application of the standards of the eighth recommendation in order to implement its legitimate purposes and activities, Where it was found that the sector is absent from participation through its absence from the amendments that were made on the laws regulating the sector.

E- It was not clear that the Palestinian authorities would take any deterrent, proportionate to the risks penalties in the event of non-compliance with the requirements of the eighth recommendation. Rather, the violations and penalties were limited to violating what was stipulated in the Associations Law, and were not limited to the enforcement of penalties for violating the requirements of the eighth recommendation.

F - The results of the surveyed organizations showed that they adhere to the necessary licensing and registration procedures in accordance with the requirements of the law regulating them, and this is acceptable and logical and indicates the mandatory force of the provisions of the law.

G- The majority of the organizations surveyed have an internal control system, although there is approximately (9.1%) that do not have internal control systems, and perhaps the difference in this percentage is due to the size of the organization and the size of its activities and programs and thus rely on control systems to increase the reliability of donors based on its request, and thus deals with new ways and methods that enable it to monitor and follow-up programs and projects, i.e. what has become known to them as the control of the funding body. As for the rest of organizations that do not adopt control systems, it is due to the nature of these organizations is rather small, and they employ a limited number of employees, and that their expenses do not exceed 1000 dinars, which is a matter that does not require them to prepare an annual budget or submit their reports to the supervisory authorities (Article No. (30) of the resolution Law No. 1 of 2000 regarding civil societies and institutions, and thus became in no need to the supervisory system, and in contradiction to the study of the Bureau of Financial and Administrative Control for the year 2013 entitled “The Most Common Violations in the Organizations Sector.” It is the first study with a large temporal divergence, and therefore the tools, methods and requirements of donors, as well as non-profit organizations, have changed. On the other hand, the statute stipulated by law, paragraph (6)

of Article 5 stipulates that it includes methods of financial control, but the mechanism is not specified. Thus, the choice for organizations to follow the methods and financial control systems that it deems appropriate and depends on the policies and desires of the organization's management or according to the requirements of some funders.

H - The majority of the results of the surveyed organizations indicated that their mechanisms of transparency and integrity are enhanced by providing basic information about their organizations on their website, despite the conflict with what was shown by MAS study **2016, "Assessment of the impact of the Law of Associations and Civil Organizations No. (1) of 2000 and its executive regulations on the performance of associations."** that most organizations do not have electronic systems and do not publish their articles of association and their financial and administrative reports. The difference lies in the time interval between the study prepared by MAS Institute in 2016 and the current study in which the results of the surveyed organizations showed that 76.9% have electronic systems that enable them to publish the aforementioned information and make it available to the public, which is something that indicates an increase in awareness efforts made by the organizations sector on the importance of transparency and accountability requirements and increasing confidence among donors and the beneficiary and target audience. However, the regulatory authorities for this sector are still failing to provide this information on their websites, especially since they are considered the regulatory authority that keeps all data and information related to an organization and when it publishes and makes it available, it increases the reliability and credibility of the validity of the published data and enhance confidence in the required transparency and accountability procedures.

2.3.7 Recommendations:

**** Recommendations Related to The Practical Side:**

- Recommendations Regarding the Legislative Framework:

1- The necessity of issuing binding legislation for the sector of non-profit organizations to fully comply with the special criteria of the eighth recommendation of FATF recommendations.

2- Work on reviewing the texts of the laws regulating the sector, amending them and/or adding texts in line with the requirements of full technical compliance with the requirements of the eighth recommendation of FATF recommendations.

3- Form a joint committee or council that involves representatives from the non-profit organizations sector and the regulatory authorities with a task to overcome the difficulties related to adherence by non-profit organizations in Palestine to the standards of the eighth recommendation, as a beginning of the process of moving towards international standards.

- Recommendations at the Level of the Supervisory Framework:

1- Provide the departments concerned with following up on the files of non-profit organizations under the Ministry of Interior or Economy with the necessary capabilities to carry out the tasks assigned to them, in terms of the number of employees and their specializations.

2- Organize training and awareness sessions for workers in the non-profit organizations sector and supervisory authorities at different functional levels focusing on the correct understanding of international standards and the requirements of the eighth recommendation and the possibility of harmonizing the application of these standards and carrying out legitimate activities in a way that ensures that these organizations perform their mission and objectives.

- 3- Work on developing and activating the control mechanisms of the supervisory authorities over the process of financial and administrative reports and not keeping it in its traditional framework represented in receiving it in its formal form only, and train the employees in the supervisory authorities on the basis of analyzing these reports.
- 4- Build a database to track the flow of aid to non-profit organizations to form a clear and comprehensive profile of the financial resources and grants provided to the organizations. The importance of this base is to ensure that the organizations sector of all kinds (associations, civil bodies and non-profit companies) remain at the same level of financial control process, in light of the different current procedures followed for each.
- 5- Supervisory bodies and the Palestinian authorities should prepare a tight strategic and executive plan based on the outputs of the sector assessment process, and start implementing it quickly according to a risk-based approach.
- 6- The regulatory authorities launch their website and identify and include information related to non-profit organizations and publish it to the public and stakeholders in order to strengthen the foundations of accountability, integrity and transparency.
- 7- Try to benefit from the experiences of one of the successful countries that have undergone the mutual prior evaluation process, which is considered a model in applying the procedures and measures of the eighth recommendation, and try to project and apply it as much as possible to the Palestinian case.

**** Recommendations Related to the Scientific Aspect:**

- 1- Re-prepare studies that study the sector of non-profit organizations, whether by researchers, specialized centers, or supervisory authorities, so that they focus on studying the management of these organizations and how their performance and effectiveness from an

organizational point of view in light of the time interval of their studies, which were reviewed by the researcher.

2- Researchers undertake studies related to financial crimes (money laundering and terrorist financing), whether in terms of their effects on the non-profit organizations sector or other financial and non-financial sectors, and the means of treatment in line with international standards.

3- Prepare studies that study the impact of applying the recommendations of FATF on the non-financial sectors in Palestine, as it is one of the developing countries.

Conclusion of the Second Chapter

The supervisory and regulatory authorities on the non-profit organizations sector have many procedures that promote compliance with a large part of the standards of the eighth recommendation of the FATF recommendations, as it was clear that the bulk of these procedures resulted from compliance with the provisions of the laws regulating the sector. But there is a clear lack of some procedures that are essential elements to ensure an effective regulatory framework for the sector in light of the presence of more than one regulatory authority and a supervisory authority responsible for its decisions and follow-up of a wide sector widely spread. Weak coordination between these bodies would weaken the process of following up and monitoring money laundering and terrorist financing crimes against which organizations are exposed, at a time when is evident that the exchange importance of the regulatory information at the local and international level with regulators and other bodies and even the sector itself, in addition to the absence of a clear regulatory environment through which accountability and transparency are promoted, which requires allowing the general community to see and monitor returns and financial resources to give more confidence to donors and the target audience. Perhaps the most important focus is the need for the non-profit organization sector to understand the financial risks (money laundering and terrorist financing crimes) that it may be exposed to and to enable those in charge of this sector to take adequate measures and measures that guarantee its protection in line with the risks. In order to enable the supervisory authorities to complete and carry out their roles in line with the requirements of the eighth recommendation, it is necessary to form a joint body or council that includes representatives from the non-profit organizations sector and the supervisory authorities whose mission is to overcome the difficulties related to compliance with the

standards of the eighth recommendation as a beginning of the process of moving towards international standards by non-Profit organizations in Palestine.

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موقع رام الله

Annex one: Questionnaire

Specialization: Strategic Planning and Fundraising

Questionnaire

dear Mr./Ms.

The researcher is preparing a study as a supplementary requirement for obtaining a master's degree in strategic planning and fundraising, entitled: “**The Efficiency of Regulatory Authorities in Combating Money Laundering and Terrorist Financing Crimes (A Case Study of the Non-Profit Organizations Sector in Palestine)**”, and this questionnaire aims to survey respondents' opinions about the most important axes of the study. The researcher confirms her commitment to the principles of confidentiality and scientific honesty, and the use of the results in scientific research only, and if you wish, you will be provided with the results of the study upon its completion.

Thanks for your cooperation,

Researcher

Rewaa Taneeb

Email: r.taneeb@student.aaup.edu

Phone: 0599889737

Section Two: Control Measures to Protect the NGO Sector from Being Exploited for Money Laundering and/or Terrorist Financing

item	paragraph	always	often	Some - times	rarely	never
Procedures of registration and keeping records	Documents and information about your organization are submitted to the regulatory authorities as required by law.					
	Your organization keeps records according to the time periods specified in your organization's financial and administrative report					
	Your institution informs the supervisory authorities of the bank accounts opened in the name of the institution					
Control procedures	There is continuous coordination and cooperation between your institution and the relevant ministries, meaning that the relationship between you is based on coordination, cooperation and integration					
	Your organization makes amendments to the articles of association					
	Your organization informs the relevant department in the Ministry of Interior of the amendments to the statute					
	Your organization reviews the statute periodically to verify its effectiveness					
	There is feedback, follow-up and communication by the regulatory authorities regarding these amendments					

	Your organization uses financial channels (bank accounts) only when carrying out any financial transaction or activity					
	Your organization submits a report containing a full description of its activities every year to the competent ministry or Ministry of the Interior on an annual basis					
	Your organization submits annual financial reports certified by the auditor detailing the revenues, expenses, assets and liabilities.					
	Your organization provides the regulatory authorities with the funding sources available or the sources of assistance obtained for them					
Risks and apprehension	Your organization verifies the sources of funding and the background of its donors					
	Your organization verifies the local sources of funding obtained in terms of the funder's background and relationships					
	Your institution verifies the foreign funding sources obtained in terms of the financier's background and relationships (if any).					
	Your organization checks the background of its employees in terms of good conduct and behavior and checks the names on the international ban lists					
	The regulatory authorities carry out field visits to your institution					
	The field visits shall be specialized in the field of combating money laundering and terrorist financing					
	Your organization has an internal control system					

	Informing employees and workers of the control system					
	Employees are trained to ensure their familiarity with the control system					
	Your organization has mechanisms for accountability and appropriate rules of transparency and disclosure					
	Your organization has electronic systems that enable you to publish information and make it available to the public					
	Your organization and its employees have an understanding of the FATF Standards - Standards for Combating Money Laundering and Terrorist Financing					
	Your organization understands the risks it is exposed to in particular as a result of the nature of the work of these institutions and their access to funds from different parties					
	Do the regulatory authorities issue instructions or alerts that help you to be aware of the risk of money laundering and terrorist financing?					
	The supervisory authorities allocate to you workshops and training and awareness sessions on the risks of money laundering and terrorist financing for your organization.					
	Your organization applies a risk-based approach to ensure that the organization is not exploited for suspicious activities					
Penalties and violations	A measure has already been taken against you as a result of your failure to notify the supervisory authorities of your bank accounts					

	A penalty was previously imposed on you as a result of non-compliance with submitting the financial and annual report to the regulatory authorities					
	Penalties have already been imposed on you as a result of not informing the regulatory authorities of the amendments made to your articles of association.					

paragraph	Yes	No
1- Does the control system in your organization include the following:		
Internal financial controls related to income.		
Internal financial controls related to purchases, payments, and loans.		
Internal financial controls related to assets and investments.		
2- Is the following information publicly available:		
The full name of the institution		
Evidence of incorporation		
Address		
Basic regulatory authorities (Board of Directors, General Assembly),		
Manager List		
The organization's goals		
Organization's work philosophy		
organization programs		
Statute of the organization		
staff system		
Enterprise budget		
organization plans		
Administrative reports		
Financial reports		

Section Three:

Any Other Observations Made by the Respondents

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موقع رام الله

Annex two: Questionnaire

تخصص: تخطيط استراتيجي وتجديد أموال استبانة

السيد/ السيدة المحترم

تقوم الباحثة بإعداد دراسة كمتطلب تكميلي لنيل درجة الماجستير في تخطيط استراتيجي وتجديد أموال، بعنوان: "فعالية الجهات الرقابية في مكافحة جرائم غسل الأموال وتمويل الإرهاب (دراسة حالة قطاع المنظمات غير الهادفة للربح في فلسطين)"، ويهدف هذا الاستبيان الى استطلاع آراء المبحوثين حول أهم محاور الدراسة وتؤكد الباحثة التزامها بمبادئ السرية والأمانة العلمية، واستخدام النتائج في البحث العلمي فقط، وفي حال رغبتكم سيتم تزويدكم بنتائج الدراسة عند اكتمالها. شكرا لتعاونكم،

الباحثة:

رواء طنيب

البريد الإلكتروني: r.taneeb@student.aup.edu

الهاتف: 0598989737

استمارة المنظمات غير الهادفة للربح

القسم الأول: البيانات العامة والديموغرافية

أ. البيانات العامة:

- الرقم المتسلسل
- 1.1. اسم المؤسسة:
- 1.3. النشاط الأساسي للمؤسسة:
- 1.2. سنة التأسيس:
- 1.4. الوزارة المختصة⁷⁰:
- 1.5. ملكية المؤسسة: محلي اجنبي

ب. البيانات الديموغرافية:

1. الجنس ذكر انثى
2. الفئة العمرية: 30 فأقل 40-31 50-41 51 فأكثر
3. المؤهل العملي: دبلوم فأقل بكالوريوس ماجستير دكتوراه
4. المستوى الوظيفي: مدير عام مدير دائرة رئيس قسم غير ذلك
5. عدد سنوات الخبرة:

⁷⁰ الوزارة المختصة: وهي الوزارة التي يندرج النشاط الأساسي للمؤسسة ضمن اختصاصها.

القسم الثاني: إجراءات رقابية لحماية قطاع المنظمات من استغلاله لعمليات غسل الأموال و/او تمويل الارهاب

البند	الفقرة	دائماً	غالباً	أحياناً	نادراً	أبداً
إجراءات التسجيل وحفظ السجلات	يتم تقديم المستندات والمعلومات الخاصة بمؤسستكم للجهات الرقابية وفق ما هو مطلوب بالقانون.					
	تقوم مؤسستكم بالاحتفاظ بالسجلات وفقاً للمدد الزمنية المنصوص عليها في التقرير المالي والإداري لمؤسستكم					
	تقوم مؤسستكم بإعلام الجهات الرقابية بالحسابات البنكية التي يتم فتحها باسم المؤسسة					
إجراءات الرقابة	هناك تنسيق وتعاون مستمر بين مؤسستكم والوزارات المختصة أي أن العلاقة بينكم تقوم على التنسيق والتعاون والتكامل					
	تقوم مؤسستكم بإجراء تعديلات على النظام الأساسي					
	تقوم مؤسستكم بإبلاغ الدائرة المختصة في وزارة الداخلية بالتعديلات على النظام الأساسي					
	تقوم مؤسستكم بمراجعة النظام الأساسي بشكل دوري للتحقق من فعاليته					
	هناك تغذية راجعة ومتابعة وتواصل من قبل الجهات الرقابية بخصوص هذه التعديلات					
	تقوم مؤسستكم باستخدام القنوات المالية (حسابات بنكية) فقط عند تنفيذ أي عملية أو نشاط مالي					
	تقوم مؤسستكم برفع تقرير يحتوي على وصف كامل لنشاطات المؤسسة كل عام إلى الوزارة المختصة أو وزارة الداخلية وذلك بشكل سنوي					
	تقوم مؤسستكم برفع تقارير مالية سنوية مصدقة من مدقق الحسابات يفصل فيها الإيرادات والنفقات والأصول والخصوم					
	تقوم مؤسستكم بتزويد الجهات الرقابية بمصادر التمويل المتاحة لها أو مصادر المساعدات المتأتية لها					
	تقوم مؤسستكم بالتأكد من مصادر التمويل وخلفية المتبرعين لديها					
	تقوم مؤسستكم بالتحقق من مصادر التمويل المحلية التي يتم الحصول عليها من حيث خلفية الممول وعلاقته					
	تقوم مؤسستكم بالتحقق من مصادر التمويل الأجنبية التي يتم الحصول عليها من حيث خلفية الممول وعلاقته (إن وجدت)					
	تقوم مؤسستكم بالتحقق من خلفية العاملين لديها من حيث حسن السيرة والسلوك وفحص الاسماء على قوائم الحظر الدولية					
	تقوم الجهات الرقابية بتنفيذ زيارات ميدانية على مؤسستكم					

				تكون الزيارات الميدانية متخصصة في مجال مكافحة غسل الاموال وتمويل الارهاب	
				يتوافر في مؤسستكم نظام رقابي داخلي	
				يطلع الموظفين والعاملين على النظام الرقابي	
				يتم تدريب الموظفين للتأكد من المامهم بالنظام الرقابي	
				يتوفر لدى مؤسستكم اليات للمساءلة وقواعد الشفافية والافصاح المناسبة	
				يتوفر لمؤسستكم انظمة الكترونية تمكنكم من نشر المعلومات واتاحتها للجمهور	
				يتوفر لدى مؤسستكم والعاملين فيها فهم لمعايير مجموعة العمل المالي فاتف- المعايير الخاصة بمكافحة غسل الاموال وتمويل الارهاب	المخاطر والفهم
				يتوفر لدى مؤسستكم فهم للمخاطر التي تتعرض لها بشكل خاص نتيجة لطبيعة عمل هذه المؤسسات وحصولها على اموال من جهات مختلفة	
				تقوم الجهات الرقابية بإصدار تعليمات او تنبيهات تساعدكم على الانتباه الى خطر غسل الاموال وتمويل الارهاب؟	
				تقوم الجهات الرقابية عليكم بتخصيص ورشات ودورات تدريبية وتوعوية خاصة بمخاطر غسل الاموال وتمويل الارهاب لمؤسستكم	
				تقوم مؤسستكم بتطبيق النهج القائم على المخاطر للتأكد من عدم استغلال المؤسسة في أنشطة مشبوهة	العقوبات والمخالفات
				سبق وان اتخذ بحقكم اجراء نتيجة عدم التزامكم بإخطار الجهات الرقابية بالحسابات البنكية الخاصة بكم	
				سبق وان فرض عليكم عقوبة نتيجة عدم الالتزام بتقديم التقرير المالي والسنوي الى الجهات الرقابية	
				سبق وان فرض عليكم عقوبات نتيجة عدم اعلام الجهات الرقابية بالتعديلات التي تمت على نظامكم الاساسي.	

الفقرة	نعم	لا
1- هل يشمل النظام الرقابي في مؤسستكم كل من:		
ضوابط مالية داخلية تتعلق بالمدخولات (Income).		
ضوابط مالية داخلية تتعلق بالمشتريات، المدفوعات، والقروض (Purchases, Payments, and Loans).		
ضوابط مالية داخلية تتعلق بالأصول والاستثمارات (Assets, and Investments).		
2- هل يتم إتاحة المعلومات التالية للعموم:		
الاسم الكامل للمؤسسة		
الدليل على التأسيس		

		العنوان
		سلطات التنظيم الأساسية (مجلس الإدارة، والجمعية العمومية)،
		قائمة المديرين
		أهداف المنظمة
		فلسفة عمل المنظمة
		برامج المنظمة
		النظام الأساسي للمنظمة
		نظام الموظفين
		ميزانية المؤسسة
		خطط المنظمة
		تقارير ادارية
		تقارير مالية

القسم الثالث:

أي ملاحظات أخرى يوردها المبحوث

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الملخص

هدفت الدراسة الى التعرف على فعالية الجهات الرقابية في مكافحة جرائم غسل الأموال وتمويل الإرهاب (كدراسة حالة قطاع المنظمات غير الهادفة للربح في فلسطين)، وذلك من خلال استعراض هذه الإجراءات وتحديد مدى انسجامها مع متطلبات ومعايير التوصية الثامنة من توصيات مجموعة العمل المالي (FATF) والتي تختص بقطاع المنظمات غير الهادفة للربح، والوقوف على فعالية هذه الجهات في مكافحة الجرائم المالية (غسل الأموال وتمويل الإرهاب) التي يتعرض لها هذا القطاع وتسليط الضوء على أوجه القصور بغية والسعي وراء ضمان الالتزام الكامل لدولة فلسطين في تحقيق متطلبات التوصية وفي ضمان اخذ التدابير والإجراءات التي تضمن الحماية اللازمة للقطاع من هذه الجرائم.

حيث سعت الباحثة في محاولتها للإجابة على الاسئلة البحثية الى تقسيم الدراسة الى فصلين يتناول الفصل الاول الاطار التنظيمي والقانوني والرقابي لقطاع المنظمات غير الهادفة للربح في فلسطين والتعريف بالجرائم المالية، وصولاً الى استقراء الممارسة العملية للجهات الرقابية على القطاع في مكافحة جريمة غسل الاموال وتمويل الارهاب من خلال استعراض اجراءتهم بما ينسجم مع متطلبات التوصية الثامنة من توصيات مجموعة العمل المالي وذلك في الفصل الثاني.

ولتحقيق هدف الدراسة تم الاعتماد على المنهج الوصفي التحليلي في دراسة وتحليل هذه الإجراءات وتحليل نصوص القوانين الناظمة لقطاع المنظمات غير الربحية، كما استخدمت الدراسة المقابلات مع الجهات الرقابية على القطاع والاستبيان الخاص بقطاع المنظمات غير الهادفة للربح وذلك كأداة للبحث العلمي من خلال الإجابة على أسئلة الدراسة، حيث بلغ عدد المنظمات غير الهادفة للربح في فلسطين حتى العام 2020 (3,797) منظمة محلية واجنبية، تم توزيع الاستبانة على مجتمع الدراسة الاصلي البالغ عددهم (349) مفردة، وتم استرداد (299) استبانة بنسبة (86%) من اجمالي عدد الاستبانات الموزعة (349 استبانة).

وقد توصلت الباحثة الى استنتاج رئيسي ان فعالية الجهات الرقابية على قطاع المنظمات غير الهادفة للربح كانت ناتجة عن التزام الجهات الرقابية بتطبيق نصوص القانون المسنة لهذا القطاع، حيث ان هذه النصوص القانونية شملت العديد من الإجراءات الجيدة التي تعزز الامتثال لبعض متطلبات ومعايير التوصية الثامنة، ولم تكن هذه الإجراءات حصراً على جرمي غسل الأموال وتمويل الإرهاب، وكان المفصل المهم لوضع الاعين على هذه الجرائم والذي مهد لعملية تعزيز الإجراءات والامتثال، هي الخطوة المسبقة التي اتخذتها السلطات الفلسطينية بقيامها بعملية التقييم القطاعي لتهديدات ونقاط ضعف قطاع المنظمات غير الهادفة للربح، والذي يدل على الرغبة والالتزام على المستوى الوطني لحماية هذا القطاع

من مخاطر غسل الأموال وتمويل الإرهاب، واستشعار الدولة كونها عضواً في مجموعة المينا فاتف لأهمية التقييم المتبادل الذي يقيس فعالية منظومة غسل الأموال وتمويل الإرهاب في الدولة. وأوصت الدراسة بضرورة تنظيم دورات تدريبية وتوعوية للعاملين في قطاع المنظمات غير الهادفة للربح وللعاملين في الجهات الرقابية على اختلاف المستويات الوظيفية تركز على الفهم الصحيح للمعايير الدولية ولمتطلبات التوصية الثامنة وإمكانية الموائمة بين تطبيق هذه المعايير والقيام بالأنشطة المشروعة بطريقة تضمن قيام هذه المنظمات بتأدية رسالتها وأهدافها، والعمل على تطوير وتفعيل لأليات الرقابة الخاصة بالجهات الرقابية على عملية التقارير المالية والإدارية وعدم ابقائها في اطارها التقليدي المتمثل في استلامها بصورته الشكلية فقط، وتدريب الموظفين في الجهات الرقابية على أسس تحليل هذه التقارير، وبناء قاعدة بيانات لتتبع تدفق المساعدات للمنظمات غير الهادفة للربح لتكوين صورة واضحة وشاملة للموارد المالية والمنح المقدمة للمنظمات، وتكمن أهمية هذه القاعدة هو ضمان بقاء قطاع المنظمات بأنواعه (الجمعيات والهيئات الاهلية والشركات غير الربحية) على نفس المستوى من عملية المراقبة المالية، في ظل الإجراءات الحالية المتبعة والمختلفة لكل منهما.