

### What are the benefits to a registered NPO and NGO?

- Transparency and integrity
- Public confidence
- Ability to attract funding

### Why must Belize adopt this new approach?

Belize is a member of the Caribbean Financial Action Task Force (CFATF). CFATF is an organization which comprises of Caribbean nations and territories with the objective of combating money laundering and the financing of terrorism. CFATF is also an associate member of the global Financial Action Task Force (FATF).

FATF is an inter-governmental body which sets standards, and develops and promotes policies to combat money laundering and the financing of terrorism and proliferation. Recommendation 8 focuses on charitable organizations. Belize must adopt this approach in order to comply with the international standards set by the FATF.

An effective approach in identifying, preventing and combating illegal activities of NPOs and NGOs is to engage in the following:

- Outreach to the NPO and NGO sector;
- Supervise and monitor the sector; exercise effective information gathering; and
- Have effective mechanisms for international co-operation.

### What do transparency and accountability mean for a NPO and NGO?

It means employing practices and control mechanisms to prevent abuse of the sector for illicit purposes. Common controls may include:

- Developing and keeping records of program budgets that account for all program expenses.
- Know your donors/beneficial owners.

NPOs and NGOs should employ the following practices:

- Keep funds in bank accounts and use formal financial channels to transfer money. The use of 'cash' or alternative remittance services to transfer funding should only be used as a last resort.
- Maintain and make available to the appropriate authorities records of domestic and international transactions that are sufficiently detailed to verify that funds have been spent in a manner consistent with the purpose and objective of the organization its program and projects.
- Document and maintain information on the purpose and objectives of the NPOs and NGOs stated activities and the identity of the person or persons who own, control or direct the NPOs and NGOs activities, including senior board officers, board members and trustees.

The Financial Intelligence Unit wishes to thank you for your time, cooperation and commitment to ensure that Belize plays its part with the rest of the international community to safeguard our jurisdiction, and your organization from being used for illegal activities and illegitimate business.

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## FATF Recommendation 8:

## Non-Profit Organizations

&

## Non-Governmental Organizations



**FINANCIAL INTELLIGENCE UNIT**

## Introduction and definition of Non-Profit Organization (NPO) and Non-Governmental Organization (NGO)

The misuse of charitable organizations for financing or supporting illegal activities is coming to be recognized as a crucial point in the global struggle to stop such funding at its source. This has captured the attention of the Financial Action Task Force (FATF), who implemented Recommendation 8: Non-Profit Organizations. Under Belize law, this Recommendation is applied to NPOs & NGOs. A non-profit organization (NPO) is an organization that is established solely or primarily for charitable, religious, cultural, educational, social or fraternal purposes or for the purpose of benefiting the public or a section of the public; and it raises or disburses funds in pursuance of those purposes.

A non-governmental organization (NGO) is a legal entity formed as a company limited by guarantee under the Companies Act whose aims, nature and objects, direct or indirect, are consistent with the principles enshrined in the preamble to the Belize Constitution and the Universal Declaration of Human Rights and all those international and regional human rights treaties and instruments to which Belize is a party, and are designed to contribute to sustainable human development in Belize.

To avoid risk of abuse of these organizations, it is important for Belize to have strong systems to monitor the NPO & NGO sector.

### What is the purpose of Belize having strong systems in place?

- To verify that NPOs & NGOs are used for legitimate purposes.
- To ensure that Belize is compliant with the international standards to combat money laundering, terrorist financing and proliferation financing.
- To reduce the risk of financing or supporting illegal activities.
- To protect the NPO and NGO sector from being used for illegitimate business.

### Why is risk awareness necessary for NPOs and NGOs?

- Identify the risks of illegal financing and the measures available to protect against it.
- Protect the NPO and NGO sector in Belize from being used for illegitimate financing.

- Promote the transparency and accountability, integrity and public confidence in the administration and management of NPOs and NGOs.

### What are the legal requirements?

#### Requirement of NPOs and NGOs to register

1. Pursuant to Section 85A of the Money Laundering and Terrorism (Prevention) Act, 2008 (MLTPA), a NPO or NGO shall be registered in the NPO and NGO Register if it is :-
  - a. Incorporated, formed or otherwise established in Belize; or
  - b. Administered in or from within Belize
2. A NPO or NGO that contravenes this section is guilty of an offence and is liable on summary conviction to a fine not exceeding \$500,000.00 (*see Administrative Sanctions*).

#### Application Forms and Fee

The application form and MLTPA are located on our website, [www.fiubelize.org](http://www.fiubelize.org) or a copy may be obtained from the Financial Intelligence Unit's (FIU) office. There is a non-refundable application fee of BZ\$100.00, in addition to an annual registration fee.

#### Obligations of Registered NPOs and NGOs

##### Change of Information

1. If there is a change in any information provided to the NPO and NGO Supervisor, whether the information was provided before or after its registration, a registered NPO or NGO shall give the NPO and NGO Supervisor written notice of the change as soon as reasonably practicable.

##### Records

1. A registered NPO or NGO shall keep the records specified in section 16(4) of the MLTPA including –
  - a. **Records of:**
    - i. Its purposes, objectives and activities; and
    - ii. The identity of the persons who control or direct its activities, including, as appropriate, senior officers, directors and trustees; and
  - b. **Financial records that :**
    - i. Show and explain its transactions, within and outside Belize, that are sufficiently detailed to show that its funds have been used in a manner consistent with its purposes, objectives and

- ii. Show the sources of its gross income.

2. A registered NPO or NGO shall keep the records specified in MLTPA section 16(4) for a period of at least 5 years.

#### Provision of Records

1. The NPO and NGO Supervisor may, by written notice to a registered NPO or NGO, require it to produce the records that the organization is required to keep.
2. The NPO and NGO Supervisor may require the person who produced the records or any person who appears to be an officer or employee of the NPO or NGO or otherwise associated with it, to provide an explanation of the records.

#### Administrative Sanctions

Where the NPO and NGO supervisor or the FIU discovers a breach of any Anti-Money Laundering and Combating The Financing of Terrorism (AML/CFT) obligation by a NPO or NGO, the NPO and NGO supervisor or the FIU may impose one or more of the following measures after giving the NPO or NGO reasonable opportunity to make representation:

- written warnings;
- issue directive to comply with specific instructions;
- ordering regular reports from the NPO or NGO on the measures it is taking;
- an administrative penalty in an amount not exceeding \$500,000.00;
- barring convicted individuals from employment within the sector;
- replacing or restricting the powers of managers, directors or controlling owners, including the appointing of ad hoc administrator;
- recommending to the appropriate licensing authority of the reporting entity to have the licence suspended, restricted or withdrawn; and
- such other measures as may be prescribed.