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DE-RISKING DISSENT

Climate justice defenders and
the expanding reach of
counter-terrorist financing regulation



ACRONYMS

AML	Anti-Money Laundering
CFT	Countering the Financing of Terrorism / counter-terrorist financing
CTC	The European Union's Counter-Terrorism Coordinator
EU	European Union
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
HR	Human Rights
IACHR	Inter-American Commission on Human Rights
ICNL	International Center for Not-for-Profit Law
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
J(E)T	Just (Energy)Transition
KYC	Know Your Customer
MENA	Middle East and North Africa
ML	Money Laundering
NPO	Not-for-Profit Organization

ORGANIZATION	Non-Governmental Organization
R8	FATF Recommendation 8
SLAPP	Strategic lawsuit against public participation
TF	Terrorist Financing
TWP	Terrorism Working Party
UBO	Ultimate Beneficial Owner
UN	United Nations
UNODC	United Nations Office on Drugs and Crime
XR	Extinction Rebellion

COLOPHON

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CONTENTS

Acronyms	2		
Colophon	3		
Executive Summary	5		
1 Introduction	12	4 Description of Empirical Findings	26
Aim of the Study	14	4.1 Organizations' work and their capacity for adhering to AML-CFT requirements	26
2 Background on the AML-CFT framework	15	4.2 Organizations' work on counterterrorism and extremism	27
2.1 The AML-CFT framework and the FATF Recommendation 8	15	4.3 Problems experienced relating to AML-CFT rules	28
Regulatory Context: A new era of financial warfare	15	Challenges due to national legislation	28
FATF Recommendation 8	16	Challenges relating to demands by banks	30
2.2 The AML-CFT framework and the de-risking of civil society	18	Coping strategies to deal with banking compliance challenges	32
3 Methodology	22	Challenges relating to demands by donors	33
3.1 Survey	22	4.4 Impacts on core work	33
Sample description	23	Staff capacity and organizational costs of compliance	33
3.2 Literature and document review	25	Delays in and limits to project implementation	34
		Personal toll on staff members	34
		4.5 A concerning trend	35
		5 Criminalization of the climate justice movement	37
		6 Conclusions	40
		7 Recommendations	42
		References	45
		Annex 1	53

EXECUTIVE SUMMARY

Increasingly, climate justice organizations are subject to fierce repression, which can take various forms: introducing laws criminalizing legitimate expression and assembly, excluding or preventing organizations from participating in environmental policy making, increased use of punitive lawsuits (Strategic Lawsuit Against Public Participation or ‘SLAPPs’), physical persecution, intimidation, arbitrary arrests, forced disappearances and even murder. Stigmatization of activists as ‘eco-terrorists’ by think tanks, corporations and governments is also on the rise. This repressive response of States against climate justice and just transition defenders has spiked concerns by researchers¹ and organizations.²

In this current study, we focus on the impact of measures aimed to counter money laundering and terrorist financing on organizations working on climate justice, just transition and environmental protection- an impact that has been studied extensively for other civil society sectors. **To date, little is known about the specific impact of these regulations on organizations focused on climate justice – a gap that this study aims to bridge.**

This study aims to analyze to what extent combined *anti-money laundering and counter-terrorist financing* (‘AML-CFT’) regulation is part of the shrinking space dynamics encountered by organizations working on climate justice, just transition, and environmental protection. It explores how AML-CFT regulation impacts the work of these organizations; and sets out what coping strategies these

organizations implement to mitigate negative effects of AML-CFT policies. The study concludes with recommendations for various stakeholders, including multilateral bodies (United Nations), governments, the Financial Action Task Force (FATF), the financial sector, donors and civil society itself.

The AML-CFT Framework and its ‘unintended consequences’

The global AML-CFT framework, primarily shaped by the Financial Action Task Force (FATF) and UN Security Council resolutions following the 9/11 attacks, was designed to combat terrorism financing by detecting and disrupting money flows that support terrorist activities. **This marked the beginning of what some have called a ‘new era of financial warfare.’**³ The FATF’s standards, endorsed by over 180 countries, have established a powerful compliance system through ‘mutual evaluations’ that significantly impact a country’s financial reputation.

While initially identifying ‘non-profit organizations (NPOs)’ as ‘particularly vulnerable’ to abuse for financing terrorism under its Recommendation 8 provision, the FATF revised this in 2016 and 2023, after recognizing this characterization lacked empirical support and was having harmful effects on civil society sectors across the globe. However, despite these revisions, the damage continues as countries have already implemented restrictive regulatory frameworks, and banks have instituted stringent due diligence requirements for NPOs and non-governmental organizations (‘NGOs’ or ‘organizations’).⁴

Financial institutions, since 9/11, were tasked with protecting the frontline in fighting terrorist financing and have **started to engage in ‘de-risking’—avoiding perceived regulatory risk by indiscriminately terminating or restricting services to NPOs**, without case-by-case analysis. This has led to delays in transfers, frozen funds, and account closures for legitimate organizations, which in turn hampers their work. Even more concerning, the AML-CFT framework has provided cover for authoritarian regimes to legitimize crackdowns on civil society, particularly those critical of government policies. Organizations now face banking and operational restrictions that directly impair their ability to serve their constituencies, such as local communities, especially in crisis or conflict areas.

Empirical findings

To capture the AML-CFT related impacts that organizations working on climate justice, just transition and environmental issues face, we developed a survey consisting of both multiple choice and open-ended questions. This allowed respondents to elaborate on their experiences. 39 organizations responded to the survey.

Results show that **50% of the responding organizations have faced growing challenges due to stricter money laundering and counterterrorism laws**, including increased scrutiny, funding barriers, and fear of government retaliation. Most respondents reported that these measures are being misused to intimidate and restrict civil society—particularly groups working on climate justice and just transition. Some describe the situation as a ‘witch hunt’ against those

confronting fossil fuels and corporate abuse, highlighting an urgent need for international oversight.

Survey findings also reveal **a growing pattern of financial restrictions** faced by organizations working on climate justice, with 87% of our respondents reporting stricter conditions for fund transfers, and 53% experiencing more frequent banking challenges – including delays, payment blocks, and excessive information requests. Some have ceased international transactions altogether due to prolonged banking obstacles. These trends reflect a tightening of bank due diligence that impairs civil society’s operations. Our banking data also suggests that governments may be misusing AML-CFT regulations by pressuring banks to impose more stringent requirements on organizations, such as demanding additional documentation.

In response to the constraints imposed by AML-CFT regulations and heightened banking scrutiny, many organizations are **forced to delay their activities, or resort to alternative – often informal – financial channels**. These coping strategies negatively impact their efficiency and effectiveness, and are undertaken with caution, as organizations must constantly assess the risk of appearing suspicious in the eyes of regulators or financial institutions. For some, the fear of drawing further scrutiny or sanctions prevents them from adopting alternative measures altogether, leaving some in a state of operational paralysis.

These compliance burdens impact organizations in three ways. First, they require significant financial and human resources to meet these due diligence requests—reaching up to 61% of one respondent’s capacity – leading to increased operational costs. Second, the additional demands cause delays in project implementation and restrict organizations’ scope of activities, which in turn impacts the constituencies and communities they were set up to serve. Lastly, they place a considerable personal strain (through stress and burnout) on organizations’ staff and civil society activists, which undermines their agency to act as society’s watch dogs and advocates for climate justice and just transition.

A concerning trend for climate justice organizations

The findings reveal a deeply concerning trend: **AML-CFT frameworks, while intended to ensure global security via financial regulation, are increasingly becoming instruments of restriction for organizations working on climate justice.** In some contexts, these frameworks are being misused by States to suppress dissenting or politically ‘inconvenient’ organizations, creating a widespread ‘climate of fear’ among organizations, with some describing the situation as a form of targeted repression. Banks and donors serve as key pressure points in this dynamic, as they are required to implement AML-CFT regulations—sometimes in response to state influence—in ways that

can be excessive and disproportionate, leading to the de-risking of climate organizations. The cumulative effect of this leads to increased administrative costs; delayed project implementation; reduced geographic and thematic scope of organization activities, impacting the constituencies they serve; reduced access to donor funding, and rising mental health issues among staff.

Many organizations are forced to adopt informal payment methods to keep their work going, which ironically undermines the very transparency goals of the AML-CFT regime.

As critical voices challenging powerful economic interests, climate justice organizations often rely heavily on transnational funding networks, making these restrictions particularly damaging to their watchdog and advocacy efforts. This especially affects smaller organizations, as they often lack the resources to navigate complex compliance requirements. The decentralized, activist and community-based nature of climate justice groups and movements might make them appear as ‘higher risk’ to foreign donors, who increasingly favor funding centralized, large-scale organizations as they can more easily navigate and absorb their donor requirements. This places smaller grassroots organizations in a dependency position vis-a-vis larger organizations that can better absorb the compliance burden and sometimes results in a complete stop in operation.

The eco-terrorism label: Specific challenges faced by climate justice organizations

Climate justice advocates face specific challenges because their efforts directly challenge the status quo that benefits powerful industries and those in positions of power at the state level. Their advocacy for sustainable policies, environmental protection, and Indigenous rights conflicts with profit-driven economic models, as they are demanding systemic change that would shift global power dynamics.

There is growing evidence that States and corporations are **increasingly framing climate justice and environmental activists as national security threats rather than recognizing them as defenders of human and environmental rights**. In various regions, environmental defenders have been designated as ‘terrorist’ suspects or accused of ties to extremist groups. This rhetoric enables public authorities and corporations to justify repressive measures, including the application of counter-terrorism laws against environmental activists. UN Rapporteur Michael Forst confirms that these laws are increasingly used to place communities standing up for their rights under heavy surveillance, including public denouncements, disinformation campaigns, and excessive scrutiny under the guise of national security.⁵

Conclusion

The UN identifies climate change as the greatest existential threat to humanity, with severe and potentially catastrophic impacts on human well-being, ecosystems, and global stability. It is not just a future risk, but a present crisis that already impacts societies across the globe, and the resilience of States to respond to its challenges. Recognizing its destabilizing potential, militaries and national security institutions across the world have, for decades, classified climate change as a critical security issue.

Yet, in a striking contradiction, organizations that work to mitigate these very threats—often through frontline advocacy and environmental defense initiatives—are increasingly targeted and restricted under AML-CFT frameworks. These regulations, while once aimed at curbing the threat of terrorism, are disproportionately impacting climate justice actors, effectively obstructing the global response to climate change.

This clash of security paradigms exposes the deep contradictions within the current regulatory landscape and highlights how entrenched political and economic interests are shaping the implementation of global security measures, often at the expense of those dedicating their lives towards creating a livable and just future for all. Civil society’s agency is increasingly undermined by the very security frame that was set up to fight extremism and terrorism. The increasing regulatory demands ultimately undermine climate justice organizations’ ability to support vulnerable communities and obstruct effective responses to an existential crisis.

Recommendations

The study concludes with recommendations for various stakeholders, including that States should avoid equating peaceful protest with extremism; the UN should review how its policies on climate justice and counterterrorism affect each other; the FATF should investigate impacts on climate justice movements; donors should adopt risk-sharing approaches with grantees; and organizations should collaborate on addressing AML-CFT challenges.

■ To States and Regional bodies

- 1 States and regional bodies (such as the European Union's Counter-Terrorism Coordinator) should prioritize a proportional, risk-based approach over an overly broad, rule-based approach that ends up stifling civil society and undermines citizens' constitutional rights. They should take immediate action to challenge narratives that depict environmental defenders and their movements as criminal and avoid using the rise in environmental civil disobedience as a justification to limit civic space and the exercise of fundamental freedoms of expression, assembly and association.⁶
- 2 States should repeal any legislation that criminalizes environmental and human rights defenders (EHRDs) and their groups. States should commit to zero-tolerance on attacks on these defenders.
- 3 States and regional bodies need to publicly assert the critical role civil society plays in ensuring that the Paris Agreement is upheld and climate change is adequately addressed. They should develop and/or implement legislation recognizing the right of civil society working for climate justice to defend rights, and their crucial role in preventing climate change, promoting human rights, sustainable development, and a healthy environment.
- 4 States should prevent, actively monitor (e.g. collect data), investigate, document, and report on all impacts of existing AML-CFT measures on the climate justice movement and when future AML-CFT measures are considered, assess their potential impact on climate defenders' organizing, as well as use their influence to ensure policymaking bodies like the FATF adjust their policies when these cause harm.
- 5 States and regional bodies should actively involve a wide range of civil society representatives in the drafting of their new comprehensive AML-CFT regulations, including representatives of the climate justice movement, ensuring that lessons learned from the Recommendation 8 process are integrated.
- 6 States and regional bodies should ensure that AML-CFT measures, including asset freezes, comply with international human rights law and do not restrict freedom of association or other fundamental rights, nor hinder the advancement of climate goals, and financial inclusion.
- 7 States should ensure effective remedy is put in place for those civil society groups that are negatively impacted by overreaching AML-CFT regulations.

■ To the United Nations

- 1 The United Nations should develop a review process to assess how its climate justice, protecting human rights defender protection and counterterrorism policies interact and affect each other. The Special Rapporteur on Human Rights Defenders could consider publishing a report together with the Special Rapporteur on the Promotion and Protection of Human Rights in the Context of Climate Change and the Special Rapporteur on the Promotion and Protection of Human Rights and Fundamental Freedoms while Countering Terrorism- who has published widely on the impacts of AML-CFT rules on human rights defenders overall- in order to highlight the specific AML-CFT impacts on climate justice activists.
- 2 United Nations Member States could propose a resolution within one of the principal UN policymaking bodies and departments addressing climate change. This resolution would highlight the importance of civil society organizations as key components of comprehensive, society-wide efforts to counter climate change and its many impacts, similar to the emphasis on civil society in the UNODC's 2021-2025 strategy. It would recommend that the implementation of AML-CFT regulations should not hinder the work of civil society in this area, advocating for consultative and transparent processes, as well as the inclusion of civil society in implementation plans.

■ To the FATF

- 1 The FATF should investigate and include the specific impacts of existing AML-CFT measures on the climate justice movement in its reporting on unintended consequences, recognizing the essential role that climate justice organizations play to secure a livable future for all and ward off one of the biggest global threats facing humanity and the planet today.
- 2 When future AML-CFT measures are considered, FATF should specifically assess their potential impact on a just transition and climate justice defenders' organizing.
- 3 The FATF should ensure to include climate justice actors in the FATF NPO roundtables and annual events.

■ To Financial institutions and banks

- 1 Financial Institutions should publish an environmental and human rights policy which recognizes the valuable role of EHRDs in identifying risks associated with climate change as well as responsible business conduct and the importance of ensuring AML-CFT regulation does not undermine this role.
- 2 Financial Institutions should commit to a zero-tolerance approach in relation to attacks against EHRDs and their organizations, stemming from AML-CFT regulations. Clearly communicate to your due diligence staff the human rights, climate and environment-related risks linked to delaying transfers and de-risking CSOs that are working for climate justice.

- 3 Financial Institutions should undertake regular rigorous human rights assessments of their AML-CFT policies (as part of their due diligence procedures). This should include consulting with impacted clients/ financial beneficiaries to learn from past mistakes and prevent these in the future.
- 4 Financial Institutions should ensure timely and effective access to remedy when harm occurs due to AML-CFT implementation and de-risking.

■ To Donors

- 1 Donors should adopt a risk-sharing approach with their grantees, recognizing the often-challenging environments in which they operate, and aim to set reasonable requirements that align with the nature of the work being undertaken and respecting the agency of those working on the frontlines.
- 2 Donors need to be aware of the dynamics that are created due to their de-risking practices: smaller CSOs often serve frontline communities that are impacted by climate change or environmental destruction caused by mega projects – including indigenous communities. These groups already face disproportionate risks and should not end up being de-risked by donors because of their size/ ability to swallow major bureaucratic hurdles. Instead, donors need to readjust their funding policies so that these key stakeholders can be supported.

■ To NPOs and multi-stakeholder initiatives

- 1 NPOs should raise awareness among themselves on the impacts of existing AML-CFT measures on the climate justice movement.
- 2 NPOs should investigate, document and monitor all impacts of existing AML-CFT measures on the climate justice movement. When future policies at the national level around AML-CTF measures are considered, CSOs need to assess their potential impact on climate defenders' organizing.
- 3 Multi-stakeholder initiatives should ensure that climate justice organizations are well represented at the forums that address the unintended consequences of AML-CFT regulations, in order to highlight the specific impacts on the climate justice movement.⁷
- 4 NPOs should monitor States' and regional bodies' security and terrorism reporting and framing of climate justice movement actions and provide a coordinated response with a coalition of climate justice organizations when groups are under attack.
- 5 NPOs should monitor and research how corporations fuel the narrative that environmental activists are terrorists.
- 6 NPOs should join forces or consult with alliances that are engaging with decision makers on the unintended consequences of AML-CFT regulation in your response, such as with the [Global NPO Coalition on FATF](#).

INTRODUCTION

“Civil society, Indigenous peoples, environmental human rights defenders, trade unions and social movements across the world have worked for decades to address climate change. [...] As observed by the Intergovernmental Panel on Climate Change (IPCC), ‘civil society is to a great extent the only reliable motor for driving institutions to change at the pace required’.”⁸

Civil society plays a key role in safeguarding good governance and democratic space. Non-governmental organizations (NGOs or ‘organizations’) that focus on climate justice, a just transition and the protection of the nature and the communities that depend on it are particularly important, because they are necessary to move governments, corporations and other actors towards responsible climate decisions that will affect future generations. Nobel Prize winning economist Amartya Sen emphasized the importance of civil society in addressing environmental challenges, as the organizations are ‘moved by social understanding and reasoned reflection, rather than only by financial incentives (acting merely as ‘self-interested rational actors’).’⁹

BOX 1

Climate Justice and the Just Transition

According to the Mary Robinson Foundation: ‘**Climate justice** links human rights and development to achieve a human-centered approach, safeguarding the rights of the most vulnerable people and sharing the burdens and benefits of climate change and its impacts equitably and fairly. Climate justice is informed by science, responds to science and acknowledges the need for equitable stewardship of the world’s resources.’ The call for a **just transition** emerged from the reality that both climate change impacts are uneven and attempts to mitigate carbon emissions are too.

Organizations around the world, as movements and networks, have the knowledge and expertise necessary to realize the climate commitments that governments have made under the Paris agreement, because of their role as watchdogs, and their extensive experience when it comes to working in local contexts. Moreover, they ensure that marginalized groups have a voice in environmental matters that affect them. NGOs, environmental defenders and community organizers play a key role in ensuring that just transitions can actually take off at the local level. They systematically document rights abuses related to fossil extraction, mining and renewable energy sectors; they connect with public and private investors to address their harmful investment strategies; push for the adoption

of and adherence to regulatory frameworks to ensure corporations' respect for human rights as well as climate and environmental standards. In some cases, they use strategic litigation to achieve justice through the courts.¹⁰

As such, these organizations also play a key role in ensuring the due diligence practices of corporate and financial actors are up to standard (including financial risk assessments related to investments). In this regard, the success of renewable energy projects largely depends on the proper and timely engagement with civil society. Given the crucial role that climate justice organizations play in pushing government and corporate actors to act with the necessary urgency, the civic space challenges they face are cause for concern.

This study examines how anti-money laundering and counter-terrorist financing ('AML-CFT') regulations specifically impact climate justice advocates.

BOX 2

Just transition: addressing the root causes of the problem

The concept of Just Transition (JT) has evolved to encompass multiple dimensions of justice, especially as civil society groups in Global Majority countries emphasize that climate change is deeply tied to systemic exploitation and global inequality. Rather than being a standalone issue, climate change reflects a broader pattern of environmental and human harm in so-called 'sacrifice zones.' Advocates for climate justice call for systemic change, including an end to fossil fuel expansion and a shift toward people-centered renewable energy systems. They warn, however, that without careful attention, the energy transition risks replicating old patterns of exploitation—particularly in resource-rich Global Majority countries—through extractive economies, debt dependency, and loss of sovereignty over natural resources and economic policy.

*'Climate justice groups are crucial agents of change, as they highlight that if not addressed, the current system will simply reproduce a green energy framework that forces many to continue to live in material and energy poverty, while facing the human rights and environmental costs. Their work exposes and addresses deep-rooted inequalities, in order to prevent an 'unjust' transition taking shape, one which would further consolidate and increase social inequalities, exclusion, environmental degradation, human rights violations, social unrest and conflict.'*¹¹

Aim of the Study

Increasingly, climate justice organizations are subject to fierce repression, which can take various forms: introducing laws criminalizing legitimate expression and assembly, excluding or preventing organizations from participating in environmental policy making, increased use of punitive lawsuits ('SLAPPs'), physical persecution, intimidation, arbitrary arrests, forced disappearances and even murder. Stigmatization of activists as 'eco-terrorists' by think tanks, corporations and governments is also on the rise. This repressive response of States against climate justice and just transition defenders has spiked concerns by researchers¹² and organizations.¹³

In this current study, we focus on the impact of measures aimed to counter money laundering and terrorist financing on organizations working on climate justice, just transition and environmental protection – an impact that has been studied extensively for other civil society sectors. **To date, little is known about the specific impact of these regulations on organizations focused on climate justice – a gap that this study aims to bridge.**

This study aims to analyze to what extent *anti-money laundering and counter-terrorist financing* ('AML-CFT') regulation is part of the shrinking space dynamics encountered by organizations working on climate justice, just transition, and environmental protection. It explores how AML-CFT regulation impacts the work of these organizations; and sets out what coping strategies these organizations implement to mitigate negative effects of AML-CFT policies. The study concludes with recommendations for various stakeholders, including multilateral bodies (United Nations), governments, the Financial Action Task Force (FATF), the financial sector, donors and civil society itself.

To start, this publication sets out the workings of the global AML-CFT framework.

BACKGROUND ON THE AML-CFT FRAMEWORK

2.1 The AML-CFT framework and the FATF Recommendation 8

Regulatory Context: A new era of financial warfare

Since the terrorist attacks of 9/11, the notion that detecting and disrupting money flows is an effective way to combat terrorism¹⁴, has led to major legal and regulatory changes to address terrorism financing.¹⁵ On 28 September 2001, the United Nations (UN) Security Council adopted a resolution¹⁶ that called for States to prevent and suppress the financing of terrorist acts through the criminalization of the provision or collection of funds related to terrorist acts. The UN International Convention for the Suppression of the Financing of Terrorism¹⁷ defines terrorism financing as ‘by any means, directly or indirectly, unlawfully and willfully, providing or collecting funds with the intention or knowledge that such funds are used to carry out a

terrorist act.’ Such a terrorist act is defined as any act intended to cause death or serious bodily injury to a civilian or any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or international organization to do or abstain from doing any act. The convention specifically lists those acts described in treaties mentioned in the Convention’s annex (art. 1a and 1b). Efforts towards the protection of critical infrastructure against terrorist attacks indicate that actions leading to infrastructure damage can also be seen as terrorism.¹⁸

The U.S. government had a notably influential hand in shaping these standards at the multilateral level, while also swiftly rolling out a series of domestic regulations—often quietly and with little public scrutiny—aimed explicitly at transforming the strategic use of financial instruments.¹⁹ **This marked the beginning of what some have called a ‘new era of financial warfare.’**²⁰ As such, in October 2001, the anti-money laundering (AML) mandate of the inter-governmental Financial Action Task Force (FATF)²¹ was expanded to include also counter-terrorism financing (CFT) by adding Special Recommendations.

BOX 3

The Financial Action Task Force and the influence of its recommendations

The FATF was established in 1989 with the mandate to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering. In 2001, this mandate was extended to countering the financing of terrorism. The FATF is comprised of 35 member States, two regional bodies and several associate members. Countries are formally assessed on their implementation of FATF standards, with the results significantly impacting their financial reputation, trade access, investment appeal, and overall economic prospects. In short, FATF is like the global financial system's silent regulator—quiet, technical, and largely unknown to the public, yet capable of pushing entire countries into compliance.

Domestic implementation of FATF's recommendations has led to the criminalization of terrorism financing, targeted financial sanctions and asset freezing. Moreover, law enforcement agencies and financial intelligence units (FIUs)²² have been awarded additional powers and resources. The FATF standards, which were consolidated into 40 recommendations from 2012, enjoy a high level of authority being endorsed by over 180 countries, incorporated into UN Security Council resolutions and used by entities such as the World Bank and the IMF.²³

While the UN sets the broad framework for counterterrorism through its resolutions and sanctions regimes, it is the FATF system that exert the most practical influence over AML-CFT efforts. This is largely due to the FATF's rigorous peer-reviewed mutual evaluation process, which enforces compliance more stringently.²⁴ This means countries are formally evaluated on how they implement the FATF standards. The results of these evaluations carry significant weight, affecting a country's financial reputation, access to trade, and attractiveness to investors. Organizational assessments ensure continuous scrutiny, and a poor rating can seriously hinder a country's financial and economic prospects.²⁵ This is why the FATF, by some, is called 'the most powerful organization most people will have never heard of'.²⁶

FATF Recommendation 8

Recommendation 8 (R8; previously SRVIII), from 2001 until 2016, identified not-for-profit organizations (NPOs)²⁷, and non-governmental organizations (NGOs or 'organizations'),²⁸ as 'particularly vulnerable' to abuse for the financing of terrorism.²⁹ This

Recommendation was motivated by concerns that NPOs could, for example, divert funds to terrorist organizations, be affiliated with such groups, support recruitment efforts, be exploited through program misuse, or be manipulated through false representation by terrorist entities.³⁰ **It represented a dramatic shift in the treatment of NPOs, who had long been praised as partners in democratization, good governance, and peace building, and which now suddenly became objects of suspicion.**³¹ This categorization emerged, although the claim that NPOs are ‘particularly vulnerable’, is an empirically unsupported claim.³²

Firstly, banks were placed at the frontline of fighting terrorist financing (TF), as they became tasked with combating the risks of TF – alongside being tasked with policing money laundering (ML), proliferation financing and other illicit financial flows. This caused a range of problems. The gatekeeping responsibilities imposed on banks conflict with their primary role as commercial, profit-driven institutions. Recent estimates indicate that nearly one in five bank employees is now dedicated to compliance tasks, such as Know Your Customer (KYC) procedures and due diligence checks.³³ These obligations come with a hefty price tag—amounting to hundreds of millions—which banks must absorb themselves, without financial support from the governments on whose behalf they are effectively carrying out these enforcement duties.³⁴ Moreover, financial regulators and supervisors worldwide are increasingly assertive in enforcing compliance with anti-money laundering and counter-terrorism financing (AML-CFT) rules across both financial institutions—such as banks—and other sectors, including NPOs. This tightening regulatory environment is being absorbed by the financial

services industry. Banks and money transfer operators must now conduct thorough due diligence on their clients to meet compliance obligations, under the threat of hefty fines and significant reputational harm if found in breach of these regulations.³⁵

Secondly, between the original implementation of R8 and its revision in 2016 (more on this below), **the FATF evaluation system effectively incentivized countries to impose restrictive regulations on their NPO sectors.** Nations with harsher legal frameworks for NPOs tended to receive higher compliance scores during the mutual evaluations³⁶ of R8, regardless of their bad human rights records or lack of respect for fundamental freedoms such as association, expression, and assembly. Because of the way R8 was structured at the time, by 2012, authoritarian regimes like those in Tunisia and Egypt were outperforming more democratic countries like Norway in evaluations on the recommendation. This perverse incentive contributed to a noticeable increase in restrictive NPO policies and legislation, often timed around FATF evaluations.³⁷ In the implementation of measures, many countries went beyond FATF’s scope and imposed even more general restrictions, which caused significant negative consequences for organizations, such as problems with receiving donations.³⁸ Some have stated that ‘it provided internationally sanctioned cover for governments seeking to legitimize a crackdown on critical civil society in their country, especially critical civil society voices. As a result of these types of restrictions, organizations globally have faced operational and legal restrictions, which has had a negative effect on their abilities to do their work to protect the needs of communities, especially in crisis or conflict areas.’³⁹

In June 2016, the FATF revised Recommendation 8 in response to growing evidence of its negative impacts on organizations, which ultimately led to the removal of the statement about NPOs being ‘particularly vulnerable’. Instead, the FATF explicitly called for a ‘risk-based’ and focused approach to NPO regulation, emphasizing the importance of proportionality.⁴⁰ The Recommendation was revised again in 2023, to further tighten the language to prevent misinterpretation, reiterating that NPOs should be overseen and monitored for potential TF abuse based on a risk assessment, but that this should all be done in a focused and proportionate manner without hampering legitimate NPO activity. Despite these amendments, however, negative impacts on NPOs have continued.

2.2 The AML-CFT framework and the de-risking of civil society

What began as soft-law norms on AML-CFT, are now increasingly being codified into binding legal frameworks, as they become embedded within national legislation and regulatory systems. As a result, these measures are having tangible effects on the ground—especially for civil society.⁴¹ In 2025, the UN concluded there is continued misuse of counter terrorism measures, leading to shrinking national civic spaces.⁴²

Throughout the financial sector, the practice of de-risking NPO clients has increased in recent years. The ‘risk’ in ‘de-risking’ usually refers to the bank’s concern that the customer poses a risk for money laundering or terrorism financing, or that processing transactions for them might entail a breach of sanctions regulations.⁴³

Specifically, many organizations continue to face difficulties in accessing banking services due to de-risking—the term used for a set of internal banking practices that create substantial barriers to their use of financial services. In this context, ‘risk’ typically refers to banks’ concerns that a customer could be linked to money laundering, terrorism financing, or that handling their transactions might violate sanctions regulations.⁴⁴ It is important to discern that while banks are fully justified to take steps to decrease the risk that its services are abused for criminal activities, de-risking in this regard refers to ‘specific acts by banks that are deemed overzealous, unnecessary, disproportionate or even discriminatory.’⁴⁵ Similarly, the U.S. government defines de-risking as ‘instances in which a financial institution seeks to avoid perceived regulatory risk by indiscriminately terminating, restricting, or denying services to broad classes of clients, without case-by-case analysis or consideration of mitigation options.’⁴⁶

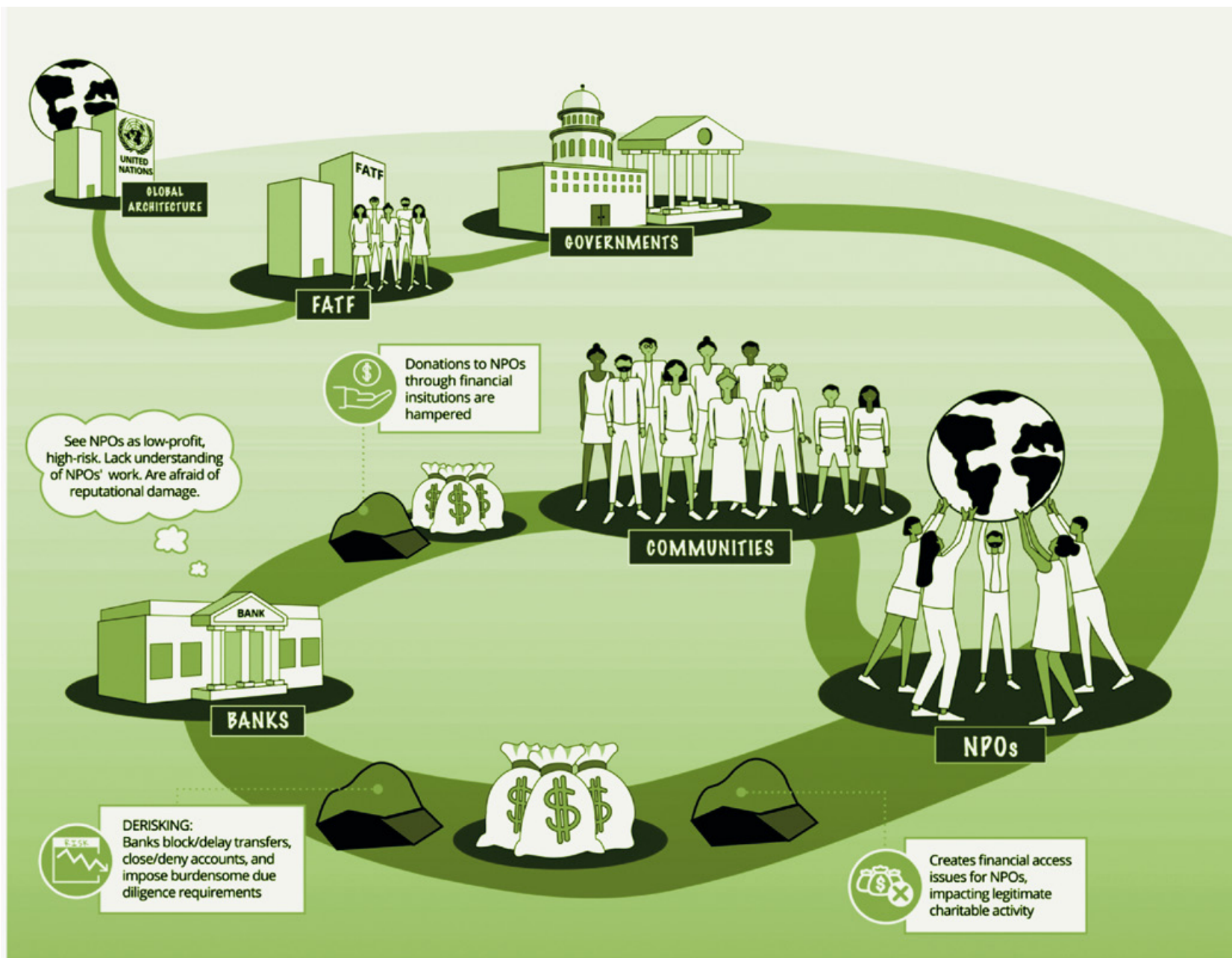


FIGURE 1:
THE DE-RISKING
PROCESS OF NPOS.

SOURCE: GLOBAL NPO
COALITION ON FATF⁴⁷

The issue of de-risking has reached such a level, that several banking authorities, such as the European⁴⁸, the British⁴⁹ and the Dutch,⁵⁰ as well as the FATF itself⁵¹ have published guidelines on how to ensure that de-risking of client groups does not occur. But despite these attempts, across the financial sector, there has been a continued growing trend of de-risking NPO clients.

Various studies have established the impacts of AML and CFT regulation on humanitarian organizations,⁵² development organizations⁵³, women's rights organizations,⁵⁴ animal rights activism⁵⁵, and on organizations working on organized crime.⁵⁶ The negative impact of AML-CFT legislation on civil society has been documented by various researchers, which have criticized the effectiveness of FATFs 'risk-based approach',⁵⁷ accountability and authority in implementation of the FATF framework⁵⁸ and policy laundering⁵⁹ in international initiatives in domestic implementations.⁶⁰ AML-CFT legislation has also been described as 'securitizing⁶¹ NGOs'.⁶²

The FATF 2021 report on the unintended consequences of its recommendations indeed confirmed that 'countries justify restrictive legal measures on NPOs in the name of 'FATF compliance', both unintentionally and, in some cases, intentionally'.⁶³ In 2022, the Special Rapporteur on the Promotion and Protection of Human rights and Fundamental Freedoms⁶⁴ published a report that concluded that when a terrorism lens overrides a peace lens, the counter-terrorism architecture creates increased challenges for civil society actors. In 2023, FATF again revised its recommendation 8 with the explicit aim to protect non-profits from abuse for terrorist financing

regulation.⁶⁵ For the first time, a FATF best practices paper was released, which included examples of bad practices and specifically explains how not to implement the FATF's requirements.⁶⁶

Organizations nonetheless continue to face problems because of AML-CFT regulation, such as delays in transfers, the freezing of funds and in some cases the complete closure of bank accounts.

This picture also emerged when analyzing our empirical findings in regard to climate justice organizations (see section 3). It pushes them towards using alternative finance methods –such as carrying cash or using private accounts– which contradicts the actual objectives of the AML-CFT agenda, namely to detect criminal or terrorist networks via financial trails. As such, these coping mechanisms further push NPOs into the shadows. It also places smaller organizations in a position of dependency on larger organizations when it comes to receiving or transferring funds, which is not a sustainable long-term solution. It directly undermines their financial access and agency, and impacts their work at the frontlines, as it is often the smaller groups that work closely with local communities impacted by climate change, environmental destruction, and human rights abuses. The constraints impacting NPOs' financial access also include intrusive regulation and supervision of NPOs; restrictions on NPOs' access to funding and bank accounts; as well as the forced dissolution, de-registration or expulsion of NPOs. Box 4 describes one such instance.

BOX 4

Use of the FATF framework in restrictive organization law in Mozambique⁶⁷

The government of Mozambique has attempted to introduce a Law on the Creation, Organization, and Operation of Nonprofit Organizations, which is intended to counter money laundering and terrorist financing as its security forces battle an Islamic State- (ISIS) linked armed group, locally known as Al-Shabab or Mashababos, in the northern part of the country. The draft law permits excessive government interference with non-governmental groups, including the authority to shut an organization down. The Mozambican government approved the draft law in September 2022, after the FATF placed Mozambique under increased monitoring in 2021. In 2023, a consortium of non-governmental organizations in Mozambique wrote a letter⁶⁸ to the FATF on the draft law on NPOs, highlighting that the measures proposed around reporting and supervision are neither risk-based nor proportionate. For now, the NPO Bill is no longer on the Parliament agenda, but this is no guarantee for the future.

Reports have shown that the consequences of de-risking and restrictive NPO regulation have been detrimental, impacting program delivery due to increased bureaucratic workload, as well as diverting organizations' focus away from politically controversial topics or locations⁶⁹, stopping or severely limiting beneficiary reach (often impacting vulnerable communities, e.g. in humanitarian aid situations) and having to operate in insecure operational environments also leads to stress and burnout amongst organization staff.⁷⁰ These regulations directly impact freedoms of association and expression⁷¹ and can lead to concrete safety and security risks, stemming from organizations' coping mechanisms.

The next section will set out the methodology used for this study; what coping strategies climate justice organizations must implement to mitigate effects of AML-CFT policies; and how these findings fit in a broader context of shrinking civic space.

METHODOLOGY

3.1 Survey

To capture the AML-CFT related impacts that organizations working on climate justice, just transition and environmental issues face, we developed a survey consisting of both multiple choice and open-ended questions. This allowed respondents to elaborate on their experiences. The survey was developed based on the survey used to study AML-CFT impacts on women's rights organizations by Duke University in 2017 and was subsequently adapted to better serve the context of environmental and climate justice organizations and their activities. This was done by the researchers in close collaboration with Milieudefensie. The survey consists of six sections, containing questions (See Annex) on 1) Organizational profile; 2) National government legislation; 3) Banking requirements; 4) Receiving funds from donors and 5) Providing funds (applicable only to those organizations that also provide grants); 6) Dealing with AML-CFT requirements.

The questionnaire ended with two open questions, in order for respondents to provide recommendations on how to improve AML-CFT legislation, as well as share any other relevant insights.

The survey was designed to be fully anonymous and refrained from collecting organizational identifiers (except for country) to maximize response rates and encourage candid feedback, particularly given the potentially sensitive nature of information shared regarding regulatory compliance experiences. Furthermore, the survey contained all regular informed consent information. All respondents gave permission to use their data, with no organization asking to have their data removed.

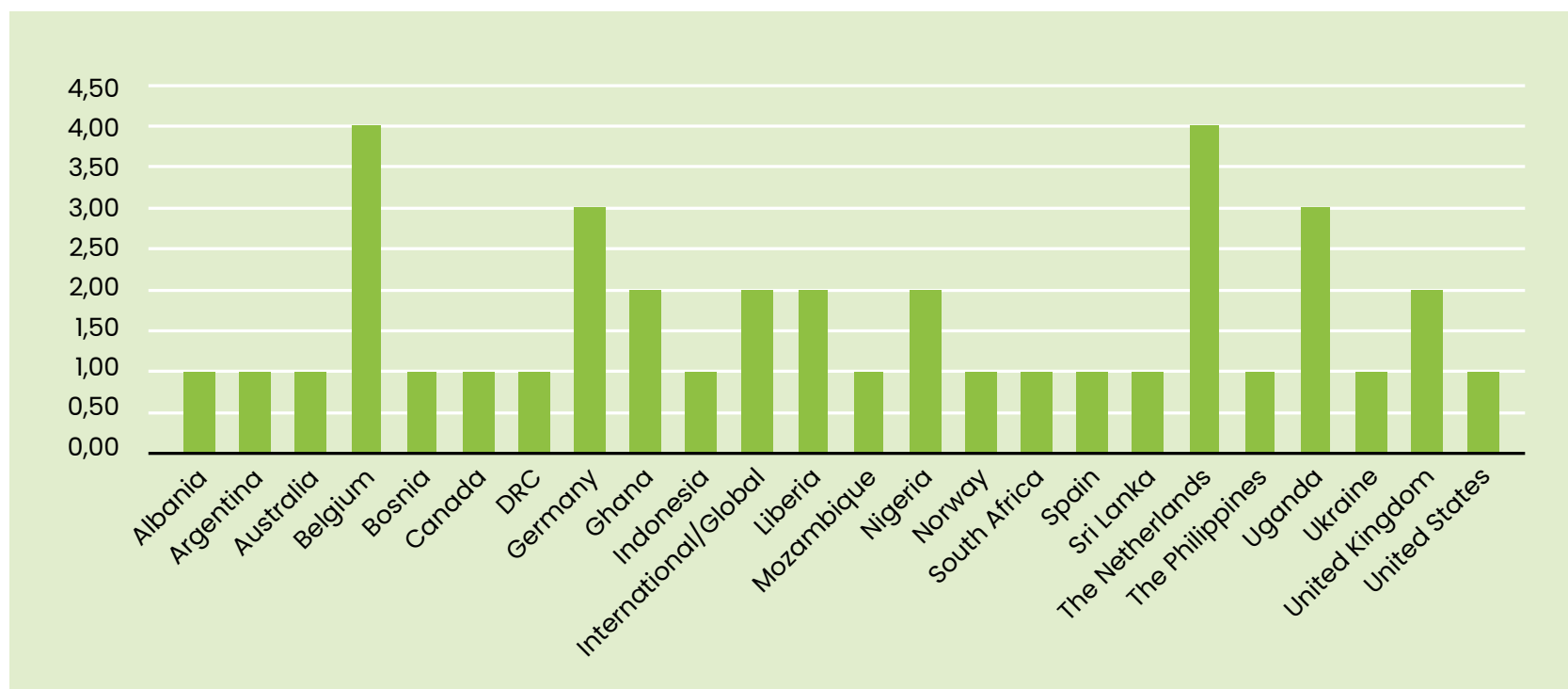
Early December 2024, the survey was filled out by representatives of five different target organizations, which were invited to test it, and to share their feedback. Based on this feedback, the survey was further improved: For example, it became clear that for some questions, multiple answers needed to be made available, and for various questions the option 'I don't know' was added. However, as no fundamental changes had to be made to the survey, the data from these five respondents could be used for the current report. Mid-December 2024, the survey was broadly distributed among organizations and platforms that work on just transition, climate justice, environmental protection and human rights. A reminder was sent out in January 2025. This was followed up with a wave of personalized invitations to fill out the survey to approximately 10 organizations and platforms active in regions that had not yet been covered in the responses. Respondents were also offered to submit answers through a virtual interview (via videoconferencing), but this option was not utilized. The survey data were analyzed using descriptive statistics to identify patterns and trends in the experiences of organizations with AML-CFT regulations. Qualitative responses were thematically analyzed to identify commonalities and differences.

Sample description

We obtained responses from 39 organizations based in 24 countries (see figure 2). In terms of their organizational profile, the responding organizations primarily focus on (on climate justice, environmental justice, and related fields such as women's rights, indigenous rights, and human rights (see figure 3). The sample included organizations of varying sizes, with the majority (87,2 % of the responding organizations) having between 0 and 65 full time equivalent staff (see table 1), and three larger organizations of 90, 100 and 180 full

time equivalent staff. There were two respondents representing very large organizations, with high full time equivalent staff numbers (namely 400 and 6,000). Of the 39 organizations in our sample, 36% also provide funding. These organizations also completed the section of the survey (Block D, Annex 1), that contained specific questions for organizations that provide funds. 38% of the respondents reported they work in (post-)conflict areas.

FIGURE 2:
COUNTRY OF THE
ORGANIZATIONS
REPRESENTED IN OUR
SAMPLE



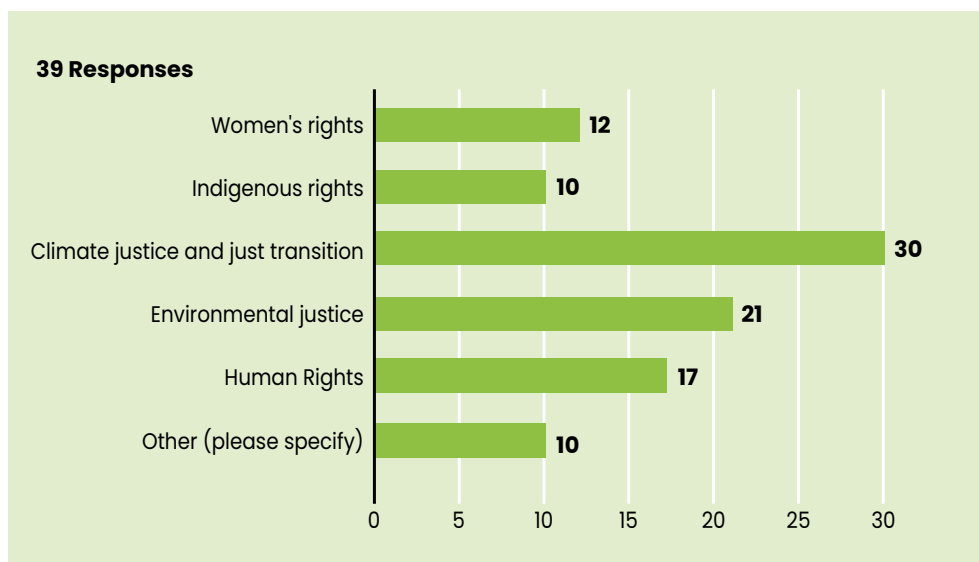


FIGURE 3: WORK FOCUS

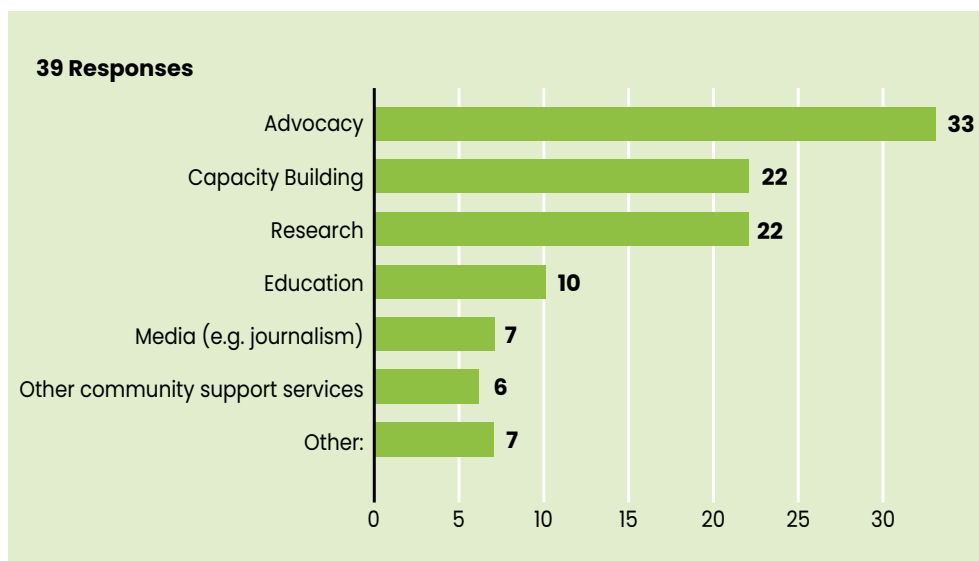


FIGURE 4: TYPE OF WORK ACTIVITIES

Full time equivalent staff	n	%
0 – 10	15	48,5%
11 – 20	10	25,6%
21 – 30	2	5,1%
31 – 40	1	2,6%
41 – 50	4	10,3%
51 – 60	1	2,6%
60 – 65	1	2,6%

TABLE 1:
RESPONDENT ORGANIZATION SIZE – UP TO 65 FULL TIME EQUIVALENT STAFF.

The survey was filled out by 39 organizations based in 24 countries, primarily working on climate justice, just transition and environmental protection issues. Figure 4 portrays the core activities that these organizations engage in, showing that advocacy (84,6%), capacity building (56,4%) and research (56,4%) are their main areas of engagement.

A majority of the responding organizations in the sample (29 out of 39) primarily receive project funding, while seven respondents also receive core and institutional funding. Three organizations primarily receive small grants. Twelve organizations received most of their funding from international organizations, nine from their national government, six from private foundations and four from foreign governments. Five organizations responded they could not tell their primary source of funding, indicating combinations of these categories.

3.2 Literature and document review

Secondly, we conducted a literature review on the broader pressures that organizations working on climate justice, just transition and environmental protection face, focusing specifically on criminalization. We gathered and reviewed relevant media, civil society and academic sources. The aim of this review is to place the empirical findings of chapter three in a broader context, to better estimate the scope of the problem and to inform the recommendations of this study (in chapter 7).

DESCRIPTION OF EMPIRICAL FINDINGS

This section presents a description of the empirical findings from the survey. It covers the capacity that organizations have to comply with AML-CFT regulations, the practical problems they face relating to these rules, and how these impact their core work. Some of the responding organizations did not respond to all the questions, and in those cases the total number on which data is available is indicated in the text. Deeper analysis and conclusions on these findings are presented in the chapters that follow.

4.1 Organizations' work and their capacity for adhering to AML-CFT requirements

Respondents were asked to self-assess their organization's awareness of AML-CFT regulations at both global and national levels (Figure 5). Of the 39 organizations that responded, the majority (16 organizations, 41.0%) reported having 'Basic knowledge' of these regulations. Nine organizations (23.1%) indicated having 'Sufficient knowledge'. However, eight (20.5%) reported 'Little knowledge' and five organizations (12.8%) acknowledged having 'No knowledge'

of AML-CFT regulations. Only one organization (2.6%) claimed to possess 'Full knowledge' of these regulatory frameworks. This distribution suggests that while most environmental and climate justice organizations have some familiarity with AML-CFT regulations, there remains a significant knowledge gap, with approximately one-third of respondent organizations having little to no understanding of these regulations, which nonetheless affect their organizations and its operations.

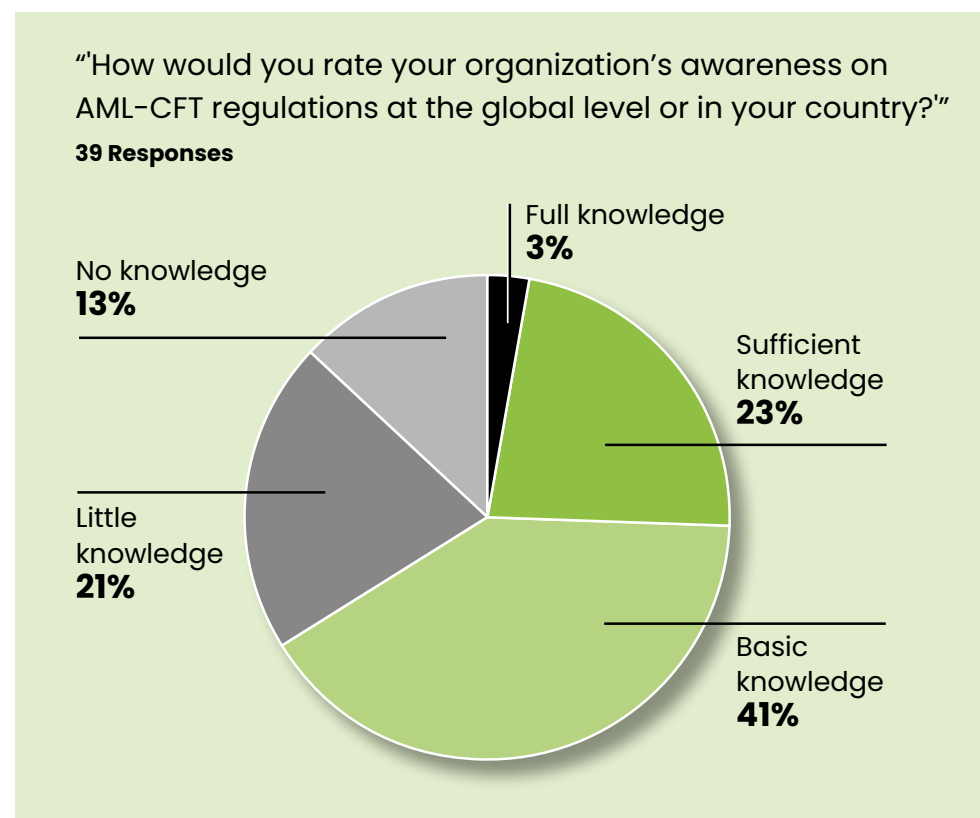


FIGURE 5: AWARENESS OF AML-CFT REGULATIONS AT THE GLOBAL LEVEL

As described above, the majority of responding organizations were small to mid-size organizations. 77% of the respondents reported to have a dedicated compliance officer on staff. The 9 organizations without a compliance officer were relatively small in size, with a maximum of 42 fte. Nonetheless, other smaller organizations did have compliance officers in house. Organizational size does not seem to strongly relate to whether organizations have a compliance officer on board or not. Overall, the majority of respondent organizations indicated to have dedicated staff in place to meet AML-CFT requirements.

4.2 Organizations' work on counterterrorism and extremism

When asked whether their organizations work on counter terrorism within their activities, interestingly, **23 of the responding organizations (59%) report that (parts of) their work contribute to counterterrorism efforts.** Most organizations report an indirect relation between their organization work and countering terrorism. First, many organizations see their civil society work as playing an important role in promoting social cohesion and community empowerment, thereby contributing to building community resilience against drivers of extremism.

A representative from an organization from Indonesia, for example, shared how:

'Environmental advocacy can empower communities, by giving them a voice and a sense of agency. This can help counter feelings of marginalization and disenfranchisement that can make individuals more susceptible to extremist ideologies.'

Several organizations mentioned how their efforts in 'bringing people together' also contribute to promoting democratic engagement. A representative from an organization from Argentina, for example, shared that *'[their] work is framed in actions that promote integration, solidarity, democracy and human rights in environmental justice, thereby promoting peace and coexistence.'*

Secondly, some organizations see their work as **addressing the very root causes of extremism and, thereby, as contributing to countering terrorism.** A representative from an organization from Nigeria explained how in Nigeria *'you see how environmental degradation pushes people to violent extremism'* and *'how their organization's efforts to ensure that environmental and human rights are not infringed are essential.'* An organization representative from the Philippines complemented how *'they work on system change, so we help de-escalate tensions, by addressing the root causes.'*

Moreover, a Liberian organization specifically described their work as contributing to conflict prevention: *'A major reason for the bloody 14-year civil war was conflict over land rights. Ensuring that the Indigenous peoples of Liberia are given the rights to their land and preventing multinationals from taking it at the willing approval of the government/elites, helps prevent the rising of tensions and potential outbreak of another war.'*

4.3 Problems experienced relating to AML-CFT rules

The survey started with a question asking respondents about their general impression on whether **the conditions they need to comply with to receive or transfer funds have become stricter over the years, to which the overwhelming majority (87%) responded yes**. The following survey questions next fleshed out the challenges presented by national legislation, and the specific challenges presented by banks and by donors.

Challenges due to national legislation

50% of all organizations that responded to the survey indicated that the challenges related to the implementation of counter terrorism and anti-moneylaundering laws in their country have increased over the years and have become more frequent. Respondents indicated that challenges encompass a wide range of impacts, including increased scrutiny of regulators such as tightened NGO registration measures; increased information requests from

governments; decreased eligibility for funding and an increased climate of fear to operate as an NGO. A selection of cases below illustrates some of the challenges are experienced by organizations working for climate and environmental justice, and just transition.

One West African organization, for example, described how *'based on AML-CFT laws, non-profits now have to register with and report to multiple regulators. They are subjected to the scrutiny of multiple regulators and banks, often resulting in high bureaucratic burdens, especially for smaller organizations.'*

Similarly, an organization from East Africa reported that their Ministry of Finance requests information on where the organization gets its funding from, and what they are using the funds for. When the organization criticized this government policy, it became more difficult to renew its NGO certificate, which it needs for bank transfers.

There are other examples of links between AML-CFT laws and state crackdown on organizations. For example, the arrest and detention of a Ugandan civil society leader ahead of the 2021 general elections was widely viewed as politically motivated and based on questionable grounds. A respondent from the same country noted that, in their view, the mounting pressure on organizations from national legislation is clearly connected to Uganda's efforts to be removed from the FATF Grey List: *'This global pressure is the reason that the burden [that organizations experience] got more frequent'*

The challenges stemming from stronger AML-CFT regulation is not only evident to organizations based in Africa or Latin America, as it has also affected procedures and relationships of organizations in Europe and the US, according to our sample. An organization based in Germany indicated that because of AML-CFT regulations *'organizations in the Middle East we worked with before are not eligible for funding anymore.'* In addition, a Dutch organization highlights the problems related to always having to include an Ultimate Beneficial Owner (UBO) registration in due diligence requests from banks and authorities. This poses problems as, in an organization with an international board, not all relevant persons have the necessary Dutch administrative status (such as having a 'DIGID') to obtain a certified copy of the UBO registration. Finally, an organization based in Eastern Europe described how media and individuals on social media accuse organizations of being domestic betrayers and foreign agents, indicating a dynamic of labelling critical organizations, as terrorism-like organizations, to be able to use counter-terrorism legislation against them. This publicly undermines their reputation and attacks their legitimacy to operate.

In sum, **our data contains some indication that the counterterrorism and anti-money laundering framework is misused by governments for political reasons to limit organizations** working on climate justice and a just transition. Several organizations report that tightened regulation creates a 'climate of fear' and that counterterrorism laws are actively *'used as a tool for the government to intimidate communities and civil society.'* Some organizations in Eastern and Western Africa go as far as to call the counterterrorism related laws that are targeting organizations *'a witch hunt for organization that fight issues of environmental justice, fossil fuels, and corporate impunity'.*

*'You are always aware that there is a heavy cloud over you and that a certain law can be used against you.'*⁷²

Challenges relating to demands by banks

When asked about specific challenges with financial institutions and financial access, **53 % of respondents indicated that their banking challenges have become more frequent over the last few years.** Of the 20 respondents that answered the question on how often they experienced problems, 35% reported problems every few months, while 20% reported continuous problems, with little time in between issues (see figure 5).

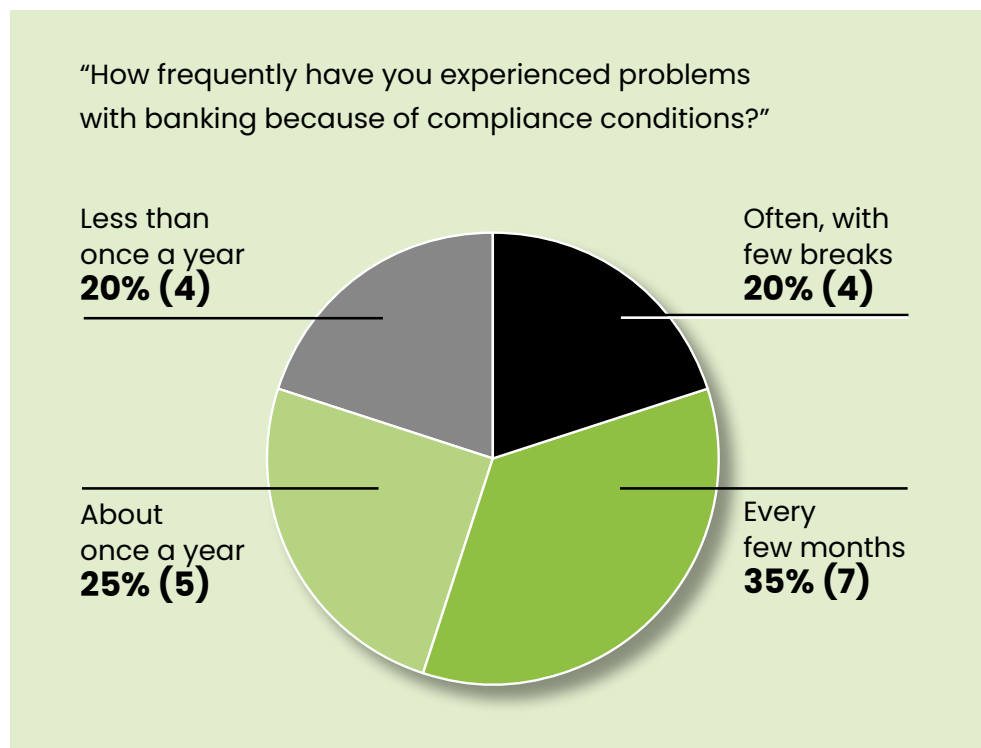


FIGURE 6: FREQUENCY OF COMPLIANCE RELATED PROBLEMS

20 of the 39 organizations shared details of their experiences with banking problems (see figure 7). Issues range from limitations to payments, delays in and blocking of payments, to frozen accounts and difficulties or refusal to open accounts for organizations, and burdensome information requests. To illustrate some of these, the following quotes indicate the specific requests that are received by organizations from banks:

An organization from West Africa reports that *'the bank requires a contract with every transfer from both the sender and the receiver. This applies to all overseas transfers. I am in contact with a bank relationship manager every time (via Whatsapp).'*

One European organization shared: *'The amount of information requested by the [x] bank regarding a donation from the Middle East was enormous, and ultimately did not lead to an approval by the bank.'*

A Latin American organization shares that to receive international payments, they have to provide notarized documentation certifying the origin of the funds, which has an extra cost. They also indicate serious issues with national payments: *'In order to transfer to national recipients, we must comply with requirements that the person receiving the money has a legal payment receipt. This is very difficult if we are working at a grassroots level with people or communities who have little access to banking services, or who are in the informal economy. We cannot make cash payments of more than 50,000 Argentine pesos (less than 50 USD) without the relevant invoice or receipt.'*

However, payment delays are not only prevalent for activities happening at the grassroots level. An organization from Latin America indicates that they have simply given up on international payments, as it took them 3 months to pay one colleague living outside of the region. Sometimes, payments end up blocked, as reported, for example, by a Dutch organization, that claimed that banks filter payments on ‘irrational grounds’ by, for example, blocking travel reimbursements to a person with a certain last name. The same organization reports difficulties with receiving donations from people in the MENA region, even when all necessary transparency is provided, and the funds are audited.

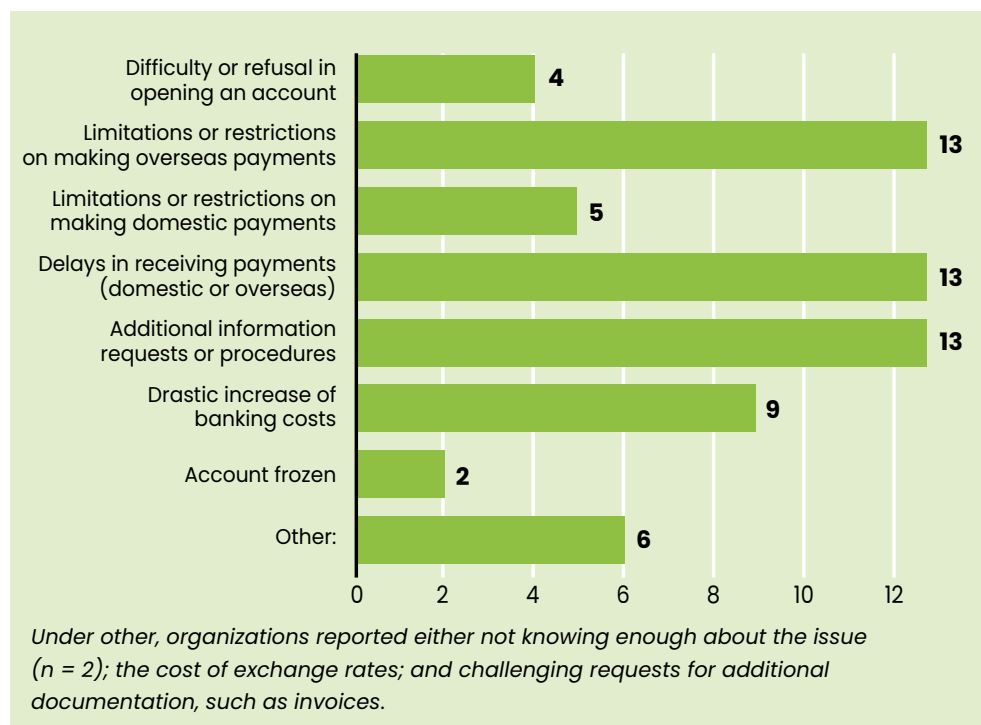


FIGURE 7: ISSUES RELATED TO BANKING

An organization from Southern Asia indicated that often no international payments are allowed without extra documentation, even when it concerns activities such as article writing, or consultancies: *‘Every time we have to give a copy of the proposal if we want to receive the money.’*

In addition, some organizations indicate that they see a direct link between increased bank demands and state interference. This is exemplified by a case in Eastern Africa where *‘the financial intelligence authority has twice written to the banks that they need more information on our transactions. Also, our account was frozen twice.’* To further illustrate the latter, a Norwegian organization reports that *‘in Indonesia, there are organizations that are asked (forced) to provide information about their audit and compliances with the banking system, but mostly to find faults to restrict their movement [that is, restrict operations of the organization]’.*

In sum, our data contains strong indications that banks have increased their due diligence demands of organizations working on climate justice, leading to a range of banking issues that directly impact their work, due to bank transfer delays and refusals, as well as account freezes. Our data on banking also shows some indications **that AML-CFT rules are being misused by governments, which via banks, try to restrict the effectiveness of organizations.**

'You have to go personally to the bank, fill out a form and sign an anti-terrorism financing form. We need to get everything right or we are being crippled.'⁷³

Coping strategies to deal with banking compliance challenges

21 organizations (54%) reported that they use various coping strategies to deal with banking challenges. These include the transferring and receiving of funds through other accounts, carrying cash, and using third parties to receive funds.

First, many organizations use a coping strategy of adaptation and compliance, or 'waiting it out': *'We most often wait until the issues are resolved... even though it delays the implementation of our project activities'*. Within this category of trying to comply, respondents also shared the extensive amount of time and personal communication about their activities it takes from their end vis-à-vis bank managers (by phone and through WhatsApp).

A second coping strategy organizations use is related to changing banks, bank accounts or descriptions of payments. One respondent mentioned how they are considering changing to a bank with less stringent requirements, although that is also a risk, as these banks may be banned by governments for not complying with regulations. Some respondents indicated having multiple bank accounts, so

that they can switch when transfers risk getting challenging: *'When a transfer is refused, we try one of our other bank accounts. We can try another individual to send the funds'*.

A third coping strategy concerns alternative payment methods and routes. Several responding organizations are forced to resort to non-traditional payment methods, such as Moneygram and cash carrying or mobile payments, to be able to do their work: *'Paypal doesn't always work, but cash is king'*. One organization reported that their local partners prefer Moneygram as a payment method, and that it is likely that this preference has something to do with challenges they have faced earlier. Some indicated that sometimes they had to use personal accounts when the organizational accounts faced issues.

In sum, in order to adapt to the challenges faced by AML-CFT laws and increased bank scrutiny, organizations adapt and wait, to the detriment of their own time, staff capacity and work; or they are forced to revert to using alternative methods that push them into the use of informal payment channels. Various organizations highlight that in their coping strategies they have to be careful not to make themselves suspicious. **They constantly need to weigh the risks of using these strategies.** One respondent expressed they are not able to adopt alternative strategies, out of fear of becoming labeled and targeted as even more suspect:

*'We can't implement any of these alternative payment strategies as then we will be even more suspect. With this we will open the gates of hell.'*⁷⁴

Challenges relating to demands by donors

Due to the tightening of the AML-CFT regime, donors have also adapted their practices. Private, government and intergovernmental donors have increasingly incorporated similar demands in their funding and partnership agreements, known as donor de-risking, asking for *'onerous guarantees that their funds are not used to benefit terrorists'*.⁷⁵ **70% of respondents indicated that they encountered additional due diligence measures from their donors.** In some cases, the main challenge organizations experience is that these demands delay the process of obtaining funds. An East African organization, for example, explains that *'especially from the United States we receive long forms with many details to fill out[...] it affects our grants, because it takes longer to receive them.'*

In other cases, the challenges are more serious. 13% of the respondents reported they now have less access to funding, because of the increased demands from donors. One respondent reported that they have decided to no longer apply to German donors for their climate work anymore: *'It is too much work.'* A third organization similarly reports that they have 'refused grants due to donors' excessive amounts of paperwork, bureaucracy and administrative bottlenecks.'

Respondents also flagged another worrying development, namely that donors increasingly provide funding via other, often larger NGOs. Often donor payments are made to the bank accounts of the country offices of these larger organizations, whose headquarters are often based in Europe or the United States. From there, funding is then channeled to the smaller grassroots organizations, creating considerate dependencies.

4.4 Impacts on core work

Our findings show that there are at least three **main ways in which organizations working for climate justice are impacted by AML-CFT compliance burdens stemming from stronger regulation.** It leads to a need for increased required in-house capacity and sufficient financial budget in order to be able to comply with these regulations; directly impacts their work due to delays in project implementation and increased limitations in terms of what they can work on/ whom they can work with; as well as increases the personal and mental burden on individual staff members and activists. Such negative impacts affect the core work of climate justice organizations. It means they can be less effective in, for example, supporting local communities in their resistance to environmentally destructive projects and creating or guiding community-based climate adaptation projects and other just transition initiatives.

Staff capacity and organizational costs of compliance

16 organizations were able to estimate the percentage of work capacity needed for AML-CFT compliance demands (whether stemming from the state, donors or their bank). Indicated percentages ranged widely, depending on the size of the organization, and ranged from 4% to 60% of their work capacity, with an average set at 31%. **This provides a clear indication of the administrative burden of due diligence requirements stemming from AML-CFT legislation, which directly impacts the organizations' core work for climate and environmental justice.**

While various respondents recognize the importance of some of the compliance work (as they recognize the need to make sure not to contribute to terrorism financing or anti-money laundering), some of the requirements are seen as excessive, for example when the same funders repeatedly ask for the same documentation as part of due diligence processes. *'It affects our work because half the time I'm helping partners [dealing with] stuff, talking in meetings required by the donor. You are spending more and more time making sure you are compliant, instead of doing your actual work on the ground'*, states a organization from Asia.

The staff time required to comply with the regulations also raises organizational costs overall, with a disproportionate impact on smaller organizations. As there is no or limited free support from professional services such as notaries, lawyers and accountants for the NGO sector, the obligatory reporting requirements mean a large increase in the overall administrative and advisory/consultancy costs of organizations, which is harder to swallow for smaller organizations.

Delays in and limits to project implementation

Respondents indicate that the increased compliance burdens affect their project deadlines, as well as the monitoring and the execution of their programs. It leads to **delays in project implementation, which in some cases can be severe, causing a rescheduling of already planned project elements, with organizations and impacted communities losing valuable time.** *'It has impact, because the bureaucracies delay work. Funding is project-based and our projects have timelines'*, one respondent added.

Second, the compliance duties create limitations in terms of the type of work organizations can do. One organization reports for example that *'there is often community demand to work on certain activities or in certain regions, but donor requirements have forced us to neglect these requests, in order to satisfy donor expectations that we work on other activities in other regions.'* Some regions are indicated to be difficult to work in because of restrictive AML-CFT legislation, particularly the MENA region.

Personal toll on staff members

The impacts described above also go beyond direct project management, organizational, and community-level impacts, as it affects staff and civil society activists on a personal level. **It increases a sense of lack of security and adds to work pressure (burnout)** and mental stress, triggering feelings of frustration, helplessness and anxiety. *'If the money is delayed, it affects our work, you become more suspicious, you become restless, you don't know what to do,*

you need the money to work. And you feel helpless, your hands are tight on your back', one respondent shares.

Our data shows that it takes much needed energy and time away from the civil society work that staff is committed to do, as too much time must be spent on reporting things that have already been reported on to both banks and donors. Especially when there is a shortage of staff, respondents indicate this administrative burden has contributed to overworked staff.

*'Generally, more compliance means more work. It can be at the level of inconvenience for now, but we are very aware of the risk that it can be weaponized (by the government).'*⁷⁶

4.5 A concerning trend

The findings from this study reveal a deeply concerning trend: the AML-CFT frameworks, while intended to ensure global security via increased financial due diligence, are increasingly becoming instruments of restriction for organizations working on climate justice. The data suggests that AML-CFT frameworks are, in some contexts, being misused by States to restrict dissenting or politically inconvenient organizations. This has led to a widespread 'climate of fear' among organizations, with some describing the situation as a form of targeted repression. Banks and donors are also identified as key agents in this dynamic, as they are put at the forefront to implement AML-CFT regulations, in response to state demands –sometimes in an excessive way.

It is particularly striking that NGOs, whose work contributes to upholding the rule of law and preventing violent extremism, are themselves adversely affected by AML-CFT measures. This 'unintended consequence' not only diminishes their effectiveness on the ground, but also proves counterproductive at large, as it actively obstructs civil society efforts that support the building of inclusive, responsive and stable societies, thereby contributing to increased (human)security – the very objective these regulations is meant to advance.

The cumulative effect of these measures includes increased administrative costs, delayed or halted project implementation, reduced geographic and thematic scope of civil society activities, and rising mental stress among organization staff and civil society activists. Given their responsibilities to their constituencies, many organizations nonetheless try to keep the work going and end up

being forced to adopt informal or workaround payment methods. This further exposes them to regulatory risk and acting contrary to the actual goal of the AML-CFT regime.

These impacts affect smaller organizations disproportionately.⁷⁷ The decentralized and community-based nature of many climate justice initiatives and groups might make them appear as ‘higher risk’ to foreign donors, who increasingly favor funding centralized, large-scale organizations, which can more easily swallow bureaucratic requirements. To avoid potential association with terrorism financing concerns, donors hence also engage in de-risking behavior towards grantees. It puts smaller grassroots organizations in a dependent position vis a vis larger organization, which are better able to better absorb the compliance burden. (This dynamic has already been demonstrated in research on the impact of AML-CFT regulation on women’s rights organizations.⁷⁸) As critical voices challenging powerful economic interests, climate justice organizations often rely heavily on transnational funding networks, making the restrictions particularly damaging to their advocacy and grassroots efforts, ultimately affecting their climate and just transition efforts.

Where this chapter demonstrated that climate justice organizations can be added to the group of organizations facing the burden of overregulation on AML-CFT, it is crucial to recognize the unique nature of the threats they encounter—particularly the distinct forms of criminalization targeting the climate justice movement. This will be described in the next chapter.

CRIMINALIZATION OF THE CLIMATE JUSTICE MOVEMENT

Like many other civil society groups, climate justice advocates face the broader challenge of shrinking civic space. However, they also face specific challenges which relate to the very nature of their activities. **Organizations pushing for climate justice, pose a specific threat to state–corporate interests because their efforts directly challenge the status quo that benefits powerful industries and political elites.** For example, they challenge the exploitation of natural resources that goes at the expense of people, nature and planet – such as fossil fuels (coal, oil, gas) and mining (e.g. critical raw materials), which are crucial to the economies of many governments as well as corporate profit. Their advocacy against greenwashing and for sustainable policies, environmental protection, and human – including indigenous – rights conflicts with profit-driven models that rely on unsustainable growth. This chapter further explores the crucial and unique nature of the threats climate justice advocates encounter—particularly the distinct forms of criminalization targeting the climate justice movement, as well as the impact this has in a world facing climate change, environmental disasters and the human rights violations linked to these.

The Special Rapporteur on the Rights to Freedom of Peaceful Assembly and of Association and other mandate holders have extensively documented NGO restrictions and attacks, and the failure to protect both the environment and its defenders, in multiple reports and communications to States.⁷⁹ Between January 2015 and December 2024, the Business and Human Rights Resource Centre recorded more than 6,400 attacks (in the form of judicial harassment and physical violence) across 147 countries against people who voiced concerns about business-related risks or harms. Mining, agribusiness and fossil fuels were the sectors connected with the highest number of attacks.⁸⁰ Although these threats are not new, UN Special Rapporteur on Environmental Defenders suggests that **as growing numbers of people mobilize to protect their land and advocate for a sustainable future, incidents of violent repression have also risen.** Indeed, Global Witness reports that at least 196 environmental human rights defenders were murdered worldwide in 2023.⁸¹ Also Lawyers for Lawyers have documented that there is a rise in threats and attacks against environmental lawyers in retaliation for their legal work.⁸²

These attacks are often driven by powerful interests—including transnational fossil fuel, extractive, agribusiness, and financial entities—that have pressured States to scale back their environmental and climate commitments or increase access to lands for extraction. Moreover, such repression has also been linked to exposure of efforts to promote certain projects as climate solutions, including under international carbon trading mechanisms, when those projects may not genuinely contribute to climate mitigation or go at the severe expense of nature and local communities.⁸³

In 2023, investigative journalists from the Guardian concluded that in a growing number of countries, anti-protest laws are being used to intimidate climate protestors, which they describe as ‘the systematic criminalization of environmental defenders’.⁸⁴ The UN reports that **States are increasingly framing climate justice and environmental activists as national security threats rather than recognizing them as defenders of human and environmental rights.**⁸⁵ The UN Special Rapporteur on the Situation of Human Rights Defenders warns that these attacks may be increasing as the climate situation becomes ever more urgent, and therefore dedicates her upcoming report on the protection of human rights defenders specifically to this topic.⁸⁶

The practice of labeling climate and environmental defenders as enemies of the state, or even terrorists, has been a well-established practice in Asia, Africa, Latin America and North America for several years already. For example, the Inter-American Commission on Human Rights has repeatedly expressed concern about the alarming rise in the misuse of the criminal justice systems against environmental defenders, and about the fact that most rights defenders killed in the region worked for the defense of land, territory, or the environment, or were members of indigenous communities.⁸⁷ In the Philippines, four leaders of the environmental and Indigenous rights group Cordillera Peoples Alliance (CPA) have been designated as ‘terrorist’ suspects by the national Anti-Terrorism Council, while defending natural resources and land.⁸⁸ In Kenya, authorities have unjustly accused environmental activists, opposing the Lamu Port-South Sudan-Ethiopia-Transport Corridor, of ties to the extremist armed group al-Shabab and have threatened, beaten, and arbitrarily detained them.⁸⁹ And environmental lawyers from Aklla Pacha in Peru have reported being arbitrarily labeled as ‘terrorists’

by their governments without substantive evidence and are even targeted for inclusion on official terrorist lists aimed at restricting their travel.⁹⁰

A term that is used for this same purpose in the United States is ‘eco-terrorism’. Between the 1980s and 2000s, the US saw a rise in activity from ecological activist groups and animal rights activists. In 2005, the US government labeled a category of ecological activist groups ‘*as the one domestic terrorist group that was the largest threat to the safety and well-being of the American public.*’⁹¹ Numerous laws have been created and enacted in response, with far-reaching consequences in the US.⁹²

In addition, there is also movement on this in Europe, for example in the form of monitoring and the use of the military to squash protest.⁹³ The European Union’s Counter-Terrorism Coordinator (CTC),⁹⁴ who is responsible for coordinating the EU’s work on counter-terrorism by presenting policy recommendations to the Council, presented a report on the topic at a meeting of the Council’s Terrorism Working Party (TWP) in March 2024. This report considers the threat posed by ‘violent left-wing and anarchist extremism’ – a heading under which a broad range of groups are mentioned, including prominent environmental protest groups such as Ende Gelände and Extinction Rebellion (XR).⁹⁵

The TWP specifically refers to the civil disobedience and nonviolent actions of the groups, including the use of ‘paint to vandalize vehicles, such as private jets’; as well as ‘hunger strikes and road blockades’, alongside actions such as the throwing of soup. At this stage the report concludes that in Europe ‘there are limited signs of

violent radicalization in the wider environmental activist scene’ and that extremism motivated solely by environmental considerations is currently ‘a very limited threat’ and makes clear that *‘the actions of these groups, as they stand, cannot be classified as terrorism.’*⁹⁶ It does, however, portray them as potential breeding grounds for radicalization. It States, for example, that *‘the use of climate change and the environment to justify terrorist violence is an emerging threat in the EU’s terrorist and violent extremist landscape. The adoption of climate change and the environment in violent extremist rhetoric can increase the risk of radicalization, especially among younger populations.’*⁹⁷

The consequences of these developments and the expressed view that climate justice movements may contain extremist elements are slowly manifesting itself, in Europe and beyond. European government officials increasingly refer to environmental organizations and activists as ‘ecoterrorists’ and have likened them to criminal organizations (e.g. Austria⁹⁸, Germany⁹⁹, the Netherlands¹⁰⁰, the UK¹⁰¹, Spain¹⁰², France¹⁰³, Denmark¹⁰⁴).

To illustrate the consequences of this with an example, already in 2019, the think-tank Policy Exchange published a report on XR, in which they claim that XR mainstreams the politics of a radical fringe ‘that seems to use mass civil disobedience over climate change, to impose full system change to the democratic order’, while hiding their extremism to the general public.¹⁰⁵ It later became clear that Policy Exchange was funded by ExxonMobil¹⁰⁶ and other fossil companies.¹⁰⁷ Describing XR as a group in danger of straying into terrorism, the report recommended stronger laws. The UK government adopted the report’s proposals in the Police,

Crime, Sentencing and Courts Act of April 2022, extending earlier restrictions of protest rights with new police powers to decide what is a ‘disruptive protest’. The law also allows for harder punishment of those involved¹⁰⁸ and has been described as limiting civil liberties and ‘deeply authoritarian’ by Amnesty International.¹⁰⁹

Indeed, UN Special Rapporteur on Environmental Defenders, Michael Forst, confirms that **counter-terrorism laws are already increasingly used against communities and peoples standing up for their rights to place them under heavy surveillance.**¹¹⁰ These may include public denouncements by government officials, targeted disinformation campaigns, and increased scrutiny under the guise of national security. These cases contribute to the trend of overregulation described in chapter 4, as such public rhetoric enables state authorities to more readily justify the use of repressive measures, including those originally intended to combat organized crime and terrorism.

CONCLUSIONS

The research findings of this study aim to contribute to the growing body of evidence on how the climate movement is both actively and inadvertently being undermined, as it highlights the role of the global anti-money laundering and counterterrorism regulation framework within it.

Results show that 50% of the responding organizations in our study have faced growing challenges due to stricter AML-CFT laws, including increased scrutiny by financial institutions, funding barriers put up by donors, and fear of government retaliation. Many report that these measures are being misused to intimidate and restrict the work of civil society. 87% reported tightened fund transfer conditions and 53% experience frequent banking obstacles such as delays, blocks or excessive documentation requests.

The empirical findings mirror the established notion that civil society overall is disproportionately impacted by AML-CFT measures and that the consequences of de-risking and restrictive laws have had detrimental effects on NPOs. The impacts that our respondents have shared include increased workloads that hinder program delivery, diversion from working on/in certain key topics or locations, limitations on beneficiary outreach and program delivery, and overall restrictions on freedoms of association and expression. Such conditions also

contribute to heightened fear and security risks, compounded by coping mechanisms that lead to stress and burnout while operating in insecure environments. Organizations' coping strategies—such as carrying cash or using private accounts to maintain critical operations on the ground—conflicts with the core objectives of the AML-CFT agenda, which aims to enhance financial transparency and track criminal or terrorist activity and networks. These coping mechanisms push organizations further into obscurity, which in turn increases the risk for repercussions. Donor de-risking also creates a reliance on larger civil society entities for the transfers of funding to smaller and mid-size groups. This dependency is not a viable long-term approach, as it weakens frontline groups that are deeply engaged in justice work with local communities.

It is evident that for States seeking to repress climate justice activism, AML-CFT measures have become a readily available tool. The fact that European counter terrorism organizations warn that the framing of climate change and environmental issues by violent extremists poses an emerging threat, is part of this worrying trend, because it legitimizes far-reaching surveillance of all civil society groups working on environmental defense and climate change. In addition, as banks are increasingly fixated on the implementation of AML-CFT regulations – steered by FATF and the UN – out of fear of repercussions, the potential for intensifying resistance against the movement grows.

The work of several of the organizations described in this report challenges state-corporate interests that put profit and unsustainable growth over environmental protection and human rights. **As a result of their work, climate defenders face a unique**

set of challenges that involve a specific criminalization threat, particularly through the application of the ecoterrorism label to nonviolent and peaceful movements. This is a worrying development that not only stigmatizes environmental defenders and climate justice advocates and the communities they represent but also contributes to a wider media narrative that frames them as societal threats rather than advocates for a public cause, thereby undermining their credibility, discouraging public support for their work, and shrinking the space for legitimate climate action. Also, attacks on human rights defenders and restrictions on civic freedoms are ‘bad for business.’^[1] They hinder access to vital information about human rights risks and impacts, thereby increasing operational, financial, and reputational exposure for companies and investors.

The UN identifies climate change as the greatest existential threat to humanity, with severe and potentially catastrophic impacts on human well-being, ecosystems, and global stability. It is not just a future risk, but a present crisis that already impacts societies across the globe, and the resilience of States to respond to its challenges. Recognizing its destabilizing potential, militaries and national security institutions across the world have, for decades, classified climate change as a critical security issue.

Yet, in a striking contradiction, organizations that work to mitigate these very threats—often through frontline advocacy and environmental defense initiatives—are increasingly targeted and restricted under AML-CFT frameworks. These regulations, while once aimed at curbing the threat of terrorism, are disproportionately impacting climate justice actors, effectively obstructing the global response to climate change.

This clash of security paradigms exposes the deep contradictions within the current regulatory landscape and highlights how entrenched political and economic interests are shaping the implementation of global security measures, often at the expense of those dedicating their lives towards creating a livable and just future for all. Civil society’s agency is increasingly undermined by the very security frame that was set up to fight extremism and terrorism. The increasing regulatory demands ultimately undermine climate justice organizations’ ability to support vulnerable communities and obstruct effective responses to an existential crisis.

‘These defenders are basically trying to save the planet, and in doing so save humanity. These are people we should be protecting but are seen by governments and corporations as a threat to be neutralized. In the end it’s about power and economics.’ – Mary Lawlor, UN special rapporteur on human rights defenders.

RECOMMENDATIONS

■ To States and Regional bodies

- 1 States and regional bodies (such as the European Union's Counter-Terrorism Coordinator) should prioritize a proportional, risk-based approach over an overly broad, rule-based approach that ends up stifling civil society and undermines citizens' constitutional rights. They should take immediate action to challenge narratives that depict environmental defenders and their movements as criminal and avoid using the rise in environmental civil disobedience as a justification to limit civic space and the exercise of fundamental freedoms of expression, assembly and association.¹¹²
- 2 States should repeal any legislation that criminalizes environmental and human rights defenders (EHRDs) and their groups. States should commit to zero-tolerance on attacks on these defenders.
- 3 States and regional bodies need to publicly assert the critical role civil society plays in ensuring that the Paris Agreement is upheld and climate change is adequately addressed. They should

develop and/or implement legislation recognizing the right of civil society working for climate justice to defend rights, and their crucial role in preventing climate change, promoting human rights, sustainable development, and a healthy environment.

- 4 States should prevent, actively monitor (e.g. collect data), investigate document, and report on all impacts of existing AML-CFT measures on the climate justice movement and when future AML-CFT measures are considered, assess their potential impact on climate defenders' organizing, as well as use their influence to ensure policymaking bodies like the FATF adjust their policies when these cause harm.
- 5 States and regional bodies should actively involve a wide range of civil society representatives in the drafting of their new comprehensive AML-CFT regulations, including representatives of the climate justice movement, ensuring that lessons learned from the Recommendation 8 process are integrated.
- 6 States and regional bodies should ensure that AML-CFT measures, including asset freezes, comply with international human rights law and do not restrict freedom of association or other fundamental rights, nor hinder the advancement of climate goals, and financial inclusion.
- 7 States should ensure effective remedy is put in place for those civil society groups that are negatively impacted by overreaching AML-CFT regulations.

■ To the United Nations

- 1 The United Nations should develop a review process to assess how its climate justice, protecting human rights defender protection and counterterrorism policies interact and affect each other. The Special Rapporteur on Human Rights Defenders could consider publishing a report together with the Special Rapporteur on the Promotion and Protection of Human Rights in the Context of Climate Change and the Special Rapporteur on the Promotion and Protection of Human Rights and Fundamental Freedoms while Countering Terrorism- who has published widely on the impacts of AML-CFT rules on human rights defenders overall- in order to highlight the specific AML-CFT impacts on climate justice activists.
- 2 United Nations Member States could propose a resolution within one of the principal UN policymaking bodies and departments addressing climate change. This resolution would highlight the importance of civil society organizations as key components of comprehensive, society-wide efforts to counter climate change and its many impacts, like the emphasis on civil society in the UNODC's 2021-2025 strategy. It would recommend that the implementation of AML-CFT regulations should not hinder the work of civil society in this area, advocating for consultative and transparent processes, as well as the inclusion of civil society in implementation plans.

■ To the FATF

- 1 The FATF should investigate and include the specific impacts of existing AML-CFT measures on the climate justice movement in its reporting on unintended consequences, recognizing the essential role that climate justice organizations play to secure a livable future for all and ward off one of the biggest global threats facing humanity and the planet today.
- 2 When future AML-CTF measures are considered, FATF should specifically assess their potential impact on a just transition and climate justice defenders' organizing.
- 3 The FATF should ensure to include climate justice actors in the FATF NPO roundtables and annual events.

■ To Financial institutions and banks

- 1 Financial Institutions should publish an environmental and human rights policy which recognizes the valuable role of EHRDs in identifying risks associated with climate change as well as responsible business conduct and the importance of ensuring AML-CFT regulation does not undermine this role.
- 2 Financial Institutions should commit to a zero-tolerance approach in relation to attacks against EHRDs and their organizations, stemming from AML-CFT regulations. Clearly communicate to your due diligence staff the human rights, climate and environment-related risks linked to delaying and de-risking CSOs that are working for climate justice.

- 3 Financial Institutions should undertake regular rigorous human rights assessments of their AML-CFT policies (as part of their due diligence procedures). This should include consulting with impacted clients/ financial beneficiaries to learn from past mistakes and prevent these in the future.
- 4 Financial Institutions should ensure timely and effective access to remedy when harm occurs due to AML-CFT implementation and de-risking.

■ To Donors

- 1 Donors should adopt a risk-sharing approach with their grantees, recognizing the often-challenging environments in which they operate, and aim to set reasonable requirements that align with the nature of the work being undertaken and respecting the agency of those working on the frontlines.
- 2 Donors need to be aware of the dynamics that are created due to their de-risking practices: smaller CSOs often serve frontline communities that are impacted by climate change or environmental destruction caused by mega projects – including indigenous communities. These groups already face disproportionate risks and should not end up being de-risked by donors because of their size/ ability to swallow major bureaucratic hurdles. Instead, donors need to readjust their funding policies so that these key stakeholders can be supported.

■ To NPOs and multi-stakeholder initiatives

- 1 NPOs should raise awareness among themselves on the impacts of existing AML-CFT measures on the climate justice movement.
- 2 NPOs should investigate, document and monitor all impacts of existing AML-CFT measures on the climate justice movement. When future policies at the national level around AML-CTF measures are considered, CSOs need to assess their potential impact on climate defenders' organizing.
- 3 Multi-stakeholder initiatives should ensure that climate justice organizations are well represented at the forums that address the unintended consequences of AML-CFT regulations, in order to highlight the specific impacts on the climate justice movement.
- 4 NPOs should monitor States' and regional bodies' security and terrorism reporting and framing of climate justice movement actions and provide a coordinated response with a coalition of climate justice organizations when groups are under attack.
- 5 NPOs should monitor and research how corporations fuel the narrative that environmental activists are terrorists.
- 6 NPOs should join forces or consult with alliances that are engaging with decision makers on the unintended consequences of AML-CFT regulation in your response, such as with the [Global NPO Coalition on FATF](#).

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ANNEX 1

Friends of the Earth Questionnaire (ECA-CFT project)

Start of Block: A Organizational Profile

Intro_text

For some time, the civic space available to ORGANIZATIONS, grassroots organizations, and individual activists has been shrinking. This survey seeks to gather insights into this critical issue. Specifically, we aim to understand how grassroots organizations and activists working on climate justice are experiencing the impacts of counter-terrorism financing (CFT) and anti-money laundering (AML) measures, including any recent increases in such regulations. Sometimes ORGANIZATIONS do not know about these regulations, but they can have enormous impacts on their organizations, coming from different angles (government, financial institutions or donors).

Your input is essential and will be used for a publication analyzing the challenges civil society actors face due to these measures. The findings will be used to develop policy and advocacy recommendations that civil society can use in their engagement with donors, policymakers, and international bodies, including the United Nations. We deeply value your time and expertise. The survey should take approximately 35 minutes to complete.

All information you provide will be handled with strict confidentiality and anonymity: your name, the name of your organization and if requested also the location of your organization, will not be made public, and we will only provide a general description of your case. Data will be stored securely, and only authorized researchers will have access to it, and will not be shared with third parties. The data will only be used by the researchers. Your participation is voluntary and you may choose to skip any questions you are not comfortable answering. If you have any questions or concerns about the survey or your participation, please feel free to contact us at a.van.baar@vu.nl.

For organizations that provide grants and funds (that are also donors), this questionnaire contains 44 questions.

For all other organizations, this questionnaire contains 38 questions.

Thank you very much for your time,
Floor Elise Knoote, Annika van Baar

A1_type_of_work

What type of work does your organization engage in?

Select the option that is most applicable

- ☐ Advocacy (1)
 - ☐ Capacity Building (2)
 - ☐ Research (3)
 - ☐ Education (4)
 - ☐ Media (e.g. journalism) (5)
 - ☐ Other community support services (6)
 - ☐ Other: (7)
-
-

A2_country_based

In which country is your organization based?

A3_country_active

In which countries is your organization active?

A4_Conflict_areas

Do you work in (a) conflict or post-conflict area(s)?

- ☐ Yes (1)
 - ☐ No (2)
 - ☐ Other (please explain) (3)
-

A5_grant_making

Does your organization provide grants or funds to other organizations or individuals?

- ☐ Yes (1)
- ☐ No (2)
- ☐ Other (please explain) (3)

A6_funding_sources

Where does your organization get most of its funding?

Please select one option

- ☐ Membership fees (1)
 - ☐ Donations (2)
 - ☐ Grants from international ORGANIZATIONS (3)
 - ☐ Individual donations (4)
 - ☐ Income generating activities (e.g. fundraisers) (5)
 - ☐ UN agencies (6)
 - ☐ National government (7)
 - ☐ Foreign government(s) (8)
 - ☐ Private foundation(s) (9)
 - ☐ Other (please specify) (10)
-

A7_funding_type

What kind of funding do you receive (mostly)?

Please select one option

- ☐ Core or insitutional funding (1)
 - ☐ Project funding (2)
 - ☐ Small grants (3)
 - ☐ Other (please specify) (4)
-

A8_employees How many employees do you have?

Please mention the total number of FTEs if possible.

A9_issues

What issue(s) does your organisation work on mostly?

- ☐ Women's rights (1)
 - ☐ Indigenous rights (2)
 - ☐ Climate justice and just transition (3)
 - ☐ Environmental justice (4)
 - ☐ Human Rights (5)
 - ☐ Other (please specify) (6)
-

A10_preventing_terro

Do you believe your work contributes to countering /preventing terrorism and/or violent extremism?

- ☐ Yes (please explain how your work contributes to countering/ preventing terrorism and/or violent extremism): (1)
-

- ☐ No (2)

A11_compliance

Does your organization have a financial compliance department/officer?

- ☐ Yes (1)
 - ☐ No. Please indicate if you feel that you need one (2)
-

A12_cond_stricter

Have conditions that you need to comply with to receive/ transfer funds become stricter over the years? Note: we will ask you more specific questions on this topic below.

- ☐ Yes (1)
- ☐ No (2)
- ☐ I don't know (3)

A13_knowledge

How would you rate your organization's awareness of the 'counter terrorism financing agenda and legislation' and the 'anti-money laundering' framework' (or AML-CFT regulations) at the global level or in your country?

- ☐ No knowledge (1)
- ☐ Little knowledge (2)
- ☐ Basic knowledge (3)
- ☐ Sufficient knowledge (4)
- ☐ Full knowledge (5)

End of Block: A Organizational Profile

Start of Block: B. National Government

Q25

The next 3 questions concern issues stemming from your national government.

B1_laws

Are there any recent/ new laws and regulations on transparency, money laundering, due diligence or the countering of terrorism in your country that affect your work?

Please describe the law(s) and how it affects your work.

B2_nat_frequent

Generally speaking, have your organization's challenges related to these laws gotten more frequent, less frequent or about stayed the same over the last few years?

- ☐ More frequent (1)
- ☐ Less frequent (2)
- ☐ Stayed the same (3)

B2_nat_freq_examples B.

Please elaborate on your previous answer, using with concrete examples if possible.

End of Block: B. National Government

Start of Block: C. Banking

Intro banking

The next 5 questions concern banking.

C1_banking_issues A.

Have you ever experienced any of the following issues related to banking?

Multiple answers are possible

- ☐ Difficulty or refusal in opening an account (2)
- ☐ Account closure (1)
- ☐ Account frozen (8)
- ☐ Limitations or restrictions on making overseas payments (3)
- ☐ Limitations or restrictions on making domestic payments (4)
- ☐ Delays in receiving payments (domestic or overseas) (5)
- ☐ Additional information requests or procedures (6)
- ☐ Drastic increase of banking costs (7)
- ☐ Other: (10)

C2_bank_issues_speci

Please give one concrete example for each issue you have chosen in the previous question. In your answer(s) please also describe the reason(s) the bank gave you for the occurrence of the issue.

C3_bank_how_often

How frequently have you experienced the problems of the type(s) mentioned above?

- ☐ Less than once a year (1)
- ☐ About once a year (2)
- ☐ Every few months (3)
- ☐ Often, with few breaks between issues (4)

C4_Bank_frequent

Generally speaking, have your organization's banking problems gotten more frequent, less frequent or about stayed the same over the last few years?

- ☐ More frequent (1)
- ☐ Less frequent (2)
- ☐ Stayed the same (3)
- ☐ I don't know (4)

C5_banking_core_work

How have your organization's banking problems affected your core work, please give concrete examples if possible.

End of Block: C. Banking

Start of Block: D. Receiving funds from donors.

Intro_D_donors

The next 9 questions concern receiving grants or other funds from donors.

D1_dd_measures

Have you encountered additional due diligence measures from your donor(s)? e.g. requests for detailed project information, partner vetting, clarification of ultimate beneficial ownership of your organization, additional administrative burden, etc.

- ☐ Yes (5)
- ☐ No (6)
- ☐ I don't know (7)

D2_counter-terrorism

Have you received grants that have required you to sign counter-terrorism clauses in funding and/or partnership agreements?

- ☐ Yes (1)
- ☐ No (2)
- ☐ I don't know (3)

D3_access_funds

Have due diligence measures affected your access to funds?

- ☐ No (1)

- ☐ Yes, I now have better access to funds (2)
- ☐ Yes, I now have worse access to funds (3)
- ☐ I don't know (4)

D4_not_applied

Have you ever not applied for certain grants because of due diligence demands of donors?

- ☐ No (1)
- ☐ Yes (2)
- ☐ I don't know (3)

D5_refused_grants

Have you ever refused offered grants due to additional due diligence burdens?

- ☐ No (1)
- ☐ Yes (2)
- ☐ I don't know (3)

D1-5_Explanation

Please give concrete examples on the issues you have indicated in the 5 questions above.

D6_workload

Considering the conditions you need to comply with to apply for or receive funds from your donor (transparency and reporting requirements), has the bureaucratic workload stayed the same, become less, or increased over the past 5 years? Please explain.

D7_org_support

Do you receive adequate organizational support from the donor to meet these conditions (e.g. with capacity and/or overhead)? If so, please explain what type of support you have received from (a) donor(s).

D8_perc_estimate

What percentage of your work goes into managing the banks and/or donor's requirements with regards to reporting? Please provide an estimate

D9_core_work

In what way(s) do the conditions that you need to comply with to receive funds from your donor impact your core work?

End of Block: D. Receiving funds from donors.

Start of Block: E. Donors

Q49

The next 6 questions concern issues with providing grants and funding.

E1_additional_dd

To provide grants (e.g. to communities, organizations or individuals), have you encountered additional due diligence measures from other actors than banks (e.g. government, partners)? e.g. requests for detailed project information, clarification of ultimate beneficial ownership, partner vetting, additional administrative burden, etc.

- ☐ Yes (1)
- ☐ No (2)
- ☐ I don't know (3)

E2_counter-terrorism

As a donor organization, do you include any counter-terrorism financing clauses in your contracts?

- ☐ Yes (1)
- ☐ No (2)
- ☐ I don't know (3)

E3_affected

Have these due diligence measures affected your grant-making and/or grant giving (e.g. not providing or delaying grants)?

- ☐ Yes (1)
- ☐ No (2)
- ☐ I don't know (3)

E4_descr_aff

In what way(s) have due diligence measures affected your grant-making or grant-giving? If it has not, please describe why you think this is not the case.

E5_workload

In terms of the conditions you need to comply with to provide funds (transparency and reporting requirements), has the bureaucratic workload stayed the same, become less, or increased over the past 5 years? Please explain

E6_core_work

In what way(s) do the conditions that you need to comply with to provide funds impact your core work?

End of Block: E. Donors

Start of Block: F. Coping mechanisms

Q42

The next 3 questions are about how you deal with the issues that you have experienced.

F1_bank_coping

If you have mentioned issues with banking and the transferring/receiving of funds, have you used any of the following coping mechanisms (or have you made any of these adjustments to your work)? Multiple answers possible

- ☐ I have had no issues (1)
 - ☐ Carrying cash (2)
 - ☐ Transferring through personal bank accounts (3)
 - ☐ Money transfer services (e.g., Moneygram, Western Union etc.) (4)
 - ☐ Payment Service Providers (e.g., Paypal, International FC Stone) (5)
 - ☐ Other (please specify) (6)
-

F2_descr_coping

For each of the mechanisms chosen above, please provide a concrete example and explain how easy or difficult it was.

F2_difficulties

If you have mentioned issues with banking and the transferring/receiving of funds, please indicate if you have experienced any of the following as a result of your financial access difficulties.

Multiple answers possible

- ☐ Donors have stopped donations (1)
- ☐ Donors have expressed concern over their own access to financial services as a result of contribution to your organization (2)
- ☐ Your organization has limited programs (3)
- ☐ Your organization has stopped programs (4)
- ☐ Your organization has been asked to change or restrict programs by donors or financial institutions (5)
- ☐ Your organization has stopped working with (certain) partner organizations (6)
- ☐ Your organization has changed or restricted funding to certain geographic areas (7)

- ☐ Your organization has changed or restricted funding to certain (groups of) beneficiaries or partners (8)
- ☐ Your organization has been asked to change or restrict programs by donors or financial institutions (9)
- ☐ Your organization has imposed restrictions because of perceived legal or reputational risk (10)
- ☐ Your organization has faced higher costs, for example because of higher transaction fees or because of other compliance costs (11)
- ☐ Other (please specify) (12)

F3_descr_difficult

Based on your answer(s) to the previous question, describe what has had the most impact on your organization and the work you are doing? Please elaborate.

End of Block: F. Coping mechanisms

Start of Block: G. Closing

G1_recommendations

What recommendations would you have for the institutions in charge of these financial counter terrorism regulations?

G2 Anything else you would like to share?

End of Block: G. Closing