

Gender, Counter-terrorism Financing, and De-risking: Women Pay the Price

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Please note, the Charity and Security Network (C&SN) recognizes that an emphasis on women only is not inclusionary of the diverse spectrum on which gender exists, and understands the importance of not further marginalizing LGBTQIA+ and gender-diverse individuals, organizations, rights groups, and communities. In honor of International Women's Day (IWD), this Issue Brief focuses on women, and, at times, women and girls. C&SN [remains committed](#) to taking an intersectional approach to gender, ensuring the inclusion of all groups that are disproportionately discriminated against and most impacted.

What's the Issue?

Financial '[de-risking](#)' is a practice whereby banks restrict, delay, or refuse to provide financial services, often in areas and jurisdictions deemed 'high risk', thereby choosing not to manage risk, but to avoid it. Both [de-risking](#) and [countering the financing of terrorism \(CFT\) measures](#) have a disproportionately negative impact on women and women-led organizations, creating significant barriers to financial inclusion and access for these groups. Despite this, there remains limited research on the gendered impacts of de-risking and CFT, though this evidence base [has grown in recent years](#). For a truly intersectional understanding of these impacts, future research efforts must take into account the impacts on LGBTQIA+ and gender-diverse communities and organizations, as these groups face [significant exclusion and discrimination](#) from accessing financial and banking services.

Origin Story

Since Sept. 11, 2001, governments have [proliferated their counter-terrorism legislation](#) on a global scale. Counter-terrorism measures (CTMs) encompass countering the financing of terrorism (CFT) regulations, with most countries making financing terrorist individuals and entities a [criminal offense](#). The *intent* to finance terrorist individuals and entities is also a criminal offense in many countries, while some countries, including the U.S., make [unintentional financing](#) a criminal offense as well.

At the domestic level, states' CFT policies are largely shaped by the [Financial Action Task Force \(FATF\)](#), an intergovernmental entity whose 40 recommendations + [IX "Special Recommendations on Terrorist Financing"](#) set the [international standards](#) for anti-money laundering (AML)/CFT. The FATF was created [initially](#) to counter money laundering but [expanded](#) after Sept. 11 to include CFT and has since [expanded further](#) to include weapons of mass destruction (WMD) financing. Countries are regularly evaluated on their AML/CFT compliance and effectiveness through country-level [Mutual Evaluations](#); falling below the standards set by FATF can be [negatively consequential](#) for a country's economy, reputation, and global financial standing. This has [incentivized](#) states to adopt domestic AML/CFT regulations, rules, and laws that align with the FATF standards.

FATF's [Recommendation 8](#) (R.8) is specific to non-profit organizations (NPOs) and it initially and incorrectly deemed NPOs as having unduly high susceptibility to terrorist financing abuse. Although FATF [amended R.8 in 2016](#) to remove the “particularly vulnerable” label hastily given to NPOs immediately following 9/11, the [unintended consequences](#) of this recommendation remain. In practice, R.8 continues to [stifle](#) many NPOs’ ability to carry out their work, due to [over-regulation](#) and [exceptionalization](#) of the NPO sector, in addition to governments placing increased [legal and operational restrictions](#) and [tightening regulations](#) on NPOs as incentives to score higher on Mutual Evaluations. In addition to other CTMs, R.8 also plays a role in creating financial access barriers for organizations and individuals deemed ‘[outside \[the\] risk appetite](#)’ of the financial sector, leading to NPOs facing continued high rates of [de-risking](#) and [financial exclusion](#).

The most recent [revisions to R.8](#) occurred in November 2023, largely as a result of years of collective civil society advocacy, namely from the [Global NPO Coalition on FATF](#). The [revised R.8](#) “clarifies the application of the risk-based approach, acknowledges sectoral self-regulation measures, and makes clear that NPOs should not be obliged entities.” It is too soon to tell the impacts of these revisions, though hopes - and advocacy efforts - that it will address many of the harmful impacts it has had on NPOs over the years, remain.

Gendered Impacts

Governments’ traditional CFT measures and implementation [do not account](#) for the environments in which women’s organizations operate and fail to account for the already-existing societal [gender dynamics](#) that marginalize women. In practice, CFT regulations have non-uniform effects, [creating negative human rights impacts](#) for women human rights defenders (WHRDs) and women’s rights organizations. The [latter are](#) smaller and less financially resilient, often carry out their work in repressive and insecure areas, and are forced to rely heavily on foreign funding.

Many grassroots women’s rights organizations are leaders on the [frontlines of combating and preventing terrorism and violent extremism](#) by negotiating ceasefires, securing detainees’ release, and providing support services for terrorist survivors. Because of their willingness to engage in this work - often as the only actor doing so - this places [women’s rights organizations](#) in close proximity to locations or communities deemed ‘at risk’ of violent extremism or terrorism. Indeed, over 86 percent of women’s organizations surveyed for a joint Duke Law International Human Rights Clinic (IHRC) and Women Peacemakers Program (WPP) [report affirmed](#) “that their organization’s work contributes to combating violent extremism and terrorism,” yet in practice, the high rates of financial de-risking and exclusion they face means they are punished for doing so.

This report, [Tightening the Purse Strings: What Countering Terrorism Financing Costs Gender Equality and Security](#), gathered the following perspectives on the negative impacts CFT measures have on women’s organizations and their work:

- *“All this is cutting our funds and in the long run, this will strangle us.” - Women’s organization headquartered in MENA*
- *“We experience this all the time. Money comes back, we try to resend it, using different accounts. We lose a lot of time, and also money, as we have to pay the banking fee every time we try to do the transfer . . . The last time we tried to send money to Egypt, it took 16 months before the money was finally released, after our partner organization there provided lots of documents about our organization and their organization. The bank was holding the money all that time.” - Women’s organization headquartered in North America*
- *“We know we won’t get direct funding because of our size. They usually give to big international organizations, that’s more convenient and comfortable for them.” - Women’s organization headquartered in Sub-Saharan Africa*
- *“...The groups, who should benefit from the work of NGOs, especially the women on the ground, are not reached anymore to the extent as they should be reached. Programs of NGOs are often superficial, as peace has become a sensitive topic to work on (also in relation to gender). The pressure from the government, including close monitoring and surveillance of NGOs, has led to organizations being scared to try out something new, being innovative. Programs have become repetitive, strategies are repetitive, doing what has been done many time*

before, to be safe. Also in regards to donors, they now tend to fund the same organizations they have funded before, as they do not want to take any 'risks,' rather avoiding new partners. Funding criteria have slowly changed in the way that smaller organizations, which are often doing innovative work, cannot apply anymore. Only big, established organizations have access to the international funds.” - Women’s organization headquartered in South Asia

- *“It slows us down. It reduces funding. It strains relationships between organizations, donors, and partners. It also impacts the beneficiaries. If you’re doing humanitarian work and can’t send it to where it is needed, they suffer. It also limits the creativity and flexibility of those on the ground to come up with solutions . . . Donors, banks, and governments need to stop transferring the risks.” - Women’s organization headquartered in Western Europe*

Building on the challenges highlighted above, many CFT measures intersect with other restrictive CTMs, effectively cutting off women’s organizations’ access to resources, with [severe consequences](#). For example, a women’s organization working in an [ISIS-controlled area in Syria](#) provided secular education as a means to counter the education programming children are receiving in ISIS-led schools. Donors, especially U.S.-based ones, have stopped providing financial support to this and other women’s organizations and groups because most engagement with entities designated as Foreign Terrorist Organizations (FTOs), which [ISIS](#) is designated as, is illegal under the [U.S. material support law](#). This creates a chilling effect on funding for community-based organizations (CBOs) working in FTO-controlled areas, even when these organizations are leaders on the [frontlines of working to combat and prevent the spread of terrorism](#). The irony is that when assistance to terrorist-controlled areas is restricted, it leaves the communities in these areas with [no choice](#) but “to depend on terrorist organizations for essential services” they would otherwise not receive. Not only does this work against the purported objectives of CFT, but it also has [harmful gendered impacts](#): in these contexts, women’s needs are deprioritized at best and their rights are violated at worst.

When CFT [regulations and policies restrict](#) humanitarian aid organizations, dire situations are exacerbated. In 2011, prior to the famine in Somalia, the U.S. government made [significant cuts to humanitarian aid](#) in the country. These funding cuts, made [due to CFT concerns](#) around aid in and near al-Shabaab controlled-areas, contributed significantly to the humanitarian crisis, which had a disproportionate impact on women and girls. For example, [due to aid cuts](#), the World Food Programme closed 12 feeding centers for mothers and children in Somalia in 2009.

Since the U.S. withdrawal and Taliban takeover in August 2021, NGOs have [struggled to finance](#) humanitarian operations in Afghanistan. The financial sector has drastically [reduced payments and transactions](#) into Afghanistan “for fear of inadvertently violating sanctions and anti-money laundering and the countering the financing of terrorism (AML/CFT) regulations.” Findings from a December 2021 poll that explored the [financial access challenges related to Afghanistan operations](#) for 72 NGOs revealed that one of the top two challenges was [de-risking](#), which 85 percent of respondents ranked as a critical or urgent issue. These CFT regulations and fears, coupled with de-risking, will have the most severe and harshest impacts on Afghan women, who already face extreme [structural barriers](#) to accessing banking and financial services.

The Way Forward

This Issue Brief lays out the multitude of gendered impacts that result from global and state CFT measures and de-risking practices, highlighting how women face disproportionately high rates of these negative impacts. C&SN proposes that these challenges be addressed in the following ways:

- **FATF:** First, with its global pull, FATF **must take into account the gender-specific needs and rights of women, and incorporate these into their standards and recommendations.**
- **States:** Second, states **must comprehensively and equitably [incorporate an intersectional gendered perspective](#) into their domestic CFT regulations.** In order to do so, women’s organizations and groups, and LGBTQIA+ and gender-diverse civil society must be *meaningfully* included in the development of CFT measures from the inception stage. **These inclusion practices must be institutionalized.**

- **Practitioners & Academics:** Third, further research efforts and initiatives into these topics would be hugely beneficial, as **the continued growth of this data base would support further advocacy around more inclusive, gender-sensitive, and evidence-based policies, strategies, and regulations.**

This publication coincides with International Women’s Day (IWD), a timely reminder that gendered impacts must be prioritized in the development and implementation of CFT measures, in addressing the impacts of de-risking, and in global financial access and inclusion efforts writ large.

How Can Nonprofits Get Involved?

C&SN’s Financial Access Working Group provides a forum for nonprofits to collaborate, share information, address these challenges, and more. To join contact Ashleigh Subramanian-Montgomery at ashleighsm@charityandsecurity.org .

For more information about financial access or the work of the Charity & Security Network, contact us:

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