



GLOBAL NONPROFIT INFORMATION NETWORK

6. COUNTERTERRORISM POLICIES ARE SUSPICIOUS OF SPECIFIC TYPES OF CHARITIES

As expensive and odious as the so-called “voluntary” Anti-Terrorist Financing Guidelines are for all, they impose a special burden on small, innovative charities¹ and on charities which focus largely on the Muslim world. In addition, the Treasury’s “Risk Matrix for the Charitable Sector”² discourages charities from working with new organizations or in troubled regions, by labeling such giving “high risk.” This means that some of our nimble and innovative charities are shackled, and that U.S. charity actions that might be most effective in deterring potential terrorists from taking up arms and in elevating America’s reputation are discouraged from doing their important work.

The Guidelines inhibit the ability of small charities to perform their work by requiring extensive detective work before a single dollar can be granted, on penalty of significant legal sanctions. While the burden on all charities is large, counterterrorism policies are especially limiting for those with smaller grantmaking budgets (i.e. \$100,000/year). They are pushed to divert their limited financial and personnel resources from proven best practices in due diligence and instead engage in unproductive information gathering that ultimately distracts from their philanthropic mission.³

The Treasury’s Risk Matrix, by stigmatizing new organizations and those located or working in troubled areas, penalizes charities attempting to find new grantees -- regardless of the need for or effectiveness of these grantees -- or doing work in areas that most need their attention. Among the characteristics Treasury labels “high risk”: “The grantee has no prior history with any charities;” “The grantee has little or no history of legitimate charitable activities” -- thus actively discouraging grants to new organizations, regardless of their mission or anticipated effectiveness. Another risk factor: “The charity primarily engages in work in conflict zones or in countries known to have a concentration of terrorist activity” -- precisely the regions where a U.S. charitable presence is most needed, on both humanitarian and strategic grounds.

The Treasury’s Risk Matrix stigmatizes the extremely effective charities now focusing on emerging grassroots organizations with small-scale, people-first strategies. Known as “social change philanthropy”⁴ this approach brings a bottom-up development approach to the search for long-term change. Unfortunately, where this work is being done by newly-formed grassroots organizations or in conflict areas of the world, this approach is seen as “high risk,” and grantmaking support is discouraged. The impact is often most severe on organizations aimed at improving family life and women’s lives. Organizations such as the Women’s Rights in Afghanistan Fund and the Hamdi Women and Children Development Organization -- which, among other things, provide clean drinking water to Mogadishu -- find fewer funders willing to support their programs.⁵

The impact on Muslim Charities has been harsh beyond reason, creating a perception of ethnic profiling which reduces Muslim giving and harms U.S. stature in the global Muslim community. *No Muslim charity has been convicted of supporting terrorism, despite multiple U.S. government prosecutions. Yet, of the ten U.S. Muslim charities involved in international programs, seven have had their assets frozen.* Not one Muslim charity appeared on the U.S. government’s list of approved organizations to deliver relief to the largely Muslim areas of the Pacific and Indian oceans devastated by the December 2004 Tsunami that killed 250,000 people and destroyed countless homes and villages.

Despite the suspicion cast on Muslim charities, and requests by the Muslim community, Treasury has refused to cooperate with creation of a “safe” harbor that would allow organizations complying with specified standards to function without fear, and donors to give to them without fear as well.

Charities carry a positive message about America most effectively when they are allowed to get to the populations who need them most, and when they are able to embody positive human values. With official U.S. government aid viewed with suspicion and increasingly targeted to specific nations and tasks, innovative small-scale grantmaking and outreach to the Muslim world are more important than ever in terms of communicating peaceful aims at the grassroots level. And yet, this is the type of giving most at risk from current Treasury Department policy. Moreover, not only does unjustified pressure on Muslim charities discourage domestic giving by American Muslims and international outreach by Muslim charities, it is perceived

by the world’s 1.4 billion Muslims as proof of U.S. prejudice against their religion. The disparate impact is punitive and counterproductive, and ways to ensure security without penalizing specific sectors of the charitable community can and should be found.

¹ “Charities” refers to direct service organizations, advocacy organizations, foundations, and organizations supporting social change.

² http://www.treas.gov/offices/enforcement/ofac/policy/charity_risk_matrix.pdf.

³ Grantmakers Without Borders, December 22, 2006, letter to Treasury Secretary Henry Paulson regarding the October 2006 Guidelines.

⁴ For a brief definition of “social change philanthropy” see <http://www.gwob.net/gscp/index.htm>.

⁵ Grantmakers Without Borders, May 30, 2007, letter to Treasury Secretary Henry Paulson regarding the risk matrix.

The Global Nonprofit Information Network (GNIN) was launched in March 2007 to foster information sharing focused on counterterrorism measures affecting charitable organizations and global civil society. The GNIN initiative is co-hosted by Grantmakers Without Borders (www.gwob.net), OMB Watch (www.ombwatch.org) and Urgent Action Fund for Women’s Human Rights (www.urgentactionfund.org).



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(This is part six in GNIN’s seven part series on charities and counterterrorism policy.)