

PLAYBOOK OF REPRESSION

CIVIL SOCIETY REPORT ON THE MISUSE AND ABUSE
OF COMBATING THE FINANCING OF TERRORISM
MEASURES IN THE PHILIPPINES



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First Printing, June 2025

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Published by National Union of People's Lawyers
34 Erynthia Building, 1 Maaralin corner Matatag Street,
Barangay Central, Quezon City, Metri Manila 1100, Philippines



and the Council for People's Development and Governance
114 Timog Avenue, Brgy. Sacred Heart,
2nd District, National Capital Region, Quezon City

Cover design and layout by Karla Ujano

Photographs by: www.thewire.in, www.bulatlat.com, UNSCR, and doj.gov.ph



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EXECUTIVE SUMMARY



This report examines the incalculable damage on civic space and fundamental freedoms caused by the Philippine government's high-level political commitments to exit the Financial Action Task Force's (FATF) "Jurisdictions Under Increased Monitoring" or "Grey List." Pursuant to FATF recommendations on anti-money laundering and counter-terrorism financing (AML/CTF), the Philippine Congress enacted Republic Act No. 10168 (Terrorism Financing Prevention and Suppression Act) in 2012 and Republic Act No. 11479 (Anti-Terrorism Act) in 2020.

Previously, the lack of administrative designation and freezing of assets *ex parte* in these anti-terrorism laws were marked as "strategic deficiencies" during past Mutual Evaluation Reviews (MER) of the Philippines by the Asia Pacific Group (APG). However, the marginalization of civil society in the enactment of these laws was an instance of "policy laundering" or the embedding of standards drafted by the U.S. government and later adopted by the G7/8, United Nations (UN), the International Monetary Fund (IMF) and World Bank (WB) into the Philippine legal regime.¹ The domestic CTF regime thereafter became a potent weapon to suppress dissent and stifle civic space.

Under the National AML/CTF Strategy,² the current national action plan to enhance the Philippines' AML/CTF regime, the government has weaponized targeted financial sanctions and the criminalization of terrorism financing against development workers, human rights defenders, and civil society organizations (CSOs) as retaliation for their outspoken criticism of anti-people policies and their advocacy for economic, social, and cultural rights.

¹ See Ben Hayes, *Counter-Terrorism, 'Policy Laundering' and the FATF: Legalising Surveillance, Regulating Civil Society*, Transnational Institute/Statewatch, 2012, 12.

² Executive Order No. 33, s. 2023.

These well-documented harms, as discussed in this report, contradict and undermine the positive role of CSOs in protecting and uplifting marginalized communities and promoting human rights and social justice in the Philippines—efforts which have long been recognized and celebrated, both locally and internationally. While CSOs are disproportionately impacted by CTF measures, the Philippine government has failed to apply effective AML measures on those responsible for the proliferation of criminal activities and unlawful acts, including corruption, drug trafficking, and money laundering linked to Philippine Offshore Gaming Operators (POGOs).³

This report is based on the initial results of a survey conducted with 136 non-profit CSOs to date. Using a non-probability sampling approach, the survey gathered responses from NGOs (57%), people's organizations (15%), church groups (4%), cooperatives (2%), academe (2%), and other types of CSOs (20%) from various regions. Most respondents were small organizations, with 75% having annual budgets below PHP 5 million, while 18% had budgets ranging from PHP 5-20 million. Their work primarily supports vulnerable sectors, including women (72%), farmers and fisherfolk (68%), indigenous peoples (64%), children and youth (58%), urban poor (53%), and workers (53%).

Key findings indicate that CSOs face significant barriers, including widespread red-tagging, surveillance, and harassment, all of which disrupt their operations. A majority of respondents reported experiencing red-tagging, particularly in social media (63%), mass media (47%), and public forums (39%). Additionally, 57% were subjected to physical surveillance, and 39% to electronic surveillance. Over one-third of the respondents also reported increasing regulatory burdens imposed by banks (33%), the Securities and Exchange Commission (SEC) (34%), and the Bureau of Internal Revenue (BIR) (20%). Furthermore, 8% of respondents had their bank accounts frozen, while others faced inquiries into their accounts (7%) or difficulties accessing banking services (4%).

The survey highlights the significant impact of these challenges on CSO operations and the communities they serve. Over 63% of respondents reported restricted staff mobility, and 40% noted that intimidation led to reduced community participation. Alarming, 31% of CSOs were accused of financing terrorism, and 15% faced legal cases for alleged terrorism financing. Despite these accusations, the majority of respondents perceived themselves as low or no risk for money laundering (65%) and terrorist financing (57%).

A series of focus group discussions (FGDs) with a total of 205 participants from 90 CSOs in the National Capital Region, Northern Luzon, Visayas and Mindanao was also conducted to gather the views and insights on the state of Philippine civic space from the perspective of CSOs. The initial key findings are as follows:

1. The broad definitions of terrorism and terrorism financing have enabled the classification of assets belonging to red-tagged CSOs as “related accounts” involved in financing terrorism.

Following the terrorist designation of the Communist Party of the Philippines, the New People's Army, the National Democratic Front of the Philippines (CPP-NPA-NDFP), along with their underground organizations, organs, units, and alleged members, several CSOs accused of being “fronts” for the CPP-NPA-NDFP have become targets of financial surveillance, *ex parte* asset freezes, and indefinite

³ Jose Cielito Reganit, *PDEA shows deep links between POGOs, drug syndicates at quadcom probe*, Philippine News Agency, November 27, 2024, available at: <https://www.pna.gov.ph/articles/1238827> (Last accessed December 2, 2024). See also *House inquiry exposes POGO corruption; Lucky South 99 ‘incorporator’ cited in contempt*, House of Representatives, August 8, 2024, available at: <https://www.congress.gov.ph/media/view/?content=5382&title=HOUSE+INQUIRY+EXPOSES+POGO+CORRUPTION%3B+LUCKY+SOUTH+99+‘INCORPORATOR’+CITED+IN+CONTEMPT> (Last accessed December 2, 2024).

asset preservation orders applied to their bank accounts, funds, and properties. Freeze orders have been extended to the bank deposits of officers, staff, and even their family members. More recently, small business owners and ordinary individuals wrongfully accused of engaging in commercial transactions or dealings with the NPA have also faced asset freezes and/or fabricated criminal charges for terrorism financing, often initiated by the military.

These actions, framed within the enforcement of FATF Recommendation 6 (Targeted Financial Sanctions Related to Terrorism and Terrorist Financing), raise significant concerns on due process. The overly expansive scope of properties under this Recommendation as well as the UN Security Council Resolution 1373, among others, extends beyond funds or properties belonging to designated persons. It encompasses virtually all assets that the government may arbitrarily interpret as being “maintained” for their benefit.⁴

This broad application undermines the fundamental mental element required to establish the crime of terrorist financing under international law.⁵ It also exacerbates the already imprecise definition of terrorism, which allows armed conflict to be conflated with terrorism. As a result, legitimate activities of CSOs, including the provision of humanitarian assistance in conflict zones, are unjustly stifled.

2. The current regulatory approach to the entire NPO sectors in the Philippines has devolved into a disproportionate mechanism of attack against civil society, under the pretext of compliance with FATF Recommendation 8 (Combating the Abuse of Non-Profit Organizations), which was rooted in flawed assumptions about civil society.

Given its potential for draconian impositions on civil society, Recommendation 8 has been co-opted and aligned with the government’s counterinsurgency and counter-terrorism frameworks. This has resulted in burdensome requirements for accreditation and internal governance imposed by national government agencies, alongside restrictions on accessing foreign funding. Surveillance of CSOs has heightened, with their movements controlled through military and police checkpoints, and staff members being harassed in their offices, during fieldwork, while traveling or commuting, or even in their homes.

This infringement on the associational privacy of CSOs exposes them to heightened risks of red-tagging, harassment, surveillance, incarceration, forced surrender as “rebel returnees” and outright violence, including torture, enforced disappearances and extrajudicial killings. Sustained patterns of these abuses have been committed against CSOs, leading to forcible closures, staff trauma, and isolation from funders and partners. Some communities served by these CSOs have also distanced themselves due to surveillance, fracturing trust and undermining grassroots development. The stigmatization has spilled into government mechanisms for CSO participation, with some CSOs being excluded from consultations or disinvited from key platforms for engagement.

These actions are driven by a fundamentally flawed mindset that views NPOs as inherently “particularly vulnerable” to terrorism financing abuse, ignoring key updates to Recommendation 8 that limit its

⁴ Lian Buan, *AMLC freezes ‘related accounts’ of CPP-NPA*, Rappler.com, December 27, 2020, available at: <https://www.rappler.com/philippines/amlc-freezes-related-accounts-cpp-npa/> (Last accessed December 2, 2024).

⁵ Article 3, International Convention for the Suppression of the Financing of Terrorism (1999). The Philippines became a party to this Convention on October 18, 2001, when it deposited its instrument of ratification with the UN.

scope of application to only a sub-set of NPOs identified as facing a “high risk” of such abuse and emphasize the implementation of focused, proportionate, and risk-based measures to address identified risks. By disregarding these revisions, the regulatory framework in the Philippines is *ultra vires*, even by Recommendation 8 standards.

3. The increasing spate of targeted financial sanctions and criminal charges against CSOs lacks a risk-based foundation and highlights inadequate government engagement with the NPO sector. Outreach to CSOs remains poor, with very limited participation in risk assessments or knowledge of the regulatory framework.

According to the Terrorist Financing Sector Risk Assessment 2021 by the Securities and Exchange Commission (SEC), the threat of terrorist financing in Philippines’ NPO sector was assessed as “medium-low,” covering threat arising from Islamist extremism and communism in the Philippines. This assessment, however, is based on a mere 0.05% of the total Suspicious Transaction Reports (STRs) submitted to the Anti-Money Laundering Council (AMLC), the Philippines’ financial investigation unit (FIU), from 2017 to 2020—not only for terrorism and terrorist financing but for *all* suspected criminal misuse linked to NPOs.⁶ Moreover, only 18 NPOs were identified as involved in terrorist financing-related STRs during this period.

Despite purportedly conducting risk-based audits of 21 NPOs in 2022,⁷ the government has yet to publish any findings from these reviews. Even if all 21 audited organizations were deemed high-risk, this finding would not justify a “one-size-fits-all” approach for all 64,087 NPOs registered with the SEC. Furthermore, there have been no publicly disclosed risk assessments since 2021, in violation of FATF Recommendation 1 (Assessing Risks and Applying a Risk-Based Approach), which requires states to conduct regular assessments to adapt to evolving risks.

This lack of transparency is compounded by poor engagement with the sector; only 18% of surveyed respondents reported being consulted for national risk assessments, while 82% indicated no involvement. Additionally, only a small minority (8%) of respondents received government advice or guidance on preventing fund misuse. Perceived risk levels for money laundering and terrorist financing among CSOs were overwhelmingly low or negligible, with majority of respondents classifying themselves as posing low or no risk.

4. The implementation of FATF Recommendations across the financial sector, including those related to beneficial ownership⁸ and customer due diligence,⁹ has unduly hindered CSOs from accessing banking facilities and other financial and payment services, hampering their ability to deliver humanitarian aid, provide essential services, and advocate for marginalized communities.

6 Securities and Exchange Commission, Terrorist Financing Sector Risk Assessment (2021), 35, available at: <https://www.sec.gov.ph/wp-content/uploads/2022/04/2022AMLNPO-Sector-Risk-Assessment.pdf> (Last accessed December 3, 2024).

7 EO 33, s. 2023, Strategic Objective 3 on Terrorism Financing.

8 Recommendations 24 and 25

9 Recommendation 10

CSOs are facing termination or restriction of financial services by banks, often without substantiated evidence of risk. Banks are applying enhanced customer due diligence (CDD) measures in their dealings with NGOs, despite the absence of findings that they are high-risk customers or engaged in high-risk transactions.

Consultations with various CSOs facing asset freezes and civil forfeiture proceedings revealed one instance where a commercial bank was delegated the power to determine and freeze “related accounts” of depositors with similar names, even if their funds lack any material connection. Another incident involved the freezing of an NGO’s bank deposits simply because a designated individual served as one of its officers, based on beneficial ownership information. One bank refused to lift a preventive freeze order on an NGO’s account, despite the lapse of the legally prescribed 20-day period, citing the absence of an express order from the AMLC. Several CSOs have moreover reported that they were deterred from opening accounts or completing transactions due to burdensome reporting requirements and compliance protocols.

These banking practices have caused delays in accessing funds, leaving CSOs unable to pay salaries or sustain operational costs and disrupting their activities. Ultimately, the beneficiaries who depend on these CSOs for vital services are left unassisted.

5. Trumped-up criminal cases, rife with absurd allegations of financing terrorism and fabricated evidence, underscore the Philippine government’s focus on “paper compliance” to meet arbitrary quotas for exiting the FATF grey list.

Pre-configured and fabricated charges against dissenters and government critics, have driven the sharp rise in the so-called identification, investigation, and prosecution of terrorism financing cases. These charges are not based on an objective assessment of the country’s risk profile. The government’s overzealous pursuit of its strategic objective to strengthen mechanisms for identifying, investigating, and prosecuting terrorism financing has come at the expense of the CSOs. This has resulted in a surge of freeze orders targeting religious groups and NGOs engaged in development work and disaster response. Additionally there has been a dramatic increase in criminal complaints and actions filed with the Department of Justice (DOJ) and anti-terror courts.

Based on available data, terrorism financing cases rose from 14 in 2023 to 66 in 2024—a staggering 371% increase. Majority of the accused and respondents in these cases are women, indicating a disproportionately adverse impact on women’s representation in civil society. Notably, several of these cases in Luzon have been dismissed outright by the court due to insufficient evidence. For instance, in one case, two human rights defenders were charged with terrorism financing for providing PHP 500 to an alleged NPA member in prison.

This surge in cases cannot be attributed to effective coordination among financial, intelligence, and law enforcement authorities, but rather to a deliberate strategy to fabricate evidence. This includes reliance on coerced and perjured testimonies from a network of “rebel returnees” and military assets. Many of these individuals are “professional witnesses” who profit from falsehoods, while others have provided testimonies under duress, during interrogations without legal counsel, or even following the abduction of activists.

6. The architecture for targeted financial sanctions directly conflicts with the constitutional right to due process.

The ATA and TFPSA grant broad powers to the AMLC to conduct inquiries into bank accounts and freeze assets without adequate procedural safeguards. This system operates largely in secret, leaving aggrieved parties without meaningful recourse until they are confronted with a civil forfeiture proceeding.

Inquiries into bank accounts and asset freezes under these laws are conducted *ex parte*, with limited protections for affected individuals. Owners of frozen assets can file petitions to challenge the freeze order only within 20 days of its issuance—not from the time they are made aware of the order. In practice, this timeframe is often unattainable due to delayed or inadequate notification. In one notable case, a court dismissed a petition from an NGO seeking to lift a freeze order, relying solely on the government’s claim that the freeze was justified by beneficial ownership information provided by a bank, without further inquiry into the validity of the freeze order or the accuracy of the allegations that led to its issuance.

Moreover, the government has exploited FATF Recommendation 6, which allows for the protection of intelligence and closed-source materials, to justify sweeping non-disclosure of evidence in legal proceedings. This invocation of national security severely restricts the ability of affected parties to contest freeze orders or designations, as they are deprived of access to the critical information needed to challenge the legality or validity of the actions taken against them.

Based on these findings, the government’s mitigation measures against the alleged risks of terrorism and terrorism financing within the NPO sector resemble a sledgehammer brought to bear on a proverbial nut—an excessive and misdirected approach that causes far more harm than it resolves.

The FATF, in the meantime, has positioned itself as a global enforcer of financial integrity, yet its impact in the Philippines demonstrates both its harmful consequences and critical failures. Beyond enabling the suppression of CSOs, the FATF has failed to hold the Philippine government accountable for abuses of its standards. It has also neglected to address systemic issues of corruption and financial crime, such as bribery tied to Philippine Offshore Gaming Operators (POGOs) and the unaudited use of confidential government funds.

By focusing on symbolic metrics for compliance, such as prosecution quotas and asset freezes, without requiring substantive action against entrenched corruption, FATF perpetuates an environment where repressive regimes weaponize its standards to curtail civic space under the guise of combating terrorism financing.



Furthermore, FATF's operational framework of hardening coercive "soft law" standards, without itself being subject to meaningful accountability, has enabled governments to adopt repressive policies with impunity. Its lack of transparency and evasion of oversight have transformed what could be tools for financial integrity into instruments of political repression.

In the Philippines, this dynamic has further marginalized CSOs, whose work to empower communities and promote social justice has been criminalized through overly broad and vague counter-terrorism laws. While FATF's Recommendations 6, 8 and 24 have been manipulated to disproportionately target CSOs, egregious abuses of public funds and financial systems remain hidden in plain sight.

Thus, what is presented as compliance with FATF Recommendations has instead become a playbook for repression in the Philippines. As it turns a blind eye to such misuse and abuse of its framework, FATF risks continuing its complicity in the erosion of democratic freedoms.

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OVERVIEW OF THE REPORT

This report critically examines the Philippine government's implementation of the FATF Recommendations, shedding light on how these measures have systematically curtailed fundamental rights and freedoms, particularly those of human rights defenders, development workers, and community organizers in marginalized and vulnerable communities. Using an evidence-based approach, the report reveals how the AML/CTF framework has been disproportionately and discriminatorily applied in the Philippines, resulting in the erosion of civic space and violations of international human rights obligations.

The report focuses on the AML/CTF legal and regulatory framework in the Philippines, specifically its impact on CSOs, which include, in FATF terminology, NPOs under Recommendation 8. It provides a comprehensive analysis of the laws and regulations shaped by FATF standards and evaluates their on-the-ground consequences, as documented through surveys, FGDs, and case studies.

While FATF guidance acknowledges the risk of “unintended consequences,” this caveat only applies to Recommendation 8—as if the broader FATF framework were neutral. In reality, the entire set of 40 Recommendations forms a cohesive and systematic design that not only enables but actively reinforces state repression. It creates a regulatory environment that legitimizes financial surveillance, criminalizes dissent, and curtails the exercise of protected freedoms under the guise of combating terrorism financing. This report argues that in the Philippine context, these consequences are not incidental but intentional—the direct result of a deliberate strategy to weaponize AML/CTF measures to consolidate state control.

The report documents a range of adverse impacts stemming from the Philippine AML/CTF regime, including fabricated criminal charges, arbitrary asset freezes, and financial exclusion. These measures have disproportionately targeted specific CSOs, disrupting their operations, restricting their access to funding, and undermining their ability to carry out legitimate humanitarian, development, and advocacy work.

Through qualitative and quantitative data gathered from surveys, focus group discussions, and case studies involving diverse organizations within the Philippine NPO sector, this report illustrates how the current AML/CTF regime has been weaponized to achieve political objectives. The measures taken have marginalized CSOs, restricted their financial resources, and criminalized activities that are essential to the promotion of human rights, social development, and democratic accountability.

This report thus challenges the underlying architecture of the global AML/CTF and counterterrorism frameworks, arguing that these systems have become tools of repression under the guise of financial regulation and national security.

METHODOLOGY



This report is grounded in qualitative and quantitative research conducted through four sets of focus group discussions (FGDs) and a survey designed to capture the perspectives of CSOs on the state of civic space and the impact of the AML/CTF framework in the Philippines. The framework of the FGDs was informed by insights gathered from participants during a series of educational discussions organized by the National Union of Peoples' Lawyers in 2023, which sought to identify human rights concerns arising from the implementation of counterterrorism laws.

These discussions culminated in the “National Summit of CSOs on the Human Rights Impacts of the Philippines’ CTF Structures” in December 2023, which engaged a broader audience of CSOs from the Asia Pacific. In this summit, participants shared their views and experiences on how counterterrorism measures have eroded civic space and undermined human rights across different contexts in the region.

In October and November 2024, four FGDs were conducted across the country, involving a total of 205 participants from 90 organizations. The regional distribution of participants is as follows:

- *National Capital Region: 28 participants from 19 organizations*
- *Northern Luzon: 62 participants from 12 organizations*
- *Visayas: 35 participants from 22 organizations*
- *Mindanao: 80 participants from 37 organizations*

The FGDs were designed to gather opinions, perceptions, and insights on the state of civic and democratic space, with a primary focus on NGOs. Across regions, a relatively common narrative emerged, highlighting the increasing restrictions—whether state-imposed or perceived as state-sponsored—on the operations of NGOs and the services they provide. These restrictions have alarming implications for the overall state of civil space and development initiatives in the country.

From these FGDs, the researchers observed that the current AML/CTF framework in the Philippines affects not only the NPO sector but also a broader spectrum of civil society actors, including political activists, journalists, and even ordinary citizens connected to them. This underscores that the AML/CTF regime draws on Recommendation 8 as well as several other FATF standards to justify restrictive measures. As such, it is crucial for this study to incorporate a comprehensive analysis of these experiences to fully capture the systemic impact of the AML/CTF framework on civil society.

In parallel with the FGDs, a survey on civic space for CSOs has been conducted, with 136 respondents participating. The survey employs a non-probability sampling method, combining online responses collected through Survey Monkey (117 responses) and manually completed survey forms (19 responses). The non-random, convenience-based selection of respondents allowed for relatively rapid data collection while ensuring a diverse mix of participants from various regions. A copy of the survey questionnaire is attached as Annex A.

The survey targeted known organizations, primarily NGOs, to ensure respondents' engagement with and interest in the issues under study. Although the survey does not aim to generalize its findings to the entire population of CSOs in the Philippines, the size and diversity of the sampled group provide meaningful initial insights. Approximately one-fifth of the survey respondents did not participate in the FGDs, which adds an additional layer of depth and validation to the research findings.

The research acknowledges the limitations inherent in the non-probability sampling approach, but the consistency between the survey results and many of the FGD findings lends credibility to the insights obtained. Moreover, contact details gathered with respondents' consent have created opportunities for potential follow-up studies, allowing for further exploration and refinement of the issues raised. Together, the FGDs and the survey form a robust foundation for understanding the ways in which the Philippine AML/CTF regime has affected civic space and the operations of CSOs across the country.

News articles, human rights reports, academic literature, and other related studies were also reviewed. These include official communications from UN independent experts, which highlighted concerns over the restrictive impact of anti-terrorism on civil society, as well as detailed reports from both national and international CSOs. These publicly available sources collectively provided critical insights into how the regulatory environment affects the operations, funding, and overall viability of NPOs in the country and offered a comprehensive basis for understanding its implications on civic space and democratic freedoms.

BACKGROUND



The Financial Action Task Force

The Financial Action Task Force (FATF) was created in 1989 by the Group of Seven (G7) nations as a temporary initiative to address the growing threat of money laundering linked to the drug trade. Over time, particularly after the 9/11 attacks, its scope expanded to encompass countering the financing of terrorism (CTF). Today, the FATF is a globally influential body, with 40 members (38 jurisdictions and two regional organizations) and a network of FATF-Style Regional Bodies (FSRBs) tasked with overseeing the implementation of its AML/CTF worldwide. These standards, known as the “40 Recommendations,” play a pivotal role in shaping domestic legal and regulatory frameworks, despite FATF’s lack of formal standing in international law.¹⁰

Although compliance with FATF standards is technically voluntary, the consequences of non-compliance are severe. Through its mutual evaluation process, FATF assesses member states’ adherence to its recommendations. States that score poorly risk placement on FATF’s grey list (formally the “list of jurisdictions under increased monitoring”) or black list (“list of high-risk jurisdictions subject to a call for action”), leading to significant economic repercussions such as reduced capital inflows, heightened scrutiny from international financial institutions, and disruptions in development funding and foreign investment.

¹⁰ Stephen Reimer, *Weaponisation of the FATF standards: A guide for global civil society*. RUSI. Available at: <https://static.rusi.org/weaponisation-of-fatf-standards-a-guide.pdf> (Last accessed 30 January 2025).

Global influence and governance beyond financial crime

Since its inception in 1989, FATF has grown from a technical body targeting financial crimes to a quasi-regulatory force exerting considerable pressure on global policymaking, particularly in the context of AML/CTF. Although FATF itself is not an international treaty-based organization, its “40 Recommendations” have attained significant normative weight, largely due to the mutually reinforcing mechanisms of financial incentives and reputational pressures. FATF’s standards have enabled governments to introduce sweeping measures that often curtail fundamental rights under the guise of combating terrorism.¹¹

This regulatory framework, while framed as essential for preserving financial integrity and international security, functions as soft law but with hard consequences. Non-compliant states face grey or black-listing, with direct implications for their access to international financial markets, development aid, and investment opportunities. The global financial system, including key international financial institutions like the International Monetary Fund (IMF) and World Bank, reinforces these standards by linking lending and technical assistance to FATF compliance.¹² Consequently, countries, particularly in the Global South, are compelled to adopt FATF-driven measures even when such actions undermine constitutional rights or democratic processes.¹³

The FATF has played a critical role in reshaping the global counter-terrorism financing architecture by interacting with legally binding United Nations Security Council Resolutions (UNSCRs), most notably UNSCR 1373 (2001). This resolution mandates that all UN member states take measures to prevent and suppress terrorism, including freezing terrorist-related assets, prohibiting financial support to terrorists, and enhancing international cooperation in combating terrorism. This intersection has transformed FATF’s “soft law” recommendations into *de facto* binding obligations. FATF’s ability to exploit its soft law status while interacting with binding UNSCRs illustrates its quasi-legislative influence on national policymaking.¹⁴

A core feature of this transformation is FATF’s strategic linkage of its recommendations with UNSCR mandates that compelled member states to implement measures beyond their original commitments. FATF’s Special Recommendation III (now integrated into Recommendation 6) requires member states to freeze terrorist assets in accordance with UNSCR 1373. However, FATF’s interpretative guidance extends beyond UNSCR 1373’s general obligations by requiring preventive, administrative freezes without prior judicial oversight. As noted by Prof. Fionnuala Ni Aoláin, the former Special Rapporteur on the promotion and protection of human rights and fundamental freedoms while countering terrorism, this interaction between FATF’s soft law and hard law obligations erodes judicial safeguards and bypasses human rights protections.¹⁵

11 Lia van Broekhoven, Sangeeta Goswami, Floor Knoote and Thalia Malmberg, *Rethinking Risk: Reducing Harm to Nonprofits in the Push to Counter Terrorism Financing* (2023), available at: <https://www.justsecurity.org/92828/rethinking-risk-reducing-harm-to-nonprofits-in-the-push-to-counter-terrorism-financing/> (Last accessed 31 January 2025).

12 U4 Anti-Corruption Resource Centre, *The effectiveness of illicit-finance related conditionality in IMF and World Bank arrangements* (2024), available at: <https://www.u4.no/publications/the-effectiveness-of-illicit-finance-related-conditionality-in-imf-and-world-bank-arrangements> (Last accessed 31 January 2025).

13 Lia van Broekhoven, Sangeeta Goswami, Floor Knoote and Thalia Malmberg, *Rethinking Risk: Reducing Harm to Nonprofits in the Push to Counter Terrorism Financing*, Just Security, available at: <https://www.justsecurity.org/92828/rethinking-risk-reducing-harm-to-nonprofits-in-the-push-to-counter-terrorism-financing/> (Last accessed January 30, 2025).

14 Aleksei Pursiainen, *The FATF and evolution of counterterrorism asset freeze laws in the Nordic countries: We fought the soft law and the soft law won*, in Katja Karjalainen, Katja, Iina Tornberg, and Aleksi Pursiainen (eds.), *International Actors and the Formation of Laws*, 135-172.

15 UN Human Rights Council, *Report of the Special Rapporteur on the promotion and protection of human rights and fundamental freedoms while countering terrorism* Prof. Fionnuala Ni Aoláin, A/74/335 924.

Soft law with hard consequences

One significant way by which FATF's soft law recommendations have hardened is through their integration into binding UN Security Council resolutions, particularly through FATF's expansive interpretation of UNSCR 1373. This has enabled the organization to exert coercive influence over national legal systems, resulting in the implementation of administrative freezing mechanisms, even in legal systems where due process and judicial oversight were previously prioritized.¹⁶ Countries with strong democratic safeguards, such as Nordic states, were compelled to adopt these broad measures, despite initial opposition. The FATF's ability to enforce compliance in such context the coercive power of its soft law instruments when paired with binding UNSCR resolutions.

This development illustrates a broader trend in global governance, where international organizations operating under soft law mechanisms gain influence through interlinked normative frameworks. The Security Council's post-9/11 legislative expansion created a permissive legal environment, allowing FATF to promote human rights-deficient norms without significant oversight.¹⁷ The result is a dense, interconnected regulatory landscape where states are effectively bound by FATF recommendations, despite their nominally non-binding status.

Implications for sovereignty and domestic legal systems

FATF's influence has not only shaped the technical implementation of UNSCRs. By embedding its recommendations within national anti-terrorism frameworks, FATF has sidestepped traditional legislative processes.¹⁸ This repercussion on national sovereignty is further aggravated by the financial and reputational risks tied to non-compliance, effectively pressuring states to prioritize FATF directives over their own constitutional and legal principles—often at the expense of fundamental rights and due process.

Moreover, FATF's emphasis on preventive measures has contributed to the criminalization of legitimate activities and the unjust restriction of financial resources for NPOs, particularly those engaged in human rights advocacy and humanitarian work.¹⁹ The absence of meaningful human rights benchmarks in FATF's evaluation process worsens this problem, as states are given the convenient pretext to suppress dissent and repress civil society.

This impact is particularly evident in FATF's approach to NPOs. After expanding its mandate post-9/11, FATF introduced Special Recommendation VIII (SR VIII) targeting NPOs, asserting that NPOs were "particularly vulnerable to terrorist financing abuse." Since its introduction in 2001, Recommendation 8 has led to widespread "de-risking" of NPO clients by banks and financial institutions, driven by perceived risks of terrorist financing. Simultaneously, state-imposed oversight mechanisms, often framed as necessary security measures, have hindered the legitimate operations of NPOs. As noted in the policy brief *Suppression Laundering: Using FATF as a Fig Leaf to Target Civil Society*, this burden on civil society "sometimes accidentally, other times, deliberately" has restricted legitimate activities of NPOs.²⁰

The 2008 FATF Terrorist Financing Typologies Report, for instance, cited charities as attractive conduits for terrorist financing.²¹ In 2014, FATF released further guidelines highlighting this vulnerability, saying that while terrorist

¹⁶ Pursiainen, *supra* note 14 at 152-171.

¹⁷ Ni Aoláin, *supra* note 15 at 922.

¹⁸ Pursiainen, *supra* note 14 at 140-142.

¹⁹ Ni Aoláin, *supra* note 15 at 935.

²⁰ Stephen Reimer, RUSI, available at: <https://rusi.org/explore-our-research/publications/policy-briefs/suppression-laundering-using-fatf-fig-leaf-target-civil-society> (Last accessed January 30, 2025).

²¹ Financial Action Task Force (2008) Terrorist Financing Typologies Report. Available at: <https://www.fatf-gafi.org/en/publications/Methodsandtrends/Fatfterroristfinancingtypologiesreport.html> (Accessed: 30 January 2025).

networks and NPOs “seek very different ends,” they often rely on the same key resources such as funds, materiel, personnel, and public influence. As a result, “legitimate and illegitimate actors can end up colliding,” often beyond just international activities.²²

This sweeping characterization has been widely criticized for providing governments with a pretext to stifle civil society and criminalize dissent. These so-called “unintended consequences” of Recommendation 8 have been an enduring concern for many civil society actors for over a decade. Their sustained advocacy has led to reforms, including two rounds of revisions to Recommendation 8 “aimed at reducing ambiguities resulting in those unintended consequences.”²³ FATF revised Recommendation 8 in 2016, recognizing that not all NPOs pose a risk and advocating for a risk-based and proportionate regulatory approach.

However, the progress made in reforming Recommendation 8 is slow (particularly in countries ruled by authoritarian governments), and is overshadowed by broader challenges. As civil society discussions have largely focused on Recommendation 8, insufficient attention was given to the “many other areas where the FATF system has been seized upon by authorities worldwide to control threats and meet ulterior objectives.”²⁴ Ill-intentioned governments have exploited FATF compliance to suppress dissent, using FATF standards as cover to target “journalists, lawyers, political opponents, and other critics.”²⁵ This suppression, described as being “laundered” through the legitimization of FATF measures, demonstrates that the problem extends far beyond the ambiguities of Recommendation 8.

FATF-driven domestic CTF regime

Over the years, FATF mechanisms have led to the enactment and amendment of key legislations in the Philippines, shaped not only by international financial pressure but also by the country’s internal security dynamics. The current domestic CTF regime in the Philippines operates within the context of longstanding armed struggle involving the Communist Party of the Philippines (CPP), the New People’s Army (NPA), and the National Democratic Front (NDF), collectively referred to as the CPP-NPA-NDF.

The Philippine government has historically regarded this armed conflict as an insurgency. However, this changed with Presidential Proclamation No. 360 issued by President Rodrigo Duterte on 23 November 2017, which formally terminated the peace talks with the NDFP. This was followed by Presidential Proclamation No. 37 on 5 December 2017, declaring the CPP-NPA as terrorist organizations. However, at the time, the governing anti-terrorism law, Republic Act No. (RA) 9372 or the Human Security Act of 2007 (HSA), did not grant the executive the power to designate individuals or organizations as terrorists. This gap was later addressed with the passage of RA 11479 or the Anti-Terrorism Act of 2020 (ATA), which gave the Anti-Terrorism Council (ATC) broad powers to designate terrorists without court intervention.

The expansion of counterterrorism powers under the ATA coincided with the Philippine government’s engagement with FATF, which began in 2000 when it was first placed on the Grey List due to deficiencies in its AML/CTF framework. The country remained on the Grey List until 2005, when it was removed after implementing significant reforms, including the Anti-Money Laundering Act (AMLA) of 2001 and subsequent amendments.

²² FATF, Risk of Terrorist Abuse in Non-Profit Organisations (2014), 28, available at: <https://www.fatf-gafi.org/en/publications/Methodsandtrends/Risk-terrorist-abuse-non-profits.html> (Last accessed 30 January, 2025)

²³ Reimer, *supra* note 10.

²⁴ *Id.*

²⁵ *Id.*

The Philippines was re-listed in June 2021 after a 2019 mutual evaluation²⁶ by the Asia/Pacific Group on Money Laundering (APG) identified strategic deficiencies in the country's AML/CTF framework, particularly in the areas of beneficial ownership, supervision of high-risk sectors, and immediate mechanisms for asset freezing. While the government has since undertaken partial reforms, the Philippines remains on the Grey List as of 2023 and is under ongoing monitoring. In January this year, FATF reportedly conducted an on-site visit to verify the country's compliance measures and its progress towards exiting the Grey List.²⁷

Criminalizing terrorism financing under TFPSA

In the 2009 Mutual Evaluation Report (MER) of the Philippines, the APG marked the country non-compliant with former Special Recommendation II (SR II) on the criminalization of terrorism financing. The MER concluded that terrorism financing (TF) had not been criminalized as a separate offense under Philippine law and was not qualified as a predicate offense for money laundering.²⁸ The APG recommended that Philippine Congress address this gap by criminalizing the provision or collection of funds for terrorist acts, extending the scope to include the financing of individual terrorists or terrorist organizations. This recommendation was aligned with Article 2(1) of the UN Convention for the Suppression of the Financing of Terrorism (Terrorism Financing Convention) and called for the “widest possible definition of funds.”²⁹

In response, RA 10168, or the Terrorism Financing Prevention and Suppression Act of 2012 (TFPSA), was enacted. Thus, the APG's 2012 Progress Report subsequently found the Philippines to be largely compliant with former SR II. Section 4 of the TFPSA states that “for an act to constitute an offense, it is not necessary for the funds to actually be used to carry out a crime, nor is it necessary for the funds or assets to be linked to a specific terrorist act.”³⁰

Section 11 of the TFPSA grants the Anti-Money Laundering Council (AMLC) broad authority to conduct bank inquiries and freeze assets without prior court approval in terrorism-related cases, provided there is probable cause. Under Section 13, financial institutions are obligated to report suspicious transactions (STRs) and implement mechanisms to detect possible terrorism financing, in alignment with FATF Recommendation 6. However, the wide latitude given to the AMLC under Section 11, lacks adequate safeguards for due process. In practice, this has resulted in the unwarranted targeting of CSOs and the disruption of essential humanitarian, development, and advocacy work.

Enactment of ATA amid human rights violations

The passage of the ATA was a direct response to the deficiencies identified in the APG's 2019 Mutual Evaluation Report, particularly in the areas of targeted financial sanctions, asset freezing, and designations under UNSCR 1373. The ATA introduced administrative designations, granting the ATC the power to unilaterally designate individuals or groups as terrorists—a function previously absent under the country's counterterrorism framework. This designation automatically triggers the freezing of assets by the AMLC without requiring prior judicial approval.

²⁶ A mutual evaluation is a comprehensive, peer-reviewed assessment conducted by the Financial Action Task Force (FATF) or its regional bodies (such as the Asia/Pacific Group on Money Laundering, APG) to evaluate a country's Anti-Money Laundering (AML), Counter-Terrorism Financing (CTF), and Counter-Proliferation Financing (CPF) measures. The evaluation examines both technical compliance with FATF's 40 Recommendations and the effectiveness of a country's systems in preventing financial crime. The Asia Pacific Group is a regional affiliate of the FATF and plays a critical role in evaluating and monitoring its member countries, including the Philippines, for compliance with FATF's 40 Recommendations.

²⁷ Luisa Maria Jacinta C. Jocson, PHL on track to exit 'gray list' by February, *Business World*, January 20, 2025, available at: <https://www.bworldonline.com/top-stories/2025/01/30/649866/phl-on-track-to-exit-gray-list-by-february/> (Last accessed 1 February 2025).

²⁸ Mutual Evaluation Report, Republic of the Philippines, July 8, 2009, Asia Pacific Group on Money Laundering, p. 52.

²⁹ *Id.* at p. 53.

³⁰ Criterion 5.4 of Recommendation 5. Mutual Evaluation Report, Republic of the Philippines, October 2019, p. 166.

This legislative development aligned with a period of intensified state repression under the administration of President Duterte, marked by the widespread practice of red-tagging or labeling individuals and organizations as supporters, recruiters and members of the CPP-NPA without due process. This modern form of McCarthyism, which often leads to harassment, arbitrary arrests, and extrajudicial killings, has continued to this day as part of the government's counter-terrorism strategy.³¹

The combination of the ATA's broad powers and the practice of red-tagging, also called "terror-tagging," created an environment where civil society actors were exposed to heightened legal and physical risks. Thus, the law was heavily assailed with a record-high number of petitions from a broad assortment of groups and individuals—37 in all—filed with the Supreme Court to challenge its constitutionality.

In defending the ATA before the Supreme Court, the Office of the Solicitor General (OSG), as counsel for the Republic, argued that the law was essential to maintaining FATF compliance. It justified the enactment of the ATA, saying it is "absolutely necessary" to avoid the risk of grey-listing, which it said "will have a negative impact on the reputation of the economy, and on the cost of doing business by our Filipino citizens abroad, both as an individual and a juridical entity."³² The OSG further considered designation as "one of the non-negotiables as per the Philippines' Mutual Evaluation findings."³³ The OSG characterized FATF's requirement for effective designation mechanisms as "non-negotiable." Only two of the challenged provisions, however, would be struck down as unconstitutional,³⁴ one of which was the modes of designation by which the ATC may automatically adopt designations by foreign and supranational jurisdictions.³⁵

While FATF compliance is framed as essential to maintaining the country's financial integrity, the experience of Philippine civil society would show that its influence has facilitated state overreach and the erosion of civil liberties. The provisions on administrative designation and asset-freezing—rationalized as necessary to prevent terrorism—have created legal and practical risks, including the use of broad and vague definitions of terrorism that leave ample room for arbitrary enforcement.

Executive policies: FATF compliance and expanding state authority

The Philippine government's executive policies reflect a strong commitment to FATF compliance, particularly in addressing strategic deficiencies related to the prosecution of terrorism financing and asset-freezing mechanisms. These policies, however, do not operate in a vacuum as they are deeply intertwined with national security measures, including the so-called "whole-of-nation approach" in attaining inclusive and sustainable peace.

The 2019 MER identified strategic deficiencies that led to the Philippines being placed under a 16-month "Observation Period" to address 70 recommended actions. Despite submitting a progress report, the FATF's International Cooperation Review Group (ICRG) found that insufficient progress had been made, resulting in the

31 Special Rapporteur on freedom of opinion and expression Irene Khan, Preliminary observations by the UN Special Rapporteur on freedom of opinion and expression, Ms Irene Khan, at the end of her visit to the Philippines, available at: <https://www.ohchr.org/sites/default/files/documents/issues/expression/statements/20240202-eom-philippines-sr-freedex.pdf> (Last accessed February 2, 2025).

32 *Id.*, Comment of the Republic of the Philippines dated July 17, 2020p. 14. According to the OSG, failing to implement FATF's demands would result in Grey List re-listing and severe economic consequences, including: enhanced Due Diligence (EDD) imposed by the European Union (EU) on Filipino nationals and businesses, increasing the cost and complexity of transactions; de-risking or de-banking of Filipino financial institutions, which could cut off access to foreign financial networks; higher costs on OFW remittances, affecting millions of Filipino families; and, additional scrutiny and audit requirements on financial institutions, damaging the business environment.

33 *Id.* at p. 174.

34 Calleja et al. v. Executive Secretary et al., G.R. No. 252578, et al., December 7, 2021.

35 Second paragraph of Section 25, RA 11479: "Request for designation by other jurisdictions of supranational jurisdictions may be adopted by the ATC after determination that the proposed designee meets the criteria for designation of UNSCR No. 1373."

country/s inclusion on the FATF Grey List. Key gaps included the need for risk-based supervision, better access to beneficial ownership information, enhanced investigations and prosecutions, improved confiscation of criminal proceeds, enforcement of cross-border cash measures, and protection of non-profits from terrorism financing. An 18-point action plan was established, and as of January 2023, seven items were fully or largely addressed, ten were partly addressed, and one remained unaddressed.

Addressing these deficiencies was identified as a strategic objective in Executive Order (EO) No. 33, s. 2023, issued by President Ferdinand “Bongbong” Marcos Jr. to introduce an updated National AML/CTF Strategy (NACS). The strategic objectives outlined in EO 33 include:

- (1) strengthening law enforcement and prosecutorial capacity for the effective development and use of financial intelligence, investigation, prosecution, and confiscation related to money laundering and its predicate offenses;
- (2) enhancing mechanisms to identify, investigate, and prosecute terrorism financing through the implementation of measures designed to prevent and disrupt its funding channels; and,
- (3) promoting transparency and ensuring competent authorities have access to accurate and timely beneficial ownership information.

The emphasis on prosecuting terrorism financing is consistent with the goals outlined in the NSP, which identifies the suppression of terrorism as a critical objective and links economic stability and national security to the dismantling of perceived terrorist networks. This policy seeks to enhance the government’s “capacity and capabilities in targeting the financial apparatus of terrorists in the country.” In recent months, these objectives have contributed to heightened financial surveillance and the criminal prosecution of CSOs and their members.

The implementation of FATF standards also coincides with the continued operation of the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC), a counterinsurgency/counterterrorism body created under EO 70 by former President Rodrigo Duterte.

The NTF-ELCAC has played a leading role in the practice of red-tagging, which has had severe consequences, including harassment, threats, arbitrary arrests, and even enforced disappearances and extrajudicial killings. Key officials of the NTF-ELCAC, such as former spokespersons Lorraine Badoy and Gen. Antonio Parlade, were found guilty of conduct prejudicial to the best interest of the service by the Office of the Ombudsman. This ruling stemmed from a complaint filed by the National Union of Peoples’ Lawyers (NUPL), which accused Badoy and Parlade of actively implementing the policy of branding activists and progressive organizations as “communist terrorists” linked to the CPP-NPA-NDFP, including NUPL lawyers.

The NTF-ELCAC has also been implicated in serious human rights violations, including the abduction of environmental activists Jonila Castro and Jhed Tamano. The two activists, who were abducted in Bataan in September 2023, later revealed in a press conference organized by the NTF-ELCAC that they were forcibly taken by state forces and coerced into issuing sworn statements where they said that they voluntarily surrendered as “rebel returnees.”

Two independent UN human rights experts Ian Fry, the first UN Special Rapporteur on the promotion and protection of human rights in the context of climate change and Irene Khan, Special Rapporteur on freedom of opinion and expression, have both strongly recommended abolishing the NTF-ELCAC, citing its involvement in human rights violations, particularly red-tagging and political persecution.

Fry stated unequivocally that “the ELCAC is operating beyond its original mandate and is red-tagging people from the community and indigenous peoples.” He stressed that the government must develop a new approach to addressing terrorism, as “it’s clear that this unit is operating with impunity and therefore needs to be abandoned.” He further urged a thorough review of the military’s actions, emphasizing that “there are clearly people who have suffered dramatically as a consequence of the persecution of environmental human rights defenders.”³⁶

Similarly, Khan condemned the NTF-ELCAC’s role in branding a broad range of human rights defenders, journalists, trade unionists, indigenous leaders, and students as ‘terrorists.’ She noted that many of those targeted are young, articulate women and directly identified the NTF-ELCAC, military, state security officials, and government figures as instigators of these attacks. She pointed out that the task force was created under a different political context six years ago and fails to consider “ongoing prospects for peace negotiations.”³⁷

Despite these criticisms, the NTF-ELCAC remains a key player in the government’s counterterrorism and counterinsurgency efforts, directly influencing legal actions against civil society actors. Through its Legal Cooperation Cluster, the NTF-ELCAC has coordinated legal offensives with intelligence agencies and law enforcement authorities. This operational nexus between legal institutions and counterinsurgency bodies has resulted in the arrest and detention of scores of activists based on planted or fabricated evidence.

Administrative overregulation

The Securities and Exchange Commission’s (SEC) Memorandum Circular No. 15, s. 2018 and Memorandum Circular No. 25, s. 2019, both titled “Guidelines for the Protection of SEC-Registered Non-Profit Organizations from Money Laundering and Terrorist Financing Abuse” (“NPO Guidelines”) reveal the SEC’s expanding regulatory framework aimed at combating the risk of TF within the non-profit sector. The 2018 guidelines set the foundation by introducing risk-based classifications for NPOs and imposing enhanced compliance requirements on those deemed high-risk. Organizations were subjected to detailed reporting obligations, including the disclosure of funding sources, board oversight, and internal audits.

The amendatory 2019 NPO Guidelines expanded the regulatory scope with even stricter controls. It introduced a formal risk rating system, increased penalties, and required mandatory disclosure of information such as their objectives, leadership (senior officers, board members, and trustees), nature of operations, fundraising and disbursement activities, amounts of donations and expenditures, operational locations, funding sources (by person and geography), intended beneficiaries, and existing licenses or accreditations from relevant agencies. While these measures are framed as necessary to comply with FATF Recommendation 8, many NPOs view them as overreaching and punitive,³⁸ particularly given the vague risk criteria used to classify high-risk NPOs and the

36 Iya Gozum, ‘Disband NTF-ELCAC,’ UN special rapporteur urges PH gov’t, Rappler.com, 15 November 2023, available at: <https://www.rappler.com/philippines/united-nations-special-rapporteur-urges-philippine-government-disband-ntf-elcac/> (Last accessed 4 February 2025).

37 Preliminary observations by the UN Special Rapporteur on freedom of opinion and expression, Ms Irene Khan, at the end of her visit to the Philippines, available at: <https://www.ohchr.org/sites/default/files/documents/issues/expression/statements/20240202-eom-philippines-sr-freedex.pdf> (Last accessed 4 February 2025).

38 The National Union of Peoples’ Lawyers (NUPL), for instance, released a press statement entitled “SEC guidelines on non-profit organizations: menace to freedoms and civil society” on 10 January 2018 where it said:

x x x

“In excess of its regulatory and supervisory powers, the SEC requires without a court order mandatory disclosures of information not required in the Corporation Code, the Securities and Regulation Code and other pertinent laws, like the naming of nebulously defined “politically exposed persons” as donors. Punitive measures for non-compliance with the guidelines, including revocation of registration, are likewise imposed.

“Any information gathered by the SEC under the guidelines is subject to sharing with law enforcement and other agencies of the government. Worse, the SEC is empowered to perform virtually any act necessary to conduct investigations of violations (not only those consummated but also those about to be committed), such as the power to subpoena witnesses, compel attendance, take evidence, and even enlist the aid and deputize all enforcement agencies — civil and military.

inclusion of politically exposed persons (PEPs) as a red flag for donor scrutiny. Moreover, public transparency requirements could expose sensitive information, putting at risk organizations working in politically sensitive or marginalized sectors. With fines increasing to PHP 2 million and the scope of investigations broadened, smaller organizations, especially those serving in high-risk areas, are more likely to be disproportionately impacted.

SEC MC 10, s. 2022 illustrates the Philippine government's intensified response to FATF-imposed requirements on beneficial ownership transparency. By mandating strict penalties—including fines, potential dissolution, and individual liability for directors and officers—the Circular significantly expands the state's surveillance and control over corporations. Beneficial ownership disclosures, required to be promptly updated and accurate, ostensibly aim to curb money laundering but have been used as tools to stifle the legitimate operations of CSOs linked to designated groups and individuals.

Bangko Sentral ng Pilipinas (BSP) Circular No. 1022 amended the AML/CTF framework for banks and non-bank financial institutions (BNFIs) to strengthen compliance with international counter-terrorism financing measures, a goal further enhanced by BSP Circular No. 1182 issued in 2023. While Circular No. 1022 primarily focused on implementing targeted financial sanctions under UNSCR 1267 and UNSCR 1373, Circular No. 1182 updated these regulations to integrate a comprehensive sanctions mechanism targeting terrorism, terrorist financing, and the proliferation of weapons of mass destruction (WMD). Circular No. 1182 reinforced the requirement for BNFIs to conduct risk-based screening and freeze assets immediately upon identification of designated persons, as mandated by the ATA and UNSCRs. Key amendments include expanded definitions of covered entities and designated persons, enhanced risk management obligations, and new compliance procedures for asset freezes, particularly under the guidelines of the AMLC. Both Circulars are closely aligned with FATF Recommendation 6 on targeted financial sanctions, Recommendation 10 on customer due diligence, and Recommendation 24 on beneficial ownership transparency.

However, these regulatory frameworks have compounded the financial exclusion of NPOs. Many of them, particularly those categorized as high-risk under FATF Recommendation 8, face greater scrutiny due to expanded asset freeze policies and sanctions screening obligations in Circular No. 1182. BNFIs, under pressure to comply with BSP and AMLC directives, increasingly resort to de-risking practices, such as rejecting NPO accounts or delaying cross-border transactions, especially when funds originate from foreign donors. This is exacerbated when integrated with Note Verbale No. 2021-0592 of the Department of Foreign Affairs (DFA), which requires foreign funding to be cleared before disbursement. The combined impact of these measures leads to significant operational challenges for NPOs, including delays in humanitarian aid delivery and limited access to international funding.

The Department of Interior and Local Government (DILG) MC 2021-012, although now repealed, imposed significant restrictions on NPOs seeking to be involved in local councils or community assemblies of local government units (LGUs). The circular required CSOs to obtain security clearances from the Armed Forces of the Philippines (AFP) and the Philippine National Police (PNP) before they could participate in local people's councils, which service as "platforms for citizen engagement, participation, and decision-making at the grassroots level."³⁹ The clearance served as proof that these organizations were free from any involvement in subversive or

"Given these unbridled powers, the SEC will threaten the very existence of non-profit organizations, stifle their voices, and disrupt their advocacies. It will be instrumental in violating the fundamental freedoms of individual members, especially those who have been maliciously tagged as part of 'communist fronts,' subjecting them to surveillance, harassment and other rights violations, and constricting civic space.

"The peoples' freedom of association—cherished for being the vehicle for the exercise of many other civil, cultural, economic, political and social rights—is essential to a genuine democracy and just society. Any restraints placed on its exercise other than necessary in a democratic society must be strongly resisted.

"Thus, the NUPL reminds the SEC that its mandate under the law is not to serve wittingly or unwittingly as yet another despotic weapon in the growing arsenal of state repression and calls for its immediate revocation of SEC Memorandum Circular No. 15 (s. 2018)."

39 Brian James Lu, People's Council: Strengthening public participation in governance, Philippine News Agency, March 15, 2024, available at: <https://www.pna.gov.ph/opinion/pieces/849-peoples-council-strengthening-public-participation-in-governance> (Last accessed 2 February 2025).



illegal activities. Not only did this requirement broadly categorize NPOs as potentially high-risk entities, those advocating for human rights, environmental protection, and other politically sensitive causes were especially vulnerable to denial of clearance based on vague allegations.

The evolving regulatory framework, driven by compliance with FATF Recommendations, has introduced a complex set of administrative requirements for NPOs. The substantial implications of this regulatory environment are further analyzed through case studies in the next sections, which illustrate how these administrative measures have constrained financial access, fostered exclusion, and increased operational challenges for NPOs.

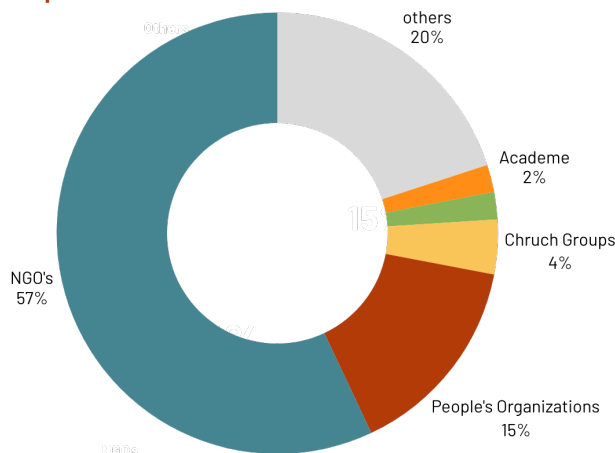
KEY FINDINGS

Results of the Survey and Focus Group Discussions

The survey includes 136 respondents who provided a mix of online responses (117) and manually accomplished forms (19) using non-probability convenience sampling. Respondents represent a wide spectrum of CSOs, with 57% classified as NGOs and others ranging from people's organizations, church groups, and cooperatives. While this representation cannot generalize the entire NPO sector in the Philippines, the survey sample provides meaningful initial insights consistent with findings from FGDs. People's organizations (15%), church groups (4%), cooperatives (2%), and others (19%) round out the diverse mix of organizations.

Figure 1. Types of respondents surveyed

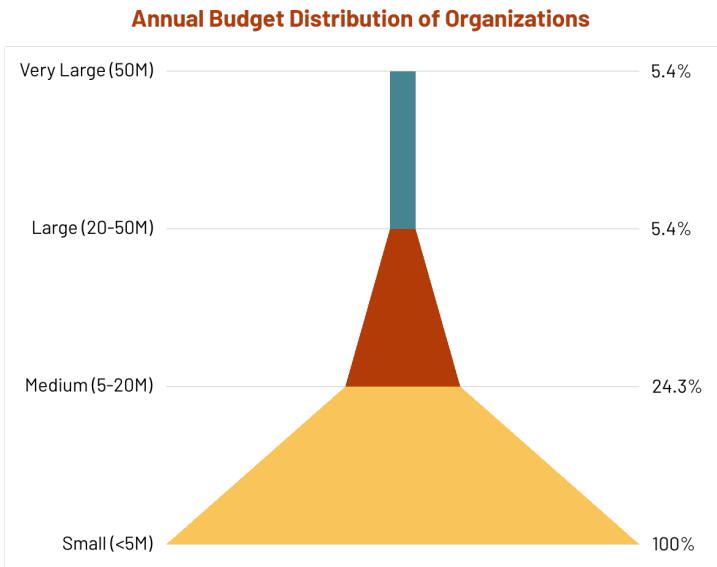
Types of Survey Respondents



Half (51%) of the surveyed CSOs identified as networks with varied memberships: 28% had 11-50 members, 20% had 51-100, 19% had fewer than five, 17% had 6-10, and 16% had more than 100 member organizations. Many of these members are also networks with additional memberships. The total estimated number of organizations covered, including members and sub-networks, is as follows: fewer than 50 organizations (45%), 51-100 organizations (22%), 101-500 organizations (11%), 501-1,000 organizations (9%), and over 1,000 organizations (13%). This demonstrates extensive and layered network structures in Philippine civil society that play a crucial role in the delivery of advocacy and services across different sectors.

The majority of CSOs surveyed (40%) operate with 6-10 staff, while another 26% have fewer than five staff members. Regarding budget constraints, 75% of respondents manage small budgets of less than PHP 5 million annually. Medium-sized organizations (18%) operate within the PHP 5-20 million range, while only a minority (8%) of the respondents report annual budgets of more than PHP 20 million (4% have budgets of PHP 20-50 million and 4% have budgets of more than PHP50 million). These resource limitations highlight the vulnerability of smaller CSOs to regulatory burdens, funding restrictions, and operational disruptions caused by the implementation of vague anti-terrorism laws.

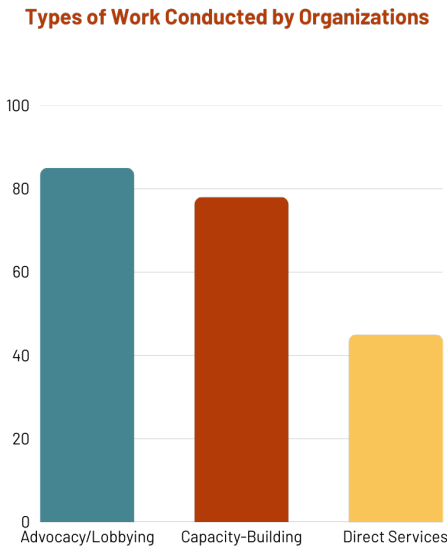
Figure 2. Annual budget distribution of surveyed CSOs



A large majority of organizations are SEC-registered at 74%, followed distantly by those registered with local government units (LGUs) at 29%, the Department of Social Welfare and Development (DSWD) at 11%, the National Anti-Poverty Commission (NAPC) (8%), the Department of Labor and Employment (DOLE) at 6%, the Cooperative Development Authority (CDA) at 3%, and the Department of Education (DepEd), Department of Health (DOH) and the Department of Agriculture (DA), at less than 1% each. Some 16% are not registered anywhere.

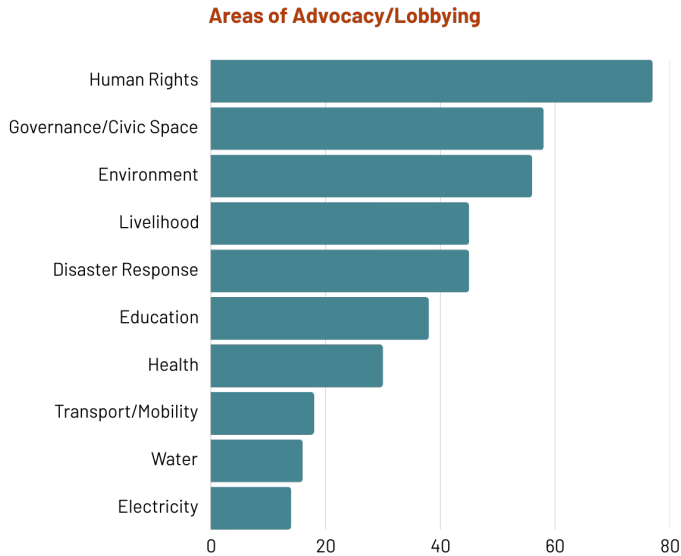
A significant majority of the surveyed CSOs indicated their primary role in advocacy and capacity-building, demonstrating their critical function in promoting rights, governance, and development across the Philippines. Among the respondents, 89% reported conducting advocacy and lobbying, while 78% focused on capacity-building for other organizations. Additionally, 51% of CSOs were involved in providing direct services to the communities they serve.

Figure 3.Types of work conducted by surveyed CSOs



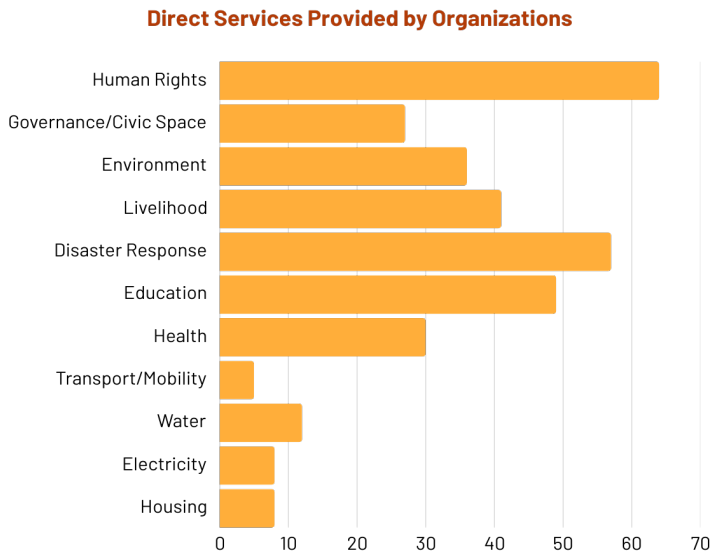
The key areas of advocacy among the respondents highlight their commitment to advancing human rights and governance-related goals. Specifically, 76% of respondents lobby for human rights, 58% focus on governance and civic space, and 54% engage in environmental advocacy. Further areas of involvement include livelihood (44%), disaster response (44%), education (37%), health (30%), housing (20%), transport/mobility (17%), water (15%), and electricity (14%).

Figure 4. Areas of advocacy and lobbying of surveyed CSOs



The provision of direct services reflected a similarly diverse scope of activities. The most commonly provided services are related to human rights (64%) and disaster response (54%), followed by education (48%), livelihood (41%), environment (36%), and health services (31%). Governance and civic space initiatives (28%) also featured prominently. Smaller percentages of organizations provided essential services related to water (13%), electricity (8%), housing (8%), and transport/mobility (5%).

Figure 5. Direct services provided by surveyed CSOs



The survey also highlighted the active role of CSOs in organizing vulnerable sectors, with 62% of organizations directly engaged in community organizing. The sectors most frequently targeted for organizing efforts included farmers and fisherfolk (13%), children and youth (11%), indigenous peoples (9%), workers (9%), urban poor (8%), and women (7%). Additional focus areas included disaster victims (5%), informal workers (4%), and the elderly (1%).

In terms of beneficiaries served, the respondents demonstrated significant reach and impact. In 2024 alone, they reported varying numbers of beneficiaries served: 45% assisted between 101-1,000 individuals, 20% reached 1,001-5,000 beneficiaries, and 18% served fewer than 100. Meanwhile, 9% supported 5,001-10,000 people; 2% aided 10,000-20,000, and 7% assisted more than 20,000 beneficiaries.

A slight majority (55%) of the surveyed CSOs operate on a national scale, while 45% focus on regional activities. The regions where respondents are active include Central Visayas (28%), Cordillera Administrative Region (CAR) (17%), Ilocos (13%), Western Visayas (13%), and the National Capital Region (NCR) (13%). Other areas of operation include Eastern Visayas (11%), Central Luzon (9%), CALABARZON (9%), Cagayan Valley (7%), Davao (7%), Northern Mindanao (4%), CARAGA (4%), Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) (4%), and SOCCSKSARGEN (2%).

This diverse geographic reach ensures that the survey captures experiences from regions deeply affected by red-tagging and surveillance.

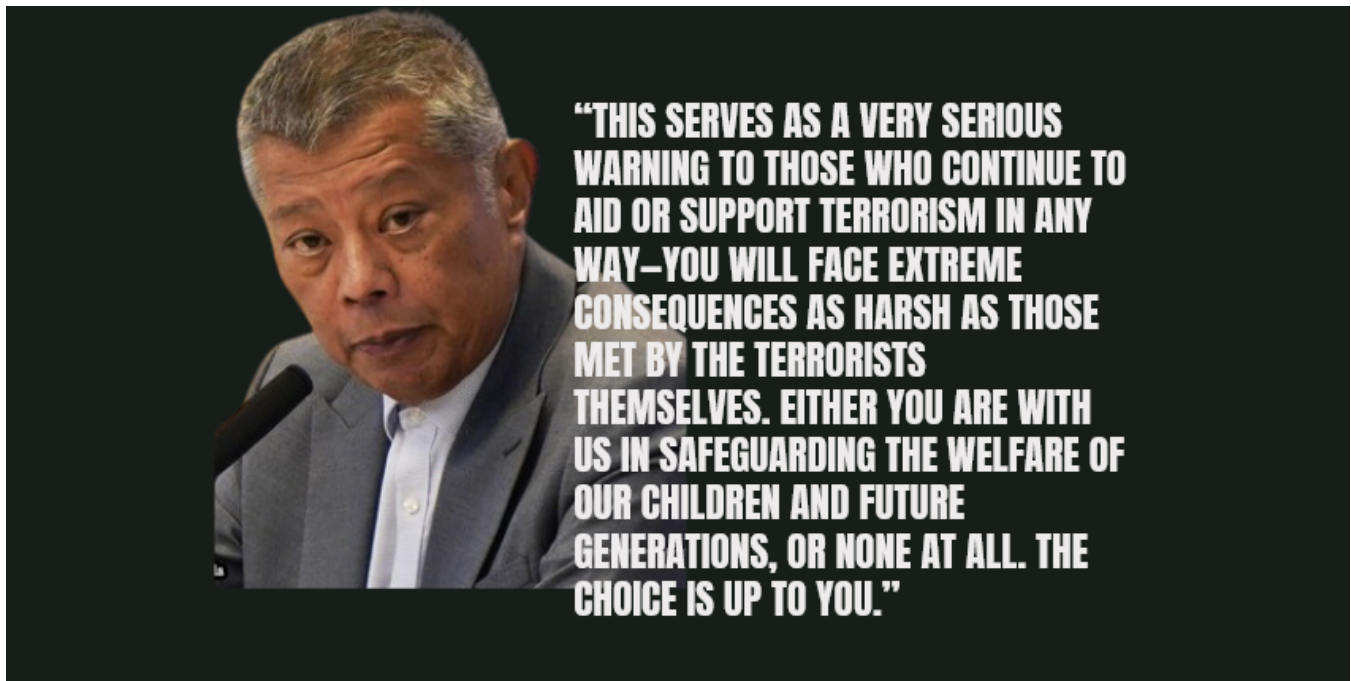
These results were further reflected in the FGDs conducted in October and November 2024, which gathered 205 participants from 90 CSOs across the National Capital Region, Northern Luzon, Visayas, and Mindanao. They highlighted systemic and sustained restrictions on CSOs' operations, primarily stemming from government policies framed as necessary to combat terrorism financing but often weaponized to suppress dissent. Participants shared common experiences of harassment, which manifested as:

- **Red-tagging and vilification:** Organizations and their staff were often accused of being affiliated with "communist terrorist groups" or "fronts" of the CPP-NPA-NDFP and targeted through social media campaigns, tarpaulin posters in local areas, and even public forums. Many participants described this practice as systematic and sustained, with accusations leading to stigmatization and withdrawal of community support.
- **Surveillance:** Offices and personal residences of staff were regularly monitored by suspicious individuals or vehicles. Increasing bank and SEC reporting requirements also served as additional tools for surveillance.
- **Direct harassment:** Many CSO staff reported being harassed while traveling, commuting, or at home. Some received death threats or were coerced into disaffiliating from their organizations or signing affidavits of surrender as rebel returnees.

These forms of intimidation have led to severe disruptions in organizational operations, with CSOs reporting restricted staff mobility, stoppage in the implementation of projects, and decreased participation of communities. These experiences will be elucidated in the succeeding sections of the report.

KEY FINDING 1

CASTING A WIDE NET USING BROAD DEFINITIONS OF TERRORISM AND TERRORISM FINANCING



The domestic CTF framework casts a wide net over a wide spectrum of civil society actors due to the broad and vague definition of terrorism.

Broad definitional framework

In the case of *Calleja et al. v. Executive Secretary et al.*,⁴⁰ the Supreme Court held that the assailed definition of terrorism in Section 4 of the ATA⁴¹ is not impermissibly vague. A textual review of the main part shows that

⁴⁰ Calleja, *supra* note 35.

⁴¹ Section 4. Terrorism.- Subject to Section 49 of this Act, terrorism is committed by any person who, within or outside the Philippines, regardless of the stage of execution:

- (a) Engages in acts intended to cause death or serious bodily injury to any person, or endangers a person's life;
- (b) Engages in acts intended to cause extensive damage or destruction to a government or public facility, public place or private property;
- (c) Engages in acts intended to cause extensive interference with, damage or destruction to critical infrastructure;
- (d) Develops, manufactures, possesses, acquires, transports, supplies or uses weapons, explosives or of biological, nuclear, radiological or chemical weapons; and
- (e) Release of dangerous substances, or causing fire, floods or explosions.

when the purpose of such act, by its nature and context, is to intimidate the general public or a segment thereof, create an atmosphere or spread a message of fear, to provoke or influence by intimidation the government or any international organization, or seriously destabilize or destroy the fundamental political, economic, or social structures of the country, or create a public emergency or seriously undermine public safety, shall be guilty of committing terrorism and shall suffer the penalty of life imprisonment without the benefit of parole and the benefits of Republic Act No. 10592, otherwise known as "An Act Amending Articles 29, 94, 97, 98 and 99 of Act No. 3815, as amended, otherwise known as the Revised Penal Code." Provided, That, terrorism as defined in this section shall not include advocacy, protest, dissent, stoppage of work, industrial or mass action, and other similar exercises of civil and political rights, which are not intended to cause death or serious physical harm to a person, to endanger a person's life, or to create a serious risk to public safety.

the prohibited acts and the requisite malicious intent “provide a clear correlation and a manifest link as to how or when the crime of terrorism is produced.” The Court said that when these two components are considered together, they “create a demonstrably valid and legitimate definition of terrorism that is general enough to adequately address the ever-evolving forms of terrorism, but” is “neither too vague nor too broad.”

The Supreme Court, however, struck down as unconstitutional the “not intended clause” in Section 4, which states that terrorism “shall not include advocacy, protest, dissent, stoppage of work, industrial or mass action, and other similar exercises of civil and political rights, which are not intended to cause death or serious physical harm to a person, to endanger a person’s life, or to create a serious risk to public safety.” The Court held that this clause unjustly shifts the burden of proof to the accused, requiring them to prove that their speech or actions were not intended to cause harm, thus violating due process.⁴² Its ambiguity creates a chilling effect, as individuals must prepare evidence of their lack of terroristic intent before engaging in protected civil and political activities. This vagueness, the Court noted opens the door to arbitrary enforcement.

This broad definitional framework under the ATA contravenes international humanitarian law (IHL), which emphasizes the critical distinction between acts of terrorism and legitimate acts of war conducted during armed conflicts. Common Article 3 of the Geneva Conventions and customary IHL provide that certain acts of violence may be lawful during armed conflicts as long as they adhere to the principles of distinction and proportionality.

Without an exclusionary clause, the ATA blurs these distinctions by criminalizing a broad range of acts under its expansive definition of terrorism. It includes conduct intended to destabilize the government, provoke public fear, or harm infrastructure, which could encompass activities traditionally permitted under IHL, such as combat operations by armed groups during a non-international armed conflict. By equating lawful combat activities with terrorism, the ATA endangers the protective framework established under IHL, potentially subjecting combatants and humanitarian actors to arbitrary prosecution for terrorism-related offenses.

This concern materialized when the ATC issued several controversial resolutions designating the Communist Party of the Philippines (CPP), the New People’s Army (NPA), and later the National Democratic Front (NDF) and its affiliated organizations as terrorist entities.⁴³ These designations have grave implications for individuals and groups supporting humanitarian activities in conflict zones. Humanitarian organizations providing food, medical aid, or legal assistance in areas associated with the CPP-NPA could be accused of indirectly supporting terrorism, even when their activities adhere strictly to humanitarian principles under IHL.

Conflating terrorism and armed conflict not only endanger civilians and humanitarian workers but also undermine efforts to negotiate peace. The CPP-NPA has historically engaged in peace talks with the Philippine government under the auspices of various agreements, such as the Comprehensive Agreement on Respect for Human Rights and International Humanitarian Law (CARHRIHL). The ATA, by criminalizing their participation in peacebuilding, makes such negotiations legally and politically untenable, further entrenching conflict.

Moreover, the ATA’s impact extends beyond combatants and humanitarian workers to include civilian populations. Mass organizations and community leaders working on social reform or poverty alleviation are frequently accused of being “fronts” for the CPP-NPA, often subjected to red-tagging, surveillance, harassment, and prosecution under the guise of combating terrorism. This undermines the protection afforded to civilians under IHL, as they are indiscriminately targeted based on presumed affiliations.

⁴² This proviso is unconstitutional under the doctrines of void for vagueness and overbreadth, as well as the strict scrutiny test.

⁴³ ATC Resolution No. 2012 (December 2020) and ATC Resolution No. 21 (June 2021). Individuals suspected to be officers and cadres of the CPP-NPA, including members of the NDFP Negotiating Panel, peace consultants, and activists, were also designated as terrorist individuals.

Box 1. Case Study: Fritz Labiano and Adrian Paul Tagle

In February 2024, 23 year old Fritz Labiano, coordinator of Kabataan Partylist Quezon, and 21 year old Adrian Paul Tagle, spokesperson of Tanggol Quezon, were indicted for terrorism financing after visiting two political detainees in jail and providing them basic necessities, including food, water, and a small financial contribution of PHP 500 (approximately \$9). The 85th Infantry Battalion of the Philippine Army (IBPA) filed the charges in October 2023 based on their visit to activists Rowena Dasig and Miguela Piniero, who had been arrested while conducting community research in July 2023 on the possible effects of a power plant in Atimonan, Quezon.



Labiano and Tagle, following the standard practice of providing paralegal support among progressive groups, assisted their detained colleagues by providing basic

needs and ensuring they had access to legal support. However, this routine act of solidarity was interpreted by the investigating prosecutor as “a mutual agreement and collaboration in the execution of unlawful activities.” The Department of Justice (DOJ) heard the complaint without first summoning the Labiano and Tagle, depriving them of the opportunity to defend themselves before indictment.

In a live broadcast in media outlet SMNI, the former Commanding Officer of the 85th (IBPA) red-tagged human rights organization Karapatan Southern Tagalog and threatened to file charges against its leaders and volunteers for providing assistance to Dasig and Piniero, who were charged with illegal possession of firearms, ammunition, and explosives as well as terrorism, respectively, before the Regional Trial Courts (RTC) of Gumaca, Quezon and Batangas City. However, they would later be acquitted of these charges. During her supposed release from Lucena City District Jail (LCDJ), Dasig would also go missing and be disappeared for two months.

The charges against Labiano and Tagle was eventually dismissed by the Batangas City RTC in June 2024 due to the prosecution’s failure to submit evidence on time. Their ordeal underscores the chilling effect of overbroad counter-terrorism laws on human rights work. Labiano noted, “It’s really alarming that the state considers providing help to detained political prisoners as an act of terrorism,” while Tagle added, “I got angry because they are criminalizing the act of providing paralegal service to victims of human rights violations.”⁴⁴

Their case illustrates the overreach of the TFPSA, where even humanitarian acts towards detainees who had not been proven beyond reasonable doubt to have committed terrorism can trigger criminal liability. The vague and broad language of anti-terrorism laws erodes the intent requirement defined by the Terrorism Financing Convention, where the provision of funds must be willful and specifically intended to support terrorism. Thus, even humanitarian and paralegal work can be criminalized, deterring others from providing essential assistance to vulnerable groups such as persons deprived of liberty (PDLs).

44 Jairo Bolledo, They visited friends in jail, the state called them terrorists, Rappler, 4 July 2024, available at: <https://www.rappler.com/newsbreak/in-depth/activists-visited-friends-jail-state-called-them-terrorists/> (Last accessed 3 February 2025).

The broad definitional framework of terrorism under the ATA directly influences the interpretation of terrorism financing under Section 4 and dealing with property or funds of designated persons under Section 8 of the TFP SA. Both provisions rely on the expansive definition of terrorism in the ATA, while Section 4 broadly defines the terrorism financing as the direct or indirect, willful, and unlawful possession, provision, collection, or use of property or funds, or the facilitation of financial or related services, with the intention or knowledge that they will be used, in full or in part: (a) to carry out or facilitate any terrorist act, (b) by a terrorist organization, association, or group, or (c) by an individual terrorist.⁴⁵

Asset freezes under the TFP SA cover all “property or funds that are in any way related to financing of terrorism or acts of terrorism” or those belonging to any person, group of persons, terrorist organization, or association, “in relation to whom there is probable cause to believe that they are involved in committing financing of terrorism or acts of terrorism.”⁴⁶ This contemplates all funds or property that are in any way related not only to the financing of terrorist acts but also the financing of terrorist organizations and individual terrorists even in the absence of a link to a specific terrorist act or acts. The far-reaching consequence of this framework is that any and all assets, regardless of whether they are linked to acts of terrorism, can be frozen.

This expansive scope aligns with FATF Recommendation 5, which mandates the criminalization of the financing not only of terrorist acts, but also of the financing of terrorist organizations and individuals even in the absence of specific acts of terrorism. However, this approach surpasses the stricter requirements set by the Terrorism Financing Convention,⁴⁷ in which terrorism financing is defined with a willful and unlawful intent that the funds be used for terrorism. The definitions of terrorism and financing of terrorism erode this crucial mental element, opening the door to the criminalization of otherwise legitimate activities, as seen in several human rights cases.

Escalating the harms of terror-tagging through designation and targeted financial sanctions

The administrative power of designation under the ATA is an adoption of the standards under FATF Recommendation 6, which specifies that countries must “implement without delay” financial sanctions in accordance with obligations under UN Security Council Resolutions (UNSCR), particularly UNSCR 1267 and UNSCR 1373. It grants administrative bodies the power to freeze assets and financial resources of individuals or entities suspected of involvement in terrorism using non-judicial processes. This mechanism is intended to immediately prevent financial resources from being used for terrorism, but in practice, it has led to significant risks of overreach and arbitrary enforcement in the Philippines.

⁴⁵ Section 4. Financing of Terrorism. – Any person who, directly or indirectly, willfully and without lawful excuse, possesses, provides, collects or uses property or funds or makes available property, funds or financial service or other related services, by any means, with the unlawful and willful intention that they should be used or with the knowledge that they are to be used, in full or in part: (a) to carry out or facilitate the commission of any terrorist act; (b) by a terrorist organization, association or group; or (c) by an individual terrorist, shall be guilty of the crime of financing of terrorism and shall suffer the penalty of reclusion temporal in its maximum period to reclusion perpetua and a fine of not less than Five hundred thousand pesos (Php500,000.00) nor more than One million pesos (Php1,000,000.00).

Any person who organizes or directs others to commit financing of terrorism under the immediately preceding paragraph shall likewise be guilty of an offense and shall suffer the same penalty as herein prescribed.

⁴⁶ Section 11, RA 10168.

⁴⁷ Section 2(1). 1. Any person commits an offence within the meaning of this Convention if that person by any means, directly or indirectly, unlawfully and willfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out:

(a) An act which constitutes an offence within the scope of and as defined in one of the treaties listed in the annex; or (b) Any other act intended to cause death or serious bodily injury to a civilian, or to 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 an international organization to do or to abstain from doing any act.

The TFP SA, pursuant to FATF Recommendation 6 and UNSCR 1373, allows the freezing of assets that are indirectly or loosely connected to designated entities or persons, without requiring proof of a direct link to a specific terrorist act. This broad scope of liability means that legitimate activities, such as humanitarian work, paralegal services, or financial assistance for basic needs, can be wrongly classified as terrorism financing. The reliance on reports from BNFI s further compounds this problem, as their suspicious transaction reports (STRs) can trigger asset freezes without proper verification.

The ATC’s designation of the CPP-NPA and its affiliated groups as terrorists exemplifies this issue, as organizations and individuals linked to them—often through “red-tagging” or vague accusations of affiliation—are swept into a chain reaction of *ex parte* powers, including bank inquiries and asset freezes.

Box 2. Case Study: Rural Missionaries of the Philippines

The Rural Missionaries of the Philippines (RMP), a national organization of women and men religious, priests from different dioceses and lay people founded in 1969, has long engaged in mission work and provided services to the poorest farmers and indigenous peoples in rural communities. Its humanitarian and social justice efforts, however, made it vulnerable to state harassment, particularly under the term of President Rodrigo Duterte. It was among the CSOs heavily red-tagged as “front organizations” of the CPP-NPA “masquerading as NGOs and human rights defenders”, by the NTF-ELCAC in a series of engagements with officials of Belgium and the European Union in March 2019.



In the last days of 2019, before the passage of the ATA, RMP and its sub-region, RMP-Northern Mindanao Region (RMP-NMR), became the first CSOs to have their bank accounts frozen. Their case was referenced during the constitutional challenge to the ATA in the following year.

The freezing of their bank accounts, however, illustrates a key flaw in the system: the expansive definition of “related accounts.” The AMLC justified the freezing on the ground that the bank deposits of both RMP and RMP-NMR were “opened and maintained for the benefit of the CPP-NPA,” as stated by AMLC Executive Director Mel Racela.⁴⁸ Evidence supporting this assertion consisted of intelligence referrals from the National Intelligence Coordinating Agency (NICA) based on statements from so-called “rebel returnees” and subsequent bank inquiries.

As a consequence, both organizations had been forced to shut down or limit their vital missions and ministries in poor rural communities. The AMLC obtained an Asset Preservation Order (APO) through civil forfeiture proceedings filed before the RTC of Manila, effectively extending the indefinite enforcement of the freeze orders.

The freezing of RMP’s assets not only disrupted its ongoing projects but also set a precedent for targeting other CSOs, especially those critical of the government. This environment of ambiguity has undermined legitimate humanitarian and advocacy work, creating a chilling effect across the civil society sector. Many organizations now face operational disruptions and the threat of criminalization, as their humanitarian efforts are misinterpreted as “financing” or support for terrorism.

⁴⁸ Lian Buan, AMLC freezes ‘related accounts’ of CPP-NPA, Rappler.com, 27 December 2020, available at: <https://www.rappler.com/philippines/amlc-freezes-related-accounts-cpp-npa/> (Last accessed 4 February 4, 2025).

The AMLC has characterized frozen assets belonging to red-tagged CSOs as “related accounts” allegedly “opened and maintained for the benefit of the CPP-NPA.”⁴⁹ By overlooking the need for concrete links to specific terrorist acts and relying on loosely substantiated intelligence (often based on anonymous witness statements or mere suspicion), it has become alarmingly easy to taint CSOs with a broad brush of terrorism allegations.

Even suppliers and family members of officers affiliated with CSOs whose bank accounts have been frozen are at risk, as demonstrated by the case of the Leyte Center for Development, Inc. (LCDE). The bank accounts of its executive director, her son, and her son’s partner, along with those of its suppliers, were all frozen (see Box no. 3 below). This cascading effect intensifies the disruption of the work of CSOs, preventing them from effectively supporting their beneficiaries and adding to the chilling effect on civic engagement.

Box 3. Case Study: Leyte Center for Development, Inc.

In May 2024, the AMLC issued two freeze orders targeting the Leyte Center for Development, Inc. (LCDE), a 36-year-old NGO known for its award-winning disaster risk reduction and sustainable development programs. The orders, based on AMLC Resolution TF-89, froze five bank accounts, including two personal joint accounts of Executive Director Jazmin Aguisanda-Jerusalem and her son as well as three joint accounts managed by LCDE staff.

The freeze orders were issued shortly after similar sanctions were imposed on the Citizens’ Disaster Response Center Foundation, Inc. (CDRC), an NGO with which LCDE has long collaborated on emergency response initiatives and community-based disaster preparedness programs across Leyte and Samar. The simultaneous targeting of both organizations has disrupted joint projects crucial to disaster-prone areas, leaving communities without essential services during emergencies.

The AMLC’s action has been widely criticized for being arbitrary and unjust. According to Jerusalem, “For 36 years, LCDE has dedicated its work to the poor and vulnerable through disaster risk reduction programs and emergency response.”⁵⁰ LCDE has partnered with 23 local government units (LGUs) across Samar and Leyte and received international support from organizations and governments in at least seven countries, including Germany, which recently funded a rice mill project in Western Samar to improve farmers’ income. The German Embassy even praised LCDE as a reliable partner and called the freeze orders “a detriment to efforts to improve the living conditions of beneficiaries in poor and marginalized regions of Samar and Leyte.”⁵¹ Jerusalem herself has earned numerous accolades, including the International Climate Heroine Award.

LCDE’s extensive contributions to disaster response and community development have earned it national and international acclaim. It played a pivotal role in the aftermath of Super Typhoon Yolanda in 2013, helping distribute food, shelter kits, cash-for-work



49 Id.

50 Inday Espina Varona, EXCLUSIVE: Gov’t slaps terrorist designation, freezes funds of award-winning development NGO, officers, Rappler.com, 3 May 2024, available at: <https://www.rappler.com/philippines/visayas/government-slaps-terrorist-designation-freezes-funds-development-ngo-officers-leyte/> (Last accessed 10 February 2025).

51 German Embassy Manila, Germany supports livelihood of Samar farmers with the help of Leyte Center for Development (LCDE), available at: <https://www.facebook.com/germanyinphl/posts/germany-supports-livelihood-of-samar-farmers-with-the-help-of-leyte-center-for-d/764402039209469/> (Last accessed 9 February 2025).

programs, and permanent housing to 23,000 families in 11 municipalities. The organization also led COVID-19 response efforts in 2020, providing essential hygiene supplies and educational materials to over 12,000 residents in Eastern Samar. Its efforts have been recognized through numerous awards, including the United Nations Women in Disaster Risk Reduction (WIN DRR) Leadership Award, which was presented to Jerusalem in 2021, and the Department of National Defense's 2006 National Gawad Kalasag Award for Exemplary NGOs in Disaster Preparedness and Humanitarian Response.

The freeze order extends beyond LCDE's operational accounts to those of its executive director, her family members, and even its suppliers, including a hardware store, grocery store, and repair shop—small businesses whose access to their meager funds were shut down because of wrongful targeted financial sanctions. Worst of all, the freezing of LCDE's accounts has affected at least 15,000 individuals or 3,000 families as beneficiaries who rely on its services in disaster-prone regions.

The LCDE case illustrates how the broad and ambiguous definitional framework in the ATA and TFPSC enables expansive interpretations of "related accounts" and "terrorism financing," leading to severe and far-reaching consequences for CSOs. By freezing not only LCDE's bank accounts but also those of the CDRC, suppliers, and family members of key officers, the government has weaponized financial sanctions to extend beyond direct targets. As discussed in the succeeding sections, this overbroad application of the law has intensified the chilling effect on civic participation, discouraging CSO staff, external partners, and service providers from engaging in humanitarian activities due to fear of association with allegations of terrorism and terrorism-related offenses.

The designation and asset-freezing processes enforced by the AMLC and ATC have also had disproportionate impacts on CSOs and individuals engaged in lawful, life-saving activities. Cases like those of Fritz Labiano and Adrian Paul Tagle demonstrate the alarming potential for ordinary humanitarian assistance to be misinterpreted as criminal acts under counter-terrorism laws. This overreach also stresses the irony of a system in which NGOs like LCDE, once praised as essential partners in poverty alleviation and disaster response, are now vilified as security threats.

KEY FINDING 2

MECHANISM OF ATTACK AGAINST CIVIL SOCIETY



The survey and FGD results provide a stark portrayal of the multifaceted and disproportionate nature of attacks against CSOs, revealing a pattern of harassment and systemic barriers severely restricting their operations or even jeopardizing their very existence.

Curtailment of freedom of association and other fundamental freedoms

The prevalence of red-tagging emerged as a significant issue, with 63% of respondents experiencing this form of public vilification through social media. Nearly half reported red-tagging in mass media (47%), while others encountered it in public forums (37%), private meetings and interactions (37%), and in government activities (33%). Only a small minority (19%) had escaped red-tagging altogether.

Many respondents also indicated experiencing surveillance. A small majority (57%) reported physical surveillance, while 39% cited electronic surveillance, showing that this attack extends beyond physical spaces into digital realms. Nearly half of respondents reported electronic harassment (47%) or physical intimidation (43%), and 32% indicated that family and friends were also targeted. A concerning subset of organizations faced severe forms of disruption, including infiltration of their operations (9%) and property vandalism (7%).

Cyberattacks further demonstrate the use of technology as a weapon against CSOs. While nearly half (47%) had no reported incidents, others experienced attacks on their organizational social media accounts (43%), websites (19%), and personal accounts (22%). Alongside cyberattacks, the restriction of free expression and assembly remains a significant threat. Although 65% of respondents did not face direct censorship, a noteworthy proportion reported limitations, including restrictions on gatherings (21%), bans on public speaking (15%), and the confiscation of publications (12%).

Physical confrontations and violent measures were also reported, though they affected a minority of respondents. Some CSOs faced raids on their homes (7%) and offices (6%). However, physical/violent attacks reflect a more severe form of repression, with 19% reporting illegal arrests, 14% experiencing extrajudicial or attempted extrajudicial killings, 13% suffering physical assaults, and smaller but notable percentages reporting enforced disappearances (9%) and torture (3%).

Most respondents perceived these attacks as state-driven, with 71% attributing them to government agencies or personnel and 65% citing state-sponsored groups. In the case of the United Church of Christ in the Philippines (UCCP) Haran, regional operators of the NTF-ELCAC have co-opted local pastors and church workers belonging to a church faction to act as military assets (see Box No. 4 below). Notably, none of the respondents attributed the attacks to terrorist groups, which shows the disconnect between the justification for anti-terror measures and their actual application against civil society.

Box 4. Case Study: The United Church of Christ of the Philippines Haran

The UCCP Haran Mission Center in Davao City, has long been a sanctuary for the Lumad, the indigenous peoples of Mindanao, who seek refuge from militarization and the violent encroachment of their ancestral lands by large-scale logging and mining operations. However, its humanitarian mission has come under severe attack, resulting in its eventual closure after a sustained campaign of red-tagging, false accusations, and legal harassment orchestrated by the government, including the NTF-ELCAC.



In March 2021, the AMLC issued Resolution No. TF-36, freezing UCCP Haran's bank accounts, which included funds intended for basic operational expenses, such as water and electricity bills. The accusations, largely based on fabricated testimony from alleged rebel returnees, claimed that the center harbored NPA fighters, trained "child soldiers," and provided financial support to the CPP-NPA through foreign funding. The freeze extended to the land where UCCP Haran Mission Center is erected, which land belongs to Brokenshire Integrated Health Ministries, Inc. (BIHMI), an institution fully owned by the Church.

The participation of the Lumad group Kalumaran, formed and supported by the NTF-ELCAC, further fueled the attacks against UCCP Haran. Kalumaran aggressively engaged in online red-tagging,⁵² accusing the church of manipulating indigenous peoples and funneling foreign funds to the CPP-NPA. The group also collaborated with military units to stage fake protests against UCCP Haran.

One of the most damaging accusations came after a bishop participated in an international mission trip with the United Evangelical Mission (UEM) in Wuppertal, Germany. Upon his return, he was accused of securing funds from international donors to finance terrorism in the Philippines. Local pastors who continued their involvement in Lumad advocacy were also targeted. Police and military personnel attended church assemblies to monitor and intimidate pastors or pressured them to "surrender" and "clear their names" to avoid being implicated in terrorism. Most recently, soldiers of the 60th Infantry Battalion based

52 Ken E. Cagula, Dubious lumad FB page on red-tagging spree, Davao Today, 9 February 2021, available at: <https://davaotoday.com/human-rights/dubious-lumad-fb-page-on-red-tagging-sprees/> (Last accessed 10 February 2025).

in Davao del Norte questioned pastors and members whether they support the UCCP's national leadership or breakaway groups.

Various trumped-up charges of child abuse, human trafficking, and forced labor were filed against UCCP Haran leaders, including bishop emeritus Hamuel Tequis. Death threats were also issued, with one incident involving an anonymous caller threatening to set a church-owned hotel and convention center on fire unless they spoke to its owner. Church workers reported being followed and receiving ominous warnings.

The attacks against UCCP Haran have had devastating effects on its programs, operations, and beneficiaries. With its financial assets frozen and its reputation tarnished by persistent red-tagging, the church has been forced to scale down its community engagement and focus on internal worship activities. Key programs, such as disaster response, health services, and advocacy for Lumad rights, have been curtailed or suspended. The Lumad evacuees who relied on the church for shelter and protection are now unable to seek refuge in UCCP Haran.

A faction known as Pag-mata, heavily influenced by NTF-ELCAC, has co-opted local pastors and church workers to act as military informants, criticize UCCP's property development projects and publicly question their leaders' motives. The group organized joint events with military units and facilitated the formation of breakaway churches, which sought to attract UCCP congregants by denouncing the church's progressive stance on human rights and social justice.

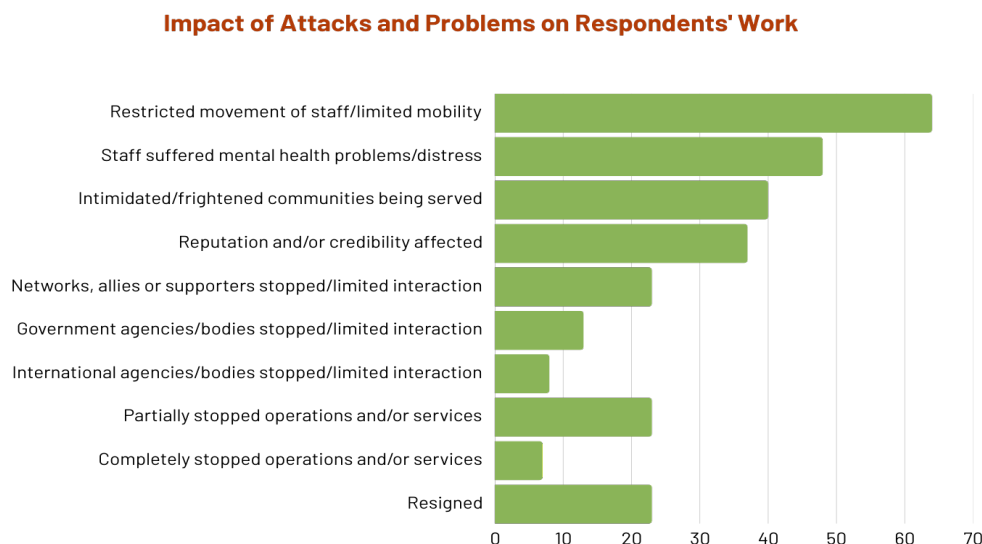
Many CSOs faced new legal and financial barriers that undermined their ability to operate. Half of the respondents (51%) reported no new legal requirements, but significant proportions faced increased demands from the Securities and Exchange Commission (34%), banks (33%) and the Bureau of Internal Revenue (21%). While most organizations did not face difficulties complying, a substantial majority expressed reservations about these new requirements, particularly from banks (74%) and the SEC (75%), indicating concerns about the potential misuse of regulatory mechanisms to restrict their activities.

Bank-related issues illustrate the financial barriers imposed on CSOs. Over half (53%) of respondents reported no issues with their bank accounts, but others faced additional documentary and procedural requirements (31%), freezing (8%), inquiries by authorities (7%), restricted access (4%), or an inability to open new accounts (7%).

The financial barriers imposed on CSOs are compounded by the threat of red-tagging and accusations of terrorism or financing terrorism. Half (50%) of respondents had not been accused of terrorism-related offenses, but one-third (31%) reported such accusations from government authorities, with 16% facing legal actions.

The impact of these measures on civil society work has been profound. The most common consequence was the restricted movement of staff or limited mobility (63%), followed by widespread mental health issues and distress among staff (47%) and the intimidation of communities served by these CSOs (40%). In addition, many organizations faced damage to their reputation (28%) and reduced interactions with key allies, including networks (23%), government agencies (14%), and international partners (9%). Operational disruptions were also prevalent, with 23% partially halting their activities and 7% completely ceasing operations. Staff resignations were another notable consequence, affecting 23% of respondents.

Figure 6. Impact on surveyed CSOs



Grievous rights violations, systematic harassment and overregulation

The FGDs provided further evidence of how red-tagging and terrorism accusations have led to widespread operational disruptions among CSOs. Across regions CSOs have faced systematic surveillance, intimidation, fabricated criminal charges, and financial restrictions.

In the Visayas, the Farmers Development Center (FARDEC), a support organization for farmers in Central Visayas, has faced escalating state-sponsored harassment since being red-tagged in 2017. In June 2020, FARDEC coordinator for sustainable agriculture Elena Tijamo was abducted by unidentified armed men from her home in Bantayan Island, Cebu. Her disappearance followed a history of surveillance and red-tagging. Despite desperate efforts by her family and colleagues, her whereabouts remained unknown until her body was discovered in Metro Manila in August 2021 under suspicious circumstances.

This campaign escalated in a June 2021 with a raid on its Bohol office. During the raid, FARDEC program coordinator Carmilo Tabada and UCCP pastor Rev. Nathaniel Vallente, were arrested on charges of illegal possession of firearms and explosives based on planted evidence—a common tactic used against activists and human rights defenders. At the same time, FARDEC's farmer beneficiaries were systematically coerced into signing affidavits renouncing ties with the organization and pledging not to attend its meetings. These incidents severely disrupted FARDEC's projects, as farmers reliant on its support distanced themselves out of fear of further reprisals.

The Missionary Sisters Servants of the Holy Spirit (SSPS), a Catholic religious congregation reported that military checkpoints and documentary requirements have restricted their access to schools and communities in Visayas and Mindanao. Military personnel closely monitoring teachers and question even their feeding programs. Military personnel have been reported living in the houses of teachers in the communities. Similarly, the Iglesia Filipina Independiente (IFI) churches faced restricted access to communities they serve, following red-tagging with church workers required to obtain municipal permits before entry.

Magsasaka at Siyentipiko para sa Pag-unlad ng Agrikultura (MASIPAG) Visayas, an NGO supporting local initiatives of resource-poor farmers reported that beneficiaries have become hesitant to join activities, reflecting

the chilling effect of red-tagging and terrorism-related accusations. Five staff members of the Paghida-et sa Kauswagan Development Group, Inc. (PDG), an NGO advocating for the rights of basic sectors in Southern Negros and a longtime partner of MASIPAG, were later indicted for financing terrorism charges. In November 2018, its former executive director and MASIPAG Board of Trustee member, human rights lawyer Benjamin Ramos Jr.,⁵³ was gunned down by suspected military agents in Negros.

In Northern Luzon, the Cordillera Disaster Response and Development Services (CorDisRDS) an NGO involved in disaster response and community development, has also been subjected to red-tagging and state-imposed restrictions. In 2022, staff experienced direct threats, including an incident in Abra where a staff member was interrogated in the community, and their parents were pressured to urge them to leave the NGO. In 2023, the mayor of the Municipality of Malibcong in Abra warned CorDis staff that they could not enter the community without accreditation from the provincial government, citing security concerns. Attempts to coordinate with LGUs were met with additional bureaucratic hurdles, including requirements for clearances from the AFP and PNP, which hindered program implementation. During a 2024 monitoring activity related to El Niño, CorDisRDS staff were denied access to affected areas and forced to relocate a mental health program to Tabuk City. In one case, a staff member was visited at their boarding house early in the morning by individuals posing as Department of Social Welfare and Development (DSWD) personnel. These continued incidents have resulted in delays and rescheduling of community activities.

The Cordillera Women's Education, Action Research Center, Inc. (CWEARC) has faced relentless harassment, particularly during the height of the pandemic when it was red-tagged on social media and through tarpaulins posted in its neighborhood labeling it as a communist front. Staff members also experienced intimidation after conducting activities in rural provinces, prompting CWEARC to file complaints directly with local government officials, including the Mayor's Office and the Baguio City PNP. In 2023, the NTF-ELCAC in Kalinga passed a resolution requiring NGOs, including CWEARC, to secure permission before conducting any activities, further restricting their operations.

In 2023, the executive director of the Ilocos Center for Research, Empowerment, and Development (ICRED) was among the seven development workers from Northern Luzon falsely charged with rebellion. Its partner communities, including 30 farmers from Ilocos Sur, Ilocos Norte, and La Union, were declared NPA supporters, and nearly 700 individuals were coerced into staged surrenders during the pandemic. Harassment of ICRED staff between 2020 and 2021 involved red-tagging through tarpaulins, posters, and online posts labeling them as communist operatives. Surveillance of development workers escalated after 2022, with multiple inspections targeting ICRED's activities. As a result, many partner communities, fearing retaliation, severed ties with the organization, threatening the continuation of its essential work in disaster response and rural development.

The Cordilleran Youth Center, Inc. (CYC), a service and advocacy center empowering Cordilleran youth and children, has likewise been a persistent target of red-tagging and state harassment. CYC has experienced over 40 red-tagging forums in schools, where the Joint Task Force of the AFP and PNP presented materials to students falsely linking the organization to the CPP-NPA-NDF. In more than 10 cases of *Dumanon Makitongtong* or house visits to known members of the "communist front organizations,"⁵⁴ parents of youth activists were approached and pressured to dissociate their children from CYC's activities. During the pandemic, the red-tagging campaign intensified through tarpaulins and online posts, leading CYC to document these attacks and file a writ of amparo in March 2021 to protect its members. By December 2022, the Commission on Human Rights (CHR) issued an

53 Atty. Ramos was also a founding member of the National Union of Peoples' Lawyers (NUPL) and former secretary general of the National Union of Peoples' Lawyers – Negros chapter. See PHILIPPINES: Lawyer and human rights defender Ben Ramos, International Observatory of Lawyers, <https://protect-lawyers.org/en/item/ben-ramos-3/> (Last accessed 10 February 2025).

54 DILG-CAR: Cordillera peace council adopts 'Dumanun Makitongtong' strategy, 27 August 2021, available at: <https://dilg.gov.ph/regional-news/dilg-car-cordillera-peace-council-adopts-dumanun-makitongtong-strategy/NR-2021-1099> (Last accessed 10 February 2025).

anti-red-tagging advisory, but the damage had already been significant: members and volunteers faced fear and intimidation, CYC's provincial work was curtailed, and many of its youth partner organizations severed ties.

The staff and activities of Center for Development Programs in the Cordillera (CDPC), an NGO established in 1986 to support indigenous communities, have frequently been targeted, with LGUs and military forces blocking their entry into communities accusing them of being linked to the NPA. In one incident, CDPC personnel traveling to Abra were barred from entering due to alleged premature judgments by the LGU, which later reversed their position by issuing a resolution. During the pandemic, red-tagging intensified, with CDPC being declared *persona non grata* in some areas. Partner organizations and communities that work with CDPC were similarly targeted, causing fear and hesitation to engage with the NGO. Staff members have experienced personal harassment, including *Dumanon Makitongtong*, incidents where individuals were interrogated or visited at their homes.

The Congregation of the Most Holy Redeemer, commonly known as the Redemptorist Missionaries, has sustained state harassment that hindered their community-oriented programs. The Redemptorists, known for their water system and relief distribution projects, have been tagged as “communist supporters” and “terrorists,” with one priest receiving death threats in 2019. Police surveillance has been a constant challenge, with 45 policemen monitoring their activities during relief missions, and regular law enforcement visits to their members. Similarly, Innabuyog, a regional women’s alliance advocating for indigenous women’s rights, has been targeted through military intelligence reports, with the names and photos of two of its members posted in the rogues’ gallery of the military.

In Mindanao, Talikala, an NGO supporting women’s rights and addressing human trafficking, has experienced firsthand how the regulatory measures obstruct project implementation. In Arakan and Makilala in Cotabato, a project funded by Save the Children was derailed when Talikala staff were summoned by the 72nd Infantry Battalion of the Philippine Army to explain their presence and undergo scrutiny due to a case of mistaken identity involving a member of their board of trustees. Despite their long-standing partnerships with local barangays, Talikala was denied entry. Even in Davao City, Talikala must present numerous legal documents, including accreditation from the city and barangays, before they can proceed with any activity.

Talikala also highlighted the burden imposed by recent DSWD memorandum circulars, which require CSOs to overhaul their internal procedures to align government-issued formats. This includes revising their Manual of Operating Procedures (MOP), which Talikala argues would strip them of their identity diminish and lower their operational standards, particularly in areas where their existing policies, such as their provisions on sexual harassment are more rigorous than the government’s. The regulations also prohibit them from publishing materials or receiving donations without prior approval from the DSWD, while requiring extensive documentation such as the organization’s theory of change, log frame, and audited financial reports. Talikala views these requirements as an intrusion into their organizational independence.

Similarly, Child Alert, an organization advocating for the welfare and protection of children, described how non-compliance with registration and accreditation requirements effectively prevents NGOs from operating in communities. Barangays routinely question the presence of any organization not registered with the DSWD, creating a barrier even when the organization seeks to independently deliver services without formal partnerships. Child Alert emphasized the isolating effect of this requirement, as unregistered NGOs face exclusion not only from community engagement but also from collaboration with registered NGOs.

MASIPAG Mindanao has also endured red-tagging, abduction, and militarization. Their relief operations, including post-earthquake responses in Sibagat, Agusan del Sur and Tulunan, North Cotabato were disrupted by military presence, with soldiers attending activities armed with long rifles. About 50% of MASIPAG Mindanao's staff have been red-tagged, limiting their mobility and ability to deliver critical services. The impacts of red-tagging have extended further—32 farmers' organizations have ceased operations, and participation in activities has significantly declined as many farmers, fearing retaliation, migrated to government-mandated programs under the DA.

Members of the Kilusang Mayo Uno (KMU), one of the country's largest labor federations, have experienced house-to-house visits from military operatives encouraging them to surrender, along with continuous red-tagging. The disappearance of labor leader William Lariosa in Bukidnon is emblematic of the dangerous environment faced by labor organizers. These attacks have adversely affected the mental health of members, with many disaffiliating from the union due to threats of retaliation.

The Mindanao Interfaith Services Foundation, Inc. (MISFI), an NGO serving the marginalized Lumad, Moro and Christian communities in Mindanao, has suffered severe repression. Its staff and volunteers have been closely monitored, and in one incident, a volunteer and a former scholar was abducted, tortured, and released after two hours, severely traumatized and in need of intervention. MISFI has also encountered land-grabbing threats in indigenous communities, with ancestral domains being encroached upon and sold, displacing many indigenous families. In October 2024, it received a closure order on two of its bank accounts without being informed of the reason.

This isolation reinforces a system of compliance-based suppression, as organizations that fail to meet burdensome requirements risk losing access to both communities and broader networks of support.

Targeted financial sanctions

As of this writing, there are at least nine CSOs whose assets have been ordered frozen by the AMLC. Five of these CSOs are currently undergoing civil forfeiture proceedings before the RTC of Manila, where the issuance of asset preservation orders has indefinitely extended the freezing of their assets. With the exception of the Community Empowerment Resource Network, Inc. (CERNET), which is being tried for financing terrorism as a juridical entity, several individuals linked to at least three CSOs are facing complaints or criminal actions for violations of the TFPSA.

Based on their public pronouncements and their responses during the FGDs, the targeted CSOs experienced financial constraints that severely limited their ability to continue their work. Without access to its bank accounts, the CSOs have struggled to fund ongoing projects and maintain their operations. RMP, for example, was forced to shut down its national office and halt its formation programs for its missionaries. Staff members and small businesses have been also directly affected, with several individuals having their personal bank accounts frozen accounts. The Cordillera Peoples' Alliance (CPA), for instance, has been unable to provide compensation to its staff members, while in the case of LCDE, three of its suppliers were also not spared.



Box 5. Case Study: Citizens Disaster Response Center Foundation, Inc.

The Citizens' Disaster Response Center (CDRC), a pioneering NGO in community-based disaster preparedness and emergency response in the Philippines, has been a lifeline for vulnerable communities in disaster-prone areas since its establishment in 1984. It serves as the secretariat of the Citizens' Disaster Response Network (CDRN) and is one of the lead convenors of DRRNetPhils, a network that played a key role in the passage and implementation of the Philippine Disaster Risk Reduction and Management (DRRM) Act of 2010. Its work focuses on assisting the most affected and least served communities during disasters and in disaster preparedness efforts.

On 10 May 2024, the AMLC ordered the freezing of CDRC's bank accounts. This stems from its designation as a "related account" under AMLC Resolution No. TF-89, s. 2024 based on the report from its bank that its peso account was a direct recipient of funds from the Leyte Center for Development, Inc. (LCDE), which was separately subjected to a freeze order.

The freeze order has significantly disrupted CDRC's daily operations, requiring staff to dedicate substantial time and effort to navigating the bureaucratic and legal processes necessary to challenge the order. Staff members have had to make frequent visits to the bank to demand explanations and documents and to consult with legal counsel—tasks that have diverted crucial resources away from their core work.

The freeze order has also taken an emotional and mental toll on CDRC staff. Moreover, beyond the immediate operational challenges, the freeze order has had a damaging effect on CDRC's reputation. As a long-standing leader in disaster risk reduction and humanitarian response, CDRC has played a critical role in coordinating relief efforts, particularly in regions highly vulnerable to typhoons and other natural hazards. Its involvement in the Gawad KALASAG Awards, where it has contributed to recognizing excellence in disaster risk reduction and humanitarian assistance, underscores its significant contributions to national disaster management efforts.

On 3 June 2024, CDRC filed a petition with the Court of Appeals to challenge the basis of the freeze order and demand the immediate unfreezing of its account. While the preventive freeze order has been lifted, it must be noted that the bank account remained frozen for 121 days well beyond the effectivity period provided under the freeze order. The Court of Appeals has dismissed the petition for being moot and academic, but the CDRC has filed a motion for reconsideration to pursue its legal questions on the constitutionality of the TFPSA.

The case of LCDE and CDRC underscores the far-reaching impact of targeted financial sanctions on CSOs' interconnected networks. Without access to financial resources, CSOs like LCDE and CDRC caught in the same net of freeze orders are pushed into precarious situations, unable to effectively deliver aid and services to disaster-stricken and marginalized communities. By freezing the accounts of not only the organization but also its partners, family members of key officers, and even suppliers, the government has intensified the climate of fear and deterrence across civil society.

The freezing of LCDE and CDRC's bank accounts has had a cascading impact, affecting hundreds of thousands of beneficiaries who rely on their services in disaster-prone regions. LCDE and CDRC's sterling reputation, painstakingly built over decades of humanitarian work, has also suffered as a result of the unrelenting red-tagging campaign and targeted financial sanctions. The same can be said of the other affected CSOs, who have alleviated the lives of millions of underserved and marginalized communities in rural areas.

These attacks constitute violations of the rights to freedom of assembly and association, which include the right to access and use resources. The former Special Rapporteur on the rights to freedom of assembly and association has affirmed that "[t]he right of associations to freely access human, material and financial resources – from domestic, foreign and international sources — is inherent in the right to freedom of association and essential to the existence and effective operations of any association."⁵⁵ CSOs have the right to seek, receive, and use funding, and the state should not be empowered to approve or reject whether an association receives funding.⁵⁶

In August 2024, in a joint communication sent to the Philippine government in response to the indictment of 27 former and current staff and council members of CERNET for financing terrorism, various Special Rapporteurs⁵⁷ expressed grave concern about "the potential consequences of asset freezing measures [on] vital humanitarian and human right services – including health, food, shelter, and education services with potentially detrimental impacts on the fundamental social, economic and cultural rights of Indigenous Peoples, internally displaced persons, human rights defenders, religious minorities, women and children and any other vulnerable category of the population that could be the beneficiary of this services."⁵⁸

The experiences of the respondents illustrate how overregulation has exacerbated the perpetration of grave human rights violations, harmful rhetoric, and other forms of harassment under the rubric of counterterrorism. It has created a restrictive operating environment where CSOs are compelled to meet excessive administrative demands or operate under a constant fear of punitive sanctions, compromising their ability to deliver essential services. The overlapping layers of accreditation requirements, monitoring mechanisms, and financial surveillance have encroached upon the autonomy and freedoms of many CSOs, ultimately hindering their mission to address critical social issues.

55 UN Human Rights Council, Report of the Special Rapporteur on the rights to freedom of peaceful assembly and of association, Clément Nyaletsossi Voule, UN Doc. A/HRC/50/23, 10 May 2022, para. 9

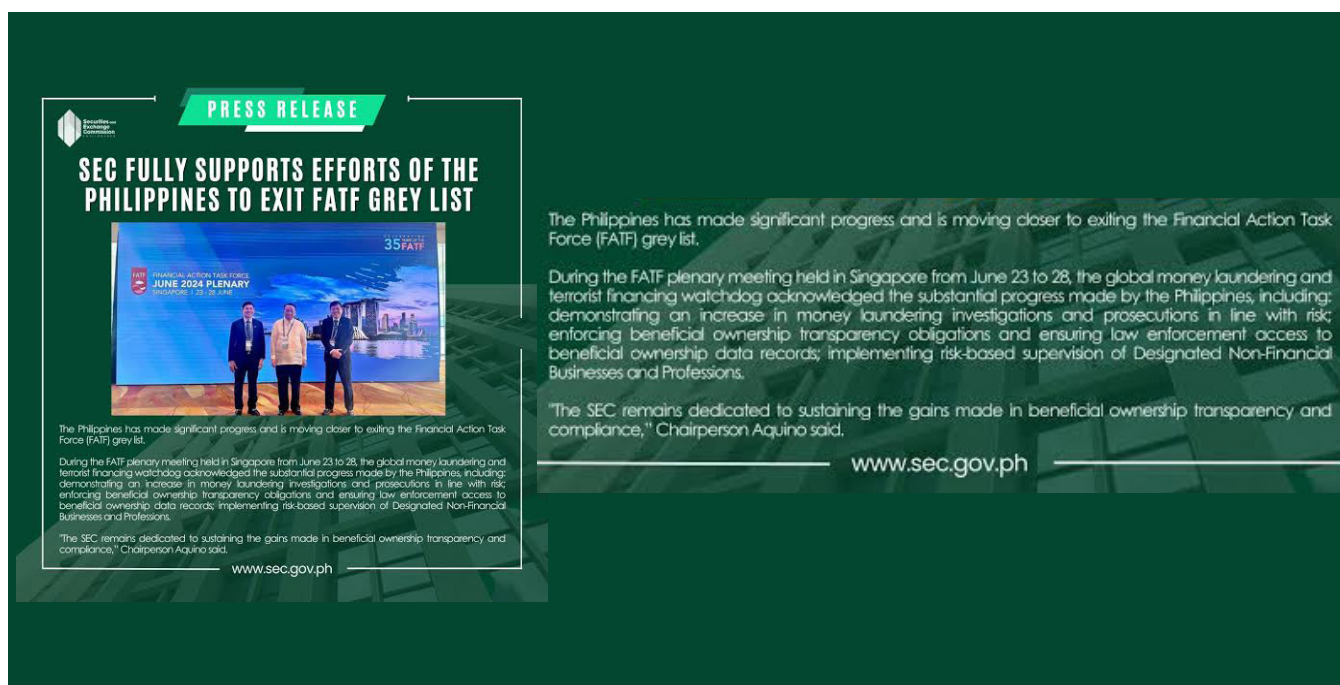
56 UN Human Rights Council, Report of the Special Rapporteur on the rights to freedom of peaceful assembly and of association, Clément Nyaletsossi Voule, UN Doc. A/HRC/53/38/Add. 4, 23 June 2023, para. 14.

57 Mary Lawlor, Special Rapporteur on the situation of human rights defenders; Gina Romero, Special Rapporteur on the rights to freedom of peaceful assembly and of association; Ben Saul, Special Rapporteur on the promotion and protection of human rights and fundamental freedoms while countering terrorism; Reem Alsalem, Special Rapporteur on violence against women and girls, its causes and consequences; Laura Nyirinkindi, Chair-Rapporteur of the Working Group on discrimination against women and girls.

58 Available at: <https://spcommreports.ohchr.org/TMResultsBase/DownloadPublicCommunicationFile?gId=29296> (Last accessed 9 February 2025).

KEY FINDING 3

THE MANUFACTURED THREAT OF NPOS



The latest publicly available risk assessment of the Philippine NPO sector was conducted by the SEC in 2021. The methodology adopted in this assessment followed a risk-based approach that evaluated criminal threats, vulnerabilities, and consequences from both qualitative and quantitative data from Suspicious Transaction Reports (STRs), intelligence reports, and consultations with key stakeholders, including the AMLC and law enforcement agencies. Further inputs were solicited from an online survey and two webinars, to which a total of 1,152 and 153 NPOs, respectively, responded.

However, only non-stock corporations registered with the SEC, as defined in the 2019 NPO Guidelines of the SEC⁵⁹ and pursuant to FATF guidance,⁶⁰ were included in this sectoral review. Thus, NPOs not registered with the SEC as well as those registered with the CDA as cooperatives and with the DOLE as labor unions, labor federations, and rural worker's associations fell outside the scope of the risk assessment.

As of 31 December 2020, the SEC had registered 64,087 NPOs across various classifications. Religious organizations made up the largest share at 29.5%, followed closely by education providers at 28.8% and foundations at 20.7%. A small portion, 1.6%, remained unclassified under any specific industry.

A one size fits all approach

The SEC assessed the terrorism threat in the Philippine NPO sector as *medium*, reflecting the ongoing threat

⁵⁹ These are non-stock corporations that primarily engage in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of good works. Foundations fall under this definition.

⁶⁰ FATF defines a "Non-Profit Organisation" as "a legal person or arrangement or organisation that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of "good works."

allegedly posed by both Islamist extremist groups (such as ISIS-affiliated groups like Abu Sayyaf Group, Bangsamoro Islamic Freedom Fighters, and the Maute Group) and communist groups CPP-NPA-NDFP. The assessment was primarily based on country reports from the Bureau of Counter-Terrorism under the US State Department.

The assessment of terrorism financing threats in the Philippine NPO sector was rated *medium-low* despite the low volume and limited scope of reported incidents. From 2017 to 2020, 112 STRs related to terrorism and terrorist financing involving NPOs were submitted to the AMLC. These STRs accounted for only **0.05%** of the total STRs received during this period and involved just **18 NPOs**, mostly concentrated in the National Capital Region (NCR). Among the identified subsets, religious, charitable, and political organizations/women's sectoral party-list composed the majority of NPOs linked to TF-related reports.

Notably, the women's sectoral party-list referenced in this classification was the Gabriela Women's Party (GWP), which the NTF-ELCAC sought to disqualify from the 2021 elections in a petition filed before the Commission on Elections (Comelec). As a political party, the GWP, in the first place, did not fit the FATF-prescribed definition of NPO. The religious organizations, on the other hand, pertained to the RMP and the RMP-NMR.

Thus, the selection and categorization of these NPOs as high-risk are therefore highly questionable and suggest political motives, reflecting the policy and practice of weaponizing counter-terrorism mechanisms to suppress dissent and restrict civil society.

Although 3,196 STRs linked to suspected criminal misuse of NPOs were submitted between 2017 and 2020, they accounted for just a negligible 0.05% of the 1.4 million STRs received by the AMLC during the same period. The financial value of terrorism and TF-related STRs involving NPOs totaled PHP155,448,130.76, representing a mere 0.04% of the overall value of NPO-linked STRs. Despite a modest rise in STR submissions in 2020, this did not translate to a significant increase in financial impact. Moreover, connections to foreign jurisdictions were minimal, with only two STRs linked to terrorist financing abroad and 19 tied to Belgium, along with a few others involving Kuwait, Peru, Canada, and Nepal.

Table 1. Number of NPO-linked STRs received by the AMLC (2017-2020)

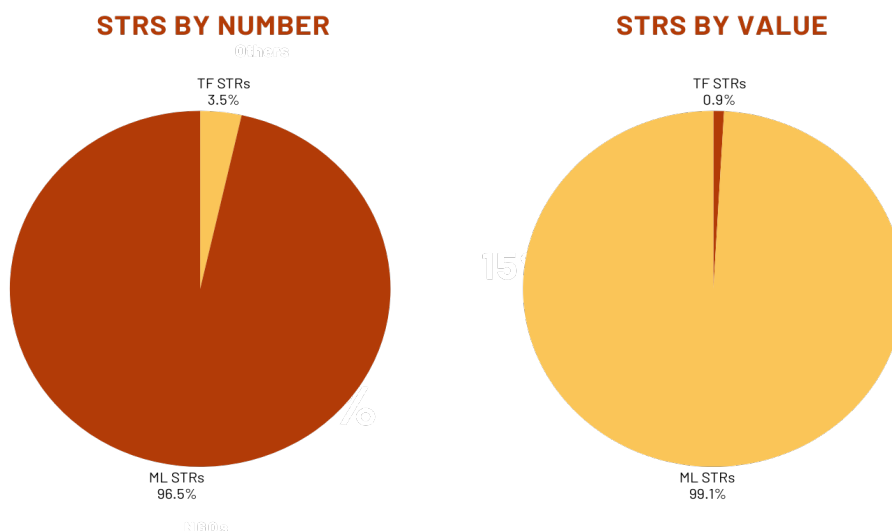
YEAR	2017	2018	2019	2020	TOTAL
Total No. of STRs	535	343	395	1,923	3,196
ML* STRs	428	304	330	1,922	2,984
TF** STRs	7	39	65	1	112
Total Value of STRs (in Php)	168,720,843,357.52	322,524,191,815.83	66,090,403,008.48	270,201,241,132.65	827,536,679,314.48
ML STRs *	168,670,845,841.23	322,470,720,778.54	66,038,489,431.30	270,201,175,132.65	827,381,231,183.72
TF STRs **	49,997,516.29	53,471,037.29	51,913,577.18	66,000.00	155,448,130.76

*ML STRs in this Table includes STRs related to ML unlawful activity, suspicious circumstance and for determination of predicate crime.

**TF STRs in this Table includes TF and terrorism-related STRs.

Despite the low number of reported incidents and the negligible financial impact, the government has imposed an overreaching, one-size-fits-all regulatory regime on the entire NPO sector. Instead of tailoring enforcement to the small subset of high-risk NPOs, the government's sweeping approach indiscriminately subjects a broad segment of the 64,087 registered NPOs to overregulation and the constant threat of targeted financial sanctions. As discussed in the previous section, this heavy-handed enforcement stifles organizations that serve vulnerable communities and undermines their ability to operate freely.

Figure 7. Suspicious transactions by number and by value



The “medium-low” terrorist financing (TF) risk assessment does not justify the sweeping application of punitive CTF measures. With only 18 NPOs identified in STRs related to terrorism and NPOs accounting for just **0.05%** of all STR activity, the evidence does not support the disproportionate restrictions imposed on the entire sector. This misguided enforcement is akin to wielding a sledgehammer to kill a fly—an overly aggressive approach that unnecessarily shrinks civic space and punishes legitimate CSOs.

Even by FATF standards, the Philippine government has failed to meet the basic benchmarks of proportionality and meaningful engagement under Recommendation 8, which emphasizes avoiding undue restrictions on NPOs and the need to consult the sector during national risk assessments. However, 83% of surveyed CSOs reported never being consulted. Even among the small minority (17%) who were consulted, only two-thirds actively participated, which suggests a limited and ineffective outreach strategy.

Prof. Ni Aoláin observed that greater focus should be directed toward verifiable cases of terrorist financing occurring outside the NPO sector, particularly in instances where state institutions and UN entities may themselves be susceptible to fund diversion.⁶¹ She noted that even the FATF's own 14-country survey indicated that “the abuse of the NPO sector by terrorist entities is, in the context of the global NPO sector, a *low-probability risk*.”⁶² The MENA-FATF mutual evaluation report of Saudi Arabia found that counter-financing of terrorism laws had been misused to “divert attention and resources to specious cases,” rather than focusing on more important cases of terrorism financing.⁶³

61 Prof. Fionnuala Ní Aoláin, *The Human Rights and Rule of Law Implications of Countering the Financing of Terrorism Measures*, 19.

62 Id., citing FATF, *International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation - The FATF Recommendations*, Interpretative Notes 31-115, 43 (Feb. 2012).

63 MENA-FATF, *Anti-Money Laundering and Counter-Terrorist Financing Measures: Saudi Arabia, Fourth Round Mutual Evaluation Report* (September 2018), para. 232, <https://www.fatf-gafi.org/media/fatf/documents/reports/mer/MER-Sau-di-Arabia-2018.pdf>.

Applying this observation to the Philippines, it is clear that empirically documented cases of terrorist financing outside the NPO sphere have been neglected, as law enforcement disproportionately targets CSOs engaged in development work, humanitarian aid, and human rights advocacy; instead of investigating high-value financial crimes in sectors with demonstrated TF risks. The AMLC's own data does not justify the regulatory crackdown on CSOs, especially when compared to the unaddressed risks in the POGO sector and politically connected entities with far greater financial footprints.

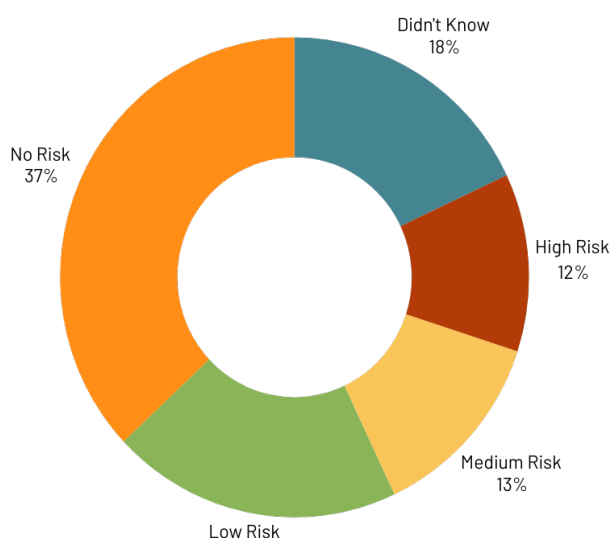
The lack of government engagement is further demonstrated by the fact that 92% of CSOs reported never being approached with advice or guidance about the potential misuse of funds. For the 8% who did receive guidance, most found it relevant (71%) and believed it could be effective (71%), yet this positive feedback remains untapped due to the government's failure to scale meaningful outreach. Without broad and sustained consultation, the regulatory framework remains disconnected from the realities and risks faced by the majority of NPOs.

This lack of consultation is compounded by limited awareness of key laws and regulations. While 65% of CSOs were aware of laws regarding fund misuse, many were only familiar with statutes (78%) and SEC memorandum circulars (58%), while fewer knew of relevant executive orders (32%), or issuances from the DILG (25%), or the PNP (17%). The fragmented awareness underscores the government's failure to disseminate information and provide consistent guidance across the sector.

CSOs themselves perceive minimal risk of misuse within the sector. In terms of money laundering risks, the majority of respondents identified themselves as low risk (28%) or no risk (37%), with only a small minority (9%) seeing themselves as high risk. Similarly, when asked about terrorist financing risks, most respondents perceived their organizations as low risk (20%) or no risk (37%), with only 12% viewing themselves as high risk. These findings highlight the disconnect between the government's narrative of heightened threats and the sector's actual risk levels.

Figure 8. Perceived risk of terrorism financing among surveyed CSOs

Perceived Risk of Terrorist Financing among CSOs



Targeting based on suspicion

In its 2022 Terrorism and Terrorism Financing Risk Assessment, the AMLC rated the threats and vulnerabilities posed by terrorism and terrorism financing as upper medium high and medium high, respectively, with a consequential impact rated as high. Although the overall terrorism and terrorism financing risk in the Philippines was downgraded from high to medium high, the continued characterization of inherent risks as high lacks clarity and appears to exaggerate threats within the NPO sector without supporting evidence.

The AMLC cited a 145% increase in STRs related to terrorism and TF in 2021 compared to 2020 and a 73% increase in the first semester of 2022 compared to the same period in 2021. However, when examined in context, these figures are misleading. According to the AMLC itself, STRs are filed “based on referrals from the AMLC, and/or other law enforcement agencies (LEAs), adverse news, rejected transactions, and pursuant to ATC designations despite having no transactions at the time of reporting.”⁶⁴ This reveals that STR submissions often reflect suspicions and administrative designations rather than unlawful financial activity, raising concerns about their reliability as indicators of genuine threats. Such approach further highlights the flawed practice of targeting groups and individuals based only on perceptions of association with designated terrorists.

The AMLC also reported that the majority of transactions suspected of being linked to terrorism and terrorism financing were coursed through money service businesses (MSBs) and pawnshops, which accounted for 61% of STRs in the previous 2021 assessment. This trend continued, with MSBs (including pawnshops) accounting for 89% of terrorism- and TF-related STRs during the 2022 assessment period. This statistic underscores a glaring contradiction: if most STRs involve MSBs and pawnshops, why were numerous asset freezes imposed on CSOs with bank accounts? The disproportionate targeting of CSOs confirms that the enforcement of CTF measures is not data-driven but politically motivated.

A notable surge in STRs occurred between September 2020 and 2022, which coincided with the enactment of the ATA and the ATC’s designation of groups like the CPP-NPA-NDF as terrorist organizations. The AMLC acknowledged that this increase “corresponds to the enactment or effectivity” of the ATA and “several designations of local threat groups.” The data, however, show that the rise in STRs was not driven by the detection of actual terrorist activity but by the broad application of the ATA, where administrative designations by the ATC triggered the *ex parte* exercise of bank inquiries and asset freezing.

Thus, STRs cannot be trusted as a reliable barometer of actual financial risks posed by NPOs, nor can they effectively combat terrorism financing as intended. In fact, as the following sections will illustrate, many cases of terrorism financing are built not on the presence of STRs, but on the basis of dubious or perjured testimonies from planted witnesses (typically so-called rebel returnees).

Ultimately, the government’s regulatory burdens and asset freezing are not based on credible evidence or tailored risk assessments. The disproportionate, one-size-fits-all strategy harms civil society, disrupts the operations of NPOs, and violates the standards of proportionality FATF itself prescribes under Recommendation 8. Far from protecting the sector from abuse, the government’s approach serves not only to restrict civic space and but also stifle social development.

64 AMLC, 2022 Terrorism and Terrorism Financing Risk Assessment, 12.

Different standards for the big fish and the small fry

The Philippine government's overregulation of the NPO sector sharply contrasts with its failure to address large-scale financial crimes, particularly those involving POGOs. The case of dismissed Bamban Mayor Alice Guo exposes this regulatory failure.

A Senate investigation revealed that Guo and several individuals orchestrated various illegal activities under the guise of POGO operations, including human trafficking, serious illegal detention, and online scam schemes through a cyber hub and a real estate developer. Despite red flags raised as early as 2020, including the escape of trafficked workers from the POGO operations, a freeze order would be issued by the Court of Appeals only on July 10, 2024—a mere eight days before Guo went fugitive. By then, large withdrawals of bank deposits had been made while real properties were already being disposed below market value.⁶⁵

Guo's operations involved multiple entities and transactions suspected of facilitating large-scale financial crime within an enterprise valued at Php7 billion or \$17 million (contrast this to the meager Php155,448,130.76 comprising the TF-related STRs from 2017-2020). However, these activities were not detected early enough despite the presence of a supposedly robust reporting system requiring covered persons to flag suspicious transactions.

While the AMLC's delayed response in Guo's case allowed large sums to escape oversight, NPOs working on humanitarian and development initiatives were swiftly targeted under the ATA and the TFPsA. CSOs experienced asset freezes based on mere allegations of terrorist financing, often without any concrete evidence of suspicious financial activity. This selective enforcement demonstrates a misapplication of resources, where authorities pursue politically motivated cases against CSOs instead of focusing on large-scale criminal networks like Guo's operations.

The Guo case reveals the inconsistencies in the application of FATF's standards. While the government is quick to impose harsh measures on NPOs for speculative or inexistent risks, it exhibits a lack of urgency and effectiveness when confronted with major financial threats. The AMLC's delayed response in the Guo case highlights a glaring contrast to its aggressive and often disproportionate actions against NPOs, which have contributed to the shrinking of civic space under the pretense of national security.

65 Transcript of stenographic notes on the interpellation of GWP Rep. Arlene Brosas on the 2025 proposed budget of the AMLC at the House of Representatives on September 18, 2024

KEY FINDING 4

FINANCIAL EXCLUSION AS THE COST OF COMPLIANCE



The rigid enforcement of FATF Recommendations across the financial sector has severely restricted CSOs’ access to banking services, financial transactions, and payment platforms. These measures, originally intended to curb money laundering and terrorist financing, have hindered CSOs from delivering humanitarian aid, sustaining essential programs, and advocating for marginalized communities. As a result, CSOs are increasingly facing account closures, transaction refusals, and excessive compliance burdens—effectively sidelining them from the financial system and impeding their critical work.

Table 2. Duties of banks per FATF Recommendations

FATF RECOMMENDATION	DUTIES OF BANKS
Recommendation 1: Assessing Risks and Applying a Risk-Based Approach	<ul style="list-style-type: none"> Identify, assess, and understand ML/TF risks. Apply proportionate measures: enhanced scrutiny for high-risk customers and simplified measures for low-risk customers.
Recommendation 5: Criminalization of Terrorist Financing	<ul style="list-style-type: none"> Prevent financing of terrorist organizations and individuals. Implement mechanisms to detect and report TF-related transactions. Ensure compliance with laws prohibiting movement of funds for terrorism.
Recommendation 10: Customer Due Diligence (CDD)	<ul style="list-style-type: none"> Conduct CDD when opening accounts, carrying out transactions above a threshold, or suspecting ML/TF. Verify identity of customers and beneficial owners. Assess the nature and risk level of customer activities.

Recommendation Correspondent Banking	13:	<ul style="list-style-type: none"> • Conduct enhanced due diligence (EDD) on correspondent banking relationships. • Assess risks and ensure foreign banks are not engaged in illicit activities. • Avoid relationships with shell banks.
Recommendation Wire Transfers	16:	<ul style="list-style-type: none"> • Ensure originator and beneficiary information is included in all wire transfers. • Apply enhanced scrutiny to suspicious transactions.
Recommendation Suspicious Transaction Reporting (STRs)	20:	<ul style="list-style-type: none"> • Report suspicious transactions to the Financial Intelligence Unit (FIU) such as the AMLC of the Philippines.
Recommendation Transparency of Legal Persons (Beneficial Ownership)	24:	<ul style="list-style-type: none"> • Identify and verify the ultimate beneficial owners (UBOs) of legal entities, including foundations, NGOs, and other non-profits.
Recommendation Transparency of Legal Arrangements	25:	<ul style="list-style-type: none"> • Conduct due diligence on legal arrangements such as trusts to ensure they are not being used for illicit purposes.
Recommendation Cash Couriers	32:	<ul style="list-style-type: none"> • Detect and prevent the movement of illicit funds across borders through bulk cash smuggling.
Recommendation International Cooperation	36:	<ul style="list-style-type: none"> • Comply with requests from foreign FIUs and law enforcement agencies for information sharing on potential ML/TF cases.

Under FATF Recommendation 1 (Risk-Based Approach), financial institutions are required to implement proportionate measures based on the actual risk level of a customer. However, in the Philippines, banks have instead treated CSOs as inherently high-risk entities, denying them financial services outright and subjecting them to undue scrutiny. This has led to the indiscriminate de-risking of the entire NPO sector—not on the basis of documented threats, but due to a broad definitional framework of terrorism and an expansive interpretation of assets subject to financial sanctions.

Following the designation of the CPP-NPA by the ATC and the issuance by the AMLC of a sanctions freeze order against the said groups, the BSP issued Circular Letter No. CL-2024-023⁶⁶ directing all BSP-supervised financial institutions (BSFIs) to freeze and preserve without delay property or funds, including *related accounts*, belonging to the designated terrorist individual/organizations: (a) those owned or controlled by them, which are *not limited to those that are directly related or can be tied to a particular terrorist act, plot, or threat*; (b) those wholly or jointly owned or controlled, directly or indirectly, by the designee; (c) those derived or generated from funds or other assets owned or controlled, directly or indirectly, by the designee; and (d) those of persons and entities acting on behalf or at the direction of designee. All covered institutions are also directed to submit a STR of all previous transactions of the designated persons within five days from effectivity of the sanctions freeze order.

Any person who directly or indirectly deals with any property or fund that they know or have reasonable grounds to believe is owned or controlled by designated persons—including assets merely suspected of being controlled or derived from such individuals—will face prosecution under the TFPSA. This prohibition extends not only to

66 AMLC Resolution No. TF-86, s. 2024.

financial institutions but also to ordinary citizens, businesses, service providers, and even humanitarian actors who may unknowingly or unintentionally engage in transactions with designated persons.

This warning creates a chilling effect on individuals and institutions who are now forced to second-guess every transaction for fear of unwittingly violating CT laws. Without clear and publicly available criteria for determining when a person or entity is considered “controlled” by a designated individual, the entire financial and economic landscape becomes a minefield where any interaction with certain individuals or organizations could lead to asset freezing or criminal prosecution for legitimate transactions including:

1. Humanitarian assistance to communities that may include individuals designated as terrorists;
2. Legal fees and medical expenses for detained individuals, even when permitted under Section 36 of the ATA;
3. Routine business transactions, such as payment for services, rent, or contractual obligations, if linked—even remotely—to designated persons; and
4. Donations to charities or religious organizations that have been falsely tagged as associated with designated groups.

Box 6. Case Study: Designated Peace Consultants Rey Claro Casambre and Vicente Ladlad



The case of a local commercial bank rejecting a wire transfer for NDFP peace consultant Rey Claro Casambre—an elderly political prisoner suffering from diabetes—demonstrates the inhumane application of financial restrictions under the ATA. When a relative in the United States attempted to send money to cover his urgent medical needs, the Philippine bank blocked the wire transfer outright, despite the sender’s full transparency about the purpose of the funds.

This raises concerns about the lack of clarity on the implementation of humanitarian exemptions under Section 36 of the ATA. The law expressly allows designated individuals to withdraw funds for essential sustenance, legal representation, and medical expenses. However, in this instance, the bank erred on the side of extreme caution, effectively denying Casambre access to life-saving medical assistance.

A similar case befell Vicente Ladlad, another NDFP peace consultant and elderly political prisoner, who suffers from chronic pulmonary illness. Ladlad’s only bank account was frozen under a sanctioned freeze order. The sole source of his funds was the compensation he received as a martial law victim—both from the Human Rights Victims’ Claims Board (HRVCB) and a successful class suit filed in the U.S. on behalf of victims. These funds were meant to acknowledge the injustices he endured, including his own imprisonment and the enforced disappearance of his first wife, Leticia Pascual Ladlad, in 1975.

His wife, Fides Lim, denounced the asset freeze as “immoral and reprehensible.” In a letter to then BSP Governor Benjamin Diokno and concurrent chair of the AMLC, Lim noted: “This latest government action of freezing his legal compensation is a gross injustice that

compounds the dark history of Martial Law and victimizes the victim anew with greater suffering.” She appealed to him that lifting the freeze will “rectify this injustice and assure humanitarian support for his pressing medical needs.”⁶⁷ The letter was referred to the AMLC, but no response was received.

Their cases illustrate the harsh impact of financial exclusion, where banks, out of extreme caution, contribute to the hardship faced by designated individuals. By strictly enforcing financial restrictions without fully considering the humanitarian exemptions allowed under the ATA, banks risk deepening the impact of targeted financial sanctions.

By casting such a wide net, the Philippine government has created an instrument of economic suppression that isolates individuals and organizations politically targeted by the state, regardless of whether they are actually involved in illicit activity. It is in this regard that some of the petitioners against the ATA challenged its provisions on targeted financial sanctions as a form of punishment without trial.

Banks have also been granted a wide latitude of discretion to identify and freeze related accounts without clear parameters, safeguards, or due process. The language of Circular Letter No. CL-2024-023 allows banks to conclusively determine accounts as linked to a designated entity without any legal or evidentiary threshold or clear parameters. This is deeply problematic, as it essentially deputizes private financial institutions with the power to enforce financial sanctions in the absence of court proceedings or direct evidence linking an account to terrorist financing.

Moreover, as previously discussed, STRs are unreliable indicators of actual unlawful activity. The freeze orders do not require properties to be “tied to a particular terrorist act, plot, or threat,” meaning that assets may be frozen purely based on association rather than proven involvement in financing terrorism. In fact, banks are only required to file STRs after the issuance of a freeze order, effectively allowing transactions that were previously deemed legitimate to be retroactively classified as suspicious simply due to their connection to a designated individual.

By outsourcing enforcement of targeted financial sanctions to private financial institutions, the Philippine government has effectively granted banks *de facto* police powers over asset freezes. This co-optation of banks into the state’s counter-terrorism apparatus does not only violate the principle of due process but also reinforces the systematic financial exclusion of CSOs.

In a pending case of asset freezing and civil forfeiture, banks froze a total of 15 accounts belonging to two NPOs, concluding that they were “related accounts” simply because they shared similar names and had a prior transaction involving a small subsidy transfer. In another case, a bank extended the freeze order beyond its intended scope, freezing not only the deposits of the Mindanao-based NPO named in the order, but also that of a local counterpart in Visayas—all because they have similar names. The petition for civil forfeiture filed against both NPOs does not allege any material connection between them nor their bank deposits. The bank also mixed up their addresses.

Both cases were initiated at the request of the NICA, relying on claims from so-called rebel returnees who also serve as witnesses in many other cases. As a result of the freezing and preservation of their bank accounts, local staff suddenly lost their salaries. Under one of the affected programs, children from low-income families were left

67 Vic Ladlad’s wife to AMLC: Lift ‘immoral, unjust’ freeze order on bank accounts, Rappler.com, 5 June 2021, <https://www.rappler.com/philippines/vicente-ladlad-wife-appeal-amlc-lift-immoral-freeze-order-on-bank-account/> (Last accessed 12 February 2025).

without their stipends for food and school expenses.

Hence, instead of conducting risk-based assessments, financial institutions are applying blanket prohibitions that treat all designated entities and related parties as guilty by association. This has led to the widespread freezing of accounts belonging to a wide range of NPOs engaged in humanitarian and development work, severely disrupting their ability to provide essential services.

A zero-risk mentality

Banks in the Philippines are increasingly resorting to blanket de-risking instead of assessing and managing actual risks over their bank deposits. Thirty-three per cent (33%) of the survey respondents reported experiencing new requirements from banks, with a large majority (74%) expressing reservations in complying. Several respondents further shared sudden account closures, excessive compliance requirements, and paralyzing delays in funding, which led them struggling to pay staff and keep programs running.

Under Recommendation 10 (Customer Due Diligence or CDD), banks are required to verify the legitimacy of account holders and assess risk. However, in practice, NPOs face an undue burden of excessive scrutiny. Instead of applying a risk-based approach, banks adopt a *de facto* policy of suspicion toward NPOs, frequently demanding detailed disclosures of funding sources, donor information, operational partners, and programmatic activities.

The impact of these measures is far from mere inconvenience since it actively obstructs the ability of NPOs to operate. Routine transactions, such as updating signatories, can take months due to compliance hurdles or additional requirements. Some banks have repeatedly required the submission of the same compliance documents, forcing NPOs into an unending bureaucratic loop that drains time, resources, and personnel capacity. In several documented cases, NPOs have even been denied banking services outright without explanation.

For instance, PDG, an NGO that has played a critical role in poverty alleviation in Negros, found its 20-year relationship with its bank in Kabankalan City coming to an abrupt end after its staff members received subpoenas over alleged violations of the TFPSA. The bank sent a letter stating that PDG's three bank accounts had been closed, citing a provision of its "Closure of Accounts" policy. As the closure coincided with the filing of the criminal complaint, the lack of any prior warnings, or irregularities in PDG's financial transactions strongly suggests that it was a targeted or politically charged move and not a routine banking decision.

Box 7. Case Study: A labor rights organization facing bank de-risking

A labor rights organization that has operated since the 1980s, providing education, legal assistance, and advocacy for workers, has encountered sudden and shifting banking requirements. In October 2023, during a routine transaction, bank staff informed them that new AMLC compliance rules required them to submit additional documents, including proof of fund utilization, a business permit, a general information sheet (GIS), audited financial statements (AFS), and an SEC online portal form—requirements that have never previously imposed.

Despite complying with these demands in November 2023, the organization faced another hurdle in December 2024 when it attempted to change its bank signatory. The bank

introduced an additional requirement: certification from the Philippine Council for NGO Certification (PCNC), which is intended for tax-exempt accreditation rather than general banking transactions. By January 2025, bank personnel insisted that the PCNC certificate had become the “number one requirement” set by the Bangko Sentral ng Pilipinas (BSP), effectively preventing them from updating their signatory.

This evolving regulatory burden echoes the organization’s history of state harassment, including red-tagging, surveillance, and public vilification. In June 2022, it was red-tagged on a televised program linked to a government task force. Prior to 2023, it had never been required to submit annual reports to justify its use of funds, raising concerns that these banking restrictions add another layer of suppression against labor rights advocacy.

Similarly, the Ecumenical Institute for Labor Education and Research (EILER), an NPO committed to strengthening trade unions and independent labor associations through research and training, decided to close its bank account in 2021 after failing to submit a PCNC accreditation, which its bank had been requiring. Since it was only a small non-profit that provides free services to poor workers, the additional costs of obtaining PCNC accreditation was burdensome to EILER, making compliance with the bank requirement financially unfeasible. At least two other labor organizations, including Kilusang Mayo Uno (KMU) and Balai Obrero, have faced the same financial restriction.

Another clear case of overcompliance occurred with the CDRC, whose bank account was frozen under a preventive freeze order due to a fund transfer from LCDE, one of its regional partners in the Visayas. Under Section 11 of the TFPSA, a preventive freeze order automatically expires after 20 days unless extended by court order. In a petition filed by CDRC with the Court of Appeals to challenge the freezing, the AMLC manifested that it does not oppose the automatic expiration of the freeze order on CDRC’s account. In a separate petition with the Court of Appeals, the AMLC has been granted an extension for the freeze order but only as it applied to LCDE’s account, not to CDRC’s. However, the bank continued to keep CDRC’s account frozen for an additional 121 days beyond the original expiration period. When CDRC staff attempted to access their funds, the bank refused to lift the freeze without an explicit directive from the AMLC.

Financial restrictions have disproportionately impacted grassroots organizations led by or serving women. Law Center, Inc., an NGO that provides free legal and psychosocial services to women victims of abuse, reported difficulty keeping up with the overwhelming documentary requirements from both their banks and the BIR, leading to their organization being labeled as “not in good standing.” Similarly, Women Enablers Advocates & Volunteers for Empowering & Responsive Solutions, Inc. (WEAVERS) recently received a letter from their bank asking them to submit detailed operational reports, a move interpreted as excessive and potentially discriminatory. Women’s Resource Center of Visayas, Inc. (WRCV), an NGO that provides support services to organizing and education work among grassroots women, reported a sudden increase in demands for documentation, particularly regarding funding sources and bank accounts, leading to their classification as “high risk” due to non-compliance.

The fallacy of FATF’s risk-based approach

Under FATF Recommendation 24, financial institutions are required to identify and verify the beneficial owners of legal persons, including corporations, foundations, and NPOs, to prevent their misuse for illicit purposes such as money laundering and terrorism financing. This recommendation mandates that countries implement adequate, accurate, and up-to-date beneficial ownership registries, ensuring that authorities have access to information on who ultimately controls an entity.

In the Philippines, SEC MC 1, s. 2021, issued on January 27, 2021, established mandatory disclosure requirements to enhance beneficial ownership transparency. Under this framework, a “beneficial owner” is defined as a natural person who ultimately owns or controls a corporation, partnership, or other juridical entity, has at least 25% ownership or voting rights (directly or indirectly), exercises effective control over an entity’s management, or derives substantial economic benefits from its activities.

The guidelines apply to domestic corporations, one-person corporations (OPCs), partnerships, associations, and foundations registered with the SEC, excluding publicly listed companies and their subsidiaries. Covered entities must submit a Declaration of Beneficial Ownership (DBO) identifying their ultimate beneficial owners, detailing their full name, date of birth, nationality, address, nature of ownership, extent of interest, and chain of ownership if controlled by another corporation or trust. Entities are required to maintain an updated record of beneficial ownership for at least five years and make this information accessible to regulatory authorities.

Corporations must also include beneficial ownership information in their General Information Sheet (GIS), which must be submitted annually within 30 days of their stockholders’ meeting. The SEC has the authority to request additional information, conduct investigations, and impose penalties for non-compliance, including monetary fines, revocation of SEC registration, and criminal liability under the AMLA for those found concealing ownership to facilitate financial crimes.

The application of beneficial ownership transparency raises serious concerns. The concept of beneficial ownership was originally designed to prevent individuals from hiding illicit wealth behind layers of corporate structures. However, applying this framework to NPOs assumes that these organizations function like businesses, despite their non-commercial or mission-driven nature.

In a corporate setting, beneficial ownership rules require financial institutions to identify those who ultimately own or control a company’s assets. But NPOs do not have owners—their funds are meant to serve public interest goals, not private financial gain. Even if trustees exercise governance, they do not hold a proprietary interest over the assets of the NPOs. Conflating governance with ownership fundamentally misapplies corporate transparency rules to NPOs and subjects them to unnecessary financial scrutiny and invasive monitoring.

This misapplication is particularly dangerous in the Philippine context, where red-tagging and financial repression have led to egregious human rights violations. Labeling board members as “beneficial owners” creates an avenue to implicate NPOs in criminal offenses merely because one of their officers has been designated or accused—even without any proof of actual wrongdoing. This has already been seen in the case of the Cordillera Peoples’ Alliance (CPA) where its bank accounts were frozen based solely on the terrorist designation of its chairperson.

Box 8. Cordillera People’s Alliance

The Cordillera Peoples Alliance (CPA) is a federation of progressive peoples and grassroots organizations in the Cordillera region. Since its founding in 1984, the CPA has been a leading voice in advancing indigenous people’s rights, playing a key role in securing constitutional provisions on ancestral land and regional autonomy in the 1987 Philippine Constitution and contributing to the UN Declaration on the Rights of Indigenous Peoples. CPA has received awards such as the Gawad Bayani ng Kalikasan and South Korea’s International Eco Water Award for its environmental and human rights work. Some of CPA’s leaders also received international recognition for their work, such as the prestigious

Gwangju Prize for Human Rights (Joanna Carino, 2019) and the Right Livelihood Award (Joan Carling, 2024).

Despite its achievements, the CPA has struggled against state harassment in the form of red-tagging, trumped-up charges, extrajudicial killings and enforced disappearances against many of its officers and members. On 7 June 2023, the ATC issued Resolution No. 41, designating four CPA leaders: Windel Bolinget (Chairperson), Steve Tauli (Regional Council member), Sarah Abellon-Alikes (Peoples' Welfare Commission), and Jennifer Awingan-Taggaoa for allegedly providing material support and recruiting to the CPP-NPA. Bolinget was one among the many petitioners who questioned the constitutionality of the ATA before the Supreme Court. Their fears on the impacts of ATA were proven true after they were designated terrorists.



Following the terrorist designation, AMLC issued Resolution No. TF-67, which froze CPA's bank accounts along with personal accounts of the designees, including payroll and loan accounts of their family members.

In the petition filed by the CPA with the Court of Appeals to question the freeze order, the OSG, as counsel for the AMLC, said during a hearing that the sanctions freeze order is indefinite in effect. It also stated that the basis for the freeze order was the beneficial ownership information in CPA's bank and SEC records naming Bolinget, a designated person, as its chairperson. No other basis was provided to justify the freeze order, with the OSG invoking national security over the information concerning the finding of probable cause against the designated individuals.

The Court of Appeals dismissed CPA's petition, ruling that CPA was not an "aggrieved party" under the law and was "effectively and ultimately controlled" by Bolinget, whom the ATC had designated as a terrorist. CPA has appealed this decision before the Supreme Court. In the meantime, the CPA activists have also filed a separate petition before the RTC of Baguio City to question the constitutionality of administrative designation under the ATA.

The prolonged freezing of CPA's bank accounts has not only limited access to funds needed for its human rights education, disaster response, advocacy programs and other services for indigenous communities and marginalized sectors; it has also inflicted severe economic hardship on its designated officers, staff, and their families. Deprived of resources for their daily living expenses, they face further distress as the freeze order extends to a car loan account and the payroll account of a designee's spouse. CPA members also continue to endure intensified red-tagging and surveillance, including the alarming presence of armed police officers in plainclothes at court hearings.

As seen in the cases of CPA and CDRC, several designations have justified sweeping asset freezing on entire organizations, even in the absence of any evidence of terrorism financing. Such actions amount to collective punishment without due process, which undermines both the presumption of innocence and the rule of law. Furthermore, legal remedies under the ATA and TFPSA have been shown to be ineffective. For instance, despite the crippling effects of the sanctions freeze order on CPA, it was still not deemed an "aggrieved party," and was effectively denied the legal standing to challenge the order.

As CPA's experience demonstrates, rather than using Recommendation 24 to combat actual financial crime, Philippine authorities and financial institutions have weaponized it to impose blanket asset freezes on NPOs simply because one officer or trustee has been designated as a terrorist. This practice wrongly applies the principle of guilt by association, punishing entire organizations without requiring any proven link between their financial transactions and illicit activities. As a result, an NPO can be sanctioned not for any wrongdoing of its own but solely for having an officer arbitrarily designated.

The mandatory disclosure of beneficial ownership information not only restricts NPOs from fulfilling their mandates but also exposes them to heightened risks of state-led repression. By centralizing such information in government registries, authorities gain a convenient tool to track, surveil, and ultimately target organizations based on their leadership structures and affiliations. This has enabled the arbitrary freezing of assets under the pretense of combating terrorism financing (CTF).

Ultimately, compliance with beneficial ownership transparency has become a litmus test for state-defined "legitimacy" rather than a safeguard against financing terrorism. Organizations engaged in development work, humanitarian aid, or human rights advocacy—especially those serving marginalized communities—are disproportionately scrutinized and penalized, despite a glaring lack of empirical evidence linking them to illicit activities.

At its core, this approach disregards the principles of necessity and proportionality, which FATF itself prescribes under Recommendation 8. Instead of applying targeted measures based on risk assessments, authorities have used financial tools into a mechanism to suppress dissent, control narratives, and weaken grassroots organizations that challenge state policies. The result is a chilling effect on civic space, where NPOs are not only deprived of access to funds but are also forced to operate under constant fear of being stripped of their resources at a moment's notice.

KEY FINDING 5

CRIMINALIZING CIVIL SOCIETY AS PAPER COMPLIANCE



The sharp increase in terrorism financing cases in the Philippines is a direct consequence of the government's strategic objectives outlined in EO No. 33, s. 2023. In an attempt to bolster its performance metrics on CTF enforcement, the government has aggressively filed a wave of charges against a variety of civil society actors, inflating prosecution numbers to demonstrate compliance with FATF Recommendations. Criminal complaints have driven an alarming surge in legal actions targeting CSOs, faith-based organizations, development workers, and human rights defenders. According to available data, terrorism financing cases skyrocketed from just 14 in 2023 to 66 in 2024—a staggering 371% increase.

Among the publicly known cases pending before various prosecutorial offices of the DOJ and designated anti-terror courts in Regional Trial Courts (RTCs) are those involving former and current staff or council members of development and human rights NGOs such as RMP-NMR (16 individuals), CERNET (24 individuals and CERNET itself as a corporation), PDG (two individuals), Kaduami (three individuals), CPA (one individual) and LCDE (one individual). Other individuals facing terrorism financing charges include community journalists (Frenchie Mae Cumpio and Deo Montesclaros), a lay worker (Mariel Domequil), a peasant organizer (Isabelo Adviento), human rights defenders (Jackie Valencia and Agnes Mesina), and even ordinary citizens such as human resource staff Alaiza Mari Lemita, and sari-sari store owner Marcylyn Pilala.

A state-backed industry of fake witnesses

The dramatic rise in terrorism financing cases in the Philippines is not the result of improved intelligence gathering or inter-agency coordination; it is a direct consequence of the state's deliberate strategy of fabricating evidence and politically motivated prosecution. A crucial element of this campaign is the government's reliance on coerced testimonies from so-called "former rebels" (FRs) or "rebel returnees"—many of whom are either government

informants seeking financial rewards, individuals forced into submission under duress, or outright fabricated identities created to inflate the numbers of “surrenderees.”

At the heart of this scheme are the Task Force Balik Loob and the Enhanced Comprehensive Local Integration Program (E-CLIP), government initiatives supposedly designed to reintegrate former rebels into society by providing them with financial assistance, livelihood opportunities, and other benefits. However, E-CLIP has instead become a vast state-sponsored racket, where corruption, forced surrenders, and the mass production of professional witnesses fuel fraudulent terrorism charges.

The NTF-ELCAC has systematically built a network of paid witnesses from various sources, including individuals who allegedly surrendered and agreed to testify in exchange for financial incentives under E-CLIP, residents of militarized communities who were forced to “surrender” *en masse* under threat of violence or reprisal, and political prisoners coerced into testifying against fellow activists in exchange for the dropping of charges or better prison conditions.

Several political prisoners have reported receiving unwanted visits from NTF-ELCAC operatives in prison and being pressured to sever their lawyer-client relationship with the National Union of Peoples’ Lawyers (NUPL) or their counsel of choice—actions that not only constitute psychological or mental torture, but also violate the fundamental right to legal representation. Similar tactics were evident in the abduction and torture of environmental defenders Jonila Castro and Jhed Tamano, who were coerced into making false public statements before ultimately exposing the circumstances of their disappearance.

Under the DILG Memorandum No. 2019-125, each FR is assigned a monetary value, making it profitable for security forces to produce as many FRs as possible.⁶⁸ Between 2018 and 2019 alone, records show that over ₱165.4 million was spent on E-CLIP beneficiaries. However, reports from communities reveal that many supposed rebel returnees received little or none of this money, with the bulk allegedly pocketed by military officers and local officials. In one particularly brazen case, a photoshopped image of “rebel returnees” during the alleged surrender of 306 FRs in Masbate surfaced online.⁶⁹ Entire barangays were also reportedly forced into mass surrender ceremonies, with some residents receiving only ₱5,000 or nothing at all.⁷⁰

The testimonies of some alleged rebel returnees have led to the filing of many criminal and civil actions in court against CSOs, development workers, human rights defenders, and community organizers. For instance, the accusations against Kaduami staff Petronila Guzman, Lenville Salvador, and Myrna Zapanta are based entirely on the testimonies of two alleged rebel returnees, one of whom, Avelino Dacanay, was previously an activist and peasant leader. Dacanay, the former chair of the Solidarity of Peasants to Stop Exploitation (STOP-EX), claims to have been a member of the CPP-NPA before he took an oath of allegiance facilitated by the AFP. The second witness, Melchor Gabayan, surrendered as an alleged NPA militia and is now an officer in the paramilitary group CAFGU.

68 ₱65,000 in total per FR (₱15,000 immediate assistance, ₱50,000 livelihood assistance); ₱21,000 per FR given to PNP units or LGUs for “board and lodging”; and firearm rewards ranging from ₱12,000 to ₱210,000 per surrendered firearm, with some LGUs offering even higher incentives.

69 Aika Rey, Netizens call out Army for ‘photoshopped’ image of communist surrenderers, Rappler, 27 December 2019, available at: <https://www.rappler.com/newsbreak/inside-track/248052-philippine-army-photoshopped-communist-surrenderers/> (Last accessed 13 February 2025).

70 College Editors Guild of the Philippines, Pekeng surrenderers at pangungurakot sa ilalim ng enhanced comprehensive local integration program, 24 October 2019, available at: <https://www.facebook.com/100068519713596/posts/10156316429090458/> (Last accessed February 13, 2025). See also Gabriel Pabico Lalu, Congress urged to probe possible corruption in ‘fake’ rebel returnees, Philippine Daily Inquirer, December 28, 2019, available at: <https://newsinfo.inquirer.net/1206851/groups-ask-congress-to-probe-possible-corruption-in-fake-rebel-returnees#ixzz907vcdVqk> (Last accessed 13 February 2025).

Box 9. Case Study: Community Empowerment Resource Network, Inc.

The Community Empowerment Resource Network, Inc. (CERNET) is a Cebu-based network of nine humanitarian and development NGOs that has supported grassroots initiatives through small project funding since 2001. For its extensive work in marginalized communities, CERNET and its member organizations have been targets of red-tagging. In one instance, Brig. Gen. Joey Escanillas, commander of the 302nd Brigade, 3rd Infantry Division, who filed the complaint, said in a press briefing that only a small percentage of the PHP 300 million CERNET has raised since 2012 had been received by the underprivileged.⁷¹

In May 2023, a criminal complaint was filed accusing CERNET and 27 of its former staff and council members (collectively, “CERNET 27”) of participating in, or allowing by gross negligence the commission of terrorism financing and making available funds or property to designated persons under Sections 8(ii) and 9 of the TFPSA. In May 2024, all 27 (including three who are already deceased), together with CERNET, were indicted by the DOJ Counter-Terrorism Task Force before the RTC of Cebu City. Twenty-two of them have posted bail and are now undergoing trial.

According to CERNET, the key witness in the case, Bernabe Nieves, has a history that immediately calls into question the credibility of his allegations. Nieves was employed by CERNET in July 2006 but was terminated in November 2012 after he was caught lying about a chronic illness to claim more benefits, and receiving money from the military in exchange for information on CERNET’s project proposals. His testimony claims that, in September 2012, CERNET disbursed PHP 135,000 to the NPA in Sta. Catalina, Negros Oriental, through another witness, a rebel returnee in the person of Hermosila Apao Villamor.

Nieves is not the only questionable witness in this case. The complainant is also presenting testimonies from three others, some of whom claim to have been former NPA guerillas who had surrendered to the government. In the counter-affidavits they filed during the preliminary investigation, CERNET and the other respondents, have pointed out that not a single one has any known direct connection to CERNET’s leadership or financial transactions.

Since October 2023, CERNET’s bank account has been frozen. Due to this, it could no longer support small projects involving more than 200 people’s organizations in the Visayas. It is currently focused on the legal battles in defense of the “CERNET 27.”

Gliceria Balangiao is a former activist turned professional state witness, repeatedly deployed by the state to implicate CSOs and individuals in terrorism-related cases. Originally affiliated with progressive groups advocating for indigenous and peasant rights, Balangiao was abducted along with her mother on 11 February 2019.⁷² However, she later resurfaced as a rebel returnee under the custody of the military. Since then, she has testified in multiple cases, providing template-style allegations that mirror those in other politically motivated cases. Her “cut-and-paste” testimonies have been used in at least one ongoing prosecution for financing terrorism and two civil forfeiture proceedings targeting a total of 10 religious groups and development NGOs whose bank accounts were subjected to asset freezing.

71 SunStar, Cebu NGO seeks dismissal of terrorism complaint, 23 September 2023, available at: <https://www.sunstar.com.ph/cebu/local-news/cebu-ngo-seeks-dismissal-of-terrorism-complaint> (Last accessed 14 February 2025).

72 Alwen Saliring, Groups condemn ‘illegal detention’ of 2 activists, SunStar, 19 February 2019, available at: <https://www.sunstar.com.ph/cagayan-de-oro/local-news/groups-condemn-illegal-detention-of-2-activists> (Last accessed 13 February 2025).

Alma Gabin, another known professional witness, has repeatedly provided recycled testimonies across multiple cases, including the NTF-ELCAC's disqualification case against GWP before the Comelec, the terrorism financing charges against journalist Frenchie Mae Cumpio and lay worker Mariel Domequil, and most recently, against LCDE Executive Director Jazmin Aguisanda-Jerusalem. In each instance, Gabin claims to have been a high-ranking officer of the Eastern Visayas Regional Party Committee of the CPP, allegedly recruited as a student at UP Tacloban College. She is now reportedly the president of a rebel returnees' association. LCDE staff have reported that she has been pressuring them to issue statements against their own organization, further exposing the coercive tactics used to manufacture evidence in terrorism-related cases.

The credibility of witnesses like Gliceria Balangiao and Alma Gabin have come under intense scrutiny, particularly as human rights organizations such as Karapatan Alliance Philippines (Karapatan) have condemned the coercion and intimidation of supposed rebel returnees into testifying against their former colleagues. Karapatan and other human rights defenders have denounced the perjured testimonies of professional witnesses, arguing that these cases are part of a systematic effort to suppress activism and silence dissent through lawfare.⁷³

The material benefits and current livelihoods of these witnesses further cast doubt on their impartiality. For example, Jackielyn Ann Elaco, Balangiao's fellow witness in a number of cases, is now an adviser at Bukidnon Kauban sa Kalinaw (Bukas Kalinaw), an NGO that claims to facilitate dialogue in conflict-affected areas but was revitalized in 2023 after an assembly convened by the 403rd Infantry Peacemaker Brigade of the 4th Infantry Division—a clear indicator of its military affiliation.⁷⁴ Moreover, Elaco is a member of Sambayanan,⁷⁵ a national organization of alleged former rebels created by the NTF-ELCAC and self-proclaimed ex-NPA member Jeffrey Celiz, who has been instrumental in red-tagging CSOs and individuals. That Elaco now holds a position in a military-linked NGO and is affiliated with a group that has actively participated in state-backed propaganda campaigns raises serious questions about her reliability as a witness.

The pattern of coercing former activists into becoming state witnesses, along with the financial incentives and the positions they are offered in military-backed organizations, suggests a deliberate effort to manufacture evidence to justify terrorism-related charges. These professional witnesses are part of a well-oiled mechanism aimed at criminalizing dissent and delegitimizing CSOs through fabricated legal actions.

Dirty tactics

Despite the AMLC's insistence that there are no quotas for terrorism financing cases,⁷⁶ the complaint for violation of the TFPSA filed against three staff of Katinulong Daguiti Umili Ti Amianan (Kaduami) exposed the existence of a government initiative called "Project Exit the Grey List." This initiative appears to be a targeted campaign aimed at inflating counterterrorism prosecution numbers to secure the Philippines' removal from the FATF Grey List.

Evidence of this initiative was found in the criminal complaint against Kaduami staff, which included a memorandum from the PNP Criminal Investigation and Detection Group Regional Field Unit (CIDG RFU) 1. The memorandum requested a "bio-profile/holdings" of Kaduami staff member Myrna Zapanta, explicitly citing Project Exit the Grey List as a reference. This suggests that, rather than being the result of genuine financial

73 Karapatan, Stop the political persecution of the Rural Missionaries of the Philippines!, November 30, 2023, available at: https://www.karapatan.org/media_release/karapatan-stop-the-political-persecution-of-the-rural-missionaries-of-the-philippines/ (Last accessed 13 February 2025).

74 See <https://www.bukaskalinaw.com/about-us/> (Last accessed 14 February 2025).

75 John Rey Saavedra, Ex-Cebu rebels form sectoral groups to counter CPP-NPA-NDF lies, Philippine News Agency, March 9, 2022, available at: <https://www.pna.gov.ph/articles/1169386> (Last accessed 14 February 2025).

76 TSN, *supra* note 67.

investigations, cases are being pre-configured and arbitrarily filed to serve a political agenda that prioritizes FATF compliance over justice.

The DOJ has been a willing enforcer of this aggressive crackdown. DOJ Secretary Jesus Crispin Remulla has publicly exhorted the DOJ Task Force on Counter-Terrorism and Terrorism Financing to go the “extra mile” to convict financiers of terrorism, vowing, “We will never stop running after terrorists who continue to sow fear among our communities, you have no place in our society.” In a press conference announcing the indictment of CERNET 27, he called prosecutors “the modern-day peacekeepers of our Bagong Pilipinas” and issued an ominous warning: “This serves as a very serious warning to those who continue to aid or support terrorism in any way—you will face extreme consequences as harsh as those met by the terrorists themselves. Either you are with us in safeguarding the welfare of our children and future generations, or none at all. The choice is up to you.”⁷⁷

Pursuant to this aggressive stance, the DOJ touted its first conviction under the TFPSA in the “RMP-NMR 16” case, despite the deeply questionable manner in which it was obtained. On March 16, 2023, the Public Attorney’s Office (PAO) presented Angelie Z. Magdua, one of the accused, before the RTC of Iligan City for arraignment. Instead of going to trial, the DOJ secured a plea bargain, reducing Magdua’s charge and classifying her as an accessory rather than a principal offender. The court then found Magdua guilty on 55 counts of terrorism financing, imposing a lesser penalty due to her alleged voluntary surrender in December 2022.⁷⁸

However, human rights lawyers have denounced this conviction as a hollow victory designed to bypass a full judicial process and scrutiny of evidence. The Union of People’s Lawyers in Mindanao (UPLM) criticized the DOJ’s “desperation” in securing a conviction through plea bargaining instead of trial, warning that it placed Magdua’s 15 co-accused, who include nuns and a human rights lawyer, in jeopardy. They pointed out that the DOJ had no grand announcement of Magdua’s so-called surrender, which is unusual for cases involving alleged terrorists, suggesting that the DOJ strategically avoided a full trial to prevent cross-examination of its evidence and witnesses.⁷⁹ UPLM further emphasized that Magdua’s guilty plea does not validate the charges against RMP members, nor does it justify the continued persecution of humanitarian workers who have provided essential services to marginalized communities. Instead, it serves as a warning sign of the government’s increasing willingness to manipulate legal procedures to criminalize dissent.⁸⁰

The campaign to file charges has increasingly expanded beyond traditional targets, now ensnaring individuals with tenuous connections to activism or dissent. For instance, Alaiza Mari Lemita, a non-teaching staff in a state university, is facing a complaint under the TFPSA based on the dubious claim that she once provided food—two sacks of cooked rice and adobo—to alleged rebels in 2017. This accusation is based solely on the testimony of a so-called rebel returnee, who also alleged that Lemita gave them PHP50,000. Lemita has strongly denied the charges, emphasizing that she was a full-time psychology student at Batangas State University at the time of the alleged offense, with school records proving she never took a leave of absence.

Lemita’s ordeal is part of a long history of state harassment against her family. Her father and uncle, both members of a fisherfolk advocacy group, have been red-tagged since 2014, facing unlawful searches, arrests, and accusations of being CPP-NPA members. This persecution culminated in the extrajudicial killing of her sister,

77 DOJ, Go the extra mile in going after financiers of terrorism, Remulla says, available at: https://doj.gov.ph/news_article.html?newsid=H4JPcLZXXOuITi4heCBUetO9yLflooDOODotVLLjh_U (Last accessed 14 February 2025).

78 Llanesca Panti, Lawyers group slams conviction of cashier over terror financing sans trial, GMA News Online, 31 March 2023, available at: <https://www.gmanetwork.com/news/topstories/nation/865688/lawyers-group-slams-conviction-of-cashier-over-terror-financing-sans-trial/story/> (Last accessed 15 February 2024).

79 MindaNews, UPLM slams DOJ on Magdua’s conviction without trial, 3 April 2023, available at: <https://mindanews.com/top-stories/2023/04/uplm-slams-doj-on-magduas-conviction-without-trial/> (Last accessed 14 February 2025).

80 Panti, *supra* note 11.

Ana Mariz “Chai” Lemita-Evangelista, and her brother-in-law, Ariel Evangelista, during the “Bloody Sunday” raids of March 2021. The current case against her is only the latest in a series of attempts to falsely accuse her of being an NPA member and implicate her in alleged clashes with the military. All previous cases, except for those that have been revived and refiled, had been dismissed for lack of evidence.⁸¹

Similarly, Marcylyn Pilala, a small sari-sari store owner, faces terrorism financing allegations after being accused of handling PHP100,000 meant for the NPA in 2020. Like Lemita, the case is based solely on military witnesses’ statements. Pilala, once an activist during her college years, has since distanced herself from political involvement to focus on her family and mental health. She has vehemently denied the accusations, providing bank records as proof that she never received such funds. She believes that law enforcers are targeting her precisely because she is an ordinary citizen, one they assume cannot fight back.⁸²

Given these patterns, it was hardly unexpected—yet still deeply troubling—when LCDE Executive Director Jazmin Aguisanda-Jerusalem, an award-winning development worker, was indicted for terrorism financing even after the original criminal complaint against her had already been dismissed. On 12 February 2025, the Tacloban City RTC issued a warrant of arrest against Jerusalem, who is currently the spokesperson of the Defend NGOs Alliance, a network of CSOs pushing back against repressive CTF measures in the Philippines.

The Office of the City Prosecutor of Tacloban had initially found that the evidence against Aguisanda was insufficient, noting that the primary witnesses against her were former rebels, including Alma Gabin. In its earlier resolution, the prosecutor ruled that the testimonies of Gabin and other rebel returnees, as alleged co-conspirators, were inadmissible unless there was independent proof of conspiracy. However, the complainant from the CIDG RFU 8 filed a motion for reconsideration. The sudden reversal of the case, despite no new independent evidence establishing Aguisanda’s alleged conspiracy, raises serious concerns about the susceptibility of legal processes to political pressure.

Box 10. Case Study: Frenchie Mae Cumpio and Mariel Domequil

Frenchie Mae Cumpio is a journalist and broadcaster known for her critical reporting on military and police abuses in Eastern Visayas. She is the executive director of Eastern Vista, an alternative news website, and an anchor for a program on Aksyon Radyo Tacloban DYVL 819. Mariel Domequil is a community organizer and lay worker with the RMP. A former student leader at UP Visayas Tacloban College, she has been actively involved in women’s rights advocacy with GABRIELA Youth - Metro Tacloban.



On 7 February 2020, police raided their office in Tacloban City based on a search warrant. Authorities claimed to have discovered firearms, ammunition, and a grenade—items that Cumpio and Domequil insist were planted to justify their arrests. The police also seized cash from a box they forcibly opened. This money, which was part of a humanitarian fund they raised for Stand for Samar, a disaster relief initiative, was not listed in the search warrant.

On 28 May 2020, the AMLC issued Resolution No. TF-27, ordering a 20-day freeze on

81 Jairo Bolledo, Under Marcos Jr., terror cases on the rise against ‘easy targets,’ Rappler.com, 22 November 2024, available at: <https://www.rappler.com/newsbreak/in-depth/ferdinand-marcos-jr-terror-cases-rise-easy-targets/> (Last accessed 14 February 2025).

82 Id.

the seized money. A complaint for making funds or property available to designated persons was later filed against Cumpio and Domequil, based on a sworn statement from Lex Mika Bustillo and Jason Rafales, alleged rebel returnees who claimed to have seen them delivering funds and logistical supplies to NPA members in March 2019. They were indicted and are currently on trial at the RTC of Tacloban City, where Alma Gabin was among the prosecution's witnesses.

The AMLC also filed a civil forfeiture case against them at the RTC of Manila. During the trial, an AMLC financial investigator testified that no STRs were detected on Cumpio and Domequil, as they do not have bank accounts. However, relying on Bustillo's testimony, the court ruled in favor of the government. In their appeal, Cumpio and Domequil are questioning the retroactive application of the CPP-NPA's designation on 9 December 2020, given that the alleged incident occurred before the ATC was granted the *ex parte* power to designate under the ATA.

Human rights groups and press freedom advocates all over the world have condemned the trumped-up charges against Cumpio and Domequil. Nobel Peace Prize laureate Maria Ressa highlighted Cumpio's case in her 2022 Nobel lecture, while UN Special Rapporteur Irene Khan, after visiting them in detention, called the charges "retaliation" for Cumpio's work as a journalist.

There have also been repeated instances of intimidation targeting litigants, lawyers, and witnesses defending against designation and trumped-up terrorism financing cases. The NUPL, which represents the four CPA activists in the legal challenge against their designation as terrorists, has reported persistent surveillance by armed men in plainclothes. During hearings at the Baguio City Hall of Justice, individuals carrying firearms were seen monitoring the proceedings, taking photographs and videos of lawyers, CPA activists, and their supporters inside the court. One of the men, who was later apprehended, was identified as a member of the Baguio City PNP – Station 7.

In one of the hearings, unidentified women were seen distributing flyers outside the courthouse, accusing the CPA of deceiving the courts and the public and urging vigilance against "communist terrorist fronts." The flyers were signed by an entity called Nagkakaisang Samahan para sa Kapayapaan at Kaunlaran. Shockingly, the women admitted that they had been paid PHP 500 each by the NTF-ELCAC to distribute the flyers on that day.

The intimidation also extends to witnesses, particularly those who testify in defense of individuals accused of terrorism financing. Joselito Macapobre, a fisherfolk leader in Cauayan, Negros Occidental, has endured harassment after executing a sworn affidavit supporting a staff member of the PDG who is facing terrorism financing charges. In June 2023, a barangay kagawad informed him that the military had requested his presence at the barangay hall. The following day, while traveling home, two men on a motorcycle closely followed him along a hilly road, forcing him to seek refuge at the barangay hall for his safety. The harassment escalated when, the next day, while Macapobre was away, three armed men in civilian clothing forcibly entered his home. One intruder, wearing a bonnet and carrying a firearm, interrogated Macapobre's wife about his whereabouts and searched their bedroom for an "NPA bag." They warned that if Macapobre did not recant his statement, a case would be filed against him as well. Neighbors later identified one of the armed intruders as a military officer who had previously visited the area.

The baseless nature of these cases can be gleaned from recent dismissals by investigating prosecutors and judges, who have repeatedly cited insufficient evidence or failure to establish the fundamental elements of

terrorism and terrorism-related offenses. In November 2023, the Office of the City Prosecutor of Antipolo City dismissed the complaint against youth activists Kenneth Rementilla and Jasmin Yvette Rubia, who were accused of providing material support to a terrorist simply for attending the wake of a child killed by the military during an operation. The complainant failed to prove that their presence at the wake or their transportation arrangements constituted material support.

Similarly, the Office of the City Prosecutor of Santa Rosa, Laguna, dismissed terrorism, attempted murder, and other charges against human rights defender Hailey Pecayo, citing lack of evidence, unreliable witness testimonies, and inconsistencies in identification. The case relied on statements from alleged former rebels, but prosecutors found that the witnesses failed to correctly identify the respondents as the perpetrators, who were not adequately described by their physical features. It was noted that since the incident occurred during the alleged ambush in a forested area, “familiarity with the faces of the malefactors is entirely nil.”⁸³

Similarly, in September 2024, the RTC of Malolos City dismissed the terrorism charges against Makabayan secretary general Nathaniel Santiago, Anakpawis campaign director Servillano “Jun” Luna, Jr., ASCENT convenor and development worker Rosario Brenda Gonzalez, and Bulacan Ecumenical Forum volunteer lay worker Anasusa San Gabriel for lack of probable cause. The cases stemmed from their alleged participation in an armed encounter between the NPA and the 84th Infantry Battalion of the Philippine Army in Barangay San Fernando, Laur, Nueva Ecija in October 2023.

A month prior to the dismissal of Adrian Paul Tagle and Fritz Labiano’s case in June 2024, the RTC of Batangas City had dismissed the terrorism financing charges against labor unionist Rhonel Alconera for insufficiency of evidence. Alconera is the second president of the Unyon ng mga Panadero in Gardenia Philippines-Olalia-KMU. In a complaint filed by the 2nd Infantry Division of the Philippine Army, so-called rebel returnees alleged that Alconera provided P4 million and equipment to the NPA in 2019. The said witnesses were former workers at the Coca-Cola plant in Laguna, one of whom is also an NTF-ELCAC agent.



83 Joahna Lei Casilao, Antipolo prosecutors junks terrorism complaint vs 2 students, GMA News, 23 November 2023, available at: <https://www.gmanetwork.com/news/topstories/regions/889361/antipolo-prosecutors-junks-terrorism-complaint-vs-2-students/story/> (Last accessed 14 February 2025).

It also bears noting that the fabrication of criminal cases has disproportionately targeted women. Majority of those accused in terrorism financing cases are women development workers and human rights defenders, such as Frenchie Mae Cumpio and Mariel Domequil; Sr. Emma Teresa Cupin, Sr. Mary Jane Caspillo, Czarina Golda Musni, Hanelyn Cespedes, Jhona Stokes, Mary Louise Dumas, and Aileen Villarosa of “RMP-NMR 16”; Estrella Flores-Catarata, Geraldine Labradores, Ester Delfin, Evelyn Abella, Nancy Ugsad Estoloso, Rebecca Quimada-Sienes, Dulce Pia Rose, Maria Ira Pamat, Dr. Petty De Castro, Crescenciana Labitad, Cristina Muñoz, Teresa Claire Alicaba, Alma Ravacio Garcia, and Katrina Genturales Coloso of “CERNET 27”; Alaiza Mari Lemita; Marcylyn Pilala; Perla Pavillar of PDG; Petronila Guzman and Myrna Zapanta of Kaduami; Sarah Abellon-Alikes of CPA; and, Jazmin Aguisanda-Jerusalem of LCDE.

Whether or not this is by deliberate design, the CTF strategy of escalating prosecutions has had clearly gendered effects. In Eastern Visayas, there is now one less woman in the field of broadcast journalism and human rights reporting, following the arrest and detention of Frenchie Mae Cumpio. Her absence has created a void in independent news coverage, particularly in reporting on military and police abuses. The imprisonment and prosecution of other women development workers and rights defenders have not only disrupted the delivery of services and efforts at community empowerment, but also dismantled the leadership of women in civic space. As a result, the women’s hard-won place in activism, journalism, and humanitarian work is also being eroded.

The re-filing of dismissed cases, reliance on perjured or coerced testimonies from government informants, pressure on prosecutors to secure convictions at any cost, and the harassment of witnesses and litigants inside and outside the courtroom all point to a deliberate effort to fabricate terrorism financing cases rather than investigate genuine offenses. The Philippine government’s aggressive campaign to comply with FATF mandates has turned counter-terrorism enforcement into a numbers-driven exercise, where civil society organizations and individuals engaged in legitimate advocacy become the primary casualties of politically motivated prosecutions.

This misuse of legal mechanisms for political repression has dire and far-reaching consequences, not only for those facing fabricated charges but also for civil society as a whole. The fear of being arbitrarily accused, subjected to prolonged detention, or dragged into the hardship of legal battles creates a chilling effect on many CSOs, development workers, and human rights defenders. It also burdens the judiciary with baseless cases.

These cases demonstrate that the government’s inflated statistics on terrorism financing do not indicate improved counterterrorism measures, but rather a deeply entrenched system of lawfare and abuse of power.

KEY FINDING 6

MARGINALIZING HUMAN RIGHTS AND ERODING DUE PROCESS



The domestic CTF architecture in the Philippines directly conflicts with fundamental due process rights, as enshrined in the 1987 Philippine Constitution and international human rights law. Aside from casting a wide net over protected freedoms because of the vague and broad definitions under the ATA and the TFPsA, both laws also provide the ATC and the AMLC with unbridled powers to designate terrorists behind closed doors, conduct secret inquiries into bank accounts and freeze assets. As these measures are executed *ex parte*, affected individuals and organizations are not informed until after their designation has been published or their assets have been frozen, leaving them without any opportunity to contest the action before it takes effect.

Unbridled power of designation

One of the most controversial provisions of the ATA is administrative designation—the power of the ATC to unilaterally declare an individual or organization as a terrorist entity. This was challenged before the Supreme Court in *Calleja v. Executive Secretary*,⁸⁴ where Retired Justice Rosmari Carandang warned that this mechanism lacked the necessary legal safeguards.

Under Section 25 of the ATA, the second and third modes of designation allow the ATC to either adopt foreign terrorist designations or designate individuals based on its own determination. The Supreme Court struck down the second mode, ruling that the automatic adoption of foreign designations violated due process and gave the ATC unbridled discretion in granting requests for designation. However, the third mode—administrative designation by the ATC itself—narrowly survived by a vote of eight-seven. Many of the petitioners argued for its unconstitutionality, echoing Justice Carandang’s concerns about the lack of clear standards and procedural safeguards.

84 *Calleja*, *supra* note 35.

The third mode of designation, which grants the ATC the authority to unilaterally designate individuals and organizations as terrorists, is a peculiar and extraordinary executive function that fails to meet constitutional due process standards. As Justice Rosmari Carandang warned in the *Calleja* ruling, this mechanism lacks easily discernible criteria, is overbroad, and fails the strict scrutiny test—making it ripe for abuse and arbitrary enforcement.

According to Justice Carandang, the third mode of designation under the ATA is unconstitutional because it fails the strict scrutiny test. It is not the least restrictive means to achieve the state's interest in counterterrorism, nor is it narrowly tailored to prevent abuse. She opined that, rather than designating individuals and organizations without judicial oversight, a less intrusive and more legally sound alternative would be the use of an internal watchlist or intelligence monitoring system. There are also no adequate procedural safeguards nor remedies to correct an erroneous designation under the third mode, which creates a chilling effect on free speech and related rights, while leaving innocent individuals vulnerable to wrongful designation and its severe consequences.

Designation can have the same practical effects as proscription chilling free speech, political expression, and legitimate advocacy. As Justice Carandang further noted, designation under Section 25 of the ATA does not only impact the individual or organization designated, but also extends its reach to third parties. It creates risks for donors, supporters, and even humanitarian workers who may face criminal prosecution for allegedly providing material support to a designated person or entity—even if that designation was made unilaterally by the ATC without judicial oversight.

Unlike established determinations of probable cause in criminal law, which are either executive (for filing charges) or judicial (for issuing arrest warrants), designation by the ATC does not lead to either of these recognized determinations. It does not result in the filing of a formal charge in court, nor any requirement to present evidence before a judge. It also does not trigger a judicial determination of probable cause, which is necessary before issuing a warrant of arrest. Instead, the ATC's designation operates in a legal gray area, allowing severe consequences such as asset freezes, civil forfeitures and public labeling as a terrorist—without a single court hearing.

The ATA and its Implementing Rules and Regulations (IRR) do not provide clear, objective standards for determining probable cause in designation. Rule 6.3 of the IRR vaguely states that the ATC “shall adopt mechanisms to collect or solicit information” to identify individuals or entities for designation based on “reasonable grounds of suspicion”—a far lower threshold than what is required in criminal proceedings. There are no guidelines specifying the weight or reliability of evidence needed, nor are there independent checks to verify the accuracy of intelligence reports before designation.

This lack of standards has two critical consequences. First, the ATC is given the *carte blanche* authority to designate anyone. Since the ATC itself determines what qualifies as sufficient probable cause, there are no checks on its decision-making power. Unlike in criminal cases, where public prosecutors are required to follow publicly known and established protocols for filing charges (including case buildup), the ATC operates with a completely opaque procedural framework, leaving its designations highly discretionary and susceptible to political abuse.

Second, this bears a chilling effect on free speech. The vague nature of designation creates an atmosphere of fear and self-censorship, particularly among activists, journalists, and CSOs that engage in human rights work. This effectively mirrors the consequences of proscription but without the procedural protections that accompany judicial oversight.

The ATA does not offer sufficient safeguards for wrongful designation, such that once an individual or organization is labeled as a terrorist, they are left with few meaningful options for redress. The remedy of delisting by the ATC under Rule 6 of the ATA IRR is inadequate or ineffective, considering the limited grounds for delisting⁸⁵ and the low likelihood that the same body responsible for the designation will reverse its decision.

On the other hand, the judicial remedy of petition for *certiorari* before the Court of Appeals under Rule 2 of Administrative Matter (A.M.) No. 22-02-19-SC (Rules on the ATA of 2020 and Related Laws or ATA Rules) requires proving grave abuse of discretion based on gross misapprehension of facts or misappreciation of law—a legal threshold that may be difficult to meet, especially without access to the very evidence that led to the designation. In practice, as seen in the case of the CPA activists, the ATC routinely invokes the confidentiality of intelligence reports and undisclosed sources for national security reasons, thereby depriving petitioners of the ability to mount an effective challenge.

Box 11. Case Study: Windel Bolinget, Sarah Abellon-Alikes,

Jennifer Awingan-Taggaoa, and Stephen Tauli

On 7 June 2023, the ATC issued Resolution No. 41 (2023) designating CPA activists Bolinget, Alikes, Taggaoa, and Tauli as terrorists based on a purported finding of probable cause. The designation was published in The Manila Times on 10 July 2023, and in the Official Gazette on 19 July 2023—without prior notice or an opportunity for them to be heard. The CPA activists only became aware of their designation when they were informed that their bank accounts had been frozen under an AMLC order (Resolution No. TF-67, 2023), prompting them to file a Verified Request for Delisting before the ATC on 21 July 2023.

As indigenous rights advocates, the four activists have already faced red-tagging, surveillance, and criminal charges—the latest one being a complaint for financing terrorism against Alikes. On 30 August 2023, the ATC rejected their delisting request, vaguely claiming that they failed to substantiate their allegations while providing no explanation or disclosure of the evidence used against them.

The CPA activists then filed a petition for *certiorari* and prohibition before the RTC of Baguio City, arguing that the ATC's power of designation is unconstitutional, and their designation constituted grave abuse of discretion for lack of legal and factual basis. The

⁸⁵ Rule 6.9. Request for delisting. For designations made under Rule 6.2 and Rule 6.3, a designated party or its assigns or successors-in-interest may file a verified request for delisting before the ATC within fifteen (15) days from publication of the designation.

A request for delisting may be filed as often as the grounds therefor exist. However, no request for delisting may be filed within six (6) months from the time of denial of a prior request for delisting.

The request shall set forth the grounds for delisting, as follows:

- a. mistaken identity;
- b. relevant and significant change of facts or circumstance;
- c. newly discovered evidence;
- d. death of a designated person;
- e. dissolution or liquidation of designated organizations, associations, or groups of persons; or
- f. any other circumstance which would show that the basis for designation no longer exists.

For designations made under Rule 6.2, the request for delisting shall be accompanied by proof of delisting by the foreign jurisdiction or supranational jurisdiction.

For designations made under Rule 6.1, the ATC may *motu proprio* or upon request of a designated person file a petition for delisting with the appropriate committee of the UNSC. The petition for delisting may also be filed directly by the designated person pursuant to the rules established by the appropriate UNSC committee.

The ATC shall be responsible for posting of the updated UNSC procedures for delisting and access to frozen funds setting forth the web links and addresses of the relevant UNSC committee responsible for acting on delisting requests and access to frozen funds.

petition was raffled to the Baguio City RTC Branch 7 and was filed under the usual procedures for *certiorari* and prohibition cases in the Rules of Court since the SC at the time had not yet promulgated the SC Rules on ATA Cases.

After the petitioners completed their presentation of evidence, the OSG, representing the ATC, informed the court that it would present four key witnesses, including high-ranking police and military officials and a former rebel. The OSG sought Judge Cecilia Corazon Dulay-Archog's approval to present these witnesses in an *ex parte* proceeding. To justify this, the OSG cited Executive Order No. 608 (2007), which sets up a national security clearance system for government personnel with access to sensitive state information.

Judge Archog questioned whether it was legally and procedurally sound to allow intelligence operatives to testify while concealing their identities. She further said that it was the government's responsibility—not the petitioners'—to prove that the ATC did not commit grave abuse of discretion in issuing the designation.⁸⁶ On the basis of this statement, the OSG later alleged bias in a motion for inhibition against the judge.

Petitioners' legal counsel strongly opposed the OSG's request, arguing that excluding the petitioners from the proceedings violated their fundamental right to due process, and raised serious concerns about the credibility of anonymous witnesses. Judge Archog suggested that ATC members themselves testify to explain the basis for the designation and justify why the delisting request was denied instead of relying on secret witnesses.

The OSG subsequently filed a motion for inhibition, citing the judge's statement on the burden of proof. Although Judge Archog rejected the OSG's claims as baseless, she ultimately recused herself from the case, reasoning that denying the motion might reinforce perceptions of bias.⁸⁷

Rule 7 of the ATA Rules attempts to provide a framework for handling classified evidence involving national security and state secrets. It allows courts to examine the classified evidence used by the ATC, AMLC, DOJ, or law enforcement agencies to establish probable cause while attempting to balance national security concerns with due process rights. However, the rule permits the government to present modified, processed, redacted, or summarized versions of such evidence, which can still limit the ability of the designees to fully scrutinize the claims against them. If the evidence cannot be redacted without compromising national security, the courts are tasked with assessing its value and weight independently without input from the affected parties.

The broad discretion given to the government in classifying evidence as a national security matter also places an undue burden on the courts to determine, on an *ad hoc* basis, whether such classification is justified. Unlike jurisdictions with robust freedom of information laws that provide clear statutory standards for classifying and declassifying government documents, the Philippines currently lacks a comprehensive legislative framework governing access to official information. Without a clear legal basis for evaluating state secrecy claims, courts are left to resolve these issues on a case-by-case basis.

The impact of restricted access to evidence is recognized by international standards on access to information in human rights cases. The Tshwane Principles, an international framework on national security and the right to

86 Vincent Cabreza, Judge seeks clarity on witnesses in terror case vs Baguio activists, *Philippine Daily Inquirer*, 27 September 2024, available at: <https://newsinfo.inquirer.net/1987406/judge-seeks-clarity-on-confidential-witnesses-in-terror-case-vs-baguio-activists#ixzz90PjXqAU> (Last accessed 16 February 2024).

87 Sherwin De Vera, Judge inhibits in case challenging terrorist designation, *Northern Dispatch*, 14 November 2024, available at: <https://nordis.net/2024/11/14/article/news/judge-inhibits-in-case-challenging-terrorist-designation-of-cordillera-activists/> (Last accessed 15 February 2025).

information, emphasize that victims of human rights violations must have access to information when seeking redress. Principle 10 specifically provides that “states may not withhold information needed to establish violations of human rights or humanitarian law” and that national security cannot be invoked to prevent accountability for such violations. In contrast, the ATA framework allows the state to withhold or heavily redact intelligence reports without clear safeguards to ensure that affected individuals can challenge the allegations against them.

While Rule 7 acknowledges the need for courts to ensure that any derogation from constitutional rights is necessary and proportionate, the reality is that the secrecy surrounding designations and financial sanctions severely limits the ability of petitioners to exercise their right to effective judicial protection. In effect, designated individuals and organizations face an almost insurmountable challenge in proving their innocence in the current legal environment. They are essentially fighting a case blindfolded.

Beyond the evidentiary burden, petitioners face severe procedural hurdles that render this remedy illusory in practice. The 20-day deadline for filing a petition for *certiorari* is significantly shorter than the 60-day period under the general rules on *certiorari*. Given the complexity of counterterrorism cases, 20 days is insufficient to identify legal counsel, and gather the necessary evidence. The 20-day countdown begins from whichever publication comes first, whether in a newspaper of general circulation, the online official gazette, or the ATC’s official website, placing the burden on the designated person to constantly monitor multiple sources daily. This creates a serious risk of missing the window to file a petition, particularly for individuals in detention or in rural areas with limited access to legal resources and news updates.

Taken together, these mechanisms fail to provide meaningful or timely remedies for designated individuals and organizations. They establish a procedural framework that appears to offer relief but, in practice, renders designations effectively irreversible. By keeping delisting decisions solely within the ATC’s discretion, imposing short deadlines for judicial review, and restricting access to critical evidence, the system is heavily skewed against those seeking to clear their name. Wrongful designation under the ATA, thus, operates as a grievous punishment with an exceptionally difficult path to exoneration.

Draconian financial sanctions

Under Section 11 of the TFPSA, the AMLC has the authority to issue a freeze order on assets without prior notice, either on its own initiative or upon the request of the ATC. If issued as a preventive order (as opposed to a sanctions freeze order), this can take immediate effect and remain in place for up to 20 days, during which the affected party has the right to file a petition with the Court of Appeals challenging the freeze order. If the AMLC petitions for an extension before the 20-day period expires, the freeze order can be extended for up to six months upon the approval of the Court of Appeals.

A sanctions freeze order, unlike a regular freeze order under Section 11 of the TFPSA, has an indefinite effect and does not require an extension from the Court of Appeals. This means that once imposed, the freeze order remains in force until the basis for its issuance is lifted, without any clear mechanism for periodic review. An example of this is the freeze order issued on the bank accounts of the CPA activists, as well as related accounts belonging to the CPA and some of their family members, which were frozen without a fixed expiration period.

However, the scope and nature of a sanctions freeze order remain unclear. The third paragraph of Section 11 states that the AMLC is authorized to issue freeze orders to comply with binding UN Security Council resolutions, including UNSCR 1373, but it does not define what differentiates a sanctions freeze order from a standard

freeze order under the TFPSA. While an aggrieved party may file a petition with the Court of Appeals within 20 days to challenge the basis of the freeze order, this provision does not specify whether such challenges are subject to the same standards for judicial review as ordinary freeze orders or if different criteria apply.

The lack of clear guidelines on what constitutes a sanctions freeze order brings serious concerns about transparency and due process. Without defined parameters, affected individuals and organizations face significant legal uncertainty, as they may be subject to indefinite asset freezes with no clear mechanism for review or reversal.

In practice, this framework severely undermines fundamental due process rights. The law does not require prior notice before freezing a person's assets hence, the affected individuals or entities only learn about the freeze order when they attempt to access their bank accounts. This lack of notification creates a major procedural disadvantage, as the 20-day deadline for filing a petition to challenge the freeze order starts running even before the asset owner is aware of it. During the FGDs, CSOs that have experienced asset freezes reported that they were only informed of the restriction when they tried to conduct banking transactions, making it nearly impossible to prepare a legal challenge within the prescribed timeframe.

In the case of the CPA, the Court of Appeals dismissed their petition to lift the freeze order on its bank accounts based solely on beneficial ownership information provided by the bank. The Court did not inquire into the validity of the freeze order nor assess the accuracy of the allegations that led to its issuance. This demonstrates how the findings of the AMLC may be accepted without sufficient and independent scrutiny.

While the Court of Appeals' decision was made in accordance with the existing legal framework, it reflects a broader issue: the lack of meaningful safeguards to prevent arbitrary financial sanctions. The AMLC's power to freeze assets *ex parte*, as well as the absence of clear judicial standards to assess the sufficiency of evidence, results in a system that effectively allows unverified allegations to trigger severe financial restrictions. Without access to the evidence used against them, affected parties are left to challenge accusations they cannot even examine. Needless to say, this violates the fundamental principle of due process.

Moreover, the alignment of the TFPSA with international counterterrorism measures, particularly UNSCR 1373, further exacerbates the issue. The provision allowing indefinite asset freezing to comply with international obligations means that even if no formal charges are filed, the targeted financial sanctions against an individual or organization can remain indefinitely. FATF Recommendation 6, which permits the use of intelligence sources and classified materials in terrorism financing cases, enables the government to withhold key evidence from designated individuals and organizations under the guise of national security. As discussed, this blanket invocation of secrecy shields targeted financial sanctions from meaningful judicial review and leaves affected parties without an effective legal remedy.

Hence, both the ATA and TFPSA have created a system of financial repression that is functionally irreversible in many cases. The failure to ensure prompt notification, the restricted ability to challenge asset freezing in court, and the absence of clear judicial standards for reviewing freeze orders contribute to a framework where CSOs and individuals can suffer crippling financial restrictions based on unverified accusations. They are often left with no meaningful opportunity to defend themselves which undermines the very essence of due process and even erodes confidence in the rule of law.

The complicity of global bodies



Philippine CSOs are not experiencing such egregious violations of the fundamental right to due process in isolation. This is a larger, systemic problem at the global level, where international counterterrorism and financial regulatory bodies operate with little regard for human rights and the rule of law.

UNSCR 1373 was adopted in the wake of the 9/11 attacks to curb terrorism financing. However, as noted by Prof. Ni Aoláin, the resolution did not explicitly adopt the definition of “terrorist acts” from the Terrorism Financing Convention.⁸⁸ This omission has led to inconsistent interpretations across national legal systems, many of which have enacted broad, vague, and overreaching definitions of terrorism.

To reiterate, while the Terrorism Financing Convention defines “terrorist acts” as offenses within twelve specific international conventions, UNSCR 1373 instead mandates states to criminalize terrorist financing without specifying what acts qualify as terrorism. This legal ambiguity has led to states developing their own definitions, creating a fragmented global framework in which certain acts or organizations may be considered “terrorist” in one jurisdiction but not in another. The absence of a uniform definition has given rise to myriad concerns about legal precision and the potential for misuse.

UNSCR 1373 not only criminalizes the financing of terrorism but also expands liability by prohibiting states from providing “any form of support, active or passive, to entities or persons involved in terrorist acts.” This includes the suppression of recruitment for terrorist groups and the prevention of the supply of weapons to terrorists. The resolution also bars individuals and entities from making funds available—directly or indirectly—for the benefit of persons involved in terrorism.

Notably, no humanitarian exemptions or exceptions are provided for in the resolution. This has led to instances where CSOs and humanitarian groups have been inadvertently caught in CTF measures. In countries with overly broad counterterrorism laws, advocacy groups and charities have faced sanctions under the guise of CTF, despite lacking any connection to terrorism and violent extremism.

⁸⁸ Ni Aoláin, *supra* note 63, 4.

The definitional gaps in UNSCR 1373 contribute to due process violations in two key ways. First, since there is no universally agreed-upon definition of terrorism, states have significant discretion in designating individuals, groups, and even entire movements as “terrorist.” In many cases, these designations are made without clear evidence or an independent judicial review. The result is that individuals and organizations can face severe financial restrictions and travel bans without a fair hearing or an opportunity to contest the designation.

Second, UNSCR 1373 resolution allows states to withhold key evidence on the basis of national security. This has been reinforced by Financial Action Task Force (FATF) Recommendation 6, which permits the use of closed-source intelligence to justify targeted financial sanctions. As a result, those found to be “financiers” of terrorism often lack access to the allegations and evidence against them, making it nearly impossible to mount an effective legal defense. The invocation of security concerns as a blanket justification for secrecy insulates CTF measures from meaningful judicial scrutiny.

In 2019, UN Security Council Resolution 2462 was adopted under Chapter VII of the UN Charter, building upon the Terrorism Financing Convention and UNSCR 1373. UNSCR 2462 calls on states to criminalize terrorist financing and prevent, freeze, or disrupt financial services linked to terrorism. Notably, it expands the definition of terrorist financing to include not just the direct or indirect provision of funds for specific attacks, but also any financial support for terrorist organizations or individuals, *even if no link to a particular terrorist act exists*. This broad scope means that recruitment, training, or travel-related expenses could be considered terrorism financing offenses.

The resolution also strongly urges states to implement FATF standards. These expanded obligations have led to increased financial oversight and regulatory scrutiny in many states, including enhanced monitoring by financial institutions and stricter compliance measures on NPOs, including in the Philippines.

However, UNSCR 2462 lacks explicit safeguards to prevent human rights abuses. While it acknowledges that states must act “in conformity with international law,” it fails to provide exemptions for humanitarian assistance, free speech expression, or other protected activities. This omission has led some governments to prioritize compliance with CTF mandates over their human rights obligations.

Prof. Ní Aoláin has also expressed serious concerns about the quasi-legislative and quasi-judicial role of the UN Security Council in creating binding CTF obligations. Unlike treaty law, where states negotiate, ratify, and consent to obligations, UN Security Council resolutions under Chapter VII become immediately binding on all UN member states without a consultative process. This top-down approach to norm creation has far-reaching consequences, particularly when counterterrorism measures conflict with human rights obligations.⁸⁹

As stressed by the former Special Rapporteur, the UN Security Council’s growing tendency to legislate on counterterrorism, without broad participation from the international community, affected groups, or civil society actors, has created normative challenges. The lack of transparency and accountability in these processes has resulted in grievous concerns about state sovereignty and the risk of rights violations. Moreover, states’ obligations under these resolutions often extend beyond those enumerated under treaty law, further complicating the balance between counterterrorism enforcement and fundamental rights. This is further aggravated by the fact that the global CTF regime, particularly UNSCR 1372 and 2462, do not have a sunset clause, allowing measures to persist indefinitely without periodic review or opportunities for redress.

89 Id. at 10.

Despite increasing state repression and violence against civil society, human rights organizations continue to work, often at great risk, to protect fundamental freedoms and counter political violence. Some CSOs have collaborated with UN experts or special procedure mandate holders to advocate for more inclusive engagement with the UN on counterterrorism policies. However, the role of civil society in counterterrorism remains highly contested among UN member states.

In recent years, some UN bodies, including the UN Security Council and the UN Office of Counter-Terrorism (UNOCT), have made efforts to engage civil society in discussions on counterterrorism issues. Despite these initiatives, UN counterterrorism decision-making remains largely opaque, and its engagement with civil society is often inconsistent, *ad hoc*, and shaped by member states' interests. Many CSOs perceive these engagements as tokenistic "tick box" exercises that primarily benefit well-resourced organizations, limiting meaningful participation from smaller, grassroots groups that are most affected by counterterrorism policies.⁹⁰

The UNOCT has been actively conducting training sessions for Philippine government agencies, including the ATC, purportedly to ensure that counterterrorism measures comply with international human rights standards. But these initiatives have been criticized as a form of "blue-washing," where repressive laws are legitimized through international engagements. While framed as efforts to align counterterrorism policies with human rights norms, these trainings do little to address the fundamental flaws in how counterterrorism laws are implemented in the Philippines.

The primary concern remains to be the repressive nature of these laws and the manner in which they are enforced. Compliance with FATF recommendations continues to take precedence over human rights protections, with the Philippine government prioritizing its removal from the FATF Grey List at all costs, even at the expense of fundamental freedoms.

Questions have also been raised regarding the transparency of FATF assessments and reviews, as well as the lack of inclusivity in its decision-making processes by international CSOs, including the International Center for Not-for-Profit Law (ICNL) and the European Center for Not-for-Profit Law (ECNL). Meaningful reforms, however, have been slow to materialize. The global counterterrorism framework continues to prioritize security-based compliance over human rights protections, reinforcing patterns of state repression under the guise of counterterrorism. Without concrete accountability measures and genuine efforts to safeguard civil liberties, these international mechanisms will continue to enable, rather than curb, human rights violations.

The Philippine experience is a direct consequence of the global counterterrorism legal regime established by the UN Security Council and the FATF. Both have created binding CTF obligations without clear definitions or meaningful checks or safeguards. The absence of humanitarian exemptions, and the inability of affected individuals and organizations to effectively challenge financial restrictions have led to widespread abuses, particularly against CSOs, development workers and human rights defenders. Without urgent reforms that restore respect for due process, CTF measures will continue to function as instruments of repression, silencing dissent, chilling advocacy, and undermining the very democratic values they claim to protect.

90 Global Center on Cooperative Security and Rights & Security International, Independent Civil Society–UN Counterterrorism Engagement: A Scoping Report, xii.

CONCLUSION



The findings of this civil society report reveal a disturbing pattern of state overreach in counterterrorism and CTF enforcement in the Philippines. The misuse of vague and overly broad definitions under the ATA and the TFPSA has created a legal framework where CSOs, human rights defenders, and marginalized groups are disproportionately targeted. Administrative designations and financial sanctions, executed without prior notice or meaningful judicial review, have left affected individuals and organizations without a genuine avenue to redress. The sheer lack of transparency, reliance on secret intelligence reports, and undisclosed sources, has systematically deprived petitioners of their right to due process.

Rather than focusing enforcement efforts on high-risk financial crimes, Philippine authorities have resorted to using CTF mechanisms as a tool to suppress dissent and restrict civic space. This is evident in the mass red-tagging, asset freezing, and criminalization of NPOs that serve vulnerable communities. The lack of proportionality in enforcement is particularly striking when juxtaposed against the government's weak response to large-scale financial crimes, such as those linked to POGOs and politically connected figures, whose transactions involve exponentially larger sums but receive delayed or minimal scrutiny. Instead of a risk-based approach, authorities have adopted a one-size-fits-all strategy that unfairly burdens the entire civil society sector with overregulation, constant surveillance, and arbitrary sanctions.

The global counterterrorism financing regime, particularly UNSCR 1373 and 2462, has facilitated the erosion of civil liberties under the pretense of security. The lack of a uniform international definition of terrorism has allowed states to manipulate CTF norms for political ends, leading to arbitrary enforcement against CSOs and humanitarian actors. This weaponization of financial regulations, often carried out under the guise of international commitments, undermines democratic participation and fundamental rights.

Despite this, civil society has continued to resist and advocate for meaningful engagement with international

bodies. CSOs, alongside UN human rights mechanisms have raised alarm over the disproportionate impact of CTF measures on humanitarian access, free speech, and the exercise of other protected freedoms. However, UN counterterrorism institutions and FATF members have largely failed to address these concerns in a substantive way. Civil society participation in global counterterrorism governance remains limited, often reduced to tokenistic consultations that exclude the most affected grassroots organizations.

As it stands, the current CTF framework in the Philippines is fundamentally at odds with democratic values due to the government's fixation on meeting FATF's requirements to exit the Grey List. Philippine CSOs call on the FATF to acknowledge the real-world consequences of its standards—intended or not—and to ensure that its recommendations do not facilitate state repression. Specifically, the FATF must:

1. Enhance transparency and civil society participation in the evaluation process, ensuring that affected groups have a meaningful role in shaping CTF policies and risk assessments. Affected sectors must be consulted, and their insights incorporated into decision-making processes.
2. Reassess and mitigate the harmful consequences of FATF recommendations, particularly in countries where counterterrorism laws have been weaponized to suppress political opposition, criminalize activism, and restrict civic space. It is critical that CTF measures do not reinforce authoritarian tendencies.
3. Ensure that FATF standards uphold—not erode—human rights, democracy, and due process by establishing clear-cut mechanisms that guarantee compliance with international human rights law. Other than technical training sessions, FATF should introduce enforceable accountability mechanisms that prevent governments from using counterterrorism policies as tools for repression. Governments seeking Grey List exit should be assessed not only on financial compliance but also on their adherence to international human rights obligations.

However, responsibility does not rest with the FATF alone. The Philippine government must undertake substantial reforms to ensure that CTF measures do not undermine constitutional freedoms. In this regard, Philippine CSOs call on the government to:

1. **Repeal the ATA and TFPSC and enact laws that respect due process, fundamental freedoms, and the constitutional rights of Filipinos.** A legal framework that respects human rights and upholds democratic principles must be established.
2. **Ensure transparency and civil society participation in counterterrorism risk assessments and policy reviews.** The current system, which excludes affected sectors, fosters an environment of secrecy and abuse.
3. **Dismantle repressive mechanisms such as the NTF-ELCAC,** which has been instrumental in the red-tagging, harassment, and prosecution of activists and development workers under the guise of counterterrorism.
4. **End the use of trumped-up charges and political persecution against civil society actors, human rights defenders, and CSOs.** The government must stop treating legal cases as a means to intimidate and silence dissent.

The FATF and the Philippine government must recognize that counterterrorism efforts should not come at the cost of fundamental freedoms. The international community, including UN counterterrorism bodies, has a duty to revisit the structural flaws in the global CTF framework, demand greater transparency and accountability in FATF's processes, and ensure that counterterrorism measures are not exploited to erode civil liberties.

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