



**VANUATU FINANCIAL**  
**= SERVICES COMMISSION =**

**RISK ASSESSMENT FOR NON-PROFIT**  
**ORGANISATIONS (NPOs)**

Charitable Associations & Foundations

(February 2026)

## **Foreword**

The Vanuatu Financial Services Commission (VFSC) presents this Risk Assessment for Non-Profit Organisations (NPOs), covering Charitable Associations and Foundations. This assessment aligns with the 2024 National Risk Assessment (NRA) and FATF Recommendation 8.

The 2024 NRA identified the NPO sector as LOW RISK due to the limited size of the sector (approximately 420 Charitable Associations and 12 Foundations), predominantly domestic operations, and limited cross-border exposure.

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## **1. Introduction**

The VFSC regulates Charitable Associations and Foundations in accordance with applicable legislation and AML/CFT requirements.

## **2. Purpose**

This Risk Assessment evaluates Money Laundering (ML), Terrorist Financing (TF), and Proliferation Financing (PF) risks within the NPO sector.

## **3. Sector Overview**

Charitable Associations: Approx. 420 registered entities (mostly domestic).

Foundations: 12 registered entities with limited cross-border exposure.

Primary sectors: Religious, Educational, Cultural, Community Development, Political Parties, Sports.

## **4. National Risk Assessment (2024 Findings)**

Overall ML/TF Risk Rating: LOW

Reasons:

- Small sector size
- Limited foreign funding
- Domestic focus
- UBO disclosure requirements
- Sanctions screening of foreign nationals

## **5. Threat Analysis**

Overall Threat Level: LOW

Potential threats include:

- Diversion of donations
- Political misuse

- Misrepresentation of charitable objectives

## **6. Vulnerability Assessment**

Overall Vulnerability Level: LOW-MODERATE

Mitigating factors:

- Incorporation controls
- Annual reporting obligations
- UBO verification
- Sanctions and passport checks

## **7. Red Flag Indicators**

- Large unexplained foreign donations
- Frequent committee changes
- Refusal to disclose beneficiaries
- Excessive administrative expenses
- Foreign Nationals from the FATF or EU Sanction country lists

## **8. Sanctions & UBO Controls**

All foreign passport holders undergo sanctions screening and passport verification.

All entities must declare Ultimate Beneficial Owners (UBOs) with supporting documentation.

## **9. Residual Risk Assessment**

Overall Residual Risk: LOW

## **10. Risk Scoring Model (Weighted Methodology)**

Weighted Risk Factors:

1. Cross-Border Activity – 25%
2. Size of Funds Managed – 20%
3. Governance Controls – 20%

4. Political/Religious Exposure – 15%

5. Funding Transparency – 10%

6. Beneficiary Transparency – 10%

Scoring: 1 (Low) to 5 (Severe)

Classification:

0–1.5 Low | 1.6–2.5 Medium | 2.6–3.5 Medium–High | 3.6–5.0 High

## **11. AML/CFT Compliance Obligations**

- Must maintain accounting records
- Must submit annual returns
- Must update UBO information
- Must file STRs where required

## **12. Supervisory Strategy**

- Risk-based supervision
- Targeted inspections for higher-risk entities
- Continuous screening processes

## **13. Conclusion**

The NPO sector remains LOW ML/TF risk in line with the 2024 NRA. Proportionate supervision ensures FATF compliance while protecting legitimate activities.

Please contact the following person should you have any questions:

Mr. Webster Alilee  
Manager, Registration Department  
Email: walilee@vfsc.vu  
Phone: (678) 22247

Dated this 17<sup>th</sup> day of February 2026

  
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Branan Karae  
Commissioner

