Annex: Anti-Terrorist Funding Policy

1. Introduction

ActionAid International (AAI) is committed to ensuring that funds provided by its donors are used for their intended purposes and in line with the mission and values of the organisation in the countries where the organisation works. In fulfilling this commitment, AAI will demonstrate compliance with applicable legislation around the access and use of funds for terrorism purposes or by individuals or entities that are proscribed or designated on global sanctions lists.

2. Policy Statement

AA's policy to prevent funds being accessed and used for diversion of funds therefore includes the following commitments:

- The implementation of the minimum due diligence organisational standards as set out in this policy in all Countries;
- The implementation of enhanced due diligence standards and management controls in Countries designated as high risk;
- Report any suspected breaches of legislation and sanctions to the relevant authorities and to the Federation Development Director;
- Raise awareness of the policy among staff and partners and provide relevant training;
- Taking appropriate measures to ensure all Countries within the federation are compliant with the laws of the country and any other laws relevant to its sources of funding; and,
- Keeping up-to-date with legal and regulatory changes both nationally and internationally and taking appropriate actions to implement these changes

3. Scope and Application of the Policy

This policy is applicable to all Country Programmes and Members of the AAI federation. It establishes federation wide minimum standard operating practices to ensure a consistent approach across countries with regard to due diligence of partners and suppliers as well as mitigation of risks.

Each country will be subject to the regulation in their country of registration and Institutional donors may also impose standards of due diligence or reporting which although lie outside the scope of this policy, should be adhered to.

Since no single policy can document or anticipate the full range of regulations, due diligence, monitoring or reporting requirements that individual governments or donors may seek to impose; individual countries may set standard operating procedures, which exceed the standards set out in this policy where these are necessary to meet a regulatory or contractual obligation.

4. Responsibilities

Assessing, preventing and detecting the risk of ActionAid's resources being used for terrorism is the responsibility of everyone in AAI and AA Countries. This includes the International Board, International Leadership Team, Staff, Volunteers, Partners and Suppliers engaged by the organisation.

4.1 The International Board: The Board has overall responsibilities for ActionAid's approach to anti-terrorism.

4.2 The International Leadership Team (ILT): is responsible for establishing and maintaining a sound system of internal control that is designed to identify and manage key risks, including those related to protecting the organisation's resources from being used for terrorism purposes. The ILT may however delegate this responsibility to another member of the federation subject to the approval of the International Board.

4.3 Country Director: It is the Country Director's responsibility to:

- ensure that the minimum standards in this policy are implemented;
- ensure that the policy is disseminated and that any awareness and training required by staff is provided; and,
- report any incidents, breaches and suspected breaches of this policy to relevant authorities in their Country, to their Board, Senior Management and the GS.

4.4 Fundraisers: It is the responsibility of "Heads of Fundraising Departments/Projects" in Countries to:

- ensure that any clauses in donor contracts relating to compliance with anti- diversion of funds regulations are communicated to relevant line management in Country; and,
- that where any breaches of donor contracts relating to diversion of funds occurs, they coordinate with the relevant Country Director and ensure that the breach is reported to the donor and relevant authorities as applicable.

4.5 GS Internal Audit: The Internal Audit function will work with countries to coordinate the efforts in implementing this policy. This includes ensuring that reports of any breaches are made to relevant bodies as appropriate.

5. Implementation of the Policy

5.1 Approach

This policy will apply a risk-based approach based on identifying and assessing the potential risks to diversion of funds to enable efforts and resources to be directed at addressing the most significant risks. AAI's main risks are likely going to be in countries and with the partners we work with.

5.2 Minimum due diligence - All Countries-

To manage operational risks around funds diversion and to fulfil contractual and regulatory obligations, AA will ensure minimum due diligence checks are carried out in all Countries on Partners. These checks will be focused on obtaining assurances over the identity, purpose, legal status, credentials and good standing of such partners to identify, assess and manage related risks. They will be proportionate to the risks of fund diversion.

The due diligence requirement for all countries will be as follows:

	Activity	By whom	Purpose
1	Undertake a proper partnership selection process to inform the selection of a Partner.	ActionAid CPs and Members	To establish identity, purpose and legal status of the organisation.
2	Ensure there is a signed partnership agreement in place with Partners which include clauses requiring them to implement appropriate measures to guard against diverting resources to designated or proscribed individuals or entities.	ActionAid CPs and Members	To ensure that they sign-up to their responsibility with regards to preventing AA resources from being accessed and used for terrorism purposes.
3	Screen all Partner Organisations against the OFSI and OFAC listing	ActionAid CPs and Members (Annual)	To check for possible listings
4	Provide AAI with the list of Partners that have been screened.	ActionAid CPs and Members (Annual)	To maintain a record of all due diligence processes.
5	Provide AAI with the full names and date of birth of the ActionAid Country SMT and the Board of Trustees.	ActionAid CPs and Members (Annual)	To undertake a check against Creditsafe

AAI Affiliates, with particular donor or regulatory requirements, may also request for this or similar information however, the GS would ensure proper coordination to avoid multiple requests from Countries.

5.3 Enhanced due diligence - High risk countries

In consultation with different parts of the organisation and monitoring sector trends, a list of high risk countries will be maintained by AAI. These will be Countries with the highest risk of funds diversion to armed groups or organisations which donor governments have proscribed. High risk countries will include countries or sub-regions where armed groups operate and pose a threat to programmes or beneficiaries and countries subject to national or international sanctions.

The International Leadership Team (ILT) will determine high risk countries and will ensure communication with all relevant sections. This list will be reviewed annually by the ILT.

Due to the increased risk with the high risk Countries enhanced due diligence is required from the Country management.

The due diligence requirements for high risk countries are as follows:

	Activity	By whom	Purpose

1	Undertake a proper partnership selection process to inform the selection of a Partner.	ActionAid CPs and Members	To establish identity, purpose and legal status of the organisation.
2	Ensure there is a signed partnership agreement in place with Partners which include clauses requiring them to implement appropriate measures to guard against diverting resources to designated or proscribed individuals or entities.	ActionAid CPs and Members	To ensure that they sign-up to their responsibility with regards to preventing AA resources from being accessed and used for terrorism purposes.
3	Screen all Partner Organisations, Partner Organisation's Senior Management team and Board (or equivalent) against the OFSI and OFAC listing.	ActionAid CPs and Members (Annual)	To check for listings
4	Provide AAI with a list of all Partner organisations, SMT and Board members that the AA Country has checked against the OFSI and OFAC listing.	ActionAid CPs and Members (Annual)	To maintain a record of all due diligence processes.
5	Provide AAI with the full names and date of birth of the ActionAid Country SMT and the Board of Trustees.	ActionAid CPs and Members (Annual)	To maintain a record of all due diligence processes.
6	Screen all ActionAid SMT and members of the Board of Trustees against Creditsafe.	GS (Annual)	To undertake a check against Creditsafe
7	Screen all ActionAid Country Staff members against the OFSI and OFAC listing	ActionAid CPs and Members (Annual)	To check for listings
8	Provide AAI with the list of all staff that the Country has checked against the OFSI and OFAC listing.	ActionAid CPs and Members (Annual)	To maintain a record of all due diligence processes.

The OFSI, OFAC and Creditsafe software will check data provided in a required format against a comprehensive set of global sanctions lists including the main lists produced by the UK, EU, UN, US, Australian and Canadian authorities which are sufficient to meet AAI's legal, regulatory and donor requirements.

5.4 Sanctions

Sanctions regimes vary depending on the purpose for their imposition and may include arms embargoes, trade embargoes, travel bans and financial sanctions on individuals, entities and governmental bodies. Sanctions may be country specific or targeted against individuals or entities. Country specific sanctions may be comprehensive programmes that aim to block all economic activity with the country or they may be targeted against specific activities.

Enhanced due diligence undertaken in relation to sanctioned regimes is to prevent illegal breaches of the sanctions. It is essential for staff working on high risk country programmes to understand the nature of the sanction regimes and how these may impact their programmes. Measures include:

- Screening of partner/beneficiary and intermediary banks;
- Checking dual purpose goods against relevant export control lists; and,
- Identifying whether licences are required.

Screening will be undertaken using automated screening software (Creditsafe) or online tools including OFAC. This includes checks against a comprehensive set of global sanctions lists including the main lists produced by UK, EU, UN, US, Australian and Canadian authorities which are sufficient to meet our legal, regulatory and donor requirements.

5.5 Monitoring of Implementation

The ILT will maintain oversight over the implementation of the policy and will review levels of implementation annually. The anti-terrorist funding policy once approved will also form part of the Assurance process where countries make annual declarations on compliance with global policies. These confirmations will be validated by Internal Audit and other processes.

For high risk Countries the GS will have a direct role in ensuring compliance. Internal audit will undertake periodic compliance checks during Country audits to ensure the enhanced due diligence measures have been implemented as intended and report on these periodically to the Audit and Risk Committee.

5.6 Reporting breaches

Where evidence is provided through the screening process or other means that funds have been diverted to an entity on the list of proscribed organisations, AA will immediately cease funding and engagement with the organisation. The matter will also be reported to the Federation Development Director and the GS Head of Internal Audit.

NB: *Each country should take legal advice as to reporting obligations, which apply in their respective countries. In some jurisdictions, it is a criminal offence for an individual or corporate body (or both) not to report a suspicious transaction, which involves either a proscribed organisation, or where there is a cause to suspect diversion of funds to the appropriate authorities*

5.7 Training and awareness

It is the responsibility of Country management teams to ensure that:

- policy information on Anti-terrorist funding is made available to all staff, especially those in funding, finance and programme delivery roles; and,
- key staff in countries are provided with training and support materials and a central source of information on Anti-terrorist funding related matters is maintained.
- they comply with their Country's regulatory requirements on training of relevant staff in respect to diversion of funds

APPENDIX A: DEFINITIONS

Word/Term	Definition
"**Applicable Legislation**"	All laws (including, specifically, the laws of the United Kingdom, the European Union, the United Nations and the United States as well as any other applicable legal or regulatory requirements) and related donor requirements that prohibit transactions with, or support for, prohibited parties.
"**Proscribed organisation**"	An organisation which has been proscribed (outlawed) by the UK Home Office for being connected with terrorism under the Terrorism Act.
"list of proscribed organisations"	An online facility containing a list of individuals and organisations that have been sanctioned by the UK and US governments, the EU and the UN for promoting terrorist activity.
Terrorism	All criminal acts directed against a state and intended or calculated to create a state of terror in the minds of particular persons or a group of persons or the general public. *(League of Nations Convention)*
High Risk Countries	A country programme with a high likelihood of some of its Partners and Suppliers being connected to terrorist activity.
OFAC	The Office of Foreign Assets Control (OFAC) of the US Department of the Treasury, administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States"
OFSI	The Office of Financial Sanctions Implementation (OFSI) which is part of UK Government's HM Treasury Department helps to ensure that financial sanctions are properly understood, implemented and enforced in the United Kingdom. The Office maintains a central list of organisations and individuals subject to sanctions and designated persons subject to anti-terrorism financing measures"
Creditsafe	Creditsafe is an online provider of credit checks which includes checks on individuals and organisations including against all major worldwide sanctions lists. AAUK has been subscribing to this paid for service for some years now. We check all AAUK suppliers and SLT/Board against this software and have also previously checked some AA Countries / Partners and staff against this. The service is secure, password controlled, and access is managed by the AAUK Contracts and Procurement Manager.

Appendix B: Partner Screening Template

Data for screening should be collated on this form and should be stored securely with restricted access (electronic or manually).

AA Country screening by ActionAid International

Please obtain the following details for screening and provide variant names where these are known.

Shaded areas are for enhanced AA Country checks

AA Country and name	
Organisation address	
CD/ ED (or equivalent) name and date of birth	
Senior Management Team member names and dates of birth (Minimum required is the Head of Finance and Head of Programmes/Operations)	
Board of Trustees names and dates of Birth	
All staff names and dates of Birth (only for high risk AA Countries with enhanced checks - screening by AA Country)	

Partner screening by AA Country (unless otherwise agreed)

Please obtain the following details for screening and provide variant names where known.

Shaded areas are for high risk country enhanced Partner checks

Organisation name	
Organisation address	
CEO (or equivalent) name and date of birth	
Senior Management Team member names and dates of birth (Minimum required is the Head of Finance and Head of Programmes/Operations)	
Board of Trustees names and dates of Birth	

AA Country and Partner checks by AA Country (unless otherwise agreed)

Please provide the following Partner details including variant names where known. (for Partners requiring enhanced checks - based on agreed threshold

Name of supplier company	
Name of director/owner or similar, of company	