

# COUNTER TERRORISM FINANCING (CTF) POLICY

## 1. Introduction

Action on Poverty (AOP) is an independent, secular, not for profit, non-governmental organisation (NGO). Founded in Australia in 1968, AOP was incorporated in the state of New South Wales in 1983. AOP works with partners and communities in Africa, Asia and the Pacific.

AOP is committed to development sector good practice and holds full accreditation with the Australian Government through the Department of Foreign Affairs and Trade (DFAT). AOP is a signatory to the Australian Council for International Development (ACFID) Code of Conduct, which requires high standards of corporate governance, public accountability and financial management to be in place.

**AOP Vision:** For all people to transcend the injustice, indignity, and inequality of entrenched poverty.

**AOP Mission:** To empower changemakers to break the cycle of poverty.

## 2. Purpose

This policy provides a framework to ensure that the Action on Poverty (AOP) is compliant with its Counter Terrorism Financing and Anti Money Laundering obligations under Australian and international law. AOP understands the level of risk that the organisation may be exposed to in relation to terrorism financing, and where risk is evident, takes necessary precautions. Through strong governance arrangements, appropriate record keeping and reporting and an ongoing practice of reviewing and strengthening internal controls, AOP is taking all reasonable efforts to ensure that aid funds are not used to support terrorism activities or organisations, either directly or indirectly.

The Australian Government has enacted legislation with a number of international counter-terrorism treaties designed to combat terrorism, including by starving individuals and organisations associated with terrorism of funds and resources. There are two separate legislative mechanisms directly prohibiting activities in relation to individuals and organisations associated with terrorism. They are:

- Part 5.3 of the Criminal Code Act 1995 ('the Criminal Code'); and
- Part 4 of the Charter of the United Nations Act 1945 ('the UN Charter Act').

Under the Criminal Code there are stringent penalties for, amongst other things, intentionally or recklessly 'getting funds to or from a terrorist organisation' (Code s102.6), 'providing support to a terrorist organisation' (Code s102.7) and 'financing terrorism' (Code s103.1).

Under the UN Charter Act, it is an offence to "directly or indirectly make any asset available to a proscribed person or entity". An asset is very broadly defined as "asset of any kind, or property of any kind, whether tangible or intangible, movable or immovable". While the UN Charter Act applies less stringent penalties, it has a much broader application capability in the aid context due to its very wide definition of asset.

The United Nations and Australian Government circulate updated lists of proscribed terrorist groups and individuals to which the Charter of the United Nations Act 1945 and Autonomous Sanctions Act 2011 applies, known as 'The Consolidated List', on regular basis. The most updated version of this list can be found at: <http://dfat.gov.au/international-relations/security/sanctions/pages/consolidated-list.aspx#list>

The Attorney-General's Department maintains a 'List of Terrorist Organisations' which have been proscribed by the Government as terrorist organisations under Division 102 of the Criminal Code Act 1995 (the Criminal Code). This list provides an up-to-date list of the relevant names and aliases of listed terrorist organisations under the Criminal Code and can be found at:

<https://www.nationalsecurity.gov.au/what-australia-is-doing/terrorist-organisations/listed-terrorist-organisations>

AOP regularly checks that employees, contractors, partners and third parties are not listed individuals or organisations. The AOP CFO will monitor and circulate updates to the lists to relevant staff and partners.

### 3. Scope

- 3.1 This policy applies to all AOP activities.
- 3.2 This policy applies to all board members, employees, and volunteers.
- 3.3 This policy must cascade and apply to AOP partners and be built into AOP agreements with partners and contractors.
- 3.4 This policy should be read in conjunction with AOP's Fraud Control and Corruption Prevention policy, as well as AOP's CTF Risk Assessment Guideline.

### 4. Policy

- 4.1 AOP acknowledges its Australian and international legal obligations concerning Counter-Terrorism Financing and Anti Money Laundering and will use its best endeavours to ensure that aid funds are not used to support terrorism activities or organisations, either directly or indirectly. When engaging with third parties, AOP makes all reasonable efforts to ensure the third party is aware of and seek assurance that the third party will comply with, all applicable laws.
- 4.2 Explicit references to the law will be included in all AOP partner contracts and agreements by Annexing this Policy.
- 4.3 The legal obligation to comply with the law exists independently of the clause in the contract/agreement. The existence of this Policy does not release individuals or organisations from their legal obligations under Australian laws.
- 4.4 This Policy is applicable to agreements and contracts with AOP and require compliance by all AOP's partner organisations. If, during the course of the agreement and/or contract, the Organisation discovers any link whatsoever with any organisation or individual listed by the Australian Government as associated with terrorism, it must inform AOP immediately.
- 4.5 For the purposes of this policy, a "link" between AOP and persons/entities associated with terrorism is understood in its broadest terms. The obligation to notify AOP does not however confer an active intelligence-gathering responsibility. It requires that AOP be informed as soon as information is discovered. AOP will then determine, in consultation with the funded organisation what, if any, actions are necessary.
- 4.6 Neither law is retrospective. If a new organisation or individual is included on the lists subsequent to funds being released, no breach of the laws will have been committed. However, if notified that an organisation or individual has been subsequently added to the lists, all assistance to that organisation or individual must cease and AOP must be advised immediately.

### 5. Policy Application

- 5.1 Reference to the CTF Risk Assessment must be given to ensure that best endeavours have been made to comply with this policy.

- 5.2 For direct funding, appropriate checking of Refinitiv World-Check One database by AOP and our partners at appraisal and during implementation stages is a simple way to avoid providing direct funding, support or resources to organisations or individuals associated with terrorism.
- 5.3 Guarding against indirect support is more difficult, but the risk of indirectly providing support or resources must be adequately assessed and managed in ways that are appropriate to the operating environment in all cases.

The actions required to satisfy the legal and contractual obligations may differ in each case depending on the particular circumstances.

Suggested strategies for managing risk could include, but may not be limited to:

- a) Checking Refinitiv World-Check One database, and ensuring updates are taken into account;
  - b) Before providing direct funding, support or resources, ensuring that the beneficiary is not included on the list;
  - c) Ensuring that organisations to whom funding, support OR resources are provided and who are themselves further distributing assets, know of, understand and comply with the legal and contractual requirements:
    - (1) AOP will provide them with the list and updates as required;
    - (2) AOP will ensure systems are in place to ensure compliance and immediate notification if necessary.
  - d) Conducting spot checks or regular monitoring visits to ensure organisations to whom funding, support or resources are being provided downstream are not on the list; and that best endeavours are being made;
  - e) AOP being informed, and where appropriate the National Security hotline and the Australian Federal Police (AFP) whether in Australia or through their liaison officers in-country located in the Australian embassies immediately if any credible information becomes available suggesting any links.
- 5.4 AOP proposals and project appraisals, and all project and program monitoring documentation, should include an assessment of the risks and an outline of the strategies proposed to manage the risks of support for proscribed entities/persons. Risk assessment and strategies for their management must be regularly updated. (For a more detailed approach to CTF Risk Management, please refer to the AOP Risk Assessment Guideline, attached as an Annex.)
- 5.5 New staff, Board members, volunteers, partners, suppliers and contractors should be checked in Refinitiv World-Check One database at the outset of the relationship with AOP, and periodically in line with changing Risk Assessments.
- 5.6 To maintain ongoing transparency and accountability:
- AOP conducts financial transactions through regulated financial institutions.
  - AOP conducts background checks of management, staff and volunteers.
  - AOP keeps records of assistance provided to partners and the details of any third parties involved.
  - AOP conducts follow-up checks where possible to make sure that the assistance was delivered as intended.

## 6. Definitions

6.1 The following definitions apply unless the context requires otherwise.

**AOP** means Action on Poverty (ACN 002 568 005).

**AOP Counter Terrorism Financing Policy** means this policy, active from the Board approval date displayed in the footer and at the end of this policy.

**Best endeavours** is used in recognition of the difficulties that may be encountered in ensuring that indirect support is not provided, particularly when there are multiple layers of decision-making between AOP and the ultimate beneficiaries. The phrase denotes a positive obligation to act. The test of whether or not best endeavours have been used will be specific to the circumstances including the degree of risk in the particular operating environment. By way of a general guide AOP would expect all development partners at a minimum:

- To know the persons/organisations that are being directly assisted
- To make sure that people/organisations being directly assisted are not on 'The Consolidated List' and 'List of Terrorist Organisations' before assistance is provided
- To make sure that directly funded persons/organisations are aware of and obliged to comply with these laws, and that they in turn are obliged to make sure that their distribution of the funds or support is made on the same basis.

**DFAT** means the Department of Foreign Affairs and Trade, Australia.

**Government** means Australian Government

**Government List** means the Australian Government list of terrorist organisations.

**Laws** means any relevant Australian laws, foreign laws, regulations and conventions designed and targeting terrorist cells and terrorism. In Australia those Laws include but are not limited to, Commonwealth Criminal Code Act 1995, the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth).

**Lists** means:

- 'The Consolidated List' of all persons and entities subject to targeted financial sanctions under United Nations Security Council decisions and maintained by the Department of Foreign Affairs and Trade pursuant to Regulation 40 of the Charter of the United Nations (Dealing with Assets) Regulations 2008. This list is therefore not limited to terrorist organisations but does include all persons and entities designated by the United Nations Security Council's Al-Qa'ida and Taliban Committee pursuant to Resolution 1267 (1999) and all persons and entities designated by the Minister for Foreign Affairs for their association with the commission of terrorist acts pursuant to Resolution 1373 (2001).
- 'List of Terrorist Organisations' – Organisations which have been proscribed by the Australian Government as terrorist organisations under the Criminal Code because they advocate the doing of a terrorist act (regardless of whether or not a terrorist act occurs), or because they are directly or indirectly engaged in, preparing, planning, assisting in or fostering the doing of a terrorist act (regardless of whether or not a terrorist act occurs). Before an organisation can be listed the Attorney-General must be satisfied on reasonable grounds that the organisation 'is directly or indirectly engaged in, preparing, planning, assisting in or fostering the doing of a terrorist act'.
- World Bank Listing of Ineligible Firms and Individuals
- The Asian Development Bank's Sanction List
- Refinitiv World-Check One database

**Money Laundering** means:

- the process of concealing the origin, ownership or destination of illegally or dishonestly obtained money and hiding it within legitimate economic activities to make them appear legal. It also includes dealing with the proceeds of crime or an instrument of crime. 'Dealing with' is defined as a person receiving, possessing, concealing or disposing of money or other property according to Division 400 of the Criminal Code Act 1995.

Review History:

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