

# International Programs Counter-Terrorism Policy

## Policy Statement

Transform Aid International (TAI) is an agency that receives funding from the Australian Government and the Australian public. TAI accepts it has a duty in managing and implementing Australia's overseas aid program to use reasonable endeavours to ensure that aid funds and resources are not being used to support terrorist activity. This policy is to ensure that funds provided to TAI are used in a transparent manner and in accordance with the principles and guidelines set down by the Australian government, international and regional donor groups related to financing of terrorist groups.

TAI recognises that terrorism flourishes in environments of despair, humiliation, poverty, political oppression, extremism and human rights abuse; it also flourishes in contexts of regional conflict and foreign occupation; and it profits from weak state capacity to maintain law and order. TAI does not support terrorism/violence in all its forms as a means to bring about social change.

## Scope

This policy applies to all TAI Representatives, projects funded by and/or through TAI, and partners and implementing organisations that are beneficiaries of those funds.

## Policy Objectives

The Australian government has enacted legislation consistent with a number of international counter-terrorism treaties designed to combat terrorism. There are two separate legislative mechanisms directly prohibiting activities in relation to individuals and organisations associated with terrorism. They are:

- (i) Part 5.3 of the *Criminal Code Act 1995* (**Criminal Code**);

Under the Criminal Code there are stringent penalties for, amongst other things, intentionally or recklessly 'getting funds to or from a terrorist organisation' (section 102.6), 'providing support to a terrorist organisation' (section 102.7) and 'financing terrorism' (section 103.1).

- (ii) Part 4 of the *Charter of United Nations Act 1945* (**UN Charter Act**)

Under the UN Charter Act, it is an offence to "directly or indirectly make any asset available to a proscribed person or entity". A list of proscribed persons and entities is available from DFAT: <http://dfat.gov.au/international-relations/security/sanctions/Pages/consolidated-list.aspx>

TAI is also bound by the DFAT Grant Agreement (see Prohibited Dealings) and ACFID Quality Principle 8 (see Compliance Indicator 8.2.1).

In addition to our legal obligations, the threat posed by terrorism itself and the discovery of any links between aid funds and organisations associated with terrorism poses significant risks. This can potentially impact on continued community support for overseas aid in general, and to an organisation's reputation specifically. This applies equally to the Australian aid program as well as other organisations working in international aid delivery.

TAI acknowledges that an inherent element of our obligations to donors supporting TAI is that TAI observes good stewardship of funds.

It is important to ensure that TAI does not knowingly become involved with persons or organisations engaged in terrorist activities, and that it does not **provide** any financial, material, or other support to such entities and/or activities.

The objectives of this policy are:

- To ensure that TAI's partners and implementing organisations are aware of TAI compliance standards relevant to the prevention of terrorism financing.
- To ensure that TAI's partners and implementing organisations are aware of all relevant security watch lists provided by the Australian Department of Foreign Affairs, the Australian National Security Agency, the World Bank and the Asian Development Bank.
- To ensure that TAI's partners and implementing organisations are checked against the aforementioned security watch lists on an annual basis as part of annual proposal requirements.
- To ensure that TAI, partners and implementing organisations use reasonable endeavours to ensure that all Activities (including those carried out by a Delivery organisation) comply with relevant Australian and Partner Government laws and regulations as well as TAI policies, including but not limited to those in relation to the proscription against providing direct or indirect support or resources to organisations and individuals associated with terrorism, including 'terrorist organisations' as defined in Division 102 of the Commonwealth Criminal Code Act 1995 and listed in regulations under the act and regulations made under the Charter of the UN Act (Cth) 1945; and

## **Policy in Practice**

### **Reasonable Endeavours**

TAI will use reasonable endeavours to ensure that no project funds are used to support terrorist groups. Reasonable endeavours mean that TAI has a positive obligation to act. TAI recognises that the level of risk exposure in relation to terrorism financing will influence what measures are reasonable in practice and will adjust its practice accordingly. TAI Representatives will be equipped to understand and implement risk measures relative to the risk level.

In particular, it will ensure that it:

- (i) knows the persons/organisations that it is directly assisting;
- (ii) makes sure the people/organisations are checked as per the Counter-Terrorism Procedures; and
- (iii) makes sure that directly funded persons/organisations are aware of and obliged to comply with this Policy, and that they in turn are obliged to make sure that their distribution of the funds or support is made on the same basis. See, for example, Project Agreement section 7 (bb).

## Financial Controls

TAI will perform due diligence on its implementing partners to ensure it understands the identity and integrity of the implementing partner. This includes foundational organisational information (e.g. name, contact details, statement of purpose, corporate documents) and history of the implementing partner's project portfolio, including number of beneficiaries and region of operation. TAI will also use financial controls in its management of funds to ensure that funds are sent and received as intended, e.g. holding and transferring funds through regulated financial channels such as banks.

TAI will ensure that implementing partners have financial controls in place to prevent terrorism financing. TAI will monitor implementing partner financial controls and their effectiveness as per the Financial Partnering Guidelines. These activities include programming budgets, audits by program accountants, using formal financial channels (e.g. banks) to hold and transfer funds, and checking that finance and projects were delivered as intended to agreed project participants.

## Money Laundering and Terrorism Financing

Money laundering enables organised crime including the financing of terrorism. TAI is at risk of money laundering through: (1) receiving illicit funds or assets, (2) comingling illicit and legitimate funds to disguise their origin and (3) redistributing them back into the legitimate economy. In order to prevent TAI dealing with the proceeds of crime, TAI follows systems as per the Acceptance and Rejection of Donations Policy, Financial Systems and Processes Manual, Financial Partnering Guidelines and Background Checking Policy. Through these policies and related systems, TAI reduces the risk of accepting illicit funds and transferring funds to an individual or corporation that is not a legitimate supplier or implementing partner.

## Definitions

The phrase "reasonable 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 the organisation TAI is providing funding to and the ultimate beneficiaries. The phrase denotes a positive obligation to act. The test of whether or not reasonable endeavours have been used will be specific to the circumstances including the degree of risk in the particular operating environment.

Beneficiaries: individual people or groups of people who receive charitable, humanitarian or other types of assistance through the services of TAI and its implementing partners



Money laundering: The process of hiding or disguising the source of illegally obtained (“dirty”) funds to make them appear legitimate (“clean”), e.g. by filtering them through the financial system. Money laundering reduces the risk of detection and confiscation by authorities. It is just as serious as the criminal activity behind it – and preventing it can help reduce crime.

TAI representatives: TAI Board members, employees, contractors, pro bono consultant/contractor, volunteers, interns and vocational placement students

Terrorism financing: The financing of an act, or threat of action, where the action causes certain defined forms of harm or interference and the action is done or the threat is made with the intention of advancing a political, religious or ideological cause.

## **Related Policies and Procedures**

This Policy should be read in conjunction with:

- International Programs Counter-Terrorism Procedure
- Organisational Counter-Terrorism Check Procedure
- Proposal Assessment Tool and Capacity Assessment Tool
- Consultants Engagement Checklist
- Financial Partnering Guidelines
- Acceptance and Rejection of Donations Policy
- Background Checking Policy
- Financial Systems and Processes Manual
- Financial Wrongdoing Policy

## **External References**

- ACFID Code of Conduct Quality Principle 8.2 and related resources
- Australian Department of Foreign Affairs (DFAT) Consolidated List
- Australian National Security Listed Terrorist Organisations
- World Bank Listing of Ineligible Firms and Individuals
- Asian Development Bank Sanctions List
- External Conduct Standards: *Australian Charities and Not-for-profits Commission Amendment (2018 Measures No. 2) Regulations 2018*



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