



Terrorism Financing and Financial Crime Policy (Terrorist Financing, Money Laundering, Sanctions and Export Control)

Policy Statement¹

Oxfam is determined that all its funds and resources should only be used to further its mission and shall not be subject to illicit use by any third party nor used or abused for any illicit purpose. In order to achieve this objective, Oxfam will not knowingly or recklessly provide funds, economic goods or material support to any entity or individual designated as “terrorist” by the international community or Affiliate domestic governments², and will take all reasonable steps to safeguard and protect its assets from such illicit use and to comply with host government laws.

Oxfam respects its contracts with its donors and puts in place procedures for compliance with these contracts.

“Illicit use” refers to terrorist financing, sanctions, money laundering and export control regulations as they apply to Oxfam International and to Affiliate Members of Oxfam International.

Scope and Purpose of Policy

This policy, and the implementing Protocols, establishes Confederation wide minimum standards to ensure consistent practice across the Confederation. The policy replaces the Aid Diversion Policy of 2014 and has been expanded to include Money Laundering and Export Controls.

Role of Executive Board Committee

Where this Policy refers to a Board Committee, the reference is to the relevant Committee appointed by the Executive Board.³

Definitions

¹ This Policy statement is an adapted version of the 2014 policy

² The Policy needs to protect Oxfam from breaching all regulations which apply to its area of operations and also contractual obligations imposed by donors. Breaches of any regulations may also have an impact on business relationships e.g. loss of banking services or invalidation of insurance etc.

³ EB has appointed EBOC, with consultation from DEVKIF for programme focus. Note that the Policy reaches into Affiliate HQs so is not just a programme policy. FRAC will want oversight of the risks, but that is outside the scope of the Policy, and is subject to Governance considerations.

“designated terrorist group” – means any individual, group or entity formally listed or designated as “terrorist” by the United Nations, a Relevant State, or the European Union and “designated” means so designated.

“implementing Protocols” or “Protocols”- means the Protocols approved by the Executive Board, or under its delegated authority by the relevant Committee, which provide the procedures for implementation of this Policy.

“Relevant State” means the home State of Oxfam International (the Netherlands), and the home State of any of the Affiliate members of Oxfam International.

“Sanctioned” individual or entity means an individual or entity subject to financial sanctions by the international community (UN), the European Union or Relevant State or any entity beneficially owned (>50%) by an individual or entity subject to such sanctions.

A “High Risk” country is a country where known “designated terrorist groups” operate and as is notified by the Oxfam International Program Director to the Executive Board Committee.

Application across Affiliates

This Policy is an Oxfam International Policy but it also sets minimum standards for the Affiliate members of Oxfam International. Since no single policy can document or anticipate the full range of regulations, due diligence, monitoring or reporting requirements that an Affiliate domestic government or donor may impose on its citizens or in their funding contracts, individual Affiliates may supplement this Policy to meet the regulatory requirements of their domestic governments. Any such supplementary requirements must be communicated to and agreed by Oxfam International⁴ and any relevant EA implementing projects funded by such Affiliate⁵.

SECTION 1: GOVERNANCE

Principle: Governance and accountability for compliance with Terrorist Financing and Sanctions regulations is a mutual obligation between Affiliates and Oxfam International. Responsibilities are shared at country and regional level (depending on the modalities of the programme), and individual Affiliates retain their own responsibility in their home states.

The relevant Committee of the board (to be appointed/designated by the Board) will:

- Produce protocols referenced in this Policy (for approval by the Executive Board or relevant Committee);
- Support the implementation of the Policy;
- Monitor the management and reporting of incidents of actual or suspected breach of Policy;
- Coordinate variations of the Policy decided by individual Affiliates and approved by the Oxfam International Program Director; and
- Report annually to the Executive Board on the implementation of this Policy and matters arising.

⁴ Normally acting by the Oxfam International Program Director

⁵ The EA agreement could either be provided for here or addressed in the OPA.

Section 2: Prevention

1. Principle: Oxfam will screen Partners, Staff and Suppliers on a proportionate basis to prevent the direct transfer of funds etc. to “designated” or sanctioned individuals or entities.

Protocols will be developed for the screening Partners, Staff and Suppliers. The Protocol will specify the role of the Executing Affiliates in the screening. As a minimum standard, the screening protocols will provide for:

Option 1:

Screening all Oxfam Partners and Staff at least every six months and prior to payment/recruitment and Suppliers as per donor requirement and/reasonable regulatory compliance standards.

Option 2:

- 1.1 Screening all Oxfam Partners at least every six months.
- 1.2 Screening of suppliers, taking into account the kinds of purchasing undertaken.⁶
- 1.3 Screening of staff, prior to recruitment and taking into account donor requirements and applicable law and reasonable regulatory and compliance standards.

[Then continue as previously]

In “high risk” countries screening will take place prior to payment or engagement in funding bids or other joint activities.⁷ The CEO, Finance Director and Management Committee of Partners in “high risk” countries will also be subject to screening.

Affiliate Discretion

- 1.5 Where additional checks may be needed to comply with Affiliate requirements these may be undertaken on an ad hoc basis provided the screening does not breach principles set out in Section 3 below or the Screening Protocol.

Reporting

⁶ For some purchases screening is less practical, eg cash purchases in a shop where the identity of the owner may be unknown are different from a long-term supply agreement or high value items

⁷ Using World Check One security software system or equivalent.

- 1.6 The OI Programme Director will report progress on screening and positive matches found to the Executive Board (or the relevant Committee as a standing item on a regular basis, or as provided in the Screening Protocol).

Screening Beneficiaries

- 1.7 Oxfam will generally only check the names of beneficiaries against any list of “designated” terrorist in the following circumstances.⁸

- It is an explicit term in a donor or supplier contract and the terms of the contract have been approved by the relevant Affiliates and the Country Director;
- The beneficiaries are informed as to the use made of their personal data prior to that information being collected; or
- Where substantial grants to beneficiaries are involved (e.g. funding above levels required for humanitarian assistance for example grants for business start-up schemes in “high risk” countries)⁹.

2. Principle: Oxfam will take a proportional approach to identifying and managing risk in Country programmes by:

- 2.1 Differentiating between “high” and “low” risk countries in the Screening Protocol.
- 2.2 In “high risk” countries identifying a) the general nature of the threat or risk posed by “designated terrorist” groups or financial sanctions to Oxfam’s work in that country and b) identifying any specific threat to specific programmes or areas of operation.
- 2.3 providing support and training for Country Directors [in high risk countries].
- 2.4 The Protocol may provide for the designation of a country as “high risk” on Country and Regional risk registers.
- 2.5 The Steering Group through the Oxfam International Program Director will provide an annual report to the Executive Board and through it to Affiliate Boards on these risks.

3. Principle: Oxfam will take steps to manage Partners and “down-stream” use of funds¹⁰

- 3.1 Oxfam, through its Country Directors, is responsible to donors and for compliance for the use made of Oxfam funds by third parties, that is suppliers, partners, banks etc.
- 3.2 A Protocol shall establish the appropriate risk assessments for high risk countries (as set out in Section 2 Principle 2).

⁸ There is no “de-minimis” amount below which Terrorist Financing or Sanctions regulation do not apply, so there is an element of risk in not screening beneficiaries against lists. However, the cost of screening beneficiaries is substantial and in addition some donors have indicated that beneficiary screening is not a requirement of funding. While donor departments do not have the authority to dis-apply the regulations their acquiescence in the non-checking of beneficiaries may form a defence if Oxfam were to be challenged.

⁹ For example, a cash distribution in a humanitarian response might be USD200 and not qualify for screening whereas a grant or loan of USD2,000 to an individual for non-humanitarian purposes would qualify for screening as the level of funding might breach the risk appetite of donors, regulators etc. Protocols for grant making will be developed and approved by the relevant Committee of the Executive Board.

¹⁰ Legal liability for the use of funds extends to third party use of Oxfam funds, financial institutions used in the onward transmission of Funds and end use of funds. In addition, donors have increased their focus on third party use of their funds.

3.3 A Protocol will address the details for management of “down-stream” partners having regard to donor and compliance obligations.¹¹

4. Principle: Ensuring transparency in financial flows within Oxfam

4.1 Protocols will enable financial transfers by Oxfam to Country programmes to meet the expectations of banking partners in particular in high risk countries through:

- the identification of the end destination of funds in payment transfer requests and
- guidance on how to deal with any transfers blocked, returned or frozen by a bank.

5. Principle: Awareness Raising and Training

5.1 Specialist training will be provided for staff in “high risk” countries and relevant other staff. This may be face to face or via on-line e-learning.

SECTION 3: RESPONDING

6. Principle: Incident Reporting

6.1 Protocols will provide for the reporting of breaches, allegations, incidents and suspicions of breaches of policy. The Protocols will include:

- Guidance on what to report and when
- Internal reporting: ensuring all relevant OI parties are informed, and
- External reporting: ensuring all relevant back donors and authorities are informed.¹²

7. Principle: Incident Response and Investigation

7.1 Oxfam will investigate all credible allegations of breaches of counter terrorism regulations or the abuse of Oxfam’s assets and funds by “designated terrorist groups” or by any individual or entity for terrorist or other criminal activities.¹³

SECTION 4: MONEY LAUNDERING

8. Principle: Oxfam will not knowingly engage in money laundering and will take reasonable steps to prevent Oxfam being involved in any money laundering activities¹⁴

8.1 Guidance will be provided for staff on operational standards to avoid Oxfam inadvertently becoming involved in money laundering activities. The guidance will address:

¹¹ Such protocols may include Risk analysis relating to specific programmes identified and should be shared and agreed with partners implementing those programmes as should the action plan and reporting protocols and contract clauses. Guidance notes for partners and contractors for use by country teams will be provided

¹² Where positive matches are made through the screening process **prior to payment**, a record will be kept of the match but such matches are not externally reportable.

¹³ Where incidents have been reported to external authorities Oxfam will cooperate with those authorities, which may limit the scope of internal investigations as they may compromise formal investigation.

¹⁴ Oxfam is not a financial services provider and will not generally be regulated by AML regulations. However, Oxfam might be used as a vehicle for money laundering purposes.

- The legal provenance of sources of income;
- Managing anonymous donations; and
- Loans and Guarantees
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SECTION 5: EXPORT CONTROLS

9. Principle: Oxfam will create standard operating procedures to ensure that it complies with all relevant export controls

9.1 The Steering Group will produce guidance and standard operating procedures to provide and document that when exporting goods to countries subject to sanctions that:

- dual use products are not exported without the necessary government approval¹⁵
- goods subject to sanctions are not exported unless all relevant licences are obtained
- that transport or other agencies subject to sanctions are not employed in the export process

SECTION 6: ADVOCACY

10. Principle: Oxfam should engage with UN, other relevant global institutions, national governments, donors and regulators to help develop a clearer and safer operating environment.

10.1 Key Issues and policy change objectives will be identified on which Oxfam aims to engage with relevant institutions and will coordinate with relevant internal Oxfam teams (e.g. Humanitarian Policy, Advocacy and Campaigns) as appropriate. This does not preclude individual Affiliates undertaking advocacy where necessary and at their own discretion.

¹⁵ For example, for chlorine for WASH