

PUNTLAND NON-STATE ACTORS ASSOCIATION

ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM

POLICY

(AML/CFT)

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I. Introduction

A. Background

1. The objective of this policy is to affirm PUNSAA's continued commitment to combating money laundering and terrorist financing, by complementing and reiterating the safeguards and measures that PUNSAA has in place in this regard. This policy is a part of a broader set of policies in place aimed at ensuring that PUNSAA funds are used for the purposes intended, and it lays out a set of basic principles for guidance.
2. PUNSAA is committed to the highest ethical standards and will not tolerate the diversion of the resources entrusted to it through money laundering (as defined in para 3 below) or terrorist financing (as defined in para 4 below). Similarly, PUNSAA will not partner with entities that tolerate the diversion of resources through money laundering or terrorist financing. In response to these risks, PUNSAA's policy and procedures embodies a risk-based approach to ensure the integrity of all its activities. This Policy sets out PUNSAA's requirements in (i) establishing fundamental guiding principles and standards regarding AML/CFT, as reflected in the various procedures and controls within PUNSAA's policy and procedural framework, and (ii) defining the roles and responsibilities of its management and staff in relation to AML/CFT.
3. For the purpose of this AML/CFT Policy, Money Laundering (ML)is generally considered as concealment of the origins of money obtained illegally, typically by passing it through a complex sequence of financial or commercial transactions. These can be through placement, layering and introducing it into economy.
4. Financing of Terrorism or Terrorist Financing ("FT") is defined as engaging with, contracting or providing support to individuals or entities that appear on the any sanction list such as individuals or entities in UN Sanction List.

B. Scope

7. All PUNSAA personnel shall adhere to this AML/CFT Policy. This policy does not apply to PUNSAA personnel on letter of appointment or other contractual modality issued by PUNSAA for, or for services limited to its donors.
8. PUNSAA places reasonable reliance upon its internal controls regarding AML/CFT, to ensure consistency with the principles of this AML/CFT Policy.
9. Without prejudice to and in addition to the relationships set forth in paragraphs 8 above, this AML/CFT Policy applies to all PUNSAA activities, and to the following situations:

   a) vendor relationships in a procurement process (individuals and entities, as well as owners/controlling interests of entities);

b) sub -grantees and recipients of funding in a programming context ; and
c) other entities with whom PUNSAA partners.

C. Guiding Principles; Purpose and Objective

11. The purpose of this AML/CFT Policy is to complement PUNSAA's existing policies to provide principles and guidance regarding AML/CFT requirements and risks, and to meet the following objectives:

a) Prevent the use, misuse and/or abuse of the PUNSAA's resources due to ML and/or FT;
b) Mitigate reputational risks;
c) Protect against establishing any relationships that may support, relate to or facilitate ML and/or FT;
d) Exercise due diligence when dealing with sub implementing partners, vendors and owners/controlling interests, employees, contractors, and subcontractors; and e) Ensure timely review and update of PUNSAA's AML/CFT Policy.

II. Key Provisions

A. Risk-Based Due Diligence

13. PUNSAA has several measures designed to impose strict controls and due diligence requirements, raise awareness, and facilitate the appropriate reporting process to prevent and detect activities linked to ML and/or FT.

14. Prior to entering into any donor, partnership or contractual arrangement, each potential counterpart will be screened against lists of sanctioned/suspended vendors especially those maintained by UN organizations or any other agency within Somali.
15. PUNSAA will refrain from engaging with any individual or entity listed thereon. Additional tools will also be utilized, as needed, during this screening process to supplement any relevant risk area not covered.
16. Risks related to ML and/or FT must be identified and considered in the formulation, design and implementation of programming activities and engagements. This may require an to consider how easily acts of ML and/or FT might occur and be replicated in PUNSAA funded activities, as part of the overall risk management approach set out in PUNSAA's Risk Management Framework. Informed decisions can then be made on additional mitigating actions, including strengthened controls. Where there are concerns about the level of risk within a PUNSAA-funded activity, an expert in-depth analysis may be necessary to identify effective mitigation methods.

B. Contractual Arrangements; Termination

17. All donor, partnership, programming, and contractual arrangements authorized by PUNSAA must contain appropriate representations and warranties from PUNSAA's contractees regarding AML/CFT, with termination clauses in case of breach of such AML/CFT representations and warranties.
18. PUNSAA will terminate the existing relationship with:
    a) Counterparties, partners and vendors who do not cooperate with its AML and CFT efforts;
    b) Counterparties, partners and vendors engaged in activities prohibited under PUNSAA's policies; or
    c) Counterparties, partners and vendors who are currently under any financial sanctions imposed through/by UN Agencies, other institutions and government agencies.
19. Counterparties wishing to re-establish arrangements with PUNSAA may request rehabilitation and restitution, in line with established procedures. This requires that they can demonstrate that corrective measures have been put in place and have fully met or gone beyond the requirements of this policy. The Counterparty must provide sufficient information attesting to the medium- to long-term impacts of corrective measures, to the deterrent effects resulting from the sanctions imposed, and must show that re-establishing its eligibility will be a sound business decision and be in the best interests of PUNSAA.

C. Monitoring; Reporting; Investigations

21. All credible allegations of activities believed to contravene the principles set out in this AML/CFT Policy will be assessed and investigated, as appropriate, in accordance with PUNSAA guidelines on sensitive investigations when applicable.
22. All PUNSAA arrangements with Counterparties shall be monitored by the respective receiving business unit and any newly acquired information relevant the AML/CFT risk assessment of such Counterparty will be reported in accordance with the established processes and requirements of PUNSAA's Risk Management Frameworks.
23. All suspicions and/or allegations of ML and/or FT are taken seriously. Upon receipt of an allegation PUNSAA will assess the case and determine if an investigation is warranted, and, if so, conduct an investigation in accordance with guidelines under sensitive investigation policy.

D. Protection Against Retaliation ("Whistleblower" protection)

26. PUNSAA does not tolerate any form of retaliation against whistleblowers, including in relation to a member of PUNSAA personnel who has reported allegations of wrongdoing or cooperated with a duly authorized audit or investigation in accordance with this AML/CFT Policy.

III. Responsibilities

A. Compliance Function

27. The Procurement Office shall be responsible to ensure compliance to this policy, and maintenance of PUNSAA's AML/CFT Policy, its review and application of AML/CFT procedures, as required.

B. Record Keeping

28. The Procurement Office will be responsible to keep all records created or obtained in relation to due diligence of counterparties and documentation thereof in line with data and record management policies.

IV. Review and amendments

30. From time to time, PUNSAA will review and examine this AML/CFT Policy and maintain an effective implementation of the AML/CFT Policy for the PUNSAA's activities, as necessary.