



cesvi

COUNTER-TERRORISM POLICY

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TABLE OF CONTENTS

BACKGROUND 3

POLICY STATEMENT 4

SCOPE 4

PROCEDURES APPROACH 5

ENFORCEMENT 6

REPORTING..... 8

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BACKGROUND

As an NGO operating in more than 25 Countries, CESVI ETS¹ recognizes that there may be a risk of its donor funds being diverted by contractors, financial service providers, partners and staff to finance or support terrorist activities.

CESVI recognizes that, as other sectors (e.g. profit sector) are tightening their safeguards against terrorist abuse, there is a risk that terrorist organizations may focus more attention on non-profit sector.

CESVI recognizes that different Countries have different approaches and levels of regulation and safeguards and has therefore developed the present policy to ensure that CESVI is consistent in its approach.

CESVI believes that strong effective governance, financial and partner management are key to preventing abuse. This policy highlights the mechanisms in place. The issue of diversion of aid and contravention of counter-terrorism legislation is viewed as an internal control and risk management issue alongside fraud and corruption.

CESVI has developed this policy to ensure that its and its donor funds and resources are not being used directly or indirectly to support terrorist activities. It also aims at providing a clear guide on what to do if terrorist activity is suspected. More broadly, this policy will enable CESVI to support sustainable development and reputation in delivering sustainable overseas aid, as well as ensure continued community support for overseas aid projects.

Donors have extensive regulations around anti-terrorism and national security. International and national bodies impose strict obligations on funding recipients to ensure that funds do not support terrorist activities. CESVI will use its best practices and principles to ensure that its programs are conducted within the limits of these laws and obligations.

Failure to comply with donor requirements could significantly impact the reputation of CESVI as well as expose the organization to potential penalties. This policy therefore articulates CESVI's commitment to avoid involvement in terrorist activities and terrorist financing and outlines processes and procedures aimed at preventing, stopping, and responding to terrorism financing that can potentially lead to the diversion of humanitarian aid or assistance.

¹ The Foundation's legal name is CESVI Fondazione - ETS or CESVI ETS according to Legislative Decree D.Lgs. 117/17, hereinafter referred to also as "CESVI".

POLICY STATEMENT

CESVI condemns all forms of terrorism and will never knowingly support, tolerate or encourage terrorism or the activities of those who embrace terrorism. Consistent with numerous United Nations Security Council resolutions, CESVI is firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of CESVI to seek to ensure that none of its and its donor funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, CESVI undertakes to use reasonable efforts and proportionate measures to ensure that none of its or its donors' funds are used to provide support to individuals or entities associated with terrorism.

In addition, CESVI will not tolerate the proceeds of crime to be laundered through its operations in an attempt to disguise their origin. This policy thus aims to include measures to avoid terrorist financing and money laundering.

SCOPE

This policy applies to all CESVI ETS board members, staff, volunteers, financial service providers and contractors (suppliers, service providers and consultants).

This policy also applies to all partner organizations, implementing projects with CESVI ETS funding.

CESVI does not screen beneficiaries, as it would constitute a reduced needs-based assistance. Applying counterterrorism measures to beneficiaries would require CESVI to selectively respond to the needs of affected populations, in contradiction to principles of humanity and impartiality. This could lead to organization withholding assistance from certain beneficiaries residing in areas controlled by Designated Terrorist Groups, rather than providing assistance where it is needed most.

Indiscriminate vetting of beneficiaries, which involves the collection and reporting of personal information, can also be seen as invasive and accusatory by local communities, with the risk of compromising the neutrality of humanitarian organizations, the relations between humanitarian organizations and communities, and consequently access to people in need.

PROCEDURES APPROACH

CESVI ETS procedures have a strong emphasis on “deter, detect, prevent, and respond”.

Detailed procedures to ensure operationalization of the present Counter-Terrorism Policy are defined in ***CESVI Screening Guidelines***.

As general approach, to minimize the risk of aid diversion, and in particular terrorism financing, CESVI applies the following actions:

1. **Risk Analysis.** As part of its context analysis practices, CESVI also considers risk analyses concerning anti-terrorism activities. The risk analysis typically includes a review of the relevant requirements of donors, transit governments (e.g. territories through which goods or services are transferred), and host state governments, as well as donor policies and industry standards (if any) from other sectors. It also includes security analyses, including stakeholder analyses (armed groups, state and non-state actors), to determine the risk of terrorism targeting or undermining CESVI operations.
2. **Due Diligence.** CESVI conducts an in-depth due diligence of partners, including checks to ensure the partner does not appear on the US Office of Foreign Asset Control (OFAC) list, EU proscribed lists and UN sanctions lists.
3. **Code of Conduct.** CESVI enforces a strict code of conduct among its staff and a Policy to prevent fraud and corruption among its staff and partner organizations, including a strong reference point to anti-diversion.
4. **Financial management.** CESVI maintains comprehensive financial records which account for all expenditure and publishes annual financial statements with detailed breakdown of incomes and expenditures.
5. **Audit.** CESVI produces a yearly audit performed by a major auditing company, certifying the transparency and consistency of accounting, organization and procedures in the course of the various financial years. Control monitoring by the auditing company has been extended to effectiveness of on-site activities. As partner of DG-ECHO (European Commission’s Humanitarian Aid and Civil Protection), CESVI is subject to frequent procedural and organizational review at headquarters and field level Countries. It happens similarly with USAID, which monitors the Foundation’s economic and financial situation. Furthermore, there are routine inspections and final reviews conducted on the great majority of projects.
6. **Training.** CESVI regularly trains its staff and partners on anti-fraud and corruption, procedures and practices.
7. **Procurement.** CESVI applies a “know your supplier” principle for procurements for all national, international and restricted tenders.

ENFORCEMENT

Roles and responsibilities to ensure relevant verifications are performed are defined and detailed **CESVI Screening Guidelines** (2024), whose purpose is to support the operationalization of the present Counter-Terrorism Policy.

However, considering the above-described Procedures approach, it is relevant to recall the main responsibilities, which contribute to minimize the risk of aid diversion:

The **Legal Representative** and the **General Manager** at headquarters are responsible for the application of security measures in Italy and overseas. The security measures abroad are applied along the operational structure hierarchy, from the General Manager, to the Head of Programmes Department, to the Area Manager together with the Heads of Mission.

The **General Manager** is responsible for:

- Ensuring that the policy and security system are consistent with the aim to protect CESVI Staff and Program

The **Heads of Mission** are responsible for:

- Ensuring compliance with relevant legislation and CESVI policies;
- Communicating this policy to all partner organizations and their board members, staff members, volunteers and contractors implementing projects funded by or through CESVI and ensuring that they comply with all relevant legislation and policies;
- Approving activities after all conditions have been met;
- Providing the HQ with all relevant information which relates to breaches of this policy.

All employees and volunteers are responsible for:

- Complying with this policy, all CESVI policies and procedures, and other relevant legislations.

HR Department is responsible for:

- Recruitment of employees and volunteers, including reference checks;
- Ensuring that each member of staff abides by CESVI Code of Conduct and Ethical Code;
- Providing support to managers and other staff during any complaint or dismissal process.

Security Focal Point is responsible for:

- Ensuring that up to date risk assessments and context analyses are undertaken for each area of intervention, including risks of aid diversion.
- Monitoring of this policy and adherence by staff, volunteers, partner organizations and contractors to this policy.

Finance and Accounting Unit²:

- Is responsible for monitoring the use of CESVI funds: through internal control mechanisms at sub-office, Country and HQ levels. These tools and procedures are explained in detail in the Administrative Manual for Country offices. The local office makes available the accountancy documents monthly to enable a timely monitoring of financial flows, expenses and incomes;
- Is responsible for the selection of banks/financial institutions: following a due diligence check, including third party reference check, evaluating the various banks present and available in the country;
- Is responsible for the bank management: authorized levels to carry out financial operations, segregation of duties, signatures and bank reconciliations all contribute to giving a clear picture on the use of funds and to preventing misuse;
- Is responsible for cash management: cash keeping processes, segregation of duties, cash monitoring and reconciliations contribute to giving a clear picture on the use of funds and to preventing misuse;
- Is responsible for money transactions:
 - Checking is done before payment: no commitment to purchase can be made without authorization from the responsible person. The purchase must be documented with both internal (prior approval of the expense, including purpose of the transaction and reference to the budget line of the donor's contract, procedure and contract) and external documentation (invoice, bill, receipt, delivery note or other proof that the goods or service have been provided).
 - Bank transfers are preferred. Cash payments shall be limited.
 - Donations can only be accepted - as any other source of funding going through CESVI – upon HQ review and validation.
 - No donation can be done by Cesvi to an external entity without HQ review and validation, due diligence of the entity and signature of a contract.
- Is responsible for procurement and contractor/supplier management based on the "know your supplier" principle which includes Third Party Reference check to ensure that contractors does not appear on the US Office of Foreign Asset Control (OFAC) list, UK Treasury lists, EU proscribed lists and UN sanctions lists;
- Is responsible for administering Ethical Procurement Policy for suppliers.
- Is responsible for controlling the use of CESVI assets and stocks through internal control mechanism.

Programmes Departments (National and International) is responsible for:

- Due diligence and selection of partner organizations;
- Training and oversight of partner organizations (with support of above departments);
- Project cycle management, including monitoring and evaluation to improve the relevance, quality and accountability of CESVI's programs;
- Ensuring beneficiaries are identified on the basis of the needs only and not vetted/screened in fulfillment of principles of humanity and impartiality;

² Based on the organogram, some of these responsibilities may be differently assigned to alternative administrative positions.

- Management of the beneficiary complaints and response mechanism.

Legal & Compliance Unit is responsible for:

- Compliance with CESVI policies and procedures.

REPORTING

In case of suspected terrorism related activity any CESVI ETS staff member is encouraged to report using CESVI Whistleblowing channels³, to allow to the Supervisory Body:

- Investigating according to CESVI Whistleblowing Policy and taking action accordingly;
- Notifying the donor immediately if any link is discovered between funds, an assisted organization and terrorist related organization.

³ CESVI Whistleblowing Policy, 2024.



CESVI ETS

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