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**AFR**

**Anti-Money  
Laundering and  
Combatting Financing  
of Terrorism Policy**

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# ACCESS TO FINANCE RWANDA

## Anti-Money Laundering and Combatting Financing of Terrorism Policy

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# Acronyms

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<b>AFR</b>	Access to Finance Rwanda
<b>AML</b>	Anti-Money Laundering
<b>CEO</b>	Chief Executive Officer
<b>COO</b>	Chief Operations Officer
<b>EU</b>	European Union
<b>FATF</b>	Financial Action Task Force
<b>MLRO</b>	Money Laundering Reporting Officer
<b>PEPS</b>	Politically Exposed Persons
<b>POCAMLA</b>	Proceeds of Crime and Anti-Money Laundering Act 2009
<b>UN</b>	United Nations

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## 1. Introduction

Terrorists require finances to undertake their activities. Disrupting and preventing terrorism-related financial flows and transactions is one of the most effective ways to fight terrorism. Countering terrorism financing is, therefore an essential part of the global fight against the terror threat. Money laundering if left to thrive will weaken the social fabric, collective ethical standards, and ultimately the democratic institutions of society. The Financial Action Task Force (FATF)<sup>1</sup> requires countries to have policies and laws to combat the risk of terrorism financing and money laundering. AFR's funder countries and Rwanda are members of the FATF and its regional bodies. Consequently, AFR is subjected to and expected to comply with the ensuing regulatory frameworks.

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## 2. Policy statement

AFR is committed to complying with all relevant Rwandan legislation, and applicable global legislation on Anti-Money Laundering (AML) and Combatting the Financing of Terrorism (CFT). AFR has zero-tolerance of actions prohibited by such legislation.

AFR will not provide support or resources to any individual or entity that it knows, or has reason to believe advocates, plans, sponsors, engages or has engaged in terrorism, weapons proliferation, human rights violations or narcotics trafficking, any other prohibition instituted by a jurisdiction applicable to AFR's activities, or acts as an agent of any individual or entity involved in any such activities, or that has been so designated by the Government of Rwanda, the United Nations (UN) or any other country that gives funds to AFR.

AFR will undertake reasonable efforts to ensure that none of its or its donor funds are used to provide support to individuals or entities associated with terror and money laundering. AFR is committed to ensuring that its funds and resources are used for the purpose for which they are intended.

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## 3. Purpose

This policy outlines the principles and minimum internal controls which should be adhered to by the AFR to mitigate risks associated with AML and CFT.

This policy ensures that AFR and its donor funds are not being used directly or indirectly to support terrorist activities or money laundering activities. It also guides what to do when one has a related concern.

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## 4. Scope

This policy applies to all employees of AFR and all AFR's associated parties (both during and outside regular working hours) including members of the Board of Directors, implementing partners, vendors, contractors and any other third party. The term 'AFR staff' will be used throughout this policy to refer to those within scope.

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<sup>1</sup> <https://www.fatf-gafi.org/about/whoweare/#d.en.11232>

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## 5. Definitions<sup>2</sup>

Terrorist financing involves the solicitation, collection or provision of funds with the intention that they may be used to support terrorist acts or organisations. A person commits the crime of financing of terrorism “if that person by any means, directly or indirectly, unlawfully and willfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, to carry out acts of terrorism”.

Proscribed groups or persons are groups or persons that have been banned by a government or an inter-governmental organisation such as the UN. The purpose of such a ban could be due to the commission of terrorism offences. Designated terrorist groups are those that are set aside as terrorist groups.

Money laundering is the process by which proceeds from criminal activity are disguised to conceal their illicit origin, such as corruption, illegal drugs or illegal arms; (i) the conversion or transfer, knowing that such property is the proceeds of crime (ii) the concealment or disguise of the true nature, source, location, disposition, movement or ownership of or rights with respect to the property, knowing that such property is the proceeds of crime; and (iii) the acquisition, possession or use of property, knowing, at the time of the receipt, that such property is the proceeds of crime.

Beneficial owner means the natural person(s) who ultimately owns or controls an entity and/or the natural person on whose behalf transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement.

Applicable laws and regulations mean the laws of Rwanda and regulations imposed by intergovernmental institutions which the countries of AFR and its donors subscribe to such as the UN and European Union (EU). Financial reporting centre – an institution established under Section 21 of the Proceeds of Crime and Anti-Money Laundering Act 2009 (POCAMLA), and has the principal mandate of assisting in identification of the proceeds of crime and the combating of money laundering and the financing of terrorism.

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## 6. Principles

AFR’s approach to mitigating the risk of money laundering, terrorism financing and sanctions breaches is embedded in the following principles.

AFR will:

1. Embed robust procedures, including maintaining adequate financial records to support expenditure.
2. Conduct risk assessments which will form part of programme planning and adopt appropriate mitigation measures escalating risks where necessary.
3. Conduct due diligence and screening of persons to whom it engages.
4. Report concerns accordingly in line with regulatory and donor requirements.

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<sup>2</sup> Adapted from IMF: <https://www.imf.org/external/np/leg/amlcft/eng/aml1.htm#moneylaundering>

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## 7. Prohibitions

AFR shall not maintain a business relationship with third parties:

1. Where such a relationship is prohibited under the AML or CFT law or regulation in Rwanda, in their donor's countries or by an inter-governmental entity such as the UN.
2. Where the third party's business activities are known or suspected to be illegal based on the applicable laws and regulations.
3. Where the third party is designated or proscribed or believed to be engaged or associated in activities that support terrorism or in money laundering activities.

AFR reserves the right to terminate a relationship where a third-party refuses to provide necessary information to enable AFR to conduct appropriate due diligence or screening in line with the risk appetite.

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## 8. Risk-based approach

AFR will adopt a risk-based approach in instituting controls that mitigate the risk of AML and CFT in its programmes. Risk assessment will be done at the design stage of all projects to assess and manage the risk of funds or materials being diverted.

Risks will be monitored, reviewed and reported quarterly and at trigger points to account for changes in operating circumstances (e.g. economic, political, security), and programmes adjusted accordingly.

Risk assessment results will inform the design and development of the controls and procedures that mitigate the risk of AML and CFT. The controls will be reviewed regularly to ensure that they are operating as intended.

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## 9. Due diligence

Reasonable risk-based due diligence will be conducted before entering contractual relationships with third parties. AFR will complete due diligence checks on each downstream partner to establish their capacity and capability to effectively manage funds.

As part of the due diligence, AFR will also obtain necessary details from the contractors to ensure that they have adequate information on the identity of whom they are dealing with and where necessary, the beneficial owner. Such information will include registration certificates, registered addresses, directors or owners.

The process to be followed will be in line with AFR's due diligence policy and framework. AFR will not enter contracts nor make any payments to parties who have not been subjected to the screening process or the due diligence process.

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## 10. Politically exposed persons

Politically Exposed Persons (PEPS) are natural persons who are or have been entrusted with prominent political functions and immediate family members or persons known to be close associates of such persons<sup>3</sup>.

Politically exposed persons are likely to expose AFR to higher risks of money laundering. AFR will conduct enhanced due diligence procedures and adapt processes and systems to mitigate the risks posed by politically exposed persons.

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## 11. Screening

AFR will screen its grantees, suppliers and contractors against sanctioned lists. The objective of this screening is to reduce the risk of dealing with a sanctioned or proscribed person or entity. A risk-based approach will be applied in determining the extent of the screening.

AFR will avoid engagements with contractors or third parties found in sanctioned lists.

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## 12. Reporting a concern

All AFR staff and any third parties must report suspicions and concerns of money laundering, terrorism financing or breach of sanctions immediately. Suspicions must be reasonably held but do not require any proof before making a report.

Suspicions must be reported confidentially through the 24/7, anonymous whistleblowing channel. For details of the channels, refer to the AFR Whistleblowing Policy or AFR website [www.afr.rw](http://www.afr.rw)

AFR staff must not tip off involved parties concerning the suspicions they are aware of. Confidentiality must be maintained, and reporting be done using the channels provided. AFR considers tipping off and breach of confidentiality to be disciplinary matters.

An acknowledgement of the suspicion will be provided, and the reporter contacted should more information be necessary.

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<sup>3</sup> EU Third Anti-money laundering directive

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### 13. Onward reporting

AFR has designated the Grants and Contracts Manager as the Money Laundering Reporting Officer (MLRO). In line with regulatory requirements, the MLRO will report suspicious transactions of money laundering to the Rwanda Financial Intelligence Centre.

Suspicious transactions will be promptly reported to donors as required by contractual obligations. Where criminal offences are suspected, reports will accordingly be made to the relevant authorities.

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### 14. Training and awareness

AFR will ensure that training is available to its staff on the contents and implementation of this policy. Staff who join AFR will be required to go through an induction process that entails familiarisation with this policy. AFR will ensure that the requirements of this policy forms part of the contractual agreement with its grantees, contractors and third parties.

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### 15. Grantees or partners

AFR will hold regular discussions with grantees and partners about risks and incidents of aid diversion likely to affect its programmes. Grantees and partners must ensure their staff are trained and are aware of their responsibility to protect funds from the risk of diversion.

Grantees and partners of AFR must report suspicions of money laundering, terrorism financing and sanctions breaches within 48 hours using the emails provided above.

Grantees and partners must also conduct due diligence and screening processes like those instituted by AFR to mitigate the risk of dealing with proscribed persons, financing terrorism or money laundering.

Terrorism-financing and money laundering mitigation obligations will form part of the contract with all AFR grantees and partners. AFR reserves the right to terminate agreements with grantees or partners who breach the policy.

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### 16. Roles and responsibilities

#### **All staff**

All staff must:

1. Read, understand and comply with the contents of this policy
2. Report suspicions of money laundering and terrorism financing promptly
3. Not tip involved parties regarding any suspicions.

## **All project leads and managers**

AFR project leads and managers must

1. Ensure staff and third parties they work with are aware of the contents of this policy
2. Conduct risk assessments, vigilantly monitor and where necessary update controls and procedures to mitigate the risk of money laundering and terrorism financing to AFR

## **COO/Chief Executive Officer (CEO)**

The COO together with the CEO have a responsibility to ensure that staff are trained on this policy, it is communicated, updated, adhered to and implemented effectively.

## **Money Laundering Reporting Officer**

The MLRO of AFR is responsible for:

1. Monitoring the implementation and compliance with the requirements of this policy.
2. Keeping records generated during the reporting process.
3. Supporting AFR in making external reports.

The Board will ensure that there are adequate and effective systems and process in place to mitigate any environmental or social safeguards risks as well as mechanisms to obtain independent assurance over the effectiveness of the systems instituted to combat Money Laundering and Financing of Terrorism. It is also responsible for ensuring governance and oversight of the AFR's risk management framework and controls regarding AML and CFT.

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## **17. Independent assurance**

All AFR's controls and procedures are subject to internal audit reviews, where necessary, AFR may call an external review to assure the integrity, adequacy and effectiveness of counter-terrorism financing and anti-money laundering procedures.

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## **18. Data retention and protection**

AFR will maintain a register of all reported suspicions including those reported externally. The money laundering reporting officer shall be responsible for ensuring that such records are adequately maintained in line with AFR data protection policy.

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## **19. Review of this policy**

The COO is responsible for ensuring that this policy is reviewed on a timely basis. This policy will be reviewed after every five years and when necessary and accordingly approved by the Board.

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## 20. Related policies

This policy should be read in conjunction with:

1. Code of conduct
2. Whistleblowing policy
3. Anti-fraud and anti-corruption policy
4. Data Protection policy
5. Misconduct, disciplinary and grievance policy
6. Due Diligence policy

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