

# Scope of Work: Local Fund Agent (LFA)

## Anti-terrorism Compliance Procedure: Annual Review and Report

### April 2015

An increasing number of donations to the Global Fund are conditioned upon compliance by the Global Fund with certain anti-terrorism requirements. In this context, the Global Fund has developed a compliance procedure that constitutes its “reasonable efforts” to ensure that the Global Fund does not “support or promote violence, terrorist activity or related training, or money laundering”.

After seeking US legal advice and taking into account other considerations, the Global Fund has decided to implement the following anti-terrorism compliance procedure.

### 01 Procedure

Before Grant Signature: For each grant, the Global Fund will screen certain key organizations and individuals against certain specified terrorist lists.

#### Grant Agreement:

- Each Principal Recipient will certify to the Global Fund in the grant agreement that it is aware that laws exist prohibiting the provision of resources and support to individuals and organizations associated with terrorism and that the European Union, the United Nations Security Council and the United States have published lists identifying individuals and organizations considered to be associated with terrorism.
- In addition to the existing requirements that grants be used only for specified program purposes, each Principal Recipient will agree to employ reasonable efforts to ensure that grant funds are not used to support or promote violence, to aid terrorists or terrorist-related activity, to conduct money-laundering activities, or to fund organizations or individuals known to support terrorism or that are involved in money laundering activities. In order to give effect to this agreement, each Principal Recipient also acknowledges and agrees to each of the requirements, remedies and responsibilities contained in Section 3.6 of the grant regulations.<sup>1</sup>
- In accordance with existing requirements, and as further verified by the LFA through the review during implementation as indicated below, each Principal Recipient will be required to ensure that it has written agreements in place with all its Sub-recipients. Each Sub-recipient agreement must contain (i) an agreement from the applicable Sub-recipient that it will use all grant funds

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<sup>1</sup> For certain existing grants, these obligations may be specified in Article 9 and Article 14 of the applicable grant agreement.

only for specified program purposes and that it will employ reasonable efforts to ensure the funds are not used to support or promote violence, to aid terrorists or terrorist-related activity, to conduct money-laundering activities, or to fund organizations or individuals known to support terrorism or that are involved in money laundering activities and (ii) an acknowledgement and agreement to each of the requirements, remedies and responsibilities contained in Section 3.6 of the grant regulations.<sup>2</sup>

- Each Principal Recipient will be required to cooperate, and to ensure that its Sub-recipients cooperate, with the Global Fund's review of its compliance with these requirements.

**During Implementation:** The LFA may be requested to report to the Global Fund that it has conducted a review of each Principal Recipient's compliance with the obligation to ensure that each sub-recipient agreement contains the required sub-recipient certifications referred to above.

## 02 Specific Scope of Work

The LFA will review the Principal Recipient's implementation arrangements, when requested and usually before the second disbursement after the beginning of any new implementation period under a grant, to verify whether or not the Principal Recipient has complied with its obligations under the grant agreement, namely that, for each sub-recipient:

- (i) there is a signed written agreement between the Principal Recipient and the Sub-recipient which includes listed obligations of the sub-recipient to the Principal Recipient that are generally equivalent to those of the Principal Recipient under the grant agreement; and
- (ii) in such agreement, the Sub-recipient has agreed that it will employ all grant funds solely for program purposes, use reasonable efforts to ensure that grant funds are not employed to support or promote violence, to aid terrorists or terrorist related activity, to conduct money-laundering activities or to fund organizations known to support terrorism or that are involved in money-laundering activities, and follow the requirements, remedies and responsibilities contained in Section 3.6 of the grant regulations.<sup>3</sup>

Please note:

- The requirements in paragraphs (i) and (ii) only apply for entities that are legally distinct from the Principal Recipient. It is for the LFA to determine whether or not an organization is legally distinct from the Principal Recipient under applicable local law. (For example, it is possible that, in some countries, where the Principal Recipient is a central ministry, different regional departments are not legally distinct from the central ministry and therefore would not be considered Sub-recipients for this specific purpose).
- For the purposes of the Report, the requirements in paragraphs (i) and (ii) above do apply to entities which are managing or implementing program activities, even if they are considered to be contractors by the Principal Recipient.

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<sup>2</sup> For certain existing grants, these obligations may be specified in Article 9 and Article 14 of the applicable grant agreement.

<sup>3</sup> For certain existing grants, these obligations may be specified in Article 9 and Article 14 of the applicable grant agreement.

- In the event that for any single grant, there are more than ten Sub-recipients, the review may be conducted on a sample basis, provided that the sample size is the greater of ten Sub-recipients and 25% of the total number of Sub-recipients for that grant.

The LFA will provide to the relevant Fund Portfolio Manager a report (in substantially the form attached to this scope of work, the “LFA Report (Anti-terrorism)”) stating that it has conducted the review described above and setting out its findings.

It is envisioned that this review and reporting requires on average one half a day of LFA Level of Effort. Should an exceptional number of Sub-recipients require additional efforts, the LFA should liaise with the Fund Portfolio Manager to determine the required Level of Effort.

### 03 Deliverables and Schedules

The anti-terrorism LFA report is to be completed and delivered to the Global Fund before the second disbursement after the beginning of any new implementation period under a grant, or as otherwise agreed in writing with the Global Fund.