
Urban Research Institute

Governance Document

Anti-Money Laundering and Counter-Terrorist Financing Policy and Procedures





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CHAPTER

GENERAL PROVISIONS

Article 1

Object

1. This Regulation establishes the internal rules, responsibilities, procedures and controls of the Urban Research Institute (“URI”) for the prevention, detection and management of risks related to money laundering, terrorist financing, prohibited transactions, sanctions exposure, and dealings with counterparties that present unacceptable integrity or compliance risks.
2. This Regulation governs, at a minimum:
 - a) risk-based counterparty due diligence, including know-your-customer or equivalent know-your-counterparty checks;
 - b) identification and verification of counterparties and beneficial owners where relevant;
 - c) sanctions screening;
 - d) identification and management of politically exposed persons and other high-risk relationships;
 - e) monitoring of incoming and outgoing funds and other transactions under URI’s control;
 - f) escalation, decision-making, internal reporting and reporting to competent authorities where required by applicable law;
 - g) record-keeping, confidentiality, training and independent review.

Article 2

Purpose

The purpose of this Regulation is:

- a) to protect URI from being used, directly or indirectly, for money laundering, terrorist financing, sanctions evasion, fraud-related fund diversion, or other prohibited conduct;
- b) to ensure that URI applies proportionate and risk-based due diligence before establishing or continuing relationships and before making or receiving payments;
- c) to support compliance with applicable Albanian law and with the standards expected in connection with GCF accreditation, including KYC-equivalent due diligence and sanctions controls.

Article 2A

Applicable Albanian legal framework

In addition to this Regulation, URI shall comply with all applicable Albanian anti-money laundering and counter-terrorist financing legislation, including:

- a) Law No. 9917, dated 19.05.2008 “On the Prevention of Money Laundering and Financing of Terrorism”, as amended.
- b) Council of Ministers Decision No. 343, dated 08.04.2009 “On the Methods and Procedures of Reporting to Licensing and/or Enforcement Authorities”; and

c) Instruction No. 16, dated 16.02.2009 “On the Prevention of Money Laundering and Combating the Financing of Terrorism in the Tax System”, as amended or replaced from time to time.

Where Albanian law imposes specific thresholds, reporting deadlines, formats, or competent-authority requirements, URI shall comply with those requirements in parallel with this Regulation.

Where this Regulation imposes stricter internal controls than those required by Albanian law, URI shall apply the stricter control unless prohibited by mandatory law.

Article 3

Scope of application

1. This Regulation applies to all URI organs, employees, officers, consultants acting under URI authority, and any person participating in onboarding, contracting, due diligence, payment, grant-making, procurement, financial management, partnership management or compliance review functions.
2. This Regulation applies to all relevant counterparties, including:
 - a) donors and contributors;
 - b) project partners and cooperating institutions;
 - c) suppliers, contractors and service providers;
 - d) consultants and experts;
 - e) grantees, sub-grantees and recipients of financial support;
 - f) beneficiaries receiving direct financial transfers or in-kind support with financial value;
 - g) other natural or legal persons with whom URI establishes a financial, contractual or operational relationship.
3. This Regulation applies to both incoming and outgoing funds and to any transaction, payment, transfer, disbursement, contract or relationship that may expose URI to AML/CFT or sanctions risk.

Article 4

Interpretation principles

1. This Regulation shall be interpreted and implemented on a risk-based basis. Monetary thresholds required by law may trigger specific reporting obligations, but they do not limit the application of due diligence, sanctions screening, escalation or refusal measures under this Regulation.
2. For URI’s operations in Albania, any threshold established under applicable law, including the threshold of 100,000 ALL where relevant, shall be treated as a mandatory legal trigger for documentation and/or reporting obligations, in addition to the risk-based controls under this Regulation
3. Sanctions screening and suspicious activity analysis shall apply regardless of transaction value where the nature of the counterparty, jurisdiction, ownership structure, transaction pattern or other circumstances indicate risk.

4. Where this Regulation imposes a stricter internal control than the minimum required by law, URI shall apply the stricter internal control unless prohibited by mandatory law.

Article 5

Definitions

For the purposes of this Regulation:

- a) “AML/CFT” means anti-money laundering and counter-terrorist financing;
- b) “counterparty” means any person or entity with whom URI enters or intends to enter into a financial, contractual, grant, partnership, procurement, employment-related or other relevant relationship;
- c) “beneficial owner” means the natural person who ultimately owns or controls a legal entity or on whose behalf a transaction or relationship is conducted;
- d) “PEP” means a politically exposed person, as understood under applicable law and risk-based international standards;
- e) “sanctions” means restrictive measures and prohibitions established by the United Nations Security Council and, where applied by URI policy or required by a donor, any additional sanctions list designated by URI in implementing procedures;
- f) “high-risk relationship” means a relationship assessed as presenting elevated AML/CFT, sanctions, integrity or misuse-of-funds risk;
- g) “enhanced due diligence” means additional measures applied in higher-risk cases;
- h) “responsible officer” means the management-level AML/CFT responsible officer designated under this Regulation;
- i) “competent authority” means the Albanian authority or authorities responsible for receiving and processing AML/CFT reports and notifications under applicable law, including, where relevant for non-profit organizations, reporting through the General Directorate of Taxes as intermediary to the General Directorate for the Prevention of Money Laundering.

CHAPTER II GOVERNANCE, OVERSIGHT AND RESPONSIBILITIES

Article 6

Governance structure

1. URI shall maintain an AML/CFT and sanctions control framework proportionate to the size, nature and risk profile of its operations.
2. The framework shall operate through:
 - a) first-line operational functions, including procurement, finance, programme and partnership management staff, which perform initial checks and apply routine controls;
 - b) a designated management-level responsible officer, who oversees implementation of this Regulation;
 - c) oversight by the Executive Director;
 - d) periodic independent review by the Internal Auditor, the Risk and Audit Committee, or an outsourced independent reviewer designated by URI.

Article 7

Management-level responsible officer

1. URI designates the Financial Officer as the management-level officer responsible for overseeing implementation of this Regulation.
2. The Financial Officer shall have sufficient authority, access to information and institutional standing to perform this role effectively.
3. The Financial Officer may be supported by other staff, including the Procurement Officer and programme staff, but responsibility for oversight shall remain clearly assigned and shall not be diluted through undefined joint accountability.

Article 8

Responsibilities of the Executive Director

The Executive Director shall:

- a) ensure that URI has adequate resources, staffing, systems and procedures to implement this Regulation;
- b) approve high-risk relationships and exceptional cases requiring senior management decision under this Regulation;
- c) ensure that AML/CFT and sanctions compliance is integrated into procurement, finance, grant-making, partnership management and payment processes;
- d) receive periodic compliance reports from the Financial Officer;
- e) ensure corrective action where weaknesses are identified.

The Executive Director shall approve:

- a) any high-risk counterparty relationship;
- b) any acceptance or continuation of a relationship involving a politically exposed person requiring enhanced due diligence;
- c) any case involving a potential sanctions match that cannot be conclusively cleared by the Financial Officer;
- d) any proposal to proceed subject to exceptional conditions, restrictions, or mitigating measures;
- e) any case which the Financial Officer escalates due to material integrity, reputational, operational, or legal risk.

Article 9

Responsibilities of the Financial Officer as responsible officer

The Financial Officer shall:

- a) oversee the implementation of risk-based AML/CFT, due diligence and sanctions procedures across URI;
- b) maintain and update implementing tools, forms, checklists and registers;
- c) review and approve risk classifications in accordance with this Regulation and implementing procedures;
- d) review escalated cases, including possible sanctions matches, PEP exposure, complex ownership structures, unusual transactions and refusals to provide information;



- e) recommend acceptance, conditional acceptance, refusal, suspension or termination of relationships;
- f) approve low-risk and medium-risk relationships where due diligence is complete, sanctions screening is clear, and no unresolved red flags remain;
- g) ensure that suspicious cases are internally documented and externally reported where required by applicable law;
- h) maintain records of sanctions screening, due diligence and escalations;
- i) provide periodic reports to the Executive Director and, where applicable, to the Risk and Audit Committee;
- i) coordinate training and awareness measures;
- j) coordinate with internal or external reviewers performing independent testing.

Article 10

Responsibilities of the Procurement Officer and other first-line functions

1. The Procurement Officer shall conduct first-level due diligence and sanctions screening for suppliers, contractors and procurement counterparties in accordance with this Regulation and implementing procedures.
2. Programme, partnership and grant-management staff shall conduct first-level due diligence and document collection for partners, grantees, sub-grantees and beneficiaries under their responsibility.
3. No staff member may approve or proceed with onboarding, contracting, payment or disbursement where required checks are incomplete or where a matter has been escalated and remains unresolved.
4. All high-risk, unclear or positive-match cases shall be escalated to the Financial Officer.

Article 11

Employee obligations

All employees and relevant personnel shall:

- a) comply with this Regulation and related procedures;
- b) immediately report red flags, unusual circumstances or suspected prohibited conduct to the Financial Officer;
- c) preserve confidentiality;
- d) participate in mandatory training;
- e) sign an annual acknowledgement confirming awareness of applicable compliance obligations.

Article 12

Independent review

1. URI shall ensure periodic independent review of the implementation and effectiveness of this Regulation.

2. Such review may be conducted by the Internal Auditor, the Risk and Audit Committee, or a suitably qualified outsourced independent reviewer.
3. The review shall assess, at minimum:
 - a) the adequacy of governance and designation arrangements;
 - b) the effectiveness of due diligence and sanctions screening;
 - c) the quality of documentation and record retention;
 - d) staff awareness and training;
 - e) compliance with escalation and approval requirements;
 - f) implementation of corrective actions.

CHAPTER III RISK-BASED DUE DILIGENCE FRAMEWORK

Article 13

General duty of due diligence

1. URI shall conduct proportionate, risk-based due diligence before entering into a relationship with a counterparty and before making or receiving funds where relevant.
2. Due diligence shall also be refreshed during the relationship where:
 - a) the risk profile changes;
 - b) ownership, control or management changes materially;
 - c) the relationship is expanded;
 - d) unusual activity arises;
 - e) periodic update intervals established by URI are reached.

Article 14

Minimum due diligence content

For each relevant counterparty, URI shall, as appropriate to the nature of the relationship, obtain and assess:

- a) identifying information;
- b) legal registration or constitutive information for legal entities;
- c) identity of legal representatives;
- d) beneficial ownership information where relevant;
- e) purpose and intended nature of the relationship;
- f) source of funds or source of financing where relevant;
- g) risk factors linked to geography, activity, transaction pattern, ownership structure and reputation;
- h) sanctions screening results;
- i) PEP screening results where applicable;
- j) any additional information required under enhanced due diligence.

For transactions or relationships meetings or exceeding legally relevant thresholds, including 100,000 ALL where applicable, source-of-funds documentation shall be obtained and retained in the file.



Article 15

Risk classification

1. Each relevant relationship shall be classified as low, medium or high risk.
2. The risk classification shall consider, at minimum:
 - a) geographic risk, including exposure to high-risk jurisdictions, sanctioned jurisdictions or jurisdictions with weak transparency indicators;
 - b) activity risk, including sectors or activities vulnerable to misuse, opacity or unexplained complexity;
 - c) transaction risk, including unusual payment structures, cash use, rapid fund movement, third-party payments, unexplained urgency, mismatch between profile and value, or lack of economic rationale;
 - d) ownership and control risk, including complex chains of ownership, nominee structures, opaque entities or difficulty identifying beneficial owners;
 - e) reputational and conduct risk, including adverse media, prior investigations, integrity concerns, or refusal to cooperate with due diligence.
3. The rationale for the risk rating shall be documented.

Article 16

Simplified due diligence

1. Simplified due diligence may be applied only where the counterparty is assessed as low risk and there is no sanctions concern, PEP concern, ownership opacity or unusual transaction feature.
2. Simplified due diligence shall never be applied in a manner that dispenses with basic identification, sanctions screening or necessary verification.
3. The decision to apply simplified due diligence shall be documented.

Article 17

Enhanced due diligence

1. Enhanced due diligence shall be mandatory in high-risk cases, including where relevant:
 - a) politically exposed persons;
 - b) counterparties linked to high-risk or sanctioned jurisdictions;
 - c) complex, opaque or unusual ownership structures;
 - d) unusual or complex transactions lacking clear economic or programmatic rationale;
 - e) counterparties with adverse media, prior investigations or serious integrity concerns;
 - f) grant, partnership or payment structures involving layered intermediaries or non-standard routes.
2. Enhanced due diligence may include:
 - a) additional identification and verification documents;
 - b) deeper beneficial ownership review;
 - c) source of funds and source of wealth review where appropriate;

- d) enhanced review of the purpose and legitimacy of the relationship;
- e) increased frequency of monitoring;
- f) senior management approval before onboarding or payment;
- g) conditions, limitations or additional safeguards.

URI shall refuse, suspend, or terminate a relationship where it cannot adequately verify the identity of the counterparty, the beneficial owner where relevant, or the source of funds where such verification is required by law or indicated by the risk profile.

Article 18

Politically exposed persons

1. URI shall have appropriate procedures to identify PEP exposure, as appropriate to the type and risk of relationship.
2. Where a counterparty or beneficial owner is identified as a PEP or close associate/family member where relevant under applicable standards, URI shall apply enhanced due diligence.
3. Acceptance or continuation of a PEP-related high-risk relationship shall require approval by the Executive Director based on the recommendation of the Financial Officer.

Article 19

Inability to complete due diligence

1. URI shall not establish or continue a relationship where it cannot complete the required due diligence to a satisfactory degree.
2. URI shall refuse onboarding, suspend action, withhold payment or terminate a relationship where:
 - a) required information is not provided;
 - b) beneficial ownership cannot be sufficiently identified where relevant;
 - c) documentation appears false, inconsistent or unreliable;
 - d) sanctions concerns remain unresolved;
 - e) risk is assessed as unacceptable.

CHAPTER SANCTIONS SCREENING

IV

Article 20

Mandatory sanctions screening

1. URI shall conduct sanctions screening against the applicable United Nations Security Council sanctions lists before entering into a relevant relationship and before making any payment or disbursement under URI's control.
2. URI may, through implementing procedures or donor-specific requirements, also apply additional lists, including European Union sanctions lists or other mandatory donor-imposed restrictions.

3. Sanctions screening shall apply, as relevant, to:
 - a) donors and contributors;
 - b) partners and cooperating institutions;
 - c) suppliers, contractors and consultants;
 - d) grantees, sub-grantees and beneficiaries of financial support;
 - e) beneficial owners, legal representatives and key controlling persons where appropriate.

Article 21

Positive or potential sanctions match

1. Where sanctions screening results in a confirmed or potential match, no onboarding, contracting, payment or disbursement may proceed until the matter is reviewed and resolved.
2. The case shall be escalated immediately to the Financial Officer.
3. If the match is confirmed or cannot be satisfactorily cleared, the relationship shall be refused, suspended or terminated, and funds shall not be transferred.
4. Any reporting or notification required by law shall be made promptly.

CHAPTER

V

MONITORING OF RELATIONSHIPS, PAYMENTS AND DISBURSEMENTS

Article 22

Monitoring of incoming and outgoing funds

1. URI shall monitor both incoming and outgoing funds to identify unusual, suspicious, prohibited or inconsistent activity.
2. Monitoring shall cover, as appropriate:
 - a) the identity of payer and payee;
 - b) the purpose of the transaction;
 - c) the consistency of the transaction with the known profile of the relationship;
 - d) the route and method of payment;
 - e) the involvement of third parties, intermediaries or jurisdictions that increase risk;
 - f) whether funds are being transferred to the intended recipient and for the intended purpose.

Article 23

Payments and disbursements

1. No payment, transfer or disbursement shall be made unless:
 - a) the recipient has undergone the required due diligence;
 - b) sanctions screening has been completed and cleared;
 - c) the purpose of the payment is legitimate, documented and consistent with the contract, grant, agreement or approved activity;
 - d) the approver has confirmed that no unresolved red flags remain.

2. Payment to third parties not identified in the underlying contract or grant documentation shall be prohibited unless exceptional justification is documented and approved by the Financial Officer and the Executive Director.

Article 24

Cash and non-standard transactions

1. URI shall minimize exposure to cash transactions and apply heightened scrutiny to any transaction involving cash, unusual urgency, fragmented payments, unverified intermediaries or non-standard payment channels.
2. Any legal reporting obligations triggered by thresholds under applicable law shall be complied with in addition to the controls established by this Regulation.
3. Any cash transaction or other transaction type subject to mandatory reporting or heightened vigilance under Albanian law shall be documented and handled in accordance with both this Regulation and the applicable legal reporting rules.

CHAPTER

VI

ESCALATION, INTERNAL REPORTING AND EXTERNAL REPORTING

Article 25

Red flags

The following, among others, shall be treated as red flags requiring review and possible escalation:

- a) refusal or reluctance to provide identification or ownership information;
- b) unexplained complexity in ownership or payment arrangements;
- c) requests for anonymity inconsistent with the relationship;
- d) mismatch between the counterparty's profile and the transaction;
- e) adverse media or integrity concerns;
- f) high-risk jurisdiction exposure;
- g) possible sanctions match;
- h) unusual pressure for urgent payment without adequate documentation;
- i) request to pay an unrelated third party;
- j) inconsistent, altered or questionable documents.

Article 26

Internal reporting and escalation

1. Any employee identifying a red flag or suspicious circumstance shall report it without delay to the Financial Officer.
2. The report shall be documented in writing and supported by all available information.
3. The Financial Officer shall assess the matter promptly and determine whether:
 - a) additional information is required;
 - b) the relationship may proceed;
 - c) enhanced due diligence is required;

- d) payment or onboarding must be suspended;
- e) the matter requires Executive Director approval;
- f) the matter must be reported externally under applicable law.

Article 27

External reporting

1. Where applicable Albanian law requires reporting to competent authorities, URI shall make such reports in a timely manner and in the prescribed form.
2. Without prejudice to any stricter or updated legal requirement, URI shall report suspicious activity, attempted suspicious activity, terrorist financing concerns, and other reportable matters to the competent authority in accordance with Albanian law and prescribed procedures.
3. In accordance with the applicable Albanian legal framework, a suspicious activity report shall be submitted within 72 hours from identification of the suspicion, and a transaction report above the applicable legal threshold shall be submitted within 24 hours from completion of the transaction, where such reporting is required by law.
4. External reporting shall be prepared by the Financial Officer, supported by the relevant documentation, and submitted on the form and through the reporting channel required by the competent authority. Where required by URI internal governance, the Executive Director shall be informed without delay.

CHAPTER

VII

RECORD-KEEPING, CONFIDENTIALITY AND DATA MANAGEMENT

Article 28

Documentation and retention

1. URI shall maintain complete and organized records of due diligence, sanctions screening, risk assessments, approvals, escalations, reports, decisions and monitoring actions.
2. Records shall be retained for at least five years after the end of the relationship or longer where required by law, donor requirement or litigation hold. This retention period shall in no case be shorter than the minimum period required under applicable Albanian AML/CFT legislation.
3. Records shall be kept in a manner that allows traceability, review and timely retrieval.

Article 29

Confidentiality and restricted access

1. Information relating to due diligence, sanctions screening, internal reports, suspicious activity or investigations shall be treated as confidential and accessed only by authorized persons with a legitimate role.

2. Unauthorized disclosure of internal reports, possible reporting actions or investigative steps is prohibited.

CHAPTER TRAINING, IMPLEMENTATION AND REVIEW

VIII

Article 30

Training and awareness

1. URI shall provide periodic AML/CFT and sanctions training proportionate to the roles of staff.
2. Training shall cover, at minimum:
 - a) due diligence obligations;
 - b) beneficial ownership and PEP issues;
 - c) sanctions screening;
 - d) red flags and escalation;
 - e) documentation and confidentiality obligations.
3. Attendance and completion shall be recorded.

Article 31

Implementing procedures and forms

1. The Financial Officer shall prepare and maintain implementing procedures, forms and registers necessary for the application of this Regulation.
2. These may include:
 - a) counterparty due diligence form;
 - b) sanctions-screening checklist and log;
 - c) PEP and enhanced due diligence form;
 - d) escalation register;
 - e) periodic compliance report template;
 - f) annual staff acknowledgement form;
 - g) legally required reporting templates or internal reporting forms aligned with Albanian AML/CFT law.

Article 32

Periodic review of the Regulation

1. This Regulation shall be reviewed periodically and updated whenever required by changes in law, donor requirements, GCF accreditation expectations, operational experience or risk profile.
2. The Financial Officer shall propose amendments, and the competent approving body of URI shall adopt them.