

## Annex 12 - Additional compliance requirements to be applied when informal money transfer systems (IMTS) are used by partners to transfer Danish fund

December 2025

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Need and risk assessment of the use of IMTS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <i>Need assessment:</i> The use of all other payment options than IMTS/hawala should actively be considered and pursued, including but not necessarily limited to direct bank transfers, including through correspondent banking, money transfer services, transfers in virtual currencies, and other solutions <b>meaning that IMTS should always be the last transfer option available.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <i>Risk assessment</i> of the use of IMTS in the project in question should be conducted to ensure that all risks and mitigating actions are identified. The risk assessment should be kept updated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>2. Legal aspects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <i>Legal compliance:</i> Any activities associated with the use of IMTS/hawala should always be in compliance with relevant Danish, local and international legislation and EU restrictive measures.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>3. Internal governance measures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <i>Written guidelines:</i> Written guidelines should be in place that regulate the following: <ul style="list-style-type: none"><li>• that IMTS is only used in situations where there are no other viable options to transfer funds, and relevant mitigating actions are in place to reduce risks.</li><li>• who is authorised to take the decision on the use of IMTS/hawala in the concrete situation. The mandate should preferably remain at highest executive level in the organisation.</li><li>• how IMTS fund transfers are to be conducted, use of companies/agents, vetting processes, audit trails etc.</li><li>• that the amount of funds transferred to IMTS/hawala agent is based on an assessment of the concrete funding needs, and must avoid any fund accumulation with IMTS/hawala agents including any local agents.</li><li>• that funds are forwarded from the IMTS/hawala agent/local agent to the end recipients without delay.</li><li>• that any fee to IMTS/hawala agent is in line with principles of sound and proper financial management of funds, they are accounted for and included in the audit.</li><li>• who to notify and how, in case of irregularities related to the use of IMTS/hawala, and what course of action is prescribed.</li></ul> |
| <i>Monitoring and control:</i> Internal procedures that regulate how the use of IMTS/hawala is being monitored and controlled on an on-going basis must be in place. The monitoring and control should be conducted throughout the chain, until and including receipt by the end recipient on an on-going basis with reasonable frequency, and should be documented.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>4. Vetting requirements</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <i>Identification of the IMTS/hawala agent including any local agent:</i><br>Documentation of the identity of the company/agent being used throughout the transaction-chain including local agents should be obtained.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <i>Sanctions screening of IMTS/hawala companies/agents including local agents:</i><br>Document that all IMTS/hawala agents being involved in the transaction has undergone sanction screenings that include as a minimum UN and EU sanctions. The sanctions checks need to be conducted on an on-going basis to as sanctions lists are constantly updated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <i>Local regulations:</i> Partner organisations should only engage with properly licensed and registered parties, including local IMTS/hawala agents.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>5. Fund transfer transparency</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <i>Payment to IMTS/hawala agent and audit trail:</i> Document that funds to IMTS/hawala agent are transferred into an identified account with a bank or another regulated institution (i.e. cash should be avoided) to secure an audit trail. The requirement for audit trail applies to transfers from IMTS/hawala agent initially receiving the funds from the organisation as well as any further transfers to any local IMTS/hawala agents.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <i>Payment to end recipient:</i> Document that funds have been collected by end recipient.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |