

# Fight against corruption; Fight against money-laundering

## I. In brief

The Council of Europe is pursuing a comprehensive approach against corruption (AC) and money laundering (AML) by setting standards in the form of conventions and "soft law" instruments (recommendations and resolutions), and by monitoring their compliance with Council of Europe and global standards through its monitoring mechanisms: the Group of States against Corruption (GRECO); and the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL). This approach is often supported through the implementation of technical assistance and co-operation projects or/and programmes.

The Organisation has a unique expertise in the field of combating corruption, money laundering, terrorist financing and pursuing asset recovery through its multidisciplinary approach, which consists of three interrelated elements: the setting of European norms and standards, monitoring of compliance with the standards and capacity building/technical advice offered to individual countries and regions, through its co-operation activities.

## II. Background

The rule of law is essential for guaranteeing the effective enjoyment of human rights and a stable economic development. Public institutions are the primary providers of: protection from human rights violations; good governance; reducing incentives to commit more proceeds-generating crime nationally and transnationally; protecting markets and the global financial system. Therefore the fight against corruption and money laundering is part of the core mission of the Organisation. Corruption and money laundering directly threaten the rule of law, which then are capable of permeating public institutions, eliminating their fairness and efficiency, distorting competition and undermining trust in the democratic system. The Council of Europe action in this area brings together co-operation activities and monitoring work, which rely on treaty law standards and other instruments.

## III. Comparative advantages and added value

The Council of Europe has been tackling corruption, organised crime, money laundering and the financing of terrorism as threats to the rule for many years (in the case of money laundering since the late 1970s). Since the 2<sup>nd</sup> Summit of the Heads of State and Government of the Council of Europe (1997) measures against economic and organised crime became a priority of the Organisation. Therefore, work in the field of standard setting, monitoring and supporting implementation has become a distinctive profile of the Organisation, given its unique specialised and multidisciplinary expertise in economic and organised crime, corruption and good governance, money laundering, financing of terrorism and asset recovery.

In doing so, the Organisation has in place and available the profiles of credible experts who are members of different multidisciplinary groups in the framework of: Committees of experts concerning Crime Problems, Transnational Criminal Justice, Legal Co-operation, Efficiency of Justice, Venice Commission, as well as GRECO and MONEYVAL. As part of the technical co-operation, the organisation also offers political support when challenges are faced by its member States in their approaches to economic and organised crime, and corruption.

The Council of Europe's legal framework against corruption and money laundering covers the following legal instruments:

### Its Anti-Corruption Instruments:

- Criminal Law Convention on Corruption (ETS 173);
- Civil Law Convention on Corruption (ETS 174);
- Additional Protocol to the Criminal Law Convention on Corruption (ETS 191);
- Twenty Guiding Principles against Corruption (Resolution (97) 24);
- Recommendation on Codes of Conduct for Public Officials [Recommendation No. R(2000)10];
- Recommendation on Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns (Recommendation Rec(2003)4)

### **Its Anti-money Laundering Instruments:**

- Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (ETS 141);
- Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS 198);
- Recommendation on measures against the transfer and safekeeping of funds of criminal origin [Recommendation No R (80) 10].

### **GRECO Monitoring:**

The Group of States against Corruption monitors compliance with the anti-corruption standards of the Organisation. GRECO monitors all its members on an equal basis, through a dynamic process of mutual evaluation and peer pressure. GRECO monitoring comprises: a “horizontal” evaluation procedure (all members are evaluated within an Evaluation Round); and an impact assessment (“compliance procedure”) designed to assess the measures taken by its members to implement the recommendations.

GRECO works in cycles: evaluation rounds, each covering specific themes: **1<sup>st</sup>** Evaluation Round (2000–2002) dealt with the independence, specialisation and means of national bodies engaged in the prevention and fight against corruption; the extent and scope of immunities of public officials from arrest, prosecution, etc; **2<sup>nd</sup>** Evaluation Round (2003–2006) focused on the identification, seizure and confiscation of corruption proceeds, the prevention and detection of corruption in public administration and the prevention of legal persons (corporations, etc) from being used as shields for corruption; **3<sup>rd</sup>** Evaluation Round (launched in January 2007) addresses the incriminations provided for in the Criminal Law Convention on Corruption and the transparency of party funding; **4<sup>th</sup>** Evaluation Round (launched in January 2012) focuses on corruption prevention in respect of Members of Parliament, Judges and Prosecutors.

One of the strengths of GRECO’s monitoring is its evaluation procedures which are based on on-site visits and followed up by an impact assessment designed to appraise the measures taken by members to implement the recommendations emanating from country evaluations. Close co-operation with other key players, such as the United Nations and the Organisation for Economic Co-operation and Development (OECD) as well as the relevant bodies of the European Union, is given high

priority in order to further enhance the effectiveness of the Council of Europe’s anticorruption endeavours and to avoid overlap and duplication.

With its 4<sup>th</sup> Evaluation Round, GRECO is breaking new ground and underlines once again the multidisciplinary nature of its remit. The pool of evaluators with expertise in the themes of the new round is composed of experts nominated by the member States and, where appropriate, consideration has been given by Heads of Delegation to adjusting the composition of permanent delegations in GRECO in order to ensure the availability of the necessary competencies for dealing with the wide scope of themes under consideration.

GRECO has 49 member States (47 CoE member States, United States of America and Belarus).

There are four observers: the OECD, the United Nations – represented by the United Nations Office on Drugs and Crime (UNODC), the International Anti-Corruption Academy (IACA) and the Organization of American States (OAS).

After the adoption by the European Commission of its Communication “EU against corruption” in June 2011, there are concrete prospects of formal participation of the EU in GRECO which can be expected to generate additional synergies in the fight against corruption.

### **MONEYVAL Monitoring:**

The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) began work in 1997 and is the primary anti-money laundering and countering the financing of terrorism (AML/CFT) monitoring mechanism of the Council of Europe. It is a leading Associate Member of the Financial Action Task Force (FATF) and thus a key partner in the global network of AML/CFT assessment bodies. It is in its 4<sup>th</sup> round of evaluations.

MONEYVAL monitoring is undertaken through a dynamic process of rigorous mutual evaluation, peer review and regular follow-up of its reports, backed up by its Compliance-Enhancing Procedures - a graduated series of steps which can be (and are) taken in respect of countries which do not comply with MONEYVAL’s reference documents.

MONEYVAL's detailed assessment reports cover the effectiveness of implementation of the legal, financial and law enforcement measures in place in its jurisdictions and include ratings tables in respect of each of the major global standards and detailed action plans, which can form blueprints for technical assistance.

MONEYVAL currently evaluates 30 jurisdictions [28 Council of Europe member States, Israel and the Holy See (including Vatican City State)]. In addition, the following bodies, countries and organisations participate in MONEYVAL: the Parliamentary Assembly of the Council of Europe; the Council of Europe Development Bank, the European Committee on Crime Problems; the Conference of the Parties of the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS 198); the European Commission and the Secretariat General of the Council of the European Union; States with observer status of the Council of Europe (i.e. Canada, Japan, Mexico, United States of America); Secretariat of the Financial Action Task Force on Money Laundering (FATF); ICPO-Interpol; Commonwealth Secretariat; International Monetary Fund (IMF); United Nations Office on Drugs and Crime (UNODC); United Nations Counter-Terrorism Committee (CTC); World Bank; European Bank of Reconstruction and Development (EBRD); Group of International Finance Centre Supervisors (GIFCS) formerly the Offshore Group of Banking Supervisors (OGBS); Egmont Group of Financial Intelligence Units; Eurasian Group on Combating Money Laundering and Terrorist Financing (EAG); and any other FATF style regional body (FSRB) which is or becomes an associate member of the FATF, on the basis of reciprocity.

### **Conference of the Parties (COP):**

The Conference of the Parties to the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS 198) focuses on the implementation by States Parties of specific provisions in the Convention which add value to national AML/CFT systems that are not evaluated by MONEYVAL or FATF. The COP reports are primarily based on replies to an assessment questionnaire reviewed by 3 rapporteurs (covering new legal developments, international co-operation issues and financial intelligence units) and also taking advantage of information obtained via existing monitoring mechanisms such as MONEYVAL and FATF. 22

Council of Europe member States have ratified the Convention so far. 12 other Council of Europe States have signed the Convention, but have not yet ratified it. The European Union signed the Convention in 2009.

### **Co-operation Approach:**

In using its triangular approach (standard-setting, monitoring, and technical assistance), the Council of Europe provides support, assistance and co-operation in reforms concerning economic crime, corruption and money laundering in many of its members States (some emerging from the former-communist block and some from post-conflict areas). Thus the results and lessons learned have enriched Council of Europe expertise and equipped us with sustainable "know-how", tools and efficient networking facilities to support important reforms in the newly-emerged democracies. Those countries today have successfully managed to join the European family as Council of Europe member States and contribute on an equal footing to its work.

The added value of Council of Europe presence and partnership in member and non-member States can be found in many aspects of our work but especially on what the Council can offer, in technical assistance and co-operation: allowing access to experience and knowledge in mainstreaming the European *acquis*; sharing tools that can be used when implementing international standards given its unique ability to use its monitoring mechanisms; coordinating, supporting and hosting professional networks which promote better international co-operation in criminal matters (European Union/Council of Europe member States and other countries). Those networks and exchange of good practices (in implementing and monitoring international and European standards) have served as capacity building promoters and created strong links among homologue practitioners, professionals and government structures that share common goals and objectives when tackling economic and organised crime and its transfrontier effects. Furthermore the global co-operation on technical matters concerning the fight against economic crime, corruption and money-laundering is a key element when aiming at the objective of outreaching European values, reinforcing and supporting European neighbourhood policies.

## IV. Geographic contextualisation

The Council of Europe has supported countries in the implementation of European and international anti-corruption and anti-money laundering standards through technical co-operation and assistance programmes for more than a decade. They are funded from the budget of the Council of Europe but to a large extent also by contributions by countries and organisations such as the European Union, Norway Grants, Sweden, Netherlands, Switzerland, and United States Agency for International Development (USAID). Some of the examples in the last 5 years include:

- Project on Support to the Anti-corruption Strategy of Georgia (GEPAC), which supported the Georgian authorities in drafting a revised Anti-Corruption Strategy and in setting an Implementation Plan on its way.
- Support to Good Governance: Project against Corruption in Ukraine (UPAC) provided valuable assistance to the Ukrainian institutions to elaborate, implement and revise the National Anti-corruption Strategy and Action Plan. The project has also facilitated the establishment of the Government Agency for Anti-corruption Policy.
- Project: Support to the Anti-corruption Strategy of Azerbaijan (AZPAC) enhanced the capacities of the Commission on Combating Corruption and other counterpart institutions in Azerbaijan to significantly improve the formulation and implementation of their anti-corruption policies. The Project also provided valuable legal and policy advice documents to be used by the authorities in determining on how to move forward in the areas of plea-bargaining, regulation of lobbying and conflicts of interest.
- Project on Support to the Prosecutors' Network in South-Eastern Europe (PROSECO) – a regional project, which provided assistance to countries of the South-Eastern Europe in strengthening the legislative framework and institutional capacities of General Prosecutors' Offices with a view to a more effective co-operation against serious crime.
- Project against Corruption in Albania (PACA), which enhanced the implementation of anti-corruption policies and strategies in line with GRECO recommendations and European Partnership commitments. Its actions resulted in radical improvements of the multi-year anti-corruption Action Plan (2011-2013) and the setting up of the

co-ordination mechanism for monitoring its implementation.

- Project on Ethics for the Prevention of Corruption in Turkey (TYEC): An Ethical Leadership Programme and Ethics Reminder handbook was developed for public officials. These seminars enabled provincial ethics commissions to become operational. The Council of Ethics for the Public Service took its first ethical infringement decisions following the launch of the project. It was the first EU-funded project in the field of corruption in Turkey.
- The Project against Economic Crime in Kosovo\* is aimed at strengthening institutional capacities to counter money laundering and financing of terrorism in accordance with European standards through assessments and recommendations for improving and streamlining economic crime reforms. The project will carry out two assessment procedures based on: GRECO; and MONEYVAL modelled questionnaires and procedures.
- The Project against Money-laundering and Terrorist Financing in Serbia (MOLI-Serbia), the purpose of which is to enhance the capacities of the anti-money laundering and counter-terrorist financing system in Serbia in terms of legislation, operations and capacities.
- Eastern Partnership Project on Good Governance and the Fight against Corruption (EaP) provides assistance through a multilateral approach to six Eastern Partnership countries. So far, the Project contributed to exchange of good practices on designing, implementing and monitoring anti-corruption policies and provided assessment of the Anti-corruption Action Plans of Azerbaijan and Ukraine, and political finance in Moldova.

Currently, the Economic Crime Unit manages and implements (in co-operation with the Council of Europe's presence in the field offices and respective project teams, when applicable) about 9 projects (in-country or/and region), covering in total about 16 countries. Overall, the operational budget (General Budget funds, EU and Voluntary Contributions), for managing these projects and programmes is up to 12 Million Euros.

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\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

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