

Project against Money Laundering and Terrorist Financing in Serbia MOLI Serbia

MONTHLY REPORT No. 28/2012

Project title	Project against Money Laundering and Terrorist Financing in Serbia (MOLI Serbia)
Project duration	36 months (15 November 2010 – 15 November 2013)
Implementation	Economic Crime Cooperation Unit, Action against Crime Department (DGI-Human Rights and Rule of Law)
Project budget	EUR 2 200 000
Reporting Period	1 June – 30 June 2013
Reporting Date	10 July 2013

SUMMARY OF THE CURRENT STATUS OF THE PROJECT AGAINST INDICATORS

Activity	2nd Scoping mission to Serbia by Mr Terence Donovan, CoE expert, to collect information for the purposes of conducting a research study into formal and informal money transfers, 12-19 June 2013
Output Reference	Activity 2.3.2 - Organise, carry out and present a research study regarding risks of money laundering and terrorist financing in the formal and informal money transfers sector.
Aim	To conduct a wide range of focused interviews with government agencies, private sector and other relevant stakeholders for the purposes of completing a research study into formal and informal money transfers sector.
Outcome	The CoE expert, Mr Donovan completed the first two of three planned visits in order to collect information for the purposes of the study on formal and informal money transfers. On his second visit, he met with representatives of APML, National Bank of Serbia, Ministry of Interior, Tax Administration (Tax Police), Post Office, representatives of Civil Society, Security Information Agency, Association of Serbian Banks and banking sector representatives. All stakeholders showed a high level of commitment and willingness to provide information. A full report of the mission will be delivered in a Technical Paper by end of July 2013.
Follow-up	CoE expert will present his findings at a roundtable discussion in September 2013.
Activity	Mission by Mr Grahame Barker, CoE expert, to present findings on the study on risks of abuse of Non-Profit Organisations for Money Laundering and Financing of Terrorism purposes, 19 June 2013
Output Reference	2.3.3. - Organise, carry out and present a research study regarding risks of abuse of the Non-Profit Organisations for money laundering and terrorist

	financing purposes.
Aim	To present and discuss findings and recommendations of the completed research study.
Outcome	The CoE expert, Mr Barker, chaired the final workshop to present his research findings within the Technical Paper on the risks of abuse to non-profit organisations for money laundering and terrorist financing in Serbia. He presented the main findings and associated recommendations to the group of representatives of relevant government agencies. The final part of the round table focused upon a discussion translating how the recommendations could be taken forward, given the sensitivities circumstances within Serbia. Much interest was generated through the recommendation that religious associations should be registered and enjoy the tax exemptions and other benefits. There was a further lively discussion about the principle of proportionality, with view being expressed that it may be considered unfair to require small NPOs to make financial and service reports to a new regulator. Mr Graham Barker reiterated that there would be a greater focus on larger NPOs with larger budgets and greater resources where the risks may be thought to be greater.
Follow-up	The report will be printed and published for further distribution.
Activity	Mission by Ms Maud Bokkerink, CoE Expert, to discuss findings of two technical papers on the guidelines for obliging institutions and obligors
Output Reference	5.1.2. - Based on the identification of issues of concern through the scoping paper, prepare compilation of guidelines in implementing the national existing standards for supervisors and regulators with an emphasis on risk-based supervision
Aim	To present and discuss guidelines for supervising and regulating authorities.
Outcome	On 28 June 2013, the CoE expert, Ms Bokkerink discussed with the supervisory authorities two draft papers: 1) a risk assessment guidance paper; 2) a proposal to amend existing sectoral guidance papers. The authorities indicated that the papers showed new insights into the risk assessment their obligors should make and the topics missing from their current guidelines for obligors. The risk assessment guidance paper was explained to the representatives of the authorities by way of a PowerPoint presentation. The expert indicated that based on FATF Recommendation 1 all supervisory authorities should have guidance for their obligors about how to make an enterprise-wide assessment of the money laundering and terrorism financing risks for their types of customers, products, countries and delivery channels. The risk assessment guidance paper, after adaptation, will assist all obligors in implementing this Recommendation. The second paper is the proposal to amend existing sectoral guidelines. The APML indicated that it included a good overview of topics to be addressed in their guidelines.
Follow-up	The authorities agreed to send their comments on the two papers, once they are translated into Serbian. Authorities also commented on some factual errors in the meeting report of February 2013. The expert agreed to amend these errors in Technical Paper no. 3 on the risk-based approach to AML/CFT

	inspections.
LIST OF SPECIFIC PROJECT DELIVERABLES (TECHNICAL PAPERS) AND OTHER DOCUMENTS	
<ul style="list-style-type: none"> • Activity report on the final workshop on the risks of abuse of the NPO sector for ML/TF purposes (19 June 2013) • Activity report on the roundtable discussion to present the findings of technical papers by Ms Maud Bokkerink on the application of the risk-based approach in supervision (28 June 2013) • Computer-Based Training (CBT) Induction Course has been finalised and delivered. 	
OTHER PROJECT RELATED DEVELOPMENTS	
<ul style="list-style-type: none"> • LPO took part in the Workshop to present the Evaluation of the Rule of Law sector implemented and financed by IPA programme and other donors in the Republic of Serbia on 12 June 2013. The evaluation was jointly led by the EUD and the Serbian European Integration Office (SEIO). The evaluators rated MOLI Serbia project as highly relevant, efficient, well-accepted and recognised by stakeholders. 	
CURRENT AND ANTICIPATED PROBLEMS, INCLUDING PLANNED REMEDIAL ACTIONS	
None at the time of reporting.	
PLANNED ACTIVITIES FOR THE NEXT PERIOD	
<ul style="list-style-type: none"> • 2nd scoping mission by Mr David Artingstall, CoE expert, to provide assistance to APML in drafting the National AML/CFT strategy in July/August (Activity 6.1.3). • 2nd meeting of the Working Group on statistics on 11 July 2013. • Printing and publishing of the National Risk Assessment report in late June/early July 2013 (Activity 2.3.1.) • Selection of expert to draft a legal opinion on the AML/CFT Law (Activity 1.1.3) • Training workshop for APML, 29-30 August 2013 (Activity 3.1.2) 	
CONCLUSIONS	
<p>During the month of June 2013, MOLI Serbia activities focused on two expert scoping missions to Serbia (Activities 2.3.2. and 5.1.2.) and one final workshop to present the finding on the risks of abuse of the NPO sector for ML/TF purposes (Activity 2.3.3). MOLI Serbia project continues without any major obstacles.</p>	