



## **HF – ACTION AGAINST ECONOMIC CRIME 2<sup>nd</sup> PROGRESS REPORT 2017/2018**

**ACTION: HF 17 – Action against Economic Crime in “the former Yugoslav Republic of Macedonia”**

### **Part I – General Information**

Action starting date:	24 May 2016
Reporting period:	24 May 2017 – 23 May 2018
Action implementation period:	36 months
Action allocated/contracted funds:	1,350.000 (EU % and CoE %)
Action implemented by:	Economic Crime and Cooperation Division, Directorate of Action against Crime, Directorate General-I, Council of Europe
Type of Report:	2 <sup>nd</sup> Annual Progress Report
Date of report:	30 May 2018
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## I – Overall assessment

The Action against Economic Crime (AEC) in “the former Yugoslav Republic of Macedonia” aims to improve implementation of specific key recommendations of the Council of Europe’s Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), and to further strengthen institutional capacities to counter and prevent corruption; money laundering; and the financing of terrorism in accordance with Council of Europe, European Union and other international standards. In order to achieve this aim, the Action provides support for the strengthening of legislative and regulatory frameworks, institutional capacity building and enhanced inter-agency and international cooperation.

The political situation continued to impact the pace in which activities took place and subsequently in the realization of outputs. That said, as in the first year of the Action maintained good cooperation with the beneficiary institutions and the flexibility built in the Workplan allowed for adjustments in organising activities in line with the foreseen Workplan.

During the reporting period, the Action against Economic Crime progressed in several directions as outlined below.

At the legislative level:

- i. The Action provided recommendations for amendments to the “**Law on combating money laundering and financing of terrorism**”, in line with the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS 198), the FATF Recommendations and the 4<sup>th</sup> EU AML directive. The final version of the amended legislation is currently in the procedure for adoption by Parliament and contains at a large extend AEC’s recommendations for improvement.

At **policy level** the Action supported the authorities in several directions, as follows:

- i. Development of the new “**National Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT) Strategy**”. The Strategy, adopted in November 2017, was prepared pursuant to instrumental guidance provided by the Action, taking into consideration international standards and good practices, namely reliance on national risk assessments for developing specific actions.
- ii. Preparation of “**Guidelines on the implementation of the Law on International Restrictive Measures**”. The Guidelines shall be adopted by the Financial Intelligence Office as an official document to be used by all relevant entities in the implementation of the Law on Restrictive Measures.
- iii. Recommendations on how to **improve AML/CFT supervision methodologies** in line with international standards and good practices.
- iv. Provision of a “**Roadmap for the Establishment of a Central Registry to obtain, record, and verify Beneficial Ownership information**”. The Roadmap, which provides a step by step guide to the authorities on the measures that need to be undertaken in order to establish the Central Registry of Beneficial Ownership in “the former Yugoslav Republic of Macedonia” will be used as a baseline for initiating the establishment of the Central Register in the country.

- v. Development of “**Guidelines for the private sector on transparency of beneficial ownership**” which are expected to be mandatory for all private sector obligors pursuant to a decision to that effect by the Financial Intelligence Office.

At the **institutional capacity** building level, the Action:

- i. Engaged through in increasing expertise levels and profiles of the **National AML/CFT Council**<sup>1</sup> on the development of the “National Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT) Strategy”.
- ii. Launched analytical development processes for **specialized profiles** within the Financial Intelligence Office through tailored trainings **on ML and FT typologies and red flags indicators for STRs** (Suspicious Transaction Reports) pursuant to the previously developed Training Handbook on "Tactical and Strategic Analysis of ML/FT red flag indicators".
- iii. Initiated awareness raising actions among public authorities on international standards and good practices with whistle-blower protection through training efforts.

Throughout the second year, the Action continued to maintain good working relationship with all beneficiary institutions, other stakeholders and the European Union Delegation in “the former Yugoslav Republic of Macedonia. All stakeholders displayed strong commitment and readiness to cooperate and work together with the Council of Europe in achieving the Action’s expected results.

The Action **Outputs and Outcomes** obtained and those that are currently underway continue to be directly linked to the shortcomings identified by the last MONEYVAL evaluation from 2014 and the EU Progress Report of “the former Yugoslav Republic of Macedonia” from 2016.

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<sup>1</sup> The AML/CFT Council members are: FIO, National Bank, Ministry of Interior, Financial Police, Public Prosecutor’s Office – Department for organised crime, Customs Office, Public Revenue Office, Securities and Exchange Commission, Agency for Insurance Supervision and the Agency for Supervision of Fully Funded Pension Insurance.